

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: TUESDAY, OCTOBER 12, 2010  
1 P.M.

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

BRS FILE NO.: 88458

## BARRISTERS' REPORTING SERVICE

### I N D E X

ITEM	DESCRIPTION	PAGE NO.
	CALL TO ORDER	3
	ROLL CALL	3
3.	CONSIDERATION OF AMENDMENTS TO AND ADOPTION OF LOAN ADMINISTRATION POLICY.	12
4.	CONSIDERATION OF STRATEGIC FINANCIAL PLAN PROJECTED CASH FLOWS.	45
5.	CONSIDERATION OF PROPOSAL FOR CIRM-FUNDED ELECTRONIC JOURNAL.	32
6.	CONSIDERATION OF LOAN APPLICATION FOR EARLY TRANSLATIONAL II RESEARCH AWARD.	5
7.	CONSIDERATION OF CONFIDENTIAL OR PROPRIETARY FINANCIAL INFORMATION RELATING APPLICATIONS FOR EARLY TRANSLATIONAL II RESEARCH AWARDS.	NOT HEARD
8.	PUBLIC COMMENT.	NONE

**BARRISTERS' REPORTING SERVICE**

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TUESDAY, OCTOBER 12, 2010

1 P.M.

CHAIRMAN GOLDBERG: I'D LIKE TO CALL THE MEETING TO ORDER. WELCOME TO EVERYONE. SO ROLL CALL.

MS. KING: ROBERT BIRGENEAU. FLOYD BLOOM.

DR. BLOOM: HERE.

MS. KING: MARCY FEIT. MICHAEL GOLDBERG.

CHAIRMAN GOLDBERG: HERE.

MS. KING: BOB KLEIN.

CHAIRMAN KLEIN: HERE.

MS. KING: TED LOVE. ED PENHOET. PHIL PIZZO. DUANE ROTH.

MR. ROTH: HERE.

MS. KING: DAVID SERRANO-SEWELL. JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. KING: OSWALD STEWARD. ART TORRES.

MR. TORRES: HERE.

CHAIRMAN GOLDBERG: SO WE'VE GOT A QUORUM?

MS. KING: WE ACTUALLY DON'T HAVE A QUORUM. WE WILL WHEN WE HAVE ALL THREE OF THOSE PEOPLE: DUANE, DAVID SERRANO-SEWELL, AND DR. PIZZO -- I'M SORRY -- DR. PIZZO, DAVID

## BARRISTERS' REPORTING SERVICE

1 SERRANO-SEWELL, AND OSSIE JOIN US. SO THIS WAS A  
2 MEETING THAT WE CHANGED THE DATE OF SEVERAL TIMES,  
3 SO THE QUORUM IS JUST A QUORUM WHEN WE GET EVERYBODY  
4 ON THE LINE.

5 CHAIRMAN GOLDBERG: ONE OF THE THINGS THAT  
6 WE COULD DO IF MEMBERS ARE AGREEABLE IS ONE OF THE  
7 ITEMS IS AN INFORMATIONAL ITEM HAVING TO DO WITH THE  
8 CIRM-FUNDED ELECTRONIC JOURNAL. DOESN'T REQUIRE A  
9 VOTE OR A RECOMMENDATION, JUST INFORMATION FOR THE  
10 COMMITTEE. I'M PROPOSING SO WE CAN MAKE SOME  
11 PROGRESS ON THE AGENDA, GIVEN THAT THERE'S SOME  
12 THINGS THAT WE WANT TO COVER TODAY, THAT WE START  
13 WITH A DISCUSSION OF THE CIRM-FUNDED ELECTRONIC  
14 JOURNAL SINCE THAT'S AN INFORMATIONAL ITEM AND  
15 DOESN'T REQUIRE A VOTE. IS ANYONE DISAGREEABLE TO  
16 THAT?

17 MR. SHEEHY: IT DOESN'T REQUIRE A VOTE?

18 MS. KING: IT WILL REQUIRE A VOTE. WHAT  
19 WILL HAPPEN IS THIS IS A REPORT BACK TO THE  
20 SUBCOMMITTEE. THAT'S WHAT THIS SUBCOMMITTEE ASKED  
21 FOR. AND THEN WHAT WILL REQUIRE A VOTE OF THE BOARD  
22 IS WHEN THE STAFF HAS SELECTED SOMEONE THROUGH THE  
23 RFP PROCESS THAT THEY WANTED TO HIRE TO DO THIS, THE  
24 BOARD COULD VOTE ON THAT.

25 CHAIRMAN GOLDBERG: SO IT'S MY

## BARRISTERS' REPORTING SERVICE

1 UNDERSTANDING THAT WHAT WE HAVE IS A BUDGET-APPROVED  
2 AMOUNT. IT'S BEEN APPROVED. AND THAT THIS IS AN  
3 UPDATE FROM THE PRESIDENT.

4 MR. SHEEHY: I THOUGHT WE DIDN'T APPROVE  
5 THAT BUDGET. I DON'T REMEMBER.

6 MR. HARRISON: MAYBE I CAN HELP CLARIFY  
7 THIS. YOU ARE CORRECT, THAT THE BUDGET DID INCLUDE  
8 AN ALLOCATION FOR THIS MATERIAL. HOWEVER, I BELIEVE  
9 THAT THE BOARD'S DIRECTION WAS THAT THE MATTER  
10 SHOULD BE BROUGHT TO THE FINANCE SUBCOMMITTEE FOR  
11 APPROVAL TO PROCEED WITH AN RFP. AND THEN  
12 ULTIMATELY THE CONTRACTOR THAT WAS SELECTED WOULD BE  
13 BROUGHT TO THE BOARD FOR ITS APPROVAL.

14 MS. KING: WHICH IS WHY IT'S ON HERE AS A  
15 CONSIDERATION ITEM. THAT'S RIGHT. I THINK MICHAEL  
16 AND I BOTH WERE BOTH MISREADING IT. SO IT IS A  
17 CONSIDERATION ITEM. THE SUBCOMMITTEE IS SUPPOSED TO  
18 VOTE ON WHETHER THE RFP IS ACCEPTABLE.

19 CHAIRMAN GOLDBERG: IF THAT'S THE CASE,  
20 WE'VE GOT TO WAIT FOR A QUORUM.

21 ARE THERE ANY OTHER ITEMS THAT DON'T  
22 REQUIRE A QUORUM HERE? CONSIDERATION, ITEM NO. 6,  
23 WHY DON'T WE MAKE PROGRESS ON THAT? I'LL TURN THE  
24 MEETING OVER TO DR. ROBSON TO DISCUSS ITEM NO. 6.

25 DR. ROBSON: OKAY. THIS IS RELATED TO AN

## BARRISTERS' REPORTING SERVICE

1 APPLICATION THAT IS PART OF THE EARLY TRANSLATION  
2 RFA THAT WILL GO TO THE ICOC IN OCTOBER. THIS IS AN  
3 APPLICATION FOR A LOAN.

4 GIVE YOU A LITTLE BACKGROUND. WE'VE GIVEN  
5 OUT -- TO REMIND YOU, WE'VE GIVEN OUT ONE LOAN IN  
6 THE PAST TO ONE OF THE DISEASE TEAMS. THAT WENT TO  
7 NOVOCELL, NOW VIACYTE. AT THAT TIME THERE WERE TWO  
8 TYPES OF LOANS. THERE WAS A RECOURSE LOAN OR A  
9 NONRECOURSE LOAN, BUT THE ELIGIBILITY CRITERIA THAT  
10 WE HAD FOR THOSE TWO WAS NOT TOTALLY OBJECTIVE. AND  
11 FOR THIS REASON THE FINANCE SUBCOMMITTEE WAS USED TO  
12 MAKE A DECISION ABOUT WHETHER OR NOT THE APPLICANT  
13 AT THAT TIME QUALIFIED FOR A RECOURSE LOAN.

14 SINCE THAT TIME THE LOAN -- THE LAP HAS  
15 CHANGED. IN FACT, YOU ARE GOING TO CONSIDER IT  
16 TODAY. BUT THE RULES THAT WERE USED FOR THE CURRENT  
17 APPLICANT WERE DIFFERENT. THERE WERE TWO KINDS OF  
18 LOANS. CATEGORIES OF LOANS HAVE CHANGED. THEY ARE  
19 NOW COMPANY-BACKED LOANS OR PRODUCT-BACKED LOANS.  
20 THE APPLICANTS SELF-SELECT WHICH KIND OF LOAN THAT  
21 THEY PREFER TO HAVE. THE INTEREST RATE THAT'S USED  
22 FOR THE LOANS IS THE SAME FOR ALL LOANS WITHIN THE  
23 SAME RFA. AND THE LEVEL OF WARRANT COVERAGE IS  
24 BASED ON OBJECTIVE CRITERIA.

25 SO BECAUSE OF THOSE CHANGES, IT'S NOT

## BARRISTERS' REPORTING SERVICE

1 REALLY NECESSARY FOR US TO BRING AN APPLICATION TO  
2 THE FINANCE SUBCOMMITTEE UNLESS THE STAFF DETERMINES  
3 THAT THE APPLICANT WOULD NOT QUALIFY FOR THE LOAN,  
4 WE WOULD RECOMMEND THAT THE LOAN BE DENIED, OR IF  
5 THE STAFF WERE TO RECOMMEND CHANGES OR CONDITIONS BE  
6 PUT ONTO THE LOAN AND THE APPLICANT DIDN'T AGREE  
7 WITH THOSE. THOSE ARE THE CRITERIA BY WHICH WE  
8 WOULD BRING AN APPLICATION FOR CONSIDERATION BY THE  
9 FINANCE SUBCOMMITTEE.

10 NOW, WHEN WE WERE STARTING THE DUE  
11 DILIGENCE PROCESS WITH OUR DELEGATED UNDERWRITER ON  
12 THIS, OUR EXPECTATION AT THE TIME WAS THAT THIS  
13 MEETING WAS GOING TO BE HELD THE WEEK OF THE 18TH.  
14 OUR AGREEMENT WITH THE UNDERWRITER WAS THAT THEY  
15 WOULD PROVIDE ALL THE INFORMATION TO US BY THE END  
16 OF THIS WEEK, THAT'S THE 15TH. WE DON'T HAVE ALL OF  
17 THAT INFORMATION YET, BUT WE DO EXPECT TO HAVE IT BY  
18 THE END OF THE WEEK.

19 SO WHAT I WOULD PROPOSE AT THIS TIME IS  
20 THAT WE WILL JUST WAIT AND SEE. IF THE STAFF THINKS  
21 THAT THERE ARE ANY ISSUES, IF ANY ISSUES COME UP  
22 WITH REGARD TO THIS LOAN APPLICATION, WE WOULD THEN  
23 WAIT AND HAVE A MEETING WITH THE FINANCE  
24 SUBCOMMITTEE AFTER THE ICOC DECIDED WHETHER OR NOT  
25 TO APPROVE THE APPLICATION. THEY COULD APPROVE IT

## BARRISTERS' REPORTING SERVICE

1       CONDITIONALLY, AND THEN WE COULD MEET VERY QUICKLY  
2       AFTER THAT MEETING. SO THAT WOULD BE MY PROPOSAL AT  
3       THIS POINT.

4               CHAIRMAN GOLDBERG: I FIND THAT VERY  
5       REASONABLE UNDER THE CIRCUMSTANCES. HAVE YOU FOUND  
6       THE DESIGNATED UNDERWRITER TO BE COOPERATIVE IN THIS  
7       PROCESS AND REVIEW?

8               DR. ROBSON: ABSOLUTELY. IT'S THE SAME  
9       SQUARE ONE BANK THAT WE USED WITH OUR EARLIER LOAN.  
10      SO THEY'RE FAMILIAR WITH THE PROCESS, THEY'RE  
11      FAMILIAR WITH WORKING -- THEY'RE VERY QUICK TO GET  
12      STUFF DONE. AS I UNDERSTAND IT, WHAT'S REALLY  
13      HOLDING THEM UP IS THAT THEY'VE REQUESTED  
14      INFORMATION ON IP SEARCHES AND ON LEGAL SEARCHES AND  
15      SOME OF THE PRINCIPALS. THEY'RE JUST WAITING FOR  
16      THAT DOCUMENTATION TO COME IN.

17              MR. ROTH: IT'S DUANE. I'M GOING TO MAKE  
18      JUST A SUGGESTION, THAT WE NOT REFER TO THESE  
19      ORGANIZATIONS AS UNDERWRITERS, BECAUSE THEY'RE  
20      REALLY NOT UNDERWRITING, BUT MORE UNDER A GENERIC  
21      TERM. I DON'T CARE WHAT IT IS. BUT IT'S A DUE  
22      DILIGENCE REPORT MORE THAN ANYTHING.

23              DR. ROBSON: YES. YOU'RE RIGHT.

24              MR. ROTH: I THINK WE SHOULD PROBABLY GET  
25      USED TO THAT BECAUSE TO SOME PEOPLE THERE'S AN



**BARRISTERS' REPORTING SERVICE**

1 IMPLICATION WITH UNDERWRITER.

2 CHAIRMAN GOLDBERG: ANY OBJECTIONS? OKAY.

3 WHO'S JOINED THE CALL WHILE DR. ROBSON WAS  
4 SPEAKING? WE'LL STAND BY AND WAIT FOR MELISSA TO  
5 RETURN TO ASSURE WE HAVE A QUORUM.

6 (PAUSE IN PROCEEDINGS.)

7 CHAIRMAN GOLDBERG: QUESTION FROM DAVID  
8 JENSEN. SPEAKERS PLEASE ANNOUNCE THEMSELVES FOR THE  
9 BENEFIT OF THE TRANSCRIPTIONIST.

10 MR. JENSEN: THIS IS DAVE JENSEN WITH THE  
11 CALIFORNIA STEM CELL REPORT. THE AWARD HAS ALREADY  
12 BEEN MADE, CORRECT, APPROVED BY THE ICOC?

13 DR. ROBSON: NO.

14 MR. JENSEN: SO THE NAME OF THE APPLICANT  
15 REMAINS CONFIDENTIAL? OKAY.

16 CHAIRMAN GOLDBERG: IS THERE ANY PUBLIC  
17 COMMENT FROM ANY OF THE OTHER SITES?

18 MR. TORRES: MR. CHAIRMAN, I GUESS I'M  
19 USED TO THE LEGISLATURE. FORGIVE ME, MR. JENSEN.  
20 BUT IS IT THE PRACTICE TO TAKE QUESTIONS FROM THE  
21 PRESS TO MEMBERS OF THE SUBCOMMITTEE? IN THE  
22 LEGISLATURE WE DON'T DO THAT. WE TALK TO YOU AFTER  
23 A HEARING. I JUST WANT TO KNOW WHAT THE PROCESS IS  
24 HERE.

