

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: UCLA, GRAND HORIZON ROOM  
3D FLOOR, COVEL COMMONS  
SUNSET VILLAGE  
LOS ANGELES, CALIFORNIA

DATE: OCTOBER 11, 2006  
9 A.M.

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

BRS FILE NO.: 76332

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

I N D E X

ITEM	DESCRIPTION	PAGE NO.
	CALL TO ORDER	3
	ROLL CALL	3
	APPROVAL OF THE MINUTES, 8/2/06	5
	CHAIRMAN'S REPORT	6
	PRESIDENT'S REPORT	8
	CONSIDERATION OF DRAFT INTERIM PROCEDURES AND CRITERIA FOR CONDUCTING REVIEW OF SHARED SPACE LABORATORIES APPLICATIONS	23
	DRAFT BYLAWS FOR THE FACILITIES WORKING GROUP	72
	GRANTS WORKING GROUP:	100
	ALTERNATE MEMBERS	
	PER DIEM FOR SUBJECT EXPERT SPECIALISTS	
	INTELLECTUAL PROPERTY REGULATIONS:	108
	EMERGENCY ADOPTION OF INTERIM POLICY	
	PERMANENT ADOPTION OF PROPOSED REGULATIONS 100300-100305; 100307-100310	
	CIRM SCIENTIFIC STRATEGIC PLAN	153
	AMENDMENT TO INTERNAL GOVERNANCE POLICY	151
	AMENDMENT TO PARAGRAPH 5 OF CONFLICT OF INTEREST POLICY	106
	PUBLIC COMMENT	188
	ADJOURNMENT	190

1 LOS ANGELES, CALIFORNIA; WEDNESDAY, OCTOBER 11, 2006

2

3 CHAIRMAN KLEIN: CAN WE CONVENE HERE? WE  
4 HAVE A NUMBER OF PEOPLE THAT HAVE GONE DOWNSTAIRS TO  
5 GET FOOD. I THINK THAT THEY'RE BACK UPSTAIRS. WE NOW  
6 KNOW THAT FEEDING THE BOARD IS CRITICAL TO GOOD  
7 THINKING.

8 ALL RIGHT. WELCOME TO UCLA. THANK YOU, DR.  
9 LEVEY, FOR YOUR TREMENDOUS HOSPITALITY HERE. IN  
10 ADDITION TO THANKING OUR OWN ICOC MEMBER, DR. LEVEY, I  
11 WANT TO EXTEND A SPECIAL THANKS TO LEAH ROEMER  
12 (PHONETIC), WHO HAS REALLY DONE A TREMENDOUS JOB IN  
13 HELPING US WITH THE LOGISTICS. AND MELISSA KING, IF  
14 YOU COULD LEAD US IN THE PLEDGE OF ALLEGIANCE, AND WE  
15 WILL FOLLOW WITH THE ROLL CALL.

16 (THE PLEDGE OF ALLEGIANCE.)

17 MS. KING: BEGINNING THE ROLL, RICARDO AZZIZ.  
18 DAVID BALTIMORE.

19 DR. BALTIMORE: HERE.

20 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

21 DR. PRICE: HERE.

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: HERE.

24 MS. KING: MARCY FEIT.

25 MS. FEIT: HERE.

1 MS. KING: MICHAEL FRIEDMAN.  
2 DR. FRIEDMAN: HERE.  
3 MS. KING: MICHAEL GOLDBERG.  
4 MR. GOLDBERG: HERE.  
5 MS. KING: BRIAN HENDERSON. ED HOLMES.  
6 DAVID KESSLER. BOB KLEIN.  
7 CHAIRMAN KLEIN: HERE.  
8 MS. KING: SHERRY LANSING. GERALD LEVEY.  
9 DR. LEVEY: HERE.  
10 MS. KING: TED LOVE.  
11 DR. LOVE: HERE.  
12 MS. KING: RICHARD MURPHY.  
13 DR. MURPHY: HERE.  
14 MS. KING: TINA NOVA.  
15 DR. NOVA: HERE.  
16 MS. KING: ED PENHOET.  
17 DR. PENHOET: HERE.  
18 MS. KING: PHIL PIZZO.  
19 DR. PIZZO: HERE.  
20 MS. KING: CLAIRE POMEROY.  
21 DR. POMEROY: HERE.  
22 MS. KING: FRANCISCO PRIETO.  
23 DR. PRIETO: HERE.  
24 MS. KING: JOHN REED.  
25 DR. REED: HERE.

1 MS. KING: DUANE ROTH. JOAN SAMUELSON.  
2 DAVID SERRANO-SEWELL.  
3 MR. SERRANO-SEWELL: HERE.  
4 MS. KING: JEFF SHEEHY.  
5 MR. SHEEHY: HERE.  
6 MS. KING: JONATHAN SHESTACK. OSWALD  
7 STEWARD.  
8 DR. STEWARD: HERE.  
9 MS. KING: LEON THAL.  
10 DR. THAL: HERE.  
11 MS. KING: AND JANET WRIGHT.  
12 DR. WRIGHT: HERE.  
13 CHAIRMAN KLEIN: DO WE HAVE A QUORUM?  
14 MR. HARRISON: YES.  
15 CHAIRMAN KLEIN: THE FIRST ITEM ON THE AGENDA  
16 IS APPROVAL OF OUR LAST ICOC MEETING MINUTES OF AUGUST  
17 2, '06. IS THERE A MOTION TO APPROVE THESE MINUTES?  
18 DR. LEVEY: SO MOVED.  
19 DR. LOVE: SECOND.  
20 CHAIRMAN KLEIN: MOVED BY DR. LEVEY, SECOND  
21 BY DR. LOVE.  
22 DR. LOVE: QUESTION THOUGH. ITEM 16 SAYS IT  
23 WAS SECONDED BY YXY. IS IT IMPORTANT THAT WE HAVE A  
24 NAME THERE?  
25 CHAIRMAN KLEIN: YES. I THINK WE SHOULD

1 ALWAYS FILL IN THE NAME SO WE HAVE A COMPLETE RECORD.  
2 QUESTIONS? ANY DISCUSSION OF THE MOTION?  
3 DISCUSSION FROM THE PUBLIC? CALL THE QUESTION. ALL IN  
4 FAVOR? OPPOSED?

5 WE MOVE TO ITEM NO. 5. WE HAVE THE BENEFIT  
6 TODAY OF REVIEWING AN EXCELLENT STRATEGIC PLAN. WE  
7 HAVE SCHEDULED THAT FOR AFTER LUNCH SO EVERYONE STAYS  
8 WITH THE BOARD MEETING. IT IS A TREMENDOUS EFFORT BY A  
9 GREAT TEAM. THE TEAM, BOTH OF OUR STAFF AND PRICE  
10 WATERHOUSE, SHOULD BE CONGRATULATED, WHICH WE WILL  
11 ADDRESS IN GREATER DEPTH, AND THE PRESIDENT WILL  
12 ADDRESS IN YOUR THOROUGH PRESENTATION AFTER LUNCH.

13 THE STRATEGIC PLAN LOOKS TO OUR FUTURE, AND  
14 WE WILL HAVE A CHANCE FOR PUBLIC COMMENT THROUGH THE  
15 DECEMBER MEETING, WHICH IT WILL BE BROUGHT BACK FOR  
16 FINAL ACTION. AND HOPEFULLY THE PUBLIC IS VERY  
17 IMPRESSED WITH THE SOLID GOALS WE HAVE, AS WELL AS THE  
18 DEPTH AND DEVELOPMENT OF THE PLAN ITSELF.

19 WE ALSO HAVE SOME OTHER CHALLENGES FACING US.  
20 THE IMMEDIATE NEEDS ARE THAT THE ELECTION BROUGHT US  
21 THE BENEFIT OF \$150 MILLION FROM THE GOVERNOR, IT ALSO  
22 BROUGHT US THE FACT THAT GOVERNMENT DOESN'T MOVE TOO  
23 WELL RIGHT BEFORE AN ELECTION. SO THAT IT IS MY  
24 EXPECTATION THAT ACTUALLY CLOSING BOTH THE BOND  
25 ANTICIPATION NOTES AND THE 150 MILLION FOR A TOTAL OF

1 \$181 MILLION, WE'RE PROBABLY GOING TO HAVE A FINANCE  
2 COMMITTEE MEETING THAT WE CANNOT ASSEMBLE THE PEOPLE  
3 UNTIL IMMEDIATELY AFTER THE ELECTION. AND IT'S GOING  
4 TO BE VERY IMPORTANT TIMEWISE TO ASSEMBLE THOSE PEOPLE  
5 QUICKLY BECAUSE WE NEED TO FUND THAT 181 MILLION. IT  
6 PUTS THE AGENCY IN VERY STRONG POSITION GOING FORWARD.

7 ON THE LEGAL FRONT, THE APPEAL MOVES FORWARD  
8 ON AN EXPEDITED BASIS. WE HAVE THE BENEFIT OF THE  
9 COURT'S COOPERATION; BUT EVEN WITH THAT, THE  
10 OPPOSITION'S LEGAL STRATEGY CONTINUES TO DELAY MAJOR  
11 PROGRAMS LIKE THE MAJOR FACILITIES PROGRAM FOR WHICH WE  
12 DO NOT HAVE CURRENT FUNDS.

13 I'D CALL TO ALL OF YOUR ATTENTION THAT IF WE  
14 WERE TO DO \$700 MILLION IN FACILITIES WITH SOME  
15 REASONABLE LEVERAGE, OUR 300 MILLION PLUS PRIVATE  
16 DONORS PLUS BORROWING BY THE RESEARCH ENTITIES IN  
17 CALIFORNIA, AT A 12-PERCENT INFLATION RATE, A YEAR'S  
18 DELAY IS \$84 MILLION, \$84 MILLION OF FACILITIES THAT  
19 CAN'T BE BUILT. IT IS CRITICAL TIMEWISE THAT WE CREATE  
20 A PLAN THAT WE ARE ABLE TO MOVE FORWARD EXPEDITIOUSLY  
21 WITH FULL ACCOUNTABILITY, WITH THOUGHTFUL DEFINITION OF  
22 OUR TASK, BUT IT IS URGENTLY IMPORTANT, IN ORDER TO GET  
23 THE MOST VALUE OUT OF THE DOLLARS FOR THE PEOPLE OF  
24 CALIFORNIA, FOR PATIENTS AND FOR RESEARCHERS, THAT WE  
25 HAVE AN IMPLEMENTATION OF THIS PLAN THAT WORKS AROUND

1 THE BURDENS OF THE LITIGATION AND SETS OUR POSITION UP  
2 SO THAT WE CAN FUND GRANTS BASED ON THE BEST SCIENTIFIC  
3 MERIT, THE BEST VALUE FOR THE TAXPAYER, THE BEST  
4 RESEARCH CAPACITY AND SYNERGIES IMMEDIATELY AFTER THE  
5 RESOLUTION OF OUR LEGAL MATTERS.

6 IT IS WITH A SENSE THAT WE ARE AT A NEW  
7 PLATFORM LEVEL FOR THIS AGENCY WITH THE STRATEGIC PLAN,  
8 WITH FUNDING IN PLACE, WITH A GRANT APPLICATION PROCESS  
9 THAT'S UNDER FULL THROTTLE, GIVEN THE LIMITATIONS OF A  
10 181 MILLION IS MUCH BETTER THAN THE LIMITATIONS OF NO  
11 FUNDS, WHICH WE FACED FOR SO MUCH MONTHS. BUT I WILL  
12 TURN THIS OVER TO THE PRESIDENT FOR HIS REPORT AS WE  
13 ENTER THIS DYNAMIC AND CHALLENGING NEW PERIOD,  
14 REALIZING THAT THE BURDEN OF TIME IS UPON US BECAUSE WE  
15 HAVE TO GET FACILITIES BUILT FOR THIS RESEARCH TO TAKE  
16 PLACE, LEADERSHIP DEMANDS THAT, AS WE TRY AND STEP UP  
17 OUR RESEARCH GRANT PROGRAM, THAT THE FACILITIES BE IN  
18 PLACE TO PROVIDE OPTIMAL ABILITY OF OUR RESEARCH  
19 INSTITUTIONS TO EXECUTE. DR. HALL.

20 DR. HALL: THANK YOU, MR. CHAIR. WE ARE  
21 SOMEWHAT SUBOPTIMALLY PLACED FOR THE SCREEN FOR MY  
22 PRESIDENT'S REPORT, WHICH IS OVER HERE. I APOLOGIZE TO  
23 THOSE WHOSE BACK IS TO THE SCREEN, BUT AT ANY RATE,  
24 THAT'S WHERE IT WILL BE.

25 I WANT TO START BY TALKING ABOUT PERSONNEL,



1 AND I HAVE SOME VERY GOOD NEWS TO REPORT TO YOU ON  
2 SEVERAL FRONTS. FIRST OF ALL, I'M DELIGHTED TO TELL  
3 YOU THAT WE HAVE NOW APPOINTED A CHIEF FINANCIAL  
4 ADMINISTRATIVE OFFICER, MS. LORRAINE HOFFMAN. SHE  
5 COMES TO US WITH EXTENSIVE EXPERIENCE BOTH IN THE  
6 PRIVATE SECTOR AND IN THE UC CALIFORNIA SYSTEM. SHE IS  
7 CURRENTLY DEPUTY TO THE SENIOR VICE PRESIDENT FOR  
8 BUSINESS AND FINANCE OF THE UNIVERSITY OF CALIFORNIA,  
9 AND SHE IS DIRECTOR OF NON-STATE CAPITAL DEVELOPMENT  
10 AND FACILITIES PLANNING AT THE UC OFFICE OF THE  
11 PRESIDENT.

12 SHE HAS A BACKGROUND IN FINANCE AND REAL  
13 ESTATE, AND SHE BRINGS TO US CONSIDERABLE EXPERIENCE IN  
14 CAPITAL PROJECTS PLANNING, LONG-RANGE BUDGET PLANNING,  
15 AND STRATEGIC PLANNING. SHE WILL BE TREMENDOUSLY  
16 HELPFUL TO THE INSTITUTE. AND TO FOLLOW UP ON THE  
17 CHAIR'S REMARKS, JUST AT A TIME WHEN WE BEGIN TO  
18 CONSIDER OUR FACILITIES, SHE BRINGS VERY, VERY  
19 IMPORTANT EXPERTISE IN THAT AREA. SO SHE WILL BE  
20 JOINING US NOVEMBER 1ST, AND WE ARE DELIGHTED TO HAVE  
21 HER ON BOARD.

22 WE HAVE ALSO ADDED ANOTHER IMPORTANT  
23 POSITION. MS. MARCY DAVIES, WHO'S OUR INTERIM  
24 FINANCIAL OFFICER, SHE WILL BE WITH US ON AN INTERIM  
25 BASIS FOR A YEAR. SHE BRINGS EXTENSIVE EXPERIENCE IN

1 STATE GOVERNMENT. SHE HAS WORKED OVER 25 YEARS IN THE  
2 STATE GOVERNMENT, MOST RECENTLY IN THE INSURANCE  
3 DEPARTMENT WHERE SHE IS THE CHIEF OF THE FINANCIAL  
4 MANAGEMENT DIVISION. ALSO IN FINANCE AND  
5 ADMINISTRATION POSITIONS WITH THE BOARD OF  
6 EQUALIZATION, THE CONTROLLER'S OFFICE, THE DEPARTMENT  
7 OF EDUCATION, AND THE DEPARTMENT OF AGING. SO SHE WILL  
8 BE EXTREMELY VALUABLE TO US, NOT ONLY FROM THE  
9 FINANCIAL MANAGEMENT PERSPECTIVE, BUT ALSO BRINGING THE  
10 IMPORTANT EXPERIENCE AND UNDERSTANDING OF STATE  
11 GOVERNMENT. AND WE'RE DELIGHTED TO HAVE HER WITH US.  
12 AND SHE'S HERE TODAY. I'D LIKE TO ASK HER TO STAND.  
13 THANK YOU, MARCY.

14 AND FINALLY, SOMEBODY I REPORTED TO YOU ABOUT  
15 BEFORE, BECAUSE HE WAS A VOLUNTEER WITH US, AND THAT IS  
16 DALE CARLSON, WHO HAS BEEN NOW APPOINTED AS OUR CHIEF  
17 COMMUNICATIONS OFFICER. AS YOU MAY RECALL, HE WAS FOR  
18 18 YEARS WITH THE PACIFIC STOCK EXCHANGE. HE BRINGS  
19 BROAD EXPERIENCE. HE'S BEEN ACTIVE IN A NUMBER OF  
20 CIVIC ACTIVITIES AND ALSO IN THE SAN FRANCISCO  
21 GOVERNMENT, GOVERNMENTAL AFFAIRS IN SAN FRANCISCO. SO,  
22 DALE, WHERE ARE YOU? THIS IS DALE CARLSON. SO I URGE  
23 YOU TO SAY HELLO TO THEM DURING THE COURSE OF THE DAY.

24 I'D LIKE TO INTRODUCE ONE OTHER PERSON WHO  
25 I'VE DESCRIBED BEFORE, BUT WHO IS HERE, I'D LIKE FOR

1 YOU TO MEET HER; THAT IS, PAT BECKER, WHO IS MY  
2 ASSISTANT. AND YOU MIGHT ALSO WISH TO SAY HELLO TO HER  
3 AS WELL. SHE'S DOING A GREAT JOB.

4 WE ARE RECRUITING FOR SEVERAL OTHER  
5 POSITIONS, AND WE WILL DISCUSS THESE LATER, BUT THE  
6 SCIENTIFIC REVIEW OFFICER, GRANTS TECHNICAL ASSISTANT,  
7 ACTUALLY REVIEW AND PROGRAM OFFICER, GRANTS TECHNICAL  
8 ASSISTANT, AND ALSO A SENIOR OFFICER FOR FACILITIES.  
9 WE ARE IN THE LATE STAGES OF ALL OF THOSE RECRUITMENTS  
10 AND HOPE TO MAKE APPOINTMENTS VERY, VERY SOON. WE HAVE  
11 A SHORT LIST FOR THE SENIOR OFFICER FOR FACILITIES AND  
12 HAVE ASKED MS. HOFFMAN ACTUALLY TO WORK WITH US IN  
13 MAKING THAT CHOICE. I HOPE BY THE NEXT MEETING, OR  
14 EVEN QUITE IN ADVANCE OF THAT, THAT WE WILL HAVE A  
15 PERSON IN THAT POSITION.

16 AND SO WITH THESE TWO POSITIONS FILLED, THAT  
17 IS, HAVING A CHIEF OFFICER OF FINANCE AND  
18 ADMINISTRATION WITH EXPERIENCE IN CAPITAL PROJECTS AND  
19 FINANCING AND HAVING A SENIOR OFFICER FOR FACILITIES, I  
20 THINK WE WILL BE PREPARED TO GO AHEAD WITH OUR  
21 FACILITIES PROGRAM WHOSE URGENCY THE CHAIR JUST  
22 DESCRIBED TO YOU.

23 NOW, I MENTIONED IN MY REPORT TO YOU ABOUT A  
24 WEEK AGO, BUT I WANTED TO SAY AGAIN, WE HAD A WONDERFUL  
25 MEETING IN SAN FRANCISCO ON ASSESSMENT OF MEDICAL RISK

1 FOR EGG DONORS. THIS WAS ORGANIZED FOR US BY THE  
2 INSTITUTE OF MEDICINE AND THE NATIONAL ACADEMIES. WE  
3 HAD ABOUT 90 ATTENDEES AT THE MEETING. IN ADDITION,  
4 THE MEETING WAS WEBCAST LIVE, AND PEOPLE WERE  
5 CONTINUALLY COMING ON AND COMING OFF, BUT AT ANY ONE  
6 TIME, THERE WERE APPROXIMATELY 300 PEOPLE WATCHING  
7 THIS. AND SO WE THINK THIS WAS AN INDICATION OF A  
8 BROAD INTEREST IN IT, NOT ONLY IN CALIFORNIA, BUT  
9 NATIONALLY AS WELL.

10 WE HAD A VERY DISTINGUISHED NINE-MEMBER  
11 PANEL. THE WAY THE IOM DOES THIS IS THEY APPOINT A  
12 PANEL OF MEMBERS, SEVERAL OF WHOM ARE FROM THE IOM,  
13 OTHERS ARE DISTINGUISHED PEOPLE IN THEIR FIELDS. THE  
14 PANEL WAS CHAIRED BY DR. LINDA GIUDICE, WHO IS THE  
15 CHAIR OF DEPARTMENT OF OBSTETRICS, GYNECOLOGY, AND  
16 REPRODUCTIVE SCIENCES AT UCSF, HERSELF A MEMBER OF THE  
17 INSTITUTE OF MEDICINE. AND THE PANEL THEN CHOOSES 12  
18 SPEAKERS AND DISCUSSANTS, AND THEN THE PANEL ASKS  
19 QUESTIONS OF THEM FIRST AND THEN THE PUBLIC ASKS  
20 QUESTIONS, BUT IN MANY WAYS IT'S DIRECTED TO THE PANEL.  
21 THE PANEL THEN MAKES A REPORT OF THE MEETING, WHICH WE  
22 WILL RECEIVE SOMETIME IN THE EARLY PART OF THE YEAR.

23 AT ANY RATE, WE HEARD OF MEDICAL RISK,  
24 SURGICAL RISK, PSYCHIATRIC RISK. SPEAKERS REALLY WENT  
25 OVER THIS IN DETAIL. ALL THE TALKS WERE OF EXTREMELY

1 HIGH QUALITY, AND EVERYBODY COMMENTED ON WHAT A GOOD  
2 MEETING THIS WAS. AND I THINK EVERYBODY WAS VERY, VERY  
3 PLEASED WITH THE WAY IT CAME OUT.

4 SO WE LOOK FORWARD TO THAT REPORT, AND I  
5 THINK IT WILL BE VERY HELPFUL TO US AND INFLUENCE OUR  
6 OWN POLICIES GOING FORWARD. AND WE ARE GRATEFUL TO THE  
7 IOM FOR DOING SUCH AN EXCELLENT JOB IN ORGANIZING. AND  
8 I WANT TO THANK DR. GIL SAMBRANO, WHO WAS OUR POINT  
9 PERSON, IN WORKING WITH THE IOM TO BRING THIS OFF.

10 LET ME TELL YOU NOW ABOUT OUR GRANTS PROGRAM,  
11 WHICH WE HAVE ALREADY STARTED. WE ISSUED THE RFA'S FOR  
12 THE SEED GRANTS AND THE COMPREHENSIVE GRANTS. AS YOU  
13 RECALL FROM LAST TIME, THE SEED GRANTS ARE INTENDED FOR  
14 NEW INVESTIGATORS, NEW IDEAS, AND THE COMPREHENSIVE  
15 GRANTS FOR THOSE ALREADY WORKING IN OR VERY CLOSE TO  
16 THE FIELD OF HUMAN EMBRYONIC STEM CELL RESEARCH. AND  
17 OUR APPLICATIONS ARE LIMITED TO THAT.

18 WE ASKED FOR LETTERS OF APPLICATION. WE  
19 RECEIVED OVER 300 LETTERS OF INTENT FOR THE SEED GRANTS  
20 AND 78 FOR THE COMPREHENSIVE GRANTS. SO WE GOT AN  
21 ENORMOUS RESPONSE TO THIS, ALMOST MORE THAN WE WOULD  
22 HAVE WISHED FOR. WE FOUND, ACTUALLY, THAT ALTHOUGH WE  
23 CLEARLY STATED THAT PEOPLE NEEDED TO BE FULL-TIME  
24 FACULTY OR FACULTY EQUIVALENTS AT THEIR INSTITUTIONS,  
25 THERE SEEMED TO BE SOME MISUNDERSTANDING ABOUT THIS,

1 AND THAT SOME PEOPLE WHO HAD WRITTEN IN WERE CLEARLY  
2 NOT QUALIFIED. AND SO WE ASKED FOR A CERTIFICATION OF  
3 PI'S; THAT IS, FOR THE INSTITUTIONS TO CERTIFY THAT,  
4 INDEED, THE PEOPLE WHO WERE APPLYING FOR THE GRANT WERE  
5 FACULTY, FULL-TIME FACULTY OR FACULTY EQUIVALENT, AND  
6 THAT HAS NOW BEEN COMPLETED.

7 WE HAVE SCHEDULED TWO REVIEW SESSIONS, ONE  
8 FOR THE SEED GRANTS NOVEMBER 28TH TO 30TH, AND THE  
9 OTHER, THE COMPREHENSIVE GRANTS, JANUARY 8TH TO THE  
10 10TH. AND WE HOPE -- WE HAVE A MASSIVE JOB AHEAD OF  
11 US, OBVIOUSLY, BUT WE HOPE TO CONSIDER THOSE BY THE  
12 ICOC IN FEBRUARY, MARCH. I WILL SAY THAT THE  
13 APPLICATIONS FOR THE SEED GRANTS ARE DUE, I THINK, ON  
14 FRIDAY OF THIS WEEK, IF I'M NOT MISTAKEN, AND THE EARLY  
15 INDICATION IS THAT WE WILL NOT GET 300, I WILL SAY,  
16 BUT, STILL, WE WILL GET A LARGE NUMBER. AND I THINK  
17 THAT BOTH INDICATES THE GREAT NEED FOR THESE GRANTS,  
18 THE GREAT INTEREST BY THE SCIENTIFIC COMMUNITY IN THEM,  
19 AND ALSO WILL PRESENT A CHALLENGE TO US TO HANDLE THEM  
20 EXPEDITIOUSLY AND FAIRLY THROUGH THE REVIEW PROCESS.  
21 SO WE WILL BE WORKING VERY HARD ON THAT, AND I WILL  
22 TURN TO THAT LATER TODAY.

23 THE INNOVATION -- THE OTHER PART OF THIS  
24 INITIATIVE ARE THE SHARED RESEARCH LABORATORY  
25 FACILITIES RFA. AND WE HAD A MEETING OF THE FACILITIES

1 WORKING GROUP, I THINK IT WAS, A WEEK AGO MONDAY.  
2 RUSTY DOMS, THE CHAIR OF THAT GROUP IS HERE, AND SO WE  
3 WILL BE PREPARING FOR THAT RFA BY ASKING FOR APPROVAL  
4 OF A SET OF CRITERIA. AND WE HOPE, THEN, TO ISSUE THAT  
5 RFA THIS MONTH, LATER THIS MONTH. WE HOPE TO GET THE  
6 SCIENTIFIC PART OF THAT REVIEW DONE AT THE SAME MEETING  
7 THAT WE REVIEW THE COMPREHENSIVE GRANTS JANUARY 8TH TO  
8 10TH, AND THEN THE FACILITIES WORKING GROUP LATER THAT  
9 MONTH. AND WE WILL THEN HOPE TO BRING IT TO YOU EITHER  
10 THE MARCH OR APRIL MEETING.

11 AND OUR INTEREST IN MOVING THIS ALONG VERY  
12 QUICKLY COMES FROM TWO SOURCES. ONE, THE URGENT NEED  
13 THAT CHAIRMAN KLEIN MENTIONED, BOB KLEIN MENTIONED,  
14 ABOUT THE NEED FOR FACILITIES EVEN AT THIS SMALL SCALE.  
15 AND THE SECOND IS THAT A NUMBER OF THE SEED GRANT  
16 APPLICANTS WILL NEED THE SPACE IN WHICH TO DO THEIR  
17 WORK. SO IT'S PART OF THE WHOLE PACKAGE TO GET THE  
18 SPACE OUT THERE SO THAT PEOPLE HAVE A PLACE TO WORK.  
19 AND IT IS PART OF OUR WHOLE INTENT TO JUMP-START, AS WE  
20 SAY, HUMAN EMBRYONIC STEM CELL RESEARCH IN CALIFORNIA.

21 SO WE WILL -- AGAIN, WE HAVE OUR WORK CUT OUT  
22 FOR US ON THIS, BUT WE LOOK FORWARD TO THE CHALLENGE.

23 I JUST WANT TO REMIND YOU WE HAVE A  
24 CALIFORNIA-UK MEETING COMING UP NEXT MONTH. WE HAVE 16  
25 CALIFORNIA STEM CELL SCIENTISTS FROM -- I FORGOT TO

1     COUNT THE INSTITUTIONS -- BUT WE'VE HAD ONLY A COUPLE,  
2     TWO, WE HAVE A LIMIT OF TWO FROM EACH INSTITUTION, SO  
3     IT'S 16 SCIENTISTS FROM SOMETHING LIKE 13 INSTITUTIONS  
4     ROUGHLY. SO WE WILL BE MEETING WITH THE UK SCIENTISTS  
5     IN WORCHESTERSHIRE, I THINK, ON NOVEMBER 13TH AND 14TH.  
6     AND THEN ARLENE CHIU AND I, WHO WILL BE AT THAT  
7     MEETING, WILL BE VISITING SHEFFIELD WHERE PETER ANDREWS  
8     IS ONE OF THE LEADERS THERE. WE'LL ALSO BE VISITING  
9     UNIVERSITY OF COLLEGE LONDON AND THE STEM CELL BANK IN  
10    LONDON. AND WE HAVE ALSO BEEN INVITED THERE AS A  
11    SPECIAL MEETING OF THE LONDON TISSUE REGENERATION  
12    NETWORK. AND WE WILL MEET WITH THEM WHILE WE'RE THERE  
13    AS WELL, SO IT LOOKS TO BE AN ACTION-PACKED MEETING,  
14    AND WE'RE VERY MUCH LOOKING FORWARD TO THAT.

15                 FINALLY, LET ME BRING YOU SOME NEWS ABOUT OUR  
16    REGULATIONS. AND IT'S EXTRAORDINARY TO THINK OF THE  
17    PROCESS THAT THIS TAKES, BUT WE NOW HAVE FOR THE FIRST  
18    TIME REGULATIONS. AT LEAST SOME OF OUR POLICIES WILL  
19    BECOME REGULATIONS. OUR CONFLICT OF INTEREST  
20    REGULATIONS FOR THE WORKING GROUP WERE APPROVED BY THE  
21    OFFICE OF ADMINISTRATIVE LAW. THEY'VE BEEN FILED WITH  
22    THE SECRETARY OF STATE, AND THEY WILL BECOME STATE  
23    REGULATIONS ON NOVEMBER 4TH.

24                 OUR MEDICAL AND ETHICAL STANDARDS ARE JUST A  
25    STEP BEHIND. THEY HAVE BEEN REVIEWED BY OAL, AND THERE



1 WERE SOME 50 COMMENTS ON THIS, WHICH OUR STAFF  
2 ANSWERED. THERE WERE TWO AREAS IN WHICH THEY FELT WE  
3 SHOULD REWORD. THEY WERE FORTUNATELY RELATIVELY MINOR;  
4 THAT IS, SECTIONS DEALING WITH RECORDKEEPING AND  
5 MATERIALS SHARING. AND SO WE ARRIVED AT THE FOLLOWING  
6 SOLUTION, THAT WE WOULD WITHDRAW THOSE TWO SECTIONS.  
7 THEY WILL BE FURTHER MODIFIED. AND THE STANDARDS  
8 WORKING GROUP WILL MAKE A RECOMMENDATION. WE'LL GO  
9 THROUGH AN ADDITIONAL 15-DAY HEARING, BUT SO AS NOT TO  
10 IMPEDE THE MAIN BODY OF THE STANDARDS, THESE ARE A  
11 RELATIVELY MINOR PORTION OF IT, WE HAVE WITHDRAWN THEM.  
12 AND THE REMAINING SECTIONS HAVE NOW, I'M TOLD, BEEN  
13 APPROVED AND WILL TAKE EFFECT AS STATE REGULATIONS IN  
14 30 DAYS.

15 SO THIS IS A MAJOR MILESTONE FOR US. AND TO  
16 THINK THAT WE ACTUALLY BEGAN, I THINK IT WAS, THE APRIL  
17 MEETING IN 2005 WHEN WE FIRST DISCUSSED CONFLICT OF  
18 INTEREST STANDARDS FOR THE WORKING GROUP. SO I WANT TO  
19 ASK FOR A ROUND OF APPLAUSE FOR ALL OF OUR STAFF WHO  
20 HAVE WORKED SO HARD ON ALL OF THIS.

21 (APPLAUSE.)

22 DR. HALL: IN PARTICULAR, GEOFF LOMAX AND  
23 SCOTT TOCHER HAVE DONE YEOMAN-LIKE WORK IN SEEING  
24 THESE, SHEPERDING THESE THROUGH THE STATE OFFICES. AND  
25 I JUST WANTED TO READ YOU ONE NOTE FROM THE OFFICE OF

1 ADMINISTRATIVE LAW, WHICH SAYS, "IT APPEARS THAT CIRM  
2 HAS TRULY TRIED TO CONFORM TO THE APA AND THEIR  
3 RULEMAKING, AND WE CERTAINLY APPRECIATE IT. THE NUMBER  
4 OF QUESTIONS I HAVE IS NOT REFLECTIVE OF THE QUALITY OF  
5 THE PROCESS, BUT MORE REFLECTIVE OF THE CHALLENGING  
6 SUBJECT MATTER AND THE FACT THAT THESE ARE IN THE  
7 INITIAL STAGES OF THE FORMATION OF PUBLIC REGULATIONS."  
8 SO THIS IS AN UNFAMILIAR AREA FOR THE STATE, AND OUR  
9 STAFF HAVE DEALT WITH IT IN A TERRIFIC WAY.

10 SO THAT CONCLUDES MY REPORT, MR. CHAIRMAN.  
11 I'LL BE HAPPY TO TAKE ANY QUESTIONS IF ANYBODY HAS  
12 THEM.

13 CHAIRMAN KLEIN: THANK YOU VERY MUCH. LET ME  
14 ASK, ZACH, YOU MENTIONED THE FACT THAT THERE WAS THIS  
15 CLARIFICATION THAT WENT OUT ON THE SEED GRANTS AND THE  
16 COMPREHENSIVE --

17 DR. HALL: CERTIFICATION, YES.

18 CHAIRMAN KLEIN: -- TO GET A CERTIFICATION  
19 THAT THESE MEMBERS --

20 DR. HALL: FOR THE SEED GRANTS ONLY.

21 CHAIRMAN KLEIN: FOR THE SEED GRANTS ONLY,  
22 THAT THEY HAD A FACULTY OR FACULTY EQUIVALENT POSITION.  
23 IS ONE OF OUR GOALS WITH THE SEED GRANTS TO EXPAND THE  
24 NUMBER OF PEOPLE IN THE FIELD INCLUDING PROVIDING  
25 MONEY --

1 DR. HALL: I STAND CORRECTED. IT IS FOR  
2 BOTH. I APOLOGIZE. FOR BOTH. GO AHEAD.

3 CHAIRMAN KLEIN: IS ONE OF OUR GOALS FOR THE  
4 SEED GRANTS TO EXPAND THE FIELD AND THE NUMBER OF  
5 PEOPLE IN THE FIELD, INCLUDING ENCOURAGING YOUNG  
6 SCIENTISTS IN THE FIELD? AND IF IT IS, ARE YOU  
7 CONTEMPLATING ANY FUTURE SEED GRANT ROUND THAT MIGHT  
8 ADDRESS THE YOUNG SCIENTISTS WHO DON'T YET HAVE A  
9 FACULTY LEVEL APPOINTMENT?

10 DR. HALL: WELL, SEED GRANTS ARE REALLY MEANT  
11 TO GET NEW, INDEPENDENT INVESTIGATORS STARTED, AS WELL  
12 AS TO BRING ESTABLISHED INVESTIGATORS INTO THE FIELD.  
13 AND IT'S NOT MEANT FOR POSTDOCTORAL OR STAFF SCIENTISTS  
14 OR PEOPLE IN THOSE THINGS. WE WILL HAVE OPPORTUNITIES  
15 LATER CERTAINLY FOR PEOPLE IN TRAINING, PARTICULARLY  
16 POSTDOCTORAL FELLOWS, TO APPLY FOR FELLOWSHIPS OR  
17 GRANTS. SO WE ARE INTERESTED IN ENCOURAGING THOSE, BUT  
18 AT THIS TIME THE AIM WAS TO GET THOSE PEOPLE WHO ARE  
19 ESTABLISHED IN THE STATE WHO HAVE INDEPENDENT LABS AND  
20 WHO WILL BE, WE HOPE, GETTING PRELIMINARY DATA THAT  
21 WILL THEN COME IN LATER TO US FOR MORE SUBSTANTIAL  
22 GRANTS.

23 CHAIRMAN KLEIN: ANY OTHER QUESTIONS? DR.  
24 REED.

25 DR. REED: I HAD A COMMENT ABOUT THAT. I

1 KNOW THAT ONE OF THE THINGS THAT'S BEEN NICE ABOUT  
2 OTHER RESEARCH GRANTS, SUCH AS THE TOBACCO-RELATED  
3 DISEASE PROGRAM, THE BREAST CANCER RESEARCH, IS THAT  
4 THEY HAVE PERMITTED PERSONS WHO ARE SOMEWHERE IN THAT  
5 TRANSITION BETWEEN POSTDOCTORAL TRAINING AND  
6 INDEPENDENT FACULTY TO APPLY FOR THE GRANTS. AND IT'S  
7 BEEN A GREAT WAY TO LAUNCH CAREERS OF SOME OF THOSE  
8 PEOPLE GIVEN PARTICULARLY HOW COMPETITIVE IT IS AT THE  
9 NIH LEVEL TO OBTAIN RO1-TYPE FUNDING. SO I THINK IT IS  
10 AN AREA THAT OUGHT TO BE EXAMINED IN THE FUTURE AND  
11 WOULD ENCOURAGE THAT WE DO FIND GRANT PROGRAMS THAT  
12 WOULD BE APPROPRIATE FOR THAT LEVEL OF SCIENTIST AS  
13 WELL.

14 DR. HALL: I TAKE YOUR POINT. AND I THINK  
15 THAT IS CERTAINLY A WORTHWHILE THING AND ONE THAT WE  
16 WILL LOOK TO. FOR THE MOMENT, I THINK YOU CAN SEE BY  
17 THE SIZE OF THE RESPONSE, THAT EVEN WITH THE  
18 INDEPENDENT INVESTIGATORS, WE HAVE QUITE A CHALLENGE  
19 THERE. AND SO WE THOUGHT THAT WAS THE RIGHT PLACE TO  
20 START, BUT I THINK YOU ARE RIGHT. THAT IS A CRITICAL  
21 PERIOD, AND MECHANISMS THAT HELP YOUNG PEOPLE ARE VERY  
22 VALUABLE.

23 CHAIRMAN KLEIN: DR. MURPHY.

24 DR. MURPHY: ZACH, WHEN YOU WERE SPEAKING  
25 ABOUT THE COMPREHENSIVE AND SEEDS RELATIVE TO

1 FACILITIES, HOW WILL YOU INTERFACE THAT? OBVIOUSLY THE  
2 SEED GRANT PEOPLE WILL NEED THESE NEW FACILITIES. WILL  
3 IT BE THE SAME SCIENTIFIC REVIEW PANEL THAT EVALUATES  
4 BOTH THE FACILITIES AND THE SEED OR --

5 DR. HALL: WELL, THE SEED GRANTS WILL BE  
6 EVALUATED INDEPENDENTLY. AND THE INTENTION OF THE  
7 FACILITIES GRANTS IS THAT WE WILL SET UP BASICALLY,  
8 QUOTE, UNQUOTE, NIH-FREE SPACE, SHARED LABORATORIES FOR  
9 CULTURE OF CELLS OUTSIDE THE FEDERAL GUIDELINES. AND  
10 OUR HOPE IS TO SET THOSE UP ACROSS THE STATE. WE WILL  
11 REQUIRE THAT INSTITUTIONS THAT HAVE ONE MAKE IT  
12 AVAILABLE TO NEARBY SCIENTISTS FROM NEARBY INSTITUTIONS  
13 WHO MAY NOT HAVE SUCH SPACE. SO OUR INTENT IS THAT WE  
14 WILL HAVE THESE SCATTERED AROUND SO THAT -- WE CAN'T  
15 NECESSARILY GIVE ONE TO EVERY INSTITUTION THAT WILL  
16 HAVE SCIENTISTS, BUT THAT THERE WILL BE ONE CLOSE-BY  
17 FOR EVERYBODY. THAT WILL BE THE INTENT.

18 SO WE WILL JUDGE THE SEED GRANTS TOTALLY ON  
19 THE BASIS OF THEIR SCIENTIFIC MERIT, ASSUMING THAT  
20 THERE WILL BE FACILITIES FOR THEM TO DO THIS.

21 FOR THE COMPREHENSIVE GRANTS, THESE ARE FOR  
22 PEOPLE WHO ARE ALREADY IN THE FIELD, WE ASSUME, BY AND  
23 LARGE, AND WE ASSUME THAT THEY HAVE FACILITIES OR ABLE  
24 TO GET THEM.

25 DR. MURPHY: BUT IT WOULD SEEM THAT YOU

1 WOULD'N'T WANT TO GIVE A FACILITIES GRANT TO AN  
2 ORGANIZATION THAT DOESN'T HAVE ANY SEED OR  
3 COMPREHENSIVE GRANTS. THERE HAS TO BE SOME INTERFACE  
4 THERE, DOESN'T THERE?

5 DR. HALL: WELL, WE ARE PLANNING ON OFFERING  
6 15 OF THOSE, AND I CAN'T IMAGINE THAT -- THERE WILL  
7 CERTAINLY BE MORE THAN 15 INSTITUTIONS IN WHICH WE --  
8 TO WHOM WE AWARD SEED GRANTS. I DON'T HAVE THE NUMBER,  
9 THE NUMBER OF INSTITUTIONS. ACTUALLY DOES ARLENE OR  
10 GIL HAVE THE NUMBER IN TERMS OF THE LOI'S, HOW MANY  
11 INSTITUTIONS HAVE APPLIED? HOW MANY INSTITUTIONS ARE  
12 REPRESENTED IN OUR LOI'S?

13 DR. CHIU: I THOUGHT IT WAS 40.

14 DR. HALL: SO WE HAVE APPLICANTS FROM  
15 SOMETHING ABOUT 40 INSTITUTIONS AROUND THE STATE. SO  
16 WE WILL ONLY HAVE FACILITIES IN 15 OF THOSE. SO MY  
17 GUESS IS ANYBODY WHO GETS ONE WILL HAVE A NUMBER OF  
18 STEM CELL SCIENTISTS. AND, IN FACT, PART OF THE  
19 CRITERIA FOR THAT WILL BE WHAT DO YOU EXPECT THE  
20 SCIENTIFIC USE AND NEED TO BE AT YOUR INSTITUTION?  
21 THAT IS, WHY ARE YOU ASKING -- DO YOU HAVE PEOPLE THERE  
22 WHO CAN OVERSEE IT? DO YOU HAVE PEOPLE THERE WHO WILL  
23 USE IT? AND THAT IS WHAT THE SCIENCE GROUP WILL BE  
24 RESPONSIBLE FOR. SO IT WON'T BE A ONE-FOR-ONE. THEY  
25 WON'T COUNT UP THE SEED GRANTS, BUT PRESUMABLY PEOPLE,

1 AS PART OF THEIR APPLICATIONS, WILL SAY WE HAVE THIS  
2 MANY PEOPLE WHO HAVE APPLIED FOR SEED GRANTS AND WE  
3 HAVE THIS MANY PEOPLE WHO WANT TO DO THE RESEARCH, SO  
4 WE EXPECT TO BE ABLE TO GO AHEAD.

5 ANY OTHER QUESTIONS?

6 CHAIRMAN KLEIN: ANY OTHER QUESTIONS FROM THE  
7 BOARD? ANY QUESTIONS FROM THE PUBLIC? SEEING NONE,  
8 THANK YOU VERY MUCH.

9 WE GO ON TO THE NEXT AGENDA ITEM NO. 7, WHICH  
10 IS CONSIDERATION OF ACTION FROM THE FACILITIES WORKING  
11 GROUP. RUSTY DOMS, WOULD YOU LIKE TO PRESENT THIS  
12 ITEM, PLEASE. RUSTY DOMS, AS WE ALL KNOW, IS ONE OF  
13 THE CO-CHAIRS WITH DAVID SERRANO-SEWELL OF OUR  
14 FACILITIES WORKING GROUP, AND IT IS GREAT TO SEE THE  
15 FACILITIES WORKING GROUP NOW ENERGIZED AS WE START OFF  
16 ON OUR FIRST RFA AFFECTING THAT AREA. RUSTY.

17 MR. DOMS: THANK YOU, MR. CHAIRMAN. IT'S A  
18 PLEASURE TO BE HERE THIS MORNING. THERE ARE TWO ITEMS  
19 BEFORE YOU FOR CONSIDERATION TODAY. THE THIRD ITEM ON  
20 THE AGENDA, 7C, WAS DISCUSSED AT OUR OCTOBER 2D  
21 MEETING, AND WE DO NOT AT THIS TIME HAVE A  
22 RECOMMENDATION FOR YOUR CONSIDERATION. WE WILL  
23 CONTINUE TO WORK ON THAT.

24 BOTH ITEMS THAT YOU WILL CONSIDER TODAY NEED  
25 TO BE APPROVED SO THAT THE RFA FOR SHARED RESEARCH

1 LABORATORIES CAN BE ISSUED. I WOULD LIKE TO REFER YOU  
2 TO AGENDA ITEM NO. 7A, THE DOCUMENT ENTITLED "INTERIM  
3 PROCEDURES AND CRITERIA FOR CONDUCTING REVIEW OF SHARED  
4 SPACE LABORATORY APPLICATIONS." ONCE APPROVED, THESE  
5 INTERIM CRITERIA WILL BE INCLUDED IN THE SHARED  
6 RESEARCH LABORATORY RFA, WHICH, AS ZACH SAID, WILL GO  
7 OUT HOPEFULLY THIS MONTH.

8 AFTER THIS GRANT CYCLE WE WILL REVIEW AND  
9 MODIFY THESE PROCEDURES WITH THE AIM OF ADOPTING A  
10 PERMANENT SET OF CRITERIA WHICH WILL BE USED IN LATER  
11 RFA'S, INCLUDING THOSE THAT WILL BE SUITABLE FOR LARGE  
12 FACILITIES. THE INTERIM PROCEDURES AND CRITERIA THAT  
13 YOU ARE CONSIDERING TODAY ARE JUST FOR SMALL RENOVATION  
14 GRANTS FOR SHARED LABORATORIES.

15 THE PROCESS OF ADOPTING INTERIM PROCEDURES IS  
16 SIMILAR TO THAT USED BY THE GRANTS WORKING GROUP FOR  
17 THE TRAINING GRANTS. AS YOU KNOW, IT IS IMPORTANT AND  
18 SANCTIONED BY PROP 71 TO ENACT STRONG GUIDELINES  
19 IMMEDIATELY AND THEN TO REVISE THEM, AS NECESSARY,  
20 MOVING FORWARD.

21 I WOULD LIKE TO ASK THE ICOC TO CONSIDER THE  
22 INTERIM PROCEDURES AND CRITERIA FOR CONDUCTING REVIEW  
23 OF SHARED SPACE LABORATORY APPLICATIONS.

24 CHAIRMAN KLEIN: ALL RIGHT. QUESTIONS?

25 DR. LEVEY: I HAD A QUESTION ON THE FIRST



1 PAGE HERE. YOU SAY IN THE SECOND STAGE OF REVIEW TO BE  
2 PRESIDED OVER BY THE VICE CHAIR, AND THEN GO DOWN  
3 ANOTHER LINE, IT SAID WITH CONSIDERATION OF  
4 GEOGRAPHICAL AND OTHER FACTORS. I WONDER WHAT THE  
5 OTHER FACTORS. IT'S NOT EXACTLY SPECIFIC.

6 AND THE SECOND IS ARE YOU SETTING UP THE  
7 POSSIBILITY THAT A FACILITIES GRANT THAT HAS A VERY  
8 HIGH SCORE MIGHT LOSE OUT TO A GEOGRAPHICAL AREA THAT  
9 PERHAPS THE FACILITIES GRANT HAD A LOWER SCORE? ARE  
10 YOU GOING TO TRY -- ARE YOU GOING TO OPENLY DECLARE  
11 WHAT THE GEOGRAPHICAL DISTRIBUTION IS SO YOU SET UP  
12 COMPETITION WITHIN GEOGRAPHICAL AREAS? HOW ARE YOU  
13 GOING TO DO THAT? IT'S A LITTLE BIT VAGUE, AT LEAST IN  
14 MY READING.

15 MR. DOMS: THAT'S A GOOD QUESTION. I THINK  
16 AS BACKGROUND IT SHOULD BE MENTIONED THAT THESE ARE  
17 INTERIM PROCEDURES, AND THEY WILL BE EVOLVING. WHAT WE  
18 WANTED TO MAKE SURE THAT DID NOT HAPPEN WAS THAT WE  
19 ENDED UP WITH THE MAJORITY OF THE GRANTS BEING IN ONE  
20 GEOGRAPHICAL AREA IN THE STATE; FOR EXAMPLE, NORTHERN  
21 CALIFORNIA, SOUTHERN CALIFORNIA, SAN DIEGO, CENTRAL  
22 CALIFORNIA. AND THAT'S SOMETHING THAT WE WILL BE  
23 WORKING ON.

