

BEFORE THE
SCIENTIFIC AND MEDICAL RESEARCH
FACILITIES WORKING GROUP
OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: GRAND HYATT AT UNION SQUARE
345 STOCKTON STREET, BALLROOM EAST
SAN FRANCISCO, CALIFORNIA

DATE: FRIDAY, OCTOBER 28, 2005
9:04 A.M.

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

BRS FILE NO. : 73792

I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		3
ROLL CALL		3
WELCOME AND INTRODUCTIONS		4
PRESIDENT' S REPORT		15
ICOC UPDATE		24
INFORMATIONAL OVERVIEW OF CIRM GRANTS: FACILITIES WORKING GROUP AND SHARED SPACE RFA		39
CONSIDERATION OF REVIEW PROCEDURES FOR FACILITIES GRANTS		90
CONSIDERATION OF BYLAWS		119
PUBLIC COMMENT		126
ADJOURNMENT		139

1 SAN FRANCISCO, CALIFORNIA, FRIDAY OCTOBER 28, 2005

2 09:04 A.M.

3

4 CHAIRMAN DOMS: OKAY. CAN WE GET STARTED,
5 PLEASE. I'D LIKE TO CALL THE MEETING TO ORDER, AND
6 WE'LL START WITH A ROLL CALL. MELISSA, CAN YOU TAKE
7 CARE OF THAT?

8 MS. KING: DAVID SERRANO-SEWELL.

9 MR. SERRANO-SEWELL: PRESENT.

10 MS. KING: RUSTY DOMS.

11 CHAIRMAN DOMS: PRESENT.

12 MS. KING: MARCY FEIT. DEBORAH HYSEN. ED
13 KASHIAN.

14 MR. KASHIAN: YES.

15 MS. KING: ROBERT KLEIN.

16 MR. KLEIN: PRESENT.

17 MS. KING: SHERRY LANSING. DAVID LICHTENGER.

18 MR. LICHTENGER: PRESENT.

19 MS. KING: JEFF SHEEHY.

20 MR. SHEEHY: HERE.

21 MS. KING: JANET WRIGHT.

22 DR. WRIGHT: HERE.

23 CHAIRMAN DOMS: THANK YOU, MELISSA. WE HAVE
24 ON THE AGENDA THE PLEDGE OF ALLEGIANCE.

25 MR. KLEIN: RUSTY, I THINK YOU DIDN'T KNOW

1 THAT JOAN WAS GOING TO BE ABLE TO ATTEND, SO SHE WASN'T
2 ON THE LIST TO BE CALLED. BUT JOAN IS --

3 MS. SAMUELSON: PRESENT.

4 MR. KLEIN: WE ARE EXCITED THAT JOAN MADE IT.

5 CHAIRMAN DOMS: EXCUSE ME. THANKS, BOB.

6 WE HAVE ON THE AGENDA THE PLEDGE OF
7 ALLEGIANCE. SINCE WE DON'T HAVE A FLAG, I THINK WE'LL
8 HAVE TO DISPENSE WITH THAT.

9 AND I'D LIKE TO WELCOME ALL THE MEMBERS OF
10 THE COMMITTEE AND THOSE PEOPLE THAT ARE HERE IN THE
11 PUBLIC'S INTEREST. I THINK THIS IS AN EXTRAORDINARY
12 OPPORTUNITY FOR ALL OF US TO PARTICIPATE IN A PROJECT
13 AND ENDEAVOR THAT'S CLOSE TO ALL OF OUR HEARTS. AND
14 I'D LIKE TO TALK A LITTLE BIT ABOUT THE COMPOSITION OF
15 THE COMMITTEE, AND THEN I'D LIKE TO ASK PEOPLE TO
16 INTRODUCE THEMSELVES AND GIVE US A VERY BRIEF
17 BACKGROUND.

18 ON THIS COMMITTEE, WE HAVE FOUR MEMBERS FROM
19 THE REAL ESTATE SECTOR, THREE OF WHICH ARE HERE TODAY,
20 SIX PATIENT ADVOCATES, I BELIEVE WE HAVE FOUR OF THEM
21 HERE TODAY, AND BOB KLEIN, WHO IS OUR ICOC CHAIRMAN.

22 I'VE HAD THE OPPORTUNITY TO MEET THE REAL
23 ESTATE PARTICIPANTS THIS MORNING. I'VE HAD THE
24 OPPORTUNITY OF VISITING AND MEETING ALL OF THE PATIENT
25 ADVOCATES THAT ARE HERE TODAY. I THINK BOB AND HIS

1 GROUP HOPEFULLY PUT TOGETHER AN OUTSTANDING GROUP
2 PARTICULARLY ON THE -- WE KNOW THAT THE PATIENT
3 ADVOCATES ARE TOTALLY DEDICATED. THEY'RE WONDERFUL
4 PEOPLE. ON THE REAL ESTATE SIDE WE HOPE WE STEP UP TO
5 THE PLATE ON THAT SIDE. I THINK WE'VE GOT A GREAT
6 COMMITTEE, AND I THINK ALL OF US ARE WORKING -- LOOKING
7 FORWARD TO WORKING TOGETHER ON THIS.

8 SO WHAT I WOULD LIKE TO DO IS HAVE THE PEOPLE
9 INTRODUCE THEMSELVES VERY BRIEFLY, AND I'LL START WITH
10 MYSELF.

11 I'M FROM SOUTHERN CALIFORNIA, BORN AND RAISED
12 THERE, WENT TO COLLEGE THERE. I'VE BEEN IN THE REAL
13 ESTATE BUSINESS BASICALLY ALL MY LIFE. MY AREAS OF
14 INTEREST AND EXPERTISE ARE IN INVESTMENT MANAGEMENT OF
15 REAL ESTATE DOLLARS AND ALSO PROJECT MANAGEMENT. I HAD
16 A COMPANY THAT PARTICIPATED IN BOTH OF THOSE AREAS,
17 SOLD IT A FEW YEARS AGO, AND I'VE BEEN BASICALLY DOING
18 A LOT OF WORK IN THE NONPROFIT SECTOR. I'M INVOLVED IN
19 THE DEVELOPMENT, PARTICULARLY FROM A SCHEDULE AND
20 BUDGET STANDPOINT, FOR TWO VERY LARGE HOSPITALS IN
21 SOUTHERN CALIFORNIA. WORKING WITH SOME OTHER GROUPS,
22 AND I'M VERY PLEASED TO BE PART OF THE FACILITIES
23 COMMITTEE AND ASSOCIATED WITH THE CALIFORNIA INSTITUTE
24 FOR REGENERATIVE MEDICINE.

25 WITH THAT, I'D LIKE TO INTRODUCE THE VICE

1 CHAIRMAN OF THIS COMMITTEE, DAVID SERRANO-SEWELL. IT'S
2 ALL YOURS.

3 MR. SERRANO-SEWELL: THANK YOU, RUSTY. MY
4 NAME IS DAVID SERRANO-SEWELL. I'M A MEMBER OF THE
5 INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE, HAVE THE
6 HONOR OF REPRESENTING THE MS AND THE ALS COMMUNITY AS A
7 PATIENT ADVOCATE. I WAS APPOINTED BY THE ICOC TO THIS
8 WORKING GROUP, AND I'M EXCITED ABOUT SERVING AS VICE
9 CHAIR OF THIS WORKING GROUP AND WITH EVERYONE ELSE.

10 CHAIRMAN DOMS: I'D LIKE TO ASK OUR WONDERFUL
11 LEADER, BOB KLEIN, TO GO NEXT AS CHAIRMAN OF THE ICOC.

12 MR. KLEIN: THANK YOU, RUSTY. IT'S EXCITING
13 TO SEE THE FACILITIES GROUP COMMENCE THEIR OPERATIONS.
14 AS WE'LL DISCUSS LATER, THERE'S SOME VERY CRITICAL
15 FUNCTIONS TO PROVIDE SPACE THAT IS CLEAR OF NIH FUNDING
16 SO THE SCIENTISTS IN CALIFORNIA CAN HAVE THE CONFIDENCE
17 THEY'LL BE ABLE TO CARRY OUT THEIR PROGRAM WITHOUT
18 POTENTIAL INTIMIDATION FROM FEDERAL FUNDING SOURCES
19 THROUGH THE NIH.

20 THE NIH IS AN EXTRAORDINARY MECHANISM OF
21 WHICH WE'RE ALL PROUD NATIONALLY. IT'S UNDER SOME
22 TREMENDOUS BURDENS CURRENTLY BECAUSE OF THE EXECUTIVE
23 ORDER RELATED TO RESTRICTING FUNDS FOR STEM CELL
24 RESEARCH, WHICH WE'LL CERTAINLY, I BELIEVE, ADDRESS
25 UNDER DR. HALL'S COMMENTS.

1 IN TERMS OF THIS COMMITTEE, WHILE I HAVE A
2 DEVELOPMENT BACKGROUND, A REAL ESTATE DEVELOPMENT
3 BACKGROUND, IN OFFICE, COMMERCIAL, AND RESIDENTIAL,
4 WITH A FOCUS ON INSTITUTIONAL LEVEL APARTMENTS,
5 RESIDENTIAL APARTMENTS, AND A VERY SPECIFIC PUBLIC
6 PURPOSE FOCUS ON APARTMENTS WITH A SIZABLE AFFORDABLE
7 HOUSING COMPONENT, THAT DOES NOT GIVE ME THE VERY
8 SPECIALIZED BACKGROUND THAT'S REPRESENTED BY A NUMBER
9 OF MEMBERS OF THIS COMMITTEE IN DEALING WITH HOSPITAL
10 CONSTRUCTION, IN DEALING WITH THE CONSTRUCTION OF
11 SCIENTIFIC LABS. SO IT'S A GREAT PRIVILEGE TO SERVE
12 WITH MEMBERS OF THIS COMMITTEE WHO BRING TREMENDOUS
13 EXPERTISE FROM THEIR OWN BACKGROUNDS THAT WILL EDUCATE
14 US, LEAD US, AND INFORM US IN A WAY THAT HOPEFULLY
15 ALLOWS US TO MAKE VERY STRATEGIC DECISIONS IN THE
16 FUTURE.

17 AND IN TERMS OF THE TOTAL SCOPE OF THIS
18 COMMITTEE AS TO WHAT IS BUILT, WHILE THE INITIATIVE
19 ITSELF, AS I WROTE IT, PROVIDES 10 PERCENT OF THE FUNDS
20 OR 300 MILLION FOR CONSTRUCTION, HOPEFULLY WITH AT
21 LEAST A ONE-TO-ONE MATCH, IN MANY CASES IT MAY BE A
22 TWO-TO-ONE MATCH, WE MAY DEVELOP 600 MILLION OR 900
23 MILLION OF FACILITIES. IN EITHER CASE, IT WOULD BE A
24 FABULOUS CONTRIBUTION TO THE SCIENTISTS AND PHYSICIANS
25 OF CALIFORNIA. THANK YOU.

1 CHAIRMAN DOMS: DAVID.

2 MR. LICHTENGER: THANK YOU, RUSTY. I'M DAVID
3 LICHTENGER. FIRST OF ALL, I'VE BEEN INVOLVED IN
4 CONSTRUCTION, REAL ESTATE DEVELOPMENT, AND ON THE
5 BROKERAGE SIDE FOR OVER 20 YEARS, PRIMARILY ON THE EAST
6 COAST, ALTHOUGH THE PAST FIVE YEARS ON THE WEST COAST.
7 I LIVE IN PALO ALTO NOW, AND MY COMPANY'S OFFICES ARE
8 IN SANTA CLARA. MY BACKGROUND HAS IN THE PAST FIVE,
9 SIX YEARS BEEN HEAVILY ON THE TECHNOLOGY AND LIFE
10 SCIENCE SIDE, DOING A LOT OF THE LABS, CLEAN ROOMS,
11 TECHNICAL FACILITIES. ON THE EAST COAST I WAS INVOLVED
12 ALSO IN SOME HOSPITAL AND HEALTHCARE AS WELL.

13 AND I'M LOOKING FORWARD TO BEING INVOLVED
14 WITH THIS COMMITTEE, AND HOPEFULLY WILL BE ABLE TO ADD
15 SOME VALUE AND HELP THE DOLLARS WE SPEND BEING VERY
16 COST EFFECTIVE.

17 CHAIRMAN DOMS: THANK YOU, DAVID. JOAN.

18 MS. SAMUELSON: THAT COST-EFFECTIVE PHRASE
19 SEEMS TO ME TO BE ONE OF THE IMPORTANT CRITERION WE'LL
20 HAVE TO PAY ATTENTION TO. JOAN SAMUELSON. I'M FOUNDER
21 AND PRESIDENT OF THE PARKINSON'S ACTION NETWORK, AND
22 THAT'S HOW I CAME TO BE APPOINTED AS A MEMBER OF THE
23 ICOC, A PATIENT REPRESENTATIVE. AND IT'S A WONDERFUL
24 CHALLENGE AND HONOR.

25 AND I LOOK FORWARD TO WORKING WITH THE OTHER

1 MEMBERS OF THE COMMITTEE AND THE CHAIRMAN. THANK YOU.

2 CHAIRMAN DOMS: THANKS, JOAN. ED.

3 MR. KASHIAN: MY NAME IS ED KASHIAN. I WAS
4 BORN IN THE EAST COAST AND EDUCATED AND LIVED IN
5 CALIFORNIA THE BETTER PART OF THE LAST 55 YEARS. I
6 HAVE A SENSE OF EXPERIENCE IN THE REAL ESTATE BUSINESS
7 AND DEVELOPMENT BUSINESS FOR A MEDIUM-SIZED RESIDENTIAL
8 FIRM THAT DEVELOPS FOR ITS OWN ACCOUNT, AND IN RECENT
9 TIME HAD A CONSIDERABLE AMOUNT OF EXPERIENCE WITH OUR
10 UNIVERSITIES AND THE STATE COLLEGES IN THE AREA.

11 AND I'M HONORED TO BE A PART OF THIS GROUP
12 AND LOOK FORWARD TO WORKING WITH ALL OF US.

13 CHAIRMAN DOMS: THANK YOU. JANET.

14 DR. WRIGHT: I'M JANET WRIGHT. I'M A
15 CARDIOLOGIST NORTH OF SACRAMENTO, AND I'M ONE OF THE
16 PATIENT ADVOCATES ON THE ICOC. I HAVE HAD THE
17 PRIVILEGE OF BEING PART OF THE GRANT REVIEW WORKING
18 GROUP, WHICH WAS ABOUT THE SCIENCE. AND I THINK THIS
19 GROUP IS ABOUT GETTING THE SCIENCE A HOME. SO I'M
20 EXCITED TO PARTICIPATE.

21 CHAIRMAN DOMS: JEFF.

22 MR. SHEEHY: I'M JEFF SHEEHY. I'M FROM HERE
23 IN SAN FRANCISCO, AND I'M A PATIENT ADVOCATE
24 REPRESENTING PEOPLE WITH HIV AND AIDS.

25 CHAIRMAN DOMS: OUR ILLUSTRIOUS PRESIDENT,

1 ZACH HALL.

2 DR. HALL: ZACH HALL. I'M THE PRESIDENT OF
3 CIRM. MOST OF MY CAREER WAS AT UCSF WITH SOME TIME IN
4 WASHINGTON AND SOME TIME IN UNIVERSITY OF SOUTHERN
5 CALIFORNIA. I'M A NEUROBIOLOGIST ONCE UPON A TIME.
6 I'VE BECOME A SCIENCE ADMINISTRATOR.

7 MR. HARRISON: I'M JAMES HARRISON, OUTSIDE
8 COUNSEL TO THE CIRM. AND IT'S MY JOB TO HELP YOU KEEP
9 IN LINE.

10 DR. WRIGHT: FULL-TIME JOB.

11 MR. KLEIN: MR. CHAIRMAN, IT WOULD BE
12 APPROPRIATE TO NOTE THAT JAMES HARRISON WAS ONE OF THE
13 KEY ATTORNEYS THAT HELPED ME WITH THE DRAFTING OF
14 PROPOSITION 71 AND IS EXTRAORDINARILY WELL VERSED IN
15 THE LEGAL ISSUES BEHIND PROPOSITION 71, ITS STRUCTURE,
16 AND ITS IMPLEMENTATION. SO WE'RE VERY PRIVILEGED TO
17 HAVE HIS SERVICES.

18 CHAIRMAN DOMS: I'M VERY PLEASED. I'VE
19 ALREADY TOLD JAMES TO GIVE ME A TUG OR PULL ME BACK
20 WHEN WE MAY BE HEADING A LITTLE OUTSIDE THE BOUNDARIES.
21 IT'S GREAT TO HAVE YOU, JAMES.

22 ZACH, DO YOU WANT TO INTRODUCE YOUR STAFF
23 THAT'S HERE TODAY TOO BECAUSE THEY'RE AN IMPORTANT PART
24 OF ALL OF THIS.

25 DR. HALL: YES. I WOULD LIKE TO INTRODUCE,

1 PARTICULARLY SINCE WE HAVE A SMALL GROUP, I THINK IT
2 WOULD BE USEFUL TO DO SO. DR. ARLENE CHIU JUST STEPPED
3 OUT OF THE ROOM, BUT SHE IS THE DIRECTOR OF SCIENTIFIC
4 PROGRAM AND REVIEW AND HAS WORKED VERY CLOSELY ON THE
5 GRANTS PROGRAM. AND SO MUCH OF -- WE'LL HAVE SOME
6 DISCUSSION TODAY ABOUT HOW THE SCIENTIFIC AND
7 FACILITIES REVIEW WORK TOGETHER, AND SO WE'RE
8 PARTICULARLY GLAD THAT SHE CAN BE HERE.

9 GIL SOMBRANO HAS RECENTLY JOINED US AND IS IN
10 CHARGE OF -- IS OUR SENIOR REVIEW OFFICER FOR THE --
11 SCIENTIFIC REVIEW OFFICER FOR THE GRANTS REVIEW
12 PROGRAM. HE'S A PH.D. WHOM WE MANAGED TO PERSUADE TO
13 COME OVER FROM UCSF.

14 MARY MAXON, DR. MARY MAXON, IS THE DEPUTY TO
15 OUR VICE CHAIR, ED PENHOET. MARY HAS BEEN OUR LEADER
16 PARTICULARLY IN INTELLECTUAL PROPERTY MATTERS.

17 AND KATE SHREVE IN THE BACK HERE WORKS WITH
18 OUR STANDARDS WORKING GROUP, WHICH IS BUSY PUTTING
19 TOGETHER THE MEDICAL AND ETHICAL STANDARDS BY WHICH THE
20 WORK WILL BE DONE.

21 AND THIS IS ARLENE CHIU, WHO HAS JUST COME
22 BACK IN THE ROOM. ARLENE CAME TO US FROM NIH WHERE SHE
23 REALLY LED THE PROGRAMS IN STEM CELL BIOLOGY THERE ON
24 THE EXTRAMURAL SIDE.

25 MELISSA KING EVERYONE KNOWS. AND PROBABLY

1 EVEN MORE THAN THAT IS JENNIFER ROSAIA, WHO IS
2 RESPONSIBLE FOR ALL OF OUR ARRANGEMENTS AND ALL OF THE
3 LOGISTICS IN PUTTING ALL THIS TOGETHER. HAVE WE LEFT
4 ANYBODY OUT? I THINK THAT'S ALL FROM CIRM.

5 CHAIRMAN DOMS: THANK YOU, ZACH. AND I CAN
6 SAY THAT OVER THE LAST SEVERAL MONTHS, I'VE HAD THE
7 GREAT PLEASURE OF WORKING WITH ZACH AND HIS STAFF.
8 THEY'RE VERY, VERY PROFESSIONAL, THEY'RE VERY TALENTED,
9 THEY'RE COMMITTED AND DEDICATED. AT LEAST FOR ME, AND
10 I THINK YOU WILL ALL FEEL THE SAME WAY, IT'S AN
11 EXTRAORDINARY STAFF. WE'RE LUCKY TO HAVE ALL THOSE
12 PEOPLE.

13 IN TERMS OF OUR MEETING TODAY, WE HAVE A FULL
14 AGENDA, SO WE NEED TO MOVE ON. I'D LIKE TO MAKE A
15 COUPLE COMMENTS REGARDING THE MEETINGS. I'M VERY
16 INTERESTED IN KEEPING THE DISCUSSION FOCUSED. WE HAVE
17 A TIME SCHEDULE NINE TO TWELVE. I'D LIKE TO ADHERE TO
18 THAT TIME SCHEDULE. THESE PEOPLE ARE ALL AT THIS
19 TABLE, AT LEAST, VOLUNTEERS, AND THEY HAVE COMMITMENTS
20 ELSEWHERE. SO IT'S GOING TO BE ONE OF MY GOALS TO
21 ADHERE TO THE SCHEDULE.

22 WELCOME ALL COMMENTS, AND ONE OF MY JOBS, ONE
23 OF MY ASSIGNMENTS WILL BE TO FOLLOW UP WITH COMMITTEE
24 MEMBERS ON ASSIGNMENTS.

25 I'D LIKE TO DIGRESS FOR JUST A SECOND AND

1 GIVE YOU A PERSONAL THOUGHT ON THIS COMMITTEE AND ITS
2 FUNCTIONS. WHEN I WAS FIRST ASKED TO JOIN THIS
3 COMMITTEE AND CHAIR THIS COMMITTEE, I REALLY DID NOT --
4 I UNDERSTOOD THE CONCEPT OF STEM CELL RESEARCH AND A
5 LITTLE BIT ABOUT THE APPLICATIONS AND THE BENEFITS FROM
6 IT. OVER THE LAST FOUR OR FIVE MONTHS HAVE HAD THE
7 OPPORTUNITY TO BECOME MORE KNOWLEDGEABLE, LONG WAY TO
8 GO, BUT MORE KNOWLEDGEABLE. AND IT'S SORT OF BEEN
9 EXTRAORDINARY, THE LEARNING PROCESS GOING THROUGH ALL
10 THIS.

11 AND I WAS THINKING -- I WAS TALKING TO
12 SOMEBODY ABOUT THE CONCEPT OF HOPE, AND SHE MENTIONED
13 THAT IN RELATION TO WHAT WE'RE DOING HERE. PEOPLE HOPE
14 FOR A LOT OF THINGS IN LIFE. I WAS THINKING, GEE, I
15 HOPE I WIN THE LOTTO. IT'S PROBABLY TOUGH BECAUSE I
16 NEVER BUY A TICKET; BUT, YOU KNOW, I THINK THIS IS AN
17 OPPORTUNITY FOR US TO REALLY CONVERT HOPE INTO REALITY.
18 THESE PEOPLE AROUND THE TABLE HAVE ALL BEEN AFFECTED IN
19 SOME WAY OR ANOTHER PERSONALLY OR WITH FAMILY, TERRIBLE
20 DISEASES. I HAVE A DAUGHTER THAT HAS SERIOUS LEARNING
21 DISABILITIES.

22 AND IT'S AN EXTRAORDINARY OPPORTUNITY FOR US
23 TO CONVERT HOPE INTO REALITY. AND I THINK ALL OF US
24 WORKING TOGETHER, IT'S A GREAT CHALLENGE, BUT IT'S A
25 WONDERFUL CHALLENGE. AND I CAN PERSONALLY SAY THAT I

1 AM REALLY, REALLY LOOKING FORWARD TO WORKING WITH
2 EVERYBODY IN THIS COMMITTEE AND THE OTHER PEOPLE THAT
3 ARE ASSOCIATED WITH THE ICOC. AND I THINK ALL OF US
4 WORKING TOGETHER CAN REALLY MAKE ONE VERY SIGNIFICANT
5 DIFFERENCE IN HOW WE LIVE OUR LIVES AND HOW WE LOOK
6 FORWARD TO LIVING OUR LIVES IN THE FUTURE.

7 SO I WANTED TO SHARE THAT, AND I THINK THAT'S
8 VERY, VERY IMPORTANT.

9 I WANT TO MAKE A QUICK COMMENT ON THE PUBLIC
10 PARTICIPATION. WE'D LIKE TO INVITE THE PUBLIC TO MAKE
11 COMMENTS DURING THE MEETING. WE HAVE AN AGENDA ITEM AT
12 THE END OF THE MEETING SPECIFICALLY FOR PUBLIC
13 COMMENTS. WE'RE NOT OBLIGATED TO HAVE PUBLIC COMMENTS
14 AS THIS IS A WORKING GROUP AND IS NOT FORMALLY SUBJECT
15 TO THE BAGLEY-KEENE ACT, BUT I THINK, TAKING THE LEAD
16 FROM BOB, WE WILL OPEN THESE MEETINGS UNLESS WE HAVE
17 AGENDA ITEMS THAT WE'LL COVER UNDER THE BYLAWS THAT
18 REQUIRE CLOSED SECTIONS.

19 AT THE END OF EACH AGENDA ITEM, IF THERE IS
20 PUBLIC COMMENT, WE WILL TAKE IT. I WOULD ASK YOU TO BE
21 BRIEF. I WANT YOU TO LIMIT YOUR COMMENTS TO THREE
22 MINUTES. IF I FEEL THAT WE'RE GETTING OFF TRACK IN
23 TERMS OF PUBLIC COMMENTS REGARDING THE SPECIFIC AGENDA
24 ITEM, I WILL ASK YOU TO HOLD THOSE COMMENTS UNTIL THE
25 END OF THE MEETING.

1 AT THIS POINT WE'D LIKE TO GO TO AGENDA ITEM
2 NO. 5, WHICH IS THE PRESIDENT'S REPORT, AND I'M GOING
3 TO TURN IT OVER TO ZACH.

4 DR. HALL: THANK YOU VERY MUCH, RUSTY. LET
5 ME JUST SAY THAT THIS IS MY OPPORTUNITY TO WELCOME YOU
6 ON BEHALF OF THE CALIFORNIA INSTITUTE OF REGENERATIVE
7 MEDICINE, WELCOME YOU TO THIS WORKING GROUP, AND NOT
8 ONLY THIS WORKING GROUP, BUT, AS RUSTY INDICATED, TO
9 THIS VERY DAUNTING AND VERY EXCITING PROJECT THAT ALL
10 OF US ARE WORKING ON.

11 AS YOU KNOW AND WILL HEAR FURTHER, AN
12 IMPORTANT PART OF OUR MANDATE THROUGH PROPOSITION 71 IS
13 TO PROVIDE FACILITIES THAT CAN BE USED PARTICULARLY FOR
14 HUMAN EMBRYONIC STEM CELL RESEARCH. AND WE WILL BE
15 WORKING WITH YOU OVER A PERIOD OF YEARS TO ACCOMPLISH
16 THAT AIM. AND LET ME JUST SAY PERSONALLY WE ARE DEEPLY
17 GRATEFUL TO YOU FOR GIVING YOUR TIME, YOUR TALENTS, AND
18 YOUR EFFORT TO HELP US PROVIDE CALIFORNIA SCIENTISTS
19 WITH THE BEST POSSIBLE FACILITIES FOR HUMAN EMBRYONIC
20 STEM CELL RESEARCH. AS JANET WRIGHT SAID, TO GIVE THIS
21 RESEARCH A HOME, AND A HOME OF THE QUALITY IT DESERVES.

22 I APOLOGIZE THAT THIS MATERIAL IS NOT IN YOUR
23 BOOKS, BUT I JUST PUT TOGETHER A SLIDE PRESENTATION FOR
24 THIS PART OF IT. I WOULD LIKE TO JUST TELL YOU A
25 LITTLE BIT AT THE BEGINNING ABOUT WHO WE ARE AND WHERE

1 WE ARE AND WHAT WE'RE DOING AND HOW THE FACILITIES
2 WORKING GROUP FITS INTO OUR OVERALL EFFORT.

3 I DON'T THINK I HAVE TO EMPHASIZE TO THIS
4 GROUP THE SCIENTIFIC EXCITEMENT AND MEDICAL HOPE THAT
5 STEM CELL RESEARCH HAS GENERATED. IT HAS BEEN QUITE
6 REMARKABLE. BECAUSE STEM CELLS HAVE THE CAPACITY FOR
7 VIRTUALLY UNLIMITED CELL DIVISION AND SELF-RENEWAL AND
8 BECAUSE THEY ALSO HAVE A UNIQUE CAPABILITY TO
9 DIFFERENTIATE INTO ANY ONE OF THE SPECIALIZED CELLS IN
10 OUR BODY, VIRTUALLY ANY ONE, THAT IS, MUSCLE CELL,
11 NERVE CELL, PANCREAS CELL, WHATEVER IT IS, THEY CAN
12 DIFFERENTIATE INTO THAT CELL. THIS HAS GIVEN RISE TO
13 THE IDEA OF SO-CALLED CELL REPLACEMENT THERAPY IN WHICH
14 STEM CELLS OR CELLS DERIVED FROM STEM CELLS ARE USED TO
15 REPLACE DISEASED OR DAMAGED PARTS OF OUR BODY. AND
16 THIS COULD BE IN THE HEART, IN THE PANCREAS, IN THE
17 NERVOUS SYSTEM, WHEREVER IT MIGHT OCCUR.

18 SO IT'S A TECHNIQUE WITH UNUSUALLY BROAD
19 APPLICABILITY. WE'RE ALSO LEARNING THROUGH A TECHNIQUE
20 CALLED NUCLEAR TRANSFER THAT STEM CELLS MAY BE USED TO
21 PROVIDE HUMAN CELLULAR MODELS OF DISEASES SUCH AS
22 PARKINSON'S DISEASE, ALS, AND CANCER. AND THESE MODELS
23 CAN HELP US LEARN MORE ABOUT THE CAUSES OF THESE
24 DISEASES, AND ALSO WE THINK HELP US FIND DRUGS THAT
25 MIGHT PREVENT OR CURE THE DISEASES. IN THAT SENSE,

1 THEY OFFER THIS DUAL CAPABILITY, THEN, OF CELL
2 REPLACEMENT THERAPY AND ALSO OF THE POSSIBILITY OF
3 BEING A MAJOR SCIENTIFIC TOOL IN LOOKING FOR NEW
4 DISCOVERIES AND NEW THERAPIES.

5 NOW, UNFORTUNATELY, IN SPIKE OF THE
6 TREMENDOUS PROMISE OF THIS WORK, THE UNITED STATES
7 SCIENTISTS HAVE NOT BEEN ABLE TO PARTICIPATE FULLY IN
8 IT BECAUSE THE MAJOR SUPPORTER OF BIOMEDICAL RESEARCH
9 IN THIS COUNTRY, THE NIH, HAS BEEN RESTRICTED BY
10 FEDERAL POLICIES. AND THIS IS THE POLICY THAT WAS
11 ENUNCIATED BY THE WHITE HOUSE IN AUGUST 2001, WHICH IS
12 THAT FEDERAL FUNDS WERE RESTRICTED TO THE USE OF HUMAN
13 EMBRYONIC STEM CELL LINES THAT WERE DERIVED PRIOR TO
14 AUGUST 9, 2001. AND THERE WERE A NUMBER OF FURTHER
15 RESTRICTIONS ON HOW THE LINES MUST BE DERIVED; BUT, IN
16 ESSENCE, THE POLICY REQUIRED THAT THEY BE DERIVED FROM
17 UNUSED EMBRYOS THAT WERE MADE FOR REPRODUCTIVE PURPOSES
18 BY IN VITRO FERTILIZATION.

19 THERE WERE ORIGINALLY 64 LINES. IT THEN GOT
20 AS HIGH AS 77 LINES, BUT IN ACTUAL FACT MANY OF THESE
21 LINES HAVE PROVED NOT TO BE VERY DURABLE OR NOT TO BE
22 WELL CHARACTERIZED, AND THE NUMBER HAS NOW SHRUNK TO
23 22. ALL OF THE LINES WERE MADE WITH MOUSE FEEDER
24 CELLS. THEY HAVE MOUSE PROTEINS ASSOCIATED WITH THEM,
25 AND MANY OF THEM, IF NOT ALL, HAVE CHROMOSOMAL

1 ABNORMALITIES. SO THERE IS A TREMENDOUS NEED FOR
2 CREATING NEW CELLS AND FOR LETTING PEOPLE WORK ON THESE
3 THROUGH THE FEDERAL POLICIES.

4 OF COURSE, THIS WAS THE SOURCE OF PROPOSITION
5 71. NOW, LET ME JUST POINT OUT THAT THE FEDERAL POLICY
6 HAS SEVERAL IMPLICATIONS THAT ARE DIRECTLY RELATED TO
7 THE WORK THAT THIS WORKING GROUP WILL BE DOING, AND
8 THAT IS WITH RESPECT TO FACILITIES. GIVEN THAT POLICY,
9 PERSONNEL, EQUIPMENT, OR SUPPLIES THAT ARE PAID FOR BY
10 FEDERAL FUNDS CANNOT BE USED FOR RESEARCH OUTSIDE THE
11 FEDERAL GUIDELINES. AND ONE ISSUE THAT HAS BEEN
12 COMPLICATED AND UNCERTAIN, BUT HAS PUT OUR MAJOR
13 RESEARCH INSTITUTIONS IN THE POSSIBILITY OF RISK IS THE
14 QUESTION OF WHETHER SPACE CAN BE SHARED BETWEEN
15 RESEARCH THAT IS FEDERALLY FUNDED AND RESEARCH THAT IS
16 OUTSIDE THE FEDERAL GUIDELINES.

17 BECAUSE OF THIS UNCERTAINTY, MANY
18 INSTITUTIONS HAVE TAKEN THE POSITION THAT THEY CANNOT
19 DO RESEARCH OUTSIDE THE FEDERAL-FUNDED GUIDELINES IN
20 THE SAME SPACE THAT THEY DO FEDERALLY FUNDED WORK. SO
21 THIS HAS BEEN VERY IMPORTANT, AS BOB INDICATED EARLIER.

22 AND THEN FINALLY, THE SPACE USED FOR RESEARCH
23 OUTSIDE THESE GUIDELINES CANNOT BE SUPPORTED BY
24 INDIRECT COSTS ON FEDERAL GRANTS. SO ALL OF THIS HAS
25 MEANT THAT MOST OF THE RESEARCH BASE THAT INSTITUTIONS

1 CURRENTLY HAVE FOR RESEARCH, WHICH IS BY AND LARGE
2 FEDERALLY FUNDED, NOT ENTIRELY, BUT BY AND LARGE, IS
3 NOT SUITABLE FOR THIS VERY IMPORTANT WORK THAT WE SEE
4 ON HUMAN EMBRYONIC STEM CELLS.

5 NOW, IN RESPONSE TO THIS, OF COURSE, UNDER
6 BOB KLEIN'S REMARKABLE LEADERSHIP, CALIFORNIA VOTERS
7 PASSED THE CALIFORNIA STEM CELL RESEARCH AND CURES ACT,
8 PROPOSITION 71. AS I'M SURE ALL OF YOU KNOW, IT
9 AUTHORIZES UP TO 295 MILLION A YEAR FOR TEN YEARS TO
10 FUND STEM CELL RESEARCH AT CALIFORNIA RESEARCH
11 INSTITUTIONS. UP TO 10 PERCENT CAN BE SPENT ON
12 FACILITIES. THE PROPOSITION ASSURES THAT THE RESEARCH
13 IS DONE SAFELY AND ETHICALLY, AND IT PROHIBITS THE USE
14 OF FUNDS FOR REPRODUCTIVE CLONING. AND OVER 59 PERCENT
15 OF THE VOTERS IN THE NOVEMBER 2004 ELECTION SUPPORTED
16 THIS, WHICH I THINK IS A REMARKABLE STATEMENT OF WHAT
17 RUSTY REFERRED TO BEFORE AS THE ENORMOUS WELL OF HOPE
18 THAT I THINK PROPOSITION 71 TAPPED INTO WITH RESPECT TO
19 CALIFORNIA VOTERS.

20 NOW, PROPOSITION 71 THEN ESTABLISHED THE
21 INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE, OUR BOARD,
22 CHAIRED BY BOB KLEIN. ED PENHOET IS THE VICE CHAIR.
23 AND, OF COURSE, WE HAVE REPRESENTATIVES, PATIENT
24 ADVOCATE REPRESENTATIVES, FROM THAT BOARD ON THIS
25 WORKING GROUP. IT ALSO ESTABLISHED THE CALIFORNIA

1 INSTITUTE FOR REGENERATIVE MEDICINE, OF WHICH I'M THE
2 PRESIDENT, AND IT PROVIDES FOR UP TO A 50-MEMBER STAFF
3 FOR THAT INSTITUTE.

