

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

VOLUME II

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600 AIRPORT BOULEVARD
BURLINGAME, CALIFORNIA

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BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 SAN FRANCISCO, CALIFORNIA; FRIDAY, JUNE 27, 2008

2 8:40 A.M.

3
4 CHAIRMAN KLEIN: ALL RIGHT. WELCOME. AND
5 I WOULD ASK IN OPENING THE MEETING IF MELISSA KING
6 COULD LEAD US IN THE FLAG SALUTE PLEASE, PLEDGE OF
7 ALLEGIANCE.

8 (THE PLEDGE OF ALLEGIANCE.)

9 CHAIRMAN KLEIN: SO AS WE CONVENE THIS
10 MORNING, I WOULD LIKE TO PROVIDE AN UPDATE FOR THE
11 PUBLIC AS WE DID LAST NIGHT ON OUR MAJOR FACILITIES
12 PROGRAM. AND I HAVE THE OPPORTUNITY THIS MORNING,
13 WHICH I DIDN'T HAVE LAST NIGHT, TO AGAIN THANK RICK
14 FOR HIS LEADERSHIP IN THAT PROCESS. BUT \$195
15 MILLION IN CHECKS WENT OUT AND WERE RECEIVED AS FAR
16 AS WE UNDERSTAND. THE UC DAVIS CONTINGENT GAVE ME
17 THE OPPORTUNITIES OF VIEWING THEIR CHECK ONLINE. AS
18 A \$20 MILLION, THE BASIC QUESTION IS SO WHAT DO I DO
19 WITH IT? I'M SURE THAT THEY KNOW EXACTLY WHAT
20 THEY'RE GOING TO DO WITH IT, BUT THE KEY HERE WAS A
21 TREMENDOUS PARTNERSHIP BETWEEN OUR STAFF AND THE
22 CONTROLLER'S OFFICE IN MOVING EXPEDITIOUSLY TO MOVE
23 THESE CRITICAL RESEARCH FACILITIES FORWARD. LAST
24 NIGHT WE THANKED OUR STAFF AND WE PUBLICLY THANKED
25 THE CONTROLLER'S OFFICE FOR THEIR TREMENDOUS

BARRISTERS' REPORTING SERVICE

1 ASSI STANCE.

2 WE ARE WAITING FOR THE APPOINTMENT OF TWO
3 NEW BOARD MEMBERS TO REPLACE JANET WRIGHT AND BRIAN
4 HENDERSON, BOTH WHO HAVE MOVED ON TO OTHER POSITIONS
5 AND NEED TO BE REPLACED. WE THANK THEM BOTH FOR
6 THEIR TREMENDOUS SERVICE, AND WE LOOK FORWARD AN
7 APPOINTMENT BY THE TREASURER AND THE GOVERNOR.

8 IN THE REVIEWS TODAY FOR THE DISEASE TEAM
9 PLANNING GRANTS, I WOULD WANT TO FOCUS US ON THE
10 FACT THAT, AS I WAS DISCUSSING WITH DR. POMEROY THIS
11 MORNING, BY HAVING THIS PLANNING GRANT REVIEW, I
12 THINK WE'VE DONE A GREAT SERVICE TO THOSE WHO ARE
13 FOCUSED ON PUTTING TOGETHER TEAMS FOR THESE MAJOR
14 GRANTS BECAUSE EFFECTIVELY BY THEM PROPOSING THEIR
15 TEAM STRUCTURE, THEIR APPROACH TO THE DISEASE, THE
16 PROCESS THEY INTEND TO GO THROUGH, THEY'VE HAD THE
17 ADVANTAGE OF A SUBMISSION WITH A DETAILED CRITIQUE
18 INCLUDING REVIEW NOTES COMING BACK TO THEM. AND SO
19 ESSENTIALLY THEY'RE GOING TO BE GOING THROUGH A
20 SECOND REVIEW WHEN THEY SUBMIT.

21 SO THIS BENEFITS BOTH THOSE WHO ARE GOING
22 TO BE SUCCESSFUL TODAY AND THOSE WHO WERE NOT
23 SUCCESSFUL. THEY HAVE A TREMENDOUS AMOUNT OF
24 INSIGHT INTO HOW THEY CAN STRENGTHEN THEIR GRANT,
25 WHAT THE REVIEWERS ARE LOOKING FOR, THE FORMAT OF

BARRISTERS' REPORTING SERVICE

1 THE SUBMISSION, AND I THINK THAT WAS A VERY HELPFUL
2 PROCESS.

3 IN TERMS OF THE PRIVATE SECTOR
4 PARTICIPATION, WHICH, OF COURSE, IS INVITED AND IS
5 SIGNIFICANT IN THE TOOLS GRANT, WHICH WE -- CONCEPT
6 GRANT WE REVIEWED YESTERDAY, THERE WAS A SUGGESTION
7 AT THE PEER REVIEW THAT WE HAVE BEFORE THE DISEASE
8 TEAM GRANTS ARE SUBMITTED OR OTHER MAJOR GRANTS ARE
9 SUBMITTED THE POTENTIAL THAT WE HAVE A WORKING
10 SESSION FOR MEMBERS OF THE PRIVATE SECTOR WHO WANT
11 TO UNDERSTAND THE EXPECTED FORM OF THE GRANT AND THE
12 METHOD OF PRESENTATION TO OPTIMIZE THEIR APPROACH
13 FOR THEIR NARRATIVES TO APPEAL TO BOTH THE ACADEMIC
14 REVIEWERS AND COMMERCIAL REVIEWERS WHO MAY BE ON THE
15 PEER REVIEW PANELS. SO THAT IS SOMETHING THAT IS ON
16 THE TABLE. WE HAVE SOME TIME TO DEAL WITH THAT
17 ISSUE.

18 AGAIN, TODAY ALL OF THE MEMBERS HAVE
19 CONFLICTS LIST IN FRONT OF THEM; AND BEFORE THE
20 VOTES, JAMES HARRISON WILL REVIEW THE INSTRUCTIONS
21 ON VOTING, BUT REMEMBER THAT IN TERMS OF
22 PARTICIPATING IN THE DISCUSSION, IF YOU HAVE
23 DECLARED A CONFLICT AND CONFIRMED IT WITH STAFF,
24 THAT YOU WOULD NOT PARTICIPATE IN THE DISCUSSION ON
25 AN ITEM.

BARRISTERS' REPORTING SERVICE

1 I WOULD LIKE TO ASK THE PRESIDENT, WHO DID
2 A TREMENDOUS PRESENTATION YESTERDAY, IF HE'D LIKE TO
3 HIT A FEW OF THOSE HIGHLIGHTS FOR SUCH MATERIALS HE
4 FEELS HE'D LIKE TO COVER THIS MORNING. AND THEN
5 FOLLOWING THAT WE HAVE AN ITEM ON INTERNATIONAL
6 COLLABORATIONS THAT I BELIEVE IS GOING TO BE
7 PRESENTED, BUT WE WILL FIRST GO THROUGH A ROLL CALL,
8 AND MELISSA KING WILL LEAD US THROUGH THAT PROCESS.

9 MS. KING: DONALD DAFOE.

10 DR. DAFOE: HERE.

11 MS. KING: ROBERT PRICE.

12 DR. PRICE: HERE.

13 MS. KING: FLOYD BLOOM. DAVID BRENNER.

14 DR. BRENNER: HERE.

15 MS. KING: SUSAN BRYANT.

16 DR. BRYANT: HERE.

17 MS. KING: MARSHA CHANDLER. MARCY FEIT.

18 MS. FEIT: HERE.

19 MS. KING: MICHAEL FRIEDMAN. LEEZA

20 GIBBONS.

21 MS. GIBBONS: HERE.

22 MS. KING: MICHAEL GOLDBERG.

23 MR. GOLDBERG: HERE.

24 MS. KING: SAM HAWGOOD.

25 DR. HAWGOOD: HERE.

BARRISTERS' REPORTING SERVICE

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MS. KING: BOB KLEIN.
CHAIRMAN KLEIN: HERE.
MS. KING: SHERRY LANSING. LEONARD ROME.
DR. ROME: HERE.
MS. KING: TED LOVE.
DR. LOVE: HERE.
MS. KING: TINA NOVA. ED PENHOET.
DR. PENHOET: HERE.
MS. KING: PHIL PIZZO. CLAIRE POMEROY.
DR. POMEROY: HERE.
MS. KING: FRANCISCO PRIETO.
DR. PRIETO: HERE.
MS. KING: JOHN REED. DUANE ROTH.
MR. ROTH: HERE.
MS. KING: JOAN SAMUELSON. DAVID
SERRANO-SEWELL. JEFF SHEEHY.
MR. SHEEHY: HERE.
MS. KING: JON SHESTACK. OSWALD STEWARD.
DR. STEWARD: HERE.
CHAIRMAN KLEIN: THANK YOU VERY MUCH. SO
WE HAVE A QUORUM AT THIS POINT? WE'RE MISSING --
MR. HARRISON: WE'RE ONE SHY OF A QUORUM.
CHAIRMAN KLEIN: ALL RIGHT. SO, DR.
TROUNSON, IF YOU WOULD LEAD US OFF THIS MORNING,
PLEASE.

BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: THANK YOU, MR. CHAIRMAN.
2 AND I WON'T REPEAT EVERYTHING THAT I PRESENTED
3 YESTERDAY, I THINK, IN THE INTEREST OF GETTING
4 EVERYBODY OFF IN TIME. I DID WANT TO PARTICULARLY
5 REITERATE MY THANKS TO INDIVIDUALS WHO WEREN'T HERE
6 YESTERDAY. MICHAEL GOLDBERG FOR WORKING WITH ME
7 WITH THE BUDGET. I REALLY APPRECIATE, MICHAEL, THE
8 HELP IN THAT PROCESS. WE DIDN'T HAVE A SENIOR
9 FINANCE OFFICER. NOW WE'VE GOT A FINANCE OFFICER ON
10 THE TEAM, BUT WE REALLY APPRECIATE YOUR INPUTS INTO
11 THAT. HELPED US A LOT AND MADE A DIFFERENCE. AND
12 ED PENHOET, WHO'S ALWAYS HELPING ME AND THE STAFF
13 OUT IN NUMEROUS -- ON NUMEROUS OCCASIONS. AND, ED,
14 I WANTED TO -- I THANKED YOU YESTERDAY, BUT YOU
15 WEREN'T HERE, AND I'LL BUY YOU A BEER AGAIN.

16 DR. PENHOET: THANK YOU.

17 DR. TROUNSON: SORT OF WONDERFUL HELP
18 REALLY IN ACTUALLY GETTING THROUGH A LOT OF
19 IMPORTANT MATERIAL. SO THAT WAS GREAT.

20 SO WHAT I WILL DO IS PUT THIS TALK ON THE
21 WEB SO THAT IF PEOPLE WANTED TO LOOK INTO IT, PICK
22 UP SOME OF THOSE PUBLICATIONS THAT I TALKED ABOUT
23 YESTERDAY, THEY'LL BE THERE.

24 SO IF WE MOVE THROUGH THEM TO THE
25 PRESIDENT'S PRIORITIES, THEN I'LL JUST QUICKLY

BARRISTERS' REPORTING SERVICE

1 REITERATE SOME OF THE PRIORITIES THAT HAVE BEEN MINE
2 OVER THE LAST TWO MONTHS. AND NO. 1 IS WORKING WITH
3 THE STAFF TO REALLY GET THE TOP LEVEL MORALE AND
4 DEDICATION TO THE MISSION. AND WE'VE BEEN WORKING
5 THROUGH STRUCTURES IN THE SENSE OF GETTING GUIDANCE
6 FROM EVERYBODY, INPUTS FROM EVERYBODY INTO THE STAFF
7 COMPOSITION AND STRUCTURE AND THE WAY WE WORK
8 TOGETHER. AND I REITERATE I THINK THE MORALE IN THE
9 INSTITUTION IS REALLY TOP OF THE LEVEL, AND IT'S THE
10 BEST GROUP OF PEOPLE I'VE ESSENTIALLY EVER WORKED
11 WITH. THEY WORK REALLY HARD, BUT THEY'RE ALL VERY
12 DEDICATED AT WHAT THEY DO.

13 THE BUDGET WE'LL BRING FORWARD TO YOU. WE
14 ARE REVISING THE CIRM STRATEGIC PLAN, AND STAFF ARE
15 INVOLVED IN DIFFERENT SILOS OF THAT PLAN. THEY WILL
16 BE TALKING TO STAKEHOLDERS IN THOSE PARTICULAR
17 AREAS, AND THEN WE'LL BE BRINGING BACK FOR
18 DISCUSSION WITH THE ICOC.

19 WE'VE COMPLETED, PRETTY NEAR COMPLETED ALL
20 THE STAFF POSITION DESCRIPTIONS TO MATCH IT UP WITH
21 AN APPRAISAL PROCESS. I THINK THAT'S BEEN A GOOD
22 PROCESS, AND I THINK IT WILL HELP STAFF FOCUS ON
23 WHAT THEY'RE REALLY GOOD AT AND, YOU KNOW, WHAT
24 THEY'RE ACTUALLY DELIVERING TO US RATHER THAN HAVING
25 SOME CONFUSIONS AT THE INTERSECTION WITH OTHERS.

BARRISTERS' REPORTING SERVICE

1 WE'VE INTRODUCED A PROGRAM OF COMPLIANCE
2 INTERNALLY AND WITH GRANTEE ORGANIZATIONS, AND WE
3 WILL BE REPORTING ON THAT AS WE COME THROUGH. IT'S
4 BEEN A GOOD PROCESS, AND I THINK THE ICOC WOULD
5 EXPECT US TO DO THAT.

6 WE'RE GOING TO TALK TO YOU ABOUT THE
7 INTERNATIONAL AND NATIONAL LINKAGES, A VERY
8 IMPORTANT PROGRAM THAT I THINK IS REALLY GOING TO
9 LIFT AGAIN OTHER LEADERSHIP IN THIS WHOLE AREA, BUT
10 WILL ENABLE US TO DELIVER ON SOME OPPORTUNITIES THAT
11 CURRENTLY WE CAN'T NECESSARILY DO TO THE MAXIMUM
12 BECAUSE WE DON'T ESSENTIALLY HAVE ALL OF THAT
13 EXPERTISE IN CALIFORNIA. AND SO IF WE'RE ABLE TO
14 LINK TOGETHER WITH OTHERS, LEVERAGE OUR FUNDING IN A
15 WAY WHERE WE CAN ACHIEVE OUTCOMES FOR OUR MISSION,
16 THEN I THINK THAT'S THE KIND OF THING WE SHOULD BE
17 DOING.

18 THE CIRM GRANTEE PRODUCTIVITY IS REALLY
19 IMPRESSIVE OVER THE SHORT TIME. AND DON GIBBONS IS
20 PUTTING THAT TOGETHER. IF YOU GO TO THE WEBSITE,
21 YOU WILL PICK THAT UP, AND WE'RE ADDING TO THAT ALL
22 THE TIME. THERE ARE SOME PHENOMENAL PUBLICATIONS IN
23 A VERY SHORT TIME AND HAVING A VERY MAJOR INFLUENCE
24 IN THE WHOLE SECTOR OF THE STEM CELL RESEARCH
25 WORLDWIDE. AND IN PARTICULAR WE ARE GETTING TO BE A

BARRISTERS' REPORTING SERVICE

1 DOMINANT COMPONENT OF THE INTERNATIONAL SOCIETY OF
2 STEM CELL RESEARCH.

3 LINKING WITH BIOTECH AND PHARMA, I THINK
4 THESE ARE IMPORTANT PROCESSES, AND THE LINKAGE THERE
5 WITH THE BIOTECHNOLOGY COMPANIES IS REALLY IMPORTANT
6 FOR US TO DELIVER OUR MISSION BECAUSE WITHOUT THEM I
7 THINK IT'S VERY UNLIKELY THAT WE CAN GET THROUGH TO
8 THE CLINIC IN A REASONABLE TIMEFRAME. AND THE PHARMA
9 INDUSTRY IS ACTUALLY MOVING UP ALONGSIDE US. A
10 NUMBER OF THE PHARMA HAVE GOT INTERNAL GROUPS OF
11 REGENERATIVE MEDICINE, AND THEIR INTEREST IN MOVING
12 FORWARD AS PARTNERS WITH US IS MOST ENCOURAGING.

13 THE EDUCATION AND THE STEM CELL LEADERSHIP
14 IS REALLY SOMETHING THAT WE'VE GOT HIGH ON THE
15 PRIORITIES WITH DON AND HIS GROUP, DON GIBBONS AND
16 HIS GROUP, AND THAT, I THINK, IS WELCOME BECAUSE WE
17 NEED TO BE ABLE TO INFORM THE WHOLE COMMUNITY OF
18 WHERE WE'RE GOING AND WHAT'S HAPPENING IN OUR SPACE.
19 AND YOU WILL SEE THINGS STARTING TO APPEAR ON OUR
20 WEBSITE AND IN OTHER PLACES THAT REFLECT THE
21 CAPACITY TO DO THAT.

22 WE ARE RESPONDING TO THE NEEDS EXPRESSED
23 BY STAKEHOLDERS. WE'RE MEETING WITH A LOT OF THE
24 STAKEHOLDERS. FOR EXAMPLE, THE BIOTECHNOLOGY
25 COMPANIES HAVE EXPRESSED SOME DIFFICULTIES WITH OUR

BARRISTERS' REPORTING SERVICE

1 IP. WE'VE BEEN WORKING WITH THEM. I THINK THROUGH
2 FURTHER DISCUSSIONS THEY'VE FOUND THAT THEY'RE NOT
3 AS ONEROUS AS THEY FIRST THOUGHT. THERE'S NOTHING
4 LIKE READING THE DETAIL AND HAVING IT EXPLAINED THAT
5 HELPS IN THAT REGARD.

6 BUT ALSO WE'VE GOT PEOPLE OUT IN ALL THE
7 INSTITUTIONS. I'VE BEEN VISITING MANY OF THE
8 RESEARCH INSTITUTIONS AND SOME OF THE BIOTECH
9 COMPANIES, AND WE'RE TAKING ON BOARD SOME OF THE
10 CONCERNS THAT HAVE BEEN RAISED BY OUR STAKEHOLDERS.
11 WE'RE REFLECTIVE OF THE ISSUES ALSO RAISED BY THE
12 LEGISLATORS, AND WE'RE TRYING TO HELP THAT TO COME
13 TO A REASONABLE OUTCOME. AND, OF COURSE, THE
14 CHAIRMAN IS VERY IMPORTANT AND HIS COLLEAGUES VERY
15 IMPORTANT IN THAT PROCESS.

16 WE'RE INTRODUCING THE GRANTIUM
17 IMPLEMENTATION OF GRANTS MANAGEMENT SYSTEM. IT'S A
18 MILLION-DOLLAR PROGRAM. IT'S VERY BIG. IT'S VERY
19 USEFUL. IT'S GOING TO MAKE LIFE A LOT EASIER FOR
20 US, AND THAT'S A REALLY MAJOR ACTIVITY FOR THE
21 STAFF.

22 STEM CELL AWARENESS DAY, SEPTEMBER THE
23 15TH. WE'RE HOPING TO LINK WITH STATE OF VICTORIA.
24 VICTORIA, LIKE CALIFORNIA, HAS THE MAJORITY OF
25 MEDICAL RESEARCH AND BIOTECHNOLOGY IN AUSTRALIA, AND

BARRISTERS' REPORTING SERVICE

1 IT'S AN INTERESTING OPPORTUNITY TO LINK IN AN
2 AWARENESS DAY, AND WE WOULD HOPE THAT ALL OUR
3 PATIENT ADVOCATES WOULD BECOME ACTIVE IN THAT.
4 AGAIN, THAT'S ONE OF THE JOBS DON GIBBONS HAS TO DO.

5 NEW PERSONNEL, MARGARET FERGUSON, WHO'S
6 GOING TO PRESENT THE BUDGET TO YOU, IS THE FINANCIAL
7 OFFICER. SHE'S FROM THE STATE CONTROLLER'S OFFICE,
8 SO THAT'S REALLY HANDY TO HAVE SOMEBODY FROM THAT
9 AGENCY WORKING WITH US. SHE ALWAYS HAS WORKED
10 CLOSELY WITH US, BUT NOW SHE'S ON OUR STAFF. AND
11 AMY ADAMS, WHO'S A COMMUNICATION MANAGER WHO'S AT
12 STANFORD.

13 THIS MIGHT BE IMPORTANT JUST TO HAVE UP,
14 THAT OUR ANTICIPATED PROGRAM FOR THE NEXT 12 MONTHS
15 IS AROUND ABOUT 340 MILLION, AND IT'S MADE UP OF THE
16 FIRST FOUR ITEMS THAT HAVE ALREADY BEEN APPROVED BY
17 THE ICOC, AND THEN THE TWO FURTHER ITEMS, THE
18 TRANSLATIONAL PROGRAM, WHICH WE'VE STARRED HERE
19 BECAUSE THEY'RE SIMPLY ESTIMATES AT THIS STAGE UNTIL
20 THE ICOC'S APPROVED, AND THE DISEASE TEAMS PLUS SOME
21 OTHER CONSIDERATIONS AROUND 150 MILLION. SO WE
22 EXPECT THE SCIENCE BUDGET TO BE AROUND 340 MILLION
23 FOR THE UPCOMING YEAR.

24 I THINK I WOULD ESSENTIALLY LEAVE IT AT
25 THAT, AND I WILL PUT THE REST OF THE SLIDES UP ON

BARRISTERS' REPORTING SERVICE

1 THE WEBSITE SO THAT IF ANYONE NEEDS TO SEE THEM TO
2 REFRESH THEMSELVES ABOUT, YOU KNOW, THE POINTS THAT
3 I WAS MAKING, THEY CAN DO THAT.

4 AND I'LL -- IF I MAY INTRODUCE, CHAIRMAN,
5 INTRODUCE NANCY KOCH TO TAKE US INTO THE PROGRAM OF
6 THE INTERNATIONAL AND NATIONAL MOU'S, THE MEMORANDUM
7 OF UNDERSTANDINGS THAT WE'VE BEEN DEVELOPING.

8 CHAIRMAN KLEIN: ABSOLUTELY.

9 DR. TROUNSON: WOULD THAT BE SUITABLE?
10 NANCY.

11 MS. KOCH: GOOD MORNING, EVERYBODY. HAPPY
12 TO MEET YOU. I'VE BEEN ASKED TO SAY A FEW WORDS TO
13 YOU TODAY ABOUT THE COLLABORATIONS THAT WE'VE
14 BEEN -- HAVE FORMED AND HAVE BEEN EXPLORING FOR THE
15 ORGANIZATION. YOU MAY HAVE READ THAT WE FORMED TWO
16 COLLABORATIONS THAT WERE ANNOUNCED AT BIO LAST WEEK,
17 ONE WITH THE STATE OF VICTORIA IN AUSTRALIA AND THE
18 OTHER WITH THE CANADIAN STEM CELL CONSORTIUM. IT'S
19 CLEAR TO US THAT THERE ARE OPPORTUNITIES TO FORM
20 ADDITIONAL FUNDING COLLABORATIONS, AND WE WOULD LIKE
21 TO PRESENT TO YOU THE NATURE OF THE COLLABORATIONS
22 THAT WE'VE FORMED SO FAR AND GET SOME DISCUSSION
23 GOING OR GET SOME FEEDBACK OR THOUGHTS THAT YOU MAY
24 HAVE ON PURSUING THIS OPPORTUNITY FURTHER.

25 AS YOU HEARD ALAN SAY EARLIER, PURSUING

BARRISTERS' REPORTING SERVICE

1 COLLABORATIVE FUNDING SEEMS TO BE SOMETHING THAT IS
2 WORTH CONSIDERING AS A WAY OF LEVERAGING OF FUNDS,
3 AS A WAY OF LEVERAGING PROGRAMS, AS A WAY OF SHARING
4 EXPERTISE, AS A WAY OF AVOIDING DUPLICATION, AND A
5 WAY OF ENHANCING OUR CAPACITY. TO QUOTE FROM MY
6 SORT OF BUSINESS LEXICON, IT'S A WAY OF ACHIEVING
7 SYNERGIES WITH OTHERS WHO ARE DEDICATED TO MISSIONS
8 THAT ARE SIMILAR TO OURS.

9 AND I THINK TO THINK ABOUT COLLABORATIVE
10 FUNDING, WE NEED TO LOOK AT THE OPPORTUNITY IN THE
11 CONTEXT OF OUR MISSION. TWO GOOD SOURCES FOR
12 FUNDING OUR MISSION ARE FOUND IN PROPOSITION 71 AND
13 IN THE SCIENTIFIC STRATEGIC PLAN. PROPOSITION 71,
14 WITH WHICH YOU'RE ALL FAMILIAR, TALKS ABOUT
15 REALIZING THERAPIES THAT WOULD RESULT IN AS SPEEDILY
16 AS POSSIBLE CURES AND SUBSTANTIAL MITIGATION OF
17 DISEASES AND INJURY. AND THE NOTION OF LINKING UP
18 WITH SCIENTISTS BEYOND THE STATE OF CALIFORNIA AND
19 WITH OTHER ORGANIZATIONS OFFERS THE PROSPECT OF
20 SPEEDING ALONG A PROCESS THAT WE ARE ALL EXTREMELY
21 DEDICATED TO.

22 PROPOSITION 71 ALSO TALKS ABOUT ADVANCING
23 THE FIELD IN CALIFORNIA TO WORLD LEADERSHIP. AND
24 OBVIOUSLY TO BECOME A WORLD LEADER, YOU NEED TO BE
25 IN CONTACT WITH OTHERS IN THE WORLD WHO ARE WORKING

BARRISTERS' REPORTING SERVICE

1 ON WHAT YOU ARE WORKING ON.

2 THE SCIENTIFIC STRATEGIC PLAN WITH WHICH
3 YOU'RE ALL FAMILIAR SPECIFICALLY TALKS ABOUT
4 FOSTERING JOINT INTELLECTUAL EFFORTS AND SEEKING
5 PARTNERSHIPS WITH OTHER ORGANIZATIONS. AND SO FOR
6 THESE REASONS, THIS FORMS THE BACKBONE OF THE REASON
7 WHY EXPLORING COLLABORATIVE FUNDING MAKES SOME
8 SENSE.

9 THERE WAS A LOT OF INTEREST OUT THERE, AS
10 NEAR AS WE CAN TELL, FOR FORMING COLLABORATIVE
11 FUNDING ARRANGEMENTS WITH CIRM. WE HAVE BEEN
12 APPROACHED BY AND BEEN IN COMMUNICATION WITH A
13 FAIRLY LARGE NUMBER OF ORGANIZATIONS, SOME OF WHICH
14 ARE REFERENCED HERE. AND WHAT'S INTERESTING TO ME
15 ABOUT THIS LIST IS HOW DIVERSE THE ORGANIZATIONS
16 ARE. THEY'RE INTERNATIONAL, THEY'RE NATIONAL,
17 THEY'RE GOVERNMENT AGENCIES, THEY'RE PRIVATE
18 FOUNDATIONS. I THINK THERE IS A VERY BROAD SPECTRUM
19 OF INTEREST HERE IN JOINING FORCES WITH US IN ONE
20 WAY OR ANOTHER TO ACHIEVE THE KIND OF LEVERAGE THAT
21 WE'RE TALKING ABOUT.

22 THE DISCUSSIONS HAVE BEEN VERY
23 ENTHUSIASTIC. MANY OF THESE ORGANIZATIONS HAVE HAD
24 SUCCESS ALREADY IN COLLABORATIVE FUNDING WITH OTHER
25 ORGANIZATIONS. IT'S CLEAR TO US THAT EACH

BARRISTERS' REPORTING SERVICE

1 ORGANIZATION HAS THEIR OWN IDIOSYNCRATIC WAY OF
2 DOING FUNDING AND MONITORING FUNDING AND MEASURING
3 SUCCESS, BUT THAT WE'RE ALL DRIVING TOWARD THE SAME
4 THING. AND THE QUESTION IS CAN WE, WHILE HOLDING
5 TRUE TO OUR PROCESSES AND OUR MISSION, WORK
6 EFFECTIVELY WITH THESE OTHER ORGANIZATIONS? THAT'S
7 THE DISCUSSION THAT WE'VE BEGUN WITH IN THE FIRST
8 INSTANCES THE CANADIAN CONSORTIUM AND THE STATE OF
9 VICTORIA WITH WHICH WE'VE ENTERED, AS I SAID
10 EARLIER, TWO MEMORANDA OF UNDERSTANDING.

11 I WOULD DESCRIBE THESE MEMORANDA OF
12 UNDERSTANDING AS VERY HIGH LEVEL, TOP LEVEL
13 EXPRESSIONS OF INTEREST. THEY ARE NOT BINDING. WE
14 DID NOT COMMIT ANY FUNDS. WE DID NOT COMMIT TO
15 SUPPORT ANY PARTICULAR PROJECT OR APPLICATION. WE
16 DID NOT WAIVER IN ANY WAY FROM ANY OF OUR EXISTING
17 PROCESSES. AND OBVIOUSLY WE SAID FIRST AND FOREMOST
18 WE HAVE TO REMAIN TRUE AND CONSISTENT WITH OUR
19 GOVERNING REGULATIONS. NONETHELESS, WITHIN THE
20 CONFINES OF THAT BOX, WE EXPRESSED, AS DID OUR
21 COUNTERPARTS, A DESIRE TO SEE IF WE COULD EXPLORE
22 AND WORK TOGETHER TO COME UP WITH A COLLABORATIVE
23 FUNDING MECHANISM.

24 ESSENTIALLY WE'VE USED THESE MEMORANDA OF
25 UNDERSTANDING AS A SPRINGBOARD TO HAVE A SERIES OF

BARRISTERS' REPORTING SERVICE

1 DISCUSSIONS TO THINK ABOUT COULD WE GO DEEPER WITH
2 THESE OTHER ORGANIZATIONS. AND I HAVE TO SAY THAT
3 OUR PRELIMINARY DISCUSSIONS, AND THESE WERE HELD BY
4 ALAN, MARIE, PAT, AND ME, SUGGEST THAT MORE IS
5 POSSIBLE, THAT WE CAN INDEED TAKE THE NEXT STEP.
6 AND IN THE CASE OF CANADA, THE IDEA IS THAT WE WOULD
7 SEE IF WE COULD FOLD THE CANADIAN CONSORTIUM INTO
8 OUR DISEASE TEAM AWARDS THAT ARE UPCOMING.

9 THERE ARE OBVIOUSLY DIFFERENT APPROACHES
10 TO COLLABORATIVE FUNDING. YOU MAY HAVE HAD
11 EXPERIENCES IN YOUR OTHER ENDEAVORS WITH DIFFERENT
12 WAYS OF COLLABORATING, BUT WE THINK OF THIS IN TWO
13 BASIC APPROACHES. THE FIRST IS TO FOLD SOME OF THE
14 ORGANIZATIONS INTO OR LET THEM PARTICIPATE IN OUR
15 EXISTING CIRM PROCESSES WITH WHICH YOU'RE ALL
16 FAMILIAR. THAT IS A CAUTIOUS APPROACH. IT PROTECTS
17 OUR SYSTEMS. IT ALLOWS US TO GET A LEVEL OF COMFORT
18 WITH THE COLLABORATIVE PARTNERS WITHOUT BENDING TOO
19 FAR OR STRETCHING TOO FAR FROM WHERE WE ARE AND WHAT
20 WE KNOW. AND IT ALSO ALLOWS US TO INCREMENTALLY
21 EVALUATE THE EFFECTIVENESS OF THE PROGRAMS.

22 A SECOND AND SORT OF MORE AGGRESSIVE WAY
23 OR MORE FAR REACHING WAY OF APPROACHING IT WOULD BE
24 TO ACTUALLY DESIGN SOME NEW PROCESSES OR PURSUE NEW
25 INITIATIVES WITH THESE FUNDING PARTNERS. THE

BARRISTERS' REPORTING SERVICE

1 RECOMMENDATION OF HOW WE SHOULD DO THIS, AND I DON'T
2 THINK THIS WILL COME AS MUCH OF A SURPRISE, WOULD BE
3 TO TAKE THE SLOWER TACT, THE MORE CAUTIOUS TACT
4 FIRST FOR THE REASONS I SAID.

5 AND SO THE FIRST EFFORT THAT WE PLAN TO
6 MAKE HERE IS INVOLVING THE CANADIAN CONSORTIUM IN
7 THE DISEASE TEAM GRANTS MODEL. THE NOTION IS THAT
8 THEY WOULD REVIEW OUR RFA. THEY WOULD TALK UP
9 PARTICIPATION IN THE RFA WITH SCIENTISTS IN CANADA.
10 THEY WOULD PROMOTE ITS EXISTENCE. THEY WOULD
11 PARTICIPATE AS OBSERVERS IN OUR GRANTS WORKING
12 GROUP. AND SHOULD THEY DECIDE THAT THERE IS A
13 PARTICULAR APPLICATION THAT IS OF INTEREST TO THEM,
14 THEY WOULD GET INTERNAL CONSENSUS FROM THEIR MEMBERS
15 AND THEIR BOARD; AND IF THAT WERE THE CASE, AND CIRM
16 WAS ALSO INTERESTED, THEN WE WOULD BRING THAT AS ONE
17 OF THE PROPOSALS TO THIS BOARD FOR FINAL APPROVAL.
18 SO WE'VE RETAINED FINAL APPROVAL FOR THIS BODY.

19 SO THAT IS SORT OF AN INCREMENTAL WAY OF
20 APPROACHING CANADA'S INVOLVEMENT IN OUR DISEASE TEAM
21 AWARDS. IF THAT GOES WELL WITH CANADA, WITH
22 VICTORIA, WITH SOME OTHER COLLABORATORS, THEN WE CAN
23 ENVISION A MORE EXPANSIVE PROGRAM. BUT I THINK THE
24 THINKING, AT LEAST AT FIRST INSTANCE, IS TO MOVE
25 SLOWLY AND INCREMENTALLY.

BARRISTERS' REPORTING SERVICE

1 SO THAT'S WHERE WE'VE GOTTEN TO SO FAR.
2 I'D BE HAPPY TO TAKE ANY QUESTIONS AS WOULD MARIE
3 AND ALAN ABOUT THIS OR TO HEAR ANY FEEDBACK THAT THE
4 BOARD MIGHT HAVE.

5 CHAIRMAN KLEIN: NANCY, THANK YOU VERY
6 MUCH. AND THANK YOU FOR YOUR LEADERSHIP ON THIS.
7 I'D LIKE TO TOUCH ON A POINT OF PERHAPS WITH MORE
8 EMPHASIS, WHICH IS WITH THE DISEASE TEAM GRANTS OR
9 ANY OF OUR GRANTS, THE PATIENT ADVOCACY
10 ORGANIZATIONS, LIKE THE MICHAEL J. FOX ORGANIZATION
11 OR THE JUVENILE DIABETES RESEARCH FOUNDATION, THOSE
12 ORGANIZATIONS POTENTIALLY COULD PUT UP FUNDS TO
13 COVER PARTS OF TEAMS THAT WERE OUTSIDE OF
14 CALIFORNIA, BUT WITHIN THE UNITED STATES SO THAT IF
15 CALIFORNIA RESEARCHERS WANT TO LEVERAGE THEIR
16 INTELLECTUAL ASSETS BY CHOOSING SOME STELLAR TALENT
17 FROM OUTSIDE THE STATE TO BE PART OF THEIR DISEASE
18 TEAMS, POTENTIALLY THAT MIGHT BE A SOURCE OF FUNDING
19 FOR THEM. I WOULD ALSO -- IS THAT A CORRECT
20 SUMMARY?

21 MS. KOCH: IT IS. OUR FUNDS HAVE TO
22 REMAIN IN CALIFORNIA. THE FUNDS OF THESE OTHER
23 ORGANIZATIONS DO NOT. AND IN THE INITIAL TALKS, THE
24 CONCEPT IS WE WOULD FUND THE CALIFORNIA SIDE OF A
25 PARTICULAR RESEARCH PROJECT; THEY WOULD FUND

BARRISTERS' REPORTING SERVICE

1 EXTERNAL.

2 CHAIRMAN KLEIN: I'D ALSO LIKE TO
3 EMPHASIZE THAT THAT HELPS SHOW GOOD FAITH FROM OUR
4 PART WITH OUR REVIEWERS WHO ARE SO UNDER SUCH
5 TREMENDOUS PRESSURE TO PARTICIPATE IN OUR REVIEWS
6 BECAUSE THEY KNOW WE'RE TRYING TO ADDRESS THE NEEDS,
7 THE DESPERATE NEEDS FOR FUNDING FOR PEOPLE
8 OUT-OF-STATE AND REALLY WORK COLLABORATIVELY, NOT
9 HAVE CALIFORNIA AGAINST THE REST OF THE COUNTRY. SO
10 THAT'S AN IMPORTANT CONCEPT.

11 I WOULD STATE THAT I'M A MEMBER OF THE
12 INTERNATIONAL JUVENILE DIABETES RESEARCH FOUNDATION
13 BOARD, SO I AM NOT PARTICIPATING IN THAT MOU. IN
14 THE CANADIAN CASE, AS THE BOARD, I THINK, KNOWS,
15 ABOUT A YEAR AND A HALF AGO I JOINED THE GENOME
16 CANADA BOARD TO LEARN FROM THEIR BEST PRACTICES, AN
17 ORGANIZATION THAT HAS FUNDED \$1.8 BILLION IN A
18 PUBLIC CORPORATION FUNDED BY THE CANADIAN
19 GOVERNMENT, THE PROVINCES, THE WELLCOME TRUST, AND A
20 COUPLE OF OTHER INTERNATIONAL FUNDING AGENCIES.

21 AND I RESIGNED FROM THAT BOARD BECAUSE,
22 SINCE WE HAVE SPECIFIC NEGOTIATION GOING WITH THAT
23 COUNTRY, I WANTED TO AVOID ANY APPEARANCE, EVEN
24 THOUGH THEY'RE BOTH GOVERNMENT ENTITIES, OF
25 CONFLICTS, PARTICULARLY BECAUSE WE HAD -- WHILE I

BARRISTERS' REPORTING SERVICE

1 WAS ON THAT BOARD, WE VOTED \$30 MILLION FOR THIS --
2 FOR INTERNATIONAL COLLABORATION WITH CALIFORNIA.
3 AND TOM HUDSON, WHO'S THE VICE CHAIR OF THAT BOARD,
4 IS THE HEAD OF THE ONTARIO PROVINCE FUNDING PROGRAM
5 FOR STEM CELL RESEARCH, WHO ALSO PUT UP \$30 MILLION.

6 SO WHILE THEY'RE 60 MILLION OF THE HUNDRED
7 MILLION THAT CANADA PUT UP, I WANTED TO MAKE IT
8 CLEAR THAT THERE WERE NO CONFLICTS, SO I RESIGNED
9 FROM THAT BEFORE PARTICIPATING WITH DR. TROUNSON IN
10 ANY OF THE CEREMONIES DEALING WITH THOSE
11 INTERNATIONAL AGREEMENTS.

12 BUT IT IS A FUNDAMENTAL EFFORT BEYOND
13 WORLD LEADERSHIP TO ALLOW CALIFORNIA SCIENTISTS TO
14 LEVERAGE THEIR INTELLECTUAL ASSETS TO BRING THE BEST
15 AND THE BRIGHTEST OF THIS COUNTRY AND THE WORLD
16 TOGETHER TO COMPLEMENT OUR TEAMS, TO MAKE SURE THAT
17 IF THERE'S ANYONE THAT CAN PROVIDE ANOTHER LEVEL OF
18 EXPERTISE OR WHO IS ABSOLUTELY ON THE LEADING EDGE
19 INTERNATIONALLY, THAT WE CAN PULL THEM IN AND HAVE
20 FUNDING FOR THEM WITHOUT SLOWING OUR PROCESS,
21 WITHOUT CHANGING OUR STANDARDS, AND WHILE SPEEDILY,
22 SAFELY GETTING TO OUR MISSION. SO WE GREATLY
23 APPRECIATE IT.

24 ARE THERE ANY ADDITIONAL QUESTIONS FROM
25 THE BOARD? OR, DR. TROUNSON, WOULD YOU LIKE TO MAKE

BARRISTERS' REPORTING SERVICE

1 ANY ADDITIONAL COMMENTS?

2 DR. TROUNSON: NOT PARTICULARLY, CHAIRMAN,
3 BUT WE ENVISAGE THAT THIS PROCESS WILL BE ABLE TO BE
4 ADOPTED WITHOUT REALLY PERTURBING OUR CURRENT
5 PROGRAM. AND I THINK MAKING JUDGMENTS, YOU KNOW,
6 EFFECTIVE THESE COLLABORATIONS WILL BE WILL BE AN
7 ONGOING PROCESS. WE'RE NOT REALLY INTERESTED IN
8 DOING COLLABORATIONS UNLESS THEY ARE OF BENEFIT OVER
9 SIMPLY FUNDING IT OURSELVES. SO WE WOULD LIKE TO
10 AVOID SOME DUPLICATION PARTICULARLY OF MAJOR
11 EQUIPMENTS AND MAJOR CAPACITY.

12 WE ALSO SEE IT AS A WAY OF MAINTAINING
13 GOOD RELATIONSHIPS WITH SCIENTISTS GLOBALLY, AND
14 THAT'S IMPORTANT BECAUSE, AS YOU KNOW, IN THE CASE
15 OF AUSTRALIA, A LOT OF THE TOP SCIENTISTS HAVE COME
16 TO CALIFORNIA AND OTHER STATES. AND SO THERE'S A
17 BIT OF A REACTION TO THAT; AND SO IN THE SENSE THAT
18 WE'RE ABLE TO DO SOME ACTIVITIES WHICH ARE
19 HARMONIOUS WITH OUR MISSION, THAT IS LIKELY TO
20 IMPROVE OUR CAPACITY TO ACHIEVE OUR MISSION. AND IT
21 ALSO IS A GLOBAL LEADERSHIP ACTIVITY THEN I THINK
22 THAT'S VERY MUCH IN OUR FAVOR TO BE INVOLVED.

