

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

LOCATION: UCI UNIVERSITY CLUB
801 EAST PELTASON DRIVE
IRVINE, CALIFORNIA

DATE: TUESDAY, JULY 12, 2005
9 A.M.

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

BRS FILE NO.: 71713

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1 IRVINE, CALIFORNIA, TUESDAY, JULY 12, 2005

2

3 CHAIRMAN KLEIN: ALL RIGHT. IF WE CAN TRY
4 AND MOVE INTO THE AGENDA HERE QUICKLY. THERE'S A
5 NUMBER OF PEOPLE IN THE LOBBY, AND IF YOU WILL PLEASE
6 MENTION TO THEM THAT WE ARE STARTING.

7 IN CONVENING THE MEETING THIS MORNING, I'D
8 LIKE TO MAKE CERTAIN THAT WE THANK THE CHRISTOPHER
9 REEVE FOUNDATION FOR THEIR OUTSTANDING WORK AND
10 CERTAINLY DANA REEVE WHO IS CONTINUING TO LEAD THOSE
11 EFFORTS WITH THE EXECUTIVE LEADERSHIP OF TRICIA BROOKS
12 AND MICHAEL MANGANIELLO.

13 IN WELCOMING EVERYONE TO TODAY'S ICOC MEETING
14 AT UC IRVINE, WE WANT TO AGAIN THANK DR. SUSAN BRYANT,
15 TO MY RIGHT, OUR ESTEEMED BOARD MEMBER REPRESENTING THE
16 UC IRVINE CAMPUS, AND HER ASSISTANT, JEANNIE ENGELS.
17 THE STAFF AT THE IRVINE UNIVERSITY CLUB ALSO NEEDS TO
18 BE ACKNOWLEDGED, AND WE ARE SPECIFICALLY PLEASED AND
19 PRIVILEGED TO HAVE WITH US EXECUTIVE VICE CHANCELLOR
20 MICHAEL GOTTFREDSON, WHO WOULD LIKE TO FORMALLY WELCOME
21 THE BOARD.

22 DR. GOTTFREDSON: MY NAME IS MICHAEL
23 GOTTFREDSON, EXECUTIVE VICE CHANCELLOR. MR. CHAIRMAN,
24 PRESIDENT HALL, CITIZENS' OVERSIGHT COMMITTEE, ON
25 BEHALF OF THE UNIVERSITY OF CALIFORNIA IRVINE CAMPUS, I

1 AM DELIGHTED TO WELCOME YOU HERE. FOR THOSE OF YOU WHO
2 ARE RETURNING TO OUR CAMPUS, WELCOME BACK; AND THOSE OF
3 YOU WHO ARE HERE FOR THE FIRST TIME, WELCOME AND I HOPE
4 YOU GET A CHANCE TO EXPLORE OUR ENVIRONMENT A LITTLE
5 BIT. ALSO ON BEHALF OF THE UNIVERSITY OF CALIFORNIA
6 IRVINE RESEARCH COMMUNITY, I WANT TO EXPRESS OUR
7 ENORMOUS GRATITUDE TO EACH OF YOU AS INDIVIDUALS FOR
8 YOUR PERSONAL ATTENTION AND YOUR PERSONAL EFFORTS AND
9 SACRIFICES THAT YOU ARE MAKING AS MEMBERS OF THIS
10 COMMITTEE IN EXECUTING THE WILL OF THE CITIZENS OF THE
11 STATE. AND WE ARE ENORMOUSLY GRATEFUL FOR YOUR
12 INDIVIDUAL EFFORTS. AND IF THERE'S ANYTHING THAT WE
13 CAN DO AT IRVINE TO MAKE YOUR MEETING MORE PRODUCTIVE
14 OR YOUR STAY MORE ENJOYABLE, I HOPE YOU WILL NOT
15 HESITATE TO LET US KNOW.

16 AND NOW THAT YOU KNOW HOW CONVENIENTLY
17 LOCATED WE ARE, NOT JUST THE CENTER OF SOUTHERN
18 CALIFORNIA AND ITS RESEARCH ENVIRONMENT, BUT ALSO AN
19 HOUR AWAY FROM ANYPLACE IN CALIFORNIA BECAUSE OF OUR
20 VERY CONVENIENT AIRPORT. WE HOPE THAT WE WILL SEE YOU
21 REPEATEDLY HERE AND WE WILL WELCOME YOU. THANK YOU
22 VERY MUCH FOR COMING.

23 CHAIRMAN KLEIN: THANK YOU.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: WE ARE AWAITING SENATOR JOE

1 DUNN, WHO REPRESENTS THE ORANGE COUNTY AREA. AND WHEN
2 HE ARRIVES, WE WILL DEPART FROM OUR AGENDA SO THAT HE
3 CAN MAKE A PRESENTATION AT THAT TIME SINCE HIS TIMING
4 IS VERY TIGHT.

5 MELISSA KING IS GOING TO LEAD US IN THE
6 PLEDGE OF ALLEGIANCE TO FORMALLY BEGIN OUR PROCESS THIS
7 MORNING.

8 (THE PLEDGE OF ALLEGIANCE.)

9 CHAIRMAN KLEIN: THANK YOU. AND MELISSA,
10 WILL YOU LEAD US THROUGH THE ROLL CALL.

11 MS. KING: PAUL JENNINGS FOR DAVID BALTIMORE.

12 DR. JENNINGS: HERE.

13 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

14 DR. PRICE: HERE.

15 MS. KING: DAVE MEYER FOR KEITH BLACK.

16 DR. MEYER: HERE.

17 MS. KING: SUSAN BRYANT.

18 DR. BRYANT: HERE.

19 MS. KING: MICHAEL FRIEDMAN.

20 DR. FRIEDMAN: HERE.

21 MS. KING: MICHAEL GOLDBERG. BRIAN

22 HENDERSON.

23 DR. HENDERSON: HERE.

24 MS. KING: ED HOLMES. DAVID KESSLER.

25 DR. KESSLER: HERE.

1 MS. KING: BOB KLEIN.
2 CHAIRMAN KLEIN: HERE.
3 MS. KING: SHERRY LANSING.
4 MS. LANSING: HERE.
5 MS. KING: LEONARD ROME FOR GERALD LEVEY.
6 DR. ROME: HERE.
7 MS. KING: TED LOVE.
8 DR. LOVE: HERE.
9 MS. KING: RICHARD MURPHY. TINA NOVA.
10 DR. NOVA: HERE.
11 MS. KING: ED PENHOET.
12 DR. PENHOET: HERE.
13 MS. KING: PHIL PIZZO.
14 DR. PIZZO: HERE.
15 MS. KING: CLAIRE POMEROY.
16 DR. POMEROY: HERE.
17 MS. KING: FRANCISCO PRIETO.
18 DR. PRIETO: HERE.
19 MS. KING: JEANNIE FONTANA FOR JOHN REED.
20 DR. FONTANA: HERE.
21 MS. KING: JOAN SAMUELSON. DAVID
22 SERRANO-SEWELL. JEFF SHEEHY.
23 MR. SHEEHY: HERE.
24 MS. KING: JONATHAN SHESTACK. OSWALD
25 STEWARD.

1 DR. STEWARD: HERE.

2 MS. KING: LEON THAL. GAYLE WILSON. JANET
3 WRIGHT.

4 DR. WRIGHT: HERE.

5 CHAIRMAN KLEIN: MELISSA, CAN YOU TELL US, DO
6 WE HAVE A QUORUM IN ATTENDANCE?

7 MS. KING: YOU DO.

8 CHAIRMAN KLEIN: WE'D LIKE TO BEGIN WITH
9 AGENDA ITEMS 5, 6, AND 7, WHICH ARE CONSENT ITEMS.
10 THEY INCLUDE THE APPROVAL OF THE MINUTES FROM MAY 23D,
11 2005, THE APPROVAL FOR THE MINUTES OF JUNE 6, 2005, AND
12 THE ADOPTION THROUGH THE CONSENT PROCESS OF AMENDMENTS
13 TO ENHANCE THE CONFLICT OF INTEREST CODE CATEGORIES,
14 ENHANCING THOSE CATEGORIES FOR NEW HIRES AND
15 DESCRIPTION OF THE RELATED CURRENT STAFF
16 RESPONSIBILITIES.

17 IF THERE ARE ANY QUESTIONS, JAMES HARRISON IS
18 PREPARED TO ANSWER QUESTIONS. I'D ASK IF THERE'S ANY
19 QUESTIONS FROM THE BOARD, OR IF THERE'S ANY QUESTIONS
20 FROM THE PUBLIC? THERE DO NOT SEEM TO BE ANY QUESTIONS
21 FROM THE BOARD OR THE PUBLIC.

22 IS THERE A MOTION TO APPROVE THE CONSENT
23 ITEMS UNDER AGENDA ITEMS 5, 6, AND 7?

24 DR. PIZZO: SO MOVED.

25 DR. BRYANT: SECOND.

1 CHAIRMAN KLEIN: IT'S BEEN MOVED AND
2 SECONDED. ALL IN FAVOR. OPPOSED? ITEMS PASS.

3 WE'LL GO TO AGENDA ITEM 8. THERE ARE NO
4 MATERIALS FOR THE ITEM. THE MATERIALS HAVE PROCEEDED A
5 SIGNIFICANT DISTANCE, BUT THEY ARE THROUGH A VETTING
6 PROCESS. THEY'RE IN A VETTING PROCESS AT THIS TIME.
7 THEY WILL BE MADE PUBLIC WHEN THEY'RE THROUGH THAT
8 VETTING PROCESS.

9 THE BRIDGE FINANCING STRUCTURED AROUND BOND
10 ANTICIPATION NOTES THAT BY THEIR TERMS STATE THAT IF
11 THE STATE WERE NOT SUCCESSFUL IN LITIGATION, THOSE BOND
12 ANTICIPATION NOTES WOULD BECOME GRANTS, THEY WOULD NOT
13 BE PAID OFF, HAVE PROCEEDED IN A TASK FORCE OF THE
14 INSTITUTE, THE TREASURER'S OFFICE, AND THE CONTROLLER'S
15 OFFICE AS AUTHORIZED BY THE FINANCE COMMITTEE MEETING
16 IN MAY.

17 THE TERM SHEETS HAVE BEEN DONE AND REVIEWED
18 BY COUNSEL IN THAT TRANSACTION. WE WILL BE BRINGING
19 THOSE MATTERS BACK TO THE BOARD, I BELIEVE, IN THE NEXT
20 BOARD MEETING TO REVIEW THOSE TERM SHEETS. THE KEY
21 OBJECTIVE HERE IS TO WORK WITH MAJOR PHILANTHROPIC
22 FOUNDATIONS AND INDIVIDUALS TO FUND SUFFICIENT PORTIONS
23 OF THOSE BOND ANTICIPATION NOTES SO THAT BY THE
24 SEPTEMBER BOARD MEETING WHEN WE'RE PREPARED, WE HOPE,
25 TO APPROVE THE INFRASTRUCTURE TRAINING GRANT

1 RECOMMENDATIONS OF THE WORKING GROUP, THE SCIENTIFIC
2 AND MEDICAL GRANTS WORKING GROUP, THAT WE HAVE FUNDING
3 FOR THOSE INITIAL INFRASTRUCTURE TRAINING GRANTS.

4 THERE'S NO ACTION NEEDED AT THIS TIME. THIS
5 IS AN UPDATE ITEM.

6 GOING THROUGH TO THE NEXT ITEM OF THE AGENDA,
7 I'D LIKE TO REVERSE ITEMS 9 AND 10 IF WE CAN. IF THE
8 BOARD REMEMBERS, THAT AT THE JUNE 6TH MEETING THERE
9 WERE POLICY SUGGESTIONS THAT HAD COME FROM A MEETING
10 THAT SENATOR PERATA'S STAFF HAD CHAIRED ON JUNE 3D IN
11 HIS OFFICES WITH LEGISLATIVE LEADERSHIP OF THE STATE
12 SENATE. AND IN THAT MEETING THE PRESIDENT, DR. ZACH
13 HALL, COUNSEL, JAMES HARRISON, AND I WORKED WITH
14 SENATOR PERATA'S STAFF, SENATOR ORTIZ' STAFF, AND
15 SENIOR CONSULTANTS OF A NUMBER OF COMMITTEES OF THE
16 SENATE TO COME TO A CONCLUSION ON CONCEPTUAL ITEMS THAT
17 COULD BE ADVANCED. THAT IS NOT TO SAY THAT THERE WAS
18 FINAL SIGN-OFF ON THOSE ITEMS, BUT WE'RE ATTEMPTING TO
19 FIND MORE CORE ITEMS ON WHICH WE COULD MAKE REAL
20 PROGRESS IN ENHANCING THE POLICIES FOR TRANSPARENCY,
21 ACCOUNTABILITY, AND FOR FURTHER RAISING WHAT WE BELIEVE
22 ARE ALREADY THE HIGHEST STANDARDS IN THE COUNTRY.

23 AS THE BOARD KNOWS, WE'VE BEEN WORKING WITH
24 THE NATIONAL ACADEMIES OF SCIENCE SINCE BEFORE THIS
25 BOARD WAS FORMED FOR INFORMATION, STARTING WITH THE

1 DECEMBER 6TH AND DECEMBER 7TH MEETING AT UC IRVINE, FOR
2 INPUT ON CONFLICTS, FOR INPUT ON OPEN MEETINGS POLICY,
3 AND ISSUES OF TRANSPARENCY. AT THAT BOARD MEETING WE
4 ESTABLISHED A LEGISLATIVE SUBCOMMITTEE TO CONSIDER
5 POLICY ENHANCEMENTS. AND DR. ZACH HALL WITH STAFF
6 DEVELOPED A NUMBER OF SPECIFIC RECOMMENDATIONS FROM THE
7 CONCEPTUAL POINTS THAT WE BROUGHT TO THE JUNE 6TH
8 MEETING.

9 THAT MEETING OF THE LEGISLATIVE SUBCOMMITTEE
10 OCCURRED ON JUNE 20TH, AND A NUMBER OF THOSE
11 RECOMMENDATIONS WERE CONSIDERED. YOU WILL FIND THEM
12 UNDER TAB 10 IN YOUR DOCUMENTS YOU HAVE BEFORE YOU,
13 ALONG WITH A TIME LINE THAT DETAILS THE PROGRESS THAT
14 HAS BEEN MADE.

15 DR. HALL, WOULD YOU LIKE TO COMMENT ON THOSE
16 POLICY ENHANCEMENTS?

17 DR. HENDERSON: WHERE IS THE TIME LINE, MR.
18 CHAIRMAN? IT'S ON THE LAST PAGE.

19 MS. KING: FOURTH PAGE.

20 CHAIRMAN KLEIN: IT'S THE PAGE BEFORE THE
21 LAST PAGE.

22 DR. HALL: THIS IS THE FIRST OF THE TWO
23 PRESENTATIONS THAT'S UNDER POLICY ENHANCEMENTS. SO AS
24 THE CHAIR, BOB KLEIN, SAID, ON JUNE 20TH THE
25 LEGISLATIVE SUBCOMMITTEE OF THE ICOC RECOMMENDED POLICY

1 ENHANCEMENTS TO THE ICOC TO MEET SEVERAL CONCERNS
2 EXPRESSED BY THE LEGISLATURE. AND WITH RESPECT TO
3 THESE POLICIES, THE LEGISLATIVE SUBCOMMITTEE
4 RECOMMENDED THAT THE ICOC REQUIRE NOTICE TO THE
5 LEGISLATURE AND THE PUBLIC AND A VOTE OF 70 PERCENT OF
6 A QUORUM OF ICOC MEMBERS TO AMEND THESE ENHANCED
7 POLICIES WHEN THEY ARE ADOPTED.

8 HERE WE GO. SO THE POLICIES INVOLVE CONFLICT
9 OF INTEREST ISSUES OF THE ICOC ITSELF AND OF MEMBERS OF
10 THE WORKING GROUPS AS WELL AS MEETING PROCEDURES AND
11 OTHER MATTERS. NOW, SINCE THAT SUBCOMMITTEE MEETING ON
12 JUNE 20TH, THE PRESIDENT AND THE STAFF HAVE HAD ONGOING
13 DISCUSSIONS THROUGH LATE LAST WEEK WITH MEMBERS OF THE
14 ICOC AND WITH MEMBERS OF THE LEGISLATIVE STAFF ABOUT
15 FURTHER IMPROVEMENTS TO THE ENHANCEMENTS; THAT IS,
16 SUBSEQUENT TO THOSE THAT WERE PASSED AND ARE IN YOUR
17 BOOK ON JUNE 20TH.

18 WE ARE FACED WITH A PRACTICAL PROBLEM, AND
19 THAT IS THE ENHANCEMENTS THAT WERE PASSED ON JUNE 20TH
20 NEED SOME FURTHER WORK. ON THE OTHER HAND, WE HAVE A
21 VERY PRACTICAL PROBLEM THAT WE HAVE OUR WORKING GROUPS
22 ALREADY MEETING, AND WE NEED SOME POLICY IN PLACE IN
23 ORDER TO DEAL WITH THOSE MEETINGS.

24 SO WHAT I SUGGEST IS THE FOLLOWING. LET ME
25 JUST SAY, BY THE WAY, THAT WE HAVE ALREADY USED THESE

1 ENHANCED CONFLICT OF INTEREST POLICIES RECOMMENDED BY
2 THE SUBCOMMITTEE IN COLLECTING DISCLOSURE INFORMATION
3 FROM MEMBERS OF THE STANDARDS WORKING GROUP, WHICH MET
4 ON JULY 6TH, AND WE HAVE SENT OUT NOTICES ASKING FOR
5 DISCLOSURE FROM MEMBERS OF THE GRANTS REVIEW WORKING
6 GROUP, WHICH WILL BE ON AUGUST 3D AND 4TH.

7 SO IN ORDER TO MEET THESE DEMANDS AND ALSO TO
8 INCORPORATE INTO THE ENHANCEMENTS LANGUAGE AND CHANGES
9 SUGGESTED BY ICO MEMBERS AND FROM OUR OWN DISCUSSION IN
10 A THOUGHTFUL AND CAREFUL WAY, WE OFFER THE FOLLOWING
11 SUGGESTION. AND THAT IS, WE ASK THAT THE ICOC PASS THE
12 ENHANCEMENTS RECOMMENDED TO THE LEGISLATIVE
13 SUBCOMMITTEE AS INTERIM ENHANCEMENTS, A TERM THAT'S
14 BECOMING VERY FAMILIAR TO US IN OUR VARIOUS MEETINGS
15 HERE, SO THAT WE CAN USE THEM FOR THE ACTIVITIES THAT
16 ARE NOW IN PROGRESS.

17 IN THE MEANTIME THE STAFF WILL AMEND THESE
18 ENHANCEMENTS BASED ON OUR DISCUSSIONS HERE AND WITH
19 LEGISLATIVE STAFF AND BRING BACK THE SUITABLY AMENDED
20 FINAL ENHANCEMENTS, QUOTE, UNQUOTE, AND WE WILL PASS
21 THOSE AT THE AUGUST MEETING; HOWEVER, LET ME JUST NOTE
22 THAT IS AFTER THE GRANTS REVIEW WORKING GROUP, SO
23 THAT -- AND THEN WE CAN USE THOSE HENCEFORTH. AND I
24 THINK GIVEN THIS STRATEGY, IF WE CHOOSE TO ADOPT IT, IT
25 WOULD BE APPROPRIATE TO HOLD THE 70-PERCENT RESOLUTION

1 UNTIL THE AUGUST MEETING; THAT IS, NOT TO FIX THESE IN
2 PLACE.

3 AS YOU REMEMBER, THE LEGISLATURE HAD WISHED
4 US TO HAVE SOME POLICY SO THAT THESE COULD NOT BE
5 CAPRICIOUSLY CHANGED, AND THAT'S WHERE THEIR
6 RECOMMENDATION THAT WE HAVE NOTICED TO THE LEGISLATURE
7 AND PUBLIC AND A VOTE OF 70 PERCENT OF A QUORUM TO
8 AMEND ANY ENHANCED POLICIES. SO I SUGGEST WE PUT THAT
9 SAFEGUARD IN PLACE AT THE AUGUST MEETING.

10 SO WHAT WE REQUEST IS THAT YOU PASS THE
11 POLICY NOW. YOU HAVE THESE UNDER TAB NO. 10 IN YOUR
12 NOTEBOOKS, AND LET ME JUST BRIEFLY GO OVER THE
13 ENHANCEMENTS WHICH DETAIL OUR DISCLOSURE POLICIES FOR
14 MEMBERS OF THE THREE WORKING GROUPS, AS DESCRIBED.
15 THEY DESCRIBE THE AVAILABILITY OF AUDIT -- FOR AUDIT OF
16 THE DISCLOSURES ALONG WITH OUR RECORDS OF WORKING GROUP
17 MEMBERS PARTICIPATING IN EACH DECISION. THEY DISCUSS
18 THE FORM AND TIMING OF OUR RECOMMENDATIONS TO THE ICOC
19 FROM THE WORKING GROUPS. THEY DESCRIBE AN ANNUAL
20 REPORT THAT WILL DESCRIBE OUR AGGREGATE TRAINING
21 ACTIVITIES IN TERMS OF DISEASE INTEREST. THEY DESCRIBE
22 OUR MEETING PROCEDURES FOR WORKING GROUPS, AND THEY
23 DESCRIBE OUR POLICY WITH RESPECT TO THE RECORDS OF THE
24 WORKING GROUPS.

25 SO WE ASK YOU TO APPROVE THESE AS INTERIM

1 ENHANCEMENTS WHICH WOULD ALLOW US TO GET OUR WORK DONE
2 OVER THE NEXT MONTH.

3 NOW, BEFORE YOU FORMALLY CONSIDER THAT, LET
4 ME JUST MENTION TO YOU WHAT THE CHANGES THAT WE
5 CURRENTLY CONTEMPLATE ARE THAT WE WOULD BRING TO YOU IN
6 AUGUST. AND THOSE ARE SHOWN IN THE NEXT SLIDE.

7 FIRST OF ALL, AS WAS POINTED OUT AT THE
8 LEGISLATIVE SUBCOMMITTEE MEETING, THERE ARE SOME
9 INCONSISTENCIES WITH RESPECT TO BOTH FORM AND FINANCIAL
10 THRESHOLD AMONG THE DIFFERENT WORKING GROUPS WITH
11 RESPECT TO THEIR DISCLOSURE AND CONFLICT OF INTEREST.
12 AND SO WE WOULD LIKE TO MAKE THOSE CONSISTENT, AND WE
13 WOULD APPLY A FINANCIAL THRESHOLD OF \$5,000 INTEREST TO
14 ALL THREE WORKING GROUPS. CURRENTLY THE STANDARDS ONE
15 IS A BIT HIGHER FOR HISTORICAL AND IRRELEVANT REASONS.

16 A SECOND POINT CAME OUT OF OUR DISCUSSIONS
17 WITH THE LEGISLATIVE STAFF, WHICH I THINK MAKES AN
18 IMPORTANT ADDITION TO OUR CONFLICT OF INTEREST
19 POLICIES; AND THAT IS, WITH RESPECT TO COMPANIES THAT
20 ARE PRIVATELY HELD. IF A WORKING GROUP MEMBER HAS A
21 SUBSTANTIAL POSITION IN EQUITY OR OPTIONS IN A
22 PRIVATELY HELD COMPANY, THESE MAY HAVE A LOW OR
23 DIFFICULT TO DETERMINE DOLLAR VALUE; BUT, NEVERTHELESS,
24 THEY MAY REPRESENT A SUBSTANTIAL CONFLICT OF INTEREST.

25 SO WE WOULD LIKE TO ADD A PROVISION THAT A

1 POSITION OF MORE THAN 5-PERCENT INTEREST IN ANY PRIVATE
2 COMPANY DOING BIOMEDICAL RESEARCH REPRESENTS A
3 FINANCIAL INTEREST THAT MUST BE DISCLOSED. SO THIS
4 WOULD BE INDEPENDENT OF THE DOLLAR VALUE. IT WOULD
5 REPRESENT 5-PERCENT INTEREST IN THE COMPANY ITSELF. SO
6 I THINK THAT ACTUALLY STRENGTHENS OUR POLICIES AND
7 REPRESENTS AN IMPORTANT ADDITION.

8 AND THEN THIRDLY, WE HAVE A DISCUSSION ON THE
9 FUNDING RECOMMENDATIONS TO THE ICOC, AND THIS HAS BEEN
10 A SUBJECT OF CONTINUING DISCUSSION AMONG OURSELVES.
11 MR. HALPERN HAS MADE SOME SUGGESTIONS, AND WE ALSO HAD
12 DISCUSSIONS WITH LEGISLATIVE STAFF. AND LET ME
13 SUMMARIZE THOSE BRIEFLY BY SAYING THAT ONE OF THE
14 CHANGES WE MAY WISH TO MAKE AT THIS MEETING, AND THAT
15 IS THAT FOR LEGAL AND OTHER REASONS, THAT ALL
16 RECOMMENDATIONS OF THE WORKING GROUP COME TO THE ICOC.
17 WHAT WE HAVE NOT DECIDED AND WISH TO WORK ON IS EXACTLY
18 WHAT INFORMATION WILL BE GIVEN ABOUT EACH GRANT
19 APPLICATION THAT COMES. AND THE REASON FOR THIS IS WE
20 ARE, AS DISCUSSED BEFORE, TRYING TO BALANCE THE
21 TRADITIONAL AND WIDESPREAD POLICY OF CONFIDENTIALITY OF
22 GRANT APPLICATIONS WITH OUR DESIRE TO BE TRANSPARENT.

23 ESSENTIALLY ALMOST ALL GRANTING AGENCIES
24 IDENTIFY GRANTS THAT ARE CHOSEN FOR FUNDING, BUT DON'T
25 IDENTIFY THE ONES NOT CHOSEN FOR FUNDING. AND THE

1 DECISIONS ARE MADE IN CONFIDENTIAL SESSIONS SO THAT
2 MEMBERS OF THE FINAL DECISION-MAKING BODY HAVE ACCESS
3 TO ALL THE INFORMATION THAT IS IN THE APPLICATIONS.
4 BECAUSE IN THE ICOC, OF COURSE, THE DECISIONS ARE MADE
5 BY YOU, IT'S DONE IN PUBLIC SESSION, AND SO THIS MEANS
6 THAT IN ORDER TO MAINTAIN CONFIDENTIALITY OF THE
7 APPLICATIONS, IT'S NOT POSSIBLE FOR US. WE DO NOT WISH
8 TO HAVE THE FULL TEXT OF THE APPLICATIONS MADE AS
9 PUBLIC DOCUMENTS IN ORDER TO PRESERVE CONFIDENTIALITY.

10 SO WE ARE WORKING WITH EXACTLY HOW TO GET YOU
11 THE INFORMATION THAT YOU NEED IN A WAY THAT PRESERVES
12 THAT CONFIDENTIALITY AND IN A WAY THAT ALSO RESPECTS
13 OUR DESIRE NOT TO EMBARRASS PEOPLE UNNECESSARILY AND
14 NOT TO IDENTIFY THE LOSERS IN WAYS THAT WOULD BE
15 INAPPROPRIATE.

16 SO THE CHAIRMAN, I THINK, WANTS TO MAKE AN
17 AMENDMENT TO THE POLICIES THAT WERE PASSED AT THE JUNE
18 20TH MEETING BY THE LEGISLATIVE SUBCOMMITTEE TO ADDRESS
19 THAT ISSUE, BUT WE WILL BRING BACK TO YOU IN AUGUST
20 EXACTLY THE MECHANICS OF HOW THIS WILL BE WORKED OUT.

21 SO I APOLOGIZE FOR THE COMPLEXITY OF THIS,
22 BUT IT IS PART OF THE CHALLENGE OF TRYING ON THE ONE
23 HAND TO MAKE POLICY; AND ON THE OTHER HAND, TO TRY TO
24 MOVE FORWARD USING THE POLICIES THAT WE HAVE.

25 NOW, THERE ARE TWO OTHER POINTS IN THE POLICY

1 ENHANCEMENTS. I'VE DEALT WITH THE WORKING GROUPS.
2 THERE ARE TWO OTHER CHANGES THAT NEED TO BE MADE, AND
3 ONE HAS TO DO WITH ICOC CONFLICT OF INTEREST, AND THE
4 SECOND HAS TO DO WITH A STATEMENT ABOUT IP. AND, MR.
5 CHAIR, I DON'T KNOW HOW YOU WANT TO HANDLE THIS OR
6 WHETHER YOU WANT TO TAKE QUESTIONS NOW OR HOW YOU WANT
7 TO DO IT, BUT --

8 CHAIRMAN KLEIN: WHY DON'T WE TRY AND TAKE
9 QUESTIONS AS WE GO SINCE THERE'S A LOT OF SUBSTANCE
10 HERE. DR. PIZZO.

11 DR. PIZZO: I RECOGNIZE THAT WE MAY BE COMING
12 BACK FOR FURTHER DISCUSSION ABOUT THIS, BUT AT LEAST TO
13 OFFER A POSITION NOT TO SECOND-GUESS THE LEGISLATIVE
14 SUBCOMMITTEE. IT WOULD SEEM TO ME THAT ONE OF THE
15 THINGS WE SHOULD RECONSIDER IS THE 5-PERCENT THRESHOLD
16 UNDER ITEM BULLET 2. I WOULD ACTUALLY --

17 DR. HALL: FOR PRIVATE COMPANIES?

18 DR. PIZZO: FOR PRIVATE COMPANIES. AND AT
19 LEAST FOR FURTHER DISCUSSION, JUST TO OFFER A POSITION,
20 I THINK THERE SHOULD BE A THRESHOLD. I THINK THERE
21 SHOULD BE DISCLOSURE, ANY DISCLOSURE IN A PRIVATELY
22 HELD COMPANY. AT LEAST THAT'S A PRACTICE THAT WE'VE
23 USED IN OUR UNIVERSITY. I THINK THAT THAT IS SOMETHING
24 FOR --

25 DR. HALL: I WAS TRYING TO REMEMBER. THE

1 UNIVERSITY OF CALIFORNIA, AS I WAS TRYING TO REMEMBER
2 BACK TO THE DAYS WHEN I WAS INVOLVED IN THIS AS A VICE
3 CHANCELLOR --

4 DR. PIZZO: IT'S DIFFERENT FOR PUBLICLY AND
5 PRIVATELY HELD COMPANIES. IN MANY PLACES IT'S .5
6 PERCENT FOR PUBLICLY HELD, AND OTHERS IT'S ZERO OR ANY
7 FULL DISCLOSURE --

8 DR. HALL: SO PUBLICLY HELD IS FULL
9 DISCLOSURE NOW OF ANYTHING OVER \$5,000. IT'S A DOLLAR
10 AMOUNT. THE DIFFICULTY IS WITH PRIVATE ONES. AND I
11 THOUGHT THE 5 PERCENT WAS --

12 DR. PIZZO: I'M OFFERING IT JUST AS AN
13 OPINION. IF THIS IS THE PRACTICE, JUST TO NORMALIZE
14 IT. AND IT IS CERTAINLY THE PRACTICE THROUGHOUT THE
15 UNIVERSITY OF CALIFORNIA SYSTEMS, THAT I'M NOT
16 SUGGESTING NECESSARILY TO CHANGE THAT.

17 DR. HALL: IT IS OFTEN THE CASE THAT PEOPLE
18 SERVE ON SCIENTIFIC ADVISORY COMMITTEES AND GET OPTIONS
19 THAT ARE VERY SMALL IN AMOUNT. AND WHETHER WE WANT TO
20 ASK DISCLOSURE OF THOSE OR NOT I DON'T KNOW. IT IS A
21 CONTINUING QUESTION HOW MUCH WE ASK OUR WORKING GROUP
22 MEMBERS TO DISCLOSE BECAUSE IT IS NOT COMMON TO ASK
23 MEMBERS OF WHAT ARE EQUIVALENT TO STUDY SECTIONS TO
24 MAKE FINANCIAL DISCLOSURES THAT ARE PUBLIC. AND WE
25 HAVE ALREADY HAD ONE CASE IN WHICH SOMEONE WHO WAS

1 ASKED TO PARTICIPATE IN ICOC HAS SAID NO WAY WAS THAT
2 PERSON GOING TO EXPOSE FOR A RELATIVELY SHORT TERM OF
3 SERVICE THE DETAILS OF ALL OF HIS FINANCIAL
4 INFORMATION.

5 AND SO WE WALK A NARROW LINE HERE, AND OUR
6 OWN SENSE IS THAT ASKING DISCLOSURE THAT IS
7 CONFIDENTIAL TO US AND HAVING THAT AVAILABLE FOR AUDIT
8 BY THE STATE OR BY A PRIVATE AUDITOR MEETS THE
9 REQUIREMENT AND IS, IN FACT, A MORE RIGOROUS
10 REQUIREMENT THAN EITHER THE NIH OR ANY GRANTING AGENCY
11 THAT I KNOW, INCLUDING THE UNIVERSITY OF CALIFORNIA,
12 REQUIRES.

13 SO I THINK WE HAVE VERY ROBUST POLICIES IN
14 PLACE. WE ARE TRYING TO FINE-TUNE THEM, BUT I THINK
15 THE FUNDAMENTAL BODY OF THOSE POLICIES IS VERY STRONG
16 AND VERY SIGNIFICANT.

17 MS. KING: IF I COULD JUST REMIND THE BOARD
18 MEMBERS WHILE WE'RE DOING THE QUESTION-AND-ANSWER PART
19 OF THIS PRESENTATION TO SPEAK DIRECTLY INTO THE
20 MICROPHONE AND ALSO SAY YOUR NAME BEFORE YOU START.
21 THANK YOU SO MUCH.

22 CHAIRMAN KLEIN: DR. PRIETO.

23 DR. PRIETO: FOR ZACH, I DON'T HAVE MY NOTES
24 FROM THE LEGISLATIVE SUBCOMMITTEE MEETING WITH ME, BUT
25 I HAD THOUGHT THAT WE TRIED ALSO TO MAKE THE LANGUAGE

1 REGARDING FAMILY MEMBERS AND SUCH MORE CONSISTENT FROM
2 WORKING GROUP TO WORKING GROUP.

3 DR. HALL: YOU'RE QUITE CORRECT. I JUST
4 OMITTED THAT. IT WAS A CARELESS OMISSION FROM MY TEXT
5 HERE, BUT YOU'RE QUITE CORRECT.

6 DR. PRIETO: IF I CAN JUST POINT OUT, FOR THE
7 STANDARDS WORKING GROUP, IT APPEARS TO BE MUCH MORE
8 STRINGENT WITH REVIEWERS, CLOSE FAMILY MEMBERS, OR
9 OTHERS WITH WHOM REVIEWERS HAVE SUBSTANTIAL COMMON --

10 DR. HALL: WE WILL WORK OUT WORDING. ED
11 PENHOET HAD A GOOD SUGGESTION FOR A PHRASE THAT WE
12 MIGHT USE, AND I REALIZE THE WORD "FAMILY" IS MISSING
13 FROM THE TOP ONE UP THERE, BUT WE CERTAINLY WILL DO
14 THAT AND MAKE THAT CONSISTENT AS WELL. SO I APPRECIATE
15 THAT COMMENT.

16 ANY OTHER COMMENT ON THIS?

17 SO, MR. CHAIR, WE HAVE TWO PIECES OF THIS.
18 ONE IS ALL THE RECOMMENDATIONS RELATING TO THE WORKING
19 GROUPS AND TO THE GRANTS REVIEW AND WHAT COMES TO THE
20 ICOC, AND THEN WE HAVE TWO OTHER PIECES. ONE IS THE
21 CONFLICT OF INTEREST FOR THE ICOC ITSELF, AND WE HAVE
22 AN AMENDMENT SUGGESTED BY DAVID BALTIMORE TO WHAT WAS
23 IN THE ENHANCEMENTS. AND SECONDLY, WE HAVE AN
24 INTELLECTUAL PROPERTY AND A DECISION TO MAKE ABOUT
25 THAT. SO MAYBE WE COULD CONSIDER THOSE AS THREE

1 SEPARATE PIECES, IF YOU WOULD. AND LET ME ASK, THEN,
2 IF WE MIGHT, FOR DISCUSSION ON ALL OF THE ENHANCEMENTS
3 EXCEPT CONFLICT OF INTEREST FOR THE ICOC ITSELF AND FOR
4 INTELLECTUAL PROPERTY.

5 DR. HENDERSON: MR. CHAIRMAN, I'D LIKE TO
6 MOVE ADOPTION OF THESE INTERIM STANDARDS FOR THE
7 WORKING GROUP.

8 CHAIRMAN KLEIN: IS THERE A SECOND?

9 DR. FRIEDMAN: SECOND.

10 CHAIRMAN KLEIN: IT WAS MOVED AND SECONDED.
11 THE MATTER IS NOW UP FOR DISCUSSION. AND I WOULD LIKE
12 TO FRAME THIS DISCUSSION BY ADDRESSING A QUESTION THAT
13 HAS BEEN RAISED IN TERMS OF THE INTENT OF PROPOSITION
14 71 ON WHETHER THE ICOC SHOULD BE ESTABLISHING RULES AND
15 GUIDELINES FOR THE OPERATION OF THE ICOC AND ITS
16 WORKING GROUPS. IT HAS BEEN SUGGESTED THAT THE ICOC
17 NEEDS TO WAIT FOR RECOMMENDATIONS FROM THE WORKING
18 GROUPS BEFORE ADOPTING SUCH RULES AND PRACTICES.

19 IN FACT, GIVEN THAT MR. JAMES HARRISON AND I
20 WORKED TOGETHER ON THIS VERY LANGUAGE, I CAN TELL YOU
21 THAT, AS A MATTER OF INTENT, WE LOOKED AT IT AS A
22 FUNCTIONAL NECESSITY THAT THE ICOC ESTABLISH THE RULES
23 AND GUIDELINES FOR THE OPERATION OF THE WORKING GROUPS
24 BEFORE THE WORKING GROUPS COULD MEET BECAUSE, OF
25 COURSE, WHEN A WORKING GROUP MEETS, IF THE ICOC HAS NOT

1 ACTED, YOU WOULDN'T KNOW WHETHER THERE WERE CONFLICTS
2 PROVISIONS THAT WOULD ADDRESS THEM, AND YOU WOULD NOT
3 HAVE AN ABILITY TO KNOW WHETHER IT WAS AN OPEN MEETING
4 OR A CLOSED MEETING.

5 SO AS A FUNCTIONAL NECESSITY, THE LANGUAGE AT
6 125290.4(G), WHICH SAYS THAT THE ICOC SHALL ESTABLISH
7 RULES AND GUIDELINES FOR THE OPERATION OF THE ICOC AND
8 ITS WORKING GROUPS MUST COME BEFORE AND PRECEDE BY
9 PRIORITY THE LANGUAGE WHICH FOLLOWS SEQUENTIALLY IN THE
10 DOCUMENT 125290.5(D) THAT TALKS ABOUT WORKING GROUP
11 INPUT.

12 WE CERTAINLY LOOK AT THIS AS BEING AN
13 INTERACTIVE PROCESS WHERE THE WORKING GROUPS WILL GIVE
14 FEEDBACK TO THE ICOC, BUT FUNCTIONALLY, AS A NECESSITY,
15 THE ICOC MUST STRUCTURALLY PROVIDE THE GUIDANCE ON HOW
16 THESE WORKING GROUPS WILL WORK.

17 WITH THAT INTRODUCTION, I WOULD ALSO SUGGEST,
18 AS DR. HALL HAS RAISED, THERE IS A PROPOSED ADDITIONAL
19 AMENDMENT OR ENHANCEMENT WHICH I THINK WOULD GO TOWARDS
20 FURTHER REDUCING ANY REMAINING GAP BETWEEN PERSPECTIVES
21 FROM INDIVIDUALS IN THE LEGISLATURE AND THIS BOARD, IF
22 IT IS ACCEPTABLE TO OUR BOARD. AND PERHAPS WE CAN PUT
23 FORWARD THAT CONCEPTUAL AMENDMENT AND DISCUSS THESE
24 POLICIES WITH THAT UNDER CONSIDERATION. AND THAT
25 AMENDMENT WOULD COME FROM ME ACTING AS CHAIR OF THE

1 LEGISLATIVE SUBCOMMITTEE ALONG WITH TINA NOVA ACTING AS
2 VICE CHAIR. AND ESSENTIALLY, MR. HARRISON, DO YOU HAVE
3 LANGUAGE THAT WOULD ADDRESS THAT?

4 MR. HARRISON: YES. THE CONCEPT -- THE
5 CONCEPT IS THAT WITH RESPECT TO GRANT APPLICATIONS FOR
6 WHICH THE GRANTS REVIEW WORKING GROUP DOES NOT
7 RECOMMEND FUNDING, THE CIRM WILL PROVIDE THE ICOC WITH
8 THE TITLE OF THE APPLICATION AS WELL AS A SUMMARY
9 WRITTEN BY THE APPLICANT, INCLUDING THE DISEASE
10 RELEVANCE. CIRM STAFF, AS DR. HALL NOTED, WILL DEVELOP
11 A PROPOSAL THAT ADDRESSES THE MECHANICS OF PROVIDING
12 INFORMATION REGARDING THE GRANTS REVIEW WORKING GROUP
13 RECOMMENDATIONS TO THE ICOC, AND THESE POLICIES WILL BE
14 SUBMITTED TO THE ICOC FOR ITS CONSIDERATION IN AUGUST.

15 CHAIRMAN KLEIN: SO THE PROPOSED AMENDMENT TO
16 THE MOTION IS THAT THE REPORTING WOULD, INSTEAD OF JUST
17 ADDRESSING THE SCIENTIFIC AND MEDICAL GRANTS WORKING
18 GROUP RECOMMENDATIONS FOR FUNDING, WOULD ALSO PROVIDE
19 TO THE ICOC A LAY SUMMARY OF GRANT APPLICATIONS THAT
20 DID NOT COME WITH THE RECOMMENDATION FOR FUNDING. IT
21 WOULD BE WITHOUT THEIR SCORE, BUT WOULD PROVIDE A LAY
22 SUMMARY SO THAT IF THE ICOC OR BOARD OR A MEMBER OF THE
23 PUBLIC WANTED TO RAISE A QUESTION, THE BOARD COULD
24 DECIDE WHETHER THEY NEEDED ADDITIONAL INFORMATION ON
25 THAT ITEM TO CONSIDER THAT ITEM FOR A RECOMMENDATION.

1 THAT MEANS THAT THE BOARD, THE ICOC BOARD,
2 IS, IN FACT, THE FINAL DECISION-MAKING BODY ON ALL --
3 ON ALL OF THE GRANTS THAT ARE APPLIED FOR, BUT
4 CERTAINLY THE SCIENTIFIC REVIEWS WILL FOCUS ON THOSE
5 RECOMMENDED FOR FUNDING.

6 NOW, DR. HALL, WE WANT TO MAKE CERTAIN THAT
7 WE'RE NOT SACRIFICING OUR SCIENTIFIC STANDARDS OR
8 FUNCTIONAL OPERATIONAL ABILITY AND NOT DISCOURAGING THE
9 GRANT PROCESS BY DOING THIS. COULD YOU COMMENT ON
10 WHETHER YOU THINK THIS IS CONCEPTUALLY ACCEPTABLE
11 WITHIN OUR OPERATIONAL VISION FROM THE SCIENTIFIC POINT
12 OF VIEW?

13 DR. HALL: IT IS.

14 CHAIRMAN KLEIN: SO I WOULD LIKE TO MAKE THAT
15 AS A MOTION FOR AN AMENDMENT.

16 DR. PENHOET: SO MOVED.

17 CHAIRMAN KLEIN: AND IS THERE A SECOND TO
18 THAT AMENDMENT?

19 DR. PIZZO: SECOND.

20 CHAIRMAN KLEIN: IT'S MOVED AND SECONDED. SO
21 THE MOTION AS AMENDED IS UNDER CONSIDERATION FOR
22 DISCUSSION AND DISCUSSION BY THE MEMBERS. TO MY LEFT,
23 I'LL START WITH DR. OS STEWARD AND THEN GO TO MY RIGHT.

24 DR. STEWARD: SO, ZACH, I'M SURE YOU THOUGHT
25 ABOUT THIS. I'M SORRY IF I HAVEN'T QUITE KEPT UP WITH

1 ALL THE DISCUSSIONS. THE NIH MODEL, OF COURSE, WOULD
2 BE COUNSEL, AND I GUESS THE QUESTION IS WHETHER THERE'S
3 ANY CAPACITY OR ABILITY TO HAVE A LIST OF, LET'S CALL
4 THEM, NEAR MISSES WITH THE COUNCIL MODEL BEING DO WE
5 WANT TO REACH DOWN AND FUND GRANTS THAT ARE VERY CLOSE
6 TO A PAY LINE THAT ARE MAYBE PARTICULARLY RELEVANT. I
7 JUST WANTED YOUR COMMENTS AND THOUGHTS ABOUT THAT.

8 DR. HALL: WE WILL HAVE DISCUSSION ABOUT THIS
9 IN THE CONTEXT OF THE PRESIDENT'S REPORT, BUT OUR -- WE
10 IMAGINE THAT THE GRANTS WORKING GROUP WILL MAKE A
11 RECOMMENDATION OF GRANTS IN THREE CATEGORIES, WHICH
12 WOULD BE HIGHLY MERITORIOUS, RECOMMENDED FOR FUNDING;
13 MERITORIOUS, RECOMMENDED FOR FUNDING IF FUNDS ARE
14 AVAILABLE; AND THEN THE THIRD WOULD BE NOT SUFFICIENTLY
15 MERITORIOUS TO WARRANT A RECOMMENDATION FOR FUNDING AT
16 THIS TIME.

17 AND OUR ASSUMPTION IS THAT THE GRANTS
18 ULTIMATELY CHOSEN WILL LARGELY COME FROM FIRST TWO OF
19 THOSE, AND IT WILL BE A RARE OCCASION WHEN SOMEBODY ON
20 THE ICOC WISHES TO DIP DOWN INTO GRANTS THAT ARE NOT
21 RECOMMENDED AT THIS TIME TO ASK FOR ONE FOR DISCUSSION.

22 AND OUR ORIGINAL THOUGHT WAS IS THAT SINCE --
23 TO PRESERVE THE CONFIDENTIALITY, NOT ONLY OF WHAT'S IN
24 THE APPLICATION, BUT OF THE APPLICATION ITSELF IN THOSE
25 CASES, THERE WAS NO POINT IN BRINGING THESE TO THE ICOC

1 AND, THEREFORE, MAKING THEM PUBLIC. HOWEVER, IT WAS
2 POINTED OUT THAT THAT MEANS THAT THE WORKING GROUP
3 MAKES A DECISION, IN FACT, ABOUT THOSE GRANTS. AND SO
4 I THINK THE PURPOSE OF THE CHAIR'S AMENDMENT HERE IS TO
5 SAY THAT, IN LINE WITH PROPOSITION 71, THAT ALL
6 APPLICATIONS WILL NEED TO COME TO THE ICOC. HOWEVER,
7 THE INFORMATION THAT WE GIVE IN THE TWO CASES WILL BE
8 DIFFERENT.

9 MY OWN VIEW IS THAT WE NEED TO THINK ABOUT
10 THAT VERY CAREFULLY WITH STAFF, GO OVER IT, AND THEN
11 COME BACK TO YOU WITH A SPECIFIC PROPOSAL FOR HOW THAT
12 WOULD BE DONE AT THE AUGUST MEETING.

13 CHAIRMAN KLEIN: SHERRY LANSING.

14 MS. LANSING: I JUST WANT TO STRENGTHEN WHAT
15 YOU ARE SAYING. I JUST WANT TO EMPHASIZE WHAT YOU'RE
16 SAYING, ZACH, BECAUSE I THINK THIS IS SUCH AN IMPORTANT
17 THING BECAUSE I'M EXTREMELY SENSITIVE TO A SCIENTIST
18 PUTTING FORTH WORK AND OUR SAYING THE THIRD CATEGORY,
19 NOT MERITORIOUS, WHATEVER. SO I KNOW WE'RE GOING TO GO
20 BACK INTO A WORKING GROUP AND SAY THIS. WE HAVE A VERY
21 FINE LINE. WE WANT EVERYBODY TO KNOW EVERYTHING, BUT
22 WE ALSO WANT TO ENCOURAGE SCIENTISTS WHOSE WORK ISN'T
23 INITIALLY ACCEPTED TO COME BACK TO US.

24 AND WE'VE ALL BEEN IN POSITIONS WHERE
25 SOMETHING IS, QUOTE, NOT RIGHT AT A CERTAIN TIME, AND

1 THEN FIVE YEARS LATER IS ACTUALLY EVERYTHING THAT WE'RE
2 LOOKING FOR. AND SO I THINK THIS THIRD CATEGORY WE
3 REALLY HAVE TO THINK OF VERY, VERY CAREFULLY, HOW WE
4 IDENTIFY IT, HOW WE CALL IT. AND I THINK THIS IS NOT
5 FOR US TO DECIDE TODAY, BUT I AGREE WITH YOU. WE
6 REALLY HAVE TO GO THROUGH IN THE MOST EXTREMELY
7 SENSITIVE WAY BECAUSE WE'VE ALL SEEN SOMETHING THAT IS
8 REJECTED SUDDENLY BECOMES THE CURE FOR SOMETHING LATER
9 OR A PROGRESS IN A DISEASE LATER.

10 DR. HALL: I WOULD SAY, JUST TO COMMENT, WE
11 ARE BREAKING NEW GROUND HERE. FOR THAT REASON, I THINK
12 IT BOTH DESERVES SOME DISCUSSION AS WE ARE HAVING, AND
13 I THINK ALSO IT NEEDS TO BE VERY, VERY CAREFULLY
14 THOUGHT OUT. WE DON'T HAVE MODELS AT THIS POINT FOR
15 DECISIONS THAT ARE MADE AT PUBLIC MEETINGS ABOUT
16 FUNDING GRANTS. THAT IS, AS FAR AS I KNOW, THERE IS NO
17 MODEL FOR THAT AMONG THE AGENCIES THAT I'M FAMILIAR
18 WITH.

19 AND SO IT IS, AS YOU SAY, I APPRECIATE YOUR
20 COMMENTS BECAUSE IT'S EXACTLY RIGHT. WE WANT TO BE
21 BALANCING THESE TWO THINGS, BEING TRANSPARENT AND
22 ACCOUNTABLE AND RESPONSIBLE TO THE PUBLIC AND THE
23 LEGISLATURE; ON THE OTHER HAND, RESPECTING THE
24 CONFIDENTIALITY AND THE SENSITIVITY OF OUR SCIENTISTS.

25 MS. LANSING: I'M CONFIDENT THAT WE WILL

1 FIGURE OUT A WAY, BUT IT'S GOING TO REQUIRE A GREAT
2 DEAL OF THOUGHT AND A GREAT DEAL OF LANGUAGE THAT MAKES
3 SENSE.

4 CHAIRMAN KLEIN: IF I CAN NOW GO TO MY RIGHT.
5 AND PLEASE REALIZE THAT I CAN'T ALWAYS SEE EVERYONE.
6 SO IF I'M NOT SEEING YOU, JUST RAISE YOUR HAND A LITTLE
7 HIGHER. DR. SUSAN BRYANT.

8 DR. BRYANT: YES. I JUST WANTED TO ADD TO
9 THAT THAT THE OTHER CATEGORY OF POSSIBLE HARM FROM TOO
10 MUCH DISCLOSURE IN THIS AREA IS THAT PEOPLE WHO ARE
11 HESITANT, MAYBE JUNIOR PEOPLE THAT ARE BEGINNING TO GO
12 INTO THIS AREA, THEY HAVE NO PREVIOUS EXPERIENCE
13 NECESSARILY IN STEM CELL RESEARCH, MIGHT CHOOSE NOT TO
14 GO INTO IT IF THEY'RE GOING TO GET A PUBLIC BLACK EYE
15 OUT OF IT.

16 DR. HALL: THAT'S A GOOD POINT. THE OTHER
17 THING I THINK WE WANT TO DISCOURAGE ALSO IS SORT OF ANY
18 SENSE OF LOBBYING BY PEOPLE WHO ARE CLOSE TO THE LINE.
19 SO THESE ARE THE KINDS OF CONSIDERATIONS AND THINGS
20 THAT WE WILL WANT TO BE THINKING ABOUT. AS I SAY, WE
21 WOULD REALLY LIKE TO WORK IT OUT VERY CAREFULLY WITH
22 STAFF AND COME TO YOU WITH A CAREFULLY THOUGHT OUT
23 PLAN, WHICH WE WILL DO IN AUGUST.

24 CHAIRMAN KLEIN: DR. HALL, TO REPEAT
25 SOMETHING YOU'VE SAID AT A PRIOR MEETING, IT'S MY

1 UNDERSTANDING THAT IN ORDER TO KEEP IT ON THE SCIENCE
2 ITSELF, WE WILL NOT BE IDENTIFYING UNTIL AFTER GRANTS
3 ARE APPROVED THE INVESTIGATOR OR THE INSTITUTION.