4 AND ALL FUNDING DECISIONS AND ALL POLICY
5 DECISIONS ARE MADE BY THE ICOC, AND CIRM IS CHARGED
6 WITH CARRYING OUT AND IMPLEMENTING THOSE DECISIONS.

7 NOW, CIRM IS AIDED IN ITS WORK BY THREE
8 WORKING GROUPS. AND YOU WILL HEAR MORE ABOUT THESE AS
9 WE GO ON. BUT THE FIRST IS THE STANDARDS AND ETHICS
10 WORKING GROUP, WHICH IS COMPOSED OF ETHICISTS,
11 SCIENTISTS, AND CLINICIANS, AND PATIENT ADVOCATES FROM
12 OUR BOARD, 19 MEMBERS. THE SCIENTISTS AND ETHICISTS
13 ARE CHOSEN FROM ALL OVER THE COUNTRY. THESE ARE
14 NATIONALLY PROMINENT PEOPLE, AND THEY ARE IN THE
15 PROCESS OF, UNDER THE LEADERSHIP OF SHERRY LANSING FROM
16 OUR BOARD, WHO'S NOT WITH US TODAY, AND DR. BERNIE LO,
17 FROM UCSF, THEY'RE IN THE PROCESS OF FORMULATING THE
18 ETHICAL AND MEDICAL STANDARDS BY WHICH THE WORK THAT WE
19 DO WILL BE CARRIED OUT.

20 THE SECOND WORKING GROUP IS THE GRANTS REVIEW
21 WORKING GROUP, WHICH IS COMPOSED OF 15 SCIENTISTS,
22 NATIONALLY PROMINENT, ALL FROM OUTSIDE OF CALIFORNIA,
23 TO AVOID CONFLICT OF INTEREST. THERE ARE SEVEN PATIENT
24 ADVOCATE MEMBERS ON THAT WORKING GROUP, AND AT LEAST
25 FOUR, I THINK, OF THE PATIENT ADVOCATES ON THIS GROUP

1 ARE ALSO ON THAT GROUP. SO THERE IS USEFUL OVERLAP
2 THERE. AND PLUS BOB KLEIN, OUR CHAIR, IS ON THAT
3 GROUP.

4 AND THEN FINALLY, THE FACILITIES WORKING
5 GROUP, WHICH YOU KNOW ABOUT.

6 NOW, LET ME JUST TELL YOU A LITTLE BIT, AND I
7 WON'T DWELL ON THIS AT ANY LENGTH, BUT WE HAVE BEEN
8 VERY MUCH OCCUPIED IN THE FIRST SIX MONTHS OF OUR
9 EXISTENCE, EIGHT MONTHS OF OUR EXISTENCE WITH
10 ADMINISTRATIVE MATTERS. AND I THINK GIVEN THE VARIOUS
11 CHALLENGES THAT WE'VE FACED, MY OWN VIEW IS THAT WE'VE
12 DONE A REMARKABLE JOB IN DOING ALL THIS. THE BOARD HAS
13 BEEN FANTASTIC. WE HAVE CHOSEN THE WORKING GROUP
14 MEMBERS, WE HAVE A HEADQUARTERS SITE SELECTED, AND
15 WE'RE GOING TO MOVE INTO THAT IN A COUPLE OF WEEKS.
16 RIBBON CUTTING NEXT WEEK. WE HAVE HIRED SCIENTIFIC
17 STAFF, AT LEAST MADE A BEGINNING, WITH DRS. CHIU AND
18 SOMBRANO. WE'VE ESTABLISHED CONFLICT OF INTEREST AND
19 MEETING POLICIES, AND THEN WITH THE STANDARDS WORKING
20 GROUP, WE HAVE ADOPTED GUIDELINES FORMULATED BY THE
21 NATIONAL ACADEMY FOR RESEARCH ON HUMAN EMBRYONIC STEM
22 CELLS AS OUR INTERIM REGULATIONS UNTIL WE FORMULATE OUR
23 OWN FINAL REGULATIONS. AND THE POINT OF THE INTERIM
24 REGULATIONS IS THAT IT LET'S US GO AHEAD WITH OUR WORK
25 WHILE WE ARE FORMULATING THE FINAL REGULATIONS, WHICH

1 IS, AS IT TURNS OUT, QUITE A LONG PROCESS.

2 SCIENTIFICALLY WE HAVE ISSUED OUR -- WE HAVE
3 APPROVED OUR FIRST SERIES OF GRANTS. WE ISSUED A
4 REQUEST FOR APPLICATIONS, AND I'LL TALK MORE ABOUT THAT
5 PROCESS IN A MOMENT. IN MAY THE GRANTS WORKING GROUP
6 REVIEWED 26 APPLICATIONS FOR OUR CIRM TRAINING GRANT
7 PROGRAM, AND THE PURPOSE OF THIS PROGRAM IS TO TRAIN
8 YOUNG SCIENTISTS, BOTH BASIC AND CLINICAL, TO PROVIDE
9 THE WORKFORCE THAT THIS WORK WILL REQUIRE, AND TO GET
10 STARTED THE PIPELINE THAT WILL PROVIDE THE HIGHLY
11 TRAINED WORKERS IN STEM CELL RESEARCH THAT WE WILL
12 NEED.

13 THIS WAS REVIEWED IN AUGUST AND IN SEPTEMBER
14 THE ICOC APPROVED 16 APPLICATIONS FOR AWARDS. AND WE
15 ARE AWAITING OUR FUNDING, WHICH I THINK YOU'LL HEAR
16 MORE ABOUT FROM BOB IN JUST A MOMENT, BUT WE ARE VERY
17 HOPEFUL THAT WE WILL HAVE THAT SECURED SOON AND CAN
18 ACTUALLY MAKE THOSE AWARDS.

19 WE ALSO HAD A SCIENTIFIC MEETING ON OCTOBER
20 1ST AND 2D TO HELP US SET OUR PRIORITIES. THIS WAS A
21 FIRST STEP OF A SCIENTIFIC STRATEGIC PLAN, AT LEAST
22 INFORMATION GATHERING FOR THAT, AND I'LL SAY JUST A
23 WORD ABOUT THAT LATER, BUT I WANTED TO LET YOU KNOW
24 ABOUT IT.

25 NOW, LET ME END BY THEN TALKING ABOUT THE

1 FACILITIES WORKING GROUP. AND WHAT I'M GOING TO TELL
2 YOU IN THIS SLIDE AND THE NEXT SLIDE IS DERIVED
3 DIRECTLY FROM PROPOSITION 71. AS YOU'VE HEARD, UP TO
4 10 PERCENT OF THE BOND PROCEEDS ARE ALLOCATED TO BUILD
5 SCIENTIFIC AND MEDICAL RESEARCH FACILITIES OF NONPROFIT
6 ENTITIES. THE FACILITIES WORKING GROUP, IN ADDITION,
7 SHALL "MAKE RECOMMENDATIONS TO THE ICOC ON CRITERIA
8 REQUIREMENTS AND STANDARDS FOR GRANTS AND LOANS FOR
9 BUILDINGS, BUILDING LEASES, AND CAPITAL EQUIPMENT." IN
10 OTHER WORDS, YOU WILL RECOMMEND TO THE ICOC THE
11 CRITERIA THAT YOU WILL USE IN JUDGING THE APPLICATION
12 AND ALSO, AS WE'LL TALK ABOUT LATER, YOU WILL MAKE
13 RECOMMENDATIONS TO THE ICOC FOR THE PROCEDURES THAT YOU
14 WILL USE IN GOING ABOUT THIS BUSINESS, YOUR BUSINESS.

15 THE PROPOSITION FURTHER SPECIFIES THE
16 STANDARDS THAT THE WORKING GROUP ADOPTS SHOULD INCLUDE
17 FACILITY MILESTONES AND TIMETABLES, PRIORITY FOR
18 FACILITIES AVAILABLE WITHIN TWO YEARS AFTER AWARD. ALL
19 FACILITIES AND EQUIPMENT MUST BE LOCATED IN CALIFORNIA.
20 MATCHING FUNDS OF 20 PERCENT BY THE INSTITUTION ARE
21 REQUIRED. CONSTRUCTION AND LABOR STANDARDS MUST BE
22 MET. AND YOU ARE CHARGED WITH RECOMMENDING PROCEDURES
23 TO ENSURE COMPLIANCE WITH THESE STANDARDS.

24 SO I THINK I WILL THEN LEAVE IT AT THIS
25 POINT. WE WILL TALK LATER ABOUT HOW THE WORKING GROUP

1 WILL WORK IN THE CONTEXT OF OUR OVERALL GRANTS PROGRAM,
2 BUT FIRST, I'D LIKE TO TURN IT OVER TO OUR CHAIR, BOB
3 KLEIN, TO GIVE YOU A REPORT ON THE ICOC.

4 CHAIRMAN DOMS: ZACH, BEFORE YOU DO THAT,
5 THANK YOU VERY MUCH. ARE THERE ANY QUESTIONS?

6 DR. HALL: I'D BE HAPPY TO ANSWER ANY
7 QUESTIONS YOU MAY HAVE.

8 CHAIRMAN DOMS: THANK YOU.

9 MR. KLEIN: AS ZACH'S BACKGROUND PRESENTATION
10 SUGGESTS, WE'VE COME A LONG WAYS IN THE FIRST TEN
11 MONTHS WHEN WE REALLY HAD STAFF. ACTUALLY STAFF CAME
12 ABOARD ON JANUARY THE 14TH OF THIS YEAR. AND IN TERMS
13 OF THE TRANSPARENCY OF THIS ORGANIZATION, I'D LIKE TO
14 SPECIFICALLY ACKNOWLEDGE THAT JEFF SHEEHY AND DAVID
15 SERRANO-SEWELL, I THINK, EARLY ON IN ONE OF THE
16 MEETINGS IN APRIL INTRODUCED A RESOLUTION TO REALLY
17 OPEN UP THE HEARINGS WHENEVER WE COULD TO HAVE PUBLIC
18 HEARINGS AND RESTRICT ANY CONFIDENTIAL HEARINGS TO THE
19 VERY NARROW CATEGORY OF CONSIDERATION THAT REQUIRES
20 THOSE TYPES OF HEARINGS. FOR EXAMPLE, FOR THIS
21 COMMITTEE, REAL ESTATE NEGOTIATIONS ON ACQUIRING
22 PROPERTY OR CONSTRUCTION CONTRACTS, VERY SPECIFIC KINDS
23 OF CONSIDERATIONS WOULD BE CONFIDENTIAL HEARINGS.

24 BUT THE BOARD AND ITS COMMITTEES HAVE HAD
25 OVER 50 PUBLIC HEARINGS SINCE JANUARY THE 15TH, WHICH

1 IS A RECORD FOR THE ESTABLISHMENT OF ANY PUBLIC AGENCY
2 IN CALIFORNIA. THE PATIENT ADVOCATES ON THIS BOARD
3 ONLY TOO WELL KNOW THE TREMENDOUS EFFORT THAT'S GONE
4 INTO HAVING THOSE HEARINGS BECAUSE MANY OF THE PATIENT
5 ADVOCATES HERE SIT ON TWO OR THREE WORKING GROUPS IN
6 ADDITION TO THE BOARD.

7 IN ACCOMPLISHING THE GOALS OF THIS COMMITTEE,
8 IT'S IMPORTANT TO NOTE THAT DR. ZACH HALL AND
9 DR. ARLENE CHIU WITH MARY MAXON'S HELP AND OTHER STAFF
10 MEMBERS' HELP WHO ARE HERE, GIL'S ASSISTANCE, WE'VE
11 GONE THROUGH A TREMENDOUS GRANT APPLICATION PROCESS AS
12 A MODEL. WE HAD OUR FIRST APPLICATIONS DUE ON JUNE --
13 THE FIRST APPLICATIONS WERE AVAILABLE FOR OUR
14 INFRASTRUCTURE TRAINING GRANT PROGRAM ON JUNE 1ST.
15 THEY WERE DUE JULY 1ST. PEER REVIEW WAS AUGUST 4TH,
16 AND BOARD APPROVAL WAS SEPTEMBER 9TH.

17 NOW, AS CERTAINLY EVERYONE KNOWS WHO DEALS
18 WITH THE NIH, THIS IS A GREAT MODEL. WE WILL BE UNDER
19 GREATER CHALLENGES AS WE GO FORWARD TO KEEP UP WITH
20 THAT MODEL, BUT IT WAS A PHENOMENAL PERFORMANCE. AND
21 JOAN SAMUELSON PARTICULARLY SHOULD TAKE GREAT PRIDE IN
22 THAT AS THE CO-CHAIR OF THE GRANTS WORKING GROUP.

23 WHAT WE HAVE BEFORE US IS A TREMENDOUS
24 CHALLENGE IN TIMING AS WELL BECAUSE, AS DR. HALL
25 MENTIONED, NOT ONLY IS IT INTENDED THAT THE FACILITIES

1 THAT ARE CONSTRUCTED BE CONSTRUCTED IN THE FIRST FIVE
2 YEARS IN ORDER TO GET ONLINE AS SOON AS POSSIBLE THE
3 FACILITIES INDEPENDENCE THAT'S NECESSARY BY OUR
4 RESEARCH INSTITUTIONS TO PROTECT THEM BY CHANGING
5 FEDERAL REGULATIONS, BUT THERE IS BURIED INTO THE
6 INITIATIVE'S CENTRAL DIRECTIVE, AS DR. HALL MENTIONED,
7 A PRIORITY FOR FACILITIES THAT CAN BE BUILT WITHIN TWO
8 YEARS OF A GRANT AWARD.

9 NOW, AS MEMBERS OF THIS COMMITTEE KNOW AND
10 AS, IN PARTICULAR, OUR CHAIR AND ED KASHIAN KNOW
11 BECAUSE HE WAS, OF COURSE, ON THE UC REGENTS, THAT'S A
12 TREMENDOUS CHALLENGE. AND WE'LL PROBABLY NEED TO HAVE
13 A PARTNERSHIP WITH CITIES TO ACCOMPLISH THAT CHALLENGE.
14 WE'RE JUST COMPLETING OUR FACILITIES HEADQUARTERS,
15 WHICH IS BUILT OUT UNDER A CUSTOMIZED DESIGN, VERY
16 QUICKLY AND WILL BE AVAILABLE FOR US HERE ON NOVEMBER
17 2D. WE COULDN'T HAVE ACHIEVED THAT TIMETABLE WITHOUT
18 THE TOTAL COOPERATION, LEADERSHIP OF CITY AND COUNTY OF
19 SAN FRANCISCO.

20 THE COMPETITION THAT WE SPONSORED FOR OUR
21 HEADQUARTERS FORMED A PARTNERSHIP BETWEEN THE CITIES,
22 THEIR CIVIC DONORS, AND THE RESEARCH INSTITUTIONS IN
23 THEIR AREAS TO PUT TOGETHER THE BEST APPLICATION
24 POSSIBLE WITH THE INTENT THAT THERE WOULD BE A FAST
25 TRACK TO IMPLEMENT THOSE HEADQUARTERS PLANS. THAT IS A

1 GOOD MODEL OF THE KIND OF AGGRESSIVE CITY COOPERATION
2 THAT CAN HELP OUR RESEARCH INSTITUTIONS AND OUR
3 UNIVERSITIES GET PAST YEARS OF ZONING DELAYS,
4 ENTITLEMENT ISSUES, TO GET PAST REAL OBSTACLES THAT CAN
5 BE CREATED IF THERE'S NOT A SEPARATE TRACK DESIGNATED
6 TO FAST-TRACK THESE FACILITIES.

7 AND SO HOPEFULLY WE CAN FOLLOW THAT MODEL BY
8 FORMING COMPETITIVE PARTNERSHIPS WITH THE LOCAL CITIES
9 AND ZONING JURISDICTIONAL GROUPS SO THAT WHEN WE GET AN
10 APPLICATION, WE KNOW THAT THE LOCAL JURISDICTION HAS
11 SIGNED OFF ON THE TIMETABLE AND COMPETITIVELY WE KNOW
12 THEY'RE GOING TO BE ABLE TO PERFORM BECAUSE THEY HAVE
13 THE BACKING OF THE LOCAL JURISDICTION. THEY'RE NOT
14 GOING TO FIGHT THEIR WAY THROUGH BECAUSE OTHERWISE THE
15 TIMETABLES WILL NEVER BE ACHIEVED.

16 I WOULD REMIND EVERYONE IN THE CONTEXT IN
17 WHICH PROPOSITION 71 WAS WRITTEN THAT 2006 IS AN
18 ELECTION YEAR FEDERALLY. AND THE NIH IS UNDER, AS I
19 REFERENCED EARLIER, AN EXECUTIVE ORDER FROM THE
20 PRESIDENT. THERE IS NO LAW, FEDERAL LAW, THAT PASSED
21 THE HOUSE AND THE SENATE PREVENTING THE NIH FROM
22 PUTTING FUNDS OUT FOR EMBRYONIC STEM CELL RESEARCH ON
23 UNLIMITED LINES. IT'S PURELY AN EXECUTIVE ORDER; AND
24 BECAUSE IT IS AN EXECUTIVE ORDER, IT CAN BE CHANGED
25 OVERNIGHT.

1 THAT EXECUTIVE ORDER IS BEING IMPLEMENTED
2 THROUGH AN OFFICE OF MANAGEMENT AND BUDGET CLARIFYING
3 MEMORANDA THAT CAN BE CHANGED BY A PHONE CALL FROM THE
4 WHITE HOUSE.

5 SO IT IS -- WE HAVE AN IMPERATIVE MISSION,
6 PARTICULARLY IN AN ELECTION YEAR WHERE THERE MAY BE
7 SUBSTANTIAL PRESSURE ON THE WHITE HOUSE FROM GROUPS
8 THAT ARE NOT NECESSARILY SUPPORTIVE OF THIS RESEARCH TO
9 PROVIDE SPACE. AS OUR CHAIR AND VICE CHAIR, RUSTY DOMS
10 AND DAVID SERRANO-SEWELL AND THE PRESIDENT ZACH HALL
11 HAVE COMMENTED ON THE POTENTIAL OF AN IMMEDIATE PLAN TO
12 IMPLEMENT A SHARED SPACE PROGRAM, IT IS IMPERATIVE WE
13 PROTECT OUR INSTITUTIONS AND OUR RESEARCHERS FROM
14 PRESSURES THAT MAY EVOLVE VERY QUICKLY, PRECIPITOUSLY
15 WITHOUT ANY LEAD-TIME NOTICE. THIS CAN COME UPON US IN
16 A BLINK OF AN EYE, AND WE NEED TO AGGRESSIVELY FIND A
17 WAY TO PROTECT OUR INSTITUTIONS AND OUR RESEARCHERS TO
18 PUT THEM IN A POSITION WHERE THEY HAVE AN INDEPENDENT
19 BASE TO CONDUCT THE RESEARCH.

20 BUT IT IS WITH GREAT OPTIMISM THAT I LOOK AT
21 THE GROUP ASSEMBLED HERE. I KNOW THEY ARE UP TO THE
22 TASK. AND CERTAINLY THE LEADERSHIP TO DATE HAS BEEN
23 VERY INSPIRING AS A MODEL. I WOULD ALSO SAY THAT WE
24 ARE OPERATING WITHIN THE CONTEXT OF A RESOLUTION BY THE
25 BOARD ON MAY 23D OF THIS YEAR WHICH SUGGESTED THAT, AS

1 A STRATEGIC CONCERN, IT WOULD BE IMPORTANT TO FIND OUT
2 WHAT THE VARIOUS INSTITUTIONS WERE CONTEMPLATING, WHAT
3 THEY HAD PLANS FOR, WHAT THEY HAD IN CONSTRUCTION
4 BIDDING SO THAT WE CAN MOVE FORWARD WITH A KNOWLEDGE
5 THAT OUR TACTICAL ACTIONS ARE WORKING WITHIN A
6 COMPREHENSIVE SET OF INFORMATION WE UNDERSTAND AS TO
7 WHERE THESE INSTITUTIONS ARE.

8 NOW, THAT HAS NOT BEEN IMPLEMENTED BECAUSE
9 THE SMALL STAFF OF THE INSTITUTE HAS BEEN WORKING ON
10 THESE 50 PUBLIC MEETINGS, ON SUPPORTING DR. HALL'S
11 INITIATIVE TO CREATE THIS TREMENDOUS MODEL OF A GRANT
12 PROCESS, AND THE STANDARDS PROGRAM. THE OFFICE OF THE
13 CHAIR HAS, AS A COMMITMENT TO THIS, TRIED TO ALLOCATE
14 ALL OF THE CHAIR'S STAFF, TO THE EXTENT REASONABLE AND
15 TO THE EXTENT NEEDED, TO AUGMENT THE STAFF OF THE CIRM
16 TO ACCOMPLISH THESE VARIOUS MISSIONS. AND I THINK THAT
17 THE CHAIR'S STAFF CAN PICK UP THE RESPONSIBILITY TO AT
18 LEAST GET THAT LETTER OUT TO THE INSTITUTIONS, GET THE
19 INFORMATION IN, TURN IT OVER TO THIS COMMITTEE AND DR.
20 HALL SO THEY HAVE AN INFORMATIONAL BASE OF WHAT'S GOING
21 ON IN THE STATE AS WE TRY AND MOVE FORWARD VERY
22 QUICKLY.

23 I THANK YOU VERY MUCH FOR YOUR SERVICE TO
24 THIS COMMITTEE. I WOULD LET YOU KNOW THAT THE BOARD IS
25 TREMENDOUSLY APPRECIATIVE OF THE EXPERTISE REPRESENTED

1 HERE.

2 CHAIRMAN DOMS: THANK YOU, BOB. I'D LIKE TO
3 FOLLOW -- ZACH HALL.

4 DR. HALL: BOB, COULD I ASK YOU, WOULD YOU BE
5 WILLING TO SAY JUST A WORD ABOUT THE LITIGATION AND ITS
6 EFFECT ON OUR FUNDING AND WHEN THE FUNDING SCHEDULE
7 MIGHT BE, WHAT OUR ASPIRATIONS ARE BECAUSE THAT, I
8 THINK, PLAYS INTO WHAT I'M GOING TO BE SAYING LATER.
9 YOU ARE THE ONE WHO SHOULD SPEAK TO THAT.

10 MR. KLEIN: THERE ARE -- THERE WERE THREE
11 PIECES OF LITIGATION FILED AGAINST THE CIRM. ONE
12 FEDERAL PIECE OF LITIGATION ALLEGING THAT THE
13 MICROSCOPIC EMBRYOS THAT ARE IN IN VITRO FERTILIZATION
14 CLINICS THAT, WHEN DECLARED TO BE EXCESS AND DONATED BY
15 A FAMILY WITH INFORMED CONSENT TO RESEARCH, THAT THEY
16 HAVE CIVIL RIGHTS EVEN THOUGH THEY ARE MICROSCOPIC AND
17 LIMITED TO LESS THAN 14 DAYS OF CELL DIVISION. THAT
18 CASE WAS DISMISSED AS OF APPROXIMATELY MONDAY OF THIS
19 WEEK.

20 SO WE'RE NOW LEFT WITH TWO CASES THAT ARE
21 STATE-BASED CASES. AND IN AUGUST, THANKS TO THE
22 LEADERSHIP OF JAMES HARRISON AND THE ATTORNEY GENERAL'S
23 OFFICE, WE WERE ABLE TO CONSOLIDATE THOSE TWO CASES
24 INTO ONE CASE IN ALAMEDA COUNTY WITH EXPEDITED
25 TREATMENT UNDER THE CASE. NEVERTHELESS, IT MAY BE A

1 YEAR BEFORE WE'RE THROUGH ALL OF THE APPEALS,
2 PARTICULARLY NOTING THAT THE OPPOSING COUNSEL WAS
3 ACTIVE IN THE TERRY SCHIAVO CASES. THEY'RE RELIGIOUSLY
4 BASED OPPOSITION COUNSEL. AND THEY ARE IDEOLOGICALLY
5 COMMITTED TO THE OPPOSITION.

6 WITH THAT IN MIND, WE HAVE A BOND
7 ANTICIPATION NOTE PROGRAM WHICH HAS TWO-YEAR BOND
8 ANTICIPATION NOTES THAT SPECIFICALLY CARRY A LITIGATION
9 DISCLOSURE. THAT LITIGATION DISCLOSURE EFFECTIVELY
10 SAYS THAT IF, IN FACT, WE WERE NOT TO WIN THESE CASES,
11 YOU WOULD NOT BE REPAID ON THESE BOND ANTICIPATION
12 NOTES. SO EFFECTIVELY THE PARTIES WHO WE'RE DISCUSSING
13 THE PURCHASE OF THESE BOND ANTICIPATION NOTES ARE
14 INDIVIDUALS WITH SUBSTANTIAL RESOURCES, WHO HAVE A
15 CHARITABLE HISTORY OF DONATING TO MEDICAL AND
16 SCIENTIFIC MISSIONS, AND PHILANTHROPIC FOUNDATIONS THAT
17 HAVE A CHARITABLE HISTORY BECAUSE THEY KNOW THAT ONCE
18 THEY BUY THESE BOND ANTICIPATION NOTES, THEY WILL HAVE
19 ACCOMPLISHED THEIR PRIMARY MISSION, AND THEY HAVE THE
20 UNPRECEDENTED CHARITABLE OPPORTUNITY OF GETTING THEIR
21 MONEY BACK SO THEY CAN DO ADDITIONAL GREAT GOODS ON A
22 CHARITABLE BASIS.

23 IT IS OUR HOPE THAT IN DECEMBER WE COULD GO
24 OUT WITH THE FIRST BOND ANTICIPATION NOTE OFFERING, BUT
25 IT IS SIZED CURRENTLY TO DEAL WITH THE INFRASTRUCTURE

1 TRAINING GRANTS AND THE POTENTIAL OF A PROGRAM STILL TO
2 BE CONSIDERED BY THE BOARD FOR SEED MONEY INNOVATION
3 GRANTS OR SOME OTHER PURPOSE THE BOARD SO DESIGNATES.
4 WE WOULD HAVE TO GO TO A SECOND FUNDING ROUND TO FUND
5 FACILITIES. AND OBVIOUSLY THESE ARE PLACED ON A
6 CUSTOMIZED BASIS. UNTIL ABOUT 30 DAYS AGO, WE THOUGHT
7 WE WERE GOING TO FUND JUST THE FIRST 18 MILLION, WHICH
8 WAS A SIMPLER TASK. WE'VE TAKEN ON THIS TASK OF
9 FUNDING THE FIRST TWO PROGRAMS WITH THE FIRST BAN
10 OFFERING IN ORDER TO MAKE IT A CLEAR MESSAGE TO THE
11 IDEOLOGICAL RIGHT THAT WHEN THE PUBLIC IN CALIFORNIA
12 MANDATES A PROGRAM OF VITAL SIGNIFICANCE TO THE
13 PATIENTS AND FAMILIES OF THIS STATE, THAT THE LEGAL
14 SYSTEM CANNOT BE ABUSED TO SHUT DOWN MEDICAL AND
15 SCIENTIFIC FUNDING.

16 CERTAINLY WITH A \$50 MILLION MESSAGE, SOME OF
17 OUR SUPPORTERS AND THE PUBLIC BELIEVE WE WILL HAVE
18 COMMUNICATED MORE THOROUGHLY TO THE IDEOLOGICAL RIGHT
19 THAT THIS WILL NOT BE A SUCCESSFUL APPROACH FOR THEM TO
20 GO AGAINST THE STATE OR OUR UNIVERSITIES OR RESEARCH
21 INSTITUTIONS TO TRY AND STOP VITALLY NEEDED PROGRAMS.

22 THE OTHER OPTION, OF COURSE, FOR THE
23 FACILITIES GROUP, WHICH HAS BEEN BROUGHT UP PREVIOUSLY
24 BY INSTITUTIONS IN THE STATE, IS THERE APPEARS TO BE
25 INSTITUTIONS THAT ARE DOWNSTREAM ON DEVELOPING PLANS

1 WHERE THEIR TRUSTEES OR BOARD MEMBERS OF THOSE
2 INSTITUTIONS WOULD POTENTIALLY BE WILLING, IF THEY HAD
3 A CONDITIONAL COMMITMENT FOR FACILITIES, TO GO OUT AND
4 ISSUE BONDS AND GET GAP LOANS TO COVER POTENTIAL
5 CHARITABLE CONTRIBUTIONS BECAUSE THEY FEEL THEY HAVE
6 SUCH AN OUTSTANDING INSTITUTIONAL PROPOSAL, THEY'RE
7 WILLING TO TAKE A RISK ON WHETHER THEY WOULD EVER GET A
8 GRANT FROM THIS BOARD ON A PURELY COMPETITIVE BASIS.

9 NOW, CERTAINLY THAT'S AN AREA THAT NEEDS TO
10 BE EXAMINED THOROUGHLY BY THIS COMMITTEE, BUT THERE IS
11 THE POTENTIAL THAT THERE CAN BE FACILITIES BUILT WHERE
12 RESEARCH INSTITUTIONS ARE TAKING A PURE RISK ON WHETHER
13 OR NOT THEY WOULD BE ABLE TO QUALIFY. I THINK THAT THE
14 PROCESS THAT THEY'VE COMMUNICATED WITH THE BOARD ABOUT
15 IS THAT THEY'D LIKE TO KNOW IF THERE CAN BE A ROUND OF
16 GRANT REVIEWS WHERE WE CAN GIVE THEM A CONDITIONAL
17 COMMITMENT WHICH SAYS IF WE WIN OUR LITIGATION, WE
18 WOULD THEN PROVIDE A GRANT FOR YOU. AND THEY WOULD
19 TAKE THE RISK OF WHETHER OR NOT WE WOULD WIN THE
20 LITIGATION.

21 MR. SERRANO-SEWELL: ON THE FACILITIES SIDE?

22 MR. KLEIN: ON THE FACILITIES SIDE. I WILL
23 POINT OUT TO YOU THAT AN AMICUS BRIEF WAS JUST FILED IN
24 THE LITIGATION. MUNGER, TOLLS & OLSON, WHICH IS THE
25 LAW FIRM THAT'S FAMOUS BECAUSE CHARLIE MUNGER

1 REPRESENTS WARREN BUFFET, AMONG MANY CLIENTS, HAS
2 VOLUNTEERED FIVE ATTORNEYS, PARTNERS, TO REPRESENT THE
3 AMICUS PARTIES, AND THE AMICUS PARTIES REPRESENT 15
4 PATIENT ADVOCACY ORGANIZATIONS, AS WELL AS ABOUT 15
5 INSTITUTIONS IN THE STATE, FROM THE SALK INSTITUTE TO
6 THE CITY OF HOPE TO CHILDREN'S HOSPITAL OF L.A. TO
7 STANFORD TO USC.

8 AND ALL OF THEIR ATTORNEYS, ALL OF THESE
9 INSTITUTIONS' ATTORNEYS, HAVE LOOKED AT THE LITIGATION
10 IN-DEPTH. SO THEY'VE REACHED A CONCLUSION THAT THEY
11 HAVE ENOUGH CONFIDENCE IN THIS LITIGATION, THEY WANT TO
12 JOIN US AS AMICUS PARTIES. THAT ALSO WOULD TEND TO
13 INDICATE THAT POTENTIALLY THEIR COUNSEL BELIEVE ENOUGH
14 ABOUT THE OUTCOME, THAT THEY MIGHT BE WILLING TO ADVISE
15 THEIR CLIENTS THAT IF THEY WERE TO GET A CONDITIONAL
16 COMMITMENT FOR A FACILITIES GRANT FROM THIS GROUP, THEY
17 MIGHT BE WILLING TO PROCEED AT THEIR RISK, SOLELY AT
18 THEIR RISK, WITH BOND ISSUES TO FINANCE THEIR
19 FACILITIES, POTENTIALLY HAVING SOME BACKUP COMMITMENTS
20 FOR ADDITIONAL EQUITY FROM THEIR DONORS IF, IN FACT, WE
21 WERE NOT SUCCESSFUL.

22 WE, OF COURSE, BELIEVE WE WILL BE SUCCESSFUL.
23 THEIR ATTORNEYS BELIEVE WE WILL BE SUCCESSFUL AND HAVE
24 AUTHORIZED THEIR ORGANIZATIONS TO JOIN AN AMICUS BRIEF,
25 BUT WE WILL AT THIS POINT JUST SAY WE'RE HIGHLY

1 COMMITTED TO A POSITIVE OUTCOME IN THE LITIGATION. AND
2 WE ARE VERY OPTIMISTIC, BUT NOTHING IN LIFE CAN BE
3 GUARANTEED. THANK YOU.

4 CHAIRMAN DOMS: THANK YOU, BOB.

5 MR. LICHTENGER: I JUST WANTED TO MAKE TWO
6 COMMENTS, MAYBE A LITTLE PREMATURE, BUT I WOULD AGREE
7 WITH BOB, THAT IT WOULD BE A VERY HIGH PRIORITY TO HAVE
8 THAT SURVEY CONDUCTED ABOUT WHAT IS OUT THERE IN THE
9 PIPELINE.

10 AND IN TERMS OF FACILITATING THE BUILDING OF
11 THESE FACILITIES, I WOULD MAKE MENTION THAT TWO YEARS
12 WOULD ACTUALLY BE GENEROUS IF WE WERE ABLE TO FIND
13 LOCATIONS WHERE THERE ARE EXISTING BUILDINGS AND THEY
14 JUST NEEDED TO BE RETROFITTED. SO THAT IT'S QUITE
15 POSSIBLE IT CAN BE DONE WELL UNDER A YEAR DEPENDING ON
16 WHAT LOCATION AND THE CONDITION OF THE EXISTING
17 BUILDING.

18 AND ALSO JUST MAKING MENTION AND TOUCHING
19 BASE ON WHAT BOB MENTIONED, IF SOME OF THESE FACILITIES
20 AND THE LOCATIONS HAVE THE RIGHT TO BUILD WITHOUT
21 HAVING ZONING CHANGES, OBVIOUSLY THAT'S A LARGE PART OF
22 THE DELAYS THAT WILL OCCUR, ESPECIALLY IF THERE'S NEW
23 BUILDING CONSTRUCTION.

24 CHAIRMAN DOMS: THANK YOU, DAVID. BOB, I'VE
25 ALSO HEARD THAT SENATOR BROWNBACK HAD SOME LEGISLATION

1 THAT COULD IMPACT US. ONE, IF THAT'S TRUE, COULD YOU
2 GIVE US --

3 MR. KLEIN: CERTAINLY. IN THE HOUSE IT'S
4 CONGRESSMAN WELDON, IN THE SENATE IT'S SENATOR
5 BROWNBACK WHO HAVE COMPLEMENTARY LEGISLATION WHICH
6 WOULD CRIMINALIZE THIS AREA OF RESEARCH. IN ADDITION,
7 THE HOUSE BILL REALLY SHOWS MORE ON A MORE TRANSPARENT
8 BASIS THE FULL INTENTIONS. IT WOULD NOT ONLY
9 CRIMINALIZE EMBRYONIC STEM CELL RESEARCH, BUT THE
10 WELDON BILL, WHICH PASSED THE HOUSE IN 2002 AND 2003,
11 SAYS THAT IF I WERE TO TAKE MY 15-YEAR OLD SON WHO HAS
12 JUVENILE DIABETES, FOR EXAMPLE, TO CANADA OR ENGLAND OR
13 NOW MAYBE SOUTH KOREA FOR TREATMENTS, AND IF I WERE TO
14 THEN COME BACK INTO THE UNITED STATES, BECAUSE OF
15 ENCODED LANGUAGE, WHICH AS A LAWYER, I CAN READ FAIRLY
16 WELL, I HAD PARTICIPATED IN THAT TREATMENT, I WOULD BE
17 SUBJECT TO ARREST AT THE BORDER.

18 ADDITIONALLY, THE PATIENT WOULD BE IN A
19 SITUATION WHERE IF THEY HAD PAID ANYONE TO ADVISE THEM
20 IN THE PROCESS, MEANING A DOCTOR, THE DOCTOR WOULD BE
21 SUBJECT TO A MILLION-DOLLAR FINE MINIMUM AND
22 IMPRISONMENT.