23 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

24 DUANE ROTH.

25 MR. ROTH: I VERY MUCH FAVOR

BARRISTERS' REPORTING SERVICE

1 COLLABORATIONS. I THINK THEY'RE VITALLY IMPORTANT
2 TO THE MISSION, COLLABORATIONS OUTSIDE THE COUNTRY,
3 INSIDE THE COUNTRY AND PARTICULARLY INSIDE THE
4 STATE. BUT I THINK ONE THING WE REALLY NEED TO
5 ESTABLISH IS WHAT OUR POLICY WILL BE IN GRANT
6 REVIEWS WITH THESE TYPES OF COLLABORATIONS VERSUS
7 THOSE THAT DON'T. AND WHAT I WOULD WORRY A LITTLE
8 ABOUT IS THAT HAVING SOME INFLUENCE ON WHETHER A
9 GRANT GETS FUNDED BECAUSE THEY, QUOTE, LEVERAGE
10 CANADIAN OR AUSTRALIAN DOLLARS. AND HAVING A LEVEL
11 PLAYING FIELD. SO I THINK THINKING ABOUT THAT UP
12 FRONT BEFORE WE FIND OUT THAT EVERYBODY HAS GOT TO
13 RUN AND GET A CANADIAN OR AUSTRALIAN PARTNER IN
14 ORDER TO GET THEIR GRANT FUNDED.

15 CHAIRMAN KLEIN: YEAH. I THINK THE FOCUS
16 IS TO HAVE THE BEST SCIENCE. I MEAN OUR MISSION IS
17 SERVED BY FUNDING THE VERY BEST SCIENCE, WHETHER
18 THAT'S A GROUP WITH A COLLABORATION OR WITHOUT A
19 COLLABORATION. IT'S GOT TO BE THE BEST SCIENCE. I
20 THINK THAT'S THE STANDARD. IS THAT TRUE, DR.
21 TROUNSON?

22 DR. TROUNSON: YEAH. THAT'S CLEARLY TRUE.
23 IF YOU TAKE -- FOR EXAMPLE, IN THE AREA OF
24 PANCREATIC BETA CELLS, THERE'S A SMALL -- IT'S A
25 SMALL COMMUNITY WORLDWIDE TO BE HONEST, AND THEY'RE

BARRISTERS' REPORTING SERVICE

1 NOT ALL RESIDENT IN CALIFORNIA AT THE MOMENT. SO IN
2 COMPOSING A DISEASE TEAM IN THAT AREA, IT MIGHT BE
3 ENHANCED IF YOU'RE ABLE TO CREATE A LINKAGE WITH A
4 GROUP THAT HAS SPECIAL EXPERTISE THAT WE CURRENTLY
5 DON'T HAVE. SO, YOU KNOW, THAT'S THE KIND OF THING
6 THAT WE'RE LOOKING FOR, DUANE. ENHANCEMENT OF WHAT
7 WE'RE DOING SCIENTIFICALLY AND LEVERAGE FOR OUR
8 MONEY IS VERY MUCH A SECONDARY THOUGHT, BUT IT'S
9 IMPORTANT. IT'S IMPORTANT TO THE STATE TO KNOW
10 THAT, YOU KNOW, THAT WE'RE LEVERAGING THEIR
11 INFLUENCE THROUGH THE FINANCES MADE AVAILABLE.

12 BUT NO. 1 IN THE SCIENTIFIC REVIEW IS
13 ABOUT HOW WELL THE SCIENCE FITS TOGETHER. AND
14 FREQUENTLY YOU ASK IS THERE A HISTORY OF SOME FORM
15 OF COLLABORATION THAT WOULD GIVE YOU, YOU KNOW,
16 STRONG FEELING THAT THAT WOULD BE CONTINUED AND
17 ENHANCED.

18 MR. ROTH: AND I APPRECIATE THAT, ALAN.
19 AND I THINK THAT IS THE SPIRIT WE'VE OPERATED ON.
20 MY CONCERN WOULD BE IN ORDER TO FULFILL OUR PART OF
21 THE MOU, WE LOOK MORE FAVORABLY ON THOSE
22 COLLABORATIONS THAN WE DO COLLABORATIONS WITHIN THE
23 U.S. OR EVEN WITHIN CALIFORNIA.

24 DR. CSETE: CAN I ADDRESS THAT?

25 CHAIRMAN KLEIN: YES. HI, MARIE. YES.

BARRISTERS' REPORTING SERVICE

1 DR. CSETE: WELL, THERE WILL BE
2 INSTRUCTIONS TO THE REVIEWERS. AND I WANT TO
3 ADDRESS THIS SPECIFICALLY BECAUSE WHEN WE TALKED
4 ABOUT THE DETAILS OF PARTICIPATION IN DISEASE TEAMS,
5 WE SAID THE WORDS. WE WRITE THE RFA; WE SUPERVISE
6 THE REVIEW PROCESS. AND, IN FACT, THESE
7 COLLABORATING AGENCIES CEDE, AND THAT'S THE WORD I
8 USED, THE REVIEW PROCESS TO OUR NORMAL GRANTS
9 WORKING GROUP. AND IF JOINT COLLABORATIONS HAPPEN
10 TO BE HIGH SCORED, THEN THE CO-FUNDING MECHANISM
11 WILL KICK IN. THERE'S GOING TO BE ABSOLUTELY NO
12 ADVANTAGE TO BEING CO-FUNDED ACROSS STATE LINES.

13 BUT THERE'S ANOTHER PART OF THE
14 INVOLVEMENT IN THE SCIENCE OFFICE THAT I THINK WE
15 DIDN'T TALK ABOUT HERE THAT REALLY IS IMPORTANT FOR
16 US IN THESE COLLABORATIONS SPECIFICALLY FOR DISEASE
17 TEAMS.

18 THESE WILL BE MILESTONE DRIVEN, AND THEY
19 WILL REQUIRE MONITORING BY OUR SCIENCE OFFICE AND
20 OUR COLLABORATOR SCIENCE OFFICE IN A WAY THAT'S MORE
21 LABOR INTENSIVE AND HANDS-ON THAN ANY OTHER KIND OF
22 GRANTS THAT WE WOULD GIVE. AND WE JUST RIGHT NOW
23 DON'T EVEN HAVE THE MANPOWER, I THINK, TO ATTACH
24 OURSELVES TO THESE KINDS OF MONITORING PROCESSES.
25 AND ALL OF THE PARTNERS THAT WE'VE TALKED TO HAVE

BARRISTERS' REPORTING SERVICE

1 BEEN VERY ENTHUSIASTIC ABOUT CO-MONITORING AND BEING
2 PART OF THAT PROCESS. SO I THINK THAT'S A REAL
3 ADDED BENEFIT TO THESE COLLABORATIONS.

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
5 MARIE. I THINK THAT AT THIS POINT WE'LL THANK YOU,
6 NANCY, FOR YOUR LEADERSHIP AND EXPERT DIRECTION
7 HERE. AND WE'D -- IF IT'S APPROPRIATE, DR.
8 TROUNSON, ARE YOU PREPARED TO MOVE TO DR. CSETE'S
9 PRESENTATION?

10 DR. TROUNSON: YES, CHAIRMAN. YOU
11 REMEMBER AT OUR LAST BOARD MEETING, WE PROPOSED TO
12 BRING FORWARD A DISCUSSION, INFORMATION DISCUSSION,
13 OF PROGRAMS THROUGH THE CHIEF SCIENTIFIC OFFICER
14 REALLY ABOUT THE APPLICATION FOR CLINICAL TRIALS,
15 PARTICULARLY AT THE FDA, AND OUR OWN VIEWS
16 CONCERNING, YOU KNOW, THE HEIGHT OF THE BAR AND THE
17 IMPORTANCE OF THE ISSUES. THE CHIEF SCIENTIFIC
18 OFFICER IS ALSO DEVELOPING A WHITE PAPER BASED ON
19 THE INFORMATION THAT SHE'S GIVING IN HER TALK, AND
20 THAT WILL BE MADE AVAILABLE FOR ICOC MEMBERS AFTER
21 WE'VE HAD A CHANCE TO EXPLORE THAT INTERNALLY.

22 CHAIRMAN KLEIN: OKAY. THANK YOU. DR.
23 CSETE.

24 DR. CSETE: MR. CHAIRMAN, MEMBERS OF BOTH
25 OUR BOARDS AND THE PUBLIC, THIS ACTUALLY PICKS UP

BARRISTERS' REPORTING SERVICE

1 THE THREAD OF A CONVERSATION THAT WAS INITIATED AT
2 THE LAST BOARD MEETING WHEN DON REED STOOD UP AND
3 WAS DISTRESSED ABOUT THE FDA HEARING THAT HAPPENED
4 IN APRIL REGARDING THE SAFETY CONVERSATIONS FOR
5 HUMAN EMBRYONIC STEM CELL DERIVED THERAPIES. AND
6 THIS IS WHERE I'M GOING TO START WITH WHAT WAS GOING
7 ON AT THAT FDA MEETING.

8 SO I SHOULD TELL YOU THAT ON APRIL 10TH,
9 THERE WERE THREE PRESENTATIONS FROM COMPANIES, TWO
10 OF WHICH ARE BASED IN CALIFORNIA, ONE WHICH HAS
11 CALIFORNIA PRESENCE, SHOWING THEIR CONSIDERABLE
12 PRECLINICAL DATA THAT IS MOVING US CLOSER AND CLOSER
13 TO APPLICATION OF THESE CELLS INTO THERAPIES.

14 AS WE FOUND OUT SUBSEQUENTLY, GERON HAD
15 PLACED AN IND WITH THE FDA, AND THAT IND RESULTED IN
16 THE FDA PUTTING GERON ON A PERMANENT CLINICAL HOLD.
17 WE DON'T KNOW WHAT THE GUIDELINES WILL BE
18 SURROUNDING THAT DECISION, BUT I THINK THAT
19 NONETHELESS THIS WAS A VERY IMPORTANT DATE IN THE
20 HISTORY OF STEM CELL BIOLOGY. AND THIS MEETING MADE
21 ME BOTH AWARE OF THE DETAILS AND CAUTIOUS ABOUT HOW
22 WE SHOULD PROCEED, BUT ALSO OPTIMISTIC BECAUSE OF
23 ALL THE CONSIDERABLE DATA THAT WE SAW AND THE
24 CONSIDERABLE PROGRESS THAT WAS PRESENTED AT THAT
25 MEETING.

BARRISTERS' REPORTING SERVICE

1 SO I'M GOING TO JUMP TO THE MAJOR SAFETY
2 CONCERNS THAT WERE RAISED OVER TIME, BUT MOSTLY IN
3 THIS MEETING, AND TALK TO YOU A LITTLE BIT ABOUT
4 WHAT THAT MEANS FOR WHAT THE FIRST APPLICATIONS
5 SHOULD LOOK LIKE OF HUMAN EMBRYONIC STEM CELL
6 DERIVED CELL THERAPIES. SO THESE ARE THE BIG
7 ISSUES. I HAVE IN BOLD THE THINGS THAT ARE MORE
8 PROBLEMATIC, AND I HAVE IN NOT BOLD THE THINGS THAT
9 ARE REALLY QUITE DOABLE AT THIS POINT. AND I'LL GO
10 INTO A LITTLE BIT MORE DETAIL ABOUT EACH OF THESE
11 AREAS.

12 SO, OF COURSE, THE TRANSMISSION OF
13 INFECTION HAS TO BE A MAJOR CONCERN WHENEVER YOU'RE
14 TAKING CELLS OR TISSUES FROM ONE PERSON TO ANOTHER.
15 BUT HERE THE FDA HAS ENORMOUS PRECEDENT ON WHICH THE
16 INVESTIGATORS CAN BUILD THEIR PROGRAMS BECAUSE WE
17 HAVE LARGE BLOOD BANKING REGULATIONS THAT ARE HIGHLY
18 EVOLVED AND, OF COURSE, SOLID ORGAN TRANSPLANTATION
19 HAS MADE AVAILABLE MANY STANDARDIZED, QUICK ASSAYS.
20 THE ASSAYS FOR VIRUSES FROM OTHER SPECIES ARE ALSO
21 VERY WELL ESTABLISHED IN PREVIOUS GUIDELINES.
22 WHETHER THERE WILL BE INITIALLY ANY ADDITIONAL TESTS
23 REQUIRED LIKE GENETIC TESTS, I THINK, IS UP FOR
24 GRABS.

25 PROBABLY APPROPRIATE, BUT HERE WE HAVE THE

BARRISTERS' REPORTING SERVICE

1 ADVANTAGE THAT THE SOLID ORGAN TRANSPLANT COMMUNITY
2 DOES NOT HAVE. WE HAVE THE ADVANTAGE OF TIME. THE
3 CELLS CAN BE TESTED AND TESTED AND TESTED FOR
4 INFECTION AND BE GUARANTEED TO BE QUITE SAFE;
5 WHEREAS, SOMETIMES THERE'S NOT TIME TO DO ALL THE
6 TESTS YOU'D LIKE TO DO IN THE ACUTE CLINICAL
7 SITUATION.

8 A COUPLE OF YEARS AGO THIS ISSUE OF
9 CONTAMINATION OF PRODUCTS FROM OTHER SPECIES WHICH
10 ARE USED WIDELY IN THE EXPANSION OF HUMAN EMBRYONIC
11 STEM CELLS IN THE LAB WAS THE BIG BUGABOO. AND I
12 SHOULD SAY THAT ALL THREE COMPANIES PRESENTED
13 PROTOCOLS THAT SHOWED THAT THEY HAVE EXPOSED THEIR
14 CELLS THAT WILL ULTIMATELY GO INTO PATIENTS TO
15 ANIMAL PRODUCTS, MURINE, BOVINE, OTHERS, MATRIGEL,
16 WHICH IS A TUMOR PRODUCT OF MICE. AND THERE WAS
17 NOTHING THAT CAME UP IN THE MEETING SHOWING CONCERN
18 ABOUT THIS.

19 NOW, THERE'S TWO WAYS AROUND THIS PROCESS.
20 ONE IS THAT THERE ARE NOW LEGITIMATE HUMAN
21 SUBSTITUTES FOR ALL THE PRODUCTS THAT ARE USED FROM
22 ANIMALS IN THE EXPANSION OF HUMAN EMBRYONIC STEM
23 CELLS, BUT THESE WOULD CONSIDERABLY INCREASE THE
24 EXPENSE OF MANUFACTURING A CELL PRODUCT. SO I THINK
25 PROBABLY WE'RE GOING TO BE LEFT WITH SOME EXCIPIENTS

BARRISTERS' REPORTING SERVICE

1 USED FROM ANIMALS IN THE COURSE OF MANUFACTURING THE
2 INITIAL CELLS THAT GO INTO PATIENTS, BUT THESE
3 SAFETY ISSUES CAN BE ADDRESSED BY DEFINING ASSAYS
4 WHERE YOU USE THE PATIENT'S OWN WHITE CELLS AND THE
5 PATIENT'S OWN SERUM AGAINST THE CELL PRODUCT TO
6 DETERMINE WHAT KIND OF A RESPONSE THESE PROTEINS
7 INITIATE.

8 SO IT'S AN OVERCOMABLE PROBLEM. ON THE
9 ONE HAND, YOU COULD ALSO SAY THAT THE IMMUNE
10 RESPONSE IS OVERCOMABLE BECAUSE THERE'S SO MANY
11 DRUGS THAT ARE USED FOR SOLID ORGAN TRANSPLANTATION,
12 AND CERTAINLY FOR MOST OF THESE CELLULAR
13 APPLICATIONS, WE SHOULD BE ABLE TO TAKE ONE OF THOSE
14 PROTOCOLS AND ADAPT IT SUCCESSFULLY TO THE PATIENTS.
15 BUT I THINK THIS IS AN EXTREMELY COMPLICATED PROBLEM
16 FOR WHICH THE BASIC SCIENCE RESEARCH IS STILL IN ITS
17 INFANCY. SO EVERY CELL TYPE THAT WILL BE
18 ADMINISTERED WILL BE ELICITING A DIFFERENT IMMUNE
19 RESPONSE. IT'S VERY COMPLEX. AND NOT ONLY THAT,
20 WE'RE GOING TO BE IMPLANTING CELLS PRESUMABLY INTO
21 PATIENTS THAT COVER ALL STAGES OF DIFFERENTIATION,
22 THAT WHEN THEY'RE IMPLANTED ARE STILL PROLIFERATING
23 AND MAYBE LATER UNDERGO DIFFERENTIATION TO DO THEIR
24 BUSINESS FOR THE DISEASE.

25 AND WE HAVE THE FURTHER PROBLEM THAT IN

BARRISTERS' REPORTING SERVICE

1 TERMS OF IMMUNOLOGY, THE ANIMAL MODELS ARE REALLY
2 NOT PREDICTIVE OF THE HUMAN REACTION. AND WE ARE
3 ALSO KNOWING FROM VERY NICE STEM CELL WORK THAT
4 IMMUNE PRIVILEGE IN PLACES LIKE THE BRAIN IS
5 RELATIVE, THAT OVER THE LONG TERM, IF YOU'RE
6 PERFECTLY IMMUNOLOGICALLY MATCHED, YOU WILL HAVE
7 BETTER SURVIVAL OF TRANSPLANT CELLS IN THE BRAIN AND
8 BETTER FUNCTION. AND WE ALSO HAVE THE PROBLEM THAT
9 WE CAN'T GO IN AND BIOPSY FOR REJECTION LIKE WE DO
10 WITH SOLID ORGAN TRANSPLANTATION BECAUSE MANY OF THE
11 APPLICATIONS WILL BE CELLS PLACED IN PLACES WHERE
12 YOU JUST CAN'T BIOPSY, FOR EXAMPLE, THE SPINAL CORD.

13 SO UNDER THOSE CIRCUMSTANCES, WHEN THERE'S
14 SO MANY UNKNOWNNS, WHAT CONSTITUTES A REASONABLE
15 IMMUNOSUPPRESSION PLAN IN A PHASE I PROTOCOL? WELL,
16 I THINK IT WOULD BE VERY IMPORTANT AT THE VERY LEAST
17 FOR SOMEONE TO TAKE THE CELLS THAT THEY'RE GOING TO
18 PUT INTO A HUMAN AND EXPOSE THEM TO THE SAME DRUGS
19 THAT THE PATIENT IS GOING TO SEE. AND UNFORTUNATELY
20 IN THE PRESENTATIONS THAT I HEARD AT THE FDA, THAT
21 WASN'T DONE. IF YOU ARE GOING TO WITHDRAW
22 IMMUNOSUPPRESSION, IT SHOULD BE DONE INCREDIBLY
23 CONSERVATIVELY WITH THE REAL PROFESSIONAL TRANSPLANT
24 IMMUNOLOGISTS INVOLVED. AND I THINK IN THE
25 BEGINNING ESPECIALLY THERE HAS TO BE INCREDIBLY

BARRISTERS' REPORTING SERVICE

1 DETAILED DATA COLLECTION ABOUT BOTH THE DONOR AND
2 RECIPIENTS' HISTOCOMPATIBILITY SO THAT EVERYONE IN
3 THE COMMUNITY CAN LEARN WHAT THE OPERANT ARMS OF THE
4 IMMUNE SYSTEM ARE.

5 FURTHER, I THINK THAT OUR COLLEAGUES IN
6 STEM CELL BIOLOGY NEED TO LOOK TO THE SOLID ORGAN
7 TRANSPLANT COMMUNITY TO SEE WHAT KIND OF NONINVASIVE
8 REJECTION ASSAYS THEY'RE DEVELOPING. SOME OF THEM
9 ARE IMPERFECT, BUT IT'S A HIGHLY ACTIVE COMMERCIAL
10 FIELD.

11 SO THIS GIVES US THE OPPORTUNITY TO TAKE A
12 PROBLEM AND TURN IT INTO TARGETED RESEARCH. AND I
13 THINK IT'S FAIR GAME FOR US TO BE THINKING ABOUT
14 IMMUNOSUPPRESSION AS A CENTRAL ROADBLOCK IN
15 EMBRYONIC STEM CELL DERIVED THERAPIES TO LOOK AT
16 FUNDING PROPOSALS THAT IDENTIFY THE OPTIMUM WAY TO
17 SUPPRESS THE IMMUNE SYSTEM, TO IDENTIFY THE OPTIMUM
18 WAY TO PRESENT CELLS TO TURN DOWN THE ALLOGENEIC
19 RESPONSE, ESPECIALLY TO DEVELOP TOLOROGENIC
20 STRATEGIES THAT DON'T REQUIRE DRUGS AND TO DEVELOP
21 ASSAYS SO THAT WE CAN MONITOR THE PATIENTS WITHOUT
22 HARM TO THEM.

23 SO I WOULD SAY THAT THREE-FOURTHS OF THE
24 MEETING TIME AT THE FDA WAS DEVOTED TO THE CONCERN
25 OVER THE DEVELOPMENT OF TERATOMAS IN PATIENTS WHO

BARRISTERS' REPORTING SERVICE

1 WILL RECEIVE HUMAN EMBRYONIC STEM CELL DERIVED
2 PRODUCTS. AND IT'S PRETTY CLEAR FROM THE DATA, BOTH
3 PRESENTED AT THE MEETING AND IN THE LITERATURE, THAT
4 THE NUMBER OF UNDIFFERENTIATED EMBRYONIC STEM CELLS
5 IN A FINAL TRANSPLANTED PRODUCT OR PERHAPS OR A
6 PERCENTAGE OF THESE CELLS IN THE FINAL PRODUCT ARE
7 THE CULPRITS THAT LEAD TO TERATOMA FORMATION. SO IN
8 OTHER WORDS, THE MORE UNDIFFERENTIATED EMBRYONIC
9 STEM CELLS YOU IMPLANT, THE GREATER THE LIKELIHOOD
10 OF A TERATOMA FORMING.

11 AND AGAIN, ALL THREE COMPANIES PROVIDED
12 DATA ON THEIR DIFFERENTIATION PROTOCOLS THAT SHOWED
13 THAT THEY'RE NOT ABLE TO SORT OUT THE
14 UNDIFFERENTIATED HUMAN EMBRYONIC STEM CELLS. THEY
15 RELYING ON THEIR DIFFERENTIATION PROTOCOLS TO WEED
16 THOSE CELLS OUT WHEN THEY FINALLY GET A MONTH DOWN
17 THE ROAD TO THE DIFFERENTIATED PRODUCT. AND ALL OF
18 THEM ACKNOWLEDGE THE POTENTIAL FOR SOME OF THOSE
19 CELLS TO BE THERE IN VERY SMALL NUMBERS.

20 SO, AGAIN, I THINK THIS IS AN OPPORTUNITY
21 FOR US. THE SCALE-UP ISSUES, WHICH I'LL ADDRESS AS
22 A ROADBLOCK, REALLY PRECLUDE SORTING THOSE CELLS OUT
23 RIGHT NOW. THERE ARE TECHNICAL ISSUES THAT NEED TO
24 BE WORKED ON.

25 THE TERATOMAS MAY ONLY BE THE TIP OF THE

BARRISTERS' REPORTING SERVICE

1 ICEBERG EVEN THOUGH THAT'S WHAT THEY WERE TALKED
2 ABOUT. THEY'RE CERTAINLY, AS ALAN POINTS OUT,
3 POTENTIAL CHROMOSOME OR ABNORMALITIES THAT DEVELOP
4 IN THE COURSE OF CULTURE THAT ARE NOT DETECTABLE BY
5 GROSS KARYOTYPING THAT MAY BE A SOURCE OF OTHER
6 TUMORS AND OTHER PROLIFERATING CELLS BESIDES THE
7 UNDIFFERENTIATED EMBRYONIC STEM CELL MAY ALSO BE A
8 TUMOR SOURCE.

9 SO IN PRACTICAL TERMS, THIS COMES DOWN TO
10 A QUESTION OF HOW LONG THE ANIMALS SHOULD BE
11 MONITORED FOR TUMOR FORMATION BEFORE PEOPLE FEEL
12 SAFE ABOUT PUTTING THEM INTO HUMAN PATIENTS. AND
13 THERE'S NO RIGHT ANSWER TO THIS. I THINK ON THE ONE
14 HAND PEOPLE WOULD AGREE THAT WE SHOULDN'T SPEND THE
15 LIFETIME OF A PRIMATE MONITORING, OTHERWISE WE'LL
16 NEVER GET TO THESE THERAPIES; BUT ON THE OTHER END,
17 WE HAVE TO HAVE SOME REASONABLE IDEA OF HOW LONG IT
18 TAKES TUMORS TO FORM IN AN ALLOGENEIC ENVIRONMENT,
19 AND THE ANIMALS SHOULD BE MONITORED FOR AT LEAST
20 MONTHS AND MAYBE SOME YEARS.

21 SO RIGHT NOW, BECAUSE OF THESE TECHNICAL
22 ISSUES WITH TUMORS AND THE INABILITY TO PRECISELY
23 SORT UNDIFFERENTIATED CELLS OUT, WE HAVE NO
24 GUARANTEES ABOUT THIS. AND IT'S GOING TO BE AN
25 ONGOING ISSUE UNTIL MORE RESEARCH IS THROWN AT THIS.

BARRISTERS' REPORTING SERVICE

1 SO I THINK IN ANOTHER CONTEXT THIS IS A GOOD REASON
2 FOR US TO HAVE A COLLABORATION BETWEEN THE STEM CELL
3 COMMUNITY AND THE CANCER BIOLOGY COMMUNITY BECAUSE,
4 AS WE UNDERSTAND SOME OF THE BASIC SCIENCE ISSUES
5 COMMON TO STEM CELLS AND CANCER PROMOTION, THESE
6 WILL ALSO TARGET THESE VERY PRACTICAL CLINICAL
7 PROBLEMS.

8 SO I WANTED TO JUST MENTION THAT THERE ARE
9 OTHER TECHNICAL HURDLES THAT GO ACROSS ALL POTENTIAL
10 APPLICATIONS OF EMBRYONIC STEM CELLS.

11 CHAIRMAN KLEIN: MARIE, IF I COULD, BEFORE
12 YOU GO ON TO THIS POINT, GIVEN THAT OUR TRANSCRIPTS
13 ARE PROBABLY GOING TO END UP QUOTED IN FDA HEARINGS
14 AND CONGRESSIONAL HEARINGS, ONE OF THE ISSUES OR THE
15 CENTRAL -- ONE OF THE CENTRAL ISSUES YOU JUST
16 COVERED WAS PURITY. AND HANS KIERSTEAD APPEARED
17 BEFORE THIS GROUP, THIS BOARD ACTUALLY, IN A
18 SPOTLIGHT ABOUT TWO YEARS AGO IN IRVINE, AND AT THAT
19 TIME WORKING WITH ANIMAL MODELS, HE WAS INDICATING
20 THAT HE COULD WITH OLIGODENDROCYTES GET TO A 99
21 PERCENT -- 99.9 PERCENT ACTUAL PURITY.

22 IS IT THE ISSUE IS THAT THE TECHNOLOGY HE
23 WAS USING COULD DEAL WITH THE SCALE OF DOSAGE FOR
24 THOSE ANIMAL MODELS, BUT IT CAN'T FEASIBLY DEAL WITH
25 THE SCALE FOR THE HUMAN TRIALS? OR WHAT'S THE

BARRISTERS' REPORTING SERVICE

1 DISCONTINUITY BETWEEN THAT PRESENTATION AND THE
2 PURITY ISSUES, SORTING ISSUES WITH THESE TRIALS?

3 DR. CSETE: WELL, IT'S TWO SORT OF
4 SEPARATE ISSUES. SO FIRST OF ALL, SOMEONE IS GOING
5 TO HAVE TO MAKE A DECISION ABOUT WHAT CONSTITUTES
6 SUFFICIENT NUMBERS OF UNDIFFERENTIATED CELLS TO BE
7 WORRIED ABOUT TERATOMA FORMATION. AND I THINK THAT
8 THERE MAY WELL BE PEOPLE IN THE COMMUNITY WHO SAY
9 THAT 1 PERCENT IS TOO MUCH, FOR EXAMPLE. AND THERE
10 WILL BE HAVE TO BE DIRECTED STUDIES TO DETERMINE
11 WHAT THAT NUMBER IS.

12 CHAIRMAN KLEIN: AND I THINK DR. BRYANT
13 HAS A COMMENT ON THAT.

14 DR. BRYANT: JUST LIKE TO SAY THE NUMBER
15 THAT I'VE HEARD HIM MENTION IS 97, NOT 99.9.

16 CHAIRMAN KLEIN: OKAY. THANK YOU.

17 DR. BRYANT: JUST SO WE DON'T, YOU KNOW,
18 MAKE IT WORSE.

19 CHAIRMAN KLEIN: ALL RIGHT.

20 DR. CSETE: RIGHT. BUT THE ISSUE FOR
21 SCALE-UP, WHICH WE'RE RIGHT UP TO ANYWAY, IS THAT
22 THE WAY THAT WE EXPAND OUR EMBRYONIC STEM CELL
23 DERIVED CULTURES AND DIFFERENTIATE THEM NOW IS ALL
24 DEPENDENT ON THE CELLS BEING ADHERENT IN A FLAT
25 LAYER. AND THE MASSIVE PRODUCTION OF THESE CELLS

BARRISTERS' REPORTING SERVICE

1 THAT PEOPLE THINK ABOUT -- OF OTHER CELLS THAT
2 PEOPLE THINK ABOUT HAS TO DO ABOUT GROWING THEM IN A
3 LIQUID CULTURE. AND SO GOING FROM THAT KIND OF EASY
4 EXPANDABILITY FROM THE KIND OF EXPANSION PROTOCOLS
5 THAT WE DO NOW IS A REAL TECHNICAL HURDLE. DOES
6 THAT ANSWER THE QUESTION MORE OR LESS? OKAY.

7 SO SCALE-UP IS GOING TO HAUNT US DEPENDING
8 ON THE NUMBERS OF CELLS THAT ARE NEEDED FOR SOME
9 APPLICATIONS. AND I THINK THE OTHER THING FOR
10 EVERYBODY TO KEEP IN MIND, I FEEL VERY STRONGLY
11 ABOUT THIS AS A CLINICIAN, IS THAT OUR ANIMAL
12 MODELS, NO MATTER HOW WELL WE THINK THEY REFLECT THE
13 PATTERN OF DISEASE IN HUMANS, COMPLETELY
14 UNDERESTIMATE THE PATHOLOGIC ENVIRONMENT IN HUMAN
15 DISEASES BECAUSE OF THE ENORMOUS HETEROGENEITY OF
16 HUMAN DISEASES COMPARED TO ANIMAL MODELS. SO WE
17 WON'T HAVE DIRECT PREDICTION FROM WHAT HAPPENS IN AN
18 ANIMAL TO WHAT HAPPENS IN A HUMAN.

19 AND ANOTHER THING THAT I THINK IS
20 INCREDIBLY IMPORTANT THAT I DIDN'T HEAR AT THE FDA
21 IS THAT ALL OF THE PATIENTS WHO WE ANTICIPATE
22 TREATING ARE GOING TO HAVE UNDERLYING DISEASES FOR
23 WHICH THEY STILL HAVE TO CONTINUE THEIR OTHER DRUG
24 THERAPIES. AND IT'S GOING TO BE CRITICAL TO MAKE
25 SURE THAT THE DRUGS THAT THEY'RE TAKING ARE NOT

BARRISTERS' REPORTING SERVICE

1 TOXIC FOR THE CELLS THAT ARE BEING IMPLANTED INTO
2 THEM, VERY SIMPLE PRECLINICAL STUDIES THAT PEOPLE
3 JUST SEEM NOT TO BE TALKING ABOUT.

4 SO ONE OF THE LAST ISSUES THAT I THINK IS
5 IMPORTANT THAT CAME UP AT THIS FDA MEETING IS THAT
6 BECAUSE OF THE NOVELTY OF EMBRYONIC STEM CELL
7 DERIVED THERAPIES, THE FDA PANEL REALLY EXPRESSED
8 PREFERENCE, I THOUGHT, FOR HAVING THE PHASE I
9 TRIALS, WHICH ARE SUPPOSED TO BE FOR SAFETY,
10 DESIGNED IN A WAY THAT WOULD ALSO GIVE INFORMATION
11 ABOUT EFFICACY. AND SO THE KIND OF PATIENTS THAT
12 YOU WOULD PICK AND THE END POINTS OF ANALYSIS THAT
13 YOU WOULD HAVE WILL BE VERY CRITICAL IN HOW THE FDA
14 VIEWS THE ABILITY OF SOMEONE TO GO FORWARD WITH A
15 PHASE I TRIAL.

16 IF YOU ARE DOING SOMETHING VERY
17 CONSERVATIVE JUST TO LOOK AT SAFETY AND NOT REALLY
18 PUTTING ENOUGH CELLS IN TO SEE AN OUTCOME, FOR
19 EXAMPLE, MY FEELING IS THAT THAT WOULD BE LOOKED ON
20 NOT FAVORABLY.

21 AND ANOTHER PERSONAL BUGABOO AFTER 25
22 YEARS IN ICU'S IS THAT VIRTUALLY ALL OF THE
23 APPLICATIONS THAT ARE BEING TALKED ABOUT NOW AND
24 THAT WE ANTICIPATE AND WANT TO HAPPEN ARE DISEASES
25 THAT ALSO HAVE PAIN AS PART OF THE SYMPTOMS. AND

BARRISTERS' REPORTING SERVICE

1 STEM CELL PRODUCTS CAN REALLY MODULATE PAIN, AND I
2 THINK THAT PART OF THE END POINTS OF MONITORING HAVE
3 TO INCLUDE QUANTITATIVE PAIN MONITORING BY REAL
4 DOMAIN EXPERTS.

5 SO IF YOU THINK ABOUT ALL OF THESE ISSUES
6 THAT SOUND LIKE ROADBLOCKS AND YOU WANT TO PICK
7 WHAT'S THE APPLICATION THAT WILL ADVANCE THE FIELD
8 FORWARD INDEPENDENT OF DISEASE PROCESS FOR A MINUTE,
9 THERE'S A LOT OF OPINION ABOUT WHO SHOULD BE THE
10 FIRST PATIENT. SHOULD IT BE SOMEONE WHO'S
11 DREADFULLY ILL, IS GOING TO DIE IN A DAY, AND THIS
12 IS A LIFESAVING MEASURE FOR THEM? WELL, REGARDLESS
13 OF DISEASE AGAIN, IF YOU HAVE THAT KIND OF A
14 PATIENT, RISK AND SAFETY WILL SORT OF BE BALANCED IN
15 THE WAY THAT I PUT THERE, RELATIVELY EQUALLY.

16 BUT IF YOU'RE HAVING -- IF YOU'RE TREATING
17 A CHRONIC DISEASE PATIENT OR SOMEONE WHOSE PROBLEMS
18 REALLY ARE NOT GOING TO HAPPEN UNTIL WELL DOWN THE
19 ROAD, THEN SAFETY ISSUES ARE GOING TO BE MUCH MORE
20 PARAMOUNT, AND THE RISK WILL HAVE TO BE VERY, VERY
21 LOW. AND THIS FEELING ALSO CAME OUT AT THAT
22 MEETING.

23 SO JUST, AGAIN, I HESITATE TO GIVE
24 SPECIFIC EXAMPLES, BUT I THINK THERE ARE GOOD
25 REASONS FOR THINKING ABOUT THIS PROCESS AS PART OF

BARRISTERS' REPORTING SERVICE

1 HOW WE PROCEED AS A FIELD. SO THE CLASSIC
2 HYPERACUTE DISEASE OR THE PATIENTS THAT I TOOK CARE
3 OF FOR MANY DECADES NOW, ACUTE LIVER FAILURE, THESE
4 PATIENTS ARE EXPECTED TO DIE WITHIN A DAY UNLESS
5 THEY GET A LIVER TRANSPLANT. WELL, UNLESS SOMETHING
6 CHANGES, THE AMOUNT OF TIME THAT IT WOULD TAKE FOR A
7 CELL THERAPY TO WORK TO REVERSE THAT PROCESS IS
8 LONGER THAN THEIR ANTICIPATED LIFE SPAN. WE'RE NOT
9 GOING TO LEARN FROM THOSE PATIENTS. IT DOESN'T MAKE
10 SENSE TO HAVE THEM BE THE FIRST PATIENTS.

11 FOR PATIENTS WHO HAVE A SHORTENED LIFE
12 SPAN, SIGNIFICANTLY SHORTENED LIFE SPAN, FOR
13 EXAMPLE, THOSE WITH ALS, THESE PATIENTS, I THINK,
14 UNLIKE CHRONIC SPINAL CORD INJURY PATIENTS, WOULD BE
15 AMENABLE TO A MORE BALANCED RISK BETWEEN SAFETY AND
16 RISK BECAUSE THEIR LIFE SPAN IS SHORT, BUT THERE IS
17 SUFFICIENT TIME TO SEE THE OUTCOME OF A CLINICAL
18 TRIAL WITH CELLS VERSUS, FOR EXAMPLE, PATIENTS WITH
19 DIABETES. THE SAFETY STANDARD WILL HAVE TO BE
20 EXTREMELY HIGH.

21 SO THIS SOUNDS QUITE DAUNTING, BUT I THINK
22 TO ME THIS IS EXCITING FOR CIRM BECAUSE THIS IS
23 EXACTLY WHY WE'RE HERE. WE HAVE TO REALLY HONE IN
24 ON THESE REAL PROBLEMS THAT GO ACROSS ALL OF THE
25 APPLICATIONS, AND WE HAVE TO IDENTIFY THE

BARRISTERS' REPORTING SERVICE

1 NONPROBLEMS SO THAT PEOPLE DON'T FOCUS ON THEM. FOR
2 EXAMPLE, I THINK THE XENOGENEIC CONTAMINATION IS
3 SOMETHING THAT WE'RE WORKING OUR WAY PAST. AND
4 FURTHERMORE, WE'RE JUST IN THE PERFECT POSITION TO
5 TARGET THESE PROBLEMS BECAUSE THE KIND OF DISEASE
6 TEAM GRANTS THAT WE WILL SEE AND THE KIND OF GRANTS
7 THAT WE'RE FUNDING GIVE US A VANTAGE POINT THAT
8 NOBODY ELSE HAS.

9 SO I THINK IF WE HAD STARTED FROM SCRATCH
10 AFTER THAT FDA MEETING AND WANTED TO DESIGN A WAY TO
11 GET PAST THE CURRENT HURDLES, THESE ARE EXACTLY THE
12 KIND OF THINGS THAT WE WOULD DO. AND GUESS WHAT,
13 THEY'RE ALREADY ON OUR PIPELINE. SO I WOULD LIKE TO
14 ENCOURAGE YOU TO FIRST THINK ABOUT ALL OF THE
15 PROBLEMS THAT I JUST TALKED ABOUT AND TUCK AWAY THE
16 FACT THAT WE'VE ALREADY FUNDED CONSIDERABLE
17 PRECLINICAL RESEARCH IN EXACTLY THESE AREAS AND THAT
18 OUR NEXT RFA'S WILL BE BUILDING ON THIS VERY
19 STRONGLY. AND ALSO TO ASK THAT WHEN WE THINK ABOUT
20 PROGRAMMATIC ISSUES, THAT THERE'S TWO LEVELS AT
21 WHICH WE CAN THINK ABOUT PROGRAMMATIC ISSUES. ONE
22 IS BY ORGAN-SPECIFIC OR DISEASE-SPECIFIC
23 PROGRAMMATIC PORTFOLIO, BUT THE OTHER IS A
24 PROGRAMMATIC ISSUE WHICH IS REALLY TARGETED TO THESE
25 ROADBLOCKS THAT GO ACROSS ALL OF THE APPLICATIONS

BARRISTERS' REPORTING SERVICE

1 THAT WE REALLY WANT TO SEE HAPPEN. AND WITH OUR
2 PIPELINE, WE HAVE THE TREMENDOUS FOUNDATION TO
3 TACKLE THOSE PROVIDED THAT WE ALSO TARGET SOME
4 SPECIFIC AREAS WHERE THE PRECLINICAL RESEARCH IS
5 BASICALLY LACKING. SO I'M GOING TO STOP THERE FOR
6 QUESTIONS.

7 CHAIRMAN KLEIN: QUESTIONS. DR. PRIETO.

8 DR. PRIETO: YES. AND THANK YOU FOR THAT
9 PRESENTATION. I THINK IT'S VERY HELPFUL. YOU MADE
10 A COMMENT THAT STEM CELL THERAPY CAN MODULATE PAIN,
11 AND I WONDERED IF YOU COULD EXPAND ON THAT A LITTLE
12 BIT FOR US.

13 DR. CSETE: WELL, ACTUALLY THAT'S
14 SOMETHING THAT I WORKED ON, AND WE WEREN'T THE ONLY
15 ONES. SO WE PUBLISHED SOME WORK COUPLE YEARS AGO
16 NOW USING A CLASSIC ANIMAL MODEL OF PAIN, WHICH IS A
17 CONSTRICTION INJURY OF THE SCIATIC NERVE, AND WE
18 USED MIXED POPULATIONS OF MARROW STEM CELLS TO NOT
19 TURN THAT PAIN DOWN, BUT TO REVERSE IT.