25 CHAIRMAN GOLDBERG: I DON'T WISH TO CREATE

**BARRISTERS' REPORTING SERVICE**

1 NEW PRECEDENT.

2 MR. TORRES: OKAY.

3 CHAIRMAN GOLDBERG: BUT I JUST MAY HAVE IN  
4 ERROR.

5 MR. TORRES: I JUST WANT TO BE POLITE SO  
6 THAT I'M SENSITIVE TO WHAT HAS HAPPENED IN THE PAST.

7 MR. SHEEHY: I WOULD SAY THAT IN THE PAST,  
8 ESPECIALLY SUBCOMMITTEES, WE'RE RELATIVELY INFORMAL  
9 WITH THE PUBLIC. I KNOW WHEN WE WERE DOING THE IP  
10 TASK FORCE --

11 MR. TORRES: HE'S THE FIRST AMENDMENT.  
12 HE'S MORE THAN JUST THE PUBLIC.

13 MR. SHEEHY: -- DAVID WAS PART OF THOSE  
14 PROCESSES, SO IT WAS A MORE DYNAMIC RELATIONSHIP  
15 WHERE QUESTIONS WERE ASKED BY BOTH DAVID AND JOHN  
16 SIMPSON AND OTHER MEMBERS OF THE INTERESTED PARTIES.  
17 SO IT WAS LESS FORMAL AND MORE -- WE WERE TRYING TO  
18 WORK THROUGH POLICY.

19 MR. TORRES: THANK YOU.

20 MR. SHEEHY: I THINK WE'VE HAD THAT IN  
21 OTHER SETTINGS TOO. I THINK THE STANDARDS WORKING  
22 GROUP HAS BEEN VERY I GUESS THE WORD USED WOULD BE  
23 COLLABORATIVE AND DYNAMIC WITH THE PUBLIC INSTEAD OF  
24 WE'RE HERE AND THE PUBLIC IS HERE. BUT I THINK ON  
25 SENSITIVE ISSUES, SOMETIMES IT'S HELPFUL.

**BARRISTERS' REPORTING SERVICE**

1 MR. TORRES: NOT PERSONAL, JUST  
2 INSTRUCTIVE FOR ME.

3 CHAIRMAN GOLDBERG: SO WE CAN MOVE ON FROM  
4 AGENDA ITEM NO. 6. MELISSA HAS JUST REJOINED THE  
5 MEETING. CAN YOU GIVE US AN UPDATE ON THE QUORUM?

6 MS. KING: SURE. SO WE CHANGED THE DATE  
7 OF THIS MEETING A FEW TIMES AS THE MEMBERS KNOW.  
8 THERE WAS A BIT OF CONFUSION WHEN IT WAS BEING  
9 SCHEDULED. AND TO ACCOMMODATE ALL THE THINGS WE  
10 WERE ASKED TO ACCOMMODATE, THIS WAS THE ONLY DATE  
11 THAT WOULD REALLY WORK. UNFORTUNATELY WE HAVE A  
12 VERY THIN QUORUM. WE'LL HAVE JUST A QUORUM IF DR.  
13 PIZZO AND DR. STEWARD JOIN US. AND DR. PIZZO CAN  
14 ONLY DO FROM 1:30 TO 2:30, SO HE'LL JOIN IN ABOUT 15  
15 MINUTES, HOPEFULLY. HE SQUEEZED IT IN. AND OSSIE  
16 IS SUPPOSED TO BE ON THE CALL FROM WHAT I  
17 UNDERSTAND, BUT WE CHANGED IT SO MANY TIMES, THAT HE  
18 MAY JUST BE MISTAKEN ABOUT THE ACTUAL DATE AND TIME  
19 THAT WAS FINALIZED.

20 CHAIRMAN KLEIN: MR. CHAIRMAN, THIS IS BOB  
21 KLEIN. MY SUGGESTION WOULD BE SINCE IF WE HAVE A  
22 QUORUM, IT WILL BE FOR A SHORT PERIOD OF TIME, WE  
23 COULD GO THROUGH THE ITEMS FOR DISCUSSION PURPOSES.  
24 AND THEN AT 1:30 WHEN DR. PIZZO JOINS THERE COULD BE  
25 A SUMMARY OF THE POSITIONS AND INFORMATION. AND IF

## BARRISTERS' REPORTING SERVICE

1 WE HAVE A QUORUM, WE COULD TAKE A VOTE FOR QUORUM  
2 PURPOSES. IF NOT, WE COULD GET A SENSE OF THE  
3 COMMITTEE. IN EITHER CASE WE WOULD HAVE GONE  
4 THROUGH THE SUBSTANTIVE MATERIAL IN AN EFFECTIVE USE  
5 OF THE TIME FOR THOSE THAT ARE ON THE CALL.

6 CHAIRMAN GOLDBERG: I ACCEPT THAT  
7 RECOMMENDATION. SO WHY DON'T WE START WITH ITEM NO.  
8 3, THE CONSIDERATION OF AMENDMENTS TO AND THE  
9 ADOPTION OF THE LOAN ADMINISTRATION POLICY. AND  
10 I'LL TURN IT OVER TO SCOTT TOCHER AND ELONA BAUM.

11 MS. BAUM: OKAY. THE PURPOSE OF THIS  
12 DISCUSSION IS TO GO OVER SOME AMENDMENTS THAT HAVE  
13 ALREADY BEEN APPROVED LAST, I THINK, FEBRUARY. AND  
14 NOW WHAT WE'RE DOING IS TAKING THE GUIDANCE OF THE  
15 ICOC AND ACTUALLY PUTTING THAT INTO SOME PROPOSED  
16 AMENDMENTS. SO MOST OF THE REDLINING THAT YOU SEE  
17 ON THE DOCUMENTS THAT HAVE BEEN SUBMITTED FOR YOUR  
18 REVIEW REFLECT WHAT HAS ALREADY BEEN ADDRESSED AND  
19 APPROVED BY THE ICOC.

20 THERE ARE TWO NEW ENTRIES AND CHANGES THAT  
21 WE MADE TO ADDRESS A COUPLE OF THINGS. AND I'LL GO  
22 THROUGH THOSE. I THINK THAT'S WHERE THE TIME IS  
23 WORTH BEING SPENT.

24 CHAIRMAN KLEIN: ELONA, WHEN YOU'RE GOING  
25 THROUGH THESE, MY UNDERSTANDING OF THE PROCEDURE IS

## BARRISTERS' REPORTING SERVICE

1 THAT IN ORDER TO ACCOMMODATE THE LOAN THAT'S GOING  
2 TO BE UNDER CONSIDERATION IN THE BOARD MEETING, WE  
3 WOULD NEED TO ADOPT THESE WITH ONLY CLARIFICATIONS.  
4 IF WE DID ADDITIONAL CHANGES, THAT WOULD CHANGE THE  
5 TIME FRAME IN WHICH THESE COME INTO EFFECT FOR  
6 PURPOSES OF THE NEW LOAN; IS THAT CORRECT?

7 MS. BAUM: THAT'S CORRECT. TIME IS OF THE  
8 ESSENCE.

9 THE COUPLE CHANGES THAT WE THOUGHT WOULD  
10 BE APPROPRIATE TO MAKE IN ADDITION TO THOSE THAT  
11 HAVE ALREADY BEEN APPROVED ARE ESSENTIALLY TWOFOLD.  
12 SO THE FIRST ONE WAS TO GET SOME CLARIFICATION ON  
13 WHAT THE EXISTING FORGIVENESS/SUSPENSION PARAMETERS  
14 AND TERMS MEANT AND TO PROVIDE AN APPROACH WHERE WE  
15 HAD MORE OF AN AUTOMATIC FORGIVENESS UNDER CERTAIN  
16 IDENTIFIED CIRCUMSTANCES, OR AT LEAST TO PROVIDE  
17 THAT OPTION TO GIVE SOME CLARITY TO INDUSTRY. I  
18 THINK THAT THERE WAS A SENSE THAT IF YOU CALL A  
19 PRODUCT-BACKED LOAN PRODUCT-BACKED LOAN AS OPPOSED  
20 TO A COMPANY-BACKED LOAN, THERE WOULD BE SOME SENSE  
21 THAT THE LOAN WAS FORGIVEN AND MAYBE HAD SOME  
22 SPRING-BACK OBLIGATION IF AND IN THE EVENT THAT A  
23 PROJECT WERE RESUMED.

24 SO THAT'S THE OVERALL INTENT OF THE  
25 VARIOUS OPTIONS THAT ARE BEFORE YOU. I DON'T KNOW

## BARRISTERS' REPORTING SERVICE

1 IF YOU HAVE THE DOCUMENT, THE REDLINE, IN FRONT OF  
2 YOU, BUT ON PAGE 10, OPTION A ENTITLED "SUSPENSION  
3 OF PAYMENT" IS ESSENTIALLY WHAT CURRENTLY EXISTS  
4 SAVE FOR SOME CHANGES TO MODIFY THE CHANGES TO THE  
5 TERMS "COMPANY-BACKED" AND "PRODUCT-BACKED" INSTEAD  
6 OF RECOURSE VERSUS NONRECOURSE LOANS WHICH HAD  
7 EXISTING -- WHICH WE ALL AGREED TO CHANGE. AND THEN  
8 SOME OTHER EDITS JUST FOR CLARIFICATION PURPOSE.

9 OPTION B WAS SOMEWHAT CHANGED FROM WHAT  
10 LOOKS -- FROM WHAT APPEARED IN OPTION A IN ORDER TO  
11 GIVE AN AUTOMATIC OR TO ACQUIRE AUTOMATIC  
12 FORGIVENESS BY THE FINANCE SUBCOMMITTEE IF THE TERMS  
13 AND CONDITIONS SET FORTH ON PAGE 11 OF THE MARKUP  
14 HAVE BEEN APPROVED AND DEEMED EVIDENT.

15 AND THEN C WAS EVEN A MORE STREAMLINED  
16 VERSION OF THIS APPROACH. AND IT PROVIDES THAT  
17 THERE'S AUTOMATIC FORGIVENESS, BUT THEN THERE'S I  
18 WOULD CALL A CLAW-BACK OR REINSTATEMENT IN THE EVENT  
19 THAT THE PRODUCT-BACKED -- OR THE LOAN WHICH WAS  
20 INITIALLY FUNDED IS RESUMED, THE PROJECT WHICH WAS  
21 FUNDED IS AUTOMATICALLY RESUMED, THEN THERE'S  
22 AUTOMATIC REINSTATEMENT. OR IF THERE'S SOME REVENUE  
23 THAT'S OBTAINED FROM ANY OF THE PRODUCT-BACKED LOAN,  
24 THEN THE LOAN IS RESUMED. AND IT'S RESUMED ON  
25 TERMS -- IT'S SIMPLY A REINSTATEMENT OF THE TERMS

## BARRISTERS' REPORTING SERVICE

1 THAT EXISTED OR THOSE OTHER TERMS THAT THE PRESIDENT  
2 WOULD APPROVE.

3 SO I HOPE THAT'S CLEAR ENOUGH THAT I CAN  
4 GO POINT BY POINT ON WHAT ALL THOSE TERMS ARE, BUT  
5 IT WOULD PROBABLY TAKE A LOT LONGER TO GO STEP BY  
6 STEP.

7 CHAIRMAN GOLDBERG: MAY I ASK WHO JUST  
8 JOINED THE CALL?

9 DR. PIZZO: PHIL PIZZO.

10 CHAIRMAN GOLDBERG: WELCOME, DR. PIZZO.  
11 WE'RE ON AGENDA ITEM 3 AT THE MOMENT.

12 DR. PIZZO: THANK YOU.

13 MS. BAUM: I CAN GET YOU RIGHT UP TO  
14 SPEED. WE'RE TALKING ABOUT THE AMENDMENTS TO THE  
15 LAP, THE LOAN ADMINISTRATION. AND WHAT WE WERE  
16 DOING IS WE WERE GOING OVER ALL OF THE REDLINES THAT  
17 YOU PROBABLY SEE BEFORE YOU AND STATED THAT MOST OF  
18 THEM HAVE TO DO WITH TERMS THAT HAVE ALREADY BEEN  
19 APPROVED BY THE BOARD IN FEBRUARY. THERE'S ONLY TWO  
20 ADDITIONAL CHANGES THAT WE'RE CONSIDERING. WE'RE  
21 CONSIDERING CHANGES TO FORGIVENESS AND SUSPENSION  
22 AND THEN CREATING A STANDARD FOR DENIAL OF A LOAN.  
23 SO THAT'S WHAT I WAS GOING THROUGH RIGHT NOW, AND I  
24 JUST TALKED ABOUT THE DIFFERENCES BETWEEN OPTIONS A,  
25 B, AND C. A ESSENTIALLY MIRRORS WHAT CURRENTLY

## BARRISTERS' REPORTING SERVICE

1 EXISTS. B PROVIDES SOME AUTOMATIC FORGIVENESS UPON  
2 EVIDENCING CERTAIN CONDITIONS HAVE BEEN MET. AND C  
3 IS A MORE STREAMLINED VERSION OF AUTOMATIC  
4 FORGIVENESS, BUT THAT DOES INCLUDE A PROVISION FOR  
5 REINSTATEMENT IF THE PROJECT IS RESUMED OR IF  
6 REVENUES ARE RECEIVED FROM THE PROJECT. SO THAT'S A  
7 GOOD SUMMARY.

8 AND I THINK I SHOULD MOVE ON TO WHAT THE  
9 OTHER CHANGES ARE, IF EVERYONE IS ON BOARD WITH  
10 THAT. I DON'T THINK WE HAVE A QUORUM YET.

11 MR. ROTH: I'M GOING TO ASK MAYBE WE CAN  
12 TAKE THESE -- THESE ARE THE TWO SUBSTANTIVE CHANGES  
13 IN THE DOCUMENT THAT WE HAVEN'T LOOKED AT BEFORE,  
14 RIGHT? THIS ONE AND THE NEXT ONE. SO LET'S STOP  
15 WITH THIS ONE. I'M FULLY SUPPORTIVE. I'VE BEEN  
16 THROUGH THIS WITH YOU, BUT I HAVE ONE QUESTION I'D  
17 LIKE YOU GUYS TO MAKE SURE WE LOOK AT, AND THAT IS  
18 THE DEFINITION OF A PRODUCT.

19 I DON'T WANT SOMEBODY TO NARROWLY DEFINE  
20 PRODUCT, MEANING THIS FORMULATION, THIS VERSION, AND  
21 WE ARE ABANDONING THAT VERSION OF THE PRODUCT, BUT  
22 WE HAVE THIS SIDE PRODUCT, THIS FOLLOW-ON PRODUCT,  
23 WHICH MANY PEOPLE ON THE PHONE WILL KNOW WHAT THAT  
24 TERMINOLOGY IS. WE WANT TO MAKE SURE WE ENCOMPASS  
25 THAT AS WELL SO THAT THEY DON'T USE THIS AS A WAY OF



## BARRISTERS' REPORTING SERVICE

1 SIMPLY AVOIDING A REPAYMENT OF A LOAN HERE BECAUSE  
2 THEY'VE CHANGED -- YOU KNOW, THERE WAS THIS TYPE OF  
3 A PRODUCT BEFORE AND WE ADDED THREE INGREDIENTS, AND  
4 IT'S NOW A NEW PRODUCT THAT ISN'T COVERED BY THE  
5 LOAN.

6 MS. BAUM: I THINK THE TERMINOLOGY WHEN IT  
7 SAYS FUNDED IN WHOLE OR IN PART WOULD TAKE CARE OF  
8 THAT CONCERN.

9 MR. ROTH: OKAY. IT'S A LEGALESE. IF  
10 THAT'S THE CASE, THEN I FULLY SUPPORT THIS SECTION  
11 OF ADDITIONAL. I THINK WE NEED A CLEAR-CUT WAY FOR  
12 THE COMPANIES WHO ABANDON A PRODUCT BECAUSE IT DID  
13 NOT WORK FOR ONE REASON OR ANOTHER TO BE ABLE TO GET  
14 THAT OFF THEIR LIABILITIES.