4 DR. HALL: YES. RIGHT. THAT IS OUR
5 CURRENT -- LET'S NOT MAKE THAT PART OF THE RESOLUTION,
6 BUT THAT IS OUR CURRENT INTENT. I THINK THAT'S ALMOST
7 CERTAINLY WHAT WE WILL BRING TO THE ICOC IS A PROPOSAL
8 IN WHICH NEITHER THE APPLICANT NOR THE INSTITUTION IS
9 IDENTIFIED. WE WILL KEEP TRACK OF -- WE WILL TELL EACH
10 OF YOU BEFORE THE SESSION THAT APPLICATIONS NO. 8, 12,
11 AND 39 ARE THOSE IN WHICH YOU, A PARTICULAR MEMBER, HAS
12 A CONFLICT OF INTEREST. PLEASE DON'T PARTICIPATE IN
13 DISCUSSION OR VOTE AT THOSE. AND WE WILL ALSO ASSIST
14 YOU IN REMEMBERING THAT. SO THIS IS PART OF OUR JOB TO
15 MAKE SURE THAT ALL THESE DECISIONS ARE MADE IN A FAIR
16 AND IMPARTIAL WAY.

17 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL
18 CONSIDERATION? DR. PIZZO.

19 DR. PIZZO: JUST ONE OTHER THING, ZACH. AND
20 IT REALLY FOLLOWS SHERRY'S COMMENT; AND THAT IS, IN THE
21 SPIRIT, AND ALSO SUSAN'S, IN THE SPIRIT OF TRYING TO
22 PROMOTE SCIENCE IN A NEW AREA, ONE OF THE THINGS THAT
23 DOES HAPPEN FROM TIME TO TIME AT THE NIH, AS YOU WELL
24 KNOW, IS THAT PROGRAM DIRECTORS CAN BE VERY HELPFUL TO
25 THOSE WHOSE GRANTS MISS. I THINK IF WE BUILD INTO OUR

1 CONSIDERATION WAYS OF PROVIDING ADVICE AND COUNSEL TO
2 PEOPLE WHO ARE JUST GETTING STARTED, THAT COULD BE A
3 COMFORTING WAY OF HELPING TO GET THEM OFF THE GROUND AS
4 WELL.

5 DR. HALL: THAT WILL BE ONE OF THE
6 RESPONSIBILITIES OF OUR PROGRAM STAFF. WE'RE JUST
7 PUTTING THAT TOGETHER.

8 DR. PIZZO: WE SHOULD BE OPEN AND PROACTIVE
9 ABOUT THAT, THAT THE GOAL IS TO BE HELPFUL TO PEOPLE
10 WHO ARE GETTING STARTED. THERE ARE SOME THAT WILL
11 NEVER BE ACHIEVABLE, BUT SOME THINGS, AS WE ALL KNOW,
12 SHERRY CAPTURED CORRECTLY, MISS THE FIRST TIME, BUT
13 WERE REALLY SUCH BRILLIANT IDEAS THAT COME BACK TO
14 HAUNT ALL OF US.

15 DR. HALL: DR. ARLENE CHIU DID A WONDERFUL
16 JOB OF JUST WHAT YOU SAY WHEN SHE WAS A PROGRAM OFFICER
17 AT NIH. AND SHE WILL TRAIN AND INSTRUCT THE PEOPLE
18 THAT WE HIRE TO DO EXACTLY THAT.

19 DR. PIZZO: I'M VERY COMFORTED BY THAT.

20 CHAIRMAN KLEIN: ADDITIONAL COMMENTS?
21 COMMENTS FROM -- I THINK, DR. HALL, IF YOU WILL REMAIN
22 AVAILABLE TO ANSWER QUESTIONS, BUT LET US SEE IF WE
23 HAVE COMMENTS FROM THE PUBLIC. YES. PLEASE TRY AND
24 KEEP YOUR COMMENTS TO THREE MINUTES, AND WE GREATLY
25 APPRECIATE YOUR CONTRIBUTIONS.

1 MR. REYNOLDS: THANK YOU. BEFORE I BEGIN,
2 WOULD I HAVE THE OPPORTUNITY TO ALSO MAKE A COMMENT
3 ABOUT THE BRIDGE FINANCING PROPOSAL AT SOME TIME?

4 CHAIRMAN KLEIN: THE BRIDGE FINANCING
5 PROPOSAL IS NOT AN ACTION ITEM, BUT AT THE END OF THE
6 MEETING, WE HAVE A GENERAL SESSION FOR COMMENTS. IF
7 YOU KEEP YOUR COMMENTS RIGHT NOW ON THIS ITEM, YOU
8 WOULD BE INVITED IN THAT GENERAL SESSION TO COMMENT ON
9 BRIDGE FINANCING.

10 MR. REYNOLDS: THANK YOU. MY NAME IS JESSE
11 REYNOLDS. I'M WITH THE CENTER FOR GENETICS AND
12 SOCIETY. AND FIRST, I'D LIKE TO ACKNOWLEDGE THE AMOUNT
13 OF PROGRESS YOU'VE MADE ON THE POLICIES FOR WORKING
14 GROUPS REGARDING CONFLICT OF INTEREST AND OPEN
15 MEETINGS. WE APPRECIATE IT.

16 WE STILL FEEL THERE'S A LOT OF PROGRESS TO BE
17 MADE, PARTICULARLY IN THE AREA OF CONFLICT OF INTEREST
18 POLICIES FOR WORKING GROUP MEMBERS. AS THEY STAND
19 RIGHT NOW, WE FEEL THEY REMAIN INADEQUATE. THE
20 PERSONAL FINANCIAL INTERESTS OF THE WORKING GROUP
21 MEMBERS SHOULD BE DISCLOSED PUBLICLY, NOT TO THE CIRM
22 STAFF. I KNOW THAT THE CIRM STAFF IS ALREADY
23 OVERWORKED, AND GIVING THEM THIS EXTRA TASK OF
24 MONITORING FOR CONFLICT OF INTEREST MAY NOT BE FEASIBLE
25 WITH THE STAFF SIZE LIMITED TO 50.

1 AND WE FEEL THAT THE PEOPLE OF CALIFORNIA
2 DESERVE TO KNOW THE PERSONAL INTERESTS OF THE PEOPLE
3 WHO ARE GOING TO HAVE SO MUCH INFLUENCE OVER SUCH A
4 LARGE AMOUNT OF MONEY. WE FEEL THAT THEY'RE
5 EFFECTIVELY A DECISION-MAKING BODY. KNOWING HOW
6 HURRIED THESE MEETINGS ARE HERE AND HOW BUSY YOU ALL
7 ARE, IT SEEMS UNLIKELY THAT YOU'RE GOING TO BE GIVING
8 ENOUGH TIME TO DEEPLY REVIEW THE GRANT APPLICATIONS,
9 FOR EXAMPLE. THE RECOMMENDATIONS OF THE WORKING GROUPS
10 MAY, IN FACT, BECOME THE FINAL DECISION.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

12 MR. REED.

13 I'D LIKE TO SAY THAT DON REED MADE A VERY
14 ELOQUENT PRESENTATION THIS MORNING. IS GLORIA REED
15 HERE? GLORIA, RAISE YOUR HAND. SHE IS A TREMENDOUS
16 ADVOCATE FOR STEM CELL RESEARCH. AND ROMAN REED WAS
17 HERE EARLIER. IS ROMAN STILL HERE?

18 MR. REED: YES, SIR.

19 CHAIRMAN KLEIN: ROMAN, THANK YOU VERY MUCH
20 FOR YOUR TREMENDOUS STATEMENT EARLIER THIS MORNING AND
21 FOR ALL THOSE WHO PARTICIPATED IN THE PROGRAM. THANK
22 YOU.

23 (APPLAUSE.)

24 MR. REED: IT WAS OUR PLEASURE AND DELIGHT TO
25 BE A PART OF THIS AMAZING, ONGOING, INCREDIBLE. THIS

1 IS JUST AMAZING.

2 ON THE PEOPLE THAT ARE UNFORTUNATELY
3 DESIGNATED INSUFFICIENTLY MERITORIOUS, I WONDER IF -- I
4 REALIZE THAT THE PUBLIC NEEDS TO KNOW WHY A PROPOSAL IS
5 TURNED DOWN, AND THEY HAVE TO KNOW SOMETHING ABOUT IT.
6 WOULD IT BE POSSIBLE JUST NOT TO MENTION THE
7 SCIENTIST'S NAMES?

8 CHAIRMAN KLEIN: TO CLARIFY A PRIOR POINT,
9 WHEN THESE LISTS ARE PUT FORWARD, THE SCIENTISTS'
10 NAMES, THEIR INSTITUTIONS ARE NOT IDENTIFIED TO AVOID
11 PREJUDICE IN THE FIRST PLACE OR BIAS. SO THE DESIRE IS
12 TO PRESENT THE INFORMATION ON A LAY SUMMARY TO THE
13 BOARD SO THAT THE BOARD CAN DECIDE WHETHER THEY WANT TO
14 ASK FOR ADDITIONAL INFORMATION ON THAT AND, IN FACT,
15 HOW THE STAFF WORK UP SO THEY CAN LOOK AT FUNDING
16 DESPITE THE PRIOR RECOMMENDATION, BUT THE NAME WOULD
17 NOT BE IDENTIFIED.

18 MR. REED: THANK YOU.

19 CHAIRMAN KLEIN: ADDITIONAL PUBLIC COMMENTS?

20 MS. FOGEL: GOOD MORNING. I'M SUSAN FOGEL
21 WITH THE PRO CHOICE ALLIANCE FOR RESPONSIBLE RESEARCH.
22 AND I TOO WANT TO COMMENT ON HOW RESPONSIVE YOU'VE BEEN
23 TO THE PUBLIC IN BROADENING THESE POLICIES AND HAVE
24 MOVED AN ENORMOUS DISTANCE FROM WHERE YOU STARTED IN
25 TERMS OF OPENNESS AND TRANSPARENCY.

1 THERE ARE TWO THINGS, THOUGH, THAT I WOULD
2 LIKE TO SPECIFICALLY ADDRESS. ONE IS THE -- AS YOU
3 LOOK AT THE RULES FOR THE WORKING GROUPS, AND I REALIZE
4 YOU'RE GOING TO COME BACK AND ADDRESS THEM MORE
5 SPECIFICALLY IN AUGUST, THAT THERE BE A GENERAL
6 STATEMENT OF A PRESUMPTION OF OPENNESS IN TERMS OF A
7 PRESUMPTION THAT WORKING GROUP MEETINGS, ALL OF THEM,
8 WILL BE OPEN, A PRESUMPTION THAT ALL RECORDS WILL BE
9 PUBLIC, AND THEN VERY CLEARLY AND CONCRETELY DESCRIBE
10 THE SPECIFIC INSTANCES IN WHICH IT'S APPROPRIATE FOR
11 THINGS TO BE CLOSED OR NOT MATTERS OF PUBLIC RECORD.

12 THAT WOULD REALLY GO A LONG WAY IN PROVIDING
13 CLARITY, APPROPRIATE EXPECTATIONS OF BOTH THE PUBLIC
14 AND THE SCIENTISTS ENGAGING IN APPLICATIONS FOR FUNDING
15 AND DOING THE RESEARCH, AND WOULD ALSO SEND A VERY
16 CLEAR MESSAGE TO THE PUBLIC AND THE LEGISLATURE THAT
17 THOSE ARE YOUR GOALS AND YOUR PRESUMPTIONS INSTEAD OF
18 EACH ONE BEING SO DIFFERENTLY WRITTEN AND USING WORDS
19 THAT ARE NOT CLEAR TO ANYBODY WHAT THEY MEAN IN TERMS
20 OF WHAT'S OPEN AND WHAT'S CLOSED. SO THAT WOULD BE MY
21 FIRST RECOMMENDATION. WE JUST HAVE A BROAD PRINCIPLE
22 OF YOUR COMMITMENT TO PRESUMPTION OF OPENNESS.

23 THE SECOND THING IS, AS THE SACRAMENTO BEE
24 POINTED OUT OVER THE WEEKEND, THE GOAL OF PROP 71
25 CERTAINLY WAS TO BECOME A VANGUARD AND A MAGNET FOR THE

1 BEST AND THE BRIGHTEST TO BE DOING RESEARCH HERE. WE
2 KNOW PRIVATE COMPANIES ARE OPENING OFFICES HERE SO THEY
3 CAN QUALIFY FOR FUNDING. AND WE'RE VERY CONCERNED THAT
4 THE PUBLIC IS NOT GOING TO KNOW WHAT THE CONFLICTS OF
5 INTEREST ARE OF THE PEOPLE WHO ARE MAKING THE FUNDING
6 RECOMMENDATIONS, SPECIFICALLY THE FUNDING WORKING
7 GROUP. WE BELIEVE IT'S VERY INAPPROPRIATE FOR THAT
8 DISCLOSURE NOT TO BE PUBLIC. AND FOR A YEAR LATER FOR
9 THERE TO BE SOME KIND OF A REPORT TO THE LEGISLATURE
10 AND THE PUBLIC WHEN IT'S MUCH TOO LATE, WE BELIEVE, IS
11 A BIG MISTAKE AND REALLY A STEP BACKWARDS FROM THE
12 KINDS OF PROGRESS THAT YOU'VE BEEN MAKING.

13 SO WE BELIEVE THERE SHOULD BE PUBLIC
14 DISCLOSURE OF THE FINANCIAL INTERESTS OF THE WORKING
15 GROUP MEMBERS WHO ARE MAKING BIG DECISIONS ABOUT HUGE
16 AMOUNTS OF MONEY THAT ARE GOING TO BE INVESTED IN THIS
17 RESEARCH. THANK YOU.

18 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR YOUR
19 COMMENTS. AND THANK YOU FOR THE ACKNOWLEDGEMENT THAT
20 WE HAVE COME AN ENORMOUS WAY. WE CAN ALWAYS IMPROVE,
21 BUT THANK YOU VERY MUCH FOR THAT ACKNOWLEDGEMENT.
22 WE'RE WORKING VERY HARD TO GAIN THAT KIND OF
23 RECOGNITION OF HOW MUCH WE'RE STRETCHING WHILE TRYING
24 TO PRESERVE OUR MISSION. WE'RE TRYING TO MAKE CERTAIN
25 WE DON'T REACH TOO FAR TO DISABLE OUR MAIN AND PRIMARY

1 OBJECTIVE OF ADVANCING MEDICAL RESEARCH WHILE MEETING
2 THESE OTHER EXPECTATIONS AND EXCEEDING NIH STANDARDS
3 AND OTHER STANDARDS OF ESTEEMED INSTITUTIONS AROUND THE
4 COUNTRY.

5 ANY ADDITIONAL BOARD COMMENTS?

6 DR. HALL: COULD I MAKE TWO COMMENTS IF I
7 MIGHT? FIRST OF ALL, IN RESPONSE TO MR. REYNOLDS AND
8 THEN, SECONDLY, IN RESPONSE TO BOTH OF OUR PREVIOUS
9 SPEAKERS.

10 THE STAFF, CERTAINLY IT IS OUR JOB TO HAVE
11 THESE DISCLOSURES AND TO KNOW -- IDENTIFY WHAT THE
12 CONFLICTS OF INTEREST ARE FOR OUR WORKING GROUP
13 MEMBERS, THIS IS PARTICULARLY TRUE FOR THE GRANTS
14 REVIEW WORKING GROUP, BASED ON THE APPLICATIONS THAT
15 COME IN. AND IT IS NOT A QUESTION OF THIS BEING TOO
16 BURDENSOME FOR US. IN FACT, THIS IS ONE OF OUR CORE
17 FUNCTIONS, TO MAKE SURE THAT, IN FACT, THESE DECISIONS
18 ARE MADE IMPARTIALLY AND IN AN UNBIASED MANNER.

19 AND WE COUNT THAT FROM THE BEGINNING AS ONE
20 OF OUR RESPONSIBILITIES TO TRACK THAT, AND WE ALREADY
21 HAVE BEGUN WITH OUR FIRST AUGUST MEETING BY ASKING FOR
22 DISCLOSURE ABOVE THE FINANCIAL THRESHOLD AS DESCRIBED
23 IN THE POLICY ENHANCEMENTS, AND THEN USING THAT TO
24 GUIDE, THEN, THE EXEMPTIONS THAT WE HAVE.

25 ONE OF THE PROBLEMS WITH PUBLIC DISCLOSURE

1 AND THE WAY IN WHICH PEOPLE TALK ABOUT IT IS THE
2 QUESTION, THIS IS NOW JUST TO ANSWER THE TWO COMMENTS
3 THAT WERE MADE, THE QUESTION THEN BECOMES VERY AD
4 HOMINUM. IT SHIFTS TO A QUESTION SHOULD A PERSON WITH
5 ALL THESE HOLDINGS BE MAKING DECISIONS? THERE'S NO
6 CONFLICT OF INTEREST IN HAVING A PARTICULAR FINANCIAL
7 INTEREST IN VARIOUS COMPANIES. THE ONLY TIME THE
8 FINANCIAL INTEREST -- CONFLICT OF INTEREST ARISES IS
9 WHEN THERE IS AN APPLICATION FROM ONE OF THOSE. AND
10 THAT'S WHAT WE'RE INTERESTED IN.

11 SO THE EMPHASIS SHOULD BE NOT ON THE
12 INDIVIDUAL AND WHETHER THEY ARE SUITABLE. WE ALL HAVE
13 CONFLICTS OF INTEREST IN PARTICULAR SITUATIONS, AND THE
14 THING THAT WE WILL WORRY ABOUT AS MUCH AS THE FINANCIAL
15 ONES ARE THE PROFESSIONAL CONFLICTS OF INTEREST, WHICH
16 WE WILL ALSO TRACK AND MANAGE. THE QUESTION IS WHEN
17 ANY DECISION IS MADE, IS ANYBODY IN THE ROOM
18 PARTICIPATING IN THAT THAT HAS A CONFLICT OF INTEREST.
19 AND IT IS OUR JOB TO SAY THAT THEY WILL BE NOT BE, TO
20 IDENTIFY THOSE PEOPLE, TO MAKE SURE THEY'RE NOT THERE,
21 AND WE WILL HAVE RECORDS THAT WILL BE AVAILABLE FOR
22 AUDIT TO SHOW THAT WE HAVE OUR DONE OUR JOB WELL.

23 BUT I WANT TO PUT THE EMPHASIS ON THE PROCESS
24 AND NOT ON THE PEOPLE; THAT IS, IF A PERSON WILL HAVE A
25 CONFLICT OF INTEREST, VERY COMMON IN GRANTS REVIEW FOR

1 ONE OR TWO OR THREE GRANT APPLICATIONS THAT ARE
2 CONSIDERED, BUT THEY, THEREFORE, DON'T PARTICIPATE, BUT
3 THEY CAN OFFER VERY EXPERT OPINION ABOUT OTHERS AND
4 UNBIASED OPINION AND THEY DO, AND THAT'S WHAT WE WANT.
5 SO IT'S NOT A PERSON-CENTERED QUESTION. IT'S A
6 PROCESS-CENTERED QUESTION, AND WE BELIEVE THAT WE'VE
7 SET UP A VERY GOOD PROCESS TO MANAGE CONFLICT OF
8 INTEREST FOR CIRM.

9 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND I
10 WOULD -- YES. DIANE WINOKUR.

11 MS. WINOKUR: I'M DIANE WINOKUR, AND I AM A
12 PATIENT ADVOCATE FOR PATIENTS WITH ALS. AND MY
13 QUESTION IS HAVE YOU GIVEN CONSIDERATION TO WHAT
14 HAPPENS TO THE PROPOSALS THAT END UP NOT BEING FUNDED,
15 THOSE IN CATEGORY TWO, SOME OF WHICH WILL AND SOME
16 WON'T BE FUNDED, AND IN CATEGORY THREE? BECAUSE I
17 WONDER IF THERE IS A FUTURE LIFE FOR THEM AMONG OTHER
18 ORGANIZATIONS. FOR EXAMPLE, IF SOMETHING IS VERY
19 NARROWLY DRAWN AND THEREFORE DOESN'T HAVE AS HIGH A
20 SCORING AS SOMETHING WHICH HAS GREATER IMPACT IN MORE
21 AREAS, IT MIGHT BE THAT THAT NARROW AREA IS ATTRACTIVE
22 TO, LET'S SAY, THE ALS ASSOCIATION OR THE MULTIPLE
23 SCLEROSIS ASSOCIATION FOR FUNDING.

24 DR. HALL: YES. SO MY VIEW OF THAT IS THAT
25 IF AN ASSOCIATION WISHED US TO DO SO, WE WOULD

1 CERTAINLY BE WILLING TO TELL AN APPROPRIATE APPLICANT
2 THAT IF THEY WANTED TO APPLY, THAT THEY MIGHT FIND A
3 HOME IN ONE OF THESE OTHER AGENCIES. HOWEVER, WE WOULD
4 NOT WITHOUT PERMISSION. I THINK THAT'S BETWEEN THE
5 APPLICANT AND THE AGENCY.

6 IT IS NOT -- WE WOULD NOT PASS THOSE NAMES ON
7 BECAUSE THAT IS CONFIDENTIAL INFORMATION AND WE WOULD
8 NOT. BUT WE WOULD SAY IN AN APPROPRIATE CASE, IF AN
9 ORGANIZATION WERE TO ASK US, A PRIVATE GRANTING AGENCY,
10 WE WOULD SAY, BY THE WAY, WE'RE SORRY WE WERE UNABLE TO
11 FUND YOU, BUT WE DO KNOW THAT THE SPINAL CORD
12 ASSOCIATION OR ALS ASSOCIATION IS SEEKING GRANTS IN
13 THIS AREA, AND THEY'VE INDICATED TO US THAT THEY WOULD
14 BE INTERESTED IN HAVING YOU KNOW ABOUT THEIR
15 AVAILABILITY. AND THEN WE WOULD STEP OUT OF IT.

16 SO, YES, I UNDERSTAND WHAT YOU'RE SAYING. WE
17 WOULD BE HAPPY TO FACILITATE THAT, BUT WE CANNOT
18 AUTOMATICALLY REFER PEOPLE WITHOUT VIOLATING THEIR
19 CONFIDENTIALITY.

20 MS. WINOKUR: SO IS THERE A PROCESS, THEN,
21 WHEREBY SOME OF THESE OTHER GRANT MAKING ORGANIZATIONS
22 SHOULD IDENTIFY THEMSELVES TO YOU, TO THE APPROPRIATE
23 STAFF BEFORE THE PROCESS BEGINS?

24 DR. HALL: THERE IS NOT NOW. WE SIMPLY
25 HAVEN'T GOTTEN THAT FAR, BUT THERE CERTAINLY COULD BE.

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH. DIANE
2 HAS BEEN A LONGTIME LEADING ADVOCATE FOR THE STATE AND
3 THE NATION IN ALS. WE THANK HER VERY MUCH FOR HER
4 CONTINUED COMMITMENT.

5 I BELIEVE THAT WE'VE GONE THROUGH THE BOTH
6 PUBLIC COMMENT AND BOARD COMMENT. I WOULD REMIND
7 EVERYONE THAT WITH THE AUDITOR'S PROCESS, WE ARE TAKING
8 THE NATIONAL INSTITUTES OF HEALTH PEER REVIEW PROCESS
9 FOR IDENTIFYING CONFLICTS AND PUTTING AN ADDITIONAL
10 SAFETY LEVEL ON IT TO MAKE SURE THAT WE'VE PROPERLY
11 MONITORED AND AUDITED THESE CONFLICTS, INCLUDING AN
12 ANNUAL PROCESS WHERE WE WOULD PROVIDE CORRECTIVE
13 METHODS TO BRING TO THE BOARD TO ENHANCE OUR PROCESS IN
14 THE FUTURE.

15 DO WE HAVE ADDITIONAL COMMENTS FROM MY LEFT
16 ON THE BOARD? NO. FROM MY RIGHT? ARE WE PREPARED FOR
17 THE QUESTION? CALL FOR THE QUESTION. ALL IN FAVOR.
18 OPPOSED? MEASURE PASSES.

19 THANK YOU, DR. HALL, FOR YOUR WORK AND YOUR
20 STAFF'S WORK. AS ALWAYS, IT'S BEEN A GREAT EFFORT, AND
21 I THINK THE PUBLIC IS INDICATING THAT THEY APPRECIATE
22 HOW MUCH WE'VE ALL BEEN TRYING TO LISTEN TO THEM.

23 DR. HALL: SO LET'S MOVE ON, THEN, TO THE TWO
24 OTHER ITEMS THAT WE NEED TO HAVE SOME ACTION ON TO DEAL
25 WITH FROM THE LEGISLATIVE SUBCOMMITTEE. SO IF YOU WILL

1 KEEP DIALING THROUGH THAT. SO THIS IS NOW THE CONFLICT
2 OF INTEREST STATEMENT FOR THE ICOC AND --

3 DR. HENDERSON: WHERE IS THIS IN THE PACKET,
4 ZACH?

5 DR. HALL: THIS SHOULD BE AS PART OF THE
6 ENHANCEMENTS. IT SHOULD STILL BE PAGE 5 OF THE --

7 DR. HENDERSON: PAGE 5.

8 CHAIRMAN KLEIN: LOWER HALF OF THE PAGE.

9 DR. HALL: NOW, THE WORDS IN ITALICS HAVE
10 BEEN ADDED, AND THIS DEALS WITH A SIMILAR ISSUE TO THE
11 ONE THAT I DESCRIBED BEFORE. THAT IS, THAT IF YOU HAVE
12 OPTIONS OR STOCK IN A PRIVATE COMPANY, IT MAY NOT BE
13 FUNDABLE. AND SO WHAT DAVID BALTIMORE'S SUGGESTION WAS
14 TO REQUIRE BOARD MEMBERS AND THE CIRM PRESIDENT TO
15 DIVEST THEMSELVES OF OR TO PLACE IN A BLIND TRUST ANY
16 INVESTMENT OR REAL PROPERTY INTEREST OF \$2,000 OR MORE
17 IN ANY PUBLICLY TRADED BUSINESS ORGANIZATION THAT
18 RECEIVES FUNDING FROM OR RESEARCH CONTRACTS WITH THE
19 CIRM, AND ANY PUBLICLY TRADED BUSINESS ORGANIZATION
20 THAT ALLOCATES MORE THAN 5 PERCENT OF THE BUSINESS
21 ORGANIZATION'S CURRENT ANNUAL BUDGET IN HUMAN EMBRYONIC
22 STEM CELL THERAPY. SO THOSE WERE CHANGES THAT HE
23 SUGGESTED AND THAT WE WANTED TO BRING TO THE ATTENTION
24 OF THE ICOC.

25 SO I WOULD ASK FOR A MOTION OR AN ACTION ON

1 THIS ITEM; AND THEN JUST AFTER THAT, WE'LL ADDRESS IP.

2 CHAIRMAN KLEIN: IS THERE A MOTION TO ADVANCE
3 THE PROPOSAL THAT DR. BALTIMORE HAS MADE AND DR. HALL
4 HAS PUT INTO LANGUAGE?

5 DR. LOVE: SO MOVED.

6 CHAIRMAN KLEIN: MOVED BY DR. LOVE. IS THERE
7 A SECOND? SECOND BY DR. BRYANT. BOARD COMMENT?

8 DR. JENNINGS: PAUL JENNINGS. I'M AN
9 ALTERNATIVE FOR DAVID BALTIMORE. I'M CONCERNED ABOUT
10 HOW THIS WOULD WORK. AS AN ALTERNATE, I DON'T MIND
11 CONTRIBUTING MY TIME ON OCCASION, BUT TO GO TO THE
12 TROUBLE OF MAKING -- AND EXPENSE OF MAKING A BLIND
13 TRUST FOR THE OCCASIONAL PARTICIPATION IN THE MEETING
14 SEEMS TO BE AN EXCESSIVE LOAD. AND THE \$2,000 SEEMED
15 TO BE AN EXTRAORDINARILY LOW AMOUNT FOR THE THRESHOLD
16 FOR CONFLICT OF THIS KIND OF THING. AND SINCE FUNDING
17 FROM A RESEARCH CONTRACT, FUNDING FROM COULD INCLUDE
18 PURCHASES OF EQUIPMENT, YOU DON'T KNOW WHERE THE
19 EQUIPMENT IS GOING TO COME FROM. COULD INCLUDE
20 SUBCONTRACTS. YOU DON'T WHERE THE SUBCONTRACTS COME
21 FROM.

22 SO IT SEEMS LIKE THE MEMBERS ARE PRUDENTLY
23 ADVISED TO GET A BLIND TRUST, PERIOD, SO THAT THEY CAN
24 NAVIGATE THESE WATERS WITHOUT UNDUE RISK. SO I
25 WONDERED WHAT THE SITUATION WAS ON THOSE KINDS OF

1 ISSUES.

2 CHAIRMAN KLEIN: IF I COULD JAMES HARRISON
3 COMMENT. THE INTENT WAS FUNDING WAS RELATED TO DIRECT
4 FUNDING OF RESEARCH, NOT DEALING WITH EQUIPMENT OR
5 OTHER EXPENDITURES. MR. HARRISON.

6 MR. HARRISON: THAT'S CORRECT. THE INTENT IS
7 TO DEAL WITH RESEARCH FUNDING, NOT --

8 DR. JENNINGS: RESEARCH FUNDING INCLUDES
9 BUYING EQUIPMENT.

10 MR. HARRISON: TO THE EXTENT THAT RESEARCH
11 FUNDS WOULD BE USED TO BUY EQUIPMENT, YOU'RE CORRECT.

12 CHAIRMAN KLEIN: IN OTHER WORDS,
13 SPECIALIZED -- WELL --

14 DR. JENNINGS: DOESN'T HAVE TO BE
15 SPECIALIZED.

16 CHAIRMAN KLEIN: LET'S -- THIS IS AN
17 IMPORTANT -- THIS IS AN IMPORTANT ISSUE IN THAT THE
18 SUGGESTION HAS BEEN PREVIOUSLY MADE THAT DIRECTLY FUNDS
19 BECAUSE THE FACT THAT YOU -- AND THAT MIGHT CLARIFY
20 IT -- BECAUSE THE FACT THAT YOU FUND A COMPANY THAT
21 THEN USES ITS FUNDS TO GO OUT AND BUY A XEROX MACHINE
22 OR A MICROSCOPE IS NOT THE INTENT WE'RE TRYING TO GET
23 HERE. MR. HARRISON.

24 MR. HARRISON: THE INTENT WAS TO DEAL WITH
25 THE FIRST TIER; THAT IS, THE ENTITY THAT DIRECTLY

1 RECEIVES FUNDING FROM THE CIRM. IF THAT ENTITY THEN
2 USES SOME OF THOSE FUNDS TO PURCHASE OTHER EQUIPMENT,
3 THE INTENT WAS NOT TO REACH THE SECOND OR THIRD TIER.

4 CHAIRMAN KLEIN: YES. SO IF YOU WOULD
5 SUGGEST, MR. HARRISON, IF WE WERE TO SAY THAT DIRECTLY
6 FUNDS OR --

7 MR. HARRISON: THAT RECEIVES DIRECT FUNDING
8 FROM.

9 CHAIRMAN KLEIN: MR. HENDERSON. DR.
10 HENDERSON.

11 DR. HENDERSON: AND IT'S EMBRYONIC STEM CELL,
12 HUMAN EMBRYONIC STEM CELL RESEARCH SPECIFICALLY WE'RE
13 TALKING ABOUT.

14 CHAIRMAN KLEIN: THAT'S RIGHT.

15 DR. JENNINGS: SOME OF THESE THINGS ARE
16 CONSORTIUM OR SUBCONTRACTS AND ARE MORE COMPLICATED
17 THAN JUST DIRECT FUNDING. IS THIS --

18 DR. HALL: I THINK IF WE JUST STATE DIRECT
19 FUNDING, THEN THAT WOULD MEET THE INTENT.

20 CHAIRMAN KLEIN: YEAH. SO LET'S TAKE A
21 COUPLE MORE COMMENTS, AND THEN LET'S CONSIDER WHETHER
22 WE'RE GOING TO DO AN IMMEDIATE AMENDMENT FOR
23 CLARIFICATION. DR. KESSLER.

24 DR. KESSLER: JUST TAKE ME THROUGH HOW THIS
25 WORKS. A GRANT COMES OR A GRANT COMES BEFORE THIS

1 BODY, AND THIS PUBLICLY TRADED ORGANIZATION HAS NO
2 RELATIONSHIP WITH THIS BODY UNTIL THE ICOC SO VOTES,
3 RIGHT, IF IT'S IN THE CASE OF RESEARCH BECAUSE ALL
4 RESEARCH IS GOING TO BE COMING TO THE ICOC; IS THAT
5 RIGHT?

6 AND THEN -- SO YOU ARE GOING TO -- I MEAN THE
7 REAL ISSUE IS YOU HAVE TO RECUSE YOURSELF FROM THAT
8 VOTE. YOU'RE TALKING ABOUT A RETROACTIVE, AFTER THE
9 AWARD IS ALREADY MADE, THEN YOU PUT SOMETHING IN A
10 BLIND TRUST. USUALLY YOU WANT TO HAVE SOMETHING IN A
11 BLIND TRUST BEFORE THERE'S AN AWARD, SO I'M NOT SURE
12 HOW THIS WORKS.

13 CHAIRMAN KLEIN: THERE ARE TWO LEVELS TO
14 THIS, BUT, MR. HARRISON, IF YOU COULD COMMENT.

15 MR. HARRISON: I THINK YOU RAISE A VERY GOOD
16 POINT, AND I THINK IT WAS DISCUSSED AT THE LAST
17 MEETING. THIS IS ORIGINALLY LANGUAGE THAT CAME FROM
18 SCA 13. AND YOU'RE ABSOLUTELY CORRECT, THAT ORDINARILY
19 YOU WOULD HAVE TO RECUSE YOURSELF. THE ONLY WAY TO
20 FUNCTIONALLY MAKE THIS WORK WOULD BE FOR STAFF TO
21 INFORM BOARD MEMBERS WHEN APPLICATIONS ARE RECEIVED
22 FROM PUBLICLY TRADED COMPANIES FOR GRANTS SO THAT BOARD
23 MEMBERS HAVE SOME ADVANCE NOTICE THAT AN APPLICATION
24 FROM THIS ENTITY WILL BE CONSIDERED. AND THEY WOULD
25 THEN HAVE THE OPPORTUNITY TO DIVEST THEMSELVES OF THAT

1 STOCK OR TO PLACE IT IN A BLIND TRUST. BUT I AGREE
2 WITH YOU. IT DOES PRESENT A PRACTICAL TIMING PROBLEM.

3 CHAIRMAN KLEIN: YOU WOULD HAVE TO BE -- OF
4 COURSE, THE BOARD MEMBERS' FORM 700 ALLOWS THE STAFF TO
5 KNOW WHEN THERE'S A BOARD MEMBER THAT HAS AN INTEREST.
6 SO BEFORE -- WHEN SOMETHING IS BROUGHT TO THE BOARD,
7 THE BOARD MEMBER COULD BE NOTIFIED TO RECUSE
8 THEMSELVES.

9 MR. HARRISON: RIGHT. BUT DR. KESSLER IS
10 ABSOLUTELY CORRECT, THAT YOU WON'T KNOW UNTIL THE VOTE
11 TO FUND THAT PARTICULAR APPLICATION IS APPROVED BY THE
12 ICOC THAT YOU ACTUALLY HAVE A PROBLEM.

13 CHAIRMAN KLEIN: IN ORDER TO DIVEST?

14 MR. HARRISON: CORRECT.

15 CHAIRMAN KLEIN: THAT'S RIGHT. BUT THEY
16 WOULD KNOW TO RECUSE THEMSELVES.

17 MR. HARRISON: RIGHT.

18 CHAIRMAN KLEIN: THEY WOULD KNOW TO RECUSE
19 THEMSELVES BECAUSE THE STAFF WOULD IDENTIFY FOR THE
20 BOARD MEMBER THAT THEY WOULD NEED TO RECUSE THEMSELVES.

21 MR. HARRISON: THAT'S CORRECT. BUT UNLESS
22 THE BOARD MEMBER PROACTIVELY, UPON RECEIVING NOTICE
23 FROM STAFF THAT THIS ENTITY HAD APPLIED FOR A GRANT,
24 MADE THE DECISION TO DIVEST HIMSELF OR HERSELF OF THAT
25 INVESTMENT OR TO PLACE IT IN A BLIND TRUST BASED ON THE

1 POSSIBILITY THAT THE ICOC MIGHT DECIDE TO AWARD THE --

2 CHAIRMAN KLEIN: THAT'S A SUBSEQUENT STEP.

3 THE -- ADDITIONAL COMMENTS FROM THE RIGHT

4 SIDE? DR. POMEROY.

5 DR. POMEROY: I HAVE SOME CONCERNS ABOUT THE
6 SUGGESTED CHANGES THAT APPEAR ON THE SLIDE HERE. I'M
7 NOT QUITE SURE WHY WE'RE LIMITING THIS TO PUBLICLY
8 TRADED BUSINESS ORGANIZATIONS. IT SEEMS TO ME THAT, IN
9 FACT, THERE COULD BE A SIGNIFICANT CONFLICT WITH A
10 PRIVATELY HELD ORGANIZATION THAT YOU HAD A MAJOR
11 INTEREST IN. SO MAYBE SOMEONE CAN COMMENT ON THAT.

12 AND THEN I THINK WE HAD TALKED SPECIFICALLY
13 ABOUT THE FACT THAT, WELL, HUMAN EMBRYONIC WAS SORT OF
14 OUR FOCAL POINT. WE MIGHT WELL BE FUNDING PROPOSALS
15 THAT HAD TO DO WITH STEM CELL RESEARCH IN ANIMAL MODELS
16 OR ETC. AND SO THE FURTHER SPECIFICATION, ADDING THE
17 WORDS "HUMAN EMBRYONIC" ALSO SEEMS TO GO AGAINST THE
18 INTENT, FROM WHAT I CAN SEE.

19 SO I WOULD HAVE SOME CONCERNS ABOUT THE
20 CHANGES PROPOSED OVER WHAT'S IN OUR WRITTEN MATERIALS.

21 CHAIRMAN KLEIN: IF, AGAIN, FOR THE BENEFIT
22 OF THE BOARD AND THE PUBLIC, IF WE COULD COMMENT. THIS
23 DOES NOT ADDRESS WHETHER YOU HAVE A CONFLICT. THIS
24 GOES BEYOND THE POINT OF IDENTIFYING THAT YOU HAVE A
25 CONFLICT AND MUST RECUSE YOURSELF. SO WE HAVE CONFLICT

1 PROVISIONS IN PLACE THAT ADDRESS WHETHER IT'S ADULT OR
2 EMBRYONIC. WHETHER IT'S PUBLICLY TRADED OR PRIVATELY
3 TRADED, THE CONFLICTS HAVE BEEN DEFINED BY THE
4 CONFLICTS PROVISIONS THAT ARE IN PLACE, AND YOU WOULD
5 HAVE TO RECUSE YOURSELF FROM THE DISCUSSION AND THE
6 VOTE. IS THAT A CORRECT STATEMENT?

7 MR. HARRISON: THAT'S CORRECT.

8 CHAIRMAN KLEIN: SO WHAT WE'RE GOING IS TO
9 ADDITIONAL LEVEL. AND I WILL REMIND THE BOARD THAT
10 SENATOR ORTIZ IN THE JUNE 6TH MEETING INDICATED THAT
11 SHE HAD DECIDED THAT, IN FACT, THERE WERE SO MANY
12 PROBLEMS WITH IMPLEMENTATION, THAT SHE HAD WITHDRAWN
13 THIS PROVISION HERSELF. THIS PROVISION CAME OUT OF A
14 JUNE 6TH -- JUNE 3D MEETING THAT HER STAFF PARTICIPATED
15 IN. SENATOR ORTIZ DID NOT PARTICIPATE IN THE MEETING.
16 SHE SENT HER STAFF WITH INSTRUCTIONS. BUT THIS IS THE
17 ORIGIN OF THIS PARTICULAR SUGGESTION.

18 BUT ON THE RECORD SHE SPECIFICALLY INDICATED
19 SHE HAD WITHDRAWN THE REQUEST FOR THIS ITEM. DR.
20 PIZZO.

21 DR. PIZZO: CAN WE CLARIFY WHY WE'RE DOING
22 THIS? I'M CONFUSED BY THIS FOR THE REASONS THAT CLAIRE
23 PUT FORTH. I HAVE THE SAME CONCERN ABOUT THE HUMAN
24 EMBRYONIC STEM CELL, BUT I ALSO AM VERY CONCERNED ABOUT
25 JUST THE WAY THIS WILL BE IMPLEMENTED. IT SEEMS TO ME

1 THAT WE'RE ADDING A DEGREE OF COMPLEXITY THAT'S NOT
2 GOING TO HAVE A REAL DIVIDEND IN TERMS OF CONFLICT OF
3 INTEREST. SO WHY ARE WE DOING IT AT ALL?

4 MR. HARRISON: THIS WAS A RESPONSE TO THE
5 LEGISLATURE, AND SHERRY IS ABSOLUTELY CORRECT THAT
6 UNDER EXISTING LAW AND THE POLITICAL REFORM ACT, YOU
7 WOULD BE REQUIRED TO RECUSE YOURSELF FROM PARTICIPATING
8 IN ANY DECISION IN WHICH YOU HAVE A FINANCIAL INTEREST.
9 SO UNLESS BOARD MEMBERS WOULD PROACTIVELY TAKE THE STEP
10 OF DIVESTING THEMSELVES OR PLACING THEIR INTEREST IN A
11 BLIND TRUST UPON LEARNING THAT AN ENTITY IN WHICH THEY
12 HAD AN INVESTMENT HAD APPLIED FOR FUNDING, I DON'T
13 THINK THIS PROVISION ACCOMPLISHES MUCH.

14 DR. PIZZO: AND SINCE IT'S GOING TO BE SUCH A
15 DYNAMIC AND UNPREDICTABLE SET OF ISSUES, IT SEEMS TO ME
16 THAT WE'RE SETTING OURSELVES UP FOR MORE PROBLEMS THAN
17 I THINK WILL BE SOLVED BY THIS.

18 CHAIRMAN KLEIN: WITHIN THE OPTIONS OF THE
19 BOARD ARE THE OPTION TO TABLE THIS ITEM, BUT DR. HALL.

20 DR. HALL: LET ME JUST MAKE A BRIEF COMMENT.
21 CIRM DID NOT PARTICIPATE IN SORT OF PUTTING THIS
22 TOGETHER. IT DID COME FROM THE LEGISLATURE. SINCE WE
23 ARE REGARDED -- WE'RE RESPONSIBLE FOR THE WORKING
24 GROUPS, BUT IT'S THE ICOC THAT SPEAKS FOR ITSELF.

25 LET ME JUST POSSIBLY CLARIFY. CURIOUSLY, IT

1 APPEARS TO BE BASED ON THE POLICY THAT WE HAVE FOR CIRM
2 STAFF, WHICH IS THAT, IN FACT, WE DO NOT OWN, PRIOR TO
3 ANY FUNDING DECISION, DO NOT OWN STOCK IN ANY COMPANY
4 THAT HAS MORE THAN 5 PERCENT OF ITS ANNUAL BUDGET
5 DEVOTED TO -- I CAN'T REMEMBER THE TERMS IF IT'S HUMAN
6 EMBRYONIC. ACTUALLY HUMAN DOESN'T MATTER. WE'RE NOT
7 GOING TO HAVE THERAPY. NOBODY IS GOING TO MAKE MONEY
8 OFF THERAPY -- WELL, I TAKE THAT BACK. THEY MAY MAKE
9 MONEY OFF THERAPY FOR ANIMALS. BUT AT ANY RATE -- STEM
10 CELL THERAPY FOR ANIMALS.

11 AT ANY RATE, I CAN'T REMEMBER THE EXACT
12 WORDING, BUT THAT WAS THE POINT. SO IT WASN'T A MATTER
13 OF RECUSAL. IT WAS JUST A MATTER THAT WE FELT FOR
14 EMPLOYEES, IT WAS IMPROPER FOR ANY OF US TO HAVE STOCK
15 IN COMPANIES THAT WERE CLEARLY DEVOTED TO STEM CELL
16 RESEARCH. THEN IT SOMEHOW GOT, I THINK, THROUGH THE
17 PASSAGE THROUGH THE LEGISLATURE AND SO FORTH, IT GOT A
18 BIT CONFUSED.

19 I MIGHT MAKE A SUGGESTION, IF I MIGHT, MR.
20 CHAIR. THERE IS NO IMMEDIATE NEED FOR THIS SINCE WE'RE
21 NOT GOING TO IN THE NEXT MONTH HAVE GRANTS FROM PRIVATE
22 INDUSTRY BEFORE US AND, IN FACT, FOR SEVERAL MONTHS.
23 AND PERHAPS WE COULD TAKE NO ACTION ON THIS TODAY AND
24 COME BACK WITH A -- PUT SOME MORE WORK ON THIS AND COME
25 BACK WITH SOMETHING TAKING INTO ACCOUNT THE DISCUSSION

1 HERE AND OTHER THINGS THAT PEOPLE MAY SAY. I THINK, BY
2 THE WAY, DAVID BALTIMORE'S POINT WAS THAT IF YOU HAVE
3 OPTIONS, YOU CAN'T EASILY GET RID OF THEM. THAT IS,
4 YOU CAN'T SELL THEM. SO THAT WAS HIS POINT, THAT IT
5 PUTS YOU IN A BIND TO DO SOMETHING YOU LOGICALLY CAN'T
6 DO.

7 IT'S ALSO BEEN POINTED OUT TO US THAT YOU
8 CONTINUE TO PROFIT FROM THINGS IN A BLIND TRUST, SO
9 THIS DOESN'T NECESSARILY REMOVE CONFLICT OF INTEREST.
10 AND SO I THINK THAT THIS REALLY DOES ARISE FROM THAT
11 MEETING WITH THE LEGISLATIVE STAFF, WHICH IS WHERE THIS
12 COMES FROM. AND MY OWN SUGGESTION, ALTHOUGH AS I SAY,
13 AS A STAFF, IT IS YOUR DECISION. WE HAVE PARTICIPATED
14 IN IT. MY SUGGESTION WOULD BE TO HOLD ACTION ON THIS,
15 RETHINK IT, AND COME BACK WITH SOMETHING THAT IS
16 WORKABLE AND WE THINK REFLECTS THE OPINIONS EXPRESSED
17 HERE.

18 CHAIRMAN KLEIN: I THINK THAT'S PARTICULARLY
19 APPROPRIATE GIVEN WHAT -- WE KNOW THAT SENATOR ORTIZ
20 ESSENTIALLY WITHDREW HER POSITION IN JUNE 6TH ON THIS,
21 BUT WE DO NEED THE TIME TO TALK TO OTHER LEGISLATIVE
22 LEADERS, MAKE SURE THAT THEY HAVE BENEFITED FROM AS
23 MANY HOURS OF DISCUSSION AS SENATOR ORTIZ HAS IN
24 UNDERSTANDING THE COMPLEXITIES OF THIS. BUT IT'S VERY
25 IMPORTANT FOR EVERYONE TO REALIZE THAT OUR CONFLICTS

1 POLICY IS, IN FACT, MUCH BROADER THAN THIS. NO ONE CAN
2 PARTICIPATE IN DISCUSSIONS OR VOTE ON A MATTER.
3 WHETHER THEY HAVE ADULT OR EMBRYONIC, WHETHER IT'S
4 PUBLIC, WHETHER IT'S PRIVATE, OUR CONFLICTS POLICIES
5 WITH THIS BOARD ARE VERY, VERY EXTENSIVE. AND WE HAVE
6 FORM 700 DISCLOSURE SO THE PUBLIC KNOWS WHETHER WE'RE
7 MEETING THE PERFORMANCE GOALS VERY CLEARLY. YES, DR.
8 LOVE.

9 DR. LOVE: I WAS JUST GOING TO MAKE THE POINT
10 THAT I THINK THIS REALLY IS DIRECTED AT THE ISSUE OF
11 PEOPLE LIKE US MAKING MONEY. AND OBVIOUSLY IF THE
12 COMPANY IS STILL PRIVATELY HELD, THERE'S NO OPPORTUNITY
13 TO SELL THE STOCK AND MAKE ANY MONEY. SO THE ISSUE OF
14 FOCUSING ON PUBLIC COMPANIES, I THINK, RELATES TO THE
15 FACT THAT WE COULD USE INFORMATION AND KNOWLEDGE THAT
16 WE'VE GOT HERE TO THEN MAKE A DECISION TO SELL A STOCK
17 AND MAKE MONEY PERSONALLY. IF IT'S IN A BLIND TRUST,
18 YOU OBVIOUSLY HAVE LOST THAT ABILITY TO DO THAT.

19 SO I DO THINK THERE'S SOMETHING HERE
20 POTENTIALLY. IT MAY NOT BE BAKED PROPERLY HERE, BUT I
21 DO THINK THERE IS AN ISSUE HERE ABOUT OWNING AND
22 CONTROLLING THE TIMING OF SELLING STOCK AND MAKING
23 MONEY IN COMPANIES.

24 CHAIRMAN KLEIN: IS THERE A SUGGESTION BY THE
25 BOARD THAT WE FOLLOW DR. HALL'S SUGGESTION AND PERHAPS

1 TABLE THIS ITEM FOR FUTURE CONSIDERATION?

2 DR. HALL: LET ME ALSO SUGGEST THAT IT BE
3 MADE CLEAR THAT WE DO WANT TO ADDRESS THE ISSUES THAT
4 ARE REPRESENTED HERE, BUT WE WANT TO DO SO IN A
5 THOUGHTFUL AND WORKABLE WAY. BUT OUR INTENTION IS
6 CLEAR TO COME UP WITH SOMETHING ROBUST.

7 MS. LANSING: I JUST WANT TO REEMPHASIZE WHAT
8 ZACH SAID. I WAS GOING TO SAY THAT IT'S EXTREMELY
9 IMPORTANT THAT WE KNOW WE HAVE TO DO SOMETHING. WE'RE
10 TRYING TO ACT WITH FULL TRANSPARENCY. AND, AGAIN, WE
11 INTEND TO DO SOMETHING, AND WE WANT TO DO IT IN A
12 THOROUGH WAY. I THINK WHAT WE DON'T WANT EVER IS FOR
13 SOMEBODY TO HAVE VOTED ON SOMETHING AND THERE APPEAR TO
14 BE A CONFLICT OF INTEREST, AND WE DON'T HAVE THE
15 INFORMATION TO BACK IT UP AND SHOW THAT THERE WASN'T.

16 CHAIRMAN KLEIN: RIGHT.

17 DR. LOVE: AGAIN, I THINK THIS IS DISTINCT
18 FROM THE ISSUE OF DECISION-MAKING ABOUT GRANTING MONEY.
19 THIS RELATES TO THE ISSUE OF US MAKING MONEY BASED UPON
20 DECISIONS THAT WE MAKE ABOUT SELLING ASSETS. AS SHERRY
21 SAID, WE DON'T WANT TO RUSH INTO THIS, BUT I DO THINK
22 THERE'S AN ISSUE HERE THAT WE NEED TO WORK THROUGH.

23 CHAIRMAN KLEIN: OKAY. IS THERE PUBLIC
24 COMMENT ON THIS ITEM? JESSE REYNOLDS.

25 MR. REYNOLDS: THANKS FOR THE OPPORTUNITY TO

1 SPEAK. AND, YEAH, I AGREE THIS POLICY NEEDS SOME WORK,
2 AND I'D RATHER SEE A GOOD POLICY ADOPTED AT THE
3 APPROPRIATE TIME THAN A BAD POLICY ADOPTED IN A HURRY.

4 THERE'S A FEW POINTS WHERE I THINK IT COULD
5 BE STRENGTHENED UP. SOME OF THOSE HAVE ALREADY BEEN
6 BROUGHT UP BY DRS. KESSLER AND POMEROY AND MR. TED
7 LOVE.

8 ONE THING IS PERHAPS CONSIDER EXTENDING THIS
9 TO DIRECT FAMILY MEMBERS AS A MATTER OF DIVESTMENT.

10 SECOND, THE QUESTION OF EMBRYONIC STEM CELL
11 RESEARCH. I'M NOT SURE WHETHER PROPOSITION 71 ALLOWS
12 THE FUNDING OF ADULT STEM CELL RESEARCH OR NOT. IT'S
13 DEFINED AS PROGENITOR. AND I UNDERSTAND THERE'S A
14 CLASS OF PROGENITOR ADULT STEM CELLS, SO IT SEEMS LIKE
15 YOU MIGHT WANT TO EXPAND THIS POLICY TO INCLUDE ANY
16 STEM CELL RESEARCH THAT COULD BE FUNDED BY PROPOSITION
17 71.

18 FOURTH OR I MEAN THIRD, THE PHRASING OF THE
19 LAST SENTENCE ABOUT THE RESEARCH BUDGET. ONE POINT IS
20 THAT THE EXACT RESEARCH BUDGET OF CORPORATIONS IS NOT
21 ALWAYS PRECISELY KNOWN BY THE PUBLIC OR SOMETIMES EVEN
22 BY STOCKHOLDERS. SO THAT PRESENTS A CHALLENGE WHEN YOU
23 BASE IT UPON SUCH A PERCENTAGE.

24 AND FINALLY, THIS MIGHT BE A SMALL POINT, BUT
25 WORDS MATTER. THE IDEA THAT THE BUDGET IS IN STEM CELL

1 THERAPY. I THINK PERHAPS THE WORD "RESEARCH" MIGHT BE
2 MORE ACCURATE AT THIS POINT IN TIME. THANK YOU.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ANY
4 ADDITIONAL PUBLIC COMMENT? IS THERE -- WE HAVE A
5 MOTION ON THE FLOOR, I BELIEVE.

6 DR. PIZZO: I'D LIKE TO TABLE THIS.

7 CHAIRMAN KLEIN: PROCEDURALLY, MR. HARRISON,
8 GIVEN THE MOTION IS ON THE FLOOR, WHAT SHOULD BE OUR
9 PROCEDURE TO TABLE THIS MOTION?