20 WHEN WE STARTED THE EXPERIMENTS, I HAD
21 IDEAS ABOUT HOW STEM CELLS COULD MAKE PAIN WORSE OR
22 MAKE PAIN BETTER IN MY MIND. AND I WASN'T SURE HOW
23 THOSE EXPERIMENTS WERE GOING TO COME OUT. THE
24 REASON IS THAT STEM CELLS SECRETE A LOT OF GROWTH
25 FACTORS, AND MANY OF THESE GROWTH FACTORS ARE NOW

BARRISTERS' REPORTING SERVICE

1 KNOWN TO BE IMPORTANT IN MODULATING PAIN, AND
2 THEY' RE PRETTY MUCH THE SAME GROWTH FACTORS AS
3 NEUROPROTECTIVE AGENTS. SO, FOR EXAMPLE, GDNF, IF
4 GIVEN IN VERY, VERY HIGH DOSES CAN CAUSE SPROUTING
5 OF PERIPHERAL NERVES, AND THAT IN ITSELF CAN LEAD TO
6 PAIN. IF GIVEN IN LOW DOSES, IT' S NEUROPROTECTIVE
7 AND ANALGESIC.

8 SO IT' S TRICKY, BUT THERE ARE A LOT OF
9 THESE OTHER EXAMPLES OF SECRETED PRODUCTS OF STEM
10 CELLS THAT ABSOLUTELY CAN MODIFY PAIN PATHWAYS.

11 CHAIRMAN KLEIN: JEFF SHEEHY.

12 MR. SHEEHY: SO WE JUST APPROVED THE
13 TRANSLATIONAL RESEARCH GRANT YESTERDAY. AND SO YOU
14 REALLY IDENTIFIED VERY SPECIFIC PROBLEMS, AND IT
15 SEEMS LIKE THE GRANT IS KIND OF MORE INVESTIGATOR
16 INITIATED, YOU KNOW, TRANSLATIONAL FITS IN THIS
17 FIELD. SHOULD IT NOT INCLUDE SPECIFICALLY, YOU
18 KNOW, TO ANSWER SOME OF THOSE QUESTIONS? AND YOU
19 DID A GREAT JOB OF DOING IT, SO I WON' T TRY TO
20 REITERATE THAT. BUT SHOULD WE BE VERY SPECIFIC AND
21 ASK FOR THAT AS OPPOSED TO TAKING WHAT COMES ACROSS
22 THE TRANSOM?

23 DR. CSETE: I THINK THAT IT IS ABSOLUTELY
24 OUR GOAL IN THESE MORE TRANSLATIONAL GRANTS TO
25 IDENTIFY ROADBLOCKS THAT WE THINK, AGAIN, CROSS ALL

BARRISTERS' REPORTING SERVICE

1 AREAS OF TRANSLATION. AND SO THAT WILL BE PART OF
2 THE PROCESS, ABSOLUTELY.

3 CHAIRMAN KLEIN: SO, DR. CSETE, ON THIS
4 ISSUE OF WITH CHRONIC DISEASE OF BALANCING SAFETY
5 VERSUS RISK, AS YOU KNOW, THERE'S SOME HEATED
6 DISAGREEMENT WITH THE POINT OF BALANCE. I THINK ONE
7 OF THE FUNDAMENTAL PROBLEMS IS THAT PEOPLE LOOK AT
8 DISEASES LIKE DIABETES AND CONSIDER IT AS A
9 MONOLITHIC STEADY CONDITION. AS YOU KNOW, THERE'S
10 BRITTLE DIABETES WHERE SOMEONE HAS LOST THE
11 CONSCIOUSNESS OF WHEN THEY'RE LOW, AND SO THEY MAY
12 DIE AT ANY POINT BECAUSE THEY GO INTO A COMA BECAUSE
13 THEY HAVE NO GLUCOSE AWARENESS. THEY CAN'T DRIVE,
14 ALL OF THEIR FUNCTIONS ARE INTERRUPTED, SO THEY'RE
15 LIVING ON A PRECIPICE DAY AND NIGHT.

16 THEY WOULD ARGUE AND HAVE ARGUED
17 SUCCESSFULLY FOR TRANSPLANTS OF ISLETS FROM CADAVERS
18 WHICH CARRY THE RISK OF VERY EXTREME
19 IMMUNOSUPPRESSANTS THAT HAVE, IN FACT, LED TO SOME
20 SERIOUS COMPLICATIONS, WHICH IS WHY THAT TRANSPLANT
21 PROTOCOL CANNOT HAPPEN WITH CHILDREN.

22 SO I THINK AS YOU LOOK AT CHRONIC DISEASE,
23 EACH OF THE CHRONIC DISEASES HAS LEVELS OF SEVERITY
24 THAT PUT PEOPLE AT IMMENSE RISK OR GROSSLY
25 COMPROMISE THEIR QUALITY OF LIFE. AND THAT NEEDS TO

BARRISTERS' REPORTING SERVICE

1 BE TAKEN INTO CONSIDERATION, AND ALSO RECOGNIZING
2 THE INTEGRITY AND SOVEREIGNTY OF THE DECISION OF THE
3 INDIVIDUAL AS TO WHETHER THEY FEEL WITH FULL
4 INFORMATION WHETHER LIFE -- THEIR LIFE IS
5 APPROPRIATE TO BE PUT AT RISK.

6 DR. CSETE: ABSOLUTELY. AND I THINK, YOU
7 KNOW, THE INTERESTING THING THAT I CAME AWAY WITH
8 FROM THAT MEETING WAS OBVIOUSLY NOVOCELL WAS ONE OF
9 THE OTHER PRESENTERS AT THE MEETING. AND THEIR
10 PLAN, LUCKILY FOR DIABETICS, DOES NOT INVOLVE
11 IMPLANTING CELLS IN A WAY THAT THEY HAVE TO
12 INTEGRATE INTO A TISSUE TO DO THEIR JOB. THEIR PLAN
13 INVOLVES ENCAPSULATING CELLS SO THAT THE HORMONAL
14 RESPONSES CAN GO IN AND OUT OF THE CELLS IN
15 CAPSULES, BUT THEY DON'T HAVE TO INTEGRATE INTO THE
16 PANCREAS, FOR EXAMPLE.

17 SO IN THIS CASE I KEPT SAYING, OH, IF THEY
18 CAN ONLY GET THESE CELLS TO DIFFERENTIATE FURTHER
19 AND REALLY BE GLUCOSE RESPONSIVE AND THEN SOLVE THE
20 ENCAPSULATION ISSUES, IT'S SO CLOSE TO READINESS IN
21 TERMS OF SAFETY JUST BECAUSE OF HOW THE CELLS ARE
22 GOING TO BE DELIVERED BY COMPARISON TO THE OTHER
23 DISEASES. SO ABSOLUTELY THERE IS ALWAYS GOING TO BE
24 A TENSION BETWEEN THE PATIENTS WHO MAYBE ARE WILLING
25 TO TAKE MORE RISKS IN SOME WAYS AS THEY PROCEED

BARRISTERS' REPORTING SERVICE

1 AHEAD VERSUS THE REGULATORY AGENCIES THAT WANT TO BE
2 MORE CAUTIOUS IN CHRONIC DISEASES. AND THAT'S GOING
3 TO HAVE TO BE AN OPEN CONVERSATION.

4 CHAIRMAN KLEIN: DR. STEWARD.

5 DR. STEWARD: I JUST WANTED TO ACTUALLY
6 AMPLIFY ON JEFF'S POINT BEFORE IT GOT LOST BECAUSE
7 IT'S IMPORTANT. WHAT HE ACTUALLY, I THINK, WAS
8 EMPHASIZING IS THAT SOME OF THESE QUESTIONS MAY BE
9 SO IMPORTANT AND SO REALLY OBVIOUS IN TERMS OF THEIR
10 GOALS, THAT THEY MIGHT BE BETTER HANDLED THROUGH A
11 CONTRACT MECHANISM. IT'S SOMETHING THAT WE HAVEN'T
12 ACTUALLY HAD AT CIRM. BUT, YOU KNOW,
13 INVESTIGATOR-INITIATED GRANTS ARE GREAT FOR BASIC
14 DISCOVERY; BUT SOMETIMES WHEN IT COMES TO JUST
15 REALLY GETTING FROM HERE TO THERE AND YOU CAN DEFINE
16 THERE VERY CLEARLY, A CONTRACT MECHANISM MAY
17 ACTUALLY BE A BETTER WAY TO GO.

18 DR. CSETE: THANKS. AND I SHOULD SAY IN
19 TERMS OF THE SCALE-UP ISSUES, WE ARE PUTTING
20 TOGETHER WHAT WE HOPE WILL BE THE EXPERT PEOPLE TO
21 HELP US WITH THE GMP ISSUES, WHICH ARE INSUFFICIENT
22 AT THIS POINT.

23 CHAIRMAN KLEIN: DR. OLSON.

24 DR. OLSON: I JUST WANTED TO MAKE ONE
25 COMMENT IN RESPONSE TO MR. SHEEHY'S COMMENT AND TO

BARRISTERS' REPORTING SERVICE

1 DR. STEWARD'S COMMENT. IF YOU ACTUALLY LOOK AT THE
2 CONCEPT PROPOSAL FOR TRANSLATIONAL I, I THINK WE
3 HAVE IDENTIFIED THOSE SPECIFIC AREAS OF PRECLINICAL
4 WHAT WE CALL BOTTLENECKS THAT -- SOME OF WHICH MARIE
5 VERY DEFINITELY HIGHLIGHTED IN HER PRESENTATION. I
6 THINK IT'S A MATTER OF, YOU KNOW, DECIDING HOW MUCH
7 INVESTIGATORS ARE GOING TO RESPOND TO WHAT WE HAVE,
8 IN FACT, IDENTIFIED AS WHAT WE HAVE HEARD WHEN WE GO
9 OUT IN THE FIELD THAT PEOPLE ARE TELLING US ARE THE
10 BOTTLENECKS.

11 SO IT'S A MATTER OF, YOU KNOW, IS THAT
12 GOING TO BE THROUGH A CONTRACT MECHANISM? IS THAT
13 GOING TO BE THROUGH INSTRUCTING REVIEWERS
14 THAT -- BECAUSE WE DO ASK THEM ABOUT SIGNIFICANCE.
15 YOU KNOW, WHAT IS THIS -- HOW IS THIS GOING TO MOVE
16 THE FIELD FORWARD? SO I THINK WE TRY AND CAPTURE
17 THOSE SORTS OF THINGS IN THE CONTEXT OF THE RFA, AND
18 THEY ARE PART OF YOUR CONCEPT PROPOSAL. THANK YOU.

19 CHAIRMAN KLEIN: THE OTHER POINT, I THINK,
20 IS THAT CLEARLY ANIMAL MODELS HAVE A HISTORY OF
21 DEFICIENCIES AND SHORTCOMING IN PREDICTING TOXICITY.
22 THAT IS, HOWEVER, COMMON TO THE WHOLE HISTORY OF THE
23 DEVELOPMENT OF MEDICAL THERAPIES. SO THOSE
24 THERAPIES THAT RISK HAS BEEN BALANCED AND TRIALS
25 HAVE GONE FORWARD, AND I THINK WE NEED TO

BARRISTERS' REPORTING SERVICE

1 HISTORICALLY LOOK AT THAT IN CONTEXT, NOT THAT YOU
2 WEREN' T SUGGESTING TO HISTORICALLY LOOK AT IT IN
3 CONTEXT. I'M JUST, FOR THE PUBLIC, POINTING OUT
4 THAT THIS IS NOT SOMETHING THAT ARISES AT THIS POINT
5 IN HISTORY THAT WAS NOT PREVIOUSLY A CONSTANT
6 CONDITION. AND PERHAPS WITH HUMAN CELL LINES, BY
7 THE TIME WE GET TO TRIALS, WE' LL HAVE HUMAN CELL
8 LINES THAT ARE ACTIVELY IN USE, HEPATOCYTES, FOR
9 EXAMPLE, FOR PREDICTING TOXICITY THAT ARE
10 EFFECTIVELY ENHANCING OUR ANIMAL MODELS BY BRINGING
11 IT TO A HUMAN SCALE AT LEAST AT THE CELLULAR LEVEL
12 WHICH DOESN' T RECOGNIZE WHAT' S HAPPENING IN THE
13 NICHE AND INTERACTIONS, BUT AT LEAST AT THE CELLULAR
14 LEVEL.

15 DR. CSETE: YEAH. I DO THINK THAT ONE OF
16 THE MAJOR CRUX DIFFERENCES, THOUGH, THAT WE JUST
17 HAVE TO TARGET IS THERE' S PROBABLY GENERALLY MORE
18 PREDICTABILITY IN LOOKING AT PHARMACOKINETICS AND
19 PHARMACODYNAMICS AND DOSE RESPONSES IN ANIMALS
20 VERSUS HUMANS THAN IMMUNOLOGIC RESPONSES. IN TERMS
21 OF THE IMMUNOLOGIC READOUT, THE ANIMALS ARE NOT
22 EXTREMELY USEFUL TO US AT ALL.

23 CHAIRMAN KLEIN: THANK YOU. AND, JEFF,
24 DID YOU WANT TO SAY ANYTHING ABOUT THE CHALLENGES
25 THAT HISTORICALLY WERE FACED WITH HIV IN GOING

BARRISTERS' REPORTING SERVICE

1 THROUGH THIS BALANCING PROCESS?

2 MR. SHEEHY: I REALLY THINK IT'S KIND OF
3 PREMATURE. I REALLY APPRECIATE DR. CSETE'S
4 PRESENTATION. YOU KNOW, I THINK WHEN WE GET DOWN
5 THE ROAD, BUT I FOUND THIS VERY INTERESTING. THANK
6 YOU.

7 CHAIRMAN KLEIN: YEAH. THERE IS A VERY
8 INTERESTING HISTORY THAT HOPEFULLY WE'LL GO THROUGH
9 AT SOME POINT, BUT THIS IS GOING TO BE A CHALLENGE
10 FOR ALL OF US. AND IT'S A TREMENDOUS PRESENTATION,
11 DR. CSETE.

12 DR. TROUNSON, WOULD YOU LIKE TO ADD
13 ANYTHING?

14 DR. TROUNSON: NO. I THINK THE CHIEF
15 SCIENTIFIC OFFICER HAS DONE A GREAT JOB HERE TO
16 BRING SOME OF THE ISSUES TO THE FORE. YOU KNOW, I
17 THINK WE NEED TO BE, IF WE CAN, SUPPORTIVE OF THE
18 CLINICAL TRIALS, BUT WE NEED TO BE, YOU KNOW, VERY
19 CAREFUL ABOUT THE RISK ANALYSIS, AND THAT WOULD BE
20 IN CONCERT WITH THE FDA.

21 I THINK THERE IS A GOOD REASON WHY WE
22 OUGHT TO ESTABLISH A DIALOGUE WITH THE REGULATORY
23 OFFICIALS, AND I'M GOING TO ENCOURAGE THE CHIEF
24 SCIENTIFIC OFFICER TO HAVE THAT DIALOGUE AND TO
25 MAINTAIN THAT DIALOGUE SO THAT WE HAVE WAYS OF

BARRISTERS' REPORTING SERVICE

1 INSERTING OUR INTERESTS INTO THE PROCESS. AND I
2 HOPE THAT THE WHITE PAPER THAT WE BRING OUT FORWARD
3 TO YOU WILL BE HELPFUL IN YOU SORT OF HAVING A
4 CLOSER LOOK AT SOME OF THE ISSUES THAT WE THINK ARE
5 IMPORTANT AND ARE CHALLENGING.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH. DR.
7 TROUNSON, ARE YOU PREPARED TO MOVE FORWARD TO ITEM
8 11, CONSIDERATION OF THE GRANTS WORKING GROUP ON
9 DISEASE TEAM PLANNING APPLICATIONS?

10 DR. TROUNSON: YES, CHAIRMAN. WE' LL
11 WELCOME THAT.

12 CHAIRMAN KLEIN: OKAY. SO DR. BETTINA
13 STEFFEN, WOULD YOU LEAD US THROUGH THIS ITEM? DR.
14 STEFFEN.

15 DR. STEFFEN: THANK YOU. MR. CHAIRMAN,
16 BOARD MEMBERS, MEMBERS OF THE AUDIENCE, AND GUESTS,
17 I WOULD LIKE TO PRESENT THE RECOMMENDATIONS PUT
18 FORTH BY THE GRANTS WORKING GROUP IN APRIL FOR THE
19 DISEASE TEAM PLANNING AWARDS. THIS IS AGENDA ITEM
20 NO. 11 IN YOUR BINDERS.

21 AND I WILL FIRST BRIEFLY REMIND YOU OF THE
22 OBJECTIVES OF THE DISEASE TEAM INITIATIVE BEFORE
23 PRESENTING THE GRANT WORKING GROUP RECOMMENDATIONS.

24 THE DISEASE TEAM INITIATIVE HAS THREE
25 PARTS: A WORKSHOP WHICH WAS HELD LAST JULY; A

BARRISTERS' REPORTING SERVICE

1 PLANNING AWARD, WHICH IS THE FOCUS OF OUR DISCUSSION
2 TODAY; AND THE SUBSEQUENT DISEASE TEAM RESEARCH
3 AWARD. ONE OF THE FINDINGS FROM OUR WORKSHOP WAS
4 THE NEED FOR A PLANNING AWARD, AND THE PURPOSE IS TO
5 ALLOW THE POTENTIAL TEAMS TO ASSEMBLE. WE EXPECT
6 THE OUTPUT FROM THESE EFFORTS TO BE COMPREHENSIVE
7 RESEARCH PROPOSALS FOR THE LARGER RESEARCH AWARDS.
8 HOWEVER, RECEIPT OF A PLANNING AWARD WILL NOT BE A
9 PREREQUISITE FOR THE RESEARCH AWARD.

10 AND FINALLY, WE ANTICIPATE PRESENTING THE
11 CONCEPT FOR THE MULTIYEAR RESEARCH AWARDS IN THE
12 FALL OF 2008 FOR YOUR CONSIDERATION WITH REVIEW IN
13 APRIL OF 2009.

14 WE'VE SEEN THIS SLIDE SEVERAL TIMES IN THE
15 LAST 24 HOURS, AND I'D JUST LIKE TO USE IT AS A
16 REMINDER OF HOW THE DISEASE TEAM INITIATIVE FITS
17 INTO THE CIRM STRATEGIC PLAN.

18 THE DISEASE TEAM INITIATIVE WILL
19 COMPLEMENT THE TRANSLATIONAL AWARD FOR WHICH YOU
20 HEARD THE CONCEPT PROPOSAL PRESENTED LAST NIGHT.
21 THE TRANSLATIONAL AWARD IS DESIGNED TO ACCOMMODATE
22 PROJECTS FOR WHICH THE SCIENCE IS AT AN EARLIER
23 STAGE OF READINESS FOR THE CLINIC; WHEREAS, THE
24 DISEASE TEAM AWARDS ARE FOCUSED ON THOSE PROJECTS
25 WITH GREATER SCIENTIFIC MATURITY. I WILL DEFINE THE

BARRISTERS' REPORTING SERVICE

1 SCIENTIFIC MATURITY FOR YOU IN SUBSEQUENT SLIDES
2 WHEN WE TALK ABOUT THE CRITERIA.

3 BUT AS YOU DISCUSS APPLICATIONS TODAY, I
4 JUST WANT TO REMIND YOU THAT THOSE THAT ARE JUDGED
5 OF GOOD SCIENTIFIC MERIT, BUT PERHAPS INSUFFICIENTLY
6 MATURE FOR A DISEASE TEAM AWARD MAY HAVE A PLACE IN
7 THE TRANSLATIONAL AWARD. THESE TWO INITIATIVES
8 THEN, THE TRANSLATIONAL AND THE DISEASE TEAM, ARE
9 INTENDED TO TAKE PROMISING FINDINGS FROM THE BASIC
10 RESEARCH, SUCH AS THE SEED AND COMPREHENSIVE AWARDS,
11 SEVERAL STEPS CLOSER TO THE CLINIC.

12 FOR THE DISEASE TEAM AWARDS, I'D LIKE TO
13 START WITH THE END GAME IN MIND. THE DISEASE TEAM
14 RESEARCH AWARDS, AGAIN, WILL BE SUBJECT OF THE
15 FUTURE RFA, AND THE GOAL IS TO PRODUCE AN APPROVABLE
16 INVESTIGATIONAL NEW DRUG APPLICATION OR IND WITHIN
17 FOUR YEARS OF THE PROJECT START. THE IND IS THE
18 REGULATORY FILING WHICH MUST BE MADE PRIOR TO
19 BEGINNING CLINICAL STUDIES IN PATIENTS. THE
20 FIVE-YEAR TIMEFRAME THAT YOU WILL SEE IN MANY OF THE
21 REVIEW REPORTS OF THE PLANNING AWARD CLINICAL TRIALS
22 FOR THE ONE THAT SEPARATES THE PLANNING AND THE
23 RESEARCH AWARDS.

24 NOW, THE RATIONALE FOR THE DISEASE TEAMS
25 IS THAT THE RESEARCH AND DEVELOPMENT CAN MOVE MORE

BARRISTERS' REPORTING SERVICE

1 EFFICIENTLY AND EFFECTIVELY TO THE CLINIC IF THREE
2 FACTORS ARE PRESENT. ONE, THERE SHOULD BE
3 MULTIDISCIPLINARY TEAMS, NOT ONLY ALONG THE SPECTRUM
4 OF BASIC TO TRANSLATIONAL TO CLINICAL RESEARCHERS,
5 BUT ALSO INCLUDING SPECIALTIES SUCH AS
6 BIOENGINEERING, BIOSTATISTICIANS, AND REGULATORY AND
7 ETHICAL PERSONNEL WHO HAVE IMPORTANT INPUT INTO
8 BRINGING THERAPIES TO THE CLINIC.

9 SECOND, A COMPREHENSIVE RESEARCH PLAN
10 SHOULD BE PRESENT WITH DEFINED MILESTONES AND, MOST
11 IMPORTANTLY, THE TEAM SHOULD EMPLOY ACTIVE
12 MANAGEMENT AGAINST THAT PLAN.

13 THE MAIN PURPOSE OF THE PLANNING AWARD IS
14 TO LAY THE FOUNDATION AND PREPARE THE TEAM TO WRITE
15 THESE COMPLEX APPLICATIONS FOR THE SUBSEQUENT
16 RESEARCH AWARDS. THESE PLANNING AWARDS WILL ALLOW A
17 PRINCIPAL INVESTIGATOR TO RECRUIT A TEAM AND TO
18 ENLIST THE TEAM TO PLAN THE CONTENT, MANAGEMENT, AND
19 ADMINISTRATION OF THESE PROJECTS.

20 AND FINALLY, I DO WANT TO REPEAT THAT A
21 RECEIPT OF THE PLANNING AWARD IS NOT PREREQUISITE
22 FOR THE RESEARCH AWARD.

23 DR. PRICE: POINT OF CLARIFICATION. DOES
24 THAT MEAN -- THE PARAGRAPH TO SAY THAT IF ONE OF THE
25 TEAMS THAT IS NOT AWARDED -- THAT IF ONE OF THE

BARRISTERS' REPORTING SERVICE

1 TEAMS THAT IS NOT AWARDED A PLANNING GRANT PLANS ON
2 ITS OWN WITH ITS OWN RESOURCES, THAT THEY CAN COME
3 BACK AND APPLY FOR THE ACTUAL RESEARCH AWARD?

4 DR. STEFFEN: THAT'S CORRECT.

5 DR. PRICE: OKAY. THANK YOU.

6 DR. STEFFEN: AT THE BOARD MEETING LAST
7 OCTOBER, YOU APPROVED THE CONCEPT OF THE DISEASE
8 TEAM PLANNING AWARD INCLUDING THE FUNDING TARGETS
9 LISTED ON THIS SLIDE. YOU APPROVED UP TO 20 TOTAL
10 GRANTS, REPRESENTING \$1.1 MILLION OF TOTAL FUNDS FOR
11 THIS RFA. ON A PER GRANT BASIS THAT BREAKS DOWN TO
12 55,000 OF TOTAL COST FOR UP TO SIX MONTHS OF
13 PLANNING.

14 I'D LIKE TO SPEND A MOMENT REMINDING YOU
15 OF THE EVALUATION CRITERIA USED FOR THIS AWARD, THE
16 CONCEPT, THE PRINCIPAL INVESTIGATOR, AND THE
17 PLANNING PROCESS. THE CONCEPT HAS THREE COMPONENTS:
18 THE RATIONALE, MATURITY, AND SIGNIFICANCE.
19 RATIONALE AND SIGNIFICANCE SHOULD BE FAMILIAR TO
20 YOU. THAT IS WHERE REVIEWERS EVALUATED WHETHER THE
21 PROPOSED PROJECT MAKES BIOLOGIC SENSE AND WHAT THE
22 POTENTIAL IMPACT IS ON THE DISEASE. THE MATURITY IS
23 A KEY PART OF THIS PROPOSAL, AND WE ASKED THE GRANTS
24 WORKING GROUP WHETHER THERE IS REASONABLE
25 EXPECTATION FOR CLINICAL STUDIES WITHIN FIVE YEARS.

BARRISTERS' REPORTING SERVICE

1 REVIEWERS WERE INSTRUCTED TO EMPHASIZE THE MATURITY
2 IN THIS CATEGORY.

3 FOR THE PI CRITERION, WE ASKED THE GRANTS
4 WORKING GROUP TO EVALUATE THE PI'S TRACK RECORD FOR
5 TRANSLATING PRECLINICAL FINDINGS INTO CLINICAL
6 STUDIES IN THE FIELD AND HOW WELL-SUITED THE PI IS
7 TO CARRYING OUT THE COLLABORATIVE PLANNING AND
8 RESEARCH PROCESS.

9 FOR THE THIRD EVALUATION CRITERION, THE
10 PLANNING PROCESS, WE ASKED THE GRANTS WORKING GROUP
11 WHETHER IT WAS THOUGHTFUL AND DETAILED AND ALSO
12 WHETHER IT WOULD HELP PREPARE THE TEAM TO COMPETE
13 FOR A SUBSEQUENT RESEARCH AWARD.

14 THE GRANTS WORKING GROUP OVERALL WERE
15 INSTRUCTED TO EMPHASIZE THE CONCEPT, IN PARTICULAR
16 THE MATURITY, AND ALSO THE PRINCIPAL INVESTIGATOR'S
17 QUALIFICATIONS.

18 FOR THE BENEFIT OF THOSE OF YOU WHO WERE
19 NOT PRESENT LAST NIGHT, I'D LIKE TO WALK BACK
20 THROUGH THE RECOMMENDATIONS THAT THE GRANTS WORKING
21 GROUP MADE AND TO NOTE THAT THE GRANTS WORKING
22 GROUP'S MEMBERS REVIEWED THE NEW CELL LINES AND
23 DISEASE TEAM AWARDS IN CONSECUTIVE SESSIONS. SO AS
24 USUAL, THE GRANTS WORKING GROUP PLACED THE
25 APPLICATIONS INTO THE THREE TIERS. AND TIER 1, AS

BARRISTERS' REPORTING SERVICE

1 YOU ARE USED TO, CONTAINS THE APPLICATIONS
2 RECOMMENDED FOR FUNDING BY THE GRANTS WORKING GROUP.

3 HOWEVER, THE GRANTS WORKING GROUP ADOPTED
4 LANGUAGE DESCRIBING THEIR RECOMMENDATION FOR THE
5 APPLICATIONS IN TIER 2 THAT IS DIFFERENT FROM
6 PREVIOUS RFA'S. SO AGAIN, THEY RECOMMENDED THAT THE
7 LANGUAGE BE THESE GRANTS ARE PROVISIONALLY NOT
8 RECOMMENDED, BUT WOULD BE AVAILABLE FOR FUNDING IF
9 THE ICOC MAKES A PROGRAMMATIC DETERMINATION TO FUND
10 APPLICATIONS IN THIS TIER.

11 AND FINALLY, AS YOU ARE USED TO,
12 APPLICATIONS IN TIER 3 ARE NOT RECOMMENDED FOR
13 FUNDING.

14 SO THIS TABLE SHOWS THE SUMMARY OF THE
15 GRANTS WORKING GROUP RECOMMENDATIONS IN TIER 1.
16 TWENTY-ONE APPLICATIONS WERE RECOMMENDED, AND THE
17 TOTAL FUNDS RECOMMENDED WERE A LITTLE OVER A MILLION
18 DOLLARS. IN TIER 2 THERE ARE NINE APPLICATIONS
19 REPRESENTING APPROXIMATELY \$470,000 OF FUNDING.

20 SO IF THERE ARE NO FURTHER QUESTIONS OR
21 COMMENTS, I WILL BE READY TO VIEW THE LISTING OF THE
22 RESULTS, AND I'LL TURN THIS BACK OVER TO OUR
23 CHAIRMAN.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
25 BETTINA. I'D LIKE TO TURN THIS OVER FOR COMMENTS TO

BARRISTERS' REPORTING SERVICE

1 JEFF SHEEHY AS VICE CHAIR OF THE GRANTS WORKING
2 GROUP.

3 MR. SHEEHY: SURE. AND BEFORE I START --

4 CHAIRMAN KLEIN: AND I'D LIKE TO, JEFF,
5 NOW THAT JOAN SAMUELSON IS HERE, IS FOLLOWING YOUR
6 COMMENTS, I'D LIKE TO ASK JOAN SAMUELSON WHO
7 EFFECTIVELY AS CHAIR -- AS VICE CHAIR HAS DESIGNATED
8 YOU AS HER ALTERNATIVE VICE CHAIR, YOU PRESIDED OVER
9 THE SESSION, BUT I'LL ASK JOAN FOR COMMENTS AS WELL.

10 MR. SHEEHY: OKAY. AND IF I CAN JUST GO
11 BACK TO AN EARLIER POINT, I APOLOGIZE, BUT I WAS
12 LOOKING IN MY BOOK. I DON'T HAVE A COPY OF THE
13 CONCEPT PLAN FOR THE TRANSLATION, SO I DON'T -- YOU
14 KNOW, COULD I GET A COPY OF THAT BECAUSE MY -- YOU
15 KNOW, IT'S NOT IN MY BOOK, AND SO I WAS REALLY
16 WORKING OFF MEMORY, SO THIS KIND OF SENSE THAT WHAT
17 DR. CSETE PRESENTED, INCLUDING THE CONCEPT PLAN,
18 WASN'T SOMETHING I COULD VERIFY OR MAKE ANY
19 CONNECTION TO BECAUSE I REALLY DON'T HAVE A COPY OF
20 THAT IN MY BOOK.

21 SO I WENT THROUGH EVERY PAGE IN MY BOOK.
22 I DON'T NEED IT RIGHT NOW, BUT LATER. JUST BECAUSE
23 THAT ISSUE WAS RAISED.

24 SO I THINK IT'S IMPORTANT TO KNOW THAT
25 THIS SECOND TIER DESIGNATION REALLY CAME UP -- IF

BARRISTERS' REPORTING SERVICE

1 YOU LOOK AT THE ORDER IN WHICH THE GRANTS WERE
2 REVIEWED, WE DID THE DISEASE TEAMS FIRST. AND SO
3 THE NOTABLE LACK OF ENTHUSIASM THAT WE WERE REALLY
4 REFLECTING ON LAST NIGHT ABOUT CELL LINES WAS
5 EXTREMELY PRONOUNCED IN THIS GRANT REVIEW SESSION.
6 IT'S ON THIS SET WHEN THEY CAME DOWN TO THAT MIDDLE
7 LEVEL THAT THE TRADITIONAL WAY OF DOING THINGS, YOU
8 KNOW, AVAILABLE FOR FUNDING IF FUNDS ARE AVAILABLE
9 REALLY STARTED TO BREAK DOWN.

10 SO I THINK IN THIS INSTANCE WHEN WE LOOK
11 AT THIS GRAY AREA, YOU KNOW, WE SHOULD REALLY LOOK
12 WITH A HARD -- WITH A VERY HARD-EDGED LOOK. AND
13 REMEMBER THAT PEOPLE CAN COME BACK EVEN IF THEY
14 DON'T GET A GRANT.

15 NO. 2, YOU KNOW, WE'RE GOING TO HAVE TO
16 REALLY INTENSIVELY REVIEW THESE GRANTS. SO, YOU
17 KNOW, THIS IS A POINT WHERE WE CAN SAY, YOU KNOW, IF
18 THE DISEASE THAT YOU'RE TARGETING, THE WAY THAT YOU
19 WANT TO GO ABOUT IT ISN'T REALLY MATURE, COME BACK
20 FOR TRANSLATIONAL, BUT, YOU KNOW, MAYBE IT'S NOT THE
21 BEST IDEA TO GO THROUGH ALL THIS WORK TO DO A
22 DISEASE TEAM GRANT BECAUSE EITHER YOUR TARGET OR
23 YOUR METHODOLOGY ISN'T REALLY THERE YET. SO THIS
24 CAN BE KIND OF A PRESCREEN.

25 SO THAT'S MY ONE COMMENT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND, JEFF, THE LACK OF
2 ENTHUSIASM YOU REFERRED TO LAST NIGHT RELATES TO
3 THOSE IN THE GRAY AREA AS VERSUS THOSE THAT WERE
4 RECOMMENDED FOR FUNDING. AS IN THIS CASE THE LACK
5 OF ENTHUSIASM, YOU'RE TALKING ABOUT THE ONES IN THE
6 GRAY AREA?

7 MR. SHEEHY: YEAH. IN THE GRAY AREA. I
8 MEAN, YOU KNOW, USUALLY THE SECOND LEVEL IS
9 RECOMMENDED FOR FUNDING IF FUNDING IS AVAILABLE.
10 AND I DON'T -- WHAT WAS OUR TARGET? I THINK OUR
11 TARGET -- WHAT WAS OUR TARGET FUNDING FOR THE RFA?
12 COUPLE MILLION MAYBE. I THINK WE'RE BELOW -- I
13 THINK --

14 DR. PRIETO: 1. 1.

15 MR. SHEEHY: SO A LITTLE BIT BELOW. BUT
16 THERE WAS NOT MUCH ENTHUSIASM FOR US LOOKING BELOW
17 THE APPROVED FOR FUNDING LINE AT ALL.

18 CHAIRMAN KLEIN: OKAY.

19 MR. SHEEHY: WE KIND OF HAD TO COME UP
20 WITH THIS NEW DESIGNATION FOR THAT CATEGORY IN
21 PROGRAMMATIC REVIEW OF THESE GRANTS BECAUSE THERE
22 JUST WASN'T THAT COMFORT LEVEL. YOU KNOW, SO IT'S
23 KIND OF NOT RECOMMENDED UNLESS YOU GUYS REALLY FEEL
24 LIKE THERE'S A PROGRAMMATIC REASON TO DO SO.

25 CHAIRMAN KLEIN: ALL RIGHT. JOAN, DID YOU

BARRISTERS' REPORTING SERVICE

1 WANT TO MAKE ANY SUPPLEMENTAL COMMENTS OR ANY
2 ALTERNATIVE COMMENTS?

3 MS. SAMUELSON: WELL, MAYBE JUST ONE QUICK
4 ONE. I THINK THIS IS REFLECTIVE OF LARGER
5 CHALLENGES WHICH MARIE AND STAFF'S OTHER INITIATIVES
6 ARE, IN PART, RESPONDING TO, AND THAT ALL OF THESE
7 GRANT PROGRAMS, I'M SURE, WILL BE LOOKED AT TOGETHER
8 AS TOOLS TO TRY TO GET -- TO TRANSLATE INTEREST IN
9 SOLVING ALL THESE PROBLEMS WITH THE MANY CHALLENGES
10 OF FIGURING OUT HOW TO DO IT. AND THAT
11 INVESTIGATOR-INITIATED GRANTS MAY JUST NOT BE
12 ADEQUATE TO BE TEASING THAT OUT AND THAT SOMETHING
13 MUCH MORE HANDS-ON IS NEEDED. AND THAT'S EXACTLY
14 WHAT YOU'RE DOING, I THINK, IN THE TRANSLATIONAL
15 INITIATIVE AND OTHERS.

16 SO THAT'S GOOD TO SEE BECAUSE THIS ALONE
17 WOULDN'T -- I WAS VERY CONCERNED. I'VE BEEN VERY
18 CONCERNED WATCHING THIS GRANT GO THROUGH THE
19 PROCESS. LOOKING AT PARKINSON'S IN PARTICULAR AS
20 WELL AS OTHERS, IF THIS WERE THE MAIN VEHICLE TO BE
21 MOVING OTHER GRANT PORTFOLIOS FOCUSED ON DISEASE
22 SOLUTIONS, IT WOULD BE VERY WORRISOME, BUT OBVIOUSLY IT
23 ISN'T. SO THAT'S IT FOR NOW.

24 CHAIRMAN KLEIN: YES. DR. TROUNSON.

25 DR. TROUNSON: MR. CHAIRMAN, JUST FOR

BARRISTERS' REPORTING SERVICE

1 INFORMATION, BECAUSE I THINK THE BOARD WOULD BE
2 INTERESTED, THAT THERE IS AT LEAST ONE INSTITUTION
3 AND MAYBE MORE, BUT AT LEAST ONE WHO ACTUALLY DIDN'T
4 SUBMIT THEIR TOP THREE OR FOUR GRANTS. IN FACT,
5 THEY DECIDED TO FUND THEM IN-HOUSE, AND THEY WILL BE
6 COMING BACK PRESUMABLY LARGER THAN LIFE IN THE NEXT
7 PROCESS. SO I WAS INTERESTED IN THE INSTITUTION'S
8 RESPONSE TO THE CALL HERE THAT THEY, IN FACT, PUT UP
9 THEIR SECOND TIER GROUP FOR FUNDING AND WENT AND
10 FUNDED THEIR TOP GROUPS.

11 THE OTHER THING IS THAT IT'S ALSO CLEAR
12 FROM SOME OF THE GROUPS IN THE BIOTECHNOLOGY
13 INDUSTRY THAT THEY FELT THAT THE EFFORT TO PUT THIS
14 FORWARD WASN'T WARRANTED FOR THE 50,000. THEY'RE
15 MUCH BIGGER, THEY'RE MUCH MORE MATURE, AND THEY'RE
16 GOING TO COME BACK, AND THEY'RE THE 500-POUND
17 GORILLAS, IF I CAN PUT IT THAT WAY, WHO WILL BE IN
18 THE NEXT ROUND.

19 I THINK WE WILL BE HAVING TO FUND A
20 RESTRICTED NUMBER, SO, YOU KNOW, I THINK IN THE
21 SENSE OF PERSPECTIVE, I RAISE THOSE ISSUES FOR YOUR
22 THOUGHTS, NOT TO TRY AND, YOU KNOW, CREATE ANY ISSUE
23 HERE, BUT JUST TO GIVE YOU A PERSPECTIVE THAT THERE
24 ARE A NUMBER OF VERY FINE GRANTS THAT ARE GOING TO
25 COME IN THAT HAVE NOT BEEN THROUGH THIS PROCESS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND WE SHOULD ALSO
2 REALIZE THAT BELOW BOTH LINES IN THE LOWEST
3 CATEGORY, THOSE INDIVIDUAL APPLICANTS THAT CHOSE TO
4 GO THROUGH THE PROCESS, I THINK, TREMENDOUSLY
5 BENEFITED FROM THE CRITICAL REVIEWS. ESSENTIALLY,
6 AS I SAID EARLIER, THEY GOT THE PROCESS ESSENTIALLY
7 OF SUBMITTING TO NIH AND GETTING A CHANCE TO
8 RESUBMIT WITH VERY THOUGHTFUL REVIEWS FROM THE
9 SCIENTIFIC STAFF AND THE PEER REVIEWERS GIVING THEM
10 A SENSE OF HOW THEY SHOULD TARGET, HOW THEY SHOULD
11 ORGANIZE, WHAT THE WEAKNESSES WERE, WHERE THEY NEED
12 TO BUILD STRENGTH. SO I THINK THIS PROCESS WILL
13 GIVE US A VERY STRONG GROUP OF GRANTS WHEN WE COME
14 BACK TO DISEASE TEAM. THIS IS A VERY VALUABLE
15 EXERCISE FOR EVERYONE, AND I WOULD EXPECT WE'LL FIND
16 A NUMBER OF COMPETITORS IN THE SECOND CATEGORY AND
17 THE THIRD CATEGORY THAT END UP BEING -- HAVING A
18 POWERFUL CASE BECAUSE THEY'VE HAD THE ADVANTAGE OF
19 REALLY EXPERT ADVICE AND DIRECTION ON HOW TO SHARPEN
20 THEIR TARGET.

21 SO WITH THAT, MARCY, DID YOU HAVE ANY
22 COMMENTS? YOU WERE CENTRALLY INVOLVED IN THIS
23 PROCESS.

24 MS. FEIT: I WOULD JUST ECHO WHAT JEFF
25 SAID ABOUT THE LEVEL OF ENTHUSIASM FALLING OFF.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: OKAY. SO THE
2 UNDERSTANDING HERE IS THAT ON A PROGRAMMATIC BASIS
3 THERE MAY BE SOME REASON IN THE SECOND CATEGORY FOR
4 ELEVATING GRANTS, BUT THE GENERAL DISCUSSION THAT
5 HAS BEEN GIVEN ON THE SCIENTIFIC LEVEL OF DIRECTION
6 IS INTERESTING. I WOULD, HOWEVER, POINT OUT, AS
7 DR. PRICE DID YESTERDAY, THE CONTINUITY OF SCORES IS
8 AN INTERESTING CHALLENGE FOR US BECAUSE IT'S
9 DIFFICULT TO FIND DISTINCTION BETWEEN A 75 AND A 74.
10 SO WE'RE GOING TO HAVE SOME VERY SIGNIFICANT
11 CHALLENGES IN DISCRIMINATING HERE.