15 CHAIRMAN KLEIN: AND SO, ELONA, THIS IS  
16 BOB KLEIN. GIVEN DUANE'S POINT, AT THE LOAN -- AT  
17 THE LOAN DOCUMENT LEVEL, MAYBE YOU COULD EVEN USE  
18 EXAMPLES TO ILLUSTRATE DUANE'S POINT. ESSENTIALLY  
19 THIS DOCUMENT SHOULD BE ABLE STAND ON ITS OWN ON  
20 ITSELF AS IT IS, WHICH I THINK YOU MADE THE POINT  
21 THAT IT DOES. BUT IT WOULDN'T HURT IF WE CAN HAVE  
22 AN EXAMPLE OR ILLUSTRATION OR A LITTLE NARRATIVE  
23 DISCUSSION IN THE LOAN DOCUMENT LEVEL OR SOME OTHER  
24 LOWER IMPLEMENTATION LEVEL.

25 MS. BAUM: THAT'S USUALLY DONE.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN GOLDBERG: THANK YOU. I'D LIKE  
2 TO RECOGNIZE JEFF SHEEHY.

3 MR. SHEEHY: I GUESS I'M A LITTLE UNCLEAR.  
4 OUR DECISION HERE, AM I INCORRECT, IS BETWEEN THREE  
5 DIFFERENT OPTIONS, OPTION A, OPTION B, OPTION C? OR  
6 IS THIS A MENU THAT WE'RE PRESENTING TO THE  
7 PERSON -- THE ENTITY THAT HAS THE LOAN?

8 CHAIRMAN GOLDBERG: IT'S FOR OUR DECISION.

9 MR. SHEEHY: RIGHT NOW TODAY WE'RE  
10 DECIDING BETWEEN OPTION A, OPTION B, AND OPTION C?

11 MS. BAUM: YES.

12 MR. SHEEHY: DUANE, WHEN YOU SAID YOU  
13 LIKED THE LANGUAGE, WHICH OPTION WERE YOU TALKING  
14 ABOUT?

15 MR. ROTH: I'M AT A HANDICAP HERE BECAUSE  
16 I DON'T HAVE IT IN FRONT OF ME. I THINK, ELONA, THE  
17 ONE WE RECOMMENDED, I THINK, WAS A.

18 MS. BAUM: A IS EXISTING. EITHER B OR C,  
19 AND I THINK C IS A MORE STREAMLINED APPROACH AND  
20 SERVES --

21 MR. SHEEHY: BUT C DOESN'T BRING ANYTHING  
22 BACK TO THE ICOC; WHEREAS, B BRINGS IT BACK TO THE  
23 FINANCE SUBCOMMITTEE WHERE I WOULD BE MORE  
24 COMFORTABLE. I'D HATE TO HAVE A LOAN DISAPPEAR WITH  
25 NO NOTICE TO THE BOARD. IT'S TAXPAYER MONEY THAT'S

**BARRISTERS' REPORTING SERVICE**

1 GOING OUT THE DOOR.

2 MS. BAUM: I GUESS MY QUESTION IS IS IT  
3 NOTICE BECAUSE IF IT'S NOTICE TO THE FINANCE  
4 SUBCOMMITTEE, THAT'S A LOT DIFFERENT THAN FOR AN  
5 APPROVAL. YOU DON'T HAVE AUTOMATIC FORGIVENESS IF  
6 THERE'S AN APPROVAL PROCESS.

7 MR. SHEEHY: WHAT'S THE POINT, GIVE  
8 AUTOMATIC FORGIVENESS?

9 MS. BAUM: UNDER CERTAIN IDENTIFIED TERMS  
10 THAT YOU'RE COMFORTABLE WITH.

11 MR. SHEEHY: AGAIN, I'M NOT SURE WHAT  
12 WE'RE DOING HERE. I'M REALLY HAPPY WITH THE POLICY  
13 THAT'S ALREADY IN A. IF WE CHANGE IT -- I COULD  
14 LIVE WITH B WHERE THE FINANCE COMMITTEE APPROVES THE  
15 TERMS.

16 MR. TORRES: I THINK WE NEED TO HEAR WHY  
17 WE'RE CONSIDERING B OR C. WHY ISN'T A GOOD ENOUGH?  
18 I THINK THAT'S THE QUESTION, ISN'T IT?

19 MS. BAUM: OKAY. WELL, I THINK WE HAVE A  
20 MEMBER OF THE PUBLIC HERE, BUT I CAN SPEAK FROM MY  
21 EXPERIENCE IN HEARING MEMBERS OF THE PUBLIC INDICATE  
22 THAT THERE WAS CONCERN THAT THE WAY OUR REGULATIONS  
23 WERE DRAFTED, THAT A PRODUCT-BACKED LOAN DIDN'T  
24 REALLY SEEM LIKE IT WAS A CONTINGENCY. THERE MIGHT  
25 BE SOME ACCOUNTING TREATMENT DIFFERENTIALS IF YOU

## BARRISTERS' REPORTING SERVICE

1 HAVE AN AUTOMATIC FORGIVENESS IN THE WAY THE LOAN IS  
2 VIEWED VERSUS -- AND CERTAINLY SOME CERTAINTY  
3 PROVIDED TO THE INDUSTRY OR THE GOVERNED POPULATION  
4 AS A WHOLE BECAUSE IF IT HAS TO COME BACK TO THE  
5 SUBCOMMITTEE, THEN THERE'S A QUESTION. UNLESS THE  
6 CRITERIA ARE VERY STRINGENT, YOU WON'T REALLY KNOW  
7 WHETHER OR NOT SOMETHING IS FORGIVEN OR NOT. YOU  
8 MIGHT AS WELL JUST CALL IT A LOAN.

9 MR. SHEEHY: IT IS A LOAN.

10 MS. BAUM: COMPANY-BACKED LOAN.

11 MR. ROTH: COMPANY, YEAH. THIS IS --  
12 GUYS, THIS IS NOT A NEW DISCUSSION. WE'VE BEEN  
13 HAVING THIS ONGOING. AND I CAN'T COME UP WITH ANY  
14 RATIONAL REASON THAT SOME COMPANY WOULD NOTIFY US  
15 THAT THEY'VE ABANDONED A PRODUCT THAT WE WOULD HAVE  
16 ANYTHING TO DISCUSS. THEY'RE DONE. THEY'RE  
17 THROUGH. THEY'VE QUIT. AND WHY WE WOULD HAVE TO  
18 DISCUSS THAT DOESN'T MAKE ANY SENSE TO ME. MAYBE,  
19 MICHAEL, YOU CAN THINK OF SOME REASON WHY WE WOULD  
20 WANT TO HAVE THAT DISCUSSION. I CAN'T.

21 CHAIRMAN GOLDBERG: I AGREE WITH YOU,  
22 DUANE. AND I THINK THIS IS AN ACCOMMODATION TO BE  
23 MORE RESPONSIVE TO INDUSTRY AND THEIR NEEDS FOR WHAT  
24 THEY HAVE TO DEAL WITH IN THEIR ACCOUNTING WORLD.

25 MR. ROTH: LET ME JUST FINISH ON THAT.

## BARRISTERS' REPORTING SERVICE

1 THAT'S EXACTLY RIGHT BECAUSE THE ACCOUNTANTS WILL  
2 LOOK AT THIS AND SAY, WELL, YOU'VE GOT TO GET AN  
3 APPROVAL. THEREFORE, YOU ARE GOING TO HAVE TO  
4 RETAIN THIS ON YOUR BALANCE SHEET UNTIL YOU GET THAT  
5 APPROVAL. SO YOU ARE GOING TO HAVE TO TAKE THIS AS  
6 BASICALLY A COMPANY LOAN. IT'S DUE. IN OUR  
7 OPINION, IT WILL BE DUE COME HELL OR HIGH WATER.  
8 BUT IF IT'S AUTOMATIC, IF YOU CONTROL THAT DECISION  
9 AND YOU DECLARE TO CIRM YOU'VE ABANDONED, THEN THEY  
10 CAN GET THAT OFF THEIR BALANCE SHEET.

11 CHAIRMAN KLEIN: I THINK, ELONA, IT WOULD  
12 BE IMPORTANT FOR EVERYONE TO UNDERSTAND THAT IF YOU  
13 DECLARE YOU ABANDON AND THEN THERE'S A RESUMPTION OF  
14 THE PRODUCT WHAT HAPPENS.

15 MS. BAUM: IT'S AN AUTOMATIC, AUTOMATIC  
16 REINSTATEMENT. IT'S ABUNDANTLY CLEAR.

17 CHAIRMAN GOLDBERG: I FIND BOTH B AND C TO  
18 BE EXTREMELY PROTECTIVE OF THE CIRM'S INTERESTS AND  
19 MORE ACCOMMODATING TO INDUSTRY'S NEEDS.

20 MR. SHEEHY: AGAIN, I HATE TO -- I DON'T  
21 HAVE ANY RECORD OF ANY PROBLEMS WITH INDUSTRY THAT'S  
22 BEEN PRESENTED TO ME TODAY OTHER THAN PROBLEMS WITH  
23 INDUSTRY. I'D LIKE AN EVIDENCE BASIS FOR MAKING THE  
24 CHANGE. I COULD LIVE POSSIBLY WITH B BECAUSE IT  
25 DOES COME BACK TO THE FINANCE SUBCOMMITTEE IN SOME

**BARRISTERS' REPORTING SERVICE**

1 FASHION, BUT I CAN'T DO C.

2 MS. BAUM: SHOULD I GO ON WITH THE OTHER  
3 BECAUSE I DON'T THINK WE HAVE A QUORUM. DO YOU WANT  
4 ME TO SUMMARIZE?

5 MR. TORRES: I THINK THIS DISCUSSION IS  
6 USEFUL BECAUSE IT'S CERTAINLY EDUCATING ME.

7 MR. SHEEHY: BECAUSE WE HAVEN'T HEARD  
8 ANYTHING. AND IF WE'RE NOT GOING TO EVEN HAVE A  
9 DISCUSSION, THEN WHAT ARE WE DOING?

10 MS. BAUM: I THINK AT BAY BIO THERE WERE  
11 SOME CONCERNS THAT WERE NOTED IN GENERAL ABOUT CIRM  
12 AND ITS ABILITY TO ENGAGE WITH AND COOPERATE WITH  
13 INDUSTRY. I THINK THAT IN THE PAST I'VE HEARD  
14 CONCERNS ABOUT THE VAGUENESS OF THIS PARTICULAR  
15 SECTION.

16 AND AS BETWEEN B AND C, I THINK C REALLY  
17 ANSWERS THE QUESTIONS THAT HAVE BEEN RAISED ABOUT  
18 CERTAINTY MORE SO THAN B DOES. B DOES AN AUTOMATIC  
19 FORGIVENESS, BUT IT DOES SO ONLY UPON A  
20 DEMONSTRATION OF CERTAIN TERMS. AND SO IT'S NOT  
21 AUTOMATIC.

22 CHAIRMAN GOLDBERG: I'D LIKE TO TURN THE  
23 FLOOR OVER TO A MEMBER OF THE PUBLIC IN SAN  
24 FRANCISCO WHO IS FROM INDUSTRY AND CAN REPRESENT, I  
25 THINK, SOME OF THE EVIDENCE-BASED REASONS THAT YOU

## BARRISTERS' REPORTING SERVICE

1 WERE LOOKING FOR, JEFF, RATHER THAN SECONDHAND  
2 THROUGH ME OR DUANE ARE ELONA. IT'S BEEN CONSISTENT  
3 IN OUR INTERFACES WITH POTENTIAL LOAN APPLICANTS.

4 MR. SHEEHY: I'VE NEVER MADE POLICY BEFORE  
5 ON THIS BOARD WITHOUT HAVING THE EVIDENCE PRESENTED  
6 BEFORE WE START CONSIDERING WHAT THE OPTIONS ARE AND  
7 WITH SOME DEGREE OF FINENESS OF DETAIL INSTEAD OF  
8 ANECDOTES AT MEETINGS I WASN'T AT. I DON'T KNOW  
9 ANYONE WHO WAS AT. I DIDN'T KNOW ABOUT. AND I'VE  
10 BEEN ALWAYS WILLING TO ACCOMMODATE INDUSTRY WHENEVER  
11 NECESSARY. I THINK INDUSTRY SHOULD BE MORE  
12 INVOLVED, BUT IT'S JUST HARD FOR ME WITHOUT --

13 CHAIRMAN GOLDBERG: WE'VE GOT A LIVE  
14 CRITTER RIGHT HERE.

15 MR. SHEEHY: LET'S LISTEN TO THE LIVE  
16 CRITTER.

17 MR. PLUNKETT: MATTHEW PLUNKETT, CHIEF  
18 FINANCIAL OFFICER AT IPERIAN. I DID HAVE THE  
19 OPPORTUNITY TO PRESENT AT A PUBLIC HEARING WHICH  
20 CIRM HELD, I THINK, DURING DECEMBER OF LAST YEAR,  
21 JANUARY THIS YEAR, DECEMBER, ONE OF THE FIRST STEPS  
22 IN THIS PROCESS IN UPDATING THE LOAN POLICY.

23 FROM A COMPANY PERSPECTIVE, CLARITY ON OUR  
24 BALANCE SHEET IS INCREDIBLY IMPORTANT. AND I WOULD  
25 BE -- I DON'T THINK ANYBODY WOULD BE HAPPIER THAN

## BARRISTERS' REPORTING SERVICE

1 THE EMPLOYEES OF IPERIAN TO HAVE AN OPPORTUNITY TO  
2 PAY BACK A LOAN TO CIRM BASED ON THE SUCCESSFUL  
3 OUTCOME OF A PRODUCT. THAT'S JUST A DELIGHTFUL  
4 OUTCOME FOR EVERYBODY IN THIS ROOM.

5 WITH THAT SAID, I'D LIKE TO ECHO SOME OF  
6 THE COMMENTS WHICH DUANE HAD MADE EARLIER. IF WE  
7 DECIDE THAT A PRODUCT IS NO LONGER WORTH PURSUING,  
8 THERE REALLY NEEDS TO BE CLARITY BOTH FOR OUR  
9 INVESTORS AS WELL AS OTHERS WHO MAY BE THINKING OF  
10 INVESTING IN THE COMPANY TO ANSWER THE QUESTION IS  
11 THERE A LIABILITY OR NOT. A LOAN FROM CIRM, A \$6  
12 MILLION EARLY TRANSLATIONAL AWARD WOULD GROW TO  
13 ABOUT 12 MILLION OR MORE OVER A TEN-YEAR PERIOD. A  
14 \$20 MILLION DISEASE TEAM AWARD WOULD GROW TO A \$40  
15 MILLION LIABILITY OVER A TEN-YEAR PERIOD. AND TO  
16 NOT HAVE CLARITY ON THOSE POINTS THROUGH SOME KIND  
17 OF CLEARLY DEFINED METRICS, I THINK, WOULD REALLY  
18 HANDICAP US.

19 AND I DO APPRECIATE THE WORK THAT ELONA  
20 HAS DONE IN TRYING TO LAY OUT SOME HEURISTICS TERMS  
21 OF DEFINING WHEN SOMETHING WOULD BE FORGIVABLE OR  
22 NOT.