24 IN TERMS OF OTHER CONSIDERATIONS, THOSE ARE  
25 SPELLED OUT OTHER PLACES IN THE BYLAWS AND IN OUR

1 CRITERIA. AND THAT, AGAIN, WILL BE SOMETHING THAT WE  
2 WILL BE MORE SPECIFIC IN THE FUTURE ON.

3 CHAIRMAN KLEIN: AND AS I UNDERSTAND IT,  
4 RUSTY, THIS ONLY RELATES TO THE SHARED LABS, AND YOU'RE  
5 FOCUSING ON THE SHARED ISSUE HERE.

6 MR. DOMS: THIS ONLY RELATES TO THE SHARED  
7 LAB RENOVATION.

8 CHAIRMAN KLEIN: I THINK, DR. PIZZO, IF I  
9 COULD GET -- DR. HALL WANTS TO MAKE A COMMENT, AND  
10 THEN --

11 DR. HALL: LET ME JUST COMMENT ON THAT.  
12 FIRST OF ALL, THE OVERALL PROCEDURE IS MUCH AS WE USED  
13 IN THE GRANTS. THAT IS, YOU RANK ACCORDING TO  
14 SCIENTIFIC MERIT, AND THEN YOU LOOK AT THE PORTFOLIO.  
15 AND YOU SAY DO WE HAVE -- IS THE PORTFOLIO IN BALANCE  
16 IN SOME WAY. MAYBE THERE ARE GRANTS THAT ARE JUST AT  
17 THE EDGE THAT END UP BEING MORE INTERESTING BECAUSE  
18 THEY'RE MORE INNOVATIVE, OR WE MAY HAVE GRANTS THAT  
19 ARE -- FIVE GRANTS IN ONE PARTICULAR AREA, ANOTHER AREA  
20 NOT REPRESENTED AT ALL, AND IT MAY BE THE JUDGMENT THAT  
21 IT'S BETTER THAN TO BOOST UP THIS ONE AND TAKE DOWN ONE  
22 OF THE OTHERS. OF COURSE, THESE COME BEFORE THE ICOC  
23 FOR FINAL CONSIDERATION IN ALL CASES.

24 BUT THE IDEA, THEN, WOULD BE LOOK AT THE  
25 PORTFOLIO BASED ON THE RANKINGS THAT HAVE BEEN GIVEN

1 AND SEE DOES THIS MEET THE NEEDS OF THE INTENTION OF  
2 THE RFA. AND AS I DESCRIBED BEFORE, OUR INTENTION WILL  
3 BE TO HAVE SPACE GEOGRAPHICALLY DISTRIBUTED SO THAT  
4 ANYBODY WHO NEEDS IT CAN HAVE ACCESS. THAT WON'T TRUMP  
5 NECESSARILY ALL OF THE CONSIDERATIONS BY ANY MEANS.  
6 BUT IF YOU LOOK AT THE BORDERLINE BETWEEN HERE ARE THE  
7 TOP 15 AND HERE'S ONE AT NO. 16 AND 17, WE HAVE ONE AT  
8 16, LET'S SAY, THAT COMES FROM AN AREA, AND IT MAY BE  
9 IN THE JUDGMENT OF THE WORKING GROUP THAT THE INTENT IS  
10 BETTER SERVED BY MOVING THAT ONE UP AND MOVING ANOTHER  
11 ONE DOWN.

12 SO IT IS SIMPLY TO ALLOW ROOM FOR ADJUSTMENTS  
13 BASED ON THE PORTFOLIO AND THE ENTIRE GROUP OF GRANTS  
14 RATHER THAN EACH BY INDIVIDUAL MERIT. IT'S NOT A  
15 SEPARATE REVIEW. IT'S NOT INTENDED TO OVERTURN THE  
16 ORIGINAL RANKING, BUT SIMPLY TO ADJUST IT IN ACCORD  
17 WITH THOSE AIMS.

18 DR. LEVEY: WELL, I WOULD JUST URGE YOU TO  
19 TRY TO BE AS TRANSPARENT AND OPEN AS POSSIBLE WITH THIS  
20 BECAUSE YOU WILL CREATE POTENTIALLY SOME SITUATION  
21 WHERE THERE WILL BE SOME HARD FEELINGS ABOUT THE GRANTS  
22 IF IT'S NOT DONE, YOU KNOW, WELL AND PEOPLE DON'T KNOW  
23 WHAT THE RULES ARE.

24 DR. HALL: I THINK YOU WILL SEE IN THE  
25 SECTION THAT WHAT THE ICOC WILL SEE ARE RANKING SCORES

1 FROM BOTH GRANTS AND FACILITIES GROUPS. AND SO ALL OF  
2 THAT WILL BE PERFECTLY TRANSPARENT, AND YOU WILL SEE  
3 THE RECOMMENDATION. SO IT WILL BE VERY CLEAR WHAT  
4 JUDGMENTS AND RECOMMENDATIONS HAVE BEEN MADE BY THE  
5 WORKING GROUP, AND THEN THE ICOC HAS AN OPPORTUNITY TO  
6 REVIEW THOSE, REARRANGE THEM, MODIFY THEM AS IT WISHES.

7 DR. PIZZO: ZACH, MY QUESTION RELATES TO THE  
8 RELATIVE BALANCE OF THE AMOUNT OF FUNDING THAT WILL GO  
9 INTO THE SHARED FACILITIES OR INTERIM FACILITIES  
10 COMPARED TO THOSE THAT ARE MORE PERMANENT. RIGHT AT  
11 THIS JUNCTURE I THINK PROBABLY EVERY ONE OF US IS  
12 EXPERIENCING AN ENORMOUS DEGREE OF LIMITATION OF SPACE  
13 RIGHT NOW, AND WE'RE REALLY SCRAMBLING ABOUT HOW TO  
14 COME UP WITH IT. IN FACT, ONE OF THE ISSUES THAT, I  
15 DON'T KNOW THAT THERE'S A STANDARD FOR, BUT THAT WE'RE  
16 DEALING WITH IS IF THERE'S BEEN ANY FEDERAL FUNDING  
17 EVEN ANTECEDENT TO AUGUST 2001, DOES THAT PRECLUDE THE  
18 USE OF THAT SPACE? WE'RE WORKING ON TRYING TO GET SOME  
19 GUIDANCE ON THAT, BUT WHAT THAT MEANS IS THAT WE'RE  
20 QUITE LIMITED.

21 I LIKE THE IDEA OF THE SHARED SPACE TO  
22 JUMP-START THE PROCESS, BUT I ALSO HOPE THAT WE KEEP  
23 OUR INVESTMENT IN THAT RELATIVELY LIMITED SO THAT WE  
24 CAN REALLY GET OUR FUNDS INVESTED IN MORE SIGNIFICANT  
25 SPACE. OTHERWISE, WE'RE NOT GOING TO BE ABLE TO REALLY

1       ACHIEVE OUR OBVIOUS GOALS OF GETTING THE VERY BEST  
2       PEOPLE HERE TO DO THIS WORK.  WHAT ARE YOUR THOUGHTS?

3                 DR. HALL:  I THINK IF YOU -- I FORGET THE  
4       EXACT FIGURES, BUT THE ICOC APPROVED LAST TIME 15  
5       GRANTS OF WHICH FIVE WOULD BE TEACHING FACILITIES.  AND  
6       THE RENOVATION AND CAPITAL EQUIPMENT PORTIONS OF THOSE  
7       ROUGHLY WORK OUT TO \$32.5 MILLION.  THAT'S A RELATIVELY  
8       MODEST PIECE OF THE TOTAL FACILITIES.  AND IT WAS OUR  
9       FEELING THAT, BECAUSE WE COULD GET THAT -- THAT CAN  
10      HAPPEN RELATIVELY QUICKLY; WHEREAS, TO PUT UP LARGER,  
11      MORE MAJOR FACILITIES WILL TAKE TIME, THAT WE NEEDED TO  
12      DO THAT.

13                 AND THEN FOR RICH MURPHY'S QUESTION BEFORE,  
14      FOR A LOT OF THE SEED GRANTS, PEOPLE DON'T HAVE AN  
15      ALTERNATIVE.  THEY NEED SPACE TO DO IT, AND SO IT IS A  
16      BALANCE.  AND I THINK WE WILL, AS THE GRANTS COME ON  
17      AND WE HAVE A CHANCE TO CONSIDER THEM, IT WILL BE YOUR  
18      OPTION AS A BOARD TO RAISE OR LOWER THAT AMOUNT.  IF  
19      YOU REMEMBER WITH THE TRAINING GRANTS, WE DID NOT SPEND  
20      QUITE THE LEVEL THAT WAS APPROVED BECAUSE THE BOARD  
21      FELT THAT THAT'S WHERE WE SHOULD DRAW THE LINE.  YOU  
22      WILL HAVE THAT OPTION TO REVIEW, THEN, IN A VERY  
23      CONCRETE WAY THIS IS WHAT WE GET IF WE SPEND THE AMOUNT  
24      YOU HAVE APPROVED, HERE'S WHAT WE GET IF WE SPEND THE  
25      AMOUNT LESS THAN THAT, AND HERE'S WHAT WE GET IF WE

1 SPEND MORE. I THINK IT'S WITHIN THAT CONTEXT THAT YOU  
2 SHOULD MAKE THAT JUDGMENT.

3 DR. PIZZO: I'M SURE OTHERS ARE EXPERIENCING  
4 THIS, BUT ONE OF THE COMMON QUESTIONS AT LEAST WE'VE  
5 BEEN GETTING IS IF I DON'T HAVE THE SPACE ALREADY  
6 ASSIGNED, CAN I EVEN APPLY FOR THE GRANT?

7 DR. HALL: FOR THE SEED GRANTS WE ASSUME THAT  
8 THERE WILL BE THE SPACE AVAILABLE. THAT IS THE  
9 ASSUMPTION. THEY WILL HAVE THE MONEY IN A SENSE BEFORE  
10 THE SPACE IS QUITE AVAILABLE. IT WILL TAKE SOME MONTHS  
11 AT BEST TO RENOVATE THE SPACE, BUT IT WILL AT LEAST  
12 GIVE THEM THE ASSURANCE THAT THEY HAVE THE MONEY, THEY  
13 CAN BEGIN PLANNING, AND DOING THE PREPARATORY WORK,  
14 HIRING POST-DOCS OR TECHNICIANS OR WHATEVER. SO IT'S  
15 AN ATTEMPT TO GET ALL THE PIECES TOGETHER THAT ENABLE  
16 THIS RESEARCH TO GO FORWARD IN AS CONCERTED A FASHION  
17 AS POSSIBLE.

18 CHAIRMAN KLEIN: WE HAVE SEVERAL SPEAKERS.  
19 AND, DR. HALL, I THINK THAT FROM A FINANCIAL ANALYSIS  
20 VIEWPOINT, IN RESPONDING TO DR. PIZZO'S QUESTION, YOUR  
21 STRATEGIC PLAN IDENTIFIES THAT ABOUT 16 MILLION OF THAT  
22 32 MILLION FALLS INTO THE FACILITIES BUDGET. THE OTHER  
23 16, BECAUSE IT DEALS WITH OPERATING FUNDING AND OTHER  
24 SUPPORT, MAY FALL INTO REALLY THE RESEARCH BUDGET SO  
25 THAT THE COST OF THESE IS NOT FULLY THE ROOT OF THE

1 MAJOR FACILITIES BUDGETS. IT'S AN IMPORTANT  
2 DISTINCTION POTENTIALLY.

3 I THINK DR. BALTIMORE AND DR. MURPHY AND  
4 DR. KESSLER HAVE SOME POINTS. DR. BALTIMORE.

5 DR. BALTIMORE: YOUR ANSWER ABOUT GEOGRAPHIC  
6 DISTRIBUTION SEEMED TO IMPLY THAT IF A FACILITY IS  
7 AVAILABLE IN A GEOGRAPHIC AREA, IT'S AVAILABLE TO  
8 ANYBODY IN THAT AREA.

9 DR. HALL: WE ASK AS PART OF THE RFA THAT, IF  
10 YOU'RE AWARDED A FACILITY, THEN WE ASK THAT YOU MAKE IT  
11 AVAILABLE TO PEOPLE FROM OTHER INSTITUTIONS IN THE AREA  
12 THAT MAY NOT HAVE A FACILITY. WE ACTUALLY ASK FOR A  
13 PLAN OF HOW YOU WOULD ACCOMMODATE THOSE AND HOW YOU  
14 WOULD PRIORITIZE THEM. IT'S LIKE A NATIONAL  
15 LABORATORY, LIKE ANY CORE FACILITY. WE EXPECT IN THE  
16 RFA WE WILL ASK HOW WILL THE OVERSIGHT COMMITTEE  
17 OPERATE? WHO WILL BE ON IT? AND HOW YOU PRIORITIZE  
18 WORK BOTH WITHIN AND OUTSIDE THE INSTITUTION FOR PEOPLE  
19 WHO GET TO USE IT.

20 DR. BALTIMORE: AND SIMILARLY, THERE'S A  
21 REQUIREMENT THAT THERE'S ONLY ONE PER INSTITUTION.

22 DR. HALL: YES. YES. YES.

23 CHAIRMAN KLEIN: DR. MURPHY.

24 DR. MURPHY: RUSTY, ON PAGE 2 IT TALKS ABOUT  
25 INSTITUTIONAL COMMITMENT, AND IT SAYS IS THE

1 INSTITUTIONAL COMMITMENT SUFFICIENT? WHAT ARE THE  
2 EXPECTATIONS THAT THE INSTITUTIONAL COMMITMENT, WHAT  
3 WILL IT BE RELATIVE TO THESE SHARED FACILITIES?

4 MR. DOMS: I THINK THAT REFERS IN PART, AND  
5 IT'S ONE OF THE AGENDA ITEMS THAT -- I THINK IT WAS  
6 AGENDA ITEM 7C, WHAT KIND OF FINANCIAL COMMITMENT ARE  
7 THEY PREPARED TO BRING TO THE TABLE TO BRING TO THIS  
8 PROJECT IN TERMS OF MATCHING FUNDS? AND I THINK IT'S  
9 REALLY THE OVERALL STRENGTH AND STABILITY OF THAT  
10 INSTITUTION TO MEET THE GOALS THAT WE SET FORTH WITH  
11 THIS GRANT.

12 DR. MURPHY: THERE'S AN EXPECTATION THAT  
13 THERE WILL BE MATCHING FUNDS FROM INSTITUTIONS FOR  
14 SHARED SPACE.

15 DR. HALL: YES. PROPOSITION 71 ACTUALLY  
16 REQUIRES 20 PERCENT, A MINIMUM OF 20 PERCENT MATCHING.  
17 AND SO WE WILL ASK THAT. AND WE DISCUSSED AT THE  
18 FACILITIES WORKING GROUP MEETING, ALTHOUGH THERE WAS  
19 NOT A FORMAL RESOLUTION ON THIS, THE POSSIBILITY THAT  
20 IF AN INSTITUTION HAD ALREADY SPENT MONEY FOR A  
21 FACILITY TO WHICH IT WAS ADDING, TO WHICH THIS WOULD BE  
22 ADDED, THEN THAT WOULD BE REGARDED AS PART OF THE  
23 MATCH. WE WILL NOT REIMBURSE FOR MONEY; THAT IS, YOU  
24 CAN'T COME TO US AND SAY WE'VE ALREADY BUILT A  
25 FACILITY. NOW WILL YOU PAY FOR IT? THAT WE CANNOT DO.



1 BUT IF YOU HAVE ALREADY GOT PART OF A FACILITY AND YOU  
2 WANT TO ADD TO IT WITH OUR MONEY, THEN OBVIOUSLY THE  
3 MONEY, AT LEAST THAT WAS A CONSENSUS OF THE FACILITIES  
4 WORKING GROUP, THAT THAT WOULD THEN BE ABLE TO COUNT AS  
5 THE MATCH, PART OF THE MATCH.

6 CHAIRMAN KLEIN: DR. KESSLER.

7 DR. KESSLER: BOB OR ZACH, COULD YOU -- JUST  
8 PROP 71 STARTED WITH A NUMBER OF 300 MILLION ON  
9 FACILITIES. I'VE SEEN A NUMBER OF NUMBERS SINCE THEN.  
10 THERE'S A 279, YOU TALKED ABOUT 16. JUST COULD YOU  
11 TALK ABOUT WHAT'S THE STRATEGY JUST SO WE HAVE IT.

12 DR. HALL: FINANCIAL BETTERS ON THIS, SO I'LL  
13 LET BOB ANSWER THAT.

14 CHAIRMAN KLEIN: THE NUMBER FOR FACILITIES IS  
15 \$300 MILLION. THE STRATEGIC PLAN, OF WHICH MY OFFICE  
16 WAS CONSULTED ON THE FINANCIAL PORTION OF THAT, HAD A  
17 NUMBER THAT WE WERE GIVEN THAT IS APPROXIMATELY 274  
18 MILLION. NOW, I WOULD POINT OUT THAT THAT ASSUMES THAT  
19 THE FACILITIES BEAR A PROPORTIONATE SHARE OF  
20 CAPITALIZED INTEREST IN THE FIRST TWO YEARS THAT  
21 REDUCES OUR GRANT PROGRAM FUNDING AND IT ALSO REDUCES  
22 OUR FACILITIES.

23 I THINK THAT IF WE HAVE A SOPHISTICATED AND  
24 ADVANCED INVESTMENT PROGRAM AND MANAGEMENT OF OUR BOND  
25 STRUCTURE, WE MAY KNOCK DOWN A \$72 MILLION BURDEN

1 DURING THE FIRST FIVE YEARS ON CAPITALIZED INTEREST TO  
2 MAYBE 25, SAVING 50 MILLION. A PORTION OF THAT BENEFIT  
3 GOES TO INCREASE THE NET FUNDS AVAILABLE FOR  
4 FACILITIES, A PORTION GOES TO INCREASE THE TOTAL AMOUNT  
5 OF MONEY FOR GRANTS.

6 NOW, OBVIOUSLY THIS REQUIRES A LEVEL OF  
7 INNOVATION, LIKE MOST OF OUR THINGS, THAT HAS NEVER  
8 BEEN USED IN CALIFORNIA. BAN'S HAVE NEVER BEEN USED IN  
9 CALIFORNIA. SO WE HAVE SOME CHALLENGES, BUT THE  
10 REWARDS OF MEETING THOSE CHALLENGES ARE GREAT BECAUSE,  
11 AS DR. PIZZO POINTS OUT, EVERY DOLLAR IS CRITICAL. IF  
12 WE LOSE \$25 MILLION IN FACILITIES, WE'VE LOST A MAJOR  
13 FACILITY. IF WE CAN STRUCTURE OUR BOND STRUCTURE, OUR  
14 INNOVATION, IN OUR INVESTMENT PROGRAMS STRUCTURES AND  
15 OUR DELIVERY SYSTEM PROPERLY, WE GAIN AN ENTIRE MAJOR  
16 FACILITY.

17 ABOUT \$16 MILLION OF THE \$32 MILLION, WITH  
18 JAMES' HELP AND OTHER OUTSIDE COUNSEL WORKING WITH AMY  
19 LEWIS FROM MY STAFF, WHO WAS ASSIGNED TO ASSIST THE  
20 STRATEGIC WORKING GROUP, AND WENT THROUGH A PROCESS  
21 WHERE WE CAME DOWN TO ABOUT 16 MILLION THAT WOULD NEED  
22 TO COME OUT OF THE MAJOR FACILITIES BUDGET FOR THE  
23 SHARED LABS. THE BALANCE APPEARED TO BE APPROPRIATE  
24 SUBJECT TO FINAL LEGAL COUNSEL REVIEW TO COME OUT OF  
25 OUR MAJOR RESEARCH BUDGET BECAUSE IT FUNDED BASICALLY

1 RESEARCH PERSONNEL OR OTHER COSTS THAT COULD BE  
2 QUALIFIED. THE GOAL IS, IN FACT, TO MAKE SURE WE DO  
3 BUILD SUFFICIENT FACILITIES AND PROPERLY ONLY USE  
4 FACILITIES MONEY WHERE APPROPRIATE TO ACHIEVE  
5 FACILITIES GAINS.

6 DR. KESSLER: BOB, LET ME SEE IF I CAN  
7 UNDERSTAND THIS. DOES THAT MEAN THAT THERE'S  
8 APPROXIMATELY 260 LEFT, MAYBE THERE'S MORE DEPENDING ON  
9 THE CAPITAL? WHAT'S --

10 DR. HALL: ANOTHER CONSIDERATION HERE THAT  
11 ACTUALLY DIDN'T STRIKE HOME WITH ME UNTIL WE WERE DOING  
12 THE STRATEGIC PLAN. IN APPENDIX D 3 OF THE STRATEGIC  
13 PLAN ARE GIVEN THE ASSUMPTIONS THAT WE USED IN OUR  
14 FINANCIAL PLANNING, WHICH WERE DRAWN UP, AS BOB SAYS,  
15 BY THE CHAIR'S OFFICE IN THIS. AS I UNDERSTAND THAT,  
16 AFTER WE TAKE OUT 3 PERCENT ADMINISTRATIVE COST FROM  
17 300 MILLION, THAT LEAVE US WITH 97 PERCENT OF THE  
18 TOTAL. AND OF THAT 97 PERCENT, THERE ARE THREE  
19 STRICTURES. ONE IS THAT WE CAN USE UP TO 10 PERCENT  
20 FOR FACILITIES, WE CAN USE UP TO 3 PERCENT FOR GRANTS  
21 ADMINISTRATION COST, RESEARCH ADMINISTRATION, AND WE,  
22 HOWEVER, MUST USE 90 PERCENT FOR RESEARCH.

23 SO ACCORDING TO MY UNDERSTANDING OF THAT,  
24 THAT MEANS THAT WE WILL BE -- THAT WE HAVE TO MAKE A  
25 CHOICE BETWEEN GRANTS ADMINISTRATION AND FACILITIES IF

1 WE ARE TO MEET THE REQUIREMENT THAT 90 PERCENT OF IT GO  
2 TO RESEARCH. AND ACTUALLY WE NEED THAT MONEY FOR  
3 GRANTS ADMINISTRATION. THE TOTAL FOR THE 3 PERCENT AND  
4 THE 3 PERCENT OF 97 PERCENT, WHICH IS A LITTLE BIT LESS  
5 THAN 6 PERCENT, IS VERY LEAN FOR A GRANTS  
6 ADMINISTRATION AGENCY. AND THERE'S NO WAY WE COULD CUT  
7 THAT FURTHER AND EXPECT TO DO AN EFFECTIVE JOB.

8 SO THIS IS A CHALLENGE FOR US. AS I SAY, I  
9 DIDN'T APPRECIATE THAT. BUT IF SO, IF YOU TAKE OUT THE  
10 FULL ADMINISTRATIVE COST OUT OF THE 97, THEN THAT WOULD  
11 FURTHER LOWER THE AMOUNT THAT'S AVAILABLE.

12 CHAIRMAN KLEIN: IN THE FIGURES THAT YOU'RE  
13 USING, DR. KESSLER --

14 DR. KESSLER: I'M NOT USING ANY.

15 CHAIRMAN KLEIN: IF YOU TAKE 6 PERCENT OF 300  
16 MILLION, YOU HAVE 18 MILLION, SO YOU GET TO \$282  
17 MILLION. IF YOU TAKE OUT THE BOND ISSUANCE COST AND  
18 ESSENTIALLY THE CAPITALIZED INTEREST RESERVE, YOU ARE  
19 SOMEWHERE BETWEEN 260 MILLION AND 270 MILLION,  
20 DEPENDING UPON HOW MUCH WE CAN OPTIMIZE AND REDUCE THE  
21 LOAD FROM CAPITALIZED INTEREST.

22 DR. KESSLER: SO THE 16 WE'RE TALKING ABOUT  
23 TODAY FOR SHARED WOULD TAKE THE 260 TO 270 DOWN TO 250.

24 CHAIRMAN KLEIN: IT WILL EITHER TAKE IT DOWN  
25 TO THE 255 LEVEL OR THE 260 LEVEL DEPENDING UPON HOW

1 EFFECTIVE WE ARE IN MINIMIZING CAPITALIZED INTEREST AND  
2 MAXIMIZING OUR INVESTMENT OF REVENUES.

3 DR. KESSLER: THAT INCLUDES ZACH'S POINT ON  
4 HOW MUCH HAS TO GO FOR GRANTS?

5 CHAIRMAN KLEIN: EIGHTEEN MILLION COMES OFF  
6 THE TOP. APPROXIMATELY 6 PERCENT, IT'S ABOUT 5.81  
7 PERCENT COMES OFF THE TOP FOR ADMINISTRATION OF THE  
8 FACILITIES PROGRAMS.

9 DR. HENDERSON: IT'S NOT CLEAR TO ME IF WE  
10 NEED TO APPROVE THIS. IT SAYS DRAFT FOR DISCUSSION  
11 ONLY. IS THIS A DOCUMENT WE NEED TO APPROVE OR JUST  
12 DISCUSS?

13 MR. DOMS: I WOULD HAVE TO ADDRESS THE  
14 CHAIRMAN ON THAT ISSUE. I THINK WE'RE ASKING THAT IT  
15 BE APPROVED. THE DRAFT WOULD COME OFF.

16 DR. HALL: NEED THIS APPROVED IN ORDER TO GET  
17 THE RFA OUT BECAUSE WE HAVE TO SAY -- THE KEY PART OF  
18 THIS IS ON THE SECOND PAGE, CRITERIA FOR REVIEW. AND  
19 IN THE RFA WE HAVE TO TELL PEOPLE HOW WE WILL REVIEW  
20 THE GRANT.

21 DR. HENDERSON: SO IT'S NOT FOR DISCUSSION  
22 ONLY. I'D LIKE TO MOVE APPROVAL OF THE INTERIM  
23 GUIDELINES.

24 DR. BRYANT: I HAVE A QUESTION.

25 CHAIRMAN KLEIN: DR. BRYANT, WE CAN CONTINUE

1 DISCUSSION AFTER A MOTION. IS THERE A SECOND?

2 DR. WRIGHT: SECOND.

3 CHAIRMAN KLEIN: SECOND, DR. WRIGHT. DR.  
4 BRYANT.

5 DR. BRYANT: I HAVE A QUESTION ABOUT THE  
6 DEFINITION OF FACILITIES. ARE WE TALKING ABOUT JUST  
7 DOORS AND WALLS AND BENCHES, OR CAN WE COUNT MAJOR  
8 EQUIPMENT IN THAT BECAUSE WITHOUT MAJOR EQUIPMENT, WE  
9 DON'T HAVE A FACILITY.

10 DR. HALL: SO THE RFA PROVIDES FOR SEPARATE  
11 MONEY PARTLY -- UP TO A MILLION DOLLARS FOR RENOVATION,  
12 THIS IS WHAT I PRESENTED AT THE LAST MEETING, AND UP TO  
13 A MILLION DOLLARS FOR CAPITAL EQUIPMENT.

14 THE QUESTION COMES WHERE DOES THAT CAPITAL  
15 EQUIPMENT, WHAT PART OF THE BUDGET DOES THAT COME OUT  
16 OF? WHAT BOB KLEIN SAID WAS IT LOOKS AS IF, SUBJECT TO  
17 REVIEW BY COUNSEL, THAT WE WILL BE ABLE TO TAKE THE  
18 CAPITAL EQUIPMENT OUT OF THE RESEARCH BUDGET. SO THAT  
19 LEAVES MORE MONEY FOR BRICKS AND MORTAR ESSENTIALLY.

20 CHAIRMAN KLEIN: LET ME PUT A LITTLE FINER  
21 LINE ON THAT, DR. BRYANT, IS THAT IF THERE IS -- IF  
22 THERE ARE BUILT-INS, MAJOR AIR CONDITIONING EQUIPMENT  
23 FOR AIR TURN NECESSARY FOR GMP FACILITIES, FOR EXAMPLE,  
24 THAT IS CLASS A EQUIPMENT, WHICH IS NOT MOVABLE  
25 EQUIPMENT AND CONSIDERED PART OF FACILITIES; WHEREAS,

1 CLASS II FACILITIES, WHICH IS MOVABLE EQUIPMENT, HIGH  
2 SPEED CELL SORTERS, FOR EXAMPLE, IT'S OUR DESIRE TO  
3 SEE, AND WE'RE GOING TO HAVE TO COME BACK TO THE BOARD  
4 FOR DEFINITIONS TO MAKE THIS CLEAR, WITH COUNSEL  
5 APPROVAL, THAT THAT IS, IN FACT, RESEARCH. WHEN YOU  
6 COME IN LATER FOR RESEARCH GRANTS, IT'S GOING TO BE  
7 VERY IMPORTANT THAT WITH RESEARCH GRANTS LATER, YOU  
8 WILL BE ABLE TO GET MAJOR MOVABLE EQUIPMENT. IT IS NOT  
9 PART OF A FACILITY.

10 SO THERE ARE SOME VERY SOPHISTICATED,  
11 IMPORTANT DEFINITIONS THAT NEED TO COME BACK TO THIS  
12 BOARD SO WE HAVE CLARITY SO ON AN OPERATIONAL BASIS, WE  
13 HAVE SOMETHING THAT REALLY WORKS FOR US ON A RESEARCH  
14 BASIS AND FOR A FACILITIES BASIS. DR. POMEROY.

15 DR. POMEROY: FIRST, I'D LIKE TO COMMEND THE  
16 FACILITIES WORKING GROUP FOR GETTING THIS STUFF  
17 TOGETHER TO US. MY QUESTION IS SORT OF ABOUT THE  
18 LOGISTICS OF THE PROCEDURE. IT STATES THAT BOTH THE  
19 GRANTS WORKING GROUP AND THE FACILITIES WORKING GROUP  
20 WOULD EVALUATE ALL OF THESE SHARED APPLICATIONS, AND  
21 THAT BOTH OF THOSE EVALUATIONS WOULD COME TO THE ICOC.  
22 IS THERE GOING TO BE SOME INTEGRATION OF THEIR  
23 RECOMMENDATIONS BY STAFF BEFORE WE SEE THEM AT THE  
24 ICOC, OR WILL WE GET TWO SEPARATE LISTS?

25 DR. HALL: WELL, WE ARE DOING THIS ON THE

1 RUN, AS IT WERE. AND I THINK ONE OF THE THINGS THAT WE  
2 WILL WANT TO CONSIDER IN THE FACILITIES WORKING GROUP  
3 AND THE GRANTS WORKING GROUP IS HOW WE CAN BEST  
4 INTEGRATE THOSE PROCEDURES IN THE FUTURE, AND MAYBE  
5 EVEN A JOINT MEETING OF THE TWO GROUPS FOR MAJOR  
6 FACILITIES WOULD BE APPROPRIATE. THERE'S NO  
7 POSSIBILITY -- WE ARE NOW TRYING TO MAKE THIS HAPPEN AS  
8 QUICKLY AS POSSIBLE. THAT IS OUR PRIMARY AIM.

9 DR. POMEROY: WE'RE RIGHT BEHIND YOU.

10 DR. HALL: YES. SO WE WILL HAVE A GRANTS  
11 REVIEW WORKING GROUP EARLY JANUARY. WE HAVE NOW  
12 SCHEDULED A FACILITIES WORKING GROUP MEETING IN LATE  
13 JANUARY. THE FACILITIES WORKING GROUP HAS ASKED TO SEE  
14 IN CLOSED SESSION THE SCORES OF THE GRANTS WORKING  
15 GROUP TO AID THEIR DISCUSSIONS. BUT WE SHOULD SAY  
16 THAT, AS YOU WILL SEE IN THE NEXT SECTION, THE OTHER  
17 PORTIONS OF THAT MEETING WILL BE A PUBLIC MEETING.

18 MR. SERRANO-SEWELL: ZACH, JUST A QUICK  
19 FOLLOW-UP. THE ANSWER TO CLAIRE'S QUESTION IS FOR THIS  
20 ROUND OF GRANTS, THERE WILL BE TWO SETS.

21 DR. HALL: WILL BE TWO SETS, EXACTLY. IT  
22 WILL BE LIMITED INTEGRATION; THAT IS, ONE GROUP WILL  
23 SEE THE RESULTS OF THE OTHER, BUT NOT VICE VERSA. THE  
24 ICOC WILL SEE BOTH SCORES AND RECOMMENDATIONS FROM  
25 BOTH. WE, IN FACT, WILL NOT, AS A STAFF, BE ABLE TO



1 COMPLETE THE WRITE-UP ON ALL THE RECOMMENDATIONS IN  
2 TIME FOR THE SECOND MEETING, BUT AT LEAST THE SCORES  
3 WILL BE SEEN AS THE WORKING GROUP WISHES TO DO.

4 THANKS, DAVID.

5 CHAIRMAN KLEIN: WE HAVE A QUESTION FROM DR.  
6 REED.

7 DR. REED: I HAD A SUGGESTION. AS I READ  
8 THIS, I THOUGHT IT WAS JUST A LITTLE AMBIGUOUS AS TO  
9 WHO ACTUALLY MAKES THE FINAL DECISION. IT'S MADE BY  
10 THIS BOARD, RIGHT? MAYBE I MISSED IT, BUT IF IT'S NOT  
11 EXPLICITLY STATED, I THOUGHT THAT SHOULD BE ADDED TO  
12 THE DOCUMENT.

13 DR. ROTH: I'D ALSO LIKE TO MAKE A COMMENT ON  
14 THESE CORRECTION FACTORS. I'M A LITTLE TROUBLED BY  
15 THAT GEOGRAPHICAL LOCATIONS AND THINGS LIKE THAT. IF  
16 WE'RE GOING TO DO THAT, I'D LIKE TO SEE THAT USED IN  
17 TIE-BREAKERS AS OPPOSED WE'RE GOING TO MAKE SOME  
18 ADJUSTMENT FOR GEOGRAPHY OR OTHER FACTORS. I THINK  
19 THAT'S NOT A GOOD PRECEDENT.

20 CHAIRMAN KLEIN: THAT WILL BE ONE OF THE  
21 ISSUES THAT WILL COME BEFORE US AT THE BOARD MEETING.  
22 AND, DR. HALL, WOULD YOU LIKE TO COMMENT ON THAT?

23 DR. HALL: I WOULD URGE THAT -- YOU WILL MAKE  
24 THE FINAL DECISION IN ANY CASE, AND I WOULD URGE THAT  
25 YOU ALLOW A LITTLE MORE FLEXIBILITY. IT'S RARE THAT

1 YOU HAVE AN ABSOLUTE TIE-BREAKER. WHEN YOU SAY ALL  
2 OTHER THINGS BEING EQUAL, THAT'S ALMOST NEVER THE CASE.  
3 SO I THINK IN ORDER TO GIVE SOME FLEXIBILITY AND TO LET  
4 THE WORKING GROUP MAKE SOME RECOMMENDATION, THEN I  
5 WOULD SUGGEST THAT YOU ALLOW THEM TO -- YOU WILL SEE  
6 THE SCORES, SO THERE'S NO QUESTION ABOUT THAT. YOU  
7 WILL UNDERSTAND THAT, AND YOU WILL SEE A RECOMMENDATION  
8 FROM BOTH GROUPS. I THINK YOU CAN MAKE UP YOUR OWN  
9 MINDS, BUT I WOULD URGE THAT YOU AT LEAST LET THEM MAKE  
10 THAT -- HAVE THE FLEXIBILITY TO ADJUST THAT SOMEWHAT.

11 DR. ROTH: WHAT BOTHERS ME MOST IS THAT IT  
12 WILL BE PUBLIC, AND SO WE'RE GOING TO INVITE OURSELVES  
13 FOR A LOT OF CRITICISM, THAT SOMETHING SCORED HIGHER  
14 SCIENTIFICALLY, BUT WAS REVERSED BECAUSE IT HAPPENED TO  
15 BE IN A PARTICULAR PART OF THE STATE. I THINK THAT  
16 OPENNESS, IF WE'RE GOING TO DO IT THAT WAY, THE RULES  
17 SHOULD BE VERY EXPLICIT WHEN WE MAKE THOSE CHANGES.  
18 OTHERWISE, IF YOU ARE A GRANT APPLICANT AND YOU ARE  
19 TOLD YOU DIDN'T GET FUNDED BECAUSE YOU JUST --

20 DR. HALL: I THINK I WOULD URGE THAT LET'S  
21 KEEP THE SCIENTIFIC AIM FIRST AND FOREMOST. OUR OBJECT  
22 WITH THIS IS TO HAVE FACILITIES PLACED SO THAT TALENTED  
23 INVESTIGATORS, WHEREVER THEY ARE IN THE STATE, WILL  
24 HAVE AT LEAST ACCESS TO SOME INSTITUTION IN THEIR  
25 REGION THAT CAN CARRY THIS OUT. I THINK THAT IS

1     IMPORTANT.  AND OBVIOUSLY THERE ARE REGIONS OF THE  
2     STATE THAT HAVE ALMOST NO RESEARCH, AND I THINK THE  
3     INTENT IS NOT TO PUT RESEARCH FACILITIES IN THESE  
4     PLACES, BUT I THINK WE WOULD NOT BE FULFILLING OUR  
5     SCIENTIFIC MISSION IF WE DIDN'T LOOK AT THE OVERALL  
6     PATTERN AND SAY, NOW, IS THIS GOING TO SERVE OUR  
7     OBJECTIVE OF GETTING THE BEST WORK DONE OR NOT.

8             DR. ROTH:  I APPRECIATE THAT.  BUT DOING THAT  
9     PROSPECTIVELY AND SAYING WE'RE GOING TO, AND I THINK  
10    DR. LEVEY MADE THIS POINT, THAT WE WANT IT GEOGRAPHIC,  
11    SO WE'LL COMPETE GEOGRAPHICALLY, BUT NOW WE'RE  
12    COMPETING STATEWIDE AND THEN WE'RE GOING TO ADJUST  
13    GEOGRAPHICALLY.  IF YOU WANT TO COMPETE GEOGRAPHICALLY,  
14    I THINK IT WORKS, SOUTHERN CALIFORNIA, NORTHERN  
15    CALIFORNIA, SOMETHING LIKE THAT.

16            DR. KESSLER:  WHAT'S THE BEST ESTIMATE OF  
17    WHEN A GRANT AWARD CAN ACTUALLY BE MADE, NOT FOR THE  
18    SHARED, BUT FOR THE OTHER FACILITIES?  WE'RE TALKING  
19    ABOUT PRIORITY FOR TWO YEARS.

20            DR. HALL:  THERE IS A MOTION ON THE FLOOR.  
21    MAYBE WE COULD COME BACK TO THAT IN A MOMENT.  I'M VERY  
22    INTERESTED IN GETTING THIS MOTION PASSED SO WE CAN GET  
23    THIS RFA OUT.  THAT'S MY CONCERN.  BUT THE SHORT ANSWER  
24    IS I DON'T THINK WE REALLY KNOW.  I THINK WE'RE GOING  
25    TO TRY TO DO IT, RUSTY, MAYBE NEXT FALL.

1                   MR. DOMS: THAT'S WHAT WE HAD TALKED ABOUT.  
2 WE HAVE A LOT OF WORK TO DO. WE WANTED TO GET THESE  
3 GRANTS OUT AND THEN TO REALLY FURTHER REFINE THE  
4 CRITERIA AND PROCEDURES.

5                   DR. KESSLER: THERE'S A TERM IN THIS  
6 DOCUMENT, IN THE BYLAWS, THAT SAYS TWO YEARS AFTER THE  
7 GRANT AWARD.

8                   DR. HENDERSON: I THINK WE'RE GETTING OUT OF  
9 SYNCH, IF I MIGHT INTERJECT. COULD WE JUST DEAL WITH  
10 THE CURRENT MOTION?

11                   CHAIRMAN KLEIN: I THINK WE HAVE A VERY  
12 IMPORTANT ISSUE DR. KESSLER IS RAISING, BUT LET'S TRY  
13 AND MOVE TO THE CURRENT MOTION HERE. ANY ADDITIONAL  
14 COMMENT FROM THE BOARD ON THE CURRENT MOTION? AND I  
15 WOULD SAY JUST TO DR. KESSLER TO RESPOND AGAIN, TO MAKE  
16 SURE THERE'S AN UNDERSTANDING OF YOUR PRIOR QUESTION  
17 TOO. IF WE DO NOT ABSOLUTELY OPTIMIZE OUR BOND  
18 STRUCTURE AND INVESTMENT STRUCTURE, WE COULD EASILY BE  
19 DOWN TO \$245 MILLION IN NET TERMS. TO GET TO 255 AND  
20 TO 260, ANYWHERE IN THAT RANGE, ON NET, WE'RE GOING TO  
21 HAVE TO DO A REALLY OUTSTANDING JOB ON OUR INVESTMENT  
22 STRUCTURE AND OUR BOND STRUCTURES OR WE'RE GOING TO  
23 LOSE ANOTHER \$20 MILLION. OS STEWARD.

24                   DR. STEWARD: I GUESS I'M ALSO BOTHERED BY  
25 THE SENTENCE IN THE SECOND STAGE OF REVIEW HAVING TO DO

1 WITH CONSIDERATION OF GEOGRAPHICAL AND OTHER FACTORS  
2 WHERE APPROPRIATE. I THINK THE GEOGRAPHICAL ISSUE  
3 ACTUALLY SHOULD REST WITH THIS BOARD, NOT WITH THE  
4 FACILITIES WORKING GROUP, AND THEN THE OTHER ISSUES  
5 WERE JUST IT LEAVES OPEN TOO MANY QUESTIONS. I JUST  
6 WONDER -- I WOULD ACTUALLY BE VERY HAPPY IF THAT PHRASE  
7 WERE STRUCK WITH THE REST OF THIS DOCUMENT AND JUST SAY  
8 SHALL CONSIDER THE ENTIRE GROUP OF APPLICATIONS TO BE  
9 FUNDED, PERIOD.

10 MR. SERRANO-SEWELL: IF I MAY ASK, OSSIE,  
11 WHAT'S THE ISSUE WITH THE GEOGRAPHICAL? LET ME SHARE  
12 WHAT THE PART OF THE, IF I MAY, CHAIRMAN KLEIN AND  
13 RUSTY, JUST SHARE BRIEFLY, AND OTHER WORKING GROUP  
14 MEMBERS PLEASE CHIME IN AS WELL, THE DISCUSSION WE HAD  
15 ON GEOGRAPHIC FACTORS BECAUSE WE DID HAVE A LENGTHY  
16 DISCUSSION ON THE ISSUE. I FORGOT WHO INTRODUCED IT.

17 I'M JUST REPEATING WHAT ZACH SAID BASICALLY.  
18 YOU KNOW, WE WANTED TO ENSURE THAT INSTITUTIONS MADE  
19 THEMSELVES AVAILABLE TO NEIGHBORING SCIENTISTS AND  
20 OTHER INSTITUTIONS THAT THEY INSTITUTED THEIR OWN  
21 POLICIES SO THAT IS, IN FACT, SHARED. I GUESS THE  
22 HYPOTHETICAL WAS WHAT IF THEY'RE ALL IN SAN DIEGO? WE  
23 DON'T WANT THAT. WE WANT THINGS IN LOS ANGELES, WE  
24 WANT THINGS IN THE INLAND EMPIRE, WE WANT THINGS IN  
25 NORTHERN CALIFORNIA. WHEN I SAY THINGS, I MEAN THESE

1 FACILITIES.

2 AND SO AS THE DISCUSSION PROGRESSED, WE  
3 THOUGHT, WELL, YOU KNOW, THIS OUGHT TO BE A  
4 CONSIDERATION, NOT A DECIDING FACTOR IN ANY WAY. BUT  
5 ONCE WE'VE HAD THE FULL DISCUSSION AND WE'VE DONE THE  
6 RANKING, WE JUST TAKE A LOOK AT THE MAP OF CALIFORNIA.  
7 WHERE ARE THINGS LINING UP? AND IF IT'S CLUSTERING IN  
8 ONE PART OF CALIFORNIA OR THE OTHER, WE THEN HAVE THE  
9 OPTION BECAUSE WE'VE ADOPTED THIS POLICY TO SAY, WELL,  
10 LET'S MOVE THINGS AROUND A LITTLE BIT. LET'S GET SOME  
11 STATE EQUITY HERE, GEOGRAPHICALLY SPEAKING. AS ZACH  
12 SAID, THE DRIVING FACTOR HERE IS GOING TO BE THE  
13 SCIENCE, IT'S GOING TO BE THE FACILITIES ASSESSMENT  
14 DONE BY THE REAL ESTATE INDIVIDUALS ON THE WORKING  
15 GROUP, AND THAT'S REALLY WHAT'S GOING TO GUIDE US IN  
16 MAKING ONLY A RECOMMENDATION TO THIS COMMITTEE.

17 NOW, WHEN THE RECOMMENDATION COMES TO THIS  
18 COMMITTEE, CERTAINLY I EXPECT MY COLLEAGUES TO LOOK AT  
19 THE MAP OF CALIFORNIA AS WELL AND MAKE THEIR OWN  
20 INDIVIDUAL ASSESSMENT AND EXERCISING THEIR OWN JUDGMENT  
21 EITHER VOTE TO APPROVE OR VOTE NOT TO APPROVE THE  
22 WORKING GROUP'S RECOMMENDATIONS. SO I WOULD URGE MY  
23 COLLEAGUES TO -- OKAY. WE CAN HAVE A CONVERSATION  
24 ABOUT OTHER FACTORS. THAT MIGHT BE KIND OF AMBIGUOUS,  
25 BUT IN TERMS OF THE GEOGRAPHIC COMPONENT, THAT IT

1       REMAIN IN THIS DOCUMENT.

2                   DR. STEWARD:  SO I APPRECIATE WHAT YOU'RE  
3       SAYING, AND I GUESS WHAT I THINK IS THAT THE TERM  
4       "GEOGRAPHICAL CONSIDERATIONS" OR "GEOGRAPHICAL FACTORS"  
5       DOESN'T REALLY QUITE CAPTURE WHAT YOU MEAN HERE.  I  
6       THINK WHAT YOU MEAN, AND I FEEL THIS IS PERFECTLY  
7       APPROPRIATE FOR THE WORKING GROUP, IS TO EVALUATE HOW  
8       THE CORE FACILITIES MEET THE TECHNICAL OBJECTIVE OF  
9       SERVING INDIVIDUALS WHO WILL BE GETTING GRANTS WHO WILL  
10      NOT OTHERWISE HAVE FACILITIES.  BUT THAT'S A TECHNICAL  
11      CONSIDERATION.

12                   THAT'S ACTUALLY LOOKING AT THE PORTFOLIO OF  
13      APPLICANTS AND SAYING THEY CAN'T DO THE WORK, AND THEY  
14      NEED A FACILITY HERE TO BE ABLE TO DO THAT WORK.  IT  
15      ISN'T SO MUCH LOOKING AT THE MAP OF CALIFORNIA.  IF WE  
16      WERE ABLE TO CONSTRUCT THAT SENTENCE BY SAYING THAT  
17      THIS WOULD BE A REVIEW OF THE TECHNICAL FEASIBILITY OF  
18      THE FACILITIES SERVING THE NEEDS OF A GROUP OF  
19      INDIVIDUALS THAT NEED TO BE SERVED, I'D BE FINE WITH  
20      THAT.

21                   CHAIRMAN KLEIN:  IS THAT YOUR -- ARE YOU  
22      MAKING A MOTION?

23                   DR. STEWARD:  I THINK I'M MAKING A MOTION,  
24      YES.

25                   CHAIRMAN KLEIN:  LET ME SEE.  IS THERE A

1 SECOND FOR THAT?

2 DR. HENDERSON: DON'T WE HAVE A MOTION ON THE  
3 TABLE?

4 CHAIRMAN KLEIN: THAT'S WHAT I'M LOOKING FOR  
5 IS A SECOND TO A PROPOSED AMENDMENT.

6 DR. LEVEY: I'LL SECOND THAT.

7 CHAIRMAN KLEIN: DR. LEVEY.

8 MR. SERRANO-SEWELL: NO. BOB KLEIN AND I'M  
9 SURE -- I DON'T KNOW WHAT DR. HENDERSON IS GOING TO DO,  
10 BUT IF DR. STEWARD SEEKS TO AMEND THE MOTION, I THINK  
11 THE ORIGINAL MAKER OF THE MOTION, IN THIS CASE  
12 DR. HENDERSON, HAS TO EITHER ACCEPT OR NOT. IT'S AT  
13 HIS DISCRETION PER ROBERT'S RULES OF ORDER.

14 CHAIRMAN KLEIN: NO. IT'S A VOTE ON THE  
15 MOTION. WE CAN HAVE A CONSENTUAL AMENDMENT, OR WE CAN  
16 HAVE A VOTE FOR AMENDMENT. I'M HAPPY TO ASK DR.  
17 HENDERSON IF HE'D LIKE TO MAKE A CONSENTUAL AMENDMENT,  
18 OR WOULD YOU LIKE A VOTE ON THE AMENDMENT?

19 DR. HENDERSON: NO, I DON'T WANT TO AMEND MY  
20 MOTION.

21 CHAIRMAN KLEIN: OKAY. DOESN'T WANT TO AMEND  
22 THE MOTION. SO IS THERE ANY OTHER DISCUSSION ON THIS?  
23 DR. BALTIMORE.