12 ARE THERE ANY GENERAL PUBLIC COMMENTS AT
13 THIS POINT? SEEING NO PUBLIC COMMENTS, I THINK,
14 MR. HARRISON, ARE WE IN A POSITION TO GO INTO
15 EXECUTIVE SESSION?

16 MR. HARRISON: YES.

17 CHAIRMAN KLEIN: OKAY. AND SINCE WE HAVE
18 A SINGULAR PERSONNEL ITEM, WOULD IT BE APPROPRIATE
19 TO CONSOLIDATE THE EXECUTIVE SESSION FOR THAT
20 PERSONNEL ITEM WITH THE EXECUTIVE SESSION FOR THE
21 PROPRIETARY REVIEW OF MATERIALS?

22 MR. HARRISON: YES.

23 CHAIRMAN KLEIN: ALL RIGHT. COULD YOU
24 RECITE THE STATUTORY BASIS?

25 MR. HARRISON: YES. SO THIS CLOSED

BARRISTERS' REPORTING SERVICE

1 SESSION WILL BE CONDUCTED FOR TWO PURPOSES. FIRST
2 FOR THE DISCUSSION OF CONFIDENTIAL AND INTELLECTUAL
3 PROPERTY OR WORK PRODUCT AND PREPUBLICATION
4 CONFIDENTIAL SCIENTIFIC RESEARCH OR DATA RELATING TO
5 THE DISEASE TEAM PLANNING GRANT APPLICATIONS
6 PURSUANT TO HEALTH AND SAFETY CODE SECTION
7 125290.30(D)(3), AND ALSO FOR DISCUSSION OF
8 PERSONNEL PURSUANT TO GOVERNMENT CODE SECTION 11126
9 SUBDIVISION A, AND HEALTH AND SAFETY CODE SECTION
10 125290.30(D)(3)(D).

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I
12 WOULD EXPECT THIS IS AN HOUR AND 15 MINUTES. WE'LL
13 TRY AND MAKE IT SHORTER, SO BE ALERT TO THE TIME
14 BECAUSE WE WILL TRY AND MOVE IT MUCH MORE QUICKLY.
15 IF, IN FACT, THERE ARE A LIMITED NUMBER OF QUESTIONS
16 ON PROPRIETARY INFORMATION ON DISEASE TEAMS, WE
17 COULD BE BACK IN 45 MINUTES. SO PLEASE, IF YOU'RE
18 WANTING TO MAKE A PRESENTATION IN THE PUBLIC
19 SESSION, BE ALERT TO THE TIME. AND FOR THE BOARD,
20 WE'LL TAKE A FIVE-MINUTE BREAK BEFORE CONVENING
21 ACROSS THE HALL.

22 (THE BOARD THEN WENT INTO EXECUTIVE
23 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. THE
24 BOARD THEN RECONVENED IN OPEN SESSION AND WAS HEARD
25 AS FOLLOWS:)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THE GOOD NEWS IS THAT AS
2 I WAS -- ALL RIGHT. SO THIS IS ALWAYS AN EXPERIENCE
3 IN REAL-TIME. AND AS I WALKED BACK INTO THE ROOM, I
4 GOT A REQUEST, HANDWRITTEN REQUEST, THAT WE CONSIDER
5 DEFERRING ACTION ON THE CALIFORNIA SUPPLIER
6 DEFINITION. BUT I WANT TO TURN THIS OVER TO DUANE
7 ROTH AND ASK FOR DUANE, AND THEN WE HAVE A MEMBER OF
8 THE LEGISLATURE THAT WANTS TO ADDRESS THAT.
9 HOWEVER, WHAT I'D LIKE TO DO, DUANE, IS HAVE YOU
10 GIVE US THE STATUS. THE REPRESENTATIVE OF THE
11 MEMBER OF THE LEGISLATURE, I BELIEVE DARCI IS HERE.
12 GIVE US THE STATUS. WE WILL THEN GO INTO DISEASE
13 TEAMS SO THAT -- BECAUSE WE'VE GOT TO MAINTAIN A
14 QUORUM FOR THAT, AND THEN WE WILL, FOLLOWING DISEASE
15 TEAMS, WE WILL TAKE WHATEVER TESTIMONY THERE ARE OF
16 PEOPLE PRESENTLY HERE ON THE CALIFORNIA SUPPLIER
17 ISSUE, RECOGNIZING THE TIME THEY'VE SPENT IN MAKING
18 SURE THAT THEY GET THE CHANCE TO PUT THE INFORMATION
19 ON THE TABLE AS WE TRY AND DETERMINE THE BEST
20 OUTCOME FOR THIS ITEM.

21 DUANE.

22 MR. ROTH: YES. SO I'M GOING TO BE VERY
23 BRIEF IN MY COMMENTS. WE HAVE BEEN WORKING, TED
24 LOVE AND MYSELF, TO TRY TO COME UP WITH A DEFINITION
25 TO DESCRIBE A CALIFORNIA SUPPLIER, WHICH IS OUR

BARRISTERS' REPORTING SERVICE

1 CHARTER, MANDATE. SO IN THAT PROCESS WE'VE TAKEN A
2 LOT OF INPUT FROM MANY PEOPLE, AND IT REALLY COMES
3 DOWN TO TRYING TO DEFINE WHAT CALIFORNIANESS REALLY
4 MEANS. AND IT HAS BEEN AN EXPERIENCE.

5 SO WE HAVE AN AGREEMENT ON A NUMBER OF
6 DEFINITIONS OF CALIFORNIANESS, AND THERE IS, WITH
7 ONE FINAL EXCEPTION, I THINK, A WORKING DEFINITION
8 OF THAT. THE FINAL EXCEPTION IS THE ONE THAT WE
9 NEED PROBABLY TO SPEND A LITTLE MORE TIME FLESHING
10 OUT, AND IT HAS TO DEAL WITH A NONHEADQUARTERED
11 COMPANY THAT HAS A SIGNIFICANT, AND I WON'T DEFINE
12 SIGNIFICANT RIGHT NOW, BUT A LARGE, LARGE PRESENCE
13 HERE IN THE SUPPLIER BUSINESS AND IS EMPLOYING MANY,
14 MANY PEOPLE AND WOULD, THEREFORE, BE CALIFORNIA.

15 SO THAT'S WHAT WE'RE WORKING ON. AND I
16 WOULD BE ANXIOUS TO HEAR SOME OF THE COMMENTS ON THE
17 EXISTING DEFINITION. AND WITH THAT CAVEAT SAY WE
18 HAVE ONE MORE THAT IS THAT LAST PIECE I DESCRIBED.

19 CHAIRMAN KLEIN: THANK YOU, DUANE. AND
20 REPRESENTING ASSEMBLYMAN MULLIN.

21 MS. SEARS: I WOULD CONCUR BECAUSE I THINK
22 WE'VE HAD --

23 CHAIRMAN KLEIN: DARCI, IF YOU COULD TELL
24 US -- TELL THE BODY -- MANY OF US KNOW YOU, SOME
25 DON'T.

BARRISTERS' REPORTING SERVICE

1 MS. SEARS: DARCI SEARS, LEGISLATIVE
2 DIRECTOR OF ASSEMBLY MEMBER GENE MULLIN. I'M
3 ACTUALLY STAFFING HIM ON TWO OF THE BILLS THAT YOU
4 ARE CONSIDERING TODAY. ONE IS AB 2381. THE OTHER
5 ONE IS SB 2296 ON ANIMAL RESEARCHERS.

6 I THINK I WOULD DEFINITELY CONCUR WITH
7 YOUR COMMENTS. THAT IS WHERE WE TOO HAVE BEEN HELD
8 UP. AND I THINK IF YOU'VE HAD AS MANY MEETINGS AS I
9 HAD, YOU'RE PROBABLY READY TO WALK AWAY FROM THIS.
10 I THINK THE ASSEMBLY MEMBER, THOUGH, RECOGNIZES THE
11 VALUE AND THE COMMENTS THAT HAVE BEEN PROVIDED ABOUT
12 COMPANIES THAT ARE NOT BASED HERE IN CALIFORNIA, AND
13 THAT WE DO NEED ADDITIONAL TIME TO SEE IF WE CAN
14 COME TO SOME AGREEMENT. WE MAY NOT BE ABLE TO GET
15 EVERYONE TO AGREE ON -- EVERYONE IS GOING TO HAVE TO
16 GIVE, AND I THINK UNFORTUNATELY WE ONLY HAMSTRING IN
17 OUR OFFICE BY DEADLINES AT THE LEGISLATURE.

18 WE HAVE -- THOSE DISCUSSIONS SORT OF FELL
19 APART BECAUSE WE HAD TO MOVE FORWARD WITH THE BILL.
20 AND SO WHAT WE'RE REQUESTING, OBVIOUSLY, AND I THINK
21 WOULD PROBABLY HELP YOUR PROCESS AS WELL, IS IF MORE
22 TIME WAS GIVEN SO THAT ALL OF THE OPTIONS IN TERMS
23 OF WHAT CONSTITUTES A NONHEADQUARTERED COMPANY COULD
24 BE LOOKED AT, COULD BE EVALUATED BECAUSE I REALLY
25 DON'T THINK THAT, AT LEAST FROM OUR END, WE HAVEN'T

BARRISTERS' REPORTING SERVICE

1 HAD A SUFFICIENT AMOUNT OF TIME, AND OBVIOUSLY WE'D
2 LIKE TO WORK WITH YOU CLOSELY ON THAT. SO THAT WAS
3 THE REQUEST OF THE ASSEMBLY MEMBER.

4 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU
5 VERY MUCH. SO THAT'S WHAT'S GOING TO BE BEFORE US.
6 WE'RE GOING TO GO -- FIRST ACTION HERE IS WE HAVE TO
7 REPORT COMING OUT OF OUR EXECUTIVE SESSION. THEN
8 WE'RE GOING TO GO INTO DISEASE TEAMS. THEN WE WILL
9 TAKE TESTIMONY, BUT I WANTED EVERYONE TO BE AWARE OF
10 THIS DEVELOPMENT BECAUSE THERE'S A NUMBER OF PEOPLE
11 HERE THAT ARE FOCUSED ON THIS ISSUE.

12 SO, DR. TROUNSON, YOU HAVE THE FLOOR.
13 WOULD YOU LIKE TO REPORT ON YOUR RECOMMENDATION AS
14 TO PERSONNEL?

15 DR. TROUNSON: THANK YOU, MR. CHAIRMAN.
16 AS YOU AND THE ICOC KNOW THAT WE'VE BEEN IN A
17 PROCESS TO LOOK AT A SENIOR SUPPORT PERSON TO ME AT
18 THE INSTITUTE. THE ISSUE BEING THAT I REALLY SPEND
19 MOST OF MY DAY IN AN OPERATIONS MODE. THAT IS,
20 DOING THE KIND OF THINGS THAT'S NECESSARY TO KEEP
21 THE AGENCY REALLY MOVING APPROPRIATELY AND BEING
22 SURE THAT WE'RE FINANCIALLY, LEGALLY, AND WITHIN THE
23 RANGE OF PROPER OPERATIONS, SIGNING DOCUMENTS,
24 HAVING READ THOSE DOCUMENTS, GET CLOSE ON 60
25 SIGNATURES DONE A DAY. THIS IS A REALLY BIG

BARRISTERS' REPORTING SERVICE

1 OPERATION IN THIS SENSE. THERE ARE THINGS MOVING
2 ALL THE TIME.

3 WE'RE ACCELERATING OUR CAPACITY. AND I
4 HAVE A SENSE OF ISSUE THAT THE MISSION OF THIS
5 INSTITUTE REALLY REQUIRES US TO GET ME OUT MORE
6 AMONGST THE KEY RESEARCHERS AND THE BIOTECH
7 INDUSTRY, PHARMA INDUSTRY, ACTUALLY GET THE MISSION
8 DELIVERED IN A REASONABLY SHORT PERIOD OF TIME.
9 ANYONE WHO THINKS THAT THEY CAN DO THIS INSIDE EIGHT
10 YEARS, I'VE BEEN TOLD, IS MAD. I THINK WE CAN DO
11 IT, BUT NOT IF I'M OFFICEBOUND, AND WE CAN'T
12 ACTUALLY GET US MOVING FORWARD IN THE OPPORTUNITIES
13 THAT ARE THERE.

14 BE AWARE THAT THIS HAS BEEN GOING ON FOR
15 NOW SIX MONTHS. I REPORTED TO YOU IN CLOSED SESSION
16 WHERE THE STAFF HAD GOT TO IN THIS MATTER. WE'VE
17 IDENTIFIED TWO INDIVIDUALS, ONE OF WHOM WE HAD TOTAL
18 CONSENSUS FROM MANAGEMENT, AND THAT INCLUDED THE
19 CHAIR'S OFFICE, BUT ALL OF THE SENIOR MEMBERS OF
20 MANAGEMENT THINK THIS IS AN ABSOLUTELY IDEAL PERSON
21 FOR THE JOB.

22 THIS PERSON WOULD ACT AS DEPUTY
23 CHAIR -- DEPUTY PRESIDENT, SORRY, WOULD BE
24 RESPONSIBLE -- SORRY, ED. WOULD BE -- WE COULDN'T
25 FIT HIM IN THAT CHAIR NOW. THIS WOULD BE THAT I

BARRISTERS' REPORTING SERVICE

1 WOULD HAVE COMPLETE CONFIDENCE IN THIS INDIVIDUAL IN
2 ALL THOSE MATTERS OF OPERATION AND ANY DIRECTION
3 WITH ALL OUR AGENCIES THAT WE'RE INTERACTIVE WITH,
4 WITH THE ICOC, WITH THE CHAIR'S OFFICE, YOU KNOW,
5 WITH ALL OF THE IMPORTANT COMPONENTS I COULD FEEL
6 THAT THAT JOB WAS BEING TAKEN CARE OF IN A VERY
7 WORTHWHILE WAY.

8 WE HAVE INCREDIBLY STRONG SUPPORT FOR THIS
9 PARTICULAR INDIVIDUAL FROM THEIR REFEREES, INCLUDING
10 DR. RICHARD MURPHY, WHO WAS A MEMBER OF THE BOARD
11 AND INTERIM PRESIDENT. ALSO THE DIRECTOR OF THE
12 INSTITUTE FROM WHERE THIS INDIVIDUAL RECENTLY MOVED
13 TO A FACULTY APPOINTMENT AT MCGILL UNIVERSITY. I'VE
14 MET THE CHAIRMAN OF THE BOARD OF THAT INSTITUTE. WE
15 TALKED TO HIM IN DETAIL ON THE PHONE. HE WAS
16 ABSOLUTELY SUPPORTIVE. SAID IT'S THE BEST POSSIBLE
17 PERSON YOU COULD GET. AND I MET BY CHANCE A KEY
18 INDIVIDUAL IN CANADA WHO'S RECOGNIZED AS ONE OF THE
19 FATHERS OF MEDICAL RESEARCH IN CANADA, AND HE WAS
20 ABSOLUTE IN HIS SUPPORT OF THIS INDIVIDUAL.

21 NOW, I'M GIVING YOU THIS INFORMATION
22 BECAUSE I THINK YOU NEEDED TO -- IT NEEDS TO BE
23 BROUGHT TO THE PUBLIC AND TO THE BOARD THAT, YOU
24 KNOW, WE HAVE COMPLETED THE INTERNAL PROCESSES. WE
25 ARE MAKING --

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: DR. TROUNSON, JUST SO THE
2 PUBLIC UNDERSTANDS, IF MAYBE YOU COULD DESCRIBE THE
3 INTERNAL PROCESS. MY UNDERSTANDING IS THIS WAS
4 PUBLICLY ADVERTISED. THERE WERE 75 CANDIDATES.
5 THERE WAS A SHORT LIST OF EIGHT CANDIDATES, SO THIS
6 IS A VERY THOROUGH SEARCH GLOBALLY FOR THE RIGHT
7 PERSON.

8 DR. TROUNSON: THAT'S CORRECT. WE
9 INTERVIEWED AND HAD VISITS FROM EIGHT OF THOSE
10 SHORTLISTED INDIVIDUALS THAT WERE SELECTED FROM THE
11 COMPLETE APPLICATION LIST, INCLUDED PEOPLE WHO WERE
12 INTERNATIONAL, INCLUDING THIS PARTICULAR PERSON THAT
13 WE'RE TALKING ABOUT. WE DO HAVE ANOTHER CANDIDATE,
14 HOWEVER, THAT IS A POSSIBLE APPOINTEE WHO IS A LOCAL
15 PERSON; THAT IS, DOESN'T HAVE TO MAKE A MAJOR MOVE.
16 AND SO IN THE SENSE IT MIGHT BE A CHEAPER
17 APPOINTMENT, BUT THEY DON'T HAVE THE SAME LEVEL OF
18 CONSENSUS AMONGST MANAGEMENT THAT THEY ARE
19 ABSOLUTELY IDEAL, BUT THEY'RE A GOOD PERSON THAT
20 COULD DO THE JOB.

21 SO CHAIR, I'M IN YOUR HANDS A LITTLE BIT
22 BECAUSE --

23 CHAIRMAN KLEIN: MR. PRESIDENT, ALAN, DO
24 YOU WANT TO GO THROUGH THE SPECIFIC CREDENTIALS OF
25 THE CANDIDATE? AND MY UNDERSTANDING IN TERMS OF --

BARRISTERS' REPORTING SERVICE

1 IN TERMS OF THIS ACTION IS THAT WHAT YOU'RE GOING TO
2 PROPOSE HERE IN TERMS OF TERMS IS WITHIN THE
3 APPROVED RANGE, SALARY RANGE. IS THAT A CORRECT
4 STATEMENT?

5 DR. TROUNSON: WELL, THE SALARY RANGE FOR
6 THIS APPOINTMENT, AS DETERMINED BY THE MERCER SURVEY
7 THAT WE HAD FOR THIS POSITION, WAS A RANGE -- IT'S A
8 BROAD RANGE, BUT IT'S A RANGE OF 180,000 TO 332,000.
9 AND SO I DO HAVE CAPACITY AS APPROVED BY THE BOARD
10 TO MAKE AN APPOINTMENT AT 80 PERCENT OR LESS, WHICH
11 WOULD BE AROUND 300,000. BUT I THINK THIS IS BELOW
12 THE LEVEL THAT THE INDIVIDUAL THAT WE ARE SEEKING
13 WOULD REQUIRE.

14 CHAIRMAN KLEIN: OKAY. AND IT WOULD
15 NORMALLY BE APPROPRIATE TO TALK ABOUT THE
16 INDIVIDUAL'S PERSONAL CREDENTIALS, BUT ALSO OUTLINE
17 THE TERMS THAT YOU ARE PROPOSING?

18 DR. TROUNSON: RIGHT. SO THE
19 INDIVIDUAL'S -- THE INDIVIDUAL -- SHALL I PROVIDE
20 HIS NAME? WOULD THAT BE APPROPRIATE AT THIS TIME?

21 CHAIRMAN KLEIN: I THINK IT WOULD BE
22 APPROPRIATE.

23 DR. TROUNSON: HIS NAME IS PROFESSOR JOHN
24 ROBSON. IS HE CURRENTLY ASSOCIATE DEAN OF FACULTY
25 AFFAIRS AT MCGILL UNIVERSITY. HE'S OVERSEEING ALL

BARRISTERS' REPORTING SERVICE

1 ACADEMIC ACTIVITIES RELATING TO THE FACULTY OF
2 MEDICINE. HE TOOK THAT APPOINTMENT BY INVITATION
3 2007 AND HOLDS THAT POSITION AT THE MOMENT. HE WAS
4 ASSOCIATE DIRECTOR OF SCIENTIFIC AFFAIRS OF MONTREAL
5 NEUROLOGICAL INSTITUTE AT MCGILL UNIVERSITY
6 OVERSEEING ALL ACADEMIC AND RESEARCH PROGRAMS FROM
7 1997 TO 2007. HE WAS THE DIRECTOR OF NEUROSCIENCE
8 PROGRAMS AT THE STATE UNIVERSITY OF NEW YORK,
9 UPSTATE MEDICAL UNIVERSITY AT SYRACUSE FROM 1995 TO
10 '97.

11 HE HAS AN EXTREMELY STRONG SET OF
12 REFERENCES, AS I SAID, FROM RICH MURPHY, DAVID
13 COLMAN, WHO'S THE DIRECTOR OF THE INSTITUTE --
14 MONTREAL NEUROLOGICAL INSTITUTE, WARREN CHIPPENDALE,
15 WHO IS THE CHAIR VOLUNTEER FOR THE MONTREAL
16 NEUROLOGICAL INSTITUTE AND KEY MEMBER OF THEIR
17 ADVISORY BOARD. HAS BEEN THERE FROM THE BEGINNING.

18 AND I SAID I ALSO HAD BY CHANCE A MEETING
19 WITH LOUIS SIMINOVITCH, WHO'S THE FOUNDER OF THE
20 LUNENFELD INSTITUTE. HE'S AN ICON IN MEDICAL
21 RESEARCH IN CANADA, WHO ALSO GAVE HIM AN OUTSTANDING
22 SUPPORT.

23 SO THE TERMS OF CONDITION OF THIS
24 APPOINTMENT IS THAT IT WOULD BE AT A SALARY OF
25 310,000 WITH RELOCATION ALLOWANCES OF 60,000 WHICH

BARRISTERS' REPORTING SERVICE

1 ARE PAYABLE OVER A FOUR-YEAR PERIOD, AND ACTUAL
2 MOVING EXPENSES UP TO 23,000 POUNDS WEIGHT IF
3 APPROVED BY THE DEPARTMENT OF FINANCE. AND THERE IS
4 A SEVERANCE POSITION IN THERE IF CIRM TERMINATES HIS
5 POSITION WITHOUT CAUSE WITHIN 60 MONTHS OF THE START
6 DATE, CIRM WILL PAY 150,000 IN LIEU OF PENSION
7 BENEFITS OTHERWISE ACCRUED.

8 CHAIRMAN KLEIN: ALL RIGHT. AND THAT'S
9 ONLY IF TERMINATED WITHOUT CAUSE.

10 DR. TROUNSON: SURE.

11 CHAIRMAN KLEIN: SO THE ISSUE HERE BEFORE
12 THE BOARD, AND I WANT TO REEMPHASIZE THAT THIS IS
13 WITHIN THE PUBLICLY APPROVED SALARY RANGE, BUT IT IS
14 SLIGHTLY ABOVE 80 PERCENT OF THAT RANGE; IS THAT
15 CORRECT?

16 DR. TROUNSON: CORRECT.

17 CHAIRMAN KLEIN: OKAY. AND MY
18 UNDERSTANDING IN AN OVERALL POSITION IS THAT THIS
19 COMES AT A TIME WHEN WE'RE ALSO MAKING CERTAIN WE'RE
20 ECONOMIZING GENERALLY. I THINK WE HAVE A REPORT
21 LATER THAT WE'RE FREEZING SALARIES FOR THE REST OF
22 THE YEAR, INCLUDING VARIOUS CHANGES THAT WOULD HAVE
23 OTHERWISE AUTOMATICALLY HAVE APPLIED; IS THAT RIGHT?

24 DR. TROUNSON: CORRECT.

25 CHAIRMAN KLEIN: OKAY. WE ARE OPEN FOR

BARRISTERS' REPORTING SERVICE

1 BOARD DISCUSSION. I WOULD LIKE TO SAY THAT THIS
2 IS AN EXTREMELY IMPRESSIVE INDIVIDUAL. THE RANGE
3 THAT INCLUDES LEGAL SKILL -- ABILITY TO INTERFACE
4 WITH LAWYERS, ALTHOUGH HE'S NOT A LAWYER, THE
5 ABILITY TO INTERFACE IN THE FINANCIAL AREA ON A
6 SOPHISTICATED BASIS, ALTHOUGH HE'S NOT A PERSON WHO
7 HAS A FINANCE DEGREE, THE ABILITY TO WORK IN SCIENCE
8 WITH A PH. D. , AND THE ABILITY TO UNDERSTAND AND WORK
9 WITH STANDARDS, ACCOUNTING, THE KIND OF GOVERNMENTAL
10 DOCUMENTATION NEEDS IS AN EXTREMELY BROAD RANGE.
11 IT'S BENEFICIAL THAT WE'RE WORKING AT 10 MILLION
12 UNDER OUR SALARY CAP AT 5.9 PERCENT, WHICH IS HALF
13 OF WHAT FOUNDATIONS ARE SPENDING.

14 AND IT IS, AS WAS POINTED OUT TO ME
15 EARLIER, THAT THE ECONOMISTS WITHIN OUR HIGHER
16 EDUCATION SYSTEM MAYBE MAKING \$300,000, THEY DON'T
17 HAVE TO HAVE A PH. D. THEY DON'T HAVE TO HAVE A
18 PH. D. IN SCIENCE TO GO ALONG WITH IT, BUT THEY'RE
19 WORKING IN THE SCIENCE AREA.

20 THIS PERSON WOULD BE WORKING IN THE
21 SCIENCE AREA AND IS EXPECTED TO HAVE THE ABILITY TO
22 HAVE FINANCIAL SKILLS AS WELL AS SCIENTIFIC
23 KNOWLEDGE.

24 I'D LIKE TO CALL ON BOARD MEMBERS AND
25 START WITH SHERRY LANSING.

BARRISTERS' REPORTING SERVICE

1 MS. LANSING: BOB, JUST TO PUT THIS IN
2 CONTEXT, CHAIRMAN KLEIN, COULD YOU GO OVER ONE MORE
3 TIME, MAYBE YOU SORT OF REFERRED TO IT OBLIQUELY,
4 THE ALLOCATED OVERHEAD AND HOW WE'RE SO FAR BELOW
5 THAT NUMBER?

6 CHAIRMAN KLEIN: THAT'S RIGHT.

7 MS. LANSING: AND JUST EXPLAIN IT.

8 CHAIRMAN KLEIN: CERTAINLY. SO IN TRYING
9 TO STEWARD SCARCE RESOURCES, IT'S VERY IMPORTANT TO
10 NOTE THAT WE'VE ECONOMIZED GREATLY EVEN THOUGH OUR
11 OVERHEAD AT 5.9 PERCENT IS HALF THE LEVEL THAT'S
12 PUBLISHED, AND WE HAVE RELEASED FIGURES ON THIS
13 BEFORE OF HIGHLY RESPONSIBLE FOUNDATIONS, SUCH AS
14 THE GORDON AND BETTY MOORE FOUNDATION, WHICH WE KNOW
15 SOMETHING ABOUT, AND OTHER LEADING FOUNDATIONS THAT
16 ARE NOT, IN FACT, STATE-OF-THE-ART ORGANIZATIONS.
17 THEY'RE DEALING WITH STATE-OF-THE-ART MATERIAL, BUT
18 THEY'RE NOT DEALING IN THE PUBLIC -- WITH THE WHOLE
19 LEVEL OF PUBLIC INTERFACE THAT WE HAVE TO MAINTAIN,
20 WHICH IS AN ADDED COST AND A RESPONSIBILITY WE
21 GLADLY ACCEPT. SO WE'RE OPERATING AT HALF OF THAT
22 LEVEL.

23 MORE IMPORTANTLY, WE'RE AT BELOW HALF THE
24 LEVEL. WHY? BECAUSE WE'VE DONE THINGS LIKE
25 ECONOMIZE ON STAFF AS WE RAMPED UP, ONLY HIRED THE

BARRISTERS' REPORTING SERVICE

1 CRITICAL STAFF AS WE RAMPED UP. WE HAD A
2 COMPETITION FOR OUR HEADQUARTERS. SO THERE'S
3 MILLIONS OF DOLLARS THAT WE'VE SAVED IN THAT
4 OPERATING AREA SO THAT WE COULD GET THE VERY BEST
5 PEOPLE TO DRIVE THE MISSION. AS ALAN SAYS, IT'S
6 CRITICAL THAT HE BE AVAILABLE TO DRIVE THE MISSION,
7 AND WE'VE SAVED MONEY FOR TOP PERSONNEL TO HELP
8 DRIVE THAT MISSION BECAUSE IT IS HISTORY MAKING IF
9 WE CAN DRIVE THAT MISSION TO THE CLINIC AND TO
10 CLINICAL TRIALS IN THE PERIOD THAT WE HAVE
11 AVAILABLE.

12 BUT EFFECTIVELY THROUGH MILLIONS OF
13 DOLLARS OF DONATIONS THAT WE'VE RECEIVED, THROUGH
14 MILLIONS OF DOLLARS OF CONCESSIONS, WE HAVE KEPT OUR
15 OPERATING COST \$10 MILLION BELOW OUR 5.9 PERCENT
16 ALLOWANCE, WHICH IS A LOWER COST OF OPERATING THAN
17 ANY COMPARABLE AGENCY OR NONPROFIT THAT WE KNOW OF
18 IN THIS FIELD.

19 MS. LANSING: THANK YOU. I JUST THINK
20 THAT'S AN EXTREMELY IMPORTANT POINT TO PUT THAT IN
21 CONTEXT WHAT WE'RE DOING.

22 CHAIRMAN KLEIN: THANK YOU. OTHER BOARD
23 MEMBERS' COMMENTS?

24 MR. GOLDBERG: HAVING REVIEWED THE
25 CREDENTIALS AND THE REFERENCES FOR THIS CANDIDATE, I

BARRISTERS' REPORTING SERVICE

1 HAVE TO SAY I'M EXTREMELY IMPRESSED AND EXCITED
2 ABOUT THE PROSPECT OF HAVING HIM JOIN THE ALREADY
3 EXTRAORDINARY TEAM THAT HAS BEEN ASSEMBLED IN THE
4 SCIENTIFIC SIDE OF THE SHOP AND ON THE
5 ADMINISTRATIVE AND FINANCE SIDE OF THE SHOP ALREADY.
6 AND THANK YOU FOR DOING THIS INDIVIDUAL'S JOB AS
7 WELL AS THE LEADERSHIP JOB THAT YOU DO EVERY DAY,
8 ALAN. AND I THINK THE SOONER WE GET YOU OUT BACK
9 INTO THE ACADEMIES, RESEARCH INSTITUTES, AND
10 AIRPORTS OF THE WORLD, THE BETTER OFF WE'LL ALL BE.

11 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL
12 BOARD COMMENT, OR WOULD SOMEONE LIKE TO MAKE A
13 MOTION ON THIS ITEM?

14 MR. GOLDBERG: MAKE A MOTION TO EXTEND AN
15 OFFER OF HIRE SUBJECT TO THE TERMS ARTICULATED BY
16 DR. TROUNSON AND RECORDED BY MR. HARRISON.

17 CHAIRMAN KLEIN: OKAY.

18 MR. ROTH: SECOND.

19 CHAIRMAN KLEIN: THANK YOU. SECOND BY
20 DUANE ROTH. ED PENHOET, DID YOU WANT TO BE
21 RECOGNIZED?

22 DR. PENHOET: I WAS JUST GOING TO SECOND.
23 HE BEAT ME.

24 CHAIRMAN KLEIN: OKAY. GREAT. THANK YOU.
25 ADDITIONAL BOARD COMMENT? ALL RIGHT. IS THERE

BARRISTERS' REPORTING SERVICE

1 PUBLIC COMMENT ON THIS? SEEING NO PUBLIC COMMENT,
2 I'D LIKE TO HAVE A VOTE. ALL IN FAVOR? OPPOSED?

3 MR. SHEEHY: NO.

4 DR. POMEROY: NO.

5 CHAIRMAN KLEIN: OKAY. LET IT BE SAID
6 THAT THE MOTION PASSED. IS THERE ANY OTHER COMMENTS
7 THAT WOULD LIKE TO BE MADE? SEEING NONE, YOU HAVE
8 AN EXTRAORDINARY TASK, DR. TROUNSON. THIS IS AN
9 EXTREMELY TALENTED INDIVIDUAL. IF WE CAN GET TO THE
10 CLINIC IN THE TIME LEFT, IT WILL BE THE GREATEST
11 BARGAIN THAT THE PLANET HAS EVER EXPERIENCED. SO
12 YOU HAVE AN EXTRAORDINARY MISSION FOR ALL OF OUR
13 FAMILIES, FOR ALL OF OUR INSTITUTIONS, AND WE WISH
14 YOU THE VERY BEST, AND HOPEFULLY THIS VERY TALENTED
15 CANDIDATE, AS HAS BEEN STATED, WILL PUT YOU INTO
16 THAT INTERFACE WITH THE CLINIC AND THE SCIENTIFIC
17 RESEARCHERS THAT WILL MAKE THIS HAPPEN.

18 DR. TROUNSON: THANK YOU, CHAIR. AND
19 THANKS TO THE BOARD. THANKS FROM PEOPLE LIKE JOAN
20 SAMUELSON AND ALL THOSE PEOPLE WHO REALLY DO NEED
21 THESE TREATMENTS TO GET TO THEM. I THINK THIS WILL
22 HELP CONSIDERABLY, AND I THINK THE MISSION OF THIS
23 INSTITUTE IS TO DELIVER. AND THAT'S THE WAY I SEE
24 IT EVERY DAY. THE MISSION IS THE MOST IMPORTANT
25 THING. GETTING THERE IS THE MOST IMPORTANT THING.

BARRISTERS' REPORTING SERVICE

1 AND THE MANAGEMENT TEAM SO APPRECIATE YOUR SUPPORT
2 IN GETTING THERE. AND I THINK IT'S JUST A WONDERFUL
3 PARTNERSHIP, AND I PROMISE YOU THAT, YOU KNOW, WE
4 WILL DO EVEN BETTER AT GETTING OUR RESEARCHERS TO
5 GET THROUGH THE SO-CALLED PIPELINE AND PROVIDE
6 TREATMENTS THAT ARE REALLY HOTLY ABSOLUTELY NEEDED
7 FOR THOSE PEOPLE WITH THOSE CONDITIONS. THANK YOU
8 VERY MUCH.

9 CHAIRMAN KLEIN: THANK YOU. WE'RE NOW
10 GOING TO MOVE INTO DISEASE PLANNING GRANTS. AND IF
11 WE COULD HAVE THE STAFF MEMBER PRESENTING THEM, I
12 BELIEVE THAT -- AS I GO BACK TO MY AGENDA ITEM, THAT
13 I'D LIKE TO HAVE JAMES HARRISON JUST GO BACK OVER
14 THE CONFLICTS RULES AS A REFRESHER FOR EVERYONE.

15 MR. HARRISON: AT THE OUTSET OF THE
16 DISCUSSION OF EACH APPLICATION, STAFF WILL ANNOUNCE
17 THOSE MEMBERS WHO HAVE A CONFLICT OF INTEREST, AND
18 THOSE MEMBERS MUST REFRAIN FROM PARTICIPATING IN ANY
19 WAY IN THE DISCUSSION OR VOTE ON THAT MOTION. AS AN
20 ADDED CHECK, YOU ALL HAVE A SHEET OF PAPER IN FRONT
21 OF YOU THAT IDENTIFIES THOSE APPLICATIONS IN WHICH
22 YOU HAVE A CONFLICT OF INTEREST.

23 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD
24 TURN THIS OVER AT THIS POINT TO JEFF SHEEHY. AND AS
25 VICE CHAIR OF THE COMMITTEE, JEFF, COULD YOU LEAD US

BARRISTERS' REPORTING SERVICE

1 THROUGH THE EXAMINATION OF THE GRANT OPPORTUNITIES.

2 MR. SHEEHY: OKAY. AND AGAIN, FOLLOWING
3 THROUGH THE PROCEDURE WE DID LAST NIGHT, I THINK THE
4 FIRST THING WE SHOULD DO IS SEE IF THERE IS A MOTION
5 TO MOVE ANYTHING IN THE DO NOT FUND AREA, WHICH
6 WOULD BE YELLOW UP HERE, INTO THE GREEN AREA. SO
7 ANY APPLICATION IN THIS YELLOW AREA I WOULD NEED A
8 MOTION TO MOVE, AND THEN WE CAN GET THE CONFLICTS,
9 ETC., ETC. AS NO MOTION, THEN I THINK -- WE'VE
10 LOOKED AT ALL THESE? OKAY. THEN AT THIS POINT --

11 CHAIRMAN KLEIN: WE HAVE DR. PRIETO.

12 DR. PRIETO: I DON'T KNOW. IS DAVID
13 SERRANO-SEWELL STILL AT THE MEETING?

14 MR. SHEEHY: NO.

15 MS. LANSING: NO, HE ISN'T.

16 DR. PRIETO: OKAY. THANK YOU.

17 MR. SHEEHY: THEN AT THIS TIME I WOULD
18 TAKE A MOTION TO MOVE ANYTHING IN THE GREEN AREA,
19 THE FUNDABLE LEVEL, INTO THE DO NOT FUND LEVEL. AND
20 IF THERE'S NO MOTION TO DO SO, THEN I WOULD TAKE A
21 MOTION FOR ANY APPLICATION WITHIN THE GRAY AREA,
22 WHICH ARE NOT RECOMMENDED FOR FUNDING EXCEPT FOR
23 PROGRAMMATIC REASONS. SO IF THERE'S SOMETHING THERE
24 THAT SOMEONE WOULD LIKE TO MOVE INTO THE FUNDING
25 LEVEL, I WOULD TAKE A MOTION. YES, LEEZA.

BARRISTERS' REPORTING SERVICE

1 MS. GIBBONS: I'D LIKE TO MOVE THAT WE
2 RECOMMENDED 675 FOR FUNDING, PLEASE, INTO TIER 1.

3 MR. SHEEHY: AND COULD I GET A SECOND AND
4 THEN CONFLICTS?

5 DR. PRIETO: I'LL SECOND.

6 DR. NOVA: SECOND.

7 MS. KING: WHO WAS THE SECOND, PLEASE?

8 CHAIRMAN KLEIN: DR. PRIETO.

9 MS. KING: THANK YOU.

10 MR. HARRISON: THE CONFLICTS ON THIS
11 APPLICATION ARE BRENNER, LANSING, AND PENHOET.

12 MR. SHEEHY: AND I THINK IF WE COULD GET
13 THE SCIENCE OFFICER WHO CAN SPEAK TO THIS.

14 DR. OLSON: THAT WOULD BE DR. ASH NIGH.

15 MR. SHEEHY: GREAT.

16 DR. NIGH: THANK YOU. THIS PROPOSAL WILL
17 DEAL WITH -- IS THIS ON? THIS PROPOSAL WILL DEAL
18 WITH DEVI SING NEW STRATEGIES TO TREAT ALZHEIMER' S
19 DISEASE. THE APPLICANT PROPOSES TO USE HUMAN STEM
20 CELLS IN CULTURE SYSTEMS IN WHICH NEURONS AND GLIA
21 CAN BE CULTURED TOGETHER BOTH FROM SPORADIC DISEASE
22 PATIENTS AND FROM PATIENTS WITH IDENTIFIED FAMILIAL
23 MUTATIONS. USING SUCH CULTURE PLATFORMS, THE
24 APPLICANT WILL DEVELOP ASSAYS FOR DRUG SCREENING AND
25 TESTING.

BARRISTERS' REPORTING SERVICE

1 THERE WERE STRENGTHS AND WEAKNESSES TO
2 THIS APPLICATION. OVERALL REVIEWERS WERE VERY
3 SUPPORTIVE OF THE SCIENCE, THE QUALITY OF THE TEAM.
4 HOWEVER, THE STRONGEST WEAKNESS OF THIS PROPOSAL AND
5 THE REASON THAT IT WAS NOT MOVED UP INTO TIER 1 EVEN
6 DURING PROGRAMMATIC DISCUSSION WAS THAT THE GRANTS
7 WORKING GROUP AS A WHOLE FELT THAT THIS AREA OF
8 SCIENCE WAS NOT MATURE ENOUGH TO BE MOVED INTO THE
9 CLINIC WITHIN THE TIME PERIOD STATED FOR THE RFA,
10 WHICH IS FIVE YEARS.

11 AND SPECIFICALLY I WANTED TO READ YOU THE
12 CONCEPT IS BASICALLY THAT THE FIELD LACKS GOOD
13 SYSTEMS TO STUDY THE THERAPEUTIC EFFECTS OF CURRENT
14 DRUGS OR NEW SMALL MOLECULES. IN PARTICULAR, THESE
15 ARE NOT BEING TESTED IN HUMAN SYSTEMS, AND THE
16 ANIMAL MODELS OF ALZHEIMER'S DISEASE ARE NOT PERFECT
17 AND HAVE NOT PROVEN PREDICTIVE OF SUCCESS IN HUMANS.

18 SO THIS WAS CONSIDERED. A MOTION WAS MADE
19 TO MOVE THIS APPLICATION UP TO TIER 1; BUT BECAUSE
20 OF THIS CONCERN THAT THE GRANTS WORKING GROUP SHARED
21 ABOUT THE MATURITY OF THE FIELD, THEY CHOSE TO KEEP
22 IT IN TIER 2.

23 MR. SHEEHY: QUESTIONS OR BOARD
24 DISCUSSION? LEEZA.

25 MS. GIBBONS: YEAH. I CERTAINLY

BARRISTERS' REPORTING SERVICE

1 APPRECIATE THAT, AND I THINK THAT THERE WERE SO MANY
2 THINGS OBVIOUSLY REFLECTED IN THE HIGH RATING BY OUR
3 INCREDIBLE SCIENTIFIC GROUP, THAT THEY WERE
4 COMPELLING ARGUMENTS FOR THIS ONE AS WELL. THE
5 SCIENTIFIC CONCEPT WAS, IN FACT, DEEMED SUCH. AND
6 WE DO HAVE PROGRAMMATICALLY A LACK OF REPRESENTATION
7 WITH THE PLANNING -- THE DISEASE GROUPS IN THIS AREA
8 FOR ALZHEIMER'S DISEASE.