23 MR. SHEEHY: CAN I ASK A QUESTION. DOES  
24 IT MAKE A DIFFERENCE TO YOU BECAUSE AS I CAN TELL  
25 THE DIFFERENCE BETWEEN B AND C, IN THE EVENT THAT



## BARRISTERS' REPORTING SERVICE

1 YOU RESTART THE PRODUCT, THE FINANCE SUBCOMMITTEE IS  
2 THE ENTITY THAT APPROVES THE TERMS FOR RESUMPTION OF  
3 LOAN OBLIGATIONS AND THE AMOUNT OF PAYBACK OR THE  
4 PRESIDENT DOES. DOES IT MAKE ANY DIFFERENCE ON YOUR  
5 BOOKS?

6 MR. PLUNKETT: THE RESUMPTION I'M NOT SO  
7 WORRIED ABOUT. IT'S WHEN WE STOP THE PROGRAM.

8 MR. SHEEHY: AS FAR AS I CAN TELL,  
9 STOPPING IS THE SAME IN B AND C. SO YOU WOULD BE  
10 FINE WITH B OR C. I JUST THINK THE FINANCE  
11 SUBCOMMITTEE -- I MEAN YOU WOULDN'T CARE -- YOUR  
12 ACCOUNTANT WOULDN'T CARE THAT YOU HAD TO COME BACK  
13 TO THE FINANCE SUBCOMMITTEE TO RESUME IF YOU DECIDED  
14 TO REDEVELOP THE PRODUCT -- DEVELOP THE PRODUCT  
15 AFTER ALL?

16 MS. BAUM: AT SOME POINT I'LL HAVE TO MAKE  
17 A CLARIFICATION OF YOUR INTERPRETATION, THE BEFORE  
18 OR AFTER. THE WAY THE LANGUAGE IS DRAFTED --

19 MR. TORRES: PAGE 12 YOU'RE REFERRING TO?

20 MS. BAUM: PAGE 11. I THINK YOU HAVE TO  
21 TURN TO 11 BECAUSE IT SAYS THAT THE OBLIGATION SHALL  
22 BE FORGIVEN PROVIDED THAT, AND THEN YOU HAVE A  
23 LISTING OF ALL THE DIFFERENT REQUIREMENTS, INCLUDING  
24 FINANCE SUBCOMMITTEE APPROVAL, WHICH MEANS THAT THE  
25 TERMS FOR REINSTATEMENT, IF AND WHEN THAT EVER

## BARRISTERS' REPORTING SERVICE

1 HAPPENS, HAVE TO BE AGREED TO IN ADVANCE, WHICH I  
2 DON'T THINK IS A GOOD APPROACH. AND, TWO, IT WON'T  
3 BE FORGIVEN UNLESS THERE'S AGREEMENT BY THE FINANCE  
4 SUBCOMMITTEE AT THAT POINT IN TIME. SO YOU'RE  
5 NEGOTIATING IN A VACUUM AND IT REQUIRES YOU TO.

6 MR. PLUNKETT: I DON'T THINK THAT CIRM  
7 LOSES ANYTHING WITH THE INTERPRETATION OF C. IF WE  
8 WERE TO START A PROGRAM AGAIN, EVERYBODY AGREES A  
9 COMPANY IS AGAIN LIABLE FOR ITS OBLIGATIONS.

10 CHAIRMAN GOLDBERG: ANY OTHER DISCUSSION?  
11 DO YOU HAVE A FURTHER COMMENT ON THIS?

12 MR. SHEEHY: I THINK THAT THE BOARD SHOULD  
13 REALLY BE IN CHARGE OF REINSTATING THE LOAN. IF IT  
14 GETS REINSTATED, I DON'T THINK THAT SHOULD REMAIN AT  
15 THE LEVEL OF THE PRESIDENT. WE SPEND THE MONEY.  
16 AND THE PRESIDENT COULD DECIDE TO FORGIVE THE LOAN  
17 AT THAT POINT.

18 CHAIRMAN GOLDBERG: I THINK C  
19 AUTOMATICALLY REINSTATES.

20 MR. SHEEHY: PRESIDENT OF CIRM MAY  
21 REINSTATE THE LOAN FOR THE PERIOD REMAINING ON THE  
22 TERM OR AGREE TO OTHER TERMS, WHICH COULD BE  
23 ANYTHING.

24 MR. ROTH: OTHER TERMS, I WOULD AGREE,  
25 SHOULD COME BACK. THE NEW TERMS SHOULD COME BACK.

## BARRISTERS' REPORTING SERVICE

1 BUT THAT'S AS FAR AS I WOULD GO.

2 MR. SHEEHY: ...ANY OF THIS. THIS HAS NOT  
3 BEEN WELL EXPLAINED. THERE'S NO EVIDENCE PRESENTED  
4 FOR THIS. I DON'T KNOW WHAT WE'RE DOING HERE.

5 MR. SWEEDLER: THIS IS IAN SWEEDLER,  
6 DEPUTY LEGAL COUNSEL. I'LL JUST STATE RIGHT UP  
7 FRONT I HAVE NOT HAD AN ACTIVE ROLE IN THIS  
8 REDRAFTING PROCESS. BUT BY WAY OF HISTORY, I WAS  
9 THE PRINCIPAL DRAFTER OF THE INTERIM LOAN POLICY  
10 THAT WE'RE WORKING OFF OF HERE.

11 AND THE CURRENT OPTION, OPTION A, WAS ONE  
12 OF THOSE THINGS THAT SEVERAL OF US WERE  
13 UNCOMFORTABLE ABOUT FROM THE BEGINNING. IT'S  
14 BASICALLY A DEFERRAL OF MAKING A DECISION AT HOW  
15 WE'RE GOING TO HANDLE THESE SITUATIONS. THERE WERE  
16 A FEW PLACES IN THE INTERIM LOAN ADMINISTRATION  
17 POLICY WHERE WE DID THAT BECAUSE WE NEEDED A LOAN  
18 ADMINISTRATION POLICY AND MEMBERS OF THE FINANCE  
19 COMMITTEE WERE NOT QUITE READY TO AGREE ON A UNIFIED  
20 APPROACH.

21 BUT ONE OF THE RISKS WE RECOGNIZED AT THE  
22 TIME WAS THAT CERTAINLY FROM A COMPANY LAWYER  
23 PERSPECTIVE, WHEN THEY'RE HANDED A REQUIREMENT LIKE  
24 THIS AND THEY'RE ASKED TO TELL THEIR MANAGEMENT SO  
25 WHAT'S GOING TO HAPPEN, AND THE RESPONSE IS IT'S

**BARRISTERS' REPORTING SERVICE**

1 HARD TO SAY, IT'S NOT CLEAR, LAWYERS ARE BLACK AND  
2 WHITE KINDS OF PEOPLE AND IT'S JUST A LITTLE  
3 PARALYZING WHEN THERE'S NOTHING TO GO ON.

4 MR. SHEEHY: WHY DIDN'T YOU MEMO THAT TO  
5 US PRIOR TO THIS MEETING SO WE COULD UNDERSTAND WHAT  
6 WE'RE HAVING TO DECIDE? ALL I HAVE IS A DOCUMENT  
7 THAT'S REDLINED WITH NO DETAIL TELLING ME WHY IT'S  
8 BEING REDLINED. THIS IS AN IMPORTANT DECISION. I  
9 DON'T KNOW WHY THE TERMS ARE LEFT UP TO THE  
10 PRESIDENT AND NOT UP TO THE ICOC. I DON'T AGREE  
11 WITH THAT AT ALL. WHY IS THERE NO --

12 MS. BAUM: CAN I SUGGEST THAT IF YOU  
13 WANTED TO MAKE THE SUGGESTED CHANGE TO JUSTIFY  
14 DUANE, THAT IT WOULD ONLY REQUIRE A COUPLE MORE  
15 WEEKS AND WE COULD DO MAYBE A TELEPHONIC IN THE  
16 NOVEMBER MEETING WITH THE ICOC IF THAT WAS THE  
17 CHANGE THAT'S REQUIRED.

18 MR. TORRES: I THINK, MR. CHAIRMAN, THE  
19 QUESTION FROM MY PERSPECTIVE IS TWOFOLD. NO. 1, I  
20 AGREE WITH DUANE, THAT THE WORD "PRODUCT" NEEDS TO  
21 BE DEFINED WITHIN THE LANGUAGE. I THINK THAT'S  
22 CLEAR FOR EVERYONE HERE.

23 WHAT'S ALSO CLEAR TO ME AFTER REVIEWING  
24 THE DOCUMENTS THAT I WAS GIVEN IS THAT OPTION B, IF  
25 WE'RE GOING TO MOVE IN ANY DIRECTION, IS THE BETTER

## BARRISTERS' REPORTING SERVICE

1 DIRECTION FROM MY PERSPECTIVE BECAUSE IT STILL  
2 MAINTAINS THE JURISDICTION OF THE ICOC IN  
3 DETERMINING WHATEVER THE APPLICATION MAY BE OR NOT  
4 BE.

5 MY THIRD QUESTION IS, IN ADDITION TO THAT,  
6 IT'S IMPORTANT THAT THE TRANSPARENCY OF WHAT WE DO  
7 AS AN AGENCY IS VERY, VERY IMPORTANT AS A BOARD, TO  
8 DETERMINE WHEN WE PUT OUT MONEY FOR LOANS, THAT WE  
9 ARE MAINTAINING OUR JURISDICTION IN THAT RESPECT  
10 BECAUSE WE ARE THE ONES TO WHOM THE MONEY IS  
11 GRANTED, TOTALLY.

12 THE THIRD ISSUE IS HOW URGENT IS IT FOR US  
13 TO ADOPT THIS CHANGE?

14 CHAIRMAN KLEIN: ART, THIS IS BOB KLEIN.  
15 I'D LIKE TO MAKE, AS WELL AS YOU, A COMMENT ON THE  
16 URGENCY THAT I BELIEVE DIRECTLY IMPACTS A LOAN IN  
17 THE TRANSLATIONAL RFA COMING TO THE BOARD IN  
18 OCTOBER. AS ELONA HAS SAID, WE HAVE A BOARD MEETING  
19 ALREADY SCHEDULED TELEPHONICALLY FOR NOVEMBER 11TH,  
20 AND I COULD PUT IT ON THE AGENDA IF, IN FACT, THAT  
21 GIVES US THE NOTICE PERIODS. AND PLEASE, JAMES, IF  
22 YOU COULD COMMENT ON THAT.

23 MR. TORRES: BUT COULDN'T WE NOTICE A  
24 SUBCOMMITTEE BEFORE THE FULL BOARD IN OCTOBER IN LOS  
25 ANGELES TO GET THIS DONE IF IT'S URGENT?

**BARRISTERS' REPORTING SERVICE**

1 MR. SHEEHY: CAN I ASK A POINT OF  
2 INFORMATION? I HATE TO HAVE TO DISCLOSE WHAT'S  
3 HAPPENING IN THE GRANTS WORKING GROUP, BUT DID WE  
4 JUST HEAR FROM THE APPLICANT?

5 (BRIEF PAUSE.)

6 MR. PLUNKETT: YES.

7 CHAIRMAN GOLDBERG: YES.

8 MR. SHEEHY: WHY WASN'T THE DISCLOSURE  
9 THAT YOU'RE HERE FOR THE APPLICANT ABOUT TERMS FOR  
10 THE LOAN? ARE WE NEGOTIATING A LOAN RIGHT NOW?

11 MS. BAUM: I THINK THIS INAPPROPRIATE  
12 DISCUSSION.

13 MR. SHEEHY: I DON'T WANT --

14 MS. BAUM: I DON'T WANT --

15 CHAIRMAN KLEIN: JEFF, FOR MEMBERS OF THIS  
16 COMMITTEE, JEFF, YOU'VE WORKED VERY HARD ON THE LOAN  
17 PROGRAM AS DUANE HAS, I HAVE. WHAT'S IMPORTANT HERE  
18 I THINK, JEFF, IS WE'RE NOT GOING TO MAKE A DECISION  
19 ON THE SPOT HERE. SO WE'RE GOING TO HAVE THE TIME  
20 TO GET A BALANCED VIEW OF THIS. I THINK THAT'S  
21 WHERE YOUR POINT IS DRIVING IS WE'RE GOING TO GET A  
22 BALANCED POINT OF THIS, AS I'M SURE COUNSEL HAS  
23 TRIED TO PROVIDE THUS FAR. BUT WHAT'S CRITICAL HERE  
24 TO UNDERSTAND IS THAT WE PROBABLY DO NEED A  
25 MODIFICATION.

## BARRISTERS' REPORTING SERVICE

1 AND JUST TO FINISH MY COMMENTS, ART, IN  
2 RESPONSE TO YOUR COMMENTS IS I THINK MAINTAINING  
3 JURISDICTION, AS JEFF HAS POINTED OUT, IS VERY  
4 IMPORTANT, BUT MODIFYING C MAY HAVE SOME BENEFITS  
5 HERE AS LONG AS IT RETURNS TO THE FINANCE COMMITTEE  
6 FOR THE DETERMINATIONS JEFF WAS REFERENCING AND YOU  
7 WERE REFERENCING, ART. SO WHAT I WOULD SUGGEST HERE  
8 IS WE ALL HAVE A COMMON MISSION OF MAKING SURE THAT  
9 WE'VE GOT THIS FULLY COVERED.

10 JAMES HARRISON, CAN YOU TELL US ON A  
11 TIMETABLE UNDER THE REGULATORY STATUTES WE WORK ON  
12 WHAT WOULD BE THE PROCESS IF WE WERE GOING TO MODIFY  
13 THIS SO WE HAVE PROPER PUBLIC DISCLOSURE AND THE  
14 TIME FRAMES ARE MET?

15 MR. HARRISON: WE WOULD JUST HAVE TO MAKE  
16 SURE THAT WE POSTED THE LANGUAGE AT LEAST 15 DAYS  
17 BEFORE THE BOARD'S CONSIDERATION OF IT IN NOVEMBER  
18 IF WE WERE TO SCHEDULE IT FOR THE TELEPHONIC MEETING  
19 IN NOVEMBER.

20 CHAIRMAN KLEIN: RIGHT. SO WE WOULD NOT  
21 BE ABLE TO HAVE THE MEETING BEFORE THE ICOC MEETING.  
22 BUT THE IMPORTANT THING, I THINK, JEFF, THAT YOU'VE  
23 STRESSED GETTING IT RIGHT, AS ART HAS STRESSED, AS  
24 DUANE HAS STRESSED. SO WE WOULD HAVE THE TIME TO  
25 BALANCE OUR INFORMATION AND BE ABLE TO HAVE A

## BARRISTERS' REPORTING SERVICE

1 MEETING THAT EFFECTIVELY ACTS AS THE MEETING PRIOR  
2 TO THE NOVEMBER 11TH MEETING WHILE MEETING THE  
3 15-DAY NOTICE PERIOD.