10 MR. HARRISON: MOTION SHOULD BE MADE TO TABLE
11 THE MOTION, SECONDED AND APPROVED.

12 CHAIRMAN KLEIN: THE QUESTION IS SPECIFICALLY
13 IS THAT MOTION IN ORDER LIKE AN AMENDMENT MOTION WOULD
14 BE WHILE THE EXISTING MOTION IS STILL ON THE FLOOR?

15 MR. HARRISON: YES.

16 CHAIRMAN KLEIN: IS THERE A MOTION TO TABLE?

17 DR. STEWARD: SO MOVED.

18 DR. PRIETO: SECOND.

19 CHAIRMAN KLEIN: MOVED AND SECONDED BY DR.
20 PRIETO. ALL IN FAVOR. OPPOSED? PASSES. THAT ITEM IS
21 TABLED. DR. HALL.

22 DR. HALL: OKAY. THE FINAL ISSUE FROM THE
23 LEGISLATIVE -- FROM OUR ENHANCEMENTS HAS TO DO WITH
24 INTELLECTUAL PROPERTY. THIS ACTUALLY WAS NOT ADDRESSED
25 AT THE LEGISLATIVE SUBCOMMITTEE MEETING BECAUSE OF A

1 QUESTION OF TIME, BUT THE ICOC AND CIRM REMAIN
2 CONCERNED ABOUT THAT. AND WE SUGGEST THAT THE ICOC
3 CONTINUE ITS GOOD FAITH DISCUSSIONS AND NEGOTIATIONS
4 WITH THE LEGISLATURE AND, IN FACT, WOULD SUGGEST
5 ADOPTION OF THIS STATEMENT. AND SO I PRESENT THAT FOR
6 DISCUSSION.

7 LET ME JUST READ IT. I REALIZE EVERYBODY IS
8 NOT FACING THE BOARD. THE ICOC IS CONCERNED ABOUT
9 ACCESS FOR ALL CALIFORNIANS TO TREATMENTS AND THERAPIES
10 DERIVED FROM GRANTS OR CONTRACTS AWARDED BY CIRM AND
11 WILL CONTINUE GOOD FAITH DISCUSSION AND NEGOTIATION
12 WITH THE LEGISLATURE ABOUT HOW BEST TO ADDRESS THIS
13 GOAL.

14 AND I DON'T KNOW, JAMES, MR. HARRISON, IF WE
15 NEED ANY SPECIAL -- TO MAKE A MOTION HERE IF WE NEED TO
16 HAVE ANY SPECIAL CONSIDERATION OR NOT.

17 CHAIRMAN KLEIN: NO. WE CAN ADVANCE WITH THE
18 MOTION. IS THERE A MOTION?

19 MS. LANSING: SO MOVED.

20 CHAIRMAN KLEIN: SO MOVED BY SHERRY LANSING.
21 IS THERE A SECOND?

22 DR. WRIGHT: SECOND.

23 CHAIRMAN KLEIN: SECOND BY DR. WRIGHT. BOARD
24 DISCUSSION? PUBLIC DISCUSSION? DR. PRIETO.

25 DR. PRIETO: WE HAVE AN AGENDA ITEM REGARDING

1 A TASK FORCE ON INTELLECTUAL PROPERTY. I JUST WONDER
2 HOW THIS INTERFACES WITH THAT OR HOW MUCH FURTHER WE'LL
3 GO WITH THAT.

4 CHAIRMAN KLEIN: THE TASK FORCE WOULD BE
5 CARRYING OUT THIS ITEM.

6 NO FURTHER DISCUSSION. ALL IN FAVOR.

7 DR. FRIEDMAN: MS. LANSING AND I JUST WANT TO
8 MAKE ONE POINT HERE. THIS -- I HAVE NO PROBLEM WITH
9 THESE WORDS, BUT THERE'S A LOT MORE TIED UP WITH
10 INTELLECTUAL PROPERTY, OF COURSE, AS EVERYBODY
11 RECOGNIZES. AND BECAUSE THIS IS SUCH AN IMPORTANT
12 TOPIC AND BECAUSE IT'S SUCH A COMPLEX TOPIC, I DON'T
13 WANT THE RECORD TO REFLECT THAT WE THINK THIS IS THE
14 MINIMUM THAT WE NEED TO DO. IN FACT, THIS IS JUST ONE
15 STEP IN A WHOLE SERIES OF THINGS. THERE WILL BE A TASK
16 FORCE. IT'S EXTRAORDINARILY COMPLEX, BUT IT'S VERY
17 IMPORTANT HOW THE STATE IS RECOMPENSED FINANCIALLY, HOW
18 THE CITIZENS GET MEDICAL CARE, AND SO FORTH.

19 THESE ARE SOME OF THE MANY ISSUES THAT ARE
20 GOING TO BE DISCUSSED, AND I JUST WANT THE RECORD TO
21 REFLECT THAT THIS IS JUST THE TINIEST WEDGE IN A VERY
22 BIG AREA.

23 MS. LANSING: WHAT WE BOTH WANT TO SAY IS
24 THAT WE ARE VERY MINDFUL OF THE FACT THAT WE HOPE AND
25 THAT THE BOARD DESIRES AND WILL SOMEHOW OR ANOTHER FIND

1 A WAY TO HAVE ACCESS TO EVERYTHING FOR ALL THE
2 CITIZENS. IT'S COLD LANGUAGE, AND IT SAYS IT
3 CORRECTLY, AND WE'RE TRYING TO EXPRESS THE PASSIONATE
4 INTENT TO SOLVE THESE PROBLEMS.

5 DR. HALL: YOU'RE WELCOME TO CHANGE THE
6 LANGUAGE.

7 MS. LANSING: NO. THIS IS THE RIGHT WORDING.
8 I THINK WE WANT ACCESS FOR EVERYBODY.

9 DR. HALL: IT'S JUST THAT IT'S IMPORTANT FOR
10 THE ICOC TO GO ON RECORD AS STATING ITS CONCERN ABOUT
11 THE PROBLEM. IT IS, AS WE ALL KNOW AND HAS BEEN
12 DEMONSTRATED AT SOME OF OUR MEETINGS, AN INCREDIBLY
13 THORNY AND DIFFICULT ISSUE, AND WE WANT TO GO ON RECORD
14 AS SAYING WE UNDERSTAND THAT, AND THAT WE WANT TO
15 PROCEED IN PARTNERSHIP WITH THE LEGISLATURE AND OTHERS
16 TO TRY TO WORK OUT AN ACCEPTABLE ARRANGEMENT.

17 MS. LANSING: TO PROVIDE ACCESS TO EVERYBODY.

18 DR. HALL: THAT'S ALL.

19 CHAIRMAN KLEIN: ALL RIGHT. SEEING THAT
20 WE'VE GONE THROUGH THE BOARD AND THE PUBLIC DISCUSSION,
21 I'D LIKE TO CALL FOR THE QUESTION. ALL IN FAVOR.
22 OPPOSED? ITEM PASSES.

23 I'D LIKE TO NOW GO TO AGENDA ITEM 9, WHICH
24 ATTEMPTS TO TAKE A STEP TO ADVANCE THIS GENERAL
25 STATEMENT WITH MORE PARTICULARITY. ITEM 9 IS

1 CONSIDERATION OF CREATING A JOINT CALIFORNIA INSTITUTE
2 OF REGENERATIVE MEDICINE AND CALIFORNIA STATE
3 LEGISLATURE TASK FORCE ON INTELLECTUAL PROPERTY.

4 THE INTENT HERE WOULD BE TO CARRY FORWARD THE
5 INTELLECTUAL PROCESS THAT HAS BEEN PROCEEDING
6 VIGOROUSLY BEGINNING WITH ASSEMBLY CONCURRENT
7 RESOLUTION 252 BY ASSEMBLYMAN GENE MULLIN. THAT'S AN
8 ASSEMBLY RESOLUTION ALSO PASSED BY THE SENATE THAT
9 DIRECTED THE CALIFORNIA COUNCIL ON SCIENCE AND
10 TECHNOLOGY TO TRY AND COME BACK TO THE STATE WITH AN
11 INTELLECTUAL PROPERTY POLICY. THAT'S BEEN AUGMENTED
12 THIS YEAR BY ASSEMBLY CONCURRENT RESOLUTION 24
13 SPECIFICALLY GUIDING THAT GROUP TO CREATE A POLICY IN
14 THE BIOTECH AREA ON INTELLECTUAL PROPERTY.

15 BOTH OUR OWN DR. SUSAN BRYANT AND MICHAEL
16 GOLDBERG FROM OUR BOARD WERE INVITED TO SERVE ON THAT
17 CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY TASK
18 FORCE. ACTUALLY THE BOARD -- I WAS INVITED TO PROVIDE
19 MEMBERS WHO WOULD PARTICIPATE. AND AT THE DECEMBER
20 17TH MEETING, I INDICATED I WOULD DO SO AT THE JANUARY
21 MEETING. WE DESIGNATED THOSE TWO MEMBERS TO
22 PARTICIPATE IN THAT TASK FORCE.

23 IT IS IMPORTANT TO UNDERSTAND THAT THIS, AS
24 HAS BEEN STATED EARLIER, IS A CHALLENGING ISSUE AND IS
25 EXPECTED TO TAKE SEVERAL MONTHS, PROBABLY ENDING IN

1 ABOUT OCTOBER WITH SOME FINAL RECOMMENDATION BACK TO
2 THIS BOARD OR SOONER IF THE TASK FORCE WERE ABLE TO
3 PERFORM CERTAIN NUMBER OF MIRACLES ALONG THE WAY.

4 IT IS IMPORTANT TO UNDERSTAND AS WELL THAT
5 THE LEGISLATURE HAS WITHIN THEIR POWER THE ABILITY TO
6 ADDRESS THIS -- THE ISSUE OF ACCESS, AT LEAST IN A
7 MEANINGFUL SIGNALING OF THEIR CONCERN FOR ACCESS BY
8 COMMITTING A PORTION OF THE IP REVENUE TO COMPASSIONATE
9 CARE, IF THE LEGISLATURE WERE TO DECIDE TO DO THAT
10 BECAUSE, OF COURSE, IT'S THE LEGISLATURE THAT DECIDES
11 ON WHAT HAPPENS TO THE IP REVENUE THAT FLOWS FROM THIS
12 WORK. BUT COMPASSIONATE CARE IS VERY IMPORTANT.

13 WE NEED TO FIND SOURCES OF FUNDING THAT WOULD
14 MAKE ACCESS CREDIBLE, AND WE DO KNOW THAT MEDICARE AND
15 MEDI-CAL REALLY HELP PROVIDE THE ACCESS TO CLINICAL
16 TRIALS, BUT IT TOOK A NUMBER OF YEARS TO GET MEDICARE
17 AND MEDI-CAL TO REALLY PARTICIPATE MORE FULLY IN
18 CLINICAL TRIALS SO PEOPLE OF ALL INCOME GROUPS WOULD
19 HAVE ACCESS TO THE CLINICAL TRIAL PROCESS.

20 DR. BRYANT, WOULD YOU LIKE TO COMMENT ON THE
21 CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY, WHERE YOU
22 ARE ON THAT REPORT AND THE STATUS OF THOSE
23 RECOMMENDATIONS?

24 DR. BRYANT: YES. SO CCST, THE SUBCOMMITTEE
25 THAT'S DEALING WITH THIS ISSUE AS IT RELATES

1 SPECIFICALLY TO PROPOSITION 71, IS ABOUT TO ISSUE A
2 FINAL REPORT. I EXPECT IT ANY DAY. I'M NOT QUITE SURE
3 WHY I HAVEN'T SEEN IT YET BECAUSE IT'S BEEN IN THE
4 FINAL PROCESS FOR OVER A WEEK NOW. UNTIL IT IS
5 PUBLISHED, THE RESULTS OF THAT REPORT ARE EMBARGOED.

6 I CAN SAY THAT THERE HAVE BEEN A LOT OF
7 DISCUSSIONS WITH THE MEMBERS OF THAT COMMITTEE ABOUT
8 HOW TO MAKE A RECOMMENDATION THAT WOULD BE SUITABLE FOR
9 ICOC GIVEN, FIRST OF ALL, SOME OF THE LANGUAGE IN THE
10 PROPOSITION AND SO FORTH, BUT ALSO BEARING IN MIND THE
11 LONG EXPERIENCE WITH INTELLECTUAL PROPERTY ISSUES
12 THROUGH BAYH-DOLE AND BEFORE THAT AND WITH NIH FUNDING,
13 WHICH, OF COURSE, EVEN THOUGH THE \$3 BILLION THAT'S
14 COMING OUR WAY FOR STEM CELL RESEARCH HERE IS A HUGE
15 AMOUNT OF MONEY, IT IS DWARFED BY THE AMOUNT OF MONEY
16 THAT GOES INTO RESEARCH BY NIH. SO THERE IS A GREAT
17 DEAL OF HISTORY TO BE LOOKED AT HERE IN TERMS OF WHAT
18 WORKS AND WHAT DOESN'T WORK IN TERMS OF INTELLECTUAL
19 PROPERTY ISSUES BECAUSE IT'S NOT JUST GETTING THE
20 RESEARCH DONE. IT'S GETTING COMPANIES TO COME IN AND
21 PICK UP THE RESULTS OF THAT RESEARCH AND SPEND EVEN
22 MORE MONEY IN DEVELOPING PRODUCTS.

23 SO IF OUR ULTIMATE GOAL -- WE HAVE TO MAKE
24 SURE WHATEVER COMES OUT OF THIS IS THAT THE ULTIMATE
25 GOAL OF GETTING CURES TO PEOPLE IS NOT COMPROMISED BY

1 ANYTHING THAT WE DO ALONG THE WAY. SO I'M JUST SAYING
2 THAT THERE ARE GOING TO BE A LOT OF DECISIONS AND
3 INTERESTING CONVERSATIONS THAT HAVE TO TAKE PLACE
4 BEFORE WE WILL HAVE A POLICY IN THIS AREA TO RECOMMEND.

5 CHAIRMAN KLEIN: AND I WOULD HOPE THAT
6 MICHAEL GOLDBERG, DR. SUSAN BRYANT WILL PARTICIPATE IN
7 THIS TASK FORCE ON BEHALF OF THE BOARD SO THAT WE HAVE
8 AN INTEGRATED KNOWLEDGE OF THE CALIFORNIA COUNCIL ON
9 SCIENCE AND TECHNOLOGY'S RECOMMENDATIONS. BUT
10 HOPEFULLY THE TASK FORCE CAN ALSO FORMALLY INTERFACE
11 WITH THE COUNCIL EFFORTS WITH THE LEGISLATURE SO YOU
12 HAVE A TRI-PARTY INTERFACE WHERE YOU HAVE TREMENDOUS
13 ACCESS TO THE RESOURCES OF THE CALIFORNIA COUNCIL OF
14 SCIENCE AND TECHNOLOGY.

15 THE OFFICE OF THE CHAIRMAN, ED PENHOET, THE
16 VICE CHAIR, HAS HAD LEADERSHIP FOR SOME NUMBER OF
17 MONTHS HERE ON INTELLECTUAL PROPERTY ISSUES. AND HE
18 HAS THE DISTINGUISHED ADVANTAGE OF HAVING LOOKED AT
19 THIS AS DEAN FROM THE PUBLIC HEALTH SIDE AT BERKELEY TO
20 ROLES IN VENTURE CAPITAL AND ROLES IN THE BIOTECH
21 SECTOR. SO HE HAS A THREE-SIDED VISION OF THIS VERY
22 COMPLICATED CHALLENGE.

23 I WOULD SUGGEST ALSO THAT IT'S IMPORTANT, IF
24 WE COULD PASS THIS RESOLUTION, TO MOTIVATE MEMBERS FROM
25 THE BOARD WHO ARE FROM THE PATIENT ADVOCACY SIDE TO

1 PARTICIPATE ALONG WITH THE BIOTECH SIDE ALONG WITH THE
2 ACADEMIC SIDE BECAUSE ALL THREE COMPONENTS HAVE TO WORK
3 TOGETHER IN ANY INTELLECTUAL PROPERTY POLICY THAT'S
4 GOING TO BE EFFECTIVE IN SOME BALANCED WAY. IF WE
5 COULD DISTRIBUTE MEMBERSHIP ON THAT COMMITTEE, IT WOULD
6 BE VERY HELPFUL TO HAVE ALL THREE PERSPECTIVES.

7 DR. NOVA: I THINK THAT THIS ISSUE OF IP IS
8 PROBABLY THE MOST CRITICAL AND ONE OF THE MOST COMPLEX
9 AND IMPORTANT DECISIONS WE'RE GOING TO BE MAKING AS A
10 COMMITTEE, AND THERE'S MANY WAYS TO APPROACH
11 INTELLECTUAL PROPERTY. AND DEPENDING ON THE BACKGROUND
12 OF THE PEOPLE AND WHERE THEY COME FROM, THERE'S JUST
13 MANY WAYS, INCLUDING BAYH-DOLE AND OTHERS. AND I THINK
14 THIS IS GOING TO BE INCREDIBLY IMPORTANT THAT WE VET
15 ALL OF THE DIFFERENT WAYS OF LOOKING AT IP.

16 I THINK THAT THE RECOMMENDATIONS FROM THE
17 CCST ARE GOING TO BE INCREDIBLY HELPFUL AND CERTAINLY
18 SERVE AS A FOUNDATION FOR THIS WHOLE IMPORTANT AREA.

19 I THINK THIS TASK FORCE IS CRITICAL THAT WE
20 HAVE REPRESENTATION FROM EVERYONE ON THE BOARD IN AN
21 EQUAL WAY, JUST TO FOLLOW UP ON WHAT YOU WERE SAYING,
22 AND THAT WE HAVE -- I THINK DR. PENHOET BEING THE HEAD
23 OF THIS WOULD BE THE PERFECT CHOICE, BUT IN ADDITION I
24 THINK THAT WE NEED TO MAKE SURE THAT LIFE SCIENCES AND
25 ACADEMICS AND PATIENT ADVOCATES ARE EQUALLY PART OF

1 THIS TASK FORCE WITH REPRESENTATION AND THAT THIS BE
2 REALLY LOOKED AT VERY CAREFULLY WHEN WE SELECT THIS
3 TASK FORCE. AND I HOPE THAT MEMBERS OF THE BOARD WILL
4 STEP FORWARD WHO REPRESENT THESE AREAS SO THAT WE CAN
5 ACCOMPLISH THAT IN AN EQUAL AND FAIR WAY.

6 DR. PRIETO: PERHAPS A LITTLE FOLLOW-UP TO
7 YOUR COMMENTS AT THE BEGINNING, AND I'D LIKE TO HEAR
8 FROM SOME OF THE OTHER BOARD MEMBERS REGARDING THEIR
9 THOUGHTS ON SOME OF THE WAYS THAT IP FUNDS COULD FLOW
10 BACK TO THE CIRM OR THE STATE OF CALIFORNIA.

11 DR. BRYANT: THAT MIGHT BE SOMETHING THAT WE
12 WANT TO WAIT UNTIL WE HAVE THE CCST REPORT BECAUSE I
13 THINK THERE ARE GOING TO BE SOME DISCUSSIONS ABOUT
14 THOSE ISSUES. AND THAT WOULD -- IT MAY NOT BE, YOU
15 KNOW, THE FINAL WORD FOR THIS COMMITTEE, BUT IT WILL BE
16 A PLACE TO START. AND I THINK TRYING TO DO THAT NOW
17 WITHOUT THE BENEFIT OF THAT I THINK WOULD BE A LITTLE
18 PREMATURE. I'D RATHER WAIT.

19 DR. PIZZO: I AGREE.

20 CHAIRMAN KLEIN: OKAY. IS THERE A MOTION TO
21 CREATE A JOINT CALIFORNIA STATE ICOC TASK FORCE WITH
22 THE LEGISLATURE WITH DR. PENHOET AS THE CHAIR?

23 DR. PRIETO: SO MOVED.

24 DR. FRIEDMAN: SECOND.

25 CHAIRMAN KLEIN: IT'S MOVED AND SECONDED. WE

1 HAD SEVERAL SECONDS. MAYBE DR. LOVE OR DR. FRIEDMAN,
2 TWO VERY DISTINGUISHED SECONDS. DR. PENHOET.

3 DR. PENHOET: I DON'T THINK WE CAN ACT ON
4 BEHALF OF THE LEGISLATURE, SO I THINK WHAT WE'RE DOING
5 IS FORMING A SUBCOMMITTEE OF OUR COMMITTEE TO BE THE IP
6 TASK FORCE ON OUR SIDE. IT'S UP TO THE LEGISLATURE TO
7 DECIDE HOW THEY'RE GOING TO RESPOND TO US. SO I THINK
8 THAT OUR MOTION IS LIMITED TO US FORMING A SUBCOMMITTEE
9 TO DEAL WITH IP ISSUES HOPEFULLY WITH THE LEGISLATURE.
10 JUST WANTED TO CLARIFY THE LANGUAGE.

11 CHAIRMAN KLEIN: RIGHT. WE ARE FOLLOWING UP
12 ON A LEADERSHIP RECOMMENDATION OF THE LEGISLATURE.
13 THEY WOULD LIKE TO HAVE A GROUP TO RELATE TO IN THIS
14 ONGOING PROCESS. AND IF WE HAVE A SPECIFIC COMMITTEE
15 FORMED, THEN THERE WILL BE CONTINUITY OF THIS
16 DISCUSSION AND INTELLECTUAL DEPTH TO THIS DISCUSSION.
17 SO WE'RE TRYING TO BRING THE RESOURCES TOGETHER AND THE
18 CONTINUITY TOGETHER, BUT THE LEGISLATURE WILL REALLY
19 DEFINE HOW THEY CONSTITUTE THEIR PART OF THIS
20 DISCUSSION. AND DR. OS STEWARD.

21 DR. STEWARD: QUESTION. SO IF THIS IS A
22 SUBCOMMITTEE, DOES THIS HAVE TO OPERATE UNDER
23 BAGLEY-KEENE RULES?

24 CHAIRMAN KLEIN: YES, IT DOES. CERTAINLY --

25 DR. STEWARD: I'M CURIOUS. WOULD THE

1 LEGISLATURE BE WILLING TO PARTICIPATE IN THAT?

2 CHAIRMAN KLEIN: I'M NOT GOING TO COMMENT.

3 DR. POMEROY.

4 DR. POMEROY: YES, PLEASE. THIS GOES BACK TO
5 SOME COMMENTS THAT I'VE HAD PREVIOUSLY ABOUT THE
6 COMMITTEES THAT WE FORMED, COMMITTEES AND TASK FORCES.
7 I STRONGLY URGE US TO SPECIFICALLY WRITE OUT CHARGES
8 AND, YOU KNOW, DELIVERABLES AND ETC. FOR EACH OF THESE
9 COMMITTEES. I THINK WE HAVE A TENDENCY TO MAKE
10 COMMITTEES WITHOUT CLARITY ABOUT WHAT THEIR ROLE SHOULD
11 BE. AND I'M NOT SURE I HAVE CLARITY ON EXACTLY WHAT
12 THIS COMMITTEE WILL BE DOING.

13 I'M MORE THAN HAPPY TO SUPPORT THE MOTION AS
14 LONG AS IT COMES WITH A SECOND MOTION TODAY OR NEXT
15 MEETING ABOUT A SPECIFIC WRITTEN CHARGE.

16 CHAIRMAN KLEIN: I THINK AT THE END OF ITEM
17 AGENDA 10, WE MADE A GENERAL STATEMENT OF PURPOSE. I
18 THINK IT WOULD BE VERY GOOD TO FOLLOW UP, DR. POMEROY,
19 ON YOUR SUGGESTION, THAT THE CHAIRMAN COME BACK TO US
20 WITH THE BENEFIT OF HAVING DISCUSSIONS BETWEEN NOW AND
21 THE NEXT MEETING WITH THE CLARITY PROVIDED BY THE
22 LEGISLATURE ON HOW THEY WANT TO DEFINE THIS IN MORE
23 ARTICULATE DETAIL.

24 I WOULD SUGGEST THAT LEGISLATURE HAS
25 SUGGESTED THAT, PARTICULARLY GIVEN THE TREMENDOUS

1 AMOUNT OF BUSINESS THEY HAVE TO FOCUS ON RIGHT NOW IN
2 THE NEXT 90 DAYS, THAT IT MAY WELL TAKE UNTIL OCTOBER
3 TO GET EVERYONE'S ATTENTION TO A LEVEL TO REALLY GET
4 THROUGH THE HOURS AND HOURS AND DAYS OF DISCUSSION
5 NECESSARY TO MOVE THIS FORWARD. AND IT COULD TAKE --
6 WE COULD BE INTO NOVEMBER OR DECEMBER AS WELL.

7 DAVID SERRANO-SEWELL, DID YOU HAVE A COMMENT?

8 MR. SERRANO-SEWELL: VERY BRIEFLY. THE
9 PUBLIC, THE LEGISLATURE, REALLY EVERYONE, AND I THINK
10 WE'RE LOOKING AT OURSELVES FOR SOME LEADERSHIP AND
11 DISCUSSION ON THIS POINT. HAVING DR. PENHOET LEAD THIS
12 EFFORT IS A GREAT IDEA. CLAIRE'S POINT THAT WE ASK ED
13 AND THIS TASK FORCE THAT HE'LL LEAD TO COME BACK WITH A
14 WRITTEN MISSION STATEMENT, SOMETHING THAT PROVIDES US
15 ALL DIRECTION AND THE PUBLIC AS TO WHERE THIS MIGHT BE
16 GOING. BUT IT'S A GOOD FAITH STEP AND WILL SHOW THE
17 PUBLIC THAT WE TAKE THIS ISSUE SERIOUSLY AND WE'RE
18 GOING TO GIVE IT THE TIME THAT IT DESERVES.

19 CHAIRMAN KLEIN: RIGHT. I THINK THE
20 LEGISLATURE WANTED US TO MAKE SURE WE TOOK THIS GOOD
21 FAITH STEP TO SHOW WE'RE GOING TO COMMIT THE RESOURCES
22 AND THE PEOPLE WITH THE INTELLECTUAL CAPACITY AND
23 BACKGROUND TO REAL SUBSTANTIVELY INTERFACE AND PROCEED
24 WITH THIS POLICY AREA.

25 DR. PENHOET: IF I MIGHT, BUT I'D LIKE TO BE

1 CLEAR. I THINK WE HAVE A SET OF IP ISSUES IN WHICH THE
2 LEGISLATURE HAS A REAL AND PRESENT INTEREST. WE HAVE
3 ANOTHER SET OF IP ISSUES IN WHICH THEY MAY HAVE NO
4 INTEREST. STILL WE HAVE TO DEVELOP THESE POLICIES FOR
5 OUR OWN INTERNAL PURPOSES IN WORKING WITH OUR GRANTEEES,
6 WORKING WITH LICENSEES, ETC. SO I THINK THAT I WANT TO
7 BE CLEAR THAT WE'RE AUTHORIZING A COMMITTEE TO BE
8 FORMED TO DEAL WITH IP ISSUES BROADLY FOR ICOC AND
9 BRING BACK RECOMMENDATIONS TO THE WHOLE BOARD. A
10 SUBSET OF THOSE ACTIVITIES WILL BE TO DEAL WITH THE
11 LEGISLATURE'S INTEREST, BUT NOT -- THIS COMMITTEE WON'T
12 BE LIMITED TO THAT IN ITS ACTIVITIES.

13 CHAIRMAN KLEIN: I THINK AS A PRIORITIZATION
14 WE'RE TRYING TO DEAL WITHIN THE NEXT FOUR TO FIVE
15 MONTHS WITH THE LEGISLATIVE ITEMS.

16 ALL RIGHT. PUBLIC COMMENT? SEEING NO PUBLIC
17 COMMENT, I'D LIKE TO CALL THE QUESTION. ALL IN FAVOR.
18 OPPOSED?

19 NOW, CAN WE IDENTIFY MEMBERS THAT
20 MR. PENHOET -- DR. PENHOET CAN CALL UPON WHO WOULD BE
21 WILLING TO SERVE ON THIS COMMITTEE, BE HELPFUL TO HIM?
22 ANY MEMBERS HERE? DR. LOVE. JEANNIE FONTANA.
23 DR. PIZZO, DR. WRIGHT, DR. PRIETO, DR. BRYANT, JEFF
24 SHEEHY, OS STEWARD, AND SHERRY LANSING. I THINK
25 MICHAEL GOLDBERG, AS I REFERENCED BEFORE, BECAUSE HE'S

1 ON THE CALIFORNIA -- ON THIS TASK FORCE THAT IS
2 DEVELOPING THIS WOULD BE AN APPROPRIATE MEMBER TO
3 CONSIDER.

4 DR. NOVA: IF YOU NEED ONE MORE LIFE SCIENCE,
5 I'D BE GLAD TO SERVE.

6 CHAIRMAN KLEIN: TINA NOVA. OKAY. YOU'VE
7 GOT LOTS OF TALENT, DR. PENHOET. THANK YOU.

8 WE WILL NOW PROCEED TO ITEM 11, THE
9 PRESIDENT'S REPORT. IS THE -- SO WE CAN HAVE CLARITY
10 FOR THE PRESIDENT'S REPORT AND GREAT FOCUS ON OUR
11 ESTEEMED PRESIDENT'S WORDS, MAYBE WE SHOULD TAKE A
12 FIVE-MINUTE REST BREAK.

13 (A RECESS WAS TAKEN.)

14 CHAIRMAN KLEIN: IF ALL OF THE BOARD MEMBERS
15 COULD PLEASE TAKE THEIR SEATS. KIRK KLEINSCHMIDT,
16 COULD YOU ASK THE BOARD MEMBERS THAT ARE IN THE BACK
17 THERE AND GETTING COFFEE TO PLEASE COME IN? WE'D
18 GREATLY APPRECIATE THAT. OKAY.

19 OUR ESTEEMED PRESIDENT, DR. HALL, YOU HAVE
20 THE FLOOR.

21 DR. HALL: THANK YOU. LET ME START BY
22 REFERRING TO OUR JULY 6TH MEETING OF THE STANDARDS
23 WORKING GROUP BECAUSE THAT REALLY REPRESENTED A
24 MILESTONE FOR THE ICOC. SHERRY, DID YOU? SO IT WAS A
25 WONDERFUL DAY FOR US BECAUSE AFTER MONTHS OF

1 PREPARATION, WORRYING ABOUT ALL THE KINDS OF ISSUES
2 WE'VE BEEN WORRYING ABOUT THIS MORNING, FINALLY WE
3 SETTLED DOWN TO DO OUR WORK. WE HAD A TERRIFIC DAY.
4 FOR THOSE OF YOU WHO WERE THERE, YOU KNOW THAT. IT WAS
5 A VERY, VERY GRATIFYING BEGINNING UNDER THE ABLE
6 LEADERSHIP OF OUR TWO WONDERFUL CO-CHAIRS, SHERRY
7 LANSING AND HARRIET RABB. WE HAD A REALLY INVIGORATING
8 AND ROBUST DAY OF DISCUSSION OF ALL SORTS OF ISSUES,
9 INCLUDING EGG DONATION AND COMPENSATION AND INFORMED
10 CONSENT AND THE ROLE OF THE SO-CALLED ESCRO COMMITTEES
11 AND THE UNIVERSITIES. AND I THINK WE WERE ALL
12 IMPRESSED BY WHAT A GOOD JOB OUR SEARCH SUBCOMMITTEE
13 HAD DONE FOR THIS WORKING GROUPING. THE QUALITY OF THE
14 PEOPLE THAT WERE CHOSEN WAS REALLY OUTSTANDING. DAVID
15 KESSLER AND HIS COLLEAGUES AND DINA -- LET ME GIVE SOME
16 CREDIT TO DINA HERE -- REALLY DID A WONDERFUL JOB IN
17 GUIDING THAT THROUGH.

18 SO I, FOR ONE, FOUND THE DAY EXHILARATING. I
19 FELT WE ARE INDEED IN GOOD HANDS WITH RESPECT TO OUR
20 ETHICAL AND MEDICAL STANDARDS; AND, FURTHERMORE, IT
21 SEEMED TO ME THAT WE WERE FINALLY ENGAGED IN THE WORK
22 THAT WE'RE HERE TO DO. THAT IS THE POINT OF ALL OF
23 THIS AND THE POINT OF ALL OUR PREPARATION. SO I JUST
24 WANTED TO START BY ACKNOWLEDGING THAT MILESTONE IN THE
25 EVOLUTION OF THE ICOC AND OF THE INSTITUTE AND

1 CELEBRATING IT.

2 NOW, THE SECOND ITEM IS THAT WE HAVE BEEN
3 RECRUITING, AS YOU KNOW, AND WE HAVE TWO -- MELISSA,
4 IS -- LET'S SEE THE NEXT SLIDE. I THOUGHT THE VERY
5 NEXT SLIDE WAS -- THIS IS WRONG. INTERESTING TO SEE
6 HOW FAR I GOT.

7 CHAIRMAN KLEIN: WHILE WE'RE WAITING HERE, I
8 WOULD LIKE TO SAY, AS AN INFORMATIONAL ITEM, WE'RE
9 GOING TO BE GOING AFTER THIS INTO A CLOSED SESSION TO
10 DISCUSS LITIGATION. I WOULD TELL YOU THAT IT'S WITH A
11 SENSE OF GREAT RELIEF AND HOPE THAT WE HAVE NOW GONE
12 THROUGH THE STATUTE OF LIMITATIONS PERIOD FOR ANY
13 LITIGATION TO BE FILED AGAINST PROPOSITION 71'S \$3
14 BILLION IN FUNDING. SIXTY DAYS FROM THE FINANCE
15 COMMITTEE RAN. THIS LAST WEEKEND EFFECTIVELY OVER, WE
16 CAN TAKE A SIGH OF RELIEF IN KNOWING THAT WE HAVE
17 ESSENTIALLY THE SAME TWO LAWSUITS WE ORIGINALLY HAD
18 THAT WERE DISMISSED AT THE SUPREME COURT LEVEL THAT WE
19 WILL NEED TO HEAR.

20 AND WE'LL HAVE A REPORT FOR YOU AFTER THE
21 CLOSED SESSION, BUT THESE ARE BOTH LAWSUITS THAT ARE
22 MOTIVATED BY GROUPS THAT HAVE A LONG HISTORY OF
23 OPPOSING IN VITRO FERTILIZATION, WOMEN'S RIGHT TO
24 CHOOSE. THESE ARE GROUPS THAT ARE AT LEAST CONSISTENT
25 IN THEIR APPROACH TO OPPOSING THE RIGHT OF A WOMAN TO

1 DECIDE ON THE CONTRIBUTION SHE CAN MAKE TO HER FAMILY
2 AND THE CONTROL OVER HER BODY.

3 I WOULD SAY THAT AS CONSTITUTIONAL LAWSUITS,
4 WE ARE VERY OPTIMISTIC BECAUSE THE ARGUMENTS THAT ARE
5 POSED HERE HAVE BEEN TRIED BEFORE AND REJECTED. AND IT
6 IS, AGAIN, IMPORTANT TO TELL YOU THAT WITH THE STATUTE
7 OF THE LIMITATION RUNNING, ANY CONSTITUTIONAL CHALLENGE
8 TO THE \$3 BILLION, THE WHOLE PROGRAM HAS ELAPSED, SO
9 THEY CAN NOT FILE ADDITIONAL LITIGATION CLAIMS. WE
10 WILL MOVE ON CONSOLIDATING THESE CHALLENGES, BUT WE ARE
11 ELATED THAT THAT STATUTE OF LIMITATIONS HAS RUN.

12 DR. PIZZO: GREAT NEWS.

13 DR. HALL: WONDERFUL NEWS, YES.

14 CHAIRMAN KLEIN: DR. HALL.

15 DR. HALL: THANK YOU. LET ME MOVE ON, THEN,
16 TO SAY THAT WE, AS YOU KNOW, HAVE BEEN ENGAGED IN
17 HIRING. AND I'LL TELL YOU A LITTLE BIT MORE ABOUT
18 OTHER THAT'S IN PROGRESS. BUT WE HAVE MADE TWO NEW
19 APPOINTMENTS. I AM VERY PLEASED TO SAY THAT WE HAVE A
20 WONDERFUL MAN, JORGE SANCHEZ, WHO'S BEEN HIRED TO BE
21 THE SENIOR EXECUTIVE ASSISTANT FOR ME AND FOR THE
22 SCIENTIFIC GROUP. I'M SURE MANY OF YOU WILL BE GETTING
23 TO KNOW HIM, BUT I AM DELIGHTED TO HAVE HIM ON BOARD.
24 HE'LL BE -- TODAY IS HIS FIRST DAY, SO HE'S PRESUMABLY
25 REPORTING IN EMERYVILLE. WILL MAKE MY LIFE EASIER.

1 AND SECONDLY, WE'VE HIRED OUR FIRST
2 SCIENTIFIC REVIEW OFFICER, GILBERTO SOMBRANO, WHO IS AN
3 ADJUNCT ASSISTANT PROFESSOR AT UCSF. AND FOR THOSE OF
4 YOU WHO MAY KNOW, HE'S THE COORDINATOR FOR AL GILMAN
5 CELL SIGNALING ALLIANCE, THE BIG MULTI-INSTITUTIONAL,
6 MULTIDISCIPLINARY ACTIVITY THAT'S BEEN GOING ON, AND
7 COMES TO US VERY HIGHLY RECOMMENDED, AND WE'RE
8 DELIGHTED TO HAVE HIM JOIN US.

9 THE NEXT SLIDE JUST SHOWS THAT WE'RE ENGAGED
10 IN SEVERAL RECRUITMENTS IN PROGRESS. ONE IS THE SENIOR
11 STAFF LIAISON TO THE STANDARDS WORKING GROUP, A
12 SCIENTIFIC PROGRAM OFFICER, A GRANTS MANAGEMENT
13 OFFICER, AND TECHNICAL ASSISTANT. AND FINALLY, WE'RE
14 JUST POSTING A NUMBER OF OTHER ADMINISTRATIVE JOBS:
15 CHIEF COMMUNICATIONS OFFICER, CHIEF LEGAL OFFICER,
16 I.T., RECEPTIONIST, AND FACILITIES AND PROCUREMENT
17 MANAGER, AND SO FORTH. SO WE ARE FINALLY BEGINNING TO
18 BUCK UP OUR STAFF, AND ALL THESE JOBS ARE POSTED ON OUR
19 WEBSITE. AND WE HOPE THAT IF YOU KNOW ABLE PEOPLE WHO
20 ARE LOOKING FOR AN EXCITING CAREER WORKING WITH CIRM TO
21 PLEASE URGE THEM TO APPLY.

22 SO NOW I HAVE TWO -- LET'S SEE. THE NEXT IS
23 OUR SCIENTIFIC MEETING. I'M SORRY. I WANT TO GIVE YOU
24 AN UPDATE ON THAT. AND ARLENE CHIU AND MARY MAXON HAVE
25 BEEN VERY BUSY PLANNING FOR THIS MEETING. WE ARE

1 CALLING IT STEM CELL RESEARCH IN CALIFORNIA, CHARTING
2 NEW DIRECTIONS. AS YOU KNOW, IT IS THE FIRST STEP IN
3 TRYING TO SET OUR SCIENTIFIC AGENDA, FIRST PART OF OUR
4 STRATEGIC PLAN FOR THE INSTITUTE. THE MEETING IS
5 PLANNED FOR OCTOBER 1ST AND 2D IN SAN FRANCISCO.

6 WE HAVE SIX SESSIONS WITH 17 SPEAKERS AND
7 DISCUSSION AFTER EACH ONE, AND THIS IS NOT THE USUAL
8 SCIENTIFIC MEETING. WE'RE ASKING EACH OF THE SPEAKERS
9 AND THE SESSIONS TO FOCUS ON ASSESSING THE STATE OF
10 KNOWLEDGE WITH RESPECT TO THE PARTICULAR TOPIC OF THE
11 SESSION, TELLING US WHAT THE SCIENTIFIC OPPORTUNITIES
12 ARE, TELLING US WHAT THE BARRIERS ARE, WHAT THE
13 BOTTLENECKS ARE, AND FINALLY, MOST IMPORTANTLY,
14 RECOMMENDING WHAT CIRM SHOULD BE DOING TO MOVE PROGRESS
15 ALONG IN THAT PARTICULAR AREA.

16 AND OUR AREAS RANGE ALL THE WAY FROM
17 FUNDAMENTAL QUESTIONS HAVING TO DO WITH SELF-RENEWAL OF
18 STEM CELLS AND WHAT CONTROLS THAT TO CLINICAL
19 APPLICATION. AND ED PENHOET IS CHAIRING ALSO A SESSION
20 INVOLVING THE PRIVATE SECTOR. SO WE THINK IT WILL BE
21 AN EXCITING MEETING.

22 IN ORDER TO HAVE GOOD DISCUSSION, WE ARE
23 PLANNING TO LIMIT REGISTRATION FOR THE ON-SITE MEETING
24 TO 200, AND WE WANT SCIENTISTS, PATIENT ADVOCATES, AND
25 THE GENERAL PUBLIC TO BE REPRESENTED, BUT WE ALSO HAVE

1 PLANS TO SIMULCAST THE MEETING TO OTHER SITES
2 THROUGHOUT THE STATE. AND WE HOPE THAT A NUMBER OF
3 PLACES WILL HAVE ROOMS SET ASIDE SO THAT THEY CAN
4 FOLLOW THE MEETING AS IT GOES FORWARD.

5 WE WILL HAVE THESE SESSIONS. WE'LL END UP
6 WITH A SUMMARY SESSION IN WHICH EACH OF THE GROUPS
7 BRINGS FORTH RECOMMENDATIONS AND DISCUSSES THEM. AND
8 WE'LL TRY TO BRING IT ALL UP.

9 WE HAVE ONE OTHER INTERESTING WRINKLE, WHICH
10 I'D LIKE TO TELL YOU ABOUT, AND THAT IS ON THE
11 AFTERNOON OF THE SECOND DAY, WE WILL HAVE LAY SUMMARIES
12 OF EACH OF THE SESSIONS FOR THOSE WHO MIGHT WISH THEM.
13 WE PLAN TO ENGAGE BRIGHT GRADUATE STUDENTS WHO HAVE
14 SHOWN A TALENT FOR THIS SORT OF THING TO DO THIS. AND
15 SO WE THINK THAT WILL BE AN INTERESTING SORT OF
16 WRINKLE, AND WE LOOK FORWARD TO THAT, BUT WE WILL HAVE
17 A WRITTEN REPORT OF THE MEETING AFTERWARDS. AND AS I
18 SAY, WE EXPECT THIS TO BE A VERY IMPORTANT MEETING IN
19 TERMS OF SETTING OUR AGENDA.

20 EACH OF -- ALL OF YOU WILL BE INVITED, AND WE
21 HAVE A DINNER FOR SPEAKERS AND ICOC MEMBERS AND
22 SELECTED GUESTS. AND BRAD MARGUS HAS AGREED TO BE OUR
23 SPEAKER FOR THAT EVENING. FOR THOSE OF YOU WHO KNOW
24 HIM, A PATIENT ADVOCATE WHO STARTED THE CHILDREN'S AT
25 ALLIANCE, A VERY SUCCESSFUL BUSINESSMAN. HE'S NOW CEO

1 OF A BIOTECH COMPANY CALLED PERLEGEN WHICH IS NOT AT
2 ALL -- HE ORIGINALLY, I THINK, GREW SHRIMP FOR
3 RESTAURANT CONSUMPTION, VERY SUCCESSFUL, BUT HAD TWO
4 CHILDREN WITH ATAXIA-TELANGIECTASIA, AND THAT CHANGED
5 HIS LIFE.

6 HE ALSO IS ON THE ADVISORY COUNCIL FOR ONE OF
7 THE NIH INSTITUTES. SO A MAN OF BROAD EXPERIENCE, AND
8 I THINK WILL REALLY SET THE TONE FOR THE TASK AHEAD OF
9 US.

10 OKAY. OTHER ACTIVITIES. WE HAD AN
11 INTERNATIONAL SOCIETY FOR STEM CELL RESEARCH MEETING IN
12 SAN FRANCISCO JUNE 23D TO 25TH, AND THAT WAS A
13 WONDERFUL THING. IT WAS PLANNED SOME YEARS BEFORE, SO
14 ITS BEING IN SAN FRANCISCO WAS COINCIDENTAL, BUT IT
15 GAVE US A CHANCE TO MEET STEM CELL EXPERTS FROM ALL
16 OVER THE WORLD. BOB KLEIN GAVE A WONDERFUL KEYNOTE
17 ADDRESS TO THE MEETING, AND I PARTICIPATED IN A PANEL
18 WITH IAN WILMUT AND OTHERS PUT ON BY THE BRITISH
19 CONSULATE HERE.

20 AT THAT MEETING WE HAD A CHANCE TO DISCUSS
21 WITH THE PUBLIC LIBRARY OF SCIENCE WITH THE BOARD OF
22 THE ISSCR OR THEIR REPRESENTATIVES, RATHER, ABOUT A
23 PROJECT THAT I MENTIONED TO YOU BEFORE; AND THAT IS,
24 THE POSSIBILITY OF HELPING TO START AN OPEN-ACCESS
25 WEB-BASED STEM CELL RESEARCH JOURNAL THAT WOULD BE OPEN

1 TO THE PUBLIC. ANYBODY COULD GO ON-LINE AND SEE WHAT
2 THE LATEST RESULTS WERE, AND WE WOULD HOPE TO HAVE ALSO
3 LAY -- COMMENTARY FOR THE LAY PUBLIC IN THAT AS PART OF
4 THAT JOURNAL. WE SEE THAT AS AN IMPORTANT EDUCATIONAL
5 ROLE FOR THE INSTITUTE.

6 MARY MAXON, ED PENHOET, AND MICHAEL GOLDBERG
7 HAVE HAD PRELIMINARY DISCUSSIONS WITH WARF AND WITH
8 GERON OVER IP ISSUES. AND AS ED MENTIONED BEFORE, WE
9 HAVE A NUMBER OF VERY, VERY IMPORTANT ISSUES THAT THE
10 LEGISLATURE MAY NOT BE SO INTERESTED IN, BUT ARE QUITE
11 IMPORTANT FOR BEING ABLE TO DO OUR OWN WORK, AND THEY
12 HAVE BEGUN THOSE DISCUSSIONS.

13 AND THEN FINALLY, YOU ALL KNOW OUR TRAINING
14 GRANT RFA RECEIVED 26 APPLICATIONS ON JULY 1ST, AND
15 THESE HAVE BEEN THROUGH AMAZING WORK BY ARLENE AND HER
16 STAFF. THIS IS AN INCREDIBLE AMOUNT OF WORK SINCE WE
17 DON'T HAVE OUR I.T. SYSTEM SET UP TO HANDLE THIS. SO
18 ALL THIS IS DONE IN THE OLD-FASHIONED WAY BY HARD COPY.
19 WE DID BURN CD'S AND SEND THEM OUT, BUT IT'S CERTAINLY
20 NOT WEB-BASED. SO THEY DID AN INCREDIBLE AMOUNT OF
21 WORK, AND THOSE ARE OUT. AND I THINK THE ICOC MEMBERS
22 WHO ARE ON THAT GRANTS WORKING GROUP SHOULD BE
23 RECEIVING THEIR APPLICATIONS THIS WEEK. SO PLENTY TO
24 DO.

25 WE HAVE A COUPLE OF ITEMS OF BUSINESS WHICH

1 WE NEED TO ATTEND TO. AND I HAVE TWO THAT NEED
2 RESOLUTION BY THE ICOC, AND THEN I HAVE SEVERAL
3 INFORMATION ITEMS WHICH I WANT TO DISCUSS WITH YOU.

4 FIRST, WE HAVE NOT PASSED A RESOLUTION ON OUR
5 FACILITIES WORKING GROUP MEETING. AS THE CHAIRMAN, BOB
6 KLEIN, MENTIONED EARLIER THIS MORNING, ALTHOUGH THIS IS
7 EVENTUALLY TO BE OKAYED AND PASSED BY THE WORKING
8 GROUP, AS THE STANDARDS WORKING GROUP COMMITTEE
9 ACTUALLY DID, IN ORDER TO HAVE THE MEETING AND TO KNOW
10 WHETHER IT'S GOING TO BE OPEN OR CONFIDENTIAL OR
11 WHATEVER, WE NEED A POLICY AND STATEMENT BY THE ICOC
12 BEFOREHAND. AND SO WE ASK YOU TO LOOK AT THIS
13 STATEMENT. IT SHOULD BE UNDER YOUR ITEM 11, AND IT IS
14 VERY SIMILAR TO THE DOCUMENT ADOPTED BY THE STANDARDS
15 WORKING GROUP, BUT FOR FACILITIES.

16 AND IT SAYS THAT THE FACILITIES WORKING GROUP
17 MEETING WILL HAVE PUBLIC MEETINGS WITH POSTED AGENDAS
18 AND PUBLIC COMMENT PERIODS DURING THE MEETINGS WHERE
19 POSSIBLE, ALL VOTES TO BE TAKEN IN PUBLIC, AND THAT
20 THEY WILL MEET IN CONFIDENTIAL SESSION ONLY WHEN
21 NECESSARY FOR PROTECTION OF CONFIDENTIALITY OF LAND
22 NEGOTIATIONS, CONSTRUCTION CONTRACT NEGOTIATIONS,
23 SCIENTIFIC INPUT FROM GRANTS AND WORKING GROUPS,
24 POSSIBLE DONORS, OR FINANCIAL INFORMATION ABOUT AN
25 INSTITUTION.

1 SO I WOULD ASK THE CHAIR FOR ACTION ON THE
2 MEETING POLICY FOR THE FACILITIES WORKING GROUP. JUST
3 TO REMIND YOU THAT IN PROPOSITION 71, THIS IS EXEMPT
4 FROM THE OPEN MEETINGS LAWS, SO OUR OPENING THIS UP IS
5 IN RESPONSE TO CONCERN BY THE PUBLIC AND SOME OF THE
6 COMMENTS MADE AT OUR PREVIOUS MEETINGS.

7 CHAIRMAN KLEIN: I THINK THIS IS, IN FACT,
8 CARRYING OUT THE CONCEPTUAL POLICY ADOPTION FOR OPEN
9 MEETINGS FOR THE FACILITIES WORKING GROUP THAT WE
10 PASSED AT THE MAY 6TH MEETING IN SAN JOSE. AND I
11 RELAYED, I THINK, SUCCESSFULLY, DR. FRIEDMAN, YOUR
12 DESIRE, YOU WEREN'T ABLE TO BE AT THAT MEETING, FOR
13 THIS TO BE A RECOMMENDATION FOR OPEN MEETING POLICY
14 FROM THE SUBCOMMITTEE, WHICH WE DID ADOPT CONCEPTUALLY
15 AT THAT TIME. THIS IS CARRYING OUT THAT CONCEPTUAL
16 RECOMMENDATION.

17 DR. HALL, WOULD YOU LIKE TO BEGIN WITH A
18 MOTION THAT ADDRESSES THE ADOPTION OF THIS DRAFT?

19 DR. HALL: MR. CHAIR, COULD I ASK YOU TO CALL
20 FOR A MOTION?

21 DR. FRIEDMAN: I SO MOVE.

22 CHAIRMAN KLEIN: DR. FRIEDMAN IS THE MOTION.
23 IS THERE A SECOND?

24 DR. BRYANT: SECOND.

25 CHAIRMAN KLEIN: SECOND, DR. BRYANT. THIS IS

1 OPEN FOR DISCUSSION. MEMBERS OF THE BOARD, AS WE HAVE
2 JUST DISCUSSED, THIS IS CARRYING OUT A PRIOR MOTION
3 THAT WAS PASSED ON MAY 6TH.

4 MR. SHEEHY: ZACH, I DON'T KNOW IF YOU HAVE
5 THIS, MAYBE SOMEONE CAN REMEMBER FROM THE STANDARDS
6 WORKING GROUP, BUT THERE WAS JUST A VERY MINOR, BUT
7 SIGNIFICANT CHANGE TO THE NOTICE PROVISION. WE HAD A
8 COMMENT. WE DON'T HAVE THE LANGUAGE HERE THAT WE HAVE
9 IN FRONT OF US UNDER ITEM 11. IT'S NOT UP.

10 DR. HALL: LET ME JUST ASK. IS IT NOT,
11 MELISSA, IN THE MATERIALS FOR THE MEETING? I MAY HAVE
12 MIS-CITED IT UNDER 11.

13 MS. KING: NO. IT'S IN THERE BEHIND TAB 11.

14 MR. SHEEHY: WHEN THEY WERE TALKING ABOUT
15 TIMELY MANNER, REMEMBER WHEN WE WERE TALKING ABOUT THAT
16 AT THE STANDARDS WORKING GROUP, AND WE HAD SOMETHING
17 LIKE TEN-DAY -- WE ACTUALLY SPECIFIED THE TIMING AS
18 BEING TEN DAYS WHENEVER PRACTICAL?

19 DR. HALL: WELL, WE SAID WE WOULD TRY TO --
20 THERE WAS A REQUEST FROM THE PUBLIC, I THINK MR.
21 HALPERN, WHO ASKED THAT WE -- AGENDAS BE POSTED AND ALL
22 MATERIAL BE AVAILABLE TEN DAYS BEFORE THE MEETING. THE
23 DISCUSSION WAS THAT THIS WAS A DESIRABLE GOAL, BUT
24 NOT -- OFTEN NOT PRACTICAL GIVEN THE LIMITED STAFF AND
25 THE SPEED AT WHICH WE WERE MOVING.