24 DR. BALTIMORE: THERE ARE TWO POINTS HERE.  
25 ONE IS THAT I THINK ZACH HAS MADE VERY CLEAR THAT THE



1 GEOGRAPHICAL ISSUE IS AN IMPORTANT ISSUE.

2 THE SECOND POINT IS A POINT OF PROCEDURE. IN  
3 ANY GRANT-MAKING SITUATION, THE STAFF NEEDS TO HAVE  
4 ENOUGH FLEXIBILITY TO TAKE INTO ACCOUNT THINGS WHICH  
5 ARE JUST NOT OBVIOUS FROM THE BEGINNING. ONE OF THEM  
6 HAS BEEN MADE OBVIOUS, AND THAT'S GEOGRAPHY. THE  
7 OTHERS ARE LEFT AS OTHERS. AND I WOULD HATE TO SEE US  
8 BE IN A SITUATION IN WHICH WE FOLLOWED SLAVISHLY SOME  
9 NUMBERS ON A PIECE OF PAPER WITHOUT GIVING ZACH AND HIS  
10 TEAM CREDIT FOR BEING ABLE TO THINK THROUGH SITUATIONS  
11 AND COME UP WITH IMAGINATIVE SOLUTIONS.

12 SECOND OF ALL, I DON'T THINK THAT THIS GROUP  
13 SHOULD BE CHARGED WITH MAKING THE GEOGRAPHICAL  
14 DECISIONS. WE ARE TOO CONFLICTED TO DO THAT. I THINK  
15 WE NEED THE RECOMMENDATION FROM STAFF. WE CAN DISAGREE  
16 WITH IT, BUT I THINK WE SHOULD NOT PUT OURSELVES IN THE  
17 POSITION OF VOTING ON THAT UNLESS WE FEEL THAT THE  
18 STAFF HAS NOT APPROPRIATELY TAKEN INTO ACCOUNT WHATEVER  
19 THE SERIES OF CRITERIA ARE THAT WE WANT TO PLACE ON THE  
20 FINAL DECISION. SO I WOULD OPPOSE THE AMENDMENT.

21 CHAIRMAN KLEIN: DR. LEVEY AND THEN  
22 DR. HENDERSON.

23 DR. LEVEY: WELL, I WOULD CERTAINLY AGREE  
24 WITH DAVID. I CERTAINLY DON'T THINK THIS GROUP SHOULD  
25 BE MAKING DECISIONS ABOUT THE GEOGRAPHICAL

1 DISTRIBUTION. BUT, AGAIN, I THINK I SHARE THE CONCERNS  
2 AND WHY I RAISED IT INITIALLY. WE'RE NOT GOING TO  
3 DISTRIBUTE, AS FAR AS I KNOW, REGULAR RO1-TYPE GRANTS  
4 BASED ON GEOGRAPHY EITHER, ARE WE?

5 DR. HALL: JUST MAKE A COMMENT ABOUT  
6 GEOGRAPHY. I DON'T THINK IT'S ANYBODY INTENT THAT WE  
7 TAKE A MAP OF THE STATE AND DIVIDE IT UP INTO DISTRICTS  
8 AND SAY WE HAVE TO HAVE ONE OF THESE PER SQUARE MILE OF  
9 THE STATE. I DON'T THINK ANYBODY INTENDS THAT.  
10 GEOGRAPHY IS REALLY A SORT OF SHORTHAND FOR SAYING  
11 LET'S LOOK AT THE INSTITUTIONS AROUND THE STATE WHERE  
12 THERE ARE STEM CELL SCIENTISTS, LET'S SEE HOW MANY  
13 THERE ARE, AND WE WILL HAVE SOME IDEA FROM THE SEED  
14 GRANT AND THE COMPREHENSIVE APPLICATIONS. YOU'VE  
15 ALREADY HEARD WE WILL HAVE 40 INSTITUTIONS WHO ARE  
16 APPLYING FOR FUNDS. AND THEN LET'S SEE IF WE CAN MAKE  
17 SURE THAT WE DON'T LEAVE IMPORTANT POCKETS OF THESE  
18 WITH -- BY THIS, I DON'T MEAN ONE OR TWO SCIENTISTS  
19 NECESSARILY, BUT WE MAKE SOME JUDGMENT. HOW MANY  
20 PEOPLE ARE THERE WHO ARE MORE THAN TWO HOURS AWAY FROM  
21 A FACILITY?

22 AND I THINK IF WE WANT TO -- UNLESS WE WANT  
23 TO GIVE THESE GRANTS TO EVERY INSTITUTION THAT APPLIES  
24 TO US, I THINK WE HAVE TO DO SOMETHING LIKE THAT. AND  
25 WE HAVE TO BE THOUGHTFUL ABOUT IT, AND WE HAVE TO

1 BALANCE WHERE THEY ARE. AND THAT'S WHY WE INTEND TO  
2 PUT IN THIS THAT IF YOU GET A GRANT, YOU ARE OBLIGED.  
3 IT IS CIRM MONEY. YOU ARE OBLIGED TO MAKE IT AVAILABLE  
4 TO OTHERS WHO MAY NOT HAVE IT. AND THAT WAY WE CAN  
5 SERVE THE ENTIRE POPULATION OF SCIENTISTS, NOT THE  
6 GEOGRAPHICAL AREA, BUT THE POPULATION OF SCIENTISTS,  
7 HOWEVER THEY'RE DISTRIBUTED ACROSS THE STATE, IN A WAY  
8 THAT MAKES SENSE WITH A LIMITED NUMBER OF SITES.  
9 OTHERWISE, WE GET INTO THE POINT THAT DR. PIZZO RAISED.  
10 WE DON'T WANT -- I DON'T THINK IT SERVES US TO HAVE  
11 BUILT 40 OF THESE FACILITIES. THAT'S NOT GOOD USE OF  
12 THE MONEY.

13 SO IT'S AN ATTEMPT TO MAXIMIZE THAT. AND I  
14 THINK WE ALL RECOGNIZE THAT THERE ARE CERTAINLY MAJOR  
15 AREAS OF CONCENTRATION IN THE SAN DIEGO AREA, IN THE  
16 LOS ANGELES AREA, AND THE BAY AREA WHERE THERE ARE  
17 MANY, MANY SCIENTISTS AND MANY, MANY INSTITUTIONS. AND  
18 HOWEVER THIS WORKS OUT, I'M SURE WE WILL HAVE MULTIPLE  
19 FACILITIES IN EACH ONE OF THOSE AREAS. BUT I THINK IT  
20 DOES BEHOOVE US TO LOOK ELSEWHERE AND BE AWARE OF IT;  
21 AND IF WE SEE A FACILITY THAT CAN SERVE AN AREA AND  
22 MAYBE HAS SCORES THAT ARE JUST SLIGHTLY LESS THAN  
23 ANOTHER ONE WHERE PEOPLE CAN BE SERVED BY OTHER  
24 INSTITUTIONS, IF NECESSARY, I THINK IT'S OUR  
25 RESPONSIBILITY TO TRY TO MAKE THAT -- TO WORK THAT OUT.

1 DR. LEVEY: WOULD THERE BE ANYTHING TO BE  
2 GAINED BY SORT OF ELIMINATING THAT SENTENCE AND JUST  
3 CRAFTING ANOTHER ADDENDUM OR SOMETHING, THAT THESE  
4 GRANTS WILL BE EVALUATED ON SCIENTIFIC MERIT,  
5 GEOGRAPHY, BLAH, BLAH, HOWEVER YOU WANT TO DO THAT?

6 DR. HALL: SO THE SCHEME IS TO HAVE --

7 DR. LEVEY: BECAUSE I THINK IT OPENS A  
8 PANDORA'S BOX HERE.

9 DR. HALL: NUMBER BASED ON SCIENCE, AND YOU  
10 WILL GET A NUMBER BASED ON THE QUALITY OF THE  
11 FACILITIES PLANNING. AND YOU WILL SEE THAT, AND THEN  
12 YOU WILL SEE WHATEVER THE RECOMMENDATION IS AND  
13 WHATEVER THE REASONS WERE. SO YOU WILL HAVE BOTH OF  
14 THOSE, QUOTE, UNQUOTE, OBJECTIVE NUMBERS, IF YOU WILL,  
15 BASED NOT ON ANY OTHER CONSIDERATION BUT THE INTRINSIC  
16 QUALITY OF THE PROPOSAL. AND THEN YOU HAVE A  
17 SUGGESTION THAT'S BASED ON LOOKING AT THE OVERALL  
18 PORTFOLIO AND SAYING DOES THIS PORTFOLIO OF GRANTS BEST  
19 SERVE OUR NEEDS AND THE AIM WE'RE INTENDING TO DO?  
20 HOWEVER YOU DO THAT, WHETHER OR NOT YOU SAY GEOGRAPHY  
21 OR LEAVE IT OUT, I THINK, IS NOT SO IMPORTANT. I THINK  
22 IT ONLY MAKES SENSE TO LOOK AT THE OVERALL PORTFOLIO  
23 AND SAY IS THIS DOING WHAT WE WANT IT TO? OTHERWISE,  
24 IT IS AN ENTIRELY MECHANICAL PROCEDURE, AND WE SIMPLY  
25 GO THROUGH AND ADD UP THE NUMBERS AND IT'S ALL DONE. I

1 THINK THAT'S NOT THE INTENT FOR YOU OR ANYBODY ELSE IN  
2 MAKING THESE DECISIONS.

3 DR. LEVEY: WILL YOU PROVIDE, THEN, WHOEVER  
4 IS GOING TO DO THIS SCORING, YOU HAVE THE SCIENTIFIC  
5 SCORE, THE FACILITIES SCORE, THE GEOGRAPHIC SCORE, WHAT  
6 HAVE YOU --

7 DR. HALL: COME IN THE RECOMMENDATION AS MUCH  
8 WE DID THE TRAINING GRANTS. DO YOU REMEMBER, WE HAVE A  
9 SCIENTIFIC SCORE, AND THEN WE MADE SOME EXCEPTIONS TO  
10 THAT. THE WORKING GROUP NOT THE STAFF -- I WILL  
11 CORRECT DAVID ON THAT. THIS IS VERY MUCH A WORKING  
12 GROUP -- MAKE SOME SUGGESTIONS TO THE WORKING GROUP  
13 THAT COME AS RECOMMENDATIONS FROM THE WORKING GROUP TO  
14 THE ICOC. AND WHAT STAFF WILL DO IS TO SUMMARIZE WHY  
15 APPLICANT A HAS A SLIGHTLY LOWER SCIENTIFIC OR  
16 FACILITIES SCORE, BUT IS BEING RECOMMENDED OVER  
17 APPLICANT B, WHOSE SCORES ARE SLIGHTLY HIGHER. AND  
18 WE'LL SAY THIS IS WHAT THE DISCUSSION WAS AND THIS IS  
19 THE CONSIDERATIONS THAT LED TO THAT CHANGE. AND THEN  
20 IT IS UP TO THIS COMMITTEE TO ACCEPT OR REJECT THAT.

21 CHAIRMAN KLEIN: LET ME ASK THIS, IF I CAN,  
22 TO HELP THIS ALONG. DR. HALL, IT APPEARS THAT THERE'S  
23 A CONCERN THAT THE WORD "GEOGRAPHY" IMPLIES WE'RE GOING  
24 TO DO DISTRIBUTION FOR GEOGRAPHIC PURPOSES. WHAT  
25 YOU'RE DESCRIBING AND WHAT DR. STEWARD HAS DESCRIBED IS

1 YOU REALLY WANT THE DISCRETION TO DISTRIBUTE THROUGH  
2 THE STATE IN A MANNER THAT SERVES THE SCIENTIFIC NEEDS  
3 OF THE RESEARCH THAT NEEDS TO BE ACCOMPLISHED. AND SO  
4 PERHAPS, WITH DR. STEWARD'S SUGGESTION, COULD YOU MAKE  
5 A SUGGESTION AS TO HOW WE COULD NOT USE THE WORD  
6 "GEOGRAPHY," WHICH IS REALLY NOT YOUR CONTROLLING  
7 FACTOR, BUT THE CONCEPT OF DISTRIBUTING THROUGH THE  
8 STATE TO SERVE THE SCIENTIFIC MISSION?

9 DR. HALL: I WOULD PUT SOMETHING LIKE THE AIM  
10 OF THE SECOND STAGE OF REVIEW IS TO LOOK AT THE  
11 PORTFOLIO AND SEE IF IT BEST SERVES THE INTENT OF THE  
12 RFA AND OF THE SCIENTIFIC MISSION. AND THAT CAN  
13 INCLUDE ALL OF THESE FACTORS. AND I THINK THAT WAY WE  
14 DON'T SET OFF UNNECESSARY ALARMS, AND YET WE LEAVE THE  
15 KIND OF FLEXIBILITY THAT DAVID DESCRIBED. THERE MAY BE  
16 OTHER ISSUES THAT COME UP THAT WE SAY, LOOK, IT MAKES  
17 MUCH MORE SENSE TO FUND THIS ONE THAN THAT ONE.

18 CHAIRMAN KLEIN: DR. STEWARD, WOULD THAT FORM  
19 OF AMENDMENT WORK FOR YOU?

20 DR. STEWARD: ABSOLUTELY. IT'S JUST FOCUSING  
21 ON THE SCIENCE, AND I THINK THAT'S PERFECT.

22 CHAIRMAN KLEIN: DR. LEVEY. YES, DR. LEVEY  
23 WOULD AGREE THAT THAT WOULD BE AN APPROPRIATE  
24 AMENDMENT. DR. PIZZO.

25 DR. PIZZO: JUST A CLARIFYING QUESTION, ZACH.

1 AGAIN, BEING VERY CONCERNED THAT WE BOTH DO THIS AND DO  
2 IT WISELY SO WE DON'T OVERDO IT, HAVE YOU DONE ANY  
3 SAMPLING OF INVESTIGATORS TO DETERMINE WHAT THE  
4 REASONABLE GEOGRAPHIC BOUNDS ARE FOR THESE SHARED  
5 FACILITIES? MEANING THAT AS WE'RE EXPLORING THIS RIGHT  
6 NOW, THE COMING AND GOING OF INVESTIGATORS OVER MILES  
7 OR DOZENS OF MILES WILL HAVE AN IMPACT UPON HOW WELL  
8 THEY'RE UTILIZED OR WHETHER THERE ARE PRECLUSIONS TO  
9 SUCCESSFUL USE. HAVE YOU TALKED TO PEOPLE AND HAVE  
10 SOME THOUGHTS ABOUT THAT?

11 DR. HALL: WE HAVE THOUGHT IF YOU'RE GOING TO  
12 DO SOMETHING LIKE THAT, YOU HAVE TO DO IT IN A SERIOUS  
13 AND COMPREHENSIVE WAY. OTHERWISE, IT'S JUST ANECDOTAL  
14 AND YOU'RE ON SHAKY GROUND. SO I THINK YOU CAN  
15 UNDERSTAND THAT FROM WHAT I SAID THIS MORNING AND LAST  
16 NIGHT, WE HAVE HAD OUR HANDS QUITE FULL IN THE RECENT  
17 WEEKS, AND WE ARE NOT ABLE TO MAKE ANY KIND OF  
18 ASSESSMENT OF THAT. WE FEEL WE WILL GET INFORMATION  
19 FROM THE SEED GRANTS AND THE COMPREHENSIVE GRANTS THAT  
20 WILL GIVE US A VERY GOOD FIRST APPROXIMATION OF WHO OUR  
21 CLIENTS, OUR SCIENTIFIC CLIENTS, AND WHO THE  
22 INSTITUTIONS ARE AND WHERE THEY'RE LOCATED. WE SHOULD,  
23 FOR EXAMPLE, BE ABLE TO PRODUCE A MAP, IF YOU WANT TO  
24 DO IT THAT WAY, THAT WOULD HAVE THE NUMBER OF  
25 APPLICATIONS FROM EACH PLACE.

1 DR. PIZZO: I THINK I WAS ASKING A SLIGHTLY  
2 DIFFERENT QUESTION. I UNDERSTAND THAT. BUT LET'S POSE  
3 JUST FOR ECONOMICS YOU HAD, YOU KNOW, A SITE, LET'S  
4 JUST PICK THE BAY AREA AS AN EXAMPLE, AND THERE'S ONLY  
5 ONE. WHERE IT WENT WOULD HAVE AN IMPACT ON UTILIZATION  
6 PRESUMABLY TO SOME DEGREE. I JUST DON'T KNOW HOW  
7 INVESTIGATORS ARE THINKING ABOUT THAT RIGHT NOW IN  
8 TERMS OF GEOGRAPHIC.

9 DR. HALL: TOO SPECIFIC, LET ME JUST SAY THAT  
10 I THINK IF INSTITUTIONS HAVE LARGE NUMBERS OF  
11 INVESTIGATORS AND ARE NOT QUITE CLOSE TOGETHER, THEN I  
12 THINK IT'S HARD TO THINK OF SCORES OF INVESTIGATORS  
13 GOING UP AND DOWN. BUT IF THERE WAS AN INVESTIGATOR AT  
14 SAN JOSE STATE, AN INVESTIGATOR AT SAN FRANCISCO STATE,  
15 IF THERE WAS AN INVESTIGATOR AT ANY ONE OF THE  
16 HOSPITALS, INSTITUTES IN THAT AREA, THEN WE WOULD  
17 EXPECT, IF STANFORD WERE TO RECEIVE SUCH A GRANT, FOR  
18 EXAMPLE, WE WOULD EXPECT STANFORD TO OPEN ITS DOORS TO  
19 THOSE INVESTIGATORS. THAT IS THE POINT.

20 I THINK WE ALL UNDERSTAND THE INTENT HERE,  
21 AND IT SEEMS TO ME THERE'S A REASONABLE CONSENSUS.

22 CHAIRMAN KLEIN: LET ME ASK THIS QUESTION.  
23 DR. HENDERSON, I WAS GOING TO ASK. I THINK THE POINT  
24 WE ARE AT, JUST TO RECONFIRM, IS THAT DR. HALL HAS  
25 RESTATED A FORM OF THE AMENDMENT THAT SEEMS APPROPRIATE



1 FOR DR. STEWARD AND DR. LEVEY. HOW DO YOU FEEL --

2 DR. HENDERSON: I DISAGREE. I THINK THAT THE  
3 RESPONSE FROM DR. STEWARD INDICATED THAT THE DECISION  
4 SHOULD BE MADE ON SCIENTIFIC MERIT ALONE.

5 DR. STEWARD: NO.

6 DR. HENDERSON: I LIKE THE WORDING AS IT IS.  
7 I THINK IT'S CLEARLY OUR INTENT TO MAKE THESE SHARED  
8 FACILITIES, AND THAT DOESN'T MEAN SHARED WITHIN THE  
9 INSTITUTION OR WITHIN ONE BUILDING OF THE INSTITUTION,  
10 BUT SHARED REGIONALLY. I THINK WE WANT TO MAKE SURE  
11 THAT DIFFERENT REGIONS OF THE STATE ARE COVERED IN THIS  
12 INITIAL EFFORT. I THINK TO CLEARLY STATE THAT, TO GET  
13 RECOMMENDATIONS THAT REFLECT THAT SORT OF JUDGMENT SO  
14 THAT WE DON'T GET INTO A POLARIZED DISCUSSION AT THIS  
15 BOARD ABOUT NORTH VERSUS SOUTH, BIG VERSUS SMALL IS  
16 IMPERATIVE. SO I DON'T WANT TO ALTER THE INTENT OF  
17 THIS MOTION AND THE INTENT OF CLEARLY STATING THAT  
18 GEOGRAPHY, REASONABLE GEOGRAPHICAL DISTRIBUTION, IS A  
19 LAUDABLE GOAL AT SOME POINT IN THE DISCUSSION. AND TO  
20 EXCLUDE ANY MENTION OF IT IS TO SORT OF IGNORE IT. AND  
21 IT SEEMS TO ME INAPPROPRIATE TO IGNORE IT AT THIS  
22 STAGE. WE NEED FAIRLY WELL-DISTRIBUTED RESOURCES, SO A  
23 LOT OF INVESTIGATORS, THOSE WHO HAVE APPLIED AND THOSE  
24 WHO HOPEFULLY WILL BE RECRUITED IN THE FUTURE TO APPLY,  
25 HAVE ACCESS TO SUCH FACILITIES, PERIOD.

1 DR. STEWARD: CAN I JUST CLARIFY? I DID NOT  
2 MEAN STRICTLY ON SCIENTIFIC MERIT.

3 DR. HENDERSON: THAT'S WHAT YOU STATED. YOU  
4 STATED ON SCIENTIFIC MERIT ONLY.

5 DR. STEWARD: WHAT I MEAN IS MEETING THE  
6 STRATEGIC GOALS FOR MOVING THE SCIENCE FORWARD.

7 DR. HENDERSON: I THINK THIS IS PART OF THE  
8 STRATEGIC GOALS.

9 CHAIRMAN KLEIN: LET ME ASK, DR. HALL, IN  
10 YOUR STATEMENT OF THIS, YOU TALKED ABOUT A DISTRIBUTION  
11 TO SERVE THE SCIENTIFIC NEEDS WITHIN THE REGIONS. AND  
12 I THINK THAT IT SEEMS TO BE A BLEND OF BOTH APPROACHES  
13 AS I UNDERSTOOD IT.

14 DR. HALL: WORDING THAT WAS MORE GENERAL, BUT  
15 THAT WAS MEANT TO INCLUDE THAT AND CERTAINLY LEFT ROOM  
16 FOR THAT GEOGRAPHICAL CONSIDERATION, WHICH IT SEEMED TO  
17 ME -- AND THAT IS, THE PURPOSE OF THE SECOND WOULD BE  
18 TO CONSIDER THE ENTIRE GROUP OF APPLICATIONS TO BE  
19 FUNDED TO CONSIDER WHETHER OR NOT THE PORTFOLIO MEETS  
20 THE OBJECTIVES OF THE RFA AND OF THE SCIENTIFIC  
21 MISSION. AND THAT WOULD, THEN, INCLUDE -- I THINK  
22 THERE WILL ALMOST CERTAINLY BE FACTORS THAT WE CAN'T  
23 NOW PREDICT AND THAT WILL LEAVE IT, THEN -- GIVE AN  
24 OPPORTUNITY TO LOOK. BY PORTFOLIO WE MEAN WE LOOK AT  
25 THE TOTALITY AND SEE IF IT WORKS, AND THAT WOULD

1 CERTAINLY INCLUDE GEOGRAPHICAL DISTRIBUTION. HOWEVER  
2 YOU WISH TO DO IT, IF YOU WISH TO PUT THE WORD  
3 "GEOGRAPHY" IN OR NOT --

4 CHAIRMAN KLEIN: GEOGRAPHIC DISTRIBUTION IS  
5 EMBEDDED IN YOUR CONCEPT.

6 DR. HALL: I WOULD SAY.

7 DR. AZZIZ: I JUST WANTED TO CLARIFY.  
8 BUREAUCRATICALLY SPEAKING, WE NOW HAVE A SECOND  
9 AMENDMENT, AND WE HAVEN'T VOTED ON THE FIRST. I WAS  
10 GOING TO CALL THE QUESTION, AND I HAD NO IDEA EXACTLY  
11 WHICH OF THE QUESTIONS I WAS GOING TO CALL.

12 DR. FRIEDMAN: FIRST AMENDMENT RIGHTS.

13 MR. SERRANO-SEWELL: A POINT OF ORDER. LET  
14 ME ASK COUNSEL, MR. CHAIRMAN. AS I UNDERSTAND IT, THE  
15 ORIGINAL MOTION IS STILL IN PLAY; IS THAT RIGHT? IT'S  
16 ON THE FLOOR FOR CONSIDERATION BY THE FULL ICOC, THE  
17 ORIGINAL MOTION BEING MADE BY DR. HENDERSON.

18 MR. HARRISON: THAT'S CORRECT, ALTHOUGH A  
19 MOTION FOR AN AMENDMENT WAS MADE, SO THAT HAS TO BE  
20 DEALT WITH FIRST. THERE WAS AN EFFORT, I THINK, TO TRY  
21 TO AMEND THE AMENDMENT TO SATISFY THE MAKER OF THE  
22 MOTION, BUT THAT DIDN'T HAPPEN. SO NOW I THINK THE  
23 QUESTION IS WHETHER IT'S THE FIRST AMENDMENT OR THE  
24 RESTATED AMENDMENT THAT IS --

25 CHAIRMAN KLEIN: IT IS MY UNDERSTANDING THAT

1 THE RESTATED AMENDMENT IS ON THE FLOOR BECAUSE DR.  
2 STEWARD AND DR. LEVEY AGREED WITH THE  
3 RECHARACTERIZATION THAT DR. HALL HAD PUT FORWARD.

4 MR. SERRANO-SEWELL: THE RESTATED AMENDMENT  
5 IS ONLY ON FOR CONSIDERATION OR THE REAMENDED STATEMENT  
6 AMENDING THE POLICY, THE INTERIM GUIDELINES?

7 MR. HARRISON: THE ISSUE THAT'S ON THE FLOOR  
8 NOW IS THE CONSIDERATION OF THE AMENDED AMENDMENT, IF  
9 YOU WILL.

10 DR. KESSLER: YOU WANT TO GIVE US THE  
11 LANGUAGE ON THIS.

12 CHAIRMAN KLEIN: DR. AZZIZ.

13 DR. AZZIZ: I'D LIKE TO CALL THE QUESTION,  
14 PLEASE.

15 CHAIRMAN KLEIN: QUESTION HAS BEEN CALLED.  
16 IS THERE ANYONE THAT HAS AN URGENT NEED TO --

17 DR. KESSLER: JUST TELL US THE ACTUAL  
18 LANGUAGE.

19 DR. BALTIMORE: YES. I WOULD LIKE IT TO BE  
20 READ.

21 CHAIRMAN KLEIN: DR. HALL, IF YOU WOULD  
22 RESTATE YOUR CHARACTERIZATION.

23 DR. HALL: SO AT THE BOTTOM OF PAGE 1, THE  
24 LAST PARAGRAPH, IN A SECOND STAGE OF REVIEW, TO BE  
25 PRESIDED OVER BY THE VICE CHAIR, THE FULL FACILITIES

1 WORKING GROUP SHALL CONSIDER THE ENTIRE GROUP OF  
2 APPLICATIONS TO BE FUNDED TO CONSIDER WHETHER OR NOT  
3 THE PORTFOLIO MEETS THE OBJECTIVES OF THE RFA AND OF  
4 THE SCIENTIFIC MISSION.

5 CHAIRMAN KLEIN: ALL RIGHT. AND THERE'S BEEN  
6 GOOD DISCUSSION, CLARIFYING, I BELIEVE, THAT LANGUAGE  
7 THAT THE STAFF PARTICIPATED AND LED. AND SO I WOULD  
8 LIKE TO ASK IF THERE ARE MORE BOARD COMMENTS? IS THERE  
9 PUBLIC COMMENT? YES, DR. PHAM.

10 DR. PHAM: I AM RANDALL PHAM. YOU ARE VOTING  
11 ON A VERY CRUCIAL PIECE OF LEGISLATION HERE. AND  
12 GEOGRAPHY IS UTMOST IMPORTANT, NOT ONLY TO RESEARCHERS,  
13 BUT TO THOSE OF US WHO ARE CLINICIANS BECAUSE THOSE WHO  
14 DO RESEARCH WILL BE ABLE TO NAME. AND IN 10, 15 YEARS  
15 FROM NOW, THE PATIENT WILL COME TO THOSE NAMES. IT IS  
16 UTMOST THAT YOU HAVE DIVERSITY OF GEOGRAPHY. AND I  
17 WOULD LIKE TO APPLAUD DR. BALTIMORE FOR LEAVING CIRM  
18 SOME LEEWAY OF CONSIDERATION. THANK YOU.

19 CHAIRMAN KLEIN: ANY ADDITIONAL PUBLIC  
20 COMMENT?

21 MR. REED: I WOULD JUST HOPE THAT THE  
22 GEOGRAPHICAL DIMENSION BE VERY GENERAL SO AS NOT TO BE  
23 AN OBSTACLE. I THINK THAT THE PEOPLE FROM EACH AREA  
24 THAT ARE FIGHTING FOR THEIR GROUP CAN BE COUNTED ON TO  
25 SAY OUR GROUP IS IMPORTANT AND MUST BE CONSIDERED, BUT

1 I WOULD NOT LIKE TO SEE SOMETHING WHERE WE'RE LOCKED  
2 INTO ANYTHING WHICH COULD BLOCK THE BEST SCIENCE FROM  
3 BEING THE VICTOR.

4 ALSO AT SOME POINT I WONDER IF THE STATEMENT  
5 THAT CHAIRMAN KLEIN MADE EARLIER ABOUT WHY THE DELAY  
6 COSTS MONEY BECAUSE OF LAWSUIT COULD BE SAID AGAIN  
7 BECAUSE THAT SEEMS TO ME EXTREMELY IMPORTANT, AND I DID  
8 NOT UNDERSTAND IT.

9 CHAIRMAN KLEIN: THAT SECOND ITEM DOESN'T  
10 APPLY TO THIS MOTION, BUT WE THANK YOU FOR YOUR  
11 COMMENT. ANY ADDITIONAL PUBLIC COMMENT? IF NOT, I  
12 CALL THE QUESTION. I BELIEVE IT WON'T TAKE A ROLL  
13 CALL. IF IT DOES, WE WILL DO A ROLL CALL. ALL IN  
14 FAVOR? OPPOSED?

15 (SEVERAL NAYS.)

16 CHAIRMAN KLEIN: ROLL CALL.

17 DR. AZZIZ: TO CLARIFY, YOU'RE VOTING ON THE  
18 AMENDMENT.

19 CHAIRMAN KLEIN: WE'RE VOTING ON THE  
20 AMENDMENT. TO APPROVE THE REVISED AMENDMENT IS THE  
21 VOTE.

22 MS. KING: RICARDO AZZIZ.

23 DR. AZZIZ: FOR.

24 MS. KING: DAVID BALTIMORE.

25 DR. BALTIMORE: NO.

1 MS. KING: ROBERT BIRGENEAU.  
2 DR. BIRGENEAU: YES.  
3 MS. KING: SUSAN BRYANT.  
4 DR. BRYANT: YES.  
5 MS. KING: MARCY FEIT.  
6 MS. FEIT: NO.  
7 MS. KING: MICHAEL FRIEDMAN.  
8 DR. FRIEDMAN: NO.  
9 MS. KING: MICHAEL GOLDBERG.  
10 MR. GOLDBERG: NO.  
11 MS. KING: BRIAN HENDERSON.  
12 DR. HENDERSON: NO.  
13 MS. KING: DAVID KESSLER.  
14 DR. KESSLER: YES.  
15 MS. KING: BOB KLEIN.  
16 CHAIRMAN KLEIN: YES.  
17 MS. KING: GERALD LEVEY.  
18 DR. LEVEY: YES.  
19 MS. KING: TED LOVE.  
20 DR. LOVE: YES.  
21 MS. KING: RICHARD MURPHY.  
22 DR. MURPHY: NO.  
23 MS. KING: TINA NOVA.  
24 DR. NOVA: NO.  
25 MS. KING: ED PENHOET.

1 DR. PENHOET: NO.  
2 MS. KING: PHIL PIZZO.  
3 DR. PIZZO: NO.  
4 MS. KING: CLAIRE POMEROY.  
5 DR. POMEROY: NO.  
6 MS. KING: FRANCISCO PRIETO.  
7 DR. PRIETO: NO.  
8 MS. KING: JOHN REED.  
9 DR. REED: NO.  
10 MS. KING: DUANE ROTH.  
11 MR. ROTH: YES.  
12 MS. KING: JOAN SAMUELSON. DAVID  
13 SERRANO-SEWELL.  
14 MR. SERRANO-SEWELL: NO.  
15 MS. KING: JEFF SHEEHY.  
16 MR. SHEEHY: NO.  
17 MS. KING: OSWALD STEWARD.  
18 DR. STEWARD: YES.  
19 MS. KING: LEON THAL.  
20 DR. THAL: YES.  
21 MS. KING: JANET WRIGHT.  
22 DR. WRIGHT: NO.  
23 CHAIRMAN KLEIN: IF WE CAN HAVE THE COUNT.  
24 LET NO ONE SAY THERE ARE NOT LIVELY DEBATES.  
25 MR. HARRISON: NO VOTE CARRIES 15 TO 10.



1                   CHAIRMAN KLEIN:  THANK YOU.  I BELIEVE IT'S  
2                   IN ORDER TO VOTE ON THE MOTION.  IS THERE ADDITIONAL  
3                   DISCUSSION BEFORE WE VOTE ON THE ORIGINAL MOTION?  FROM  
4                   THE PUBLIC ON THE ORIGINAL MOTION?  YES.

5                   MR. SIMPSON:  JOHN SIMPSON FROM THE  
6                   FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS.  THE  
7                   ORIGINAL MOTION WOULD MOVE, I GUESS, THE ADOPTION OF  
8                   THE WHOLE THING.  I HAD A QUESTION ABOUT THE THIRD  
9                   PARAGRAPH OF THIS.  IN AN EARLIER ITERATION, IT WAS  
10                  DISCUSSED AT THE WORKING GROUP COMMITTEE THE SPECIFIC  
11                  REFERENCE OF SCIENTIFIC SCORES BEING SHARED.  AND IN  
12                  THE NEW LANGUAGE, IT JUST SAYS APPROPRIATE TECHNICAL  
13                  INFORMATION.  I'M WONDERING WHETHER IT WOULDN'T --  
14                  SHOULDN'T BE SOMETHING THAT DEFINITELY REFERS TO  
15                  SCIENTIFIC SCORES BECAUSE THAT WAS SO MUCH OF THE  
16                  DISCUSSION AT THE FACILITIES MEETING ABOUT MAKING SURE  
17                  THAT THEY WERE AVAILABLE TO ALL MEMBERS OF THE PANEL  
18                  AND HOW THAT WAS GOING TO BE DONE AND SO ON AND SO  
19                  FORTH.

20                  SO MY QUESTION IS DOES THIS LANGUAGE,  
21                  TECHNICAL INFORMATION, THAT COULD BE ANYTHING, AND IT  
22                  DOESN'T SEEM TO IMPLY SCIENTIFIC SCORES, SO I'M  
23                  WONDERING WHY THAT HAPPENED AND WHETHER IT SHOULD NOT  
24                  BE CHANGED.

25                  CHAIRMAN KLEIN:  RUSTY, WOULD YOU LIKE TO

1 RESPOND, OR WOULD YOU LIKE TO WAIT FOR A MOMENT FOR DR.  
2 HALL TO RETURN TO RESPOND? WHAT WOULD YOU LIKE TO DO?

3 MR. DOMS: WELL, I'D LIKE DR. HALL TO  
4 RESPOND. ONE OF THE CONCERNS WAS THAT IF THE  
5 FACILITIES GROUP WAS TO KNOW THE SCIENTIFIC SCORES,  
6 SINCE THOSE SCORES WILL BE COMPILED PRIOR TO OUR REVIEW  
7 OF THESE GRANTS, WOULD THERE BE A CONCERN THAT IF THE  
8 GRANT WAS GIVEN A VERY LOW SCIENTIFIC SCORE, WOULD THAT  
9 INFLUENCE THE FACILITIES GROUP IN TERMS OF EVALUATING  
10 THAT SPECIFIC GRANT? AND THAT WAS THE SUBJECT OF SOME  
11 DISCUSSION, AND I THINK THAT WE HAVE MEMBERS ON THE  
12 FACILITIES COMMITTEE WHO ARE ON THE GRANTS COMMITTEE, I  
13 BELIEVE. AND THOSE MEMBERS ON THE FACILITIES COMMITTEE  
14 THAT ARE ON THE GRANTS COMMITTEE WOULD KNOW THAT SCORE,  
15 AND WOULD THAT INFLUENCE THEIR DECISION AS THEY  
16 REVIEWED THE FACILITIES GRANTS?

17 SO THAT WAS THE ISSUE THAT WE SPENT A LOT OF  
18 TIME DISCUSSING. AND I THINK ZACH EARLIER SAID THAT  
19 THE FACILITIES GROUP WOULD BE GIVEN CERTAIN TECHNICAL  
20 INFORMATION. AND I'D LIKE HIM TO -- HE'S RETURNING --  
21 DISCUSS THE ISSUE OF THE TECHNICAL INFORMATION. ZACH,  
22 WHAT I WAS SAYING WAS THAT THERE WAS CONCERN, SORT OF  
23 RESTATING THE CONCERN, THAT THE GRANTS WORKING GROUP  
24 WOULD SCORE THESE BEFORE WE DO. AND IF WE KNEW THE  
25 SCORE ON THE FACILITIES COMMITTEE OF THOSE THAT WERE

1 SCORED LOWER THAN OTHERS, WOULD WE BE ABLE TO PERFORM  
2 AN OBJECTIVE REVIEW? AND YOU COUPLE THAT WITH THE FACT  
3 THAT CERTAIN MEMBERS OF THE FACILITIES WORKING GROUP  
4 ARE ALSO MEMBERS OF THE GRANTS WORKING GROUP.

5 CHAIRMAN KLEIN: I'D LIKE TO ASK DR. HALL AND  
6 DAVID SERRANO-SEWELL ON THE RESOLUTION OF THIS, DR.  
7 HALL, WOULD YOU LIKE TO ADDRESS THE RESOLUTION OF THIS  
8 QUESTION? THE QUESTION IS IS THE SCIENTIFIC SCORE,  
9 WHICH YOU REFERRED TO IN YOUR PRIOR PRESENTATION, MADE  
10 AVAILABLE TO THE WORKING GROUP IN EXECUTIVE SESSION?  
11 AND COULD YOU ADDRESS THAT?

12 DR. HALL: YES. SO WE HAD QUITE SOME  
13 DISCUSSION ABOUT THIS AT THE FACILITIES WORKING GROUP  
14 AND ALSO AMONG THE STAFF BECAUSE IT POSES SOME  
15 CHALLENGES HAVING THESE TWO REVIEWS GO FORWARD  
16 CONCURRENTLY. AND SO ONE IDEA WAS THAT PERHAPS THEY  
17 SHOULD GO FORWARD COMPLETELY INDEPENDENTLY SO THAT, IN  
18 FACT, ONE SET OF JUDGMENTS WOULD NOT INFLUENCE IN ANY  
19 WAY THE OTHER SET OF JUDGMENTS.

20 AS A PRACTICAL MATTER, AS THE WORKING GROUP  
21 DISCUSSED IT, IT TURNS OUT THAT SOME SUBSTANTIAL NUMBER  
22 OF PEOPLE ARE ON BOTH WORKING GROUPS. ALTHOUGH ONE CAN  
23 HAVE A THEORETICAL SYSTEM THAT SAYS WE WILL PARTITION  
24 THESE OFF, AS SEVERAL MEMBERS OF THE WORKING GROUP MADE  
25 CLEAR, IT WOULD BE VIRTUALLY IMPOSSIBLE FOR THEM TO

1 IGNORE WHAT THEY'D JUST HEARD TWO WEEKS AGO. GIVEN  
2 THAT AND GIVEN THAT THERE HAD BEEN SOME SENSE AMONG  
3 WORKING GROUP MEMBERS ON THE FACILITIES WORKING GROUP,  
4 THAT THEY'D LIKE TO AT LEAST HAVE SOME IDEA OF WHAT THE  
5 RANKINGS WERE, THEN IT WAS SUGGESTED BY THE FACILITIES  
6 WORKING GROUP THAT, IN FACT, THE GROUP GO INTO  
7 CONFIDENTIAL SESSION, AS PROVIDED FOR BY THE  
8 PROPOSITION, AND THEN BE TOLD THE SCORES.

9 AS I SAID, WE WOULD NOT HAVE TIME TO PREPARE  
10 A MORE NUANCED DESCRIPTION, BUT THE SCORES. IN THAT  
11 SENSE EVERYBODY ON THE COMMITTEE, THEN, WOULD HAVE THE  
12 INFORMATION THAT THOSE WHO WERE ON BOTH COMMITTEES HAD.  
13 SO THEN THEY COULD GO AHEAD AND MAKE THEIR JUDGMENTS.

14 I THINK ONE OF THE STRONGEST SENSES THAT CAME  
15 OUT OF THE FACILITIES WORKING GROUP MEMBER WAS WANTING  
16 TO BE INCLUDED, IN A SENSE, IN THE ENTIRE PROJECT; THAT  
17 IS, NOT SIMPLY TO LOOK AT THE COST FOR SQUARE FEET IN  
18 THE ABSENCE OF ANYTHING ELSE AND MAKE SOME JUDGMENT,  
19 BUT TO HAVE SOME UNDERSTANDING HOW THIS WOULD FIT INTO  
20 THE OVERALL PLAN AND TO UNDERSTAND THE SCIENTIFIC  
21 PURPOSES, THE USE TO WHICH IT WOULD BE PUT AND SO  
22 FORTH.

23 AND SO AT ANY RATE, THAT WAS A SORT OF QUICK  
24 SUMMARY OF A LONG DISCUSSION WE HAD AT THE FACILITIES  
25 WORKING GROUP MEETING. AND THE UPSHOT WAS THAT WE FELT

1 THAT GIVEN THE CIRCUMSTANCES, THAT THE BEST THING TO DO  
2 FOR THIS PARTICULAR ROUND WAS TO HAVE THOSE MADE  
3 AVAILABLE IN CONFIDENTIAL SESSION.

4 NOW, FOR FUTURE ROUNDS, I THINK, AS I SAY, WE  
5 LEFT OPEN THE QUESTION FOR WHEN WE COME TIME FOR LARGE  
6 SCALE FACILITIES GRANTS HOW WE MIGHT DO THAT. ONE  
7 POSSIBILITY THAT WAS CONSIDERED, AND WE'LL DISCUSS  
8 FURTHER, IS EVEN HAVING THE TWO WORKING GROUPS WORK  
9 TOGETHER, MEET TOGETHER, IF WE CAN DO THAT AS A  
10 PRACTICAL MATTER.

11 MR. SERRANO-SEWELL: AND THEN LASTLY,  
12 CHAIRMAN KLEIN, I THINK DR. HALL DIRECTLY ANSWERED THE  
13 QUESTION AND ADDRESSED THE ISSUE. BUT WE ALSO, AS PART  
14 OF THAT DISCUSSION, REITERATED OUR POSITION AS A  
15 WORKING GROUP THAT OUR DEFAULT POSTURE IS TO HAVE OUR  
16 MEETINGS IN PUBLIC, FULL PUBLIC DISCLOSURE, FULL  
17 TRANSPARENCY, AND ONLY WHEN NECESSARY AND PURSUANT TO  
18 PROP 71 HAVE OUR MEETINGS IN CONFIDENTIAL SESSION. WE  
19 THOUGHT THIS WAS SUCH AN INSTANCE WHERE WE NEEDED TO GO  
20 INTO A CONFIDENTIAL SESSION. SO OUR DEFAULT POSITION,  
21 AS IT IS FOR THE GRANTS WORKING GROUP, IS TO HAVE THE  
22 MEETINGS IN PUBLIC. I THINK THE GRANTS WORKING GROUP  
23 HAD A VERY STRONG PRECEDENT IN HOW THEY CONDUCTED THEIR  
24 PROCEEDINGS.

25 IF THERE ARE NO FURTHER COMMENTS FROM THE

1 PUBLIC, I DON'T KNOW, BUT I THINK WE'RE READY TO VOTE.  
2 WE HAVE OTHER ITEMS TO ADDRESS.

3 CHAIRMAN KLEIN: ANY THERE ANY OTHER COMMENTS  
4 FROM THE BOARD? ARE THERE COMMENTS ON THE MOTION FROM  
5 THE PUBLIC?

6 MR. SIMPSON: JUST ONLY THAT WHAT WAS SPELLED  
7 OUT AS THE POLICY IS NOT REFLECTED IN THE DOCUMENT. IF  
8 YOU ARE GOING TO BE TAKING THE SCIENTIFIC SCORES IN  
9 CONFIDENTIAL SESSION, YOU SHOULD SAY THAT. YOU  
10 SHOULDN'T SAY ALONG WITH APPROPRIATE TECHNICAL  
11 INFORMATION FROM THE GRANTS WORKING GROUP.

12 MR. SERRANO-SEWELL: THAT'S YOUR OPINION OF  
13 WHAT WE SHOULD DO, AND YOUR UNDERSTANDING OF THE  
14 MEETING, WHICH YOU ATTENDED, IS A LITTLE BIT DIFFERENT  
15 THAN MY UNDERSTANDING.

16 MR. SIMPSON: MY UNDERSTANDING IS THAT YOU  
17 AGREED THAT YOU WERE GOING TO HAVE --

18 MR. SERRANO-SEWELL: WE STATED OUR POSITION.

19 CHAIRMAN KLEIN: WELL, DAVID, I THINK THAT  
20 THE POINT WAS BEING MADE WAS THAT THE WRITTEN  
21 DESCRIPTION WASN'T EXPLICIT ON THIS POINT RATHER THAN A  
22 DISAGREEMENT ABOUT WHAT HAPPENED IN THE MEETING. SO I  
23 THINK THAT YOU PROPERLY STATED WE HAVE HAD A GOOD  
24 DISCUSSION, AND MAYBE WE SHOULD CALL THE MOTION. ALL  
25 IN FAVOR? OPPOSED? THERE ARE NO NAYS.

1                   MR. SHEEHY:  COULD I JUST MAKE ONE CLOSING  
2 POINT NOW THAT WE'VE GOT PROCESS SO WE CAN MOVE  
3 FORWARD?  I THINK WE ALL HAVE TO RECOGNIZE THIS IS  
4 GOING TO BE ABSOLUTELY INADEQUATE, THIS PROCESS FOR  
5 DOING MAJOR FACILITIES.  AND I HOPE THAT THE OTHER  
6 BOARD MEMBERS WILL THINK ABOUT IT.  WE STRUGGLED WITH  
7 THIS AT THE WORKING GROUP.  ONE OF THE THINGS THAT THEY  
8 DISCUSSED, ONE OF THE REAL ESTATE EXPERT MEMBERS SAID,  
9 WE SHOULD HAVE PRESENTATIONS.  IF YOU'RE GOING TO COME  
10 AND ASK US, I DON'T KNOW WHAT THE NUMBERS ARE, I'LL  
11 THROW OUT 5, 10, 15, \$20 MILLION, IT SHOULDN'T BE THIS  
12 KIND OF HANDS-OFF SCORE.  YOU SHOULD COME, THERE SHOULD  
13 BE SOME DIALOGUE, THERE SHOULD BE SOME INTERACTION.  
14 THE SCIENTIFIC NUMBERS SHOULD BE OUT THERE, FRANKLY,  
15 FOR CONSIDERATION, NOT ONLY FOR THE WORKING GROUP  
16 MEMBERS, BUT ALSO FOR THE PUBLIC.

17                   I MEAN THE TRANSPARENCY THAT'S GOING TO BE  
18 REQUIRED TO MAINTAIN THE CONFIDENCE OF THE PUBLIC AS WE  
19 SPEND THIS KIND OF MONEY, I THINK, IS NOT GOING TO BE  
20 WELL SERVED BY THIS PROCESS.  THIS IS PERFECTLY FINE TO  
21 GET THE SHARED FACILITIES WHICH WE DESPERATELY NEED.  I  
22 KNOW ZACH IS TALKING THAT WE'RE GOING TO HIRE SOMEONE,  
23 STAFF, WHO HAS MORE EXPERTISE IN ACTUALLY DOING THESE  
24 KINDS OF PROJECTS, BUT I WOULD URGE BOARD MEMBERS TO  
25 SHARE THEIR EXPERTISE ON A PROCESS THAT WOULD WORK FOR

1 EVERYBODY.

2 CHAIRMAN KLEIN: WHAT'S VERY CLEAR IS THAT  
3 WE'RE GOING INTO THE NEXT ITEM, JEFF, WHICH IS THE  
4 BYLAWS, AND THAT INCLUDES THE CRITERIA RELATED TO MAJOR  
5 FACILITIES. AT LEAST IT IS CRITERIA AT THE WORKING  
6 GROUP LEVEL. AND WHAT JEFF IS SUGGESTING IS THAT VERY  
7 EARLY ON, I THINK, WE AT THE BOARD LEVEL DECIDE UP  
8 FRONT WHAT OUR PROCESS IS GOING TO BE FOR THE FINAL  
9 DECISION ON THESE MAJOR FACILITIES AT THE BOARD LEVEL.  
10 THE --

11 DR. HALL: BOB, JUST A CORRECTION. YOU SAID  
12 THESE ARE DRAFT. I THINK YOU MEANT TO SAY, IF I MAY  
13 SAY SO, INTERIM. POINT IS THAT THESE ARE INTERIM  
14 PROCEDURES FOR THE BYLAWS, AND WE WILL COME BACK AND  
15 CHANGE THEM FOR THE MAJOR ONE.

16 CHAIRMAN KLEIN: THE DRAFT BYLAWS AS TITLED  
17 IN THE DOCUMENT IS MEANT AS INTERIM PROCEDURES. THAT'S  
18 A VERY GOOD STATEMENT. THANK YOU VERY MUCH.

19 IT IS ALSO IMPORTANT TO TAKE A LOOK AT THIS  
20 PAGE 1, THESE FUNCTIONS THAT ARE IN THE BYLAWS RELATED  
21 TO MAJOR FACILITIES. RUSTY, WOULD YOU ADDRESS YOUR  
22 NEXT ITEM, BYLAWS.

23 MR. DOMS: YES.

24 CHAIRMAN KLEIN: LET'S DO THIS. LET'S GIVE  
25 EVERYONE A FIVE-MINUTE BREAK SO THEY CAN FOCUS ON YOUR



1 PRESENTATION. IT IS VERY IMPORTANT.

2 (A RECESS WAS TAKEN.)