9 AND JUST GIVEN THE OVERWHELMING SOCIAL
10 IMPACT, THE OVERWHELMING FINANCIAL IMPACT, THE NEED
11 FOR US TO REALLY FOCUS ON THIS DISEASE AREA, I FEEL
12 STRONGLY THAT WE DO NEED TO CONSIDER THIS ONE AND
13 HAVE THIS REPRESENTATION THAT CAME SO CLOSE ANYWAY.
14 THE HITS ON THE HEALTHCARE SYSTEM, THE HITS THAT WE
15 HAVE FOR LOSS OF PRODUCTIVITY, AND THE BILLIONS OF
16 DOLLARS IN CALIFORNIA ALONE FOR FAMILIES THAT ARE
17 TAKING CARE OF THIS, ALL OF US WOULD LOVE TO SEE
18 SOME PROGRESS HERE.

19 AND I CERTAINLY RESPECT THE TIMELINE. I'M
20 NOT A SCIENTIST AND WOULDN'T DARE COMMENT ON THAT.
21 BUT I WOULD LOVE TO SEE WHERE WE HAVEN'T REACHED OUR
22 MAX IN FUNDING FOR THE DISEASE PLANNING STAGE HERE
23 AND I WOULD LOVE TO SEE THIS ONE INCLUDED.

24 MR. SHEEHY: DR. STEWARD AND DUANE.

25 DR. STEWARD: YES. I'D ALSO LIKE TO SPEAK

BARRISTERS' REPORTING SERVICE

1 IN SUPPORT OF MOVING THIS ONE UP INTO THE FUNDING
2 RANGE. I THINK THE REVIEWS OF THIS ONE ARE
3 EXCEPTIONAL, POINTING OUT -- I'LL JUST READ ONE
4 SENTENCE. THE SCIENTIFIC CONCEPT OUTLINED IN THIS
5 PROPOSAL IS COMPELLING. AND I THINK WE'VE ALREADY
6 HEARD THAT THE ONE ISSUE IS WHETHER OR NOT THERE IS
7 A LIKELIHOOD THAT THIS COULD ACTUALLY COME TO A
8 PHASE I STAGE WITHIN THE TIMELINE.

9 I THINK THAT THESE ARE PLANNING GRANTS.
10 AND THE AMOUNT OF SPACE THAT WAS PROVIDED FOR
11 DETAILS OF THE ACCOMPLISHMENTS IS SIGNIFICANTLY
12 LIMITED SO THAT I THINK THAT THE TIME TO MAKE THE
13 DECISION ABOUT FEASIBILITY IN THE FIVE-YEAR TIMELINE
14 IS ACTUALLY WHEN THE FULL GRANTS COME THROUGH. THIS
15 ONE MAY OR MAY NOT FAIR WELL AT THAT POINT, BUT
16 WITHOUT HAVING ALL THE DETAILS OF REALLY WHAT'S
17 GOING ON AND GIVEN THE EXTRAORDINARILY STRONG
18 RECOMMENDATIONS ON THE SCIENCE, I THINK THAT THIS
19 ONE IS ONE THAT FOR PROGRAMMATIC REASONS REALLY
20 OUGHT TO MOVE FORWARD.

21 DR. NOVA: YES. I JUST WOULD LIKE TO
22 CONCUR WITH LEEZA AND WITH DR. STEWARD ON THIS
23 APPLICATION. I THINK IT'S A VERY STRONG
24 APPLICATION. I THINK IT'S AN AREA THAT REALLY COULD
25 BENEFIT FROM OUR CONTRIBUTION, AND I AGREE THAT IT'S

BARRISTERS' REPORTING SERVICE

1 GOING TO BE TOUGH. I THINK IT'S GOING TO BE TOUGH
2 IN ALL AREAS TO GET THESE THINGS IN THE CLINIC IN
3 THE TIME THAT WE HAVE GIVEN THEM, AND I DON'T SEE
4 WHY THIS AREA SHOULD BE PUNISHED. JUST IN SUPPORT
5 OF THIS APPLICATION.

6 MR. ROTH: JEFF, I'D JUST LIKE TO SPEAK TO
7 THIS FIVE-YEAR TIMELINE AND REMIND EVERYBODY THERE
8 ARE A NUMBER OF ALZHEIMER'S DRUGS MOVING LIKE IN
9 MANY FIELDS; AND IF SOMETHING COMES ALONG WHERE YOU
10 HAVE A MODEL THAT YOU COULD ACTUALLY TEST BEFORE YOU
11 GET THERE AND SHOW SOME HIGH PROBABILITY OF SUCCESS
12 IN THE CLINIC, THAT WOULD BE WONDERFUL.

13 VICE VERSA, IF IT DOESN'T, THAT MAY TELL
14 US SOMETHING AND TAKE AWAY FALSE HOPE WHEN YOU GO TO
15 THE CLINIC. SO I THINK WHILE THEY MAY NOT DEVELOP A
16 THERAPEUTIC, THERE ARE OTHER THERAPEUTICS THAT WOULD
17 BENEFIT GREATLY FROM HAVING A MUCH BETTER MODEL
18 THREE OR FOUR OR FIVE YEARS FROM NOW.

19 MR. SHEEHY: DR. PRICE AND THEN DR.
20 POMEROY.

21 DR. PRICE: IF THIS WAS THE ACTUAL GRANT
22 AND THESE FOLKS COULD NOT COME BACK TO US AFTER
23 THEY'VE RETHOUGHT THEIR PROPOSAL, I'D BE IN FAVOR OF
24 THIS. BUT GIVEN THE RESERVATIONS ON THE MATURITY
25 DIMENSION AND GIVEN THE FACT THAT THE SERIOUSNESS OF

BARRISTERS' REPORTING SERVICE

1 THE SCIENTISTS WE'RE TALKING ABOUT HERE MAKES IT
2 HIGHLY PROBABLE THAT IF THEY'RE REALLY COMMITTED TO
3 THIS, THEY CAN COME UP WITH 55 K TO DO THE PLANNING.

4 GIVEN THAT FACT, WE PROBABLY WILL SEE THIS
5 PROPOSAL AGAIN AT THE STAGE OF ACTUALLY MAKING THE
6 GRANT FOR THE RESEARCH. SO ON THAT BASIS, GIVEN THE
7 RESERVATIONS, I AM OPPOSED TO PROVIDING THEM WITH
8 THE PLANNING GRANT.

9 MR. SHEEHY: DR. POMEROY.

10 DR. POMEROY: MANY OF US AND OUR FAMILIES
11 HAVE BEEN IMPACTED BY ALZHEIMER'S, SO WE ALL
12 DESPERATELY WANT SOME ANSWERS HERE. BUT I GO BACK
13 TO THE DEFINITION OF THE GOAL FOR THIS GRANT, AND IT
14 WAS TO HAVE SOMETHING DELIVERABLE IN FOUR YEARS AS
15 AN IND AND THAT WE HAVE OTHER MECHANISMS PLANNED FOR
16 MORE BASIC THINGS. AND I POINT OUT THAT THE SUMMARY
17 OF THE REVIEW SAID THAT, AS THE APPLICANT
18 ACKNOWLEDGES, THE APPROACH IS HIGH RISK, LIKELY
19 LONG-TERM, AND NO GUARANTEE THAT THE RESEARCH LEADS
20 TO A THERAPY, AND THAT THE PROPOSAL DOES NOT END IN
21 A CLINICAL TRIAL.

22 AND GIVEN THOSE, I DON'T THINK THAT IT
23 MEETS THE CRITERIA FOR THIS PARTICULAR MECHANISM.
24 BUT AS THE REVIEWERS DID, I WOULD BE VERY SUPPORTIVE
25 OF THEM COMING BACK FOR A MORE APPROPRIATE MECHANISM

BARRISTERS' REPORTING SERVICE

1 TO GET THIS SCIENCE MOVING FORWARD.

2 MR. SHEEHY: LEEZA.

3 MS. GIBBONS: WELL, CLEARLY OUT OF HIGH
4 RISK CAN SOMETIMES COME HIGH REWARDS, AND WE DO
5 HAVE -- WE HAVE A HIGH SCORE HERE FROM THE SCIENCE
6 TEAM. AND, YOU KNOW, IT'S NOT MY AREA TO DEBATE THE
7 ABILITY FOR THIS TEAM TO TAKE THIS INTO CLINICAL
8 TRIALS, BUT I THINK IT IS IMPORTANT THAT THIS GROUP
9 REPRESENTS SOME DIVERSITY IN THIS STAGE EVEN THOUGH
10 THEY DO HAVE OTHER BITES OF THE APPLE. WE DON'T
11 REALLY KNOW THAT AND WE'RE JUST PROGRAMMATICALLY
12 UNDERREPRESENTED IN THIS AREA.

13 MR. SHEEHY: OTHER COMMENTS? SHOULD WE DO
14 PUBLIC COMMENT? YEAH. ANY PUBLIC COMMENT ON THIS
15 ONE? SHOULD WE GO TO A ROLL CALL?

16 CHAIRMAN KLEIN: CAN YOU REMIND US OF THE
17 CONFLICTS?

18 MS. KING: YES. THE CONFLICTS ARE
19 BRENNER, LANSING, AND PENHOET.

20 DONALD DAFOE.

21 DR. DAFOE: YES.

22 MS. KING: ROBERT PRICE.

23 DR. PRICE: NO.

24 MS. KING: SUSAN BRYANT.

25 DR. BRYANT: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: MARCY FEIT.
2 MS. FEIT: YES.
3 MS. KING: LEEZA GIBBONS.
4 MS. GIBBONS: YES.
5 MS. KING: MICHAEL GOLDBERG.
6 MR. GOLDBERG: YES.
7 MS. KING: SAM HAWGOOD.
8 DR. HAWGOOD: NO.
9 MS. KING: BOB KLEIN.
10 CHAIRMAN KLEIN: YES.
11 MS. KING: LEONARD ROME.
12 DR. ROME: YES.
13 MS. KING: TED LOVE.
14 DR. LOVE: YES.
15 MS. KING: TINA NOVA.
16 DR. NOVA: YES.
17 MS. KING: CLAIRE POMEROY.
18 DR. POMEROY: NO.
19 MS. KING: FRANCISCO PRIETO.
20 DR. PRIETO: YES.
21 MS. KING: DUANE ROTH.
22 MR. ROTH: YES.
23 MS. KING: JEFF SHEEHY.
24 MR. SHEEHY: YES.
25 MS. KING: OSWALD STEWARD.

BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: YES.

2 MS. KING: THAT MOTION CARRIES.

3 MR. SHEEHY: NOW, IS THERE ANYTHING ELSE
4 IN THE GRAY AREA THAT ANYONE WOULD LIKE TO CONSIDER
5 FOR MOVING INTO THE FUNDABLE AREA? OKAY.

6 CHAIRMAN KLEIN: I'D LIKE TO, JEFF, HAVE
7 THE SCIENCE TEAM FOCUS FOR US ON 702, PERIPHERAL
8 VASCULAR DISEASE, AND SPECIFICALLY ON THE
9 FEASIBILITY OF REACHING THE GOAL WITHIN THE TIME
10 PERIOD AND THE GENERAL ANALYSES OF THE FEASIBILITY
11 OF THIS GRANT.

12 DR. PENHOET: IS THAT A MOTION TO MOVE IT?

13 CHAIRMAN KLEIN: I'LL MAKE THAT AS -- I
14 WANT TO LISTEN TO THE SCIENCE TEAM BEFORE MAKING A
15 MOTION.

16 DR. NIGH: BRIEFLY, APPLICATION NO. 702 IS
17 REGARDING PERIPHERAL VASCULAR DISEASE, AND THIS
18 PROPOSAL IS TO GENERATE BIOLOGIC GRAPHS OF VESSELS
19 WITH SMALL DIAMETER CAPABILITY. RIGHT NOW THERE ARE
20 ONLY PROSTHESES THAT CAN BE USED FOR LARGE VASCULAR
21 GRAPHS. SO RIGHT NOW SMALL VESSEL DISEASE REQUIRES
22 AUTOLOGOUS VEIN GRAFTING, AND THAT HAS ITS OWN
23 COMPLICATIONS.

24 BRIEFLY, THE STRENGTHS OF THE PROPOSAL,
25 THE REVIEW GROUP RECOGNIZED THE CLINICAL NEED. THEY

BARRISTERS' REPORTING SERVICE

1 RECOGNIZED AN EXCELLENT PI WITH EXPERIENCE LEADING
2 MULTIDISCIPLINARY TEAMS WHO HAD WON INNOVATION
3 AWARDS WITH THE SPECIFIC TEAM, SO HAS A REAL TRACK
4 RECORD IN THIS AREA.

5 THE REVIEW GROUP APPRECIATED THE SUCCESS
6 THAT THIS GROUP HAD HAD IN A RODENT MODEL USING
7 MESENCHYMAL STEM CELLS. NOW, THE ISSUE AROUND
8 FEASIBILITY, AND THIS IS THE SECOND PARAGRAPH OF
9 YOUR SUMMARY THERE, THAT THEY WERE REALLY MIXED IN
10 TERMS OF THE ABILITY FOR THIS TO COME TO THE CLINIC
11 WITHIN FIVE YEARS. AND ONE REVIEWER FELT THAT
12 THE -- WELL, THE EVIDENCE IN A SMALL ANIMAL MODEL
13 WAS ENCOURAGING. THE ABSENCE OF STUDIES IN LARGE
14 ANIMALS SUGGESTED THAT THE CONCEPT MAY BE MORE THAN
15 FIVE YEARS FROM CLINIC STUDIES. HOWEVER, A
16 DIFFERING OPINION WAS EXPRESSED FROM ANOTHER
17 REVIEWER STATING THAT THE CONCEPT IS AMBITIOUS,
18 LOGICAL, AND IF IT SUCCEEDS, COULD RESULT IN
19 CLINICAL TRIALS WITHIN FIVE YEARS.

20 THE GROUP ALSO THEN NOTED THAT THE
21 INVESTIGATOR HAD PROPOSED APPROACHING THIS WITH TWO
22 CELL SOURCES, MESENCHYMAL STEM CELLS FOR WHICH THE
23 FIELD IS RATHER MATURE AND ALSO WITH HUMAN EMBRYONIC
24 STEM CELLS. THEIR CONSENSUS STATEMENT YOU CAN READ
25 IN THE LAST PARAGRAPH OF YOUR SUMMARY, THAT AFTER

BARRISTERS' REPORTING SERVICE

1 DISCUSSION, THE PANELISTS FELT THAT A FOCUSED
2 PROPOSAL ON MESENCHYMAL STEM CELL DERIVED SCAFFOLDS
3 VERSUS HUMAN EMBRYONIC DERIVED SCAFFOLDS COULD
4 POTENTIALLY OVERCOME THE MAIN CRITICISMS OF THE
5 CONCEPT, THE INSUFFICIENT SCIENTIFIC MATURITY, AND
6 ALSO AN IMMUNE REJECTION CHALLENGE.

7 CHAIRMAN KLEIN: SO JUST AS A
8 CLARIFICATION, THEY'RE PROPOSING TO USE BOTH
9 MESENCHYMAL AND EMBRYONIC.

10 DR. NIGH: RIGHT.

11 CHAIRMAN KLEIN: AND ISN'T THE CRITICISM
12 MORE ON MATURITY ON THE EMBRYONIC BECAUSE AS TO
13 MESENCHYMAL, THE STATEMENT, I THOUGHT, WAS THAT THEY
14 USE MESENCHYMAL IN THE MOUSE MODEL WAS SUCCESSFUL
15 ENGRAFTMENT AND THAT THEY THOUGHT THAT FIELD WAS
16 MORE MATURE, AS YOU JUST STATED, AND COULD MAKE IT
17 TO THE CLINIC IN TIME?

18 DR. NIGH: CORRECT.

19 CHAIRMAN KLEIN: SO ONE OF THE TWO
20 APPROACHES, IN FACT, COULD OPERATE WITHIN OUR
21 TIMEFRAME?

22 DR. NIGH: THAT WAS THE GENERAL FEELING
23 FROM THE REVIEW PANEL.

24 CHAIRMAN KLEIN: RIGHT.

25 DR. TROUNSON: SO, MR. CHAIRMAN, THERE'S

BARRISTERS' REPORTING SERVICE

1 NOT MUCH EVIDENCE THAT MESENCHYMAL CELLS WILL
2 ACTUALLY ENGRAFT. WHAT THEY WERE LIKELY TO DO IS TO
3 STIMULATE ENDOGENOUS ENDOTHELIAL CELLS TO DEVELOP
4 SMALL BLOOD VESSELS, RIGHT. SO I'M JUST ONLY
5 CORRECTING WHAT YOU SAID JUST TO MAKE SURE THAT ON
6 THE RECORD WE ARE CORRECT. THE EMBRYONIC STEM CELLS
7 COMPONENT IS VERY NEW, INTERESTING. NO ONE COULD
8 REALLY TELL AT THIS POINT. SO PART OF THE ISSUE IS
9 THAT IT'S A REASONABLY EARLY STAGE STUDY AGAIN, ONE
10 WHICH IS NOVEL, INTERESTING, BUT NOT NECESSARILY,
11 YOU KNOW, STRONG GUARANTEE TO END UP IN A CLINIC IN
12 THAT TIMEFRAME.

13 BUT, YOU KNOW, YOU CAN'T ALWAYS PREDICT,
14 AS MEMBERS OF THE ICOC PANEL SAID. BUT THOSE
15 MESENCHYMAL STEM CELLS DON'T, THEY DON'T ENGRAFT
16 THEMSELVES AVIDLY IN THIS TISSUE.

17 CHAIRMAN KLEIN: SO THE ENGRAFTMENT THAT
18 THEY ACHIEVED IN THE MOUSE MODEL, THE ISSUE IS --
19 THE CONCERN IS THAT THAT WON'T TRANSLATE TO HUMAN?

20 DR. TROUNSON: YEAH. NO, BECAUSE IT
21 INITIATES ENDOGENOUS ENDOTHELIAL DEVELOPMENT OF
22 SMALL BLOOD VESSELS, THE THEORY ON THAT IS IT SHOULD
23 DO THE SAME IN THE HUMAN. AND THE ISSUE IS THAT,
24 YOU KNOW, YOU'RE DEALING WITH A MUCH BIGGER HEART
25 THAN YOU ARE IN A MOUSE. AND THAT'S WHY THERE WAS

BARRISTERS' REPORTING SERVICE

1 SOME DISCUSSION ABOUT PERHAPS THEY SHOULD TRY THIS
2 OUT ON A LARGER ANIMAL; BUT AGAIN, THERE ARE ISSUES
3 WHEN YOU MOVE INTO LARGE ANIMALS WITH HUMAN CELLS
4 THAT YOU DON'T -- YOU ARE GOING ACROSS IMMUNE
5 BARRIERS WHICH THEMSELVES BRING ANOTHER SET OF
6 PROBLEMS.

7 SO, YOU KNOW, AS BETTINA HAS SAID, IT'S
8 VERY INTERESTING, VERY NOVEL, MAYBE VERY EARLY, BUT
9 THIS IS WHAT WE'RE ABOUT. WE'RE ABOUT TRYING TO BE
10 INNOVATIVE IN THIS SPACE. BUT BE CERTAIN THAT
11 THERE'S NOT A LOT OF GUARANTEE THAT THAT WOULD GET
12 TO THE CLINIC IN THE TIME.

13 CHAIRMAN KLEIN: OKAY.

14 MR. SHEEHY: SO IS THERE A MOTION? IS
15 THERE A MOTION ON ANY OTHER ITEM IN THE GRAY AREA?
16 SO ARE WE AT A POINT WHERE I NEED A NONCONFLICTED
17 MEMBER IN A SECOND TO -- MAYBE JAMES CAN HELP ME --
18 WITH THE MOTION TO APPROVE EVERYTHING IN THE GREEN
19 AREA FOR FUNDING?

20 MR. HARRISON: RIGHT. THE MOTION WOULD BE
21 TO APPROVE ALL OF THOSE APPLICATIONS IDENTIFIED IN
22 TIER 1 FOR FUNDING.

23 MR. SHEEHY: OKAY.

24 MS. GIBBONS: SO MOVE.

25 MR. SHEEHY: DR. PRICE. DO I HAVE A

BARRISTERS' REPORTING SERVICE

1 SECOND?

2 CHAIRMAN KLEIN: WHO SECONDED?

3 MR. SHEEHY: LEEZA, I THINK, WAS THE
4 FIRST. IN THE COURSE I WILL REMIND PEOPLE, AS WE DO
5 THE ROLL CALL, THAT YOU SHOULD IDENTIFY WHEN YOU
6 VOTE IF YOU HAVE A CONFLICT, YOU SHOULD NOTE THAT
7 YOU'RE VOTING EXCEPT FOR THOSE APPLICATIONS FOR
8 WHICH YOU HAVE A CONFLICT.

9 MR. HARRISON: WE NEED TO GET ONE MORE
10 MEMBER FROM THE HALLWAY IF YOU WOULD GIVE US JUST A
11 MOMENT.

12 (PAUSE IN PROCEEDINGS.)

13 MR. SHEEHY: MELISSA, COULD WE GET THE
14 ROLL CALL? AND REMEMBER YOU NEED TO ANNOUNCE YOUR
15 VOTE MINUS CONFLICTS IF YOU HAVE ONE.

16 CHAIRMAN KLEIN: SPECIFICALLY STATING THAT
17 YOU'RE VOTING YES ONLY FOR THOSE FOR WHICH YOU DO
18 NOT HAVE A CONFLICT.

19 MR. SHEEHY: FOR THE GREEN.

20 MS. KING: DONALD DAFOE.

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

23 MS. KING: ROBERT PRICE.

24 DR. PRICE: YES, EXCEPT THOSE FOR WHICH I
25 MAY HAVE A CONFLICT.

BARRISTERS' REPORTING SERVICE

1 MS. KING: DAVID BRENNER.

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

4 MS. KING: SUSAN BRYANT.

5 DR. BRYANT: YES, EXCEPT FOR THOSE WITH
6 WHICH I HAVE A CONFLICT.

7 MS. KING: MARCY FEIT.

8 MS. FEIT: YES, EXCEPT FOR THOSE FOR WHICH
9 I HAVE A CONFLICT.

10 MS. KING: LEEZA GIBBONS.

11 MS. GIBBONS: YES.

12 MS. KING: MICHAEL GOLDBERG.

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

15 MS. KING: SAM HAWGOOD.

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

18 MS. KING: BOB KLEIN.

19 CHAIRMAN KLEIN: YES.

20 MS. KING: SHERRY LANSING.

21 MS. LANSING: YES, EXCEPT FOR THOSE FOR
22 WHICH I HAVE A CONFLICT.

23 MS. KING: LEONARD ROME.

24 DR. ROME: YES, EXCEPT FOR THOSE FOR WHICH
25 I HAVE A CONFLICT.

BARRISTERS' REPORTING SERVICE

1 MS. KING: TED LOVE.

2 DR. LOVE: YES.

3 MS. KING: TINA NOVA.

4 DR. NOVA: YES.

5 MS. KING: CLAIRE POMEROY.

6 DR. POMEROY: YES, EXCEPT FOR THOSE FOR
7 WHICH I HAVE A CONFLICT.

8 MS. KING: FRANCISCO PRIETO.

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

11 MS. KING: DUANE ROTH.

12 MR. ROTH: YES.

13 MS. KING: JEFF SHEEHY.

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

16 MS. KING: AND OSWALD STEWARD.

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

19 MS. KING: MOTION CARRIES.

20 CHAIRMAN KLEIN: ALL RIGHT. CAN I CONFER
21 WITH COUNSEL HERE, MR. VICE CHAIR, WE HAVE SATISFIED
22 OUR REQUIREMENTS?

23 MR. HARRISON: WE NEED A MOMENT TO CHECK
24 BECAUSE, AS YOU ALL KNOW, THE NUMBER REQUIRED FOR A
25 QUORUM VARIES DEPENDING UPON THE NUMBER OF MEMBERS

BARRISTERS' REPORTING SERVICE

1 WHO HAVE A CONFLICT. AND WHETHER THE MOTION CARRIES
2 AS TO EACH APPLICATION THEN TURNS ON WHO IS PRESENT
3 AT THE TIME OF THE VOTE. SO WE NEED TO DO A QUICK
4 REVIEW TO MAKE SURE THAT ALL OF THE APPLICATIONS ARE
5 COVERED.

6 CHAIRMAN KLEIN: SCOTT'S DOING THAT IN
7 REAL-TIME?

8 MR. HARRISON: EXACTLY.

9 CHAIRMAN KLEIN: ALL RIGHT. CAN WE --
10 LET'S DO -- COUNSEL, MY SUGGESTION TO MR. SHEEHY IS
11 TO MOVE THROUGH THE VOTES ON THE OTHER TWO
12 CATEGORIES ON THE ASSUMPTION THAT, IN FACT, AS WE
13 EXPECT, THAT WE HAVE MET ALL THE REQUIREMENTS.

14 MR. SHEEHY: I THINK I NEED ONE MOTION BY
15 SOMEONE WHO'S NOT CONFLICTED IN A SECOND FOR THE
16 REMAINING TO NOT FUND THE REMAINING APPLICATIONS.

17 MR. ROTH: SO I'LL MOVE THAT ALL THE
18 REMAINING APPLICATIONS ARE NOT FUNDED.

19 DR. LOVE: SECOND.

20 MR. SHEEHY: SECOND BY DR. LOVE. WE DON'T
21 NEED ANY COMMENTS. WE CAN GO STRAIGHT TO A VOTE.

22 CHAIRMAN KLEIN: PUBLIC.

23 MR. SHEEHY: DO WE HAVE A PUBLIC COMMENT
24 ON THIS? OKAY. MELISSA.

25 MS. KING: DONALD DAFOE.

BARRISTERS' REPORTING SERVICE

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

3 MS. KING: ROBERT PRICE.

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

6 MS. KING: DAVID BRENNER.

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

9 MS. KING: SUSAN BRYANT.

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

12 MS. KING: MARCY FEIT.

13 MS. FEIT: YES, EXCEPT FOR THOSE FOR WHICH
14 I HAVE A CONFLICT.

15 MS. KING: LEEZA GIBBONS.

16 MS. GIBBONS: YES.

17 MS. KING: MICHAEL GOLDBERG.

18 MR. GOLDBERG: YES, EXCEPT FOR THOSE WITH
19 WHICH I HAVE A CONFLICT.

20 MS. KING: SAM HAWGOOD.

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

23 MS. KING: BOB KLEIN.

24 CHAIRMAN KLEIN: YES.

25 MS. KING: SHERRY LANSING.

BARRISTERS' REPORTING SERVICE

1 MS. LANSING: YES, EXCEPT FOR THOSE FOR
2 WHICH I AM CONFLICTED.

3 MS. KING: LEONARD ROME.

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

6 MS. KING: TED LOVE.

7 DR. LOVE: YES.

8 MS. KING: TINA NOVA.

9 DR. NOVA: YES.

10 MS. KING: CLAIRE POMEROY.

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

13 MS. KING: FRANCISCO PRIETO.

14 DR. PRIETO: YES, EXCEPT FOR THOSE FOR
15 WHICH I HAVE A CONFLICT.

16 MS. KING: DUANE ROTH.

17 MR. ROTH: YES.

18 MS. KING: JEFF SHEEHY.

19 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH
20 WHICH I HAVE A CONFLICT.

21 MS. KING: OSWALD STEWARD.

22 DR. STEWARD: YES, EXCEPT FOR THOSE WITH
23 WHICH I HAVE A CONFLICT.

24 MR. SHEEHY: BACK TO YOU, CHAIR.

25 CHAIRMAN KLEIN: SO JUST FOR ONE MOMENT

BARRISTERS' REPORTING SERVICE

1 CAN WE CONFIRM?

2 MR. HARRISON: GIVEN THE NUMBER OF
3 APPLICATIONS, WE'RE GOING TO NEED A MOMENT JUST TO
4 CHECK EVERYTHING AND MAKE SURE THAT WE HAVE
5 SUFFICIENT NUMBER FOR EACH APPLICATION. I DON'T
6 THINK THE PRESENCE OF A MEMBER WILL CHANGE THAT.

7 CHAIRMAN KLEIN: THAT IS RIGHT. SO THANK
8 YOU VERY MUCH.

9 SO RETAIN A QUORUM FOR THE REST OF THE
10 ITEMS. THE ISSUE WAS WE NEED A LARGER QUORUM TO
11 MEET THE REQUIREMENTS OF VOTING WHERE THERE ARE
12 CONFLICTS UNDER OUR VERY STRICT RECUSAL POLICIES.

13 IF WE COULD PLEASE GO TO THE CONSIDERATION
14 OF THE BUDGET, DR. TROUNSON.

15 DR. TROUNSON: THANK YOU, CHAIR. I'LL ASK
16 MARGARET FERGUSON TO PRESENT THIS MATTER ON BEHALF
17 OF MANAGEMENT.

18 MS. FERGUSON: YOU MEAN I DON'T SPEAK LOUD
19 ENOUGH ON MY OWN? BUT I USUALLY DO. ANYWAY, I WANT
20 TO FIRST SAY THAT I'M VERY EXCITED TO BE A PART OF
21 THE CIRM TEAM. I LOOK FORWARD TO THE CHALLENGES,
22 AND I'M HERE TO PRESENT THE PROPOSED BUDGET FOR
23 2008-9. IF WE CAN SEE IT.

24 OKAY. IN DEVELOPING THE PROPOSED 2008-9
25 ADMINISTRATIVE BUDGET, I USED UPDATED -- I USED THE

BARRISTERS' REPORTING SERVICE

1 UPDATED 2007-8 BUDGET AS A BASELINE. I MET WITH THE
2 HEAD OR APPROPRIATE DESIGNEE OF EACH COST CENTER,
3 THE CONTRACTS MANAGER, CHIEF LEGAL COUNSEL, CHIEF
4 COMMUNICATIONS OFFICER, AND CHIEF HUMAN RESOURCES
5 MANAGER IN ORDER TO ASCERTAIN PROJECTED BUDGET
6 NEEDS. THE DATA WAS COMPILED, REVIEWED WITH THE
7 PRESIDENT, REVISED AS APPROPRIATE, THEN DISCUSSED
8 AGAIN WITH EACH OF THE COST CENTERS BEFORE
9 FINALIZATION.

10 THE GOAL OF THIS BUDGET IS TO ENSURE THAT
11 DURING FISCAL YEAR 2008-9 SUFFICIENT FUNDING EXISTS
12 TO MEET THE ADMINISTRATIVE NEEDS OF CIRM WHILE
13 ADHERING TO THE FUNDING ALLOCATION PROVISIONS OF
14 PROPOSITION 71.

15 FIRST, I'D LIKE TO GO OVER A FEW OF THE
16 ACRONYMS THAT ARE USED IN THE BUDGET DOCUMENT. OOA
17 ACTUALLY STANDS FOR OFFICE OF ADMINISTRATION; OOP,
18 OFFICE OF THE PRESIDENT; OOC, OFFICE OF THE CHAIR;
19 OE&E IS OPERATING EXPENSES AND EQUIPMENT, AND FOR
20 THIS BUDGET INCLUDES FUNDING FOR SCIENTIFIC MEMBERS,
21 GENERAL OFFICE SUPPLIES, PRINTING COSTS,
22 COMMUNICATION COSTS, AND TRAINING.

23 THE OVERALL PROPOSED BUDGET FOR 2008-9 IS
24 \$13 MILLION HAS BEEN ALLOCATED TO THE SCIENCE
25 OFFICE, OFFICE OF ADMINISTRATION, OFFICE OF THE

BARRISTERS' REPORTING SERVICE

1 PRESIDENT, AND OFFICE OF THE CHAIR. THE OVERALL
2 INCREASE FROM THE 2007-8 BUDGET IS 46 PERCENT WITH
3 MAJOR CHANGES REFLECTED IN THE FOLLOWING LINE ITEMS:
4 SALARIES AND BENEFITS, INTERAGENCY AGREEMENTS,
5 EXTERNAL CONTRACTS, SCIENCE MEETINGS, WORK GROUP
6 GRANTS, WORK GROUP STANDARDS, TRAVEL, AND OTHER
7 OE&E.

8 I'LL BRIEFLY GO OVER EACH OF THESE
9 INCREASES. OVERALL INCREASES IN SALARIES AND
10 BENEFITS ARE A RESULT OF SIX PROPOSED NEW POSITIONS
11 IN THE SCIENCE OFFICE AND ONE PROPOSED POSITION IN
12 THE OFFICE OF ADMINISTRATION. SALARIES AND BENEFITS
13 WERE BUDGETED BASED ON THE PROJECTED MONTH OF HIRE.
14 THE SCIENCE OFFICE EXPECTS ITS PORTFOLIO OF ACTIVE
15 GRANTS TO INCREASE BY 60 PERCENT OVER THAT AT THE
16 END OF '07-'08. IN ADDITION, THERE ARE ANTICIPATED
17 INCREASES IN THE '08-'09 WORKLOAD RELATED TO ANNUAL
18 SCIENTIFIC AND FINANCIAL PROGRESS REPORTING. THE
19 FUNDING OF THESE PROPOSED POSITIONS IS ESSENTIAL TO
20 THE SCIENCE OFFICE TO FULFILL THE PRIMARY FUNCTION
21 OF THE INSTITUTE AND TO ENABLE NEW RELEASE OF
22 QUALITY RFA'S, THE CONDUCTING OF QUALITY REVIEWS,
23 AND MANAGEMENT OF WORKLOADS ASSOCIATED IN THE
24 ADMINISTRATION AND MONITORING OF AN INCREASED
25 PORTFOLIO OF GRANTS.

BARRISTERS' REPORTING SERVICE

1 INTERAGENCY AGREEMENTS, THE INCREASES HERE
2 ARE RELATED TO COSTS ASSOCIATED WITH THE TRANSITION
3 OF THE ACCOUNTING AND HUMAN RESOURCE SUPPORT
4 SERVICES THAT WERE WITH THE CONTROLLER'S OFFICE TO
5 OTHER STATE AGENCIES.

6 EXTERNAL CONTRACTS, INCREASES RESULT FROM
7 THE ROLLOUT OF THE GRANTS MANAGEMENT SYSTEM,
8 SPECIFICALLY THE GRANTIUM CONTRACT FOR \$500,000,
9 PROPOSED COMMUNICATION CONTRACT SERVICES FOR PUBLIC
10 RELATIONS AND RELATED MEDIA EFFORTS TO KEEP THE
11 SCIENTIFIC COMMUNITY AND PUBLIC INFORMED ON CIRM
12 ACTIVITIES, INCREASES IN LEGAL SERVICES FOR
13 INTELLECTUAL PROPERTY ISSUES, AND LEGAL SUPPORT FOR
14 BONDS AND LOAN PROGRAM ISSUES AS THEY ARI SE.

15 SCIENCE MEETINGS, THE INCREASES ARE DUE TO
16 THE ANNUAL GRANTEE MEETING THAT WILL BE HELD IN
17 SEPTEMBER 2008. THIS TWO-AND-A-HALF-DAY MEETING FOR
18 400 PARTICIPANTS HIGHLIGHTS THE ACHIEVEMENTS OF OUR
19 SCIENTISTS WITHIN THE CALIFORNIA STEM CELL
20 SCIENTIFIC COMMUNITY AND THE LARGER STEM CELL
21 COMMUNITY. THE MEETING WILL FACILITATE THE
22 DEVELOPMENT OF COLLABORATIVE RELATIONSHIPS AMONG
23 SCIENTISTS FUNDED BY CIRM.

24 IN ADDITION, THERE ARE ALSO SIX PLANNED
25 WORKSHOPS COVERING SUCH TOPICS AS TOXICOLOGY,

BARRISTERS' REPORTING SERVICE

1 IMMUNOLOGY TOOLS, CANCER STEM CELLS, CELL PRODUCTION
2 FACILITIES.

3 WORK GROUP GRANTS, THERE IS AN INCREASE IN
4 THE NUMBER AND LENGTHS OF WORK GROUP MEETINGS
5 TOGETHER WITH INCREASES IN THE COST FOR REVIEWER AND
6 SPECIALISTS. VENUE AND TRANSPORTATION COSTS HAVE
7 ALSO GONE UP.

8 WORK GROUP STANDARDS, THIS INCREASE IS A
9 REFLECTION OF THE LEVEL OF ANTICIPATED ACTIVITY
10 RELATED TO SCIENTIFIC MEDICAL AND ETHICAL ISSUES AS
11 WELL AS INCREASED ACTIVITY IN COMPLIANCE OVERSIGHT.
12 THE PROPOSED FUNDING ALLOCATION REFLECTS INCREASES
13 IN PROPOSED MEETINGS AND VENUE AND TRANSPORTATION
14 EXPENSES.

15 TRAVEL, THE MOST SIGNIFICANT CHANGE IS IN
16 OUT-OF-STATE TRAVEL FOR THE CHIEF SCIENCE OFFICER
17 AND SCIENCE OFFICE STAFF. THE CIRM PROGRAM
18 CONTINUES TO RAMP UP. THE CHIEF SCIENCE OFFICER IS
19 EXPECTED TO HAVE A GLOBAL OVERVIEW OF THE POTENTIAL
20 CLINICAL IMPACT OF A BROAD RANGE OF SCIENCE THAT
21 SUPPORTS TRANSLATION OF STEM CELL BIOLOGY. THE
22 SCIENCE OFFICE STAFF MUST KEEP ABREAST OF SCIENTIFIC
23 STATUS AND THE NEEDS AND PRIORITIES WITHIN EACH OF
24 ITS PORTFOLIO AREAS OF FOCUS IN ORDER TO BETTER MOVE
25 THE SCIENCE FORWARD THROUGH CIRM FUNDING PROGRAMS.

BARRISTERS' REPORTING SERVICE

1 TRAVEL IN THE OFFICE OF THE CHAIR HAS
2 INCREASED IN ORDER TO ADDRESS AND IMPLEMENT MAJOR
3 FUNDING OPPORTUNITIES FOR CALIFORNIA STEM CELL
4 RESEARCH. WITH EXPECTED CHANGES IN FEDERAL STEM
5 CELL RESEARCH FUNDING POLICIES, THERE WILL BE AN
6 INCREASED NEED TO TRAVEL IN ORDER TO ADDRESS
7 CONGRESSIONAL INFORMATIONAL REQUESTS IN ADDITION TO
8 MEETING WITH THE NIH, INSTITUTES ON COLLABORATIVE
9 FUNDING OF STEM CELL RESEARCH WITH CIRM.

10 IN ADDITION, THE OFFICE OF THE CHAIR
11 ANTICIPATES INCREASED EFFORTS FOR BILATERAL STEM
12 CELL RESEARCH FUNDING AGREEMENTS WITH OTHER NATIONS
13 SUCH AS THE RECENTLY ANNOUNCED MOU WITH THE STATE OF
14 VICTORIA AND THE CANADIAN CONSORTIUM. INCREASED
15 PRESENTATIONS OF CALIFORNIA STEM CELL RESEARCH
16 FUNDING WILL BE REQUIRED AT MULTINATIONAL AND
17 INTERNATIONAL VENUES, AT SCIENTIFIC CONFERENCES,
18 GOVERNMENT MEETINGS, NATIONAL PUBLIC ORGANIZATIONS,
19 AND OTHER VENUES THAT ARE ESSENTIAL TO RECRUIT THE
20 COUNTRY'S AND THE WORLD'S BEST RESEARCHERS TO
21 CALIFORNIA AND TO COLLABORATIVELY ADVANCE THE BATTLE
22 AGAINST CHRONIC DISEASE WITH OTHER STATES AND
23 NATIONS.

24 INCREASES IN THE OFFICE OF THE PRESIDENT
25 ARE A RESULT OF A PRESIDENT THAT WILL TRAVEL TO

BARRISTERS' REPORTING SERVICE

1 DEVELOP SCIENTIFIC COLLABORATIONS WITH NATIONAL AND
2 INTERNATIONAL STAKEHOLDERS KNOWING THAT THE MISSION
3 OF CIRM IS ALWAYS AT THE FOREFRONT.

4 OE&E OR OTHER OE&E, CHANGES HERE ARE DUE
5 TO INCREASED SUPPORT, PARTICIPATION, AND MEMBERSHIP
6 IN NATIONAL AND INTERNATIONAL SCIENTIFIC
7 ORGANIZATIONS AND AN ALLOWANCE FOR PROFESSIONAL
8 EMPLOYEE DEVELOPMENT.

9 NOW, AT THIS POINT I'D LIKE TO CALL YOUR
10 ATTENTION TO THE -- OR I'D LIKE TO BRING THE
11 ATTENTION OF THE BOARD TO THE FUNDING ALLOCATION OF
12 THE BUDGET IN ORDER TO DEMONSTRATE THAT CIRM IS IN
13 COMPLIANCE WITH THE PROVISIONS OF PROPOSITION 71.
14 USING \$300 MILLION IN ANTICIPATED AWARDS OR 5.9
15 PERCENT -- I LOST IT FOR A SECOND. HALLELUJAH.
16 ANYWAY, I BEG YOUR PARDON. I'LL START AGAIN.