4 CHAIRMAN GOLDBERG: OKAY. LET'S PROCEED  
5 ON THAT BASIS AND PROCEED TO ITEM NUMBER --

6 MS. BAUM: DO YOU WANT TO GO THROUGH THE  
7 OTHER -- OR SINCE IT'S COMING BACK, DO YOU WANT  
8 TO --

9 CHAIRMAN GOLDBERG: WHY DON'T WE DEAL WITH  
10 IT ALL AS ONE PACKAGE ON THE 11TH.

11 MS. BAUM: OKAY.

12 CHAIRMAN GOLDBERG: AND MY RECOMMENDATION  
13 WHILE WE HAVE DR. PIZZO ON THE PHONE -- DO WE HAVE A  
14 QUORUM?

15 MS. KING: WE HAVE DR. PIZZO, AS FAR AS I  
16 UNDERSTAND, DR. PIZZO UNTIL 2:30.

17 DR. PIZZO: I CAN BE HERE UNTIL THREE.  
18 I'M SORRY. UNTIL 2:30.

19 CHAIRMAN GOLDBERG: LET'S DO THE ITEM NO.  
20 5.

21 MS. KING: DID DR. STEWARD BY ANY CHANCE  
22 JOIN THE CALL?

23 CHAIRMAN GOLDBERG: BUT I WANT TO MAKE  
24 SURE THAT WE AT LEAST HAVE DR. PIZZO'S INPUT TO THIS  
25 DISCUSSION ITEM. DR. TROUNSON, PLEASE PROCEED WITH



## BARRISTERS' REPORTING SERVICE

1 THE CONSIDERATION OF PROPOSAL FOR THE ELECTRONIC  
2 JOURNAL .

3 DR. TROUNSON: THANK YOU, MICHAEL. IN OUR  
4 DISCUSSIONS WITH INDUSTRY AND WITH THE ACADEMIC  
5 INSTITUTIONS WHO ARE IN THE PROCESS OF DELIVERING  
6 THE TRANSLATIONAL PROGRAMS, WE HAVE OTHERS ALSO OUT  
7 THERE INTERESTED IN SEEING WHAT IS HAPPENING MORE  
8 BROADLY ACROSS THE U.S. THERE IS A GAP THAT'S  
9 APPEARED IN THE CAPACITY. AND THAT IS REALLY THE  
10 ABILITY TO ACCESS TRANSLATIONAL -- PUBLISHED  
11 TRANSLATIONAL INFORMATION IN CELL THERAPIES.

12 AND SO I'VE ACTUALLY ATTACHED A RANGE OF  
13 COMMENTS THAT I'VE HAD FROM PEOPLE IN THE INDUSTRY  
14 AND PEOPLE IN ACADEMIA WHO ARE IN THE TRANSLATIONAL  
15 SPACE. AND IT'S FAIRLY BROADLY AGREED. FOR  
16 EXAMPLE, THE INTERNATIONAL STEM CELL RESEARCH  
17 SOCIETY SEES THAT AS AN IMPORTANT ISSUE. THE  
18 ORGANIZATION THAT NOW REPRESENTS BROADLY THE  
19 INDUSTRY IN THIS SPACE, THE ALLIANCE FOR  
20 REGENERATIVE MEDICINE, ARM, THAT INCLUDES MOST OF  
21 THE INDUSTRY IN THIS SPACE AND CELL THERAPY SPACE,  
22 AND A NUMBER OF THE ACADEMIC INSTITUTIONS AND  
23 FUNDERS ALL BELIEVE THAT THERE IS A SORT OF MISSING  
24 SPACE HERE.

25 SO WHAT I WOULD LIKE TO DO, AND IT SEEMS

## BARRISTERS' REPORTING SERVICE

1 THAT IT'S A CONSISTENT MESSAGE, IS FOR US TO TRY AND  
2 ENABLE THIS MATTER TO HAPPEN. SO TO GET ONE OF THE  
3 JOURNALS TO EITHER OPEN A NEW JOURNAL OR OPEN A  
4 SPECIFIC AREA IN THEIR JOURNAL FOR TRANSLATIONAL  
5 STUDIES IN CELL THERAPIES. THE FDA NEEDS IT. OUR  
6 TRANSLATIONAL PEOPLE NEED IT. WHAT WE DO NEED IS  
7 BOTH THE POSITIVE AND THE NEGATIVE. IT'S VERY  
8 DIFFICULT TO GET ANY KIND OF NEGATIVE DATA  
9 PUBLISHED, AND IT'S, IN FACT, VERY DIFFICULT TO GET  
10 TRANSLATIONAL DATA PUBLISHED EXCEPT IN SOME  
11 INSTANCES IN SOME OF THE TOPLINE JOURNALS.

12 SO WE'RE MISSING THIS CAPACITY, AND IT'S  
13 SOMETHING IMPORTANT FOR HELPING OUR PEOPLE AND  
14 PEOPLE REALLY ACROSS THE SPACE IN GETTING THROUGH  
15 TRANSLATION, PARTICULARLY IN THIS NEW AREA OF CELL  
16 THERAPIES.

17 SO WHAT WE'RE PROPOSING IS THAT CIRM SEEK  
18 A HIGHLY QUALIFIED AND ESTABLISHED PUBLISHER TO  
19 CREATE AN ONLINE AND OPEN ACCESS JOURNAL FOR  
20 TRANSLATIONAL ASPECTS OF STEM CELL RESEARCH. AND WE  
21 EXPECT THE PUBLISHER TO EXERCISE EDITORIAL  
22 INDEPENDENCE AND THOROUGH PEER REVIEW. THAT'S  
23 ESSENTIAL TO THIS PROPOSAL. AND A COMMITMENT TO  
24 PUBLISH NEGATIVE DATA QUICKLY SO THAT WE LEARN THE  
25 LESSONS OF THE NEGATIVE DATA. SO EVEN THE

## BARRISTERS' REPORTING SERVICE

1 ORGANIZATIONS WHO ARE GOING THROUGH THE SPACE AND  
2 HAVE FOUND SOME HOLES AND SOME NEGATIVE ISSUES WOULD  
3 BE MORE THAN WILLING TO GET THIS DATA PUBLISHED, BUT  
4 FIND IT EXTREMELY DIFFICULT.

5 THIS DATA ON EXPERIENCE OF TRANSLATIONAL  
6 RESEARCH IS GENERALLY HARD TO GET PUBLISHED  
7 ANYWHERE, YET RAPID NOTIFICATION OF NEGATIVE RESULTS  
8 CAN AVOID A LOT OF WASTED REPLICATION AND ACCELERATE  
9 WORK ON ALTERNATIVE APPROACHES. THE PUBLICATION OF  
10 INDUSTRY EXPERIENCE IN TRANSLATION IS DESIRABLE AND  
11 CURRENTLY DIFFICULT IN THE MORE ACADEMIC ORIENTED  
12 STEM CELL JOURNALS. IT'S JUST A FACT. THERE'S ALSO  
13 NEED FOR MORE ROOM FOR SOME OF THE RAPIDLY  
14 INCREASING STEM CELL CONTRIBUTIONS MORE BROADLY.

15 SO WE'RE PROPOSING TO SEE IF WE CAN ASSIST  
16 A JOURNAL TO OPEN THIS ASPECT EITHER AS A NEW  
17 JOURNAL OR A SIGNIFICANT COMPONENT PART OF A CURRENT  
18 JOURNAL TO TRANSLATIONAL THERAPIES. IN ORDER TO  
19 ENCOURAGE THEM TO DO THAT, IT APPEARS THAT IT HASN'T  
20 BEEN DONE AND THERE'S SORT OF PROPOSALS TO DO IT AT  
21 THE MOMENT, IS TO HELP THEM BY MAKING A CONTRIBUTION  
22 OF UP TO \$200,000 FOR YEAR ONE, YEAR TWO, AND AFTER  
23 DISCUSSION WITH BOB KLEIN, I THOUGHT, WELL, YEAR  
24 THREE IN ORDER TO GET THAT JOURNAL IN PLACE AND  
25 PUBLISHING THAT MATERIAL.

## BARRISTERS' REPORTING SERVICE

1           THEY WOULD HAVE TO RESPOND TO AN RFA THAT  
2           REQUIRES THEM TO HAVE A BUSINESS PLAN THAT SHOWS  
3           THAT THEY'RE ABLE TO OPERATE THAT JOURNAL WITH A  
4           CONTRIBUTION SUCH AS OURS IN A WAY THAT WILL GIVE  
5           THEM SUSTAINABILITY. SO THAT THEY WILL BE SUSTAINED  
6           FOR THOSE THREE YEARS AND BEYOND AS A JOURNAL. I  
7           THINK ONCE TRANSLATIONAL ARTICLES WILL COME INTO A  
8           JOURNAL LIKE THAT, IT WILL CONTINUE BECAUSE IT'S ONE  
9           OF THE MOST RAPIDLY GROWING SPACES AT THE MOMENT IN  
10          THE CELL THERAPIES.

11                 SO I'M PROPOSING THAT WE DO THIS BY AN RFA  
12          SEEKING INTEREST FROM THOSE PUBLISHERS WHO HAVE THAT  
13          INTEREST. WE KNOW THAT THERE ARE SEVERAL PUBLISHERS  
14          WITHIN CALIFORNIA WHO ARE SITED IN CALIFORNIA WHO  
15          WOULD EITHER HAVE A STRONG INTEREST IN DOING IT OR  
16          WOULD LIKE TO LOOK AT THE OPPORTUNITY TO DO IT. AND  
17          THERE ARE OTHER JOURNALS ACROSS THE U.S. WHO WOULD  
18          ALSO POSSIBLY LIKE TO BE INCLUDED, AND I'VE ACTUALLY  
19          HEARD FROM THEM. BUT I'M THOUGHTFUL ABOUT THE  
20          OPPORTUNITY TO SPEND THE MONEY IN CALIFORNIA AS A  
21          PREFERENCE. AND IF THERE WAS SUCH A JOURNAL, I  
22          THINK, SITED IN CALIFORNIA, WE WOULD PREFER TO HAVE  
23          OUR MONEY SPENT IN CALIFORNIA IF THEY MET ALL OF THE  
24          CRITERIA THAT WE REQUIRE.

25                         SO I THINK THAT'S THE BASELINE. I'VE

## BARRISTERS' REPORTING SERVICE

1 TRIED TO GET AS MUCH INFORMATION ON RECORD AS I CAN.  
2 DR. BLOOM I'VE TALKED TO ON A NUMBER OF OCCASIONS.  
3 I'VE SENT THE MATERIAL TO DR. PIZZO. HE'S THANKED  
4 ME FOR IT. I DIDN'T GET MORE INFORMATION DIRECTLY  
5 FROM HIM THAN THAT. AND SOME OTHER MEMBERS OF THE  
6 DEANS OF OTHER UNIVERSITIES. I THINK PUBLISHING IN  
7 A GOOD QUALITY JOURNAL WILL BE AN OPPORTUNITY FOR  
8 ACADEMICS TO ENHANCE THEIR CV'S, AND I DON'T  
9 THINK -- THAT DOESN'T NECESSARILY BE A PROMOTION  
10 WITHIN A COMPANY, BUT I THINK ESSENTIALLY THAT IT'S  
11 HIGHLY DESIRED BY THE COMPANIES, AS I SAID, THE  
12 DISCUSSIONS I'VE HAD WITH THE ARM ORGANIZATION. SO  
13 I'M HAPPY TO TAKE QUESTIONS HERE. I JUST THINK IT  
14 IS ONE OF THESE BLANK SPACES THAT IT WOULD BE REALLY  
15 HELPFUL TO FILL AND I THINK WOULD MAKE OUR GOING A  
16 LOT EASIER IN THE CELL THERAPIES FROM ALL POINTS OF  
17 VIEWS, REGULATORS, DELIVERERS, AND THE FUNDERS.

18 CHAIRMAN KLEIN: SO, MICHAEL, THIS IS BOB  
19 KLEIN. COULD I MAKE A SHORT STATEMENT?

20 CHAIRMAN GOLDBERG: SURE.

21 CHAIRMAN KLEIN: SO I'M STRONGLY  
22 SUPPORTIVE OF THIS. PUBLICATION IS CERTAINLY A VERY  
23 STRONG PILLAR OF THE EVALUATION PROCESS FOR ACADEMIC  
24 ADVANCEMENT. EVEN IN THE FACULTY AWARDS PROCESS, WE  
25 FIND THAT WHEN THE SCIENTISTS HAVE BEEN TRYING TO

## BARRISTERS' REPORTING SERVICE

1 PURSUE A BRILLIANT IDEA THROUGH THE DEVELOPMENT  
2 PHASE AND THEY'RE TRYING TO GO INTO CLINICAL TRIALS  
3 OR FINISH AN IND, THEY ARE BURYING THEMSELVES IN THE  
4 DETAILS. AND THEY HAVE AT DIFFERENT TIMES EXPRESSED  
5 THAT THERE IS A LACK OF PUBLICATION SOURCES WHO WILL  
6 TALK ABOUT THE PROCESS OF GETTING SOMETHING THROUGH  
7 THE DEVELOPMENT PROCESS AND INTO THE CLINIC.

8 PETER COFFEY AT UNIVERSITY COLLEGE LONDON  
9 I HAD A SPECIFIC CONVERSATION WITH SEES THAT AS HE  
10 BURIES HIMSELF INTO THIS, HE'S NOT GOING TO HAVE AS  
11 MANY PUBLICATIONS AS HE WOULD OTHERWISE IN TRYING TO  
12 MOVE FORWARD WITH AGE-RELATED MACULAR DEGENERATION.  
13 BUT WE'VE ALSO HEARD THIS CERTAINLY, JEFF SHEEHY, IN  
14 PEER REVIEW AS A DISCUSSION OF WHAT HAPPENED TO THE  
15 PUBLICATION IN THIS PARTICULAR PERIOD FOR SOMEONE  
16 WHO'S AN APPLICANT WHO MAY HAVE, IN FACT, BEEN  
17 TRYING TO MOVE THEIR THERAPEUTIC FORWARD AND HAD TO  
18 IMMERSE THEMSELVES IN AN AREA THAT THEY CAN'T GET  
19 PUBLICATION EXPOSURE ON.

20 SO TO PROVIDE AN INCENTIVE OR TO REMOVE  
21 THE DISINCENTIVES FOR ACADEMIC SCIENTISTS AND TO  
22 PROVIDE AN AVENUE FOR SCIENTISTS IN THE FOR-PROFIT  
23 COMPANIES THAT ARE TRYING TO DRIVE TRANSLATION TO  
24 OUR MISSION OBJECTIVES, I THINK IT'S IMPORTANT TO  
25 PROVIDE AN OPPORTUNITY, AT LEAST TRY, AT LEAST MAKE

## BARRISTERS' REPORTING SERVICE

1 A VERY SUBSTANTIAL EFFORT TO CREATE A JOURNAL OF  
2 PRESTIGE THAT WILL ALLOW THIS KIND OF PUBLICATION.

3 CHAIRMAN GOLDBERG: THANK YOU, CHAIRMAN  
4 KLEIN. I'D LIKE TO ASK DR. BLOOM, AN ESTEEMED  
5 EDITOR AND WRITER OF *SCIENCE MAGAZINE* TO COMMENT  
6 FROM YOUR PERSPECTIVE, PLEASE.

7 DR. BLOOM: I'D BE GLAD TO, MICHAEL. WHEN  
8 I WAS AT *SCIENCE* WE STARTED THREE ONLINE-ONLY  
9 JOURNALS BECAUSE WE WANTED TO EXPLORE NEW AREAS AND  
10 WE DIDN'T HAVE THE MONEY TO GO INTO THEM. ONE OF  
11 THOSE WAS TO COVER THE AREA OF THE BIOLOGY OF AGING.  
12 AND THE ONLY WAY THAT EVER GOT STARTED WAS BECAUSE  
13 THE ELLISON FOUNDATION ALSO HAPPENED TO BE  
14 INTERESTED IN AGING AND WERE WILLING TO GIVE US A  
15 THREE-YEAR STAKE TO GET THAT STARTED.