3 CHAIRMAN KLEIN: WE HAVE A LOT TO GET  
4 THROUGH. THIS IS THE FIRST MEETING OF THE FACILITIES  
5 COMMITTEE RECOMMENDATIONS BEING PRESENTED. SO IT IS  
6 IMPORTANT THAT WE MOVE FORWARD. IF WE COULD RECONVENE,  
7 WE'VE GOT A LOT OF DISTANCE TO GO, MILES TO GO BEFORE  
8 WE SLEEP.

9 WE HAVE A NUMBER OF MEMBERS STILL OUT. IF  
10 SOMEONE ON STAFF COULD HELP LOCATE THEM, THAT WOULD BE  
11 VERY BENEFICIAL. WILL THE SERGEANT AT ARMS PLEASE  
12 RALLY THE MEMBERS? THERE SEEMS TO BE THE RIGHT WING  
13 THAT WE'RE MISSING. DR. BALTIMORE IS CERTAINLY STRONG  
14 ENOUGH ON HIS OWN TO HOLD DOWN THE RIGHT WING.

15 DR. BALTIMORE: IT'S NOT THE WING I PREFER TO  
16 HOLD.

17 CHAIRMAN KLEIN: THE LEFT AND THE RIGHT IN  
18 THIS COUNTRY SOMETIMES GET CONFUSED. OKAY.

19 MR. DOMS: WE CAN START ANY TIME.

20 CHAIRMAN KLEIN: JUST GIVE US ONE MORE MINUTE  
21 SO WE UNDERSTAND WHAT'S HAPPENED HERE WITH THIS. ALL  
22 RIGHT. WITH THE RISK OF HAVING TO RETREAD SOME WATER  
23 HERE, I THINK WE DO NEED TO MOVE FORWARD. AND I'D LIKE  
24 TO SAY THAT, INTRODUCING THE BYLAW ITEM, I CALL TO  
25 EVERYONE'S ATTENTION THAT UNDER FUNCTIONS WHERE THEY'RE

1 STATING THE REFERENCE TO RECOMMEND TO THE ICOC INTERIM  
2 AND FINAL CRITERIA, WHAT'S BELOW ARE NOT THE INTERIM  
3 AND FINAL CRITERIA. WHAT'S BELOW ARE THE STANDARDS AND  
4 REQUIREMENTS FROM THE INITIATIVE.

5 SO TO UNDERSTAND, YES, THESE ITEMS, LIKE A  
6 PRIORITY FOR FACILITIES THAT ARE AVAILABLE FOR RESEARCH  
7 FOR NO MORE THAN TWO YEARS AFTER THE GRANT, WILL BE ONE  
8 OF THE CRITERIA, BUT BECAUSE IT'S A REQUIREMENT THAT  
9 COMES OUT OF THE INITIATIVE, THERE WILL BE A SEPARATE  
10 SESSION WHERE THEY'LL COME BACK AND RECOMMEND THE  
11 CRITERIA FOR MAJOR FACILITIES, WHICH ARE NOT SEPARATE  
12 AND ADDITIONAL TO THE REQUIREMENTS FROM THE INITIATIVE.

13 RUSTY.

14 MR. DOMS: BEFORE I GET TO THE BYLAWS, I'D  
15 JUST LIKE TO MAKE ONE COMMENT. I THINK JEFF SAID IT  
16 AND OTHER PEOPLE HAVE SAID IT. WHAT WE DID HERE WAS  
17 THE APPROVED INTERIM PROCEDURES AND CRITERIA. WE'VE  
18 GOT A LOT OF WORK TO DO, AND WE GO BACK AS WE LOOK TO  
19 MAKING LARGER GRANTS FOR MAJOR FACILITIES. SO THERE'S  
20 A LOT OF WORK THAT NEEDS TO BE DONE. WE'RE PREPARED TO  
21 DO IT, AND ANY HELP THAT YOU CAN GIVE US WOULD BE  
22 GREATLY APPRECIATED IN DEVELOPING OUR NEXT SET OF  
23 CRITERIA AND PROCEDURES.

24 MOVING ON TO AGENDA ITEM 7B, WHICH IS THE  
25 DRAFT BYLAWS OF THE FACILITIES WORKING GROUP. THIS

1 DOCUMENT SETS FORTH THE RULES AND REGULATIONS OF THE  
2 FACILITIES WORKING GROUP PROCEDURES AND POLICIES AND  
3 WILL BE IMPORTANT IN GOVERNING ALL OF OUR FUTURE WORK  
4 AND MEETINGS.

5 WE REVIEWED THE FIRST DRAFT IN OCTOBER OF  
6 2005, AND NO ACTION WAS TAKEN AT THE TIME. AT THE MOST  
7 RECENT MEETING, A WEEK AGO YESTERDAY, WE MET AND WE  
8 MADE SEVERAL CHANGES. SO I WANT TO HIGHLIGHT THOSE  
9 BRIEFLY.

10 IN ARTICLE 4, SECTION 6, THE FOLLOWING  
11 LANGUAGE WAS INSERTED. AT THE DISCRETION OF STAFF,  
12 ALTERNATE REAL ESTATE MEMBERS MAY SERVE IN PLACE OF A  
13 REAL ESTATE MEMBER WHO IS UNAVAILABLE TO ATTEND THE  
14 MEETING OF THE FACILITIES WORKING GROUP. ALTERNATE  
15 REAL ESTATE MEMBERS HAVE VOTING PRIVILEGES, AND THEIR  
16 PRESENCE IS COUNTED TOWARDS A QUORUM.

17 SECOND CHANGE, TWO PLACES, ARTICLE 4, SECTION  
18 7, AND ARTICLE 5, SECTION 4, IT WAS DETERMINED THAT AD  
19 HOC MEMBERS MAY BE INVITED TO THE FACILITIES WORKING  
20 GROUP MEETINGS TO PROVIDE BOTH SPECIALIZED REAL ESTATE  
21 EXPERTISE AND EQUIPMENT EXPERTISE. THE LANGUAGE AND/OR  
22 EQUIPMENT EXPERTISE WAS ADDED IN BOTH SECTIONS.

23 THIRD CHANGE IS ARTICLE 4, SECTION 10(A), THE  
24 PER DIEM AND HOURLY REIMBURSEMENT HAD BOTH BEEN  
25 ADJUSTED FOR COST OF LIVING, THE PER DIEM IS INCREASED

1 FOR ICOC MEMBERS THAT ARE A MEMBER OF THIS COMMITTEE  
2 FROM \$100 TO \$104 PER DAY, AND THE HOURLY REIMBURSEMENT  
3 RATE IS INCREASED FROM 12.50 TO \$13.

4 FINALLY, ARTICLE 7, SECTION 4 WAS ADDED,  
5 STATING THAT MEMBERS OF THE FACILITIES WORKING GROUP  
6 SHALL NOT COMMUNICATE WITH AN APPLICANT ABOUT AN  
7 APPLICATION TO CIRM.

8 I WOULD LIKE TO ASK THE ICOC TO CONSIDER THE  
9 DRAFT BYLAWS OF THE FACILITIES -- FOR THE FACILITIES  
10 WORKING GROUP.

11 CHAIRMAN KLEIN: AND, RUSTY, IF YOU COULD  
12 CLARIFY THAT. MY UNDERSTANDING WAS THAT CLARIFICATION  
13 WAS AFTER AN APPLICATION HAS BEEN FILED, THEY CAN COME  
14 BEFORE US --

15 MR. DOMS: AFTER IT'S BEEN FILED, YES.

16 CHAIRMAN KLEIN: AND DURING PUBLIC MEETINGS  
17 THEY CAN ALWAYS COME BEFORE US AND BE A PART OF THE  
18 PUBLIC.

19 MR. DOMS: CORRECT.

20 CHAIRMAN KLEIN: THAT'S RIGHT.

21 DR. BALTIMORE: I HAVE TWO QUESTIONS, ONE  
22 QUESTION AND ONE COMMENT. THE QUESTION IS IN ADDING  
23 PEOPLE WITH EQUIPMENT EXPERTISE, I MUST SAY THAT SOUNDS  
24 ODD. I DON'T UNDERSTAND WHAT THAT MEANS. AND I WONDER  
25 WHETHER YOU MEAN BUILDING EXPERTISE AS OPPOSED TO REAL

1 ESTATE EXPERTISE.

2 MR. DOMS: NO. THAT WAS MEANT TO INCLUDE  
3 PEOPLE WITH EQUIPMENT EXPERTISE. AS BOB HAS MENTIONED,  
4 OUR CHAIRMAN HAS MENTIONED --

5 DR. BALTIMORE: YES. WE KNOW HIM AS BOB.

6 MR. DOMS: -- ONE OF THE AREAS THAT THE  
7 FACILITIES WORKING GROUP WAS, I THINK, ORIGINALLY  
8 RESPONSIBLE FOR WAS EVALUATION OF EQUIPMENT. THAT'S  
9 SOMETHING THAT NEEDS FURTHER DEFINITION AS TO WHO IS  
10 GOING TO DO THAT; BUT IF WE CAN GET SOMEBODY WITH REAL  
11 ESTATE WITH EQUIPMENT EXPERTISE, BIOMEDICAL BUILDINGS,  
12 ETC., THAT WOULD BE A PLUS TO HELP US IN OUR DECISIONS.

13 DR. BALTIMORE: THAT'S FINE. THE COMMENT I  
14 HAD, IN READING THIS THIS MORNING, WAS THAT ON PAGE 2,  
15 NO. 7, IT SAYS THAT GRANTS SHALL RECEIVE PRIORITY TO  
16 THE EXTENT THAT THEY PROVIDE HIGHER MATCHING FUNDS  
17 AMOUNTS. FIRST OF ALL, THE WORD "AMOUNTS" IS NOT  
18 NECESSARY.

19 BUT SECOND OF ALL, AND MORE IMPORTANTLY, THIS  
20 REMINDS ME OF SOMETHING THAT I KNOW HAS BECOME  
21 PERNICIOUS IN FEDERAL GRANTING AND THAT THE NSF, IN  
22 FACT, WENT BACK ON. NSF WOULD NEGOTIATE WITH  
23 INDIVIDUAL INSTITUTIONS AND WOULD ACTUALLY MAKE GRANTS  
24 BASED ON HOW MUCH THEY WERE WILLING TO PUT UP AS  
25 MATCHING FUNDS.

1                   WHAT THEY RECOGNIZED FINALLY WAS THAT THIS  
2                   GREATLY DISADVANTAGED POORER INSTITUTIONS THAT COULDN'T  
3                   AFFORD TO MATCH THE MATCHING FUND THE RICH INSTITUTIONS  
4                   COULD, AND THAT IT WAS A CRITERIA WHICH WAS  
5                   INAPPROPRIATE. AND THAT YOU EITHER ASK FOR A MATCHING  
6                   AMOUNT, WHICH IS 20 PERCENT, WHICH IS IN THERE AND  
7                   WHICH IS A SORT OF LEVEL PLAYING FIELD FOR EVERYBODY,  
8                   BUT THAT YOU DON'T START NEGOTIATING MORE MATCHING  
9                   FUNDS ABOVE THAT BECAUSE YOU REALLY THEN CHANGE THE  
10                  PLAYING FIELD DRAMATICALLY.

11                  NOW, I DON'T KNOW IF THIS APPEARS IN THE  
12                  PROPOSITION.

13                  CHAIRMAN KLEIN: DR. BALTIMORE, I HAD THE  
14                  BENEFIT OF YOUR TREMENDOUS ADVICE ON THE PEER REVIEW  
15                  PROCESS, AND THANKFULLY SO. I COULD HAVE OBVIOUSLY  
16                  BENEFITED FROM YOUR INPUT ON THIS PROVISION, BUT THIS  
17                  IS FROM THE INITIATIVE. AND I WOULD CALL TO YOUR  
18                  ATTENTION IT'S ONLY APPLICATIONS OF EQUIVALENT MERIT.  
19                  SO WHEN IT'S SUPERIOR ON SCIENTIFIC GROUNDS, THIS DOES  
20                  NOT APPLY.

21                  DR. BALTIMORE: OKAY. I GUESS GIVEN ZACH'S  
22                  POINT, THAT NOTHING IS EVER TOTALLY EQUIVALENT, MAYBE  
23                  WE DON'T HAVE TO WORRY ABOUT IT.

24                  CHAIRMAN KLEIN: OKAY. DR. HENDERSON.

25                  DR. HENDERSON: DO WE HAVE A DEFINITION OF

1 WHAT MATCHING FUNDS IS? DO WE COUNT -- THE PROBLEM WE  
2 COULD GET INTO IS THAT I COULD COME UP WITH AS MANY  
3 MATCHING FUNDS AS YOU NEED. WE KEEP UPPING THE PRICE  
4 DEPENDING UPON WHAT WE DECIDE TO INCLUDE, AND WE GET  
5 INTO A KIND OF RIDICULOUS ESCALATION OF TRYING TO  
6 OUTBID EACH OTHER THIS WAY. SO IN THE ORIGINAL  
7 DOCUMENT THAT WAS PASSED BY THE VOTERS, IS THE WORD  
8 "MATCHING FUNDS" DEFINED?

9 CHAIRMAN KLEIN: IT IS, IN FACT, SOMETHING  
10 FOR THIS BOARD AND THE WORKING GROUP TO DEFINE. AND WE  
11 ACTUALLY WITH THE NEXT ITEM ON OUR AGENDA, IT IS A  
12 PLACEHOLDER DOCUMENT BECAUSE THEY DIDN'T RESOLVE THAT  
13 ITEM AT THE COMMITTEE, BUT I HAVE EMPHASIZED AND I  
14 THINK RUSTY HAS AND WILL ADDRESS THIS ISSUE UNDER THE  
15 NEXT ITEM, HOW IMPORTANT IT IS FOR EARLY GUIDANCE FOR  
16 THE INSTITUTIONS ON WHAT IS MATCHING FUNDS, BUT THAT  
17 WILL BE DISCUSSED UNDER THE NEXT ITEM.

18 DR. KESSLER: CAN I GO BACK TO MY QUESTION?  
19 AGAIN, IT MAY NOT FIT IN ANYWHERE. BUT THE CURRENT  
20 TIMETABLE FOR WHEN WE THINK AWARDS COULD BE MADE.

21 CHAIRMAN KLEIN: DR. HALL.

22 DR. HALL: WELL, SO THE FIRST ISSUE IS THAT  
23 WE NEED TO PASS OUR STRATEGIC PLAN AND MAKE CLEAR IN  
24 THE STRATEGIC PLAN THAT WE SEE THE NEED FOR FACILITIES,  
25 AND WE'LL TALK ABOUT THAT LATER TODAY OR OTHER TIMES.

1 AND THEN I THINK WE SEE IT, AS BOB SAID EARLIER, THAT  
2 THIS IS A VERY URGENT NEED. AND SO OUR CURRENT PLAN IS  
3 THAT WE WILL MEET, I THINK, IN FEBRUARY, RUSTY, TO TALK  
4 ABOUT -- WITH THE FACILITIES WORKING GROUP TO TALK  
5 ABOUT SOME OF THE ISSUES THAT ARE RAISED FOR  
6 FACILITIES, AND THERE ARE QUITE A NUMBER, SOME OF WHICH  
7 HAVE BEEN RAISED TODAY. HOW ARE WE GOING TO DO IT?  
8 WHAT CRITERIA WILL WE HAVE? WHAT CONSTITUTE MATCHING  
9 FUNDS?

10 OTHER ISSUES HAVE TO DO THAT WE WILL NEED TO  
11 HAVE A GRANTS ADMINISTRATION POLICY FOR FACILITIES;  
12 THAT IS, WHEN WE GIVE FACILITIES MONEY TO AN  
13 INSTITUTION, WHAT DO WE EXPECT FROM THEM? WE WILL HAVE  
14 TO HAVE SOME CONSENSUS ABOUT HOW WE WILL HANDLE  
15 TIMELINES AND REPORTING AND ALL OF THOSE THINGS AND  
16 WHAT HAPPENS IF A PROJECT STALLED AND ALL THE REST. SO  
17 THERE'S A LOT OF SORT OF UNFAMILIAR GROUND THAT WE'RE  
18 GOING TO HAVE DEAL WITH. AND FOR THAT REASON THAT WE  
19 ARE, AS I MENTIONED EARLIER TODAY, WE'RE ABSOLUTELY  
20 DELIGHTED TO NOW HAVE SORT OF IN OUR SENIOR LEADERSHIP  
21 SOMEBODY WITH EXPERTISE IN THIS AREA TO HELP US WITH  
22 THESE ISSUES. THOSE WILL HAVE TO BE WORKED THROUGH.

23 AT SOME POINT, I WOULD GUESS PERHAPS IN THE  
24 SPRING, WE WOULD ISSUE AN RFA, AND THEN REVIEW THAT AND  
25 HOPE TO HAVE IT READY FOR THE -- HOPE TO HAVE IT READY



1 FOR THE ICOC SOMETIME IN THE EARLY FALL. I THINK THE  
2 GENERAL INTENT IS THAT WE WOULD LIKE TO HAVE THESE  
3 AWARDED SO THAT WHEN THE MONEY BECOMES AVAILABLE, WE  
4 CAN MOVE FORTHWITH WITH THE PUBLIC MONEY, THE BONDS  
5 MONEY. REMEMBER THAT THE MONEY THAT WE -- THE 150  
6 MILLION HAS NO BRICKS AND MORTAR STIPULATION ON IT. SO  
7 WE WILL BE DEPENDENT ON THE MONEY RAISED THROUGH THE  
8 BOND ISSUANCE IN ORDER TO FUND THIS. AND SO OUR INTENT  
9 IS TO TRY TO MEET THAT, BUT IT IS ALSO TRUE THAT WE  
10 HAVE A NUMBER OF ISSUES TO WORK THROUGH THAT WE WILL  
11 JUST NEED TO DO. AND WE HAVE, AS IT WERE, ACTIVATED  
12 THE FACILITIES WORKING GROUP AFTER A LONG DORMANT  
13 PERIOD AND HAVE BEGUN OUR WORK AT THE MEETING LAST  
14 TIME.

15 I MIGHT MENTION WE DIDN'T DISCUSS THIS, BOB,  
16 IF YOU WILL JUST EXCUSE THIS SMALL EXCURSION, AS PART  
17 OF OUR PREPARATION AT OUR MEETING A WEEK AGO MONDAY, I  
18 THINK IT WAS, OF THE FACILITIES WORKING GROUP, WE HAD  
19 THREE PRESENTATIONS, ONE FROM REBEKAH GLADSON FROM UC  
20 IRVINE REPRESENTING UC SCHOOLS TALKING ABOUT HOW UC  
21 BUILDS BUILDINGS, UC INSTITUTIONS, HERS AND OTHERS LIKE  
22 IT, WHAT KIND OF APPROVALS ARE REQUIRED, WHAT THE  
23 TIMELINES ARE, WHAT THE CONSTRUCTION IS LIKE. WE ALSO  
24 HAD A REPRESENTATIVE OF PRIVATE INSTITUTIONS, CURT  
25 WILLIAMS FROM USC, SENIOR VICE PRESIDENT, TO TALK ABOUT

1 HOW PRIVATE INSTITUTIONS LIKE HIS DO THEIR BUSINESS.  
2 AND THEN THIRDLY, WE HAD A REPRESENTATIVE OF THE BUCK  
3 INSTITUTE.

4 SO THIS WAS PART OF THE EDUCATION PROCESS.  
5 THIS IS MORE THAN YOU WANTED TO KNOW, BUT MY POINT IS  
6 WE HAVE A LOT OF WORK TO DO. MOST OF THE MEMBERS OF  
7 THE COMMITTEE ARE NOT FAMILIAR WITH HOW LARGE RESEARCH  
8 FACILITIES HAVE BEEN PUT UP. THEY'RE ABSOLUTE EXPERTS  
9 IN THEIR OWN FIELD AND ALL VERY GOOD AND ACCOMPLISHED  
10 AND SMART, BUT WE HAVE SOME EDUCATION TO DO AND SOME  
11 ISSUES TO DISCUSS. AND SO WE ARE HARD AT WORK ON THAT,  
12 AND WE RECOGNIZE THE SENSE OF URGENCY.

13 DR. HENDERSON: IT SAYS ACTUALLY IN THE DRAFT  
14 STRATEGIC PLAN THAT WE LOOKED AT LAST NIGHT ON PAGE  
15 143, IT SHOWS THAT THE VAST MAJORITY OF THE FACILITIES  
16 FUNDS ARE DISBURSED IN CALENDAR YEAR 2007. SO IN THIS  
17 DOCUMENT, AS I READ THE INTENT, IT'S TO DISBURSE THESE  
18 FUNDS AS SOON AS IS FEASIBLE GIVEN THE NEED TO GET  
19 BYLAWS AND A PROCESS TOGETHER, BUT TO KICK-START THE  
20 WHOLE PROCESS WITH BOND MONEY WITHIN THE FIRST CALENDAR  
21 YEAR, IF AT ALL POSSIBLE. THAT'S WHEN THE VAST  
22 MAJORITY OF THESE FACILITIES FUNDS WILL BE SPENT OR  
23 OBLIGATED.

24 CHAIRMAN KLEIN: LET ME ALSO COMMENT ON THAT,  
25 THAT GIVEN THE OPPOSITION'S DEDICATION TO LITIGATION,

1 AND WE KNOW THAT THERE'S THE LITIGATION AGAINST THE UC  
2 SYSTEM AS WELL AS THE LITIGATION AGAINST US, THAT  
3 UNDERSTANDING THE NEEDS OF ANYONE BUILDING A MAJOR  
4 FACILITY TO BE ABLE TO DEPEND UPON THE DOLLARS THAT WE  
5 APPROVE, WE MAY WELL WANT TO CONSIDER, WHEN WE PROVIDE  
6 A GRANT, OF DISTRIBUTING THAT GRANT TO THEM UP FRONT SO  
7 THEY KNOW THAT THERE WON'T BE LITIGATION IN THE MIDDLE  
8 OF THEIR CONSTRUCTION WHERE PART OF OUR FUNDS WILL BE  
9 HELD UP. THEY NEED TO HAVE RELIABILITY AND  
10 PREDICTABILITY WHEN THEY GO INTO CONSTRUCTION TO KNOW  
11 THEY'RE GOING TO GET ALL OF THE FUNDS.

12 AND I THINK THAT THERE ARE WAYS TO DEAL WITH  
13 OUR INVESTMENT OBJECTIVES AND OUR INTEREST ISSUES IN AN  
14 OPTIMAL MANNER, MEANING WE CAN GAIN MORE FROM THIS  
15 POLICY THAN WE LOSE IN ADDITIONAL INTEREST. SO IT  
16 WOULD NOT REDUCE THE NET FUNDS AVAILABLE TO US ON AN  
17 EFFECTIVE BASIS AND WOULD PROTECT THEM FROM LITIGATION  
18 DURING CONSTRUCTION.

19 DR. HALL: DO WE HAVE A MOTION ON THE BYLAWS?

20 MR. DOMS: I ASK FOR --

21 DR. PENHOET: I MOVE WE ADOPT THE BYLAWS AS  
22 STIPULATED IN THE BOOK WITH THE CLARIFICATIONS MADE BY  
23 MR. DOMS.

24 DR. POMEROY: SECOND.

25 CHAIRMAN KLEIN: DR. POMEROY IS THE SECOND.

1 ADDITIONAL COMMENT?

2 DR. HENDERSON: SECOND.

3 CHAIRMAN KLEIN: THAT WILL TAKE DR. HENDERSON  
4 AS AN ADDITIONAL SECOND. THE ADDITIONAL SUPPORT IS  
5 APPRECIATED.

6 ANY ADDITIONAL COMMENTS FROM THE AUDIENCE?  
7 SEEING NO COMMENTS, ALL IN FAVOR? OPPOSED?

8 RUSTY, DO YOU WANT TO UPDATE US ON THIS ISSUE  
9 FOR DISCUSSION PURPOSES ONLY BECAUSE IT'S NOT AN  
10 ATTEMPT TO HAVE ANY VOTE ON THE THIRD ITEM.

11 MR. HARRISON: MR. CHAIR, JUST FOR THE  
12 RECORD, THE MOTION CARRIED. THERE WERE NO NO VOTES.

13 CHAIRMAN KLEIN: THANK YOU.

14 MR. DOMS: AS I SAID EARLIER WHEN I STARTED  
15 MY PRESENTATION, WE'RE NOT PREPARED TO MAKE A  
16 RECOMMENDATION ON THE MATCHING FUNDS ISSUE, WHICH IS  
17 AGENDA ITEM 7C. WE HAVE HAD DISCUSSION, AND I HAVE TO  
18 SAY THAT I'M NOT SURE WE HAVE A CLEAR-CUT DISCUSSION.  
19 I THINK OUR OBJECTIVE IS THE HIGHER THE MATCHING FUND,  
20 THE MORE FACILITY WE CAN BUILD. WE PUT OUR DOLLARS TO  
21 BETTER USE IN TERMS OF MAGNIFYING THE NUMBER OF DOLLARS  
22 THAT WILL BE AVAILABLE FOR RESEARCH FACILITIES THAT  
23 WILL BENEFIT CIRM AND EVERYONE.

24 I KNOW, BOB, MR. CHAIRMAN, I'M SORRY.

25 CHAIRMAN KLEIN: BOB IS FINE.

1 MR. DOMS: YOU HAD SOME VERY SPECIFIC  
2 THOUGHTS ON THAT. I GUESS I'D ASK YOU TO SHARE THEM.

3 CHAIRMAN KLEIN: I KNOW THAT THERE WAS SOME  
4 DISCUSSION AS TO NEED FOR EARLY INFORMATION ON WHAT  
5 QUALIFIES FOR MATCHING FUNDS. WHEN DO WE NEED THIS  
6 INFORMATION? IF THE BOARD MEMBERS WHO HAVE COMMENTS  
7 COULD COMMENT ON WHETHER IT'S THIS ISSUE OR ADDITIONAL  
8 GUIDELINES IN ORDER TO GET READY FOR A MAJOR FACILITIES  
9 APPLICATION, HOW SOON DO YOU NEED THE INFORMATION? AND  
10 MAYBE WE COULD JUST SPEND A COUPLE MINUTES INDICATING  
11 WHY. DR. POMEROY.

12 DR. POMEROY: SO I APPRECIATE THE CHALLENGES  
13 OF SETTING OUT GUIDELINES AT SUCH AN EARLY STAGE, BUT  
14 FROM THE POINT OF VIEW NOW OF SOMEONE WHOSE INSTITUTION  
15 IS BUILDING STEM CELL FACILITIES, WE HAVE A POT OF  
16 MONEY FOR THE MATCHING FUNDS. I THINK THAT'S PROBABLY  
17 TRUE OF EVERY INSTITUTION AROUND THAT'S INVOLVED HERE.  
18 AND IF WE ARE TOLD THAT THE CLOCK WON'T START TICKING  
19 TO COUNT THOSE FUNDS UNTIL LATER IN THE PROCESS, THEN  
20 OUR DECISION WILL BE FORCED INTO NOT SPENDING THAT  
21 MONEY NOW. THAT WILL DELAY THE INITIATION OF THIS  
22 PROCESS.

23 AND SO FROM THAT PERSPECTIVE, IT WOULD BE  
24 VERY HELPFUL TO HAVE SOME REASSURANCE TO OUR  
25 INSTITUTIONS THAT MONEY THAT GOES TRULY AS BEING

1 EXPENDED INTO THE STEM CELL FACILITY THAT WILL BE  
2 PROPOSED FOR THE FACILITIES GRANT, IF IT CAN COUNT  
3 STARTING FROM TODAY OR YESTERDAY OR SOME REASONABLE  
4 PERIOD OF TIME, THEN WE CAN GET STARTED SOONER, WHICH,  
5 I THINK, ACCOMPLISHES OUR MUTUAL GOAL OF GETTING THESE  
6 FACILITIES BUILT AS SOON AS POSSIBLE.

7 YOU CAN SPEND A LOT OF MONEY, YOU KNOW, THAT  
8 MATCHING MONEY UP FRONT AND MAKE A LOT OF PROGRESS IN  
9 THE PLANNING PROCESS RATHER THAN WAITING TO START FROM  
10 WHEN THE RFA IS ISSUED. SO IT WOULD BE VERY HELPFUL TO  
11 US TO HAVE THAT CLARIFICATION AT THIS POINT.

12 CHAIRMAN KLEIN: I WOULD POINT OUT TO  
13 EVERYONE THAT IN THE REQUIREMENTS OF THE INITIATIVE, IN  
14 ORDER TO BE ABLE TO BE COMPETITIVE WITH GETTING IT  
15 BUILT WITHIN TWO YEARS OF THE GRANT OR AS IT MAY BE  
16 DETERMINED WITHIN TWO YEARS OF THE TIME THE GRANT IS  
17 DOCUMENTED, AS THIS BOARD MAY DECIDE TO INTERPRET THAT  
18 TERM, THE ONLY WAY YOU COULD POSSIBLY GET IT BUILT  
19 WITHIN TWO YEARS IS IF YOU HAD YOUR ARCHITECTURAL  
20 ENGINEERING DONE AND YOU HAD SOME BIDS THAT MEANT  
21 SOMETHING. OTHERWISE, YOU ARE GOING TO HAVE A BLUE SKY  
22 NUMBER AND YOU WON'T REALLY KNOW IF YOU CAN BUILD IT,  
23 AND YOU WON'T BE ABLE TO GET INTO CONSTRUCTION IN A  
24 REASONABLE TIME AND BE EVEN CLOSE TO THAT TWO-YEAR  
25 TIMETABLE, WHICH MEANS YOU'RE GOING TO HAVE TO SPEND A

1 LOT OF MONEY UP FRONT AT RISK BECAUSE UNTIL THE  
2 COMPETITION IS OVER, NO ONE KNOWS WHO IS GOING TO  
3 PREVAIL. IN ORDER TO SPEND A LOT OF MONEY, YOU'RE  
4 GOING TO NEED SOME SUBSTANTIAL INFORMATION AS  
5 GUIDELINES AND CRITERIA TO TELL YOU SOME CONCEPTUAL  
6 ISSUES THAT NEED TO BE RESOLVED ABOUT HOW YOU'RE  
7 POSITIONING THE APPLICATION AND WHETHER YOU'RE SERVING  
8 THE MISSION AS THE AGENCY AND ITS WORKING GROUP HAVE  
9 DECIDED.

10 DR. PIZZO: I CERTAINLY HEAR THAT, AND I  
11 AGREE ABSOLUTELY WITH CLAIRE POMEROY. THIS IS A KEY  
12 ISSUE, AND I THINK ALL OF US ARE IN THE MIDST OF NOW  
13 DEVELOPING PLANS, SIGNIFICANT PLANS, IN THIS REGARD.

14 ONE OF THE ISSUES THAT I THINK BRIAN RAISED  
15 THAT I THINK DESERVES SOME CLARIFICATION IS WHAT WILL  
16 COUNT AS MATCHING? BECAUSE YOU COULD ENVISION THAT  
17 THERE MAY BE, QUOTE, WHAT IS AN INSTITUTIONAL FUND? I  
18 MEAN IS AN INSTITUTIONAL FUND DOLLARS THAT COME FROM  
19 DEBT? IS IT DOLLARS THAT COME FROM INSTITUTIONAL  
20 RESERVES? IS IT PHILANTHROPIC DOLLARS THAT AN  
21 INSTITUTION HAS ACCRUED? AND ALL OF THOSE, IN FACT, IN  
22 MOST OF OUR SITUATIONS, IN ADDITION TO THOSE, I'M SURE,  
23 STATE INSTITUTIONS THAT MAY GET SOME SMALL AMOUNT OR  
24 LARGE AMOUNT OF STATE FUNDS, THOSE ARE ALL GOING TO BE  
25 PART OF IT, AND WE BETTER HAVE SOME CLARIFICATION SOON

1 BECAUSE WE ARE, I THINK ALL OF US, ACTIVELY IN THE  
2 MIDST OF THIS RIGHT NOW AND RUSHING TO TRY AND GET THE  
3 PROCESS MOVING FORWARD BECAUSE IF WE, INDEED, DELAY THE  
4 YEAR, MORE OF THE FACILITIES AREN'T GOING TO BE  
5 AVAILABLE FOR THREE OR FOUR YEARS, AND THEN WE'RE  
6 REALLY GOING TO BE IN TROUBLE.

7 CHAIRMAN KLEIN: I HAVE A CONCERN WHETHER THE  
8 JANUARY MEETING OF THE FACILITIES GROUP IS EARLY ENOUGH  
9 TO DEAL WITH THIS BECAUSE THEN IT COULDN'T COME TO THE  
10 BOARD UNTIL THE FEBRUARY BOARD MEETING. ONE OF THE  
11 QUESTIONS IS, IN GETTING TOGETHER QUORUMS, MANY OF THE  
12 WORKING GROUPS HAVE MET WHEN THEY DID NOT HAVE A  
13 QUORUM, BUT AT LEAST COULD REPORT BACK, AS THE IP  
14 WORKING GROUP HAS, THE SENSE OF THE COMMITTEE. AND DO  
15 INSTITUTIONS NEED GUIDELINES EARLY ENOUGH THAT THE  
16 WORKING GROUP SHOULD BE ENCOURAGED TO HAVE AN EARLIER  
17 MEETING, OR WHAT IS THE TIMING HERE?

18 DR. HALL: LET ME MAKE A SUGGESTION, IF I  
19 MAY. AND THAT IS THAT WE HAVE EXPERTISE COMING ON  
20 BOARD AS OF NOVEMBER 1ST. AND SO I THINK IT IS VERY --  
21 THESE ARE COMPLICATED ISSUES, MATCHING FUNDS BOTH FOR  
22 THE REASON THAT DAVID MENTIONED AND, I THINK, FOR THE  
23 REASON YOU MENTIONED, AND THEY'RE VERY IMPORTANT TO ALL  
24 OF YOU; THAT IS, EXACTLY HOW IT'S CALCULATED, HOW IT  
25 COUNTS, HOW DO YOU DEFINE IT? AND I THINK IT'S NOT



1 SOMETHING WE WANT TO DO -- WE WANT TO DO IT CAREFULLY.  
2 AND SO MY SUGGESTION IS THAT WE TRY TO USE THE  
3 EXPERTISE THAT'S COMING ON BOARD TO DRAFT SOME SORT OF  
4 PROPOSAL FOR THAT SPECIFIC ISSUE. AND MAYBE WE CAN GET  
5 IN A TELEPHONE CONFERENCE CALL WITH THE FACILITIES  
6 WORKING GROUP OR SOMETHING LIKE THAT AND BRING THAT  
7 EITHER -- WE WOULD TRY TO GET IT IN FOR THE DECEMBER  
8 ICOC MEETING. IF NOT, THEN WE CAN CERTAINLY GET IT IN  
9 BY END OF JANUARY, FEBRUARY.

10 DR. PIZZO: JUST TO FOLLOW UP QUICKLY, I  
11 ACCEPT THAT. OBVIOUSLY I THINK WE DO WANT TO DO THIS  
12 CAREFULLY, AND WE WANT TO DO IT IN A WAY THAT BOTH  
13 ENRICHES CALIFORNIA IN TERMS OF FACILITIES AND  
14 MINIMIZES CONFLICT AMONG US, BUT I DO COME BACK TO  
15 CLAIRE'S COMMENT AND TIMELINE BECAUSE A NUMBER OF US  
16 ARE ACTIVELY OUT THERE NOW TRYING TO RAISE MONEY FOR  
17 THESE FACILITIES. AND, YOU KNOW, IF IT TURNED OUT THAT  
18 WE WERE SUCCESSFUL IN RAISING A HUGE AMOUNT OF MONEY  
19 AND IT DIDN'T COUNT, THAT WOULD BE A PRETTY TERRIBLE  
20 SITUATION TO BE IN.

21 DR. HALL: NUMBER OF COMPLICATED ISSUES, ONE  
22 OF WHICH IS RAISING MONEY FOR A BUILDING, ONLY ONE WING  
23 OF WHICH, FOR EXAMPLE, WOULD BE USED FOR STEM CELL  
24 RESEARCH, HOW DOES THAT WORK OUT?

25 DR. PIZZO: I THINK WE CAN APPORTION IT.

1 DR. HALL: NEED TO SAY DEFINITELY. WE DO  
2 NEED TO HAVE CLARITY.

3 DR. BRYANT: DON'T WE ALSO NEED THE SAME  
4 INFORMATION FOR THIS RFA THAT'S COMING UP NOW? THAT'S  
5 GOT A MATCHING FUND COMPONENT.

6 DR. HALL: THAT WOULD BE IN THE RFA. WE'LL  
7 PUT THAT IN. IT SEEMS TO ME THAT'S A SMALLER QUESTION.  
8 WE'RE TALKING NOW ABOUT SEVERAL HUNDRED THOUSAND  
9 DOLLARS, AND THAT IS UNLIKELY TO HAVE -- I THINK THAT  
10 THE ISSUES ARE --

11 DR. BRYANT: SCALE.

12 DR. HALL: THE SCALE IS SMALLER. I THINK WE  
13 CAN SOLVE THAT. FOR MOST PLACES, YOU'RE UNLIKELY TO BE  
14 MAKING MAJOR PHILANTHROPIC APPROACHES OR DECISIONS  
15 BASED ON THIS, AND THE WHOLE QUESTION OF WHEN YOU START  
16 TO WORK AND SO FORTH. I JUST THINK WE CAN DO THAT.  
17 OTHERWISE, WE HAVE TO DELAY THAT RFA. AND I WOULD LIKE  
18 TO GO AHEAD AND GET THAT RFA OUT.

19 DR. BRYANT: NO, I DON'T WANT TO DO THAT.

20 DR. HALL: I THINK WE CAN HANDLE THAT ONE ON  
21 AN AD HOC BASIS IN A WAY THAT WILL BE, I HOPE,  
22 SATISFACTORY.

23 CHAIRMAN KLEIN: I THINK DR. HALL'S PROPOSAL  
24 TO TRY AND WORK THIS IN IN THE NEXT TWO MONTHS AND  
25 BRING SOMETHING BACK FOR THOUGHTFUL DISCUSSION IN

1 DECEMBER IS VERY HELPFUL. RUSTY, DOES THAT SEEM TO  
2 WORK FOR YOU?

3 MR. DOMS: YES. I WOULD, IN TERMS OF THE  
4 GRANTS THAT WERE IN THE SHARED FACILITIES LAB SPACE, I  
5 THINK THAT IN THE BYLAWS OUR MATCHING NUMBER IS 20  
6 PERCENT. AND I THINK THAT'S IN OUR BYLAWS, AND THAT'S  
7 WHAT WE HAVE TO GO FOR IN TERMS OF WORK WITH THAT  
8 NUMBER IN OUR APPLICATION. BUT AS WE MOVE FORWARD, I  
9 AGREE ON THE LARGER GRANTS WITH THE APPROACH OF TRYING  
10 TO COME BACK TO THIS COMMITTEE IN DECEMBER.

11 LET ME JUST FINISH. THERE'S A LOT ON THE  
12 TABLE. AND, YOU KNOW, WE ARE GETTING STARTED. WE'VE  
13 GOT A LOT OF WORK TO DO, SO I'M JUST -- WE'RE GOING  
14 THROUGH THE PROCESS FOR THE FIRST TIME. I DID THIS TO  
15 ZACH ONCE EARLIER, AND HE SAID HOLD ON. I JUST WANT TO  
16 MAKE SURE THAT WITH ALL THAT'S ON THE TABLE, THAT WE DO  
17 IT VERY JUDICIOUSLY AND VERY CAREFULLY. AND WE'VE GOT  
18 A LONG WAY TO GO TO GET TO JANUARY WHEN WE MAKE OUR  
19 EVALUATIONS ON THE 15. I THINK WE'LL BE RECOMMENDING  
20 ABOUT 15 GRANTS UNDER THE SHARED RESEARCH LAB SPACE.

21 I SAID WE HAVE A LONG, LONG WAY TO GO ON THE  
22 FINAL CRITERIA FOR THE MAJOR FACILITIES. I THINK WE  
23 HAVE A GOOD START, BUT WE HAVE A LONG WAY TO GO. I'M  
24 JUST CONCERNED ABOUT GETTING TOO MUCH ON THE TABLE AS  
25 WE MOVE DOWNSTREAM AND NOT DOING THE KIND OF JOB THAT

1 NEEDS TO BE DONE ON EACH ONE OF THESE ISSUES.

2 CHAIRMAN KLEIN: WE CAN BRING ITEMS BACK.  
3 DAVID, DOES THAT TIMETABLE MAKE SENSE TO YOU THAT ZACH  
4 PROPOSED?

5 MR. SERRANO-SEWELL: IT DOES.

6 CHAIRMAN KLEIN: DR. PENHOET AND THEN  
7 DR. KESSLER.

8 DR. PENHOET: GIVEN THE FACT THAT THE CONCEPT  
9 OF MAJOR FACILITIES FUNDING HAS BEEN ACCEPTED AND THE  
10 FACT THAT A NUMBER OF PEOPLE AROUND THIS TABLE AND NOT  
11 AT THIS TABLE ARE ALREADY ENGAGED IN THE PROCESS OF  
12 ACTUALLY PRODUCING VERY SPECIFIC PLANS FOR HOW THEY'RE  
13 GOING TO MOVE FORWARD AND WHERE THEY'RE GOING TO SEEK  
14 FUNDING, I THINK IT WOULD BE VERY IMPORTANT IF WE COULD  
15 GET THE PEOPLE WHO ARE ACTUALLY POTENTIAL GRANTEES FOR  
16 THE LARGE FACILITIES TO COME FORWARD AS SOON AS  
17 POSSIBLE WITH THEIR PRELIMINARY PLANS TO DO TWO THINGS.  
18 NO. 1, SET A BASELINE FOR WHATEVER THE FUTURE IS, SO  
19 THEY CAN AT LEAST PUBLICLY RECORD -- NOT PUBLICLY,  
20 DEPENDING ON HOW IT COMES OUT, BUT AT LEAST HAVE AT  
21 CIRM THE CURRENT STATUS OF THEIR PLANS AND WHERE THEY  
22 ARE IN BUILDING.

23 I THINK THAT WOULD DO TWO THINGS. IT WOULD  
24 ESTABLISH THE BASELINE, BUT ALSO IT WOULD INFORM YOUR  
25 WORK IN TERMS OF THE REALITY OF WHAT THESE PEOPLE ARE

1 ACTUALLY DOING TODAY TO HELP GUIDE THE POLICY BECAUSE  
2 IF IT DOESN'T WORK FOR OUR INSTITUTIONS, IT DOESN'T  
3 WORK FOR CIRM EITHER. SO IT'S GOT TO BE A  
4 COLLABORATIVE PROCESS IN ONE SENSE. YOU'VE ALREADY  
5 MADE THE POINT THAT ONCE THEY APPLY, YOU CAN'T TALK TO  
6 THEM ANYMORE. BEFORE THE APPLICATION PROCESS AND  
7 DURING THIS PROCESS OF DEFINING THE GOALS, I THINK IT  
8 WOULD BE VERY IMPORTANT TO GET SPECIFIC INPUT FROM  
9 MAJOR INSTITUTIONS ABOUT WHAT THEIR CURRENT PLANS ARE,  
10 HOW THEY PLAN TO PROCEED, WHAT SIZE FACILITIES THEY  
11 HAVE IN MIND, ETC.

12 MR. DOMS: WE HAVE TALKED IN THE PAST ABOUT  
13 DOING AN INVENTORY ALONG THOSE LINES. I THINK IT WOULD  
14 BE VERY HELPFUL. I DON'T KNOW IF THERE ARE LEGAL  
15 ISSUES.

16 DR. HALL: WELL, I THINK THE KEY POINT, LET  
17 ME JUST SAY, THAT THERE ARE TWO ISSUES. ONE IS IF WE  
18 DO THAT, THEN WE HAVE TO BE VERY INCLUSIVE BECAUSE WE  
19 CANNOT ASK A FEW INSTITUTIONS. AND THEN SECONDLY, THAT  
20 BECOMES A MAJOR COMMITMENT OF EITHER/OR, EITHER/AND,  
21 BOTH/OR, WHATEVER I'M TRYING TO SAY, BOTH STAFF TIME  
22 AND FACILITIES WORKING GROUP TIME. IF WE WERE TO HEAR,  
23 FOR EXAMPLE, AT FACILITIES WORKING GROUP PRESENTATIONS  
24 FROM 30 INSTITUTIONS, THAT WOULD TAKE US A WHILE. SO I  
25 THINK WE WILL HAVE TO BALANCE. I UNDERSTAND WHAT

1 YOU'RE SAYING, BUT I THINK WE HAVE TO SEE IF IT'S  
2 POSSIBLE ESSENTIALLY.

3 DR. PENHOET: YOU KNOW, IT MIGHT BE WRITTEN  
4 AND IT WOULD BE VOLUNTARY, AND IT DOESN'T HAVE TO TAKE  
5 UP TIME IN THE MEETING, BUT SOMEBODY WOULD HAVE TO  
6 REVIEW THESE THINGS.

7 CHAIRMAN KLEIN: AND THE BOARD PREVIOUSLY DID  
8 PASS THE RESOLUTION TO DO THIS KIND OF SURVEY SO THAT  
9 WE WERE INFORMED. AND DR. HALL, I THINK, WANTED TO  
10 MAKE SURE WE HAD THE PERSONNEL ON BOARD BEFORE HAVING  
11 US PROCEED WITH THAT. AND NOW WE HAVE THE TREMENDOUS  
12 ANNOUNCEMENT OF LORI HOFFMAN JOINING WITH THE  
13 EXPERIENCE WITH FACILITIES FROM THE OFFICE OF THE  
14 PRESIDENT, AND WE'RE IN THE MIDST OF HAVING A HIRE OF A  
15 FACILITIES STAFF PERSON. SO WE ACTUALLY HAVE THE STAFF  
16 THAT DR. HALL WANTED IN PLACE TO BE ABLE TO MOVE  
17 FORWARD.

18 DR. HALL: WE'LL DISCUSS WITH THAT NEW STAFF  
19 WAYS OF DOING THIS AND SEEING IF WE CAN MANAGE IT. I  
20 UNDERSTAND WHAT YOU ARE SAYING, BUT I ALSO SHARE  
21 RUSTY'S CONCERN. OUR PLATE IS VERY, VERY FULL, AND SO  
22 WE NEED TO BE SURE THAT WE DO THINGS WELL, THE THINGS  
23 THAT WE DO, WE DO WELL.

24 CHAIRMAN KLEIN: DAVID SERRANO-SEWALL.

25 MR. SERRANO-SEWELL: DR. KESSLER HAS HAD HIS

1 HAND UP.

2 DR. KESSLER: I JUST WANT TO MAKE SURE. SO  
3 WE GOT A \$16 MILLION NUMBER APPROXIMATELY ON SHARED  
4 SPACE, RIGHT? AND WE SAID THERE'S ABOUT 15 THAT YOU  
5 ARE GOING TO PROPOSE. I JUST WANT TO MAKE SURE THAT  
6 I'M HEARING.

7 DR. HALL: APPROVED BY ICOC LAST TIME, UP TO  
8 15.

9 DR. KESSLER: UP TO 15 FOR 16 MILLION.

10 DR. HALL: UP TO 15 WITH ONE MILLION FOR  
11 CONSTRUCTION AND ONE MILLION FOR EQUIPMENT. ONE  
12 MILLION FOR FACILITIES AND ONE MILLION FOR EQUIPMENT,  
13 YEAH. AND THEN IT'S A LITTLE MORE COMPLICATED THAN  
14 THAT, BUT THAT COMES OUT TO THE 32.5 FIGURE.

15 MR. DOMS: LET ME JUST MAKE IT CLEAR. THIS  
16 IS FOR RENOVATION. THIS IS NOT FOR BRICKS AND MORTAR.  
17 IT'S FOR RENOVATION ONLY OF EXISTING LAB SPACE.

18 CHAIRMAN KLEIN: EXISTING LAB SPACE OR  
19 CONVERSION OF SPACE INTO LAB SPACE.

20 MR. DOMS: OR CONVERSION, BUT IT'S EXISTING  
21 SPACE.

22 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
23 POINTS? THIS IS FOR A DISCUSSION ONLY ITEM. ANY  
24 DISCUSSION FROM THE PUBLIC ON THIS ITEM? DAVID  
25 SERRANO-SEWELL AND THEN THE PUBLIC.

1                   MR. SERRANO-SEWELL: THANK YOU. I APPRECIATE  
2 THAT. AS TO DR. PENHOET'S POINT ABOUT THE DUE  
3 DILIGENCE, I'LL SAY THAT, AND I THINK I CAN SPEAK -- I  
4 KNOW RUSTY AND I ARE ON THE SAME PAGE ON THIS ISSUE.  
5 I'VE SPOKEN TO SOME OF MY COLLEAGUES GENERALLY ABOUT  
6 THIS TOPIC. THAT IS, THE NECESSITY TO DO THE DUE  
7 DILIGENCE, WHETHER IT'S AN INVENTORY, DR. HALL, OR A  
8 LETTER, IT SEEMS TO ME ONE OF THE FIRST ASSIGNMENTS  
9 WHEN THIS FACILITIES PERSON COMES ON BOARD IS TO HAVE  
10 AN ASSESSMENT. AND I CAN SAY AS THE VICE CHAIR OF THE  
11 FACILITIES WORKING GROUP, AS WE PROCEED, I DON'T THINK  
12 WE NEED TO HAVE ANOTHER MEETING TO TALK ABOUT THE DUE  
13 DILIGENCE AND THE WORK THAT YOU'VE DONE BECAUSE WE DO  
14 WANT TO KEEP THINGS SIMPLE AND NOT STOP THE PROCESS UP  
15 OR CLUTTER IT WITH STUFF. WE HAVE ENOUGH STUFF ON OUR  
16 PLATE. I'M CONFIDENT THAT YOU AND YOUR STAFF CAN DO  
17 THE WORK.