17 USING 300 MILLION IN ANTICIPATED AWARDS,
18 5.9 PERCENT OR APPROXIMATELY \$18 MILLION WOULD BE
19 ALLOWABLE AT UP TO 3 PERCENT FOR GENERAL
20 ADMINISTRATION AND UP TO 3 PERCENT FOR GRANT
21 ADMINISTRATION AND OVERSIGHT. THE PROPOSED FUNDING
22 ALLOCATION FOR '08-'09 IS \$5 MILLION FOR GENERAL
23 ADMINISTRATION OR 1.7 PERCENT, \$6 MILLION FOR GRANT
24 ADMINISTRATION AND OVERSIGHT OR 2 PERCENT, FOR A
25 TOTAL OF 3.7 PERCENT, WELL UNDER THE 5.9 PERCENT

BARRISTERS' REPORTING SERVICE

1 ALLOWED UNDER THE PROVISIONS OF PROPOSITION 71.

2 THE \$1.7 MILLION UNDER DIRECT RESEARCH IS
3 FOR LEGAL COSTS ALSO ALLOWED UNDER THE PROVISIONS OF
4 PROP 71.

5 NOT SHOWN ON THE BUDGET CHART IS THE
6 YEAR-TO-DATE FUNDING ALLOCATION COMPARISON, AND I
7 APOLOGIZE. HOWEVER, I WOULD LIKE TO PRESENT IT
8 VERBALLY. TO DATE CIRM HAD \$560 MILLION IN AWARDS
9 FOR ALLOWABLE FUNDING. BASED ON THIS \$560 MILLION,
10 33 -- OR 5.9 PERCENT OR \$33 MILLION WAS AVAILABLE,
11 AGAIN, FOR UP TO 3 PERCENT FOR GENERAL
12 ADMINISTRATION AND 3 PERCENT FOR GRANT
13 ADMINISTRATION AND OVERSIGHT FOR THE PERIOD 2004-5
14 THROUGH 2007-8. DURING THIS SAME PERIOD, THERE WERE
15 \$21 MILLION IN BOTH EXPENDITURES FOR '04-'05 THROUGH
16 '06-'07 AND THE BUDGETED ALLOCATION FOR '07-'08, FOR
17 A TOTAL PERCENTAGE OF 3.8, AGAIN, WELL UNDER THE 6
18 PERCENT ALLOWED BY PROP 71. IN DOLLARS THAT'S
19 BASICALLY THROUGH '07-'08, WE WERE \$12 MILLION UNDER
20 THE CAP OR THE PROVISIONS THAT ARE ALLOWED BY
21 '07-'08.

22 THIS CONCLUDES MY PRESENTATION, AND I'M
23 NOW OPEN FOR ANY QUESTIONS OR POINTS OF
24 CLARIFICATION.

25 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR

BARRISTERS' REPORTING SERVICE

1 THE VERY FOCUSED PRESENTATION. I THINK IN FINANCE
2 COMMITTEE MEETING THAT PRECEDED THIS WHERE THIS
3 BUDGET WAS REVIEWED, I THINK, TED, YOU MADE A POINT
4 THAT WE WERE GOING THROUGH A RAPID RAMP-UP, WHICH
5 EXPLAINS THE SUBSTANTIAL NUMBER OF SCIENTIFIC
6 POSITIONS THAT HAVE CHANGED AND THE INCREASED
7 PERCENTAGES WHICH WILL START LEVELING OFF HERE OVER
8 THE NEXT 18 MONTHS AS WE REACH THE MATURE
9 ORGANIZATIONAL SIDE. AND I THINK THAT WAS A VERY
10 IMPORTANT POINT.

11 THE OTHER SIDE OF THIS IS THAT IN THE
12 TRAVEL CATEGORY, LEVERAGING OUR INTELLECTUAL CAPITAL
13 OF OUR STAFF IS CRITICAL. I THINK WE HAD FIVE OR
14 SIX DIFFERENT SCIENCE OFFICERS AND THE PRESIDENT AT
15 THE RECENT BIO CONFERENCE ALL IN SCIENTIFIC AND
16 CLINICAL PRESENTATIONS. IF WE'RE GOING TO PROPERLY
17 USE OUR CAPITAL, WE HAVE TO KNOW WHERE THE LEADING
18 EDGE IS OF SCIENCE AND CLINICAL DEVELOPMENTS IN
19 CHRONIC DISEASE, AND WE HAVE TO GET THOSE SCIENTISTS
20 WITH THE BEST ACCESS WE CAN TO THAT INFORMATION.

21 ON THE POINT THAT YOU RAISE IN TERMS OF A
22 NEW CONGRESS AND A NEW COMMITMENT, IT'S GOING TO BE
23 A CHALLENGE OVER THE NEXT 24 MONTHS TO GET NEW NIH
24 FUNDING. THERE'S GOING TO HAVE TO BE SOME REAL
25 STRUCTURING. HOPEFULLY THE CONGRESS WILL BE

BARRISTERS' REPORTING SERVICE

1 SEPARATING OUT CAPITAL INVESTMENTS IN THE
2 INTELLECTUAL CAPITAL THAT'S NEEDED FOR THIS COUNTRY
3 FROM OPERATING EXPENSES, BUT THERE'S -- IF WE CAN
4 GET 50 TO A HUNDRED MILLION IN THE NEXT 24 MONTHS IN
5 NIH FUNDS COLLABORATIVELY PLACED WITH US, IT WILL
6 REALLY EXPAND OUR MISSION AND BE WORTH THE
7 INVESTMENT OF TIME.

8 IT'S A TOUGH GOAL TO MEET GIVEN THE
9 PRESSURES IN WASHINGTON, BUT WE'VE GOTTEN OVER TOUGH
10 GOALS THAT WE HAVE MADE PROGRESS ON. SO I'D LIKE TO
11 TURN IT OVER TO SEE IF MICHAEL GOLDBERG, AS CHAIR OF
12 THE FINANCE COMMITTEE, WOULD LIKE TO COMMENT, AND
13 THEN DR. LOVE TO SEE IF HE'D LIKE TO COMMENT AND ANY
14 OTHER MEMBER.

15 MR. GOLDBERG: THANK YOU, MR. CHAIRMAN.
16 THANK YOU ALSO, MARGARET, FOR YOUR EXCELLENT WORK ON
17 THIS. THE FINANCE SUBCOMMITTEE IS CO-LED BY MYSELF
18 AND MARCY FEIT. AND I THINK WE'RE VERY COMFORTABLE
19 WITH THE QUALITY OF THE FISCAL BUDGET THAT'S BEING
20 PROPOSED AS WAS THE COMMITTEE. I BELIEVE IT WAS A
21 UNANIMOUS VOTE IN SUPPORT OF THIS BUDGET ON BEHALF
22 OF THE COMMITTEE. WE'RE LOOKING FORWARD TO WORKING
23 WITH MARGARET AND DR. TROUNSON AND HOPEFULLY
24 DR. ROBSON IN THE COMING YEAR TO START A FINANCIAL
25 PLANNING CYCLE THAT CORRESPONDS TO THE SCIENTIFIC

BARRISTERS' REPORTING SERVICE

1 STRATEGIC PLANNING CYCLE.

2 AND BY THE TIME WE WOULD PRESENT A BUDGET
3 THIS TIME NEXT YEAR, IT WILL BE PART OF A MUCH MORE
4 ITERATIVE PROCESS BASED ON A ROLLING MULTI YEAR PLAN
5 THAT TAKES INTO ACCOUNT THE FULL EXTENT OF BOTH
6 INCOME SOURCES TO THE INSTITUTE AS WELL AS THE
7 OPERATING EXPENSES. SO WE'RE LOOKING FORWARD TO
8 WORKING WITH THE INSTITUTE STAFF TO DEVELOP AN
9 INTEGRATED FINANCIAL PLANNING SYSTEM FOR THE FUTURE
10 AND FEEL THAT WE'VE DONE A VERY ADEQUATE JOB TO
11 DATE, BUT WE'RE TASKING OURSELVES WITH MORE GOING
12 AHEAD. ANYTHING YOU'D LIKE TO ADD?

13 MS. FEIT: NO. THAT'S FINE.

14 CHAIRMAN KLEIN: OKAY.

15 MR. GOLDBERG: THANK YOU.

16 CHAIRMAN KLEIN: THANK YOU. AND THANK
17 YOU, MICHAEL AND MARCY, FOR CHAIRING THE FINANCE
18 COMMITTEE. IT'S A VERY HELPFUL PUBLIC FORUM TO VET
19 THESE ISSUES. DR. LOVE.

20 DR. LOVE: I'D JUST LIKE TO THANK MARGARET
21 FOR THAT VERY ENLIGHTENING AND ENTHUSIASTIC
22 PRESENTATION. CLEARLY REFLECTS VERY JUDICIOUS USE
23 OF THE PUBLIC'S MONEY, WHICH IS ALWAYS GREAT TO SEE.

24 I DID HAVE ONE QUESTION ABOUT THE
25 PERCENTAGE TARGETS THAT WERE BUILT INTO THE BUDGET

BARRISTERS' REPORTING SERVICE

1 FOR MERIT INCREASE. I MEAN I KNOW OUR STAFF WORKS
2 VERY HARD, AND IT'S VERY IMPORTANT THAT WE BE
3 JUDICIOUS, BUT I WANTED TO JUST CLARIFY EXACTLY WHAT
4 WE HAVE BUILT INTO THE BUDGET FOR MERIT AND COST OF
5 LIVING INCREASE.

6 MS. FERGUSON: FOR MERIT, OKAY, FOR MERIT
7 WHAT WE HAVE BUILT IN IS 4 PERCENT OF SALARIES AND
8 WAGES OF THE OVERALL BUDGET, OR A TOTAL OF \$250,000.

9 CHAIRMAN KLEIN: AND, DR. TROUNSON, I
10 THINK YOU HAVE AN ANNOUNCEMENT YOU WANT TO ADDRESS
11 IN TERMS OF THAT ISSUE.

12 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR
13 AND ALSO DR. LOVE FOR THE QUESTION. ON THE BASIS OF
14 A RECOMMENDATION BY A REMUNERATION COMMITTEE, WHICH
15 IS DR. PENHOET, DR. RICH MURPHY, AND ALEX CAMPE,
16 THAT WE FOREGO ANY INCREMENT THIS YEAR AND THAT WE
17 SET IT ASIDE FOR THIS YEAR. IF THERE WAS AN
18 INCREDIBLE TURNAROUND IN BUDGET MATTERS, THEN I
19 WOULD RECONSIDER IT, BUT I THINK FOR THIS YEAR WE'VE
20 DECIDED TO FOREGO, ALL OF US FOREGO ANY INCREMENT
21 THAT COMES FROM THE MERIT OR COST OF LIVING
22 INCREMENT. AND I THINK THAT'S, YOU KNOW, CLEARLY
23 SOMETHING THAT WE SHOULD DO ON THE BASIS OF A
24 RECOMMENDATION, BUT THUS FAR I'VE HAD COMPLETE
25 ENDORSEMENT FROM THE STAFF IN RECOGNIZING THAT THERE

BARRISTERS' REPORTING SERVICE

1 IS CONSIDERABLE PAIN OUT THERE IN THE STATE OF
2 CALIFORNIA.

3 CHAIRMAN KLEIN: SO TO UNDERSTAND, DR.
4 TROUNSON, EVEN THOUGH THE STAFF DID NOT HAVE COST OF
5 LIVING INCREASES PREVIOUSLY AND THEY'RE GOING TO
6 FOREGO COST OF LIVING INCREASES UNTIL -- THROUGH
7 THIS CALENDAR YEAR BECAUSE OF THE STATE BUDGET
8 SITUATION, ESSENTIALLY IT'S A STATEMENT OF
9 SOLIDARITY TO TRY AND SHOW THAT, EVEN THOUGH OUR
10 BUDGET IS INDEPENDENT, THAT WE ARE IDENTIFYING WITH
11 THE SACRIFICES BEING MADE THROUGHOUT CALIFORNIA. IS
12 THAT A CORRECT STATEMENT?

13 DR. TROUNSON: THAT'S A CORRECT STATEMENT.
14 I DON'T KNOW IF DR. PENHOET WOULD WANT TO MAKE ANY
15 OTHER DISCUSSION ABOUT THIS POINT, BUT I STRONGLY
16 WELCOME THAT DECISION THAT WAS MADE. AND I'VE HAD
17 ABSOLUTELY NO COMPLAINT WHATSOEVER FROM STAFF, AND I
18 THANK YOU, ED, AND YOUR COLLEAGUES IN THAT COMMITTEE
19 FOR REALLY POINTING US AT THE RIGHT THING TO DO.

20 DR. PENHOET: I CAN'T ADD ANYTHING EXCEPT
21 TO THANK THE STAFF FOR THEIR GENEROSITY OF SPIRIT
22 AND THEIR GENEROSITY OF THEIR POCKETBOOK IN HELPING
23 CIRM THROUGH THIS PERIOD OF TIME. I THINK IT'S A
24 WONDERFUL SIGN.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 DR. PENHOET: WE HAVE A VERY HARDWORKING
2 STAFF AND THEY EARNED EVERY PENNY.

3 CHAIRMAN KLEIN: ALL RIGHT. IS THERE A
4 MOTION TO APPROVE THE BUDGET?

5 MR. GOLDBERG: SHALL I MAKE A MOTION AS
6 CHAIR? I HAVE A QUESTION FOR THE CHAIR, WHICH IS
7 WHETHER OR NOT TO INCLUDE THE SALARY AND RELOCATION
8 EXPENSES AS PROPOSED FOR THE VICE PRESIDENT OF
9 OPERATIONS POSITION WHICH WE APPROVED INTO THIS
10 BUDGET?

11 CHAIRMAN KLEIN: SO YOUR MOTION WOULD BE
12 TO APPROVE THE BUDGET WITH THE AUGMENTATION
13 NECESSARY TO ACCOMMODATE THE PERSONNEL ADDITION WE
14 JUST MADE FOR DR. ROBSON?

15 MR. GOLDBERG: THAT'S CORRECT.

16 CHAIRMAN KLEIN: OKAY. IS THERE A SECOND
17 FOR THIS MOTION?

18 MR. ROTH: JUST A QUESTION. IS IT IN THE
19 FORECAST OR NOT?

20 MR. GOLDBERG: IT'S NOT IN THIS NUMBER.

21 MS. FERGUSON: IT IS NOT.

22 CHAIRMAN KLEIN: THERE WAS A DESIRE NOT TO
23 PRESUME WHETHER IT WOULD BE APPROVED OR NOT, SO
24 THAT'S WHY IT WASN'T IN.

25 DR. BRYANT: SECOND.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: DR. BRYANT IS THE SECOND;
2 IS THAT CORRECT?

3 DR. BRYANT: YES.

4 CHAIRMAN KLEIN: YES. ALL RIGHT. SO
5 THERE'S A MOTION AND SECOND. IS THERE PUBLIC
6 COMMENT?

7 MR. SIMPSON: FIRST OF ALL, I'D LIKE TO
8 ACKNOWLEDGE THE HARDWORKING STAFF, AND I'D ALSO LIKE
9 TO CLARIFY. WAS THIS A FREEZE FOR THE CALENDAR YEAR
10 OR FOR THE FISCAL YEAR?

11 CHAIRMAN KLEIN: CALENDAR YEAR.

12 MR. SIMPSON: CALENDAR YEAR. AND IS THAT
13 REFLECTED IN THE BUDGET NOW? HAVE YOU SUBTRACTED
14 THAT AMOUNT? YOU'VE JUST ADDED --

15 CHAIRMAN KLEIN: GOOD QUESTION. HAS
16 THE -- DOES THE BUDGET REFLECT THE SAVINGS FROM THE
17 FREEZE?

18 MS. FERGUSON: NO.

19 CHAIRMAN KLEIN: NO, IT DOES NOT.

20 MR. SIMPSON: WILL YOU TAKE IT OUT OR
21 YOU'RE JUST GOING TO LEAVE IT? I UNDERSTAND.
22 CONTINGENCY IS IF THINGS GET BETTER --

23 CHAIRMAN KLEIN: IT'S A CONTINGENCY IN
24 CASE THINGS GET BETTER.

25 MR. SIMPSON: TWO OTHER SERIOUS QUESTIONS

BARRISTERS' REPORTING SERVICE

1 THOUGH. I ALWAYS WAS TAUGHT THAT BUDGETS ARE BUILT
2 ON ASSUMPTIONS, AND A KEY TO UNDERSTANDING THE
3 BUDGET IS KNOWING WHAT THE ASSUMPTIONS ARE. AND IN
4 A COUPLE OF AREAS, IF YOU LOOK AT THE PERCENTAGES,
5 THEY'RE HUGE AMOUNTS. THIS IS TRAVEL SPECIFICALLY.
6 AND THE UNDERLYING ASSUMPTION THAT I CAN HEAR RIGHT
7 NOW IS WE ASSUME THEY'RE GOING TO BE TRAVELING A
8 LOT. AND THAT MAY WELL BE VALID TRAVEL, BUT I THINK
9 YOU NEED TO HAVE SOME FURTHER EXPLANATION OF HOW
10 MANY TRIPS AT WHAT COST. THAT'S -- ALL THE BUDGETS
11 I EVER BUILD ABOUT FOREIGN TRAVEL AND SO ON, YOU
12 SAY, OKAY, WE'RE ESTIMATING WE'RE GOING TO HAVE TEN
13 TRIPS AT X AMOUNT AND THOSE FIGURES AREN'T THERE.

14 I DID MY OWN LITTLE MENTAL ARITHMETIC, AND
15 I FIGURED IF EVERY TRIP WAS \$3,000, YOU'VE GOT A 186
16 TRIPS, THAT'S A LITTLE MORE THAN THREE PEOPLE A WEEK
17 TRAVELING. THAT MAY BE VALID. I DON'T KNOW. BUT
18 WITHOUT THOSE ASSUMPTIONS, IT'S VERY DIFFICULT TO
19 UNDERSTAND WHAT'S AT STAKE. SO I'M CALLING FOR A
20 LITTLE MORE DISCLOSURE OF THE ASSUMPTIONS THAT WENT
21 INTO BUILDING THIS. THEY MUST HAVE BEEN THERE. IF
22 THEY WEREN'T, THEN IT'S JUST SORT OF PUTTING YOUR
23 FINGER UP IN THE AIR AND SAYING WE GOT TO TRAVEL A
24 LOT.

25 THE SAME THING WITH EXTERNAL CONTRACTS.

BARRISTERS' REPORTING SERVICE

1 THEY' RE GOING UP 50 PERCENT. COULD BE WELL
2 JUSTIFIED, BUT USUALLY, YOU KNOW, THIS IS LIKE THE
3 TOP SHEET OF THE BUDGET, AND THEN THERE' S ANOTHER
4 FIVE OR TEN PAGES WHERE YOU CAN GO IN AND SAY, OH, I
5 SEE THIS, I SEE THIS, AND THEN THAT' S THE TIME WHEN
6 THINGS PERHAPS GO AWRY WHEN YOU SAY, OH, WHOOPS. WE
7 CAN' T DO \$3,000 TRIPS, THREE OF THEM A WEEK. WE CUT
8 BACK TO TWO \$2,000-A-WEEK TRIPS. SO I FIND THAT
9 MISSING AND DISAPPOINTING, ALTHOUGH THE BUDGET
10 DOCUMENTS ARE GETTING BETTER AND IMPROVING, THAT
11 KIND OF UNDERLYING ASSUMPTION, I THINK, IS CRITICAL
12 TO UNDERSTANDING WHAT YOU' RE DOING FOR THE PUBLIC' S
13 BENEFIT. THANK YOU.

14 CHAIRMAN KLEIN: I THINK THE DETAIL FOR
15 THE PUBLIC IS GOOD. OFFICE OF THE CHAIR CERTAINLY
16 AND HOPEFULLY, ALAN, YOU CAN SPEAK TO THE REST OF
17 THE TRAVEL ASSUMPTIONS SHOULD ALL BE RELEASED FOR
18 MR. SIMPSON AND ANYONE ELSE WHO IS INTERESTED IN THE
19 INFORMATION. THEY' RE VERY DETAILED BUDGETS THAT
20 HAVE BEEN WORKED OUT. THE EXTERNAL CONTRACTS, THOSE
21 ASSUMPTIONS AS WELL SHOULD BE MADE AVAIL ABLE. AND,
22 DR. TROUNSON, WOULD YOU LIKE TO ADDRESS THAT?

23 DR. TROUNSON: WELL, I THINK THAT' S RIGHT.
24 AND WE' VE BEEN THROUGH AN ITERATIVE PROCESS BECAUSE
25 WE HAD TO SUPPLY THIS INFORMATION FOR THE STATE

BARRISTERS' REPORTING SERVICE

1 AGENCIES. SO WE WENT THROUGH A CHALLENGE PROCESS IN
2 ORDER TO ENSURE THAT WHAT WAS BEING FORECAST WAS
3 REALISTIC, WAS RELEVANT, AND WAS IN THE INTEREST,
4 AGAIN, OF THE MISSION. SO WE HAVE ALL THOSE
5 DETAILS, AND I'M QUITE PREPARED TO RELEASE THOSE.
6 THEY'RE ALL UNDERLYING DOCUMENTATION FOR THE
7 CONTRACTS AREAS ISSUES. I'M QUITE PREPARED TO
8 RELEASE ALL OF THAT.

9 THIS WAS A MAJOR OVERVIEW, AND SO, YOU
10 KNOW, RATHER THAN SORT OF DELUGE YOU IN PAPER, BUT
11 ALL OF THOSE -- ALL OF THOSE ASSUMPTIONS, I REASSURE
12 JOHN SIMPSON, HAVE BEEN DONE WITH DUE DILIGENCE, AND
13 WE'LL PROVIDE HIM AND OTHERS INTERESTED IN THOSE
14 INFORMATION AS REQUIRED.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
16 YES, DR. POMEROY.

17 DR. POMEROY: WHILE I AGREE WITH ALL THE
18 POINTS THAT HAVE BEEN MADE, I JUST WANTED TO ADD
19 THAT WE HAVE HAD ONGOING DISCUSSIONS ABOUT THE
20 TALENT OF OUR SCIENTIFIC OFFICERS AND THE CHALLENGES
21 THAT THEY FACE IN KEEPING UP IN THIS INCREDIBLE
22 FIELD, AND HOW WE WANTED TO INVEST IN THEM BY
23 SENDING THEM OFF TO THESE CONFERENCES. AND I THINK
24 IT'S A VERY GOOD INVESTMENT. SO DETAILS ARE GOOD,
25 BUT CONCEPTUALLY THIS WAS A VERY IMPORTANT PART OF

BARRISTERS' REPORTING SERVICE

1 THE BUDGET.

2 CHAIRMAN KLEIN: THANK YOU. THANK YOU
3 VERY MUCH. I'D LIKE TO SEE IF WE HAVE A MOTION
4 PENDING; IS THAT CORRECT? WE'VE HAD PUBLIC COMMENT.
5 SO I'D LIKE A VOICE VOTE. ALL IN FAVOR. OPPOSED?
6 THANK YOU VERY MUCH. AND THANK THE STAFF.

7 WE NEED, FOR TECHNICAL REASONS, MY
8 UNDERSTANDING IS TO POSSIBLY RETAKE THE VOTE AS THEY
9 HAVE CROSS VERIFIED THERE ARE TWO APPLICATIONS THAT
10 NEED ONE MORE BOARD MEMBER. JOAN, DESPITE
11 CHALLENGES, HAS GRACIOUSLY AND HEROICALLY REJOINED
12 US. THANK YOU, JOAN. AND IF WE COULD HAVE
13 DR. HAWGOOD BACK.

14 MS. KING: WE DON'T NEED DR. HAWGOOD. WE
15 NEED JOAN.

16 CHAIRMAN KLEIN: WE NEED JOAN BECAUSE -- I
17 SEE. WE'RE LOOKING SPECIFICALLY AT WHO'S CONFLICTED
18 ON WHICH APPLICATIONS. SO THIS IS WHICH VOTES FOR
19 THE APPROVAL OF THE APPLICATIONS?

20 MR. HARRISON: LET'S TAKE THESE ONE AT A
21 TIME IF WE COULD. IT MIGHT BE EASIEST. THERE ARE
22 TWO APPLICATIONS WITHIN CATEGORY OF TIER 1 FOR WHICH
23 WE NEEDED AN ADDITIONAL VOTE. THEY'RE APPLICATIONS
24 NO. 652 AND 656. SO IF WE COULD JUST TAKE THOSE,
25 AND I WILL CALL OUT THE CONFLICTS. ON 652, MEMBERS

BARRISTERS' REPORTING SERVICE

1 FEIT, HAWGOOD, LANSING, PENHOET, AND SHEEHY MAY NOT
2 PARTICIPATE IN THE VOTE.

3 CHAIRMAN KLEIN: SO ON 652, IS THERE A
4 MOTION?

5 MR. ROTH: I MOVE APPROVAL OF 652.

6 CHAIRMAN KLEIN: IS THERE A SECOND?

7 DR. PRICE: SECOND.

8 CHAIRMAN KLEIN: SECOND BY DR. PRICE.
9 BOARD COMMENT? PUBLIC COMMENT? IF YOU COULD HAVE
10 THE ROLL CALL, PLEASE.

11 MS. KING: WE CERTAINLY CAN.

12 DONALD DAFOE.

13 DR. DAFOE: YES, EXCEPT FOR THOSE WITH
14 WHICH I HAVE A CONFLICT.

15 MS. KING: THIS IS JUST ON 652.

16 ROBERT PRICE.

17 DR. PRICE: YES.

18 MS. KING: DAVID BRENNER.

19 DR. BRENNER: YES.

20 MS. KING: SUSAN BRYANT.

21 DR. BRYANT: YES.

22 MS. KING: LEEZA GIBBONS.

23 MS. GIBBONS: YES.

24 MS. KING: MICHAEL GOLDBERG.

25 MR. GOLDBERG: YES.

BARRISTERS' REPORTING SERVICE

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MS. KING: BOB KLEIN.
CHAIRMAN KLEIN: YES.
MS. KING: LEONARD ROME.
DR. ROME: YES.
MS. KING: TED LOVE.
DR. LOVE: YES.
MS. KING: TINA NOVA.
DR. NOVA: YES.
MS. KING: CLAIRE POMEROY.
DR. POMEROY: YES.
MS. KING: FRANCISCO PRIETO.
DR. PRIETO: YES.
MS. KING: DUANE ROTH.
MR. ROTH: YES.
MS. KING: JOAN SAMUELSON.
MS. SAMUELSON: YES.
MS. KING: OSWALD STEWARD.
DR. STEWARD: YES.
MS. KING: THAT MOTION CARRIES.
CHAIRMAN KLEIN: OKAY. THE NEXT ITEM,
COUNSEL.
MR. HARRISON: THE NEXT ITEM IS
APPLICATION 656, AND THE CONFLICTS ON THAT
APPLICATION ARE FEIT, HAWGOOD, LANSING, PENHOET AND
SHEEHY, THE SAME. I'M SORRY. COULD HAVE DONE THEM

BARRISTERS' REPORTING SERVICE

1 TOGETHER. I APOLOGIZE.
2 CHAIRMAN KLEIN: OKAY. IS THERE A BOARD
3 COMMENT? IS THERE A BOARD MOTION? 656.
4 MR. ROTH: I MOVE APPROVAL OF 656.
5 DR. PRICE: SECOND.
6 CHAIRMAN KLEIN: SECOND, DR. PRICE.
7 PUBLIC COMMENT? SEEING NONE, ROLL CALL.
8 MS. KING: DONALD DAFOE.
9 DR. DAFOE: YES.
10 MS. KING: ROBERT PRICE.
11 DR. PRICE: YES.
12 MS. KING: DAVID BRENNER.
13 DR. BRENNER: YES.
14 MS. KING: SUSAN BRYANT.
15 DR. BRYANT: YES.
16 MS. KING: LEEZA GIBBONS.
17 MS. GIBBONS: YES.
18 MS. KING: MICHAEL GOLDBERG.
19 MR. GOLDBERG: YES.
20 MS. KING: BOB KLEIN.
21 CHAIRMAN KLEIN: YES.
22 MS. KING: LEONARD ROME.
23 DR. ROME: YES.
24 MS. KING: TED LOVE.
25 DR. LOVE: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: TINA NOVA.

2 DR. NOVA: YES.

3 MS. KING: CLAIRE POMEROY.

4 DR. POMEROY: YES.

5 MS. KING: FRANCISCO PRIETO.

6 DR. PRIETO: YES.

7 MS. KING: DUANE ROTH.

8 MR. ROTH: YES.

9 MS. KING: JOAN SAMUELSON.

10 MS. SAMUELSON: YES.

11 MS. KING: OSWALD STEWARD.

12 DR. STEWARD: YES.

13 MS. KING: THAT MOTION --

14 CHAIRMAN KLEIN: OKAY. WITH THAT, WE'RE
15 GOING TO ADJOURN FOR FIVE MINUTES JUST AS A BREAK.
16 THANK YOU.

17 (A RECESS WAS TAKEN.)

18 CHAIRMAN KLEIN: WOULD THE BOARD LIKE TO
19 TAKE A SHORT LUNCH BREAK AT THIS TIME, OR WOULD YOU
20 LIKE TO ALTERNATIVELY PICK UP LUNCH AND EAT IT WHILE
21 YOU'RE WORKING? BRING IT BACK. BRING IT BACK. SO
22 FIVE-MINUTE BREAK. WE'RE GOING TO PICK UP LUNCH.
23 PROBABLY TAKE US ABOUT 15 MINUTES TO GET BACK IN THE
24 ROOM GOING THROUGH THE BUFFET LINES. THANK YOU.

25 I WOULD LIKE TO POINT OUT THAT I REALLY

BARRISTERS' REPORTING SERVICE

1 DIDN'T UNDERSTAND THE DIRECTION FROM THE BOARD WHEN
2 WE BROKE AND NEITHER DID THE VICE CHAIR. THE CHAIR
3 AND THE VICE CHAIR AND THE LEEZA GIBBONS ATE THEIR
4 LUNCH HERE WHILE THE REST OF THE BOARD SEEMED TO
5 WANT TO EAT IN THE OTHER ROOM. SO IT IS AN
6 ORGANIZATION THAT CONTINUES TO BE IN REAL-TIME, YOU
7 KNOW, VERY NIMBLE.

8 OKAY. THANK YOU VERY MUCH FOR YOUR
9 PATIENCE AS WE MAKE STEADY PROGRESS HERE. GIVEN THE
10 NUMBER OF INDIVIDUALS HERE THAT ARE IMPORTANT FOR A
11 QUORUM, I'D LIKE TO ASK THE PRESIDENT IF WE COULD
12 PLEASE ASK THE PRESIDENT TO RECONVENE.

13 MS. KING: I BELIEVE HE'S ON HIS WAY.

14 CHAIRMAN KLEIN: OKAY. WELL, IT WAS THE
15 BOARD THAT WAS GOING TO EAT HERE. OKAY. DR.
16 TROUNSON, IF YOU COULD INDICATE IN ORDER OF
17 PRIORITY. WE HAVE TO DEAL WITH ITEM 22. WE
18 HAVE -- IS MARCY STILL HERE?

19 MS. KING: MARCY IS TO YOUR LEFT.

20 CHAIRMAN KLEIN: THERE'S DARCI. GREAT.
21 MR. PRESIDENT, IN TERMS OF, AND COUNSEL, IN TERMS OF
22 ITEMS WE NEED TO ABSOLUTELY MOVE ON TODAY, CAN YOU
23 GIVE ME SOME INPUT HERE?

24 MR. HARRISON: WE'LL DEFER TO THE
25 PRESIDENT, BUT I BELIEVE WE DO NEED THE BOARD'S

BARRISTERS' REPORTING SERVICE

1 ATTENTION TO ITEM NO. 25, THE ADOPTION OF AMENDMENTS
2 TO OUR INTELLECTUAL PROPERTY REGULATIONS, AND I
3 BELIEVE THAT, GIVEN THE SPEED AT WHICH THINGS ARE
4 MOVING IN THE LEGISLATURE, WE ALSO NEED THE BOARD'S
5 CONSIDERATION OF ITEM NO. 22, THE RECOMMENDATIONS
6 FROM THE LEGISLATIVE SUBCOMMITTEE.

7 CHAIRMAN KLEIN: AND ON ITEM 23.

8 DR. TROUNSON: MR. CHAIR, I THINK WE WOULD
9 VERY MUCH LIKE THAT TO BE CONSIDERED. ALSO, ITEM
10 26, NEW MEMBERS FOR THE STANDARDS WORKING GROUP, I
11 THINK IT WILL BE DEALT WITH REASONABLY QUICKLY, BUT
12 I THINK WE SHOULD DO THAT. AND 21, IF WE COULD GET
13 IT DONE, A PROPOSAL TO INITIATE REGULATORY PROCESS
14 FOR AMENDING THE GAP FOR ACADEMIC AND NONPROFITS IF
15 WE COULD.

16 CHAIRMAN KLEIN: WHAT WAS THAT NUMBER,
17 PLEASE?

18 DR. TROUNSON: THAT'S NO. 21. SO 26, 21.

19 MS. KING: CHAIRMAN KLEIN, JUST TO REMIND
20 YOU, ACTUALLY WE'RE NOT CONSIDERING ITEM NO. 26
21 TODAY. WE DON'T HAVE ANY CANDIDATES.

22 MS. LANSING: LET ME, JUST FOR THE RECORD,
23 WE'RE NOT READY. IT'S STILL IN PROCESS OF
24 DISCUSSION.

25 CHAIRMAN KLEIN: OKAY. THANK YOU. ALL

BARRISTERS' REPORTING SERVICE

1 RIGHT. LET US DO THIS AS WE MOVE DOWN THIS LIST.

2 I'M GOING TO TAKE ITEM 22 HERE.

3 MR. ROTH: MR. CHAIRMAN, ON ITEM 18.

4 CHAIRMAN KLEIN: YES, ON ITEM 18, I'M
5 GOING TO COME TO RIGHT AFTER 22.

6 MR. ROTH: OKAY.

7 CHAIRMAN KLEIN: SEE IF I CAN MOVE QUICKLY
8 ON ITEM 22. ALL RIGHT. THE REPORT FOR THE
9 LEGISLATIVE SUBCOMMITTEE, SUE NORTH.

10 MS. NORTH: THANK YOU, MR. CHAIRMAN,
11 MEMBERS. THE LEGISLATIVE SUBCOMMITTEE MET LAST
12 FRIDAY, I BELIEVE IT WAS. AND WE WENT OVER
13 ESSENTIALLY THREE DIFFERENT BILLS. AND IN THE
14 INTEREST OF TIME, LET ME TAKE THEM A LITTLE BIT OUT
15 OF ORDER.

16 FIRST OF ALL, AB 2296, THIS IS A BILL
17 SPONSORED BY THE UNIVERSITY OF CALIFORNIA THAT DEALS
18 WITH PROPOSING ESSENTIALLY A SIMILAR CIVIL LIABILITY
19 AND CRIMINAL LIABILITY STANDARD FOR TERRORIST ACTS
20 COMMITTED AGAINST ANIMAL RESEARCH PERSONNEL AND
21 RESEARCH PROGRAMS. AND THAT BILL TWO DAYS AGO WAS
22 GUTTED ESSENTIALLY BY THE SENATE JUDICIARY
23 COMMITTEE. IT IS NOW INTENT LANGUAGE ONLY. SO
24 WHEREAS THE SUBCOMMITTEE HAD RECOMMENDED A SUPPORT
25 POSITION, AT THIS STAGE, I THINK IT MAKES MORE SENSE

BARRISTERS' REPORTING SERVICE

1 TO CONSIDER A WATCH AND BRING IT BACK IN AUGUST WHEN
2 WE SEE WHAT, IF ANYTHING, THEY'RE ABLE TO PUT BACK
3 INTO THE BILL.

4 CHAIRMAN KLEIN: OKAY. AS THE BOARD
5 LISTENS ON THESE BILLS, IT'S BEEN SUGGESTED THAT AS
6 ONE OF OUR ACTIONS UNDER THIS ITEM AS WE TAKE
7 POSITIONS TO SEE IF THE BOARD'S WILLING TO AUTHORIZE
8 THE LEGISLATIVE SUBCOMMITTEE TO TAKE INTERIM
9 POSITIONS BECAUSE WAITING TWO MONTHS AT THIS TIME IN
10 THE CYCLE IS JUST TOO LONG TO BE ABLE TO RESPOND.
11 TRYING TO WORK WITH SPONSORS, IT'S AN EASIER GROUP
12 TO GET TOGETHER TO HAVE A SUBCOMMITTEE IF WE HAVE
13 FUNDAMENTAL AGREEMENT ON THE CONCEPT.

14 SO LET'S GO THROUGH AND SEE WHAT WE HAVE
15 WITH 1565, PLEASE.

16 MS. NORTH: OKAY. I'VE PASSED OUT FOR YOU
17 A LETTER FROM SENATOR SHEILA KUEHL, AND I BELIEVE
18 SENATOR RUNNER COSIGNED THE LETTER AS WELL, WHICH
19 SHOULD BE IN THE PILE OF PAPER IN FRONT OF YOU. I
20 WROTE 22 ON THE TOP OF IT BECAUSE IT RELATED TO THIS
21 ITEM.

22 EARLY LAST WEEK -- EXCUSE ME -- EARLIER
23 THIS WEEK, THIS BEING A DEADLINE WEEK IN THE
24 LEGISLATURE, THIS BILL WAS HEARD FOR ITS SECOND
25 POLICY COMMITTEE HEARING IN THE ASSEMBLY AT ASSEMBLY

BARRISTERS' REPORTING SERVICE

1 JUDICIARY COMMITTEE. AND AT THAT TIME I RAISED
2 CONCERNS BEFORE THE COMMITTEE. THE LARGEST AT THE
3 TIME WAS RELATIVE TO THEIR OWN JURISDICTION WITH OUR
4 IP POLICIES. THERE'S A PROVISION IN SENATOR KUEHL'S
5 BILL WHERE SHE'S PROPOSING TO PUT INTO STATUTE ONE
6 SECTION OF LAW THAT IS LIFTED OUT OF -- CONCEPTUALLY
7 OUT OF OUR IP REGULATIONS AND CHANGED SLIGHTLY TO
8 HER LIKING.

9 THE LITERAL LANGUAGE OF THE BILL IN ITS
10 PRESENT FORM, AS WE WERE READING IT, INDICATED THAT
11 PUBLIC PURCHASERS, THAT IS STATE AND LOCAL
12 GOVERNMENT PURCHASERS OF COMMERCIALIZED PRODUCTS,
13 WOULD BE GUARANTEED THE LOWEST BENCHMARK PRICE UNDER
14 CALRX, WHICH OUR ACCESS PLAN REQUIREMENTS IN OUR
15 CURRENT IP REGULATIONS ARE TIED TO THE CALRX
16 PROGRAM.

17 SENATOR KUEHL ARGUED THAT THEY WERE NOT
18 READING HER LANGUAGE CORRECTLY, ALTHOUGH THE
19 COMMITTEE CHAIRMAN, DAVE JONES, TENDED TO AGREE WITH
20 OUR INTERPRETATION AS HE READ THE LANGUAGE BEFORE
21 HIM, SUGGESTING TO HER THAT IF THAT WAS NOT HER
22 INTENT, THAT WE IN EACH AND EVERY CASE HAD TO GO TO
23 THE LOWEST BENCHMARK PRICE, THAT SHE NEEDED TO AMEND
24 THE PROPOSAL IN A WAY TO MAKE IT MORE CONSISTENT
25 WITH WHAT SHE SAID HER INTENT IS, WHICH IS

BARRISTERS' REPORTING SERVICE

1 FUNDAMENTALLY ANY OF THE THREE BENCHMARK PRICES,
2 WHATEVER THE LOWEST PRIVATE PURCHASER PRICE IS IS
3 THE PRICE THAT THE PUBLIC SECTOR SHOULD BE ABLE TO
4 PURCHASE THE PRODUCT.

5 CHAIRMAN KLEIN: OKAY. FUNDAMENTAL ISSUE
6 HERE IS WE'RE ON RECORD WITH SUPPORTING CALRX
7 PRICING FOR PUBLIC ENTITIES IN CALIFORNIA. WE'RE ON
8 RECORD FOR WANTING AN ACCESS PLAN THAT'S
9 COMMERCIALLY REASONABLE AT THE TIME OF
10 COMMERCIALIZATION. BASICALLY IN TERMS OF THE
11 ABILITY TO RESPOND CREATIVELY IN TERMS OF PRICING,
12 ONE OF THE FUNDAMENTAL ISSUES HERE IS THAT THERE ARE
13 NO OUTSIDE SUBSIDIES AVAILABLE THAT WE CAN SEE IN
14 THE FORESEEABLE FUTURE FROM THE STATE.

15 SO, FOR EXAMPLE, IN THE ALZHEIMER'S AREA,
16 WHILE MOST OF THE PEOPLE WITH ALZHEIMER'S WILL BE IN
17 THEIR LATE 60S, EARLY 70S, THEY'LL BE UNDER MEDICAID
18 IF THEY HAVE FINANCIAL NEEDS. YOU HAVE AN EARLY
19 ONSET GROUP THAT'S IN THEIR 50S. THE PROBLEM IS HOW
20 DO YOU GET THAT TO BE FEASIBLY ACCESSIBLE FOR THAT
21 GROUP? WELL, IF WE HAD THE POWER TO NEGOTIATE, WE
22 COULD SAY, LOOK, OUR CALRX PRICE WILL BE SET
23 SLIGHTLY HIGHER AS LONG AS THE REVENUE STREAM FOR
24 THAT INCREMENT IS DEDICATED TO SUBSIDIZE
25 ACCESSIBILITY FOR THAT EARLY ONSET POOL.

BARRISTERS' REPORTING SERVICE

1 WE COULD EFFECTIVELY CREATE OUR OWN
2 INTERNAL SUBSIDY. NOW, IF, IN FACT, THE PRICE, THE
3 ABILITY TO SET THESE PRICES IS TAKEN AWAY FROM US,
4 WE LOSE THE ABILITY FOR CRITICAL INTERNAL CREATED
5 SUBSIDIES THAT CAN BE VITAL TO HAVE REAL AND
6 PRACTICAL ACCESSIBILITY FOR SUBGROUPS THAT ARE
7 OTHERWISE DISADVANTAGED.