1 AND MY SENSE WAS -- I DON'T RECALL THAT --
2 THE SENSE OF THE MEETING WAS THAT WE WOULD CERTAINLY
3 STRIVE TO MEET THAT STANDARD, BUT DID NOT WISH TO BE
4 HELD TO IT ABSOLUTELY. I THINK THE ONE POINT THAT WE
5 ALSO DISCUSSED WAS THAT THE PUBLIC AND THE WORKING
6 GROUP SHOULD HAVE INFORMATION AT THE SAME TIME.

7 MR. SHEEHY: RIGHT. RIGHT.

8 DR. HALL: THAT WAS A KEY POINT. NOW,
9 WHETHER THAT WAS INCORPORATED INTO THE RESOLUTION, I
10 CAN'T REMEMBER. JAMES, DO YOU RECALL? IT WAS
11 INCORPORATED. IT WOULD BE VERY APPROPRIATE TO DO THE
12 SAME THING HERE.

13 CHAIRMAN KLEIN: JEFF, WOULD YOU LIKE TO MAKE
14 THAT FORMAL AMENDMENT?

15 MR. SHEEHY: YEAH. I WISH I HAD THOUGHT
16 ABOUT THIS. MAYBE --

17 DR. HALL: HOLD ONE MINUTE. KATE MAY BE ABLE
18 TO PROVIDE IT FOR US.

19 MR. SHEEHY: MAYBE OUR AMENDMENT IS JUST TO
20 MAKE THE LANGUAGE IDENTICAL TO THE LANGUAGE THAT'S BEEN
21 ADOPTED AT THE STANDARDS WORKING GROUP.

22 CHAIRMAN KLEIN: SO THE AMENDMENT, JEFF, AS I
23 UNDERSTAND IT, WOULD BE THAT WE WILL CONFORM THE
24 LANGUAGE HERE TO THAT ADOPTED FOR THE STANDARDS WORKING
25 GROUPS WITH RESPECT TO THESE TWO ITEMS ON A TIMELY

1 NOTICE AND MAKING THE MATERIALS AVAILABLE TO THE PUBLIC
2 AT THE SAME TIME THEY'RE AVAILABLE TO THE GROUP AS A
3 WHOLE; IS THAT CORRECT?

4 MR. SHEEHY: YES.

5 CHAIRMAN KLEIN: I WOULD SECOND THAT MOTION.
6 SECOND THAT AMENDMENT.

7 SO WE HAVE A MOTION AS AMENDED UNDER
8 CONSIDERATION. JAMES HARRISON, IS THAT A CLEAR
9 DIRECTION?

10 MR. HARRISON: YES.

11 CHAIRMAN KLEIN: ADDITIONAL DISCUSSION?
12 ADDITIONAL DISCUSSION FROM THE PUBLIC? CALL FOR THE
13 QUESTION. ALL IN FAVOR. OPPOSED? THANK YOU VERY
14 MUCH.

15 DR. HALL: NO. 2, WE HAVE A NEW AGENDA ITEM
16 THAT ARISES FROM THE STANDARDS WORKING GROUP MEETING
17 THAT I WOULD LIKE TO PRESENT TO YOU. THAT IS, THE ICOC
18 MEETING APPROVED -- ICOC APPROVED AT THE MAY MEETING
19 THE NATIONAL ACADEMY GUIDELINES ON HUMAN EMBRYONIC STEM
20 CELL RESEARCH AS ITS INTERIM STANDARDS FOR OUR WORK.
21 AND WHAT WE REALIZED AT THE STANDARDS WORKING GROUP
22 MEETING IS THAT WHILE THE CONCEPTUAL BASIS OF THAT WAS
23 QUITE CLEAR, AS ENUNCIATED IN MY POWERPOINT
24 PRESENTATION, WE, IN FACT, DID NOT APPROVE SPECIFIC
25 LANGUAGE FOR THE GUIDELINES.

1 AS THE STANDARDS WORKING GROUP BEGINS ITS
2 WORK, THEY WISH TO HAVE SPECIFIC LANGUAGE FROM WHICH TO
3 OPERATE. AND SO THEY REQUESTED OF THE ICOC THAT THE
4 ICOC REQUEST THE STAFF TO PREPARE FOR THE NEXT
5 STANDARDS WORKING GROUP MEETING ON AUGUST 30TH AN
6 APPROPRIATE TEXT FOR THESE GUIDELINES THAT WOULD, FIRST
7 OF ALL, PUT THE GUIDELINES INTO REGULATORY LANGUAGE
8 AND, SECONDLY, AMEND THEM AS APPROPRIATE FOR CIRM
9 RATHER THAN FOR THE NATIONAL ACADEMY. AND THEN AT THAT
10 MEETING THEIR INTENTION IS THAT WE WOULD MAKE NO
11 SUBSTANTIVE CHANGE IN THE GUIDELINES EXCEPT FOR ONE
12 SMALL CASE WHERE THE GUIDELINES CALL FOR SOMETHING
13 WHICH THERE'S A MORE STRICT PROHIBITION IN PROPOSITION
14 71. AT ANY RATE, WITH THAT EXCEPTION, THEY WOULD
15 ADHERE TO THOSE GUIDELINES.

16 THEY WOULD THEN RECOMMEND THAT THE ICOC AMEND
17 ITS PREVIOUS MOTION BY ADOPTING THIS REVISED TEXT.
18 NOW, I HOPE EVERYBODY FOLLOWS THAT, BUT THE INTENT IS
19 TO GIVE THE WORKING GROUP, THEN, A STARTING DOCUMENT.
20 AND THE ADVANTAGES ARE IN THE SMALL TYPE AT THE BOTTOM,
21 AND I APOLOGIZE FOR THE SIZE OF THAT, BUT THE REVISED
22 TEXT WOULD THEN PROVIDE PRECISE REGULATORY LANGUAGE
23 THAT IS APPROPRIATE TO CIRM AS THE INTERIM REGULATIONS.

24 IT WOULD SECONDLY PROVIDE A SUITABLE STARTING
25 DRAFT FOR CONSIDERATION BY THE COMMITTEE AND BY THE

1 PUBLIC IN ITS WORK.

2 AND THEN, THIRDLY, BY SO DOING, IF THE
3 COMMITTEE WERE AT ITS SEPTEMBER MEETING, THE ICOC WERE
4 AT ITS SEPTEMBER MEETING, THEN, TO ADOPT THE REVISED
5 GUIDELINES, REVISED IN LANGUAGE GUIDELINES THAT THE
6 WORKING GROUP WOULD PASS ON AUGUST 30TH, THEN IT WOULD
7 SET THE CLOCK FOR THE ADOPTION OF STATE REGULATIONS TO
8 SEPTEMBER 9TH. AND SO THAT WOULD THEN -- THE 270-DAY
9 PERIOD FOR ESTABLISHING PERMANENT REGULATIONS WOULD
10 START FROM THEN.

11 SO WE ARE REQUESTED BY THE WORKING GROUP,
12 THEN, TO CHARGE THE STAFF WITH PUTTING THOSE GUIDELINES
13 INTO REGULATORY LANGUAGE THAT ARE APPROPRIATE FOR CIRM,
14 PRESENTING THEM TO THE WORKING GROUP MEETING ON AUGUST
15 30TH. THEY THEN WILL EXAMINE THEM AND THEN RECOMMEND
16 THEM BACK TO THE ICOC TO BE ADOPTED AS INTERIM
17 STANDARDS, AND THEN THAT WILL -- THEY WILL ALSO USE
18 THEM AS THE DRAFT FOR THEIR RULEMAKING PROCESS.

19 I'M SORRY THAT'S SO COMPLICATED. ONLY SHERRY
20 LANSING, THE CO-CHAIR OF THAT COMMITTEE, PROBABLY
21 UNDERSTANDS ALL OF THAT, BUT I HOPE WE'VE WORKED
22 THROUGH IT IN AN INTELLIGIBLE WAY.

23 CHAIRMAN KLEIN: IF I CAN PROVIDE ADDITIONAL
24 CONTEXT FOR THAT. SINCE THIS ITEM OCCURRED AFTER THE
25 AGENDA FOR THE JULY 12TH MEETING WAS SET, IT'S

1 IMPORTANT PURSUANT TO GOVERNMENT CODE 11125.3(A)(2).
2 THE ICOC WOULD NEED TO ADVANCE THIS ITEM UNDER A
3 TWO-THIRDS VOTE OF THE MEMBERS TO CONSIDER AN ITEM NOT
4 INCLUDED ON THE ORIGINAL AGENDA, AND THERE'S A NEED TO
5 TAKE IMMEDIATE ACTION. BECAUSE THAT NEED TO TAKE
6 IMMEDIATE ACTION CAME AS TO THE ATTENTION OF THE BOARD
7 AFTER THE AGENDA WAS SET, WE DO NEED A TWO-THIRDS VOTE
8 ON THIS MOTION.

9 IT IS IMPORTANT TO NOTE THAT WE ARE USING THE
10 MOST CONSERVATIVE INTERPRETATION HERE OF THIS PROCESS
11 TO MAKE CERTAIN THAT WE'RE GOING FORWARD DOTTING ALL OF
12 THE I'S IN THE PROCESS.

13 MR. HARRISON: MR. CHAIR, TO CLARIFY, THE
14 TWO-THIRDS VOTE REQUIRED TO IS TO CONSIDER THIS REQUEST
15 FROM THE STANDARDS WORKING GROUP AT THIS MEETING. YOUR
16 VOTE ON HOW TO DIRECT THE STANDARDS WORKING GROUP AND
17 WHETHER TO AMEND THE MOTION THAT YOU PREVIOUSLY ADOPTED
18 WITH RESPECT TO THE NAS GUIDELINES WOULD BE SUBJECT TO
19 A MAJORITY VOTE BECAUSE IT WAS NOTICED.

20 CHAIRMAN KLEIN: WE HAVE TWO SEPARATE
21 MOTIONS. THE FIRST ONE IS TO CONSIDER, AND THEN THE
22 SECOND IS FOR THE ACTION.

23 MR. HARRISON: CORRECT.

24 MS. KING: IF I COULD JUST LET THE BOARD KNOW
25 THAT THIS IS IN YOUR BINDERS BEHIND TAB NO. 18. THIS

1 IS THE PROPOSED ADDITIONAL AGENDA ITEM.

2 CHAIRMAN KLEIN: DR. KESSLER.

3 DR. KESSLER: BOB, THIS MAKES ENORMOUS SENSE
4 TO DO IT THIS -- ON THE SUBSTANCE. JUST AS A -- ON THE
5 PRINCIPLE, WHAT WOULD HAPPEN IF WE WAITED TILL THE NEXT
6 MEETING AND AGENDAED THIS?

7 DR. HALL: LET ME JUST SAY ONE OF THE THINGS
8 I FAILED TO MENTION. IT ALSO PUTS US IN PRECISE
9 COMPLIANCE WITH PROPOSITION 71. PROPOSITION 71, IT'S A
10 LITTLE BIT LIKE THE OPEN MEETING THING, IT SAYS THAT
11 THE PROPER WAY FOR THIS IS FOR THE WORKING GROUP TO
12 RECOMMEND TO THE ICOC THE INTERIM STANDARDS, WHICH THE
13 ICOC WILL THEN ADOPT. IN OUR EAGERNESS TO MOVE AHEAD,
14 THE ICOC ADOPTED INTERIM STANDARDS BEFORE THERE WAS A
15 STANDARDS WORKING GROUP. AND SO WHAT WE ARE NOW DOING
16 IS ABLE TO PUT THAT RIGHT. AT ONE STROKE WE CAN
17 ACCOMPLISH ALL OF THESE THINGS. THAT IS --

18 CHAIRMAN KLEIN: I THINK IT SHOULD BE BROUGHT
19 TO EVERYONE'S ATTENTION THAT THE LEGISLATURE WANTED TO
20 BE CLEAR WHAT OUR INTENTION WAS. AND SO TO SHOW VERY
21 CLEARLY THAT IT WAS OUR INTENTION TO GO FORWARD WITH
22 THE MEDICAL AND ETHICAL STANDARDS OF THE NATIONAL
23 ACADEMY WHERE WE ADOPTED THEM, MUCH LIKE THE PROCESS
24 WHERE TODAY WE CAME BACK FOLLOWING A CONCEPTUAL
25 ADOPTION OF THE OPEN MEETING PRACTICE FOR THE

1 FACILITIES WORKING GROUP WITH THE ACTUAL DETAILED
2 DOCUMENT, WE'RE TRYING AT THE EARLIEST POSSIBLE DATE TO
3 LET THE PUBLIC KNOW AND THE LEGISLATURE KNOW THAT IT IS
4 OUR VERY SINCERE OBJECTIVE TO FOLLOW THE HIGHEST
5 STANDARDS POSSIBLE AND TO BE THE MODEL FOR THE NATION
6 AT THE EARLIEST POSSIBLE DATE, AND THEM TO FOLLOW WITH
7 A SUBSEQUENT ACTION THAT CARRIES THAT PRACTICE OUT.

8 MS. LANSING: JAMES, I THINK YOU CAN EXPLAIN
9 IT EVEN BETTER BECAUSE WE'VE GOT TIME LINE PROBLEMS.

10 MR. HARRISON: TO RESPOND TO YOUR PARTICULAR
11 QUESTION, BECAUSE OF THE LIMITED CIRM STAFF AND THE
12 NEED FOR THE WORKING GROUP TO HAVE AN OPPORTUNITY TO
13 REVIEW THIS REVISED LANGUAGE IN ADVANCE OF THEIR
14 SCHEDULED AUGUST 30TH MEETING, STAFF NEEDS IMMEDIATE
15 DIRECTION FROM THE BOARD IN ORDER TO BEGIN THAT
16 PROCESS.

17 THE URGENCY WITH RESPECT TO THE AUGUST 30TH
18 MEETING IS THAT WE NEED TO HAVE SOME STANDARDS IN PLACE
19 BY SEPTEMBER WHEN THE BOARD WILL CONSIDER TRAINING
20 GRANTS APPLICATIONS.

21 CHAIRMAN KLEIN: OKAY.

22 DR. PRIETO: CAN I MAKE A MOTION THAT WE --
23 FOR CONSIDERATION OF THIS AGENDA ITEM.

24 MR. SHEEHY: SECOND.

25 CHAIRMAN KLEIN: MOTION IS MADE AND SECONDED.

1 ADDITIONAL COMMENTS FROM THE BOARD? COMMENTS FROM THE
2 PUBLIC? I'D LIKE TO CALL THE QUESTION. I THINK I NEED
3 A ROLL CALL VOTE BECAUSE I HAVE A TWO-THIRDS VOTE I
4 NEED TO ACHIEVE. MELISSA KING, IF YOU WILL PLEASE CALL
5 THE ROLL.

6 MS. KING: PAUL JENNINGS FOR DAVID BALTIMORE.

7 DR. JENNINGS: YES.

8 MS. KING: ROBERT BIRGENEAU.

9 DR. BIRGENEAU: YES.

10 MS. KING: DAVID MEYER FOR KEITH BLACK.

11 DR. MEYER: YES.

12 MS. KING: SUSAN BRYANT.

13 DR. BRYANT: YES.

14 MS. KING: MICHAEL FRIEDMAN.

15 DR. FRIEDMAN: YES.

16 MS. KING: MICHAEL GOLDBERG. BRIAN

17 HENDERSON.

18 DR. HENDERSON: YES.

19 MS. KING: ED HOLMES. DAVID KESSLER.

20 DR. KESSLER: YES.

21 MS. KING: BOB KLEIN.

22 CHAIRMAN KLEIN: YES.

23 MS. KING: SHERRY LANSING.

24 MS. LANSING: YES.

25 MS. KING: LEONARD ROME FOR GERALD LEVEY.

1 DR. ROME: YES.

2 MS. KING: TED LOVE.

3 DR. LOVE: YES.

4 MS. KING: RICHARD MURPHY. TINA NOVA.

5 DR. NOVA: YES.

6 MS. KING: ED PENHOET.

7 DR. PENHOET: YES.

8 MS. KING: PHIL PIZZO.

9 DR. PIZZO: YES.

10 MS. KING: CLAIRE POMEROY.

11 DR. POMEROY: YES.

12 MS. KING: FRANCISCO PRIETO.

13 DR. PRIETO: YES.

14 MS. KING: JEANNIE FONTANA FOR JOHN REED.

15 DR. FONTANA: YES.

16 MS. KING: JOAN SAMUELSON. DAVID

17 SERRANO-SEWELL.

18 MR. SERRANO-SEWELL: YES.

19 MS. KING: JEFF SHEEHY.

20 MR. SHEEHY: YES.

21 MS. KING: JONATHAN SHESTACK. OSWALD

22 STEWARD.

23 DR. STEWARD: YES.

24 MS. KING: LEON THAL. GAYLE WILSON. JANET

25 WRIGHT.

1 DR. WRIGHT: YES.

2 CHAIRMAN KLEIN: ALL RIGHT. THAT IS THE BEST
3 KIND OF A TWO-THIRDS VOTE. UNANIMOUS.

4 WE'D LIKE TO NOW --

5 DR. PIZZO: MR. CHAIRMAN, CAN I JUST MAKE ONE
6 OTHER COMMENT RELATED TO THIS TOPIC, BUT JUST BY WAY OF
7 ADVANCE INFORMATION. I WAS YESTERDAY AT A MEETING OF
8 THE NATIONAL ACADEMY AND SPOKE WITH SOMEONE WHO'S ON
9 THE STANDARDS COMMITTEE. AND THE STANDARDS POLICY THAT
10 THE NATIONAL ACADEMY PUT FORTH CAME THROUGH OUR
11 COMMITTEE AT THE IOM IN TANDEM WITH LIFE SCIENCES. AND
12 ONE OF THE THINGS WE BEGAN TALKING ABOUT YESTERDAY WAS
13 HOW TO WORK IN TANDEM WITH CIRM TO PROVIDE CONTINUED
14 INTERACTIONS IN THAT IT WAS AGREED THAT AS GOOD AS THE
15 GUIDELINES WERE THAT CAME OUT OF THE NATIONAL ACADEMY,
16 THEY WERE DONE IN A RATHER RAPID CYCLE MANNER. AND
17 THERE ARE CERTAIN ELEMENTS OF THIS THAT HAVE ALREADY
18 BECOME EVIDENT AS NEED FOR MODIFICATION.

19 SO I JUST WANTED TO LET YOU KNOW THAT WE'RE
20 NOW GOING BACK THROUGH THE NAS AND IOM AND LOOKING AT
21 HOW WE CAN WORK COLLABORATIVELY WITH THE CIRM TO HELP
22 THE STANDARDS COMMITTEE BOTH MEET AND EXCEED THE POLICY
23 AND HELP GENERATE NEW ONES THAT WILL HAVE, OF COURSE,
24 NATIONAL IMPLICATIONS.

25 CHAIRMAN KLEIN: AND, DR. PIZZO, I BELIEVE

1 THAT ONE OF THE THINGS WE DID WHEN WE ORIGINALLY
2 ENDORSED THESE GUIDELINES IS WE SPECIFICALLY -- I HAD
3 HAD A DIALOGUE WITH DR. BRUCE ALBERTS ABOUT THE FACT
4 THAT THESE SHOULD BE APPLIED PROSPECTIVELY SO THAT WE
5 DIDN'T UNINTENTIONALLY AFFECT BIOLOGICAL MATERIALS
6 DEVELOPED AT AN EARLIER DATE UNDER OTHER STANDARDS, BUT
7 WOULD BE ABLE TO ACCESS THOSE MATERIALS. SO THAT IN
8 PART OF OUR ORIGINAL MOTION, WHICH WE PICK UP HERE,
9 THIS IS A PROSPECTIVE APPLICATION.

10 IN ADDITION, ANOTHER THING THAT WE DID, OF
11 COURSE, IS WE CONFORMED THE NATIONAL STANDARDS, WHICH
12 HAVE A 14-DAY LIMITATION ON WHEN YOU CAN HAVE CELL
13 DIVISION, WE HAVE UNDER THE INITIATIVE A 12-DAY CELL
14 DIVISION LIMITATION. AND WE ADOPTED IT WITH THAT
15 MODIFICATION AS WELL AFTER DISCUSSION WITH THE NATIONAL
16 ACADEMY. BUT THAT IS AN EXTRAORDINARILY HELPFUL
17 CONTINUING DIALOGUE THAT WILL HELP US ENHANCE THIS
18 PROCESS. AND WE THANK YOU VERY MUCH FOR BEING PART OF
19 THAT LINKAGE.

20 DR. HALL.

21 DR. HALL: IF I'M NOT MISTAKEN, WE ARE AT THE
22 STAGE --

23 CHAIRMAN KLEIN: DID YOU WANT TO MAKE
24 ADDITIONAL COMMENTS AT THIS TIME?

25 DR. HALL: NO. NO.

1 CHAIRMAN KLEIN: LET ME ASK THIS QUESTION.
2 IS IN WHAT WE'RE CONSIDERING, HAVE YOU INCORPORATED THE
3 PROSPECTIVE NATURE?

4 DR. HALL: YES. THAT WILL BE INCORPORATED.
5 YES, THOSE CHANGES WILL BE INCORPORATED, ABSOLUTELY.
6 AND WE WILL BE REMAINING IN TOUCH. WE HAVE TWO MEMBERS
7 OF OUR WORKING GROUP WHO ARE MORE OR LESS ON THAT
8 COMMITTEE AND SO, YEAH.

9 CHAIRMAN KLEIN: IS THERE A MOTION TO ADOPT?

10 DR. PRIETO: SO MOVED.

11 CHAIRMAN KLEIN: JAMES, WOULD YOU LIKE -- DO
12 YOU HAVE A SPECIAL INSTRUCTION?

13 MR. HARRISON: THE ONLY SPECIAL INSTRUCTION
14 IS THAT THE MOTION, I THINK, WOULD BE MORE PROPERLY
15 CHARACTERIZED AS A MOTION TO AMEND YOUR PREVIOUSLY
16 ADOPTED MOTION WITH RESPECT TO THE NAS GUIDELINES TO
17 NOW DIRECT STAFF TO PREPARE REGULATORY LANGUAGE IN
18 CONFORMANCE WITH CALIFORNIA LAW TO PRESENT TO THE
19 STANDARDS WORKING GROUP FOR ITS CONSIDERATION AND
20 RECOMMENDATION TO THE ICOC AT ITS MEETING IN SEPTEMBER.

21 CHAIRMAN KLEIN: THANK YOU FOR CAPTURING THAT
22 EXACT LANGUAGE, AND THE MOTION WILL FOLLOW THAT.

23 DR. PRIETO: YES.

24 CHAIRMAN KLEIN: YES, DR. PRIETO IS ADOPTING
25 THAT SPECIFIC LANGUAGE. IS THERE A SECOND?

1 MR. SHEEHY: SECOND.

2 CHAIRMAN KLEIN: SECOND BY JEFF SHEEHY. IS
3 THERE DISCUSSION? IS THERE PUBLIC DISCUSSION? CALL --

4 MS. FOGEL: I JUST WANTED TO MAKE A REQUEST.
5 THERE ARE MANY POLICIES THAT HAVE BEEN ADOPTED AT EACH
6 MEETING. IT'S VERY UNCLEAR, EXCEPT WITH THIS ONE, IF
7 ANY REGULATORY CLOCKS HAVE STARTED, WHAT THE TIME LINE
8 IS, WHEN WILL YOU BE PROPOSING OTHER PROSPECTIVE
9 REGULATIONS. AND SO I THINK IT WOULD BE VERY USEFUL,
10 I'M ASSUMING, TO YOU AS WELL AS TO US IF A TIME LINE
11 WERE ADOPTED AND MADE PUBLIC ABOUT HOW THE REGULATORY
12 PROCESS IS GOING TO ROLL OUT.

13 CHAIRMAN KLEIN: I THINK THAT'S VERY HELPFUL,
14 AND I WOULD INDICATE THAT IN THE STANDARDS COMMITTEE
15 CHAIRMAN SHERRY LANSING DISCUSSED VERY SPECIFICALLY
16 CREATING FROM THE WORKING GROUP A TIME LINE FOR
17 STANDARDS. AND IT WOULD BE QUITE APPROPRIATE IF THE
18 GRANTS WORKING GROUP FOLLOWED THE SAME THING SO THAT WE
19 NOT ONLY CREATE THE TIME LINE, BUT POST IT ON OUR
20 WEBSITE FOR THE BENEFIT OF THE PUBLIC TO REALLY SEE THE
21 PROGRESS THROUGH THE ENTIRE TIME FRAME.

22 MS. FOGEL: THANK YOU.

23 CHAIRMAN KLEIN: ADDITIONAL PUBLIC COMMENTS?
24 I'D LIKE TO CALL FOR THE QUESTION. ALL IN FAVOR.
25 OPPOSED? THANK YOU.

1 I THINK THAT WE ARE IN ORDER AT THIS POINT TO
2 PROCEED TO --

3 DR. HALL: SORRY.

4 CHAIRMAN KLEIN: GO AHEAD.

5 DR. HALL: OKAY. THANKS. OUR ITEMS OF
6 BUSINESS THAT WE HAVE TO GET DONE ARE OVER, BUT I NOW
7 HAVE A SERIES OF INFORMATION ITEMS THAT I WANT TO
8 PROVIDE TO INFORM THE ICOC AND THE PUBLIC OF WHAT WE'RE
9 DOING WITH REGARD TO SEVERAL ISSUES AND GETTING -- WISH
10 TO HAVE SUGGESTIONS FROM THE ICOC AND THE PUBLIC AS
11 APPROPRIATE ABOUT THESE. THESE ARE INFORMATION. THERE
12 IS NO ACTION NECESSARY TODAY.

13 JAMES HARRISON HAD SUGGESTED TO US THAT IT
14 WOULD BE USEFUL TO PREPARE BYLAWS FOR OUR WORKING
15 GROUPS THAT WOULD SPELL OUT IN GENERAL THE FUNCTION,
16 THE GENERAL RULES OF OPERATION, AND HOW THEY WOULD
17 FUNCTION. AND WE HAVE ENGAGED A VERY TALENTED YOUNG
18 LAWYER, SANGEETHA RAGHUNATHAN, WHO HAS BEEN WORKING
19 WITH US, AND SHE HAS PREPARED A DRAFT OF THOSE BYLAWS
20 FOR THE GRANTS WORKING GROUP. AND THAT IS IN YOUR
21 FOLDER, I THINK, ALSO UNDER ITEM NO. 11. AND I WILL
22 NOT GO THROUGH THESE IN DETAIL WITH YOU, BUT I PRESENT
23 THEM FOR YOUR INFORMATION SO THAT YOU MIGHT SEE WHAT
24 WE'RE DOING.

25 THEY WILL BE PRESENTED TO, IN THIS CASE, THE

1 GRANTS WORKING GROUP AT ITS MEETING ON AUGUST 3D AND
2 4TH, WHO WILL THEN RECOMMEND ADOPTION, MAKE CHANGES IF
3 THEY WISH, AND THEN RECOMMEND ADOPTION FINALLY BY THE
4 ICOC. WE ARE DOING THE SAME THING IN TANDEM FOR
5 STANDARDS AND FACILITIES, BUT I WANTED YOU TO KNOW THAT
6 WE WERE DOING THIS. AND IF YOU HAVE SUGGESTIONS,
7 MODIFICATIONS, THOUGHTS ABOUT THESE PROCEDURES BASED ON
8 YOUR READING OF THE WORKING GROUP HERE, WE'LL BE HAPPY
9 TO INCORPORATE THAT IN AS WELL.

10 IT IS OUR JOB AS THE STAFF TO PREPARE THESE
11 FOR THE WORKING GROUP'S CONSIDERATION; AND IN THE
12 INTEREST OF DOING AS GOOD A JOB AS WE CAN, I WANTED TO
13 BOTH LET YOU KNOW THAT WE WERE DOING IT AND ALSO GIVE
14 YOU AN OPPORTUNITY TO INFLUENCE THE MATERIAL THAT WE
15 ARE AS STAFF PRESENTING.

16 SO NO ACTION NECESSARY, BUT WE WOULD
17 APPRECIATE YOUR COMMENTS.

18 NOW, WE HAVE A SOMEWHAT SIMILAR ISSUE WITH
19 RESPECT TO ESTABLISHING CRITERIA FOR GRANTS. AND HERE,
20 AGAIN, WE'RE TRYING TO BALANCE OUR DESIRE TO MOVE
21 FORWARD WITH OUR DESIRE TO DO THINGS IN THE RIGHT WAY.
22 AND SO I WOULD LIKE TO BRIEFLY GO THROUGH WITH YOU THE
23 GRANTS PROCESS AND THE ISSUE OF HOW WE'LL HANDLE
24 ESTABLISHING CRITERIA FOR THE GRANTS AND GET YOUR INPUT
25 ON IT AS WE GO FORWARD. AGAIN, THIS IS NOT AN ITEM FOR

1 ACTION, BUT IS FOR INFORMATION FOR THE ICOC AND THE
2 PUBLIC AS WE GO FORWARD SO THAT WE ARE AS TRANSPARENT
3 AS POSSIBLE AND SO THAT AS WE PREPARE MATERIAL FOR THE
4 WORKING GROUPS ON THESE ISSUES, THAT WE CAN GET AS MUCH
5 HELP FROM YOU AS POSSIBLE TO MAKE IT MORE EFFICIENT IN
6 THE END.

7 SO LET ME JUST REVIEW THE WAY WE ENVISAGE OUR
8 GRANTS PROCESS WILL WORK. WE HAVE ONE IN PROGRESS, BUT
9 WE EXPECT TO BE ENGAGED IN OTHER GRANT-MAKING
10 ACTIVITIES. WE WILL -- THE STAFF WILL PROPOSE, BASED
11 ON OUR STRATEGIC PLAN AND BASED ON THE SCIENTIFIC
12 PRIORITIES THAT DEVELOP FROM THE MEETING IN OCTOBER,
13 THE STAFF WILL PROPOSE VARIOUS RFA'S TO THE ICOC AND
14 ASK FOR YOUR APPROVAL, YOUR GENERAL APPROVAL FOR THE
15 RFA CONCEPT AND YOUR APPROVAL OF SOME BUDGET NUMBER FOR
16 THAT RFA. AND THESE CAN RANGE FROM VERY BROAD RFA'S
17 DEALING -- THAT OPEN THE DOOR TO A LARGE NUMBER OF
18 INVESTIGATOR-INITIATED GRANTS OR THEY CAN BE FAIRLY
19 FOCUSED RFA'S THAT ASK FOR GRANT APPLICATIONS RELATED
20 TO DEVELOPMENT OF A SPECIFIC TECHNIQUE OR RELATED TO A
21 SPECIFIC PROBLEM OR BASIC PROBLEM OR DISEASE
22 APPLICATION THAT MAY BE RELATED TO THERAPY
23 DEVELOPMENTS. AT ANY RATE, THERE NEEDS TO BE A --
24 THERE WILL BE A VARIETY OF THESE.

25 AND WHAT WE -- OUR SCIENTIFIC PROGRAM WILL

1 THEN BE SHAPED BY THESE RFA'S, WHICH WE WILL, AS I SAY,
2 BRING TO YOU FOR APPROVAL IN EACH CASE. WE THEN ISSUE
3 THE RFA, AND THEN THE APPLICATIONS ARE RECEIVED AND
4 REVIEWED BY THE GRANTS WORKING GROUP. AND THAT'S A
5 TWO-STAGE PROCESS IN THAT THERE IS A SCIENTIFIC
6 EVALUATION TO BE MADE BY THE 15 SCIENTIFIC MEMBERS OF
7 THE WORKING GROUP. AND THIS IS MANDATED BY PROPOSITION
8 71. AND THEN THE ENTIRE WORKING GROUP IS PRESENT FOR
9 THAT EVALUATION AND CAN PARTICIPATE IN IT, BUT NOT
10 VOTE.

11 I'LL TALK ABOUT THAT MORE IN A MOMENT. AND
12 THEN THE ENTIRE GROUP, HOWEVER, DECIDES WHICH ONES TO
13 RECOMMEND TO THE ICOC, AND THEN THE APPLICATIONS COME
14 TO THE ICOC, AS WE'VE TALKED BEFORE.

15 NOW, AS WE GO THROUGH THIS PROCESS, GIVEN THE
16 FACT THAT WE'RE GOING TO HAVE A NUMBER OF DIFFERENT
17 KINDS OF RFA'S, WE WILL NEED A SET OF CRITERIA THAT ARE
18 NOT SPECIFIC, BUT PROVIDE AN OVERALL FRAMEWORK WITHIN
19 WHICH DIFFERENT APPLICATIONS FOR PARTICULAR RFA'S CAN
20 BE CONSIDERED. AND THE CRITERIA THAT I'M GOING TO SHOW
21 YOU THAT WE SUGGEST MAY BE WEIGHTED DIFFERENTLY IN
22 DIFFERENT CASES.

23 FOR EXAMPLE, FOR ASKING FOR SEED GRANTS TO
24 GET STARTED, SMALL GRANTS TO LET PEOPLE CARRY OUT
25 INITIAL EXPERIMENTS, WE ARE IN THAT CASE VERY

1 INTERESTED IN INNOVATION, BUT NOT SO INTERESTED IN
2 FEASIBILITY. WHEREAS, WHEN WE'RE GIVING OUT VERY, VERY
3 LARGE GRANTS FOR SOME HUGE PROJECT, THEN FEASIBILITY
4 MAY BECOME A MUCH MORE IMPORTANT ISSUE. SO THAT'S JUST
5 AN EXAMPLE OF THE WAY IN WHICH WE DO THIS. AND IN EACH
6 CASE, THE RFA WILL STATE THE CRITERIA AND WHATEVER
7 EMPHASIS WE INTEND TO GIVE THEM. IT'S AN IMPORTANT
8 PART OF THIS THAT THE CRITERIA BE KNOWN TO EVERYONE, BE
9 KNOWN TO THE APPLICANTS AND TO THE REVIEWERS AND TO THE
10 ICOC AS WELL, AND THIS WILL PROVIDE FOR THAT.

11 NOW, IF I COULD HAVE THE NEXT SLIDE, PLEASE.
12 SO THE WAY IN WHICH WE ENVISAGE THIS HAPPENING IS THAT
13 THE GRANTS WORKING GROUP WILL HAVE AN INITIAL
14 SCIENTIFIC REVIEW. AND IN GENERAL WE WILL HAVE EACH
15 GRANT ASSIGNED TO THREE PEOPLE, A PRIMARY REVIEWER, TWO
16 SECONDARY REVIEWERS. THEY WILL PRESENT THE GRANT IN
17 THE USUAL WAY. THERE WILL BE DISCUSSION ABOUT EACH
18 APPLICATION, AND THEN THERE WILL BE A VOTE ON SOME
19 NUMERICAL SCALE BY THE 15 MEMBERS, AND THE AVERAGE VOTE
20 WILL BE USED, THEN, TO GIVE A SCORE OF SCIENTIFIC MERIT
21 TO EACH APPLICATION.

22 THEN WE WILL END UP WITH, LET'S SAY, WE HAVE
23 A HUNDRED APPLICATIONS, WE'LL END UP WITH A HUNDRED
24 APPLICATIONS RANKED, IF YOU WILL, ON THE BASIS OF THEIR
25 SCIENTIFIC SCORE. WE WILL KNOW WHAT THE DOLLAR AMOUNT

1 OF THE RFA CALLED FOR; THAT IS, THE BUDGET APPROVED BY
2 THE ICOC. AND THEN KNOWING HOW MUCH EACH GRANT ASKS
3 FOR, WE CAN RUN DOWN THE LIST AND SAY, IF WE WERE TO
4 TAKE THESE IN STRICT ORDER OF SCIENTIFIC MERIT, WE
5 WOULD RUN OUT OF MONEY AT NO. 25, LET'S SAY. SO AS IT
6 CURRENTLY STANDS, THIS IS HOW MANY GRANTS WE COULD FUND
7 IF WE DID IT ON THAT BASIS ALONE.

8 THEN WE HAVE OTHER GRANTS WHICH WOULD BE
9 CONSIDERED MERITORIOUS IF FUNDS WERE AVAILABLE, AND
10 THEN WE MAY HAVE A BOTTOM GROUP THAT WE THINK WOULD BE
11 VERY, VERY UNLIKELY TO BE FUNDED. THEN THE WORK OF THE
12 GRANTS WORKING GROUP, AS WE SEE IT, WOULD BE THEN TO
13 LOOK AT THOSE GRANTS AND THEN DECIDE DO WE WANT TO
14 REARRANGE ON THE BASIS OF THE ORIGINAL RANKING, HOW DO
15 WANT TO PLAY THAT OUT.

16 NOW, IF WE COULD GO TO THE NEXT SLIDE,
17 PLEASE. SO THE SITUATION WE'RE IN NOW IS THAT WE HAVE
18 CRITERIA TO BE ESTABLISHED FOR THE GRANTS WORKING
19 GROUP, AND WE HAVE THESE, AS PROPOSITION 71 SAYS, ARE
20 TO BE RECOMMENDED BY THE GRANTS WORKING GROUP TO THE
21 ICOC FOR ADOPTION. SO I'M GOING TO SHOW YOU THE
22 MATERIAL THAT WE WILL GIVE TO THE GRANTS WORKING GROUP
23 AND ASK THEM TO RECOMMEND BACK TO YOU AT THE AUGUST
24 MEETING -- NO. AT THE SEPTEMBER MEETING. I'M SORRY.
25 I'M LOST AGAIN. WE'RE MEETING AUGUST 3D AND 4TH, AND I

1 THINK WE'LL RECOMMEND THEM BACK FOR THE --

2 MS. KING: SEPTEMBER 9TH.

3 DR. HALL: -- FOR THE AUGUST MEETING. THAT'S
4 RIGHT.

5 NOW, THE POINT IS THAT WE NEED INTERIM
6 CRITERIA. I KNOW THERE'S BEEN SOME DISCUSSION ABOUT
7 THIS AND THE FACT THAT WE NEED TO DISCUSS THESE IN
8 GREAT LENGTH. ON THE OTHER HAND, WE NEED INTERIM
9 CRITERIA TO EVALUATE THE TRAINING GRANTS. ALSO, IN
10 ORDER TO START PREPARING OUR NEXT RFA, WE NEED INTERIM
11 RESEARCH CRITERIA. SO AS I SAY, WE WILL PREPARE A
12 DRAFT OF INTERIM STANDARDS FOR THE CONSIDERATION OF THE
13 WORKING GROUP AT ITS AUGUST MEETING. AND SO OUR INTENT
14 HERE IS JUST TO TELL YOU WHAT IT IS THAT WE ARE
15 PREPARING TO GET YOUR INPUT AND INFORMATION.

16 MELISSA, IF I CAN HAVE THE NEXT SLIDE,
17 PLEASE. NOW, THE CRITERIA FOR THE TRAINING GRANTS HAVE
18 IN A SENSE BEEN TACITLY APPROVED BY THE ICOC BECAUSE
19 THEY WERE INCLUDED IN THE RFA. IN THIS CASE YOU
20 APPROVED THE SPECIFIC RFA. AND HERE ARE THE CRITERIA
21 THAT WE PUT IN. WE DID THIS BECAUSE WE THOUGHT THEY
22 WERE FAIRLY STRAIGHTFORWARD AND NONCONTROVERSIAL, AND
23 WE ARE WAITING THE -- WE ARE SENDING OUT NOW ACTUALLY
24 TO OUR REVIEWERS, ASKING THEM TO USE THESE FOR THEIR
25 DISCUSSION. HOWEVER, WHAT WE WILL DO AT OUR AUGUST

1 MEETING IS, FIRST, WE WILL ASK THEM TO RECOMMEND THESE
2 CRITERIA FOR THE TRAINING GRANTS TO THE ICOC, AND THEN
3 WE'LL ASK THEM TO USE THESE CRITERIA IN DEVELOPING
4 THEIR RECOMMENDATIONS.

5 AND THESE CRITERIA ARE THE OVERALL QUALITY OF
6 THE TRAINING PROGRAMS, QUALIFICATIONS OF THE PROGRAM
7 LEADERSHIP, RESEARCH AND TRAINING STRENGTH OF THE
8 PROPOSED MENTORS, QUALITY OF THE EXISTING PROGRAMS, AND
9 THE STRENGTH OF STEM CELL RESEARCH AT THE INSTITUTION.
10 NOW, BECAUSE WE HAVE LISTED THESE AS AMONG THE CRITERIA
11 TO BE USED, WE CAN'T IN FAIRNESS WITHDRAW ANY OF THESE.
12 BUT IF THERE ARE ADDITIONAL ONES THAT THE WORKING GROUP
13 WANTS TO INCLUDE OR THAT THE ICOC WANTS TO SUGGEST FOR
14 WORKING GROUP CONSIDERATION, WE WOULD BE HAPPY TO DO
15 THAT.

16 NOW, FOR THE SCIENTIFIC EVALUATION FOR THE
17 RESEARCH GRANTS, WE WILL SUGGEST TO THE WORKING GROUP,
18 AS A START FOR THEIR DISCUSSIONS, THE FOLLOWING
19 CRITERIA: IMPACT AND SIGNIFICANCE; THAT IS, JUST HOW
20 IMPORTANT IS THE WORK? WOULD IT ADVANCE TOWARD THE
21 GOAL THAT WE'RE ALL SEEKING, WHICH IS THERAPY? WILL IT
22 MOVE THE FIELD FORWARD? WILL IT MAKE A DIFFERENCE, IN
23 SHORT.

24 SECONDLY, WHAT THE QUALITY OF THE RESEARCH
25 PLAN IS. IS IT CAREFULLY WORKED OUT? ARE ALL

1 ALTERNATIVES CONSIDERED? ARE THERE PLANS IN CASE
2 SOMETHING DOESN'T WORK? THE KINDS OF CARE AND
3 SOPHISTICATION, AND IS IT -- DOES IT REFLECT THE BEST
4 KNOWLEDGE IN THE FIELD TECHNICALLY USING THE BEST
5 TECHNICAL MEANS AND SO FORTH?

6 A THIRD IS INNOVATION. DOES THIS ADD
7 SOMETHING GENUINELY NEW? OR IS IT SORT OF MORE OF THE
8 SAME? IS IT A FEASIBLE PROJECT? THE QUALITY OF THE
9 INVESTIGATORS THAT WILL BE INVOLVED.

10 AND FINALLY, BECAUSE OF OUR SPECIAL MISSION,
11 THE ELIGIBILITY FOR FEDERAL FUNDING.

12 SO WE EXPECT, THEN, THAT AT THE END, USING
13 CRITERIA LIKE THAT OR SIMILAR TO THOSE, WE WILL COME
14 OUT WITH A RANKING. AND THEN WE COME TO THE SECOND
15 STAGE, AND I WANTED TO SAY A WORD ABOUT HOW WE ENVISAGE
16 THIS HAPPENING. THIS WILL THEN BE -- THE FIRST STAGE
17 WILL BE PRESIDED OVER BY THE CHAIR, WHO IS STUART
18 ORKIN. THE SECOND STAGE WILL BE PRESIDED OVER BY THE
19 VICE CHAIR, WHO IS JOAN SAMUELSON. AND ONCE WE'VE
20 ORDERED THEM, THEN WE HAVE AN OPPORTUNITY TO LOOK OVER
21 THE WHOLE PORTFOLIO, IF YOU WILL. YOU CAN SEE ALL THE
22 APPLICATIONS THAT ARE GOING TO BE FUNDED.

23 AND WE CAN NOT ONLY ASK IF THERE MAY BE
24 SPECIFIC APPLICATIONS THAT ONE MIGHT WANT TO PULL UP IN
25 THE RANKING BECAUSE OF SOME SPECIAL CONSIDERATION, BUT

1 ALSO TO LOOK AT THE OVERALL BALANCE. AND DEPENDING ON
2 WHAT WE'RE LOOKING FOR IN THE PARTICULAR RFA, IS THERE
3 AN APPROPRIATE BALANCE BETWEEN INNOVATION AND
4 FEASIBILITY? IS THERE -- ONE COULD IMAGINE SAYING,
5 LOOK, THIS IS A PRETTY -- ALL THIS IS IMPORTANT, BUT
6 THERE'S NOTHING REALLY ORIGINAL AND INNOVATIVE BEING
7 TRIED HERE. AND HERE WE HAVE A GRANT JUST BELOW THE
8 LINE THAT IS DOING SOMETHING GENUINELY DARING AND THAT
9 COULD MAKE A HUGE DIFFERENCE.

10 SECONDLY, IS THERE AN APPROPRIATE BALANCE
11 BETWEEN FUNDAMENTAL WORK, THERAPY DEVELOPMENT, AND
12 CLINICAL WORK? AND, AGAIN, THAT MAY VARY ACCORDING TO
13 THE PARTICULAR RFA. WHERE RELEVANT, IS THERE AN
14 APPROPRIATE RANGE OF DISEASES THAT ARE BEING ADDRESSED.

15 AND THEN FINALLY, ARE THERE OTHER
16 CONSIDERATIONS FROM THE PERSPECTIVE OF PATIENT
17 ADVOCATES? AND I KNOW I HAVE MY OWN PARTICULAR
18 PERSONAL EXAMPLE OF THAT, WHICH I KNOW MANY OF YOU HAVE
19 HEARD. BUT I PARTICIPATED IN A REVIEW FOR
20 NEUROFIBROMATOSIS ONCE IN WHICH THE PATIENT ADVOCATE,
21 AFTER THE SCIENTIFIC RANKING HAD OCCURRED, ONE OF THE
22 PATIENT ADVOCATES SAID, "YOU KNOW, ONE OF THE MOST
23 DISTRESSING ASPECTS OF THIS DISEASE, IF YOU'RE A FAMILY
24 MEMBER OR IF YOU'RE A PERSON WITH IT, ARE THE DISRUPTED
25 SLEEP PATTERNS." AND THEY SAID THERE WAS AN

1 APPLICATION IN HERE ON UNDERSTANDING SLEEP DISRUPTION
2 IN NEUROFIBROMATOSIS PATIENTS THAT MAY NOT HAVE BEEN
3 SCIENTIFICALLY AT THE VERY FOREFRONT; BUT IF ONE COULD
4 MAKE PROGRESS ON THIS, THIS WOULD MAKE A HUGE
5 DIFFERENCE IN THE QUALITY OF LIFE FOR THESE
6 INDIVIDUALS.

7 I THINK IT WAS A FACT THAT WAS NOT
8 APPRECIATED BY THE REVIEWERS. IN FACT, WE REARRANGED
9 AND THAT GRANT WAS FUNDED. SO IT IS THAT KIND OF, AT
10 LEAST, CONSIDERATION IN MY MIND THAT I THINK PATIENT
11 ADVOCATES BRING TO BEAR IN UNDERSTANDING PARTICULAR
12 ASPECTS THAT MAY ADD TO THE RICHNESS AND THE DEPTH OF
13 OUR CONSIDERATIONS AND DELIBERATIONS.

14 SO I WANTED TO INFORM YOU ABOUT THESE MATTERS
15 AND SIMPLY TO SAY THAT WE ARE ENGAGED IN DRAWING THIS
16 UP IN PREPARATION FOR THE WORKING GROUP MEETING IN
17 AUGUST. AND IF YOU HAVE EITHER VIA DISCUSSION HERE OR
18 IF YOU WANT TO CONTACT US PRIVATELY, WE'D BE HAPPY --
19 WE'RE HAPPY TO TAKE INPUT FROM A VARIETY OF DIRECTIONS
20 AS WE TRY TO PREPARE A PROPOSAL THAT WE THINK WILL BE
21 SUITABLE FOR CONSIDERATION BY THE WORKING GROUP.

22 CHAIRMAN KLEIN: DR. HENDERSON.

23 DR. HENDERSON: ONE OF THE ISSUES, I THINK,
24 THAT'S GOING TO CONTINUE TO COME UP, ZACH, RELATES TO
25 THE BALANCE BETWEEN FUNDAMENTAL WORK, THERAPY WORK,

1 THERAPY DEVELOPMENT, AND CLINICAL WORK. IT'S A
2 CONTINUING PROBLEM IN ALL AREAS OF RESEARCH, I THINK,
3 TO GET THIS BALANCE.

4 AS YOU DISCUSS IT AT THE COMMITTEE LEVEL,
5 THERE NEEDS TO BE A WAY THAT CAN BE COMMUNICATED TO US
6 AS WELL SO THAT WHEN WE CONSIDER FOR FINAL FUNDING, WE
7 HAVE A SENSE OF THE COMMITTEE'S VIEW OF EACH INDIVIDUAL
8 PROJECT AND HOW PERHAPS OVERALL THEY ARRIVE AT THIS
9 BALANCE BECAUSE THIS IS A DIFFICULT, ALWAYS A DIFFICULT
10 PROBLEM.

11 DR. HALL: I THINK ALL OF US EXPECT THAT AS
12 WE GO FORWARD THAT THAT BALANCE WILL CHANGE. THAT IS,
13 THAT IN THE EARLY DAYS THERE ARE A NUMBER OF
14 FUNDAMENTAL QUESTIONS TO BE ANSWERED; BUT AS WE MOVE
15 FORWARD, THAT THE BALANCE WILL TILT TOWARDS MORE
16 THERAPY DEVELOPMENT AND MORE CLINICALLY ORIENTED WORK.
17 I WOULD HOPE AT ALL STAGES WE WILL HAVE ALL THREE
18 REPRESENTED.

19 DR. PIZZO: A RECOMMENDATION AT LEAST FOR
20 CONSIDERATION, ZACH, SOMETHING THAT I'VE SHARED WITH
21 YOU ONCE BEFORE. I THINK TO ALSO FURTHER THE DIALOGUE
22 THAT TAKES PLACE AND FOSTER INNOVATION, I WOULD HOPE
23 THAT THE COMMITTEE WOULD CONSIDER GRANTS THAT WOULD
24 BRING TOGETHER TEAMS FROM DIFFERENT DISCIPLINES. SO
25 SPECIFICALLY, BRING TOGETHER BASIC AND CLINICAL

1 SCIENTISTS INTO JOINT PROPOSALS THAT WOULD HAVE NOVELTY
2 AND INNOVATION AS PART OF IT. AND IN TANDEM WITH THAT,
3 BRING TOGETHER PEOPLE FROM VERY DIFFERENT BACKGROUNDS,
4 ENGINEERING AND LIFE SCIENCES, PHYSICAL AND LIFE
5 SCIENCES. IF YOU PROMOTE THAT, YOU WILL GET IT. IF WE
6 DON'T PROMOTE IT, WE WON'T, AND WE'LL MISS A REAL
7 OPPORTUNITY.

8 AND I'M QUITE -- I SPEAK TO THIS FROM A DATA
9 DRIVEN POINT OF VIEW BECAUSE WE'VE BEEN DOING THAT AT
10 OUR OWN INSTITUTION. WE'VE BEEN SUPPORTING PROPOSALS
11 THAT DO TRANSLATIONAL RESEARCH, THAT FORCE A BASIC AND
12 CLINICAL SCIENTIST TO COLLABORATE, AND WE'VE GOTTEN
13 SOME VERY INNOVATIVE PROPOSALS. AND WE'VE DONE THE
14 SAME ACROSS THE SCHOOLS AND HAVE GOTTEN SOME
15 EXTRAORDINARY, THINGS THAT YOU'D NEVER THINK OF IF YOU
16 WERE LINEARLY APPROACHING THIS. SO I HOPE YOU CAN
17 INCLUDE THAT IN THIS AS WELL.

18 DR. HALL: ABSOLUTELY. THAT'S A GREAT IDEA.
19 I THINK YOU'RE EXACTLY RIGHT, AND THE PLACE TO ADDRESS
20 THAT IS NOT TO BE PASSIVE, BUT TO ADDRESS IT THROUGH
21 APPROPRIATE RFA'S.

22 DR. PIZZO: PEOPLE WILL COME.

23 DR. HALL: I WOULD ALSO SAY, JUST TO EXTEND
24 THE RANGE OF THAT, THAT WE HAVE, AS YOU KNOW, IN OUR
25 TRAINING GRANTS A REQUIREMENT FOR A COURSE IN ETHICAL,

1 LEGAL, AND SOCIAL IMPLICATIONS. I THINK FOR THOSE
2 TEAMS, MY HOPE IS THAT THERE WILL ALSO BE INCLUSION,
3 AND I THINK WE CAN DO THAT THROUGH RFA'S, INCLUSION OF
4 APPROPRIATE ETHICAL AND SOCIAL WORK THAT IS NOT -- I
5 WOULD LIKE TO SEE IT AS MUCH AS POSSIBLE INTEGRATED
6 INTO THE SCIENTIFIC GRANTS THEMSELVES AND NOT -- IT'S
7 CERTAINLY VALUABLE, BUT I THINK OF THE PERSPECTIVES ON
8 THE HUMAN GENOME PROJECT, FOR EXAMPLE, WAS THAT THE
9 BEST WAY TO DO THIS IS TO ACTUALLY HAVE IT AS A WARP
10 AND WOOF OF THE PARTICULAR PROJECTS THAT GO FORWARD.

11 DR. PIZZO: I AGREE WITH THAT. IF I CAN MAKE
12 TWO OTHER RECOMMENDATIONS. ONE IS ACTUALLY ALONG THE
13 LINE THAT YOU JUST STATED; AND THAT IS, NOT TO RESTRICT
14 IT TO ETHICS AND SCIENCE, BUT ALSO TO OTHER
15 DISCIPLINES, LAW, BUSINESS, AND THE LIKE. I THINK IF
16 YOU CAN -- IF WE CAN FIND WAYS OF DOING THAT, WE'LL BE
17 SURPRISED BY WHAT WE'LL GET.