18                   BUT LET ME SAY THAT THE FACILITIES WORKING  
19 GROUP WILL WANT THE ASSURANCE THAT THAT WORK HAS BEEN  
20 DONE AS WE PROCEED. OTHERWISE, WE WON'T HAVE A COMFORT  
21 LEVEL IN MAKING RECOMMENDATIONS TO THE ICOC. I KNOW MY  
22 COLLEAGUES ARE GOING TO WANT TO KNOW, WELL, DID YOU  
23 LOOK AT THIS, DID YOU LOOK AT THAT? WHAT WAS THE FULL  
24 SPECTRUM OF THE POLICY CONSIDERATIONS THAT WERE  
25 DISCUSSED?



1                   SO THIS INVENTORY, THIS DILIGENCE WORK, I  
2 JUST FEEL SO STRONGLY IT HAS TO HAPPEN AS WE ENTER OUR  
3 NEXT PHASE. WE DID IT WITH THE SHARED. I'M HAPPY,  
4 FINE, BUT THERE ARE ISSUES ABOUT THIS MATCHING GRANT  
5 ELEMENT. IT'S IN PROP 71. IT'S ALREADY IN THERE.  
6 WHAT DOES IT MEAN? WE NEED TO FLESH IT OUT. YOU'RE  
7 GOING TO COME BACK TO US, HOPEFULLY, IN DECEMBER WITH A  
8 RECOMMENDATION AND A POLICY. WHATEVER IT IS, ZACH, YOU  
9 NEED TO DO TO MAKE THAT RECOMMENDATION, PLEASE DO IT,  
10 BUT THERE WAS DISCUSSION PREVIOUSLY AT THE WORKING  
11 GROUP LEVEL THAT WE SEND OUT A LETTER. I'M CONFIDENT  
12 LEAVING IT UP TO YOU, ZACH, WHETHER YOU THINK A LETTER  
13 IS THE RIGHT THING TO DO OR NOT, BUT SOMETHING IS GOING  
14 TO HAVE TO BE DONE. OTHERWISE, I DON'T SEE HOW WE CAN  
15 MAKE AN INFORMED DECISION.

16                   CHAIRMAN KLEIN: ALL RIGHT. RUSTY, DO YOU  
17 HAVE ANY ADDITIONAL ITEMS?

18                   MR. DOMS: MR. CHAIRMAN, NO.

19                   CHAIRMAN KLEIN: THANK YOU VERY MUCH. JOHN  
20 SIMPSON, YOU HAVE A COMMENT.

21                   MR. SIMPSON: VERY QUICKLY, TWO THINGS. JOHN  
22 SIMPSON FROM FOUNDATION FOR TAXPAYER AND CONSUMER  
23 RIGHTS. I REALLY WANTED TO SECOND WHAT DAVID JUST SAID  
24 ABOUT AN INVENTORY. THAT'S TREMENDOUSLY IMPORTANT.

25                   BUT IN THINKING ABOUT THE VERY COMPLEX TASK

1 FOR THIS WORKING GROUP, SOMETHING STRUCK ME. AND THAT  
2 IS THE FOLLOWING. IT SEEMS TO ME THAT IT WILL BE VERY  
3 DIFFICULT FOR THIS BOARD TO CONSIDER WHAT QUALIFIES FOR  
4 MATCHING FUNDS OR DOESN'T QUALIFY FOR MATCHING FUNDS  
5 BECAUSE VIRTUALLY EVERYONE AT THE TABLE FROM AN  
6 INSTITUTION HAS A VESTED INTEREST IN THAT DECISION.  
7 AND I THINK YOU WOULD ALL HAVE TO RECUSE YOURSELVES.  
8 SERIOUSLY. I DON'T KNOW HOW YOU CAN VOTE ON WHAT THE  
9 POLICY IS ON WHAT YOU GET CREDIT FOR OR NOT, AND I'M  
10 NOT RAISING THAT TO BE DIFFICULT ABOUT IT. I THINK  
11 IT'S A VERY TRICKY DILEMMA.

12 CHAIRMAN KLEIN: I THINK THAT THE POINT IS  
13 THAT IT WILL APPLY EVENLY TO EVERYONE, SO IT CAN BE A  
14 NEGATIVE BIAS TO NO ONE. THE ONLY OPPOSITE CONCLUSION  
15 TO COME TO IS THAT PATIENT ADVOCATES RULE, WHICH WOULD  
16 BE DIFFICULT. SO IT'S IMPORTANT TO REALIZE THAT NOT  
17 ONLY WILL THE RULES APPLY EVENLY TO EVERYONE HERE,  
18 THEY'D APPLY TO EVERYONE IN THE GREATER COMMUNITY, SO  
19 THERE WOULD BE NO BIAS FOR OR AGAINST ANYONE  
20 INDIVIDUALLY.

21 WE NEED TO MOVE FORWARD, IF WE COULD, PLEASE.

22 MR. DOMS: THANK YOU VERY MUCH.

23 CHAIRMAN KLEIN: I THINK THE NEXT ITEM IS ONE  
24 THAT WE'VE DISCUSSED BEFORE.

25 MR. SERRANO-SEWELL: THANK YOU, RUSTY.

1 (APPLAUSE.)

2 CHAIRMAN KLEIN: AND THANK YOU, DAVID. WE  
3 HAVE DISCUSSED BEFORE THE NEED ON THESE GRANTS TO HIRE  
4 ADDITIONAL SCIENTIFIC PERSONNEL. GIVEN TIME, DR. HALL,  
5 I THINK THERE MIGHT NOT BE --

6 DR. HALL: I NEED A RESOLUTION.

7 CHAIRMAN KLEIN: IS THERE A RESOLUTION TO  
8 AUTHORIZE DR. HALL TO HIRE ADDITIONAL PERSONNEL? DR.  
9 HALL, WOULD YOU PROVIDE --

10 DR. HALL: JUST SAY WHAT IT IS I WANT. WE  
11 ARE PREPARING -- WE HAVE A BUDGET THAT IS APPROVED THAT  
12 CALLS FOR ONE SCIENTIFIC PROGRAM REVIEW OFFICER AND ONE  
13 GRANTS TECHNICAL ASSISTANT TO BE HIRED THROUGH THE  
14 COMING YEAR. AFTER THAT BUDGET WAS APPROVED, THE  
15 GOVERNOR MADE HIS ANNOUNCEMENT, MEANING THAT THERE  
16 WOULD, ON THE ONE HAND, BE ADDITIONAL RESOURCES AND ON  
17 THE OTHER THAT THERE WOULD BE A GRANTS -- A HUGE JOB TO  
18 DO IN GETTING THESE GRANTS OUT.

19 WE PLAN TO BRING TO YOU AT OUR NEXT MEETING,  
20 NOW THAT WE HAVE LORI HOFFMAN IN PLACE, A NEW BUDGET  
21 BASED ON OUR EXPECTATION OF THE INCREASED AMOUNT OF  
22 DOLLARS THAT WILL BE AVAILABLE FOR THE INSTITUTE. IN  
23 THE MEANTIME, WE DESPERATELY NEED TO HIRE MORE THAN TWO  
24 PEOPLE. AND COUNSEL TELLS ME THAT I NEED AUTHORITY  
25 FROM YOU TO DO THAT. SO I ASK AUTHORIZATION FROM YOU

1 TO HIRE TWO ADDITIONAL SCIENCE, IN ADDITION TO THE ONE  
2 ALREADY APPROVED, TWO ADDITIONAL SCIENCE PROGRAM  
3 OFFICERS AND ONE ADDITIONAL GRANTS TECHNICAL ASSISTANT.  
4 SO...

5 CHAIRMAN KLEIN: IS THERE A MOTION?

6 DR. LEVEY: SO MOVED.

7 MS. SAMUELSON: SECOND.

8 CHAIRMAN KLEIN: JOAN SAMUELSON IS THE  
9 SECOND; DR. LEVEY IS THE MOTION. DISCUSSION BY THE  
10 BOARD? DISCUSSION BY THE PUBLIC? CALL THE QUESTION.  
11 ALL IN FAVOR? OPPOSED? LET IT SHOW IT CARRIED WITHOUT  
12 ANY NOES.

13 NEXT ITEM RELATED TO THE GRANTS WORKING  
14 GROUP, THIS IS TO PROVIDE ADDITIONAL PERSONNEL. AT THE  
15 GRANTS WORKING GROUP LEVEL, IT'S IMPORTANT THAT  
16 DR. ARLENE CHIU GIVE YOU A SENSE OF HOW WE ARE DOING  
17 THIS COMPLETELY CONSISTENT WITH OUR PRIOR PROCEDURES,  
18 CONSISTENT WITH THE COURT DECISION, AND GOOD PRACTICE.

19 DR. CHIU: I'D LIKE TO BRING TO THE BOARD'S  
20 CONSIDERATION TWO ACTION ITEMS LISTED UNDER YOUR AGENDA  
21 ITEM NO. 9 THAT DIRECTLY RELATE TO REVIEW OF PROPOSALS  
22 SUBMITTED TO THE CIRM.

23 LAST YEAR THE ICOC APPROVED 15 SCIENTISTS AND  
24 CLINICIANS TO SERVE AS SCIENTIFIC MEMBERS OF THE GRANTS  
25 WORKING GROUP AS MANDATED BY PROPOSITION 71. THE BOARD

1 ALSO APPROVED THE APPOINTMENT OF AN ADDITIONAL 15 TO  
2 SERVE AS ALTERNATE SCIENTIFIC MEMBERS, AND ALL 30, AS  
3 YOU KNOW, ARE EMINENT STEM CELL INVESTIGATORS FROM  
4 STATES OUTSIDE CALIFORNIA, HIGHLY RESPECTED, AND WELL  
5 ESTABLISHED IN THEIR RESPECTIVE FIELDS. NOT  
6 SURPRISINGLY, THEY'RE ALSO EXTREMELY BUSY PEOPLE WITH  
7 MANY RESPONSIBILITIES, COMMITMENTS, AND DEMANDS ON  
8 THEIR TIME.

9 AND SINCE THAT TIME, TWO MEMBERS HAVE  
10 RESIGNED FROM SERVICE ALREADY. SO WE NEED MORE  
11 REVIEWERS TO CALL UPON IF WE PLAN TO ISSUE MANY RFA'S,  
12 HOLD MANY REVIEWS, AND HAVE A QUICK TURNAROUND TIME FOR  
13 FUNDING.

14 THIS YEAR WE HAVE ALREADY POSTED TWO  
15 AMBITIOUS RFA'S WITH A THIRD TO FOLLOW, AND IN ADDITION  
16 WE WILL NEED TO ANTICIPATE THE MANY REVIEWS REQUIRED TO  
17 LAUNCH THE STRATEGIC PLAN. SO IN ANTICIPATION OF THIS  
18 NEED, WE ASK CURRENT SCIENTIFIC MEMBERS OF THE GRANTS  
19 WORKING GROUP TO HELP US IDENTIFY POTENTIAL REVIEWERS.

20 IN PART A OF YOUR AGENDA ITEM 9 BEFORE YOU,  
21 WE PRESENT 18 DISTINGUISHED SCIENTISTS AND CLINICIANS  
22 FROM OUTSIDE THE STATE OF CALIFORNIA AS CANDIDATES TO  
23 SERVE AS ALTERNATE GRANT WORKING GROUP MEMBERS. THREE  
24 OF THESE, DRs. KEVIN EGGAN AND ANN KIESSLING AND JOHN  
25 WAGNER, ARE ALREADY SERVING AS SCIENTIFIC MEMBERS ON

1 THE CIRM STANDARDS WORKING GROUP. AND THEY STRONGLY  
2 SUPPORT OUR MISSION AND HAVE GENEROUSLY INDICATED THEIR  
3 WILLINGNESS TO HELP US IN WHATEVER WAY THEY CAN.

4 ALL THE INDIVIDUALS NAMED ARE INVESTIGATORS  
5 WITH IMPRESSIVE RESUMES, AS YOU CAN SEE, AND ARE  
6 WELL-KNOWN FOR THEIR WORK IN STEM CELL BIOLOGY AND  
7 REGENERATIVE MEDICINE. IN THE INTEREST OF TIME TODAY,  
8 I WILL NOT READ EACH BIOSKETCH. I'M SURE YOU ALL HAVE  
9 ALREADY, BUT I'M HAPPY TO ANSWER ANY QUESTIONS FROM THE  
10 BOARD. AND I ASK, MR. CHAIRMAN, FOR APPROVAL OF THE  
11 NOMINATION OF THESE INVESTIGATORS TO SERVE AS ALTERNATE  
12 GRANTS WORKING GROUP MEMBERS.

13 CHAIRMAN KLEIN: WE CAN HAVE DISCUSSION, BUT  
14 I'D LIKE TO KNOW IS THERE A RESOLUTION TO SUPPORT THIS?

15 DR. WRIGHT: MOVE APPROVAL.

16 CHAIRMAN KLEIN: MOVED BY DR. WRIGHT.

17 SECOND --

18 DR. LOVE: SECOND.

19 CHAIRMAN KLEIN: -- BY DR. LOVE. WE HAVE A  
20 MOTION PENDING DISCUSSION BY THE BOARD.

21 DR. BALTIMORE: VERY QUICKLY, I HAPPEN TO  
22 KNOW SOME 50 PERCENT OF THESE, AND IF THE OTHER 50  
23 PERCENT ARE AS GOOD AS THE 50 PERCENT I KNOW, THEN IT'S  
24 A TERRIFIC GROUP OF PEOPLE. AND ONLY ONE WAS MY  
25 STUDENT.

1 DR. PIZZO: I KNOW THE OTHER 50 PERCENT, AND  
2 THEY'RE PRETTY GOOD.

3 CHAIRMAN KLEIN: THANK YOU. FROM THE PUBLIC?  
4 I'D LIKE TO MOVE THE MOTION. ALL IN FAVOR? OPPOSED?  
5 LET THE RECORD SHOW IT PASSED UNANIMOUSLY. THERE WERE  
6 NO NAYS.

7 DR. CHIU: THANK YOU, MR. CHAIRMAN.

8 BART B OF AGENDA ITEM NO. 9 REFERS TO PAYMENT  
9 FOR SPECIALISTS TO HELP REVIEW THE PROCESS. NOW, THE  
10 BOARD HAS PREVIOUSLY APPROVED THE USE OF SUBJECT MATTER  
11 EXPERTS OR SPECIALISTS TO HELP REVIEW PROPOSALS WITH  
12 SPECIALIZED EXPERTISE AS REQUIRED. THESE ARE MEMBERS  
13 THAT DO NOT VOTE, BUT PROVIDE REVIEW EXPERTISE.

14 THIS IS PARTICULARLY PERTINENT FOR THE SEED  
15 GRANT PROPOSALS WHICH EXTEND OVER A VERY BROAD SPECTRUM  
16 OF RESEARCH. MR. CHAIRMAN, WE SEEK APPROVAL TO PROVIDE  
17 A PER DIEM OF \$400 FOR SPECIALISTS FOR THESE REVIEW  
18 ACTIVITIES.

19 CHAIRMAN KLEIN: OKAY. IS THERE A RESOLUTION  
20 IN SUPPORT? WHO WOULD LIKE TO MAKE THE MOTION?

21 DR. THAL: SO MOVED.

22 CHAIRMAN KLEIN: MOVED BY LEON THAL.

23 SECOND --

24 DR. BIRGENEAU: SECOND.

25 CHAIRMAN KLEIN: -- BY DR. BIRGENEAU. IS

1       THERE ADDITIONAL COMMENT FROM THE BOARD? DR. STEWARD.

2               DR. STEWARD: QUESTION. ARE THESE MEMBERS TO  
3 ATTEND, OR ARE THEY PHONE IN?

4               DR. CHIU: THEY WILL BE CALLING IN, AND THEY  
5 WILL ONLY REVIEW THE PROPOSALS WHERE THEY HAVE  
6 EXPERT -- AREAS OF EXPERTISE. THEY WILL NOT BE VOTING,  
7 BUT THEY WILL PROVIDE CRITIQUES.

8               DR. HENDERSON: CAN YOU GIVE US THE PRECEDENT  
9 FOR THE \$400, JUST HOW THAT NUMBER WAS ARRIVED AT, JUST  
10 SO WE KNOW?

11              CHAIRMAN KLEIN: DR. HALL OR DR. CHIU.

12              DR. CHIU: IT'S A ONE-TIME FEE FOR EVERYTHING  
13 THAT THEY DO AT A REVIEW. AND WE WERE WRESTLING  
14 BETWEEN WHAT OTHER PLACES PROVIDE, WHICH IS SOMETHING  
15 LIKE AN HONORARIUM OF A THOUSAND DOLLARS, WHICH WE  
16 CANNOT AFFORD, AND NIH PER DIEM OF \$200. AND WE WILL  
17 BE EXPECTING THESE PEOPLE TO REVIEW MANY MORE  
18 APPLICATIONS THAN NIH EXPECTS, SO WE THOUGHT \$400 WAS  
19 SUFFICIENT. THIS IS CERTAINLY OPEN FOR DISCUSSION.

20              DR. HALL: MEMBERS OF THE WORKING GROUP AND  
21 ALTERNATES GET 500.

22              DR. HENDERSON: SO NO MATTER HOW MANY YOU  
23 REVIEW, IT'S \$400?

24              DR. CHIU: THAT IS CORRECT.

25              DR. HENDERSON: IT'S NOT PER PIECE; IT'S FOR



1 THE EFFORT. OKAY. THANK YOU.

2 DR. CHIU: IT'S FOR THE TOTAL REVIEW.

3 CHAIRMAN KLEIN: LET ME ASK THE QUESTION.

4 DR. HALL, IF SOMEONE HAD A PARTICULARLY EXPERT REVIEWER  
5 IN A SPECIFIC AREA AND THEY HAD 15 PROPOSALS YOU WANTED  
6 TO GIVE THEM, DO YOU WANT ANY FLEXIBILITY ON THAT?

7 DR. HALL: I THINK IT'S MUCH EASIER FOR US  
8 ACTUALLY IF THERE'S A FLAT FEE.

9 CHAIRMAN KLEIN: OKAY. THANK YOU FOR THE  
10 CLARIFICATION. ANY ADDITIONAL COMMENTS?

11 DR. BALTIMORE: WHAT'S THE RATIONALE FOR  
12 BEING LOWER THAN THE MEMBERS OF THE COMMITTEE?

13 DR. HALL: I THINK THEY DON'T VOTE, THEY  
14 DON'T PARTICIPATE IN THE WHOLE REVIEW, THEY PARTICIPATE  
15 IN PART OF IT. SO ON THE ONE HAND, IT'S A SORT OF  
16 SPECIAL FAVOR TO US TO DO. ON THE OTHER HAND, THE WORK  
17 IS LESS THAN THAT OF A REGULAR MEMBER. THEY'RE NOT  
18 RESPONSIBLE FOR DOING ANYTHING ABOUT THE GRANTS THEY  
19 DON'T REVIEW. ALTHOUGH IT'S HARD TO PREDICT, OUR GUESS  
20 IS THEY WILL HAVE FEWER GRANTS THAN A REGULAR MEMBER.

21 DR. CHIU: THEY WILL ALSO NOT PARTICIPATE IN  
22 THE PROGRAMMATIC REVIEW.

23 DR. HALL: RIGHT.

24 CHAIRMAN KLEIN: ANY OTHER QUESTIONS?

25 MS. SAMUELSON: IT'S ALSO JUST FOR THE

1 RECORD, MORE THAN THE PATIENT ADVOCATE WORKING GROUP  
2 MEMBERS GET. WE GET THE PRINCELY SUM OF \$104 FOR THE  
3 ENTIRE DAY. AND THAT'S A PROBLEM THAT WILL NEED  
4 RESOLUTION AT SOME POINT IN THE FUTURE. I JUST WANTED  
5 TO REMIND THOSE WHO MAY NOT HAVE KNOWN THAT.

6 CHAIRMAN KLEIN: COMMENTS FROM THE PUBLIC?  
7 SEEING NO COMMENTS FROM THE PUBLIC, I'D LIKE TO CALL  
8 THE QUESTION. ALL IN FAVOR? OPPOSED? IT WAS  
9 UNANIMOUS. THERE ARE NO NAYS FOR THE RECORD.

10 WHAT I'D LIKE TO DO FOR A MOMENT IS THERE IS  
11 A -- IT HAS BEEN BROUGHT TO MY ATTENTION THAT THERE'S  
12 ANOTHER SHORT ITEM THAT WE CAN GET THROUGH HERE VERY  
13 QUICKLY, A COUPLE OF SHORT ITEMS. ONE IS ITEM NO. 16,  
14 CONFLICT OF INTEREST, CAN BE DONE VERY QUICKLY. AND  
15 OUR COUNSEL, SCOTT TOCHER, ADDRESS ITEM 16 VERY  
16 QUICKLY. IT IS BELIEVED BY THE STAFF THIS IS MORE OF  
17 AN ADMINISTRATIVE CLARIFICATION. SCOTT TOCHER.

18 MR. TOCHER: THAT'S RIGHT. THANK YOU,  
19 CHAIRMAN KLEIN. THE ICOC ADOPTED LAST YEAR A CONFLICT  
20 OF INTEREST POLICY FOR YOURSELVES WHICH IS BASED ON THE  
21 REQUIREMENTS OF THE POLITICAL REFORM ACT. IT HAS COME  
22 TO OUR ATTENTION IN PARAGRAPH 5 THAT IS ON PAGE 2, THAT  
23 THERE IS A PROVISION WHICH COULD HAVE BEEN CONSTRUED TO  
24 ALLOW PARTICIPATION BY THE ICOC MEMBERS DURING CONSENT  
25 ITEMS EVEN ON A MATTER IN WHICH A MEMBER MIGHT HAVE A

1 CONFLICT OF INTEREST. SO IN ORDER TO CLARIFY THAT THAT  
2 WAS NOT THE INTENT OF THE ICOC OR UNDER THE PRA, WE  
3 HAVE STRUCK THAT LAST PROVISION THAT SPOKE TO ITEMS ON  
4 A CONSENT CALENDAR, AND THAT'S ON PARAGRAPH 5.

5 AND SO WITH THAT REVISION, WE BELIEVE THAT  
6 THAT BRINGS THE POLICY IN CONFORMITY TO THE ICOC'S  
7 INTENT, AND WOULD JUST ASK YOU TO ADOPT THE POLICY AS  
8 REVISED.

9 CHAIRMAN KLEIN: ANY QUESTIONS BY THE BOARD?  
10 IS THERE A MOTION BY THE BOARD FOR APPROVAL?

11 DR. PRIETO: SO MOVED.

12 DR. LEVEY: SECOND.

13 CHAIRMAN KLEIN: DR. PRIETO. DR. LEVEY IS  
14 THE SECOND. IS THERE DISCUSSION BY THE BOARD? IS  
15 THERE DISCUSSION BY THE PUBLIC? MOVE THE QUESTION.  
16 ALL IN FAVOR? OPPOSED? IT WAS UNANIMOUS. NO NAYS FOR  
17 THE RECORD.

18 THE NEXT ITEM IS ON ITEM NO. 10,  
19 CONSIDERATION OF ACTION ITEMS --

20 DR. HALL: MR. CHAIR, COULD I MAKE A  
21 SUGGESTION? WE COULD ALSO, I THINK, DISPENSE WITH NO.  
22 15 QUITE QUICKLY IF YOU WANTED TO DO THAT.

23 CHAIRMAN KLEIN: WE'VE GOT A LIMITED AMOUNT  
24 OF TIME. LET'S KEEP GOING HERE ON THIS SCHEDULE  
25 THEY'VE GIVEN ME.

1                   ITEM 10 IS CONSIDERATION OF ACTION ITEMS  
2                   REGARDING INTELLECTUAL PROPERTY REGULATIONS FOR  
3                   NONPROFIT ORGANIZATIONS, INCLUDING, BUT NOT LIMITED TO,  
4                   EMERGENCY ADOPTION OF INTERIM POLICY RELATED TO THE  
5                   ADMINISTRATIVE PROCEDURES ACT AND PERMANENT ADOPTION OF  
6                   PROPOSED REGULATIONS.

7                   SCOTT TOCHER, ARE YOU GOING TO PRESENT THIS  
8                   ITEM?

9                   MR. TOCHER: THAT'S CORRECT, CHAIRMAN KLEIN.  
10                  GOOD AFTERNOON, MEMBERS. IN FEBRUARY OF THIS YEAR, IF  
11                  YOU RECALL, YOU APPROVED AN INTERIM INTELLECTUAL  
12                  PROPERTY POLICY WITH REGARD TO NONPROFIT ORGANIZATIONS.  
13                  THIS WAS DONE PURSUANT TO THE AUTHORITY VESTED IN THE  
14                  ICOC BY PROPOSITION 71, WHICH ALLOWS YOU TO ADOPT  
15                  INTERIM POLICIES AND REGULATIONS THAT REMAIN IN EFFECT  
16                  FOR 270 DAYS OR UNTIL THE ICOC ADOPTS PERMANENT  
17                  REGULATIONS PURSUANT TO THE ADMINISTRATIVE PROCEDURES  
18                  ACT.

19                  SINCE FEBRUARY THE TASK FORCE HAS NOTICED  
20                  THAT POLICY WITH THE OFFICE OF ADMINISTRATIVE LAW. AND  
21                  THROUGH A SERIES OF MEETINGS AND, WITH THE BENEFIT OF  
22                  PUBLIC INPUT, HAS REFINED AND PERFECTED THOSE  
23                  REGULATIONS THROUGH A SERIES OF MEETINGS, MOST RECENTLY  
24                  LAST MONTH. THAT PROCESS IS QUITE NEARLY COMPLETE WITH  
25                  JUST ONE REGULATION REMAINING WHICH CONCERNS LICENSEE

1 AGREEMENTS, WHICH REQUIRES FURTHER REFINEMENT.

2 WE ANTICIPATE THAT THAT REGULATION AND THAT  
3 REFINEMENT WILL BE COMPLETE IN TIME FOR THE ICOC TO  
4 CONSIDER IT AT ITS NEXT MEETING IN DECEMBER. THE  
5 INTERIM POLICY, WHICH IS IN EFFECT FOR 270 DAYS,  
6 EXPIRES NEXT MONTH, HOWEVER. THEREFORE, WHAT WE  
7 PROPOSE IS TO FOLLOW THE PROCEDURE THAT THE ICOC  
8 FOLLOWED IN JUNE WITH RESPECT TO THE MEDICAL AND  
9 ETHICAL STANDARDS. AND THAT IS, TO ENSURE THAT THERE  
10 IS NO GAP IN THE EFFECTIVENESS OF ITS POLICIES AND TO  
11 PRESERVE THE STATUS QUO, WE'RE ASKING THAT THE ICOC  
12 ADOPT THE INTERIM POLICY PURSUANT TO THE ADMINISTRATIVE  
13 PROCEDURE ACT EMERGENCY REGULATORY PROCESS.

14 THIS WILL EXTEND THE INTERIM POLICY FOR 120  
15 DAYS AND WILL EXPIRE AFTER THE PERMANENT REGULATIONS  
16 ARE PUT INTO PLACE WITH THE OAL AFTER ITS REVIEW  
17 BEGINNING IN DECEMBER. AND SO IT'S A TWO-PART ITEM.  
18 THE FIRST PART, AGAIN, ASKING FOR THE ICOC'S APPROVAL  
19 TO SUBMIT THE INTERIM POLICY TO THE OAL FOR AN  
20 EMERGENCY 120-DAY ADOPTION.

21 DR. LOVE: SO MOVED.

22 DR. BRYANT: SECOND.

23 CHAIRMAN KLEIN: IT'S BEEN MOVED BY DR. LOVE,  
24 SECONDED BY DR. BRYANT. IS THERE ADDITIONAL COMMENT  
25 FROM THE BOARD?

1 DR. BALTIMORE: HAVE WE BEEN OVER ALL OF  
2 THIS, INCLUDING THE UNDERLYING STUFF IN THE BACK? HOW  
3 DOES THE UNDERLYING STUFF IN THE BACK RELATE TO THE --

4 DR. PENHOET: WHAT YOU HAVE IN YOUR BOOK  
5 UNDER TAB 10 IS THE INTERIM POLICY THAT WE APPROVED IN  
6 FEBRUARY. SO THE FIRST MOTION IS SIMPLY AN EXTENSION  
7 OF THAT INTERIM POLICY.

8 DR. BALTIMORE: HOW IS THAT RELATED TO WHAT  
9 IS BEHIND IT, WHICH IS AN UNDERLYING SECTION OF A LOT  
10 OF THE REGULATIONS?

11 CHAIRMAN KLEIN: THAT'S ITEM B.

12 DR. BALTIMORE: THAT'S ITEM B. THAT'S NOT  
13 RELATED. THAT'S NOT PART OF THIS.

14 MR. TOCHER: IT IS RELATED SUBJECT MATTER, OF  
15 COURSE, BUT THESE ARE THE PERMANENT REGULATIONS WHICH  
16 WILL TAKE THE PLACE OF THE EMERGENCY ONCE THEY'RE  
17 FINALIZED.

18 CHAIRMAN KLEIN: I THINK HE'S ASKING THE  
19 QUESTION IS IT A SEPARATE RESOLUTION?

20 MR. TOCHER: THAT'S CORRECT.

21 CHAIRMAN KLEIN: THAT'S WHAT I WANTED TO  
22 CLARIFY. ALL RIGHT. SO THIS IS JUST ON THE EMERGENCY  
23 ADOPTION.

24 DR. PENHOET: EXTENSION OF THE EXISTING  
25 INTERIM POLICY FOR AN ADDITIONAL 120 DAYS. THAT'S WHAT

1 THIS MOTION IS FOR.

2 MR. TOCHER: CORRECT.

3 CHAIRMAN KLEIN: THAT'S ALL THAT'S BEING  
4 ADDRESSED HERE. FROM THE PUBLIC, ANY COMMENTS? I'D  
5 LIKE TO --

6 MS. LAMBERT: HI. I'M JANET LAMBERT FROM  
7 INVITROGEN. I HAVE A QUESTION MORE THAN A COMMENT,  
8 WHICH IS IS IT YOUR EXPECTATION THAT YOU WILL ACTUALLY  
9 MAKE ANY GRANTS GOVERNED BY THE INTERIM IPPNPO?

10 DR. PENHOET: YES. WE'VE ALREADY MADE GRANTS  
11 GOVERNED BY IT, WHICH ARE THE TRAINING GRANTS.

12 MS. LAMBERT: I'M SORRY. I SHOULD HAVE BEEN  
13 CLEAR. ANY RESEARCH GRANTS?

14 DR. PENHOET: IF WE FOLLOW THE TIMETABLE OF  
15 THE REST, WE EXPECT PERMANENT POLICY TO BE IN PLACE  
16 BEFORE WE MAKE ANY RESEARCH GRANTS.

17 MS. LAMBERT: THANK YOU.

18 DR. PENHOET: THAT'S NOT A CERTAINTY.

19 CHAIRMAN KLEIN: IN RESEARCH IN THE BROADER  
20 SENSE IN THAT THE TRAINING GRANTS ARE EFFECTIVELY, BY  
21 DEFINITION, LEGALLY RESEARCH GRANTS. AND WE WANT TO  
22 MAKE SURE WE RECOGNIZE THE RESEARCH FELLOWS PARTICIPATE  
23 IN RESEARCH IN THIS PROCESS. AND THESE ARE FOR  
24 NOT-FOR-PROFITS.

25 ALL RIGHT. ANY ADDITIONAL CLARIFICATION FROM

1 THE BOARD? I'D LIKE TO MOVE THE MOTION. ALL IN FAVOR?  
2 EXCUSE ME. IS THERE A HAND UP? DID WE MISS A COMMENT?

3 MR. SIMPSON: JUST A QUESTION. THE OAL CAN  
4 TAKE LONGER TO ACT THAN YOU'RE ANTICIPATING. THAT'S A  
5 POSSIBILITY.

6 DR. PENHOET: WE'D HAVE TO COME BACK FOR A  
7 FURTHER EXTENSION IF THEY DON'T APPROVE.

8 CHAIRMAN KLEIN: LET ME RECALL THE QUESTION  
9 TO MAKE SURE WE HAVE A CLEAN RECORD HERE. SO ALL IN  
10 FAVOR? OPPOSED? ALL RIGHT.

11 WOULD YOU ADDRESS THE SECOND PART OF THE  
12 QUESTION, SECOND PART OF THIS ITEM, PLEASE?

13 MR. TOCHER: YES. PART B IN YOUR  
14 ATTACHMENTS, THOSE ARE THE UNDERLYING REGULATIONS,  
15 SECTION 100300 TO 305 AND 308 TO 310. THESE ARE THE  
16 REGULATIONS, EXCEPT THE ONE THAT I MENTIONED REGARDING  
17 LICENSEE AGREEMENTS AND LICENSEE REQUIREMENTS, THAT  
18 HAVE GONE THROUGH THE OAL PUBLIC NOTICE PROCESS. THESE  
19 REGULATIONS HAVE BEEN DONE AND ARE READY TO GO, AND SO  
20 WE WOULD LIKE TO ASK THE ICOC TO ADOPT THOSE ON A  
21 PERMANENT BASIS SO THAT STAFF IN DECEMBER, WHEN WE HAVE  
22 THAT LAST REGULATION IN PLACE FROM YOU, WE CAN MOVE  
23 QUICKLY TO THE OFFICE OF ADMINISTRATIVE LAW TO HAVE  
24 THEM PERMANENTLY ADOPTED.

25 CHAIRMAN KLEIN: I BELIEVE, DR. BALTIMORE,



1 DID YOU HAVE A QUESTION THAT YOU WANTED TO ADDRESS?

2 DR. BALTIMORE: I HAVE A COUPLE. IS THIS THE  
3 APPROPRIATE TIME?

4 CHAIRMAN KLEIN: YES.

5 DR. BALTIMORE: THE FIRST ONE IS ON PAGE 10  
6 IN WHICH THIS FIRST SENTENCE READS, "GRANTEES SHALL  
7 SHARE BIOMEDICAL MATERIALS FIRST CREATED UNDER CIRM  
8 FUNDING AND DESCRIBED IN PUBLISHED SCIENTIFIC ARTICLES  
9 FOR RESEARCH PURPOSES IN CALIFORNIA WITHIN 60 DAYS OF  
10 RECEIPT OF A REQUEST," ETC. FIRST OF ALL, THE PHRASE  
11 "FOR RESEARCH PURPOSES IN CALIFORNIA" COMES IN AN ODD  
12 PLACE IN THAT SENTENCE AND IS REALLY HARD TO PARSE.

13 BUT SECOND OF ALL, WHAT DOES FOR RESEARCH  
14 PURPOSES IN CALIFORNIA MEAN?

15 DR. PENHOET: WELL, I BELIEVE IT MEANS,  
16 DAVID, THAT YOU COULDN'T BURDEN SOMEBODY WITH A REQUEST  
17 FOR MATERIALS THAT YOU INTENDED TO SELL IN THE  
18 COMMERCIAL SENSE OR TO USE IT FOR SOME NONRESEARCH  
19 PURPOSE. RESEARCH IS BROADLY DEFINED, AS YOU KNOW.

20 DR. BALTIMORE: SO WE'RE ONLY MAKING A  
21 REGULATION HERE ABOUT AVAILABILITY IN DOING RESEARCH IN  
22 CALIFORNIA.

23 DR. PENHOET: THAT'S CORRECT. WE DON'T HAVE  
24 JURISDICTION BEYOND THE BORDERS. AND WE HAD A LOT OF  
25 DISCUSSION ABOUT WHETHER IF WE WERE -- IF OUR

1 REQUIREMENTS FOR SHARING WERE OUTSIDE THE STATE,  
2 WHETHER WE SHOULD REQUIRE RECIPROCITY, WHICH WOULD  
3 INVOLVE LOTS OF DIFFERENT NEGOTIATIONS. SO AFTER A LOT  
4 OF DISCUSSION ON THIS ISSUE, THE DEFAULT POSITION IS  
5 THE ONE WE HAVE IN FRONT OF YOU TODAY.

6 DR. BALTIMORE: IT SEEMS SO PAROCHIAL TO DO  
7 IT THIS WAY, BUT I SEE WHAT YOUR PROBLEM IS. I SEE  
8 WHAT THE PROBLEM IS, AND I GUESS THERE WAS DISCUSSION  
9 ABOUT THIS BEFORE.

10 DR. PENHOET: WELL, IT REALLY WAS ABOUT  
11 RECIPROCITY AND HOW WE WOULD GO ABOUT GETTING  
12 RECIPROCITY FROM OTHERS IF WE FORCE BROADER SHARING.

13 DR. BALTIMORE: WE'RE MEMBERS OF A SCIENTIFIC  
14 COMMUNITY THAT'S IN A LOT WIDER GEOGRAPHIC PURVIEW THAN  
15 CALIFORNIA, AND WE DON'T GENERALLY SAY WE'RE GOING TO  
16 TREAT OUR COLLEAGUES DIFFERENTLY THAN WE'LL TREAT OUR  
17 COLLEAGUES IN NEW YORK OR SINGAPORE OR ANYWHERE ELSE OR  
18 THE ARCTIC, FOR THAT MATTER.

19 DR. PENHOET: ONE THING TO POINT OUT, DAVID,  
20 WHAT IS DIFFERENT, WE ARE PAROCHIAL IN ONE SENSE.  
21 THESE BECOME STATE LAW IN CALIFORNIA. AND IF ONE OF  
22 THE INVESTIGATORS CHOSE NOT TO SHARE IT WITH SOMEBODY  
23 IN WISCONSIN, THEY WOULD BE LIABLE TO BE PROSECUTED FOR  
24 DOING IT. SO THE BARRIER IS QUITE DIFFERENT THAN WHAT  
25 WE HAVE UNDER NIH.

1 DR. BALTIMORE: BUT I DO THINK WE NEED TO  
2 LOOK AT HOW THAT SENTENCE IS CONSTRUCTED.

3 DR. PENHOET: IF I COULD, FRANCISCO, I THINK  
4 DAVID HAD TWO POINTS.

5 DR. PRIETO: TO CLARIFY FROM THE DISCUSSION  
6 IN THE IP TASK FORCE, THAT I THINK THAT THIS MANDATES  
7 SUCH SHARING WITHIN THE AREA UNDER OUR JURISDICTION.  
8 IT DOESN'T PRECLUDE ANY OTHER SHARING.

9 DR. BALTIMORE: THE SECOND THING IS ABOUT  
10 PRESS RELEASES ON PAGE 14. I'M NOT ENORMOUSLY HAPPY  
11 ABOUT INSISTING THAT PRESS RELEASES HAVE TO BE PASSED  
12 ON BY CIRM BECAUSE IT SEEMS TO ME THAT THAT'S A  
13 UNIVERSITY OR INSTITUTIONAL FUNCTION, AND THAT IT'S  
14 ABOUT INSTITUTIONAL ACTIVITIES, NOT ABOUT CIRM  
15 ACTIVITIES. BUT I'M NOT GOING TO GET INTO A BIG FIGHT  
16 ABOUT THAT.

17 HOWEVER, JOURNALS ISSUE THEIR OWN PRESS  
18 RELEASES ABOUT THINGS THAT APPEAR IN THE JOURNALS.  
19 WHAT IS THE REQUIREMENT? IF A JOURNAL CALLS AND SAID  
20 WE WANT TO WRITE A PRESS RELEASE ABOUT THE ARTICLE THAT  
21 WE'RE PUBLISHING NEXT WEEK, WHAT DO YOU DO?

22 DR. PENHOET: I THINK AS WRITTEN IT ONLY  
23 REFERS TO OUR GRANTEES. SO AS LONG AS IT'S DONE  
24 INDEPENDENTLY BY A THIRD PARTY, I DON'T THINK WE HAVE  
25 ANY CONTROL.

1 DR. BALTIMORE: THEY'LL GENERALLY MAKE SURE  
2 THAT YOU AS THE INVESTIGATOR ARE NOT UNHAPPY WITH THE  
3 PRESS RELEASE. SO YOU ARE TAKING PERSONAL  
4 RESPONSIBILITY FOR IT AND WILL BE UNDER A SEVERE  
5 DEADLINE. THEY ALWAYS ARE UNDER A SEVERE DEADLINE.

6 DR. HALL: IT DOES SAY NOTIFY CIRM SO THAT  
7 WE'RE AT LEAST AWARE OF IT.

8 DR. PENHOET: I DON'T THINK WE HAVE APPROVAL.

9 DR. BALTIMORE: I TOOK THAT NOTIFY TO MEAN  
10 THAT CIRM IS GOING TO DO SOMETHING ABOUT THAT  
11 NOTIFICATION.

12 DR. HENDERSON: WELL, THE FOLLOWING SENTENCE  
13 IMPLIES THERE'S A PROCESS THAT YOU ARE BUYING INTO, SO  
14 IT'S MORE THAN NOTIFYING. I AGREE, DAVID. IT SEEMS  
15 OVERLY RESTRICTIVE IN AN AREA THAT I DON'T QUITE  
16 UNDERSTAND WHY WE NEED TO BE SO CONCERNED ABOUT THIS  
17 ISSUE AT CIRM.

18 DR. PENHOET: WELL, I THINK THE REASON WE'RE  
19 CONCERNED ABOUT IT IS CIRM ITSELF IS UNDER A HIGH  
20 DEGREE OF SCRUTINY BY THE PUBLIC. AND WE WILL BE  
21 PAINTED WITH THE SAME BRUSH. YOU'RE ALL ASSUMING IN  
22 THIS CONVERSATION YOU'VE JUST ANNOUNCED SOMETHING  
23 WONDERFUL. IT'S POSSIBLE YOU WILL ANNOUNCE SOMETHING  
24 TERRIBLE. AND I THINK THAT THAT'S, IN THIS CASE,  
25 BECAUSE OF THE CLOSE PROXIMITY, IN EVERY SENSE OF THAT

1 WORD, OF OUR INVESTIGATORS AND THIS INSTITUTION. I DO  
2 THINK THAT WE'RE AFFECTED BY PRESS RELEASES.

3 DR. BALTIMORE: I THINK IT WOULD BE FAIR TO  
4 SAY CIRM WOULD LIKE TO BE NOTIFIED OF ANY PRESS RELEASE  
5 WHICH IS GOING TO GO OUT.

6 DR. PENHOET: LIKE TO BE, IT CAN'T BE --  
7 THERE IS NO PROVISION IN LAW FOR STATEMENTS OF INTENT  
8 OR THINGS LIKE THAT. YOU EITHER HAVE A LAW OR YOU  
9 DON'T.

10 DR. HALL: LET ME JUST POINT OUT FOR THE  
11 DISCUSSION ALSO THAT THIS WILL INCLUDE COMPANIES AS  
12 WELL THAT DO RESEARCH FUNDED BY US. SO I THINK AT THE  
13 VERY LEAST, IT'S IMPORTANT FOR US TO KNOW SOMETHING  
14 COMES OUT IF IT'S GOOD OR BAD. AT THE VERY LEAST, WE  
15 NEED TO BE ABLE TO REACT AND TO BE PREPARED FOR IT, AND  
16 TO KNOW THAT WORK THAT WE HAVE FUNDED HAS A CERTAIN  
17 OUTCOME THAT'S GOING TO HAVE A PUBLIC IMPACT.

18 DR. HENDERSON: IS IT NECESSARY TO HAVE THE  
19 SECOND SENTENCE? CAN WE -- NOTIFYING YOU IS ONE THING.  
20 WAITING FOR YOU TO CONCUR THAT THIS IS THE RIGHT WAY TO  
21 DO IT --

22 DR. BALTIMORE: PARTICULARLY FROM A COMPANY'S  
23 POINT OF VIEW.

24 DR. HENDERSON: -- IS CUMBERSOME AND MIGHT  
25 PUT US IN A DIFFICULT POSITION.

1 MR. ROTH: I THINK THIS IS NONPROFITS ONLY.

2 MR. SHEEHY: COULD I SPEAK TO THIS? I  
3 THINK -- THIS IS PART OF WHAT I DO AS MY DAY JOB. I  
4 THINK THIS IS NOT SUCH A BIG DEAL. I CAN TELL YOU IF  
5 YOU WERE THE GATES FOUNDATION, YOU WOULD -- YOU KNOW,  
6 THE EXPECTATION WOULD BE THAT YOU WOULD BE HAVING SOME  
7 SORT OF RELATIONSHIP WHEN YOU ANNOUNCED YOUR RESULTS OR  
8 SOMETHING WAS PUBLISHED. AND THE TIMELINES ON THESE  
9 ARE MUCH LONGER THAN PROBABLY YOU'RE EVEN AWARE. WITH  
10 ALL THE PEOPLE THAT DO WHAT I DO IN COMMUNICATION,  
11 THERE'S USUALLY EMBARGOES. SO THIS IS NOT LIKE  
12 SOMETHING THAT'S GOING TO BE RUSHED OUT AND THEN  
13 EVERYBODY IS GOING TO BE RUNNING AROUND LIKE CRAZY.

14 I THINK THIS IS A VERY REASONABLE  
15 ACCOMMODATION FOR CIRM, AND IT WOULD BE AN EXPECTATION  
16 THAT SEVERAL FUNDING AGENCIES WOULD HAVE. AND WE --  
17 DEPENDING ON THE AGENCY AND THE RELATIONSHIP BETWEEN  
18 THE PI AND THE AGENCY THAT DOES THE FUNDING, THERE IS A  
19 SIGNIFICANT COMMUNICATION BETWEEN THE FUNDER AND THE  
20 SCIENTIST ON THE RELEASED RESULTS. FOR NO OTHER REASON  
21 THAN TO MAKE SURE THEY'RE PROPERLY CREDITED, WHICH IS  
22 JUST GOOD MANNERS ACTUALLY. SO THIS IS NOT AN ONEROUS  
23 BURDEN AT ALL, FOR SOMEONE WHO WORKS AT THE LEVEL --

24 DR. BALTIMORE: I RESPECTFULLY DISAGREE, AND  
25 I HAVE WORKED ON A LOT OF SUCH THINGS. THEY'RE OFTEN

1 ON TREMENDOUS TIME PRESSURE FOR A VARIETY OF REASONS,  
2 INCLUDING THE INVESTIGATOR FORGETS ABOUT IT UNTIL THE  
3 LAST MINUTE. BUT FROM INSTITUTIONAL POINT OF VIEW, WE  
4 RESPOND AND DO RESPOND TO INVESTIGATORS WHO FORGET  
5 ABOUT IT UNTIL THE LAST MINUTE. AND THE JOURNAL CALLS  
6 UP AND SAYS WHAT ARE YOU GOING TO DO ABOUT IT?

7 AND IF HAD TO TAKE IT THROUGH SOMEBODY ELSE  
8 AND THEY HAD THE RIGHT TO ISSUE A JOINT PRESS RELEASE,  
9 THAT WOULD NOT BE IN OUR INTEREST AT ALL AS AN  
10 INSTITUTION.

11 DR. KESSLER: I DON'T THINK THIS REQUIRES YOU  
12 TO DO -- FIRST THING IS JUST NOTIFY. YOU JUST HAVE  
13 TO -- YOU DON'T HAVE TO SEEK ANY APPROVAL.

14 THE SECOND STATEMENT USES THE WORD, IF THEY  
15 WANT, YOU WILL COORDINATE. STILL DOESN'T STOP YOU FROM  
16 DOING ANYTHING. YOU CAN COORDINATE.

17 DR. BALTIMORE: IT SAYS IF THEY WISH TO  
18 PARTICIPATE IN A JOINT PRESS RELEASE, YOU COORDINATE  
19 THAT.

20 DR. KESSLER: YOU WILL COORDINATE. DOESN'T  
21 STOP YOU FROM DOING WHAT YOU ARE GOING TO DO. YOU'RE  
22 JUST GOING TO COORDINATE IT. THE OPERATIVE LEGAL WORDS  
23 ARE NOTIFY AND YOU COORDINATE. IT JUST DOESN'T REQUIRE  
24 YOU TO SEEK --

25 DR. BALTIMORE: IT SAYS THAT CIRM WANTS TO

1 HAVE A JOINT PRESS RELEASE, THAT YOU HAVE TO COORDINATE  
2 A JOINT PRESS RELEASE WITH THEM.

3 MR. SERRANO-SEWELL: DOESN'T SAY THAT, DAVID.

4 DR. BALTIMORE: WHAT DOES IT SAY?

5 DR. KESSLER: IT SAYS YOU WILL COORDINATE  
6 WITH THE COMMUNICATIONS OFFICER. SO IT MEANS --

7 DR. BALTIMORE: READ THE FIRST PART OF THE  
8 SENTENCE. IN THE EVENT THAT CIRM WISHES TO PARTICIPATE  
9 IN A JOINT PRESS RELEASE, THE GRANTEE WILL COORDINATE.

10 DR. KESSLER: SO YOU ARE GOING TO -- DOESN'T  
11 SAY WHAT YOU'RE COORDINATING SPECIFICALLY. IT SAYS YOU  
12 WILL COORDINATE, YOU WILL NOTIFY. DOESN'T GIVE YOU ANY  
13 AFFIRMATIVE OBLIGATION.