16 ALAN HAS STATED A VERY GOOD CASE FOR WHY  
17 THIS JOURNAL IS A CRITICAL ELEMENT OF WHAT WE'RE  
18 ABOUT TO FUND HERE WITH THE CALIFORNIA STEM CELL  
19 AUTHORITY. BUT MAYBE I CAN EMPHASIZE ONE ASPECT OF  
20 WHAT HE SAID, WHICH IS THAT THIS JOURNAL WOULD BE  
21 OBLIGATED TO PUBLISH NEGATIVE STUDIES. THERE ARE  
22 VIRTUALLY NO JOURNALS THAT ARE WILLING TO PUBLISH  
23 NEGATIVE STUDIES. AND IT'S SO CRITICAL TO DO THAT  
24 BECAUSE IT KEEPS PEOPLE FROM MAKING THE SAME MISTAKE  
25 TWICE, PARTICULARLY AS WE TRY TO TRANSLATE THE

## BARRISTERS' REPORTING SERVICE

1     ADVANCES IN STEM CELL BIOLOGY TO WAYS TO HELP  
2     PEOPLE. THOSE TRANSITIONAL STUDIES, STUDIES TO GET  
3     THEM INTO PEOPLE, STUDIES TO EXPLAIN WHY YOUR  
4     CLINICAL TRIAL WENT AWRY, THOSE ARE GOING TO BE  
5     CRITICAL IN HELPING PEOPLE DO A BETTER EXPERIMENT  
6     THE SECOND TIME.

7             AND SO HAVING A JOURNAL THAT WOULD DO WHAT  
8     ALAN SAYS IN THIS AREA, BUT WOULD ALSO BE OBLIGATED  
9     TO DO IT, AND TO GIVE THEM A THREE-YEAR COMMITMENT  
10    OF FUNDING, I THINK, WOULD ALL BE VERY CRITICAL AND  
11    UNIQUE ASPECTS OF THIS NEW KIND OF JOURNAL.

12            CHAIRMAN GOLDBERG: THANK YOU. LET ME  
13    OPEN IT UP TO MEMBERS OF THE COMMITTEE IN SAN  
14    FRANCISCO.

15            DR. PIZZO: WELL, LET ME JUST SAY, FIRST  
16    OF ALL, AS ALAN KNOWS, I STARTED OUT BEING SKEPTICAL  
17    OF THIS BELIEVING THAT THERE'S ENOUGH JOURNALS TO  
18    PUBLISH HIGH QUALITY MATERIAL. I KNOW THE  
19    COMPETITION OBVIOUSLY FOR THIS. I AM PERSUADED BY  
20    THE ARGUMENTS THAT HAVE BEEN PUT FORWARD. AND TO  
21    ME, INTERESTINGLY, THE STRONGEST ARGUMENT STARTED BY  
22    ALAN AND ARTICULATED WELL BY FLOYD IS THE ISSUE  
23    ABOUT COMPELLING THERE TO BE PUBLICATION OF NEGATIVE  
24    RESULTS. I THINK ALL OF US KNOW THAT THAT IS ONE OF  
25    THE BIG MISSES IN NEW AREAS THAT COULD BE AN



**BARRISTERS' REPORTING SERVICE**

1       IMPORTANT CONTRIBUTION.

2                       SO WITH THAT AS AN IMPORTANT COMPONENT, I  
3       AGREE THAT THIS IS A WORTHWHILE VENTURE.

4                       CHAIRMAN GOLDBERG:  THANK YOU, DR. PIZZO.  
5       JEFF SHEEHY.

6                       MR. SHEEHY:  I HAD A QUESTION.  WHERE WILL  
7       THIS BE MANAGED IN CIRM?  I KNOW THAT WE -- THE  
8       SCIENCE OFFICE, I MEAN I HEARD LAST MEETING THAT WE  
9       NEEDED TO BE CAREFUL ON HOW MUCH SCIENCE WE WERE  
10      FUNDING; I.E., IN THE DISEASE TEAM PLANNING GRANTS,  
11      THE DISEASE TEAM GRANTS BASED ON THE CAPACITY OF THE  
12      SCIENCE OFFICE.  SO I WOULDN'T WANT TO PUT THIS ON  
13      TOP OF THAT BURDEN.  I'D RATHER THEY WERE BUSY DOING  
14      SCIENCE.

15                      DR. TROUNSON:  SO THIS -- WE WOULDN'T BE  
16      DIRECTLY INVOLVED, JEFF.  WE WOULD -- THIS WOULD BE  
17      AN EDITORIAL AND AN EDITORIAL STAFF WHICH ARE  
18      COMPLETELY INDEPENDENT.  WE'D JUST REQUIRE THEM TO  
19      TAKE ON BOARD BOTH THE PUBLISHING OF POSITIVE AND  
20      NEGATIVE DATA IN THE AREA OF TRANSLATION, AND THAT  
21      THEY DO IT WITH THE PROPER PEER REVIEW THAT THEY  
22      ALREADY HAVE SET UP.  SO WE WOULDN'T HAVE ANY DIRECT  
23      ROLE, PERHAPS EXCEPT IN SUGGESTING THAT SOME OF OUR  
24      RESEARCH TEAMS MAY CONSIDER THE JOURNAL OR MAYBE  
25      PROMOTING THEM WRITING A REVIEW OR SO IN THAT

## BARRISTERS' REPORTING SERVICE

1 JOURNAL, BUT THERE WOULD BE NO DIRECT STAFF  
2 INVOLVEMENT. THIS WOULD BE AN INDEPENDENT ACTIVITY,  
3 AND WE WOULD BE JUST FUNDING THAT IN ORDER TO GET IT  
4 STARTED.

5 MR. SHEEHY: THE OTHER QUESTION I HAD. IS  
6 THIS GOING TO BE OPEN SOURCE -- CAN WE PUT SOME SORT  
7 OF OPEN SOURCE REQUIREMENT? I KNOW WE TALKED ABOUT  
8 THIS BEFORE.

9 DR. TROUNSON: WILL BE OPEN SOURCE, WILL  
10 BE ONLINE. THAT WILL BE PART OF THEIR BUDGET  
11 REQUIREMENTS AND BUSINESS PLAN TO DO THAT.

12 CHAIRMAN GOLDBERG: ANY OTHER MEMBERS OF  
13 THE COMMITTEE LIKE TO COMMENT? VICE CHAIRMAN  
14 TORRES.

15 MR. TORRES: YES. I JUST WANTED TO THANK  
16 YOU, DR. PIZZO. I KNOW YOU HAD SOME CONCERNS  
17 EARLIER. I SUPPORT THIS EFFORT, AND I REALLY THINK  
18 IT WAS HELPFUL TO SEE THE REVIEWS THAT WERE PROVIDED  
19 BY SCIENTISTS ACROSS THE STATE THAT YOU ACCUMULATED,  
20 ALAN, BECAUSE IT GIVES US A BETTER SENSE OF WHAT'S  
21 OUT THERE.

22 ONE QUESTION OF YOU IN TERMS OF DR.  
23 PERA'S, WHAT DID HE MEAN "I THINK THE NICHE NEEDS TO  
24 BE CLARIFIED" IN HIS COMMENTS?

25 DR. TROUNSON: I THINK WHAT IS ACTUALLY

**BARRISTERS' REPORTING SERVICE**

1 TRANSLATION.

2 MR. TORRES: OKAY.

3 DR. TROUNSON: I THINK THAT'S REALLY EASY  
4 TO DO. I THINK PEOPLE DO UNDERSTAND WHAT  
5 TRANSLATION IS.

6 MR. TORRES: THANK YOU.

7 CHAIRMAN GOLDBERG: ANY OTHER COMMENTS  
8 FROM MEMBERS OF THE COMMITTEE? IF NOT, IT'S  
9 APPROPRIATE TO OPEN FOR COMMENT FROM PUBLIC AT ANY  
10 OF THE SITES. BEING NO COMMENTS, I'D LIKE TO MOVE  
11 ON TO ITEM NO. 4.

12 MR. SHEEHY: DO YOU WANT TO GET APPROVAL  
13 FOR THAT OR DO YOU WANT TO WAIT?

14 CHAIRMAN GOLDBERG: WE DON'T HAVE A  
15 QUORUM.

16 CHAIRMAN KLEIN: DO YOU WANT TO GET A  
17 SENSE OF THE COMMITTEE?

18 MR. SHEEHY: I THINK FOR THIS ITEM, BOB,  
19 WE PROBABLY ACTUALLY NEED A QUORUM SINCE THAT WAS  
20 THE DIRECTION FROM THE BOARD TO GET APPROVAL FOR  
21 THIS FROM THE FINANCE SUBCOMMITTEE. SO I THINK A  
22 SENSE OF IT WOULDN'T REALLY CAPTURE IT. I THINK WE  
23 ACTUALLY PROBABLY, IN ORDER TO COMPLY WITH THE  
24 DECISION THAT THE ICOC MADE ON THIS ITEM, HAVE AN  
25 ACTUAL QUORUM OF THE FINANCE SUBCOMMITTEE TAKE A

**BARRISTERS' REPORTING SERVICE**

1 VOTE.

2 CHAIRMAN KLEIN: JEFF, ACTUALLY I THINK  
3 YOU'RE CORRECT. ONE APPROACH WE COULD TAKE IS TO  
4 HAVE A VOTE AND LEAVE IT OPEN SO IF OS WERE TO JOIN  
5 LATE, WE'D BE ABLE TO PICK HIM UP EVEN IF DR. PIZZO  
6 OR SOMEONE HAD TO DROP OFF.

7 MS. KING: WE HAVE NOT BEEN ABLE TO FIND  
8 DR. STEWARD. JENNA AND I HAVE BOTH BEEN TRYING  
9 MULTIPLE NUMBERS AND HIS ASSISTANT. IT'S VERY  
10 POSSIBLE THAT HE JUST COULDN'T MAKE THIS DATE. LIKE  
11 I SAID, THERE WERE SO MANY DIFFERENT E-MAILS AND SO  
12 MANY DATES FOR THIS REQUEST AND SO MANY DIFFERENT  
13 THINGS THAT WE WERE ASKED TO ACCOMMODATE, THAT I  
14 JUST THINK THAT HE'S NOT ABLE TO JOIN.

15 CHAIRMAN GOLDBERG: LET ME ASK A SIMPLE  
16 QUESTION OF THE MEMBERS ON THIS CALL. ARE THERE ANY  
17 MEMBERS WHO ARE IN VIOLENT DISAGREEMENT WITH THE  
18 RECOMMENDATION OF DR. TROUNSON?

19 DR. PIZZO: COULD YOU DEFINE VIOLENT?

20 CHAIRMAN GOLDBERG: I THOUGHT I WOULD  
21 START THERE AND GRADUALLY CREEP TOWARD THE CENTER.  
22 I THINK I CAN REPORT TO THE ICOC THAT THERE WAS  
23 GENERAL SUPPORT.

24 MR. SHEEHY: I THINK LEGALLY FOR THEM TO  
25 BE ABLE TO ISSUE THE RFP, WE NEED TO MAKE A DECISION

## BARRISTERS' REPORTING SERVICE

1 WITH A QUORUM BECAUSE THAT WAS THE MOTION THAT WAS  
2 APPROVED AT THE ICOC.

3 CHAIRMAN KLEIN: JEFF, YOU'RE CORRECT.  
4 AND IF WE DON'T HAVE A QUORUM, IF WE DON'T HAVE  
5 ANOTHER MEMBER THAT DOES END UP JOINING US, WE HAVE  
6 TO ADD THIS TO THE ICOC AS AN UNEXPECTED AGENDA ITEM  
7 FOR THE OCTOBER MEETING. WE'D HAVE TO TAKE IT BACK  
8 TO THE ICOC MEETING TO GET THE APPROVAL YOU NEED.

9 MS. KING: I CAN DO THAT. I'LL WORK WITH  
10 JAMES.

11 MR. TORRES: NEXT WEEK. THAT'S FINE.

12 CHAIRMAN GOLDBERG: THAT'S HOW WE'LL DO  
13 IT. AND IT WAS -- I'M VERY SUPPORTIVE OF YOUR  
14 RECOMMENDATION, DR. TROUNSON.

15 DR. TROUNSON: THANK YOU VERY MUCH.

16 CHAIRMAN GOLDBERG: I WANT TO TURN IT OVER  
17 TO CHAIRMAN KLEIN FOR THE INTRODUCTION OF ITEM NO.  
18 4, AND THEN WE'LL GO TO DR. ROBSON FOR SOME  
19 SPECIFICS.

20 CHAIRMAN KLEIN: CERTAINLY. SO I HAD THE  
21 CHANCE TO MEET WITH DR. TROUNSON AND DR. ROBSON IN  
22 TRYING TO PROVIDE A FORECASTING OF A POTENTIAL PATH  
23 FOR THE EXPENDITURE OF THE BALANCE OF THE \$1.59  
24 BILLION LEFT TO BE EXPENDED AND ANY REASONABLY  
25 CONSERVATIVE RECAPTURE THAT MAY OCCUR ALONG THAT

## BARRISTERS' REPORTING SERVICE

1 PATH IN FUNDS FROM GRANTS THAT ARE APPROVED, BUT  
2 DON'T MEET THEIR FINAL MILESTONE, FOR EXAMPLE, UNDER  
3 DISEASE TEAMS.

4 DR. ROBSON HAD AN ASSUMPTION, WHICH I  
5 THOUGHT WAS REASONABLE, THAT BETWEEN THE GRANTS WE  
6 HAVE OUT TO DATE OF APPROXIMATELY A BILLION ONE AND  
7 THE GRANTS GOING FORWARD, THAT WE COULD REASONABLY  
8 EXPECT THAT ABOUT \$190 MILLION COULD BE RECAPTURED  
9 OVER THAT PERIOD. AS YOU WILL SEE IN WHAT'S  
10 PRESENTED HERE TODAY, IF 130 MILLION OR SOME SIMILAR  
11 DOLLAR AMOUNT THAT DR. ROBSON MAY PROPOSE WERE, IN  
12 FACT, ASSUMED TO OCCUR IN THE FIRST SIX MONTHS OF  
13 2017, IF THAT DID NOT OCCUR BECAUSE WE HAD MORE  
14 BRILLIANT RESEARCHERS AT ANY TIME IN THE HISTORY OF  
15 BIOMEDICAL RESEARCH, WHICH IS POSSIBLE, AND EVERYONE  
16 MADE THEIR MILESTONES ON ALL THE DISEASE TEAMS  
17 THROUGH THE WHOLE TIME PERIOD, WE WOULD BE ABLE TO  
18 JUST NOT FUND THE FIRST SIX MONTHS OF 2017 WITH NEW  
19 RFA'S.