23 AND FINALLY, THERE'S AN IMPORTATION CLAUSE
24 THAT SAYS THAT YOU CANNOT IMPORT THE TREATMENT,
25 INCLUDING IMPORTING IT IN ANY BODY. THAT MEANS I CAN'T

1 BRING MY CHILD BACK INTO THE UNITED STATES BECAUSE THEY
2 WOULD HAVE THE TREATMENT IN THEIR BODY. SO IT'S A VERY
3 DRACONIAN BILL, VERY MUCH OUTSIDE OF THE TRADITION OF
4 THE UNITED STATES OF RESPECTING THE RIGHTS OF FAMILIES
5 TO SEARCH OUT AND OBTAIN THE BEST TREATMENT FOR THEIR
6 CHILDREN OR THEIR PARENTS OR THEIR SPOUSES, WHETHER
7 IT'S IN THIS COUNTRY OR OUTSIDE THIS COUNTRY.

8 AND IN THE HOUSE THIS YEAR, WE WERE ABLE TO
9 STOP THAT BILL IN COMMITTEE. THE WELDON BILL WAS
10 KILLED ON A 36 TO 29 VOTE. LAST YEAR WE WERE ONLY ABLE
11 TO STOP IT BECAUSE NANCY REAGAN SPOKE OUT AND REALLY
12 LED THE HOUSE TO REEXAMINE WHAT THE BILL SAID.

13 IN THE SENATE, IN ORDER TO BRING THE
14 CASTLE/DEGETTE BILL TO A VOTE, THE CASTLE/DEGETTE BILL
15 AUTHORIZED MORE EMBRYONIC STEM CELL RESEARCH, IT NEEDS
16 A UNANIMOUS CONSENT RESOLUTION IN THE SENATE IN ORDER
17 TO AVOID FILIBUSTERS OR OTHER PROBLEMS IN THE SENATE.
18 AND SENATOR BROWNBACK HAS SAID HE WILL NOT AGREE TO THE
19 UNANIMOUS CONSENT RESOLUTION UNLESS HIS BILL IS THE
20 ONLY BILL THAT WOULD BE CONSIDERED TO PROHIBIT HUMAN
21 REPRODUCTIVE CLONING.

22 NOW, THAT MEANS IF YOU WANT TO VOTE AGAINST
23 HUMAN REPRODUCTIVE CLONING IN THE UNITED STATES, HE
24 WANTS YOU TO ONLY HAVE THE CHOICE OF VOTING AGAINST
25 HUMAN REPRODUCTIVE CLONING IF YOU WOULD ALSO OUTLAW

1 SOMATIC CELL NUCLEAR TRANSFER, WHICH IS WHAT IN THE
2 BROWNBACK BILL.

3 IT'S OUR UNDERSTANDING THAT, BECAUSE OF HIS
4 POSITION, THAT WILL NOT COME UP FOR A VOTE THIS YEAR.
5 BUT IT DOES EMPHASIZE THE PRESSURE WE'RE UNDER TO MOVE
6 FORWARD VERY QUICKLY. IF THEY WERE TO OUTLAW SOMATIC
7 CELL NUCLEAR TRANSFER, IT WOULD CUT OFF A CRITICAL
8 ELEMENT OF THE TECHNOLOGY JUST RECENTLY ADVANCED BY
9 SOUTH KOREA THAT HELPS IMPLEMENT THE KNOWLEDGE WE GAIN
10 FROM EMBRYONIC STEM CELL RESEARCH. IT WOULD NOT ITSELF
11 STOP THE EMBRYONIC STEM CELL RESEARCH, BUT WOULD
12 CRITICALLY IMPACT WHAT THE INSTITUTIONS COULD CARRY OUT
13 IN TRANSLATIONAL MEDICINE TO ADVANCE THERAPIES.

14 CHAIRMAN DOMS: WE DO HAVE SOME CHALLENGES.
15 DAVID.

16 MR. SERRANO-SEWELL: I THOUGHT YOU GAVE AN
17 ABRIDGED VERSION OF WHAT WE'VE DONE SO FAR, BOB.
18 THERE' BEEN A LOT MORE, AND THE ONLY OTHER THING I
19 WANTED TO MENTION WAS, AND YOU MAY HAVE TOUCHED ON
20 THIS, BUT WE APPOINTED MEMBERS TO OUR WORKING GROUPS,
21 WHICH TOOK A LOT OF WORK. IT'S AN INCREDIBLE AMOUNT OF
22 RESEARCH AND SEARCH THAT WENT ON. BEFORE OUR MEETINGS
23 WE HAVE THE DISEASE SPOTLIGHTS, WHICH TAKES A LOT OF
24 STAFF TIME TO DO A GOOD JOB. I THINK THOSE ARE
25 IMPORTANT AS WELL.

1 YOU MENTIONED THAT WE'VE LOCATED OUR
2 HEADQUARTERS HERE IN SAN FRANCISCO. THAT WAS A BIG
3 BUILDUP AND PROCESS, HIGHLY COMPETITIVE, WE REALLY GOT
4 A GOOD DEAL, WE'RE OPENING IT NEXT WEEK OR HAVING OPEN
5 HOUSE. WENT THROUGH A PRESIDENTIAL SEARCH, HIRED ZACH.
6 IN THIS PAST 11 MONTHS, WE'VE ACCOMPLISHED A GREAT
7 DEAL. AND I ALSO WANTED TO TOUCH ON THOSE OTHER THINGS
8 AS WELL.

9 MR. KLEIN: I WAS TRYING TO BE CAREFUL ABOUT
10 RESPECTING THE TIME, BUT I WOULD ALSO SAY THAT THROUGH
11 THE WORK OF JOAN SAMUELSON, JEFF SHEEHY, JANET WRIGHT,
12 YOURSELF, THERE'S BEEN A TREMENDOUS OUTREACH TO THE
13 STATE LEGISLATURE TO TRY AND HELP THEM UNDERSTAND OUR
14 MISSION, OUR DEDICATION, AND SOME OF THE THINGS THAT
15 ARE CRITICAL TO OUR PROCESS, LIKE PEER REVIEW. AND WE
16 THINK WE MADE SOME MAJOR STRIDES IN WORKING OUT A GOOD
17 EFFECTIVE PARTNERSHIP WITH THE LEGISLATURE, THANKS TO
18 THE PATIENT ADVOCATES ON THIS GROUP IN PARTICULAR.

19 CHAIRMAN DOMS: THANK YOU, DAVID. THANK YOU,
20 BOB. OUR NEXT AGENDA ITEM IS AN INFORMATIONAL OVERVIEW
21 OF THE CIRM GRANTS FACILITIES WORKING GROUP AND SHARED
22 SPACE RFA'S. TURN THAT OVER TO ZACH.

23 DR. HALL: THANK YOU, RUSTY. WHAT I WANTED
24 TO DO IN THIS PART OF THE MEETING IS TO GIVE YOU AN
25 OVERALL PERSPECTIVE OF OUR GRANTS PROGRAM AND TO BEGIN

1 THE DISCUSSION OF HOW THE FACILITIES WORKING GROUP WILL
2 FUNCTION WITHIN THAT PROGRAM.

3 AS YOU HEARD EARLIER, ONE OF YOUR TASKS WILL
4 BE TO DISCUSS WHAT CRITERIA AND STANDARDS THAT YOU WILL
5 USE IN YOUR WORK AND THEN TO MAKE RECOMMENDATIONS TO
6 THE ICOC FOR THOSE. YOU WILL ALSO NEED TO MAKE
7 RECOMMENDATIONS THE ICOC ON THE PROCEDURES THAT YOU
8 WILL USE AND THE BYLAWS BY WHICH YOU GOVERN YOURSELVES
9 IN THIS MEETING. THIS WORKING GROUP HAS THE ADVANTAGE
10 THAT IT IS THE THIRD OF OUR WORKING GROUPS TO GET
11 STARTED; AND SO ON SOME OF THESE MATTERS, YOU HAVE TWO
12 EXAMPLES OF WORKING GROUPS ALREADY THAT HAVE GONE
13 THROUGH THESE EXERCISES SO THAT YOU CAN USE SOME OF
14 THIS MATERIAL AS A BEGINNING TEMPLATE FOR YOUR
15 DISCUSSIONS. IT'S NOT MEANT TO PRESCRIBE OR LIMIT YOU
16 IN ANY WAY, BUT SIMPLY TO HELP YOU AND GET STARTED.

17 AS I MENTIONED BEFORE, THE PATIENT ADVOCATE
18 MEMBERS, IN PARTICULAR, ON THE GRANTS COMMITTEE, AND
19 JOAN IS THE VICE CHAIR OF THAT COMMITTEE, SO WE HAVE
20 THAT SORT OF EXPERTISE BEHIND US. AND WE DO WANT
21 WHEREVER POSSIBLE TO MAKE OUR PROCEDURES UNIFORM
22 ACROSS. IF THERE ARE GOOD REASONS TO CHANGE THEM,
23 WE'RE HAPPY TO DO THAT.

24 LET ME BEGIN, HOWEVER, BY JUST EXPLAINING FOR
25 THOSE WHO MAY BE NEW TO THE WORLD OF SCIENTIFIC

1 GRANT-MAKING HOW WE, IN PARTICULAR, ALSO
2 REPRESENTATIVES OF OTHER INSTITUTIONS IN MANY WAYS, HOW
3 WE DO OUR BUSINESS IN TERMS OF MAKING GRANTS. AND THE
4 FACILITIES GRANTS WILL BE ONE ASPECT OF THIS.

5 FOR ANY GRANTS PROGRAM, WE START WITH A
6 DECISION THAT WE WANT TO INVITE GRANTS FOR A PARTICULAR
7 PURPOSE. AND USUALLY THAT MAY BE FOR A RESEARCH
8 PURPOSE, BUT IT MAY HAVE A FACILITIES COMPONENT OR IT
9 MAY BE FOR A FACILITIES GRANT, BUT WE SPECIFY IN THE
10 RFA WHAT WE WANT. FOR EXAMPLE, THE TRAINING GRANT RFA
11 SAID WE WANT APPLICATIONS FOR TRAINING GRANT PROGRAMS.

12 THE CIRM THEN BRINGS A PROPOSAL TO THE ICOC
13 FOR ITS APPROVAL FOR THE RFA; AND IF THE ICOC APPROVES,
14 THE CIRM THEN ISSUES AN RFA TO CALIFORNIA INSTITUTIONS
15 AND ON ITS WEB SITE.

16 WHAT'S IN THE RFA? THE RFA SPECIFIES THE
17 PURPOSE FOR WHICH WE'RE SEEKING APPLICATIONS, HOW WE
18 INTEND TO STRUCTURE THE GRANTS; THAT IS, WHAT KINDS OF
19 BUDGET CATEGORIES WE WOULD RECOMMEND, WHAT WE WANT IN
20 THE APPLICATION FOR THE TRAINING GRANTS. FOR EXAMPLE,
21 WE SPECIFIED THAT AT LEAST TWO DIFFERENT KINDS OF
22 COURSES MUST BE GIVEN IN THE APPLICATION, ONE ON THE
23 SCIENCE AND ONE ON THE ETHICAL ISSUES INVOLVED. WE
24 TELL THEM IN THE RFA WHAT INFORMATION THEY NEED TO
25 PROVIDE, HOW THE APPLICATIONS WILL BE EVALUATED, WHAT

1 WE WILL REQUIRE OF THE GRANTEES, AND WHAT RESTRICTIONS,
2 INCLUDING THE BUDGET, THERE MAY BE ON WHAT IS OFFERED.
3 WE MAY SAY YOU MAY APPLY FOR GRANTS UP TO THIS AMOUNT
4 OF MONEY FOR THIS PARTICULAR PURPOSE. IF IT WERE A
5 FACILITIES GRANT, WE MIGHT PUT A LIMIT ON THE SIZE OR
6 OTHER RESTRICTIONS ABOUT HOW THE SPACE WOULD BE USED AS
7 PART OF THE RFA.

8 IN GENERAL, THEN, WE ASK ALSO ANYBODY WHO
9 WANTS TO SEND IN AN APPLICATION TO SUBMIT A SO-CALLED
10 LETTER OF INTENT. THAT IS TO LET US KNOW BY A CERTAIN
11 DATE IF THEY INTEND TO SUBMIT AN APPLICATION. THIS IS
12 VERY HELPFUL TO US BECAUSE, FIRST OF ALL, IT TELLS US
13 HOW MANY APPLICATIONS WE'RE LIKELY TO HAVE. AND
14 SECONDLY, IT ALSO SOMETIMES WARNS US AHEAD OF TIME IF
15 THERE ARE COMPLICATIONS THAT WE CAN HEAD OFF AT AN
16 EARLY STAGE.

17 THE APPLICATIONS ARE THEN RECEIVED AT A
18 DEADLINE DATE. THEY'RE EXAMINED BY CIRM STAFF TO BE
19 SURE THAT THEY MEET THE REQUIREMENTS THAT WE SPECIFIED.
20 AND THEN THEY'RE DISTRIBUTED TO THE WORKING GROUP FOR
21 REVIEW. AND THAT IS DONE EITHER BY CIRM STAFF WITH
22 HELP FROM THE CHAIR, IN THIS CASE, I EXPECT, BECAUSE
23 YOU ARE MORE EXPERIENCED THAN WE ARE IN THESE MATTERS,
24 THAT THAT DISTRIBUTION WOULD BE MADE BY THE CHAIR WITH
25 THE ASSISTANCE OF CIRM AS NEEDED.

1 THE WORKING GROUP THEN MEETS AND, ACCORDING
2 TO PROCEDURES THAT WE WILL DISCUSS IN DETAIL LATER,
3 UNDER DISCUSSION LED BY RUSTY AND DAVID, THE
4 APPLICATION IS GIVEN A SCORE, AND THEN THE WORKING
5 GROUP MAKES A RECOMMENDATION TO THE ICOC. AND THEN AS
6 I INDICATED, THE ICOC MAKES ANY FINAL DECISION ABOUT
7 APPROVAL FOR GRANT AWARDS.

8 NOW, YOU MIGHT ASK AT THIS POINT HOW DO WE
9 DECIDE WHAT THE TOPIC OF THE RFA IS AND WHEN WE ISSUE
10 THEM. THE RFA'S ARE EXTREMELY IMPORTANT BECAUSE
11 THEY'RE THE PRINCIPAL WAY IN WHICH WE SHAPE OUR
12 RESEARCH PROGRAM IN ORDER TO ATTAIN THE GOAL WHICH WE
13 ALL SHARE OF USING STEM CELL RESEARCH TO DEVELOP
14 THERAPIES FOR DISEASE. AND SO WE WANT THE RFA'S IN
15 GENERAL TO BE PART OF A LARGER SPECIFIC PLAN, STRATEGIC
16 PLAN, THAT WE HAVE.

17 SO WE ARE NOW ABOUT TO BEGIN AND HAVE BEGUN
18 IN ONE SENSE A PROCESS FOR FORMULATING A LONG-TERM
19 SCIENTIFIC STRATEGIC PLAN. AND THIS WILL BE A JOINT
20 PROJECT BETWEEN THE CIRM AND THE ICOC. WE HAVE HAD A
21 FIRST STEP IN OUR INFORMATION GATHERING WITH THE
22 SCIENTIFIC MEETING THAT WAS HELD ON OCTOBER 1ST AND 2D.
23 AND I KNOW RUSTY WAS IN ATTENDANCE AT THAT MEETING,
24 WHICH WE APPRECIATED VERY, VERY MUCH. WE EXPECT TO
25 DEVELOP THE PLAN OVER THE NEXT SIX MONTHS OR SO.

1 NOW, IN THE MEANTIME, WHILE WE ARE DEVELOPING
2 THAT SORT OF OVERARCHING AND LARGE-SCALE PLAN, WHICH
3 WILL SPECIFY OVER A PERIOD OF TIME HOW WE INTEND TO
4 DEVELOP OUR PROGRAM, THERE ARE A NUMBER OF STRATEGIC
5 NEEDS THAT SHOULD BE MET FAIRLY IMMEDIATELY. AND WE
6 HAVE NOT TAKEN THESE FORMALLY TO THE ICOC, ALTHOUGH WE
7 HAVE HAD INFORMATION -- WE HAVE GIVEN INFORMATION TO
8 THE ICOC ABOUT THE THOUGHT THAT WE HAVE BEEN THINKING
9 ABOUT THIS, BUT LET ME POINT OUT AT THE BEGINNING THEY
10 HAVE NOT BEEN APPROVED, SO WHAT I'M GOING TO PRESENT TO
11 YOU IS THE PROPOSAL AND THE DISCUSSION THAT WE HAVE HAD
12 AND WHAT WE PRESENTED FOR INFORMATIONAL PURPOSES TO
13 ICOC, BUT NO DECISIONS HAVE BEEN MADE FINALLY.

14 AND SO WE SEE -- BOB KLEIN, I SHOULD SAY, WAS
15 VERY INSTRUMENTAL IN HELPING US TO FORMULATE THESE. IN
16 FACT, THEY WERE, IN FACT, IN SOME CASES HIS IDEAS,
17 QUITE CLEARLY, BUT THERE ARE TWO CLEAR AND IMMEDIATE
18 NEEDS THAT I THINK ARE VERY IMPORTANT, AND WE ARE ALL
19 AGREED.

20 ONE ARE SO-CALLED INNOVATION OR STARTER
21 GRANTS THAT WOULD GET THE WORK GOING WITH AN EMPHASIS
22 ON GIVING PEOPLE GRANTS THAT THEY COULD GET PRELIMINARY
23 EVIDENCE FOR PARTICULAR IDEAS, GRANTS THAT MIGHT LET
24 PEOPLE ESTABLISH INVESTIGATORS OUTSIDE THE FIELD GET A
25 START, BUT AT ANY RATE, SOMETHING TO GET IT GOING WITH

1 A SMALL AMOUNT OF MONEY OVER A SHORT PERIOD OF TIME,
2 SORT OF LIKE IGNITING AN ENGINE. WE GIVE A LITTLE
3 SPARK HERE AT THE BEGINNING TO SET THINGS OFF.

4 AND THEN BOB MENTIONED THAT WE HAVE A REAL
5 CHALLENGE IN THAT WE NEED, PARTICULARLY FOR HUMAN
6 EMBRYONIC STEM CELL WORK OUTSIDE THE FEDERAL
7 GUIDELINES, WHICH WE HAVE A PARTICULAR INTEREST BECAUSE
8 OF THE DEFECTION BASICALLY OF THE FEDERAL GOVERNMENT
9 FROM THIS AREA, THIS PROMISING AREA, WE NEED TO PROVIDE
10 SPACE TO LET SOME OF THIS WORK GO ON.

11 SO WHAT WE HAVE PROPOSED, THEN, OR WILL
12 PROPOSE, WHAT WE'VE BEEN DISCUSSING ARE THREE RFA'S.
13 AND LET ME DESCRIBE TO YOU HOW THEY WOULD BE PHASED.
14 FIRST OF ALL, WE WOULD HAVE AN RFA FOR INNOVATION
15 GRANTS. AND AS I SAY, THESE WOULD BE RELATIVELY SMALL
16 AMOUNTS OF MONEY. WE ARE IMAGINING RIGHT NOW ON THE
17 ORDER OF A COUPLE HUNDRED THOUSAND DOLLARS. THEY WOULD
18 BE FOR TWO YEARS, AND THEY WOULD BE FOR STEM CELL
19 RESEARCH OUTSIDE THE FEDERAL GUIDELINES. AND THIS
20 COULD START IMMEDIATELY, AND THERE ARE SOME
21 INVESTIGATORS WHO ARE ALREADY DOING WORK OUTSIDE THE
22 FEDERAL GUIDELINES THAT IS SUPPORTED EITHER BY PRIVATE
23 DISEASE FOUNDATIONS OR SUPPORTED BY THE HOWARD HUGHES.
24 SO THEY HAVE AVAILABLE TO THEM SPACE IN THEIR OWN LABS
25 THAT THEY'VE SET ASIDE AS NONFEDERAL RESEARCH SPACE.

1 AND WE THINK THERE ARE ENOUGH OF THEM OUT
2 THERE THAT WE COULD ASK FOR INNOVATION GRANTS AND GET
3 THOSE STARTED WITHOUT ANY OTHER EFFORT ON OUR PART.

4 DO YOU HAVE A QUESTION, DAVID?

5 MR. SERRANO-SEWELL: JUST A CLARIFICATION,
6 ZACH. FOR THE INNOVATION, YOU MAY HAVE ALREADY SAID
7 THIS, BUT FOR INNOVATION 1 RFA, INNOVATION 2 RFA, THOSE
8 WILL BE THE GRANTS WORKING GROUP?

9 DR. HALL: YES. YES. ABSOLUTELY.

10 MR. SERRANO-SEWELL: SHARED SPACE WILL BE THE
11 FACILITIES GROUP.

12 DR. HALL: I PRESENT THIS BECAUSE I WANT YOU
13 TO UNDERSTAND HOW YOUR SHARED SPACE RFA THAT WE HOPE WE
14 WILL BE ABLE TO CARRY FORWARD FITS INTO AN OVERALL PLAN
15 THAT WE HAVE. IT'S NOT OUT THERE ON ITS OWN.

16 SO WE GET INNOVATION 1 OFF RIGHT AWAY. THEN
17 WE SEE THE NEXT NEED IS TO HAVE WHAT WE CALL AN RFA FOR
18 SHARED SPACE; THAT IS, TO SUGGEST THAT WE WOULD ACCEPT
19 APPLICATIONS FROM INSTITUTIONS WHO WISH TO DEVELOP
20 SOMETHING ON THE ORDER OF 2,000 TO 4,000 SQUARE FEET OF
21 SPACE THAT WOULD BE DEDICATED TO HUMAN EMBRYONIC STEM
22 CELL WORK. I'M SORRY. I LEFT OUT THE EMBRYONIC. THAT
23 WOULD BE A SPACE IN WHICH WORK OUTSIDE THE FEDERAL
24 GUIDELINES COULD GO ON. AND BECAUSE THAT'S A
25 RELATIVELY SMALL AMOUNT OF SPACE, IT WOULD NEED TO BE

1 SHARED. WE WOULD NOT WANT IT TO BELONG JUST TO ONE
2 PERSON. AND THERE MAY EVEN BE A NEED, WHICH WE CAN
3 DISCUSS LATER, FOR INSTITUTIONAL SHARING WITHIN A
4 PARTICULAR REGION THAT WE COULD WRITE INTO THE RFA.
5 THAT IS, IF WE GET A GRANT LIKE THIS, YOU'RE REQUIRED
6 NOT ONLY TO MAKE IT AVAILABLE TO PEOPLE WITHIN YOUR
7 INSTITUTION, BUT WITH OTHER SMALL INSTITUTIONS IN YOUR
8 AREA SO THAT PEOPLE WHO WANT TO DO THIS WORK COULD COME
9 AND DO IT.

10 LET ME JUST SAY THAT THIS WORK IS QUITE --
11 IT'S NOT ROUTINE TO WORK ON HUMAN EMBRYONIC STEM CELLS.
12 THEY'RE HARD TO CULTURE. THERE'S A CONSIDERABLE
13 TECHNICAL ART INVOLVED. AND WHAT WE ENVISAGE WOULD BE
14 HAVING SPACE WITH NECESSARY BASIC EQUIPMENT; THAT IS,
15 INCUBATORS, HOODS, STERILE HOODS, FREEZERS,
16 MICROSCOPES, THE BASIC KIND OF SPACE TO LET YOU DO THAT
17 WORK. AND WE PROBABLY WOULD PROVIDE FUNDS TO STAFF
18 THAT FOR A PERIOD OF SEVERAL YEARS. THAT IS, WE WOULD
19 HAVE A HIGH LEVEL TECHNICIAN THERE WHO COULD TEACH
20 PEOPLE HOW TO HANDLE THESE CELLS AND WHO WOULD BE
21 AVAILABLE FOR TECHNICAL WORK.

22 AND WE IMAGINE THAT THEY WOULD BE USED IN THE
23 FOLLOWING WAYS. LET'S SUPPOSE A VERY WELL-ESTABLISHED
24 AND EXCELLENT INVESTIGATOR WHO IS A DEVELOPMENTAL
25 BIOLOGIST OR WHO MIGHT BE A CELL BIOLOGIST OR MIGHT

1 EVEN BE MORE FAR AFIELD, A TISSUE ENGINEER NOT WORKING
2 WITH HUMAN EMBRYONIC STEM CELLS MIGHT SAY, GEE, THIS
3 LOOKS PROMISING. AND I HAVEN'T GONE INTO THIS BECAUSE
4 THERE'S NO FEDERAL MONEY AND I DON'T REALLY HAVE SPACE
5 IN MY LAB, BUT I HAVE A GREAT IDEA FOR THIS. WHAT I'D
6 LIKE TO DO IS TO GET A GRANT, AND THEN HAVE A
7 TECHNICIAN OR POSTDOCTORAL FELLOW DO THAT WORK IN THE
8 SHARED SPACE UNDER THE EYE OF THE TECHNICIAN. AND THEN
9 IF THIS PANS OUT, THEN I WOULD LIKE TO COME BACK FOR A
10 MAJOR GRANT TO THE INSTITUTE. AND THAT IS, OF COURSE,
11 THE SORT OF THING WE WOULD LOVE TO HAVE HAPPEN TO
12 ATTRACT TALENTED PEOPLE TO THIS FIELD. AND
13 PARTICULARLY IF THEY HAVEN'T BEEN WORKING IN IT, THEY
14 DON'T HAVE NONFEDERAL SPACE BECAUSE THIS IS VERY
15 UNUSUAL THAT YOU HAVE TO HAVE SPACE THAT CAN'T BE USED
16 FOR FEDERAL FUNDS.

17 SO WE WOULD THEN HAVE AN RFA TO DEVELOP THAT
18 SPACE. WE THINK THAT COULD BE DONE FAIRLY QUICKLY.
19 AND THEN WITH THAT IN THE PIPELINE, WE COULD THEN GO
20 OUT FOR A SECOND ROUND OF INNOVATION GRANTS THAT WOULD
21 SAY, OKAY, YOU DON'T HAVE SPACE OF YOUR OWN TO DO THIS;
22 BUT IF YOU HAVE AVAILABLE SHARED SPACE THAT WE'VE
23 ALREADY DEVELOPED HERE, THEN THIS WOULD PROVIDE AN
24 OPPORTUNITY FOR YOU TO GO OUT AND DO THIS WORK.

25 SO I'M SORRY THIS IS A LITTLE BIT

1 COMPLICATED, BUT I'M WALKING YOU THROUGH IT. I WELCOME
2 QUESTIONS.

3 MR. LICHTENGER: ZACH, ON THE SHARED SPACE
4 RFA, IS THERE ANY THOUGHT ABOUT TRYING TO FIND
5 PRIVATELY AVAILABLE SPACE OUT THERE THAT COULD BE
6 SUBLEASED?

7 DR. HALL: WE WOULD LET THE INSTITUTION DO
8 THAT. AND WHETHER IT REQUIRES RENOVATION OR LEASING
9 NEW SPACE OR RENTING, WHATEVER THEY PROPOSED, WE WOULD
10 WRITE THE RFA SO THAT COULD BE INCLUDED, AND THEN THEY
11 COULD COME BACK TO US AND MAKE A PROPOSAL, AND YOU
12 WOULD EVALUATE WHETHER THIS WAS A REALISTIC OPTION OR
13 NOT.

14 MR. LICHTENGER: I WAS REFERRING TO THE FACT
15 THAT POTENTIALLY THAT THE CIRM COULD LEASE SOME SPACE
16 THAT THEN COULD BE USED BY GROUPS THAT MIGHT BE FUNDED
17 LATER ON.

18 DR. HALL: WELL, I THINK WHAT WE WOULD PREFER
19 WOULD BE TO HAVE THE INSTITUTIONS DEVELOP THE PLAN.
20 THEY LEASE THE SPACE AND THEN WE WOULD PROVIDE MONEY
21 FOR THAT LEASE IF IT WERE DONE DIRECTLY. WE DON'T WANT
22 TO BE THE DIRECT HOLDER OF THE LEASE IN THAT REGARD.
23 BECAUSE THE SCIENTISTS AREN'T OURS, THEN WE GET INTO A
24 WHOLE COMPLICATION. THEN WE'LL MAKE SURE THAT, FOR
25 EXAMPLE, THE INSTITUTION IS RESPONSIBLE FOR THE USE OF

1 ANY RADIOACTIVE MATERIAL IN THAT SPACE, FOR ANY
2 BIOMATERIALS, THE WHOLE FEDERAL LICENSING THE
3 INSTITUTION IS RESPONSIBLE FOR AND WE'RE NOT. BUT WE
4 WOULD LEAVE OPEN ALL THOSE POSSIBILITIES.

5 JEFF.

6 MR. SHEEHY: I HAD A SERIES OF QUESTIONS.
7 FIRST, WHAT'S YOUR GENERAL TIME? IS THERE A TIMELINE
8 ATTACHED TO THIS?

9 DR. HALL: YES. I WILL COME TO THAT IN JUST
10 A MOMENT. CAN I DO THAT?

11 MR. SHEEHY: WE CAN COME BACK TO THAT.

12 A CLARIFICATION ON FACILITIES GRANTS RELATED,
13 I THINK, TO DAVID'S QUESTION. BOB MAY HAVE AN ANSWER.
14 JAMES. WE'RE LIMITED TO ONLY MAKING GRANTS IN
15 NONPROFIT INSTITUTIONS FOR FACILITIES GRANTS?

16 MR. KLEIN: YES.

17 MR. SHEEHY: MY THIRD QUESTION IS ON THE
18 INNOVATION GRANTS. THOSE WILL BE AVAILABLE TO
19 FOR-PROFIT INSTITUTIONS?

20 DR. HALL: IF THEY CAN TAKE CARE OF THEIR OWN
21 SPACES AND IF WE HAVE OUR IP POLICY WORKED OUT FOR
22 FOR-PROFIT INSTITUTIONS, IN PRINCIPLE THAT COULD BE
23 DONE AS FAR AS I KNOW.

24 CHAIRMAN DOMS: WOULD YOU REPEAT THAT
25 QUESTION, JEFF?

1 MR. SHEEHY: WILL THE INNOVATION GRANTS BE
2 AVAILABLE TO FOR-PROFIT?

3 DR. HALL: BY THE WAY, I DON'T MEAN TO SAY
4 THAT INNOVATION 2, THAT PEOPLE WHO HAVE THEIR OWN SPACE
5 CAN'T APPLY FOR IT.

6 MR. SHEEHY: NO. I MEAN EVEN IN INNOVATION
7 1, WE WOULD BE INVITING RFA'S FROM FOR-PROFIT
8 INSTITUTIONS.

9 MR. KLEIN: JEFF, I'D LIKE TO COMMENT. JEFF,
10 AS YOU KNOW, TO DATE THE BOARD HAS DEFERRED FOR-PROFIT
11 APPLICATIONS TO MAKE SURE THAT WE CAN REALLY HAVE THE
12 TIME TO LOOK AND SEE WHETHER THERE'S ADDITIONAL
13 CONSIDERATIONS THAT NEED TO BE TAKEN INTO ACCOUNT. AT
14 THE TIME THE BOARD DISCUSSES WHETHER TO GO AHEAD WITH
15 THE INNOVATION PROGRAM, THAT'S A DECISION THAT YOU AND
16 THE OTHER BOARD MEMBERS WILL HAVE TO DECIDE, WHETHER WE
17 HAVE SUCH ADDITIONAL ETHICAL GUIDELINES IN PLACE THAT
18 WE'RE PREPARED TIMEWISE TO PROCEED WITH FOR-PROFIT
19 INSTITUTIONS AS A PART OF THAT ROUND. SO THAT'S REALLY
20 YOUR DECISION.

21 MR. SHEEHY: WE DECIDED NOT-FOR-PROFIT FOR
22 THE TRAINING GRANTS, BUT INNOVATION -- FROM A PATIENT
23 ADVOCATE POINT OF VIEW, AND NOT TO SHOW A FOR-PROFIT
24 BIAS, BUT FOR-PROFIT IS USUALLY CLOSER TO PUTTING
25 SOMETHING INTO SOMEBODY. AND I WAS JUST ASKING.

1 DR. HALL: IN PRINCIPLE, YES.

2 MR. SHEEHY: IN THE SHARED SPACE, WOULD WE
3 ACCEPT SOME SORT OF PARTNERSHIP BETWEEN A FOR-PROFIT
4 AND NON-FOR-PROFIT ENTITY? I MEAN HOW BRIGHT IS THAT
5 LINE?

6 DR. HALL: WELL, SOMEBODY HAS TO TAKE
7 RESPONSIBILITY FOR THE SPACE. RIGHT? SO YOU CAN
8 HAVE -- THE ISSUE IS WHETHER AN INSTITUTION WOULD BE
9 WILLING TO HAVE PEOPLE FROM A FOR-PROFIT COME IN AND
10 USE THE SPACE OR NOT, AND I THINK THAT'S AN ISSUE WE
11 JUST HAVE TO SORT OUT. BUT --

12 MR. SHEEHY: JOINTLY OPERATED.

13 DR. HALL: WE WOULD HAVE TO MAKE THE GRANT TO
14 A NONPROFIT INSTITUTION, AND I THINK WE WOULD HAVE TO
15 BE, JAMES, YOU CORRECT ME ON THIS, BUT WE'D HAVE TO BE
16 VERY SURE THAT WASN'T JUST ACTING AS A FRONT, THAT WE
17 WEREN'T DOING SOMETHING THAT WOULD VIOLATE THE LAW
18 USING THE NONPROFIT AS A -- THESE ARE TECHNICAL
19 QUESTIONS THAT WE CAN GET INTO AS WE DEVELOP THIS, BUT
20 THEY ARE VERY IMPORTANT. WE DON'T HAVE COMPLETE
21 ANSWERS TO THEM OBVIOUSLY.

22 MR. SHEEHY: NO. BUT IT SEEMED TO ME, AT
23 LEAST FROM THE TRAINING GRANTS, THAT THERE WERE TWO
24 INSTITUTIONS I REMEMBER THAT HAD VERY INTIMATE
25 RELATIONSHIPS WITH FOR-PROFIT ENTITIES. AND IT SEEMS

1 THAT THEY MAY HAVE -- MAY BE A LITTLE BIT CLOSER TO
2 GETTING SOMETHING DONE, AND I JUST WANTED TO MAKE
3 SURE -- I JUST WANTED TO GET SOME CLARIFICATION THAT
4 THEY'RE NOT, THAT THAT MIGHT BE SOMETHING -- I WANT TO
5 GET A SENSE OF WHETHER THAT'S SOMETHING WE WANT TO
6 ENCOURAGE OR DISCOURAGE OR WE'RE NEUTRAL ON, AT LEAST
7 FROM A LEGAL STANDPOINT.

8 DR. HALL: I THINK IT'S COMPLICATED, AND WE'D
9 HAVE TO LOOK INTO IT. BUT IN PRINCIPLE, IF THERE'S A
10 GOOD IDEA -- I THINK ACTUALLY WE WOULD EXPECT THE
11 NONPROFITS -- I MEAN THE FOR-PROFITS, THEY DON'T RUN
12 OFF NIH MONEY IN GENERAL. SO THERE'S NO REASON, OFF
13 THE TOP OF YOUR HEAD, THAT THEY SHOULDN'T HAVE SPACE TO
14 DO THIS WORK. AND I THINK WE JUST HAVE TO BE VERY SURE
15 ABOUT UNDER WHAT CONDITIONS IT WAS DONE.

16 MR. SHEEHY: I THINK OF THREE EXAMPLES. ONE
17 IS AN INSTITUTION THAT HAD A VERY DEFINED INTIMATE
18 RELATIONSHIP WITH A MAJOR PHARMACEUTICAL, ANOTHER
19 INSTITUTION, THEIR LEAD INVESTIGATOR HAD A VERY TIGHT
20 RELATIONSHIP WITH A START-UP FROM THE EAST COAST, AND
21 THEN A THIRD INSTITUTION ACTUALLY WAS USING AS PART --
22 HAD A FLOOR OF THEIR BUILDING THAT WAS OPERATED THAT
23 WAS LEASED TO A FOR-PROFIT ENTITY, AND THEY PLANNED ON
24 DOING ALL THEIR STEM CELL RESEARCH ON THAT FLOOR.