14 DR. PIZZO: HE'S SPEAKING LIKE A LAWYER, BUT  
15 IT'S SETTING UP SPECIFICATIONS FOR WHAT WE'RE GOING TO  
16 DO OR HOW WE'D HANDLE IT.

17 DR. KESSLER: I UNDERSTAND. JUST FOR THE  
18 RECORD, CORRECT ME IF I'M WRONG, IT DOESN'T CREATE ANY  
19 AFFIRMATIVE RESPONSIBILITY ON YOUR PART TO WAIT FOR THE  
20 CIRM TO APPROVE SOME PIECE.

21 DR. PIZZO: THEN CIRM GETS ANNOYED WITH THE  
22 GRANTEE.

23 DR. ROTH: QUICKLY, THIS IS FOR NONPROFITS  
24 ONLY, SO IT DOESN'T INVOLVE COMPANIES, WHICH WE'LL DEAL  
25 WITH LATER.



1                   SECONDLY, I THINK WE'LL GET ANOTHER SHOT AT  
2                   MAYBE CLARIFYING SOME OF THIS LANGUAGE.

3                   DR. PENHOET: NO, WE WILL NOT.

4                   MR. ROTH: THIS IS IT.

5                   DR. PENHOET: THE PURPOSE OF THIS MOTION IS  
6                   TO SUBMIT THESE TO THE OFFICE OF ADMINISTRATIVE LAW,  
7                   AND HOPEFULLY THEY WILL APPROVE THEM, AND THESE WILL  
8                   BECOME LAW. SO WE'RE AT THAT STAGE.

9                   NONPROFIT, WHATEVER DECISIONS WE MAKE ABOUT  
10                  THEM, IF WE WANT TO CHANGE THE LANGUAGE IN HERE,  
11                  TODAY'S THE DAY.

12                  DR. REED: I'M GOING TO CHANGE SUBJECT, BUT I  
13                  HAD A COUPLE OF OTHER THINGS IN THIS THAT WERE CONCERNS  
14                  FOR ME, GIVEN THAT THIS, AS I UNDERSTAND IT, IS NOW  
15                  GOING TO BECOME CALIFORNIA STATE LAW. IS THAT --

16                  DR. PENHOET: THAT'S CORRECT.

17                  DR. REED: ON PAGE 9 UNDER THE LINES 13  
18                  THROUGH 19 ABOUT ACKNOWLEDGEMENTS, WHERE IS SAYS AN  
19                  EXAMPLE OF AN ACCEPTABLE ACKNOWLEDGEMENT IS, AND THEN  
20                  TEXT IS PROVIDED. ONE OF THE THINGS WE SHOULD BE AWARE  
21                  OF, THAT NOT ALL JOURNALS ALLOW THAT MUCH VERBIAGE.  
22                  FOR EXAMPLE, IF YOU PUBLISH IN *NATURE* OR *SCIENCE*, THEY  
23                  DON'T EVEN ALLOW YOU TO CITE THE GRANT NUMBER. YOU CAN  
24                  CITE THE SOURCE, BUT THEY'RE NOT GOING TO LET YOU USE  
25                  MORE WORDS. THEY JUST SIMPLY MENTION NIH OR CIRM.

1 IT'S NOT ALWAYS GOING TO BE POSSIBLE TO DO THAT, SO I  
2 WOULD STRIKE THE WORD "ACCEPTABLE" AND JUST PUT AN  
3 EXAMPLE OF AN ACKNOWLEDGEMENT IS "BLANK."

4 THE OTHER POINT I WANT TO MAKE IS ON PAGE 10  
5 UNDER THE PART ABOUT SHARING BIOMEDICAL MATERIALS, I  
6 THINK WE HAVE TO BE AWARE THAT NOT ALL BIOMEDICAL  
7 MATERIALS ARE REGENERABLE AND, THEREFORE, THERE'S A  
8 FEASIBILITY ISSUE WITH RESPECT TO WHAT EXTENT THEY CAN  
9 BE SHARED AND HOW BROADLY. AND SO I THINK THAT WE NEED  
10 SOME LANGUAGE IN HERE THAT WOULD INSERT THE WORDS "TO  
11 THE EXTENT FEASIBLE." SO SOMETHING LIKE GRANTEE SHALL  
12 SHARE BIOMEDICAL RESEARCH MATERIALS FIRST CREATED UNDER  
13 CIRM FUNDING TO THE EXTENT FEASIBLE SOMEWHERE IN THAT  
14 SENTENCE. I GUESS IT COULD GO EARLY ON. GRANTEE SHALL  
15 SHARE, TO THE EXTENT FEASIBLE, BIOMEDICAL MATERIALS  
16 FIRST CREATED UNDER CIRM FUNDING, ETC., ETC.

17 I THINK THAT'S AN IMPORTANT THING TO HAVE IN  
18 THERE BECAUSE IF ONE MAKES A NONREGENERABLE  
19 BIOMATERIAL, UNDER CALIFORNIA STATE LAW, YOU'D BE  
20 OBLIGATED TO THEN CONSUME THAT -- POTENTIALLY CONSUME  
21 ALL THE REMAINING MATERIAL BY GIVING IT AWAY TO OTHER  
22 LABORATORIES. YOU MAY HAVE SPENT YEARS MAKING THAT,  
23 AND I DON'T THINK THAT WOULD BE FAIR TO ASK OF OUR  
24 SCIENTISTS.

25 DR. PENHOET: THAT'S NOT THE INTENT.

1                   MR. TOCHER: I WOULD JUST NOTE THAT AS TO THE  
2 FIRST CLARIFICATION ON 100303, PUBLICATION  
3 REQUIREMENTS, MOST LIKELY, DELETION OF THE WORD  
4 "ACCEPTABLE" WOULD NOT BE CONSIDERED AS A SUBSTANTIVE  
5 AMENDMENT BY THE OAL, AND, THUS, COULD PROBABLY BE  
6 ACCOMPLISHED AT THIS MEETING WITHOUT DELAYING THE  
7 REGULATION FURTHER.

8                   THE SUGGESTED AMENDMENTS THAT WERE JUST MADE  
9 TO 304, HOWEVER, ARE SUBSTANTIVE IN NATURE. AND IF  
10 ADOPTED BY THE BOARD, WE WOULD HAVE TO NOTICE THAT FOR  
11 AN ADDITIONAL 15-DAY PERIOD IN ORDER TO RECEIVE PUBLIC  
12 COMMENT ON THE AMENDMENTS. AND THEN THAT WOULD BE --  
13 WE HAVE TO BRING THAT BACK FOR THE ICOC ADOPTION. THAT  
14 WOULD PERTAIN TO ANY SUBSTANTIVE AMENDMENTS TO THE  
15 REGULATIONS.

16                  DR. PENHOET: THERE IS AN APPEAL PROCESS.

17                  DR. ROTH: JOHN, DID YOU LOOK AT THE NEXT TWO  
18 SENTENCES?

19                  DR. PENHOET: THERE IS AN EXCEPTION. YOU CAN  
20 COME TO CIRM IF IT'S AN UNREASONABLE BURDEN.

21                  DR. PRIETO: I'D LIKE TO ADDRESS JOHN'S  
22 SECOND POINT AND DAVID'S, THAT I THINK IF YOU LOOK TWO  
23 LINES DOWN, IT DOES SAY THAT UNDER SPECIAL  
24 CIRCUMSTANCES, EXCEPTIONS ARE POSSIBLE IF APPROVED BY  
25 CIRM. AND ALTERNATIVELY, AUTHORS MAY PROVIDE

1 REQUESTERS WITH INFORMATION ON HOW TO RECONSTRUCT OR  
2 OBTAIN THE MATERIAL. YOU DO NOT HAVE TO GIVE UP YOUR  
3 BIOLOGICAL MATERIAL. YOU CAN JUST TELL THE REQUESTER  
4 HOW TO DO IT THEMSELVES.

5 THEN WITH REGARD TO DAVID'S POINT, I THINK,  
6 JUST AS A GENERAL PHILOSOPHICAL POINT, THAT IF PEOPLE  
7 ARE TAKING OUR MONEY, IT'S NOT UNREASONABLE TO ASK THEM  
8 TO COORDINATE.

9 DR. HENDERSON: I JUST HAD THE SAME COMMENT,  
10 THAT I THINK THE ISSUES ABOUT THE AVAILABILITY OF  
11 MATERIAL AND ALTERNATIVE APPROACH IS ALREADY SPELLED  
12 OUT.

13 DR. PENHOET: WE WORKED HARD TO TRY TO FIND  
14 THAT.

15 DR. REED: I ACCEPT THAT THEN, SO I'LL  
16 WITHDRAW THE SUGGESTION THAT WE CHANGE THE TEXT ON PAGE  
17 10, BUT THE SUGGESTION THAT WE REMOVE THE WORD  
18 "ACCEPTABLE" ON PAGE 9 STILL STANDS. I DON'T KNOW  
19 WHETHER WE NEED ANY KIND OF PROCEDURAL ACT --

20 DR. PENHOET: WE DO. WE'LL HAVE TO HAVE A  
21 MOTION.

22 DR. REED: IT'S A MOTION, BUT I WOULD MOVE  
23 THAT WE STRIKE THAT WORD FROM THE TEXT ON PAGE 9.

24 DR. PENHOET: I GUESS THAT WOULD COME IN THE  
25 FORM OF AN AMENDMENT TO A MOTION TO APPROVE THIS, SO

1 WE'LL COME BACK TO THAT AT SOME POINT.

2 DR. MURPHY: I SHARE DAVID'S CONCERNS ABOUT  
3 NEEDING TO COORDINATE. I THINK FILLING THE CIRM IN ON  
4 WHAT'S HAPPENING, ALL OF THAT IS FINE. WE WOULD DO  
5 THAT ROUTINELY. LET'S SAY THE NEWS IS NOT GOOD; IT'S  
6 BAD NEWS, AND IT'S NEWS THAT MIGHT BE OF CONCERN TO THE  
7 SPONSORING ORGANIZATION. IF IT'S REALLY BAD NEWS, I  
8 WOULD BRING IT ALL THE WAY TO THE BOARD OF DIRECTORS  
9 AND SAY WE'VE GOT A PROBLEM. HOW DO YOU WANT TO HANDLE  
10 THIS, AND WE WOULD WORK THAT OUT, AND WE WOULD WORK  
11 THAT OUT IN THE BEST WAY FOR OUR ORGANIZATION. FOR US,  
12 THEN, TO BE ABLE TO DO THAT AND THEN GO TO THE CIRM'S  
13 PERSON WHO'S IN CHARGE OF PUBLIC RELATIONS, WHAT WOULD  
14 HE OR SHE DO? WOULD HE OR SHE MAKE THE JUDGMENT?  
15 WOULD THEY GO THE PRESIDENT? WOULD THEY GO TO THE  
16 CHAIR? IF IT'S A VERY SENSITIVE MATTER, IT SHOULD COME  
17 ALL THE WAY TO THIS BOARD.

18 AND I THINK THAT REALLY STRAINS THE  
19 RELATIONSHIP. SO I FEEL THAT CERTAINLY AS GOOD  
20 NEIGHBORS WE NEED TO KEEP CIRM INFORMED. WE HAVE TO DO  
21 ALL OF THAT, BUT I THINK WE NEED TO MAINTAIN HOME RULE  
22 ON HOW THE ORGANIZATION WOULD HANDLE THIS BECAUSE THAT  
23 REALLY IS -- TO ME IT'S OVERSTEPPING THE BOUNDS OF A  
24 FUNDING AGENCY.

25 MR. SHEEHY: I JUST DISAGREE BECAUSE, AS A

1 FUNDING AGENCY, WE HAVE A RESPONSIBILITY USING PUBLIC  
2 MONEY TO REPORT BACK TO THE PUBLIC. I'VE SEEN A RECENT  
3 EXAMPLE ON THE REPORT OF RESULTS FROM A CHROMOCYTE  
4 TRIAL WHERE TWO DIFFERENT PRESS RELEASES WENT OUT, ONE  
5 FROM THE COMPANY WHO MADE THE PRODUCT AND ONE FROM THE  
6 ENTITY THAT CONDUCTED THE TRIAL. AND THERE WAS SOME  
7 MARKED DIFFERENCES. THAT'S OKAY.

8 THOSE PEOPLE HAVE DIFFERENT INTERESTS, AND  
9 OUR INTEREST IS THE PEOPLE OF STATE OF CALIFORNIA WHO  
10 ARE PROVIDING THE MONEY. AND WE SHOULD BE INFORMED, WE  
11 SHOULD KNOW WHEN YOU'RE GOING TO DO YOUR RELEASE. IF  
12 WE HAVE A DIFFERENT VIEW OF THAT SITUATION, WE SHOULD  
13 NOT BE CAUGHT FLAT-FOOTED ON MONDAY MORNING WHEN  
14 SOMETHING HITS AND WE DON'T EVEN KNOW, AND OUR  
15 PRESIDENT IS GETTING A CALL AND ASKED WHAT DO YOU  
16 THINK. AND YOU'VE KIND OF SPUN IT, AND THAT'S NOT FAIR  
17 TO US.

18 DR. MURPHY: JEFF, I'M NOT SAYING THAT YOU  
19 SHOULDN'T BE INFORMED. WHAT I'M SAYING IS YOU SHOULD  
20 NOT BE IN A POSITION TO SPIN WHATEVER INFORMATION IT IS  
21 IN A DIFFERENT MANNER FROM OUR INSTITUTION. THAT IS AN  
22 INSTITUTIONAL RESPONSIBILITY TO PRESENT THAT IN THE  
23 LIGHT THAT THEY FEEL IS BEST. YOU SHOULD BE INFORMED.  
24 YOU SHOULD HAVE THE ABILITY TO RESPOND AT WHATEVER  
25 LEVEL AND WHATEVER TIMEFRAME YOU WANT, BUT YOU SHOULD

1 NOT BE IN A POSITION TO RESTRICT OUR INSTITUTION FROM  
2 EXPRESSING ITSELF IN THE BEST WAY THAT THE INSTITUTION  
3 AND ITS BOARD FEELS SHOULD BE DONE.

4 MR. SHEEHY: THIS WOULDN'T DO THAT. IT WOULD  
5 JUST REQUIRE COORDINATION SO THAT WHATEVER STATEMENTS  
6 WE WOULD WANT TO MAKE WOULD BE THOSE STATEMENTS  
7 APPROPRIATE FOR OUR ROLE IN THIS PROCESS.

8 DR. MURPHY: YOU CAN MAKE WHATEVER STATEMENT  
9 YOU WANT. CIRM CAN MAKE WHATEVER STATEMENT IT WANTS.  
10 IT SHOULD NOT TIE THE HAND OF MY INSTITUTION.

11 MR. SHEEHY: THERE'S NOTHING IN THIS --

12 DR. MURPHY: IT DOES SAY COORDINATE. IT DOES  
13 SAY COORDINATION.

14 MR. SHEEHY: WITHOUT COORDINATION, THEN YOU  
15 REALLY DON'T HAVE TO INVOLVE US IN THIS PROCESS, AND  
16 YOU CAN DO THE WHOLE THING, AND THEN WE REALLY DON'T  
17 HAVE A CHANCE TO DO ANYTHING BUT REACT, WHICH IS NOT  
18 FAIR TO US.

19 DR. PRIETO: THIS SAYS COORDINATE. IT DOES  
20 NOT SAY VETO. I DON'T THINK THIS GIVES THE CIRM  
21 AUTHORITY TO STOP YOUR INSTITUTION FROM ISSUING ITS  
22 PRESS RELEASE, BUT IT ALLOWS US TO ISSUE A SEPARATE ONE  
23 IF WE WANT, TO ASK YOU TO ISSUE A JOINT ONE WITH US. I  
24 DON'T THINK EVERY ISSUE OR, IN FACT, PROBABLY ANY ISSUE  
25 WOULD ACTUALLY BE SO EARTH SHAKING THAT THEY WOULD COME

1 BACK TO THE BOARD. I THINK THIS WOULD BE DEALT WITH BY  
2 OUR COMMUNICATIONS OFFICER AND OUR PRESIDENT.

3 DR. KESSLER: YOU COULD, IF YOU WANTED, TO  
4 LEAVE WE WILL COORDINATE, AND ADD A PARENTHETICAL, BUT  
5 WILL NOT RESTRICT THE DISSEMINATION OF THE PRESS  
6 RELEASE. IF YOU REALLY WANT TO CLARIFY THAT THERE'S NO  
7 APPROVAL HERE, THAT IT IS ONE OF NOTIFICATION AND  
8 WORKING WITH, COORDINATING WITH, BUT NOT RESTRICTING  
9 THAT. I THINK THAT'S PROBABLY MY SENSE OF THE INTENT  
10 HERE.

11 DR. PENHOET: OKAY.

12 DR. LOVE: I THINK HE'S SAYING THE SAME  
13 THING, BUT I WAS JUST GOING TO RAISE THE ISSUE IF WE  
14 MODIFY THE SENTENCE TO SAY IF ANY EVENT THAT THE CIRM  
15 AND THE GRANTEE WITH RESPECT TO JOINT PRESS RELEASE --

16 THE REPORTER: I'M SORRY, DR. LOVE. I CAN'T  
17 HEAR YOU. WILL YOU USE THE MICROPHONE?

18 DR. LOVE: I WAS SIMPLY RAISING THE ISSUE OF  
19 WHETHER OR NOT IT WOULD BE A CHANGE THAT WOULD HAVE TO  
20 GO THROUGH THE PROCESS IF WE TRIED TO MODIFY THE  
21 SENTENCE TO SIMPLY SAY IN THE EVENT THAT THE CIRM AND  
22 THE GRANTEE WISH TO PARTICIPATE IN A JOINT PRESS  
23 RELEASE. SO IT WOULD BE A MUTUAL DECISION AS OPPOSED  
24 TO AN IMPOSITION. BE CLEAR THAT IT'S A MUTUAL  
25 DECISION.



1 DR. PENHOET: I THINK, THOUGH, TED, YOU CAN  
2 ALWAYS DECIDE TO DO THAT IN ANY FRAMEWORK. I'M NOT  
3 SURE WE HAVE TO SPECIFY THAT HERE, BUT IT'S A GOOD  
4 THOUGHT.

5 MS. FEIT: I THINK WE'RE ALL THINKING OF IN A  
6 WORST-CASE SCENARIO WHAT WOULD HAPPEN. AND IN A  
7 WORST-CASE SCENARIO, THIS BOARD MIGHT WANT TO MEET  
8 BEFORE ANY PRESS RELEASE IS MADE. AND THAT TO ME IS  
9 WHAT COORDINATE IS. IF YOU WERE TO CALL US AND SAY  
10 SOMETHING NOT GOOD HAPPENED IN OUR LAB AND IT'S GOING  
11 TO HIT THE PRESS AND IT'S GOING TO NOT BE PRETTY. IT  
12 MAY BE SERIOUS ENOUGH THAT THIS BOARD MAY WANT TO MEET  
13 BEFORE WE GO FORWARD. TO ME THAT'S WHAT COORDINATION  
14 IS. IT'S NOT STOPPING YOUR INSTITUTION FROM GOING  
15 FORWARD AND TAKING RESPONSIBILITY. BELIEVE ME, THAT'S  
16 WHAT WE'D WANT YOU TO DO. BUT I THINK I CAN THINK OF A  
17 WORST-CASE SCENARIO, LIKE YOUR KOREAN SCIENTIST, WHERE  
18 I THINK IF IT WAS A CIRM-FUNDED PROGRAM, THAT THIS  
19 BOARD MIGHT WANT TO MEET AND TALK ABOUT IT.

20 DR. MURPHY: BUT, MARCY, THOSE THINGS DON'T  
21 HAPPEN OVER A PERIOD OF WEEKS AND MONTHS. THEY HAPPEN  
22 OVER OF A PERIOD OF HOURS, AND IT JUST IS NOT POSSIBLE  
23 TO DO THAT.

24 DR. PENHOET: WE HAVE A SUGGESTION BY  
25 DR. KESSLER. I'M ASKING SCOTT WHETHER DR. KESSLER'S

1 SUGGESTION WOULD BE SEEN AS A MATERIAL CHANGE? HIS  
2 SUGGESTION WOULD BE TO LEAVE THE LANGUAGE PRETTY MUCH  
3 AS IS, BUT ADD A PARENTHETICAL PHRASE THAT SAYS WILL  
4 NOT RESTRICT THE ABILITY OF THE GRANTEE TO MAKE A PRESS  
5 RELEASE. THE PRIMARY INTENT OF THIS WAS TO INFORM AND  
6 TO HAVE A SPIRIT OF COLLABORATION.

7 MR. TOCHER: RIGHT. I THINK THAT THE CASE  
8 COULD BE MADE TO THE OAL THAT COORDINATE WAS NEVER  
9 INTENDED TO BE A VETO POWER OF THE ICOC OVER A PRESS  
10 RELEASE, AND THAT TO ENSURE THAT THAT INTENT IS  
11 CLARIFIED, THAT THE FOLLOWING LANGUAGE WAS PROPOSED.  
12 THAT WOULD CERTAINLY BE THE CASE THAT WOULD BE MADE.

13 I CAN'T PREJUDGE WHAT OAL WOULD SAY. IT  
14 WOULD BE UP TO THEM TO DECIDE, BUT I THINK THAT WE HAVE  
15 A FAIRLY STRONG CASE TO MAKE.

16 DR. STEWARD: JUST A COMMENT. I THINK WE  
17 OUGHT TO TAKE THE TIME TO GET IT RIGHT EVEN IF IT  
18 REQUIRES ANOTHER PERIOD OF PUBLIC COMMENT. ON  
19 SOMETHING LIKE THIS, I THINK THERE'S A STRONG ENOUGH  
20 CONCERN THAT WE SHOULD DO IT RIGHT.

21 DR. PENHOET: WELL, YOU KNOW, WITH ALL DUE  
22 RESPECT, DOING IT RIGHT MAY END UP BEING A MATTER OF A  
23 VOTE BECAUSE I'M NOT SURE THERE'S A RIGHT ANSWER TO  
24 THIS QUESTION. I THINK WE'VE GOT DISPARATE POINTS OF  
25 VIEW, PUBLIC'S RIGHT TO KNOW, ETC., THE INSTITUTION'S

1 RIGHT TO CONTROL THEIR OWN PRESS. I'M NOT SURE THERE  
2 IS A RIGHT ANSWER. THIS IS A -- I THINK IT'S ONE OF  
3 THOSE KINDS OF QUESTIONS WHERE THERE WON'T BE A  
4 CONSENSUS OR NOT ANSWER.

5 I PERSONALLY BELIEVE THAT DR. KESSLER'S  
6 AMENDMENT SHOULD SATISFY THE PRIMARY CONCERNS OF MOST  
7 OF THE GRANTEES, WHICH SAYS THAT CIRM WILL NOT RESTRICT  
8 THEM AND WILL NOT CENSOR IN ANY WAY THEIR PRESS  
9 RELEASES, BUT DOES REQUIRE CIRM TO BE INFORMED AND  
10 PROVIDES AN OPPORTUNITY FOR COLLABORATION.

11 DR. BALTIMORE: I DON'T SEE WHY WE CAN'T JUST  
12 STRIKE THE LAST SENTENCE THAT SAYS IN THE EVENT THAT  
13 THE CIRM WISHES TO PARTICIPATE IN A JOINT PRESS RELEASE  
14 WITH THE GRANTEE. THAT IS ONE EVENT. WE ARE TALKING  
15 ACTUALLY ABOUT A LOT OF OTHER EVENTS IN WHICH CIRM  
16 WANTS TO HAVE SOME INFLUENCE OVER THE PRESS RELEASE. I  
17 DON'T THINK THAT'S APPROPRIATE, AND SO I WOULD LIKE TO  
18 MOVE THAT WE STRIKE THAT LAST SENTENCE AND LEAVE IT AS  
19 A NOTIFICATION. AND THAT'S FINE BECAUSE A NOTIFICATION  
20 MERELY MEANS THAT IF YOU'RE GOING TO SEND OUT A PRESS  
21 RELEASE, YOU NOTIFY THEM THAT THE PRESS RELEASE IS  
22 GOING TO GO OUT. AND THAT'S AN APPROPRIATE THING TO  
23 DO.

24 DR. PENHOET: WE HAVEN'T HAD A MOTION YET TO  
25 APPROVE THIS, BUT WE DO HAVE AN AMENDMENT PROPOSED. WE

1 HAVE TWO AMENDMENTS PROPOSED AT THIS TIME. ON -- WELL,  
2 MAYBE THREE. ONE IS IN ORDER OF MINIMAL CHANGE WOULD  
3 BE TO INCLUDE LANGUAGE SUGGESTED BY DR. KESSLER. NEXT  
4 STEP UP WOULD BE TO DELETE THE SENTENCE ABOUT  
5 COLLABORATION. THE THIRD OBVIOUSLY WOULD BE TO LEAVE  
6 THE REGULATION AS IT IS. AND THEN WE HAVE DR. REED'S  
7 SUGGESTION THAT WE DELETE THE WORD "ACCEPTABLE" AS A  
8 SEPARATE AMENDMENT ON THE DESCRIPTION OF  
9 ACKNOWLEDGEMENT.

10 SO I GUESS IF WE COULD HAVE A MOTION ON  
11 THE -- A MOTION TO APPROVE THESE REGULATIONS AS STATED  
12 WITH THE AMENDMENTS. WE CAN THEN VOTE ON THE  
13 AMENDMENTS IN ORDER.

14 CHAIRMAN KLEIN: I THINK IT NEEDS -- YOU NEED  
15 TO CLARIFY, IF I CAN PROVIDE SOME SUGGESTION, THAT IF  
16 THE MAKER OF THE INITIAL MOTION HAS ACCEPTED  
17 DR. KESSLER'S AMENDMENT, THEN YOU HAVE AN INITIAL  
18 MOTION THAT HAS BEEN AMENDED WITH THAT LANGUAGE BY  
19 CONSENT, BUT YOU STILL HAVE TO FIRST, THEN, IF DR.  
20 BALTIMORE IS MAKING A SEPARATE MOTION, YOU WOULD HAVE  
21 TO VOTE ON DR. BALTIMORE'S MOTION FIRST. COUNSEL, IS  
22 THAT CORRECT?

23 MR. HARRISON: THE PROBLEM IS WE HAVEN'T HAD  
24 AN INITIAL MOTION.

25 DR. PENHOET: WE HAVEN'T HAD A MOTION.

1                   CHAIRMAN KLEIN: I'M TRYING TO TRACK IT, BUT  
2 IF --

3                   MR. HARRISON: THAT WOULD BE ONE WAY TO  
4 APPROACH IT, YES.

5                   CHAIRMAN KLEIN: SO THE QUESTION, I THINK, IS  
6 IF DR. BALTIMORE IS MAKING A FORMAL MOTION AND IF  
7 THERE'S A SECOND, THEN YOU ARE GOING TO VOTE ON THAT  
8 FIRST IN ANY CASE.

9                   DR. PENHOET: IS THAT A MOTION, DR.  
10 BALTIMORE?

11                  DR. BALTIMORE: YES.

12                  DR. MURPHY: SECOND.

13                  DR. HENDERSON: I SECOND IT.

14                  DR. LOVE: A SIMPLE QUESTION FOR SCOTT.  
15 WHICH OF THESE APPROACHES DO YOU THINK IS MOST LIKELY  
16 TO BE ACCEPTABLE TO THE OAL IN TERMS OF REVIEW, THE  
17 DELETION OF THE SENTENCE OR THE ADDITION OF THE  
18 PARENTHETICAL COMMENT?

19                  MR. TOCHER: IT'S NOT SO MUCH WHICH WOULD BE  
20 MOST ACCEPTABLE AS TO WHICH PROCEDURE WOULD BE FOLLOWED  
21 IN ORDER TO OBTAIN THE APPROVAL. IN DR. KESSLER'S  
22 INSTANCE, I THINK THAT THAT COULD BE ACCOMPLISHED  
23 WITHOUT A FURTHER PUBLIC 15-DAY RENOTICE PERIOD FOR  
24 ADDITIONAL PUBLIC COMMENT.

25                  THE OTHER MOTION WHICH WOULD DELETE THE

1 SECOND OR THE LAST SENTENCE ON LINE 6 AND 7 WOULD BE A  
2 SUBSTANTIVE AMENDMENT THAT WOULD NEED TO BE REPOSTED  
3 PUBLICLY FOR AN ADDITIONAL 15-DAY COMMENT PERIOD. IF  
4 THAT ANSWERS YOUR QUESTION.

5 DR. BALTIMORE: AS FAR AS I'M CONCERNED, SO  
6 BE IT.

7 MR. SERRANO-SEWELL: IF I MAY SPEAK TO DR.  
8 BALTIMORE'S MOTION, I UNDERSTAND WANTING TO STRIKE IT.  
9 OKAY. I ALSO AGREE WITH DR. PENHOET. REASONABLE MINDS  
10 ARE GOING TO DIFFER ON THIS ISSUE. BUT IF IT'S  
11 STRICTLY GOING BE -- SHOULD IT PASS, IF IT'S JUST GOING  
12 TO BE A NOTIFICATION QUESTION, THEN I WOULD LIKE TO  
13 SEE, AND IT'S GOING TO BE A MATERIAL CHANGE WHICH IS  
14 GOING TO REQUIRE ANOTHER NOTICE PROCESS, THEN I WOULD  
15 LIKE TO SEE SOME CLARITY ON THE NOTIFICATION BECAUSE  
16 THE INSTITUTION CAN CALL OUR COMMUNICATIONS OFFICER AND  
17 SAY, "HEADS UP. I'M SENDING OUT A PRESS RELEASE. I'VE  
18 NOTIFIED YOU. I'M PRESSING THE ENTER BUTTON," WHICH TO  
19 ME IS UNACCEPTABLE.

20 SO WE'VE GOT TO HAVE SOME -- WE'VE GOT TO  
21 DEFINE NOTIFY. I'M SORRY WE'VE GOT TO DEFINE IT, 48  
22 HOURS IN ADVANCE, 24 HOURS IN ADVANCE. THERE HAS TO BE  
23 SOME GUIDELINES, I THINK, FOR OUR GRANTEES TO KNOW WHAT  
24 NOTIFICATION MEANS. IF WE'RE GOING TO KEEP THIS ON A  
25 NOTIFICATION BASIS, OKAY, FINE, WHATEVER. THEN GIVE

1 SOME DIRECTION TO THE GRANTOR AND THE GRANTEE SO WE  
2 KNOW WHAT NOTIFY IS BECAUSE YOU'RE STRIKING OUT THE  
3 LAST SENTENCE WHERE IT TALKED ABOUT -- THIS FIRST  
4 SENTENCE STILL STANDS ABOUT THE COMMUNICATIONS OFFICER  
5 AND THE SCIENTIFIC OFFICER, SO THAT'S GOOD.

6 DR. BALTIMORE, NOTIFICATIONWISE, WHAT WOULD  
7 BE -- IF YOU THINK MY ISSUE IS A NONISSUE, THEN FINE.  
8 BUT WE'VE GOT TO ADDRESS IT IN SOME WAY.

9 DR. BALTIMORE: LET ME JUST PUT A LITTLE  
10 COLOR ON WHAT DR. MURPHY HAD SAID. IN THE REAL WORLD,  
11 PERIODICALLY SOMEBODY AT YOUR INSTITUTION, AT OUR  
12 INSTITUTION, MAY CALL THE PRESS AND SAY, "I SEE  
13 SOMETHING TERRIBLE GOING ON IN THESE LABS. I WANT TO  
14 TELL YOU ABOUT IT, SO YOU CAN REPORT IT." AND A GOOD  
15 REPORTER, MOST REPORTERS, WOULD THEN CALL THE  
16 INSTITUTION AND SAY, "WE'VE HEARD THIS AND WE'RE GOING  
17 TO REPORT ON IT BECAUSE WE'VE HEARD ABOUT IT FROM A  
18 REPUTABLE SOURCE WHO'S WILLING TO BE NAMED, BUT WE  
19 WOULD LIKE YOUR REACTION."

20 AND THE INSTITUTION WILL THEN APPROPRIATELY  
21 PUT OUT A PRESS RELEASE SAYING WE'VE LOOKED INTO THESE  
22 ALLEGATIONS. WE DON'T BELIEVE, WE DO BELIEVE,  
23 WHATEVER. A 24-HOUR PERIOD DOES NOT EXIST TO PUT OUT  
24 THAT PRESS RELEASE. YOU'VE GOT ABOUT 20 MINUTES TO PUT  
25 OUT A PRESS RELEASE.

1                   NOW, ANY NOTIFICATION, AND IF IT DEALS WITH  
2                   CIRM-FUNDED RESEARCH, YOU ARE IN A POSITION WHERE YOU  
3                   EITHER CAN'T PUT OUT A PRESS RELEASE BECAUSE YOU'RE  
4                   VIOLATING STATE LAW, OR YOU ARE GOING TO HAVE TO DO IT  
5                   IN A LOT LESS THAN 24 HOURS.

6                   DR. KESSLER: WE'RE REALLY ARGUING -- THE  
7                   PUBLIC AFFAIRS FOLKS WILL TELL YOU THAT YOU DON'T  
8                   HANDLE THIS STUFF BY PRESS RELEASES. THEY PUT OUT A  
9                   STATEMENT, YOU'LL TALK TO REPORTERS, WE'RE GOING INTO A  
10                  TO LEVEL --

11                  DR. BALTIMORE: A STATEMENT IS NOT A PRESS  
12                  RELEASE?

13                  MR. SHEEHY: NO. IT'S A MEDIA ADVISORY.

14                  DR. KESSLER: IF YOU WANT TO START PARSING  
15                  LANGUAGE --

16                  DR. BALTIMORE: THERE'S ACTUALLY LANGUAGE  
17                  HERE THAT NEEDS DEFINITION.

18                  DR. KESSLER: THAT'S EXACTLY CORRECT. WE'RE  
19                  SPENDING AN ENORMOUS AMOUNT OF TIME. IN THE END THESE  
20                  KIND OF SITUATIONS, YOU'RE GOING TO GETS CALLS FROM THE  
21                  *NEW YORK TIMES*. YOU ARE GOING TO HANDLE IT IN A LOT OF  
22                  DIFFERENT WAYS. I THINK THERE'S A SPIRIT OF NOTIFYING  
23                  IN HERE, AND THERE'S A SPIRIT OF TRYING TO WORK WITH ON  
24                  ROUTINE STUFF, BUT I THINK GOING INTO THE KIND OF  
25                  DETAIL WE'RE GOING INTO --



1 DR. BALTIMORE: LOOK, WHY AM I WORRIED ABOUT  
2 THIS? I'M WORRIED ABOUT THIS BECAUSE I THINK THIS IS  
3 AN INAPPROPRIATE TRANSGRESSION OF THE INDEPENDENCE OF  
4 AN INSTITUTION. AND I THINK YOU SHOULD BE AS WORRIED  
5 ABOUT IS AS I AM.

6 MR. SHEEHY: DR. BALTIMORE, I'M WILLING TO  
7 TAKE YOUR POINT. IF YOU FEEL STRONGLY AND THIS IMPACTS  
8 YOU, LET'S JUST TAKE IT OUT. I THINK WE SHOULD STOP  
9 DEBATING IT. I DON'T THINK THIS IS A BIG ISSUE. FROM  
10 THE PERSPECTIVE OF SOMEBODY WHO WORKS ON THIS, THESE  
11 PROCESSES ARE NOT HOSTILE. IF YOU FIND THIS  
12 THREATENING, I AM WILLING -- I SECOND YOUR MOTION. I  
13 WANT TO VOTE. LET'S VOTE. THIS IS TOO MUCH TIME TO  
14 DEAL ON THIS. AND IF PEOPLE HAVE CONCERNS, THERE'S NO  
15 NEED TO ARGUE ABOUT IT. THESE THINGS AT THE  
16 OPERATIONAL LEVEL GENERALLY ARE NOT HOSTILE, AND, IN  
17 FACT, WE'RE IMPOSING A HOSTILE OVERLAY ON SOMETHING  
18 THAT I HOPE THAT NEVER HAPPENS IN RELATIONSHIPS BETWEEN  
19 CIRM AND ITS GRANTEEES.

20 THE NOTIFICATION IS KEY. THAT'S IN THERE.  
21 THAT'S WHAT WE NEED. LET'S MOVE ON, PERSONALLY. I'M  
22 HAPPY TO TAKE YOUR AMENDMENT.

23 DR. PRIETO: CAN I MAKE A MOTION THAT WE  
24 ACCEPT THE ORIGINAL REGULATIONS WITH DR. KESSLER'S  
25 PARENTHETICAL COMMENT?

1 DR. PENHOET: WE HAVE A MOTION ON THE TABLE.

2 DR. KESSLER: I THINK YOU WANT TO VOTE ON  
3 DAVID'S FIRST. AND THEN IF NOT, THEN YOU CAN VOTE ON  
4 THE --

5 DR. AZZIZ: QUESTION FOR SCOTT. WE'RE ABOUT  
6 TO VOTE ON DR. BALTIMORE'S MOTION. DO YOU HAVE ANY  
7 MAJOR OBJECTION TO THAT MOTION? DO YOU SEE ANY  
8 OPERATIONAL DIFFICULTY?

9 MR. TOCHER: FROM THE PERSPECTIVE OF WORKING  
10 WITH THE OAL, I DO NOT.

11 DR. AZZIZ: THANK YOU.

12 DR. PENHOET: OKAY. IT'S BEEN MOVED AND  
13 SECONDED THAT WE DELETE THE SECOND SENTENCE WHICH  
14 REFERS TO COLLABORATION, ETC, AND JUST RELY ON THE  
15 INFORMED PART OF THIS DOCUMENT. SO THE MOTION HAS BEEN  
16 MADE AND SECONDED. CALL THE VOTE. ALL IN FAVOR?  
17 OPPOSED? I'M SORRY. PUBLIC COMMENT.

18 MR. SIMPSON: NO COMMENT. IT'S RIDICULOUS.

19 DR. PENHOET: OKAY. IT'S BEEN MOVED,  
20 SECONDED. DO WE HAVE ANY NAY VOTES?

21 CHAIRMAN KLEIN: YOU NEED TO CALL THE VOTE  
22 AGAIN.

23 DR. PENHOET: CALL THE VOTE AGAIN. THERE  
24 WERE NO PUBLIC COMMENTS. THERE WAS A PUBLIC COMMENT,  
25 BUT IT WAS, WHAT SHALL I SAY? OKAY. SO ALL IN FAVOR?

1 MS. SAMUELSON: COULD YOU RESTATE WHAT THE  
2 MOTION IS?

3 DR. PENHOET: WELL, I ASSUME WE'RE ALL IN  
4 AGREEMENT ABOUT REMOVING THE WORD "ACCEPTABLE" FROM THE  
5 DESCRIPTION, SO THAT SHOULD BE INCORPORATED. IF YOU  
6 WOULDN'T MIND INCORPORATING THAT INTO YOUR AMENDMENT,  
7 DAVID.

8 DR. BALTIMORE: I DON'T THINK YOU SHOULD.  
9 LEAVE IT A SEPARATE ISSUE.

10 DR. PENHOET: WE'RE VOTING ON --

11 DR. BALTIMORE: THERE'S NOT TOTAL AGREEMENT  
12 ON THE MOTION.

13 DR. PENHOET: WE'RE VOTING AGAIN ON THE  
14 BALTIMORE MOTION. ALL IN FAVOR? OPPOSED?

15 DR. PRIETO: NAY.

16 DR. THAL: OPPOSED.

17 DR. PENHOET: THE MOTION CARRIES WITH TWO NAY  
18 VOTES.

19 THE SECOND MOTION IS TO DELETE THE WORD  
20 "ACCEPTABLE" FROM THE DESCRIPTION OF A -- THAT WAS AN  
21 AMENDMENT. SECOND AMENDMENT PROPOSED BY DR. REED IS TO  
22 REMOVE THE WORD "ACCEPTABLE" FROM THE DESCRIPTION OF AN  
23 ACKNOWLEDGEMENT. IS THERE A SECOND?

24 DR. WRIGHT: SECOND.

25 DR. PENHOET: ALL IN FAVOR? ANYONE OPPOSED?

1 PUBLIC COMMENT ON THE SECOND ONE? OKAY. THANK YOU.

2 MR. HARRISON: JUST TO CLARIFY FOR THE  
3 RECORD, THE FIRST MOTION PASSED, I BELIEVE, WITH FOUR  
4 NAY VOTES AND THE SECOND MOTION PASSED UNANIMOUSLY.

5 CHAIRMAN KLEIN: FOR THE RECORD, WHY DON'T  
6 YOU STATE THERE WAS NO PUBLIC COMMENT.

7 DR. PENHOET: AND THERE WAS NO PUBLIC  
8 COMMENT.

9 AND THEN, LET'S SEE. JUST FOR YOUR  
10 INFORMATION, THE PART OF THE NONPROFIT REGULATIONS THAT  
11 WE HAVE BEEN DISCUSSING, WHICH IS NOT BEING PUT FORWARD  
12 TO OAL TODAY, SUBJECT TO FURTHER WORK, SURROUNDS THE  
13 DEFINITION OF THE MEDICAID PRICE. WE HAVE GONE BACK  
14 AND FORTH ON THIS ISSUE MANY TIMES.

15 DR. BALTIMORE: ON WHAT?

16 DR. PENHOET: THE MEDICAID PRICE. THIS IS  
17 THE PRICE AT WHICH COMPANIES WHO LICENSE TECHNOLOGY ARE  
18 OBLIGATED TO PROVIDE TO AGENCIES IN CALIFORNIA THAT ARE  
19 FUNDED WITH PUBLIC FUNDS. THIS IS A DIFFICULT ISSUE.  
20 WE'VE BEEN GOING BACK AND FORTH. MANY DIFFERENT GROUPS  
21 HAVE DIFFERENT IDEAS OF HOW THIS SHOULD WORK. FOR YOUR  
22 INFORMATION, WHAT WE'RE VERY HARD TO DO IS FIND A PRICE  
23 WHICH IS ACCEPTABLE AS A MEDICAID PRICE, BUT IT TURNS  
24 OUT THAT'S A VERY COMPLICATED ISSUE TO DEFINE. THE  
25 INTENT HERE IS NOT SET OFF A NATIONAL RACE TO THE ZERO

1 PRICE BECAUSE OF ALL THE AGREEMENTS IN PLACE ALREADY BY  
2 VARIOUS DIFFERENT GOVERNMENTS, WHICH GUARANTEES MOST  
3 FAVORED NATION PRICING.

4 ZACH AND I WERE BOTH IN A MEETING IN  
5 WASHINGTON YESTERDAY, DAY BEFORE YESTERDAY. DONNA  
6 SHALALA CHAIRED A PANEL, AND THIS IS ONE HER BIGGEST  
7 NIGHTMARES ABOUT STATES ALL MOVING FORWARD, THAT EACH  
8 STATE WOULD HAVE A DIFFERENT PRICING POLICY FOR THE  
9 PROGRAMS THAT THEY SUPPORT, AND IT WOULD BE CHAOS  
10 NATIONALLY. SO THIS TURNS OUT TO BE AN EXTREMELY  
11 IMPORTANT ISSUE, ONE WE THOUGHT WAS RATHER SIMPLE TO  
12 BEGIN WITH. SCOTT HAS DONE A LOT OF WORK ON THIS  
13 ISSUE, AND I THINK WE STILL HAVEN'T GOTTEN A FINAL  
14 RESOLUTION ON THE PROBLEM. I DON'T KNOW IF YOU WANT TO  
15 SAY MORE ABOUT THAT, SCOTT.

16 MR. TOCHER: ACTUALLY IT WAS JUST A  
17 HOUSEKEEPING MATTER, JUST TO MAKE SURE THAT, BEFORE WE  
18 MOVE AWAY FROM THE ITEM, THAT WE MAKE SURE THAT THERE'S  
19 A MOTION TO ADOPT THE REGULATIONS 300 TO 305, 308 AND  
20 310.

21 DR. BALTIMORE: I'LL MAKE THAT MOTION.

22 CHAIRMAN KLEIN: SECOND.

23 DR. PENHOET: OKAY.

24 DR. BALTIMORE: BUT I WOULD LIKE TO RAISE ONE  
25 MORE QUESTION. I DON'T KNOW WHETHER YOU WANT TO

1 CONTINUE YOUR DISCUSSION OF THE PRICING BEFORE I DO.

2 DR. PENHOET: I JUST SAID WE'RE NOT READY TO  
3 ASK FOR YOUR APPROVAL OF THE PRICING. WE CAN'T DEFINE  
4 LOWEST MEDICAID PRICE YET.

5 DR. BALTIMORE: THE MARCH-IN RIGHTS SAYS THAT  
6 WITH REGARD TO CIRM-FUNDED PATENTED INVENTIONS, CIRM  
7 SHALL HAVE THE RIGHT TO REQUIRE THE GRANTEE  
8 ORGANIZATION ON AND ON. NOW, THERE'S A LOT OF VERBIAGE  
9 BELOW THAT, BUT IT SOUNDS LIKE CIRM HAS THE RIGHT TO  
10 DICTATE TO THE INSTITUTION HOW IT LICENSES A GIVEN  
11 PATENT. AND IF IT DISAGREES WITH THE DECISION OF THE  
12 INSTITUTION, LET US SAY TO MAKE AN EXCLUSIVE LICENSE,  
13 AND WOULD RATHER HAVE A NONEXCLUSIVE LICENSE, THAT IT  
14 IS ENTITLED TO GIVE A NONEXCLUSIVE LICENSE.

15 DR. PENHOET: I DON'T BELIEVE THAT WAS IN THE  
16 INTENT, DAVID. AND I'VE NEVER READ IT THAT WAY MYSELF.

17 DR. BALTIMORE: SHOW ME WHY I'M WRONG.

18 DR. PENHOET: THERE IS LANGUAGE, IF YOU CAN  
19 REMIND WHICH PAGE YOU'RE ON.

20 DR. BALTIMORE: 15.

21 DR. PENHOET: SOMEHOW I DON'T HAVE THAT  
22 DOCUMENT. CAN YOU READ IT, MARY? THANK YOU.

23 DR. BALTIMORE: AT THE BOTTOM OF IT IN THE B  
24 SECTION, IT SAYS THAT CIRM WILL NOT EXERCISE ITS RIGHTS  
25 DESCRIBED ABOVE IF THE GRANTEE OR LICENSEE TAKES

1 DILIGENT ACTION PROMPTLY TO CURE THE DEFICIENCY, AND  
2 SUCH DEFICIENCY IS CURED SOONER THAN ONE YEAR. THAT  
3 MEANS THAT YOU HAVE TO DO WHAT YOU'VE BEEN TOLD TO DO;  
4 AND IF YOU DO IT, THEY WON'T TAKE ACTION.

5 DR. PENHOET: BUT THIS IS A MARCH-IN RIGHT.  
6 IT'S NOT UP FRONT. FIRST OF ALL, IT DOESN'T SAY HOW  
7 YOU CONSTRUCT THE LICENSES. IT SAYS IF THE LICENSEES  
8 FAIL TO PERFORM IN ANY OF THESE WAYS, THEN CIRM CAN  
9 COME IN. SO THIS IS FAIRLY TYPICAL. IT'S PRESENT IN A  
10 LOT OF, YOU KNOW, FEDERAL LANGUAGE, ETC.

11 DR. BALTIMORE: IT IS NOT.

12 DR. PENHOET: THERE ARE VERY SPECIFIC  
13 CRITERIA.

14 DR. BALTIMORE: IT'S NOT PRESENT IN FEDERAL  
15 LANGUAGE TO MY KNOWLEDGE.

16 DR. PENHOET: I BELIEVE MUCH OF IT IS.

17 DR. BALTIMORE: FEDERAL LANGUAGE, THERE'S A  
18 MARCH-IN RIGHT ONLY FOR MAKING THINGS AVAILABLE TO  
19 FEDERAL INSTITUTIONS, TO THE FEDERAL GOVERNMENT.

20 DR. PENHOET: I DON'T THINK THAT'S THE CASE,  
21 DAVID.

22 DR. HALL: TWO THINGS. ONE IS PUBLIC SAFETY.  
23 AND THE SECOND, AS I RECALL, IS FAILURE TO DEVELOP.  
24 THAT HAS NEVER BEEN EXERCISED OR MAYBE IN ONE OR TWO  
25 CASES AT MOST. ALMOST NEVER EXERCISED.

1 DR. BALTIMORE: WELL, THE FACT THAT IT'S  
2 NEVER EXERCISED DOESN'T MEAN THAT IT HASN'T BEEN OF  
3 ENORMOUS CONCERN.

4 DR. HALL: NO. BUT IT SAYS FAILURE TO  
5 DEVELOP.

6 DR. PENHOET: SO THERE ARE TWO LEVELS. THESE  
7 ARE VERY SPECIFIC CRITERIA THAT WE DISCUSSED IN EXTENSO  
8 IN ALL OF OUR MEETINGS, FRANKLY. AND IN ADDITION TO  
9 THAT, WE DID INCORPORATE A CURE PERIOD SO THAT WE  
10 COULDN'T BE ARBITRARY ABOUT THIS. THIS LANGUAGE HAS  
11 BEEN VERY HEAVILY DISCUSSED THROUGHOUT, AND THERE  
12 ARE -- IT MIRRORS, NOT EVERY DETAIL, BUT IN ITS OVERALL  
13 INTENT MUCH OF WHAT YOU SEE IN OTHER ORGANIZATIONS.