20 BUT I THINK IN LOOKING AT THIS, WE NEED TO  
21 REALIZE THIS IS AN ORGANIC PROGRAM, AND AT LEAST IN  
22 THE DRAFT I WENT OVER WITH DR. TROUNSON, ABOUT \$290  
23 MILLION WAS TO BE DESIGNATED, SO THERE'S A LOT OF  
24 FLEXIBILITY FOR NEW PROGRAMS. AS AN OVERVIEW, I  
25 THOUGHT IT WOULD BE HELPFUL TO JUST OUTLINE THOSE

## BARRISTERS' REPORTING SERVICE

1 KEY POINTS TO PROVIDE SOME BACKGROUND TO DR.  
2 ROBSON'S PRESENTATION.

3 CHAIRMAN GOLDBERG: THANK YOU. DR.  
4 ROBSON.

5 DR. ROBSON: OKAY. IF YOU REMEMBER, I  
6 MADE A PRESENTATION ABOUT THIS ISSUE IN JUNE AT THE  
7 ICOC MEETING THAT PROVIDED A DOCUMENT. AND IN THAT  
8 DOCUMENT THERE WERE TWO SCENARIOS PRESENTED. ONE  
9 WAS BASED ON AN RFA SCHEDULE THAT WAS BEING  
10 DEVELOPED, A REPEATING GROUP OF RFA'S THAT INCLUDED  
11 BASIC BIOLOGY, EARLY TRANSLATION, AND DISEASE TEAMS.  
12 AND THE AMOUNTS OF MONEY TAGGED TO EACH OF THOSE  
13 RFA'S WAS BASED ON HISTORICAL AWARDING LEVELS BY THE  
14 ICOC.

15 WHEN I DID THAT AND JUST REITERATED IT OUT  
16 TO THE END, IT APPEARED THAT THE LAST RFA WOULD GO  
17 OUT IN ABOUT 2014, AND ALL THE MONEY WOULD BE  
18 EXPENDED BY 2019. I HAD PRESENTED AN ALTERNATIVE  
19 POSSIBILITY AT THAT TIME WHICH RESERVES SOME FUNDS  
20 TOWARD THE END. IT PROVIDED MONEY TO SUPPORT  
21 CLINICAL TRIALS. AND IN THAT PARTICULAR EXAMPLE,  
22 THE LAST RFA WOULD GO OUT IN 2017 AND THE MONEY  
23 WOULD BE EXPENDED IN 2022 OR 23.

24 NOW, I SHOULD POINT OUT THAT WE NEVER  
25 REALLY -- IT WAS NEVER THE INTENTION THAT ONE OR

## BARRISTERS' REPORTING SERVICE

1 EITHER OF THOSE PLANS WOULD BE ADOPTED. IT WAS  
2 REALLY JUST TO STIMULATE CONVERSATION OF THE BOARD  
3 TO START THINKING STRATEGICALLY ABOUT HOW WE WANTED  
4 TO SPEND THE REST OF OUR MONEY. HOW LONG SHOULD  
5 CIRM PLAN TO KEEP GOING? WHERE IN THE PIPELINE  
6 SHOULD WE INVEST OUR MONEY? HOW MUCH SHOULD GO  
7 TOWARDS BASIC BIOLOGY, TOWARDS TRANSLATION? HOW  
8 MUCH SHOULD BE PRESERVED TOWARDS CLINICAL TRIALS?  
9 AND WOULD WE BE BETTER OFF SPENDING OUR MONEY FRONT  
10 LOADING IT, SPENDING IT UP FRONT, OR WOULD WE BE  
11 BETTER TO SAVE MORE MONEY TOWARD THE END? THOSE  
12 WERE THE KINDS OF QUESTIONS THAT WE WERE TRYING TO  
13 GET PEOPLE TO THINK ABOUT.

14 AND IT WAS ALWAYS ASSUMED THAT THIS  
15 EXERCISE WOULD BE AN ONGOING, SORT OF LIVING  
16 CALCULATION. IN FACT, ONE OF THE ADVANTAGES OF THE  
17 MODEL THAT WE BUILT IS THAT WE CAN MAKE CHANGES  
18 RELATIVELY EASILY AND WE CAN LOOK AT HOW THE  
19 FINANCES PLAY OUT.

20 SO THEN TO SORT OF JUMP FORWARD A BIT,  
21 WHEN WE WERE GETTING READY FOR THE EXTERNAL REVIEW,  
22 ALAN ASKED ME TO UPDATE THAT DOCUMENT AND PROVIDE  
23 SOMETHING TO THE ICOC -- EXCUSE ME -- TO THE  
24 EXTERNAL REVIEW PANEL. I DID THAT, AND THAT  
25 DOCUMENT IS ATTACHED. IT WAS POSTED WITH THE



## BARRISTERS' REPORTING SERVICE

1 AGENDA.

2 NOW, WHEN I DID THAT DOCUMENT, WE CHANGED  
3 SOME OF THE ASSUMPTIONS, WHICH, AS I SAID, THAT'S  
4 WHAT WE EXPECTED WE WOULD DO AS THIS THING MOVED  
5 ALONG. TWO MAIN CHANGES THAT WE MADE WERE WE  
6 STRETCHED OUT THE TIME PERIOD, THE FREQUENCY, OF THE  
7 RFA'S FOR EARLY TRANSLATION. WE MOVED THAT FROM  
8 EVERY 12 MONTHS TO EVERY 15 MONTHS. AND THAT WAS  
9 DONE -- IT WAS A REFLECTION OF THINGS WE HEARD FROM  
10 STAFF ABOUT DEMAND FOR THOSE PROGRAMS, AND WE ALSO  
11 WANTED TO INCORPORATE A LITTLE MORE FLEXIBILITY INTO  
12 OUR PROGRAM. SO WE CHANGED THAT TO 12 MONTHS.

13 AND THEN THE OTHER THING WE DID WAS WE  
14 CHANGED THE FREQUENCY OF THE DISEASE TEAMS, THE ONE  
15 THAT HAD THE GREATEST IMPACT. WE CHANGED THE  
16 FREQUENCY OF DISEASE TEAMS FROM EVERY 12 MONTHS TO  
17 EVERY 24 MONTHS. AND THE REASON WE DID THAT WAS  
18 BECAUSE THE BOARD HAD MADE THE DECISION TO NOT USE  
19 PREAPPLICATION REVIEW AS PART OF THE DISEASE TEAM  
20 PROCESS. INSTEAD, THEY MADE THE DETERMINATION TO  
21 USE DISEASE TEAM PLANNING GRANTS WHICH EXTENDED THE  
22 REVIEW PROCESS OUT TO ABOUT TWO YEARS.

23 SO WE USED THOSE NUMBERS. AND WHEN WE  
24 CYCLED THAT THROUGH OUR MODEL, WE CAME UP WITH A  
25 DIFFERENT TIME COURSE THAN I HAD REPORTED

## BARRISTERS' REPORTING SERVICE

1 PREVIOUSLY. NOW, IT'S IMPORTANT TO REMEMBER THE KEY  
2 TO UNDERSTANDING ANY OF THESE MODELS IS TO BE CLEAR  
3 ON WHAT THE ASSUMPTIONS ARE. AND BOB TALKED ABOUT  
4 THIS A LITTLE BIT.

5 THE ASSUMPTIONS THAT WE USED IN THE  
6 DOCUMENT YOU HAVE ARE DESCRIBED ON PAGE 2, AND IT'S  
7 IMPORTANT THAT YOU PAY ATTENTION TO THOSE. WE'RE  
8 ASSUMING THAT EVERYTHING THAT THE ICOC TARGETS, THAT  
9 IS, THE CONCEPT APPROVAL, THE AMOUNTS ARE WHAT WILL  
10 ACTUALLY BE AWARDED. AS YOU KNOW, THE ICOC OFTEN  
11 FUNDS MORE THAN THEY TARGET, AND SOMETIMES THEY FUND  
12 LESS THAN TARGETED. THE ASSUMPTION THAT WE'VE MADE  
13 HERE IS THAT THOSE TWO THINGS WILL BALANCE OUT. IF  
14 YOU LOOK HISTORICALLY AT ALL THE RFA'S THAT HAVE  
15 GONE, THAT'S PRETTY MUCH WHAT HAS HAPPENED.

16 THE OTHER IMPORTANT THING IS, AND THIS IS  
17 ONE BOB TALKED ABOUT, IS THAT WE ASSUME IN THIS  
18 MODEL IN THIS DOCUMENT THAT NO FUNDS ARE RECYCLED,  
19 THAT EVERYTHING THAT'S COMMITTED IS EXPENDED. NOW,  
20 WE ALL EXPECT THAT THERE WILL BE SOME SHORTFALLS.  
21 THERE WILL BE SOME MONEY THAT WILL COME BACK OR THAT  
22 WON'T BE EXPENDED BECAUSE PROGRAMS WILL BE  
23 TERMINATED FOR VARIOUS REASONS, PERHAPS NOT MEETING  
24 NO-GO DECISION POINTS OR SOME MILESTONE. WE DON'T  
25 REALLY FEEL CONFIDENT YET BECAUSE WE DON'T REALLY

## BARRISTERS' REPORTING SERVICE

1 HAVE ANY HISTORICAL BASIS ON THIS IN OUR OWN  
2 EXPERIENCE, WE'RE NOT REALLY CONFIDENT TO KNOW HOW  
3 MUCH MONEY THAT'S GOING TO BE, OR WE DON'T REALLY  
4 KNOW WHEN THAT MONEY MIGHT COME BACK.

5 SO WE MADE THE DECISION TO NOT USE THAT  
6 MONEY ON OUR PROJECTION AND THEN MAKE ADJUSTMENTS  
7 LATER WHEN THE MONEY APPEARS. SO THAT'S AN  
8 IMPORTANT DIFFERENCE BETWEEN WHAT BOB HAS TALKED  
9 ABOUT AND PRESENTED TO YOU AND WHAT WE'VE DONE.

10 WE ASSUME THERE WILL BE NO ROYALTY MONEY  
11 COMING BACK; BUT, OF COURSE, YOU ALL KNOW THAT ANY  
12 ROYALTY MONEY THAT DOES COME BACK GOES DIRECTLY TO  
13 THE STATE, SO THAT WOULDN'T BE A FACTOR. AND WE  
14 ASSUME THAT NO LOAN MONEY WOULD COME BACK BECAUSE WE  
15 HAVE ONE LOAN OUT THERE. IT'S NOT DUE UNTIL 2020,  
16 AND OUR PROJECTIONS STILL INDICATE THAT WE WOULD  
17 HAVE HAD COMMITTED ALL OF OUR MONEY PRIOR TO 2020.

18 AND FINALLY, WE ASSUME THAT WE WON'T GET  
19 ANY MONEY FROM ANY OTHER SOURCE SUCH AS ANOTHER  
20 PROPOSITION. I THINK IT'S A LITTLE TOO EARLY TO SAY  
21 WHETHER OR NOT THAT MIGHT BE SUCCESSFUL, SO WE  
22 HAVEN'T USED THAT IN OUR CALCULATIONS. WHEN WE USE  
23 THOSE ASSUMPTIONS, AND THERE'S A TABLE THERE WHICH  
24 SHOWS THE RFA SCHEDULE THAT WE USE, I JUST TOOK THAT  
25 RFA SCHEDULE AND WE JUST ITERATED IT OUT UNTIL THE

## BARRISTERS' REPORTING SERVICE

1 MONEY WAS GONE. AND YOU WILL SEE IN THAT ONE THE  
2 LAST GRANTS GO OUT IN 2016 AND THE MONEY WOULD BE  
3 EXPENDED BY 2020.

4 NOW, SO THAT'S THE EXERCISE WE DID. I  
5 REMIND YOU THAT THE PURPOSE OF THIS AND THE PURPOSE  
6 OF THIS DOCUMENT WAS TO STIMULATE DISCUSSION WITH  
7 THE EXTERNAL REVIEW PANEL.

8 NOW, THE DOCUMENT YOU HAVE FROM THE  
9 CHAIR'S OFFICE, AGAIN, IT HAS SOME DIFFERENT  
10 ASSUMPTIONS. THE ONE I'VE ALREADY BEEN THROUGH, BOB  
11 HAS BEEN THROUGH, IS THE INSERTION OF THIS \$190  
12 MILLION WHICH WAS MONEY THAT WAS NOT EXPENDED IN  
13 OTHER PROGRAMS OR MONEY THAT WAS RETURNED FOR  
14 RECYCLE. THE OTHER DIFFERENCE IS THAT IN SOME OF  
15 THE LATER RFA'S FOR BASIC BIOLOGY, EARLY  
16 TRANSLATION, AND DISEASE TEAMS, THE AMOUNTS HAVE  
17 BEEN REDUCED FROM WHAT WE USED IN THE DOCUMENT THAT  
18 I PROVIDED. AND THOSE MONIES WERE THEN ALSO USED BY  
19 THE CHAIR'S OFFICE TO CREATE NEW RFA'S THAT ARE  
20 ESSENTIALLY LABELED AS TO BE DETERMINED.

21 SO THERE ARE SOME THINGS THAT ARE NOT IN  
22 EITHER OF THESE DOCUMENTS THAT WE'VE BEEN TALKING  
23 ABOUT THAT SHOULD BE -- WE WOULD LIKE TO BE  
24 CONSIDERED CERTAINLY AT SOME POINT. THESE INCLUDE A  
25 GENOMIC STEM CELL INITIATIVE AS A POSSIBILITY, ALPHA

## BARRISTERS' REPORTING SERVICE

1 CLINICS. DR. TROUNSON HAS TALKED ABOUT ALPHA  
2 CLINICS SOME TO THE BOARD. WE THINK THAT WE'LL  
3 PROBABLY NEED MONEY FOR THAT. AND WE ALSO THINK  
4 THAT WE'RE LIKELY TO NEED MONEY TO SUPPORT CLINICAL  
5 TRIALS FOR PROJECTS FROM DISEASE TEAMS FROM  
6 SUCCESSFUL PROJECTS IN EARLIER DISEASE TEAM ROUNDS,  
7 AND WE'LL WANT TO HAVE MONEY TO HELP PUSH THEM  
8 THROUGH CLINICAL TRIALS.

9 SO I THINK -- IN THE END I THINK THIS  
10 MODEL HAS BEEN USEFUL, AND IT WILL CONTINUE TO BE  
11 USEFUL TO HELP US IN OUR STRATEGIC THINKING TO HELP  
12 US DEAL WITH QUESTIONS LIKE WHETHER OR NOT WE SHOULD  
13 REALLY BE FRONT LOADING OUR FUNDING TO KICK START  
14 PROGRAMS, SHOULD WE BE SAVING THINGS FOR LATER YEARS  
15 WHEN THE TECHNOLOGIES AROUND STEM CELL ARE A LITTLE  
16 MORE MATURE AND MORE ADVANCED, OR SHOULD WE REALLY  
17 BE PRESERVING SOME OF OUR FUNDS TO HELP GET PROJECTS  
18 TO THE CLINIC LATER ON.

19 I THINK THAT THESE ARE IMPORTANT  
20 QUESTIONS. THEY ALL HAVE SERIOUS FINANCIAL  
21 IMPLICATIONS TO THEM, AND I THINK HAVING VARIOUS  
22 MODELS GO OUT, ITERATIONS GO OUT LIKE YOU'VE SEEN  
23 TODAY, TWO VARIATIONS TODAY, IS A GOOD EXERCISE  
24 BECAUSE IT GETS PEOPLE THINKING. HOWEVER, I THINK  
25 WE HAVE TO BE CAREFUL NOT TO LOCK OURSELVES INTO AN

## BARRISTERS' REPORTING SERVICE

1 RFA SCHEDULE THAT GOES VERY FAR INTO THE FUTURE. I  
2 THINK THAT COULD BE PROBLEMATIC. IT COULD PRODUCE  
3 SOME NEGATIVE IMPACT ON OUR ABILITY TO BE FLEXIBLE  
4 AS THE SCIENCE CHANGES, AS RESEARCH CHANGES, AND WE  
5 DON'T WANT TO DO THAT. WE WANT TO PRESERVE THAT  
6 FLEXIBILITY THAT CIRM HAS RIGHT NOW.