25 DR. HALL: THAT'S AN ARRANGEMENT BETWEEN THEM

1 AND THE COMPANY. I THINK IF THEY ASK US TO PAY FOR
2 THAT, FOR EXAMPLE, WE WOULD HAVE TO LOOK AT THAT VERY
3 CAREFULLY AND SEE IF IT MET OUR STANDARDS. AND IF IT
4 MET OUR REQUIREMENTS AND IF IT DID, PRESUMABLY WE COULD
5 DO THAT. I MEAN THEY WOULD BE JUST LIKE ANY OTHER
6 RENTER.

7 NOW, THE ISSUE WITH THE FIRST TWO EXAMPLES IS
8 YOU DON'T HAVE COMPANY SCIENTISTS DOING THE WORK ON
9 UNIVERSITY SPACE. AND THAT'S RELATIVELY, CERTAINLY
10 WITHIN THE UNIVERSITY OF CALIFORNIA -- MR. KASHIAN
11 MIGHT BE ABLE TO TELL US MORE ABOUT THAT -- BUT IN
12 GENERAL THAT'S NOT ALLOWED.

13 LET ME SUGGEST THAT THESE ARE IMPORTANT
14 QUESTIONS AND COMPLICATED ONES WE DON'T HAVE READY
15 ANSWERS.

16 MR. SHEEHY: YOU DON'T HAVE TO HAVE ANSWERS.
17 JUST RAISING THAT.

18 DR. HALL: I APPRECIATE YOUR RAISING THEM
19 BECAUSE THEY WILL BE THINGS WE'LL HAVE TO DEAL WITH AS
20 WE GO FORWARD.

21 CHAIRMAN DOMS: ZACH, DAVID HAD A QUESTION.

22 MR. LICHTENGER: FIRST OF ALL, JEFF, THANKS
23 FOR PICKING UP ON MY POINT. I THINK WHERE I WAS GOING,
24 ZACH, WAS THAT I THINK THERE IS SPACE AVAILABLE OUT
25 THERE THAT IS FOR SHARING OR SUBLEASING BY FOR-PROFIT

1 COMPANIES. AND JUST, YOU KNOW, I KNOW OUR GOAL IS TO
2 GET RESEARCH GOING AS QUICKLY AS POSSIBLE, SO I THINK
3 THAT'S CERTAINLY AN AVENUE, IF IT CAN LEGALLY BE DONE
4 WHERE THERE'S NO CONFLICT, THAT YOU CAN HAVE
5 OPERATIONAL FACILITIES VERY, VERY QUICKLY.

6 DR. HALL: THAT WOULD BE GREAT. MY OWN VIEW
7 IS IF IT MEETS INSTITUTIONAL NEEDS, THAT WOULD BE
8 TERRIFIC. BUT IN SOME CASES THERE MAY BE INSTITUTIONS
9 WHERE THERE IS NO SPACE IMMEDIATELY AROUND, AND THEIR
10 RESEARCHERS WOULD HAVE TO GO SEVERAL MILES OR
11 SOMETHING.

12 MR. KLEIN: I WOULD ALSO LIKE TO PUT THIS IN
13 THE CONTEXT THAT IF THE BOARD DECIDES TO GO FORWARD ON
14 THE INNOVATION GRANTS, ONE OF THE THOUGHTS THAT
15 PREVIOUSLY HAD BEEN DISCUSSED AS A JUSTIFICATION FOR A
16 PRIORITY FOR THIS PROGRAM IS THAT IN NONPROFIT
17 INSTITUTIONS, THESE RESEARCHERS WHO ARE SUBJECT TO NIH
18 FUNDING CANNOT USE ANY OF THE NIH EQUIPMENT, ANY NIH
19 SUPPLIES, OR SPACE FOR THEIR WORK. SO THEY ARE UNDER A
20 VERY BRIGHT LINE DISCIPLINE WHERE UNLESS WE GIVE THEM
21 SEED MONEY TO CONDUCT THEIR PRELIMINARY WORK, THEY
22 CAN'T POINT TO NON-NIH FUNDS TO SHOW HOW THEY FINANCED
23 THEIR EQUIPMENT AND SUPPLIES AND SALARIES TO DO THE
24 WORK, AND THEY'RE SUBJECT TO VERY SEVERE PENALTIES,
25 INCLUDING THE FACT THAT INSPECTORS WERE SENT TO DOUG

1 MELTON'S LAB AT HARVARD TO ESSENTIALLY CONVEY AN
2 INTIMIDATION, THAT THE NIH INTENDED TO REALLY IN A VERY
3 DISCIPLINED WAY ENFORCE THIS VERY STRICT DIVISION.

4 SO THAT THERE'S A PARTICULAR NEED IN THE
5 NONPROFIT SECTOR TO HAVE CLEAN FUNDS TO SHOW HOW THEY
6 DID THEIR PRELIMINARY WORK AS A BASIS FOR THEN LATER
7 DEVELOPING A LARGER PI GRANT.

8 MR. SHEEHY: I JUST HAD --

9 DR. WRIGHT: MY QUESTION IS, BOB, YOU TALKED
10 ABOUT EARLIER SURVEYING THE INSTITUTIONS IN THE STATE
11 ABOUT THEIR POTENTIAL PLANS, AND THEN DAVID'S QUESTION
12 ABOUT SPACE. IS IT POSSIBLE -- I DON'T UNDERSTAND
13 WHAT -- THERE'S PROBABLY A REASON WHY THIS WOULDN'T
14 WORK, BUT ALSO ASKING THE QUESTION ABOUT POTENTIAL
15 AVAILABLE SPACE CURRENTLY TO SOMEHOW BUILD A
16 CLEARINGHOUSE MECHANISM. I'M NOT SURE THAT THIS GROUP
17 WANTS TO SERVE IN THAT CAPACITY, BUT SOMEWHERE TO BUILD
18 A DATABASE OF POTENTIAL SPACE IN THE STATE THAT THEN
19 COLLABORATORS CAN TAP INTO, WORK TOGETHER. THAT'S WHAT
20 WE WANT TO ENCOURAGE.

21 CHAIRMAN DOMS: ARE YOU TALKING ABOUT AN
22 INVENTORY OF SPACE THAT'S NOT ASSOCIATED WITH, FOR
23 EXAMPLE, A UNIVERSITY?

24 DR. WRIGHT: WELL, I THINK I WOULD INCLUDE
25 UNIVERSITIES.

1 CHAIRMAN DOMS: NO. IT WOULD INCLUDE
2 UNIVERSITIES, BUT I THOUGHT YOU WERE GOING INTO A MORE
3 BROADER INVENTORY OF SPACE THAT MIGHT HOUSE RESEARCH
4 FACILITIES THAT ARE OWNED BY EITHER INVESTORS OR
5 FOR-PROFIT ENTITIES.

6 DR. WRIGHT: YES.

7 MR. LICHTENGER: THAT WAS WHERE I WAS GOING.

8 MS. SAMUELSON: I HAVE A CLARIFICATION
9 QUESTION, I THINK.

10 CHAIRMAN DOMS: PLEASE. I'M SORRY.

11 MS. SAMUELSON: AND IT'S A LITTLE MORE
12 FOUNDATIONAL. AS I UNDERSTAND IT, UNDER THE CURRENT
13 PRESIDENT'S EXECUTIVE ORDER AND NIH REGULATIONS,
14 FUNDING OF PERSONNEL AND EQUIPMENT AND SUPPLIES IS NOT
15 PERMITTED THROUGH NIH FUNDS, BUT THAT THERE'S AN
16 UNCERTAINTY ABOUT WHETHER SPACE CAN BE FUNDED. AND SO
17 MY QUESTION IS, AND I THINK IT'S IMPORTANT WE
18 UNDERSTAND THIS, AND IT'S A BIT CONFUSING IN MY MIND,
19 AND I ALSO THINK IT'S IMPORTANT TO MAKE A CLEAR RECORD
20 FOR THE PUBLIC ABOUT THAT BECAUSE THE PEOPLE CAME UP TO
21 ME ON THE STREET AND NEIGHBORS WHEN THEY FOUND OUT I
22 WAS APPOINTED TO THIS, EVERYBODY HAS A STRONG FEELING
23 ABOUT PROP 71, AS WE ALL DO. WE WANT TO GET THOSE
24 CURES FAST.

25 BUT THE SECOND THING PEOPLE WERE HITTING ME

1 ON WAS LET' S NOT WASTE ANY MONEY. AND EVERY NOW AND
2 THEN, PEOPLE WOULD SAY, WELL, DON' T GO BUILDING A BUNCH
3 OF BUILDINGS. YOU' RE NOT GOING TO BUILD A BUNCH OF
4 BUILDINGS, ARE YOU? SO I THINK IT NEEDS TO BE CLEAR
5 THAT WE' RE DOING THAT, FUNDING CAPITAL INVESTMENTS
6 WHERE WE HAVE TO AND ONLY WHERE WE HAVE.

7 SO CAN THAT BE CLARIFIED TO THE POINT WHERE
8 SOME OF THIS SPACE CAN BE MADE AVAIL ABLE UNDER FUNDING
9 SOURCES OR IT CAN BE AVAIL ABLE WITHOUT US HAVING TO
10 FUND THE PERSONNEL AND THE SCIENTIF IC WORK WITHOUT
11 HAVING TO BUILD THE BUILDING AS WELL?

12 MR. KLEIN: FIRST OF ALL, I THINK THAT' S ONE
13 OF THE FIRST THINGS THEY' RE FOCUSING ON IS HOW TO TRY
14 AND GET SOME SPACE WHERE THEY' RE LEASED, AS DAVID HAS
15 SUGGESTED, OR RENOVATION OF SPACE OR OTHER SHARED SPACE
16 ACCOMMODATIONS THAT THEY' RE GOING TO ADDRESS IN GREATER
17 DETAIL LATER. THAT' S, OF COURSE, WHY WE LIMITED
18 FACILITIES TO 10 PERCENT. BUT PERHAPS IT WOULD BE
19 BENEFICIAL, JAMES, TO GET THE OMB CIRCULAR TO ALL
20 MEMBERS OF THIS BOARD.

21 AND IN ADDITION TO THE OMB CIRCULAR THAT
22 DEFINES WHAT IS APPROPRIATE AND ACCEPTABLE, IN MAY OF
23 THIS YEAR THERE WAS AN ADDITIONAL TIGHTENING OF WHAT
24 THE NIH INTERPRETATION WAS ON WHAT YOU COULD DO.

25 MY UNDERSTANDING IS THAT SOME OF THE INFORMAL

1 COMMUNICATION HAS BEEN VERY STRICT. MAYBE DR. HALL CAN
2 COMMENT ON THAT AS TO WHAT WOULD BE PERMITTED,
3 INCLUDING A PURE EXCLUSION FROM ANY NIH SPACE, THAT NIH
4 SPACE CANNOT BE USED. BUT WE CAN GET YOU A MEMO, I
5 THINK, THAT WOULD BE GOOD TO PREPARE BEFORE THE NEXT
6 MEETING DIRECTLY ADDRESSING THE FORMAL AND INFORMAL
7 COMMUNICATIONS.

8 AND, OF COURSE, AGAIN, WE'RE IN THE MIDDLE OF
9 A POLITICAL YEAR. WE'VE SEEN, IN ADDITION TO THESE
10 RESTRICTIONS, WE'VE SEEN THE STATE DEPARTMENT, AT THE
11 WHITE HOUSE DIRECTION, GO TO THE UNITED NATIONS TO GET
12 A RESOLUTION PASSED BY THE UNITED NATIONS CONDEMNING
13 SOMATIC CELL NUCLEAR TRANSFER. SO VERY CLEAR WHAT
14 DIRECTION THAT THE PART OF THE FEDERAL GOVERNMENT IS
15 MOVING IN AS VERSUS THE CONGRESS, WHICH APPEARS TO BE
16 MOVING VERY AGGRESSIVELY TO TRY AND SUPPORT THIS NEW
17 AREA OF MEDICAL TECHNOLOGY AND SCIENTIFIC DISCOVERY.

18 DR. HALL: LET ME JUST SAY TO THAT I THINK
19 THE SITUATION IS VERY MURKY. AND I THINK NEITHER SIDE
20 WANTS TO CLARIFY IT. THAT IS, I THINK THE RIGHT WING
21 WOULD LIKE TO KEEP THE THREAT OF AN AUDIT OPEN, AND I
22 THINK THOSE IN FAVOR OF STEM CELL RESEARCH ARE ALMOST
23 AFRAID TO ASK BECAUSE THEY DON'T WANT TO HEAR A FIRM
24 ANSWER. SO WHAT'S HAPPENING IS, AS BOB INDICATED,
25 THERE HAVE BEEN INSTANCES OF INTIMIDATION.

1 ON THE OTHER HAND, HARVARD APPARENTLY, AFTER
2 SPENDING HALF A MILLION DOLLARS IN LEGAL FEES TO
3 RESEARCH THIS, DECIDED THAT, IN FACT, IT WAS AN
4 ACCOUNTING PROBLEM. AND THEY ARE DISCUSSING WITH
5 SEVERAL OTHER UNIVERSITIES THE POSSIBILITY OF JUST
6 KEEPING TABS ON ALL OF THIS STUFF. AND AS I UNDERSTAND
7 IT, THEY WILL NOT HAVE A SHARP DIVISION OF SPACE INTO
8 FEDERAL AND NONFEDERAL.

9 BUT THE PROBLEM IS OTHER INSTITUTIONS DON'T
10 WANT TO TAKE THAT AGGRESSIVE A POSITION. AND I THINK
11 THE PROBLEM IS WE CAN'T GET A CLEAR-CUT ANSWER ON IT
12 THAT'S GOING TO SATISFY EVERYBODY. WE DON'T TAKE THE
13 RISK. THE INSTITUTIONS HAVE TO. I THINK IT'S THE
14 RIGHT THING FOR US TO DO IS TO SAY WE WANT TO GET THE
15 WORK DONE. AND WHILE THERE'S A DANGER THAT YOU WILL BE
16 AUDITED OR THAT THE GOVERNMENT WILL COME DOWN HARD ON
17 YOU, WE DON'T WANT TO PUT YOU IN THAT SITUATION OF RISK
18 AT ALL. WE WANT TO GIVE SPACE THAT WILL LET THE WORK
19 GO ON. OTHERWISE I THINK IT'S GOING TO BE VERY
20 COMPLICATED FOR EACH INSTITUTION TO MAKE THIS DECISION.
21 AND AS I SAY, SOME OF THEM APPEAR TO BE NOT AS
22 AGGRESSIVE AS I'M TOLD THAT HARVARD IS. I DON'T HAVE
23 ANYTHING OFFICIAL ON THAT. I'VE BEEN TOLD THAT BY
24 PEOPLE INVOLVED.

25 MR. SHEEHY: ACTUALLY I HAVE A COUPLE OF

1 QUESTIONS. SO FIRST, THE FUNDING FOR THE SHARED SPACE
2 RFA, IS THIS GOING TO BE A BOND ANTICIPATION NOTE
3 FUNDED, OR IS IT GOING TO BE SOMETHING THAT WE'RE
4 ANTICIPATING, THAT BOB IS ANTICIPATING THAT THEY MIGHT
5 FUND ON THE -- REMEMBER YOU WERE DISCUSSING THAT
6 ENTITIES MIGHT BE WILLING TO GO AHEAD WITH SOME
7 FACILITIES FUNDING. LIKE WE MADE THE GRANT, THAT THEY
8 COULD TAKE THAT THEIR OWN. DO WE KNOW RIGHT NOW
9 WHETHER THIS --

10 MR. KLEIN: WHEN WE ASK ON THE INVENTORY, WE
11 COULD ASK THEM WHAT THEY'RE WILLING TO DO AS A
12 QUESTION, JEFF, TO RESPOND TO YOUR QUESTION, AND GIVE
13 THAT INFORMATION TO THIS COMMITTEE.

14 MR. SHEEHY: THEN THE SECOND PART IS WHERE
15 WOULD A STEM CELL BANK, WHICH SEEMED TO BE THE ONE
16 STRONG FACILITY RECOMMENDATION THAT CAME OUT OF THE
17 SCIENTIFIC MEETING, WHERE DOES THAT FIT?

18 DR. HALL: THAT'S A GOOD POINT, AND IT'S A
19 POINT I FAILED TO MAKE. IN THE PREVIOUS SLIDE, I
20 TALKED ABOUT THE OVERALL STRATEGIC PLAN. OUT OF THAT
21 STRATEGIC PLAN WILL, I'M SURE, COME A STRONG
22 RECOMMENDATION THAT WE HAVE BOTH RESOURCE CENTERS, SUCH
23 AS THE STEM CELL BANK, PERHAPS A CENTRALIZED GNP
24 FACILITY, ALTHOUGH THERE WAS A LOT OF DISCUSSION ABOUT
25 THAT, AND THAT THERE WOULD ALSO BE MAJOR RESEARCH

1 CENTERS IN WHICH WE WOULD BE TALKING ABOUT NOT 2 TO
2 4,000 SQUARE FEET, BUT WHAT WE'D BE TALKING ABOUT IS
3 50,000 SQUARE FEET OR A HUNDRED THOUSAND SQUARE FEET OR
4 MAYBE EVEN A WHOLE BUILDING FOR STEM CELL RESEARCH AT A
5 FEW MAJOR CENTERS. THAT WILL BE, OVER THE LONG TERM,
6 THE IMPORTANT WORK THAT THIS COMMITTEE WILL BE DOING.

7 BECAUSE OF THE EXPENSE OF A STEM CELL BANK, I
8 THINK WE ARE NOT YET, AND WE WOULD LIKE IT TO BE PART
9 OF AN OVERALL PLAN, WE ARE NOT YET READY TO MOVE ON
10 THAT; WHEREAS, THIS IS SOMETHING THAT, AS SOON AS WE
11 HAVE THE MONEY, WE COULD GO ON VERY QUICKLY AND WE SEE
12 AS SHORT TERM.

13 MR. SHEEHY: DO YOU ANTICIPATE THE STEM CELL
14 BANK BEING OPERATED BY CIRM OR SOMETHING THAT WE'D PUT
15 OUT AN RFA FOR?

16 DR. HALL: NO. WE WOULD PUT OUT AN RFP AND
17 SAY THAT WE WOULD HAVE A CONTRACT FOR ONE OR MORE STEM
18 CELL BANKS, AND WE WOULD SPECIFY UNDER WHAT CONDITIONS
19 AND SO FORTH AND SO FORTH. ACTUALLY IT'S QUITE
20 COMPLICATED. WE ARE BEING VISITED -- STEVE LYNN IS IN
21 THE AUDIENCE FROM THE BRITISH CONSULATE. AND THE UK
22 HAS SET UP A STEM CELL BANK, AND THE HEAD OF THAT STEM
23 CELL BANK WILL BE VISITING IN NOVEMBER. AND WE WILL BE
24 IN TOUCH WITH HIM AND BE VERY INTERESTED TO UNDERSTAND
25 HOW THEY DO IT, WHAT PROBLEMS THEY'VE RUN INTO. BUT

1 IT'S QUITE A BIG PROJECT, AND IT'S NOT ONLY JUST THE
2 BUILDING, IT IS STAFF, IT IS TREMENDOUS AMOUNT OF
3 EQUIPMENT. THIS WILL BE MAJOR, MAJOR IN TERMS OF
4 FINANCIAL IMPACT.

5 IN TERMS OF OVERALL -- IN TERMS OF \$3
6 BILLION, IT'S SOMETHING WE COULD AND SHOULD DO; BUT IN
7 TERMS OF WHAT WE CAN REASONABLY EXPECT IN THE BRIDGE
8 FUNDING, I THINK THAT'S PROBABLY NOT ON THE BOOKS.

9 MR. SHEEHY: BUT IF WE WERE TO GET,
10 ESPECIALLY SINCE WE'RE TALKING ABOUT THE NORTHERN AND
11 SOUTHERN CALIFORNIA REGIONAL, IT MIGHT BE A PRESTIGE
12 ISSUE UP THERE WITH THE HEADQUARTERS, THAT WE MIGHT BE
13 ABLE TO GET SOME OF THESE ADVANCE COMMITMENTS BASED ON
14 EXPECTATIONS, ESPECIALLY IF WE CAN MAKE SOME, JUST SOME
15 MINIMAL FUNDS UP FRONT AVAILABLE. I JUST WANT TO PUT
16 THAT OUT THERE.

17 DR. HALL: BOTH OF THOSE REMARKS, JEFF, I
18 THINK IT'S A VERY IMPORTANT ISSUE. IT'S SOMETHING THAT
19 WE ARE ACTIVELY THINKING ABOUT WORKING ON. AS YOU
20 KNOW, IT'S COME UP IN THE STANDARDS WORKING GROUP.

21 I JUST ALSO WANT TO REINFORCE WHAT JOAN SAID
22 BECAUSE I THINK IT IS VERY IMPORTANT THAT WE MAKE CLEAR
23 THAT THE REASON WE'RE DOING THIS IS TO GET THE WORK
24 GOING, IS TO GET IT STARTED. AND IT'S NOT ANY SORT OF
25 GIVE-AWAY PROGRAM. WE WOULD HOPE THAT WE WOULD BE ABLE

1 TO HAVE ENOUGH SHARED SPACE FACILITIES THROUGHOUT THE
2 STATE, THAT, YOU KNOW, ANYBODY WOULD BE WITHIN REACH.
3 WE WON'T HAVE ONE FOR EVERY INSTITUTION. I DON'T THINK
4 WE CAN DO THAT, BUT THAT WE WOULD HAVE ALL THE MAJOR
5 INSTITUTIONS COVERED. AND THAT PEOPLE WOULD BE, IF
6 THERE WERE AN INSTITUTION WITH A SINGLE STEM CELL
7 RESEARCHER OR SOMEBODY WAS INTERESTED, WE PROBABLY
8 WOULD NOT PUT A FACILITY THERE, BUT WE WOULD HOPE THAT
9 THEY WOULD BE WITHIN REACH OF ONE THAT THEY COULD USE.

10 THE IDEA IS JUST TO PROVIDE THE RESOURCES
11 NECESSARY TO GET PEOPLE STARTED AND TO GIVE PEOPLE THE
12 OPPORTUNITY TO BE ABLE TO GET THEIR IDEAS GOING, WHICH
13 I THINK THERE'S A LOT OF PEOPLE NOW HAVE BEEN EXCITED
14 ABOUT THIS, THEY'VE BEEN THINKING ABOUT IT, THEY'RE
15 RARING TO GO. AND THE CRYING NEED THAT WE HEAR FROM
16 THE SCIENTIFIC COMMUNITY IS WE DON'T HAVE A PLACE TO DO
17 THESE EXPERIMENTS. SO THAT'S THE INTENT.

18 MAYBE I SHOULD MOVE ON, RUSTY, BECAUSE WE
19 HAVE A LOT OF WORK TO DO HERE.

20 CHAIRMAN DOMS: DAVID HAD ONE QUICK QUESTION.

21 MR. LICHTENGER: I JUST WANTED TO ADD THE
22 COMMENT ABOUT POTENTIALLY SHARED OR LEASED SPACE WITH
23 PRIVATE FOR-PROFIT ENTITIES, THAT I THINK THAT THERE
24 ARE SPACES AVAILABLE THROUGHOUT CALIFORNIA, PROBABLY IN
25 THE GREATER BAY AREA AND SAN DIEGO, THAT ARE AVAILABLE

1 WITH MINIMAL CAPITAL IMPROVEMENTS THAT COULD BE SET UP
2 IN A MATTER OF MONTHS. SO I JUST WANT TO ADD THAT I
3 THINK THAT'S SOMETHING THAT COULD BE DONE VERY, VERY
4 QUICKLY AND VERY, VERY COST EFFECTIVELY.

5 CHAIRMAN DOMS: I'D JUST LIKE TO -- I'M
6 SORRY, ZACH. I HAD TWO COMMENTS, BUT I'LL JUST MAKE
7 ONE. WHEN WE TALK ABOUT SHARED SPACE, SAY, OFF OF A
8 MAJOR CAMPUS IN A FOR-PROFIT, ONE OF THE ISSUES THAT WE
9 HAVE TO CONSIDER AS WELL AS THE ACTUAL PHYSICAL SPACE
10 IS THE EQUIPMENT, SUPPLIES, AND STAFF BECAUSE YOU CAN
11 HAVE A NICE SPACE, BUT ONE OF THE THINGS IN TERMS OF
12 TRYING TO MAXIMIZE THE USE OF OUR DOLLARS, WE'D LIKE TO
13 SHARE EQUIPMENT ALSO. AND SO EQUIPMENT AND SUPPLIES
14 AND SUPPORT FACILITIES ARE ALSO VERY, VERY IMPORTANT IN
15 LOOKING AT SPACE, SAY, OFF CAMPUS IN TERMS OF, AS I
16 SAID, TO GET THE MOST WE CAN FOR OUR DOLLAR. I'M
17 SORRY, ZACH, GO AHEAD.

18 DR. HALL: THAT'S GREAT. I APPRECIATE THOSE
19 COMMENTS.

20 LET ME JUST GO ON QUICKLY. I THINK I'VE MADE
21 THESE POINTS, BUT JUST TO SHOW YOU THAT THE AIMS OF THE
22 INNOVATION RFA'S ARE PILOT PROJECTS, NEW IDEAS, RECRUIT
23 ESTABLISHED SCIENTISTS INTO STEM CELL RESEARCH, AND
24 ALLOW A QUICK RAMP-UP OF STEM CELL RESEARCH THAT HAS
25 BEEN CURTAILED BY FEDERAL RESTRICTIONS ON FUNDING. AS

1 I THINK JEFF OR DAVID, SOMEBODY POINTED OUT EARLIER,
2 THESE INNOVATIONS GRANTS WOULD HAVE A SCIENTIFIC REVIEW
3 THROUGH THE GRANTS WORKING GROUP, BUT WOULD NOT HAVE A
4 FACILITIES REVIEW. BUT WE WANTED TO DISCUSS IT HERE AS
5 PART OF THE OVERALL PROGRAM.

6 FOR THE SHARED SPACE RFA, THE IDEA WOULD BE
7 TO CREATE A SAFE HAVEN FOR WORK OUTSIDE THE FEDERAL
8 GUIDELINES AND PROVIDE SPACE FOR SEED PROJECTS,
9 PARTICULARLY THESE INVESTIGATORS. AND WE FORESEE THESE
10 AS OPTIMALLY HAVING BOTH SCIENTIFIC AND FACILITIES
11 REVIEW. AND THE REASON IS IF AN INSTITUTION APPLIES
12 FOR 5,000 SQUARE FEET OF SPACE AND IT TURNS OUT THEY
13 DON'T HAVE ANYBODY THAT -- THEY DON'T HAVE ANY STRENGTH
14 IN THIS AREA, THEN I THINK IT'S NOT A GOOD INVESTMENT
15 ON OUR PART TO PUT A MAJOR FACILITY IN A PLACE WHERE
16 THERE'S NOT GOOD SCIENCE GOING ON. AND SO WE WOULD
17 LIKE SOME ASSESSMENT ON THE SCIENTIFIC SIDE OF WHETHER
18 THE SPACE WOULD BE PUT TO GOOD USE, AND THEN AN
19 ASSESSMENT BY YOU ABOUT WHETHER THE PLANS FOR THE SPACE
20 ARE REASONABLE.

21 AND LET ME TALK ABOUT THAT A LITTLE BIT
22 FURTHER. JEFF BROUGHT UP THE ISSUE OF TIMING. AS BOB
23 SAID, WE ARE LOOKING FOR -- AND I USE THE TERM WE
24 GENEROUSLY. BOB IS REALLY DOING THE LION'S SHARE OF
25 THE WORK ON THIS -- BUT LOOKING FOR TWO PIECES OF

1 FUNDING, ONE, A FIRST SLICE OF 50 MILLION, WE HOPE.
2 AND UNDER THAT WE WOULD FUND OUR TRAINING GRANTS, AS
3 BOB SAID, AND WE WOULD PLAN THAT WE COULD DO SOME
4 INNOVATION 1 GRANT WITHOUT NEW SPACE.

5 IN THAT CASE, IF THESE ARE APPROVED BY THE
6 ICOC, WHICH IS A PREREQUISITE TO ANY OF THIS, THEN AS
7 SOON AS THE BRIDGE FUNDING WAS SECURED, WE COULD
8 IMMEDIATELY PUT OUT AN RFA. I WOULD SAY WE COULD
9 REVIEW ROUGHLY THREE MONTHS LATER AND WITH AN AWARD SIX
10 MONTHS AFTER THAT. THESE ARE APPROXIMATE FIGURES, AND
11 IT MAY BE UNDER TIME PRESSURE WE COULD DO BETTER THAN
12 THAT, OR THERE MAY BE EVENTS THAT SLOW THEM DOWN A
13 LITTLE BIT, BUT THAT IS ROUGHLY A TIME SCALE.

14 SO LET'S THINK ABOUT THAT, AND LET'S ASSUME
15 THAT WE WERE ABLE TO GET SOME FUNDING SO THAT WE COULD
16 GET THOSE OUT EVEN BY THE EARLY PART OF THE YEAR. THEN
17 IF WE WERE ABLE TO BE FORTUNATE AND GET \$100 MILLION IN
18 BRIDGE FUNDING, THEN WE WOULD BE ABLE TO GO AHEAD WITH
19 SHARED SPACE AND INNOVATION 2. AND WE THINK THAT THE
20 SHARED SPACE COULD FOLLOW INNOVATION 1 AS QUICKLY AS WE
21 HAVE THE STAFF TO GET IT OUT.

22 THESE ARE COMPLICATED RFA'S, MUCH MORE SO
23 THAN JUST THE INNOVATION RFA, BUT LET'S SAY WE COULD
24 GET IT OUT WITHIN THREE MONTHS. AND THEN THREE MONTHS
25 AFTER THAT -- I'M SORRY. THERE'S A MISPRINT --

1 INNOVATION 2 FOLLOWS INNOVATION 1 BY ABOUT SIX MONTHS.
2 WE COULD PUT THOSE OUT. LET ME GO BACK OVER THAT.

3 LET'S SUPPOSE WE WERE ABLE TO PUT OUT --
4 SECURE OUR FUNDING, WE COULD PUT OUT AN EARLY, LET'S
5 SAY, JANUARY WE COULD PUT OUT AN RFA FOR INNOVATION 1.
6 THEN SHORTLY AFTER THAT, LET'S SAY, FIRST OF MARCH,
7 APRIL, WE COULD GET OUT AN RFA FOR SHARED SPACE,
8 ASSUMING WE HAVE A HUNDRED MILLION. AND FOR YOUR
9 PURPOSES, THAT MEANS IT WOULD BE REVIEWED IN THE
10 SUMMER. SO THAT'S THE KEY POINT I WANT TO MAKE HERE.
11 I DON'T SEE THAT WE COULD DO IT MUCH MORE QUICKLY THAN
12 THAT, ALTHOUGH WE MIGHT BE ABLE TO.

13 AND THEN INNOVATION 2 WOULD BE, IF WE WERE
14 ABLE TO AWARD THE SHARED SPACE GRANTS BY THE LATE
15 SUMMER, THEN WE COULD HAVE INNOVATION 2 BY THE END OF
16 THE YEAR. AND THAT WAY WE'D HAVE THAT SPACE IN THE
17 WORKS BY THE TIME THE INNOVATION 2 CAME AROUND.

18 SO THAT IS A TIMETABLE. AS WE SEE IT,
19 THERE'S NOT A DECISION HERE ON ANYBODY'S PART. IT'S
20 JUST AN ESTIMATE OF WHAT WE THINK IT MIGHT BE. AND IT
21 ROUGHLY COULD FOLLOW THAT. AND AS I SAY, WE MIGHT BE
22 ABLE TO BEND THIS SCHEDULE IN VARIOUS WAYS UNDER
23 PARTICULAR CONSTRAINTS OR URGENCIES.

24 NOW, LET ME JUST MENTION A LITTLE BIT. I'VE
25 SAID BEFORE THAT WE HAVE THREE KINDS OF COSTS. AND,

1 RUSTY, YOUR REMARK LED RIGHT INTO THIS. WE HAVE THE
2 COST OF RENOVATING OR ACQUIRING THE SPACE. DAVID, THE
3 SECOND BEING ACQUIRING OR LEASING, I SHOULD HAVE PUT,
4 BUT HOWEVER IT'S PROVIDED FOR. THEN WE HAVE THE COST
5 OF CAPITAL EQUIPMENT, AND THAT HAS TO COME OUT OF THE
6 FACILITIES BUDGET. WE ARE TRYING TO GET A READING AND
7 SEEING IF THERE IS A STATE POLICY ON WHAT CONSTITUTES
8 CAPITAL EQUIPMENT; THAT IS, OVER HOW MUCH IS IT
9 CAPITAL. THAT FIGURE MIGHT BE \$100,000. IF YOU HAVE A
10 SINGLE PIECE OF EQUIPMENT THAT'S OVER \$100,000, IT
11 CONSTITUTES CAPITAL EQUIPMENT. WE JUST DON'T KNOW WHAT
12 THE STATE WOULD SAY ABOUT THAT.

13 AND THEN WE HAVE THE COST OF SMALL EQUIPMENT,
14 SUPPLIES, AND STAFFING. AND THAT WOULD COME OUT OF THE
15 SCIENTIFIC BUDGET, NOT OUT OF YOUR BUDGET.

16 AND WE DON'T REALLY KNOW. WE HAVE DONE A
17 ROUGH ESTIMATE. IT COULD BE UP TO THREE MILLION FOR
18 EACH FACILITY. AND DEPENDING ON HOW WE CONSTRAIN THAT
19 AND HOW MUCH MONEY WE HAD, WE COULD BE AS HIGH AS 20
20 DIFFERENT PLACES. THAT WOULD GIVE US CERTAINLY GOOD
21 COVERAGE ACROSS THE STATE AND WOULD NOT ONLY HAVE OUR
22 MAJOR INSTITUTIONS, BUT QUITE A NUMBER OF IMPORTANT
23 SMALLER INSTITUTIONS AS WELL. AND SO, AGAIN, I'M
24 PROJECTING THIS ON THE BASIS OF ALMOST NO INFORMATION,
25 BUT TO GIVE YOU SOME IDEA OF WHERE WE ARE IN THE

1 SCALING OF IT.

2 CHAIRMAN DOMS: RIGHT. I THINK, DAVID, YOU
3 HAVE A QUESTION?

4 MR. LICHTENGER: ZACH, THOSE NUMBERS THAT YOU
5 HAVE, THESE BUDGETS, THEY'RE BASED ON WHAT SQUARE
6 FOOTAGE?

7 DR. HALL: \$100 A SQUARE FOOT.

8 MR. LICHTENGER: OKAY. TO ARRIVE AT THE
9 THREE --

10 DR. HALL: WELL, THE THREE MILLION, THE
11 HOOKER IN THIS THE QUESTION IS HOW MUCH EQUIPMENT DO
12 YOU PUT IN THESE. AND THERE I DON'T WANT TO GET OFF
13 INTO A TECHNICAL THING, BUT AN ISSUE HERE IS YOU CAN
14 PROVIDE BASIC EQUIPMENT FOR THIS RESEARCH; BUT IF YOU
15 SAY THAT EVERY PIECE OF EQUIPMENT THAT TOUCHES A STEM
16 CELL OR A STEM CELL PRODUCT HAS TO BE SEPARATE FROM
17 NONFEDERALLY FUNDED, THAT CAN BE -- THAT CAN BE A BIG
18 MESS. THAT IS, IF YOU ISOLATE A PROTEIN FROM A HUMAN
19 EMBRYONIC STEM CELL, YOU RUN IT OUT ON A GEL AND NOW
20 YOU WANT TO DO MASS SPECTROSCOPY ON IT, DO YOU HAVE TO
21 HAVE A SEPARATE MASS SPECTROSCOPY FACILITY FOR THAT?
22 THAT DOESN'T MAKE ANY SENSE.

23 SO HOW WE TITRATE THAT WILL MORE THAN
24 ANYTHING ELSE DETERMINE THE TOTAL COST OF THESE GRANTS.

25 CHAIRMAN DOMS: I THINK MAYBE WHERE YOU WERE

1 GOING, DAVID, IS WE'RE TALKING ABOUT 250 TO \$500,000.
2 YOU CAN'T BUILD SPACE.

3 DR. HALL: THIS WOULDN'T BE NEW CONSTRUCTION.
4 I THINK THIS WOULD BE EITHER RENOVATION OR LEASE OR
5 RENT, SOMETHING LIKE THAT. IF THESE FIGURES ARE OFF,
6 BY THE WAY, WE'RE PLEASED TO HEAR FROM YOU. WE DON'T
7 HAVE ANY EXPERTISE IN THIS AREA. I CAN'T QUITE SEE
8 DAVID'S FACE. HE MAY FIND THESE FIGURES LAUGHABLE.