14 DR. MAXON: IF I COULD OFFER A POINT OF  
15 CLARIFICATION. ON FEBRUARY 10TH THE ICOC PASSED THE  
16 NONPROFIT POLICY. AND THE FOLLOWING LANGUAGE IS IN  
17 THAT POLICY THAT WAS PASSED. UNDER REQUIREMENTS FOR  
18 LICENSING OF CIRM-FUNDED PATENTED INVENTIONS, GRANTEE  
19 ORGANIZATIONS SHALL ASSUME RESPONSIBILITY FOR LICENSING  
20 ACTIVITIES, INCLUDING IDENTIFICATION OF POTENTIAL  
21 LICENSEES, NEGOTIATION OF LICENSE AGREEMENTS, AND  
22 DOCUMENTATION OF DEVELOPMENT PROGRESS FOR LICENSES  
23 RELATING TO CIRM-FUNDED PATENTED INVENTIONS. ALL THOSE  
24 RESPONSIBILITIES BELONG WITH THE GRANTEE.

25 DR. BALTIMORE: SO WHAT ARE THE CRITERIA FOR



1 BEING ABLE TO EXERCISE THIS, THE MARCH-IN RIGHTS?

2 DR. PENHOET: ONLY IF THEY FAIL TO -- IF THEY  
3 FAIL -- MARCH-IN RIGHTS CAN BE EXERCISED IF THE  
4 LICENSEES FAIL TO ADDRESS ANY OF THESE FOUR ISSUES.  
5 SO, FIRST OF ALL, IN ALMOST EVERY COMMERCIAL AGREEMENT,  
6 THERE IS A DUE DILIGENCE CLAUSE. THAT'S WHAT NO. 1  
7 SAYS. THEY'VE GOT A LICENSE AND THEY'RE JUST SITTING  
8 ON IT.

9 SECOND ONE IS THAT WE HAVE DISCUSSED  
10 EXTENSIVELY THIS PLAN. SO THERE ARE VERY SPECIFIC  
11 CRITERIA, AND THERE IS A CURE PERIOD, WHICH WE PUT IN  
12 PLACE TO ENSURE THAT THESE COULD NOT BE ARBITRARILY --

13 DR. BALTIMORE: SO WHAT YOU'RE SAYING IS THAT  
14 THESE FOUR THINGS ARE THE ONLY FOUR SITUATIONS UNDER  
15 WHICH THIS RIGHT EXISTS?

16 DR. PENHOET: THAT'S CORRECT.

17 DR. BALTIMORE: I HATE TRYING TO READ LEGAL  
18 DOCUMENTS. WAIT A MINUTE. I THOUGHT THIS THROUGH WHEN  
19 I READ IT BEFORE. THREE IS TO MEET REQUIREMENTS FOR  
20 PUBLIC USE, AND THE REQUIREMENTS ARE NOT BEING  
21 SATISFIED BY THE GRANTEE ORGANIZATION OR ITS LICENSEE.  
22 WHAT DOES THAT MEAN?

23 DR. MAXON: IF I COULD OFFER A POINT OF  
24 CLARIFICATION HERE. THESE MARCH-IN RIGHTS ARE BASED ON  
25 THE FEDERAL GOVERNMENT'S MARCH-IN RIGHTS. THREE OF

1 THEM ARE DIRECTLY FROM THAT, INCLUDING THE ONE YOU JUST  
2 REFERENCED. THE ONE THAT WE ADDED IS FOR THE ACCESS  
3 PROVISIONS. PUBLIC USE, AS YOU'VE IDENTIFIED IT, IS A  
4 TERM THAT IS FROM THE FEDERAL GOVERNMENT'S MARCH-IN  
5 RIGHTS AND HAS NO FURTHER DEFINITION BESIDES PUBLIC  
6 USE. IT'S WHATEVER YOU THINK IT IS. WE'VE CONFIRMED  
7 THIS WITH THE FEDERAL GOVERNMENT. IT'S NOT DEFINED  
8 BEYOND THAT.

9 DR. BALTIMORE: OH, GREAT. WE TOOK A TERM  
10 WHICH THE FEDERAL GOVERNMENT DOESN'T DEFINE, AND WE PUT  
11 IT IN OUR REGULATIONS UNDEFINED. NOW YOU TELL ME YOU  
12 HAVE NO IDEA WHAT IT MEANS.

13 DR. MAXON: IT CAN MEAN DIFFERENT THINGS  
14 UNDER DIFFERENT CIRCUMSTANCES, I THINK, IS THE  
15 APPROPRIATE INTERPRETATION.

16 DR. PENHOET: THERE'S A COMMONLY HELD VIEW OF  
17 WHAT PUBLIC USE IS.

18 DR. BALTIMORE: EXCUSE ME?

19 DR. PENHOET: THERE'S A COMMONLY HELD VIEW  
20 ABOUT WHAT THIS IS. THERE IS NO PRECISE DEFINITION.  
21 SO THERE IS SOME AMBIGUITY. THERE'S NO DOUBT ABOUT  
22 THIS. BUT IN THIS CONTEXT, PUBLIC USE IS NOT --  
23 PRICING IS NOT INVOLVED IN PUBLIC USE, ETC. IT'S  
24 GENERALLY SEEN TO BE SOMETHING RELATED TO PUBLIC HEALTH  
25 BROADLY.

1 DR. BALTIMORE: WHAT I'M WORRIED ABOUT IS  
2 THAT THERE IS SOMEWHERE IN HERE A STATEMENT THAT WE  
3 SHOULD FAVOR NONEXCLUSIVE LICENSING.

4 DR. PENHOET: THAT'S AN ADMONITION, NOT A  
5 LAW.

6 DR. BALTIMORE: I KNOW. WHAT I WORRY IS THAT  
7 THE MARCH-IN RIGHTS COULD BE USED IN A WAY TO SAY YOU  
8 MUST GIVE A NONEXCLUSIVE LICENSE, AND THE PUBLIC USE  
9 REQUIREMENT SEEMS TO, BECAUSE IT SAYS PUBLIC USE, SEEMS  
10 TO ACTUALLY MOVE IN THAT DIRECTION.

11 DR. PENHOET: AGAIN, THIS IS POST FACTO.  
12 WE'RE NOT GOING TO OURSELVES ENGAGE IN THE LICENSING  
13 PROCESS. THIS IS ONCE THE LICENSEES HAVE BEEN  
14 ESTABLISHED, WE DO AN ASPIRATIONAL GOAL OF SEEING BROAD  
15 USE. WE TRIED TO ADDRESS THAT SEVERAL DIFFERENT WAYS.  
16 I'M NOT SURE THAT WE COULD GET A SECOND BITE AT THE  
17 APPLE THIS WAY SINCE IT'S ARTICULATED ELSEWHERE IN THIS  
18 DOCUMENT.

19 DR. BALTIMORE: LOOK, IN THE INTEREST OF  
20 JEFF'S ADMONITION THAT WE SHOULDN'T BOTHER WITH THINGS  
21 THAT AREN'T IMPORTANT, IF NO ONE ELSE THINKS THIS IS  
22 IMPORTANT, I QUIT.

23 DR. PENHOET: I THINK THERE'S A RISK IT COULD  
24 BE IMPORTANT, SO I HAVE TO AGREE WITH YOU, DAVID,  
25 SUBJECT TO INTERPRETATION. I THINK THERE'S A HISTORY,

1 AT LEAST, WHICH SAYS IT HASN'T BEEN ABUSED BY  
2 GOVERNMENTAL AUTHORITIES.

3 DR. BALTIMORE: WELL, IT HASN'T BEEN ABUSED  
4 BY THE FEDERAL GOVERNMENT. THERE IS NOT A GOOD HISTORY  
5 TO SAY THAT A STATE GOVERNMENT WOULD NOT TRY TO USE  
6 THIS.

7 DR. HALL: BUT IT'S CIRM THAT HAS THE  
8 MARCH-IN RIGHTS; ISN'T THAT RIGHT?

9 DR. PENHOET: IT'S CIRM. CIRM DETERMINES.

10 DR. BALTIMORE: I UNDERSTAND THAT. AS A  
11 STATE AGENCY.

12 DR. PENHOET: IT WOULD COME BEFORE US IF IT  
13 ROSE TO THAT LEVEL.

14 MS. SAMUELSON: DO WE HAVE A MOTION PENDING?  
15 I'M JUST REAL CONCERNED ABOUT THE CLOCK.

16 DR. BALTIMORE: YES. I MADE A MOTION. IN  
17 ORDER TO KEEP EVERYTHING IN ORDER, I MADE A MOTION THAT  
18 WE APPROVE.

19 MS. SAMUELSON: SECOND. I THINK WE HAVE A  
20 HEAVY AGENDA AHEAD OF US. AND IN THE SPIRIT OF YOUR  
21 LAST COMMENT ABOUT TRYING TO MOVE ALONG, I THINK WE  
22 SHOULD. WE SHOULD RESPECT THAT THINGS WERE ALL HEAVILY  
23 DISCUSSED AND WITH A PREVIOUS VOTE. AND WE CERTAINLY  
24 COULD ADDRESS IT IN THE FUTURE IF WE SEE A PROBLEM THAT  
25 WE DON'T SEE AT THE MOMENT.

1 DR. PENHOET: ANY MORE COMMENTS FROM THE  
2 BOARD? IF NOT, COMMENTS FROM THE PUBLIC? OKAY.

3 IN FACT, WE HAVE NO COMMENTS FROM THE PUBLIC.  
4 WE HAVE A MOTION BY DR. BALTIMORE, SECOND BY  
5 MS. SAMUELSON. ALL IN FAVOR? OPPOSED?

6 MR. TOCHER: MOTION CARRIES. NO NAY VOTES.  
7 THANK YOU.

8 DR. PENHOET: THAT INCLUDES -- THE MOTION  
9 INCLUDED THE ACCEPTABLE LANGUAGE, I TAKE IT?

10 CHAIRMAN KLEIN: JUST TO CLARIFY FOR THE  
11 RECORD, WHAT I BELIEVE YOU JUST SAID IS THAT MOTION  
12 CARRIED WITH DR. REED'S MODIFICATION OF LANGUAGE.

13 DR. PENHOET: YES.

14 CHAIRMAN KLEIN: AND YOU GET THE PLEASURE,  
15 MR. VICE CHAIR, OF THE NEXT ITEM, WHICH IS THE  
16 INTELLECTUAL PROPERTY TASK FORCE FOR-PROFIT POLICY.  
17 ALL RIGHT. I THINK THAT THE VICE CHAIR BELIEVES HE HAD  
18 ENOUGH ACTION BEFORE LUNCH. WE WILL BE ADJOURNING THE  
19 MEETING FOR LUNCH, AND WE HOPE TO BE BACK IN AN HOUR,  
20 HOUR AND A HALF.

21 (A RECESS WAS TAKEN.)

22 CHAIRMAN KLEIN: IF WE CAN GO FORWARD  
23 REPORTING OUT, MARCY DAVIES IN A BOARD ACTION WAS -- WE  
24 WILL NEED A QUORUM TO VOTE, AND THERE IS A QUORUM STILL  
25 HERE, WHICH IS GOOD. MARCY DAVIES IS A NEW ADDITION TO

1 THE STAFF, AND WE WILL NEED TO HAVE AN OPEN SESSION TO  
2 REPORT OUT THAT ACTION WITH AN APPROVAL BY THE BOARD OF  
3 THAT ITEM. AND, DR. HALL, WHILE WE ARE ASSEMBLING A  
4 QUORUM, I THINK THERE'S ENOUGH BOARD MEMBERS WE COULD  
5 START ON JUST YOU REPORTING.

6 DR. HALL: THAT'S FINE. I WOULD LIKE TO ASK  
7 THE APPROVAL OF THE BOARD TO APPOINT MARCY DAVIES AT A  
8 SALARY OF \$142,000 PER YEAR AS OUR INTERIM FINANCIAL  
9 OFFICER. AND I'M REQUIRED TO ASK THE BOARD'S  
10 PERMISSION, ACTUALLY THE GOVERNANCE COMMITTEE, BUT IN  
11 THEIR ABSENCE THE BOARD BECAUSE IT IS AT A LEVEL THAT'S  
12 OVER 80 PERCENT OF THE SALARY RANGE FOR THAT POSITION.  
13 SO I RESPECTFULLY REQUEST APPROVAL TO MAKE THAT  
14 APPOINTMENT AT THAT SALARY LEVEL.

15 CHAIRMAN KLEIN: IS THERE A MOTION?

16 DR. LEVEY: SO MOVED.

17 CHAIRMAN KLEIN: BY DR. LEVEY.

18 DR. FRIEDMAN: SECOND.

19 CHAIRMAN KLEIN: SECOND BY DR. FRIEDMAN.  
20 BOARD DISCUSSION? BOARD DISCUSSION? PUBLIC  
21 DISCUSSION? THE MOTION, I WOULD CALL THE QUESTION.  
22 ALL IN FAVOR? OPPOSED? MAY IT BE RECORDED WE  
23 UNANIMOUSLY APPROVED MARCY DAVIES' SALARY, AND THERE  
24 WERE NO NAYS OBVIOUSLY.

25 JAMES, YOU CONFIRM A QUORUM?

1 MR. HARRISON: YES.

2 CHAIRMAN KLEIN: OKAY. THERE ARE ADDITIONAL  
3 STAFF HIRES WE HOPE ARE GOING TO BE IN PROCESS FOR  
4 OUTSTANDING INDIVIDUALS TO REALLY INCREASE OUR CAPACITY  
5 IN THIS AGENCY AS WE MEET OUR COMMITMENT TO THE PEOPLE  
6 OF CALIFORNIA. UNTIL THOSE STAFF HIRES ARE NEGOTIATED,  
7 THEY ARE NOT REPORTED. WHEN THEY ARE NEGOTIATED AND  
8 COME BACK FOR THE FINAL SALARY APPROVAL, THEY WOULD  
9 THEN BE REPORTED OUT FOR A MOTION AND APPROVAL BY THIS  
10 BOARD.

11 IF WE CAN GO FORWARD HERE TO THE STRATEGIC  
12 PLAN, DR. PENHOET INDICATES THAT, SINCE WE HAVE NO  
13 FOR-PROFIT GRANTS IN THE PIPELINE, THAT HE RECOMMENDS  
14 PASSING OVER ON THAT ITEM FOR TODAY.

15 DR. HALL: MR. CHAIR, COULD I ASK THAT WE  
16 CONSIDER ITEM 15 BEFORE WE DO THAT? I THINK THAT WILL  
17 BE A FAIRLY SHORT ITEM, AND THEN WE'LL BE FREE TO GO  
18 AHEAD WITH THE STRATEGIC PLAN. I'M CONCERNED ABOUT  
19 LOSING A QUORUM AS THE HOUR PASSES.

20 CHAIRMAN KLEIN: ALL RIGHT.

21 DR. HALL: AND JAMES HARRISON WILL ACTUALLY  
22 MAKE THE PRESENTATION FOR THIS.

23 CHAIRMAN KLEIN: THANK YOU.

24 MR. HARRISON: THIS IS ITEM 15 IN YOUR  
25 BINDERS. IT'S CONSIDERATION OF AN AMENDMENT TO THE

1 INTERNAL GOVERNANCE POLICY TO PERMIT THE PRESIDENT TO  
2 SET STAFF SALARIES WITHIN THE SPECIFIED SALARY RANGES  
3 APPROVED BY THE ICOC AT ITS JUNE 2D MEETING.

4 THE REASON WE'RE BRINGING THIS TO YOU NOW IS  
5 THAT THE BOARD APPROVED THE INTERNAL GOVERNANCE POLICY  
6 AND THE COMPENSATION POLICY AT THE SAME MEETING ON JUNE  
7 2D, BUT THE TWO DOCUMENTS WERE NOT INTEGRATED. SO THE  
8 PRESIDENT WAS GIVEN AUTHORITY TO SET SALARIES FOR NEW  
9 EMPLOYEES WITHIN THE RANGES SPECIFIED BY THE ICOC IN  
10 THE COMPENSATION PLAN, BUT THE DOCUMENT WAS SILENT AS  
11 TO THE PRESIDENT'S AUTHORITY TO ESTABLISH SALARIES FOR  
12 EXISTING EMPLOYEES WITHIN THOSE SAME RANGES APPROVED BY  
13 THE ICOC.

14 SO WHAT WE'VE DONE IS TO TRY TO INTEGRATE THE  
15 COMPENSATION POLICY THAT YOU'VE APPROVED INTO THE  
16 INTERNAL GOVERNANCE POLICY BY ADDING A NEW PARAGRAPH,  
17 SUBDIVISION E TO SECTION 3 OF THE INTERNAL GOVERNANCE  
18 POLICY. THE LANGUAGE, AS YOU WILL SEE, PROVIDES THAT  
19 THE PRESIDENT HAS RESPONSIBILITY TO SET THE SALARY FOR  
20 ALL CIRM EMPLOYEES WITHIN THE SALARY RANGES APPROVED BY  
21 THE ICOC, AND IT SETS FORTH THE TWO EXCEPTIONS THAT YOU  
22 APPROVED IN THE COMPENSATION PLAN. ONE, FOR EMPLOYEES  
23 IN LEVELS 6 THROUGH 10, THE PRESIDENT IS REQUIRED TO  
24 OBTAIN THE APPROVAL OF THE GOVERNANCE SUBCOMMITTEE IN  
25 ORDER TO SET THE SALARY AT AN AMOUNT THAT'S 80 PERCENT



1 OR HIGHER THAN THE MINIMUM SALARY FOR THAT LEVEL. AND  
2 SECOND EXCEPTION IS FOR EMPLOYEES IN ALL LEVELS, THE  
3 PRESIDENT'S REQUIRED TO OBTAIN THE APPROVAL OF THE ICOC  
4 IN ORDER TO SET THE SALARY IN AN AMOUNT THAT WOULD  
5 EXCEED THE MAXIMUM SALARY FOR THAT LEVEL.

6 SO WHAT WE'RE ASKING YOU TO DO TODAY IS TO  
7 ADOPT A MOTION APPROVING THIS AMENDMENT TO CONFORM THE  
8 GOVERNANCE POLICY AND THE COMPENSATION POLICY.

9 CHAIRMAN KLEIN: DISCUSSION? IS THERE A  
10 MOTION?

11 DR. PENHOET: MOVE.

12 CHAIRMAN KLEIN: MOTION BY DR. PENHOET.  
13 SECOND?

14 DR. WRIGHT: SECOND.

15 CHAIRMAN KLEIN: BY DR. WRIGHT. BOARD  
16 DISCUSSION? NO BOARD DISCUSSION. PUBLIC DISCUSSION?  
17 NO PUBLIC DISCUSSION. CALL THE QUESTION. ALL IN  
18 FAVOR? LET IT BE SHOWN IT WAS UNANIMOUS. ARE THERE  
19 ANY NAYS? NO NAYS. THANK YOU VERY MUCH.

20 DR. HALL, YOU HAVE AN EXCELLENT STRATEGIC  
21 PLAN TO PRESENT. A NUMBER OF BOARD MEMBERS WERE  
22 PRESENT, BUT IT IS VERY IMPORTANT FOR THE BALANCE OF  
23 THE BOARD, AND THE PUBLIC IS HERE TODAY, TO HAVE THE  
24 BENEFIT OF THIS TREMENDOUS WORK EFFORT. I BELIEVE THAT  
25 ALTHOUGH PRICE WATERHOUSE IS NOT HERE TODAY -- IS ANY

1 REPRESENTATIVE FROM PRICE WATERHOUSE HERE TODAY?

2 DR. HALL: NO. THEY LEFT ON THE REDEYE LAST  
3 NIGHT.

4 CHAIRMAN KLEIN: PRICE WATERHOUSE DID A  
5 TREMENDOUS EFFORT WITH THE FUNDS APPROPRIATED BY THIS  
6 BOARD IN ASSISTING DR. HALL IN HIS LEADERSHIP OF THE  
7 STAFF OF THE CIRM, INCLUDING ARLENE CHIU, PATRICIA  
8 OLSON, GIL SAMBRANO, AND A NUMBER OF OTHER STAFF  
9 MEMBERS, HOPEFULLY, DR. HALL, THAT YOU COULD LEAD US  
10 THROUGH RECOGNIZING IN WHAT WAS A TREMENDOUS EFFORT, ON  
11 TIME, AND COMPREHENSIVELY ADDRESSING THE SUBJECT.

12 DR. HALL: SO I WOULD LIKE TO DO A SORT OF  
13 QUICK PRESENTATION OF THE STRATEGIC PLAN. BECAUSE A  
14 NUMBER OF YOU WERE NOT HERE LAST NIGHT, BOB ASKED ME TO  
15 MAKE SORT OF AN ABBREVIATED PRESENTATION OF WHAT WE DID  
16 THEN. FOR THOSE OF YOU WHO SAT THROUGH IT LAST NIGHT,  
17 I APOLOGIZE.

18 I DO HAVE SOME SLIDES HERE, AND I'D ALSO URGE  
19 YOU TO USE YOUR -- THE PLANS THAT YOU HAVE AS  
20 REFERENCE, AND MAYBE WE CAN GO THROUGH IT QUICKLY. LET  
21 ME JUST START BY SAYING THAT THIS REPRESENTS REALLY THE  
22 CULMINATION OF A YEAR'S WORK IN THE SENSE THAT WE  
23 STARTED ABOUT A YEAR AGO, A LITTLE OVER, WITH OUR  
24 MEETING ON STEM CELL RESEARCH: CHARTING NEW DIRECTIONS  
25 FOR CALIFORNIA, AS YOU REMEMBER, LAST OCTOBER 1ST AND

1 2D.

2 WE THEN PRESENTED A PLAN TO THE BOARD FOR HOW  
3 TO GO ABOUT THIS IN APRIL. WE ENGAGED PRICE WATERHOUSE  
4 AND HAVE ENGAGED IN VERY INTENSIVE WORK OVER THE LAST  
5 SIX MONTHS WORKING ON THIS PLAN. AND DURING THAT  
6 PERIOD OF TIME, WE'VE INTERVIEWED OVER 70 SCIENTISTS,  
7 CLINICIANS, PATIENT ADVOCATES, REPRESENTATIVES OF THE  
8 PRIVATE SECTOR, PUBLIC INTEREST REPRESENTATIVES. WE'VE  
9 HAD THREE PUBLIC MEETINGS FOR THE ICOC AND THE PUBLIC,  
10 TWO WORKSHOPS WITH PATIENT ADVOCATES AND ON DIVERSITY,  
11 AND WE'VE HAD PARTS OF TWO ICOC MEETINGS TO CONSIDER  
12 MISSION STATEMENT, VALUES, AND STRATEGIC PRINCIPLES.  
13 WE'VE ALSO HAD SEVEN MEETINGS OF THE STRATEGIC PLAN  
14 ADVISORY COMMITTEE.

15 WE RECKON THAT, INCLUDING ALL THE  
16 PARTICIPANTS IN THE MEETINGS, THE SPEAKERS, STARTING  
17 WITH THE MEETING LAST OCTOBER AND GOING ON THROUGH,  
18 THAT WE HAVE TALKED TO OR HEARD FROM NEARLY 200 PEOPLE  
19 IN THE COURSE OF OUR PREPARING THE PLAN. AND I WANT TO  
20 REITERATE WHAT I SAID LAST NIGHT, THAT PARTICIPATION BY  
21 ICOC MEMBERS, BY THE PEOPLE WHO SPOKE IN THE WORKSHOPS  
22 AND IN THE MEETINGS, AND BY THE PUBLIC WHO ATTENDED  
23 THESE MEETINGS, HAS BEEN TREMENDOUSLY VALUABLE AND ALL  
24 OF THIS HAS HELPED US TO DO THIS.

25 SO SOMEWHERE IN THERE IS A SLIDE WITH THE

1 NAMES OF OUR STRATEGIC PLAN ADVISORY COMMITTEE, AND I  
2 WANTED TO GIVE SPECIAL THANKS TO THEM. I WON'T GO  
3 THROUGH THEM NOW. WE'LL MAYBE GET TO THEM IN JUST A  
4 MOMENT. I DID ALSO WANT TO SPECIFICALLY AND EXPLICITLY  
5 THANK THE TREMENDOUS CIRM TEAM THAT PUT THIS TOGETHER.  
6 THE TWO KEY LEADERS WERE PATRICIA OLSON OF CIRM AND  
7 TONY POLARI. RAISE YOUR HAND, PATRICIA, SO EVERYBODY  
8 SEES WHO YOU ARE, STAND UP, WHATEVER. AND TONY POLARI  
9 OF PWC. AND WE COULD NOT HAVE DONE THIS WITHOUT THE  
10 TWO OF THEM. THEY DID A FABULOUS JOB.

11 (APPLAUSE.)

12 DR. HALL: AND ARLENE CHIU, GIL SAMBRANO,  
13 MARY MAXON, RAY ANDERSON, KATE SHREVE, AMY LEWIS,  
14 CHRISTINE WOO AND PAT BECKER ALSO MADE IMPORTANT  
15 CONTRIBUTIONS ALONG THE WAY, SO IT REALLY WAS A TEAM  
16 EFFORT.

17 SO WHAT WE PLAN TO DO, THEN, IS TO DISCUSS  
18 THE PLAN HERE WITH YOU. AND FROM THE MEETING LAST  
19 NIGHT AND THE MEETING TODAY, TO GET INPUT FROM YOU  
20 ABOUT SUGGESTIONS OR MODIFICATIONS THAT WE CAN MAKE.  
21 WE WILL ALSO RECEIVE INPUT FROM THE PUBLIC, BOTH HERE  
22 AND THROUGH OUR WEBSITE. WE HAVE A CONTACT POINT  
23 THERE. AND IN THE INTERVENING MONTHS, TWO MONTHS  
24 BETWEEN THIS AND THE NEXT MEETING, WE WILL MAKE  
25 MODIFICATIONS, AND THEN WE WILL CHANGE ONE PART OF IT

1 I'LL MENTION SPECIFICALLY LATER.

2 SO THE KEY, THE HEART AND SOUL OF THIS ARE  
3 THE STRATEGIC OBJECTIVES AND THE GOALS. AND THESE  
4 REALLY ARE THE MOST IMPORTANT PART OF THE PLAN, AND  
5 EVERYTHING IS PUT TOGETHER AROUND THEM. AND, PATRICIA,  
6 CAN YOU HELP ME OUT WITH PAGE NUMBERS FOR SOME OF THESE  
7 THINGS SINCE WE'RE HAVING TROUBLE WITH THE SLIDES? I  
8 DON'T QUITE KNOW WHAT THE PROBLEM IS. I SUGGEST THAT  
9 YOU LOOK AT THE BODY OF THE REPORT. THE EXECUTIVE  
10 SUMMARY IS USEFUL. IT'S, HOWEVER, QUITE CONDENSED AND  
11 RATHER DRY. I THINK THE BODY WOULD BE BETTER. WHICH  
12 PAGE? PAGE 40.

13 SO IF YOU LOOK AT THAT, THE STRATEGIC  
14 PRINCIPLES THAT YOU ENDORSED URGED US TO BE AMBITIOUS,  
15 BUT ALSO TO SET OUT MILESTONES BY WHICH WE COULD  
16 MEASURE OUR PROGRESS. AND WE WANTED TO DO BOTH OF  
17 THESE THINGS, AND AS A CONSEQUENCE, WE ADOPTED WHAT WE  
18 CALL ASPIRATIONAL GOALS; THAT IS, OUR HIGHEST HOPES,  
19 WHAT WE REALLY WANT TO ACHIEVE IF OUR DREAMS ARE  
20 REALIZED, AND ALSO TO EXPRESS THE COMMITMENT GOALS THAT  
21 REPRESENT OUR REALISTIC VIEW, BASED ON INDUSTRY  
22 STANDARDS, OF WHAT WE THINK WE CAN ACCOMPLISH.

23 SO WE THEN MADE A COUPLE OF CHOICES. WE  
24 FOCUSED ON HUMAN EMBRYONIC STEM CELLS. WE WILL FUND  
25 OTHER WORK ON OTHER KINDS OF CELLS, BUT WE THOUGHT THAT

1 WAS THE MOST CENTRAL PART. ALSO WE FOCUSED LARGELY,  
2 BUT NOT ENTIRELY ON CELL TRANSPLANTATION THERAPY.

3 AND TO THINK ABOUT WHAT WE COULD REASONABLY  
4 ACHIEVE TOWARD OUR GOAL OF HAVING THERAPIES IN  
5 WIDESPREAD CLINICAL USE, WE LOOKED TO THE EXPERIENCE OF  
6 THE PHARMACEUTICAL INDUSTRY. SO IF YOU WILL LOOK ON  
7 PAGE 38, YOU WILL SEE, FOR THOSE OF YOU WHO ARE  
8 FAMILIAR WITH THE BIOTECH AND PHARMACEUTICAL INDUSTRY  
9 LITERATURE, ARROWS LIKE THIS ARE A DIME A DOZEN, BUT IT  
10 IS VERY IMPORTANT TO LOOK AT IT AND THINK ABOUT IT AND  
11 UNDERSTAND IT. AND THAT IS, TO IMAGINE GOING FROM  
12 BASIC AND DISCOVERY RESEARCH THROUGH A PERIOD OF  
13 PRECLINICAL RESEARCH ON DISEASE TO IDENTIFY A  
14 PARTICULAR THERAPEUTIC, THEN TO ENTER A PERIOD OF  
15 PRECLINICAL DEVELOPMENT, TRYING TO ESTABLISH THE SAFETY  
16 AND EFFICACY OF THAT THERAPEUTIC, HOW YOU'RE GOING TO  
17 PRODUCE IT, AND TO MEET ALL THE REQUIREMENTS FOR FDA  
18 APPROVAL FOR AN IND, AND THEN ON INTO CLINICAL  
19 RESEARCH.

20 LET'S KEEP GOING ONE MORE. ONE MORE. THAT'S  
21 JUST WHERE WE ARE. AND THEN THE PHASE I, PHASE II,  
22 PHASE III TRIALS. IN THE INTEREST OF TIME, I WON'T GO  
23 THROUGH THOSE, BUT THOSE ARE OUTLINED IN YOUR BOOK.

24 NOW, WHAT WE LEARNED FROM INDUSTRY EXPERIENCE  
25 WITH BOTH SMALL MOLECULE THERAPEUTICS AND BIOLOGICALS

1 WAS SHOWN IN THE NEXT SLIDE, WHICH IS VERY, VERY  
2 IMPORTANT TO REALIZE. THAT ON AVERAGE, FROM THE START  
3 OF CLINICAL DEVELOPMENT, NOW, THAT IS GOING INTO  
4 CLINICAL TRIALS TO APPROVAL FOR THE MARKET, IS A PERIOD  
5 OF SEVEN TO NINE YEARS. AND I THINK, CONSIDERING THE  
6 STATE OF STEM CELL RESEARCH AT THIS POINT, WE ARE  
7 UNLIKELY TO BRING A THERAPY ALL THE WAY TO MARKET  
8 WITHIN TEN YEARS, ALTHOUGH WE MIGHT BE LUCKY AND DO SO,  
9 BUT IT SEEMS UNLIKELY THAT WE CAN MAKE IT ALL THE  
10 THROUGH. AND, THEREFORE, WE IMAGINE THAT WE WILL  
11 MOSTLY BE DOING PHASE I TRIALS WITH SOME PHASE II  
12 TRIALS DURING THAT PERIOD.

13 SECONDLY, AN IMPORTANT POINT. THERE IS  
14 ATTRITION AT EVERY STAGE OF DEVELOPMENT. ACCORDING TO  
15 THE LITERATURE, BASED ON WHAT HAS BEEN DONE, ONLY ONE  
16 IN EIGHT OR TEN THERAPEUTICS THAT ENTER CLINICAL  
17 DEVELOPMENT ACTUALLY END UP BEING APPROVED FOR THE  
18 MARKET. WHAT THIS MEANS IS THAT IN ORDER TO GET THINGS  
19 ALL THE WAY THROUGH, YOU HAVE TO HAVE A RICH PIPELINE,  
20 KNOWING THAT MANY OF THE THINGS YOU PUT IN WILL FAIL.

21 AGAINST THAT BACKGROUND, THEN, TWO OTHER  
22 QUICK CONSIDERATIONS, JUST TO EMPHASIZE THE YOUTH OF  
23 THE FIELD, IT IS A FIELD THAT'S IN ITS INFANCY, AND  
24 THAT FIGURE OF 132 PUBLICATIONS, AS I SAID LAST NIGHT,  
25 IS, I THINK, ASTOUNDING. IT'S MANY MORE THAN THAT NOW,

1 BUT THAT IS A DROP IN THE BUCKET IN TERMS OF SCIENTIFIC  
2 LITERATURE. ANOTHER INTERESTING THING IS HALF THOSE  
3 PUBLICATIONS COME FROM OUTSIDE THE COUNTRY. SO THIS IS  
4 A WORLDWIDE ACTIVITY.

5 AND ALSO THE FACT THAT CELL REPLACEMENT  
6 THERAPY IS BASICALLY A NEW THERAPEUTIC MODALITY, AND  
7 THAT WE WILL HAVE TO WORK WITH THE FDA ON MANY OF THE  
8 PROBLEMS TO GET THIS DONE.

9 SO THEN WITH THAT BACKGROUND, WE SET OUT OUR  
10 GOALS. AND THE FIRST AND MOST IMPORTANT ONE IS ONE AND  
11 I WANT TO TALK ABOUT THAT, AND THEN I'LL LET THE OTHERS  
12 GO. IT SEEMED TO US THAT THE KEY GOAL IS THAT WE HAVE  
13 CLINICAL PROOF OF PRINCIPLE THAT TRANSPLANTED CELLS  
14 DERIVED FROM PLURIPOTENT CELLS CAN BE USED TO RESTORE  
15 FUNCTION FOR AT LEAST ONE DISEASE. THAT SEEMED TO US  
16 EXTREMELY IMPORTANT. AND THAT IS THE SORT OF CAPSTONE,  
17 IF YOU WILL, OF OUR PLAN. WE WILL HAVE OTHERS THERE.

18 WE HAD A BIG DEBATE AT OUR STRATEGIC PLAN  
19 ADVISORY COMMITTEE ABOUT WHETHER THIS WAS AMBITIOUS  
20 ENOUGH OR TOO AMBITIOUS. AND WE HAD VOICES ON BOTH  
21 SIDES. AND I THINK THE GENERAL CONSENSUS IN THE END  
22 WAS THAT THIS WAS AN AMBITIOUS, BUT ACHIEVABLE GOAL  
23 THAT WE COULD MAKE. AND THEN YOU CAN SEE THE REST OF  
24 THESE ON PAGE 40, 41, 42. I WON'T SAY EACH ONE OF THEM  
25 SPECIFICALLY, BUT WE HAVE GOALS THAT RELATE TO HAVING



1 TWO TO FOUR OTHER DISEASES IN PHASE I, PHASE II. WE  
2 ASSUME IF WE GET GOALS 1 AND 2, WE WILL ATTRACT PRIVATE  
3 FUNDING. WE ARE INTERESTED IN MAKING PROGRESS ON THE  
4 ISSUE OF IMMUNE TOLERANCE, AND THAT WE WILL HAVE PROOF  
5 OF PRINCIPLE AND PRECLINICAL MODELS FOR AT LEAST SIX TO  
6 EIGHT DISEASES, AND THEN DISEASE-SPECIFIC LINES FOR 20  
7 TO 30 OTHER DISEASES. AND THEN THERE ARE SOME OTHER  
8 AIMS AS WELL, SOME OF THEM INVOLVING BASIC SCIENCE AND  
9 OUR NEED TO UNDERSTAND THE PATHWAYS BY WHICH HUMAN  
10 EMBRYONIC STEM CELLS DIFFERENTIATE. AND THEN, FINALLY,  
11 TO DEVELOP THE FIELD OF TISSUE ENGINEERING, WHICH IS A  
12 MORE COMPLEX FORM OF REPLACEMENT THERAPY, IF YOU WILL,  
13 IN WHICH INVOLVING SEVERAL DIFFERENT CELL TYPES AND  
14 OFTEN MATRICES AND BIOCOMPATIBLE MATERIALS TO HELP FORM  
15 AND GIVE SHAPE TO ARTIFICIAL MATERIALS.

16 WE THEN SET OUR FIVE-YEAR GOALS BASED ON  
17 THOSE TEN-YEAR GOALS; THAT IS, WHAT DO WE NEED TO GET  
18 DONE AT FIVE YEARS IF WE'RE GOING TO DO THIS AT TEN  
19 YEARS. AND I WON'T WALK YOU THROUGH THOSE, BUT THOSE  
20 YOU HAVE IN FRONT OF YOU.

21 NOW, WE THEN DISCUSSED HOW WE'RE GOING TO  
22 ACHIEVE THESE GOALS. AND WE WILL DO SO THROUGH A  
23 SERIES OF INITIATIVES, AND WE GO ON TO ENUNCIATE 25  
24 DIFFERENT INITIATIVES. IN THINKING ABOUT THEM AND HOW  
25 THEY RELATED TO EACH OTHER, WE FOUND IT USEFUL TO

1 DEFINE WHAT WE CALL A TWO-DIMENSIONAL SPACE WITH A  
2 HORIZONTAL AXIS THAT'S PROGRESS FROM FUNDAMENTAL TO  
3 CLINICAL RESEARCH AND THEN A VERTICAL AXIS THAT  
4 REPRESENTS THE KINDS OF RESOURCES THAT WE WILL USE.  
5 AND THAT'S ILLUSTRATED ON THE NEXT SLIDE. AND I  
6 ACTUALLY WOULD URGE THAT PART OF THE BODY OF THE PLAN  
7 TO GET OUR SORT OF IDEAS ABOUT WHAT THE PROBLEMS ARE,  
8 HOW WE NEED TO APPROACH THEM, AND WHAT THE USEFULNESS  
9 OF THESE VARIOUS APPROACHES WILL BE FOR THEM AS  
10 BASICALLY LAID OUT IN A GENERAL WAY.

11 AND IT'S USEFUL. WE CAN LOCATE ALL OF THESE  
12 INITIATIVES WITH RESPECT TO THESE AXES, AND I THINK IT  
13 IS ON PAGE 63. THIS DIDN'T REPRODUCE FOR THE PLAN. AS  
14 YOU CAN SEE, IT'S FAR TOO LONG, BUT THIS SHOWS HOW THE  
15 VARIOUS INITIATIVES ARE ORIENTED WITH RESPECT TO THE  
16 VERTICAL AND HORIZONTAL AXES THAT WE'RE GOING TO  
17 UNDERTAKE.

18 NOW, FOR THE SPECIFIC INITIATIVES, I WILL NOT  
19 WALK YOU THROUGH THOSE, I PROMISE, BUT I WANT TO DO TWO  
20 THINGS. I WANT TO TALK ABOUT SOME OF THE GENERAL  
21 CONSIDERATIONS THAT WENT INTO THEM, AND ALSO I WANT TO  
22 CALL OUT ONE OF THEM FOR SPECIAL DISCUSSION.

23 THESE WERE DERIVED BY PUTTING TOGETHER ALL  
24 THE VARIOUS SUGGESTIONS THAT WE HAD THROUGH THE  
25 INTERVIEWS AND THROUGH THE MEETINGS, AND PRICE

1 WATERHOUSE COOPER WERE TREMENDOUS IN HELPING US TO  
2 ORGANIZE ALL THIS MATERIAL. WE THEN ORGANIZED THEM  
3 INTO VARIOUS INITIATIVES. THESE ARE MORE DETAILED FOR  
4 SOME OF THE EARLY INITIATIVES AND LESS DETAILED FOR THE  
5 LATER ONES FOR THE SIMPLE REASON THAT WE KNOW WE CAN  
6 PREDICT MORE WHAT WE'RE GOING TO NEED IN THREE YEARS  
7 THAN WHAT WE'RE GOING TO NEED IN TEN YEARS OR SEVEN  
8 YEARS.

9 AND I WANT TO POINT OUT TWO OTHER FEATURES.  
10 THEY ARE REDUNDANT OR OVERLAPPING IN MANY CASES SO THAT  
11 AN INVESTIGATOR IN A COMPANY OR IN AN INSTITUTION  
12 THAT'S WORKING ON A PARTICULAR PROBLEM OR WANTS MONEY  
13 FOR A PARTICULAR AREA, WE'LL HAVE SEVERAL VENUES IN  
14 WHICH TO APPLY FOR THAT AREA. ALSO, WE DON'T KNOW, WE  
15 DON'T UNDERSTAND ABOUT MANY OF THESE AREAS. WE DON'T  
16 KNOW ENOUGH. WE SENSE THEY'RE IMPORTANT, BUT WE ARE  
17 NOT EXPERTS IN ALL AREAS, AND WE DID NOT HAVE THE TIME  
18 TO GAIN EXPERTISE. AND SO WE WILL EXTENSIVELY USE  
19 WORKSHOPS. FOR EXAMPLE, IT'S VERY CLEAR TO US THAT  
20 AUTOMATION METHODS ARE GOING TO BE EXTREMELY IMPORTANT  
21 IN GROWING UP LARGE NUMBERS OF CELLS FOR THERAPEUTIC  
22 REASONS, AND THERE IS WORK GOING ON. WE'RE NOT EXPERTS  
23 IN THIS AREA. WE HAVE HEARD ENOUGH TO KNOW THAT IT  
24 WILL BE IMPORTANT, BUT OUR APPROACH TO THAT WOULD BE TO  
25 HAVE A MEETING OR A WORKSHOP, SMALLER IN SCALE, BUT

1 SIMILAR IN SPIRIT TO THE ONE WE DID A YEAR AGO, AND TO  
2 GET TOGETHER A GROUP OF PEOPLE AND SAY WHAT ARE THE  
3 OPPORTUNITIES AND CHALLENGES HERE.

4 AND THEN, FINALLY, EACH OF THESE INITIATIVES  
5 ARE REGARDED AS PROVISIONAL. THESE ARE NOT WRITTEN IN  
6 STONE. EACH OF THEM WILL COME TO YOU FOR CONCEPT  
7 APPROVAL AND FOR BUDGET APPROVAL.

8 NOW, I WANT TO DESCRIBE ONE IN PARTICULAR,  
9 AND THAT IS OUR SPECIAL PROGRAMS INITIATIVE, WHICH WAS  
10 AN IDEA THAT REALLY CAME OUT OF A COUPLE OF OUR  
11 MEETINGS AND OF TALKING TO SEVERAL PEOPLE WHO HAVE DONE  
12 SOMETHING LIKE THIS AND WHOSE EXPERIENCE IMPRESSED US  
13 VERY MUCH. AND THE IDEA WOULD BE TO TAKE A SPECIFIC  
14 PROBLEM, IT MIGHT BE TO DEVELOP A THERAPEUTIC FOR A  
15 SPECIFIC DISEASE, IT MIGHT BE TO DEVELOP SOME NEW  
16 METHOD OF VISUALIZATION OF CELLS IN THE BODY AFTER THEY  
17 HAVE BEEN INJECTED IN HUMANS. THERE'S A BIG NEED FOR  
18 IMAGING. THESE ARE TWO EXAMPLES. BUT THE POINT WOULD  
19 BE TO PUT TOGETHER ACROSS INSTITUTIONS COLLABORATIVE  
20 TEAMS THAT COULD GET THIS DONE, HAVE A SPECIFIC GOAL,  
21 SPECIFIC TIMELINE, MILESTONES, HAVE ACTIVE PROJECT  
22 MANAGEMENT. AND THE IDEA IS THAT WE WOULD ACTUALLY  
23 PROVIDE SOME MONEY FOR THAT, AND WE WOULD VERY MUCH BE  
24 INVOLVED IN ACTIVE PARTICIPATION AND MANAGEMENT AND  
25 COMMUNICATION WITH THE PROGRAM THROUGHOUT.

1                   WE WOULD DO THIS ON SORT OF AN EXPERIMENTAL  
2 BASIS WITH A COUPLE TEAMS OF EITHER DISEASE TEAMS OR  
3 RESEARCH TEAMS, SEE HOW IT WORKED; AND IF IT LOOKED  
4 PROMISING, WE WOULD EXPAND THE PROGRAM. THIS, WE  
5 THOUGHT, FROM A NUMBER OF PEOPLE'S EXPERIENCE, WOULD BE  
6 AN IMPORTANT WAY TO GO ABOUT THIS. SO IT'S NOT SORT OF  
7 OPEN-ENDED RESEARCH. WE'LL GIVE YOU SOME MONEY AND  
8 THEN WE'LL HOPE YOU GET A LOT DONE AND COME BACK IN TEN  
9 YEARS AND EVERYBODY WILL BE SUPPORTED THROUGHOUT, BUT  
10 REALLY WORKING VERY EXPLICITLY TOWARDS GOALS. WE THINK  
11 THAT'S VERY MUCH IN THE SPIRIT OF THE MISSION HERE.

12                   SO LET'S MOVE ON, THEN, IF WE COULD, JUST TO  
13 QUICKLY TALK ABOUT THE BUDGET. FOR EACH OF THE  
14 INITIATIVES, WE MADE A BUDGET ESTIMATE. THESE ARE  
15 ROUGH. THEY'RE MEANT TO HELP US SIZE THE ENTIRE  
16 PROGRAM, AND WE MADE SOME ASSUMPTIONS, AND WE ESTIMATED  
17 THE BUDGET. EACH OF THOSE NUMBERS IS, AS I SAY, SORT  
18 OF A PLACEMARK. SOMEBODY ASKED US IF WE MIGHT DO A  
19 RANGE, AND SO MAYBE YOU SHOULD REGARD EACH OF THESE  
20 NUMBERS AS THE MIDPOINT OF A RANGE.

21                   WHAT WE DID, THEN, WAS TO DRAW UP A  
22 YEAR-BY-YEAR PLAN. FIRST OF ALL, WE FOUND THAT WE  
23 COULD FIT ALL OF OUR INITIATIVES IN THE BUDGET THAT WE  
24 HAVE. AMY LEWIS IS RESPONSIBLE FOR THIS. WORKING WITH  
25 OUR CHAIR, BOB KLEIN, THEY DEVELOPED A MODEL FOR HOW

1 MUCH MONEY IS GOING TO BE COMING INTO OUR PROGRAM, AND  
2 THEN WE LOOKED AT THE INITIATIVES, GIVING THEM  
3 PRIORITIES, DIFFERENT PRIORITIES AT DIFFERENT TIME  
4 DURING DEVELOPMENT, AND ASKED HOW MUCH WOULD BE GOING  
5 OUT. AND WE FOUND THAT, IN FACT, WE COULD FIT IT ALL  
6 IN.

7 THERE IS ALSO A LITTLE MONEY EACH YEAR LEFT  
8 OVER FOR WHAT WE CALL OPPORTUNITY FUNDS THAT COULD BE  
9 USED FOR UNEXPECTED NEW DEVELOPMENTS.

10 FINALLY, WE ANALYZED OUR EXPENDITURE. IT'S  
11 NOT EASILY VISIBLE HERE, BUT IN YOUR BOOKS, THIS IS ON  
12 PAGE -- AT ANY RATE, WE ORGANIZED OUR EXPENDITURES,  
13 THEN, ACCORDING TO THE THREE PHASES OF OUR HORIZONTAL  
14 AXIS THAT'S ON PAGE 105, LAYING THE FOUNDATION,  
15 PREPARING FOR THE CLINIC AND CLINICAL RESEARCH.  
16 ACTUALLY WHAT'S SHOWN HERE IS A CONDENSED VERSION OF  
17 THAT. AND I THINK THE IMPORTANT POINT TO REALIZE IS  
18 THAT IN THOSE THREE PHASES, FUNDAMENTAL, PRECLINICAL  
19 DEVELOPMENT, AND CLINICAL RESEARCH, THE MONEY IS SPLIT  
20 ROUGHLY IN THIRDS. WE HAVE A LARGE AMOUNT OF DISCOVERY  
21 WORK TO DO AND FUNDAMENTAL KNOWLEDGE, AND THAT WAS  
22 EMPHASIZED TO US BY EVERYONE. WE ALSO BELIEVE WE WILL  
23 BE DOING PRECLINICAL PREPARATION DURING THIS TIME  
24 PERIOD THAT WILL COME WITH A LAG, BUT WILL BE VERY,  
25 VERY IMPORTANT.

1                   AND THEN, FINALLY, WE HAVE A SLIGHTLY --  
2                   ACTUALLY THE PRECLINICAL DEVELOPMENT IS THE BIGGEST  
3                   BUDGET ITEM, AND THEN WE HAVE SLIGHTLY LESS THAN THAT  
4                   FOR CLINICAL DEVELOPMENT. AND THAT REFLECTS TWO  
5                   THINGS. NO. 1, THAT WE BELIEVE THAT THAT WILL BEGIN TO  
6                   GROW ONLY TOWARD THE END OR MIDDLE OF THE PERIOD AND  
7                   WILL CONTINUE TO GROW. BUT AS WE GO OUT FURTHER BEYOND  
8                   TEN YEARS, THAT WILL BECOME A LARGER FIGURE. IT SIMPLY  
9                   REFLECTS THE FACT THAT IT'S GOING TO TAKE US TIME TO  
10                  GET A LOT OF DISEASE THERAPEUTICS INTO THE CLINIC. AND  
11                  THEN, FINALLY, WE PUT INTO OUR MODEL THAT WE WOULD BE  
12                  DOING MOSTLY PHASE I TRIALS AND WOULD BE SEEKING  
13                  PARTNERS FROM OUTSIDE TO SHARE EXPENSES WITH US. AND  
14                  SO THAT THEN CUTS DOWN THE COST ON THAT.