18 AS WE GO FURTHER, ONE FINAL RECOMMENDATION IS
19 TO PROMOTE INTERINSTITUTIONAL COLLABORATIONS. AND
20 AGAIN, TO BE PROACTIVE IN THAT REGARD BECAUSE I THINK
21 THAT WILL DRAW US TOGETHER IN WAYS THAT WE WON'T
22 ORDINARILY DO AND COULD EITHER AVOID COMPETITION.
23 COMPETITION IS GOOD OBVIOUSLY, BUT COULD PROMOTE
24 SYNERGIES THAT WOULDN'T OTHERWISE EXIST.

25 CHAIRMAN KLEIN: I WOULD LIKE TO ALSO SAY, IN

1 LINE WITH DR. PIZZO'S COMMENT, THAT UNDER SECTION
2 125290.4, ONE OF THE ICOC FUNCTIONS IS DEVELOPING
3 ANNUAL AND LONG-TERM STRATEGIC RESEARCH PLANS FOR THE
4 INSTITUTE. AND I PROVIDE THE REFERENCE FOR SOME OF THE
5 MEMBERS OF THE AUDIENCE THAT ARE PARTICULARLY
6 INTERESTED IN THOSE REFERENCES.

7 DR. PIZZO: I DIDN'T KNOW ABOUT THAT
8 PARTICULAR CITATION, BUT I'M GLAD THAT YOU DO, BOB.

9 CHAIRMAN KLEIN: IT'S IMPORTANT TO NOTE THAT
10 WHEN WE DISCUSSED STRATEGIC CONSIDERATIONS LIKE THE
11 ONES YOU BROUGHT UP, THAT WE WILL BE SETTING FORTH AN
12 ANNUAL STRATEGIC PLAN AND A LONG-TERM STRATEGIC PLAN.
13 AND DR. HALL HAS EMBARKED ON A VERY THOUGHTFUL PROCESS
14 TO LAUNCH THIS FORMALLY WITH A CONVOCATION OF SOME OF
15 THE BEST MINDS IN THE COUNTRY AND THE WORLD.

16 BUT IN THE REFERENCE DR. HALL MADE TO OUR
17 PREVIOUS CRITERIA ON THE RFA FOR THE INFRASTRUCTURE
18 GRANTS, YOU WILL RECALL WE HAD QUITE A BIT OF STRATEGIC
19 DISCUSSION ABOUT THE NEED TO REBUILD THE HUMAN
20 INFRASTRUCTURE IN THE STATE AND TO BUILD A FOUNDATION
21 FOR THE NEXT GENERATION OF SCIENTIFIC RESEARCH, AS WELL
22 AS THE INDIVIDUALS WOULD HELP US EXPAND THIS RESEARCH
23 RAPIDLY.

24 THERE'S STRATEGIC CRITERIA THAT WE PUT FORTH
25 THAT ARE INCORPORATED IN THE RFA. AS A PART OF OUR

1 FUNCTION, WE WILL EVENTUALLY HAVE AN ANNUAL STRATEGIC
2 PLAN WHERE WE CAN DRAW THEM DOWN. AT THIS POINT WE HAD
3 TO START WITH A STRATEGIC INITIATIVE, AN RFA TO REBUILD
4 OUR HUMAN INFRASTRUCTURE AND SPECIFY OUR STRATEGIC
5 CRITERIA IN THAT RFA, WHICH ARE NOW GOING TO GUIDE THE
6 STRATEGIC CRITERIA FOR THE GRANT PROCESS.

7 WELL, ACTUALLY LET ME GO FROM ONE SIDE TO THE
8 OTHER. DR. CLAIRE POMEROY, I THINK YOU HAD A POINT,
9 AND THEN I'M GOING TO GO TO OS STEWARD.

10 DR. POMEROY: ONE QUICK RECOMMENDATION AND
11 QUESTION. FIRST OF ALL, UNDER YOUR CRITERIA FOR THE
12 TRAINING GRANTS, I WOULD URGE YOU TO ADD THE QUALITY OF
13 THE APPLICANT POOL -- THE TRAINEE POOL, WHICH I DIDN'T
14 SEE UP THERE, INCLUDING THE DIVERSITY OF THAT POOL.

15 DR. HALL: YES. THE RFA ITSELF, IN FACT, IN
16 OUR INSTRUCTIONS TO REVIEWERS, WE HAVE ASKED -- DRAWN
17 ATTENTION TO THAT. BUT THE EXISTING -- I THINK IT'S --
18 THERE'S AN ITEM IN THERE THAT I THINK IS EXISTING --
19 THE QUALITY OF THE EXISTING TRAINING PROGRAMS. AND
20 IT'S THOSE FROM WHICH THE APPLICANTS WILL BE CHOSEN.
21 IN MOST CASES PEOPLE ARE NOT STARTING -- IN FACT, AS
22 FAR AS I KNOW, ALL CASES, PEOPLE ARE NOT STARTING NEW
23 PH.D. PROGRAMS. SO WHO WILL BE DRAWN INTO THIS ARE
24 THOSE IN OTHER PH.D. PROGRAMS. AND SO WE ASK
25 EXPLICITLY IN THE APPLICATION FOR EVIDENCE OF

1 DISTINCTION IN THOSE PROGRAMS.

2 AND ALSO FOR THE TWO OTHER THINGS, WE CALL
3 ATTENTION TO ALONG THE LINES OF WHAT YOU SAY, THE
4 DESIRABILITY OF HAVING AN INTEGRATED PROGRAM, WHICH
5 WE'VE INSISTED ON, FOR BASIC SCIENCE CLINICAL FELLOWS,
6 WHATEVER AN INSTITUTION DOES, EVERYBODY IS IN ONE
7 TRAINING PROGRAM. NO. 2, THE EMPHASIS ON BRINGING
8 DISEASE INTO IT. NO. 3, DIVERSITY. SO THOSE ARE THE
9 THREE ISSUES THAT WE OUTLINE AS DESIRABLE IN BOTH THE
10 RFA AND IN OUR LETTER TO REVIEWERS THAT I THINK HAS
11 ALREADY GONE OUT; IS THAT RIGHT, ARLENE? YES.

12 DR. POMEROY: EXCELLENT. AND JUST A POINT OF
13 CLARIFICATION. YOU MENTIONED THAT OUR NEW SCIENTIFIC
14 OFFICER WAS AN ADJUNCT PROFESSOR AT UCSF. CAN YOU JUST
15 CLARIFY FOR US THE STATUS OF THAT APPOINTMENT ONCE HE
16 BECOMES PART OF THE CIRM?

17 DR. HALL: CUT AND FINISHED.

18 DR. POMEROY: I JUST WANTED THAT CLEAR TO
19 EVERYBODY IN THE AUDIENCE.

20 DR. HALL: HE RESIGNED HIS POSITION THERE.
21 WE HAD APPLICANTS FOR A NUMBER OF OTHER ORGANIZATIONS,
22 BOTH ACADEMIC AND OTHERWISE. AND THAT, OF COURSE,
23 ABSOLUTELY. I HOPE IT'S CLEAR TO EVERYBODY THAT OUR
24 CONFLICT OF INTEREST RULES PREVENT THAT.

25 DR. POMEROY: GREAT.

1 DR. STEWARD: SO, ZACH, YOU AND ARLENE WILL
2 INSTANTLY KNOW WHERE I'M GOING WITH THIS, BUT I'M GOING
3 TO ASK THE QUESTION AND THEN EXPLAIN IT. WILL YOU ASK
4 THE REVIEW GROUP TO PROVIDE A THOROUGH REVIEW OF EACH
5 APPLICATION? AND SO THAT'S THE QUESTION.

6 NOW LET ME EXPLAIN TO THE PUBLIC WHAT I MEAN
7 HERE. WHAT DOES A THOROUGH REVIEW MEAN? WELL, LET'S
8 TAKE THE NUMBER OF 100 APPLICATIONS. WHEN ONE IS
9 RUNNING AT A PRETTY GOOD PACE, ONE CAN CONSIDER A
10 GRANT, PERHAPS, IN TWENTY MINUTES, PERHAPS 30 MINUTES.
11 THESE ARE GOING TO BE A LITTLE BIT MORE COMPLICATED.
12 THE REVIEWERS WILL BE UNUSED TO THE FORMAT, SO MAYBE A
13 LITTLE BIT LONGER. IF WE HAVE A HUNDRED APPLICATIONS,
14 EVEN GIVING A ROUGH ESTIMATE OF 20 MINUTES, THAT MEANS
15 ONE CAN DO ABOUT 12 GRANTS IN THE MORNING, 12 IN THE
16 AFTERNOON, 24 GRANTS A DAY, FOUR DAYS FOR THE WHOLE
17 MEETING.

18 WE ARE ASKING OUR REVIEWERS TO DO QUITE A
19 LOT. AND SO MY QUESTION IS WILL THE REVIEW GROUP,
20 THEN, BE PERMITTED TO ACCELERATE THE REVIEW? DO YOU
21 REALLY INSIST ON A THOROUGH REVIEW OF EVERYTHING?

22 DR. HALL: THIS IS GOING TO BE A DAUNTING
23 PROBLEM FOR US, AND IT IS -- MY PERSONAL VIEW IS THAT
24 WE ARE GOING TO HAVE TO FIGURE OUT A WAY TO USE OUR
25 REVIEWERS AND OUR ALTERNATES. ULTIMATELY, WE PROBABLY

1 WILL HAVE TO HAVE PARALLEL MEETINGS OR SOMETHING OF
2 THAT SORT; THAT IS, WE'LL HAVE TO WORK OUT SOME
3 ARRANGEMENT. BUT UNTIL THAT DAY COMES, WE DON'T KNOW
4 HOW MANY APPLICATIONS WE'RE GOING TO GET. SO WE WILL
5 ASK FOR -- OBVIOUSLY WE DON'T HAVE THAT PROBLEM WITH
6 THE FIRST ROUND, AND THAT'S ONE OF THE NICE THINGS
7 ABOUT DOING TRAINING GRANTS FIRST. WE WILL ASK FOR
8 LETTERS OF INTENT SO WE CAN TRY TO JUDGE HOW SERIOUS
9 THAT PROBLEM IS GOING TO BE.

10 BASICALLY WHAT DR. STEWARD IS SAYING IS IF WE
11 PUT OUT AN RFA AND WE GET 400 APPLICATIONS, WHAT THE
12 HELL ARE WE GOING TO DO? AND SO WE WILL, I THINK IN
13 THE EARLY ONES IN PARTICULAR, TRY TO ARRANGE SOME WAY
14 TO PUT LIMITS ON THESE. I THINK WE'RE PROBABLY GOING
15 TO TRY TO DO A LITTLE BIT FASTER PACE THAN YOU SUGGEST.

16 AND THEN THE FINAL QUESTION IS WHETHER WE
17 WILL USE SOME MECHANISM OF TRIAGE OR NOT. THAT IS, IN
18 WHICH THERE ARE SOME APPLICATIONS IN WHICH YOU SAY
19 LET'S GIVE THIS A FIVE- TO TEN-MINUTE DISCUSSION UNLESS
20 ANYBODY WANTS TO MAKE A SPECIAL PLEA THAT THERE'S
21 SOMETHING REALLY GOOD ABOUT THIS. AND THAT IS, THESE
22 ARE GRANTS THAT PRESUMABLY WOULD BE IN THE NOT
23 SUFFICIENTLY MERITORIOUS FOR FUNDING AT THIS TIME.
24 SOMETIMES YOU CAN IDENTIFY THOSE RIGHT AWAY, AND WHY
25 SPEND ALL THE TIME ON IT.

1 I THINK THOSE ARE JUST ISSUES WE WILL HAVE TO
2 WORK OUT ON THE RUN; HOWEVER, THE IDEA OF HAVING A
3 SINGLE WORKING GROUP REVIEW ALL THE GRANTS FOR CIRM IS
4 A DAUNTING PROSPECT. AND WE TRY NOT TO THINK ABOUT IT
5 TOO MUCH, BUT WE WILL HAVE TO DEVISE MECHANISMS THAT
6 ALLOW US TO HANDLE THE LOAD WE GET, AND WE'LL JUST HAVE
7 TO SEE HOW IT IS.

8 ONE OF THE POINTS, BY THE WAY, IS THAT
9 UNDOUBTEDLY, PARTICULARLY BECAUSE OF THE REQUIREMENT
10 FOR NEW EQUIPMENT THAT MANY PEOPLE WILL HAVE, THESE
11 GRANTS WILL BE MORE EXPENSIVE THAN NIH GRANTS. AND SO
12 IN THAT SENSE, I HAVE SEEN FIGURES, PEOPLE SAY, WELL,
13 YOU DIVIDE \$300 MILLION A YEAR BY \$100,000 A GRANT, HOW
14 MANY GRANT APPLICATIONS ARE YOU GOING TO GET? I THINK
15 THAT PROBABLY WON'T BE THE CASE. AT ANY RATE, IT'S A
16 PROBLEM WE'RE WORRIED ABOUT. WE HAVEN'T FACED IT YET,
17 BUT WE'RE GOING TO TRY TO EASE INTO IT AND SORT OF SEE
18 HOW WE GO. I WILL KEEP YOU POSTED. AND ANY CHANGE IN
19 PROCEDURE THAT WE MAKE, WE WILL OBVIOUSLY INFORM YOU
20 ABOUT; AND IF WE'RE REQUIRED, ASK YOUR APPROVAL.

21 CHAIRMAN KLEIN: I THINK DR. STEWARD HAS A
22 FOLLOW-ON QUESTION.

23 DR. STEWARD: IT'S ANOTHER QUESTION, NOT
24 REALLY A FOLLOW-UP. DIRECTLY RELATED?

25 DR. PIZZO: JUST A CLARIFICATION SINCE WE DO

1 HAVE A LOT OF PUBLIC HERE. WHEN YOU SAY FIVE MINUTES
2 FOR REVIEW, YOU'RE TALKING ABOUT AT THE SESSION WHERE
3 THERE MAY BE A MINIMAL REVIEW THAT TAKES PLACE.
4 THERE'S GOING TO HAVE BEEN A SIGNIFICANT REVIEW THAT
5 WILL HAVE OCCURRED BY THE SCIENTIFIC REVIEWERS BEFORE
6 THEY EVER GET TO THE SESSION. I JUST WANT TO MAKE SURE
7 THAT THOSE WHO ARE IN THE AUDIENCE UNDERSTAND THAT
8 THESE GRANTS ARE NOT GOING TO BE CURSORILY REVIEWED.
9 EVERYONE WHO COMES TO A MEETING HAS DONE HER OR HIS
10 HOMEWORK AND SPENT A LOT OF TIME GOING THROUGH THE
11 GRANT AND THEN COMES PREPARED TO TALK ABOUT IT. THE
12 ACTUAL DISCUSSION OF THE GRANT COULD BE FULL AND
13 THOROUGH 20 MINUTES OR COULD BE LESS IF EVERYONE --
14 THERE'S USUALLY A PRIMARY AND SECONDARY REVIEWER.

15 DR. HALL: THAT'S A VERY GOOD POINT. THERE
16 WILL BE A PRIMARY AND TWO SECONDARIES, AND THEY WILL
17 INTENSIVELY -- THEY WILL KNOW EVERYTHING ABOUT THESE
18 GRANTS. FOR THOSE OF YOU WHO HAVE PARTICIPATED IN THIS
19 PROCESS BEFORE, YOU KNOW THAT THE TIME -- THE VERY,
20 VERY GOOD ONES AND THE ONES THAT ARE LEAST GOOD ARE THE
21 ONES IN WHICH IN A WAY WANT TO SPEND THE LEAST AMOUNT
22 OF TIME. SO IF THE THREE REVIEWERS ALL SAY THIS IS A
23 FABULOUS GRANT, THIS IS TERRIFIC ABOUT IT, THIS IS
24 TERRIFIC ABOUT IT, AND THIS IS TERRIFIC ABOUT IT,
25 THERE'S NO REASON TO HAVE A HALF-HOUR DISCUSSION IN

1 WHICH EVERYBODY SAYS HOW TERRIFIC THIS GRANT IS. YOU
2 MAKE YOUR DECISION BASED ON AGREEMENT BETWEEN THOSE
3 REVIEWERS AND WHAT EVERYBODY KNOWS AND YOU MOVE ON.

4 AND IN THE SAME PERSPECTIVE, PEOPLE HAVE
5 EXAMINED A GRANT VERY, VERY CAREFULLY, LOOKED IT OVER,
6 AND SAY I'VE TRIED AND I'VE TRIED, BUT I DON'T FIND ANY
7 REDEEMING FEATURES IN THIS APPLICATION, THEN THERE'S NO
8 POINT IN SPENDING A HALF HOUR ABOUT WHY THERE ARE NO
9 REDEEMING FEATURES. YOU MAKE THAT DECISION AND MOVE
10 ON.

11 SO PART OF THE JOB OF THE CHAIR AND OF THE
12 STAFF WILL BE TO TRY TO MANAGE THAT PROCESS SO THAT WE
13 SPEND THE TIME WHERE IT'S MOST NEEDED, AND THAT IS SORT
14 OF AT THE BORDER OF ONES THAT ARE ELIGIBLE, BUT MAYBE
15 WHICH ONE'S THE BEST IS NOT SO CLEAR. SO THERE'S WHERE
16 YOU NEED A LOT OF DISCUSSION. WHAT OFTEN COMES OUT IN
17 THAT, AS YOU KNOW, IS COMPETING. ONE IS A LITTLE
18 BETTER AT INNOVATION, THE OTHER IS A LITTLE BETTER AT
19 THE QUALITY OF THE RESEARCH PLAN. AND YOU -- IT'S A
20 TRADE-OFF, AND EVERYBODY VALUES THOSE THINGS SLIGHTLY
21 DIFFERENTLY.

22 LET ME JUST SAY THANK YOU UNLESS THERE'S MORE
23 DISCUSSION.

24 CHAIRMAN KLEIN: DR. STEWARD HAS A FOLLOW-ON
25 QUESTION.

1 DR. STEWARD: THIS IS ACTUALLY SORT OF GOING
2 BACK TO THE ISSUES THAT YOU WERE DISCUSSING EARLIER
3 ABOUT WHAT WOULD BE PRESENTED TO THE ICOC. CERTAINLY
4 IT'S VERY CLEAR THAT IN THE OPEN SESSION, PUBLIC
5 SESSION, THERE WOULD NEED TO BE CONSIDERABLE
6 CONFIDENTIALITY AND REALLY VERY BRIEF SUMMARIES OF THE
7 GRANTS. WILL THERE -- IS IT POSSIBLE TO MAKE THE
8 DETAILED REVIEWS AVAILABLE TO INDIVIDUAL MEMBERS OF THE
9 ICOC, OR IS THAT JUST NOT GOING TO BE POSSIBLE?

10 DR. HALL: NO, THEY WILL NOT. JAMES HARRISON
11 CAN CONTRADICT ME IF I HAVE IT WRONG, BUT IT WILL NOT
12 BE POSSIBLE TO DO THAT. AS YOU SAID, I THINK YOU JUST
13 SAID WE WILL HAVE TO DO THIS IN OPEN SESSION, BUT DO IT
14 CONFIDENTIALLY.

15 DR. STEWARD: WELL, IN TERMS OF THE DETAILS
16 OF THE GRANTS.

17 DR. HALL: DOESN'T WORK. THAT'S THE DILEMMA
18 THAT WE HAVE.

19 DR. STEWARD: I MEANT IN TERMS OF THE
20 DETAILS, THE CONFIDENTIAL ASPECTS OF THE PROPOSAL.

21 DR. HALL: WELL, I THINK ONE OF THE DAUNTING
22 THINGS OF THIS IS THAT YOU WILL BE REQUIRED TO MAKE
23 DECISIONS BASED ON THE STAFF SUMMARY OF A DETAILED
24 EXAMINATION BY THE REVIEWERS, BUT YOU WILL NOT BE ABLE
25 TO SEE THAT DETAILED EXAMINATION, NOR WILL YOU BE ABLE

1 TO SEE THE GRANT APPLICATION ITSELF.

2 I'M DREADING THE DAY WHEN I HAVE TO EXPLAIN
3 THAT TO DAVID BALTIMORE.

4 CHAIRMAN KLEIN: I THINK SHERRY LANSING.

5 MS. LANSING: I JUST WANT TO SAY THAT, YOU
6 KNOW, OBVIOUSLY WE'RE ALL HOPEFUL THAT THEY'RE GOING TO
7 FALL INTO THAT CATEGORY THAT IS SO OBVIOUSLY GREAT,
8 THAT WE'RE GOING TO WANT TO FUND IT AUTOMATICALLY.
9 WHAT I REMAIN CONCERNED ABOUT IS THESE THREE
10 CATEGORIES, AND I WOULD JUST LIKE TO OFFER A SUGGESTION
11 THAT THERE JUST BE TWO CATEGORIES, THAT WE ASSUME THAT
12 THEY'RE ALL MERITORIOUS AND THAT WE HAVE MONEY TO FUND
13 ONE CATEGORY AND NOT MONEY TO FUND ANOTHER ONE. I
14 DON'T UNDERSTAND WHY WE HAVE TO BREAK IT DOWN INTO
15 THREE CATEGORIES. WE CAN TALK ABOUT THAT.

16 DR. HALL: LET'S TALK ABOUT THAT LATER. I
17 THINK THERE IS AN ARGUMENT TO BE MADE FOR THAT, AND
18 PARTLY IT HAS TO DO WITH WHAT I THINK OSSIE SAID. IT
19 WILL BE VERY DEMANDING OF STAFF TIME. THAT'S AN ISSUE
20 WE'LL JUST HAVE TO DECIDE. HOW MUCH TIME WE'RE GOING
21 TO SPEND ON, LET'S SAY, THE BOTTOM FIFTH OF OUR
22 APPLICATIONS IS GOING TO BE A QUESTION WE WILL HAVE TO
23 DECIDE. AND, AGAIN, WE HAVE TO BALANCE FAIRNESS. I
24 THINK THE NUMBERS ARE GOING TO BE VERY DAUNTING SO THAT
25 WHEN WE HAVE ALL THESE LINED UP, I THINK WE'RE GOING TO

1 BE LOOKING FOR WAYS IN WHICH WE DON'T HAVE TO GO EACH
2 ONE CONSIDERED -- HOW TO PUT IT -- THAT WE WILL TAKE --
3 IT WILL ALWAYS BE POSSIBLE TO CALL UP ONE FROM ANY OF
4 THE GROUPS AND TO GET AS MUCH INFORMATION AS WE CAN
5 PROVIDE ON IT. BUT TO PROVIDE ALL THAT INFORMATION,
6 AND PARTICULARLY TO PROVIDE THE SCIENTIFIC SCORE, MAY
7 NOT BE THE BEST WAY TO PROCEED.

8 MS. LANSING: I AGREE WITH THAT.

9 DR. HALL: I THINK AMONG THE FIRST TWO
10 GROUPS, WHICH IS WHERE THE BIG CHOICE WILL OCCUR.

11 MS. LANSING: YOU ARE SAYING TO ME THAT YOU
12 BELIEVE YOU'RE GOING TO BE ABLE TO FUND THE FIRST TWO
13 GROUPS.

14 DR. HALL: NO. NO. WHAT WE'RE SAYING IS
15 HERE'S, BASED ON WHAT THE RECOMMENDATION BY THE
16 COMMITTEE, HERE IS THE GROUP THAT THE WORKING GROUP
17 FINDS IN THE TOP GROUP. HERE IS THE NEXT GROUP DOWN.
18 AND NOW THE ICOC -- AND THEN HERE'S A GROUP THAT WE
19 REALLY DIDN'T THINK WAS SO HOT. WE THINK THE ICOC,
20 THEN, MAY VERY WELL WANT TO MOVE SOME FROM GROUP TWO
21 INTO GROUP ONE. WE THINK IT'S UNLIKELY THAT YOU'LL
22 WANT TO MOVE FROM GROUP THREE INTO GROUP ONE.

23 FOR EXAMPLE, ONE OF THE THINGS WE DON'T WANT
24 TO DO IS IF SOMEBODY GETS A REALLY BAD SCORE -- FOR
25 SCIENTISTS, LET ME JUST SAY THAT IT PROBABLY WON'T TAKE

1 TOO MUCH WORK, IF THEY WANT TO KNOW, TO FIGURE OUT
2 WHOSE GRANT IT IS. AND SO I THINK FOR THE VERY BAD
3 ONES, UNLESS SOMEBODY IS INTERESTED IN IT, I DON'T
4 THINK WE NEED TO PUT THE SCORE TO MAKE IT PUBLIC.

5 WE WILL DISCUSS AND WORK ALL THIS OUT FOR
6 YOUR CONSIDERATION NEXT TIME, BUT IT'S THOSE KINDS OF
7 THOUGHTS. WE HAVE THESE SORT OF COMPETING PRIORITIES
8 THAT WE HAVE TO WORK THROUGH TO FIGURE OUT HOW BEST TO
9 DO THIS. AND WE WILL COME BACK WITH, I HOPE, A
10 THOUGHTFUL PROPOSAL FOR YOUR CONSIDERATION NEXT TIME ON
11 JUST THAT ISSUE.

12 CHAIRMAN KLEIN: ANY OTHER BOARD COMMENTS?
13 THIS IS AN INFORMATIONAL ITEM. WE'RE NOT HAVING A VOTE
14 ON THIS ITEM. WE'RE GOING TO HAVE GENERAL PUBLIC
15 COMMENT AT THE END ON INFORMATIONAL ISSUES UNLESS
16 SOMEONE HAS AN URGENT NEED.

17 DR. HALL: LET ME JUST ASK, IF I MIGHT, IF
18 THERE IS PUBLIC COMMENT ON THE INFORMATIONAL ITEMS THAT
19 I'VE JUST PRESENTED, I ACTUALLY WOULD LIKE TO HEAR
20 THAT. SO IF YOU HAVE TIME AND WE CAN DO THAT, I WOULD
21 APPRECIATE THAT BECAUSE IT WOULD BE HELPFUL TO US. THE
22 WHOLE POINT OF BRINGING IT UP HERE IS TO GET COMMENT
23 NOT ONLY FROM THE ICOC, BUT FROM THE PUBLIC.

24 CHAIRMAN KLEIN: OKAY. FINE. MICHAEL
25 CLAEYS.

1 MR. CLAEYS: HI. I JUST WANTED TO RESPOND TO
2 SHERRY LANSING'S QUESTION, WHICH I THOUGHT WAS A GOOD
3 ONE. BUT AS WE HEARD EARLIER IN THE PRESENTATION ABOUT
4 THE ROMAN REED INITIATIVE, SOMETIMES THIS PUBLIC
5 FUNDING LEADS TO MATCHING GRANTS FROM OUTSIDE FUNDERS.
6 SO IF YOU HAVE MERITORIOUS GRANTS THAT FALL BELOW THE
7 ANTICIPATED PAY LINE THAT THE CIRM CAN FUND, THERE MAY
8 BE FUNDING THAT BECOMES AVAILABLE FOR THOSE GRANTS FROM
9 ANOTHER SOURCE. SO THAT MAY JUSTIFY HAVING THE THREE
10 CATEGORIES.

11 MS. LANSING: THE ONLY THING I'M CONCERNED
12 ABOUT, JUST SO I CAN BE CLEAR, AND I'M ACTUALLY ON THIS
13 COMMITTEE, SO I'LL BE ABLE TO DO IT. BUT THE ONLY
14 THING THAT I'M CONCERNED ABOUT HONESTLY IS THE THIRD
15 ONE WHERE WE'RE SAYING OR THE SCIENTISTS ARE SAYING
16 THIS IS NOT SUFFICIENTLY MERITORIOUS.

17 DR. HALL: AT THE PRESENT TIME, FOR FUNDING
18 AT THE PRESENT TIME.

19 MS. LANSING: THAT WORD BOTHERS ME, AND I SEE
20 OTHER PEOPLE NODDING THEIR HEAD, JUST BECAUSE OF WHAT
21 IT SENDS, AND IT'S GOING TO BE PUBLIC INFORMATION.

22 DR. PIZZO: I THINK EVERY SCIENTIST IS GOING
23 TO BE USED TO THAT.

24 DR. HALL: SCIENTISTS ARE USED TO IT.

25 MS. LANSING: IN PUBLIC? IT'S NEVER BEEN IN

1 PUBLIC. THAT'S ALL I'M CONCERNED ABOUT. I DON'T MIND
2 IT IF IT WAS BETWEEN THE SCIENTISTS AND THE COMMITTEE,
3 BUT THAT'S GOING TO BE IN PUBLIC. AND THAT TO ME IS A
4 HUMILIATION THAT MIGHT CAUSE PEOPLE NOT TO APPLY FOR
5 GRANTS, WHICH WILL BE SAD, AND THEN FIVE YEARS FROM NOW
6 THAT GRANT WOULD HAVE BEEN A GOOD GRANT. THAT'S ALL
7 I'M WORRIED ABOUT.

8 DR. HALL: WE CAN TALK ABOUT THAT. I THINK
9 PHIL IS RIGHT ON THAT. I THINK PEOPLE UNDERSTAND WHAT
10 THAT SAYS. WE COULD ADOPT ALTERNATE LANGUAGE SUCH AS
11 SCIENTIFICALLY UNCOMPETITIVE OR UNCOMPETITIVE,
12 SOMETHING OF THAT SORT, NOT SUFFICIENTLY COMPETITIVE.
13 WHAT IT REALLY MEANS IS IN THE END IS YOU'VE GOT MONEY
14 TO FUND 25 OF THE GRANTS AND YOU'VE GOT A HUNDRED
15 APPLICATIONS; AND SO, THEREFORE, THEY'RE COMPETING WITH
16 EACH OTHER.

17 DR. WRIGHT: BUT, ZACH, I THINK THAT'S AN
18 ARGUMENT FOR TWO CATEGORIES INSTEAD OF THREE BECAUSE IF
19 IT'S RESOURCES VERSUS SCIENCE, THEN WE HAVE ONES WE CAN
20 FUND AND ONES WE CAN'T FUND AND THE OTHERS ARE
21 UNMENTIONABLE.

22 DR. HALL: THEY HAVE TO BE MENTIONABLE.
23 THAT'S THE POINT. YOU HAVE TO BRING THEM TO THE ICOC.
24 THAT'S THE --

25 DR. BRYANT: HOW ABOUT NOT RANKED HIGHLY

1 ENOUGH?

2 CHAIRMAN KLEIN: WE CAN -- I THINK ZACH HAS
3 THE MESSAGE HERE. WE COULD ALSO TALK ABOUT NOT READY
4 FOR FUNDING AT THIS TIME. BUT THERE'S PLENTY OF
5 OPTIONS HERE. I THINK WE HAVE ANOTHER PUBLIC COMMENT.

6 MR. MILLER: RONALD MILLER, PROGRAM IN
7 MEDICAL ETHICS AT THE UNIVERSITY OF CALIFORNIA IRVINE.
8 I WAS CONCERNED ABOUT YOUR -- FIRST, I WAS CONCERNED
9 ABOUT PROP 71 NOT HAVING GREATER CONCERN FOR THE
10 SOCIAL, ETHICAL, AND LEGAL QUESTIONS. AND I UNDERSTAND
11 THE HISTORY RELATED TO THE HUMAN GENOME PROJECT AND THE
12 CONCERN AS TO HOW BEST TO DO THE RESEARCH AND RESEARCH
13 ETHICS. HOWEVER, AS THE PRESIDENT OF HARVARD SAID SOME
14 YEARS AGO, "WHEN EVERYBODY IS TEACHING ETHICS, NOBODY
15 IS."

16 AND I HAVE SOME CONCERN THAT YOU PUT TOO HIGH
17 A PRIORITY ON INTEGRATED RESEARCH IN ETHICS, TO
18 INTEGRATE THE ETHICAL RESEARCH WITH THE SCIENCE ITSELF.
19 I BELIEVE THAT'S IMPORTANT, AND I CERTAINLY APPLAUD YOU
20 FOR POINTING OUT THE IMPORTANCE OF THAT. BUT IT SEEMS
21 TO ME THERE MAY WELL BE RESEARCH IN ETHICAL, LEGAL, AND
22 SOCIAL IMPLICATIONS OF THE SCIENCE THAT MIGHT PROCEED
23 INDEPENDENT OF AN INTEGRATED PROGRAM WITH A SCIENTIFIC
24 GRANT.

25 DR. HALL: THANK YOU FOR YOUR COMMENTS, AND I

1 APPRECIATE THEM. AND, YOU KNOW, UNLIKE THE GENOME
2 PROJECT, WE DO NOT HAVE A MANDATED SET ASIDE FOR THAT.
3 AND I THINK IT WILL BE SOMETHING FOR US TO DISCUSS, AND
4 I DON'T MEAN TO RULE OUT THE POSSIBILITY OF HAVING AN
5 RFA, FOR EXAMPLE, THAT MIGHT BE DEVOTED TO SOME
6 PARTICULAR QUESTION THAT WOULD BE DIRECTED. BUT MY
7 FIRST IMPULSE IS TO ENCOURAGE, JUST AS WE ENCOURAGE THE
8 BASIC SCIENTISTS AND THE CLINICIANS TO WORK TOGETHER,
9 AND THE ENGINEERS AND THE BIOLOGISTS, TO ENCOURAGE THE
10 ETHICISTS AND THE CLINICIANS AND SCIENTIFIC
11 PRACTITIONERS TO BE TOGETHER IN A COMMON ENTERPRISE
12 BECAUSE I THINK THAT'S WHERE THE WORK OF THE ETHICIST
13 HAS ITS BIGGEST IMPACT.

14 CHAIRMAN KLEIN: ALSO MENTION THE HUMAN
15 GENOME MODEL WAS SPECIFICALLY REFERENCED IN PRIOR BOARD
16 MEETINGS FOR CONSIDERATION IN OUR STRATEGIC PLAN FOR
17 POTENTIALLY HAVING A SET ASIDE. SO IT'S AN ITEM THAT
18 WILL COME BEFORE THIS BOARD FOR THOUGHTFUL
19 CONSIDERATION. WE APPRECIATE YOUR COMMENTS.

20 YES, JESSE REYNOLDS.

21 MR. REYNOLDS: THANK YOU. I WANT TO BRING UP
22 A POINT THAT I THINK WAS AN ISSUE OF A LITTLE BIT OF
23 CONFUSION AT THE STANDARDS WORKING GROUP MEETING, AND
24 MS. LANSING CAN ELABORATE ON THIS A LITTLE BIT. BUT
25 THE QUESTION WAS AT WHAT STAGE ARE THE RESEARCH

1 STANDARDS ENFORCED? AND THE CONSENSUS WAS, WELL,
2 FUNDING IS THE BEST MECHANISM TO ENFORCE RESEARCH
3 STANDARDS. SO I DON'T KNOW IF THIS HAS BEEN CONSIDERED
4 UP TO NOW, AND IF NOT, I URGE THIS TO BE CONSIDERED, IS
5 AT WHAT STAGE IN THE GRANTS REVIEW PROCESS SHOULD YOU
6 INTEGRATE IN THE RESEARCH STANDARDS REVIEW? IS EACH
7 GRANT APPLICATION REVIEWED BY AN ESCRO BEFORE IT EVEN
8 COMES TO THE INSTITUTE, OR DOES THE GRANTS REVIEW
9 WORKING GROUP HAVE A RESPONSIBILITY FOR BEARING IN MIND
10 THE STANDARDS RECOMMENDED BY THE WORKING GROUP? OR
11 ANOTHER POSSIBILITY.

12 I DON'T KNOW IF THIS IS ON THE TABLE, BUT
13 WHAT NEW JERSEY IS DOING, ONE OF THE OTHER TWO STATES
14 THAT ARE PUBLICLY FUNDING STEM CELL RESEARCH, IS EACH
15 GRANT APPLICATION TO BE REVIEWED IS REVIEWED BY THE
16 EQUIVALENT OF THEIR GRANTS WORKING GROUP, BUT THEN ALSO
17 BY THEIR STANDARDS WORKING GROUP. SO THERE'S A NUMBER
18 OF POSSIBILITIES. I DON'T THINK THERE'S AN ANSWER
19 RIGHT NOW, BUT I THINK THIS IS SOMETHING IMPORTANT TO
20 CONSIDER.

21 DR. HALL: FOUR HUNDRED APPLICATIONS FOR THE
22 STANDARDS WORKING GROUP?

23 MS. LANSING: I THINK IT'S DEFINITELY
24 SOMETHING TO CONSIDER, BUT HOPEFULLY WE'LL HAVE THE
25 STANDARDS IN PLACE. THEY'LL BE ADOPTED BY THE WHOLE

1 BOARD, AND WE WILL NOT BE ABLE TO TAKE A GRANT THAT
2 DOESN'T APPLY TO THE STANDARDS. AND EVERYBODY WHO'S ON
3 THE BOARD AND ON THE COMMITTEE WILL KNOW IT. DO YOU
4 KNOW?

5 DR. HALL: LET ME JUST SAY I THINK THIS IS
6 IMPORTANT FOR DISCUSSION WITH THE STANDARDS WORKING
7 GROUP AND PARTICULARLY THE ROLE OF THE ESCRO COMMITTEES
8 AND HOW THAT WILL OPERATE WITH RESPECT TO APPLICATIONS.
9 AND WE DEFINITELY WILL NEED TO HAVE A CLEAR AND FIRM
10 POLICY ABOUT THAT.

11 MS. LANSING: BUT THEY WILL HAVE TO AGREE TO
12 THE BYLINES THAT HAS BEEN ADOPTED BY THE ICOC.

13 CHAIRMAN KLEIN: OKAY. THANK YOU. I THINK
14 WE HAVE GONE THROUGH THE PUBLIC COMMENT AS WELL. I'D
15 ALSO LIKE TO RECOGNIZE THAT THERE'S ANOTHER INDIVIDUAL
16 THAT WAS VERY ELOQUENT IN THE SPOTLIGHT. ANN RUTH IS
17 HERE IN THE BACK. AND WE CERTAINLY APPRECIATED YOUR
18 COMMENTS IN THE SPOTLIGHT AND YOUR INSIGHTS THAT YOU'VE
19 GIVEN US IN THIS SPINAL CORD PARALYSIS. THANK YOU.

20 (APPLAUSE.)

21 CHAIRMAN KLEIN: I AM INSTRUCTED BY STAFF
22 THAT THE BOARD MEMBERS ARE ASSIGNED TO BRING THEIR
23 BINDERS TO LUNCH IN THE LIBRARY SO WE CAN HAVE A
24 WORKING LUNCH ON LITIGATION AND PERSONNEL, AND THAT THE
25 PUBLIC AND THE PRESS, ON THE OTHER HAND, GET TO -- ARE

1 WELCOME TO LUNCH HERE AT THE CLUB. THEY GET THE
2 BENEFIT OF A GREAT MENU, AND THEY HAVE THE BENEFIT OF
3 BARBECUING OUTSIDE TODAY. BOARD MEMBERS SEEN ON THE
4 LAWN ARE EVIDENTLY GOING TO BE ESCORTED BACK TO THE
5 LIBRARY, SO THERE IS A HOPE THAT YOU WILL ALL PROCEED
6 TO THE LIBRARY.

7 I'D LIKE TO SPECIFICALLY BRING TO EVERYONE'S
8 ATTENTION THAT PURSUANT TO GOVERNMENT CODE SECTION
9 11126.3(D), THE ICOC WILL DISCUSS IN CLOSED SESSION
10 CALIFORNIA FAMILY BIOETHICS COUNCIL VS. CALIFORNIA
11 INSTITUTE FOR REGENERATIVE MEDICINE, SACRAMENTO
12 SUPERIOR COURT CASE NO. 05AS02927, WHICH WAS FILED ON
13 JULY 6TH, 2005, AFTER THE AGENDA FOR THIS JULY 12TH
14 ICOC MEETING WAS POSTED, AND OTHER LITIGATION CAN ALSO
15 BE DISCUSSED IN THAT MEETING. THANK YOU VERY MUCH.

16 (THE BOARD THEN RECESSED TO CLOSED
17 SESSION AND WORKING LUNCH.)

18 CHAIRMAN KLEIN: IF WE COULD RECONVENE AT
19 THIS TIME. ALL RIGHT. IF WE COULD RECONVENE HERE.
20 PLEASE TAKE A QUICK QUORUM COUNT. IT WOULD BE MY
21 PERCEPTION THAT AT THE MOMENT WE DON'T HAVE A QUORUM
22 YET.

23 I'M GOING TO DO THE BUDGET AFTER THE
24 GOVERNANCE COMMITTEE. I NEED TO HAVE A -- IF SOMEONE
25 CAN GIVE ME A COUNT. OKAY. WE DO HAVE A QUORUM.

1 WE'RE GOING TO WORK FIRST ON CREATING THE
2 GOVERNANCE COMMITTEE. I WOULD LIKE TO ANNOUNCE THAT
3 WALTER BARNES, WHO HAS DONE GREAT SERVICE AS AN
4 EMPLOYEE OF THE CONTROLLER'S OFFICE ON LOAN TO THIS
5 INSTITUTION, HAS BEEN HIRED AS OUR CHIEF ADMINISTRATIVE
6 OFFICER. AND THAT IS A COMPETITIVE POSITION THAT WILL
7 BE COMPETED. WALTER WILL COMPETE FOR IT. BUT I WOULD
8 LIKE TO EXPRESS OUR GRATITUDE TO WALTER FOR HIS
9 TREMENDOUS SERVICE TO THIS.

10 (APPLAUSE.)

11 CHAIRMAN KLEIN: ALL RIGHT. WE ARE MOVING
12 ONE ITEM OUT OF ORDER TO MAKE SURE WE HAVE OUR QUORUM.
13 AND WE HAVE AGENDA ITEM 15 WITH A PROJECTION OF WHAT IS
14 IN YOUR BINDERS UNDER ITEM 15 UNDER THE GOVERNANCE
15 COMMITTEE. GIVEN THAT WE'VE BEEN THROUGH A PERIOD OF
16 ASSEMBLING THE BASIC STRUCTURAL PIECES OF THE
17 INSTITUTE, FINDING OUR HEADQUARTERS, AND PUTTING FORTH
18 OUR MEDICAL AND ETHICAL STANDARDS, ENHANCING OUR
19 CONFLICTS POLICIES, WE NEED TO PUT A LONG-TERM
20 GOVERNANCE STRUCTURE IN PLACE. AND WE REFERENCED AT
21 THE LAST MEETING OF THE BOARD THAT WE WOULD BE
22 ESTABLISHING A GOVERNANCE SUBCOMMITTEE OF THE ICOC.

23 IN TERMS OF THE GOVERNANCE COMMITTEE'S
24 FUNCTIONS, I THINK THEY'RE WELL DESCRIBED ABOVE. AND
25 ONE OF THE FIRST THINGS THE GOVERNANCE COMMITTEE WILL

1 FOCUS ON IS THE BUDGET DETAIL. WE'VE PREVIOUSLY
2 PUBLISHED BUDGET FIGURES THAT WE DISCUSSED WITH THE
3 ICOC FOR THE PERIOD THROUGH JUNE 30TH AND THEN A BUDGET
4 FOR THE PERIOD FROM JULY 1ST THROUGH NOVEMBER 1ST.

5 IN SUMMARY, WE WILL BRINGING A VERY DETAILED
6 BUDGET DISCUSSION TO THE GOVERNANCE COMMITTEE, AND WE
7 HAVE A DETAILED BUDGET DISCUSSION THAT IS GOING TO
8 FOLLOW THIS ITEM ON THE CREATION OF THE GOVERNANCE
9 COMMITTEE. THAT COMMITTEE WILL ALSO REVIEW THE
10 ORGANIZATIONAL CHART AND OTHER ORGANIZATIONAL ISSUES
11 THAT WE'LL BE CHALLENGED WITH. JEFF SHEEHY.

12 MR. SHEEHY: COULD I ADD SOMETHING TO THEIR
13 COMMISSION?

14 CHAIRMAN KLEIN: YES.

15 MR. SHEEHY: CAN THEY BE RESPONSIBLE ALSO FOR
16 OVERSEEING THE OUTSIDE CONTRACTS THAT WE DO WITH
17 CONSULTANTS, HAVE SOME SORT OF RELATIONSHIP WITH -- I'M
18 NOT SURE HOW THAT WORKS. SO I'D FEEL MORE COMFORTABLE
19 IF THAT COMMITTEE COULD ALSO TAKE A LOOK AT THAT.

20 CHAIRMAN KLEIN: IS THAT A MOTION?

21 MR. SHEEHY: YEAH, REVIEW.

22 CHAIRMAN KLEIN: SO ARE YOU MAKING A MOTION
23 THAT WE ADOPT A GOVERNANCE COMMITTEE WITH A -- WITH
24 A -- INCLUDING IN ITS MISSION A REVIEW OF OUTSIDE
25 THIRD-PARTY CONTRACTS?

1 MR. SHEEHY: I WOULD BE HAPPY TO MAKE THE
2 MOTION TO ACCEPT THIS COMMISSION WITH THAT ADDITION.

3 CHAIRMAN KLEIN: YES. THAT'S WHAT I'M
4 ASKING.

5 MR. SHEEHY: YES. I'LL MAKE THAT MOTION.

6 CHAIRMAN KLEIN: IS THERE A SECOND?

7 DR. WRIGHT: SECOND.

8 CHAIRMAN KLEIN: THERE'S A MOTION AND A
9 SECOND TO THAT.

10 IN CREATING THE GOVERNANCE COMMITTEE, WE CAN
11 HANDLE IT AS A SEPARATE ITEM OR THE SAME ITEM. I WOULD
12 ASK YOU, GIVEN THAT A GOVERNANCE COMMITTEE NEEDS
13 SOMEONE AS A CHAIR WITH A HISTORY OF MANAGING MAJOR
14 ENTERPRISES AND A WHOLE RANGE OF FUNCTIONS, I WOULD
15 SUGGEST THAT SHERRY LANSING WOULD BE A GOOD CHAIR.
16 WOULD YOU BE WILLING TO ACCEPT TO YOUR MOTION A
17 FRIENDLY AMENDMENT THAT SHERRY LANSING BE THE CHAIR OF
18 THIS?

19 MR. SHEEHY: ABSOLUTELY.

20 CHAIRMAN KLEIN: OKAY. AND THE SECOND
21 ACCEPTS THAT?

22 DR. WRIGHT: SECOND.

23 CHAIRMAN KLEIN: OKAY. THAT WOULD BE GREAT.
24 SHERRY LANSING, WOULD YOU ACCEPT THAT?

25 MS. LANSING: WITH PLEASURE.

1 CHAIRMAN KLEIN: WITH PLEASURE. ALL RIGHT.

2 WHAT WE'D LIKE TO DO, I THINK, IN TERMS OF
3 PROCESS HERE IS GO THROUGH AND HAVE THE BOARD
4 DISCUSSION, HAVE PUBLIC COMMENT, SEE IF WE CAN ADOPT
5 THIS MOTION, AND THEN ASK FOR MEMBERS OF THE BOARD WHO
6 WOULD VOLUNTEER. LEAST THAT I FORGET, DEAN PIZZO
7 INDICATED, EVEN THOUGH HE HAD TO LEAVE, THAT HE'D LIKE
8 TO VOLUNTEER FOR THIS COMMITTEE.

9 IS THERE BOARD DISCUSSION ON THE MOTION?
10 CLAIRE POMEROY.

11 DR. POMEROY: I JUST HAVE A QUESTION ABOUT
12 THE STAFF RESOURCES. I NOTICE THAT IT SAYS CHIEF OF
13 STAFF, WHICH SEEMS VERY APPROPRIATE, OFFICE OF THE
14 CHAIRMAN AND SUPPORT STAFF. IT SEEMS LIKE, I DON'T
15 KNOW, IT SEEMS LIKE THIS IS ABOUT OPERATIONS, SO MAYBE
16 THE OFFICE OF THE PRESIDENT OF CIRM WOULD BE THE
17 APPROPRIATE STAFF TO HAVE LISTED UNDER RESOURCES.

18 CHAIRMAN KLEIN: WELL, THE -- THIS IS
19 GOVERNANCE OF THE ICOC AND IT IS --

20 DR. POMEROY: SAYS GOVERNANCE OF THE ICOC OR
21 GOVERNANCE OF THE CIRM.

22 CHAIRMAN KLEIN: WELL, THE ICOC IS THE ENTITY
23 THAT OVERSEAS THE GOVERNANCE OF THE CIRM.

24 DR. POMEROY: RIGHT. SO WE'RE OVERSEEING THE
25 CIRM.

1 CHAIRMAN KLEIN: THAT'S RIGHT.

2 DR. POMEROY: SO WE'RE OVERSEEING THE PEOPLE
3 WHO WILL BE DEVELOPING THE BUDGET AND DEVELOPING THE
4 HUMAN RESOURCES DEPARTMENT AND THOSE KIND OF THINGS,
5 AND THAT SEEMS LIKE THE PRESIDENT FROM MY
6 UNDERSTANDING.

7 CHAIRMAN KLEIN: WELL --

8 DR. POMEROY: IN THE ABSENCE OF AN ORG CHART.

9 CHAIRMAN KLEIN: I THINK THE OTHER ISSUE IS
10 RESOURCES, AND THE HISTORICAL DESIRE HAS BEEN TO USE
11 THE BOARD RESOURCES FOR DECISIONS OF THE BOARD -- TO
12 SUPPORT DECISIONS OF THE BOARD AND REVIEW OF THIS
13 OVERSIGHT FUNCTION. AND THAT'S WHY IT HAS BEEN
14 PROPOSED IN THAT MANNER; IS THAT CORRECT?

15 DR. HALL: I THINK IT'S APPROPRIATE. IT'S A
16 SUBCOMMITTEE OF THE ICOC, AND I THINK IT'S APPROPRIATE
17 THAT IT BE STAFFED BY THE OFFICE OF THE CHAIR. THAT
18 IS, IN FACT, THE FUNCTION OF THAT OFFICE IS TO SUPPORT
19 THOSE FUNCTIONS. I THINK THAT'S -- I THINK THAT'S
20 REASONABLE. IF THERE'S INPUT NEEDED FROM THE CIRM
21 SIDE, WE'D BE HAPPY TO PROVIDE THAT AND HAPPY TO HAVE
22 OUR STAFF AVAILABLE TO HELP.

23 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL
24 COMMENTS FROM THE BOARD?

25 DR. HENDERSON: I MOVE APPROVAL OF THIS

1 GOVERNANCE SUBCOMMITTEE. I THINK IT'S IMPORTANT THAT
2 WE GET ON WITH ALL OF THE ISSUES IN THIS COMMISSION.
3 IT'S IMPORTANT TO GET THIS UNDERWAY AND GET IT OUT IN
4 FRONT OF WHERE WE'RE GOING FROM HERE. SO I'M VERY
5 ENTHUSIASTIC ABOUT IT.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
7 ADDITIONAL COMMENTS FROM THE BOARD?

8 DR. PRIETO: QUESTION. IT DOESN'T STATE
9 EXPLICITLY, ALTHOUGH I THINK IT'S IMPLIED HERE, THAT
10 THE GOVERNANCE SUBCOMMITTEE WOULD DEVISE AN
11 ORGANIZATIONAL STRATEGIC PLAN. DOES ALSO THAT PRESUME
12 THAT IT WILL COME UP WITH AN ORGANIZATIONAL CHART FOR
13 US TO REVIEW?

14 CHAIRMAN KLEIN: THE ORGANIZATIONAL CHART
15 WOULD CERTAINLY BE WITHIN THE PARAMETERS.

16 DR. PRIETO: WOULD WE HAVE A TIME LINE?

17 CHAIRMAN KLEIN: WELL, THE COMMITTEE NEEDS TO
18 SET THE TIME LINE.

19 IS THERE COMMENTS FROM THE PUBLIC?

20 MR. REYNOLDS: THANKS. I'LL BE BRIEF. ONE
21 THING THAT I THINK MAY HAVE SLIPPED THROUGH THE CRACKS
22 IN ALL THIS PROCESS THAT I FEEL WOULD BE POSSIBLY UNDER
23 THE PURVIEW OF THIS SUBCOMMITTEE MIGHT BE ESTABLISHING
24 PROCEDURES AND BYLAWS FOR THIS COMMITTEE HERE PRESENT.
25 IT CAME TO MIND, YOU KNOW, BECAUSE YOU WERE

1 ESTABLISHING BYLAWS FOR THE WORKING GROUPS TODAY AS
2 WELL. AND I JUST THINK THAT MIGHT BE A WISE THING TO
3 DO WITH THIS OPPORTUNITY. THANK YOU.

4 CHAIRMAN KLEIN: I THINK THAT THAT WAS NOT
5 ARTICULATED, BUT IT SEEMS QUITE LOGICAL. WOULD THE
6 MAKER OF THE MOTION AGREE TO THAT AMENDMENT?

7 MR. SHEEHY: YEAH. I THINK THAT'S A VERY
8 USEFUL ADDITION. THANK YOU.

9 CHAIRMAN KLEIN: THANK YOU. AND WOULD THE
10 SECOND AGREE?

11 DR. WRIGHT: YES.

12 CHAIRMAN KLEIN: OKAY. I THINK WE'RE IN
13 POSITION TO CALL THE QUESTION. ALL IN FAVOR. OPPOSED?
14 THANK YOU VERY MUCH.