9 DR. WRIGHT: HE'S SMILING.

10 MR. LICHTENGER: IT DEPENDS. IT DEPENDS.
11 THOSE NUMBERS, IF THE FACILITY WAS IN PRETTY GOOD SHAPE
12 AND IT NEEDED RELATIVELY MINOR MODIFICATIONS, AND IT
13 DEPENDS WHAT KIND OF LABS, CLEAN ROOMS. WE'RE NOT
14 TALKING ABOUT VIVARIUMS HERE, SO IT'S CERTAINLY
15 POSSIBLE TO SPEND THAT LITTLE.

16 DR. HALL: WHAT WE'RE THINKING ABOUT, AND
17 THOSE WERE BASED ON MY EXPERIENCES, I ADMIT, OVER FIVE
18 YEARS AGO AT UCSF, BUT THAT'S SORT OF THE ASSUMPTION,
19 THAT YOU HAVE LABS THAT ARE THERE, THEY'RE BEING USED,
20 YOU'RE GOING TO TAKE THEM OUT OF THE FEDERAL POOL,
21 YOU'RE GOING TO PUT UP A FEW PLASTERBOARD WALLS,
22 REARRANGE THE SPACE IN IT A LITTLE BIT, BUT THAT THEY
23 WOULD HAVE THE PLUMBING AND THE VAC AND ALL THE REST
24 THAT'S NECESSARY TO DO THAT. SO IT WOULDN'T BE
25 CONVERTING OFFICE SPACE INTO A LAB.

1 MR. KLEIN: I WOULD ASK JAMES. IN TERMS OF
2 THIS DEFINITION OF CAPITAL EQUIPMENT, OUR INTENTION WAS
3 CERTAINLY TO CREATE THE ESSENTIAL DECISION-MAKING BODY
4 AT THE CIRM AND ICOC LEVEL TO CARRY OUT OUR MISSION.
5 SO INDEPENDENT OF WHAT OTHER STATE AGENCIES ARE DOING
6 IN TERMS OF THEIR DEFINITIONS OF CAPITAL EQUIPMENT, AND
7 IT MAY VARY QUITE A BIT BETWEEN AGENCIES, WHAT IS YOUR
8 GENERAL SENSE ABOUT OUR ABILITY TO SET OUR OWN
9 DEFINITIONS ABOUT CAPITAL EQUIPMENT AND WHAT
10 CONSTITUTES CAPITAL EQUIPMENT?

11 MR. HARRISON: YOU ARE CORRECT, THAT UNDER
12 PROP 71 THE CIRM IS THE AGENCY THAT HAS THE
13 RESPONSIBILITY TO IMPLEMENT THE ACT. AND PART OF THAT
14 INVOLVES DETERMINING WHAT EXACTLY CONSTITUTES CAPITAL
15 EQUIPMENT. EXISTING STATE LAWS AND REGULATION WITH
16 RESPECT TO CAPITAL EQUIPMENT MIGHT OFFER SOME GUIDANCE,
17 BUT ULTIMATELY THE DISCRETION RESTS IN YOUR HANDS. I
18 THINK, NONETHELESS, THE STATE REGULATION AND GUIDELINES
19 WOULD BE A BENCHMARK AGAINST WHICH TO MEASURE WHETHER
20 YOU'VE EXCEEDED YOUR DISCRETION. BUT THE JUDGMENT IN
21 THE FIRST INSTANCE IS IN YOUR HANDS.

22 CHAIRMAN DOMS: I THINK THAT'S AN IMPORTANT
23 ISSUE AND ONE THAT HAS CONCERNED ME, AS ZACH AND I
24 TALKED ABOUT THIS SLIDE, BECAUSE IF YOU LOOK AT TAKING
25 EXISTING SPACE AND RENOVATING IT OR GOING OUT AND

1 LEASING SPACE AND THEN RENOVATING THAT SPACE OR PAYING,
2 I'M NOT SAYING WE LEASE SPACE, BUT THE SPACE IS LEASED,
3 AND THAT WOULD BE PART OF THE FACILITIES COST. IF YOU
4 ARE LOOKING AT THOSE KINDS OF NUMBERS AND YOU LOOK AT A
5 \$3 MILLION AVERAGE COST FOR SHARED SPACE RFA, YOU HAVE
6 IN THE RANGE OF TWO TO TWO AND A HALF MILLION DOLLARS
7 FOR CAPITAL EQUIPMENT. AND THAT SOUNDS LIKE A LOT OF
8 MONEY FOR EQUIPMENT. WHEN YOU'RE TALKING ABOUT A
9 FACILITIES WORKING GROUP LOOKING AT FACILITIES, THE
10 MAJORITY OF THAT IS EQUIPMENT. AND SO I THINK A
11 DEFINITION OF EQUIPMENT IS REALLY, REALLY IMPORTANT TO
12 UNDERSTAND WHERE WE ARE IN TERMS OF NUMBERS AND
13 ALLOCATION OF DOLLARS BETWEEN THE SCIENCE AND THE
14 FACILITIES SIDE OF THE 90/10 EQUATION.

15 DR. HALL: I THINK WE'RE GOING TO NEED TO
16 KEEP THAT FIGURE AS HIGH AS WE CAN. OTHERWISE, WE'RE
17 GOING TO RUN THROUGH OUR BUDGET FAIRLY QUICKLY. EVEN
18 ON THE SCIENCE SIDE, WE WILL END UP -- IT DEPENDS IF
19 IT'S A 100,000, IT MIGHT BE TOO LOW.

20 CHAIRMAN DOMS: I JUST THINK IT NEEDS
21 CLARIFICATION.

22 DR. HALL: I THINK WHAT WAS ENVI SAGED, AND,
23 BOB, I WASN'T AROUND WHEN THIS WAS BEING WRITTEN, BUT
24 WHAT WAS ENVI SAGED, I IMAGINE, WAS THAT YOU MIGHT
25 DECIDE YOU WANT TO SET UP A CORE FACILITY FOR A LARGE

1 CENTER IN WHICH YOU WOULD HAVE A VERY EXPENSIVE PIECE
2 OF EQUIPMENT, LIKE A MASS SPEC FACILITY, THAT WOULD BE
3 SHARED OR LIKE A HIGH THROUGHPUT FACILITY FOR SCREENING
4 FACILITY OR SOMETHING THAT WOULD BE A ROBOTICS FACILITY
5 THAT WOULD BE USED BY A LOT OF PEOPLE. THAT MIGHT BE
6 PART OF THAT. AND THERE YOU'RE REALLY TALKING HUNDREDS
7 OF THOUSANDS OF DOLLARS, NOT A FEW THOUSAND.

8 LET ME JUST ASK. MARY MAXON, EARLIER IN THE
9 YEAR WHEN WE WERE LOOKING AT THIS, AND IT SEEMS LIKE A
10 HUNDRED YEARS AGO, BUT IT WAS ACTUALLY ONLY ABOUT FOUR
11 OR FIVE MONTHS AGO, AND MARY DID SOME RESEARCH ON THIS,
12 AND SHE SAID SHE JUST WANTED TO MAKE A POINT.

13 DR. MAXON: SO IN JANUARY AND FEBRUARY, ED
14 PENHOET AND I DID AN INFORMAL SURVEY OF BOTH NONPROFIT
15 AND FOR-PROFIT NEEDS AND AVAILABILITIES IN THE LATTER
16 CASE. THE FOR-PROFIT NEED IS MINIMAL, BUT THERE ARE,
17 DUE TO THE BIOTECH WINTER OF 2002 AND 2003, THERE'S
18 LOTS OF INCUBATOR SPACE AROUND IN BOTH NORTHERN AND
19 SOUTHERN CALIFORNIA. THERE ARE ALSO FOR-PROFIT
20 ENTITIES THAT ARE BEGINNING BUSINESS MODELS NOW WHERE
21 THEY ARE ACTUALLY STRUCTURING ENTIRE LABORATORIES,
22 INCLUDING PEOPLE AND EQUIPMENT, FOR NONPROFIT
23 INDIVIDUALS TO USE TO RELIEVE THIS BURDEN IN THE EARLY
24 DAYS. SO I THINK THAT'S A VERY GOOD SIGN.

25 AND JUST ONE MORE PIECE ABOUT EQUIPMENT. WE

1 ALSO DID A SURVEY FOR EQUIPMENT USES THAT MINIMALLY
2 WOULD BE REQUIRED AND A MAXIMAL WISH LIST, SO WE'RE
3 AHEAD OF THE GAME ON THINGS THAT WE THINK WE MIGHT
4 NEED. BUT WITH, FOR EXAMPLE, AN EIGHT-CHANNEL CONFOCAL
5 MICROSCOPE RINGING IN BETWEEN HALF MILLION AND A
6 MILLION BUCKS, YOU GO THROUGH THAT MONEY PRETTY FAST.
7 SO THAT WOULD BE SOMETHING TYPICALLY THAT MANY
8 LABORATORIES WOULD CHIP IN ON TO BUY SO THAT THEY WOULD
9 USE IN A CENTRAL UNIVERSITY FACILITY. THESE ARE VERY
10 REAL NEEDS, AND WE HAVE A LITTLE BIT OF AN IDEA WHAT WE
11 THINK WE MIGHT NEED.

12 CHAIRMAN DOMS: THANK YOU, MARY.

13 MR. SHEEHY: CAN I JUST ASK A QUESTION ABOUT
14 THE EXPENSIVE PIECES OF EQUIPMENT? WHEN THEY HAVE
15 THESE MULTIUSES, AREN'T THERE USUALLY CHARGE-BACKS THAT
16 THE INSTITUTION GETS FROM OTHER USERS OF THESE THINGS
17 SO THAT THE CHARGES -- WE MAY MAKE AN UP-FRONT CHARGE,
18 BUT OUR RESEARCH MAY NOT EVEN NECESSARILY BE THE
19 BIGGEST CONSUMER OF THAT.

20 DR. HALL: COULD BE. AND I THINK THERE YOU
21 HAVE THE QUESTION OF WHETHER YOU CAN SHARE EQUIPMENT
22 BETWEEN FEDERAL AND NONFEDERAL. THAT WILL BE THE
23 ISSUE. AND IF YOU CANNOT, THEN WE WOULD BE PAYING, IN
24 ESSENCE, WE MIGHT END UP PAYING RECHARGE EXPENSES TO
25 OURSELVES. THAT IS, CIRM MIGHT PAY FOR IT IN ANY CASE.

1 MS. SAMUELSON: A FOLLOW-UP QUESTION. ON
2 THOSE BIG EXPENSIVE PIECES OF EQUIPMENT, MIGHT NOT THEY
3 ALREADY HAVE SOME KIND OF -- MORE LIKELY HAVE SOME KIND
4 OF ACCOUNTING SYSTEM CHARGING THE USES SUCH THAT YOU
5 COULD DIFFERENTIATE AND SATISFY?

6 DR. HALL: AGAIN, IT'S THE FEDERAL,
7 NONFEDERAL PROBLEM.

8 MS. SAMUELSON: COULDN'T YOU DIFFERENTIATE
9 BETWEEN THE TWO IN THIS AND SEPARATE OUT THE FEDERAL?

10 DR. HALL: IF A UNIVERSITY IS WILLING TO KEEP
11 THE BOOKS ON IT AND DO IT THAT WAY, THEN YES. IF NOT,
12 NO. I THINK THAT'S --

13 MS. SAMUELSON: I GUESS IT WOULD BE NICE TO
14 REALLY BUILD A RECORD ON THIS AND DRILL DOWN A BIT ON
15 THE FEASIBILITY OF THAT. OF COURSE, WE DON'T WANT THE
16 STIGMA OF THIS RESEARCH TO DAMPEN IT TO SLOW THE SPEED.

17 DR. HALL: I HAVE PASSED ON THE INFORMATION
18 THAT I HAD ABOUT HARVARD. I HAVE PASSED ON WITHIN THE
19 STATE.

20 MS. SAMUELSON: BUT HARVARD HAS SET UP AN
21 ACCOUNTING SYSTEM AND IS PROCEEDING WITH IT, RIGHT?

22 DR. HALL: YES, BUT OTHER INSTITUTIONS HAVE
23 DECIDED NOT TO GO THAT ROUTE. I THINK IT'S A VERY --
24 IT'S NOT AS IF IT'S A MAGIC SOLUTION, THAT HARVARD HAS
25 SOLVED SOME PROBLEM THAT NOW EVERYBODY CAN DO. PART OF

1 IT IS I THINK HARVARD'S DECIDED TO DO IT THIS WAY, AND
2 THAT'S GOOD FOR THE REST US BECAUSE HARVARD IS BIG
3 ENOUGH. MOST INSTITUTIONS ARE NOT GOING TO SPEND OVER
4 HALF MILLION DOLLARS ON LEGAL FEES TO RESEARCH THIS
5 PROBLEM. AND SO I THINK -- SO IT WILL BE INTERESTING
6 TO SEE HOW IT WORKS OUT, BUT I THINK WE CAN'T WAIT FOR
7 IT TO WORK OUT. IT WON'T BE AUTOMATIC OR SIMPLE, AND I
8 THINK WE NEED TO GO AHEAD AND JUST WORK WITH THE
9 INSTITUTIONS AS CLOSELY AS POSSIBLE TO MAKE SURE THAT
10 OUR MONEY IS SPENT WISELY AND THAT WE, ON THE OTHER
11 HAND, LEAVE THEM SOME FREEDOM TO LIVE WITH THEIR OWN
12 POLICIES.

13 MR. KLEIN: I'D LIKE TO SAY THAT BOTH JEFF
14 AND JOAN'S INSTINCTS ARE GOOD HERE BECAUSE UNDER THE
15 SECTION 125290.65 THAT DEFINES THAT THE FACILITIES
16 WORKING GROUP, UNDER (G)(II), IT SPECIFICALLY CALLS OUT
17 THAT THE CAPITAL EQUIPMENT COST AND CAPITAL EQUIPMENT
18 LOANS BE ALLOCATED WHEN EQUIPMENT CAN BE RECOVERED IN
19 PART BY THE GRANTEE FROM OTHER USERS OF THE EQUIPMENT.
20 SO FROM THIS PERSPECTIVE, IF WE PAY FOR EQUIPMENT, IT'S
21 POSSIBLE THAT THE GRANTEE CAN KNOW UP FRONT THAT THEY
22 CAN CHARGE OFF PART OF THOSE COSTS TO OTHER GRANTS --
23 OTHER USES THAT ARE NONSTEM CELL USES THAT CAN HELP
24 RECOVER PART OF THAT.

25 SO WE MIGHT NOT PAY FOR, FOR EXAMPLE, A

1 HUNDRED PERCENT OF THE COST OF THE EQUIPMENT OR SET UP
2 A SYSTEM WHERE IT'S, IN FACT, PART OF A GRANT, PART OF
3 A LOAN, AND AS THESE CHARGES COME IN, THEY REPAY THE
4 LOAN PORTION, COMES BACK TO THE FACILITIES COMMITTEE
5 THAT CAN PUT THE MONEY OUT AGAIN. SO THERE IS SOME
6 ABILITY FOR THIS COMMITTEE TO INNOVATE, AS ZACH SAYS,
7 AS LONG AS THE COST IS LARGE ENOUGH TO JUSTIFY THIS
8 KIND OF ACCOUNTING BY THE INSTITUTION.

9 CHAIRMAN DOMS: I THINK THAT IN THE
10 DISCUSSIONS, AT LEAST, THAT I'VE HAD WITH STAFF, THAT'S
11 A PRIORITY IN TERMS OF EQUIPMENT, TO ALLOCATE WHATEVER
12 PORTION THEY CAN. IF THEY PURCHASE IT, TO ALLOCATE AS
13 MUCH AS THEY CAN; OR IF THEY'RE SHARING IT, TO MAKE
14 SURE THAT THE ALLOCATION IS CORRECT. BUT IT'S TO
15 SPREAD THE COST AMONG AS MANY PEOPLE OR MANY ENTITIES
16 AS POSSIBLE.

17 MR. SHEEHY: I JUST NOTE THAT IT IS ROUTINE.
18 I MEAN WE HAVE A CORE IMMUNOLOGY LAB AND A CORE
19 VIROLOGY LAB THAT ROUTINELY DO THE ACCOUNTING AND
20 CHARGE INDIVIDUAL PI'S FOR USING THEIR FACILITIES. SO
21 THIS IS KIND OF ROUTINE.

22 DR. HALL: THEY HAVE TO DO IT IN ORDER TO
23 COVER THEIR OPERATING COSTS.

24 MR. SHEEHY: AND I GUESS THE QUESTION THAT
25 JOAN WAS KIND OF ASKING IS IF WE PAY FOR IT, DOES THAT

1 MEAN THAT NIH GRANTEES WOULD BE UNWILLING TO PAY US TO
2 USE OUR EQUIPMENT? IT'S THE OPPOSITE SIDE OF THE
3 QUESTION. WE WOULD BE USING NIH FUNDS. NIH WOULD BE
4 KIND OF GOING OFF OUR CAPITAL.

5 DR. HALL: IT'S INTERESTING. I DON'T KNOW
6 THE ANSWER TO THAT QUESTION.

7 MS. SAMUELSON: AND IT MAY BE THAT WITH THE
8 SIZE GRANTS THAT WE CAN GIVE FOR RESEARCH, THAT THERE
9 WILL BE ENOUGH OF AN INCENTIVE TO GET THEM, THAT LABS
10 WILL BE WILLING TO TAKE THE RISK TO SET UP THE
11 ACCOUNTING SYSTEMS AND MAYBE PUT SOME PRESSURE ON THE
12 NIH.

13 MR. SHEEHY: WELL, THE ACCOUNTING SYSTEM,
14 WHAT WE'RE TALKING ABOUT IS THAT WE GET A GIANT
15 MICROSCOPE AND SOMEBODY GETS FUNDED FOR NIH AND USE
16 PART OF THEIR NIH GRANT TO BORROW THE USE OF THE
17 MICROSCOPE THAT WE BOUGHT.

18 DR. HALL: IF WE BUY IT, THEN THE NIH
19 PEOPLE --

20 MR. SHEEHY: I DON'T THINK THE NIH WOULD
21 FORBID THAT, AND THAT WOULD BE A CHARGE-BACK THAT WE
22 COULD RECOVER IN TERMS OF WHAT BOB WAS TALKING ABOUT
23 THAT COULD HELP TO FINANCE THE COST OF THIS CAPITAL
24 EQUIPMENT.

25 CHAIRMAN DOMS: OKAY. WE HAVE ONE MORE

1 QUESTION, AND I'D LIKE TO KEEP IT MOVING, IF WE CAN.
2 WE'VE GOT A COUPLE MORE AGENDA ITEMS THAT WE NEED TO
3 COVER. DAVID.

4 MR. LICHTENGER: I WAS JUST CURIOUS ABOUT HOW
5 YOU DEFINE CAPITAL EQUIPMENT ON THE FACILITIES BUDGET
6 AND CAPITAL EQUIPMENT FOR THE SCIENTIFIC BUDGET BECAUSE
7 IT KIND OF SOUNDED AS THOUGH THE EXPENSIVE ITEMS WERE
8 REALLY SCIENCE THINGS THAT THE SCIENTISTS ARE USING
9 VERSUS, FOR EXAMPLE, A CAGE WASHER WHICH MIGHT BE USED
10 IN A VIVARIUM WOULD BE MORE OF A FACILITIES CAPITAL
11 EQUIPMENT.

12 CHAIRMAN DOMS: I THINK THAT'S BEEN THE --

13 DR. HALL: WE WILL WORK ON THAT.

14 CHAIRMAN DOMS: -- FOCUS OF OUR QUESTION, AND
15 I THINK THAT'S UP TO ZACH AND STAFF TO COME BACK TO US
16 WITH FURTHER INFORMATION OR A RECOMMENDATION TO US.
17 ZACH, PLEASE GO AHEAD.

18 DR. HALL: LET ME JUST MOVE ON BECAUSE WHAT
19 I'D LIKE TO DO IS JUST TO WALK YOU THROUGH A WAY IN
20 WHICH THIS MIGHT WORK. I WANT TO EMPHASIZE THAT WHAT
21 WE'RE TALKING ABOUT WHERE WE HAVE BOTH SCIENTIFIC AND
22 FACILITIES REVIEW IS A NEW CHALLENGE FOR US. WE
23 HAVEN'T DONE ANYTHING LIKE THIS, AND I THINK IT'S
24 UNUSUAL EVEN IN OTHER AGENCIES.

25 SO I WANTED, HOWEVER, JUST TO GO THROUGH JUST

1 SO THAT YOU WOULD HAVE SOME IDEA OF HOW IT MIGHT WORK.
2 THIS IS NOT -- WE'RE NOT TRYING TO TELL YOU HOW TO DO
3 YOUR BUSINESS, BUT JUST TO GIVE AN ILLUSTRATION SO THAT
4 YOU CAN THINK ABOUT IT. SO I'VE JUST TALKED ABOUT THIS
5 BEFORE. WE WOULD HAVE A LETTER OF INTENT BEFORE THE
6 APPLICATION IS SUBMITTED. THE APPLICATIONS WOULD THEN
7 GO THROUGH THE GRANTS WORKING GROUP TO REVIEW THE
8 SCIENTIFIC CONTENT AND THE FACILITIES WORKING GROUP TO
9 REVIEW PLANS FOR SPACE.

10 AND BASED ON THE DISCUSSION WITH RUSTY AND
11 DAVID, WE THINK THAT THE PROPER THING IS FOR THE
12 FACILITIES WORKING GROUP IN THE END TO HAVE ALL THIS
13 INFORMATION AND TO MAKE THE FINAL RECOMMENDATION TO THE
14 ICOC, WHICH THEN MAKES THE FINAL DECISION.

15 SO WHAT WE WOULD SAY IN THE RFA THAT WOULD BE
16 IMPORTANT FOR INSTITUTIONS TO ANSWER? WHAT ARE THE
17 KINDS OF CONSIDERATIONS WE MIGHT ASK FOR? AGAIN, WE
18 DON'T -- I JUST PUT THESE OUT FOR ILLUSTRATIVE
19 PURPOSES. IF YOU DON'T AGREE WITH THEM, I'M NOT GOING
20 TO DEFEND THEM ONE WAY OR THE OTHER. I'M JUST TRYING
21 TO PROVIDE AN IDEA.

22 WHAT SPACE AND FACILITIES DO THEY PRESENTLY
23 HAVE FOR HUMAN STEM CELL RESEARCH? ARE THERE CORE
24 FACILITIES SHARED SPACE AVAILABLE NOW FOR HUMAN STEM
25 CELL RESEARCH OUTSIDE THE FEDERAL GUIDELINES? HOW

1 LARGE WOULD A PROPOSED NEW FACILITY BE? WE WOULD SET
2 LIMITS ON THAT. WHERE WOULD IT BE LOCATED? DO THEY
3 PLAN TO EXPAND AN EXISTING FACILITY OR TO RENOVATE
4 SPACE THAT THEY HAVE NOT COMMITTED TO THIS BEFORE?
5 SOME INSTITUTIONS MAY HAVE SOME OF THIS ALREADY, BUT
6 THEY NOW NEED TO EXPAND IT. IS IT GOING TO BE DONE IN
7 THE INSTITUTION SPACE? DAVID, YOUR QUESTION. OR WILL
8 SPACE BE RENTED OR LEASED FROM SOMEBODY ELSE? IF
9 EXISTING SPACE, WILL THERE BE RENOVATION? WHAT IS THE
10 BUDGET AND TIMETABLE FOR COMPLETION?

11 AND THEN WE IMAGINE THAT THE KINDS OF
12 QUESTIONS YOU MIGHT ASK IN YOUR DISCUSSIONS ARE: IS
13 THIS A REASONABLE COST? ARE THE TIMELINES AND
14 MILESTONES SATISFACTORY? CONSTRUCTION AND RENOVATION
15 PLANS? ARE THE RATES COMPETITIVE? IS THERE ADEQUATE
16 OVERSIGHT TO BE SURE THAT CONSTRUCTION WORK IS GOING TO
17 BE DONE TO A HIGH STANDARD? IS THERE GOOD
18 INSTITUTIONAL CAPABILITY FOR RENOVATION AND MAINTENANCE
19 OF SPACE? THIS WON'T BE A PROBLEM IN THE LARGE
20 INSTITUTIONS, BUT WE CAN IMAGINE PLACES APPLYING THAT
21 DO NOT HAVE STRONG FACILITIES EXPERTISE. AND WHAT IS
22 THE LEVEL OF INSTITUTIONAL COMMITMENT, WHICH IS WHAT WE
23 MENTIONED BEFORE.

24 CHAIRMAN DOMS: LET ME MAKE A COMMENT ON
25 THESE LAST TWO SLIDES. IN TERMS OF THE NEXT AGENDA

1 ITEM, WE'RE GOING TO TALK ABOUT THE PROCESS FOR
2 REVIEWING THE GRANTS. IT'S NOT ON THE AGENDA, AND IT'S
3 SOMETHING THAT WE WILL UNDERTAKE FOR THE NEXT MEETING,
4 IS THE CRITERIA. I THINK ZACH HAS A VERY GOOD START
5 HERE, AND THESE ARE THE ISSUES. I THINK THEY'RE ALL
6 RELEVANT ISSUES, BUT I THINK IT HAS TO BE EXPANDED.
7 AND THAT WOULD BE THE RESPONSIBILITY OF MEMBERS OF THIS
8 COMMITTEE, PARTICULARLY THE REAL ESTATE PEOPLE ON THIS
9 COMMITTEE, WORKING WITH STAFF. AND AT THE NEXT
10 MEETING, WE WOULD TALK ABOUT THE CRITERIA THAT WE WOULD
11 EVALUATE THESE GRANT APPLICATIONS ON. BUT TODAY WE'RE
12 GOING TO FOCUS ON THE REVIEW PROCESS, VERY RELEVANT,
13 BUT --

14 DR. HALL: JUST TO ORIENT EVERYBODY IS ALL
15 IT'S MEANT TO DO.

16 CHAIRMAN DOMS: I APPRECIATE THAT, BUT IT'S
17 GOING TO BE PART OF WHAT WE DISCUSS AT OUR NEXT
18 MEETING.

19 DR. HALL: LET ME JUST REPEAT THESE LAST TWO
20 SLIDES ON THE SCIENCE SIDE SO THAT YOU HAVE SOME IDEA
21 THE WAY IT WOULD WORK THERE. WE WOULD ASK IN THE RFA,
22 FOR EXAMPLE, HOW MANY SCIENTISTS DO YOU ANTICIPATE
23 MIGHT WANT TO USE THIS SPACE? HOW MANY SCIENTISTS ARE
24 NOW DOING HUMAN STEM CELL WORK AT THE INSTITUTION? OR
25 WE WOULD MAKE SOME EVALUATION OF THE QUALITY OF THE

1 WORK OF THE SCIENTISTS. IF IT'S SOMEBODY WHO HASN'T
2 HAD A GRANT FOR TEN YEARS, IT'S NOT CLEAR WE'D WANT TO
3 BUILD A FACILITY FOR THEM. WILL THE PROPOSED FACILITY
4 BE AVAILABLE TO THOSE FROM OTHER INSTITUTIONS IN THE
5 AREA? AND WE MIGHT WANT TO SET REQUIREMENTS FOR THIS.
6 WHAT EQUIPMENT AND STAFFING DO THEY PROPOSE? AND,
7 AGAIN, WE WOULD PUT SOME REQUIREMENTS ON THIS. WHO
8 WILL SUPERVISE THE SPACE? VERY, VERY IMPORTANT.

9 JEFF, YOU MENTIONED CORE FACILITIES.
10 EVERYBODY WHO'S HAD ANYTHING TO DO WITH CORE FACILITIES
11 KNOWS THAT UNLESS YOU HAVE SOMEBODY RUN IT WHO'S THERE
12 AND HAS SCIENTIFIC OVERSIGHT, IT WILL NOT BE A SUCCESS.
13 YOU CAN'T HAVE A MACHINE SHOP AND SAY ANYBODY WANTS TO
14 CAN COME IN. OTHERWISE YOUR TOOLS ARE BANGED UP. AND
15 IT'S THE SAME WITH BIOLOGICAL EXPERIMENTS.

16 HOW WILL PRIORITIES FOR SHARED USE BE
17 DETERMINED? WHO DECIDES WHO GETS TO USE THE SPACE AND
18 IN WHAT PRIORITY? SO ALL OF THESE WOULD BE THINGS THAT
19 THE SCIENTISTS WOULD MAKE SOME EVALUATION OF.

20 SO THEN WHEN IT CAME TO BE REVIEWED, THEN I
21 THINK THE REVIEWERS WOULD SAY HOW MANY USERS ARE
22 ANTICIPATED? WHAT ARE THEIR SCIENTIFIC QUALIFICATIONS?
23 IS THE AMOUNT OF SPACE JUSTIFIED BY THE PROPOSED NEED?
24 VERY IMPORTANT TO COORDINATE THOSE TWO. WILL THERE BE
25 EXPERTISE? AND JUST TO ASK THE QUESTIONS ON OUT.

1 I THINK THAT'S ALL -- LET ME THEN TAKE THAT
2 OUT. THAT BASICALLY CONCLUDES MY PRESENTATION AT THIS
3 POINT, AND I WOULD TURN IT OVER TO --

4 CHAIRMAN DOMS: ARE THERE ANY QUESTIONS?

5 MR. SHEEHY: COULD I JUST ASK ONE? AND THIS
6 IS JUST FOR THE FUTURE. COULD WE GET -- COULD WE
7 REALLY DIG DOWN ON HOW THE ACCOUNTING IS DONE WITHIN
8 INTRAINSTITUTIONAL? I CAN SEE A SCENARIO WHERE WE GET
9 A SHARED FACILITY AND WHERE WE GET DOUBLE POPPED. WE
10 PUT THE FACILITY IN, AND THEN THEY CHARGE SOMEBODY THAT
11 WE FINANCED TO DO RESEARCH TO HAVE THEIR SPECIMENS PUT
12 THROUGH A HIGH INPUT, HIGH THROUGHPUT, SO I WOULD
13 NOT --

14 DR. HALL: WE WILL HAVE ADMINISTRATIVE
15 SAFEGUARDS.

16 MR. SHEEHY: IT WOULD BE GREAT TO KIND OF
17 UNDERSTAND. AND MAYBE TO SEE IF THERE IS AN INTEREST
18 WHEN WE DO START TO TALK ABOUT BUYING THESE VERY
19 EXPENSIVE PIECES OF EQUIPMENT OF RECOUPING BECAUSE I'M
20 CERTAIN THAT -- DOESN'T SEEM LIKE -- WE OUGHT TO BE
21 ENCOURAGING THEM TO MAKE THESE MORE WIDELY AVAILABLE TO
22 OTHER RESEARCHERS IN ORDER TO RECOUP COSTS. I HAVE A
23 FEELING THAT THAT WILL HAPPEN ANYWAY; BUT IF WE
24 FRONT-END, WE MIGHT GET SOME OF THAT MONEY BACK.

25 CHAIRMAN DOMS: THAT'S AN EXCELLENT POINT,

1 JEFF.

2 MS. SAMUELSON: I HAVE A SOMEWHAT RELATED
3 QUESTION. I'M STILL FOCUSED ON BUILDING THE RECORD FOR
4 THE NECESSITY OF INVESTING IN THE SPACE. AND I WONDER
5 IF THAT MAYBE AT THE NEXT MEETING WE COULD IN PERHAPS A
6 CLOSED SESSION HAVE SOME SCIENTISTS COME TO US WHO HAVE
7 HAD EXPERIENCE WITH INTIMIDATION, PROPOSED AUDITS THEY
8 DON'T THINK THEY OTHERWISE WOULD HAVE GOTTEN, OR USING
9 AN ACCOUNTING SYSTEM THAT WORKS SO THAT WE WOULD HAVE
10 AN EXPERTISE OURSELVES AND CAN EFFECTIVELY DEFEND
11 SPENDING MONEY ON SPACE WHEN WE KNOW THAT SOME LABS ARE
12 ABLE TO GET FEDERAL FUNDING AND USE THE SAME SPACE
13 THROUGH AN ACCOUNTING SYSTEM.

14 CHAIRMAN DOMS: ZACH, IS THAT SOMETHING YOU
15 THINK WE COULD TAKE A STAB AT? LET ME JUST SAY I HAVE
16 TALKED TO TWO INSTITUTIONS THAT HAVE CONSIDERABLE
17 RESEARCH ACTIVITIES. AND THE ATTITUDE OF ONE OF THOSE
18 INSTITUTIONS IS I'M NOT GOING TO DO ANYTHING TO
19 JEOPARDIZE MY RELATIONSHIP WITH NIH. THE OTHER ONE
20 SAID I'M PREPARED TO DEVELOP A SET OF ACCOUNTING
21 STANDARDS WITH ALLOCATIONS, AND I CAN LIVE BY THEM, AND
22 I'LL BE PREPARED TO DEFEND THEM IF SUBJECT TO AN NIH
23 AUDIT. I THINK IT'S THAT IMPORTANT. THEY THINK IT'S
24 THAT IMPORTANT, AND THEY'RE PREPARED TO REALLY WORK.
25 THEY THINK THEY'RE A LONG WAY TOWARDS THAT, OF

1 SEGREGATING NIH SPACE VERSUS NON-NIH SPACE WITH THE
2 HOPE OF, OBVIOUSLY, GETTING SOME GRANTS FROM US. AND
3 THEY'RE ONLINE AND THEY'RE WORKING ON THAT, AND THEY'RE
4 PREPARED -- THEY SAY AT THIS POINT THEY'RE PREPARED TO
5 DO THAT. SO THERE IS SOME WORK BEING DONE. IT'S SORT
6 OF A PHILOSOPHY AND A COMMITMENT OF THE INSTITUTION AS
7 TO WHERE THEY WANT TO DRAW THIS LINE.

8 DR. HALL: YOU KNOW, I THINK WE -- I WOULD
9 JUST SAY THAT IF THE SITUATION WERE -- LET ME PUT IT
10 ANOTHER WAY. I THINK THAT WHAT WE SHOULD FOCUS ON IS
11 THE FACT THAT THIS SPACE IS NEEDED ALMOST NO MATTER
12 WHAT THE POLICY IS AT THE UNIVERSITY. IT IS MURKY. IT
13 MAY CHANGE. BOB HAS MADE THIS POINT A NUMBER OF TIMES.
14 THESE POLICIES CAN BE CHANGED IN A MINUTE, BETTER OR
15 FOR WORSE; AND THAT BECAUSE THIS PARTICULARLY HUMAN
16 EMBRYONIC STEM CELL RESEARCH HAS BEEN RELATIVELY
17 TRUNCATED BECAUSE IT TAKES -- BY THE FEDERAL
18 RESTRICTIONS BECAUSE IT TAKES SOME SPECIALIZED
19 EQUIPMENT AND KNOWLEDGE, ALMOST EVERYBODY SAYS THEY
20 NEED, NOT HUGE WINGS OF BUILDINGS, YES, MAYBE
21 EVENTUALLY, BUT RIGHT NOW THEY JUST NEED SPACE TO GET
22 STARTED IN.

23 SO I THINK THE SITUATION IS SUFFICIENTLY
24 MURKY. MY OWN FEELING IS THERE'S STRONG JUSTIFICATION
25 AND THAT EVEN IF AN INSTITUTION HAS DECIDED, AS RUSTY

1 SAID, IN A SECOND THAT THEY'RE GOING TO FIGHT IT, THAT
2 WE SHOULD BE WILLING TO GO IN AND PUT SPACE IN THERE
3 FOR THEM TO GET THEIR WORK GOING. I REALLY FIRMLY
4 BELIEVE THAT WHAT WE SHOULD KEEP OUR EYE ON HERE IS
5 PROVIDING SPACE TO GET THIS WORK STARTED.