8 I WOULD LIKE, THOUGH, SUE, TO HAVE ED
9 PENHOET AND MICHAEL GOLDBERG REALLY ADDRESS THE
10 LARGER ISSUE WITH IP POLICY BEING ADDRESSED IN
11 LEGISLATION AND THE IMPACT ON THE BIOTECH SECTOR'S
12 COLLABORATION WITH US WHEN THEY THINK WE DON'T HAVE
13 THE ABILITY TO PREDICTABLY HAVE PROFESSIONALS WHO
14 LOOK AT DETAILED FINANCIAL COST, WHO LOOK AT EACH
15 THERAPY, WHO LOOK AT EACH DISEASE AND ASSIGN
16 PRICING.

17 DR. PENHOET: WELL, BOB JUST MADE THE
18 ARGUMENT ABOUT FLEXIBILITY, AND SO I THINK THAT'S
19 EXTREMELY IMPORTANT GOING FORWARD. BUT IN ADDITION
20 TO THAT, WE HAVE BEEN CAREFUL -- FIRST OF ALL, WE
21 WORKED A LOT PROBABLY MORE ON THESE CLAUSES THAN ANY
22 OTHER ASPECT OF OUR INTELLECTUAL PROPERTY POLICIES.
23 AND WE WORKED VERY HARD TO ENSURE THAT NOTHING WOULD
24 HAPPEN IN CALIFORNIA TO ADDRESS THE NEEDS OF
25 CALIFORNIANS THAT WOULD ESSENTIALLY PUT A POISON

BARRISTERS' REPORTING SERVICE

1 PILL IN PLACE FOR COMPANIES' ABILITY TO MARKET
2 THROUGHOUT THE COUNTRY.

3 WE THINK THE CURRENT LANGUAGE THAT SAYS
4 THAT DRUGS PURCHASED IN CALIFORNIA SHALL SELL THESE
5 DRUGS AT A PRICE THAT DOES NOT EXCEED ANY BENCHMARK
6 PRICE IN THE PROGRAM WOULD ESSENTIALLY -- HAS THE
7 POTENTIAL TO SET IN PLACE A RUINOUS MOST FAVORED
8 NATION SET OF CLAUSES WHEN IT COMES TO PRICING FOR
9 THE FEDERAL GOVERNMENT, ETC. SO THAT'S A MAJOR
10 CONCERN. IT GOES FAR BEYOND WHAT WE INTENDED
11 BECAUSE WE WERE -- WE WANTED TO PROTECT THE INTEREST
12 OF CALIFORNIANS, BUT DIDN'T THINK IT WAS APPROPRIATE
13 TO TRY TO EXTEND THAT TO THE ENTIRE COUNTRY. SO
14 THAT'S A CRITICAL ISSUE IN THIS LANGUAGE, TO BE
15 SURE.

16 AND THEN THE FLEXIBILITY ISSUE THAT BOB
17 JUST MENTIONED IS REALLY PART OF THAT WHOLE PROBLEM.
18 THERE IS NO WAY TODAY, GIVEN THIS LANGUAGE, FOR US
19 TO HAVE ANY ABILITY TO AND, IN FACT, CARRY OUT SOME
20 WHAT ESSENTIALLY AMOUNTS TO TRADING TO PURVEYORS TO
21 MAKE SURE THAT THEY WOULD ADDRESS NEEDS THAT THEY
22 MIGHT NOT ORDINARILY SEE IN THEIR ORDINARY COURSE OF
23 THEIR BUSINESS. SO THOSE ARE CRITICAL ISSUES.

24 I THINK THOSE ARE THE TWO MOST IMPORTANT
25 THINGS. WELL, THE OTHER THING IS OUR ACCESS PROGRAM

BARRISTERS' REPORTING SERVICE

1 SAYS THEY HAVE TO HAVE A PLAN IN PLACE WHEN THEY
2 COMMERCIALIZE A PRODUCT IN CALIFORNIA. THE CURRENT
3 LANGUAGE SAYS WHEN THEY COMMERCIALIZE A PRODUCT
4 ANYWAY, THEY'D HAVE TO HAVE AN ACCESS PLAN FOR
5 CALIFORNIA. IT'S ENTIRELY POSSIBLE SOME OF THESE
6 PRODUCTS MIGHT BE APPROVED IN EUROPE OR SOME OTHER
7 PLACE THAT HAS LITTLE OR NOTHING TO DO WITH
8 CALIFORNIA. SO WE WOULD WANT TO MAKE SURE THAT IT
9 SAYS CALIFORNIA AND NOT REFER TO THE REST OF THE
10 WORLD. MICHAEL.

11 MR. GOLDBERG: I'LL ECHO WHAT BOB AND ED
12 HAVE SAID AND TAKE IT ONE STEP FURTHER COMING AS A
13 PERSON FROM INDUSTRY. I THINK THAT WE TRIED VERY
14 HARD IN THE DEVELOPMENT OF THIS POLICY TO ESTABLISH
15 A BALANCED APPROACH THAT WOULD BOTH INCENT AS WELL
16 AS ADDRESS THE INTERESTS OF CALIFORNIANS AND
17 CALIFORNIA TAXPAYERS. AND I THINK THIS REDRESSES
18 THE BALANCE IN A VERY UNFORTUNATE WAY THAT WOULD
19 HAVE UNINTENDED CONSEQUENCES IN TERMS OF
20 DISINCENTIVES FOR INDUSTRY TO PARTICIPATE IN CIRM
21 FUNDING OBJECTIVES AND, THEREFORE, NOT SUPPORT THE
22 MISSION OF THE INSTITUTE OR THE OBJECTIVE OF THE
23 POLICY.

24 DR. PENHOET: THEN ONE FINAL POINT. ALL
25 OF OUR POLICIES WITH RESPECT TO INTELLECTUAL

BARRISTERS' REPORTING SERVICE

1 PROPERTY HAVE BEEN SUBMITTED TO THE OAL. THEY DO
2 HAVE THE FULL FORCE AND EFFECT OF LAW IN CALIFORNIA,
3 BUT THEY CAN BE CHANGED BY ACTION OF THIS BODY,
4 WHICH WE'VE DONE SEVERAL TIMES. IF THESE BILLS PASS
5 IN THE LEGISLATURE, THEY BECOME STATE LAW DEFINED BY
6 THE LEGISLATURE. IT TAKES AN ACT OF THE LEGISLATURE
7 TO OVERTURN THIS. SO WE HAVE NO FLEXIBILITY
8 WHATSOEVER IN THESE AREAS GOING FORWARD. AND EVEN
9 IF THE LEGISLATURE WANTED TO OVERTURN THESE, IT
10 COULD TAKE THEM UP TO TWO YEARS TO DO THAT,
11 REQUIRING 70 PERCENT VOTE IN BOTH HOUSES IN ORDER TO
12 OVERTURN THESE THINGS.

13 SO IF THEY'RE WRONG WITH THESE, IT'S
14 ALMOST IMPOSSIBLE TO CHANGE IT IN THE FUTURE. SO
15 THAT'S ANOTHER ASPECT. NOT ONLY DO WE LOSE
16 OPERATIONAL FLEXIBILITY IN HOW WE ACTUALLY MANAGE
17 THIS PROGRAM, BUT WE HAVE A TREMENDOUS RISK OF NOT
18 BEING ABLE TO CHANGE THESE THINGS ONCE THEY'RE PUT
19 IN PLACE.

20 MS. SAMUELSON: COMMENT.

21 CHAIRMAN KLEIN: JOAN, AND LET ME SAY,
22 COUNSEL, THE AGGREGATED COUNSEL HAS TOLD ME THAT
23 THEY NEED ANOTHER QUICK VOTE AFTER THIS VOTE. I'M
24 GOING TO TRY AND SEE IF WE CAN GET CONSENSUS
25 QUICKLY. A NUMBER OF YOU HAVE DEALT WITH THIS ISSUE

BARRISTERS' REPORTING SERVICE

1 AND KNOW ABOUT THIS ISSUE FOR SOME TIME.
2 LEGISLATIVE COMMITTEE MET AND HAD A STRAW VOTE ON
3 THIS TO OPPOSE THIS BILL. I'M GOING TO CALL ON JOAN
4 AND THEN SEE WHAT WE CAN MOVE TO.

5 MS. SAMUELSON: I APPRECIATE THAT WHAT WE
6 HAVE NOW BEFORE IT'S FURTHER EDITED IS A BALANCED
7 APPROACH, BUT I HAVE TO SAY I DON'T THINK THE PEOPLE
8 OF CALIFORNIA, WHEN THEY OVERWHELMINGLY PASSED PROP
9 71, EXPECTED A BALANCE. THEY WANTED THE MILLIONS OF
10 AMERICANS SUFFERING WITH INTRACTABLE DISORDERS AND
11 THE HUNDREDS OR THOUSANDS OF PEOPLE WHO ARE DYING
12 EVERY DAY IN THIS STATE FROM THESE DISEASES THAT WE
13 ALL KNOW ABOUT TO GET A RESCUE IN SOME AMOUNT OF
14 TIME THAT ANYBODY COULD REMOTELY IMAGINE BEING ABLE
15 TO ENDURE STRUGGLING, CONTINUING TO STRUGGLE.

16 AND I HEARD YESTERDAY FROM ALAN THAT BIO
17 AND PHARMA DON'T LIKE OUR POLICY NOW WITH THAT
18 BALANCED APPROACH. THAT'S WHAT I UNDERSTOOD. AND I
19 HEARD AT ONE OF WORKSHOPS WE HAD, THE DISEASE
20 TEAMWORK SHOP, THE BIO AND PHARMA PEOPLE THERE SAID
21 THEY THOUGHT IT WAS RESTRICTIVE, AND THEY WERE
22 CONCERNED ABOUT IT.

23 IF WE'RE NOT GOING TO BE ABLE TO DEVELOP
24 THOSE RESCUES BECAUSE WE HAVE AN IP POLICY THAT'S
25 TOO RESTRICTIVE FOR INDUSTRY, WE'RE LETTING DOWN THE

BARRISTERS' REPORTING SERVICE

1 PEOPLE OF CALIFORNIA WHO DON'T CARE AS MUCH ABOUT IP
2 AND THE RETURN IN MONEY TO ANYBODY'S BANK ACCOUNT IN
3 THE STATE NEARLY AS MUCH AS THEY CARE ABOUT DEALING
4 WITH THE IMMEDIATE ISSUE. AND HERE WE'RE TALKING
5 ABOUT MAKING IT WORSE. IT'S JUST INCONCEIVABLE TO
6 ME THAT THE PEOPLE WANT THAT.

7 CHAIRMAN KLEIN: OKAY. DR. BRYANT. AND
8 THE KEY IS THAT WE HAVE ON THE GRANTS A QUICK --
9 OKAY. WE DON'T NEED SHERRY'S VOTE FOR THE
10 LEGISLATIVE.

11 MR. HARRISON: THAT'S RIGHT.

12 CHAIRMAN KLEIN: OKAY. FINE.

13 MS. KING: WE NEED HER FOR THIS.

14 CHAIRMAN KLEIN: OKAY. SO I'M GOING TO
15 SUSPEND THIS DISCUSSION. MOVE BACK TO THE DISEASE
16 TEAM GRANTS AND, AGAIN, THIS IS A TECHNICAL ISSUE.
17 WE ADDRESSED IT AS TO THE RECOMMENDED GRANTS. WE
18 NEED TO ADDRESS IT AS TO THE OTHER TWO CLASSES.

19 MR. HARRISON: CORRECT. WE NEED TO TAKE
20 ANOTHER VOTE ON THE MOTION NOT TO FUND THOSE
21 APPLICATIONS IN TIERS 2 AND 3 OF THE DISEASE TEAM
22 PLANNING GRANT APPLICATIONS.

23 CHAIRMAN KLEIN: SO YOU NEED A MOTION NOT
24 TO FUND TIERS 2 AND 3.

25 MR. ROTH: MOTION TO NOT FUND TIERS 2 AND

BARRISTERS' REPORTING SERVICE

1 3.

2 CHAIRMAN KLEIN: OKAY. FROM DUANE ROTH.

3 MS. GIBBONS: SECOND.

4 CHAIRMAN KLEIN: SECOND FROM DR. BRYANT.

5 DISCUSSION?

6 MR. HARRISON: I THINK THE SECOND WAS FROM
7 SOMEONE ELSE. LEEZA.

8 CHAIRMAN KLEIN: THANK YOU, LEEZA. OKAY.
9 DISCUSSION FROM THE BOARD? DISCUSSION FROM THE
10 PUBLIC? SEEING NONE, ROLL CALL. IN THIS PARTICULAR
11 CASE YOU'RE GOING TO VOTE FOR THE MOTION EXCEPT FOR
12 THOSE FOR WHICH YOU ARE IN CONFLICT.

13 MS. KING: DONALD DAFOE.

14 DR. DAFOE: YES, EXCEPT FOR WHICH I HAVE A
15 CONFLICT.

16 MS. KING: ROBERT PRICE.

17 DR. PRICE: YES, EXCEPT FOR THOSE IN WHICH
18 I HAVE A CONFLICT.

19 MS. KING: DAVID BRENNER.

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

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: YES, EXCEPT FOR THOSE IN
24 WHICH I HAVE A CONFLICT.

25 MS. KING: MARCY FEIT.

BARRISTERS' REPORTING SERVICE

1 MS. FEIT: YES, EXCEPT FOR THOSE IN WHICH
2 I HAVE A CONFLICT.

3 MS. KING: LEEZA GIBBONS.

4 MS. GIBBONS: YES.

5 MS. KING: MICHAEL GOLDBERG.

6 MR. GOLDBERG: YES, EXCEPT FOR THOSE IN
7 WHICH I HAVE A CONFLICT.

8 MS. KING: SAM HAWGOOD.

9 DR. HAWGOOD: YES, EXCEPT FOR THOSE IN
10 WHICH I HAVE A CONFLICT.

11 MS. KING: BOB KLEIN.

12 CHAIRMAN KLEIN: YES.

13 MS. KING: SHERRY LANSING. LEONARD ROME.

14 DR. ROME: YES, EXCEPT FOR THOSE FOR WHICH
15 I HAVE A CONFLICT.

16 MS. KING: TED LOVE.

17 DR. LOVE: YES.

18 MS. KING: TINA NOVA.

19 DR. NOVA: YES.

20 MS. KING: CLAIRE POMEROY.

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

23 MS. KING: FRANCISCO PRIETO.

24 DR. PRIETO: YES, EXCEPT FOR THOSE FOR
25 WHICH I HAVE A CONFLICT.

BARRISTERS' REPORTING SERVICE

1 MS. KING: DUANE ROTH.

2 MR. ROTH: YES.

3 MS. KING: JOAN SAMUELSON.

4 MS. SAMUELSON: YES.

5 MS. KING: JEFF SHEEHY.

6 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH
7 WHICH I HAVE A CONFLICT.

8 MS. KING: AND OSWALD STEWARD.

9 DR. STEWARD: YES, EXCEPT FOR THOSE IN
10 WHICH I HAVE A CONFLICT.

11 CHAIRMAN KLEIN: SO LET IT NEVER BE SAID
12 THAT WE TAKE THESE VOTES IN A RELAXED MANNER AND
13 THAT WE DON'T LOOK AT THE EXTREME DETAIL BEHIND EACH
14 OF THESE VOTES FOR AVOIDANCE OF CONFLICTS AND MAKING
15 SURE THAT WE MEET EVERY EXCEPTION TO THE LETTER.

16 YES, DR. BRYANT.

17 DR. BRYANT: I JUST WANTED TO RESPOND TO
18 JOAN BECAUSE I COMPLETELY UNDERSTAND WHAT LIES
19 BEHIND YOUR COMMENTS, AND I AGREE WITH IT EXCEPT
20 THAT IF WE DON'T -- IF WE PRICE IT IN SUCH A WAY
21 THAT NO BIOTECH COMPANY OR OTHER AGENCY IS GOING TO
22 PICK IT UP AND COMMERCIALIZE IT, THEN WE'VE WASTED
23 ALL THE MONEY THAT WE'VE SPENT.

24 CHAIRMAN KLEIN: SHE WAS SPEAKING TO YOUR
25 SAME POINT.

BARRISTERS' REPORTING SERVICE

1 DR. BRYANT: OH, I THOUGHT YOU WERE SAYING
2 THE OTHER THING. SORRY. MI SHEARD.

3 MS. SAMUELSON: I THINK IT'S IMPORTANT WE
4 BE CLEAR ABOUT THIS. AS I UNDERSTAND THE
5 LEGISLATURE, THEY'RE TRYING TO GET MORE OF A RETURN
6 TO THE PUBLIC TREASURY FOR THE PEOPLE OF CALIFORNIA.

7 CHAIRMAN KLEIN: WELL, IN THIS PARTICULAR
8 CASE, THEY'RE TRYING TO SPECIFY RIGIDLY THE PRICING
9 METHODOLOGY BECAUSE THEY'RE CONCERNED ABOUT
10 ACCESSIBILITY.

11 MS. SAMUELSON: RIGHT. RIGHT. RIGHT.

12 CHAIRMAN KLEIN: THE PROBLEM IS THAT IT IS
13 DYSFUNCTIONAL.

14 MS. SAMUELSON: RIGHT. SO THEIR CONCERN
15 IS ACCESS TO THE PRODUCTS THAT ARE GOING TO BE
16 DEVELOPED FROM OUR WORK, BUT THERE AIN'T GOING TO BE
17 NO PRODUCTS BECAUSE THIS IS A NEW TECHNOLOGY AND
18 THIS IS DIFFICULT, EXPENSIVE, CHALLENGING WORK.
19 IT'S NOT GOING TO GET DONE IF INDUSTRY ISN'T GOING
20 TO COME TO THE TABLE. SO WE'RE AGREEING.

21 CHAIRMAN KLEIN: THANK YOU.

22 MS. SAMUELSON: JUST WANTED TO BE CLEAR.

23 CHAIRMAN KLEIN: OKAY. SO, SUE, I WOULD
24 LIKE TO SEE -- DR. PRIETO.

25 DR. PRIETO: I GUESS JUST A QUESTION FOR

BARRISTERS' REPORTING SERVICE

1 SUE AND ED, WHETHER THEY THINK THIS LETTER FROM
2 SENATOR KUEHL INDICATES ANY MOVEMENT IN OUR
3 DIRECTION AND HOW SERIOUS THAT MIGHT BE.

4 MS. NORTH: I THINK FROM OUR PERSPECTIVE,
5 IT IS MOVEMENT. FROM HER PERSPECTIVE IT'S
6 CLARIFYING HER INTENT ALL ALONG. SHE WAS CONCERNED
7 BECAUSE SHE DIDN'T THINK WE WERE READING THE
8 LANGUAGE OF HER BILL CORRECTLY. SO SHE IS ARGUING
9 THAT IT'S NOT HER INTENT TO FORCE LOWEST BENCHMARK
10 PRICE FOR EACH AND EVERY PRODUCT, BUT RATHER TO
11 ASSURE THAT PUBLIC PURCHASERS GET THE BEST PRICE OF
12 THE DEALS THAT ARE OUT THERE PRODUCT BY PRODUCT.

13 CHAIRMAN KLEIN: AND THERE'S CONSENSUS
14 AMONG THE LAWYERS WHO LOOKED AT THIS AND WITH THE
15 AGENCY AND WITH INSTITUTIONS THAT HER BILL NEEDS TO
16 BE CHANGED BECAUSE THE LANGUAGE RIGHT NOW APPEARS TO
17 REQUIRE THE LOWEST PRICE WHICH WOULD, IN FACT,
18 TRIGGER A MEDICAID BEST PRICE.

19 DR. PRIETO: I THINK THAT, YOU KNOW, WHAT
20 I'M GATHERING IS THAT SHE'S HEARING THAT FROM US AND
21 SHE MUST BE HEARING IT FROM SOME OTHER MEMBERS OF
22 THE LEGISLATURE WHO HAVE HEARD OUR MESSAGE.

23 MS. NORTH: YES. AND ALSO VERY QUICKLY,
24 IN FAIRNESS TO HER, THE ADDITIONAL ISSUES THAT I
25 HAVE SUCCINCTLY ARTICULATED AS I POSSIBLY CAN TO

BARRISTERS' REPORTING SERVICE

1 THEM ABOUT THE PROBLEMS OF PACKAGING MULTIPLE
2 PRODUCTS UNDER THE SAME KIND OF AN AGREEMENT IN
3 ORDER TO GAIN NEGOTIATING ROOM, THE SPECIALIZED
4 PROBLEMS ASSOCIATED WITH BRINGING THERAPEUTICS FOR
5 ORPHAN DISEASES REQUIRE FLEXIBILITY. THE
6 OVERARCHING PROBLEM THAT CIRM HAS WITH AN IDEA THAT
7 WE HAVE TO HAVE SOME ABILITY TO MANEUVER BEYOND THIS
8 BASIC PRINCIPLE THAT SHE'S TRYING TO ESTABLISH IN
9 HER BILL. THEY HAVE HEARD THAT. THEY HAVE SAID
10 THAT THEY ARE WILLING TO TALK ABOUT THAT IN THE NEXT
11 WEEK OR TWO.

12 THEY'RE WORKING RIGHT NOW ON AMENDMENTS TO
13 FIX THE FIRST PROBLEM, WHICH IS A DRAFTING PROBLEM
14 FROM THEIR VIEWPOINT ON OUR LOWEST BENCHMARK
15 INTERPRETATION OF THEIR LANGUAGE.

16 AND LAST, BUT NOT LEAST, JUST SO THAT YOU
17 GET THE FULL FLAVOR OF EVERYTHING, THE OTHER ELEMENT
18 IN THE BILL AS SPONSORED BY SENATOR GEORGE RUNNER,
19 WHO IS THE PRINCIPAL AUTHOR ALONG WITH SENATOR
20 KUEHL, AND WHAT HIS AMENDMENT DOES IS STRIP AWAY
21 FROM PROPOSITION 71 THE SPECIFIC PARAGRAPH THAT
22 REQUIRES THAT TWO-THIRDS SUPER MAJORITY IN THE
23 GRANTS WORKING GROUP ON ANY RESEARCH THAT IS
24 UNRELATED TO PLURIPOTENT OR PROGENITOR STEM CELL
25 RESEARCH. HIS ARGUMENT BEING THAT THIS IS AN

BARRISTERS' REPORTING SERVICE

1 ARBITRARY DIFFERENCE BETWEEN HOW ONE TYPE OF
2 RESEARCH IS VIEWED OVER ANOTHER.

3 HE HAS STIPULATED TO US HE'S NOT TRYING TO
4 CHANGE ANYTHING, QUOTE, UNQUOTE. AND I HAVE MADE
5 VERY CLEAR TO SENATOR KUEHL'S OFFICE THAT MANY
6 MEMBERS OF OUR LEGISLATIVE SUBCOMMITTEE SAW THAT AS
7 MORE THAN A MINOR THING, THAT IT CAN, IN FACT, BE
8 MISINTERPRETED DOWN THE LINE. AND PART OF THE
9 PROBLEM WITH THE TIME LIMIT IN LEGISLATURE IS IN THE
10 LAW OF UNINTENDED CONSEQUENCES. SO IF THE
11 LEGISLATURE TAKES AN ACT LIKE THIS AND CHANGES THE
12 BASIC DEFINITION OF THE MISSION OF CIRM IN THIS
13 INDIRECT WAY, WILL AS A FUTURE LEGISLATURE LOOK BACK
14 AT THIS AND, AS AN EXAMPLE, ARGUE TWO OR THREE YEARS
15 DOWN THE ROAD THAT, THEREFORE, WE OUGHT TO BE
16 EQUALIZING FUNDING AMONG ADULT STEM CELL OR CORE
17 BLOOD THERAPIES ALONG WITH EMBRYONIC, AND THERE'S A
18 WHOLE PANDORA'S BOX THAT ONE COULD OPEN BEHIND
19 LOOKING UNDER THE INTENT OF THIS KIND OF CHANGE.

20 SO THE RESPONSE I GOT FROM SENATOR KUEHL'S
21 STAFF IS THAT THEY WILL ALSO WORK TO CLARIFY THE
22 INTENT SO THAT IT IS CRYSTAL CLEAR THAT THEY CAN
23 REITERATE THE PURPOSE OF PROPOSITION 71 AND MAKE
24 SURE THAT NO ONE IS MISCONSTRUING THAT THEY'RE DOING
25 THIS BECAUSE THEY BELIEVE ALL STEM CELLS ARE EQUAL.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WHAT IS KEY HERE IS
2 YOU'VE GOT TWO SPONSORS WITH MAYBE SOME DIFFERENT
3 PERSPECTIVES. BUT IT'S IMPORTANT TO NOTE AS WELL
4 THERE'S LEGAL CONCERN. THE INITIATIVE SAYS THAT
5 AMENDMENTS BY 70 PERCENT OF THE LEGISLATURE AND THE
6 SIGNATURE OF THE GOVERNOR SHOULD ENHANCE THE BILL.
7 NOW, IF, IN FACT, YOU SET A PRECEDENT THAT YOU CAN
8 CHANGE VOTING PROCEDURES ON THIS BOARD, AND THAT'S
9 AN ENHANCEMENT OF THE BILL, THEN THEY COULD
10 THEORETICALLY PAVE THE WAY FOR COMING IN AND
11 CHANGING ALL OF OUR VOTING PROCEDURES. SO THERE'S A
12 CONCERN ABOUT PRECEDENT IN THIS AS WELL.

13 BUT I'D LIKE TO SAY THAT ON THE
14 LEGISLATIVE COMMITTEE SUE BRYANT, MICHAEL GOLDBERG,
15 AND I SERVE ON THAT COMMITTEE, SHERRY LANSING, TINA
16 NOVA, CLAIRE POMEROY, FRANCISCO OBVIOUSLY, JOAN
17 SAMUELSON, JEFF SHEEHY SERVES ON THAT COMMITTEE. SO
18 THAT'S -- THAT IS THE COMMITTEE. WHAT I WOULD LIKE
19 TO DO IS SEE IF WE CAN HAVE A MOTION TO OPPOSE THIS
20 BILL BECAUSE THEY DON'T WANT US TESTIFYING ABOUT
21 THINGS WE DON'T LIKE IN THE BILL UNLESS WE HAVE A
22 POSITION THAT WE'RE OPPOSED BECAUSE THEIR POSITION
23 IS THE AGENCY HAS NOT TAKEN A POSITION UNLESS THEY
24 HAVE A RECORDED VOTE.

25 SO WITH GREAT RESPECT FOR SENATOR KUEHL

BARRISTERS' REPORTING SERVICE

1 AND SENATOR REID, WE REQUEST A MOTION, IF THERE IS A
2 MOTION TO OPPOSE THE BILL WITH A DIRECTION TO TRY
3 AND WORK WITH THESE AUTHORS AND A DELEGATION OF
4 AUTHORITY TO THE LEGISLATIVE SUBCOMMITTEE TO TAKE
5 INTERIM POSITIONS BEFORE THE NEXT BOARD MEETING AS
6 NECESSARY TO BE RESPONSIVE TO CHANGES BY THE AUTHORS
7 IN THE BILL. IS THERE A SUPPORT FOR THAT MOTION?

8 MR. ROTH: I WILL MAKE THE MOTION THAT WE
9 OPPOSE THE BILL ON THE GROUNDS THAT IT DOES NOT
10 ENHANCE ANYTHING AT CIRM.

11 CHAIRMAN KLEIN: WITH THE ADDITIONAL
12 PROVISIONS THAT I ADDED?

13 MR. ROTH: WITH YOUR ADDITIONAL
14 PROVISIONS.

15 CHAIRMAN KLEIN: THANK YOU. IS THERE A
16 SECOND?

17 DR. PRICE: SECOND.

18 CHAIRMAN KLEIN: SECOND, DR. PRICE. IS
19 THERE -- YES, DISCUSSION.

20 DR. PRIETO: COMMENT THAT WE HAVE A DRAFT
21 RESOLUTION IN OUR BINDER, AND I WOULD SUGGEST, IF
22 THE MAKER WOULD ACCEPT THIS AS A FRIENDLY AMENDMENT,
23 THAT WE ADOPT THAT RESOLUTION PERHAPS WITH JUST THE
24 ADDITION IN THE LAST PARAGRAPH OF THE WORDING IN
25 "ITS CURRENT FORM." THEN THAT WOULD GIVE US THE --

BARRISTERS' REPORTING SERVICE

1 GIVE US OUR RESOLUTION IN OPPOSITION AND ALLOW US TO
2 MOVE FORWARD.

3 CHAIRMAN KLEIN: WE ALSO WOULD NEED,
4 THOUGH, TO ADD THAT THE DELEGATION TO THE
5 LEGISLATIVE SUBCOMMITTEE THE ABILITY TO TAKE INTERIM
6 POSITIONS AS WE WORK WITH THE AUTHOR.

7 DR. PRIETO: I WOULD ADD THAT TO MY
8 AMENDMENT OR ASK THE MAKER IF HE'LL ACCEPT THAT.

9 CHAIRMAN KLEIN: IS THAT ACCEPTABLE TO THE
10 MAKER OF THE MOTION?

11 MR. ROTH: IT IS.

12 CHAIRMAN KLEIN: AND THE SECOND?

13 DR. PRICE: YEAH.

14 CHAIRMAN KLEIN: IT IS. ADDITIONAL
15 DISCUSSION BY THE BOARD? ADDITIONAL PUBLIC
16 DISCUSSION?

17 MS. DALY: AMY DALY, AMERICANS FOR CURES
18 FOUNDATION. I THANK YOU FOR ALL YOUR HARD WORK, AND
19 WANT TO ENCOURAGE YOU TO PLEASE VOTE TO OPPOSE THIS
20 BILL, WHICH FOR ALL THE REASONS, IS GOING TO TAKE
21 AWAY YOUR FLEXIBILITY TO HEAL THE MOST DEVASTATING
22 DISEASE. I'M PARTICULARLY CONCERNED ABOUT THOSE
23 ORPHAN DISEASES THAT I THINK ARE GOING TO BE LEFT
24 BEHIND IF THIS BILL PASSES. SO I THANK YOU VERY
25 MUCH.

BARRISTERS' REPORTING SERVICE

1 I ALSO WOULD VERY MUCH ENCOURAGE YOU TO
2 PASS THE AMENDMENT TO ALLOW THE SUBCOMMITTEE TO TAKE
3 POSITIONS INTERIMLY. WE HAVE BEEN FIGHTING THIS
4 BILL FOR TWO MONTHS, AND IT'S VERY HARD FOR US TO GO
5 UP THERE AND HAVE LEGISLATORS TALK TO US AND SAY,
6 WELL, NO ONE ELSE IS OPPOSING IT. SO WE REALLY
7 APPRECIATE YOUR SUPPORT IN THIS FIGHT. THANK YOU.

8 MR. VALENCIA: MR. CHAIRMAN AND MEMBERS,
9 JOHN VALENCIA, PARTNER WITH WILKE, FLEURY IN
10 SACRAMENTO. I'M AT THE MICROPHONE REALLY AT THE
11 INVITATION OF THE VICE CHAIR. I HAVE NO PORTFOLIO
12 OR CLIENTS INVESTED IN THIS, BUT WITH PAST PORTFOLIO
13 AND PAST CLIENT REPRESENTATION, MEMBERS OF THE BOARD
14 WILL REMEMBER THAT REPRESENTING INDIVIDUAL
15 PHARMACEUTICAL MANUFACTURERS AND TRADE ASSOCIATIONS,
16 WE WORKED EXTENSIVELY WITH COUNSEL TO DEVELOP WHAT I
17 WOULD CHARACTERIZE AS LIVING IN VIBRANT REGULATION
18 THAT YOU HAVE.

19 THE ALTERNATIVE CHOICES ACTUALLY SURVIVE
20 WHETHER OR NOT THERE EVER IS A CALRX PROGRAM, WHICH,
21 OF COURSE, IT'S NOT EVER BEEN FUNDED YET, HASN'T
22 TAKEN OFF. IT WAS AN ISSUE OF ANOTHER DAY.

23 BUT IN THE ORGANIZATION'S SEARCH FOR
24 BENCHMARKS, IT WAS AN EXCELLENT HAPPENSTANCE THAT
25 THOSE WERE AVAILABLE. AND BECAUSE THERE IS CHOICE

BARRISTERS' REPORTING SERVICE

1 AVAILABLE IN THE DEVELOPMENT OF THE ACCESS PLANS,
2 THAT ULTIMATELY REALLY CONSTITUTES A COMPROMISE THAT
3 WE DEVELOPED AT THE TIME. SO THE VICE CHAIR ASKED
4 ME TO SPEAK TO THAT, SORT OF BRING THE HISTORICAL
5 BRIDGE FORWARD, AND THOSE ARE MY COMMENTS.

6 CHAIRMAN KLEIN: OKAY. MR. SIMPSON.

7 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER
8 WATCHDOG. WE'VE SUPPORTED 1565, BUT WHAT I WANT TO
9 JUST NOTE WAS THAT I WAS IMPRESSED BY THE PARTICULAR
10 RESOLUTION THAT'S BEEN OFFERED IN THE WAY THAT IT'S
11 BEEN CRAFTED TO SHOW OPPOSITION AND TO ACTUALLY
12 CONTINUE TO WORK WITH THE LEGISLATURE AND REACH OUT.
13 AND I THINK THAT MARKS A NEW LEVEL OF MATURITY IN
14 THE RELATIONSHIP BETWEEN THE LEGISLATURE AND THIS
15 ORGANIZATION, WHICH IS A VERY GOOD THING.

16 SO WHILE I'M ON THE OPPOSITE SIDE OF THE
17 ISSUE, I DO COMMEND WHOEVER IS BEHIND THE RESOLUTION
18 AND THE WAY THAT THERE DOES SEEM TO BE A POSITIVE
19 POLICY BEING WORKED FORWARD AND A GENUINE DESIRE TO
20 WORK WITH THE SENATOR. AND I SEE THAT AS A MARKED
21 DIFFERENCE FROM A SITUATION SEVERAL YEARS AGO WHEN
22 YOU WERE LITERALLY AT ODDS WITH EACH OTHER, AND
23 THERE WAS A SORT OF DRAWN WAGONS ATTITUDE OF YOU'RE
24 EITHER AGAINST US OR YOU'RE NOT. AND I SEE AN
25 EMERGING MATURE DEVELOPMENT OF THE PUBLIC POLICY

BARRISTERS' REPORTING SERVICE

1 WHICH YOU SHOULD BE COMMENDED FOR EVEN THOUGH I'M ON
2 THE OTHER SIDE OF THE PARTICULAR ISSUE. THANK YOU.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WE
4 HAVE ONE -- TWO MORE ADDITIONAL MEMBERS.

5 MR. HAWKINS: MR. CHAIR AND MEMBERS,
6 MICHAEL HAWKINS. I'M WITH CARPENTER, HAWKINS,
7 SIEVERS IN SACRAMENTO. OUR FIRM REPRESENTS CHI, AND
8 CHI HAS BEEN OPPOSED TO THIS AND HAS HELPED. THEY
9 WERE VERY INSTRUMENTAL A YEAR AGO IN GETTING SENATOR
10 TORLAKSON TO HOLD THIS BILL ON SUSPENSE. SO I JUST
11 WANTED TO POINT THAT OUT TO THE GROUP. THANK YOU.

12 CHAIRMAN KLEIN: THANK YOU.

13 MR. PUE: MY NAME IS LES PUE. I'M A BOARD
14 MEMBER AND FORMER PRESIDENT OF THE HUNTINGTON'S
15 DISEASE SOCIETY. AS A MATTER OF FACT, I WAS THE
16 PERSON WHO RECRUITED JUDY ROBERSON TO THE BOARD
17 ABOUT TEN YEARS AGO. AND I UNDERSTAND SHE GAVE A
18 RATHER ELOQUENT PRESENTATION LAST NIGHT, AND I DO
19 WANT TO EMPHASIZE OUR DEEP APPRECIATION FOR MOVING
20 THE HUNTINGTON'S ITEM TO THE HIGHER LEVEL LAST
21 NIGHT.

22 I WOULD LIKE TO JUST VERY BRIEFLY SPEAK TO
23 BILL 1565. IT WOULD APPEAR THAT IT WOULD CERTAINLY
24 WORK AGAINST POTENTIAL STEM CELL THERAPIES FOR
25 ORPHAN DISEASE, AND HUNTINGTON'S DISEASE IS

BARRISTERS' REPORTING SERVICE

1 CERTAINLY AN ORPHAN DISEASE WITH ONLY ABOUT 30,000
2 PEOPLE IN THE UNITED STATES AFFECTED AND
3 APPROXIMATELY 3,000 IN CALIFORNIA.

4 AND I WOULD ALSO NOTE THAT VIRTUALLY ALL
5 OF THE OTHER NEURODEGENERATIVE DISEASES WITH THE
6 EXCEPTIONS OF ALZHEIMER'S AND PARKINSON'S WOULD FALL
7 INTO THE ORPHAN DISEASE CATEGORY. THEREFORE, ON
8 BEHALF OF THE HUNTINGTON'S COMMUNITY, I WOULD URGE
9 THE BOARD TO ADOPT THE RESOLUTION AGAINST BILL 1565.
10 THANK YOU.

11 CHAIRMAN KLEIN: THANK YOU.

12 DR. PENHOET: COULD I MAKE ONE COMMENT?

13 CHAIRMAN KLEIN: YES.

14 DR. PENHOET: JUST TO FOLLOW UP ON JOHN
15 SIMPSON'S COMMENT, SEVERAL OF US WERE BEFORE THE
16 HOUSE HEALTH COMMITTEE A WEEK OR TWO AGO. AND
17 ALTHOUGH THE VOTE WAS CLEARLY AGAINST US, SEVERAL
18 MEMBERS IN THE COMMITTEE COMPLIMENTED CIRM ON ITS
19 COOPERATIVE ATTITUDE AND THE NUMBER OF MEETINGS, A
20 TIRELESS EFFORT BY OUR CHAIRMAN IN PARTICULAR IN
21 GOING TO SACRAMENTO AND MEETING WITH THESE PEOPLE.
22 AND EVEN GEORGE RUNNER CHIMED IN ALONG WITH THE REST
23 TO COMPLIMENT US ON WHAT THEY CONSIDERED TO BE A
24 HELPFUL DIALOGUE WITH THE CIRM.

25 CHAIRMAN KLEIN: OKAY. THANK YOU. CALL

BARRISTERS' REPORTING SERVICE

1 THE QUESTION HERE. ALL IN FAVOR. OPPOSED? MOTION
2 PASSES.

3 IN TERMS OF THE MULLIN BILL, AB 2296,
4 THAT'S GOING -- THE CALIFORNIA SUPPLIER ISSUE.

5 MS. NORTH: EXCUSE ME. 2296 IS THE ANIMAL
6 RIGHTS.

7 CHAIRMAN KLEIN: 2381.

8 MS. NORTH: 2381, YOU'RE DEFERRING TO
9 AUGUST. YOUR LEGISLATIVE SUBCOMMITTEE HAD
10 RECOMMENDED A WATCH POSITION ON THE BILL.

11 CHAIRMAN KLEIN: OKAY. WELL, BUT WHAT
12 WE'RE GOING TO DO IS TAKE TESTIMONY UNDER ANOTHER
13 ITEM HERE.

14 MS. NORTH: YES.

15 CHAIRMAN KLEIN: SO I WANT TO, I THINK,
16 HAVE THE BOARD HAVE THE BENEFIT OF THAT TESTIMONY
17 FIRST. AND 2663, DYMALLY.

18 MS. NORTH: THAT BILL, MR. CHAIRMAN, IF
19 YOU REMEMBER, EVEN THOUGH ASSEMBLY MEMBER DYMALLY
20 APPARENTLY DIDN'T REMEMBER THIS A WEEK AGO WHEN WE
21 WERE IN FRONT OF HIM IN ASSEMBLY HEALTH COMMITTEE,
22 WE HAD A CONTINGENT OF PEOPLE GO IN AND MEET WITH
23 MR. DYMALLY EARLY IN THE YEAR, I THINK IT WAS LATE
24 JANUARY, EARLY FEBRUARY, WHERE WE TALKED ABOUT
25 ACCESS PROBLEMS, THAT THEY REACH FAR BEYOND JUST THE

BARRISTERS' REPORTING SERVICE

1 CALRX PRICING ISSUE. AND WE POINTED OUT TO MR.
2 DYMALLY THAT IN CALIFORNIA LAW ALREADY IN MEDI-CAL,
3 THERE IS STATE LAW THAT EXPLICITLY SAYS THAT ANY
4 CANCER CLINICAL TRIAL CAN ENROLL A MEDI-CAL
5 RECIPIENT AND MEDI-CAL WILL PAY FOR THE MEDICAL
6 EXPENSES ASSOCIATED WITH THAT PERSON'S
7 PARTICIPATION.

8 SIMILARLY, THERE ARE LAWS THAT DEAL WITH
9 MENTAL ILLNESS AS WELL AS AIDS THAT SAY ANYBODY
10 WHO'S OTHERWISE ELIGIBLE FOR MEDI-CAL CAN GET THEIR
11 MEDICAL CARE COSTS COVERED UNDER MEDI-CAL. THAT IS
12 NOT NECESSARILY TRUE IN THIRD-PARTY PAYERS AND
13 PRIVATE INSURANCE. IT TENDS TO BE SEEN AS AN
14 EXPERIMENTAL TREATMENT, AND ITS PEOPLE HAVE TO PAY
15 OUT OF POCKET. SO WHEN WE RAISED THIS WITH MR.
16 DYMALLY, HE SAID, WELL, SHOULDN'T WE DO THIS FOR
17 PEOPLE THAT ARE PARTICIPATING IN STEM CELL RESEARCH?
18 AND WE SAID, YES, EVEN THOUGH WE'RE AHEAD OF THE
19 CURVE HERE BECAUSE, AGAIN, WE DON'T HAVE CLINICAL
20 TRIALS AS YET, IT'S SOMETHING THAT WE NEED TO THINK
21 ABOUT AND PREPARE FOR.