15 WE ARE GOING TO GO NOW TO ITEM 14, WHICH WAS
16 THE BUDGET.

17 MS. LANSING: DON'T YOU WANT TO GET
18 VOLUNTEERS FOR THE COMMITTEE?

19 DR. HENDERSON: CAN WE VOLUNTEER?

20 CHAIRMAN KLEIN: ABSOLUTELY. THE NEW CHAIR
21 INDICATES THAT SHE DOESN'T FEEL LIKE CARRYING THIS
22 FUNCTION HERSELF AND WOULD LIKE LOTS OF VOLUNTEERS.
23 DEAN PIZZO VOLUNTEERED. WHO ELSE WOULD LIKE TO
24 VOLUNTEER? DR. HENDERSON. OS STEWARD. CLAIRE
25 POMEROY.

1 DR. PRIETO: I NOMINATE DR. BALTIMORE. HE
2 EXPRESSED A STRONG INTEREST.

3 MR. SERRANO-SEWELL: THIS IS DAVID
4 SERRANO-SEWELL SPEAKING. I THINK IT'S GREAT THAT ALL
5 MY COLLEAGUES WANT TO BE ON THIS -- MANY OF MY
6 COLLEAGUES ARE EXPRESSING INTEREST IN SERVING ON THIS
7 IMPORTANT SUBCOMMITTEE; HOWEVER, JUST LET ME EXPRESS MY
8 OWN PERSONAL PREFERENCE. AND THAT IS WE MAKE EVERY
9 ATTEMPT TO KEEP THE COMPOSITION OF THIS COMMITTEE AS
10 SMALL AS POSSIBLE. I THINK A GOOD NUMBER -- THIS IS MY
11 ONLY PERSONAL THING -- SEVEN. YOU DEAL WITH QUORUM
12 ISSUES ARE EASIER, ASSEMBLING THE MEETINGS, THERE'S
13 LESS COORDINATION EFFORTS.

14 AND IT'S NOT TO INHIBIT PEOPLE'S INVOLVEMENT.
15 THAT'S NOT THE INTENT. THE INTENT IS TO KEEP IT SMALL,
16 KEEP IT FOCUSED. THE CHARGE IS CLEAR. AND THERE'S THE
17 HOPE THAT IT WOULD ONLY MEET THREE TIMES A YEAR.
18 THAT'S MY PREFERENCE, JUST TO KEEP THIS COMMITTEE
19 SMALL. OTHERWISE YOU'RE LOOKING AT ALMOST THE WHOLE
20 ENTIRETY OF THE ICOC SERVING AS THE GOVERNANCE
21 COMMITTEE. AND MAYBE THAT'S A GOOD THING.

22 MS. LANSING: EVENTUALLY YOU WILL.

23 MR. SERRANO-SEWELL: IF THAT'S THE CASE, THEN
24 LET'S NOT HAVE A GOVERNANCE COMMITTEE. LET'S JUST TAKE
25 THIS ON AS THE FULL ICOC. THAT'S MY POINT.

1 CHAIRMAN KLEIN: SO I THANK YOU FOR THE
2 STATEMENT. WHO ELSE IS VOLUNTEERING HERE? DR. DAVID
3 MEYER. ARE YOU DOING ON THIS ON BEHALF OF DR. BLACK?

4 DR. MEYER: WHOEVER SHOWS UP.

5 CHAIRMAN KLEIN: WHOEVER SHOWS UP.

6 DR. FONTANA: I'LL DO THE SAME.

7 CHAIRMAN KLEIN: OKAY.

8 DR. HALL: MAY I ASK WHO'S NOT GOING TO BE ON
9 THE COMMITTEE?

10 MS. LANSING: THAT'S OKAY. WE'LL GET IT.

11 CHAIRMAN KLEIN: I WILL VOLUNTEER TOO. OKAY.
12 THANK YOU VERY MUCH. AND I LOVE THE ENTHUSIASM OF THIS
13 BOARD. BOY, 35 MEETING -- PUBLIC MEETINGS IN 30 WEEKS
14 AND THEY KEEP VOLUNTEERING. THIS IS AN INSPIRATION. I
15 THINK WE'VE COMPLETED THIS ITEM. I THINK WE'VE
16 COMPLETED THIS ITEM.

17 AND IF WE CAN GO TO THE BUDGET ITEM FOR A
18 PRESENTATION BY WALTER BARNES. THAT ITEM SHOULD BE 14;
19 IS THAT CORRECT, WALTER?

20 MR. BARNES: THAT'S CORRECT. THERE'S
21 ACTUALLY THREE PARTS TO THIS. THERE'S A PART THAT
22 DEALS WITH TRAVEL POLICIES WHICH DOES REQUIRE A
23 DECISION BY THIS BOARD. THERE IS AN INFORMATION ITEM
24 ON CONTRACTS, WHICH I KNOW HAS BEEN SOMETHING OF
25 INTEREST TO MANY OF YOU. AND THEN ALSO THERE'S AN

1 UPDATE TO THE BUDGET SPENDING PLAN PRESENTATION THAT I
2 GAVE AT THE MAY 6TH MEETING.

3 SO BEFORE STARTING, I GUESS WHAT I'D LIKE TO
4 SAY, THOUGH, IS I WANT TO THANK ALL OF YOU FOR THE
5 OPPORTUNITY TO CONTINUE TO WORK WITH THIS GROUP. IT'S
6 VERY GRATIFYING, AND I APPRECIATE IT VERY MUCH. SO
7 THANK YOU.

8 GOING TO THE FIRST THINGS FIRST, WHICH SHOULD
9 BE ON THE TOP OF YOUR BINDER UNDER THIS TAB, HAS TO DO
10 WITH TRAVEL POLICIES. AND IF YOU RECALL AT THE APRIL
11 MEETING, YOU HAD ADOPTED TRAVEL POLICIES BASED ON THE
12 UC SYSTEM FOR IOC MEMBERS AND CIRM STAFF. IN ADDITION,
13 YOU ALSO ADOPTED POLICIES FOR PER DIEM AND TRAVEL
14 EXPENSES FOR MEMBERS OF WORKING GROUPS.

15 SINCE THAT TIME, THERE HAVE BEEN A COUPLE OF
16 QUESTIONS THAT HAVE COME UP. AND WE HAVE TWO ITEMS
17 HERE THAT WE FEEL SHOULD BE APPROVED BY THE ICOC
18 BECAUSE THEY ARE SOMEWHAT UNIQUE AND DIFFERENT, AND WE
19 THINK IT'S IMPORTANT THAT YOU REVIEW THEM AND APPROVE
20 THEM FIRST. AND THEN WE HAVE TWO OTHER ITEMS, ONE OF
21 WHICH IS RELATED TO THE WORKING GROUP REIMBURSEMENTS
22 THAT WE FEEL ARE INTERPRETIVE ONLY, THAT WE FEEL THAT
23 WITHIN THE POLICIES THAT YOU SET, THEY'RE CERTAINLY
24 CONSISTENT WITH THOSE POLICIES. BUT SINCE WE HAD TO
25 BRING THE TWO HERE, WE ALSO BROUGHT THE OTHER TWO AS

1 WELL JUST TO GIVE YOU A FLAVOR FOR WHAT WE'RE DOING.

2 THE FIRST ITEM, WHICH IS ON THE ATTACHMENT,
3 DEALS WITH THE QUESTION OF A TRANSPORTATION SERVICE.
4 THIS IS BASICALLY A RENTAL VEHICLE OF SOME SORT, EITHER
5 A CAR OR A VAN AND A DRIVER, AND HOW IT IS -- HOW IT
6 WOULD BE REIMBURSED UNDER OUR TRAVEL POLICY.

7 WE LOOKED AT THE UC TRAVEL PRACTICES. AND
8 UNDER THEIR PRACTICE, THEY DO HAVE A SERVICE. SUCH A
9 SERVICE CAN BE USED FOR A LIMITED SITUATION INVOLVING
10 TRAVEL BETWEEN TWO CITIES WHEN THE COST OF
11 TRANSPORTATION SERVICE IS CHEAPER WHEN COMPARED TO THE
12 LEAST EXPENSIVE AIR TRAVEL ALTERNATIVE PLUS THE COST OF
13 TRAVELING TO AND FROM THE DEPARTING AIRPORT AND TO AND
14 FROM THE ARRIVING AIRPORT AS WELL.

15 I SHOULD ALSO SAY THAT CURRENTLY WE ALLOW
16 TRANSPORTATION SERVICE REIMBURSEMENT IN LIEU OF TAXIS
17 THAT ARE USED TO GET TO AND FROM AIRPORTS WHEN YOU'RE
18 TAKING AN AIRPLANE, SO THIS WOULD BE AN EXTENSION OF
19 THAT. IT'S SUPPOSED TO BE USED TO DEAL WITH MODERATE
20 DISTANCES. WHAT WE'VE GOT IS 50 MILES, THE CITIES ARE
21 50 MILES OR THE AIRPORTS THEMSELVES ARE 50 MILES APART
22 OR NOT MORE THAN 130 MILES. THERE SHOULD BE A
23 SITUATION WHERE AIR TRAVEL BETWEEN THE TWO CITIES IS
24 SOMEWHAT REGULAR SO THAT, IN FACT, THERE IS A RATIONALE
25 FOR USING THIS ALTERNATIVE.

1 AND BASICALLY THERE ARE THREE SITUATIONS IN
2 WHICH THAT WOULD OCCUR RIGHT NOW. TRAVEL FROM SAN
3 DIEGO TO LOS ANGELES, TRAVEL FROM SAN DIEGO TO ONTARIO,
4 AND TRAVEL FROM SAN FRANCISCO TO AND FROM SACRAMENTO.
5 WE'RE BASICALLY PROPOSING THAT IN THESE SITUATIONS
6 WHERE IT'S LEAST EXPENSIVE TRANSPORTATION FOR ICO
7 MEMBERS AND THE CHAIR AND THE VICE CHAIR AND PRESIDENT
8 IS APPROPRIATE FOR ATTENDANCE AT AN ICOC MEETING, A
9 SUBCOMMITTEE MEETING, OR A WORKING GROUP MEETING
10 BECAUSE ALL OF YOU WOULD BE INVOLVED IN ONE OR MORE OF
11 THOSE OCCURRENCES.

12 AND IN ADDITION, BECAUSE OF THE UNIQUENESS OF
13 THE CHAIR AND THE PRESIDENT, WE'RE ALSO SUGGESTING THAT
14 IT ALSO BE AN ALTERNATIVE FOR OTHER TRAVEL THAT THEY
15 MAY HAVE TO TAKE BETWEEN THESE TWO CITIES.

16 THAT'S BASICALLY THE RECOMMENDATION. UNDER
17 CERTAIN LIMITED CIRCUMSTANCES, THIS WOULD BE AN
18 ALLOWABLE EXPENSE. AND SO OUR RECOMMENDATION IS THAT
19 YOU ADOPT THIS PARTICULAR POLICY THAT WE'VE LAID OUT
20 HERE.

21 CHAIRMAN KLEIN: DR. BRYANT.

22 DR. BRYANT: I JUST HAD A QUESTION SINCE I
23 LIVE HERE IN IRVINE. IF I WANTED TO GO TO SAN DIEGO
24 USING A PRIVATE RENTAL, COULD I DO THAT? IF MY CAR WAS
25 IN THE SHOP, FOR INSTANCE? OR IS IT JUST BETWEEN

1 CITIES THAT YOU COULD FLY BETWEEN?

2 MR. BARNES: YOU CAN ALWAYS USE A RENTAL CAR
3 TO DRIVE BETWEEN CITIES, BUT WHAT WE'RE TALKING ABOUT
4 HERE IS THIS IS AN ALTERNATIVE TO AIR TRANSPORTATION.
5 AND THIS IS THE ONLY SITUATION IN WHICH THE UC SYSTEM
6 APPARENTLY ALLOWS THIS.

7 DR. STEWARD: JUST A FOLLOW-UP QUESTION. I'M
8 THINKING THAT ACTUALLY IRVINE TO SAN DIEGO IS WITHIN
9 THIS MILEAGE.

10 MR. BARNES: I THINK IT ALSO HAS TO DO WITH
11 THE FACT THERE ARE NO -- I DON'T THINK THERE'S ANY
12 FLIGHTS THAT GO BETWEEN THE TWO.

13 CHAIRMAN KLEIN: I THINK LOGIC SHOULD PREVAIL
14 HERE OVER FORM. IF IT'S EFFICIENT FOR SOMEONE TO HAVE
15 A SERVICE TO DRIVE THEM, RATHER THAN TO GO TO L.A. TO
16 BE ABLE TO FLY TO SAN DIEGO, TO BE ABLE TO GET CAR
17 SERVICE TO DRIVE THEM TO SAN DIEGO, I THINK, WE SHOULD
18 EXPAND THE POLICY TO ENCAPTURE THAT SITUATION.

19 DR. PRIETO: ALSO A QUESTION ABOUT OTHER
20 SITUATIONS. ICOC MEMBERS WHO LIVE IN OUTLYING AREAS
21 WHERE THERE IS NO DIRECT AIR TRAVEL, CAN THEY USE A
22 TRANSPORTATION SERVICE TO GET TO A MEETING OR IN
23 CONJUNCTION WITH AIR TRAVEL? FOR INSTANCE, USING A
24 TRANSPORTATION SERVICE TO GET SOMEWHERE WHERE THEY CAN
25 REACH A COMMON CARRIER THAT WOULD GET THEM TO THE CITY.

1 MR. BARNES: WE ALREADY ALLOW THAT. IN OTHER
2 WORDS, IF YOU NEED TO, FOR INSTANCE, TAKE A TAXI, THIS
3 COULD BE CONSIDERED EQUIVALENT TO A TAXI TO GET YOU TO
4 THE AIRPORT. WE ALREADY ALLOW THAT TO TAKE PLACE.

5 DR. PRIETO: IS THERE A MILEAGE LIMITATION?

6 MR. BARNES: WE DON'T HAVE A MILEAGE
7 LIMITATION. WE HOPE IT'S REASONABLY WITHIN THE SAME
8 LOCATION.

9 CHAIRMAN KLEIN: THERE IS NO MILEAGE
10 LIMITATION. WE DON'T PREJUDICE PEOPLE WHO LIVE FURTHER
11 FROM AN AIRPORT.

12 WE NEED A MOTION HERE; IS THAT CORRECT?

13 MR. BARNES: THAT'S CORRECT.

14 CHAIRMAN KLEIN: I WOULD MAKE A MOTION FOR
15 ADOPTION WITH THE MODIFICATION THAT IF THERE IS NOT AN
16 AIRPORT THAT YOU CAN ACCESS AT THE CLOSEST DISTANCE,
17 RATHER THAN -- I WOULD MAKE A MOTION THAT FOR SITES
18 THAT ARE IN BETWEEN MAJOR CITIES WITH AIRPORT
19 TRANSPORTATION, THAT WE ALSO ALLOW THE SAME SERVICE TO
20 ACCOMMODATE THE BOARD MEMBERS IN THOSE LOCATIONS. IS
21 THERE A --

22 DR. POMEROY: WALTER, REALLY WHAT WE'RE
23 TALKING ABOUT IS BEING DRIVEN BY A CHAUFFEUR INSTEAD OF
24 DRIVING YOURSELF --

25 MR. BARNES: YES.

1 DR. POMEROY: -- BETWEEN THESE TWO CITIES.
2 JUST TO CLARIFY FOR EVERYBODY WHAT WE'RE REALLY TALKING
3 ABOUT.

4 CHAIRMAN KLEIN: IT CAN BE A SHUTTLE, IT CAN
5 BE ANY -- IT CAN BE A VAN, IT CAN BE A CAR WITH A
6 DRIVER. IT CAN'T COST MORE THAN AN AIRFARE WOULD COST,
7 AND THAT IS THE GUIDELINE.

8 MS. LANSING: WHAT WAS THE THING TO AND FROM
9 AIRPORTS?

10 CHAIRMAN KLEIN: TO AND FROM AIRPORTS, IT'S
11 ALREADY COVERED UNDER STANDARD PRACTICE.

12 MR. BARNES: AGAIN, UNDER THE UC POLICIES
13 RIGHT NOW OR UNDER THEIR PRACTICES, MORE TO SPEAK, WHAT
14 THEY DO IS THEY ALLOW THIS TYPE OF SERVICE IN LIEU OF
15 TRANSPORTATION VIA AIRLINE PARTICULARLY WHEN THERE'S A
16 COST ISSUE.

17 CHAIRMAN KLEIN: AND THEY ALSO ALLOW
18 TRANSPORTATION TO THE AIRPORT.

19 MR. BARNES: THAT'S RIGHT. AND IN ADDITION,
20 WE'VE ALSO -- I SKIPPED OVER THAT, BUT WE ALSO
21 INDICATED THAT WE FELT THAT IT WAS APPROPRIATE FOR THE
22 TRANSPORTATION SERVICE TO BE USED BETWEEN THE ABOVE
23 CITIES IF THE DIRECT FLIGHTS ARE NOT AVAILABLE AT A
24 TIME WHEN YOU ARE GOING TO HAVE TO TRAVEL. IN OTHER
25 WORDS, IF YOU ARE WORKING LATE AT THE END OF THE DAY

1 AND YOU NEED TO GET TO THE NEXT CITY THAT WOULD
2 NORMALLY BE HERE, YOU COULD USE THIS IN LIEU OF
3 WAITING, EITHER LEAVING YOUR WORK EARLY AND GRABBING A
4 PLANE OR WAITING TILL THE NEXT DAY TO GRAB A PLANE.

5 CHAIRMAN KLEIN: I THINK WE HAVE THE PICTURE.
6 IS THERE A SECOND TO THE MOTION THAT I MADE?

7 DR. BRYANT: I'LL SECOND.

8 CHAIRMAN KLEIN: OKAY. ANY FURTHER BOARD
9 DISCUSSION? YES, DR. HENDERSON.

10 DR. HENDERSON: I JUST WOULD LIKE IT TO BE
11 CLEAR THAT THIS IS THE EXCEPTION SO THAT THERE'S NO
12 PERCEPTION THAT THIS IS THE REGULAR MODE OF TRAVEL THAT
13 WE'RE RECOMMENDING FOR EACH OTHER, THAT THIS IS AN
14 EXCEPTION ONLY.

15 CHAIRMAN KLEIN: THIS IS TO BE USED WHEN IT'S
16 THE MOST EFFICIENT METHOD OF ACCESS.

17 MS. LANSING: WHEN IT'S CHEAPER. THAT'S WHAT
18 YOU'RE SAYING.

19 CHAIRMAN KLEIN: WE'RE TRYING TO GET TO
20 COST-EFFECTIVE SOLUTIONS. ALL RIGHT. IS THERE PUBLIC
21 COMMENT? CALL FOR THE QUESTION. ALL IN FAVOR?

22 MR. SERRANO-SEWELL: I'D ASK FOR A ROLL CALL
23 VOTE, PLEASE. BOB, I'M HAVING A PROBLEM WITH THIS.
24 AND THAT IS, WHY CAN'T PEOPLE JUST DRIVE THEMSELVES?

25 CHAIRMAN KLEIN: WELL --

1 MR. SHEEHY: CAN I ANSWER THAT?

2 MR. SERRANO-SEWELL: I CAN UNDERSTAND FOR
3 SOME OF OUR COLLEAGUES. I UNDERSTAND THAT.

4 MR. SHEEHY: DAVID, I CAN'T MYSELF. I CAN
5 DRIVE MYSELF THERE, BUT I CAN'T GET BACK. I THINK JOAN
6 IS PROBABLY IN THE SAME BOAT.

7 CHAIRMAN KLEIN: THE OTHER STANDARD IS IT'S
8 CHEAPER.

9 MR. SERRANO-SEWELL: I GET THAT, JEFF.

10 CHAIRMAN KLEIN: DAVID, WE'RE TRYING TO GET
11 TO COST-EFFECTIVE METHODS.

12 DR. PRIETO: MY UNDERSTANDING IS THE LIMIT IS
13 NOT TO EXCEED THE COST OF AIR TRAVEL, SO WE'RE REALLY
14 NOT INCURRING ANY COST HERE.

15 CHAIRMAN KLEIN: IT'S COST OF AIR TRAVEL PLUS
16 WHAT'D YOU PAY TO PARK AND FOR THE PARKING WHILE YOU'RE
17 GONE. IT'S TOTAL COST OF TRANSPORTATION.

18 DR. POMEROY: CAN YOU CLARIFY FOR US?

19 MR. SHEEHY: TO PUT IT IN PERSPECTIVE, THE
20 LAST MEETING IN SACRAMENTO, I TOOK A CAB TO THE
21 AIRPORT, FLEW TO SACRAMENTO, TOOK A CAB TO THE CAPITOL,
22 TOOK A CAB BACK, FLEW BACK TO SAN FRANCISCO, AND TOOK A
23 CAB. IN MY PARTICULAR CASE IT WAS IRRATIONAL, BUT IT
24 WAS PHYSICALLY DAUNTING TO TRY TO TRAVEL BACK TO THE
25 BAY AREA AT 5 O'CLOCK AT NIGHT, HAVING GOTTEN UP AT

1 SIX, A PERSON LIVING WITH HIV NOT BEING THE MOST
2 DURABLE PERSON AS TIME STARTS TO WIND DOWN THE CLOCK
3 AND HAVING TO FACE ALL THIS RUSH HOUR TRAFFIC. IT'S
4 NOT SOMETHING -- IT'S BEYOND THE CALL OF DUTY. I THINK
5 THERE ARE OTHER MEMBERS OF THE BOARD THAT MIGHT FIND
6 THAT DAUNTING, AND THAT WAS NOT REALLY THE MOST
7 ECONOMICALLY RATIONAL WAY TO HANDLE THAT. JUST USING A
8 PERSONAL EXAMPLE. I WOULD HAVE PREFERRED THIS. IT
9 WOULD HAVE MADE MORE SENSE. IT WOULD HAVE BEEN
10 CHEAPER.

11 MS. LANSING: I THINK THE IMPORTANT THING IS
12 WE'RE NOT, AT LEAST NONE OF US ARE IMAGINING LIMOUSINES
13 OR CHAUFFEURS AND ALL OF THAT. WE'RE JUST SAYING
14 SOMETIMES IF IT'S CHEAPER TO DRIVE OR HAVE SOMEONE
15 DRIVE YOU THAN IT IS TO FLY A COACH PLANE FARE, THEN
16 IT'S MORE EFFECTIVE AND MAYBE LESS WEAR AND TEAR ON
17 SOMEBODY, BUT IT HAS TO BE CHEAPER OR EQUIVALENT.

18 DR. POMEROY: WALTER, DOES THIS LANGUAGE SAY
19 HAS TO BE CHEAPER? YOU TALKED ABOUT IF IT'S
20 INCONVENIENT HOURWISE, THAT THAT WOULD ALSO BE
21 ACCEPTED. IS THAT LIMITED TO IF IT'S CHEAPER?

22 MR. BARNES: NO. WHAT WE'RE SAYING IS THAT
23 THE CHEAPER APPLIES TO TRANSPORTATION BETWEEN THESE
24 THREE CITIES. AND BASICALLY IF IT'S CHEAPER TO TAKE A
25 TRANSPORTATION SERVICE, THEN USE THAT BY ALL MEANS.

1 WHAT WE'RE ALSO SAYING IS THAT THERE ARE A COUPLE OF
2 OTHER INSTANCES, ONE OF WHICH WE DO RIGHT NOW, WHICH IS
3 TRANSPORTATION TO AND FROM AN AIRPORT. GENERALLY IT'S
4 LIKE A TAXI. IT MAY BE A LITTLE MORE EXPENSIVE, IT MAY
5 BE LESS EXPENSIVE. IT JUST DEPENDS ON HOW FAR AWAY AND
6 THAT KIND OF THING THAT GOES, BUT WE FEEL THAT THAT'S
7 EQUIVALENT TO THE TAXI TO GO TO THE AIRPORT.

8 AND THE ONLY OTHER SITUATION WE'RE SAYING IS
9 THAT BETWEEN THESE AIRPORTS, IF THERE WOULD NORMALLY BE
10 A FLIGHT, BUT YOU CAN'T TAKE THAT FLIGHT BECAUSE YOU
11 HAVE A SITUATION IN WHICH YOU NEED TO LEAVE WHEN THE
12 FLIGHTS AREN'T AVAILABLE, THIS WOULD BE LOGICAL. SO,
13 IN EFFECT, THIS IS THE ONE THAT I THINK BOB HAD ALLUDED
14 TO AS BEING AN EFFICIENCY ISSUE AS OPPOSED TO
15 NECESSARILY A COST-EFFECTIVE ISSUE. BUT I THINK,
16 AGAIN, IT GOES BACK TO THE IDEA THAT THESE SHOULD BE
17 THE EXCEPTIONS, NOT THE RULE.

18 CHAIRMAN KLEIN: THE OTHER ISSUE IS DR.
19 PRIETO MENTIONED PEOPLE THAT MAY BE IN OUTLYING AREAS.
20 IT'S VERY DIFFICULT TO GET A TAXI OUT 20 MILES OR SO.
21 THEY JUST DON'T SHOW UP. AND YOU CAN'T BE IN A
22 SITUATION WHERE YOU CAN'T SHOW UP FOR THE SUBCOMMITTEE
23 MEETING. WE WOULD LOSE OUR QUORUM, ETC. SO WE NEED
24 FUNCTIONALLY TO BE ABLE TO GET TRANSPORTATION THAT'S
25 RELIABLE AND COST-EFFECTIVE.

1 MS. LANSING: I ALSO HAVE A SUGGESTION. I
2 THINK WE'RE BELABORING THIS. I THINK THE UC SYSTEM HAS
3 A CONTRACT, THAT I DON'T KNOW, BUT IT HAS AN
4 ARRANGEMENT WITH A CERTAIN CAR SERVICE, FOR EXAMPLE,
5 WHEN WE'RE IN SAN FRANCISCO THAT I KNOW IS LESS MONEY.
6 DO YOU KNOW? SO MAYBE WE CAN LOOK INTO CAR SERVICES IN
7 DIFFERENT AREAS. I DON'T WHO DOES THIS, BUT SOMEBODY
8 TRY AND DO COST-EFFECTIVENESS. I THINK MAYBE THAT WILL
9 HELP ALSO.

10 CHAIRMAN KLEIN: OKAY. WITH THAT
11 EXPLANATION, DAVID, DO YOU NEED A ROLL CALL VOTE, OR IS
12 THAT ACCEPTABLE?

13 MR. SERRANO-SEWELL: I SENSE THE WILL OF MY
14 COLLEAGUES. I'M PREPARED TO CALL THE QUESTION.

15 CHAIRMAN KLEIN: CALL THE QUESTION. ALL IN
16 FAVOR. OPPOSED?

17 DR. POMEROY: NO. WHATEVER.

18 CHAIRMAN KLEIN: CLAIRE. OKAY. CLAIRE IS
19 OPPOSED. OKAY.

20 MR. BARNES: THE SECOND ITEM STARTS AT THE
21 BOTTOM OF THE SAME PAGE, GOES ON TO THE SECOND ONE, AND
22 THIS HAS TO DO WITH THE ISSUE OF MEALS PROVIDED TO
23 PERSONS WHO ARE NOT MEMBERS OF THE ICOC. WE HAVE A
24 POLICY FOR THEM. CIRM STAFF, WE HAVE A POLICY FOR THEM
25 OR MEMBERS OF THE WORKING GROUPS TO BE REIMBURSED.

1 AGAIN, LOOKING AT THE UC RULES SPECIFICALLY, THEY
2 PROVIDE FOR THE ACTUAL COST OF LIGHT REFRESHMENTS, AND
3 LIGHT REFRESHMENTS INCLUDE COFFEE AND BEVERAGES AND NOT
4 ALCOHOL, SNACKS, HORS D'OEUVRES, THINGS LIKE THAT, IN
5 TWO SITUATIONS. ONE IS ADMINISTRATIVE MEETINGS.
6 PURPOSE OF THE MEETING MUST BE DIRECTLY RELATED TO THE
7 MISSION OF CIRM. AND HOSTING OFFICIAL GUESTS. MEMBERS
8 OF THE COMMUNITY COULD BE EXPECTED TO HAVE A SPECIFIC
9 IMPACT ON THE GOALS OF CIRM. AN EXAMPLE WOULD BE A
10 COURTESY VISIT FROM A FOREIGN COUNTRY OR THINGS LIKE
11 THAT.

12 IN ADDITION, MEALS CAN BE SERVED TO PERSONS
13 ATTENDING ADMINISTRATIVE MEETINGS. AND THE
14 ADMINISTRATIVE MEETINGS ARE THE SAME THING AS DESCRIBED
15 ABOVE. AND REIMBURSEMENT UNDER THE UC SYSTEM IS GIVEN
16 FOR BREAKFAST AT \$18, LUNCH AT 30, AND DINNER AT 45.

17 NOW, UNDER THE UC SYSTEM, THERE'S AN
18 EXPECTATION THAT THESE TYPES OF EXPENDITURES ARE GOING
19 TO BE PREAPPROVED, AND THEY ARE USUALLY PREAPPROVED AT
20 A VERY HIGH LEVEL. SO WHAT WE'RE PROPOSING IS THAT WE
21 ADOPT THIS AS A POLICY FOR DEALING WITH PERSONS WHO
22 DON'T FALL INTO ONE OF THE OTHER THREE CATEGORIES AND
23 THAT THE PRIOR APPROVAL BE EITHER THE CHAIR OF THE ICOC
24 OR THE PRESIDENT OF CIRM; OR TO THE EXTENT THAT THEY
25 WISH TO DESIGNATE SOMEBODY, THAT PERSON WOULD ALSO DO

1 THAT.

2 CHAIRMAN KLEIN: FOR EXAMPLE, WE COULD
3 DESIGNATE THE CHIEF ADMINISTRATIVE OFFICER. ALL RIGHT.
4 DISCUSSION.

5 CERTAINLY, IF WE HAVE A WORKING GROUP AND
6 THEY'VE COME ALL THE WAY ACROSS THE COUNTRY, AND WE'RE
7 TRYING TO WORK THROUGH LUNCH, TO GET SANDWICHES FOR
8 THEM, GET SOMETHING THAT WOULD MAXIMIZE THE
9 EFFECTIVENESS AND TIME, THIS IS A FAIRLY REASONABLE
10 APPROACH HOPEFULLY. ANY OTHER DISCUSSION? ANY PUBLIC
11 DISCUSSION?

12 HEARING NO PUBLIC COMMENT, I CALL THE
13 QUESTION. ALL IN FAVOR. OPPOSED? ALL RIGHT.

14 MR. BARNES: THE LAST TWO ARE JUST
15 INTERPRETATIONS, ONE HAVING TO DO WITH MAKING TRAVEL
16 ARRANGEMENTS THROUGH A SOURCE OTHER THAN THE STATE
17 TRAVEL AGENCY AND, FOR INSTANCE, THROUGH AN INTERNET
18 SITE. AND WHAT WE HAVE DETERMINED IS THAT YOU CAN USE
19 WHATEVER SITE YOU WANT. IF YOU WANT TO GO TO AN
20 INDEPENDENT SITE AND GET YOUR TICKETS THERE, THAT'S
21 FINE. WE RECOMMEND TRYING TO USE THE STATE TRAVEL
22 AGENCY --

23 CHAIRMAN KLEIN: WALTER. COULD WE TURN OFF
24 THE POLYCOM? ET IS HERE SOMEWHERE. THANK YOU.

25 MR. BARNES: ANYWAY, BASICALLY IT WILL

1 USUALLY ALLOW YOU TO GET THE BEST PRICE USING STATE
2 DISCOUNTS AND THINGS LIKE THAT, BUT YOU MAY ALSO FIND A
3 BETTER DEAL ON THE INTERNET. YOU MAY ALSO FIND THAT
4 THE ALTERNATIVE THAT'S AVAILABLE TO YOU, CONSISTENT
5 WITH THE TYPE OF TRAVEL THAT YOU HAVE TO DO, MAY BE
6 MORE EXPENSIVE, BUT IT'S NECESSARY, AGAIN, TO GET THE
7 JOB DONE. AND SO ESSENTIALLY WHAT WE'RE SAYING IS YOU
8 CAN DO THAT. TO THE EXTENT THAT IT IS MORE EXPENSIVE,
9 THEN YOU SHOULD HAVE A REASON FOR IT, AND YOU SHOULD
10 PUT THAT REASON ON YOUR TRAVEL EXPENSE CLAIM SO THAT WE
11 CAN DETERMINE IF IT'S REASONABLE.

12 THAT'S JUST AN INTERPRETATION. WE BELIEVE
13 THAT'S CONSISTENT WITH THE POLICY THAT YOU ADOPTED WITH
14 REGARD TO TRAVEL EXPENSES. SO UNLESS ANYBODY HAS ANY
15 QUESTIONS.

16 DR. LOVE: IS THE RATE THAT WE PAY FOR
17 TICKETS THE RATE THAT WE SEE? IN OTHER WORDS, IS THERE
18 SOME KIND OF DISCOUNT THAT COMES BACK TO THE STATE THAT
19 ISN'T OBVIOUS WHEN WE PURCHASE A TICKET?

20 MR. BARNES: THERE'S NO DISCOUNT THAT COMES
21 BACK TO THE STATE, BUT THE STATE HAS CONTRACTS WITH A
22 NUMBER OF DIFFERENT AIRLINES, PARTICULARLY BETWEEN
23 MAJOR CITIES BOTH IN CALIFORNIA AND IN MAJOR CITIES
24 ACROSS THE NATION, INCLUDING WASHINGTON, CHICAGO, NEW
25 YORK, PLACES LIKE THAT. AND SO THE DISCOUNTS ARE

1 ALREADY BUILT INTO IT.

2 DR. LOVE: SO THE PRICE THAT WE SEE IS, IN
3 FACT, THE PRICE THAT THE STATE IS PAYING?

4 MR. BARNES: THAT'S CORRECT.

5 CHAIRMAN KLEIN: THE OTHER CONSIDERATION HERE
6 IS OBVIOUSLY THAT IF THE STATE AGENCY IS NOT AVAILABLE
7 WHEN YOU NEED TO BE MAKING A CHANGE, YOU WILL NEED TO
8 MAKE IT YOURSELF BECAUSE YOU FUNCTIONALLY NEED TO GET A
9 CONFIRMATION TO BE ABLE TO MOVE AHEAD WITH A MEETING OR
10 SOME OTHER OBJECTIVE, THAT YOU SHOULD PROCEED LOOKING
11 AT THE MISSION AS THE MOST IMPORTANT THING WHILE BEING
12 CONSCIOUS OF COST-EFFECTIVENESS.

13 IS THERE ANY OTHER COMMENTS HERE? DR. LOVE,
14 DO YOU HAVE ANY COMMENTS?

15 DR. LOVE: NO. I WAS JUST SAYING THAT I
16 HAVEN'T BEEN IMPRESSED WITH THE STATE DISCOUNT. MAYBE
17 I HAVEN'T BEEN GETTING IT.

18 CHAIRMAN KLEIN: OKAY. ANY OTHER COMMENTS?

19 MR. BARNES: MOVING ON --

20 CHAIRMAN KLEIN: DO YOU NEED AN APPROVAL OF
21 THIS?

22 MR. BARNES: I DON'T THINK SO. I THINK THIS
23 IS AN INTERPRETATION. IT'S A LOGICAL INTERPRETATION.

24 THE OTHER ONE IS ALSO AN INTERPRETATION
25 HAVING TO DO WITH TRAVEL POLICIES FOR WORKING GROUP

1 MEMBERS. WORKING GROUP MEMBERS GET THE SAME TRAVEL
2 THAT WE DO, THE \$50 A DAY FOR MEALS, BUT THAT BECOMES
3 REALLY DIFFICULT, AS WE FOUND OUT WITH THE ICOC
4 MEETINGS, WHEN WE TRY TO COLLECT A CERTAIN AMOUNT OF
5 MONEY FROM EVERYBODY TO DEAL WITH MEALS SUCH AS THE
6 LUNCH THAT WE HAVE TO DO. AND PARTICULARLY IN WORKING
7 GROUPS, IT'S NOT ONLY LIKELY THAT THEY'RE GOING TO BE
8 WORKING AT BREAKFASTS AND LUNCHESES AND THAT KIND OF
9 THING, IT'S PROBABLY GOING TO BE REQUIRED AS WELL.

10 AND SO OUR FEELING IS THAT WHAT WE'D LIKE TO
11 BE ABLE TO DO IS TO DO WHAT WE DO WITH THE ICOC, WHICH
12 IS TO BASICALLY CONTRACT FOR THOSE MEALS AND PAY FOR IT
13 ALL AT ONCE RATHER THAN TO TRY AND CATCH MONEY FROM
14 EVERYBODY TO TRY AND PAY FOR IT. SO WE, AGAIN, THINK
15 THAT THAT'S CONSISTENT WITH THE INTENT OF WHAT YOU
16 MEANT WITH REGARD TO REIMBURSING THEM. AND SO ASSUMING
17 THAT NOBODY DISAGREES WITH IT, THAT'S BASICALLY HOW
18 WE'RE GOING TO HANDLE THIS.

19 CHAIRMAN KLEIN: ANY COMMENTS ON THIS ITEM?
20 ANY PUBLIC COMMENTS? ALL RIGHT.

21 MR. BARNES: THAT MOVES ON TO THE CONTRACTS
22 AND INTERAGENCY AGREEMENTS. I KNOW THERE'S BEEN A LOT
23 OF TALK ABOUT CONTRACTS AND INTERAGENCY --

24 CHAIRMAN KLEIN: WALTER, DR. STEWARD.

25 DR. STEWARD: I'M SORRY. THIS IS NOT

1 DIRECTLY RELATED, BUT IT MIGHT BE SOMETHING THAT WOULD
2 BE -- I DON'T KNOW WHETHER IT'S THERE OR IS A NEW
3 POLICY. IT HAS TO DO WITH THE OFFICIAL GUESTS OF THE
4 ICOC. IS THIS SOMETHING THAT'S REIMBURSABLE FOR TRAVEL
5 AS WELL AS ENTERTAINMENT OR LIGHT REFRESHMENTS?

6 MR. BARNES: IT DEPENDS UPON, YOU KNOW, WHY
7 THEY'RE THERE. IF THEY'RE THERE ON THEIR OWN HOOK,
8 THEN PROBABLY NOT. BUT IF THEY'RE HERE AT OUR REQUEST,
9 SUCH AS WHEN WE BROUGHT ALTA CHARO IN TO DO SOME WORK
10 WITH US, WE CAN MAKE ARRANGEMENTS TO PAY FOR HER
11 TRAVEL. WE MADE ARRANGEMENTS TO PAY FOR HER TRAVEL,
12 AND WE CAN DO THAT AS WELL.

13 DR. STEWARD: LET ME BE VERY SPECIFIC. WHAT
14 ABOUT THE SPOTLIGHT PEOPLE?

15 CHAIRMAN KLEIN: THEY'RE THERE AT OUR
16 REQUEST.

17 MR. BARNES: WELL, I GUESS THAT'S A QUESTION.

18 CHAIRMAN KLEIN: THEY ARE THERE AT OUR
19 REQUEST.

20 MR. BARNES: I COULD CERTAINLY SEE THAT
21 THERE'S NO REASON WHY WE CAN'T. WE HAVEN'T DONE IT,
22 BUT I THINK THERE'S NO REASON THAT I CAN THINK OF, AT
23 LEAST OFF THE TOP OF MY HEAD. IF YOU PERMIT ME, I'D
24 LIKE TO GO BACK AND JUST RESEARCH IT A LITTLE BIT AND
25 MAKE SURE. BUT GIVEN THE FACT THAT WE ASK PEOPLE TO

1 COME HERE AND MAKE PRESENTATIONS TO US, I DON'T SEE WHY
2 WE COULDN'T.

3 CHAIRMAN KLEIN: I'D LIKE TO SUPPORT THIS
4 ITEM. MANY OF THESE FAMILIES ARE DEVASTATED BY THE
5 COST OF CHRONIC DISEASE OR INJURY. AND WE DON'T WANT A
6 POLICY THAT ONLY ALLOWS US TO SEE PEOPLE OF INDEPENDENT
7 ECONOMIC MEANS. IT IS IMPORTANT INSIGHT TO THESE
8 DISEASES TO REALLY UNDERSTAND THE ECONOMIC TRAGEDY THAT
9 OCCURS WITH THE PHYSICAL SUFFERING. AND IT'S IMPORTANT
10 TO BE ABLE TO SUPPORT THOSE PEOPLE IN BEING ABLE TO
11 HAVE ACCESS.

12 MR. BARNES: OKAY. LET ME PUT SOMETHING
13 TOGETHER ON THAT.

14 ALL RIGHT. GOING BACK TO CONTRACTS, WHAT
15 I'VE GIVEN YOU IS A LISTING OF ALL EXECUTED CONTRACTS
16 THAT WE HAVE RIGHT NOW. THEY'RE DIVIDED INTO TWO
17 CATEGORIES. THERE'S CONTRACTS WITH THIRD PARTIES, AND
18 THERE ARE CONTRACTS WITH STATE INTERAGENCIES. THEY'RE
19 CALLED INTERAGENCY AGREEMENTS. INTERAGENCY AGREEMENTS
20 ARE NOT COMPETITIVELY BID. THEY'RE BASICALLY THE
21 LOANING OF STAFF OR SERVICES TO ANOTHER STATE AGENCY,
22 SO THE CONTRACT IS EXECUTED WITHOUT THE NEED FOR
23 COMPETITIVE BID.

24 THE CONTRACTORS, THE THIRD-PARTY CONTRACTORS,
25 WE'VE DIVIDED THEM INTO TWO CATEGORIES, ACTUALLY THREE

1 CATEGORIES, BUT THE TWO MAJOR ONES ARE THOSE THAT ARE
2 RELATED TO GRANTS ADMINISTRATION, THOSE THAT ARE
3 RELATED TO GENERAL ADMINISTRATION. AND WITHIN THE
4 GENERAL ADMINISTRATION, WE'VE SHOWN A LIST OF COMPLETED
5 CONTRACTS, THOSE THAT THEIR CONTRACT IS EXPIRED. THERE
6 MAY BE SOME AMOUNT OF MONEY STILL LEFT IN THEM, AND
7 THAT BASICALLY MEANS THAT WE'RE STILL WAITING FOR ANY
8 FINAL BILLS. AND TO THE EXTENT THAT THERE'S ANY MONEY
9 LEFT, THE CONTRACT BALANCE WILL BE DISENCUMBERED AND
10 WE'LL PLUG IT BACK IN TO MAKE IT AVAILABLE FOR US.

11 BASICALLY, YOU KNOW, I THINK I MENTIONED
12 BEFORE THAT TO A CERTAIN EXTENT, THERE'S A RELATIONSHIP
13 BETWEEN SOME OF THE CONTRACTS, PARTICULARLY FOR GENERAL
14 ADMINISTRATION, AND FOR THE STATE INTERAGENCY
15 AGREEMENTS THAT DURING THE EARLY DAYS OF CIRM, WE HIRED
16 A LIMITED NUMBER OF STAFF, BUT WE STILL HAD A NEED TO
17 ACTUALLY DO WORK, SUCH AS PROCESSING TRAVEL EXPENSE
18 CLAIMS AND GETTING THEM PAID AND HELPING SET UP OUR
19 SPACE AND EQUIPMENT AND THINGS LIKE THAT. SO WE HAD A
20 MAJOR CONTRACT WITH THE STATE CONTROLLER'S OFFICE, FOR
21 INSTANCE, TO PROVIDE THOSE SERVICES TO US AND ALSO MY
22 LOAN WAS INCLUDED IN THAT AS WELL. NOW THAT MY LOAN
23 HAS ENDED AND I'M NOW PART OF THE PERSONAL SERVICES
24 PART OF THE BUDGET, THIS CONTRACT IS GOING TO GO DOWN
25 NEXT YEAR. AND TO THE EXTENT THAT WE HIRE ADDITIONAL

1 STAFF TO TAKE ON SOME OF THESE RESPONSIBILITIES MORE
2 DIRECTLY, THEN THE NEED FOR A LOT OF THESE SUPPORT
3 SERVICES CONTRACTS ARE GOING TO GO DOWN.

4 I SHOULD SAY THAT WHILE THESE ARE THE ONES
5 THAT ARE EXECUTED, THESE ARE EXECUTED, AND THE AMOUNTS
6 THAT ARE LISTED AS PAID IS THAT'S PAID THROUGH MAY 31ST
7 OF 2005. SO WE HAVE ANOTHER MONTH OF PAYMENTS THAT ARE
8 STILL TO BE MADE ON THIS AS FAR AS LAST YEAR'S BUDGET
9 IS CONCERNED. AND I ALSO ADDED THE AMOUNTS OF WHAT WE
10 CALL DEFERRED PAYMENTS. IF YOU RECALL, THERE WERE
11 THREE CONTRACTORS, TWO INTERAGENCY AGREEMENTS, AND ONE
12 PRIVATE CONTRACTOR THAT AGREED NOT TO TAKE PAYMENTS
13 DURING THE TIME WHEN WE WERE LIMITED AS FAR AS OUR
14 FUNDING GOES. SO THOSE ARE AMOUNTS THAT WE STILL OWE
15 THEM THAT THEY HAVE INCURRED FOR THIS YEAR THAT WE HAVE
16 TO PAY.

17 LET'S SEE. THE OTHER THING I WOULD SAY IS
18 THAT WE'RE CURRENTLY IN NEGOTIATION FOR THREE OTHER
19 CONTRACTS. ONE IS EDELMAN, AND BASICALLY EDELMAN WOULD
20 BE TO ASSIST IN COMMUNICATION MATTERS INCLUDING PUBLIC
21 EDUCATION AND MEDIA RELATIONS. EDELMAN HAS AGREED TO
22 PROVIDE MONTH-TO-MONTH SERVICE AT A RATE OF 27,550 PLUS
23 EXPENSES WITH AN OPTION TO DEFER PAYMENT OF ANY EXCESS
24 COSTS INTEREST FREE TO HELP, AGAIN, WITH OUR CASH FLOW.

25 WE'RE ALSO WORKING -- WE ACTUALLY JUST

1 FINISHED EXECUTING A CONTRACT WITH A PRIVATE
2 CONTRACTOR, PAT OLSON, \$24,000, WHICH IS BASICALLY
3 BEING USED TO HELP PROCESS THE GRANT APPLICATIONS AND
4 WORKING WITH DR. CHIU ON HER WORK. AND THEN WE HAVE
5 ANOTHER CONTRACT THAT'S BEING WORKED ON WITH A COMPANY
6 CALLED ATHEON, WHICH IS RELATED TO PROVIDING TECHNICAL
7 SUPPORT FOR OUR I.T. SYSTEM, OUR E-MAIL, BLACKBERRIES,
8 AND THINGS LIKE THAT. RIGHT NOW THAT SERVICE IS BEING
9 PROVIDED TO US THROUGH THE STATE CONTROLLER'S OFFICE.
10 SO ONCE ATHEON COMES ON BOARD, THE STATE CONTROLLER'S
11 OFFICE CONTRACT WILL GO DOWN.

12 PROBABLY THE ONLY FINAL THING I SHOULD ADD IS
13 THAT EACH CONTRACT IS ASSIGNED TO A CIRM STAFF MEMBER
14 WHO IS CONSIDERED THE CONTRACT MANAGER. CONTRACT
15 MANAGER IS RESPONSIBLE FOR MONITORING THE PERFORMANCE,
16 REVIEWING AND APPROVING ANY INVOICES FOR PAYMENT. AS I
17 MENTIONED AT THE MAY MEETING, WE HAVE A DOUBLE APPROVAL
18 PROCESS FOR ALL EXPENDITURES, WHICH BASICALLY MEAN THAT
19 THIS CASE THE CONTRACT MANAGER ATTESTS THAT THE
20 SERVICES HAVE BEEN DELIVERED IN AN APPROPRIATE MANNER.
21 AND THEN AS THE CHIEF ADMINISTRATIVE OFFICER, I SIGN
22 OFF ON IT TO ATTEST THAT IT'S READY FOR PAYMENT. SO WE
23 HAVE THAT PROCESS.

24 ALL OF OUR CONTRACTS HAVE BEEN NEGOTIATED IN
25 ACCORDANCE WITH THE UC PROCUREMENT POLICIES. AGAIN,

1 THIS IS IN ACCORDANCE WITH THE PROVISIONS OF
2 PROPOSITION 71. WE'RE ACTUALLY WORKING ON A MEMO THAT
3 WOULD SORT OF SOLIDIFY AND HOPEFULLY MAKE CLEAR TO
4 EVERYBODY WHAT THOSE CONTRACT PROCESSES SHOULD BE. AND
5 OUR EXPECTATION IS THAT THIS IS SOMETHING THAT WE'D
6 HAVE READY TO PRESENT TO THE GOVERNANCE COMMITTEE AND
7 ASK THEM FOR APPROVAL TO ADOPT IT AS A SPECIFIC POLICY
8 FOR CIRM GOING FORWARD.

9 QUESTIONS?

10 MR. SHEEHY: WHAT IS THE THRESHOLD FOR A
11 CONTRACT? WHAT DOLLAR AMOUNT REQUIRES BOARD APPROVAL
12 FOR APPROVAL OF A CONTRACT?

13 MR. BARNES: IN THE DELEGATION THAT WAS GIVEN
14 TO BOB KLEIN AT THE JANUARY MEETING, THERE WAS A LIMIT
15 OF \$100,000. AND DURING THE TIME THAT BOB WAS ACTING
16 AS THE PRESIDENT, NONE OF THE CONTRACTS THAT WE
17 EXECUTED EXCEEDED THAT AMOUNT. SINCE THAT TIME THERE
18 HASN'T BEEN A PARTICULAR DELEGATION TO ANY OF US. SO
19 THIS IS ONE OF THE THINGS THAT I THINK THE GOVERNANCE
20 COMMITTEE HAS TO MAKE A DECISION ON, ON A GOING-FORWARD
21 BASIS, WHAT DO THEY WANT TO DO.

22 MR. SHEEHY: CAN WE ENTER INTO -- HOW CAN
23 WE -- SINCE WE HAVE A THRESHOLD THAT'S PREVIOUSLY
24 STANDING. I'M JUST CONCERNED ABOUT THIS EDELMAN
25 CONTRACT, WHICH CLEARLY IS GOING TO EXCEED \$100,000. I

1 DON'T KNOW HOW WE COULD SIGN THAT CONTRACT WITHOUT
2 BOARD APPROVAL.

3 CHAIRMAN KLEIN: IN FACT, I'D LIKE TO REMIND
4 YOU AT THE LAST BOARD MEETING, I SPECIFICALLY INDICATED
5 THAT THAT CONTRACT WAS COMING BACK FOR BOARD APPROVAL.
6 SO BECAUSE -- SIGNIFICANT CONTRACTS OF THAT SORT, I
7 THINK IT'S VERY APPROPRIATE TO COME BACK TO BOARD
8 APPROVAL. WE'LL LOOK TO THE GOVERNANCE COMMITTEE FOR
9 DIRECTION ON AMOUNTS, BUT THAT SPECIFIC CONTRACT IS
10 COMING BACK FOR BOARD APPROVAL.

11 MR. SHEEHY: ARE WE PAYING THEM NOW?

12 CHAIRMAN KLEIN: ON A MONTH-TO-MONTH BASIS.

13 MR. SHEEHY: HOW MUCH?

14 MR. BARNES: ACTUALLY WE'RE NOT PAYING THEM
15 NOW. WE ARE GETTING BILLS FROM THEM, BUT WE DON'T PAY
16 THEM UNTIL THE CONTRACT IS EXECUTED.

17 MR. SHEEHY: HOW MUCH MONEY DO WE OWE THEM SO
18 FAR?

19 CHAIRMAN KLEIN: WE ARE OBLIGATING MONEY AT,
20 I BELIEVE, \$27,500 A MONTH.

21 MR. BARNES: THAT'S CORRECT.

22 MR. SHEEHY: SO WE WILL HAVE EXCEEDED THE
23 \$100,000 MARK POTENTIALLY BY THE TIME WE GET AROUND TO
24 APPROVING THE CONTRACT. AND THAT WOULD BE FOR A VENDOR
25 THAT WE -- I HAVEN'T EVEN SEEN A SCOPE OF WORK. I JUST

1 FEEL A LITTLE UNCOMFORTABLE. I FEEL EXTREMELY
2 UNCOMFORTABLE. FIRST OF ALL, THE RATE IS EXTREMELY
3 HIGH, I THINK. I CAN'T -- I JUST -- \$30,000 A MONTH
4 FOR COMMUNICATIONS IS A LOT OF MONEY.

5 CHAIRMAN KLEIN: I THINK WHAT'S IMPORTANT TO
6 RECOGNIZE IS THAT WE'RE RUNNING NUMEROUS LEVELS OF
7 COMMUNICATION. AND THIS HAS BECOME A STATE ISSUE OF
8 NATIONAL IMPORTANCE, SO THERE'S AN EXTRAORDINARY LEVEL
9 OF COMMUNICATIONS, AND THERE ARE BOTH THE NEED TO
10 COMMUNICATE WITH THE SCIENTIFIC COMMUNITY AS WELL AS
11 THE GENERAL PUBLIC.

12 MR. SHEEHY: IT'S NOT A PURPOSE. IT'S NOT
13 RELATED TO THE PURPOSE. IT'S RELATED TO THE PROCESS.
14 AND WE HAD A POLICY IN PLACE WHICH REQUIRED CONTRACTS
15 OVER A HUNDRED THOUSAND TO GET APPROVAL OF THE BOARD.
16 IT SEEMS LIKE WE'VE ENTERED INTO A CONTRACT THAT WILL
17 EXCEED \$100,000 AND WE HAVEN'T HAD BOARD APPROVAL. I
18 DON'T THINK THAT'S APPROPRIATE.