15                  AND THE NEXT SLIDE THEN EMPHASIZES THE FACT  
16                  THAT THIS PLAN WILL UNDERGO PERIODIC ADJUSTMENT. AND  
17                  WE RECOMMEND REVIEW AT THREE YEARS AND SEVEN YEARS BY A  
18                  BLUE RIBBON OUTSIDE COMMITTEE. BY THE WAY, SUCH A  
19                  COMMITTEE WAS RECOMMENDED BY ONE OF THE RECOMMENDATIONS  
20                  OF OUR MEETING A YEAR AGO. AND WE WILL THEN SEE HOW  
21                  WE'RE DOING IN REACHING OUR GOALS. WE'LL MAKE  
22                  APPROPRIATE ADJUSTMENTS UP AND DOWN, TAKE ADVANTAGE OF  
23                  NEW OPPORTUNITIES. WE MIGHT HAVE A CONFERENCE AROUND  
24                  THAT. AND THEN WE WILL USE THOSE RECOMMENDATIONS,  
25                  THEN, TO MODIFY THE OVERALL OBJECTIVES, GET APPROVAL

1 FROM THE ICOC, AND THEN WE'LL CONVERT THAT INTO AN  
2 OPERATIONAL PLAN.

3 THE NEXT, I THINK, IS THE FINAL SLIDE. WE  
4 ARE INTERESTED TO HEAR YOUR SUGGESTIONS. THERE IS A  
5 PIECE MISSING HERE, WHICH IS CALLED THE FIRST THOUSAND  
6 DAYS. AND THAT BASICALLY WILL SPELL OUT WHAT WE'RE  
7 GOING TO DO OVER THE NEXT THREE YEARS IN TERMS OF THESE  
8 INITIATIVES. AND WE WILL DEVELOP THAT OVER THE NEXT  
9 TWO MONTHS. WE WANTED TO GET YOUR OVERALL APPROVAL OF  
10 OUR GOALS AND OBJECTIVES AND OUR GENERAL DIRECTION  
11 BEFORE WE DID THAT. AND SO WE THEN HOPE TO BRING YOU A  
12 COMPLETE DOCUMENT WITH MODIFICATIONS BACK IN DECEMBER  
13 FOR FINAL APPROVAL.

14 SO THANK YOU VERY MUCH FOR YOUR ATTENTION.  
15 AND, AGAIN, I APOLOGIZE FOR THOSE OF YOU WHO HEARD MOST  
16 OF THIS LAST NIGHT. THANK YOU. I'M OPEN FOR  
17 QUESTIONS, MR. CHAIR, OR AS YOU WISH.

18 CHAIRMAN KLEIN: I THINK WE SHOULD PROVIDE A  
19 ROUND OF APPLAUSE HERE FOR THIS TREMENDOUS EFFORT.

20 (APPLAUSE.)

21 CHAIRMAN KLEIN: QUESTIONS FROM THE BOARD?

22 DR. HENDERSON: I'M SURE THIS IS ISN'T  
23 PRACTICAL, BUT FOR THE EDUCATION OF THE BOARD AND SO  
24 THAT WE MIGHT -- I'M NOT PLUGGED IN. IT WOULD BE  
25 HELPFUL IF WE COULD SOMEHOW PARTICIPATE AT SOME STAGE



1 IN THIS FIRST 1,000 DAYS, YOU KNOW, PROCESS OTHER THAN  
2 RECEIVING IT FOR ACTION IN TWO MONTHS.

3 DR. HALL: IT'S NOT PRACTICAL, I'LL TELL YOU.  
4 AND SO WHAT I WOULD PREFER TO DO WOULD BE LET US  
5 DEVELOP A PLAN AND BRING IT TO YOU. AND THEN IF YOU  
6 WISH TO WORK FURTHER ON IT AND THEN CONSIDER IT AT A  
7 LATER TIME, WE'D BE HAPPY TO, BUT I DON'T THINK IN  
8 THOSE TWO MONTHS, GIVEN EVERYTHING ELSE WE'RE TRYING TO  
9 DO IN TERMS OF GETTING THE GRANTS OUT, I THINK TO HAVE  
10 ANOTHER ROUND OF MEETINGS TO DO THAT, I THINK, IS GOING  
11 TO BE VERY DIFFICULT FOR US. AND SO I WOULD LIKE FOR  
12 US TO MAKE A -- GET SOMETHING DOWN ON PAPER, AND THEN  
13 WE WELCOME YOUR PARTICIPATION IN CHANGING IT,  
14 REORDERING IT, DOING WHATEVER YOU'D LIKE TO.

15 DR. HENDERSON: I GUESS THAT'S WHAT I WAS  
16 SEARCHING FOR IS THAT IF IT'S READY IN TWO MONTHS, IT  
17 WOULD BE READY FOR SOME TIME PERIOD IN WHICH WE COULD  
18 HAVE A CHANCE TO INTERACT WITH IT AND WITH YOU ABOUT  
19 IT --

20 DR. HALL: ABSOLUTELY.

21 DR. HENDERSON: -- BEFORE WE HAD TO ACT ON  
22 IT.

23 DR. HALL: WE GOT THIS OUT A WEEK BEFORE THE  
24 MEETING, AND WE CAN CERTAINLY DO THAT -- I MEAN WE  
25 PROMISE YOU WE'LL GET THAT OUT AT LEAST SEVEN DAYS, AND

1 WE'LL TRY FOR TEN, BEFORE THE MEETING. WE'LL DO OUR  
2 BEST. IT IS VERY TRICKY. AND I THINK, ALSO, YOU WILL  
3 FIND IT DAUNTING TO CONSIDER WHAT WE HAVE AHEAD OF US.  
4 BUT WE'RE HAPPY TO, YES, HAVE YOUR DISCUSSION ABOUT  
5 THAT.

6 CHAIRMAN KLEIN: DR. PENHOET.

7 DR. PENHOET: ZACH, IN THE ABSENCE OF FORMAL  
8 MEETINGS TO GET INPUT, ETC., I ASSUME THAT IF DR.  
9 HENDERSON WANTED TO WRITE YOU A LETTER WITH SOME  
10 SUGGESTIONS ABOUT WHAT MIGHT GO IN THE THOUSAND DAYS,  
11 YOU'D RECEIVE THAT LETTER.

12 DR. HALL: ABSOLUTELY. ABSOLUTELY. AND WE'D  
13 BE HAPPY TO HAVE YOUR THOUGHTS AND SUGGESTIONS ON THAT  
14 IN ANY WAY YOU WISH TO GIVE IT. BUT TO DO IT FORMALLY  
15 WITH PUBLIC INPUT AND ALL THE REST, THE PUBLIC MEETINGS  
16 THAT WE HAD WERE TREMENDOUSLY VALUABLE, BUT THEY WERE  
17 ALSO A TREMENDOUS AMOUNT OF WORK. AND WE FOUND THAT  
18 PREPARING FOR EACH MEETING, IN FACT, WAS A BIG PART OF  
19 WHAT WE DID. AND I THINK WE ARE RIGHT NOW, IN TERMS OF  
20 GETTING THESE GRANTS OUT FOR THIS NEXT PHASE, WE ARE  
21 REALLY RUNNING FLAT OUT.

22 SO WE'D BE HAPPY TO HAVE YOUR SUGGESTIONS,  
23 AND WE WELCOME YOUR PARTICIPATION AT THE NEXT ICOC  
24 MEETING. AND PERHAPS WE WILL WANT TO SCHEDULE AN  
25 EVENING BEFORE JUST AS WE DID THIS TIME AND TALK ABOUT

1 SOME OF THESE ISSUES, BUT I THINK -- I DON'T THINK WE  
2 CAN HOLD TO THAT TIME SCHEDULE AND ACTUALLY PRODUCE AN  
3 IMPLEMENTATION PLAN WITH PUBLIC PARTICIPATION AND ICOC  
4 PARTICIPATION.

5 DR. BALTIMORE: FIRST OF ALL, LET ME  
6 APOLOGIZE FOR NOT BEING THERE LAST NIGHT. BUT THIS IS  
7 A REMARKABLE DOCUMENT AND IS, I THINK, A WONDERFUL  
8 GUIDE FORWARD. IT REALLY HANDLES BOTH POLITICAL ISSUES  
9 AND SCIENTIFIC ISSUES VERY WELL.

10 I HAVE ONE OR TWO, IN SOME CASES, EXTREMELY  
11 MINOR SUGGESTIONS. THE FIRST IS NOT, I THINK, SO  
12 MINOR. YOU FOCUSED ON GOAL NO. 1, AND SO I LOOKED AT  
13 IT CLOSELY. AND IT SAYS WE'LL HAVE A CLINICAL PROOF OF  
14 PRINCIPLE WITHIN TEN YEARS, WHICH I THINK IS A FABULOUS  
15 GOAL. BUT IT THEN SAYS REQUIRE PHASE II CLINICAL TRIAL  
16 THAT GIVES AN INDICATION OF EFFICACY.

17 DR. HALL: YES.

18 DR. BALTIMORE: IN MY EXPERIENCE WORKING WITH  
19 THE PHARMACEUTICAL INDUSTRY, THAT IS A MISREADING OF  
20 WHAT A PHASE II TRIAL CAN POSSIBLY DO. AND  
21 PARTICULARLY WHEN IT SAYS AT THE END A CONVINCING  
22 DEMONSTRATION FOR ONE DISEASE BECAUSE THAT MEANS THAT  
23 THE PHASE II TRIAL HAS TO BE A CONVINCING  
24 DEMONSTRATION.

25 DR. HALL: WELL, WE WILL REWORD THAT. WE

1 TALKED ABOUT THAT A LOT, AND WHAT IS WANTED -- I MEAN I  
2 DON'T THINK WE CAN GET TO A BIG PHASE III TRIAL.  
3 THAT'S FIRST OF ALL. SECONDLY MEANS I THINK IT'S  
4 UNLIKELY THAT WE'LL BE ABLE TO HAVE STATISTICAL POWER  
5 ENOUGH TO MAKE AN ABSOLUTELY FIRM CONCLUSION. BUT WHAT  
6 IS OFTEN LOOKED FOR IN PHASE II IS SOME SIGN OF  
7 EFFICACY; THAT IS, SOME INDICATION THAT A FUNCTION IS  
8 RESTORED IN AT LEAST SOME OF THE PEOPLE WHO ARE TREATED  
9 AS OPPOSED TO THE CONTROL GROUP.

10 AND IT'S RECOGNIZED THAT IT MAY OR MAY NOT BE  
11 STATISTICALLY SIGNIFICANT, BUT I THINK WE THOUGHT THAT  
12 WAS THE IMPORTANT THING TO SHOOT FOR. AND THE WORDING,  
13 I TAKE YOUR POINT. AND CONVINCING PERHAPS IS NOT THE  
14 BEST CHOICE OF WORDS THERE, BUT WE DIDN'T KNOW HOW ELSE  
15 TO ADDRESS THAT. IF YOU HAVE THOUGHTS OR IDEAS ABOUT  
16 IT, I'D APPRECIATE IT.

17 DR. BALTIMORE: WELL, YOU START OFF WITH  
18 TALKING ABOUT A CLINICAL PROOF OF PRINCIPLE. I THINK  
19 THE PHRASE "A PROOF OF PRINCIPLE" IS USUALLY USED, IN  
20 FACT, FOR ANIMAL EXPERIMENTS, THAT SAY IN PRINCIPLE IT  
21 SHOULD WORK. THERE IS NO CLINICAL PROOF OF PRINCIPLE.  
22 THERE IS A CLINICAL PROOF -- WRONG. WRONG. SO  
23 CLINICAL PROOF OF PRINCIPLE MEANS A SUGGESTION FROM A  
24 PHASE II TRIAL THAT MAYBE SOMETHING IS GOING ON, OFTEN  
25 NOT CONTROLLED TRIAL.

1 DR. THAL: THE ISSUE IS THE ISSUE OF EFFECT  
2 SIZE. WHETHER IT'S STATISTICALLY IMPORTANT OR NOT IS  
3 UNIMPORTANT BECAUSE THE NUMBER OF SUBJECTS MAY BE TOO  
4 SMALL. WHAT IS IMPORTANT IS THAT THE EFFECT SIZE IS  
5 LARGE ENOUGH THAT PEOPLE THINK IT'S WORTH DEVELOPING  
6 FURTHER.

7 DR. FRIEDMAN: ESPECIALLY IF YOU PICK A  
8 SITUATION WHERE THERE AREN'T SPONTANEOUS REGRESSIONS.  
9 IF YOU HAVE A CAREFULLY CHOSEN GROUP OF SEVERELY  
10 DISABLED INDIVIDUALS AND YOU SHOW SOME REALLY  
11 MEANINGFUL, CLEAR BENEFIT, THAT'S NOT CONVINCING FROM A  
12 REGULATORY POINT OF VIEW, BUT IT'S HIGHLY ATTRACTIVE  
13 AND HIGHLY POLARIZING FROM AN INVESTMENT POINT OF VIEW  
14 AND FROM A SCIENTIFIC POINT OF VIEW. I THOUGHT THAT'S  
15 WHAT THEY MEANT. I MAY NOT BE CORRECT ABOUT THAT.

16 DR. BALTIMORE: ALL RIGHT. I WOULD WORRY  
17 THAT YOU ARE NOT PROMISING TOO MUCH THE WAY IT'S  
18 WRITTEN.

19 DR. HALL: YOU WOULD WORRY THAT WE ARE  
20 PROMISING TOO MUCH?

21 DR. BALTIMORE: THAT YOU ARE PROMISING.

22 DR. HALL: WE CERTAINLY WILL LOOK AT THAT  
23 AGAIN. AND ONE OF THE PROBLEMS IN ALL OF THIS, OF  
24 COURSE, WE TRIED TO DO THIS IN THE DOCUMENT, IS TO USE  
25 IT AS A DOCUMENT OF EDUCATION AS WELL AS A SCIENTIFIC

1 STRATEGY. I MUST SAY IT WAS EDUCATIONAL FOR MANY OF US  
2 WHO WENT THROUGH THE PROCESS. CERTAINLY MOST OF US  
3 FROM THE ACADEMIC SIDE ARE MUCH LESS FAMILIAR WITH  
4 PRECLINICAL DEVELOPMENT AND CLINICAL ISSUES, AND WE  
5 WERE VERY FORTUNATE IN HAVING REPRESENTATIVES WITH  
6 PRIVATE SECTOR EXPERIENCE ON THE TEAM. I THINK THAT  
7 WAS A KEY TO THE SUCCESS OF THE WHOLE THING.

8 SO BUT, YES, THE LANGUAGE AND THE WAY IN  
9 WHICH WORDS ARE USED IN ONE CONTEXT VERSUS ANOTHER, I  
10 THINK THAT'S A GOOD POINT. AND WE WILL CERTAINLY  
11 REEXAMINE THAT AND PAY ATTENTION TO IT.

12 BUT I THINK THE POINT THAT WAS MADE HERE IS  
13 THE KEY POINT. AND IT'S IN LINE WITH GOAL NO. 3. AND  
14 I SAID LAST NIGHT THAT ACTUALLY ONE OF OUR WONDERFUL  
15 INTERVIEWEES, A VERY DISTINGUISHED PERSON WHOM WE SPOKE  
16 TO, SAID THAT IF WE COULD GET FAR ENOUGH TO CONVINCED  
17 THE PHARMACEUTICAL INDUSTRY THAT THIS WAS WORTH PUTTING  
18 A MAJOR INVESTMENT INTO, THIS PERSON SAID NOBODY COULD  
19 ASK YOU TO DO ANY MORE. THAT'S ONE WAY OF LOOKING AT  
20 IT, BUT THE POINT IS TO HAVE A RESULT THAT SAYS, OKAY,  
21 THIS IS REALLY WORTH DOING. AND I THINK THE  
22 PSYCHOLOGICAL EFFECT OF THAT, AS LEON JUST TALKED ABOUT  
23 IT, I GUESS IF YOU'RE IN THE INDUSTRY AND THE QUESTION  
24 IS ARE YOU GOING TO PUT IN MILLIONS OF DOLLARS REQUIRED  
25 TO DO A GOOD PHASE III TRIAL AND ALL THE LONG TIME AND

1 ALL THE PERSONNEL AND ALL THE REST, ALL THE RESOURCES,  
2 YOU WANT SOME SUGGESTION THAT THIS REALLY MIGHT PAY  
3 OFF.

4 DR. BALTIMORE: WELL, I THINK YOU WANT A  
5 LITTLE MORE THAN A SUGGESTION. AND I THINK THAT'S WHAT  
6 MIKE WAS GETTING AT, THAT THERE SHOULD BE A RESULT  
7 WHICH IS STRIKING ENOUGH, THAT ALTHOUGH IT MAY NOT HAVE  
8 CLINICAL SIGNIFICANCE, MAY NOT SHOW STATISTICAL  
9 SIGNIFICANCE, THAT PEOPLE FEEL THIS IS AN INDICATION OF  
10 POSITIVE RESULT.

11 DR. HALL: WE CAN CERTAINLY SAY THAT MORE  
12 EXPLICITLY.

13 DR. BALTIMORE: I THINK MAYBE SAYING THAT  
14 ROUGHLY THAT WAY.

15 CHAIRMAN KLEIN: DR. LOVE BEING DIRECTLY  
16 INVOLVED WITH DELIVERING THERAPEUTICS, MAYBE YOU HAD A  
17 POINT YOU WANTED TO MAKE.

18 DR. LOVE: YEAH. JUST AS SOMEBODY WHO HAS  
19 DONE A FEW OF THESE PROOF OF CONCEPT TRIALS IN THE  
20 INDUSTRY, I WOULD SAY I THINK THE REAL ISSUE MAY HAVE  
21 BEEN POINTED TO AT THE END. FOR EXAMPLE, A DRUG LIKE  
22 CEREDASE, IT DOESN'T TAKE MANY PEOPLE TO DOCUMENT THAT  
23 CEREDASE WORKS BECAUSE EVERYBODY DIES UNLESS THEY GET  
24 THE DRUG. ONCE YOU GET THE DRUG, THE KIDS LOOK HEALTHY  
25 AND THEY LOOK FINE. SO YOU CAN PROVE THE CONCEPT WITH

1 FIVE PATIENTS.

2 I THINK FUNDAMENTALLY WE'RE LOOKING AT A  
3 POPULATION OF PATIENTS PRIMARILY WHERE IT'S PRETTY  
4 BINARY IN TERMS OF WHETHER THE DRUG HAS WORKED OR NOT.  
5 SO I THINK THE POINT REALLY IS THAT YOU CAN PROBABLY IN  
6 A FAIRLY SMALL NUMBER PROVE THAT THE DRUG APPEARS TO BE  
7 DOING SOMETHING EXTRAORDINARY, BUT THAT'S STILL VERY  
8 DIFFERENT FROM WHAT THE FDA WOULD WANT TO SEE IN THE  
9 WAY OF A PRODUCT THAT YOU JUST PUT OUT INTO THE MARKET.

10 DR. HALL: AND THERE ARE SOME DISEASES THAT  
11 WE'RE INTERESTED IN THAT ARE ALMOST NOTORIOUS FOR THE  
12 PLACEBO EFFECT.

13 DR. LOVE: THAT'S TRUE. I THINK THAT IT  
14 WOULD VARY. I MEAN IF YOU'RE TALKING ABOUT SOMETHING  
15 LIKE ALZHEIMER'S AND YOU'RE TALKING ABOUT INTRODUCING A  
16 THERAPY THAT HAS A VERY MINOR EFFECT, I THINK DAVID'S  
17 RIGHT ON. IT'S GOING TO TAKE A LOT OF PATIENTS TO GET  
18 ANY HINT. BUT IF YOU'RE TALKING ABOUT SOMEONE WHO'S  
19 PARALYZED AND YOU TOOK FIVE PEOPLE AND YOU CONVERTED  
20 THEM TO RECOVERING NEUROLOGICAL FUNCTION, IT REALLY  
21 WOULDN'T TAKE MANY PEOPLE.

22 DR. HALL: SO I THINK THAT WILL DEPEND ON  
23 WHICH DISEASE SORT OF MAKES IT THROUGH TO THAT STAGE,  
24 BUT THAT'S, OF COURSE, VERY MUCH WHAT WE'D LIKE WOULD  
25 BE SOME RESULT THAT SAYS CLEARLY IT SEEMS VERY LIKELY



1 THAT THERE'S SOMETHING IMPORTANT HERE BECAUSE WE SEE  
2 PEOPLE THAT ARE DISABLED OR WOULD OTHERWISE DIE OR ARE  
3 NOT GOING TO GET BETTER. WE KNOW THAT. AND NOW LOOK  
4 AT THIS. THEY'RE BETTER.

5 THAT BASELINE ISSUE IS VERY IMPORTANT, BUT  
6 THAT'S ALSO VERY DISEASE SPECIFIC.

7 CHAIRMAN KLEIN: I BELIEVE DUANE ROTH.

8 DR. ROTH: I WEIGH IN ON THE SIDE OF SETTING  
9 AN AGGRESSIVE GOAL HERE. WE NEED TO HAVE HIGH  
10 ASPIRATIONS FOR THE AMOUNT OF MONEY. I DON'T WANT TO  
11 OVERSTATE, BUT I THINK WE NEED SET THE BAR PRETTY HIGH.  
12 SO I'D FAVOR KEEPING THE LANGUAGE THE WAY IT IS. I  
13 WOULD HAVE MADE IT MORE AGGRESSIVE.

14 ZACH, IN THE DOCUMENT IS THERE ANYTHING THAT  
15 DEALS WITH THE REGULATORY PROCESS AND THE PREPAREDNESS  
16 OF THE REGULATORY PROCESS?

17 DR. HALL: YES. THE WHOLE SECTION ON  
18 PRECLINICAL DEVELOPMENT TALKS ABOUT THAT. WE ALSO TALK  
19 ABOUT THE NECESSITY OF EDUCATING PEOPLE, PARTICULARLY  
20 IN ACADEMIC SETTINGS, ABOUT WHAT'S REQUIRED TO GET  
21 THROUGH REGULATION. AND WE ALSO TALK ABOUT THE FACT  
22 THAT WE WILL ALMOST CERTAINLY BE ENGAGED IN DIALOGUE  
23 WITH FDA AND OTHERS AS THESE STANDARDS DEVELOP BECAUSE  
24 IT IS A NEW MODALITY.

25 DR. ROTH: THE POINT I WOULD MAKE IS WE

1 SHOULD LEARN FROM WHAT HAPPENED IN GENE THERAPY AND  
2 MAKE SURE THAT WE GET ALIGNMENT WITH THE FOOD AND DRUG  
3 ADMINISTRATION EARLY SO THAT WE KNOW WHAT WE'RE UP  
4 AGAINST. I THINK SOME MONEY, SOME BUDGET THERE WOULD  
5 BE REALLY APPROPRIATE.

6 DR. HALL: ACTUALLY PATRICIA REMINDS ME ONE  
7 OF THE THINGS WE DISCUSSED EXPLICITLY IN THE CORES WAS  
8 THE POSSIBILITY OF HAVING A CORE THAT WOULD HELP  
9 EDUCATE PEOPLE AND ADVISE THEM AT THIS STAGE.

10 CHAIRMAN KLEIN: DR. HALL, ANOTHER THING WE  
11 DISCUSSED YESTERDAY WAS THAT CLAIRE POMEROY AND I BOTH  
12 ADDRESSED THE ISSUE THAT WE HAVEN'T IN A NARRATIVE WAY  
13 DESCRIPTIVELY LAID OUT THE RELATIONSHIP BETWEEN OTHER  
14 VITAL RESEARCH OPPORTUNITIES, ADULT STEM CELLS, CORD  
15 BLOOD STEM CELLS, AND FETAL, IN RELATIONSHIP TO  
16 EMBRYONIC. WHILE EMBRYONIC IS CLEARLY THE DOMINANT  
17 FOCUS, WE HAVE A MANDATE IN THE INITIATIVE TO ADDRESS  
18 THESE OTHER AREAS WHERE THERE'S INSUFFICIENT FUNDING,  
19 WHICH CLEARLY THERE WILL BE. AND IT'S A MAJOR ISSUE TO  
20 PUT IN CONTEXT, POINTING OUT THAT YOUR BUDGET, FOR  
21 EXAMPLE, FOR IMMUNOLOGY SPECIFICALLY DOES TALK ABOUT  
22 THE IMMUNE SYSTEM TOLERANCE ISSUES, FOR EXAMPLE,  
23 RELATED TO THE LEUKEMIA, MULTIPLE MYELOMA, OR OTHER  
24 EXISTING ADULT THERAPIES, AND BROADENING THEM WITH  
25 ADVANCES IN IMMUNOLOGY RESEARCH INVESTMENT. BUT IF YOU

1       COULD COMMENT ON THAT FOR THE BOARD.

2                   DR. HALL: WELL, JUST TO SAY THAT WE  
3       CERTAINLY ENVISAGE THAT WE WILL SPEND MONEY IN THESE  
4       AREAS. THERE IS NO QUESTION ABOUT THAT. HOWEVER, IT  
5       SEEMED TO US, FOR A VARIETY OF REASONS, THAT THE  
6       CENTRAL ISSUE THAT, YOU KNOW, THE REASON WE'RE IN  
7       EXISTENCE, AS PROPOSITION 71 SAYS, IS FOR PLURIPOTENT  
8       HUMAN STEM CELLS AND THAT THAT IS THE ISSUE WE MOST  
9       WANTED TO FOCUS ON.

10                   I ALSO READ LAST NIGHT SOME FIGURES IN TERMS  
11       OF THE FEDERAL SUPPORT IN THIS AREA. AND JUST TO  
12       REITERATE THOSE, IN FUNDING YEAR '05, THE TOTAL NIH  
13       BUDGET FOR STEM CELLS WAS ABOUT \$600 MILLION, OF WHICH  
14       THE BIGGEST PIECE, 270 MILLION, WAS FOR NONHUMAN,  
15       NONEMBRYONIC STEM CELLS. HUMAN NONEMBRYONIC STEM  
16       CELLS, THAT IS, ADULT STEM CELLS, WAS THE NEXT BIGGEST  
17       PIECE, 200 MILLION. AND THEN NONHUMAN EMBRYONIC 95,  
18       AND THE AMOUNT FOR HUMAN EMBRYONIC STEM CELLS, THE  
19       FEDERALLY APPROVED LINES, WAS, AS WE KNOW, ABOUT 37,  
20       38, ACTUALLY 39 IS THE FIGURE GIVEN HERE, MILLION  
21       DOLLARS.

22                   SO, AGAIN, JUST TO MAKE THE POINT, WE JUST  
23       SAW THAT AS THE GAP THAT IS MOST NECESSARY TO FILL.  
24       AND WE MAKE REFERENCE TO OTHER KINDS OF STEM CELLS AT  
25       VARIOUS POINTS, BUT WE DON'T CALL IT OUT. AND I THINK

1 GIVEN THE COMMENTS THAT WE RECEIVED, WE CERTAINLY WILL  
2 LOOK AT THAT AGAIN AND SEE IF WE CAN'T MAKE THAT MORE  
3 CLEAR BECAUSE WE CERTAINLY DO INTEND TO FUND THESE  
4 OTHER VITAL RESEARCH OPPORTUNITIES.

5 CHAIRMAN KLEIN: AND ON PAGE 105 IT RELATES  
6 TO ONE OF THE SLIDES YOU SHOWED. IT RELATES FACILITIES  
7 IN TWO CATEGORIES, LAYING THE FOUNDATION AND PREPARING  
8 FOR THE CLINIC. AND I WONDER WHAT THE PREPARING FOR  
9 THE CLINIC RELATES TO IN THAT IF YOU LOOK AT EXHIBIT  
10 D 2, WHICH IS PRESENTED, IT SHOWS THAT THE FUNDS FOR  
11 FACILITIES ARE PUT OUT IN 2007, 8, AND 9 PRINCIPALLY.  
12 SO I'M CONFUSED AS TO PREPARING FOR THE CLINIC AND HOW  
13 IT RELATES TO 81 MILLION FOR THAT PURPOSE.

14 DR. HALL: SO LET'S SEE IF I CAN FIND IT. WE  
15 HAVE ONE FIGURE HERE THAT RELATES THE TWO ARROWS THAT  
16 WE USE. ONE IS THE ONE THAT YOU'VE SEEN WITH -- YOU'VE  
17 SEEN BOTH OF THEM. ONE OF THEM WITH THE -- ACTUALLY  
18 PAGE 45. YOU SEE THE SEGMENTED ARROW THAT I SHOWED YOU  
19 THAT PATRICIA USED, BASIC AND DISCOVERY RESEARCH,  
20 PRECLINICAL RESEARCH, PRECLINICAL DEVELOPMENT, AND  
21 CLINICAL RESEARCH. AND THEN WE HAVE CONFLATED THE TWO  
22 MIDDLE ONES, COMBINED THEM MAYBE IS THE RIGHT TERM,  
23 PRECLINICAL RESEARCH AND PRECLINICAL DEVELOPMENT.

24 NOW, PRECLINICAL RESEARCH MEANS WORKING ON  
25 ANIMAL MODELS OF DISEASE, IT MEANS LOOKING FOR PROOF OF

1 PRINCIPLE IN ANIMALS, IT MEANS TRYING TO DEVELOP WAYS  
2 OF GETTING SPECIFIC THERAPEUTICS, OF DECIDING THAT  
3 YOU'RE INTERESTED IN A PARTICULAR DISORDER, AND THEN  
4 TRYING TO FIND THE RIGHT PRECURSOR PROGENITOR CELL THAT  
5 WOULD WORK THE BEST. THOSE ARE THE KINDS OF THINGS  
6 THAT GO ON IN ACADEMIC AND NONPROFIT INSTITUTIONS, AND  
7 WE EXPECT AND HOPE THAT THAT KIND OF RESEARCH WILL GO  
8 ON IN THE BUILDINGS THAT WE FUND UNDER FACILITIES.

9 SO THE BREAKDOWN BETWEEN THE TWO IS OBVIOUSLY  
10 AN ESTIMATE, BUT IT WAS SIMPLY TO SAY THAT SOME OF THAT  
11 DISEASE-SPECIFIC WORK WILL GO ON, WE THINK, IN THE  
12 BUILDINGS WE FUND.

13 NOW, WHEN YOU GET TO PRECLINICAL DEVELOPMENT,  
14 UNIVERSITIES AND RESEARCH INSTITUTES DON'T DO THAT BY  
15 AND LARGE, AND THAT WILL BE DONE IN THE PRIVATE SECTOR.  
16 AND THERE WE EXPECT THERE WILL BE VERY LITTLE OF THAT  
17 THAT GOES ON IN THE BUILDINGS THAT WE FUND.

18 CHAIRMAN KLEIN: SO THIS CHART ON 105 WAS NOT  
19 MEANT TO CHANGE THE TIMING AS SUGGESTED IN D 2?

20 DR. HALL: NO. NO. NO. IT'S THE BUILDINGS  
21 WILL GO UP, BUT IN THOSE BUILDINGS WILL GO ON DIFFERENT  
22 KINDS OF RESEARCH, SO IT'S NOT A TIMELINE.

23 CHAIRMAN KLEIN: ALL RIGHT.

24 DR. HALL: ANY OTHER QUESTIONS?

25 CHAIRMAN KLEIN: DR. BALTIMORE.

1 DR. HALL: I HOPE YOU WILL TRANSMIT YOUR  
2 MINOR COMMENTS TO US THIS MORNING -- AFTER THIS  
3 MEETING. I MUST SAY I WAS VERY IMPRESSED THIS MORNING  
4 WITH YOUR ABILITY TO COME UP WITH COGENT POINTS THAT  
5 SEEMED MINOR, BUT CAN BE IMPORTANT.

6 DR. BALTIMORE: THESE ARE REALLY MINOR.  
7 THERE ARE TWO PAGE 4S, FOR INSTANCE. TWO PAGES 4  
8 ACTUALLY.

9 DR. HALL: WE DID CATCH THAT.

10 DR. BALTIMORE: THAT'S NOT WHAT I WAS GOING  
11 TO SAY. WHAT YOU SAID JUST NOW ABOUT PRECLINICAL  
12 DEVELOPMENT NOT GOING ON IN UNIVERSITIES IS  
13 HISTORICALLY TRUE. AND IF THE INDUSTRY GETS ALL  
14 EXCITED ABOUT WHAT'S GOING ON ON THE BASIS OF  
15 PRECLINICAL SCIENCE THAT'S DEVELOPED AND IS WILLING TO  
16 TAKE THINGS OVER AND PUT IN THE INVESTMENTS, THAT'S  
17 FINE. I THINK WE SHOULD BE PREPARED TO ENCOURAGE AT  
18 LEAST SELECTED PLACES TO THINK ABOUT MOVING INTO  
19 PRECLINICAL DEVELOPMENT AND PHASE I TRIALS BECAUSE I'M  
20 NOT SO SURE INDUSTRY IS GOING TO BE READY TO STEP UP ON  
21 THE BASIS OF ANIMAL EXPERIMENTATION.

22 DR. HALL: SO WE DID NOT SPECIFY, AND WE HAVE  
23 AN INITIATIVE SPECIFICALLY ON PRECLINICAL DEVELOPMENT,  
24 AND WE DID NOT SPECIFY WHERE THAT MIGHT BE. ONE OF THE  
25 IDEAS THAT WE'RE VERY INTERESTED IN ACTUALLY IS TRYING

1 TO WORK OUT PARTNERSHIPS BETWEEN INDUSTRY AND THE  
2 NONPROFIT SECTOR, ACADEMICS, TO DO THIS.

3 IN OUR MEETINGS WITH THE PRIVATE SECTOR, ONE  
4 OF THE THEMES THAT WAS SOUNDED VERY, VERY STRONGLY --  
5 BY THE WAY, A LOT OF THIS WORK, FOR POLITICAL AND OTHER  
6 REASONS, A LOT OF THE WORK ON EMBRYONIC STEM CELLS,  
7 HUMAN EMBRYONIC STEM CELLS, HAS GONE ON IN THE PRIVATE  
8 SECTOR. THE ORIGINAL WORK ACTUALLY WAS FUNDED IN PART  
9 FROM THE PRIVATE SIDE. AND SO WHAT WE HEARD AGAIN AND  
10 AGAIN WAS THE NEED FOR MONEY AT THAT STAGE BECAUSE THE  
11 VENTURE CAPITAL COMMUNITY HAS BEEN VERY RELUCTANT TO  
12 PUT MONEY INTO THIS. BIG PHARMA IS NOT INTERESTED IN  
13 PUTTING BIG MONEY INTO IT. AND SO IF THERE ARE  
14 OPPORTUNITIES THERE, THAT IS, IF SOMEBODY COMES AND  
15 SAYS, LOOK, HERE'S ALL OUR DATA UP TO THIS. WE HAVE  
16 WHAT WE THINK IS A STRONG THERAPEUTIC CANDIDATE. WE  
17 KNOW HOW TO MAKE IT, AND NOW WE WANT TO CARRY IT TO THE  
18 NEXT STEP, THEN I THINK WE WOULD BE CERTAINLY OPEN TO  
19 FUNDING THAT. IF THE UNIVERSITY WANTS TO DO IT, THAT  
20 WOULD BE FINE TOO. WE DON'T SPECIFY. WE THINK THERE  
21 IT SHOULD GO WHEREVER THE OPPORTUNITY IS THE BEST.

22 AND WE HEARD FROM BOTH SIDES, INTERESTINGLY,  
23 PARTICULARLY FROM SOME ON THE INDUSTRY SIDE, HOW THEY  
24 NEEDED ACADEMIC PARTNERS. AND THAT WOULD BE GREAT.  
25 AND I SHOULD SAY THAT OUR INTENT IS, THROUGH MEETINGS

1 AND OTHERWISE, TO TRY TO BRING IN PRIVATE SECTOR  
2 PEOPLE. WE'RE NOT GOING TO HAVE SEPARATE MEETINGS FOR  
3 PEOPLE IN THE BIOTECH SECTOR AND SEPARATE MEETINGS FOR  
4 THE ACADEMICS, BUT TO ACTIVELY BRING THEM TOGETHER.

5 PARTLY WE THINK THERE'S A LOT OF KNOWLEDGE IN  
6 THE PRIVATE SECTOR THAT WE DON'T KNOW ABOUT, AND WE  
7 WANT TO ENCOURAGE THAT KNOWLEDGE TO BE USED BY THE  
8 GENERAL COMMUNITY, AND SO WE'LL BE VERY ACTIVELY  
9 PUSHING THAT.

10 DR. LOVE: I JUST WANTED TO REEMPHASIZE  
11 DAVID'S POINT BECAUSE I THINK IT'S ACTUALLY VERY SPOT  
12 ON IN THAT MANY TIMES EVEN SMALL PRIVATE COMPANIES  
13 DON'T HAVE THE CAPACITY TO DO PRECLINICAL STUDIES  
14 BECAUSE THOSE STUDIES NEED TO BE DONE WITH GLP  
15 PROTOCOLS, WHICH MANY COMPANIES DON'T BUILD UNTIL  
16 THEY'RE VERY LARGE, AND IT ALSO NEEDS TO BE DONE WITH  
17 GMP-LIKE MATERIAL, WHICH ALSO MOST COMPANIES DON'T HAVE  
18 THE CAPACITY. SO I THINK WE SHOULD BE IN A POSITION TO  
19 THINK ABOUT ENCOURAGING UNIVERSITIES TO DO WHAT THE  
20 SMALL COMPANY WOULD DO, WHICH IS ESSENTIALLY TAKE YOUR  
21 MONEY, PASS IT THROUGH TO A CONTRACTOR, AND PROVE THE  
22 CONCEPT TO MAKE THINGS GO FASTER POTENTIALLY.

23 DR. HALL: GOOD.

24 CHAIRMAN KLEIN: ALL RIGHT. ANY ADDITIONAL  
25 COMMENTS FROM THE BOARD? ANY COMMENTS FROM THE PUBLIC?



1 DR. HALL: LET ME SAY THANK YOU. THIS HAS  
2 BEEN VERY, VERY USEFUL. THIS IS A TERRIFIC DISCUSSION  
3 TODAY, AND WE WILL BRING YOU BACK A PLAN WHICH REFLECTS  
4 THESE COMMENTS TODAY.

5 CHAIRMAN KLEIN: WE MOVE FORWARD IN THIS  
6 PROCESS, SO THE PUBLIC, WE HAD ANNOUNCED, WOULD HAVE  
7 THE TIME PERIOD BETWEEN NOW AND THE DECEMBER MEETING  
8 FOR PUBLIC COMMENT AND INPUT. AND AT THE DECEMBER  
9 MEETING, WE WOULD HOPE TO BRING THIS VERY SUCCESSFUL  
10 VENTURE TO FRUITION. AND SO WE'RE GOING TO LOOK  
11 FORWARD TO THAT, BUT THIS IS A TREMENDOUS EFFORT THAT  
12 HAS BEEN BROUGHT TO US TODAY IN A VERY TIMELY FASHION.  
13 THANK YOU, DR. HALL, FOR YOUR LEADERSHIP.

14 DR. HALL: COULD I JUST MAKE ONE OTHER  
15 COMMENT? I WAS REMINDED. I MADE THIS COMMENT LAST  
16 NIGHT, BUT I JUST FOR THE RECORD WANT TO SAY WE  
17 RECEIVED A LETTER FROM GREENLINING REGARDING OUR  
18 FACILITIES AND WHETHER IT WAS ADDRESSED TO --

19 CHAIRMAN KLEIN: IT HAS BEEN DISTRIBUTED TO  
20 THE BOARD, AND IT WILL BE PART OF ALL THE COMMENTS THAT  
21 WE WILL CONSIDER PUBLICLY IN THE PUBLIC MEETING THAT  
22 WE'RE COMING TO. JAMES, IS THAT APPROPRIATE?

23 DR. HALL: I THINK THE ISSUE THAT COMES UP  
24 THERE IS ACTUALLY BETTER ADDRESSED EITHER THROUGH OUR  
25 GRANTS ADMINISTRATION POLICY FOR FACILITIES OR THROUGH

1 THE RFP THAT WE ISSUE. BUT I JUST WANTED TO SAY, FOR  
2 THE RECORD, THAT WE DID RECEIVE IT, AND WE WILL BE  
3 PAYING ATTENTION TO IT. IF YOU WANT TO DO THAT HERE,  
4 THAT'S FINE. OTHERWISE, WE'LL DEAL WITH IT LATER. WE  
5 ARE NOT IGNORING IT.

6 CHAIRMAN KLEIN: IT IS CERTAINLY YOUR  
7 DECISION, DR. HALL. WOULD YOU LIKE TO DEAL WITH IT  
8 NOW, OR WOULD YOU LIKE --

9 DR. HALL: WELL, I THINK WE SHOULD DEAL WITH  
10 IT AS PART OF OUR OVERALL FACILITIES APPROACH, WHICH  
11 WE'LL HAVE TO DEVELOP THROUGH THE GRANTS ADMINISTRATION  
12 POLICY AND OTHERWISE.

13 CHAIRMAN KLEIN: I WOULD ASSUME YOU ARE GOING  
14 TO GET A RECOMMENDATION FROM THE FACILITIES COMMITTEE?

15 DR. HALL: WE WILL WORK WITH THE FACILITIES  
16 COMMITTEE. WE WILL WORK WITH OUR NEW SENIOR LEADERSHIP  
17 ON THAT ISSUE, AND I THINK WE JUST NEED TO INFORM  
18 OURSELVES ABOUT THE OPTIONS THAT HAVE BEEN RAISED AND  
19 TO INVESTIGATE THEM THOROUGHLY AND THEN TO REPORT BACK.

20 CHAIRMAN KLEIN: ALL RIGHT. DR. LOVE.

21 DR. LOVE: I WOULD ACTUALLY SUBMIT THAT I  
22 THINK THE SPIRIT OF THE LETTER PROBABLY TRANSCENDS A  
23 LOT OF WHAT WE DO BECAUSE BASICALLY THE LETTER IS THAT  
24 WE SHOULD BE PROMOTING DIVERSITY IN HOW WE APPROACH  
25 FACILITIES, BUT I THINK WE'VE ALL AGREED THAT DIVERSITY

1 IS, IN FACT, ONE OF THE CORE VALUES THAT WE'RE  
2 EMBRACING. SO I THINK WE SHOULD FOLLOW ZACH'S  
3 RECOMMENDATION, BUT ALSO KEEP IT IN MIND WITH  
4 EVERYTHING THAT WE DO AS A COMMITTEE.

5 CHAIRMAN KLEIN: WITH THAT, JAMES, ARE THERE  
6 ANY OTHER ACTION ITEMS WE NEED TO DEAL WITH TODAY? I  
7 WOULD LIKE TO SAY THAT ALL OF OUR WORK IS INCREMENTAL,  
8 AND IT'S BEEN BROUGHT TO MY ATTENTION THAT THE GOVERNOR  
9 WAS, IN FACT, IN SAN DIEGO THIS LAST WEEK. AND TO A  
10 GROUP OF SCIENTISTS HE MADE THE COMMENT THAT, WHILE THE  
11 ENDORSEMENTS WERE MADE EARLY IN THE CAMPAIGN, THE FACT  
12 THAT WE HAD SUCH A STRONG COURT DECISION AND THE FACT  
13 THAT WE HAD CIVIC LEADERS THROUGHOUT THE STATE WHO  
14 VOTED THEIR OWN DOLLARS AFTER THEIR OWN COUNSEL'S  
15 ADVICE THAT WE WOULD WIN THE LITIGATION PROVIDED A  
16 STATEWIDE VALIDATION FOR THE STATE'S FURTHER INVESTMENT  
17 IN THIS. AND IT GAVE THE BROAD-BASE ENDORSEMENT OF  
18 VERY RESPECTED LEADERS IN THE SOCIETY WHO HAD BEEN  
19 LONGTIME CONTRIBUTORS TO BIOMEDICAL RESEARCH.

20 SO EACH ELEMENT BUILDS ON ANOTHER. AND THE  
21 GRATITUDE WE OWE TO THE PEOPLE WITH COURAGE THAT STOOD  
22 UP AND BOUGHT THE BOND ANTICIPATION NOTES HAS ANOTHER  
23 LAYER TO IT, WHICH CERTAINLY WE'LL BE SURE TO EXPRESS  
24 TO THEM.

25 IN ANY CASE, WE ARE VERY GRATEFUL THAT THE

1 \$150 MILLION WAS THEREFOR MADE AS A VERY BOLD GESTURE  
2 OF THE GOVERNOR, AND IT IS A MATTER THAT EVENTS  
3 PROBABLY HELPED US ACCELERATE IT, BUT WITHOUT THAT  
4 TREMENDOUS HISTORY OF THE GOVERNOR'S ENDORSEMENT, THE  
5 COURT VALIDATION, AND THE BOND ANTICIPATION NOTES, WE  
6 WOULDN'T HAVE HAD THAT FLEXIBILITY.

7 WITH THAT, IF THERE ARE ANY CLOSING COMMENTS  
8 FROM THE PUBLIC.

9 MR. SIMPSON: JOHN SIMPSON, FOUNDATION FOR  
10 TAXPAYER AND CONSUMER RIGHTS. VERY QUICKLY, JUST A  
11 PROCEDURAL SUGGESTION THAT I WOULD COMMEND TO YOUR  
12 ATTENTION. YOU SHOULD PERHAPS CONSIDER, WHEN YOU ARE  
13 DISCUSSING SUBSTANTIVE DOCUMENTS THAT ARE BEFORE YOU,  
14 THAT HAVE PERHAPS BEEN AIRED IN PUBLIC SESSIONS AND  
15 WORKING GROUPS AND SO ON, THAT IF YOU'RE GOING TO BE  
16 AMENDING THEM, THAT YOU SHOULD REQUIRE THE AMENDMENT  
17 PERHAPS TO BE PRESENTED THE DAY BEFORE IN WRITING. I  
18 THINK IT MIGHT SPEED UP THE PROCESS AND MAKE IT A LOT  
19 CLEARER TO ALL OF YOU. I THINK IT WOULD BE A  
20 TREMENDOUS BENEFIT TO HAVE THOSE REQUIRED TO BE IN  
21 WRITING.

22 CHAIRMAN KLEIN: ANOTHER COMMENT? THANK YOU  
23 VERY MUCH.

24 MR. REYNOLDS: GOOD AFTERNOON. JESS REYNOLDS  
25 OF THE CENTER FOR GENETICS AND SOCIETY. FOLLOWING ON

1 THAT LAST NOTE ABOUT DIVERSITY, I'D LIKE TO INFORM OR  
2 REMIND THE BOARD AND THE STAFF AND SO FORTH OF AN EVENT  
3 THIS SATURDAY BEING HOSTED BY THE GREENLINING  
4 INSTITUTE. THE TITLE IS ESCAPING ME AT THE MOMENT.  
5 IT'S A MOST-OF-THE-DAY EVENT ABOUT INCORPORATING  
6 DIVERSITY INTO STEM CELL RESEARCH AND ENSURING THAT THE  
7 BENEFITS OF THE STATE-FUNDED PROGRAM ACCRUE TO A BROAD  
8 RANGE OF CALIFORNIANS. DR. BIRGENEAU IS GIVING AN  
9 OPENING REMARK, AND MR. GIL SAMBRANO OF THE STAFF WILL  
10 BE SPEAKING ON A PANEL, AS A COUPLE OF MY COLLEAGUES  
11 FROM THE CENTER FOR GENETICS AND SOCIETY. THAT'S  
12 SATURDAY 9:30 TO 4:30 AT CHILDREN'S HOSPITAL IN  
13 OAKLAND. AND I ENCOURAGE YOU ALL TO ATTEND. THANK  
14 YOU.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
16 SEEING -- IS THERE ADDITIONAL PUBLIC COMMENT?

17 MS. YOST: MY NAME IS MARY YOST. I'M FROM  
18 THE CALIFORNIA PARKINSON'S CAUCUS, WHICH IS INSPIRED BY  
19 JOAN SAMUELSON. I JUST WANTED TO SAY THANK YOU. IT'S  
20 AMAZING THE TEDIOUS NATURE OF YOUR WORK AND THE AMOUNT  
21 OF EFFORT YOU ARE PUTTING INTO IT AND THE KIND OF  
22 DETAIL. WE'D LIKE TO BE IN YOUR PIPELINE AND HOPE THAT  
23 IT WILL COME FORWARD SOON. THANK YOU.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IT'S  
25 CERTAINLY OUR DEDICATION AS A GROUP IS TO PATIENTS IN

1 CALIFORNIA AND THE WORLD THAT WE HOPE TO SERVE. AND  
2 EVERY STATEMENT LIKE YOURS IS AN ELOQUENT TESTIMONY TO  
3 WHY WE'RE SO DEDICATED.

4 I WOULD STAND ADJOURNED UNLESS THE BOARD HAS  
5 OTHER POINTS. I WOULD POINT OUT TO THE BOARD THAT  
6 WE'VE MASTERED A VERY TOUGH AGENDA TODAY, AND WE ARE  
7 HALF AN HOUR BEFORE WE WOULD BE KICKED OUT OF THE ROOM.  
8 THANK YOU.

9 (APPLAUSE.)

10 (THE MEETING WAS THEN ADJOURNED AT 4:30  
11 P.M.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

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

UCLA, GRAND HORIZON ROOM  
3D FLOOR, COVEL COMMONS, SUNSET VILLAGE  
LOS ANGELES, CALIFORNIA  
ON  
OCTOBER 11, 2006

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

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