22 SO HE AGREED TO PUT A BILL IN SIMPLY TO
23 GET IT IN A BILL FORM SO IT COULD BE DISSEMINATED
24 AMONG THE VARIOUS PATIENT ADVOCACY GROUPS AND THE
25 GENERAL PUBLIC TO UNDERSTAND THE COMING PROBLEM.

BARRISTERS' REPORTING SERVICE

1 SO IT WAS NEVER OUR INTENTION THAT THAT
2 BILL ACTUALLY MOVE ANYWAY. IT WAS JUST TO ESTABLISH
3 IT IN WRITING. AND I WANTED TO BRING THAT, MAKE
4 SURE THAT YOU SAW THAT BECAUSE IT IS SOMETHING THAT
5 IS LIKELY TO COME BACK BEFORE YOU IN THE FUTURE.

6 CHAIRMAN KLEIN: BUT NOT THIS YEAR.

7 MS. NORTH: NOT THIS YEAR.

8 CHAIRMAN KLEIN: OKAY. THANK YOU. SO I
9 DON'T THINK WE NEED TO FORMALLY GO THROUGH A VOTE ON
10 THIS UNLESS YOU THINK THERE'S A BENEFIT.

11 MS. NORTH: I DON'T THINK WE NEED TO. I
12 JUST WANTED TO ALSO QUICKLY SAY, BEFORE WE MOVE ON
13 TO THE NEXT SUBJECT, THAT THE OPPOSITION ON SB 1565
14 DOES NOT MEAN THAT I DON'T CONTINUE WORKING WITH THE
15 AUTHOR TO GET THESE BILLS AT LEAST DRAFTED IN THE
16 BEST FORM POSSIBLE. SO I WILL CONTINUE WORKING WITH
17 THEM ON FLEXIBILITY LANGUAGE AND ON DIFFERENTIATING
18 WHAT SENATOR RUNNER MEANS WITH HIS LANGUAGE, ETC.,
19 JUST SO YOU KNOW.

20 CHAIRMAN KLEIN: RIGHT. WE HAVE A WHOLE
21 TEAM OF PEOPLE, BUT WE REALLY WANT TO THANK SUE FOR
22 THE TREMENDOUS EFFORT SHE'S MAKING. SO THANK YOU.

23 ALL RIGHT. SO WHAT I'D LIKE TO DO, GIVEN
24 THE CONSIDERATION FOR TIME, IS ITEM -- IS ITEM NO.
25 I THINK WE CAN DO VERY QUICKLY; IS THAT RIGHT,

BARRISTERS' REPORTING SERVICE

1 SCOTT? AND I THINK DR. TROUNSON SUGGESTED THAT WE
2 COULD ACCOMPLISH THIS VERY TERSELY.

3 MR. TOCHER: YES. WITH THAT INSTRUCTION,
4 I BELIEVE IT HAS BEEN HANDED OUT TO YOU. IT'S
5 BEHIND YOUR BINDERS -- IN YOUR BINDERS BEHIND TAB
6 25; HOWEVER, AN ADDITIONAL SET OF COPIES WERE PASSED
7 OUT AND MADE AVAILABLE THAT JUST MORE CLEARLY SHOW
8 THE STRIKEOUT AND CHANGES.

9 THESE REPRESENT CHANGES TO A COUPLE OF
10 PROVISIONS OF OUR FOR-PROFIT IP REGS. THESE WERE
11 CHANGES THAT YOU AUTHORIZED TO BEGIN THE NOTICE
12 PROCESS WITH OAL. THAT FIRST ROUND OF PUBLIC
13 COMMENT HAS CONCLUDED. THESE ARE CLARIFYING CHANGES
14 TO OUR REVENUE SHARING AS WELL AS OUR ACCESS
15 REQUIREMENTS THAT SPECIFY THAT CIRM WILL BE
16 CONDUCTING A HEARING ON ACCESS PLANS AFTER AN
17 OPPORTUNITY FOR PUBLIC COMMENT.

18 SO WITH A MOTION TO APPROVE THESE CHANGES,
19 WE WILL SEND THIS TO OAL FOR THEIR FINAL
20 CONSIDERATION.

21 CHAIRMAN KLEIN: OKAY. SO THIS IS AN ITEM
22 THAT'S BEEN BEFORE US MANY TIMES. IS THERE ANY
23 SIGNIFICANT CHANGE IN HERE? IT'S JUST A
24 CLARIFICATION OF THE ORIGINAL INTENT PREVIOUSLY
25 APPROVED BY THIS BOARD?

BARRISTERS' REPORTING SERVICE

1 MR. TOCHER: THAT'S RIGHT.

2 CHAIRMAN KLEIN: ALL RIGHT. IS THERE A
3 MOTION TO APPROVE?

4 DR. PRIETO: SO MOVED.

5 MR. ROTH: SECOND.

6 CHAIRMAN KLEIN: DR. PRIETO. THE SECOND
7 WAS DUANE ROTH. DISCUSSION?

8 MR. ROTH: I JUST WANT TO -- I'M NOT GOING
9 TO CHANGE ANYTHING, BUT THE PLAN SHALL BE SUBJECT TO
10 APPROVAL BY CIRM AFTER A PUBLIC HEARING CONDUCTED BY
11 CIRM. JUST TO BE ON THE RECORD THAT WE NEED TO BE
12 VERY CAREFUL HOW THAT HEARING IS CONDUCTED TO NOT
13 REQUIRE IN ANY WAY, SHAPE, OR FORM PROPRIETARY
14 INFORMATION ON PRICING, COST OF GOODS, AND
15 COMPETITIVE ISSUES. SO IT'S GOT TO CONFORM --

16 CHAIRMAN KLEIN: YEAH. IT'S GOT TO
17 CONFORM TO THE POLICY OF PROPOSITION 71 AND THE
18 PROTECTION OF PROPRIETARY INFORMATION OR WE WON'T
19 HAVE ANY BIOTECH PARTNERS.

20 MR. ROTH: THE FEAR, OF COURSE, IS
21 SOMEBODY WILL LOOK AT THIS CHANGE AND SAY WE'RE
22 GOING TO BE OUT IN FRONT OF THE PUBLIC TELLING ALL
23 OUR INTERNAL --

24 CHAIRMAN KLEIN: I THINK IT'S IMPORTANT IN
25 OUR IP WORKSHOPS THAT WE MAKE THAT VERY CLEAR AND

BARRISTERS' REPORTING SERVICE

1 GET IT ON THE RECORD IN SOME WRITTEN NARRATIVE.

2 THANK YOU VERY MUCH, DUANE. IT IS CERTAINLY THE
3 INTENT.

4 PUBLIC COMMENT?

5 MR. SIMPSON: WE DID SUPPORT THESE
6 CHANGES. WE FELT THAT THEY CLARIFIED THINGS,
7 PARTICULARLY SPELLING OUT WHAT YOU MEAN BY PRIOR TO
8 WHEN YOU SAY NO FEWER THAN 90 DAYS AND THE PUBLIC
9 COMMENT ASPECT OF IT. SO WE WERE VERY MUCH IN FAVOR
10 OF THAT.

11 CHAIRMAN KLEIN: THANK YOU. CALL THE
12 QUESTION. ALL IN FAVOR. OPPOSED? ALL RIGHT.

13 YOU KNOW, I THOUGHT I WAS AN OPTIMIST, BUT
14 THE VICE CHAIR JUST TOLD ME, YOU KNOW, THAT
15 CONCLUDES OUR WORK ON THE IP POLICIES. I LIKE YOUR
16 OPTIMISM.

17 DR. PENHOET: WELL, FOR NOW.

18 CHAIRMAN KLEIN: BY TOMORROW MORNING ALL
19 SUGGESTIONS WILL BE DIRECTED TO DR. PENHOET.

20 MR. HARRISON: MR. CHAIR, JUST FOR THE
21 RECORD, THAT MOTION CARRIED.

22 CHAIRMAN KLEIN: YES. THANK YOU. ALL
23 RIGHT. SO TRYING TO WORK THROUGH OTHER ITEMS VERY
24 QUICKLY, ON ITEM 17, I NEED IF NAMES CAN GET
25 SUBMITTED TO ME OF PEOPLE WHO WOULD BE WILLING TO

BARRISTERS' REPORTING SERVICE

1 SERVE ON INTERNATIONAL COMMITTEES. WE HAVE POLICY
2 AND GUIDELINES, WHAT OUR EXPECTATIONS ARE OF WHAT
3 WE'RE GOING TO DO WITH AGREEMENTS, BILATERAL
4 AGREEMENTS, WITH INTERNATIONAL COMPANIES. SO IF YOU
5 WILL JUST SUBMIT YOUR NAMES BEFORE THE NEXT BOARD
6 MEETING, AND WE'LL COME BACK WITH A REPORT AT THE
7 NEXT BOARD MEETING ON THIS -- ON THE COMMITTEE'S
8 COMPOSITION.

9 DR. TROUNSON: MR. CHAIR, I'M SORRY. HAVE
10 YOU FINISHED?

11 CHAIRMAN KLEIN: THE CHARTER OF THAT IS
12 OUTLINED IN TAB 17 ON THAT COMMITTEE.

13 DR. TROUNSON: MR. CHAIR, I JUST WONDER IF
14 WE COULD HAVE CONSIDERATION OF ITEM 23. IT'S ABOUT
15 BEING ABLE TO DRAW IN THE FOR-PROFIT REFEREES,
16 REVIEWERS INTO OUR PROGRAM. IT'S SOMETHING THAT'S
17 REALLY IMPORTANT FOR US AND NEEDS TO BE DONE.

18 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU,
19 DR. TROUNSON. SO IN ITEM 23, IF THE BOARD MEMBERS
20 WILL PLEASE LOOK AT THAT ITEM. FROM A POLICY
21 VIEWPOINT, TAMAR, COULD YOU JUST SUMMARIZE THE
22 HIGHLIGHTS OF THAT ITEM.

23 MS. PACTER: IN THE INTEREST OF TIME, I'M
24 GOING TO TRY TO RUN THROUGH THIS WHILE MELISSA IS
25 LOOKING FOR THE SLIDES. THESE ARE PROPOSED

BARRISTERS' REPORTING SERVICE

1 AMENDMENTS TO THE BYLAWS OF THE GRANTS WORKING
2 GROUP. MOST OF THEM ARE HIGHLY TECHNICAL. I'M
3 GOING TO DROP ONE OF THEM IN THE INTEREST OF TIME
4 BECAUSE IT MAY BE MORE CONTROVERSIAL, AND I WOULD
5 LIKE THE COMMITTEE TO APPROVE WHAT IS
6 NONCONTROVERSIAL BECAUSE IT'S PARTICULARLY IMPORTANT
7 TO US IN TERMS OF BEING ABLE TO INVITE FOR-PROFIT
8 SCIENTISTS, THAT IS, SCIENTISTS FROM FOR-PROFIT
9 ORGANIZATIONS WHO ARE FROM OUTSIDE THE STATE TO
10 PARTICIPATE IN THE GRANTS WORKING GROUP.

11 THAT AMENDMENT CHANGES THE LANGUAGE IN THE
12 ELIGIBILITY FOR NEW GRANTS WORKING GROUP MEMBERS
13 WHICH CURRENTLY REQUIRES THAT THE MEMBERS COME FROM
14 INSTITUTIONS OUTSIDE OF CALIFORNIA TO SPECIFICALLY
15 REFLECT THE SCIENTIST MEMBERS MUST BE NONRESIDENTS
16 OF CALIFORNIA AND NOT EMPLOYED IN CALIFORNIA. AND
17 THAT WILL ALLOW US TO INVITE SCIENTISTS WHO WORK AT
18 FOR-PROFIT ORGANIZATIONS WHO WORK AND RESIDE OUTSIDE
19 THE STATE TO PARTICIPATE ON THE GRANTS WORKING
20 GROUP, AND WE NEED THEM IN ORDER TO CONSIDER THE
21 INCREASING NUMBER OF APPLICATIONS WE'RE RECEIVING
22 FROM FOR-PROFIT ORGANIZATIONS.

23 IN ADDITION, THESE AMENDMENTS ADD LANGUAGE
24 THAT -- YOU GOT IT? EXCELLENT. I'M ON SLIDE THREE.

25 CHAIRMAN KLEIN: EXCUSE ME. DO WE NEED

BARRISTERS' REPORTING SERVICE

1 DUANE' S VOTE?

2 MS. PACHTER: PARDON ME?

3 CHAIRMAN KLEIN: DO WE NEED DUANE' S VOTE
4 FOR A QUORUM?

5 MR. HARRISON: I BELIEVE THAT TINA NOVA
6 HAS JUST STEPPED OUT OF THE ROOM MOMENTARILY.

7 MS. PACHTER: SHALL I CONTINUE?

8 CHAIRMAN KLEIN: JENNA, COULD YOU PLEASE
9 CONFIRM? THANK YOU. LOCK THE DOORS.

10 MR. HARRISON: MR. CHAIR, I BELIEVE WE DO
11 NEED DUANE' S VOTE EVEN WHEN TINA RETURNS.

12 CHAIRMAN KLEIN: SO, SUE, COULD YOU ASK
13 DUANE? WE' LL TELL HIM WE' LL MOVE THE ITEM QUICKLY.
14 THANK YOU.

15 MS. PACHTER: SHOULD I PROCEED, MR. CHAIR?

16 CHAIRMAN KLEIN: YES.

17 MS. PACHTER: OTHER AMENDMENTS ADD
18 LANGUAGE ACCORDING TO MOTIONS THAT THE ICOC APPROVED
19 ACTUALLY IN MARCH OF '07 THAT PERMIT APPOINTMENT OF
20 ALTERNATES FOR NEW PATIENT ADVOCATES WHO SERVE ON
21 THE GRANTS WORKING GROUP, PERMIT THE APPOINTMENT OF
22 AN ALTERNATE CHAIR, AND ALSO PERMIT THE APPOINTMENT
23 OF AN ALTERNATE VICE CHAIR. WE HAVE BEEN OPERATING
24 UNDER THOSE AMENDMENTS THIS YEAR, BUT THIS PUTS THE
25 LANGUAGE DIRECTLY INTO THE POLICY WHICH IS IN YOUR

BARRISTERS' REPORTING SERVICE

1 BINDER.

2 CHAIRMAN KLEIN: ALL RIGHT.

3 MS. PACHTER: THE AMENDMENTS ALSO CONFORM
4 THE CONFLICT OF INTEREST LANGUAGE THAT'S IN THE
5 BYLAWS TO THE CONFLICT OF INTEREST POLICY. THIS
6 BOARD AMENDED THE CONFLICT OF INTEREST POLICY
7 SPECIFICALLY TO INCLUDE SPECIALISTS AND AD HOC
8 MEMBERS. SO THE BYLAWS WILL NOW REFLECT THAT.

9 THE AMENDMENTS ADOPT FROM THE ICOC BYLAWS
10 THE RULES REGARDING SUSPENSION, REMOVAL, AND LEAVE
11 OF ABSENCE THAT THE NON-ICOC GRANTS WORKING GROUP
12 MEMBERS CAN NOW FIND THAT IN THE SINGLE DOCUMENT
13 THAT GOVERNS THEIR CONDUCT ON THE GRANTS WORKING
14 GROUP.

15 FINALLY, I HAD PROPOSED AN AMENDMENT
16 STATING THAT THE PUBLIC SESSION WILL NOT BE HELD IF
17 THERE IS NO BUSINESS SCHEDULED TO BE CONDUCTED IN
18 PUBLIC. BECAUSE THAT MAY CREATE SOME CONTROVERSY
19 AND SOME DISCUSSION, I AM WITHDRAWING THAT AMENDMENT
20 AT THIS TIME TO THE GRANTS WORKING GROUP BYLAWS, AND
21 WE'LL BRING IT UP ANOTHER TIME WHEN THERE'S MORE
22 TIME AVAILABLE.

23 SO, MR. CHAIR, IF YOU WOULD ENTERTAIN A
24 MOTION TO ADOPT THESE AMENDMENTS EXCEPT FOR THE
25 FINAL ONE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ALL RIGHT.

2 MS. PACHTER: THANK YOU VERY MUCH. IF
3 THERE ARE ANY QUESTIONS, I'M HAPPY TO ANSWER THOSE.

4 CHAIRMAN KLEIN: QUESTIONS FROM THE BOARD?

5 DR. POMEROY: I HAVE A QUICK QUESTION.

6 CHAIRMAN KLEIN: YES.

7 DR. POMEROY: SORRY. TIER 2, THIS MOST
8 RECENT TIME, WE USED DIFFERENT LANGUAGE. THEY
9 WEREN'T PROVISIONALLY RECOMMENDED FOR FUNDING. AND
10 SO DOESN'T THAT NEED TO BE MORE FLEXIBLE?

11 MS. PACHTER: WHAT THE SCIENTIFIC STAFF
12 HAS PROPOSED, AS YOU WILL FIND IN YOUR BINDER, IS A
13 DIFFERENT WORDING FOR TIER 2, WHICH I THINK MORE
14 ACCURATELY WAS INTENDED TO MORE ACCURATELY REFLECT
15 WHAT THE GRANTS WORKING GROUP INTENDS TO PUT IN TIER
16 2.

17 DR. POMEROY: I SAW THE CHANGE, BUT IT'S
18 STILL PROVISIONALLY RECOMMENDED. AND THIS TIME WE
19 WERE TOLD THEY WERE NOT RECOMMENDED UNLESS THERE
20 WERE PROGRAMMATIC CONSIDERATIONS, WHICH IS DIFFERENT
21 THAN WHAT THE POLICY NOW SAYS.

22 MS. PACHTER: THAT'S RIGHT. AND WHEN THEY
23 DID THAT, IT WAS DIFFERENT THAN WHAT THE POLICY SAID
24 AT THE TIME. SO I THINK WHAT WE'RE RECOGNIZING IN
25 THE SCIENTIFIC STAFF IS SOME WILLINGNESS TO BE

BARRISTERS' REPORTING SERVICE

1 FLEXIBLE AND RESPONSIVE TO THE MEMBERS OF THE GRANTS
2 WORKING GROUP.

3 CHAIRMAN KLEIN: SO TO CLARIFY LEGALLY,
4 TAMAR, THIS IS A GENERAL POLICY, BUT THE GRANTS
5 WORKING GROUP CAN FORWARD TO US AN ALTERNATE
6 RECOMMENDATION RATHER THAN THE GENERAL POLICY?

7 MS. PACHTER: THAT'S CORRECT.

8 CHAIRMAN KLEIN: IS THAT RESPONSIVE, DR.
9 POMEROY?

10 DR. POMEROY: WELL, IF IT SAID THAT, THAT
11 WOULD BE VERY RESPONSIVE, BUT THAT'S NOT WHAT IT
12 SAYS.

13 CHAIRMAN KLEIN: COULD WE FOR CLARITY
14 INCORPORATE --

15 MS. PACHTER: YES. I CAN CERTAINLY
16 CLARIFY THAT, DR. POMEROY.

17 DR. PRIETO: COULD I JUST SUGGEST IF WE
18 JUST SIMPLY DELETED THE PHRASE FOR AVAILABILITY OF
19 FUNDS AND JUST SAID REQUIRE FURTHER CONSIDERATION BY
20 THE ICOC, I THINK THAT WOULD ANSWER THAT OBJECTION.

21 CHAIRMAN KLEIN: THAT MAY NOT
22 NECESSARILY -- I THINK THE OTHER MODIFICATION WOULD
23 ALLOW THEM TO COMMUNICATE WITH MORE PRECISION WHAT
24 THEIR INTENT.

25 DR. PRIETO: THEY COULD STILL COMMUNICATE

BARRISTERS' REPORTING SERVICE

1 THAT TO US. IT JUST -- YOU KNOW, THEY COULD ADD
2 MORE TO IT, BUT IT WOULD NOT LIMIT IT TO FUNDING
3 AVAILABILITY.

4 CHAIRMAN KLEIN: OKAY.

5 MS. PACHTER: I THINK THAT WOULD WORK, DR.
6 PRIETO.

7 CHAIRMAN KLEIN: OKAY. LET'S DO THAT. IS
8 THAT -- SO IS THERE SOMEONE WHO WOULD MAKE THAT
9 MOTION?

10 DR. BRYANT: SO MOVED.

11 DR. PRIETO: I'LL MAKE THAT MOTION.

12 CHAIRMAN KLEIN: DR. BRYANT IS GOING TO
13 MAKE THAT MOTION AS PROPOSED BY TAMAR PACHTER, AS
14 DISCUSSED BY TAMAR PACHTER AND DESCRIBED BY TAMAR
15 PACHTER WITH THE AMENDMENT SUGGESTED BY DR. PRIETO.

16 DR. PENHOET: SECOND.

17 CHAIRMAN KLEIN: AND THE SECOND IS THE
18 VICE CHAIR, DR. PENHOET.

19 IS THERE ADDITIONAL DISCUSSION ON THE
20 BOARD? SEEING NONE, IS THERE PUBLIC DISCUSSION?
21 MR. SIMPSON.

22 MR. SIMPSON: WITH THE REMOVAL AND
23 CONSIDERATION AT A LATER TIME OF THE PROPOSAL TO
24 PRECLUDE PUBLIC MEETINGS, I WOULD SUPPORT THIS
25 COMPLETELY. I WAS, I THINK, THE BIG OBJECTION TO

BARRISTERS' REPORTING SERVICE

1 THE NOTION OF NOT HAVING PUBLIC MEETINGS ASSOCIATED
2 WITH ALL WORKING GROUP MEMBERS. SO SINCE THAT'S NOT
3 IN IT, ALTHOUGH IT'S IN THE DOCUMENT, WE CAN
4 COMPLETELY SUPPORT WHAT YOU'VE DONE HERE.

5 CHAIRMAN KLEIN: THANK YOU. CALL THE
6 QUESTION. ALL IN FAVOR.

7 QUESTION, DR. TROUNSON. ITEM NO. 21,
8 WHAT'S THE STATUS ON THAT AS TO NECESSITY? TAMAR,
9 COULD YOU JUST VERY QUICKLY TELL US THE INTENT OF
10 THAT ITEM?

11 MS. PACTER: YES, MR. CHAIR. THE INTENT
12 OF THIS ITEM IS TO OPEN AN OAL PROCEEDING TO AMEND
13 THE GRANTS ADMINISTRATION POLICY FOR ACADEMIC AND
14 NONPROFIT INSTITUTIONS. THESE REVISIONS ARE LARGELY
15 TECHNICAL AMENDMENTS THAT THE STAFF HAS DRAFTED IN
16 RESPONSE TO TWO YEARS OF EXPERIENCE WITH THE GRANTS
17 ADMINISTRATION POLICY. WE ARE NOT ASKING THE BOARD
18 TO APPROVE AT THIS TIME THE SPECIFIC AMENDMENTS. WE
19 ARE JUST ASKING FOR AUTHORITY TO OPEN THE OAL
20 PROCESS. THE DOCUMENT THAT WE WILL ORIGINALLY SEND
21 TO OAL WILL LOOK SOMEWHAT DIFFERENT THAN THE ONE
22 THAT IS IN YOUR BINDER BECAUSE WE HAVE RECEIVED
23 COMMENTS FOLLOWING A REQUEST FOR INTERESTED PERSONS
24 TO RESPOND TO THAT. AND DURING THE NOTICE AND
25 COMMENT PROCESS, BOTH OUR GRANTEES AND THE PUBLIC

BARRISTERS' REPORTING SERVICE

1 AND MEMBERS OF ICOC WILL HAVE AN OPPORTUNITY TO
2 COMMENT ON IT, AND WE WILL COME BACK TO THE ICOC AND
3 SEEK FINAL APPROVAL OF THE EXACT LANGUAGE THAT IS
4 ADOPTED.

5 CHAIRMAN KLEIN: WITH THAT UNDERSTANDING
6 THAT THEY WILL COME BACK TO THE ICOC FOR APPROVAL,
7 SO THIS IS JUST TO GET THE COMMENT PERIOD MOVING, IS
8 THERE A MOTION TO SUPPORT THAT?

9 DR. PRICE: SO MOVED.

10 CHAIRMAN KLEIN: DR. PRICE. SECOND?

11 DR. ROME: SECOND.

12 CHAIRMAN KLEIN: DR. ROME. THANK YOU VERY
13 MUCH. AND PUBLIC COMMENT?

14 MR. SIMPSON: WE SUPPORT OPENING THE OAL
15 PROCESS.

16 CHAIRMAN KLEIN: OKAY. THAT WAS MR.
17 SIMPSON SUPPORTS OPENING THE OAL PROCESS FOR THE
18 RECORD. CALL THE QUESTION. ALL IN FAVOR. OKAY.
19 THANK YOU. THANK YOU, DUANE, FOR YOUR --

20 MR. ROTH: IS THAT IT?

21 CHAIRMAN KLEIN: WELL, THAT'S NOT IT FOR
22 ALL OF US, BUT WE DO UNDERSTAND.

23 MR. ROTH: SO ITEM 18, WHICH WE DID NOT
24 GET TO AND THERE ARE A BUNCH OF PEOPLE IN THE
25 AUDIENCE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WE'RE GOING TO GO THROUGH
2 THAT RIGHT NOW.

3 MR. ROTH: ALL RIGHT. SO LET ME, IF I
4 CAN, MAKE A COMMENT.

5 CHAIRMAN KLEIN: YES.

6 MR. ROTH: I THINK THAT WE'LL BE ABLE TO
7 WORK THIS OUT AMONG THE GROUPS, THE PARTIES
8 AFFECTED. AND UNLESS THERE'S SOMEBODY IN THE
9 AUDIENCE THAT HAS A BURNING COMMENT THEY NEED TO
10 MAKE, I THINK WE CAN, TED AND I, CONTINUE TO WORK TO
11 GET LANGUAGE AND BRING IN ASSEMBLY MEMBER MULLIN'S
12 STAFF TO GET SOMETHING WE ALL AGREE ON.

13 CHAIRMAN KLEIN: ALL RIGHT. AND WHAT I'D
14 LIKE TO DO, THOUGH, IS TO AFFORD THE MEMBERS OF THE
15 AUDIENCE WHO HAVE BEEN VERY PATIENT THE OPPORTUNITY
16 AT THIS POINT ON ITEM 18 TO MAKE A COMMENT ON
17 CALIFORNIA SUPPLIER. AND WHAT I'D LIKE TO DO IS
18 REVERSE THE NORMAL ORDER, HEAR THE COMMENTS FIRST,
19 AND THEN HAVE OUR STAFF COMMENT ON THE STATUS OF OUR
20 LANGUAGE. BUT OUR LANGUAGE HAS BEEN DISTRIBUTED AND
21 IS IN THE BINDER UNDER ITEM 18. IS THAT A CORRECT
22 STATEMENT? THAT IS THE MOST RECENT LANGUAGE? YES.
23 SO MEMBERS OF THE AUDIENCE ARE IN ORDER TO COMMENT
24 ON ITEM 18, CALIFORNIA SUPPLIER.

25 MR. ROTH: SO, MR. CHAIRMAN, WE'VE AGREED

BARRISTERS' REPORTING SERVICE

1 THAT WE WOULD DISCUSS THIS, AND THAT'S WHY YOU'RE
2 HEARING NO COMMENTS. EVERY COMMENT THAT THEY WANTED
3 TO MAKE HAS BEEN MADE, AND WE'LL TAKE IT UNDER
4 ADVISEMENT.

5 CHAIRMAN KLEIN: OKAY. GREAT. WELL, I
6 WANT TO SAY THAT WE HAVE TREMENDOUS RESPECT FOR THE
7 INDIVIDUALS IN THE AUDIENCE WHO HAVE PARTICIPATED IN
8 A VIBRANT CONVERSATION, AND WE EXPRESS GRATITUDE FOR
9 THE INDIVIDUALS COMING TOGETHER WITH SUBSTANTIAL
10 DIFFERENCES IN THEIR VIEWS, UNDERSTANDING WE HAVE TO
11 SERVE ALL THE PEOPLE IN CALIFORNIA APPROPRIATELY,
12 BUT THANK YOU VERY MUCH. AND THANK YOU, DUANE, FOR
13 YOUR LEADERSHIP IN THIS EFFORT. AND TED LOVE FOR
14 HIS LEADERSHIP. AND I WANT TO POINT OUT THAT THE
15 EXTRA BURDEN ON TED, HE LOST HIS VOICE HERE VERY
16 RECENTLY, BUT TED IS ALWAYS A TREMENDOUS
17 CONTRIBUTOR. THANK YOU, TED.

18 ALL RIGHT. IN TERMS OF ITEM --

19 MS. KING: BOB, CAN YOU TAKE A COMMENT ON
20 CALIFORNIA SUPPLIER?

21 CHAIRMAN KLEIN: YES, ABSOLUTELY.

22 MR. RODRIGUEZ: MR. CHAIRMAN, BOARD
23 MEMBERS, MY NAME IS MIKE RODRIGUEZ. I'M THE
24 DIRECTOR OF STRATEGIC SOURCING FOR UC SAN FRANCISCO.
25 FOR THOSE MEMBERS THAT ARE PART OF UC, YOU'RE

BARRISTERS' REPORTING SERVICE

1 PROBABLY FAMILIAR WITH THE STRATEGIC SOURCING. FOR
2 THOSE OF YOU WHO ARE NOT, OUR GOALS ARE THE SAME AS
3 YOURS. SPEND THE MONEY WISELY.

4 I'M HERE TO ASK THAT THE DEFINITION WOULD
5 INCLUDE THE COMMERCE PROGRAMS THAT WE HAVE AT EACH
6 CAMPUS. THESE CAMPUS PROGRAMS INCLUDE STOCKING
7 PROGRAMS, CORE FACILITIES. DR. RILEY IS HERE.
8 SHE'LL SPEAK TO THAT IN A MOMENT. AND WE ALSO HAVE
9 SUPPLY AGREEMENTS THAT WE RUN THROUGH OUR E-COMMERCE
10 PROGRAMS.

11 WE WOULD LIKE THESE PROGRAMS TO BE
12 RECOGNIZED AS CALIFORNIA SUPPLIER, CALIFORNIA
13 ENTITIES, BECAUSE WE ARE A CALIFORNIA UNIVERSITY.
14 THINGS THAT WE DO TO MAINTAIN VALUE FOR THE CIRM IS
15 WE MONITOR PRICING, WE BENCHMARK IT AGAINST OTHER
16 UNIVERSITIES, WE SEEK OUT RESOURCES FOR CAMPUS
17 RESEARCHERS, AND WE PROVIDE THEM SERVICES THAT THEY
18 NEED SO THAT THEY CAN CARRY OUT THEIR RESEARCH.

19 I'D APPRECIATE IT IF YOU COULD CONSIDER
20 OUR COMMENTS AND OUR RECOMMENDATIONS.

21 CHAIRMAN KLEIN: OKAY. IF I COULD ASK YOU
22 A QUESTION.

23 MR. RODRIGUEZ: SURE.

24 CHAIRMAN KLEIN: SO FOR EDUCATING THOSE OF
25 US WHO ARE NOT PART OF THE UC SYSTEM, YOU PROVIDE A

BARRISTERS' REPORTING SERVICE

1 SERVICE TO THE UC SYSTEM.

2 MR. RODRIGUEZ: YES, SIR.

3 CHAIRMAN KLEIN: AND YOU ACQUIRE PRODUCTS
4 FROM ALL OVER THE COUNTRY OR THE WORLD?

5 MR. RODRIGUEZ: THAT IS CORRECT.

6 CHAIRMAN KLEIN: SO UNDER THE CURRENT
7 DEFINITION, AS I UNDERSTAND IT, TO THE EXTENT THAT
8 THOSE PRODUCTS WERE CALIFORNIA PRODUCTS, YOU COULD,
9 IN DELIVERING SOURCES OR BILLING ONE OF THE
10 PARTICIPATING CAMPUSES, TELL THEM 57 PERCENT OF WHAT
11 YOU'VE DELIVERED TO US BASED ON YOUR CODES
12 INTERNALLY ARE CALIFORNIA PRODUCTS, 43 PERCENT ARE
13 NOT. YOU HAVE THE SAME POSITION REALLY IN TERMS OF
14 THE CHALLENGE AS THE MAJOR CONSOLIDATORS.

15 MR. RODRIGUEZ: EXACTLY.

16 CHAIRMAN KLEIN: AND THAT'S ONE OF THE
17 CHALLENGES THAT THEY'D FACE UNDER THE CURRENT
18 LANGUAGE, BUT --

19 MR. RODRIGUEZ: CERTAINLY.

20 CHAIRMAN KLEIN: THE DESIRE IS TO
21 CERTAINLY DO WHATEVER WE CAN TO WORK WITH YOU IN
22 THIS REGARD. AND WE'RE GOING TO BE TAKING MORE
23 TESTIMONY IN A FULL HEARING ON THE COMPROMISE, BUT I
24 WOULD ENCOURAGE YOU TO PLEASE WORK WITH SCOTT TOCHER
25 ON OUR STAFF TO CONNECT YOU TO THE GROUP DISCUSSION

BARRISTERS' REPORTING SERVICE

1 THAT'S GOING TO OCCUR ON THE DEFINITION OF
2 CALIFORNIA SUPPLIER.

3 MR. RODRIGUEZ: MR. CHAIRMAN, ONE POINT I
4 FORGOT TO MAKE. WE DO MAKE EVERY EFFORT TO INCLUDE
5 CALIFORNIA SMALL BUSINESSES IN OUR PROGRAMS. WE'VE
6 ACTUALLY DONE SOME RATHER UNIQUE THINGS TO ALLOW
7 THAT, AND IT'S CORRESPONDENCE AND I'VE ALREADY SENT
8 TO SCOTT.

9 CHAIRMAN KLEIN: IT IS EXTREMELY HELPFUL.
10 WE DO WANT TO ENCOURAGE CALIFORNIA SMALL BUSINESS.
11 AND TO THE EXTENT THAT YOU'RE ABLE TO NEGOTIATE A
12 FAVORABLE PRICING, IT HELPS US WITH OUR MISSION, SO
13 THANK YOU VERY MUCH FOR YOUR CONTRIBUTION.

14 MR. RODRIGUEZ: THANK YOU.

15 CHAIRMAN KLEIN: ANY ADDITIONAL TESTIMONY?

16 DR. RILEY: THANK YOU. I'M LINDA RILEY,
17 THE DIRECTOR OF THE CELL CULTURE CORE FACILITY AT UC
18 SAN FRANCISCO. AND I'D LIKE TO SECOND WHAT MIKE
19 RODRIGUEZ HAS SAID. CORE FACILITIES AT THE
20 PARTICIPATING CAMPUSES PROVIDE SERVICES AND PRODUCTS
21 THAT ARE ENTIRELY TO SERVE THE RESEARCHERS AT OUR
22 INSTITUTIONS. WE'RE NONPROFIT. WE'RE BASED -- ALL
23 OUT OUR EMPLOYEES ARE CALIFORNIA EMPLOYEES, AND WE
24 COLLECT STATE SALES TAX ON ALL OF OUR RESELLING
25 OPERATIONS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

2 DR. RILEY: THANK YOU.

3 CHAIRMAN KLEIN: ANY ADDITIONAL PUBLIC
4 COMMENT? ALL RIGHT. SO AS WAS DISCUSSED
5 IMMEDIATELY AFTER THE EXECUTIVE SESSION, WE'RE GOING
6 TO BE WORKING WITH YOU AND WITH MR. MULLIN'S OFFICE.
7 WE DEEPLY APPRECIATE HIS LEADERSHIP AS ALWAYS. WE
8 HOPE WE CAN REALLY SATISFY HIS NEEDS AND THE
9 LEGISLATIVE OVERSIGHT NEEDS SO THAT WE CAN COME TO A
10 DEFINITION THAT POTENTIALLY DOESN'T REQUIRE
11 LEGISLATION, BUT, OF COURSE, THAT IS MR. MULLIN'S
12 DECISION AS WE GO FORWARD.

13 IN TERMS OF THE AGENDA, I WOULD LIKE TO
14 SAY THAT WE HAVE TRIED TO WORK IN REAL-TIME WITH THE
15 PRIORITIES OF MEMBERS AS WHERE THEY HAD UNIQUE
16 CONTRIBUTIONS TO MAKE AS THEY HAVE HAD TO LEAVE FOR
17 OTHER APPOINTMENTS, AND I APPRECIATE THE PATIENCE OF
18 THE AUDIENCE IN WORKING WITH THAT REAL-TIME
19 ADJUSTMENT OF THE SCHEDULE.

20 MR. PRESIDENT, DR. TROUNSON, ARE THERE ANY
21 ADDITIONAL ITEMS THAT WE NEED TO FOCUS ON OTHER THAN
22 THE REPORT ITEM AT THE END?

23 DR. TROUNSON: NO. I WOULD LIKE -- IF
24 IT'S POSSIBLE TO REPORT ON THE GIFTS TO CIRM, IT
25 WOULDN'T TAKE VERY LONG.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ABSOLUTELY.

2 MS. FERGUSON: I'M BACK. ANYWAY, THIS IS
3 A DONATION REPORT FOR THE FISCAL YEAR JULY 2007 TO
4 JUNE 2008. TO DATE WE HAVE RECEIVED \$1,841.24, AND
5 EVERYTHING COUNTS. THESE PEOPLE THAT ARE LISTED
6 HERE ARE VERY GENEROUS. I CAN TELL YOU THAT
7 MR. ARNOLD STARK SENDS US A \$20 CHECK EVERY TWO OR
8 THREE MONTHS. AND I THINK THAT'S JUST WONDERFUL.
9 AND I'M JUST GOING TO GO QUICKLY THROUGH THE NAMES:
10 ARNOLD STARK FOR \$80; BONNIE STEIN, \$1,000; UNITED
11 WAY OF SAN DIEGO COUNTY, \$121.24; SUSAN ZEMANEK,
12 \$300, AGAIN, AN INDIVIDUAL WHO SUBMITS A HUNDRED
13 DOLLARS EVERY TWO OR THREE MONTHS WHEN IT'S
14 AFFORDABLE; CHERIE KAGAN, \$350, AND THAT WAS MADE ON
15 BEHALF OF ALL THE INDIVIDUALS LISTED THERE: MARLENE
16 KAGAN, DAVID KAGAN AND CAROL KIRK, RACHAEL KAGAN,
17 RENE KAGAN, JOSEPH VAN CAMPEN, SUSAN AND JOHN VAN
18 CAMPEN, ERIN VAN CAMPEN, DANIEL KAGAN, MOLLY
19 ALDERSON, ARIEL PECK, TATIANA PECK, DONALD KAGAN AND
20 PATRICIA MAIRENA, MARCO TORRES, AND MAXWELL KAGAN.

21 AND I THINK THAT WE ALL SHOULD APPRECIATE
22 EVERYTHING THAT WE RECEIVE. IT IS OBVIOUSLY FROM
23 THE HEART.

24 CHAIRMAN KLEIN: ABSOLUTELY.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: IF, PERHAPS, WE COULD
2 SEND ALL OF THESE INDIVIDUALS AND INDIVIDUALS WHO
3 HAVE MADE IMPORTANT, ALTHOUGH NOT LARGE,
4 CONTRIBUTIONS IN THE PAST, PERHAPS A COPY OF A
5 PICTURE OF ALL THE STAFF WITH A THANK-YOU NOTE THAT
6 MAYBE, DR. TROUNSON, YOU AND I COULD SIGN. IT'S
7 VERY MUCH APPRECIATED WHEN PEOPLE OF LIMITED MEANS
8 REACH OUT TO TRY AND SYMBOLICALLY CONVEY THE
9 IMPORTANCE OF THIS INSTITUTION TO THEIR FUTURES.
10 THANK YOU, MARGARET.

11 MS. FERGUSON: THANK YOU.

12 CHAIRMAN KLEIN: OKAY. HAVE WE -- LET ME
13 CHECK WITH ALL OF OUR COUNSEL. MR. HARRISON, I KNOW
14 WE'VE CHECKED, DOUBLE-CHECKED, TRIPLE-CHECKED ALL OF
15 THESE RESULTS. ARE YOU SATISFIED WITH ALL THE ITEMS
16 ON THE AGENDAS?

17 MR. HARRISON: YES. WE'VE COMPLETED
18 EVERYTHING.

19 CHAIRMAN KLEIN: OKAY. SCOTT TOCHER?

20 MR. TOCHER: YES.

21 CHAIRMAN KLEIN: TAMAR PACHTER?

22 MS. PACHTER: CERTAINLY.

23 CHAIRMAN KLEIN: OKAY. I THANK YOU ALL.
24 I THANK THE REMARKABLE CONTRIBUTIONS OF THIS BOARD,
25 THE HEROIC CONTRIBUTIONS OF THE STAFF, AND I THANK

BARRISTERS' REPORTING SERVICE

1 THE AUDIENCE FOR THEIR PATIENCE, COMMITMENT, AND
2 SUPPORT, AND THE EDUCATION THEY CONSTANTLY GIVE US
3 THROUGH THE PUBLIC INPUT PROCESS. THE MEETING
4 STANDS ADJOURNED. THANK YOU.

5 (APPLAUSE.)

6 (THE MEETING WAS THEN ADJOURNED AT
7 3: 40 P. M.)

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BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN' S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

SHERATON GATEWAY SFO
600 AIRPORT BOULEVARD
BURLINGAME, CALIFORNIA

ON
JUNE 27, 2008

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

BETH C. DRAIN, CSR 7152
BARRISTER' S REPORTING SERVICE
1072 BRISTOL STREET
SUITE 100
COSTA MESA, CALIFORNIA
(714) 444-4100