19 CHAIRMAN KLEIN: WHEN DR. HALL WAS ELECTED,
20 THE -- WHEN MY AUTHORITY ENDED AND DR. HALL WAS
21 APPOINTED BY THIS BOARD, HE WAS NOT LIMITED TO THE
22 \$100,000 THAT I HAD SUGGESTED AND THE BOARD HAD ADOPTED
23 AS MY LIMITATION.

24 MR. SHEEHY: I DON'T THINK THAT MEANT HE HAD
25 A BLANK CHECK.

1 CHAIRMAN KLEIN: NO, IT DIDN'T. BUT THE
2 GOVERNANCE COMMITTEE WILL CERTAINLY CREATE A POLICY,
3 HOPEFULLY, THAT THE BOARD IS COMFORTABLE WITH. I WOULD
4 SUGGEST THAT WE NOW HAVE A GOVERNANCE COMMITTEE; AND
5 CERTAINLY, JEFF, YOU HAVE A SPECIAL EXPERTISE IN
6 COMMUNICATION.

7 MR. SHEEHY: WHICH IS WHY I'M A LITTLE
8 APPALLED AT THE RATE THAT WE'RE PAYING.

9 CHAIRMAN KLEIN: WELL --

10 MR. SHEEHY: YOU HAD TO PICK ME UP OFF THE
11 FLOOR.

12 MR. SERRANO-SEWELL: JEFF, YOU'VE BEEN
13 UNDERPAID.

14 MS. LANSING: THIS IS A MONTH TO MONTH, SO WE
15 CAN CHOOSE TO GO AHEAD WITH THIS OR NOT WITH THE
16 GOVERNANCE COMMITTEE, OF WHICH YOU ARE A MEMBER, JEFF.
17 WE DON'T HAVE TO CONTINUE THIS; IS THAT CORRECT? I'M
18 NOT SAYING WE SHOULDN'T. I'M JUST ASKING THE QUESTION.

19 MR. SHEEHY: MY ONLY POINT IS THAT THE
20 CONTRACT WOULD TERMINATE AT \$99,000 IN BILLABLES. JUST
21 IN TERMS OF PROCESS, WE HAD ESTABLISHED \$100,000 AS A
22 THRESHOLD, AND THAT'S THE ONE TIME THAT THE BOARD MADE
23 A STATEMENT ON THAT. AND THIS CONTRACT HAS BEEN
24 ENTERED INTO. WE'VE ALREADY RUN UP MONEY. I THINK
25 THAT WE SHOULD STIPULATE THAT WHEN THEY HIT \$99,999,

1 THAT'S IT UNLESS THE BOARD HAS ACTED IN THE INTERIM. I
2 JUST THINK IN TERMS OF OUR EXERCISING APPROPRIATE
3 FISCAL OVERSIGHT --

4 CHAIRMAN KLEIN: WE HAVE A MAJOR -- IF WE
5 HAVE A MAJOR NEWS EVENT IN THAT DAY AND THAT WEEK, WE
6 SHOULD TERMINATE IT ALTHOUGH WE WON'T HAVE THE STAFFING
7 TO RESPOND TO THE EVENT?

8 MR. SHEEHY: YOU KNOW, THAT'S OKAY. I DON'T
9 THINK THE PUBLIC GAVE US THE BONDS TO RESPOND TO MAJOR
10 NEWS EVENTS. IT GAVE US THE MONEY TO DO RESEARCH. SO
11 30,000 A MONTH, \$360,000 A YEAR FOR MEDIA IN ADDITION
12 TO STAFF IS JUST TOO MUCH. UCSF DOESN'T SPEND THAT
13 MUCH IN A SIMILAR SITUATION, I DON'T BELIEVE. WE MIGHT
14 DO IT FOR A FUND-RAISING EVENT, BUT THEN WE EXPECT A
15 RETURN.

16 CHAIRMAN KLEIN: WELL, HOPEFULLY UCSF'S
17 PRINCIPAL WORK AT THIS POINT IS NOT QUITE AS
18 CONTROVERSIAL FOR THE STATE OR THE NATION.

19 MR. SHEEHY: YES, IT IS. WE DO ANIMAL
20 RESEARCH. WE HAVE DONE EMBRYONIC STEM CELL RESEARCH.
21 WE --

22 CHAIRMAN KLEIN: IS THIS THE NATURE OF A
23 DISCLOSURE?

24 MR. SHEEHY: YOU KNOW, I'M SORRY. I MEAN I
25 HANDLE MEDIA CALLS, AND I HAVE TAKEN -- I'VE HAD

1 STANLEY PRISONER ANNOUNCE THAT THE FOOD SUPPLY WAS
2 CONTAMINATED, THE MEAT SUPPLY WAS CONTAMINATED WITH
3 PRIONS ON CHRISTMAS NIGHT, AND I HAD -- TOOK MEDIA
4 CALLS FOR THE NEXT WEEK 24/7, AND THAT WAS ONE PERSON
5 AT CONSIDERABLY LESS THAN \$30,000 A MONTH, AND WE
6 SURVIVED AND THE PUBLIC WAS INFORMED.

7 CHAIRMAN KLEIN: I THINK THERE'S AN IMPORTANT
8 POINT THAT'S MADE HERE BY WALTER, WHICH IS WE NEED A --
9 WE HAVEN'T YET HIRED OUR DIRECTOR OF COMMUNICATION.
10 WHEN WE DO SO, OUR OUTSIDE CONTRACTS WILL BE REDUCED.

11 IN ANY CASE, DR. FRIEDMAN.

12 DR, FRIEDMAN: WE'RE TALKING ABOUT TWO REALLY
13 IMPORTANT ISSUES HERE, AND I JUST WANT TO CLARIFY WHAT
14 THOSE ARE. ONE IS THAT THERE'S A THRESHOLD THAT HAS
15 BEEN ESTABLISHED BY PRACTICE, IF NOT BY LAW, WHICH IS
16 \$100,000, WHICH IS A VERY REASONABLE THING. AND I
17 THINK WE SHOULD ADHERE TO THAT. I COMPLETELY AGREE.

18 THE SECOND AND RELATED TO THAT IS THAT FOR
19 THESE KINDS OF CONTRACTS, ESPECIALLY AS THEY GET TO
20 LARGER PRICE TAGS, WE SHOULD REALLY DEFINE WHAT THE
21 SCOPE OF WORK IS FOR THE CONTRACT, WHAT THE
22 DELIVERABLES ARE BECAUSE THERE ARE GOING TO BE
23 COMPETING PRIORITIES BETWEEN MANY DIFFERENT SERVICES
24 THAT THE CIRM WILL BE PROVIDING. PUBLIC EDUCATION AND
25 COMMUNICATION IS A VERY VALID ONE, AND I'M NOT

1 CRITICIZING THAT, BUT I'M SAYING IT'S ONLY ONE OF MANY
2 THINGS. AND WE DO HAVE TO BE VERY, VERY PARSIMONIOUS
3 WITH THE LIMITED RESOURCES THAT WE HAVE.

4 I AGREE WITH THOSE PEOPLE WHO ARE SAYING WE
5 SHOULD REEXAMINE WHAT OUR COMMUNICATIONS POLICY IS.
6 EDUCATION FOR SOMETHING LIKE THIS IS VERY BROAD AND CAN
7 BE VERY CONSUMING. I'M NOT PREPARED, AND I THINK IT'S
8 INAPPROPRIATE FOR US TO DISCUSS THAT TODAY. I DO THINK
9 THAT WE OUGHT TO NOTICE THAT AND SAY THAT IS SOMETHING
10 THAT WE WILL DISCUSS IN THE NEAR FUTURE. IN THE
11 MEANTIME I THINK WE SHOULD ADHERE TO THE \$100,000
12 CEILING THAT WE HAD PREVIOUSLY -- THAT YOU HAD
13 PREVIOUSLY PUT IN PLACE.

14 CHAIRMAN KLEIN: THAT WAS -- I PUT THAT IN
15 PLACE BY REQUEST FROM THE BOARD FOR AUTHORITY LIMITED
16 TO \$100,000, WHICH AFFECTED ME.

17 DR. FRIEDMAN: I THINK --

18 DR. HALL: IF I COULD JUST SAY FOR THE RECORD
19 THAT THAT'S THE FIRST TIME I'VE HEARD OF THE \$100,000.
20 THAT'S A POLICY THAT PREDATED ME, AND I DID NOT KNOW OF
21 IT. GLAD TO LEARN OF IT. THANKS FOR THE --

22 CHAIRMAN KLEIN: LET ME ALSO SAY WHAT MONTH
23 DID THIS START IN WITH EDELMAN?

24 MR. BARNES: APRIL.

25 CHAIRMAN KLEIN: APRIL, MAY --

1 MR. BARNES: JUNE.

2 CHAIRMAN KLEIN: AND JULY. BY THE END OF
3 JULY, WE WOULD BE OVER. THE QUESTION IS -- I WOULD
4 SUGGEST IN A PRACTICAL SENSE THAT WE NEED TO HAVE
5 CONTINUITY IN OUR COMMUNICATIONS. IT'S QUITE
6 APPROPRIATE IF THE BOARD WANTS TO CREATE A \$100,000
7 LIMIT. I WOULD SUGGEST THAT WE DO SO IN A MANNER THAT
8 ALLOWS US TO HAVE CONTINUITY OF OUR CURRENT OPERATIONS.
9 AND, THEREFORE, THE QUESTION IS IF THE GOVERNANCE
10 COMMITTEE IS GOING TO MEET IN THE NEXT -- BEFORE THE
11 NEXT BOARD MEETING. IS THAT A REASONABLE ASSUMPTION?

12 MS. LANSING: I HOPE SO.

13 CHAIRMAN KLEIN: DR. FRIEDMAN, WOULD IT BE
14 APPROPRIATE IF THE GOVERNANCE COMMITTEE REVIEWS THIS,
15 FOR THEM TO AUTHORIZE A CONTINUATION OF SERVICES TO THE
16 EXTENT THAT IT WERE TO GO OVER \$100,000 IN THE MONTH OF
17 JULY?

18 DR. FRIEDMAN: I'M NOT SURE I'M THE THRESHOLD
19 PERSON HERE. IT WOULD CERTAINLY BE REASONABLE TO ME.
20 THAT IS THE CHARGE OF THAT COMMITTEE, I THINK, AS YOU
21 DESCRIBED IT.

22 CHAIRMAN KLEIN: UNTIL THAT COMMITTEE MEETS,
23 WOULD IT BE APPROPRIATE -- I DON'T KNOW WHAT THE TOTAL
24 OF THE EXPENSES ARE IN ADDITION TO THE CONTRACT ITSELF.
25 BUT IF ON A PRORATED BASIS, IF THEY'RE CLOSE TO A

1 HUNDRED, COULD THEY CONTINUE UNTIL THEY HAVE A MEETING
2 WITH THE SERVICES?

3 DR. FRIEDMAN: I THINK THIS HAS GOT TO BE
4 ZACH'S CALL IN A CERTAIN WAY.

5 DR. HALL: LET ME JUST SAY I'VE JUST SPOKEN
6 TO JAMES HARRISON, WHO EXPLAINED TO ME THAT THE
7 \$100,000 LIMIT AGREEMENT EXPIRED WITH BOB'S APPOINTMENT
8 AS ACTING PRESIDENT. I WAS NEVER ADVISED OF SUCH A
9 LIMIT. I'VE HEARD OF IT HERE TODAY FOR THE FIRST TIME.
10 IT'S NOT NECESSARILY UNREASONABLE, BUT I THINK THE
11 CHAIR'S POINT, THAT WE -- BECAUSE WE HAVE HAD -- WE'RE
12 SUDDENLY CHANGING POLICIES, THIS HAS THE POSSIBILITY OF
13 JEOPARDIZING OUR ENTIRE COMMUNICATIONS OPERATIONS VERY
14 SUDDENLY. AND I WOULD SUGGEST THAT WE WORK OUT A
15 MECHANISM, NO. 1, TO REVIEW OUR COMMUNICATIONS
16 CONTRACTS WITH THE GOVERNANCE COMMITTEE, BUT IN THE
17 MEANTIME NOT TO HAVE TO DISRUPT OUR PRESENT LEVEL OF
18 COMMUNICATION SUPPORT.

19 MR. SHEEHY: YOU KNOW, IT'S A SHOCK TO ME
20 WE'VE HAD THEM SINCE APRIL. I JUST HAVEN'T SEEN THE
21 PRODUCT. SO AT \$30,000 A MONTH, I JUST DON'T FEEL LIKE
22 WE'VE GOTTEN ANYTHING. SO I'M READY TO TERMINATE NOW
23 PERSONALLY. I'D RATHER SPEND THAT MONEY ON CURES.

24 CHAIRMAN KLEIN: ARE YOU MAKING A MOTION,
25 JEFF?

1 MR. SHEEHY: WELL, I'D LIKE TO GET -- YOU
2 KNOW --

3 DR. POMEROY: BEFORE HE MAKES A MOTION, CAN I
4 SAY SOMETHING SINCE YOU DIDN'T SEEM EXACTLY READY,
5 JEFF?

6 MR. SHEEHY: SOMEONE ELSE, PLEASE. DON'T
7 LEAVE ME HANGING OUT HERE.

8 DR. POMEROY: YOU KNOW, IT'S INTERESTING TO
9 LISTEN TO THIS CONVERSATION. AND IT IS CLEAR THAT IT
10 IS NOW ZACH'S RESPONSIBILITY TO -- AND I ASSUME YOU'RE
11 THE ONE THAT'S SIGNING THESE CONTRACTS NOW.

12 DR. HALL: I HAVEN'T SIGNED THE EDELMAN
13 CONTRACT BECAUSE WE HAVEN'T NEGOTIATED IT.

14 DR. POMEROY: ANY CONTRACT NOW. THAT WOULD
15 BE YOUR RESPONSIBILITY NOW. AND IT SEEMS TO ME THAT
16 FOR A LOT OF THESE THINGS, WE HAVE ESTABLISHED SORT OF
17 INTERIM PRACTICES TO GET US THROUGH TO THE POINT WHERE
18 A COMMITTEE COULD GRAPPLE WITH THE DEFINITIVE ANSWERS
19 HERE. CLEARLY WE'RE TALKING ABOUT A VERY LARGE AMOUNT
20 OF MONEY HERE, AND I THINK WE WOULD BE IRRESPONSIBLE
21 NOT TO COME UP WITH SOME INTERIM GUIDELINES FOR ZACH OF
22 WHAT WE'RE COMFORTABLE WITH DELEGATING VERSUS WHAT WE
23 NEED TO HEAR ABOUT. AND I THINK, DR. FRIEDMAN, THAT
24 THAT'S SORT YOU WHERE YOU WERE TRYING TO GO WITH THIS.

25 DR. FRIEDMAN: THANK YOU. YES.

1 DR. POMEROY: SO I WILL JUST THROW THE
2 CONCEPT OUT THERE, THAT I PERSONALLY FEEL LIKE WE
3 SHOULD PUT SOME LIMITS AND GUIDELINES IN TODAY THAT CAN
4 GET US THROUGH TILL THE TIME WHEN THE GOVERNANCE
5 COMMITTEE CAN MEET AND COME UP WITH DEFINITIVE
6 POLICIES.

7 DR. HALL: IN A SENSE THE \$100,000 LIMIT IS
8 WHAT, THE WAY IT'S BEING TALKED ABOUT, IS BEING APPLIED
9 RETROACTIVELY. I THINK SINCE WE HAVE NOT HAD THAT
10 POLICY IN PLACE, WE ARE ENGAGED IN A WORKING
11 ARRANGEMENT WITH EDELMAN, IF NOT A CONTRACT, THAT HAS
12 OBLIGATED US ALMOST WITHIN A MONTH TO THE LEVEL OF
13 \$100,000, BUT WE WERE NOT AWARE, AT LEAST I CERTAINLY
14 WAS NOT AWARE OF THIS. IN FACT, THERE WAS NOT ONE. WE
15 HAVE NOT HAD A POLICY IN PLACE SINCE I CAME ON BOARD.

16 SO I THINK IF YOU WANT TO ESTABLISH SUCH A
17 POLICY NOW, THAT IS FINE. BUT I THINK WE NEED TO -- I
18 WOULD SUGGEST WE NOT MAKE IT RETROACTIVE IN THAT SENSE,
19 BUT DO SOMETHING SO THAT WE CAN CONTINUE FORWARD.

20 JEFF, I THINK THE BEST WAY TO ASK WHETHER WE
21 ARE GETTING WHAT WE NEED FROM EDELMAN IS TO -- THAT
22 REALLY SHOULD BE DONE IN THE CONTEXT OF THE GOVERNANCE
23 COMMITTEE.

24 MR. SHEEHY: THAT'S WHY I DIDN'T MAKE THE
25 MOTION. I WAS TRYING TO -- I DIDN'T WANT MONEY TO KEEP

1 GOING OUT, BUT I WOULD LIKE A PROCESS THAT --

2 DR. HALL: I SUGGEST WE MOVE IT ALONG AS
3 QUICKLY AS WE CAN TO RESOLVE THAT. PLEASE ADVISE ME
4 ABOUT WHAT POLICY YOU'D LIKE TO HAVE IN THE INTERIM.

5 CHAIRMAN KLEIN: OS STEWARD.

6 DR. STEWARD: CAN I TRY TO MAKE A MOTION HERE
7 THAT SORT OF MAYBE CAPTURES SOME OF THIS?

8 MR. SERRANO-SEWELL: I'D LIKE TO MAKE SOME
9 FURTHER COMMENTS ON THE GENERAL ISSUES BEFORE WE START
10 MAKING MOTIONS, IF THAT'S OKAY, CHAIRMAN KLEIN. IF YOU
11 DON'T MIND, OS.

12 CHAIRMAN KLEIN: OS STEWARD, WOULD YOU YIELD
13 TO THE GENTLEMAN?

14 DR. STEWARD: YES.

15 MR. SERRANO-SEWELL: FROM SAN FRANCISCO? I
16 DIDN'T MEAN TO INJECT MYSELF SO RUDELY, BUT I THINK
17 THERE'S A GENERAL DISCUSSION HAPPENING RIGHT NOW.
18 HERE'S WHY I SORT OF, OKAY, \$27,000 A MONTH. IT JUMPS
19 OUT. THERE'S OTHER BIG NUMBERS IN THE BUDGET THAT'S
20 PRESENTED, BUT YOU SEE, AT LEAST I CAN ONLY SPEAK FOR
21 MYSELF, THE WORK PRODUCT, IF YOU WILL, FROM THE LAW
22 FIRM, SEE IT EVERY DAY, EXCELLENT WORK; FROM STAFF,
23 OUTSTANDING WORK; THE PRESIDENTIAL SEARCH COMMITTEE
24 CONSULTANT THAT WE RETAINED, I THINK THEY'VE DONE A
25 FANTASTIC JOB. I DO. AND I THINK IT'S DEFENDABLE THE

1 MONIES THAT WE'RE EXPENDING.

2 NOW, THAT'S NOT TO SAY THAT THE EDELMAN FIRM
3 ISN'T DOING GREAT WORK, BUT I HAVE TO AGREE WITH MY
4 COLLEAGUE, JEFF. I GET THE CLIPPINGS. I LIKE THEM.
5 AND IT'S GOOD WORK, BUT WHAT ELSE ARE THEY DOING? NOW,
6 THEY'RE PROBABLY DOING A MILLION DIFFERENT THINGS.
7 OKAY, THIS IS HAPPENING; THAT'S HAPPENING. BUT I
8 WOULDN'T -- I JUST TELL YOU HONESTLY I WOULDN'T KNOW
9 AND I DON'T KNOW.

10 NOW, MAYBE THAT'S MY FAULT BECAUSE I'M NOT
11 ASKING. NOW, AS TO -- SO THAT'S SORT OF WHERE MY
12 CONCERN IS COMING FROM, BOB, WHEN I SEE THIS NUMBER
13 EVERY MONTH. MY OTHER CONCERN IS -- I WON'T RAISE IT.

14 AS TO THE GOVERNANCE COMMITTEE, WE'VE ADOPTED
15 ITS CHARGE. THE MOTION HAS PASSED. I WOULD PREFER
16 THAT THEY DEAL WITH THE LARGER GLOBAL ISSUES ABOUT THE
17 ICOC AND NOT -- NOW, THEY CAN DEAL WITH THE QUESTION OF
18 THRESHOLDS, \$100,000, \$150,000, WHICH I THINK IS
19 ENTIRELY APPROPRIATE, BUT CONTRACT SPECIFIC, I PREFER
20 THAT THE GOVERNANCE COMMITTEE NOT TAKE UP THOSE KINDS
21 OF ITEMS BECAUSE THEN WE'RE EXPANDING SORT OF THE
22 BREADTH OF WHAT THEY'RE DEALING WITH. AND WE'VE
23 ALREADY MADE THAT MOTION, WE PASSED ON THAT AGENDA
24 ITEM. THEY SHOULD JUST DEAL WITH THE LARGER ISSUES.

25 I THINK -- MY SUGGESTION WOULD BE LET'S HAVE

1 A PRESENTATION FROM EDELMAN. I DON'T KNOW, BOB, WHAT
2 DO YOU THINK, AT OUR NEXT MEETING. I DON'T WANT TO
3 DISRUPT OUR COMMUNICATION EFFORTS EITHER WAY.

4 CHAIRMAN KLEIN: I THINK THE GOAL IN TERMS OF
5 EFFICIENCY IS TO TRY AND KEEP ISSUES LIKE THAT WITHOUT
6 TAKING THE WHOLE BOARD. WE HAVE TREMENDOUS AMOUNT OF
7 EXPERTISE ON THE GOVERNANCE COMMITTEE, AND IF WE CAN
8 MAKE THOSE PRESENTATIONS AT THAT LEVEL. IN THE
9 ORIGINAL CONTRACT INTERVIEW PROCESS BETWEEN FIRMS, THEY
10 DID CREATE PRESENTATIONS. IN FACT, SHERRY LANSING WENT
11 OVER SOME OF THOSE WITH ME ON THE PRESENTATIONS FOR
12 EDELMAN, BUT THE GOVERNANCE COMMITTEE HAS THE ABILITY
13 TO REVIEW EXISTING CONTRACTS, NEW CONTRACTS. SETTING
14 LIMITS OF AUTHORITY WOULD SEEM TO BE VERY APPROPRIATE
15 FOR THAT COMMITTEE. I THINK THAT'S A GOOD FUNCTION,
16 BUT HOPEFULLY THAT THE STAFF OF THE INSTITUTE, THE
17 PRESIDENT, AND THE MAJOR STAFF IN THE INSTITUTE WILL BE
18 GIVEN BROAD DELEGATION OF AUTHORITY TO CARRY OUT THEIR
19 BEST ABILITY EXECUTIVE FUNCTIONS AS WELL AS THE
20 CHAIRMAN'S OFFICE BEING ABLE TO CARRY OUT EXECUTIVE
21 FUNCTIONS THAT ARE ASSIGNED THROUGH THE GOVERNANCE
22 COMMITTEE'S DECISION ON WHERE RESPONSIBILITIES ARE
23 ALLOCATED.

24 TO THE EXTENT WE AS A BOARD GET INTO WHETHER
25 IT'S 20,000 A MONTH OR \$30,000 A MONTH, WE'RE

1 SECOND-GUESSING PEOPLE THAT ARE ON THE JOB 60 HOURS A
2 WEEK. AND WHILE WE CAN PROVIDE EXPERTISE AND INPUT
3 THAT'S QUITE HELPFUL TO THEM FOR EVALUATIONS, I WOULD
4 CAUTION US ABOUT GETTING TOO DEEP INTO TRYING TO
5 SECOND-GUESS PEOPLE THAT ARE DOING THEIR VERY BEST
6 OPERATIONALLY THEY CAN, OR WE SHOULD TAKE THEIR PLACE
7 AND RUN THOSE OPERATIONS. SO I WOULD HOPE THAT THE
8 GOVERNANCE COMMITTEE IS THE LEVEL WE KEEP THE REVIEW.
9 IF IT'S A MAJOR CONTRACT, CERTAINLY THEY CAN BRING IT
10 THERE, BUT I WOULD HOPE THAT THE BOARD WILL BE ABLE TO
11 FUNCTION ON MUCH LARGER ISSUES BECAUSE THE BOARD HAS
12 EXTRAORDINARILY LIMITED TIME. AND SHERRY LANSING, IF
13 YOU COULD COMMENT.

14 MS. LANSING: I HAVE A LOT OF COMMENTS. I
15 THINK, FIRST OF ALL, IT'S A VERY HEALTHY DISCUSSION,
16 AND I THINK IT POINTS UP WHY WE DO NEED A GOVERNANCE
17 COMMITTEE BECAUSE I THINK THAT WITH EVERYBODY IN GOOD
18 FAITH, THERE'S A LOT OF QUESTIONS THAT PEOPLE HAVE,
19 WHICH NOBODY IS QUESTIONING THAT EVERYBODY HASN'T DONE
20 EVERYTHING TO THE NTH DEGREE OF INTEGRITY AND HARD
21 WORK. BUT I THINK IT POINTS UP WHY WE NEED A
22 GOVERNANCE COMMITTEE. AND THE GOVERNANCE COMMITTEE WAS
23 ESTABLISHED HALF HOUR AGO. SO NOW WE'RE LOOKING AT IT.
24 AND EVERYBODY, I ENCOURAGE -- I'M NOT AFRAID OF THE
25 SIZE OF IT BECAUSE I THINK THAT WE WILL GET THROUGH ALL

1 THE ISSUES.

2 I THINK THAT THE GOVERNANCE COMMITTEE WILL
3 LOOK AT THE OVERALL POLICY, WILL RAISE QUESTIONS ABOUT
4 IT, BUT I ALSO WOULD BE TERRIFIED, AND I THINK IT WOULD
5 BE TERRIBLE, IF WE GOT INTO THE MINUTIAE OF DAY-TO-DAY
6 OPERATION BECAUSE THAT IS REALLY THE PRESIDENT'S JOB,
7 THAT IS THE STAFF'S JOB. AND HAVING SERVED ON
8 CORPORATE BOARDS, THERE'S NOTHING WORSE THAN THAT, AND
9 WE CANNOT SECOND-GUESS PEOPLE. WE CAN QUESTION THINGS.
10 WE CAN ASK QUESTIONS. WE CAN QUESTION THEM AGAIN AND
11 AGAIN.

12 I TOO HAVE QUESTIONS ABOUT SOME OF THE
13 NUMBERS HERE, BUT I DON'T HAVE INFORMATION. I NEED TO
14 ASK QUESTIONS. WE NEED TO HAVE PRESENTATIONS. AND
15 WHAT'S ENCOURAGING TO ME ABOUT THIS SPECIFIC ONE THAT
16 YOU ARE BRINGING UP IS IT'S A MONTH TO MONTH, SO IT'S
17 NOT LIKE WE ARE SITTING THERE, IF WE DECIDE THAT IT'S
18 INCORRECT, WE HAVE A CHANCE TO CORRECT IT RIGHT AWAY.
19 SO I WOULD JUST LIKE TO SAY THAT I THINK THAT WE KNOW
20 WHAT WE HAVE TO DO. I WOULD LIKE TO URGE ALL OF US TO
21 FIND THE TIME TO HAVE THAT MEETING AS SOON AS POSSIBLE,
22 NEXT WEEK, WHATEVER, AND REALLY GET INTO THESE ISSUES
23 AND ADDRESS THEM AND HAVE THE NECESSARY PRESENTATIONS,
24 AND HEAR FROM ZACH AND EVERYBODY AS TO WHY IT'S RIGHT.
25 MAYBE YOU DON'T EVEN THINK SOME OF THESE NUMBERS ARE

1 RIGHT. WHO KNOWS BECAUSE WE'RE ALL JUST LOOKING AT
2 THEM NOW.

3 CHAIRMAN KLEIN: OKAY. ADDITIONAL BOARD
4 DISCUSSION? DR. PRIETO.

5 DR. PRIETO: I WOULD AGREE THAT I THINK THE
6 GOVERNANCE COMMITTEE HAS THE RESPONSIBILITY TO OVERSEE
7 HOW WE CONTRACT AND HOW WE STRUCTURE OURSELVES IN OUR
8 WORK, BUT NOT TO DELVE INTO INDIVIDUAL CONTRACTS LIKE
9 THIS. I THINK THAT I WOULD WANT TO HEAR BACK FROM OUR
10 PRESIDENT, OUR ADMINISTRATIVE OFFICER, AND STAFF AS TO
11 WHAT ARE THE REASONS FOR THIS PARTICULAR CONTRACT AND
12 ITS EXPENSES AND WHY THEY ARE AT THE LEVEL THEY'RE AT.
13 I THINK WE'LL HAVE TO PASS ON THAT ULTIMATELY BECAUSE
14 WE'RE THE ONES WHO DECIDE HOW TO SPEND THE MONEY.

15 CHAIRMAN KLEIN: WELL, I LOOK FORWARD TO THE
16 GOVERNANCE COMMITTEE BRINGING BACK RECOMMENDATION. AND
17 AS THE BOARD, WE CAN AS A GROUP DECIDE ON OUR POLICY
18 AND WHERE WE'D LIKE TO DRAW POLICY LINES. DR. POMEROY.

19 DR. POMEROY: IT'S STATED IN WALTER'S REPORT
20 HERE THAT EDELMAN WAS SELECTED AFTER A REVIEW OF FOUR
21 OTHER POTENTIAL CONTRACTORS. PERHAPS IT MIGHT BE
22 USEFUL, ZACH, IF YOU JUST TOOK A COUPLE OF MINUTES TO
23 SAY WHAT THE PROCESS THAT YOU HAVE BEEN USING UP TO
24 THIS POINT IS FOR SELECTING THESE PEOPLE.

25 CHAIRMAN KLEIN: ON ALL OF OUR CONTRACTS?

1 DR. POMEROY: USE THIS ONE AS AN EXAMPLE. IT
2 SAYS -- HOW WAS THE REVIEW OF THE FOUR OTHER POTENTIAL
3 CONTRACTORS DONE?

4 DR. HALL: I'M NOT THE RIGHT PERSON TO ANSWER
5 THAT BECAUSE THIS HAPPENED SOON AFTER I ARRIVED. I WAS
6 PRESENT AT THE PRESENTATIONS BY TWO OF THE FOUR, BUT I
7 DIDN'T MYSELF ARRANGE IT.

8 DR. POMEROY: WHO DID THIS REVIEW THEN?

9 CHAIRMAN KLEIN: THE STAFF ORIGINALLY
10 ARRANGED THESE. THE ONLY STAFF WE HAD AT THAT POINT
11 WERE ABOUT 12 DIFFERENT STAFF MEMBERS. AND THE STAFF
12 ARRANGED THE INTERVIEWS. OF THE INTERVIEWS, ZACH WAS
13 PRESENT AT TWO OF THE FOUR, AS HE SAID. I WAS PRESENT
14 AT ACTUALLY A FIFTH INTERVIEW THAT WASN'T -- IT WAS NOT
15 A LEADING CANDIDATE, BUT IT WAS A SERVICE TO REVIEW
16 THEIR WORK TO SEE IF IT WOULD HAVE THE ABILITY TO GO ON
17 TO A SECOND LEVEL. AND THERE WERE WRITE-UPS THAT WERE
18 PROVIDED. SHERRY CAME BACK FROM A TRIP. AND AS I HAD
19 SAID AT A BOARD MEETING PROBABLY IN MARCH OR APRIL,
20 ASKED SHERRY TO SERVE AS A BOARD MEMBER WHO WOULD GIVE
21 US AND PARTICIPATE IN THE COMMUNICATIONS POLICY. SO I
22 ACTUALLY TOOK ALL OF THOSE PROPOSALS TOO AND HAD A
23 MEETING WITH SHERRY ON THOSE PROPOSALS AFTER WE
24 RECEIVED THOSE PROPOSALS. SO --

25 DR. POMEROY: THAT WAS WHEN?

1 CHAIRMAN KLEIN: THAT WAS IN MARCH AND APRIL,
2 BEGINNING OF APRIL.

3 DR. POMEROY: SO I THOUGHT, THOUGH, THAT ONLY
4 ZACH HAD AUTHORITY TO ENTER CONTRACTS AFTER MARCH.

5 DR. HALL: NO CONTRACT HAS BEEN ENTERED. WE
6 HAVEN'T SIGNED.

7 DR. POMEROY: WELL, MONTH TO MONTH, THIS
8 MONTH-TO-MONTH CONTRACT.

9 CHAIRMAN KLEIN: WAS REVIEWED -- THE
10 SELECTION WAS REVIEWED WITH ZACH.

11 DR. HALL: I ABSOLUTELY -- I LOOKED -- OF THE
12 TWO PRESENTATIONS I HEARD AND FROM WHAT I WAS TOLD OF
13 THE OTHER PRESENTATIONS, I ABSOLUTELY FELT THAT EDELMAN
14 WAS THE RIGHT CHOICE. AND SO WE THEN CONTRACTED WITH
15 THEM ON A MONTH-TO-MONTH BASIS, AND THERE HAS BEEN THIS
16 ONGOING NEGOTIATION.

17 DR. POMEROY: SO YOU DID SIGN THIS CONTRACT,
18 THIS MONTH-TO-MONTH CONTRACT?

19 DR. HALL: NO. I'M SORRY. THEY ARE BILLING
20 US MONTH TO MONTH. WE MADE A MONTH-TO-MONTH
21 ARRANGEMENT. I MISSPOKE. WE MADE A MONTH-TO-MONTH
22 ARRANGEMENT. THEY ARE BILLING US, AS WALTER SAID, BUT
23 WE HAVE NOT FINALIZED THE CONTRACT. SO I HAVE NOT
24 SIGNED ANYTHING WITH RESPECT TO EDELMAN.

25 DR. POMEROY: SO WE MADE AN ORAL CONTRACT.

1 DR. HALL: WE MADE AN AGREEMENT WITH THEM;
2 ISN'T THAT RIGHT?

3 CHAIRMAN KLEIN: IT'S A MONTH-TO-MONTH
4 WORKING AGREEMENT THAT WENT TO ZACH. ZACH REVIEWED ALL
5 OF THOSE ARRANGEMENTS AND AUTHORIZED A MONTH-TO-MONTH
6 BILLING AT THIS LEVEL WHILE THE CONTRACT WAS BEING
7 NEGOTIATED. IS THAT A CORRECT STATEMENT?

8 DR. POMEROY: I'LL JUST SAY THE REASON I'M
9 CONFUSED IS IF WE WERE TOLD THAT WE FOLLOWED UC POLICY
10 IN ALL OF THESE ARRANGEMENTS, THAT WOULD NOT BE
11 CONSISTENT WITH UC POLICY, FROM MY UNDERSTANDING. I
12 CAN'T GO OUT AND DO THAT. I HAVE TO GO THROUGH A
13 CONTRACTS PROCESS.

14 DR. BRYANT: YOU MEAN YOU CAN'T DO MONTH TO
15 MONTH BECAUSE THIS ISN'T A CONTRACT IF IT'S A
16 MONTH-TO-MONTH ARRANGEMENT, IS IT?

17 CHAIRMAN KLEIN: MONTH-TO-MONTH ARRANGEMENTS
18 ARE ALLOWED UNDER THE UC PROCESS.

19 MR. SERRANO-SEWELL: PERHAPS WE CAN ELABORATE
20 ON THE DIFFERENCE BETWEEN A CONTRACT AND AN
21 ARRANGEMENT. I NEED TO BE EDUCATED.

22 CHAIRMAN KLEIN: BASICALLY WHEN YOU ENTER
23 INTO A MULTIMONTH PERIOD, IT'S A -- YOU ENTER INTO A
24 WRITTEN CONTRACT. JAMES, WOULD YOU LIKE TO COMMENT?
25 BASICALLY ON A MONTH-TO-MONTH BASIS, WE NEEDED TO GET

1 SERVICES WHILE WE WERE NEGOTIATING ARRANGEMENTS ON
2 STAFFING. YOU MIGHT KNOW THAT IN TERMS OF THIS
3 PROCESS, THERE WAS AN ATTEMPT TO REACH OUT AND GET
4 COMMUNICATIONS INTERNS OUT OF THE UC PROGRAM, FOR
5 EXAMPLE, TO SEE IF WE COULD REDUCE COST THAT WAY. WE
6 GET SCIENTIFIC EXPERTISE. THERE WERE A NUMBER OF
7 THINGS THAT WENT ON.

8 DR. HALL, YOU GOT THE SERVICES, I THINK, OF
9 PAUL COSTELLO TO TRY AND GET THE UC IRVINE INTERNS; IS
10 THAT CORRECT?

11 DR. HALL: YES. WE HAVE SOMEBODY FROM THE UC
12 IRVINE -- UC SANTA CRUZ SCIENCE WRITING PROGRAM WHO
13 COMES ONCE A WEEK, JUST STARTED ACTUALLY. I HAVE YET
14 TO MEET THE PERSON, BUT THAT'S JUST STARTING.

15 LET ME JUST SAY THAT, AS EVERYBODY KNOWS, I
16 THINK, WE'VE BEEN UNDER TREMENDOUS EXTERNAL PRESSURE
17 WITH VERY LITTLE STAFF OVER THE LAST FOUR MONTHS SINCE
18 I HAVE BEEN THERE. AND WE'VE HAD TREMENDOUS, AND I
19 WOULD SAY MANY OF THEM, UNANTICIPATED CALLS ON OUR
20 RESOURCES IN TERMS OF COMMUNICATIONS. NO NEWS TO
21 ANYBODY IN THIS ROOM. I MEAN THE PRESS COVERAGE OF
22 THIS HAS BEEN INTENSE. AND WE HAVE HAD MANY, MANY
23 MEETINGS WITH THE PRESS AT WHICH EDELMAN HAS WORKED
24 WITH US AND HELPED US. WE HAVE HAD CONSTANT PRESS
25 RELEASES.

1 I MYSELF COMPLAINED, WAS THE SOURCE OF THIS,
2 DISCUSSED THAT WE SIMPLY DID NOT HAVE ENOUGH BANDWIDTH
3 FOR WHAT WE NEEDED TO DO. AND I'M A LITTLE CONCERNED.
4 EDELMAN, I WILL SAY, OUT OF GOODWILL HAS AGREED TO
5 PROVIDE THESE SERVICES ON THIS KIND OF BASIS WHILE WE
6 NEGOTIATE THE CONTRACT BECAUSE OF THEIR INTEREST IN THE
7 PROJECT. SO WE HAVE BEEN TRYING TO PUT THIS TOGETHER
8 ON THE FLY AND TO WORK IT OUT, BUT I DO WANT TO MAKE IT
9 CLEAR THAT EDELMAN HAS DONE NOTHING WRONG HERE AND THAT
10 WE'RE NOT BEING IN ANY SENSE GOUGED BY EDELMAN. I
11 THINK THEIR WILLINGNESS TO PUT PERSONNEL AND TIME AND
12 HELP INTO THIS AT A TIME OF TREMENDOUS NEED FOR US, I
13 CERTAINLY HAVE APPRECIATED.

14 NOW, WE HAVE A CONTRACT TO NEGOTIATE WITH
15 THEM, AND WE NEED TO WORK THAT OUT. AND I GUESS THE
16 RESULT OF THIS MEETING IS TO GIVE ADDED URGENCY TO THAT
17 NEED. AND I THINK A PART OF IT, LET ME JUST SAY, IS
18 THAT UNTIL THE DOLBY GIFT, OUR FINANCIAL SITUATION WAS
19 EXTREMELY UNCERTAIN ALSO, EVEN FOR OUR ADMINISTRATIVE
20 ACTIVITIES. WE WERE RUNNING VERY CLOSE TO THE LINE IN
21 TERMS OF PROJECTED EXPENSES, AND SO WE HAVE BEEN DOING
22 THE BEST WE CAN UNDER, I WOULD SAY, A SITUATION WHICH
23 WE'VE HAD INTENSE EXTERNAL PRESSURES IN WHICH WE'VE HAD
24 VERY FEW RESOURCES INTERNALLY. WE HAVE ONE INTERNAL
25 COMMUNICATIONS PERSON, AND WE HAVE NOT BEEN ABLE TO

1 KEEP UP WITH THE NEED. I MYSELF AM NOT EXPERIENCED
2 WITH THIS, AND YET WE GET CALLS ALL THE TIME FOR
3 INTERVIEWS, APPEARANCES, ONE THING AND ANOTHER. WE ARE
4 IN THE SPOTLIGHT. THERE IS NO QUESTION ABOUT THAT.
5 AND WE HAVE NEEDED THAT HELP, AND SO WE HAVE TRIED TO
6 MAKE ARRANGEMENTS TO GET THE HELP AS BEST WE COULD.

7 NOW, I'M THE FIRST TO SAY THAT THE CURRENT
8 ARRANGEMENT IS NOT A GOOD LONG-TERM SOLUTION. AND I --
9 WE HAVE JUST PUT OUT A -- POSTED A POSITION FOR CHIEF
10 COMMUNICATIONS OFFICER. AND MY SENSE IS THAT THAT'S
11 WHAT WE NEED TO DO. WE NEED TO GET THAT PERSON IN
12 THERE, AND THEN WE NEED TO ORGANIZE OUR COMMUNICATIONS
13 POLICY WITH THEM AND HAVE THEM TELL US WHAT THEY NEED
14 FROM OUTSIDE AND WHAT THEY NEED FROM INSIDE, AND THEN
15 TO WORK OUT A LONG-TERM COMMUNICATIONS PLAN.

16 I WOULD SAY IN ALL HONESTY WE'VE BEEN
17 PATCHING FROM MONTH TO MONTH. AND THERE'S BEEN NO
18 QUESTION ABOUT THAT. WE'VE BEEN SCRAMBLING AND DOING
19 THE BEST WE CAN. I THINK WE'RE ABOUT TO PULL OUT OF IT
20 NOW, AND I FEEL LIKE A LOT OF THIS IS SORT OF
21 RETROSPECTIVE. I THINK WE HAVE OUR GOVERNANCE
22 COMMITTEE, AS WE HAVE OUR CHIEF COMMUNICATIONS OFFICER.
23 AS WE WORK OUT OUR ORGANIZATIONAL STRUCTURE, I THINK
24 WE'RE GOING TO COME OUT OF THIS, AND WE'RE GOING TO
25 HAVE A PLAN THAT IS GOING TO BE FINE GOING AHEAD. BUT

1 I AM CONCERNED THAT WE NOT BE UNFAIR IN OUR LOOKING
2 BACK OVER WHAT'S HAPPENED IN THE LAST COUPLE MONTHS. I
3 THINK IT'S FINE TO SAY WE CAN GET BY ON LESS OR WE
4 SHOULD BE GETTING BY ON LESS OR HOWEVER IT IS, BUT
5 LET'S DO THAT NOT -- I THINK THE PROBLEM IS GOING TO
6 TAKE CARE OF ITSELF IS WHAT I REALLY THINK.

7 DR. MEYER: TO MOVE THIS ALONG, IT MAY NOT BE
8 NECESSARY, BUT I THINK AT THIS POINT MAYBE IT WOULD BE
9 WISE THAT WE ALL AGREE, OR I'D BE WILLING TO MAKE A
10 MOTION THAT UNTIL THE GOVERNANCE COMMITTEE IS UP AND
11 RUNNING, THAT WE LEAVE THESE DECISIONS TO ZACH HALL AND
12 HIS STAFF, ANY KIND OF FINANCIAL DECISIONS, CONTRACT
13 DECISIONS, WHAT HAVE YOU IN THE INTERIM WITH OUR
14 SUPPORT.

15 CHAIRMAN KLEIN: I THINK THAT'S AN EXCELLENT
16 SUGGESTION. I'D LIKE TO SECOND THAT MOTION.

17 DR. STEWARD: COULD I JUST ADD TO THAT? THAT
18 IS ESSENTIALLY THE GIST OF WHAT I WAS GOING TO MOVE
19 EARLIER, BUT I THINK THIS DISCUSSION HAS ACTUALLY BEEN
20 EXTREMELY VALUABLE. ONE THING I'D LIKE TO JUST ADD TO
21 THAT AS CLARIFICATION IS JUST OUR RECOGNITION THAT THE
22 \$100,000 CEILING APPLIED TO A TIME THAT IS NO LONGER
23 THERE, THAT DISCUSSION IS ESSENTIALLY NULL AND VOID,
24 AND THAT REALLY THE WHOLE \$100 CEILING IS NO LONGER AN
25 ISSUE FOR ANY OF THESE CONTRACTS AND THAT WE LEAVE THAT

1 IN ZACH'S ABLE HANDS UNTIL THIS WHOLE THING GETS
2 RESOLVED WITH THE GOVERNANCE COMMITTEE'S OVERSIGHT AND
3 REVIEW.

4 CHAIRMAN KLEIN: MR. SHEEHY.

5 MR. SHEEHY: I AM UNCOMFORTABLE WITH VOTING
6 FOR ANY MOTION THAT DOESN'T ESTABLISH SOME THRESHOLD.
7 IF \$100,000 IS TOO LOW, I JUST THINK THAT WE'RE
8 ULTIMATELY RESPONSIBLE FOR HOW THE TAXPAYERS' MONEY IS
9 SPENT. AND I JUST CANNOT BELIEVE THAT WE'RE GOING TO
10 GIVE A BLANK CHECK. I TRUST ZACH, BUT IT JUST DOESN'T
11 LOOK GOOD. WE SHOULD SAY THAT ANY EXTERNAL
12 EXPENDITURES ARE LIMITED TO SOME DOLLAR VALUE. AM I
13 THE ONLY ONE THAT THINKS --

14 DR. HALL: JEFF, I THINK THAT'S FINE. CAN
15 YOU MAKE THAT GOING FORWARD? CAN YOU MAKE THAT
16 PROSPECTIVE?

17 MR. SHEEHY: YEAH. I'D BE HAPPY TO MAKE IT
18 PROSPECTIVE.

19 DR. HALL: FROM TODAY ON, ANY OBLIGATION OVER
20 THAT AMOUNT.

21 MR. SHEEHY: UNTIL THE GOVERNANCE COMMITTEE
22 ACTS --

23 MS. LANSING: I JUST WANT TO SAY SOMETHING
24 JUST FOR THE RECORD. I WANT TO SAY, FIRST OF ALL, THAT
25 I THINK ZACH IS DOING AN AMAZING JOB. I THINK THAT

1 WE'VE ALL BEEN BATTLING A LOT OF DIFFERENT FRONTS. AND
2 MANAGING THIS INSTITUTION HAS NOT BEEN EASY. I DON'T
3 BEGIN TO UNDERSTAND ALL THE PROBLEMS THAT YOU FACE
4 EVERY SINGLE DAY. I THINK THAT WHAT WE ARE ALL SAYING
5 IS THAT THERE'S A COUPLE NUMBERS THAT JUMPED OUT AT US.
6 I DON'T KNOW IF THEY'RE RIGHT OR WRONG. I DO AGREE
7 THAT THEY JUMP OUT AT US. I ALWAYS THOUGHT THAT WHEN
8 WE GOT A COMMUNICATIONS DIRECTOR, THAT THAT
9 COMMUNICATIONS DIRECTOR WAS -- MAYBE WE WOULDN'T EVEN
10 HAVE A NEED FOR AN OUTSIDE THING. SO THAT'S ALWAYS THE
11 WAY THAT I SORT OF GOT IT WAS WE'RE GOING TO GET A
12 COMMUNICATIONS DIRECTOR, THAT COMMUNICATIONS DIRECTOR
13 IS GOING TO HAVE A PROGRAM OF EDUCATIONAL OUTREACH AND
14 ALL THE THINGS THAT WE'RE TALKING ABOUT, AND THIS WAS
15 GOING TO GO AWAY.

16 SO I THINK WE'RE VERY CLOSE TO DOING THAT,
17 AND I WOULD JUST LIKE TO SUGGEST THAT WE LET THE
18 GOVERNANCE COMMITTEE MEET. AND I JUST HOPE WE CAN MEET
19 NEXT WEEK OR THE WEEK AFTER.

20 CHAIRMAN KLEIN: JEFF, YOU'VE ASKED FOR A
21 FIGURE.

22 MR. SHEEHY: I WOULD TAKE A FIGURE FROM ZACH,
23 BUT I THINK WE NEED TO REALLY SAY THAT IN THE INTERIM
24 UNTIL WE ACT THAT NO CONTRACTS ARE GOING -- WHATEVER
25 NUMBER, ZACH. I DON'T WANT TO INTERFERE WITH HIS

1 FUNCTIONING. I TOTALLY SECOND SHERRY'S COMMENTS THAT
2 HE'S DOING A PHENOMENONAL JOB, BUT I THINK THAT WE NEED
3 TO AT LEAST ESTABLISH SOME THRESHOLD THAT WE NEED TO
4 KNOW ABOUT BEFORE WE --

5 MS. LANSING: GOING FORWARD.

6 MR. SHEEHY: GOING FORWARD. I'M VERY
7 COMFORTABLE WITH THAT. I THINK THAT'S VERY RESPONSIVE.
8 WHATEVER NUMBER, ZACH. I DON'T WANT TO HAMSTRING HIM,
9 I DON'T WANT TO TIE HIS HANDS, BUT I THINK THAT --

10 DR. PENHOET: YOU'RE TALKING ABOUT AN INTERIM
11 NUMBER UNTIL --

12 DR. HALL: I'M HAPPY TO HAVE THAT NUMBER.

13 DR. PENHOET: IS THAT NUMBER LIKE \$250,000?

14 DR. HALL: I THINK \$100,000 WOULD BE FINE
15 GOING FORWARD. IN THE INTERIM WE WON'T ENTER INTO ANY
16 AGREEMENT THAT OBLIGATES US FROM NOW TO SOME FUTURE
17 POINT OF MORE THAN \$100,000 WITHOUT GOING TO THE
18 GOVERNANCE.

19 DR. BRYANT: THAT'S ANY INDIVIDUAL CONTRACT.

20 DR. HALL: LET ME JUST ASK. IF IT GOES TO
21 THE GOVERNANCE COMMITTEE, THEN DOES IT HAVE TO GO TO
22 THE GOVERNANCE COMMITTEE, THEN THE ICOC BEFORE THEY'RE
23 APPROVED? THAT IS A VERY CUMBERSOME PROCESS.

24 CHAIRMAN KLEIN: I WOULD THINK THAT WE'VE GOT
25 TO DELEGATE.

1 MR. SHEEHY: I THINK THAT THE -- I WOULD BE
2 COMFORTABLE IF THE GOVERNANCE COMMITTEE CAME BACK WITH
3 A RECOMMENDATION -- WE DON'T TO DO FINE DETAIL, BUT I
4 THINK THIS IS ONE OF THE ISSUES THE GOVERNANCE
5 COMMITTEE CAN ADDRESS. THEY MAY DECIDE THAT THEIR
6 APPROVAL IS ADEQUATE AND BRING IT BACK TO US AS PART OF
7 A WHOLE PACKAGE OF THINGS THAT WE'LL ADOPT AT THE NEXT
8 MEETING.

9 DR. HALL: THERE IS ANOTHER QUESTION WHICH I
10 THINK -- IT WILL BE UP TO THE GOVERNANCE COMMITTEE, AND
11 I HAVE CONFIDENCE THAT THEY WILL DO SO, TO COME UP ALSO
12 WITH SOMETHING THAT'S WORKABLE. THAT IS, TO SOME
13 EXTENT THE RIGHT THING TO DO IS TO MAKE THE AGREEMENTS
14 AND THEN OVER SOME LARGE LIMIT MAYBE HAVE TO BE
15 APPROVED, BUT \$100,000 IS PROBABLY TOO SMALL FOR THAT.
16 AND THEN YOU REVIEW THEM IN RETROSPECT AND YOU SAY IN
17 THE END IT IS OUR JOB TO BE FINANCIALLY ACCOUNTABLE, TO
18 BE GOOD MANAGERS, TO BE GOOD STEWARDS OF THE STATE'S
19 MONEY, IN ESSENCE, AND IT'S ON THAT THAT WE NEED TO BE
20 JUDGED.

21 I THINK IN THE MEANTIME WHAT I THINK ALL OF
22 YOU KNOW IS WE CAN'T HAVE EVERY TIME WE NEED TO DO
23 SOMETHING, WE HAVE TO GO THROUGH A LONG COMPLICATED
24 PROCESS IN ORDER TO GET IT DONE. I THINK THAT'S
25 AGAINST US.

1 CHAIRMAN KLEIN: I WOULD ALSO SUGGEST THAT,
2 SHERRY, WITH DUE DEFERENCE, THAT WHEN WE GET A
3 COMMUNICATIONS DIRECTOR, WE HAVE A MASSIVE
4 COMMUNICATIONS AND PUBLIC EDUCATION JOB BEYOND WHAT A
5 DIRECTOR COULD CARRY OUT. WE HAVE CLINICAL TRIALS THAT
6 ARE GOING TO BE IN THE NEAR FUTURE WITH SPINAL CORD
7 INJURIES. AND THE PUBLIC NEEDS TO UNDERSTAND
8 RESPONSIBLE RISK. THEY NEED TO UNDERSTAND WHAT THE
9 PATIENT COMMUNITY BELIEVES ARE RESPONSIBLE RISKS THAT
10 SHOULD BE TAKEN. AND THAT COULD BE A VERY MAJOR
11 COMMUNICATION JOB SO THE PUBLIC KNOWS WHAT TO EXPECT --

12 MS. LANSING: I UNDERSTAND. OKAY.

13 CHAIRMAN KLEIN: -- AND HAS A TOLERANCE FOR
14 WHAT'S NEEDED. DR. POMEROY.

15 DR. POMEROY: BOB, I THINK THAT WHAT EVERYONE
16 IS EXPRESSING HERE IS SOME ANXIETY BECAUSE WE HAVE
17 NOT -- AS A BOARD MEETING, WE'VE BEEN MEETING FOR
18 SEVERAL MONTHS. WE HAVE NOT APPROVED A BUDGET. WE
19 DON'T HAVE EVEN A TOTAL AMOUNT FOR SALARIES FOR THE
20 NEXT SIX MONTHS OR CONTRACTS.