6 MR. KLEIN: I WOULD ABSOLUTELY REINFORCE THAT
7 COMMENT BY SAYING, REMEMBER, THAT IN 1994 WHEN THERE
8 WAS FUNDING TO THE NIH FOR EMBRYONIC STEM CELL RESEARCH
9 THAT WAS TO BE TRIGGERED BY THE PRESIDENT'S COMMISSION
10 ISSUING MEDICAL AND ETHICAL STANDARDS REGULATIONS FOR
11 THAT RESEARCH, THAT PRESIDENT CLINTON SET UP A
12 COMMISSION. AND AS YOU KNOW, I REFERENCED BEFORE, THE
13 COMMISSION WORKED AN ENTIRE YEAR. AND YET THE
14 HISTORICAL RECORD SHOWS THAT SINCE THE CONGRESSIONAL
15 ELECTIONS WENT AGAINST CLINTON, THAT ON THE VERY DAY
16 HIS COMMISSION ISSUED THE REGULATIONS THAT WOULD HAVE
17 TRIGGERED THE RELEASE OF THE FUNDING FROM NIH FOR
18 EMBRYONIC STEM CELL RESEARCH, IN ORDER TO BE ABLE TO
19 HAVE IN THE HOUSE OF REPRESENTATIVES THE SUPPORT FOR
20 HIS NIH FUNDING BILL, CLINTON HAD TO ISSUE A LETTER
21 SUSPENDING HIS OWN COMMISSION'S REGULATIONS SO THAT NO
22 FUNDING WAS EVER RELEASED.

23 AND IT'S A VERY STRONG DEMONSTRATION TO
24 RESEARCH INSTITUTIONS THAT IF THE HOUSE ELECTIONS, FOR
25 EXAMPLE, IN 2006 GO MORE CONSERVATIVELY, BECAUSE

1 THAT'S, OF COURSE, THE RELIGIOUS RIGHT -- THE FRINGES
2 OF THE RELIGIOUS RIGHT ARE PUTTING OUT A LOT OF MONEY
3 TO MAKE SURE THAT HAPPENS. AND STEM CELL RESEARCH IS
4 ONE OF THEIR PRINCIPAL TARGETS. THAT WHOEVER IS IN
5 OFFICE CAN BE IN A POSITION WHERE THERE IS PRESSURE ON
6 THE NIH, IF THEY'RE GOING TO RECEIVE THEIR FUNDING, TO,
7 IN FACT, BE EVEN TO THE EXTENT OF BEING PUNITIVE IN
8 TERMS OF THEIR INTERPRETATION OF REGULATIONS.

9 STANFORD WENT THROUGH AN AUDIT SOME YEARS AGO
10 WHERE THEY THOUGHT THEY HAD REPRESENTATIONS ON WHAT WAS
11 ACCEPTABLE COST ALLOCATION PRACTICES. IN FACT, AT THE
12 END OF THAT AUDIT, THERE WAS LESS THAN 2 PERCENT OF THE
13 COSTS OF WHICH THERE WAS A DISAGREEMENT, BUT STANFORD
14 WAS UNDER TREMENDOUS CRITICISM AND NEGATIVE PUBLICITY
15 THROUGH THAT AUDIT. SO THERE ARE A LOT OF INSTITUTIONS
16 THAT WATCHED THAT HISTORY, REALIZING THE SENSITIVITY OF
17 THIS ISSUE, THEY WON'T CREATE A WHOLE NEW DEPARTMENT.
18 THEY WON'T HIRE PEOPLE AND RECRUIT CHAIRS AND PUT THEM
19 INTO A POSITION WHERE THE VERY SPACE THEY'RE WORKING
20 UNDER CAN BE PULLED OUT FROM UNDER THEM. WE HAVE TO
21 PROVIDE, IF PEOPLE ARE GOING TO DEDICATE THEIR LIVES TO
22 THIS AREA, SOME SENSE OF STABILITY AND REMOVE AT LEAST
23 THAT RISK.

24 MR. SHEEHY: COULD I JUST ADD TO THAT, HAVING
25 TALKED TO STEM CELL SCIENTISTS AT THE STANDARDS WORKING

1 GROUP WHO HAD BEEN THROUGH AN NIH AUDIT, AND EVEN
2 THOUGH HE PASSED, I MEAN THESE ARE TRAUMATIZING
3 EXPERIENCES. AND THERE ARE COSTS ASSOCIATED WITH GOING
4 THROUGH THESE AUDITS THAT WE MAY NOT SEE, BUT THEY DO.
5 THEIR ENTIRE STAFF, EVERYTHING COMES TO A GRINDING HALT
6 WHEN AN NIH AUDIT TAKES PLACE. AND EVERY PIECE OF
7 PAPER HAS TO BE ACCOUNTED FOR. SO THERE IS A STRONG
8 RATIONALE FOR TRYING TO SEGREGATE THIS.

9 MS. SAMUELSON: OF COURSE. I THINK THIS IS A
10 DISCUSSION THAT WILL CONTINUE OFFLINE AND SHOULD
11 BECAUSE IT'S IMPORTANT THAT WE BE CAUTIOUS IN HOW WE
12 USE OUR MONEY. \$3 BILLION IS NOT MUCH MONEY WHEN
13 YOU'RE TALKING ABOUT ACTUALLY GETTING EFFECTIVE
14 THERAPIES AND CURES, AND SO WE HAVE TO BE JUDICIOUS
15 ABOUT IT.

16 CHAIRMAN DOMS: THANK YOU. THANK YOU, ZACH.
17 OUR NEXT AGENDA ITEM IS AGENDA ITEM NO. 8,
18 CONSIDERATION OF ALL REVIEW PROCEDURES FOR FACILITIES
19 GRANTS. WHAT I'D LIKE YOU TO DO IS TAKE A COUPLE
20 MINUTES, I THINK IT'S IN TAB 3, AND READ THAT. AND
21 THEN WE'LL TALK ABOUT IT.

22 MR. SERRANO-SEWELL: CAN WE HAVE A
23 FIVE-MINUTE BREAK?

24 CHAIRMAN DOMS: WE CAN TAKE A FIVE-MINUTE
25 BREAK. FIVE MINUTES ONLY, PLEASE.

1 (A RECESS WAS TAKEN.)

2 CHAIRMAN DOMS: BOB, CAN WE -- LET'S GET
3 STARTED BECAUSE WE'RE SORT OF RUNNING UP AGAINST IT. I
4 THOUGHT WE HAD PLENTY OF TIME ON THE AGENDA. I THINK
5 WE'VE HAD A GREAT DISCUSSION. WE HAVE TWO AGENDA ITEMS
6 LEFT TO COVER. ONE IS THE REVIEW PROCESS, AND THE
7 OTHER ONE IS THE BYLAWS.

8 AND THEN CAN I ASK A QUESTION NOW. IS THERE
9 ANYBODY FROM THE PUBLIC THAT WANTS TO COMMENT? I'M NOT
10 ASKING YOU TO DO IT NOW. I'M SORRY. I'M TRYING TO GET
11 A SENSE OF THE TIMING HERE. MR. REED, YOU WILL
12 COMMENT. IS THERE ANYBODY ELSE THAT HAS A COMMENT?
13 THANK YOU VERY MUCH.

14 THE NEXT AGENDA ITEM IS THE REVIEW PROCESS
15 FOR FACILITIES GRANT APPLICATIONS. YOU'VE ALL HAD A
16 CHANCE TO READ THAT, AND I WANT TO MAKE THE
17 DISTINCTION. THIS IS THE PROCESS FOR REVIEWING THE
18 GRANTS. IT'S NOT HOW WE EVALUATE THE GRANTS. THE
19 EVALUATION OF THE GRANTS WILL BE DISCUSSED AT THE NEXT
20 BOARD MEETING.

21 LET ME JUST SUMMARIZE IT, AND THEN I'LL OPEN
22 IT UP FOR DISCUSSION, BUT I WANT TO SAY THAT THIS
23 FOLLOWS SIMILAR GUIDELINES TO THE PROCESS FOLLOWED IN
24 THE STANDARDS GROUP AND THE SCIENTIFIC GRANTS GROUP.
25 THEY SPENT A LOT OF TIME WORKING ON IT. STAFF HAS

1 REVIEWED IT. AND FROM MY THINKING ABOUT IT AND
2 REVIEWING IT, I THINK IT MAKES A LOT OF SENSE. BUT LET
3 ME GO IT THROUGH IT BRIEFLY, AND THEN WE'LL OPEN IT UP
4 FOR QUESTIONS.

5 AS I SAY, THE JOB OF -- ONE OF THE JOBS OF
6 THIS COMMITTEE IS TO REVIEW THE MERIT OF THE GRANT
7 APPLICATIONS. AND ALL MEMBERS PARTICIPATE IN THIS.
8 AND I WANT TO MAKE IT VERY CLEAR THAT THIS COMMITTEE IS
9 A WORKING GROUP AND DOES NOT APPROVE THESE GRANTS.
10 THIS GROUP MAKES A RECOMMENDATION TO THE ICOC. THE
11 ICOC THEN HAS THE AUTHORITY, IT'S BASICALLY THEIR
12 DECISION TO APPROVE THEM, TO REJECT THEM, TO MODIFY
13 THEM. SO OUR FUNCTION IS TO MAKE RECOMMENDATIONS TO
14 THE ICOC, AND THEN THEY TAKE IT FROM THERE.

15 SO AFTER WE RECEIVE THE GRANT APPLICATION,
16 THE STAFF, IN CONSULTATION WITH ME AND PROBABLY DAVID,
17 WILL ASSIGN THE APPLICATION TO A PRIMARY REVIEWER AND A
18 SECONDARY REVIEWER. AND I'M PROPOSING THAT THE PRIMARY
19 REVIEWERS IN THIS SITUATION BE MEMBERS OF THE REAL
20 ESTATE -- REPRESENTING THE REAL ESTATE SIDE OF THINGS
21 WITH THE SECONDARY REVIEWER BEING A PATIENT ADVOCATE.
22 AND THEY'LL BE ASSIGNED BASED ON THEIR EXPERIENCE. ANY
23 POTENTIAL CONFLICTS OF INTEREST, I THINK WE'VE GONE
24 THROUGH THAT ALREADY, AND I DON'T THINK THERE WILL BE
25 ANY, BUT WE'LL TAKE A LOOK AT IT.

1 AND THEN THE PRIMARY REVIEWER IS ASKED TO
2 WRITE A DESCRIPTION OF THE GRANT BASED ON THE MATERIAL
3 SUBMITTED BY THE APPLICANT. AND THEN THE PRIMARY AND
4 THE SECONDARY REVIEWER WILL BE ASKED TO WRITE A ONE- OR
5 TWO-PAGE SUMMARY ADDRESSING THE APPLICATION STRENGTHS
6 AND WEAKNESSES AND EVALUATE IT BASED ON IN THE LIGHT OF
7 THIS SPECIFIED CRITERIA, WHICH AT THIS POINT WE DON'T
8 HAVE.

9 AND BASED ON THOSE WRITTEN PRESENTATIONS, AND
10 WE WILL GET THEM TO YOU THREE DAYS PRIOR TO THE
11 MEETING, AND I'LL TALK ABOUT MATERIAL FOR MEETINGS AT
12 THE CONCLUSION OF THE MEETING BECAUSE I DO WANT TO
13 ADDRESS THAT ISSUE. YOU WILL GET THE REVIEWS, THEN
14 WE'LL ALL SIT DOWN AND WE WILL DISCUSS EACH OF THE
15 INDIVIDUAL GRANT APPLICATIONS. AT THAT POINT WE WILL
16 ASK THE MEMBERS TO SUBMIT -- I'M SORRY -- WE WILL ASK
17 THE MEMBERS TO EVALUATE IT, AND WE'LL ASK THEM TO GIVE
18 US A SCORE. AND THAT SCORE WILL RANGE FROM ONE TO A
19 HUNDRED. AND THAT WILL BE DONE SEPARATELY ON A SECRET
20 BALLOT BASIS. EACH OF THE MEMBERS OF THIS COMMITTEE
21 WILL GIVE THAT A GRADE, AND THEY WILL BE GIVEN TO THE
22 STAFF. THE STAFF WILL THEN CALCULATE THE SCORE FOR
23 EACH OF THE APPLICATIONS, AND THEN THEY WILL COME BACK
24 TO US WITH THAT SCORE.

25 SO AT THAT POINT, WE'VE REVIEWED THEM, WE'VE

1 DISCUSSED THEM, THEY HAVE A SCORE, AND THEN AT THAT
2 POINT DAVID WILL TAKE OVER SINCE WE'RE LOOKING FOR A
3 RECOMMENDATION AT THAT POINT. DAVID, AS THE VICE CHAIR
4 OF THIS COMMITTEE, WILL TAKE OVER, AND HE'LL PRESIDE
5 OVER A DISCUSSION THAT PUTS THESE GRANTS INTO BASICALLY
6 THREE CATEGORIES: RECOMMENDED FOR FUNDING, WHICH IS
7 HIGHLY MERITORIOUS; AND WE'RE GOING TO RECOMMEND IN
8 THAT GROUP, AND I THINK IN THE BYLAWS IT'S SPELLED OUT,
9 IN THE DRAFT OF THE BYLAWS IT IS A TIER ONE GRANT.
10 WE'RE GOING TO RECOMMEND THOSE FOR FUNDING. AGAIN,
11 WE'LL RECOMMEND THEM TO THE ICOC FOR FUNDING. AND THEN
12 WE HAVE RECOMMENDED FOR FUNDING PENDING AVAILABLE
13 FUNDS. THE AMOUNT OF FUNDS IS A SEPARATE ISSUE NOT FOR
14 DISCUSSION TODAY. IT DEPENDS ON WHAT KIND OF FUNDING
15 WE HAVE AVAILABLE. AND ASSUMING THAT WE HAVE FUNDS, WE
16 THINK THESE GRANTS ARE QUALIFIED FOR FUNDING. AND THEN
17 WE HAVE THE THIRD CATEGORY, WHICH IS NOT RECOMMENDED
18 FOR FUNDING AT THIS TIME.

19 NOW, THERE'S A PROVISION IN THERE THAT SAYS
20 IF 35 PERCENT OF THE MEMBERS HAVE A MINORITY POSITION,
21 THEN THAT GRANT WILL BE SUBMITTED TO THE ICOC WITH THE
22 QUALIFICATION THAT IT WAS NOT RECOMMENDED FOR FUNDING,
23 BUT THERE'S A 35 PERCENT PERCENTAGE, IF YOU WILL, THAT
24 DO FEEL THAT THAT SHOULD BE CONSIDERED FOR FUNDING.

25 THAT'S HOW THE PROCESS BASICALLY WORKS FOR, I

1 KNOW, SCIENTIFIC GRANTS GROUP WITH SOME MODIFICATIONS.
2 THE MODIFICATION BEING THAT I THINK THE PRIMARY
3 REVIEWER SHOULD BE A MEMBER OF THE REAL ESTATE FIELD ON
4 THIS COMMITTEE. THEY HAVE TWO REVIEWERS. WE HAVE A
5 MUCH SMALLER GROUP, SO WE'LL ONLY HAVE ONE SECONDARY
6 REVIEWER. IT'S A PROCESS THAT THE SCIENTIFIC GROUP IS
7 COMFORTABLE WITH. I THINK MEMBERS OF THE PATIENT
8 ADVOCATE GROUP HERE ARE MEMBERS OF THE SCIENTIFIC GROUP
9 COMMITTEE. IF THEY CARE TO COMMENT, I'D APPRECIATE
10 THEIR COMMENTS. BUT IT'S FAIRLY SIMPLE. IT'S FAIRLY
11 STRAIGHTFORWARD. AND I THINK IT'S ONE THAT WILL WORK
12 BASED ON WHAT WE'VE SEEN WITH THE OTHER GROUPS.

13 AT THIS POINT OPEN IT UP FOR QUESTIONS.

14 DR. HALL: THERE WAS ONE THING THAT I DON'T
15 KNOW IF IT WAS INADVERTENT OR NOT, BUT ONE LITTLE
16 ADDITION THERE WAS WE HAD TALKED ABOUT AFTER YOUR GROUP
17 GIVES IT A SCORE AND YOU TURN IT OVER TO DAVID, AT THAT
18 POINT THEN ALSO THE STAFF GIVES YOU THE SCIENTIFIC
19 SCORE.

20 CHAIRMAN DOMS: YOU'RE RIGHT. I'M SORRY.
21 YOU'RE ABSOLUTELY RIGHT. YOU WANT TO COMMENT ON THAT?
22 I DON'T THINK WE'VE QUITE DETERMINED HOW THAT
23 SCIENTIFIC SCORE IS GOING TO BE INCORPORATED. IS IT A
24 SEPARATE SCORE? IS IT INCORPORATED INTO THE FACILITIES
25 SCORE? AND I THINK THAT'S SOMETHING THAT WE NEED TO

1 GIVE MORE THOUGHT TO, AND WE' LL GET BACK TO THIS GROUP.

2 DR. HALL: I JUST WANT TO MAKE SURE IT WAS ON
3 THE TABLE WHATEVER YOU DECIDE.

4 MR. SHEEHY: OKAY. SO I'M JUST GOING TO
5 BASICALLY TAKE APART THIS PROCESS REALLY QUICKLY. AND
6 JUST TO PUT IT IN BALANCE, THE STANDARDS WORKING GROUP
7 ACTUALLY HAS A COMPLETELY DIFFERENT PROCESS FROM THE
8 GRANTS WORKING GROUP. SO HAVING SAT ON BOTH, THERE ARE
9 VIRTUES TO EACH. ONE IS THAT IT WOULD SEEM TO ME THAT
10 THE SCIENTIFIC REVIEW SHOULD TAKE PLACE FIRST BECAUSE
11 WE SHOULD NOT EVALUATE SOMETHING THAT HASN'T HAD THE
12 SCIENTIFIC REVIEW. SO THAT WILL WEED OUT A LOT OF
13 STUFF THAT WE SHOULDN'T EVEN WORRY ABOUT LOOKING AT.
14 IF THE SCIENTISTS THINK IT'S NOT WORTHY, THEN WHY
15 SHOULD WE EVEN REVIEW IT?

16 I THINK SENDING IT TO A TEAM TO EVALUATE IS A
17 GOOD IDEA, BUT IT SHOULD NOT BE A SEPARATED PROCESS.
18 IT SHOULD BE A COLLABORATIVE PROCESS.

19 I DON'T LIKE THE SECRET SCORING. I THINK WE
20 SHOULD BE MORE OPEN, AND I ALSO THINK -- NOT TO DISPLAY
21 TOO INTIMATE OF A KNOWLEDGE OF THE REAL ESTATE
22 INDUSTRY, BUT MY PARTNER IS A RESIDENTIAL REALTOR, AND
23 IT SEEMS LIKE WHAT YOU GUYS DO BEST IS NEGOTIATE.
24 THERE'S NOT A NEGOTIATION LOOP IN HERE. WHERE IS OUR
25 COUNTER? I THINK THAT WE SHOULD BUILD -- THIS VERY

1 CLOSELY MIRRORS THE SCIENTIFIC REVIEW, AND THIS IS NOT
2 A SCIENTIFIC REVIEW. THIS IS FACILITIES NEGOTIATION IS
3 HOW I SEE IT. AND I WOULD LOVE TO BE ABLE TO TAKE
4 ADVANTAGE OF THE FOLKS WHO HAVE VOLUNTEERED BASICALLY.
5 I'M SURE WE'RE DOING SOMETHING, BUT IT NOWHERE COMES
6 NEAR TO WHAT YOU GUYS GET FOR DOING YOUR DAY JOBS, TO
7 REALLY SEE IF WE COULD TAP INTO YOUR ABILITY TO CUT
8 REALLY GOOD, HARD BARGAINS WITH THE PEOPLE THAT WE'RE
9 WORKING WITH AND SOMEHOW TO BUILD A PROCESS THAT WILL
10 ALLOW THAT TO HAPPEN.

11 CHAIRMAN DOMS: ANY OTHER COMMENTS?

12 MS. SAMUELSON: JUST TO SUPPLEMENT WHAT JEFF
13 HAD TO SAY. I SEE THE SCIENTIFIC REVIEW PROCESS OR THE
14 RESEARCH FUNDING WORKING GROUP'S PROCESS AS EVOLVING.
15 WE HAVE A PROCESS THAT WAS SET IN PLACE FOR THE FIRST
16 TRAINING GRANTS, BUT I THINK NOW WE'RE GOING TO BE ABLE
17 TO REVIEW THAT AND SEE WHERE IT SHOULD BE TWEAKED, AND
18 I'M SURE IT SHOULD BE IN SOME RESPECTS, SO I WOULDN'T
19 THINK TOO MUCH ABOUT NEEDING TO FOLLOW THAT.

20 IN ADDITION, THE STANDARDS GROUP HAS ANOTHER
21 PROCESS THAT'S DIFFERENT. SO IT SEEMS TO ME IT SHOULD
22 BE ONE THAT'S REALLY FOCUSED ON WHAT WE'RE TRYING TO
23 ACCOMPLISH WITHIN THIS WORKING GROUP AND, AS JEFF SAID,
24 REALLY BENEFITING FROM YOUR EXPERTISE.

25 MR. LICHTENGER: THANK YOU. JEFF MADE A LOT

1 OF GOOD POINTS, AND THE FIRST THOUGHT I HAD ABOUT THIS
2 IS THAT I'M NOT A SCIENTIST. AND I NEED -- WE NEED THE
3 SCIENTIFIC ANALYSIS AND EVALUATION TO OCCUR FIRST
4 BECAUSE I DON'T THINK WE NEED TO ANALYZE THOSE
5 PROPOSALS THAT REALLY AREN'T UNDER CONSIDERATION FOR
6 SCIENTIFIC MERIT. SO I THINK THAT MAKES A LOT THE
7 SENSE, AND I AGREE WITH JEFF ON THAT.

8 THE OTHER THING IS THAT I CAN SEE THAT THERE
9 MIGHT BE, LET'S SAY, YOU KNOW, SEVERAL PROPOSALS THAT
10 HAVE GOOD SCIENTIFIC MERIT, BUT HAVE SIGNIFICANT, HOW
11 SHALL I SAY, FACILITIES CHALLENGES, AND THAT THERE
12 MIGHT BE STIPULATIONS, AND AS JEFF IS PUTTING IT,
13 NEGOTIATIONS THAT MIGHT OCCUR ABOUT, WELL, WE REALLY
14 LIKE YOUR PROPOSAL FROM A SCIENTIFIC PERSPECTIVE, BUT
15 WE SEE MAJOR FLAWS FROM A FACILITIES AND REAL ESTATE
16 SIDE, BUT, YOU KNOW, COULD YOU STRUCTURE IT THIS WAY
17 AND LOOK AT TAKING -- INSTEAD OF BUILDING A WHOLE NEW
18 BUILDING, LOOKING AT SPACE NEAR POTENTIALLY A
19 UNIVERSITY TO LEASE AND OTHER SUGGESTIONS.

20 MR. SERRANO-SEWELL: I APOLOGIZE FOR MISSING
21 THE FRONT END OF THIS CONVERSATION, BUT I THINK WHAT
22 YOU, CORRECT, JEFF, IF I'M WRONG, YOU WANT TO ALLOW THE
23 EXPERTS -- WELL, THE MEMBERS OF THIS COMMITTEE AND THE
24 COMMITTEE ITSELF SOME ABILITY TO NEGOTIATE WITH THOSE
25 INSTITUTIONS THAT HAVE SUBMITTED PROPOSALS FOR

1 CONSIDERATION?

2 MR. SHEEHY: I WOULD LEAVE IT TO THE EXPERTS
3 TO FIGURE OUT HOW EXACTLY WE DO THAT, BUT IT SEEMS
4 LIKE, AS DAVID SUGGESTED, WE GET THE SCIENTIFICALLY
5 REVIEWED PROPOSALS AND WE SOMEHOW MAKE SOME EVALUATION
6 OF THOSE. AND THEN WE CAN SIT AROUND AND HAVE SOME
7 SORT OF DISCUSSION AND THEN HAVE A FEEDBACK THAT WE
8 GIVE TO THE INSTITUTIONS. AND MAYBE OUR MEETINGS --
9 MAYBE WE NEED TO THINK ABOUT, WHEN WE SCHEDULE OUR
10 SCIENTIFIC REVIEW MEETINGS, TO ACTUALLY HAVE TWO
11 MEETINGS SET UP WITHIN A RELATIVELY NARROW TIME FRAME
12 SO THAT WE HAVE THE ABILITY TO SEND IT BACK TO THE
13 INSTITUTIONS WITH THE DEFICIENCIES, THAT THEY CAN GET
14 AN OPPORTUNITY TO ADDRESS THE DEFICIENCIES, AND THEN WE
15 CAN MEET AGAIN AND THEN DO A FINAL RANKING. THAT JUST
16 SEEMS TO ME --

17 MR. SERRANO-SEWELL: JUST AS A FOLLOW-UP, AND
18 I WANT TO ASK JAMES THIS QUESTION, CAN WE BUILD THAT IN
19 OUR RFA? I KNOW WITH THE CITY, WE SEND OUT AN RFA.
20 THERE'S VERY STRICT DEADLINES, THE SUBMITTAL DATES,
21 LETTER OF INTENT. IT'S VERY HARD AND WITH GOOD REASON.
22 WE DON'T WANT TO EXPOSE THE CITY TO ANY KIND OF
23 LIABILITY DOWN THE ROAD, AND WE WANT TO GIVE AN EVEN
24 PLAYING FIELD FOR EVERYONE.

25 MR. HARRISON: THIS WORKING GROUP CAN

1 ESTABLISH WHATEVER PROCEDURES IT WANTS TO IN ORDER TO
2 REVIEW THE APPLICATIONS. THERE ARE DUE PROCESS
3 CONSIDERATIONS THAT MAY ARISE IF ONE APPLICANT IS
4 TREATED DIFFERENTLY THAN ANOTHER AND THAT LEADS TO A
5 COMPLAINT. BUT YOU CAN STRUCTURE IT AT YOUR DISCRETION
6 PROVIDED THAT YOU COMPLY WITH DUE PROCESS REQUIREMENTS
7 AND TREAT ALL THE APPLICANTS FAIRLY.

8 CHAIRMAN DOMS: THANK YOU. JEFF, IN RESPONSE
9 TO YOUR COMMENTS, I'M GLAD TO HEAR YOU THINK THAT THE
10 SCIENTIFIC REVIEW -- WE'VE HAD SOME DISCUSSIONS ON
11 THAT, AND WE'VE BEEN CONCERNED ABOUT FAIRNESS IN TERMS
12 OF REVIEWING ALL THE FACILITIES GRANTS THAT COME IN AS
13 A -- UNDER THE SHARED RFA, WHICH IS A FACILITIES
14 RESPONSIBILITY. AND WE HAD SOME CONCERN THAT IF IT'S A
15 FACILITIES GRANT AND YOU HAVE THE SCIENTIFIC
16 COMMITTEE -- THE SCIENTIFIC GRANTS COMMITTEE REVIEW IT
17 FIRST AND THEY KNOCK OUT SOME. IF IT'S A FACILITIES
18 GROUP, THE FACILITIES GROUP HASN'T HAD THE OPPORTUNITY
19 TO REVIEW ALL OF THE GRANTS.

20 I'M COMFORTABLE WITH, AND QUITE HONESTLY IT'S
21 GOING TO SAVE THIS COMMITTEE SOME WORK, IF THE
22 SCIENTIFIC GRANTS REVIEW COMMITTEE REVIEWS IT AND SAYS
23 THIS APPLICATION OR THIS PROPOSAL JUST DOESN'T MAKE ANY
24 SENSE WHATSOEVER. HAVING SAID THAT, I'M CONCERNED THAT
25 THE FACILITIES GROUP HAS MET ITS OBLIGATIONS TO REVIEW

1 ALL THE APPLICATIONS FOR SHARED SPACE FACILITIES
2 GRANTS.

3 MR. KLEIN: COUPLE OF POINTS. ONE, I THINK,
4 STARTING WITH THE MINOR POINT, RATHER THAN CALL IT A
5 SECRET BALLOT, IF WE CALL IT A CONFIDENTIAL BALLOT
6 BECAUSE CERTAINLY WE'LL KEEP RECORDS OF THE BALLOT, AND
7 THEY'RE AVAILABLE FOR INTERNAL AUDIT PURPOSES AND
8 REVIEW TO BE CONSISTENT TO MAKE SURE WE CAN SHOW IN THE
9 FUTURE THAT WE MET OUR CONFLICT STANDARDS AND OTHER
10 STANDARDS. SO I THINK A CONFIDENTIAL BALLOT WOULD BE
11 VALUABLE.

12 SECONDLY, WITH JEFF'S POINT, I THINK IT'S A
13 VERY GOOD ONE, THAT AFTER THE PRELIMINARY REVIEWS,
14 POTENTIALLY WE COULD JUST INSERT HERE IN OUR PROCESS
15 THAT THE CHAIR AND THE VICE CHAIR JOINTLY COULD
16 DESIGNATE A SINGLE MEMBER OR TWO-MEMBER TEAMS OF THIS
17 COMMITTEE TO POTENTIALLY MEET WITH APPLICANTS. A, WE
18 MAY HAVE SOME PROBLEMS THAT CAME UP IN THE REVIEW WHERE
19 WE DON'T UNDERSTAND THE ISSUES, OR THERE'S A POTENTIAL
20 WITH THIS EXPERTISE ON THIS COMMITTEE TO NEGOTIATE AND
21 CHANGE THIS, WHICH COULD MATERIALLY CHANGE HOW THE
22 SCORING WOULD HAPPEN IN THE NEXT PHASE. SO THAT BY
23 GIVING US THAT OPTION TO HAVE THAT NEGOTIATION PHASE
24 AND CLARIFICATION PHASE, IT COULD BE VERY VALUABLE, AS
25 JEFF POINTS OUT.

1 I THINK THE THIRD MAJOR POINT IS THAT THERE
2 MAY BE SITUATIONS WHERE A SCIENTIFIC SCORE -- FIRST OF
3 ALL, I DO BELIEVE THE SCIENTIFIC SCORE WOULD BE BETTER
4 IF IT'S AVAILABLE TO US BEFORE WE OURSELVES CREATE A
5 FACILITIES SCORE BECAUSE IT'S VALUABLE INFORMATION.
6 BUT THERE MAY BE A NUMBER OF CASES WHERE THERE'S NO
7 APPROPRIATE SCIENTIFIC SCORE. THE REASON IS THAT IN
8 TRYING TO CREATE SOME INITIAL NIH-FREE SPACE, WE MIGHT
9 WANT TO GEOGRAPHICALLY LOCATE SOME SMALL FACILITIES
10 GRANTS OF 2 TO 4,000 FEET JUST TO CREATE SOME SPACE
11 WHICH COULD BE USED BY NUMEROUS DIFFERENT APPLICANTS
12 OVER A PERIOD OF THE NEXT FOLLOWING TEN YEARS OR EVEN
13 TWO YEARS SO THAT THERE WILL BE A WIDE RANGE IN THE
14 SCIENTIFIC CLIENTS THAT USE THE SPACE.

15 IT'S NOT THAT WE'RE APPROVING SOMETHING FOR
16 ONE SCIENTIFIC USER OR ANOTHER, BUT, IN FACT, NUMEROUS
17 SCIENTIFIC USERS. SO IT'S DIFFICULT TO KNOW HOW TO
18 GRADE THAT SPACE. WHEREAS, IF WE ARE DOING A MAJOR
19 FACILITY APPROVAL FOR A PARTICULAR UNIVERSITY OR
20 RESEARCH INSTITUTION, THE SCIENTIFIC GROUP HAS CRITICAL
21 INFORMATION FOR US TO EVALUATING THE EXPERTISE AT THAT
22 COMMUNITY. BUT AT LEAST WHEN WE'RE INITIALLY TRYING TO
23 PUT SOME SURVIVAL SPACE IN PLACE, WE MIGHT WANT TO
24 ALLOW OURSELVES THE OPTION OF NOT HAVING A SCIENTIFIC
25 SCORE, BUT POTENTIALLY HAVING SOME INFORMATION,

1 DIRECTION FROM THE SCIENTIFIC STAFF, THE PRESIDENT'S
2 OFFICE AS TO THEIR SUGGESTIONS THAT THEY MIGHT CLEAR
3 WITH THE GRANT REVIEW COMMITTEE CHAIR, FOR EXAMPLE, AND
4 VICE CHAIR, BUT WOULDN'T LEAD TO A FORMAL SCORE.

5 DR. HALL: LET ME MAKE TWO POINTS, IF I MAY.
6 CHAIRMAN DOMS: PLEASE.

7 DR. HALL: FIRST IS WE RAN INTO A SIMILAR
8 SITUATION IN THE GRANTS REVIEW COMMITTEE. IT'S
9 WORRYING ABOUT THE NUMBER OF GRANTS WE WOULD HAVE. AND
10 NIH NOW USES WHAT'S CALLED A TRIAGE SYSTEM WHERE YOU
11 TAKE THE -- YOU MAKE A PRELIMINARY JUDGMENT AND YOU
12 TAKE THE BOTTOM THIRD OF THE GRANTS AND YOU SAY WE'RE
13 NOT GOING TO REVIEW THESE, PERIOD. WE JUST DON'T THINK
14 THEY HAVE A CHANCE NO MATTER WHAT HAPPENS. IT WAS
15 POINTED OUT TO US THAT SINCE IT IS THE ICOC THAT MAKES
16 ALL FINAL DECISIONS, THAT WE HAVE TO BE VERY CAREFUL
17 BECAUSE IF THERE'S A SENSE THAT THE WORKING GROUP HAS
18 DISQUALIFIED SOME GROUP OF GRANTS THAT AREN'T BROUGHT
19 TO THE ICOC, THEN WE'RE OPEN FOR LITIGATION, AS I
20 UNDERSTAND IT.

21 AND I THINK ONLY THING ONE HAS TO BE CAREFUL
22 OF IS THAT ALL GRANTS WOULD HAVE TO COME, AND I WOULD
23 SUGGEST THAT ALL GRANTS SHOULD THEN HAVE, IF ANY GRANTS
24 HAVE THEM, ALL GRANTS SHOULD HAVE BOTH SCIENTIFIC AND
25 FACILITIES SCORES. AND THEN I THINK YOU CAN ARRANGE IT

1 SO YOU DON'T SPEND MUCH TIME IN YOUR WORKING GROUP ON
2 THE ONES THAT YOU DON'T THINK ARE GOING TO DO WELL. I
3 THINK, JAMES CAN CORRECT ME, THAT WE'RE GOING TO BE
4 FORMALLY OBLIGATED TO BRING ALL APPLICATIONS TO THE
5 ICOC. THEY MAKE THE FINAL DECISION. AND WE GIVE THEM
6 OR THIS GROUP GIVES THEM, I DON'T GIVE THEM, THE
7 BEST --

8 CHAIRMAN DOMS: THAT WAS MY UNDERSTANDING,
9 AND THAT'S WHY WE HAVE TO REVIEW. IT WOULD BE --

10 DR. HALL: YOU MAY CHOOSE TO GIVE IT A QUICK
11 DISCUSSION AND A QUICK VOTE, BUT I THINK YOU HAVE TO
12 GIVE IT A NUMBER.

13 LET ME MAKE ONE OTHER POINT, IF I MIGHT,
14 RUSTY. AND THAT IS THAT ALTHOUGH THE IDEA OF
15 NEGOTIATION IS AN ATTRACTIVE ONE, AGAIN, I THINK
16 THERE'S A DANGER, A LITTLE TRAP HERE. MEMBERS OF THIS
17 COMMITTEE CAN'T BOTH NEGOTIATE A DEAL AND THEN VOTE ON
18 WHETHER THE DEAL IS A GOOD ONE OR NOT. I THINK THAT'S
19 CALLED A CONFLICT OF INTEREST.

20 MR. KLEIN: I DON'T THINK THAT'S TRUE.

21 MR. SERRANO-SEWELL: IT'S AN INTERESTING
22 CONCEPT, ZACH, BUT ON ITS FACE, I DON'T SEE A CONFLICT.

23 DR. HALL: WELL, YOU BASICALLY SET UP THE
24 DEAL YOURSELF, AND THEN YOU GO AND VOTE FOR IT.

25 CHAIRMAN DOMS: I DON'T MEAN TO PUT YOU ON

1 THE SPOT, JAMES, BUT I AM.

2 DR. HALL: THAT WOULD BE MY SENSE.

3 MR. HARRISON: IT'S NOT A TECHNICAL CONFLICT
4 OF INTEREST UNDER STATE LAW, BUT I THINK, AS ZACH
5 SUGGESTS, IT COULD CREATE AN APPEARANCE THAT THE PERSON
6 WHO NEGOTIATED THE DEAL AND THEN IS BRINGING IT TO THE
7 COMMITTEE FOR ITS REVIEW AND APPROVAL MAY HAVE
8 PRECONCEIVED BIAS TOWARDS THAT APPLICATION, BUT IT'S
9 NOT A TECHNICAL CONFLICT.