7 THOSE ARE REALLY MY COMMENTS ON THAT.  
8 RETURN IT TO YOU, MICHAEL.

9 CHAIRMAN GOLDBERG: THANK YOU VERY MUCH.  
10 I THINK THAT'S VERY HELPFUL. WOULD IT BE FAIR FOR  
11 ME TO SUMMARIZE THE BOTTOM LINE FROM JUNE TO THIS  
12 FORECAST, THIS BEING FUNDS THROUGH 2017 AS COMPARED  
13 WITH FUNDS THROUGH 2014, GIVEN A DIFFERENT SET OF  
14 ASSUMPTIONS.

15 DR. ROBSON: SURE. IN THE ONE THAT I  
16 PROPOSED, THE LAST GRANTS WOULD GO OUT IN 2016. BUT  
17 IF YOU, AS BOB DID, ASSUMED THAT THERE WOULD BE SOME  
18 MONEY THAT'S GOING TO BE COMING BACK, HE ADDED THAT  
19 ON AND GOT INTO 2017, THAT'S PERFECTLY REASONABLE.

20 CHAIRMAN GOLDBERG: THANK YOU. AND IS IT  
21 YOUR EXPECTATION THAT THIS WOULD BE REVISED AFTER  
22 THE REPORT FROM THE EXTERNAL REVIEWERS HAS BEEN  
23 RECEIVED AND WE COULD --

24 DR. TROUNSON: I THINK IT CAN BE REVISED  
25 WHENEVER YOU LIKE. I THINK MUCH OF THIS DEPENDS ON

## BARRISTERS' REPORTING SERVICE

1 WHAT THE ICOC DECIDES. AND IT'S THE VEHICLE, IF YOU  
2 LIKE, FOR A MODEL, ROBSON MODEL, IF YOU LIKE, FOR  
3 GIVING US SOME PREDICTABILITY OF THE COURSE OF THE  
4 FUNDING. SO I THINK IT COULD BE USEFUL IN REAL-TIME  
5 AT SOME STAGE. AT A BOARD MEETING YOU COULD PLUG IN  
6 DIFFERENT FIGURES AND JUST SEE WHAT HAPPENS TO THE  
7 GRAPHS. HOW LONG WILL IT TAKE AND WHERE WOULD YOU  
8 GO. I THINK IT'S A USEFUL, FLEXIBLE MODEL AS BOB  
9 HAS SHOWN AND AS JOHN'S SHOWN. YOU CAN ACTUALLY  
10 MAKE ADJUSTMENTS AND CREATE A LOOK DOWNSTREAM AT  
11 WHAT IMPACTS THOSE KINDS OF THING HAVE.

12 AS JOHN SAID, I THINK THE NEED TO BE  
13 FLEXIBLE IN THIS VERY FAST MOVING PLACE IS ONE OF  
14 THE FEATURES THAT'S MADE THEM SO SUCCESSFUL. AND,  
15 OF COURSE, WE DON'T REALLY KNOW WHAT'S AROUND THE  
16 CORNER ONE YEAR, TWO YEARS THAT WOULD MAKE US WANT  
17 TO DO SOMETHING VERY SPECIAL.

18 CHAIRMAN GOLDBERG: I'M IN AGREEMENT WITH  
19 WHAT BOTH OF YOU, DR. TROUNSON AND DR. ROBSON, HAVE  
20 SAID AS WELL AS CHAIRMAN KLEIN'S INTRODUCTION. IT  
21 SEEMS TO BE A LIVING DOCUMENT. QUESTION FOR YOU,  
22 DR. TROUNSON, IS WHEN DO YOU THINK WE'LL HAVE  
23 MATERIAL INFORMATION THAT WOULD CAUSE US TO  
24 REFORECAST THESE FIGURES BECAUSE I THINK IT WAS  
25 EISENHOWER WHO SAID, "THE PLAN IS NOTHING. THE

## BARRISTERS' REPORTING SERVICE

1 PLANNING IS EVERYTHING."

2 DR. TROUNSON: I THINK THAT'S RIGHT.

3 MAYBE WE MIGHT ENCOURAGE THE BOARD TO HAVE A SESSION  
4 ON THIS AT SOME STAGE. IT'S PARTICULARLY DRIVEN BY  
5 THE AMOUNT OF FUNDING. AND THE INTERVAL DISEASE  
6 TEAMS, FOR EXAMPLE, DRIVES A LOT OF THE OUTCOME  
7 BECAUSE THAT'S SUCH A BIG PROGRAM. AND I THINK  
8 WE'LL HAVE TO MAKE ADJUSTMENTS FOR US TO BE ABLE TO  
9 COPE WITH WHATEVER PROGRAM WE HAVE, OF COURSE.  
10 SOMETIMES WE JUST CAN'T GET THROUGH THE CYCLE OF  
11 WHAT IT IS, ALL OF US, IN A CERTAIN TIME FRAME. BUT  
12 GIVEN ALL OF THOSE THINGS, I THINK IT'S USEFUL TO  
13 HAVE THAT. IT MIGHT BE SOME REASON WHY YOU'D WANT  
14 TO LOOK AT IT AFTER THE EXTERNAL REVIEW, OR THERE  
15 MAY BE SOME REASON THAT YOU'D WANT TO LOOK AT IT FOR  
16 OTHER REASONS GOING DOWNSTREAM.

17 CHAIRMAN GOLDBERG: THANK YOU.

18 DR. ROBSON: I WAS JUST GOING TO SAY THAT  
19 I THINK THERE'S A REASONABLY GOOD CHANCE THAT THE  
20 EXTERNAL REVIEW COMMITTEE WILL WEIGH IN ON THIS  
21 ISSUE ON HOW WE SHOULD SPEND OUR FUNDS, HOW FAST,  
22 HOW THEY SHOULD BE TARGETED. AND THAT WILL COME  
23 THROUGH IN A REPORT THAT WILL COME TO THE BOARD IN  
24 DECEMBER.

25 CHAIRMAN KLEIN: SO, JEFF SHEEHY, IN



## BARRISTERS' REPORTING SERVICE

1 PARTICULAR, I WAS HOPEFUL THAT BY THE TIME THIS GETS  
2 TO THE BOARD, YOU'D HAVE A CHANCE TO LOOK AT IT AND  
3 HAVE SOME COMMENTS HERE AS WELL AS THERE. BUT ONE  
4 OF THE THINGS THAT ARE REPRESENTED IN THE NUMBERS  
5 THAT I SAT DOWN WITH DR. TROUNSON AND WENT OVER  
6 REFLECTS THE BOARD'S DISCUSSION AT THE LAST BOARD  
7 MEETING WHERE ON DISEASE TEAMS, FOR EXAMPLE, BY  
8 HAVING A HIGHER DOLLAR AMOUNT IN THE EARLY DISEASE  
9 TEAMS IN THE 230 ON \$240 MILLION RANGE, WE BUILD THE  
10 PORTFOLIO BREADTH FASTER, ENHANCE OUR STATISTICAL  
11 CHANCES AS LONG AS IT'S GOOD QUALITY SCIENCE, VERY  
12 HIGH QUALITY SCIENCE OF HAVING SUCCESSES THAT MOVE  
13 DOWNSTREAM AT AN EARLY ENOUGH DATE THAT THE PUBLIC  
14 CAN REALLY GET A SENSE OF OUR PROGRESS.

15 AND AS DR. ROBSON HAS ALSO SAID, MY  
16 NUMBERS ARE ADJUSTED DOWN SLIGHTLY ON BASIC SCIENCE  
17 AND EARLY TRANSLATION TO REFLECT THE MOST RECENT  
18 ROUNDS OF THOSE TYPES OF RFA'S ON THE ACTUALS THAT  
19 WERE APPROVED BY THE BOARD. BUT, AGAIN, THERE'S 290  
20 MILLION IN UNDESIGNATED FUNDS. AND EVEN THOSE THAT  
21 ARE DESIGNATED NEED TO BE VIEWED ORGANICALLY. AS WE  
22 HAVE ADDITIONAL INTERNATIONAL BILATERAL FUNDING  
23 PARTNERS, FOR EXAMPLE, WE MAY FIND THAT WE HAVE SOME  
24 REAL BREAKTHROUGH POTENTIAL IN BASIC SCIENCE THAT  
25 INCREASES A PARTICULAR ROUND, BUT I DO THINK WE HAVE

## BARRISTERS' REPORTING SERVICE

1 FLEXIBILITY.

2 BY GETTING THESE NUMBERS OUT HERE IN THE  
3 FINANCE COMMITTEE AND JUST STARTING THE PROCESS OF  
4 LOOKING AT THEM, HOPEFULLY IT LAYS THE GROUNDWORK  
5 FOR SOME GOOD FUNDAMENTAL DISCUSSIONS AS WE GO  
6 FORWARD. BUT, JEFF, I'D REALLY ENJOY YOUR COMMENTS  
7 EITHER HERE OR AT THE BOARD, WHICHEVER PLACE OR  
8 BOTH, THAT YOU FEEL COMFORTABLE.

9 MR. SHEEHY: I GUESS MY MAIN COMMENT IS  
10 THAT THIS ANSWERS THE QUESTION THAT KIND OF BROUGHT  
11 THIS FUNDING ISSUE UP, WHICH CAME UP WHEN WE DECIDED  
12 TO DOUBLE THE AMOUNT FOR THE DISEASE TEAMS. AND  
13 THAT IS, AM I CORRECT IN SAYING THAT THAT MEANS THAT  
14 THIS IS PERFECTLY FEASIBLE AND RATIONAL WITHIN OUR  
15 FUNDING TIMELINE TO GO FORWARD WITH WHAT WE APPROVED  
16 AT THE LAST MEETING?

17 CHAIRMAN KLEIN: THAT'S CORRECT. AT LEAST  
18 THESE NUMBERS WOULD DEMONSTRATE THAT IN A VERY  
19 DECIDED WAY AND INDICATE AN ABILITY TO CONTINUE  
20 FUNDING AT ABOUT THE \$200 MILLION RANGE EVEN IN  
21 FURTHER DISEASE TEAM ROUNDS RATHER THAN 130 OR A  
22 \$140 MILLION RANGE FOR THE FUTURE ROUNDS.

23 MR. ROTH: I'M GOING TO HAVE TO JUMP OFF  
24 HERE IN A FEW MINUTES. JUST A COUPLE OF QUICK  
25 COMMENTS. I APPRECIATE THE INPUT FROM BOTH OF THESE

## BARRISTERS' REPORTING SERVICE

1 DOCUMENTS. AND I CERTAINLY BELIEVE THIS SHOULD BE A  
2 LIVING, FLEXIBLE DOCUMENT. IF I HAD TO MAKE ANY  
3 COMMENTS, IT'S ON SOME OF THE -- NOT THE BASIC  
4 ASSUMPTIONS THAT ARE IN HERE, BUT SOME OF THE  
5 TERMINOLOGY AND WORDING ABOUT GOALS AND WHERE WE'RE  
6 HEADED. EVEN I MADE THIS POINT, I THINK, AT OUR  
7 LAST BOARD MEETING ABOUT BEING CAREFUL WITH THE  
8 LABELING LIKE DISEASE TEAMS I, II, AND III.

9 WE NEED TO MAKE SURE THAT PEOPLE  
10 UNDERSTAND WE HAVE FLEXIBILITY TO CHANGE TO MEET THE  
11 NEEDS THAT WE UNCOVER THROUGH THE DEVELOPMENT OF  
12 THESE PRODUCTS.

13 BUT THE LAST SORT OF COMMENT IS I HOPE IN  
14 THE NEAR FUTURE WE CAN MERGE THIS INTO ONE, ADOPT A  
15 COMMON SET OF ASSUMPTIONS, REALIZING THAT WE'RE  
16 CONSTANTLY GOING TO BE CHANGING THIS. BUT I THINK  
17 THE FINANCE COMMITTEE WOULD BE A GREAT VEHICLE FOR  
18 AGREEING ON WHAT THE ASSUMPTIONS ARE AT ANY GIVEN  
19 TIME, AND THEN CONSTANTLY BRINGING THE BOARD IN ON  
20 THOSE CHANGING ASSUMPTIONS.

21 CHAIRMAN KLEIN: AND, DUANE, THIS IS BOB.  
22 DISEASE TEAMS, AS YOU KNOW, NOW INCORPORATE THE  
23 ABILITY TO GO TO PHASE I TRIALS OR PHASE II TRIALS.  
24 BUT AS YOU SAY, THE LABEL ISN'T VERY CLEAR FOR  
25 OUTSIDERS TO REALLY COMMUNICATE THAT LEVEL OF

## BARRISTERS' REPORTING SERVICE

1 FLEXIBILITY.

2 MR. ROTH: THAT'S MY POINT. I UNDERSTAND  
3 WHAT IT MEANS. I THINK EVERYBODY ON THE PHONE DOES.  
4 BUT THERE WAS SOME CRITICISM THAT WE SEEM TO FUND  
5 ALL UNIVERSITIES IN SOMETHING THAT WAS SUPPOSED TO  
6 BE TRANSLATION. AND THAT IS CERTAINLY IN OUR FUTURE  
7 NOT THE INTENT. WE ARE ANXIOUS TO FUND CLINICAL  
8 TRIALS AND PRODUCTS BECAUSE WE UNDERSTAND THE  
9 IMPORTANCE OF THAT IN REALLY MEETING OUR MISSION.  
10 THAT'S ALL I WAS TRYING TO GET AT. WE NEED TO  
11 REMAIN FLEXIBLE WITH OUR TERMINOLOGY, AND I  
12 UNDERSTAND FOR THIS DOCUMENT, THAT'S A GOOD FIRST  
13 ATTEMPT, BUT PERHAPS WE CAN REFINE IT AS TIME GOES  
14 ON UNDER THE FINANCE COMMITTEE.

15 CHAIRMAN GOLDBERG: THANK YOU, DUANE. ARE  
16 THERE COMMENTS FROM MEMBERS AT ANY OF THE OTHER  
17 SITES? ARE THERE COMMENTS FROM THE PUBLIC IN SAN  
18 FRANCISCO? IS THERE PUBLIC ATTENDING AT ANY OF THE  
19 OTHER SITES WHO WOULD LIKE TO COMMENT? HEARING  
20 NONE, IS THERE A MOVE FOR -- I BELIEVE WE'VE  
21 ADDRESSED ALL THE BUSINESS OF THE MEETING. ITEM NO.  
22 7 IS NOT NECESSARY, AS I UNDERSTAND IT. PLEASE  
23 CONFIRM THAT, ELONA. CORRECT.

24 ANY OTHER BUSINESS OR MATTERS ANY OF THE  
25 MEMBERS WOULD LIKE TO BRING BEFORE THE COMMITTEE?

**BARRISTERS' REPORTING SERVICE**

1 HEARING NONE, I'D LIKE TO THANK YOU ALL AND MOVE FOR  
2 ADJOURNMENT.

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(THE MEETING WAS ADJOURNED AT 02:21 P.M.)

**BARRISTERS' REPORTING SERVICE**

**REPORTER'S CERTIFICATE**

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON TUESDAY, OCTOBER 12, 2010, 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.

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