21 CHAIRMAN KLEIN: EXCUSE ME. YOU DO HAVE
22 THAT, AND WE PREVIOUSLY HAVE PRESENTED THAT. YOU HAD A
23 TOTAL BUDGET AMOUNT THROUGH JUNE 30TH, AND YOU HAD A
24 BUDGET AMOUNT FROM JULY 1ST THROUGH NOVEMBER 1ST WAS
25 SPECIFICALLY REPORTED TO YOU BY WALTER BARNES. AND YOU

1 MAY NOT HAVE BEEN AT THE MEETING.

2 DR. POMEROY: WHAT IS THE TOTAL AMOUNT FOR
3 CONTRACTS BETWEEN NOW AND NOVEMBER 1ST?

4 MR. BARNES: IF YOU ARE DONE WITH CONTRACTS,
5 THE NEXT ITEM WAS TO TALK ABOUT BUDGET.

6 DR. POMEROY: I MEAN FOR CONTRACTS, WHAT IS
7 THE TOTAL BUDGET AMOUNT? YOU SAID THAT WE WERE GIVEN
8 AN AMOUNT BETWEEN NOW --

9 CHAIRMAN KLEIN: FOR SALARIES IS THE AMOUNT
10 THAT I WAS SPECIFICALLY STATING BECAUSE THAT'S THE
11 AMOUNT YOU SPECIFICALLY INDICATED WE DIDN'T HAVE.

12 DR. POMEROY: WELL, I HAVEN'T SEEN ONE FOR
13 SALARIES OR CONTRACTS. I MAY HAVE MISSED THE SALARIES
14 ONE. WHAT'S THE AMOUNT FOR CONTRACTS THAT WE'VE
15 APPROVED IN OUR BUDGET?

16 MR. BARNES: THE CONTRACTS, AND, AGAIN, THIS
17 IS FOR THE EXECUTED CONTRACTS THAT WOULD BE EXTENDED
18 INTO NEXT YEAR. THE ESTIMATE THAT WE HAVE, WHICH IS IN
19 YOUR MATERIAL THERE, IS \$1,184,000.

20 CHAIRMAN KLEIN: THAT'S NOT --

21 MR. BARNES: THAT INCLUDES INTERAGENCY
22 AGREEMENTS AS WELL AS THIRD-PARTY CONTRACTS.

23 CHAIRMAN KLEIN: I THINK WHAT SHE'S REALLY
24 ASKING FOR IS THIRD-PARTY CONTRACTS, THE INTERAGENCY
25 AGREEMENTS, INCLUDING THE ATTORNEY GENERAL'S OFFICE,

1 AND LITIGATION, IF YOU WILL GIVE HER A SEPARATE NUMBER
2 FOR THAT AS VERSUS CONTRACTS.

3 MR. BARNES: ACTUALLY I DON'T HAVE THAT, SO
4 I'LL HAVE TO GET THAT TO YOU.

5 DR. POMEROY: BUT THE TOTAL THAT'S LISTED IN
6 THIS SUBSEQUENT PAGE HERE FOR THE CONTRACTS THAT WE'RE
7 ESTIMATING FOR '05-'06, WHICH WOULD BE STARTING JULY
8 1ST.

9 MR. BARNES: THAT'S CORRECT.

10 DR. POMEROY: WHICH IS REALLY, I GUESS,
11 GETTING TO ZACH'S POINT ABOUT GOING FORWARD RATHER THAN
12 GOING RETROACTIVE. IS 1.1 MILLION -- AND YOU'RE GOING
13 TO TELL US WHAT THAT COVERS WHEN WE GET TO THAT?

14 MR. BARNES: SURE.

15 DR. POMEROY: WITH THAT ANSWER, I'M
16 COMFORTABLE CONSIDERING THE MOTION THAT'S ON THE TABLE,
17 WHICH I'M NOT SURE WHAT IT IS RIGHT NOW.

18 DR. PRIETO: COULD WE HAVE A RESTATEMENT?

19 DR. MEYER: THE MOTION WAS SIMPLY TO BETWEEN
20 NOW AND THE TIME THAT THE GOVERNANCE COMMITTEE CAN COME
21 UP WITH GUIDELINES GOVERNING EVERYTHING, IN THIS CASE
22 EXPENDITURES AND LIMITS, LIMITS THAT NEED ICOC
23 APPROVAL, LIMITS THAT DON'T NEED ICOC APPROVAL,
24 WHATEVER IT HAPPENS TO BE, THE MOTION IS THAT WE LEAVE
25 THIS UP TO THE CIRM AND ZACH HALL TO NEGOTIATE AND TO

1 DECIDE WHAT SHOULD BE DONE FINANCIALLY.

2 CHAIRMAN KLEIN: DR. MEYER, DR. HALL
3 SUGGESTED A PROSPECTIVE LIMIT FOR THAT TIME PERIOD OF
4 \$100,000. IS THAT ACCEPTABLE AS AN AMENDMENT TO YOU?

5 DR. MEYER: THAT'S FINE.

6 DR. POMEROY: THIS IS UNTIL WHEN?

7 CHAIRMAN KLEIN: FOR INDIVIDUAL CONTRACTS
8 JUST FOR THE PERIOD BETWEEN NOW AND WHEN THE GOVERNANCE
9 COMMITTEE MAKES A DECISION. THE SECOND FOR THAT?

10 DR. WRIGHT: SECOND.

11 CHAIRMAN KLEIN: IS THAT ACCEPTABLE TO THE
12 SECOND? YES. SO THAT IS THE MOTION AND THE SECOND.
13 ANY MORE BOARD DISCUSSION? ANY PUBLIC DISCUSSION?
14 CALL FOR THE QUESTION. ALL IN FAVOR. OPPOSED? THANK
15 YOU.

16 MR. BARNES: OKAY. OPERATING BUDGET. THAT'S
17 THE LAST COUPLE OF PAGES UNDER ATTACHMENT OR TAB 14.

18 CHAIRMAN KLEIN: WALTER, I JUST WANT TO KNOW.
19 ARE YOU HAPPY YOU CAME TO WORK FOR US?

20 MR. BARNES: REASSESSING MY CAREER CHOICE. I
21 SHOULD SAY I APPRECIATE BOTH THE ANXIETY AND THE
22 INTEREST IN THIS AS WELL. I MEAN, AS ZACH HAS SAID, WE
23 HAVE ATTEMPTED TO DO THE BEST WE CAN WITH WHAT WE HAVE
24 OVER THE LAST COUPLE OF MONTHS OR SO. AND TO BE
25 HONEST, AFTER 40 YEARS OF WORKING WITH THE STATE OF

1 CALIFORNIA, I'M LOOKING FORWARD TO HAVING THE ACTUAL
2 COMFORT OF WORKING WITH THE GOVERNANCE COMMITTEE
3 BECAUSE I THINK THAT WILL ACTUALLY MAKE OUR JOB EASIER,
4 AND IT WILL MAKE YOUR JOB A LOT EASIER AS WELL. SO I'M
5 LOOKING FORWARD TO THAT.

6 ONE OF THE THINGS I'M REALLY LOOKING FORWARD
7 TO IS MEETING WITH THEM WITH REGARD TO THE BUDGET. I
8 KNOW THAT YOU'RE ALL INTERESTED IN WHERE OUR
9 EXPENDITURES ARE GOING. WE -- IT'S PROBABLY KIND TO
10 SAY THAT THIS IS A BUDGET THAT I'M PRESENTING TO YOU.
11 PROBABLY MORE ACCURATELY THIS IS AN UPDATE TO THE
12 EXPENDITURE PLAN THAT OR SPENDING PLAN THAT I GAVE YOU
13 AT THE MAY 6TH MEETING. I'VE ADDED A COPY OF THE
14 PRESENTATION THAT I MADE AT THAT MAY 6TH MEETING.

15 AS YOU RECALL, AT THAT TIME WE WERE FACING
16 THE FACT THAT ALL THE MONEY THAT WE HAD IN THE WORLD
17 WAS THE \$3 MILLION LOAN AND HOW FAR WOULD THAT TAKE US.
18 AND BASICALLY WE HAD A POLICY IN PLACE OF NOT HIRING
19 ANY NEW ADDITIONAL STAFF. WE HAD A POLICY IN PLACE OF
20 DEFERRING SOME SORT OF PAYMENTS. WE WERE BASICALLY
21 OPERATING AT THE BARE MINIMUM THAT WE COULD, AND IT
22 INDICATED THAT WE HAD A SUFFICIENT AMOUNT OF MONEY TO
23 TAKE US THROUGH NOVEMBER.

24 WHAT I'VE LAID OUT HERE IS THE FACT THAT
25 THERE ARE AT LEAST TWO MAJOR CHANGES THAT HAVE OCCURRED

1 SINCE THAT TIME WITH REGARD TO FUNDING. ONE IS THE
2 DOLBY FOUNDATION HAS DONATED \$5 MILLION TO US TO BE
3 ABLE TO USE THAT FOR MOST, NOT ALL, BUT MOST OF THE
4 EXPENDITURES THAT WE HAVE UNDER GENERAL ADMINISTRATION,
5 AND CERTAINLY ALL OF THE EXPENDITURES THAT WE WOULD
6 INCUR UNDER THE GRANTS ADMINISTRATION.

7 IN ADDITION, THE STEM CELL FINANCING
8 COMMITTEE HAS AUTHORIZED THE ISSUANCE OF \$200 MILLION
9 IN BONDS OR BOND ANTICIPATION NOTES, AND WE'VE HEARD A
10 LOT OF ABOUT THAT RIGHT NOW. AND APPROXIMATELY 5.8
11 PERCENT OR UP TO 5.8 PERCENT OF THOSE PROCEEDS,
12 REGARDLESS OF THE SOURCE, ARE AVAILABLE TO BE USED FOR
13 GENERAL ADMINISTRATION AND GRANTS ADMINISTRATION.

14 SO I'VE PUT TOGETHER A SPENDING PLAN THAT
15 UPDATES YOU WITH REGARD TO OUR EXPENDITURE LEVELS IN
16 2004-05 AND A PROJECTION WITH REGARD TO 2005-06, AND
17 INCLUDES THE ADDITIONAL DOLBY GRANT MONEY AND THE BOND
18 PROCEEDS OR A SHARE OF THE BOND PROCEEDS.

19 I PUT A PLACEHOLDER DOWN HERE FOR THE
20 INFORMATION WITH REGARD TO GRANTS. OBVIOUSLY THE
21 AMOUNT THAT ACTUALLY GETS SPENT ON GRANTS WILL DEPEND
22 UPON WHAT DECISIONS YOU MAKE BASED UPON ALL THE VARIOUS
23 GRANT PROGRAMS THAT ZACH AND ARLENE ARE WORKING ON
24 RIGHT NOW. SO IT'S KIND OF A PLACEHOLDER FIGURE. YOU
25 MAY SPEND THAT AMOUNT. YOU MAY SPEND A DIFFERENT

1 AMOUNT, BUT THAT JUST BALANCES IT OUT.

2 WITH REGARD TO OUR EXPENDITURES, OUR
3 ANTICIPATED EXPENDITURES, THEY STILL BASICALLY FALL
4 INTO TWO MAJOR CATEGORIES, SALARIES AND BENEFITS AND
5 CONTRACTS, AND THEN ALL THE OTHER WHAT WE CALL OE&E,
6 AND THAT'S AN ACRONYM, OTHER EXPENSE AND EQUIPMENT.
7 IT'S BASICALLY EVERYTHING ELSE. IT'S THE TRAVEL
8 EXPENSES, IT'S THE COMMUNICATIONS LIKE OUR TELEPHONES
9 AND LINES AND ANY FURNITURE AND BLACKBERRIES AND
10 COMPUTER EQUIPMENT AND THINGS LIKES THAT. SO IT'S ALL
11 THAT OTHER STUFF.

12 AND AFTER WORKING WITH ZACH, WE'VE COME UP
13 WITH A HIRING PLAN THAT BASICALLY WOULD INCLUDE THE
14 FILLING OF 21 POSITIONS BETWEEN NOW AND THE END OF THIS
15 COMING -- THE FISCAL YEAR THAT WE'RE IN RIGHT NOW. OF
16 THE 21 POSITIONS, 12 WOULD BE IN GRANTS MANAGEMENT, 8
17 WOULD BE IN GENERAL ADMINISTRATION, BUT THAT WOULD
18 INCLUDE THE COMMUNICATIONS DIRECTOR, A LEGAL COUNSEL,
19 INFORMATION TECHNOLOGY PERSON, AND ADMINISTRATIVE
20 ASSISTANTS. ALL OF THESE, BY THE WAY, ARE RELATED TO
21 CONTRACTS THAT WE HAVE. SO TO THE EXTENT THAT WE FILL
22 THESE POSITIONS, POTENTIALLY THE LEVEL OF CONTRACTS
23 THAT WE HAVE PUT INTO THIS BUDGET ARE GOING TO GO DOWN.
24 SO WE HAVE TO TAKE THAT INTO ACCOUNT. RIGHT NOW I
25 HAVEN'T MADE THAT DECISION YET AS TO HOW THAT WOULD

1 SPECIFICALLY WORK.

2 WHAT IT MEANS IS THAT BY JUNE 30TH, WE'D HAVE
3 36 PERSONS EMPLOYED ON A FULL-TIME BASIS. THAT'S A
4 MINIMUM. THIS IS THE PLAN THAT WE DEVELOPED JUST IN
5 THE LAST FEW WEEKS. THAT COULD CHANGE. WE COULD END
6 UP DECIDING, AGAIN, DEPENDING UPON HOW MANY GRANT
7 PROGRAMS WE GET INTO, ZACH AND ARLENE COULD DECIDE THAT
8 WE NEED TO START HIRING SOME MORE PEOPLE IN THAT AREA
9 AS WELL. THAT'S WHAT WE PUT DOWN FOR NOW.

10 THE CONTRACTS AND INTERAGENCY AGREEMENTS,
11 BASICALLY THEY WERE INCREASED TO REFLECT THE PAYMENT OF
12 THE DEFERRED COSTS THAT WE DIDN'T HAVE LAST YEAR AND IN
13 OUR -- IN THE MAY THING THAT I GAVE YOU. AND IN
14 ADDITION, IT REFLECTS THE EXTENSION OF CERTAIN
15 CONTRACTS. AND THE FIGURE THAT WE HAVE HERE IS THAT
16 FOR THE INTERAGENCY OR INTERDEPARTMENTAL AGREEMENTS,
17 THAT EXTENSION FOR A FULL YEAR, KEEP IN MIND, WOULD BE
18 ABOUT \$590,000. NOW, THE BIGGEST ITEM ON THAT WOULD BE
19 THE DEPARTMENT OF JUSTICE. AND KEEP IN MIND THERE IS
20 NO CONTRACT WITH THE DEPARTMENT OF JUSTICE, ALTHOUGH WE
21 LIST IT AS A CONTRACT. THE DEPARTMENT OF JUSTICE HAS
22 STATE AUTHORITY TO ACTUALLY BILL STATE DEPARTMENTS FOR
23 THE COST OF SERVICES THAT THEY PROVIDE.

24 CHAIRMAN KLEIN: EXCUSE ME, WALTER. DON'T WE
25 LIST IT AS AN INTERAGENCY AGREEMENT?

1 MR. BARNES: YES, WE HAVE.

2 CHAIRMAN KLEIN: JUST SO PEOPLE ARE FOCUSED
3 PROPERLY, INTERAGENCY AGREEMENTS ARE UNDER DIFFERENT
4 RULES FOR CONTRACTING THAN CONTRACTS WITH THIRD
5 PARTIES. SO IT'S GOOD TO JUST USE THE TERM WITH
6 DISCRETE ATTENTION TO USING THE WORD "INTERAGENCY
7 AGREEMENT" OR USING THE WORD "CONTRACTS" BECAUSE IT
8 CARRIES WITH THEM DIFFERENT LEGAL SIGNIFICANCE AND
9 DIFFERENT PROCEDURES.

10 MR. BARNES: THANK YOU. I THOUGHT I SAID
11 INTERAGENCY, BUT I GUESS I DIDN'T. SO ANYWAY, THOSE
12 ARE THE FOUR INTERAGENCY AGREEMENTS THAT WE WOULD
13 EXPECT TO BE EXTENDED.

14 NOW, AGAIN, HERE WE HAVE AN INTERAGENCY
15 AGREEMENT, FOR INSTANCE, WITH THE HEALTH AND HUMAN
16 SERVICES DATA CENTER. THAT ORGANIZATION IS PROVIDING
17 SERVICES, MAINTENANCE SERVICES AND TECHNICAL SUPPORT,
18 FOR OUR E-MAIL, OUR BLACKBERRIES, AND ALL OF THAT KIND
19 OF STUFF. THEY ALSO HELPED SET US UP AND HELP US RUN
20 THOSE KINDS OF PROGRAMS. TO THE EXTENT THAT WE ACQUIRE
21 ANOTHER CONTRACTOR THAT ACTUALLY MAY BE MORE IN TUNE
22 WITH THE TYPE OF SERVICES THAT WE NEED, THAT WAS THE
23 REFERENCE THAT I MADE TO ATHEON, ESSENTIALLY THAT
24 INTERAGENCY AGREEMENT WOULD BEGIN TO GO AWAY.

25 SO THOSE THINGS HAVE YET TO BE WORKED OUT IN

1 HERE. WITH REGARD TO THE EXTENSION OF CONTRACTS WITH
2 THIRD PARTIES, BY AND LARGE, ALL OF THEM ARE THE --
3 THEY'RE BASICALLY -- WELL, LET'S SAY THE TOTAL AMOUNT
4 IS 593,000, SO ABOUT 594,000. THE LARGEST SEGMENT OF
5 THAT IS BASICALLY WITH OUR ASSUMPTIONS ABOUT REMCHO AND
6 OUR NEED TO CONTINUE TO HAVE SERVICES FROM THEM THROUGH
7 THEIR CONTRACT. WHEREAS, PRETTY MUCH, AS I SAID,
8 THERE'S A NUMBER OF CONTRACTS THAT ARE STARTING TO
9 EXPIRE OR HAVE EXPIRED. AND IN ADDITION, THERE ARE
10 SOME CONTRACTS THAT ARE SET TO EXPIRE IN THE CURRENT
11 YEAR AS WELL. SO ESSENTIALLY WE HAVE THE REMAINDER ON
12 THE GRANTS ADMINISTRATION CONTRACTS, WE HAVE THE
13 CONTINUATION OF CALTRONICS, WHICH PROVIDES SERVICES TO
14 OUR COPIERS, LEXIS-NEXIS, WHICH IS A SERVICE THAT HELPS
15 OR LEGAL RESEARCH. DIANE WATSON, SHE'S ANOTHER
16 CONTRACTS PERSON, THE SPOTLIGHT WORK THAT WE HAVE. AND
17 THAT'S BASICALLY IT.

18 SO THOSE ARE THE BASIC CONTRACTS THAT WE'RE
19 TALKING ABOUT RIGHT NOW. AS I SAID, CONTRACTS THAT
20 AREN'T EXECUTED, LIKE THE EDELMAN CONTRACT, ATHEON, AND
21 PAT OLSON IS NOT IN HERE. SO THOSE HAVE TO BE ADDED.

22 THE OTHER EXPENDITURES, THE TRAVEL, THE
23 PHONES, THE PRINTING, THE SUPPLIES, BASICALLY THOSE
24 REFLECT AN INCREASE IN THE NUMBER OF STAFF. SO IT TIES
25 BACK TO THE ADDITIONAL 21 POSITIONS. AND IT BASICALLY

1 DEALS WITH THE FACT THAT FOR SOME OF THESE SERVICES,
2 THEY'RE ON AN ONGOING BASIS, AND SO THE PEOPLE THAT
3 WERE HIRED LAST YEAR BASICALLY ONLY GOT SIX MONTHS
4 WORTH OF SERVICE. THIS YEAR THEY'LL HAVE A YEAR'S
5 WORTH OF SERVICE. SO THOSE KINDS OF THINGS HAVE TRIED
6 TO BE TAKEN INTO ACCOUNT IN ALL OF THIS.

7 AS I MENTIONED, I FEEL THAT THIS PROVIDES AN
8 ESTIMATE OF THE EXPENDITURES IN THE COMING YEAR, BUT
9 THERE'S A LOT OF FACTORS THAT COULD CHANGE. THE
10 COMPENSATION PLAN, DEPENDING ON WHAT THE ICOC DECIDES
11 TO DO WITH REGARD TO COMPENSATION, COULD CHANGE THE
12 AMOUNT THAT WE HAVE BUDGETED IN HERE WITH REGARD TO THE
13 ADDITIONAL HIRES OR ONGOING STAFFING. CHANGES IN THE
14 PACE OF FILLING THE 21 NEW POSITIONS, IF IT GETS
15 DELAYED, THEN OUR COSTS ARE GOING TO GO DOWN. IF WE
16 ACCELERATE IT, IT WILL GO UP. AND AS I MENTIONED, I
17 KEEP COMING BACK TO THIS OVER AND OVER AGAIN, BUT I
18 THINK IT'S IMPORTANT TO REALIZE THERE IS SOME SYNERGY
19 BETWEEN THE STAFF WE HIRE AND THE CONTRACTS THAT WE
20 HAVE. WE'VE USED CONTRACTS AS A WAY OF TRYING TO GET
21 US THROUGH THIS EARLY PROCESS. AS MORE OF THESE HIRES
22 COME ON BOARD, LIKE THE GENERAL COUNSEL AND
23 COMMUNICATIONS AND THAT KIND OF THING, WE SHOULD SEE A
24 REDUCTION IN THESE CONTRACTS.

25 SO THAT'S KIND OF WHERE WE ARE RIGHT AT THE

1 MOMENT. AND I REALLY DO FEEL THE NEED TO CONSULT MORE
2 WITH THE GOVERNANCE COMMITTEE ON THIS PROCESS TO REFINE
3 IT AND GET IT BACK TO A MUCH MORE ACCURATE PROCESS.
4 AND I'D LIKE TO BE ABLE TO GO THROUGH WITH THEM A LOT
5 OF THE DETAIL AND BACKUP ON ALL OF THIS STUFF SO THAT
6 THEY HAVE A BETTER SENSE OF WHERE THESE NUMBERS ARE
7 COMING FROM.

8 AM I STILL CHIEF ADMINISTRATIVE OFFICER?
9 CHAIRMAN KLEIN: I THINK WE GREATLY
10 APPRECIATE ALL OF YOUR WORK, WALTER. DEEPLY APPRECIATE
11 IT. AND I THINK THAT WE'RE JUST IN THE PROCESS OF
12 DEVELOPING GOVERNANCE PROCEDURES THAT WILL GIVE US ALL
13 MORE COMFORT AND PREDICTABILITY. CLAIRE, DR. POMEROY.

14 DR. POMEROY: CAN YOU TELL US WHERE THE
15 FIGURE OF 188 MILLION FOR GRANTS CAME FROM, HOW THAT
16 WAS ARRIVED AT?

17 MR. BARNES: IT'S 200 MILLION. AND WHAT WE
18 DID IS WE TOOK THE 5.8 PERCENT OF IT AND PUT IT UP
19 UNDER THE BOND PROCEEDS UNDER STATE OPERATIONS. THAT'S
20 11.6. SO YOU TAKE 200 MILLION --

21 DR. POMEROY: SO THIS IS JUST BASED ON WHAT
22 WAS APPROVED BY THE FINANCE COMMITTEE FOR BONDS?

23 MR. BARNES: YES.

24 DR. POMEROY: NOT ON LIKE HOW MANY GRANTS WE
25 THINK WE'RE GOING TO GIVE?

1 MR. BARNES: NO. ZACH HAS DEVELOPED SOME
2 IDEAS FOR HOW THIS MONEY WOULD BE LAID OUT. AND, OF
3 COURSE, ONE OF THEM HAS TO DO WITH THE -- THE FIRST OF
4 THAT HAS TO DO WITH THE TRAINING GRANTS THAT ARE GOING
5 TO BE ISSUED, SO THEY WOULD BE INCLUDED IN HERE. BUT I
6 THINK A LOT OF THOSE DECISIONS ABOUT HOW MUCH OF THIS
7 MONEY IS GOING TO BE SPENT THIS YEAR WILL DEPEND UPON A
8 LOT OF STUFF. IT WILL DEPEND, NOT ONLY ON THE
9 DECISIONS THAT YOU MAKE, BUT HOW MUCH OF THESE BONDS
10 CAN WE SELL.

11 CHAIRMAN KLEIN: IT ALSO DEPENDS ON THE
12 STRATEGIC PLAN THAT THE BOARD WILL BE WORKING ON AND
13 THE ALLOCATION OF PRIORITIES IN THAT STRATEGIC PLAN.
14 NUMBER OF DECISIONS YET TO BE MADE, BUT THE FINANCE
15 COMMITTEE GAVE US 200 MILLION OF AUTHORIZATION. WE
16 NEED TO DECIDE WHAT THE ALLOCATIONS ARE OF THOSE FUNDS,
17 BUT USE THAT AS A BUDGETING MECHANISM WHERE WE COULD
18 TIE BACK TO THE FINANCE COMMITTEE AND SHOW YOU THE
19 RESULTS IF THAT PLAN WERE CARRIED OUT. COMMENTS?

20 DR. PRIETO: QUESTION FOR WALTER. IS THERE
21 ANY ESTIMATE IN HERE WITH REGARDS TO THE DIFFERENCE IN
22 FINANCING COSTS IF WE ARE FORCED TO GO TO SOME SORT OF
23 BRIDGE FINANCING AND PRESUMABLY PAY HIGHER INTEREST
24 THAN WE WOULD IF WE ARE ABLE TO ISSUE BONDS?

25 MR. BARNES: THAT'S A GOOD QUESTION. TO A

1 CERTAIN EXTENT, THAT'S AN ELEMENT THAT IS NOT IN HERE,
2 THE COST OF THE BONDS THEMSELVES. NOW, BASICALLY WE'VE
3 ASSUMED IN HERE THAT THE WHOLE 200 MILLION IS AVAILABLE
4 TO US. OFF THE TOP HAS TO COME THE ACTUAL BOND SELLING
5 ACTIVITIES AND COSTS THAT THE TREASURER IS INCURRING
6 AND THAT WE WOULD INCUR OURSELVES. SO IT'S REALLY
7 GOING TO BE LESS THAN THE 200 MILLION. IF WE SOLD THE
8 WHOLE 200 MILLION, WE WOULD GET LESS THAN THAT. AND WE
9 DON'T HAVE THE SPECIFIC AMOUNT ON DIFFERENCES IN
10 INTEREST; BUT THEN, OF COURSE, WE'RE STILL WAITING TO
11 HEAR FROM THE TREASURER'S OFFICE ABOUT WHAT THEY HAVE
12 HEARD FROM THE NORMAL FINANCING AGENCIES AND WHAT WE'RE
13 GOING TO THEN GO AS OUR ALTERNATIVE.

14 CHAIRMAN KLEIN: IF I CAN COMMENT. THE
15 NORMAL FINANCING AGENCIES WILL NOT BE PRACTICAL. THIS
16 IS ALL BASED AND THE ENTIRE TERM SHEET AND PLAN IS
17 BASED ON PHILANTHROPIC FOUNDATIONS AND INDIVIDUALS.
18 IT'S -- IN FACT, THE TERM SHEET THAT WE'VE DRAWN UP
19 ACTUALLY MAKES THE INTEREST COST UNDER THAT TERM SHEET
20 SLIGHTLY LESS EXPENSIVE THAN WE WOULD FACE IN THE
21 NORMAL BOND MARKET. SO THE DESIRE IS TO APPROACH THE
22 PHILANTHROPIC FOUNDATIONS ON A PHILANTHROPIC MOTIVATION
23 FOR THE SALE OF THESE. WE WON'T -- WHEN YOU BORROW ON
24 THIS BASIS, WE WOULD NORMALLY HAVE A CREDIT ENHANCEMENT
25 CHARGE, AS WELL AS AN INTEREST COST, AS WELL AS COST OF

1 SALES. AND ON THE AGGREGATE OF THOSE VARIOUS COSTS AND
2 EXPENSES, WE'RE TRYING TO APPROACH THIS ON OBTAINING AN
3 INTEREST COST, EFFECTIVE INTEREST COST, WHICH IS
4 CONSIDERING ALL OF THOSE ELEMENTS THAT'S SLIGHTLY LESS
5 THAN THE PRIVATE MARKET WOULD PROVIDE AS VERSUS MORE
6 THAN. THAT'S A CHALLENGE.

7 DR. PRIETO: AM I UNDERSTANDING THAT
8 ESSENTIALLY WE'RE ASKING THOSE ORGANIZATIONS, EVEN IF
9 THEY ARE PAID BACK, THAT THEY WOULD GIVE US A MORE
10 FAVORABLE RATE?

11 CHAIRMAN KLEIN: THAT'S CORRECT. NOW,
12 OBVIOUSLY IT'S -- IT IS A -- BOND ANTICIPATION NOTES
13 ARE A TRADITIONAL STRUCTURE WITH AN INNOVATIVE
14 APPLICATION HERE. AND WE MAY NOT ACHIEVE THAT GOAL,
15 BUT THAT IS THE GOAL. AND WE PREFER TO ASK THAT UP
16 FRONT. IF YOU DON'T ASK, YOU CAN'T ACHIEVE.

17 MR. BARNES: THE ONLY LAST THING I WOULD SAY
18 IS THAT IN WORKING WITH THE GOVERNANCE COMMITTEE, I'D
19 LIKE TO TRY TO COME UP WITH NOT JUST THE TWO-YEAR
20 BUDGET THAT WE HAVE HERE. WE NEED TO BE THINKING ABOUT
21 THE THIRD YEAR OUT. PARTICULARLY NOT ONLY ARE WE
22 TALKING ABOUT IF WE GOT THE 36 POSITIONS FILLED, A FULL
23 YEAR OF FUNDING FOR THEIR SALARIES, YOU KNOW, ARE
24 BASICALLY GOING TO INCREASE THE AMOUNT OF COST. IN
25 ADDITION, STATE EMPLOYEES WHO ARE HIRED, DURING THE

1 FIRST TWO YEARS, THE STATE DOESN'T CONTRIBUTE ANYTHING
2 TO THEIR RETIREMENT. BUT WHAT HAPPENED -- AND PART OF
3 THE REASON IS BECAUSE THEY DON'T WANT TO HAVE SOMEBODY
4 COME ON BOARD AND THEN LEAVE, AND THEY PUT MONEY INTO
5 THE RETIREMENT SYSTEM. SO WHAT HAPPENS IS THEY DON'T
6 START PUTTING RETIREMENT IN, THE STATE CONTRIBUTION TO
7 RETIREMENT IN UNTIL THEY'VE BEEN EMPLOYED FOR TWO
8 YEARS.

9 THAT MEANS THAT SINCE I'M THE ONLY ONE WHO'S
10 ACTUALLY BEEN A STATE EMPLOYEE FOR MORE THAN TWO YEARS,
11 NONE OF THE PEOPLE OUT HERE, WE'RE NOT CONTRIBUTING
12 ANYTHING FOR THAT. ONCE THEY HIT TWO YEARS, WE'RE
13 GOING TO HAVE TO START MAKING THOSE CONTRIBUTIONS.
14 THAT MEANS THE BENEFITS ARE GOING TO GO UP THAT ARE
15 RELATED TO OUR PERSONAL SERVICES. SO I THINK IT'S
16 REALLY IMPORTANT THAT WE, IN PUTTING TOGETHER A BUDGET,
17 TAKE THE LONG-TERM VIEW, PARTICULARLY WITH REGARD TO
18 THE OPERATIONS BUDGET BECAUSE THERE ARE SOME COSTS IN
19 HERE THAT ARE POTENTIALLY GOING TO RAMP UP IN THE LATER
20 YEARS.

21 CHAIRMAN KLEIN: HIRING THE BEST PEOPLE WHO
22 WOULD BE COMING, EVEN THOUGH THERE'S A LITIGATION RISK,
23 SO THEY'D BE LEAVING AN OUTSTANDING POSITION, TAKING A
24 POSITION IN THE FACE OF A LITIGATION RISK WHERE THEY
25 MIGHT NOT GET THE BENEFIT OF STAYING LONGER AND GETTING

1 THE PENSION BENEFITS. WE SHOULD TAKE THAT INTO
2 CONSIDERATION IN WHAT WE PAY THEM BECAUSE THEY HAVE A
3 RISK FACTOR, THAT THEY MAY NEVER GET THOSE PENSION
4 BENEFITS. SO WE HAVE SOME INTERESTING CONSIDERATIONS
5 TO DISCUSS. PROBABLY, AGAIN, THE GOVERNANCE COMMITTEE
6 NEEDS TO LOOK AT THAT TYPE OF AN ISSUE.

7 DR. POMEROY: BOB, ONE MORE QUESTION FOR
8 WALTER. AM I READING THIS RIGHT, THAT OUR PLAN IS TO
9 PAY BACK THE \$3 MILLION LOAN? WE HAD A \$300 MILLION
10 START-UP LOAN, RIGHT, LAST YEAR?

11 MR. BARNES: THAT'S CORRECT.

12 DR. POMEROY: AND OUR PLAN IS TO PAY IT BACK,
13 LOOKS LIKE, FROM HOPEFULLY BOND PROCEEDS. IS THERE NO
14 INTEREST? WAS THAT AN INTEREST FREE LOAN?

15 MR. BARNES: THERE ACTUALLY IS SOME INTEREST
16 AT THE POOLED MONEY INVESTMENT RATE, WHICH IS A SMALL
17 RATE, AND WE HAVEN'T FIGURED THAT IN HERE.

18 DR. POMEROY: THAT'S AN EXPENSE THAT HAS TO
19 BE BUDGETED?

20 MR. BARNES: THAT WILL HAVE TO BE AN EXPENSE.

21 CHAIRMAN KLEIN: IT'S APPROXIMATELY 1.7
22 PERCENT AT THIS POINT.

23 MR. BARNES: YES. BUT IT WOULD ONLY BE FOR
24 THE AMOUNTS THAT WE HAVE BORROWED AND FOR THE PERIOD OF
25 TIME THAT WE'VE BORROWED. KEEP IN MIND WE'VE ONLY BEEN

1 BORROWING AS WE NEED TO MAKE PAYMENTS.

2 CHAIRMAN KLEIN: I WOULD POINT OUT ON A MONEY
3 MANAGEMENT BASIS, WE HAVE HAD DISCUSSIONS WITH WALTER
4 AND ZACH AND I, AND, I THINK, ED, YOU'VE BEEN IN SOME
5 OF THOSE DISCUSSIONS, ON THE FACT THAT WITH THE
6 CONTRIBUTED MONEY, WE'RE PUTTING IT IN AN INTEREST
7 EARNING ACCOUNT. BUT IF WE DRAW DOWN THE DOLBY FUNDS
8 AT AN EARLIER DATE AND DEFER SOME OF THE DRAW-DOWNS ON
9 THE \$3 MILLION LOAN, WE DEFER INTEREST ACCRUALS ON
10 THAT. SO WE'RE LOOKING TO OPTIMIZE MONEY MANAGEMENT
11 AND THE TRADE-OFF BETWEEN EARNINGS RATE AND ACCRUAL
12 RATE TO MAKE SURE THAT WE HAVE THE BEST OUTCOMES.

13 DR. POMEROY: SO WE SHOULD HAVE SOME INTEREST
14 INCOME ON OUR BUDGET AS WELL.

15 CHAIRMAN KLEIN: WHICH WE'RE NOT SHOWING, AND
16 ON A LARGER AMOUNT THAN THE AMOUNT WE'RE PAYING
17 INTEREST EXPENSE ON. SO THE OFFSET WOULD BE TO OUR
18 FAVOR.

19 DR. HALL: MR. CHAIR, BEFORE WE LEAVE THIS
20 ITEM, I HAVE JUST E-MAILED BACK, REMEMBERING THAT WE'RE
21 ABOUT TO ENGAGE IN AN I.T. CONTRACT, IN WHICH I'M TOLD
22 WE'RE EXPECTING A LABOR CHARGE OF ABOUT \$2400, BUT WE
23 WILL HAVE ALSO OVER \$100,000 OF EQUIPMENT EXPENSES. I
24 DON'T KNOW HOW YOU WISH TO TREAT THAT; BUT IF ICOC
25 WISHES TO COMMENT ON THAT OR APPROVE THAT, PLEASE ASK

1 YOU TO DO SO. WE'VE -- WE NEED TO HAVE OUR OWN I.T.
2 SYSTEM UP AND RUNNING. WE WANT TO DO IT BEFORE WE MAKE
3 THE MOVE INTO OUR NEW SPACE, AND WE ARE IN DESPERATE
4 NEED OF THIS, SO IT JUST SUDDENLY OCCURRED TO ME, I
5 THINK, BECAUSE IT'S EQUIPMENT LARGELY, THAT IT'S NOT
6 NECESSARY, BUT I WANT TO, IN THE INTEREST OF
7 TRANSPARENCY --

8 CHAIRMAN KLEIN: I THINK --

9 DR. HALL: THE ICOC KNOWS OF THIS. AND IF
10 YOU WISH TO GIVE ME EXPLICIT APPROVAL OR DISAPPROVAL,
11 YOU HAVE YOUR OPPORTUNITY.

12 CHAIRMAN KLEIN: I THINK IT WOULD BE
13 APPROPRIATE TO DEFAULT TO THE MORE CONSERVATIVE
14 INTERPRETATION AND SPECIFICALLY ADDRESS THIS. AND I
15 WOULD ALSO -- DOES THIS I.T. AMOUNT INCLUDE THE AMOUNT
16 FOR THE PHONE SERVICE?

17 DR. HALL: IT DOESN'T SAY. IT WILL BE
18 \$100,000 PLUS OUR OWN SERVER.

19 CHAIRMAN KLEIN: MY UNDERSTANDING FROM THE
20 STAFF IN THE BACK --

21 DR. HALL: MONTHLY COST FOR E-MAIL
22 MANAGEMENT, WEBSITE HOSTING, SO FORTH, BUT THERE'S NO
23 ESTIMATE FOR THAT.

24 CHAIRMAN KLEIN: IT'S SERVERS, BUT IT'S NOT
25 THE PHONE SYSTEM. IF ALL OF YOU IN THE PUBLIC --

1 DR. FRIEDMAN: MR. CHAIRMAN, JUST TO MOVE
2 THIS ALONG, I DON'T KNOW WHETHER IT'S NECESSARY TO
3 REVIEW THIS OR NOT, BUT I WOULD HEARTILY APPROVE IT.
4 WAITING FOR THE GOVERNANCE COMMITTEE TO DEAL WITH ALL
5 THESE ISSUES, THIS IS A CRITICAL NEED.

6 DR. HALL: WE'VE GONE THROUGH THE APPROVED
7 STATE PROCEDURE IN DEALING WITH THIS FIRM. WALTER, YOU
8 CAN ATTEST TO THAT?

9 MR. BARNES: YES.

10 DR. HALL: SO WE HAVE PREPARED EVERYTHING.
11 WE'RE ON THE VERGE OF DOING IT, AND I SUDDENLY THOUGHT,
12 OH, MY GOSH. AM I GOING TO HAVE TO WAIT ANOTHER MONTH?

13 CHAIRMAN KLEIN: MOTION, DR. PRIETO.

14 DR. PRIETO: DOES THIS REQUIRE A MOTION?

15 CHAIRMAN KLEIN: YES, IT DOES.

16 DR. PRIETO: I MOVE APPROVAL OF THIS
17 EXPENDITURE.

18 CHAIRMAN KLEIN: AND WE SHOULD PROVIDE,
19 HOPEFULLY, SOME VARIANCE TO THE AMOUNTS SO THAT HE CAN
20 MAKE AN OPTIMIZING DECISION ON THE BEST SYSTEM.

21 DR. PENHOET: I THINK YOU NEED \$175,000 OR
22 SO. YOU SHOULD ASK FOR \$200,000. IF IT'S 2400 A
23 MONTH, THAT'S 30,000 A YEAR.

24 DR. HALL: I UNDERSTOOD THAT YOU NEEDED
25 APPROVAL FOR ANYTHING OVER \$100,000. WITHOUT SAYING

1 WHAT IT'S GOING TO BE, I JUST AM ASKING WHETHER WE NEED
2 APPROVAL FOR THIS.

3 DR. FRIEDMAN: THAT'S RIGHT.

4 CHAIRMAN KLEIN: WHAT ED PENHOET IS SAYING IS
5 THAT IF YOU TAKE THE CONTRACT COST PLUS THE EQUIPMENT
6 COST, IF WE HAD A CONTRACT AUTHORITY THAT GAVE YOU
7 APPROXIMATELY \$200,000 OF AUTHORITY, INCLUDING THE
8 CONTRACT RIGHTS, WHICH MAY BE FOR MORE THAN ONE YEAR.

9 DR. HALL: I'D JUST LIKE APPROVAL FOR THE --

10 DR. FRIEDMAN: YOU HAVE PERMISSION TO GO
11 FORWARD.

12 DR. MEYER: I ACTUALLY WOULD LIKE TO CHANGE
13 THE MOTION -- I KNOW IT'S BEEN PASSED -- AND REMOVE THE
14 \$100,000, GOING BACK TO THE ORIGINAL MOTION, LEAVE IT
15 TO DR. HALL'S DISCRETION. IF HE CAME UP WITHIN HALF AN
16 HOUR WITH \$100,000 BECAUSE OF I.T., WHICH MAY BE A LOT
17 MORE, WE DON'T KNOW, TOMORROW HE'S GOING TO COME UP
18 WITH SOMETHING ELSE, AND WE'RE NOT GOING TO BE HERE TO
19 DECIDE IT. I DON'T THINK E-MAIL IS REALLY A
20 DISCUSSION -- THE WAY WE OUGHT TO HAVE A DISCUSSION ON
21 THIS.

22 I WOULD ACTUALLY LIKE TO PUT TO A VOTE THE
23 POSSIBILITY OF THE MOTION WITHOUT ANY RESTRICTION, JUST
24 DEFERRING UNTIL THE GOVERNANCE COMMITTEE CAN MEET, TO
25 DR. HALL AND HIS STAFF TO MAKE THESE DECISIONS, PERIOD.

1 CHAIRMAN KLEIN: DR. MEYER, COULD I ASK YOU
2 IF YOU WOULD HAVE A FRIENDLY AMENDMENT WHERE THE
3 HUNDRED THOUSAND APPLIED TO SERVICE CONTRACTS AND THAT
4 THE AMOUNTS FOR EQUIPMENT, FOR EXAMPLE, FOR THE NEW
5 SPACE, WHETHER IT'S I.T. OR PHONE SYSTEMS EQUIPMENT,
6 GOING THROUGH THE STATE PROCESS, NOT BE SUBJECT TO THAT
7 LIMIT?

8 DR. MEYER: WE HAVE TO GO THROUGH THE STATE
9 PROCESS.

10 CHAIRMAN KLEIN: NO. NO. I'M SAYING GO
11 THROUGH THE STATE PROCESS ON EQUIPMENT. AND WITH THAT
12 BEING A CONTROL FEATURE, THAT SINCE WE DON'T HAVE WITH
13 US THE ABILITY TO ESTIMATE ALL THE EQUIPMENT COST, THAT
14 WE TAKE THE LID OFF ONLY ON EQUIPMENT, BUT KEEP THE
15 LIMIT ON SERVICE CONTRACTS.

16 DR. MEYER: THAT WOULD BE FINE.

17 CHAIRMAN KLEIN: IS THERE A SECOND TO THAT?

18 DR. WRIGHT: SECOND.

19 CHAIRMAN KLEIN: OKAY. IS THERE DISCUSSION?
20 IS THERE PUBLIC DISCUSSION? ALL IN FAVOR.

21 MR. SHEEHY: I'M VOTING NO.

22 CHAIRMAN KLEIN: YES. I'M SORRY. JEFF
23 SHEEHY VOTED NO.

24 MR. SERRANO-SEWELL: CHAIRMAN KLEIN, CAN YOU
25 REPEAT THE MOTION?

1 CHAIRMAN KLEIN: THE MOTION THAT WAS THAT
2 THERE WOULD BE A LIMIT OF 100,000 WOULD REMAIN FOR
3 SERVICE CONTRACTS.

4 MR. SERRANO-SEWELL: CAN YOU DEFINE SERVICE
5 CONTRACTS FOR ME? PERSONAL SERVICE CONTRACT?

6 CHAIRMAN KLEIN: FOR EXAMPLE, IT WOULD NOT
7 INCLUDE INTERAGENCY AGREEMENTS BECAUSE WE HAVE THE
8 JUSTICE DEPARTMENT. SO IT'S ANY THIRD-PARTY CONTRACT,
9 BUT THERE WOULD NOT BE A \$100,000 LIMIT ON EQUIPMENT
10 AND RELATED --

11 DR. HALL: ON THE PERSONNEL COST IS WHAT
12 WE'RE TALKING ABOUT. PERSONNEL COST AND EXPENSES
13 ASSOCIATED WITH THAT. HOW DO YOU WANT TO PHRASE IT?

14 DR. MEYER: I WOULD SAY THAT THE EQUIPMENT
15 INSTALLATION HAS TO BE PART OF THAT.

16 CHAIRMAN KLEIN: YEAH. EQUIPMENT AND
17 EQUIPMENT INSTALLATION IS NOT PART OF WHAT WAS
18 ANTICIPATED TO BE UNDER THE LIMIT. DAVID, IS THAT
19 SUFFICIENT?

20 MR. SERRANO-SEWELL: YEAH. THANK YOU.

21 CHAIRMAN KLEIN: ANY OTHER COMMENTS OR
22 CLARIFICATION ON THE STATEMENT I JUST MADE? THANK YOU.
23 I THINK, WALTER, WE THANK YOU.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: ALL RIGHT. ITEM 16, PUBLIC

1 COMMENT IN GENERAL? JESSE REYNOLDS.

2 MR. REYNOLDS: JUST CLOSING GENERAL COMMENTS.

3 CHAIRMAN KLEIN: IT IS CLOSING GENERAL
4 COMMENTS; AND IF YOU WANT A CONTRACT, I WOULD
5 SUGGEST --

6 MR. REYNOLDS: SOUNDS LIKE IT COULD BE GOOD
7 BUSINESS. I'LL KEEP IT AT 99,000.

8 I WANTED TO COMMENT VERY BRIEFLY ABOUT THE
9 BRIDGE FINANCING PROPOSAL, AND IT'S CONVENIENT THAT I
10 CAN DO IT NOW. I'VE LEARNED A LITTLE BIT MORE OVER THE
11 COURSE OF THE DAY. I'VE EXPRESSED CONCERN BEFORE THAT
12 IT CAN CREATE A REAL POSSIBILITY OF CONFLICT OF
13 INTEREST. AND THIS IS MADE ALL THE MORE REAL IF SUCH
14 BRIDGE FINANCING IS DONE AT A REDUCED INTEREST RATE.

15 YOU'RE ASKING INDIVIDUALS AND ORGANIZATIONS
16 TO MAKE LARGE QUANTITY LOANS TO A STATE ORGANIZATION.
17 IT'S A RISKY LOAN AT A REDUCED INTEREST RATE. ALTHOUGH
18 THESE INDIVIDUALS AND ORGANIZATIONS ARE CHARACTERIZED
19 AS PHILANTHROPIC, THEY'RE LIKELY TO HAVE SOME INTEREST
20 IN HOW THE INSTITUTION LATER OPERATES. AND I'M NOT
21 SURE WHAT THE ANSWER IS TO THIS, BUT THERE NEEDS TO BE
22 FIREWALLS ON BOTH SIDES.

23 ON THE INSTITUTION SIDE, WHAT WILL YOU DO TO
24 ENSURE THAT THERE'S -- TO REDUCE THE LIKELIHOOD OF THIS
25 CONFLICT? ONE POSSIBILITY WOULD BE THAT INSTITUTE

1 LEADERSHIP IS NOT INVOLVED IN ACTIVELY MARKETING THESE
2 LOANS. AND ON THE BUYER'S SIDE, THERE'S THINGS THAT
3 CAN BE DONE TO REDUCE THE LIKELIHOOD THAT THESE ARE THE
4 TYPES OF ORGANIZATIONS AND INDIVIDUALS WHO MIGHT WANT
5 TO LATER INFLUENCE THE ACTIVITIES OF THE INSTITUTE.

6 CHAIRMAN KLEIN: OKAY. THAT'S A VERY GOOD
7 QUESTION. I'M GLAD YOU ASKED IT. LET ME TRY AND
8 RESPOND ABOUT THE FIREWALLS.

9 FIRST OF ALL, THE TREASURER'S OFFICE AND THE
10 CONTROLLER'S OFFICE, THE ATTORNEY GENERAL'S OFFICE ARE
11 ALL INVOLVED WITH THE INSTITUTE IN CREATING THE TERM
12 SHEET. THE TERM SHEET HAS IN IT AS ONE FIREWALL, FOR
13 EXAMPLE, THAT NO BENEFICIARY OF ANY LOAN CAN BE A PARTY
14 WHO PARTICIPATES IN BUYING THE BOND ANTICIPATION NOTES.
15 SO NO ENTITY THAT WOULD WANT TO INFLUENCE THE POLICY ON
16 RECEIPT OF FUNDS COULD BE A PARTY.

17 SECONDLY, THE FUND -- THE ACTUAL BOND
18 ANTICIPATION NOTES WILL BE NEGOTIATED ON TERMS THAT
19 WILL PLACED BY THE TREASURER'S OFFICE, AND THE
20 DOCUMENTS ARE APPROVED BY THE BOND COUNSEL. SO THOSE
21 TERMS ON THE SALE OF THE BOND ANTICIPATION NOTES CANNOT
22 HAVE ANY PROVISIONS THAT WOULD GIVE ANYONE A BENEFIT IN
23 THE ALLOCATION PROCESS.

24 THE NEXT POINT IS THAT THE FUNDS COME TO THIS
25 BOARD AS A WHOLE. AND THIS BOARD WILL GET ITS

1 RECOMMENDATIONS FROM THE FACILITIES COMMITTEE AND FROM
2 THE GRANTS COMMITTEE, WHICH ARE INDEPENDENT ADVISORY
3 GROUPS THAT WILL RECOMMEND ON SCIENTIFIC MERIT. THOSE
4 CRITERIA WILL BE DECIDED IN PUBLIC MEETINGS, AND THEY
5 WILL BE SCORED BY THE STAFF WITH THE STAFF
6 RECOMMENDATIONS COMING TO THE PUBLIC MEETING FOR AWARD.

7 SO THAT CREATES ANOTHER TWO SETS OF
8 FIREWALLS. BUT THIS BOARD WILL NOT CONSIDER IN ANY
9 VOTE AND WILL NOT BE ABLE TO DISTINGUISH WHERE \$1 CAME
10 FROM OR ONE MILLION CAME FROM VERSUS ANOTHER MILLION
11 DOLLARS CAME FROM. SO THERE ARE A NUMBER OF LAYERS OF
12 FIREWALLS. AND PROBABLY JUST AS A GOOD CONSTRUCTIVE
13 PROCESS, FOR THE NEXT MEETING WE'LL TRY AND BRING BACK
14 AN OUTLINE FOR YOU OF THOSE FIREWALLS AND CITE THE
15 SECTIONS. THAT WOULD BE VERY HELPFUL BECAUSE I THINK
16 IT WILL GIVE YOU AND THE MEMBERS OF THE PUBLIC A LOT OF
17 ASSURANCE THAT THERE'S SO MANY WALLS IN THIS PROCESS,
18 THAT IT WILL REALLY GET GRANTS WHERE WE WANT THEM,
19 WHICH IS BASED UPON THE BEST PRACTICES.

20 OF COURSE, THE INDIVIDUAL -- IT IS DIFFICULT
21 ALSO TO BELIEVE THAT AN INDIVIDUAL ORGANIZATION WOULD
22 ADVANCE 20 MILLION TO SEE THAT AN INDIVIDUAL RESEARCHER
23 GETS THREE MILLION. AND WHEN THOSE GRANTS COME BEFORE
24 THE ICOC, UNTIL THE GRANT IS APPROVED, THE ORGANIZATION
25 AND THE RESEARCHER'S NAME WILL NOT BE KNOWN BY THE

1 BOARD. SO THE BOARD WOULD HAVE A DIFFICULT TIME, EVEN
2 IF IT WANTED TO, IN TRYING TO AWARD BASED UPON AN
3 INSTITUTION THAT SOMEONE MIGHT LIKE BECAUSE THEY
4 WOULDN'T EVEN KNOW THE INSTITUTION OTHER THAN THE BOARD
5 MEMBER WHO IS FROM THE INSTITUTION NOT BEING ABLE TO
6 VOTE ON THE ITEM. SO WE WILL ATTEMPT TO DRAW A LIST OF
7 THOSE FIREWALLS UP.

8 I THINK WE HAVE HEROICALLY GONE THROUGH THIS
9 AGENDA.

10 (APPLAUSE.)

11 CHAIRMAN KLEIN: AND WE WILL ADJOURN BEFORE
12 THE ALLOTTED TIME, WHICH IS CAUSE FOR GREAT CELEBRATION
13 IN THE STATE OF CALIFORNIA.

14 (THE MEETING WAS THEN ADJOURNED AT 04:11 P.M.)

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