10 DR. HALL: I WOULD SUGGEST AN ALTERNATE
11 PROCEDURE, WHICH WOULD AVOID THAT, AND THAT IS IF YOU
12 SAY WHAT YOU WANT, AND WE'D HAVE TO THINK THIS THROUGH,
13 YOU WOULD SAY THAT THIS IS DEFICIENT IN THESE WAYS.
14 AND THEN THE STAFF CONVEYS THAT TO THE VARIOUS
15 APPLICANTS. THEY THEN CAN AMEND OR CHANGE IT AND THEN
16 BRING IT BACK. BUT WE WOULDN'T NEGOTIATE WITH THEM. I
17 THINK THE DANGER IS THAT YOU'RE IN POSITION OF SAYING
18 IF YOU DO THIS, THEN YOU WILL GET -- I CAN TELL YOU YOU
19 WILL GET THIS, AND SO YOU END UP SORT OF STRUCTURING
20 THE APPLICATION. TO ME, I THINK IT OPENS US UP FOR
21 SOME CRITICISM. AGAIN, THAT WOULD BE MY ADVICE.

22 MR. KLEIN: I WAS JUST GOING TO SAY THAT I
23 THINK JEFF IS FOCUSED ON THE MISSION, WHICH IS TO USE
24 OUR RESOURCES AS WISELY AS POSSIBLE AND TO USE THE
25 EXPERTISE OF THIS COMMITTEE AS WISELY AS POSSIBLE. AND

1 CERTAINLY I THINK, QUITE PROPERLY, ZACH, YOU POINT OUT
2 THAT NO ONE IN NEGOTIATING CAN SAY THAT YOU ARE GOING
3 TO GET THIS OR WHAT YOUR SCORE IS GOING TO BE BECAUSE
4 THEY DON'T KNOW. ALL THEY CAN SAY IS, YOU KNOW, ON A
5 COMPARATIVE BASIS, BASED ON WHAT WE'VE SEEN, IT WOULD
6 BE BETTER IF YOU WERE TO RESTRUCTURE THIS BECAUSE THIS
7 IS NOT VERY COMPETITIVE OR OTHER AREAS OF THE STATE
8 HAVE COVERED THIS SPECIFIC NEED. HAVE YOU CONSIDERED
9 EMPHASIZING THIS NEED IN YOUR APPLICATION, FOR WHICH WE
10 DON'T HAVE ANY OTHER APPLICATIONS.

11 SO THERE IS A NEGOTIATION PROCESS, I THINK
12 JEFF IS SUGGESTING, THAT CAN PROVIDE VERY USEFUL
13 FEEDBACK. WHEN THE GRANT THEN COMES TO THE FULL
14 COMMITTEE, OTHER MEMBERS MAY SEE IT VERY DIFFERENTLY,
15 BUT AT LEAST IT PROVIDES SOME INFORMATION FOR THE
16 APPLICANT THAT MAY BE HELPFUL IN MAKING THE APPLICATION
17 MORE EFFICIENT AND EFFECTIVE IN TERMS OF THE FUNDS
18 REQUESTED.

19 MR. KASHIAN: I'D LIKE TO SUPPORT JEFF'S
20 POINT OF VIEW. IT SEEMS TO ME THAT OUR OBLIGATION TO
21 THE PEOPLE OF CALIFORNIA, WHO ARE FURNISHING THE MONEY,
22 IS TO PUT THE MOST AMOUNT OF MONEY POSSIBLE INTO THE
23 RESEARCH AND THE LEAST AMOUNT POSSIBLE INTO THE REAL
24 ESTATE. UNDER THOSE CONDITIONS, IT WOULD IT SEEM TO ME
25 UNWISE NOT TO USE THE EXPERTISE OF THE REAL ESTATE

1 PEOPLE IN DEALING WITH AN APPLICATION THAT HAS GREAT
2 SCIENTIFIC MERIT, BUT COULD USE SOME HELP FROM THE REAL
3 ESTATE POINT OF VIEW IN TERMS OF FINANCING. AND I
4 DON'T SEE WHERE THAT WOULD BE A CONFLICT AT ALL.

5 DR. HALL: LET ME JUST SAY I ABSOLUTELY AGREE
6 WITH THE AIMS OF THIS. I HAVE NO PROBLEMS WITH IT.
7 I'M CONCERNED ABOUT THE MECHANISM. AND IT'S GOING TO
8 BE VERY LARGE AMOUNTS OF MONEY INVOLVED HERE, MORE
9 MONEY THAN ANY OTHER GRANT WE DO. AND THIS IS A
10 POLITICAL PROCESS. THERE'S GOING TO BE INTENSE
11 COMPETITION. SUPPOSE WE DECIDE TO AWARD LATER ON THREE
12 \$50 MILLION GRANTS OR 60 OR \$75 MILLION GRANTS FOR A
13 BUILDING AT MAJOR CENTERS. WHAT HAPPENED WITH THE
14 SITES WILL BE NOTHING COMPARED TO THE COMPETITION THAT
15 WILL GO ON OVER THOSE CENTERS. THERE WILL BE
16 TREMENDOUS INTENSE COMPETITION.

17 I THINK IT'S GOING TO BEHOVEE US WHEN THAT
18 HAPPENS TO HAVE A PROCESS. I THINK IT'S FINE FOR THE
19 COMMITTEE TO MAKE ITS CRITICISMS AND THEN TO DISCUSS,
20 BUT I'M JUST CONCERNED THAT THERE BE A PROCESS THAT BE
21 ABSOLUTELY -- WHAT IS THE PHRASE? -- MORE PURE THAN
22 CAESAR'S WIFE, OR WHATEVER IT IS. IT WOULD BE CLEAN AS
23 CLEAN CAN BE SO THAT ANYBODY COMES IN.

24 JAMES AND I WERE JUST TALKING. IN THE SITE
25 COMPETITION, FOR EXAMPLE, WHERE THERE WAS A LOT OF

1 PUBLI CITY ON THIS, IF IT HAD BEEN POSSIBLE TO GO BACK
2 AFTER THE APPLI CATIONS AND IF MEMBERS OF THE SITE
3 SELECTION COMMITTEE HAD THEN GONE BACK AND HAD PRIVATE
4 DI SCUSSIONS WITH PEOPLE ABOUT WHAT THEY COULD DO TO
5 THEIR GRANT APPLI CATIONS, I THINK ALL HELL WOULD HAVE
6 BROKEN LOOSE. I MAY BE WRONG ABOUT THAT, BUT JUST AM
7 VERY CONCERNED ABOUT THAT.

8 MR. SHEEHY: THE FIRST POINT, THE IDEA OF
9 HAVING THE SCIENTIFIC REVIEW TAKE PLACE FIRST, DID NOT
10 PRESUPPOSE THAT WE WOULD NOT REVIEW ALL GRANTS
11 APPLI CATIONS.

12 THE SECOND POINT IS THAT, YOU KNOW, THERE IS
13 A BAGLEY-KEENE EXCLUSION FOR REAL ESTATE NEGOTIATIONS.
14 WHY IS THAT? BECAUSE THE PUBLIC EXPECTS REAL ESTATE
15 NEGOTIATIONS TO TAKE PLACE WHEN REAL ESTATE DEALS ARE
16 MADE BY THE STATE OF CALI FORNIA. AND TO PUT IN PLACE A
17 PROCESS THAT DOES NOT INCLUDE THE POTENTIAL FOR A REAL
18 ESTATE NEGOTIATION SEEMS ON THE FACE ALMOST ABSURD.

19 NOW, I AM AGNOSTIC ABOUT WHETHER OR NOT A
20 PATIENT ADVOCATE IS INVOLVED IN NEGOTIATIONS. REALLY
21 IT'S THE EXPERTISE OF SOME OF THE PEOPLE WE HAVE
22 SITTING AROUND THIS TABLE THAT I'D LIKE TO BRING TO
23 BEAR ON THAT PROBLEM. AND I THINK IF WE DO OUR
24 CONFLICTS OF INTEREST POLICY APPROPRIATELY, I DON'T
25 THINK A CONFLICT WOULD BE A PROBLEM. AND I THINK THAT

1 IT COULD BE A VERY DEFENSIBLE PROCESS MYSELF. AND I
2 KNOW THE SITE SELECTION WAS SOMETHING, BUT IT MIGHT NOT
3 HAVE HURT THE SITE SELECTION TO HAVE ANOTHER ROUND, TO
4 BE HONEST. IT MIGHT HAVE NEGATED SOME OF THE NEGATIVE
5 FEEDBACK WE HAVE.

6 CHAIRMAN DOMS: JAMES.

7 MR. HARRISON: LET ME JUST ELABORATE FOR A
8 MINUTE. I THINK THAT IT'S A PROCESS THAT WE HAVE TO
9 GIVE SOME CONSIDERATION TO IF IT'S ONE THAT YOU ARE
10 INCLINED TO ADOPT. AND WHAT I CAN FORESEE AS A
11 POTENTIAL PROBLEM, FOR EXAMPLE, WOULD BE A SITUATION
12 WHERE YOU WOULD UNDERTAKE NEGOTIATIONS WITH ONE
13 APPLICANT AND SAY THESE ARE THE PARTS OF YOUR
14 APPLICATION THAT WE THINK ARE REALLY DEFICIENT. YOU
15 KNOW, IF YOU FIX THIS AND YOU FIX THIS, WE THINK THAT'S
16 VERY IMPORTANT. AND THERE'S ANOTHER APPLICANT WHOSE
17 APPLICATION YOU THINK IS JUST SO DEFICIENT, YOU DON'T
18 EVEN WANT TO SPEND THE TIME DEALING WITH THEM. AND
19 THEN LO AND BEHOLD, YOU AWARD A LOAN OR A GRANT TO THE
20 APPLICANT WHOM YOU HAVE NEGOTIATED WITH AND YOU DON'T
21 TO THE APPLICANT WHO YOU HAVEN'T DISCUSSED THE MATTER
22 WITH. THAT'S WHERE WE HAVE THE POTENTIAL FOR CRITICISM
23 AND POTENTIALLY FOR LITIGATION ARISING OVER WHETHER THE
24 APPLICANTS WERE TREATED FAIRLY DURING THE REVIEW
25 PROCESS.

1 SO WHILE I THINK IT'S SOMETHING WE CAN
2 EXPLORE, IT'S JUST SOMETHING THAT I THINK WE NEED TO
3 GIVE MORE STUDY TO.

4 MR. KASHIAN: COUNSEL, DON'T YOU BELIEVE THE
5 GO/NO-GO ISSUE DEALS WITH THE SCIENTIFIC ISSUES? IT
6 SHOULDN'T DEAL -- WITH THE REAL ESTATE IS SUCH A MINOR
7 PORTION OF THIS THING AND THE PEOPLE THAT ARE
8 SCIENTIFIC REALLY DON'T HAVE A COMPREHENSION OF FINANCE
9 OR REAL ESTATE AND THE CONSTRUCTION OF IT. WHY IS IT
10 THAT WE CAN'T HELP THOSE APPLICANTS THAT HAVE MERIT TO
11 BE ABLE TO STRUCTURE THE REAL ESTATE PORTION THAT WOULD
12 APPLY TO THE SCIENTIFIC PORTION?

13 MR. HARRISON: I DON'T MEAN TO PREJUDGE IT
14 AND TO SAY THAT YOU CAN'T DO IT. I JUST WANTED TO FLAG
15 A POTENTIAL PROBLEM THAT COULD ARISE DEPENDING UPON HOW
16 IT'S CARRIED OUT. YOU ALL WILL EVENTUALLY RECOMMEND
17 CRITERIA BY WHICH YOU'RE GOING TO EVALUATE THESE
18 APPLICATIONS. SOME OF THESE CRITERIA ARE SET FORTH IN
19 SOME DETAIL IN PROPOSITION 71 ITSELF. OTHERS YOU WILL
20 COME UP WITH.

21 SO IF AN APPLICANT IS DEFICIENT IN MEETING
22 ONE OF THOSE CRITERIA AND YOU'RE TO NEGOTIATE OR DURING
23 THE GRANT APPLICATION PROCESS ALERT THAT APPLICANT TO
24 THAT DEFICIENCY AND HAVE THAT APPLICANT COME BACK, BUT
25 YOU HAVEN'T AFFORDED THE SAME CONSIDERATION TO ANOTHER

1 APPLICANT, REGARDLESS OF THE SCIENTIFIC MERIT, THAT'S
2 WHERE YOU ARE GOING TO RUN INTO POTENTIAL PROBLEMS FROM
3 A PROCESS STANDPOINT.

4 MR. KLEIN: I DON'T AGREE WITH THAT.

5 CHAIRMAN DOMS: LET ME JUST MAKE A COUPLE
6 COMMENTS, IF I MIGHT. I'VE SORT OF ALREADY FAILED IN
7 ONE OF MY FIRST RESPONSIBILITIES I SAID I WOULD TRY TO
8 ACHIEVE, WHICH IS GETTING US OUT OF HERE ON TIME. SO
9 I'M A LITTLE EMBARRASSED ON THAT, BUT THIS IS
10 IMPORTANT. AND CAN MEMBERS OF THE COMMITTEE GIVE US
11 ANOTHER HALF HOUR OR 45 MINUTES? SORRY ABOUT THAT.
12 BUT I THINK -- GO AHEAD.

13 MR. KLEIN: VERY QUICKLY. YOU KNOW, THE
14 STATE OF CALIFORNIA NEGOTIATES, GOES IN REAL ESTATE
15 NEGOTIATIONS WITH APPLICANTS, PROPONENTS, FOR LEASES
16 AND FACILITIES ALL OVER THIS STATE. AND THE
17 NEGOTIATION EVERY DAY THAT OCCURS IN ONE MEETING IS NOT
18 THE SAME AS IN THE NEXT. BUT THEY NEGOTIATE TO GET THE
19 BEST DEAL FOR THE PEOPLE OF THE STATE OF CALIFORNIA.
20 SO IT'S INHERENT IN THAT PROCESS THAT THERE WILL BE
21 DIFFERENT THINGS SAID IN DIFFERENT MEETINGS, AND THAT
22 SYSTEM HAS STOOD UNDER FIRE AND EXAMINATION FOR
23 DECADES, IF NOT MAYBE A HUNDRED YEARS.

24 SO I THINK WE HAVE TO FACE OUR
25 RESPONSIBILITY. THE REASON IN WRITING THIS INITIATIVE

1 THAT I PUT PEOPLE WITH REAL ESTATE CAPACITY AND
2 KNOWLEDGE ON THIS COMMITTEE WAS TO DO EXACTLY WHAT JEFF
3 IS TALKING ABOUT. SO WHILE IT IS VERY IMPORTANT, AS
4 POINTED OUT BY JAMES AND ZACH, TO BE SENSITIVE AND TO
5 HAVE A GOOD PROCESS AND PERHAPS OUT OF SOME
6 NEGOTIATIONS WE'LL COME OUT WITH SOME INFORMATION THAT
7 WE DISTRIBUTE TO EVERYONE THAT HAS AN APPLICATION
8 PENDING TO TRY AND HAVE A MORE LEVEL PLAYING FIELD.
9 BUT AS WE LEARN ABOUT THE PROBLEMS IN THE APPLICATIONS
10 THEMSELVES, IT'S IMPORTANT THAT WE HAVE THIS OPTION.

11 SO I'D LIKE TO MAKE A MOTION THAT THE CHAIR
12 AND VICE CHAIR JOINTLY, WHEN THEY FEEL IT IS IN THE
13 INTEREST OF THE PEOPLE OF CALIFORNIA TO CREATE A MORE
14 EFFECTIVE APPLICATION, CAN DESIGNATE MEMBERS OF THIS
15 COMMITTEE TO MEET TO NEGOTIATE WITH APPLICANTS TO TRY
16 AND ENHANCE THOSE APPLICATIONS FOR THE PROCESS.

17 THE PROCESS UNDER THIS MOTION WILL BE
18 DEVELOPED BY THIS COMMITTEE IN CONJUNCTION WITH THE
19 STAFF'S RECOMMENDATIONS AND THE COUNSEL'S
20 RECOMMENDATIONS, BUT I'D LIKE TO MAKE THIS MOTION TO
21 AMEND WHAT'S PROPOSED SO THAT WE HAVE THE OPTION TO DO
22 IT, WHEN APPROPRIATE, WITH A PROCESS TO BE DEVELOPED.
23 AND SO I DON'T KNOW IF THERE'S A SECOND, BUT THAT'S THE
24 MOTION.

25 MR. SERRANO-SEWELL: THERE'S A SECOND.

1 MR. LICHTENGER: I'LL SECOND.

2 CHAIRMAN DOMS: ANY DISCUSSION?

3 MR. LICHTENGER: I WANT TO MAKE ONE POINT. I
4 THINK THIS GOES ALONG WITH WHAT JEFF AND BOB HAVE BEEN
5 SAYING. ONE THOUGHT I HAD WAS THAT FOR EVERY
6 FACILITIES WORKING GROUP PROPOSAL THAT WE ACTUALLY
7 REVIEW, WE HAVE COMMENTS TO ALL OF THEM. I'M SURE WE
8 WILL HAVE COMMENTS TO ALL OF THEM. AND THAT CAN BE
9 DISTRIBUTED TO ALL THE PROPOSALS. AND THAT WAY
10 POTENTIALLY WE AVOID SOME OF THE LEGAL CONFLICTS TO BE
11 LATER ON, AND HOW THOSE APPLICANTS RESPOND TO THOSE
12 COMMENTS COULD THEN PUT US IN A POSITION WHERE WE COULD
13 GO THAT NEXT STEP, IF WE THINK APPROPRIATE, IN TERMS OF
14 SOME KIND OF NEGOTIATION OR DISCUSSION WITH THOSE
15 APPLICANTS. THAT WAY IF EVERYONE HAS COMMENTS -- I
16 DON'T KNOW IF ANYONE HAS DONE ANY KIND OF INDIVIDUAL
17 REVIEW PROCESS IN ANY MUNICIPALITIES, THEY ALWAYS HAVE
18 COMMENTS TO EVERYTHING. SO THAT WAY EVERYONE IS
19 TREATED EQUALLY BECAUSE EVERYONE WILL HAVE COMMENTS TO
20 THEIR PROPOSAL.

21 MS. SAMUELSON: I GUESS I'M THINKING THAT THE
22 PROCESS MAYBE CAN BE SIMPLIFIED A LITTLE BIT WITH
23 PERHAPS THE ASSIGNMENT OUT TO A COUPLE PEOPLE OF EACH
24 PROPOSAL SO THAT SOMEONE IS -- WE'RE SHARING THE
25 HOMEWORK OF THE READING AND SO ON WITH THE SCIENTIFIC

1 MERIT SCORING AVAILABLE AT THE OUTSET. AND THEN
2 THERE'S A DISCUSSION. IT SEEMS TO ME THE ASSESSMENT IS
3 TYPICALLY GOING TO BE THIS IS A GREAT IDEA. IF IT'S
4 NOT A GREAT IDEA, WE WOULDN'T WASTE OUR TIME
5 SCIENTIFICALLY, BUT IT'S A LITTLE RICH OR THERE'S SPACE
6 AVAILABLE BY SOME OTHER -- SOMEWHERE ELSE THAT MIGHT BE
7 CHEAPER OR IN THE BIG PICTURE MORE EFFECTIVE. AND WHY
8 NOT HAVE THAT GROUP DISCUSSION, AND THEN NEGOTIATION
9 COULD BE A PART OF THAT IF IT SEEMED TO BE USEFUL.

10 MR. SERRANO-SEWELL: I'M TRYING TO FIT THIS
11 EXPERIENCE INTO WHAT I DO AT WORK, AND IT'S NOT REALLY
12 APPLICABLE ALL THE TIME. BUT I KNOW THAT WHAT WE TRY
13 TO DO SOMETIMES AT THE CITY IS WE ISSUE AN RFA FOR AN
14 EXCLUSIVE RIGHT TO NEGOTIATE. THAT'S WHAT YOU GET.
15 YOU DON'T GET THE CONTRACT, YOU DON'T GET THE AWARD.
16 WHAT YOU DO IS YOU GET THE RIGHT TO NEGOTIATE WITH US,
17 AND THEN EITHER THE NEGOTIATIONS ARE SUCCESSFUL OR
18 THEY'RE NOT. MAYBE THAT MIGHT BE ONE WAY TO APPROACH.
19 AND DURING THAT NEGOTIATION PROCESS, JEFF, YOU'RE
20 RIGHT, OFTEN THESE DISCUSSIONS TAKE PLACE IN PRIVATE
21 AND THEY ARE EXEMPT FROM THE CITY'S BROWN ACT, WHICH IS
22 THE BAGLEY-KEENE ACT.

23 DR. HALL: I THINK THAT'S A VERY INTERESTING
24 IDEA, AND I'M JUST TRYING TO SORT OUT IN MY MIND AS I
25 HEAR THE DISCUSSION HERE. I DON'T KNOW HOW MUCH

1 FREEDOM WE HAVE WITHIN PROPOSITION 71 TO RESTRUCTURE
2 THIS, BUT WHAT IF -- YOU CAN ALMOST IMAGINE A
3 SEQUENTIAL REVIEW THROUGH THE ICOC SO THAT THE
4 SCIENTIFIC REVIEW COMMITTEE REVIEWS, MAKES ITS
5 RECOMMENDATIONS TO THE ICOC FOR WHICH ONES TO PURSUE.
6 AND THEN ALMOST YOU SAY -- THEN THE ICOC SAYS, OKAY, WE
7 THEN DIRECT THESE TO THE FACILITIES WORKING GROUP TO
8 GET THE BEST DEAL POSSIBLE ON THESE GRANTS. AND IT'S
9 ALMOST LIKE, AS DAVID WAS SAYING, YOU DON'T GUARANTEE
10 THAT YOU GET IT. IT'S ALMOST LIKE AN EXCLUSIVE RIGHT
11 TO NEGOTIATE, BUT YOU THEN -- BECAUSE WHAT I HEAR IS
12 THAT YOU'RE SAYING THE PRIMARY JUDGMENT IN SOME WAYS
13 SHOULD BE SCIENTIFIC. AND IF IT'S WORTHWHILE
14 SCIENTIFICALLY, THEN WE SHOULD KNOCK OURSELVES OUT TO
15 GET WHAT IS A GOOD DEAL IN WHICH THE MONEY IS SPENT IN
16 THE MOST ECONOMICAL WAY TO GET THAT SCIENTIFIC
17 OBJECTIVE. I DON'T KNOW IF THAT'S POSSIBLE.

18 MR. KASHIAN: NOBEL PRIZE WINNERS ARE A LOT
19 RARER THAN REAL ESTATE.

20 DR. HALL: YOU WOULDN'T WASTE YOUR TIME, AND
21 I'M CONCERNED BY THE THING THAT JAMES SAYS, THAT YOU
22 HAVE A GRANT THAT'S HOPELESS, AND IT'S GOING TO BE VERY
23 HARD TO GO OUT AND NEGOTIATE WITH PEOPLE AND SAY, WELL,
24 YOU GOT A TEN ON THE SCIENTIFIC SCORE, BUT WE WANT TO
25 TELL YOU THAT YOU HAVE A CHANCE IF YOU CAN RESTRUCTURE

1 IN THIS WAY. I THINK IT OPENS UP A LOT OF COMPLICATED
2 ISSUES, BUT I THINK THE IDEA OF SAYING THAT HERE ARE
3 ONES THAT WE THINK SCIENTIFICALLY ARE THE FIVE BEST AND
4 WE TURN THAT OVER. THEN THROUGH THE ICOC, I THINK THAT
5 WOULD HAVE TO BE THE CASE. OTHERWISE, YOU RUN THE RISK
6 OF HAVING THE SCIENTIFIC WORKING GROUP AS HAVING TAKEN
7 SOME OUT. BUT THEN YOU SAY, OKAY, HERE ARE THE ONES TO
8 DO. AND NOW WE WANT THE FACILITIES WORKING GROUP TO
9 MAKE SURE THAT WE GET THE BEST POSSIBLE DEAL ON DOING
10 THAT. THAT'S JUST AN IDEA.

11 MR. KLEIN: THAT'S A SEPARATE PROCESS. IT'S
12 VERY INTRIGUING. MAY I SUGGEST THAT GIVEN TIME BETWEEN
13 NOW AND THE NEXT MEETING WE MIGHT INVESTIGATE THAT
14 PROCESS. BUT IF WE COULD, SUBJECT TO THE PUBLIC'S
15 COMMENT, I WOULD LIKE TO ASK THAT WE CALL THE QUESTION
16 BECAUSE REALLY THE QUESTION AT THIS LEVEL IS JUST ONCE
17 IT GETS HERE, USING THE EXPERTISE HERE FOR NEGOTIATION,
18 AND SO WHAT I AM SUGGESTING DOESN'T PREEMPT THE
19 POSSIBILITY OF FOLLOWING SOME OF THESE VERY CREATIVE
20 IDEAS THAT HAVE BEEN PUT FOR OTHER PARTS OF THE
21 PROCESS.

22 CHAIRMAN DOMS: LET ME ASK JAMES. WE'RE NOT
23 PASSING ANYTHING, WE'RE NOT ASKING FOR APPROVAL. IS
24 THE -- I THINK THE MOTION SHOULD -- YOU MIGHT -- IT'S
25 PART OF THE PROCESS AND WILL BE INCORPORATED, BUT I'M

1 NOT SURE THE MOTION IS APPROPRIATE SINCE WE'RE NOT
2 APPROVING ANYTHING AT THIS POINT.

3 MR. HARRISON: AS I UNDERSTOOD THE MOTION, IT
4 WAS A MOTION TO DIRECT STAFF, ALONG WITH COUNSEL, TO
5 CONSIDER THIS ISSUE AND COME BACK WITH A FURTHER
6 PROPOSAL.

7 MR. KLEIN: NO, IT'S NOT ACTUALLY THAT. IT'S
8 TO MODIFY THE SPECIFIC PROCESS THAT IS UNDER DISCUSSION
9 FOR REVIEWING GRANTS.

10 DR. HALL: AS A RECOMMENDATION TO THE ICOC?

11 MR. KLEIN: YES. SO THAT WHEN WE VOTE TO
12 FORWARD TO THE ICOC OUR FORMAL PROCESS, WE WOULD
13 INCORPORATE THIS OPTION IN OUR OWN INTERNAL PROCESS.
14 SO I AM SUGGESTING AN APPROVAL TO AMEND THE DRAFT
15 PROCESS UNDER CONSIDERATION.

16 CHAIRMAN DOMS: IS THAT APPROPRIATE?

17 MR. HARRISON: THAT'S APPROPRIATE. SO IT'S
18 AN AMENDMENT TO THIS PROPOSAL PRIOR TO THE PROPOSAL
19 ITSELF BEING ADOPTED.

20 MR. KLEIN: THAT'S RIGHT.

21 MR. KASHIAN: I'LL SECOND THE MOTION AS
22 AMENDED.

23 MS. SAMUELSON: QUESTION. WHAT IS THE TIME
24 URGENCY TO APPROVING A PROCESS? BECAUSE IT SEEMS TO ME
25 IT WOULD REALLY MAKE SENSE TO JUST SEND THIS BACK TO

1 THE DRAFTING BOARD WITH --

2 CHAIRMAN DOMS: I THINK THAT'S WHAT WE'RE
3 PLANNING TO DO. I THINK IT'S COMING UP ON THIS
4 COMMITTEE AND TO WORK WITH STAFF TO COME BACK WITH A
5 REVISED PROPOSAL TAKING INTO ACCOUNT THE COMMENTS THAT
6 WE'VE HEARD TODAY. AND I THINK, JEFF, YOU MADE SOME
7 GREAT COMMENTS. AS I SAID, THIS IS JUST A DRAFT, AND
8 WE'RE NOT CLOSE AT THIS POINT.

9 MR. SHEEHY: SHOULD WE JUST GO AHEAD AND VOTE
10 ON THIS?

11 MR. KLEIN: WE HAVE TO GET PUBLIC COMMENT.

12 CHAIRMAN DOMS: PUBLIC COMMENT.

13 MR. REED: DON REED. IT JUST SEEMS TO ME
14 LOGICAL THAT SINCE WE HAVE THE STRENGTH OF THE FOUR NEW
15 PEOPLE WHO ARE EXPERTS IN THIS AREA, IT WOULD BE A
16 MISTAKE NOT TO UTILIZE THAT STRENGTH. WE MUST NOT DENY
17 OURSELVES THE POWER THAT YOU BRING TO US.

18 CHAIRMAN DOMS: THANK YOU VERY MUCH. CALL
19 FOR THE QUESTION. ALL IN FAVOR. OPPOSED? PASSED
20 UNANIMOUSLY.

21 ON THIS SUBJECT, THEN, I THINK AT OUR NEXT
22 MEETING, WORKING WITH STAFF, WE'LL COME BACK WITH A
23 REVISED PROPOSAL ON THE REVIEW PROCESS. I THINK THIS
24 WAS A VERY, VERY GOOD AND VALUABLE DISCUSSION. WE MADE
25 A LOT OF PROGRESS. SO WE WILL HAVE SOMETHING TO

1 PRESENT AT THE NEXT MEETING.

2 LAST AGENDA ITEM BEFORE PUBLIC COMMENT IS
3 DISCUSSION OF THE BYLAWS. AGAIN, I WANT TO STRESS THAT
4 THIS IS FOR DRAFT. THIS IS A DRAFT. LET ME ASK JAMES
5 TO COVER THOSE.

6 MR. HARRISON: PROPOSITION 71 REQUIRES EACH
7 OF THE THREE WORKING GROUPS TO --

8 CHAIRMAN DOMS: COULD I JUST SAY ONE THING?
9 THE DRAFT IS IN YOUR MATERIALS BEHIND TAB 4. IF WE HAD
10 MORE TIME, I'D ASK YOU TO READ THEM. I'LL ADDRESS THAT
11 WHEN WE'RE CONCLUDING.

12 MR. HARRISON: AS I WAS SAYING, PROPOSITION
13 71 REQUIRES EACH OF THE THREE WORKING GROUPS TO PROPOSE
14 RULES AND PROCEDURES FOR ITS OPERATIONS TO THE ICOC.
15 STAFF HAS DRAFTED BYLAWS, WHICH ARE AT TAB 4, TO
16 ACCOMPLISH THAT PURPOSE FOR YOUR CONSIDERATION. WE'RE
17 NOT ASKING TO YOU APPROVE THEM TODAY. SO PLEASE READ
18 THEM AT YOUR LEISURE AND THINK ABOUT ANY MODIFICATIONS
19 YOU MAY WISH TO MAKE.

20 LET ME JUST BRIEFLY TAKE YOU THROUGH THEM AND
21 KIND OF HIT THE HIGHLIGHTS. THE BYLAWS DEFINE THE
22 FUNCTIONS OF THE WORKING GROUP, AND THEY'RE MODELED, AS
23 ZACH AND RUSTY SAID EARLIER, ON THE BYLAWS BOTH OF THE
24 STANDARDS WORKING GROUP AND THE RESEARCH FUNDING
25 WORKING GROUP. THEY SET FORTH IN SPECIFIC TERMS THE

1 FUNCTIONS OF THE WORKING GROUP, WHICH ARE BROADLY
2 DEFINED AS PROPOSING STANDARDS AND REQUIREMENTS FOR THE
3 EVALUATION OF GRANTS AND LOANS, AND THEN MAKING
4 RECOMMENDATIONS FOR PROCEDURES TO ENSURE THE PROPER
5 OVERSIGHT OF THE RECIPIENTS OF GRANTS AND LOANS.

6 THE BYLAWS ALSO DEFINE THE MEMBERSHIP OF THE
7 WORKING GROUP, WHICH, OF COURSE, HAS BEEN ESTABLISHED
8 BY STATUTE. ONE WRINKLE TO THAT IS THE BYLAWS PROVIDE
9 FOR THIS COMMITTEE TO RELY ON THE EXPERTISE OF
10 ALTERNATE OR AD HOC MEMBERS WHEN ADDITIONAL EXPERTISE
11 IS REQUIRED IN THE REVIEW OF GRANTS. THESE MEMBERS ARE
12 NONVOTING MEMBERS, BUT WOULD BE CALLED UPON TO ATTEND
13 MEETINGS TO PROVIDE EXPERTISE RELATED TO A SPECIFIC
14 SUBJECT.

15 THE BYLAWS, ALSO FOLLOWING THE ICOC'S LEAD,
16 PROVIDE FOR THE CHAIR OF THIS WORKING GROUP TO BE DRAWN
17 FROM AMONG THE FOUR REAL ESTATE MEMBERS AND THE VICE
18 CHAIR TO BE DRAWN FROM AMONG THE PATIENT ADVOCATE
19 MEMBERS OF THE WORKING GROUP, WITH A DIVISION OF LABOR
20 THAT IS SIMILAR TO THE DIVISION OF LABOR FOR THE
21 RESEARCH FUNDING GROUP, WHICH RUSTY HAS ALREADY
22 DESCRIBED TODAY.

23 THE BYLAWS ALSO PROVIDE THAT THIS GROUP IS
24 COVERED BY CONFLICT OF INTEREST POLICIES. FOR THE ICOC
25 MEMBERS, OF COURSE, THEY'RE COVERED BY CALIFORNIA

1 CONFLICT OF INTEREST LAWS. THE NON-ICOC MEMBERS OF THE
2 WORKING GROUP ARE COVERED BY A CONFLICT OF INTEREST
3 POLICY, WHICH HOPEFULLY YOU ALL HAVE, THAT WAS ADOPTED
4 BY THE ICOC.

5 AS WE DISCUSSED BRIEFLY EARLIER, THE BYLAWS
6 REQUIRE THAT THIS GROUP MEET IN OPEN SESSION EXCEPT
7 WHEN NECESSARY TO DISCUSS CERTAIN ITEMS. AND THOSE
8 INCLUDE CONFIDENTIAL REAL ESTATE NEGOTIATIONS, WHICH,
9 AS JEFF POINTED OUT, IS ALSO PERMISSIBLE UNDER THE
10 BAGLEY-KEENE ACT; CONFIDENTIAL INPUT REGARDING THE
11 SCIENTIFIC MERIT OF AN APPLICATION, AS WELL AS THE
12 SCIENTIFIC STRENGTH OF THE STEM CELL PROGRAM AT THE
13 INSTITUTION THAT'S APPLYING FOR A FACILITIES GRANT; AND
14 ANY OTHER MATTERS THAT ARE PERMISSIBLE TO BE DISCUSSED
15 IN CLOSED SESSION UNDER THE BAGLEY-KEENE OPEN MEETING
16 ACT, WHICH INCLUDES, FOR EXAMPLE, THE IDENTITY OF A
17 DONOR WHO WISHES TO REMAIN ANONYMOUS.

18 AND, FINALLY, THE BYLAWS PROVIDE THAT THIS
19 WORKING GROUP MAY RECOMMEND ADDITIONAL EXCEPTIONS TO
20 THE OPEN MEETING POLICY THAT YOU DETERMINE ARE
21 NECESSARY IN ORDER TO ACHIEVE YOUR OBJECTIVES. THAT
22 RECOMMENDATION FOR AN ADDITIONAL EXCEPTION WOULD HAVE
23 TO GO TO THE ICOC, AND THE ICOC WOULD HAVE TO PROVIDE
24 NOTICE TO THE PUBLIC AND THE LEGISLATURE, AND AGREE TO
25 THAT EXCEPTION BY A 70-PERCENT VOTE BASED ON AN

1 AGREEMENT THAT THE ICOC REACHED WITH THE LEGISLATURE
2 ABOUT ENSURING TRANSPARENCY.

3 WE'VE ALREADY DISCUSSED AT SOME LENGTH THE
4 PROCEDURES FOR RECOMMENDING GRANTS AND LOANS. SO I'M
5 NOT GOING TO COVER THOSE. AND OBVIOUSLY WE WILL MEET
6 AGAIN NEXT TIME TO CONSIDER REFINEMENTS TO THOSE
7 PROCEDURES. AND AS OUR CHAIR DESCRIBED EARLIER, THERE
8 ARE THREE CATEGORIES OF RECOMMENDATIONS THAT YOU CAN
9 MAKE: A RECOMMENDATION FOR FUNDING, A RECOMMENDATION
10 FOR FUNDING PENDING THE AVAILABILITY OF FUNDS, AND A
11 RECOMMENDATION THAT THE APPLICATION IS NOT SUFFICIENTLY
12 MERITORIOUS AT THIS TIME FOR FUNDING. WE'VE ALSO
13 INCLUDED A PROVISION WHICH AUTHORIZES YOU TO RECOMMEND
14 PARTIAL FUNDING OF AN APPLICATION.

15 THIS IS MODELED ON A PROVISION THAT'S ALSO
16 INCLUDED IN THE RESEARCH FUNDING WORKING GROUP'S
17 BYLAWS. AND AS RUSTY SAID, A MAJORITY OF A QUORUM OF
18 YOU MUST RECOMMEND FUNDING DECISIONS. IF THERE IS A
19 MINORITY GROUP OF 35 PERCENT OR MORE, THEIR
20 RECOMMENDATION ON A PARTICULAR APPLICATION WILL BE
21 FORWARDED TO THE ICOC.

22 FINALLY, TO THE EXTENT THERE ARE THINGS IN
23 THESE BYLAWS THAT OVER TIME YOU GROW TO DISLIKE, YOU
24 MAY RECOMMEND THAT THEY BE MODIFIED. AND THE ICOC WILL
25 TAKE THAT UNDER CONSIDERATION.

1 CHAIRMAN DOMS: OKAY. THANK YOU, JAMES.
2 QUESTIONS?

3 MS. SAMUELSON: I'VE GOT A COUPLE. I GUESS
4 THE FIRST ON THE LAST PAGE, FUNDING RECOMMENDATIONS, A
5 COMMENT. I'M WONDERING RATHER THAN HAVING IT
6 STRUCTURED AS IT IS WHERE THE WORKING GROUP MAY
7 RECOMMEND PARTIAL FUNDING OF AN APPLICATION, WHY NOT
8 JUST SEPARATE OUT THE BUDGET AND HAVE THIS COMMITTEE
9 RECOMMEND AN AMOUNT THAT IT MAKES SENSE TO FUND BECAUSE
10 WOULDN'T THAT BE THE NORMAL WAY THAT YOU WOULD DO YOUR
11 WORK? RATHER THAN HAVING THE --

12 CHAIRMAN DOMS: WE DON'T KNOW THE BUDGET.
13 THAT'S ONE OF THE -- WHAT WE'RE DOING IS SETTING THEM
14 UP IN TERMS OF PRIORITIES. AND IF WE KNEW HOW MUCH
15 MONEY WE HAD, THAT WOULD BE GREAT, AND MAYBE WE WILL AT
16 THAT TIME. WE CAN EVALUATE THEM ON THAT BASIS.

17 DR. HALL: I THINK IT'S INTENDED TO DO, JOAN,
18 WHAT YOU INDICATE; THAT IS, A FACILITIES GRANT WILL
19 COME IN AND SAY -- LET'S JUST SAY WE LOOK AT ONE WHERE
20 SOMEBODY COMES IN FOR 4,000 SQUARE FEET OF SPACE AND
21 HAS A RENOVATIONS COST FOR IT. AND I THINK WHAT THAT
22 GIVES YOU THE OPTION TO DO IS TO SAY, LOOK, YOU'VE ONLY
23 GOT X NUMBER OF PEOPLE THERE. AND JUDGED AGAINST THE
24 OTHER GRANTS, WE THINK -- AND YOU DON'T HAVE PLANS TO
25 GET MORE, WE THINK HALF THE SPACE WOULD BE FINE. AND

1 SO WE WILL SUGGEST THAT THE BUDGET BE REDUCED
2 ACCORDINGLY. AND WE SEND IT THE STAFF TO DO THE
3 FIGURES TO DO THAT. THAT'S OUR INTENT IS TO SAY WE
4 ONLY WANT TO FUND HALF OF THIS, AND WE'RE GOING TO GIVE
5 YOU LESS AMOUNT OF MONEY.

6 AND THE POINT IS THE REASON THAT'S IN THERE,
7 OTHERWISE IT'S AN UP-OR-DOWN VOTE, AND YOU MAY SAY THIS
8 IS VERY WORTHWHILE. IT JUST NEEDS TO BE SHRUNK A
9 LITTLE BIT. THAT'S THE IDEA IN THE TRAINING GRANTS.

10 MS. SAMUELSON: THAT'S ALL I'M SAYING.

11 CHAIRMAN DOMS: ANY OTHER COMMENTS?

12 MS. SAMUELSON: I GUESS ONE IS A QUESTION
13 ABOUT WHETHER THIS TRACKS THE INITIATIVE IN
14 REIMBURSEMENT AND PER DIEMS FOR THE PATIENT ADVOCATE
15 MEMBERS. THE TERMINOLOGY IS DIFFERENT, AND IT SEEMS TO
16 BE MORE NARROW THAN IN THE INITIATIVE. AND THAT'S OF
17 GREAT IMPORTANCE TO ME AND THE OTHER PATIENT ADVOCATES.
18 I DON'T KNOW THAT WE NEED TO TAKE THIS WORKING GROUP'S
19 TIME WITH THAT RIGHT NOW. I JUST WANTED TO POINT THAT
20 OUT.

21 CHAIRMAN DOMS: OKAY. THESE ARE, AGAIN, A
22 DRAFT. AND I THINK IF YOU MAKE ME AWARE OF THOSE
23 COMMENTS, I'LL WORK TO TRY TO STRAIGHTEN THEM OUT.

24 MS. SAMUELSON: AND THE FINAL ONE IS TO
25 CONSIDER ADHERING MORE TO THE INITIATIVE ON

1 BAGLEY-KEENE BECAUSE THERE MIGHT BE A PROCESS THAT
2 REALLY WORKS FOR THE WORK OF THIS WORKING GROUP THAT
3 USES THAT CLOSED SESSION CAPACITY WITHOUT HAVING TO BE
4 SO SPECIFIC ABOUT WHICH RATIONALE FOR THAT WE'RE USING
5 ON A GIVEN DAY. WE CAN PASS THOSE ALONG.

6 CHAIRMAN DOMS: OKAY. THANK YOU.

7 MR. KLEIN: I'D SPECIFICALLY LIKE TO DRAW OUR
8 COUNSEL'S ATTENTION TO THE POINT THAT WE HAVE ITEM NO.
9 6 AS CONFIDENTIAL FINANCIAL INFORMATION ABOUT THE
10 INSTITUTION. I THINK THAT THAT SHOULD BE A LITTLE MORE
11 BROADLY STATED BECAUSE WE CAN HAVE CONFIDENTIAL
12 FINANCING DISCUSSIONS THAT MAY BE NECESSARY BECAUSE AN
13 INSTITUTION, WE MAY THINK THAT IT NEEDS TO FINANCE MORE
14 AND GET LESS OF A GRANT FROM US, BUT WE DON'T KNOW THAT
15 THEY HAVE A COVENANT BASED ON SOME BANK LINE OR OTHER
16 PRIVATE FINANCIAL ARRANGEMENT IN INSTITUTIONS THAT
17 LIMITS THE AMOUNT OF OTHER FINANCING THEY CAN DO. AND
18 THEY MAY HAVE CONSTRAINTS WHERE THEY MAY NEED TO USE
19 CONTRIBUTIONS TO FUND CERTAIN RESERVES THAT THEY'VE
20 COMMITTED TO IN TERMS OF THEIR OVERALL FINANCIAL PLAN.

21 SO THERE'S -- I THINK THAT THERE IS A
22 POTENTIAL FOR HAVING TO HAVE CONFIDENTIAL FINANCING
23 DISCUSSIONS ABOUT THEIR APPLICATIONS. NOW, WHENEVER WE
24 HAVE A DISCUSSION OF THE ACTUAL APPLICATION FOR
25 APPROVAL, WHATEVER OUR FINANCING PLAN AND EQUITY

1 ARRANGEMENTS WILL BE COMPLETELY PUBLIC DISCUSSIONS, BUT
2 WE NEED TO BE ABLE TO HAVE DISCUSSIONS TO GET THE RIGHT
3 INFORMATION SO WE'RE NOT ASKING FOR SOMETHING THAT'S
4 TECHNICALLY IMPOSSIBLE OR OTHER COMMITMENTS MAY NOT BE
5 SOMETHING THEY CAN DO.

6 CHAIRMAN DOMS: I THINK THAT'S AN EXCELLENT
7 POINT, PARTICULARLY IF WE'RE GOING TO MOVE TOWARDS THE
8 NEGOTIATION STANCE WITH THESE INSTITUTIONS. THEY MAY
9 BE REQUIRED TO GIVE US SOME INFORMATION THAT WE
10 CERTAINLY WOULDN'T WANT IN THE PUBLIC RECORD. AND I
11 THINK WITHOUT DOING THAT, BOB, IT WOULD SORT OF -- IT
12 COULD TIE OUR HANDS IN OUR DISCUSSIONS WITH THESE
13 APPLICANTS.

14 ANY OTHER QUESTIONS? WE WILL TAKE ANOTHER
15 CRACK AT THE BYLAWS AND PRESENT THEM AT THE NEXT
16 MEETING.

17 AT THIS POINT, I'D LIKE TO ASK FOR ANY PUBLIC
18 COMMENT.

19 MR. REED: I HAVE TWO POINTS. NO. 1, SCNT
20 WAS MENTIONED EARLIER, SOMATIC CELL NUCLEAR TRANSFER.
21 I THINK IT'S IMPORTANT TO REMEMBER THAT THIS IS NOT
22 SOMETHING WHICH IS PERIPHERAL. IT'S CENTRAL TO OUR
23 ENDEAVOR. WE HAVE MUST HAVE IT.

24 SECONDLY, IT IS BACKED UP BY EVERYBODY WHO
25 KNOWS ANYTHING ABOUT THE SUBJECT. SOMATIC CELL NUCLEAR

1 TRANSFER IS SUPPORTED BY THE AMERICAN MEDICAL
2 ASSOCIATION, NATIONAL ACADEMY OF SCIENCE, THE
3 ASSOCIATION OF AMERICAN UNIVERSITIES, AND EVERY MAJOR
4 SCIENTIFIC, EDUCATIONAL, AND MEDICAL ORGANIZATION WHICH
5 HAS TAKEN A POSITION ON IT. THE OPPOSITION IS PURELY
6 POLITICAL AND RELIGIOUS.

7 SECONDLY, WE'D LIKE TO, JUST ON BEHALF OF
8 PEOPLE WHO ARE SUFFERING, THANK YOU SO MUCH FOR YOUR
9 INVOLVEMENT IN THIS GROUP. I THINK YOU WILL FIND AS
10 YOU GO THROUGH THE INCREDIBLE AMOUNTS OF WORK THAT WILL
11 BE DEMANDED OF YOU FOR ALMOST NO MONEY, THAT AT LEAST
12 YOU HAVE THE CONSOLATION KNOWING THAT YOU'RE NOT
13 FIGHTING ALONE. IT'S BEEN A JOY TO WATCH THE PEOPLE
14 THAT WORK ON THESE COMMITTEES. THEY ARE AT THE TOPS OF
15 THEIR FIELD.

16 I HAVE TO TELL A STORY ABOUT SHERRY LANSING
17 SINCE SHE'S NOT HERE TO DEFEND HERSELF. I AM MOVIE
18 STRUCK. I LOVE MOVIES. AND, OF COURSE, I KNEW WHO
19 SHERRY LANSING WAS. AND SHE WAS THE PRESIDENT OF
20 PARAMOUNT MOTION PICTURE STUDIOS. I HAD TO ASK HOW CAN
21 YOU, THE HEAD OF THIS POWERFUL BUSY ORGANIZATION, SHE
22 DID THE MOVIE TITANIC, FOR INSTANCE, HOW CAN YOU
23 JUSTIFY THE TIME TO WORK ON THIS PARTICULAR ASSIGNMENT?
24 AND SHE SAID, "IT IS THE MOST IMPORTANT THING IN MY
25 LIFE." I BELIEVE YOU ALL FEEL THAT WAY. THANK YOU

1 VERY MUCH.

2 CHAIRMAN DOMS: THANK YOU. I'VE HAD THE
3 OPPORTUNITY OF LISTENING TO YOU SPEAK AT THE SCIENTIFIC
4 CONFERENCE WITH YOUR COMMENTS AND APPRECIATE THEM VERY
5 MUCH. TOO BAD THERE ARE NOT A LOT MORE PEOPLE LIKE YOU
6 WHO SUPPORT US AND HELP US WITH WHAT WE'RE TRYING TO
7 ACHIEVE HERE. SO THANK YOU VERY MUCH.

8 MR. REED: THERE'S A LOT. I'M JUST NOISY.

9 CHAIRMAN DOMS: BEFORE WE WRAP UP, I'D LIKE
10 TO SUMMARIZE A FEW POINTS AS TO WHERE THIS COMMITTEE IS
11 GOING. BOB MENTIONED THE INVENTORY OF SPACE AT VARIOUS
12 INSTITUTIONS. I THINK THAT IS SOMETHING THAT WE COULD
13 WORK WITH ON STAFF AND WORK TO GET THAT OUT AS QUICKLY
14 AS WE CAN, BOB. AND WE'LL BE GLAD TO DO ANYTHING WE
15 CAN TO HELP. I DO THINK THAT'S IMPORTANT, AND IT'S
16 TIMELY.

17 WE'VE TALKED ABOUT THE REVIEW PROCEDURES IN
18 SOME DETAIL, AND I APPRECIATE ALL THE COMMENTS FROM
19 MEMBERS OF THE COMMITTEE, AND WE'LL COME BACK WITH
20 SOMETHING THAT CERTAINLY WON'T BE PERFECT, BUT WILL BE
21 HOPEFULLY MUCH BETTER STRUCTURED IN TERMS OF MEETING
22 THE DESIRES OF THE COMMITTEE FOR DISCUSSION AT THE NEXT
23 MEETING.

24 THE CRITERIA, WE'LL BEGIN TO WORK ON THAT.
25 WE'VE TALKED ABOUT THE PROCESS. NOW WE NEED TO WORK ON

1 WHAT ARE WE GOING TO ASK THESE PEOPLE IN TERMS OF THE
2 APPLICATION, AND THAT'S GOING TO BE, I THINK, A
3 COLLABORATIVE EFFORT BETWEEN -- WE NEED ARLENE'S INPUT
4 ON THE SCIENTIFIC SIDE. AND SO WE'LL WORK ON
5 DEVELOPING THAT. WE'LL HAVE A FIRST DRAFT AT OUR NEXT
6 MEETING ON THAT SUBJECT.

7 THE WHOLE ACCOUNTING ISSUE IS SOMETHING THAT
8 WE'LL TALK ABOUT WITH STAFF, THE ALLOCATION ISSUE, THE
9 NIH AND --

10 DR. HALL: I HEAR A LOT OF THE STAFF WORK
11 COMING UP HERE, RUSTY. I JUST WANT TO CHECK WITH YOU.
12 I THINK UNTIL WE GET OUR NEW FUNDS, I THINK WE'RE GOING
13 TO BE VERY STRAPPED FOR STAFF WORK. I THINK WE'RE
14 GOING TO HAVE TO BE VERY CAREFUL ABOUT THE OBLIGATIONS.
15 WE CAN WORK AT A CERTAIN SPEED, BUT WE JUST NEED TO BE
16 VERY CLEAR --

17 CHAIRMAN DOMS: YOU KNOW, I APPRECIATE THAT,
18 ZACH. I KNOW MELISSA WILL HAVE SOME WORDS FOR ME AFTER
19 THIS MEETING.

20 LET ME PRIORITIZE IT THEN. I THINK THE
21 INVENTORY OF SPACE IS --

22 DR. HALL: NOW, WE HAD TALKED BEFORE ABOUT
23 THAT BEING PART OF -- ESSENTIALLY PART OF THE RFA, THAT
24 WE ASK WHAT SPACE THEY HAVE AVAILABLE.

25 CHAIRMAN DOMS: I THINK BOB WAS SAYING HE

1 THINKS --

2 MR. KLEIN: IN ORDER TO GET OUT THERE BEFORE
3 WE SEND OUT AN RFA SO WE KNOW WHERE WE'RE AT ON THE
4 PLANET, UNDERSTANDING THE CONSTRAINTS ON ZACH'S STAFF,
5 A BOARD RESOLUTION, I CAN USE BOARD STAFF TO GET THAT
6 OUT AND GET THE INFORMATION BACK TO THE SCIENTIFIC
7 STAFF AND TO THIS COMMITTEE.

8 DR. HALL: BOB, I THINK WE'RE GOING TO NEED
9 TO DISCUSS THAT.

10 MR. KLEIN: OKAY.

11 CHAIRMAN DOMS: IT WILL BE DISCUSSED BETWEEN
12 ZACH AND BOB. THESE ARE THE REVIEW PROCEDURES, I'LL
13 SPEND SOME TIME ON THAT. AND TO THE EXTENT STAFF HAS
14 TIME, I WOULD LIKE TO TRY TO HAVE SOMETHING NEXT TIME.

15 THE CRITERIA, WE CAN BEGIN TO DEVELOP THAT.
16 I CAN WORK WITH THE REAL ESTATE COMMITTEE -- MEMBERS OF
17 THE -- REAL ESTATE MEMBERS OF THE FACILITIES COMMITTEE
18 ON THAT.

19 IN TERMS OF MEETINGS, WE'LL TRY TO PUT AS
20 MUCH MATERIAL AS POSSIBLE, GIVE THAT TO YOU PRIOR TO
21 THE MEETING.

22 DR. HALL: LET ME JUST ASK A SCHEDULE
23 QUESTION. WE COULD HAVE OUT -- WE COULD HAVE, IF WE
24 ARE ABLE TO GET \$100 MILLION IN JANUARY, BY JANUARY, WE
25 COULD HAVE AN RFA OUT FOR THE SHARED SPACE FACILITY, I

1 THINK, SOMETIME IN MARCH. DOES THAT GIVE US TIME NOW
2 TO HAVE A SURVEY TO WRITE UP AND PREPARE SOMETHING,
3 SEND IT OUT, GET IT BACK, HAVE IT DIGESTED THROUGH THIS
4 COMMITTEE, HAVE IT INFORM WHAT WE ASK? I'M JUST NOT
5 CLEAR THAT'S IT -- IN FACT, I'M CONCERNED THAT IT MAY
6 HAVE THE UNINTENDED EFFECT OF DELAYING THE RFA.

7 MR. SERRANO-SEWELL: ZACH, LET ME SEE IF I
8 UNDERSTAND THIS. WE'RE GOING TO SEND OUT THIS LETTER.
9 EVERYBODY UNDERSTANDS IT'S AN INVENTORY. THERE'S BEEN
10 DISCUSSIONS. WE HAVE NOTES. THERE'S A BOARD
11 RESOLUTION TO THAT EFFECT, SO IT'S SOMETHING THAT WE
12 NEED TO DO.

13 DR. HALL: IT'S NOT A BOARD RESOLUTION.

14 MR. KLEIN: YES, THERE IS.

15 DR. HALL: NO, I'M SORRY, BOB. THERE'S A
16 BOARD RESOLUTION FOR CASE STUDIES.

17 MR. KLEIN: THERE'S A BOARD RESOLUTION FOR AN
18 INVENTORY THAT MIGHT LEAD TO A CASE STUDY. IN THIS
19 CASE, WE CAN EASILY AND QUICKLY IMPLEMENT THE PORTION
20 THAT IS AN INVENTORY OF SPACE AND ASK QUESTIONS ON
21 PROJECTS THAT ARE IN PROCESS. SINCE I SPONSORED THE
22 RESOLUTION, I'M WELL INFORMED ON ITS CONTENT.

23 WE DON'T NEED TO IMPLEMENT THE CASE STUDY
24 PORTION OF THAT AT THIS TIME.

25 DR. HALL: WELL, THE QUESTION IS WHEN IT

1 HAPPENS, AND I GUESS WE HAD DISCUSSIONS BEFORE,
2 DISCUSSED AT LEAST THE POSSIBILITY OF HAVING IT AS PART
3 OF THE RFA.

4 CHAIRMAN DOMS: WE DID HAVE THOSE
5 DISCUSSIONS. YOU'RE RIGHT, ZACH.

6 DR. HALL: WHICH SAY IF YOU ARE INTERESTED IN
7 THIS, WE NEED TO KNOW WHAT OTHER SPACE YOU HAVE. AND
8 THE ADVANTAGE OF THAT IS THERE'S SOME INCENTIVE FOR THE
9 INSTITUTIONS IN DOING THIS. I'M CONCERNED -- I DON'T
10 KNOW -- JUST AS WE PLAY IT, IT SEEMS TO ME I'M AFRAID
11 BY THE TIME WE SEND THIS OUT, PEOPLE ARE THEN GOING TO
12 SAY ARE WE REQUIRED TO DO THIS? ON WHAT TIME SCALE?
13 HOW LONG DOES IT TAKE? WHAT ARE THE REASONS FOR DOING
14 THIS? I THINK WITH OUR INSTITUTIONS, WE'RE GOING TO
15 HAVE A LOT OF EXPLAINING TO DO. AND THEN IT COMES --
16 ALL THE STUFF COMES BACK IN, AND THEN IF WE'RE GOING TO
17 WAIT ON THE RFA TO DIGEST ALL THAT INFORMATION, THEN I
18 THINK IT'S NOT CLEAR TO ME. IT SEEMS TO ME IT WOULD BE
19 CONSISTENT WITH THE BOARD RESOLUTION, IF IT WAS PART OF
20 IT, THAT THIS WOULD BE AS PART OF THE RFA.

21 MR. SERRANO-SEWELL: ZACH, MY OWN THOUGHT IS
22 I DIDN'T SEE THIS LETTER CONTINGENT ON THE SHARED SPACE
23 RFA. YOU'VE GIVEN US A REALLY EXCELLENT STARTING POINT
24 FOR THE SHARED SPACE RFA. WHAT THOSE ISSUES ARE,
25 YOU'VE NARROWED THEM VERY WELL, SO WE HAVE A SENSE OF

1 WHAT THE CRITERIA EMBODIED IN THE RFA MIGHT LOOK LIKE
2 ALREADY WITH SOME REFINEMENTS, OF COURSE. SO I DON'T
3 SEE THIS LETTER, THIS INVENTORY LETTER, WHATEVER, BEING
4 CONTINGENT ON ONE ANOTHER. WE CAN DO THE LETTER AND WE
5 CAN DO THE RFA.

6 DR. HALL: INDEPENDENTLY?

7 MR. SERRANO-SEWELL: YES. THAT'S HOW I SEE
8 IT.

9 MR. KLEIN: I'D LIKE TO ALSO POINT OUT I'M
10 NOT AWARE OF A SOURCE OF \$100 MILLION BY JANUARY. SO
11 THE INTENT HERE IS WITH THE INVENTORY, WE HAVE
12 INFORMATION THAT THIS COMMITTEE AND THE STAFF CAN MAKE
13 STRATEGIC DECISIONS THAT MAY HELP IN FORMULATING THE
14 RFA. IT'S ALWAYS BETTER TO OPERATE IN THE CONTEXT OF
15 AS MUCH INFORMATION AS POSSIBLE, BUT I HAVE NO
16 INTENTION THAT THIS INVENTORY PREVIOUSLY APPROVED BY
17 BOARD RESOLUTION SHOULD SLOW DOWN ANYTHING YOU WANT TO
18 DO WITH AN RFA.

19 DR. HALL: IF WE HAVE SOME DIRECTION THEN
20 FROM THE WORKING GROUP ABOUT WHAT INSTITUTIONS THAT
21 THIS SHOULD BE DIRECTED TO, ABOUT WHETHER IT SHOULD
22 INCLUDE PRIVATE SPACE AS WELL, WHAT THE SCOPE OF IT
23 SHOULD BE, HOW THIS SHOULD WORK OUT?

24 CHAIRMAN DOMS: YOU'RE --

25 DR. HALL: IF WE'RE REALLY GOING TO HAVE A

1 SURVEY, I'M SORRY, I CAME TO THIS MEETING UNPREPARED
2 THAT THEY WERE GOING TO DO IT IN THIS WAY. IF WE HAVE
3 A CHARGE, I NEED TO KNOW WHAT IT IS, AND I NEED TO GET
4 SOME DIRECTION FROM THE SUBCOMMITTEE THEN ABOUT HOW
5 COMPREHENSIVE? WHAT EXACTLY DO WE ASK FOR? IS IT THE
6 NIH-FREE SPACE? IS IT FREE SPACE FOR STEM CELL WORK?
7 DOES IT INCLUDE CAPITAL EQUIPMENT? DOES IT INCLUDE
8 SPACE? EXACTLY WHAT ARE WE BEING ASKED? I JUST NEED
9 TO KNOW THAT.

10 MR. KLEIN: THIS WAS DISCUSSION WITH THE
11 BOARD SUBCOMMITTEE THAT CREATED THIS FACILITIES GROUP,
12 AND CERTAINLY I CAN GO OVER AND GIVE YOU THAT
13 INFORMATION. WHAT HAS BEEN SUGGESTED HERE TODAY, WHICH
14 IS VERY HELPFUL, AND I THINK THE BOARD SUBCOMMITTEE,
15 NOR THE BOARD HAD REALLY THOUGHT THROUGH, WAS THAT THAT
16 SURVEY SHOULD INCLUDE PRIVATE SPACE. AS DAVID SAYS,
17 THERE COULD BE SOME SIGNIFICANT POSSIBILITIES THERE,
18 THAT IN COLLECTING INFORMATION THAT'S AVAILABLE.

19 BUT MY SUGGESTION IS THAT A DRAFT CAN BE
20 DONE, AND IT COULD BE CIRCULARIZED BY JUST FOR COMMENT
21 ON THE DRAFT TO IMPLEMENT THIS, MAKING SURE NOTHING IS
22 FORGOTTEN, NOT ONLY WITH THE STAFF'S REVIEW OF THIS
23 DRAFT, BUT THIS COMMITTEE'S REVIEW OF THAT DRAFT TO
24 MAKE SURE WE INCORPORATE WHAT WAS IN THE RESOLUTION AS
25 WELL AS THE GREAT IDEAS THAT CAME OUT OF THIS MEETING.

1 CHAIRMAN DOMS: I THINK ZACH'S POINT IS WHO'S
2 GOING TO DO THE DRAFT.

3 DR. HALL: MY SUGGESTION WOULD BE IF WE WANT
4 TO DO THIS, IT'S REALLY UNCLEAR TO ME, I WOULD SUGGEST
5 THAT THERE BE A DRAFT THAT COMES BACK TO A SECOND
6 COMMITTEE OF THIS SUBCOMMITTEE, WHICH THEN DISCUSSES
7 EXACTLY WHAT YOU WANT TO GET OUT OF IT, WHAT
8 INFORMATION YOU WANT, REALLY HAVE A DISCUSSION BECAUSE
9 IT WILL BE A LOT OF WORK FOR UNIVERSITIES. IF IT ALL
10 COMES IN, IT'S GOT TO BE COLLATED IN SOME WAY. YOU MAY
11 HAVE REPORTS FROM, DEPENDING ON HOW YOU DO IT, AS MANY
12 AS 50 DIFFERENT INSTITUTIONS. AND I JUST WANT TO BE
13 SURE BEFORE WE COMMIT TO THIS AND ASK US TO DO THE WORK
14 THAT WE KNOW WHAT EXACTLY WHAT WE'RE DOING AND IT'S
15 BEEN DISCUSSED IN THE SUBCOMMITTEE SO THAT WE KNOW WHAT
16 THE PURPOSE IS, WHAT THE LIMITS ARE. AND I WOULD
17 SUGGEST A DRAFT THAT COMES BACK TO THE SUBCOMMITTEE
18 THEN TO DISCUSS.

19 MR. SHEEHY: I WONDER IF THE CHAIR MIGHT BE
20 WILLING TO SEE IF THERE MIGHT BE SOME VOLUNTEERS ON
21 THIS COMMITTEE TO MAKE A SUBCOMMITTEE THAT WOULD WORK
22 WITH ZACH ON THIS ISSUE SO THAT WE DON'T HAVE TO
23 CONVENE A WHOLE OTHER MEETING FOR THIS. IF THERE'S
24 SOME WILLINGNESS FOR SOME FOLKS HERE TO WORK WITH ZACH
25 ON THIS, AND THEN WE CAN KIND OF PUT THIS ISSUE TO

1 REST.

2 CHAIRMAN DOMS: THAT'S A GOOD POINT.

3 MR. LICHTENGER: I'D BE WILLING TO VOLUNTEER
4 TO WORK ON THE SUBCOMMITTEE WITH ZACH ON THIS ISSUE.

5 CHAIRMAN DOMS: I'M ASSUMING YOU WOULD, JEFF.

6 MR. SHEEHY: I WAS TRYING NOT TO BE ON.
7 THAT'S WHY I SAID VOLUNTEERS, BUT IF NEED BE.

8 MR. KLEIN: SINCE IT'S A BOARD RESOLUTION AND
9 SINCE THE ORIGINAL CONTENT OF THE LETTER I WORKED OUT
10 WITH DR. FRIEDMAN FROM CITY OF HOPE, I'LL SERVE ON THIS
11 COMMITTEE AND COMMIT BOARD STAFF TO IMPLEMENT THIS
12 AFTER WE'VE GOTTEN SOME CONCURRENCE ON IT.

13 MR. SHEEHY: I'D BE HAPPY TO PARTICIPATE, IF
14 YOU DON'T ASK TOO MUCH.

15 CHAIRMAN DOMS: I WILL BE HAPPY TO WORK ON
16 IT.

17 MR. SERRANO-SEWELL: WE'LL DELEGATE TO THE
18 CHAIR OF THIS WORKING GROUP THE ASSIGNMENT OF POLLING
19 THE MEMBERS, GETTING THE VOLUNTEERS TOGETHER, AND
20 WORKING WITH ZACH. YOU GET TO DO THAT.

21 CHAIRMAN DOMS: THANK YOU, DAVID. OKAY.
22 WE'LL BRING THIS TO A CONCLUSION. AND, ZACH, I WANT TO
23 COMMENT THAT NOW THAT I LOOK AT MY LIST, THERE WERE A
24 LOT OF THINGS THERE. AND I KNOW VERY WELL HOW HARD
25 YOUR STAFF WORKS. AND MELISSA IS JUST -- I'M SURE

1 OTHER PEOPLE HAVE GONE ABOVE AND BEYOND THE CALL OF
2 DUTY JUST TO GET READY FOR THIS MEETING, SO WE'LL WORK
3 ON THE INVENTORY LETTER. I'D ALSO -- I'LL TAKE THE
4 RESPONSIBILITY OF TRYING TO PUT TOGETHER THE OUTLINE OF
5 REVIEW PROCEDURES AND CRITERIA AND THOSE OTHER ISSUES.

6 DR. HALL: LET ME MAKE A LONG-TERM REMARK, IF
7 I MAY, RUSTY, AND THAT IS WE DIDN'T TALK ABOUT IT AT
8 THE MEETING. IT CAME UP IN SEVERAL OF OUR PHONE CALLS.
9 AND THAT IS, OUR OBJECT IN THE LONG RUN IS TO HAVE A
10 STAFF PERSON FOR THIS COMMITTEE THAT WOULD BE
11 EXPERIENCED IN CONSTRUCTION AND SPACE AND THESE MATTERS
12 THAT COULD WORK ON THINGS LIKE THIS. AND WE ARE
13 CONSTRAINED FROM HAVING A PERSON WITH SUCH EXPERTISE ON
14 OUR STAFF BECAUSE OF OUR BUDGET CONSTRAINTS.

15 MELISSA, BOB HAS VERY GENEROUSLY LET MELISSA
16 HAVE SOME OF HER TIME WORKING ON THIS COMMITTEE, WHICH
17 HAS BEEN VERY GOOD. AND AS YOU KNOW, SHE'S DONE A
18 TERRIFIC JOB. IN ACTUAL FACT, WE DON'T HAVE ANYBODY ON
19 OUR STAFF NOW THAT HAS THE KIND OF EXPERTISE. I HOPE
20 WE WILL HAVE AT SOME POINT.

21 ONE OF THE POINTS HAS BEEN TO WAIT AND SEE,
22 AS THIS COMMITTEE HAS DEVELOPED, WHAT KIND OF PERSON WE
23 NEED AND WHAT KIND OF EXPERTISE WE NEED. I HOPE AS
24 SOON AS WE ARE ABLE TO GET OUR FINANCIAL AFFAIRS IN
25 ORDER, THAT WE WILL BE ABLE TO HIRE A PERSON WHO WILL

1 GIVE FIRST-RATE TECHNICAL EXPERTISE TO THE COMMITTEE AS
2 WELL AS THE VERY GOOD ORGANIZATIONAL EXPERTISE THAT
3 MELISSA HAS GIVEN.

4 CHAIRMAN DOMS: I HOPE SO TOO. OKAY. ANY
5 OTHER QUESTIONS, COMMENTS?

6 MR. KASHIAN: I HAVE AN UNRELATED QUESTION.
7 ASK COUNSEL HIS GUESS, IF YOU WILL, ABOUT THE LENGTH OF
8 TIME IT WOULD TAKE TO GO THROUGH THE JUDICIAL
9 VALIDATION PROCESS. COUNSEL, I'D LIKE TO KNOW YOUR
10 GUESS AS TO THE LENGTH OF TIME IT WOULD TAKE TO GET
11 THROUGH THIS JUDICIAL VALIDATION PROCESS THAT WE'RE IN.
12 AND IF IT'S REQUIRED TO GO INTO THE FEDERAL COURTS AS
13 WELL AS THE STATE COURTS.

14 MR. HARRISON: LET ME ANSWER THAT IN TWO
15 DIFFERENT WAYS. THE ONLY ACTION PENDING CURRENTLY, AS
16 BOB POINTED OUT, IS THE CONSOLIDATED STATE COURT
17 ACTION. ON NOVEMBER 17TH THE ALAMEDA SUPERIOR COURT
18 WILL HEAR A MOTION THAT WE'VE BROUGHT ON BEHALF OF THE
19 STATE DEFENDANTS TO DISMISS THE CASE. IF WE ARE
20 SUCCESSFUL IN CONVINCING THE COURT THAT THERE'S NO NEED
21 FOR DISCOVERY AND A LENGTHY EVIDENTIARY TRIAL AND THAT
22 SHE CAN RULE ON THE LEGAL ISSUES NOW, THEN UNDER OUR
23 BEST-CASE SCENARIO, IT WOULD PROBABLY TAKE AT LEAST A
24 YEAR FROM THEN TO GET THROUGH THE APPELLATE COURT
25 PROCESS AND COME TO A FINAL CONCLUSION.

1 IF ON NOVEMBER 17TH THE COURT DETERMINES THAT
2 IT'S NECESSARY TO UNDERTAKE DISCOVERY AND TO HOLD A
3 TRIAL PRIOR TO REACHING A CONCLUSION ON THE MERITS,
4 THEN IT COULD BE A SIGNIFICANTLY LONGER PERIOD OF TIME.

5 WITH RESPECT TO THE FEDERAL COURT LITIGATION,
6 IT WILL IN ALL LIKELIHOOD BE REFILED, BUT IT DOESN'T
7 PREVENT THE STATE FROM ISSUING BONDS. SO THOUGH WE'RE
8 CONCERNED ABOUT IT ON THE MERITS, WE'RE NOT CONCERNED
9 ABOUT IT FROM THE STANDPOINT OF IT HOLDING UP THE
10 FUNDING OF THE PROGRAM.

11 MR. KASHIAN: THANK YOU.

12 CHAIRMAN DOMS: COMMENTS OR QUESTIONS? THANK
13 YOU ALL VERY MUCH.

14 (THE MEETING WAS THEN CONCLUDED AT 12:40 P.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE SCIENTIFIC AND MEDICAL RESEARCH FACILITIES WORKING GROUP OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

GRAND HYATT AT UNION SQUARE
345 STOCKTON STREET, BALLROOM EAST
SAN FRANCISCO, CALIFORNIA

ON
FRIDAY, OCTOBER 28, 2005

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

BETH C. DRAIN, CSR 7152
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