

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: HILTON SFO BAYFRONT HOTEL  
REFLECTIONS I & II  
600 AIRPORT BOULEVARD  
BURLINGAME, CALIFORNIA

DATE: THURSDAY, OCTOBER 25, 2012  
9 A.M.

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

BRS FILE NO.: 91124

## BARRISTERS' REPORTING SERVICE

### I N D E X

ITEM DESCRIPTION	PAGE NO.
1. CALL TO ORDER.	3
2. PLEDGE OF ALLEGIANCE.	3
3. ROLL CALL.	3
4. CHAIRMAN'S REPORT.	6
5. PRESIDENT'S REPORT.	11
ACTION ITEMS	
6. CONSIDERATION OF APPLICATIONS FOR RFA 12-05: CIRM STRATEGIC PARTNERSHIP I AWARDS.	53
CLOSED SESSION	NOT REPORTED
ACTION ITEMS	
8. CONSIDERATION OF DISEASE TEAM III CONCEPT PLAN.	128
9. CONSIDERATION OF STRATEGIC PARTNERSHIP II CONCEPT PLAN.	96
CLOSED SESSION	NOT REPORTED
10. DISCUSSION OF PERSONNEL	
ACTION ITEMS	
11. CONSIDERATION OF CREATION OF A DISCRETIONARY FUND FOR SUPPLEMENTS TO EXISTING GRANTS.	185
12. CONSIDERATION OF APPOINTMENT OF NEW SCIENTIFIC MEMBERS OF THE GRANTS WORKING GROUP.	105
13. CONSIDERATION OF AMENDMENTS TO THE GRANTS WORKING GROUP BYLAWS.	106

**BARRISTERS' REPORTING SERVICE**

I N D E X (CONT'D.)

14. CONSIDERATION OF INCLUDING BUDGET AS A FORMAL CRITERION FOR REVIEW OF RESEARCH APPLICATIONS.	145
15. CONSIDERATION OF RECOMMENDATIONS FROM THE GOVERNANCE SUBCOMMITTEE: A. PRESIDENTIAL SUCCESSION PLAN; B. MANNER OF DISQUALIFICATION FOR BOARD MEMBERS WHEN AN APPLICANT SELFIDENTIFIES; C. AMENDMENTS TO THE INTERNAL GOVERNANCE POLICY.	115
16. CONSIDERATION OF PROPOSED AMENDMENT TO REGULATION 100603 TO REQUIRE CIRM GRANTEES TO MAKE CIRM-FUNDED PUBLICATIONS AVAILABLE TO THE PUBLIC WITHIN 12 MONTHS OF PUBLICATION.	110
17. CONSIDERATION OF MINUTES FROM THE SEPTEMBER ICOC BOARD MEETING.	114
18. CONSIDERATION OF FINANCIAL AUDIT FOR FISCAL YEAR 2011-2012.	36
DISCUSSION ITEMS	
19. COMMUNICATIONS UPDATE.	195
20. PUBLIC COMMENT	90

**BARRISTERS' REPORTING SERVICE**

1 BURLINGAME, CALIFORNIA; THURSDAY, OCTOBER 25, 2012

2 9 A.M.

3

4 CHAIRMAN THOMAS: GOOD MORNING, EVERYBODY.  
5 IN THE AFTERMATH OF THE HISTORIC THREE HOME RUN GAME  
6 WHICH, AS A DIEHARD DODGER FAN, EVEN I WILL ADMIT  
7 WAS AN ACCOMPLISHMENT OF SOME NOTE.

8 WANTED TO WELCOME -- LET'S NOT GO  
9 OVERBOARD, MR. JUELSGAARD.

10 MR. JUELSGAARD: YOU AIN'T SEEN NOTHING  
11 YET.

12 CHAIRMAN THOMAS: LIKE TO WELCOME  
13 EVERYBODY TO A RAINY SAN FRANCISCO, HOPEFULLY WON'T  
14 DETER FROM GAME TWO TONIGHT, AND CALL THIS MEETING  
15 TO ORDER. MARIA, WILL YOU PLEASE LEAD US IN THE  
16 PLEDGE OF ALLEGIANCE.

17 (THE PLEDGE OF ALLEGIANCE.)

18 CHAIRMAN THOMAS: MARIA, WILL YOU PLEASE  
19 CALL THE ROLL.

20 MS. BONNEVILLE: SUE BRYANT.

21 DR. BRYANT: HERE.

22 MS. BONNEVILLE: FRANK CHISARI.

23 DR. CHISARI: HERE.

24 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

25 DR. DULIEGE: HERE.

**BARRISTERS' REPORTING SERVICE**

1 MS. BONNEVILLE: JAMES ECONOMOU.  
2 DR. ECONOMOU: HERE.  
3 MS. BONNEVILLE: MARCY FEIT. ELIZABETH  
4 FINI.  
5 DR. FINI: HERE.  
6 MS. BONNEVILLE: GARY FIRESTEIN.  
7 DR. FIRESTEIN: HERE.  
8 MS. BONNEVILLE: MICHAEL FRIEDMAN. LEEZA  
9 GIBBONS. MICHAEL GOLDBERG.  
10 MR. GOLDBERG: HERE.  
11 MS. BONNEVILLE: SAM HAWGOOD.  
12 DR. HAWGOOD: HERE.  
13 MS. BONNEVILLE: STEPHEN JUELSGAARD.  
14 DR. JUELSGAARD: HERE.  
15 MS. BONNEVILLE: SHERRY LANSING. BERT  
16 LUBIN. SHLOMO MELMED.  
17 DR. MELMED: HERE.  
18 MS. BONNEVILLE: PHIL PIZZO. CLAIRE  
19 POMEROY.  
20 DR. POMEROY: HERE.  
21 MS. BONNEVILLE: ROBERT PRICE. FRANCISCO  
22 PRIETO.  
23 DR. PRIETO: HERE.  
24 MS. BONNEVILLE: ROBERT QUINT. DUANE  
25 ROTH. JOAN SAMUELSON. JEFF SHEEHY.

**BARRISTERS' REPORTING SERVICE**

1 MR. SHEEHY: HERE.

2 MS. BONNEVILLE: JONATHAN SHESTACK.

3 MR. SHESTACK: HERE.

4 MS. BONNEVILLE: OSWALD STEWARD.

5 DR. STEWARD: HERE.

6 MS. BONNEVILLE: JONATHAN THOMAS.

7 CHAIRMAN THOMAS: HERE.

8 MS. BONNEVILLE: ART TORRES. KRISTINA  
9 VUORI.

10 DR. VUORI: HERE.

11 CHAIRMAN THOMAS: THANK YOU, MARIA. WE'LL  
12 PROCEED NOW TO THE CHAIR'S'S REPORT. IT'S BEEN A  
13 BUSY SEVERAL WEEKS SINCE OUR LAST MEETING IN EARLY  
14 SEPTEMBER. IMMEDIATELY FOLLOWING THAT MEETING, I  
15 AND DRS. STEWARD AND PULIAFITO WENT BACK TO A REALLY  
16 INTERESTING EVENT IN WASHINGTON, D.C., SPONSORED BY  
17 FASTER CURES, THE MIKE MILKEN-BACKED ORGANIZATION  
18 WHICH PROMOTES THE SPREAD OF INFORMATION ALL IN THE  
19 INTEREST OF ACCELERATING SCIENCE. THEY HAD A,  
20 QUOTE, UNQUOTE, CELEBRATION OF SCIENCE, WHICH IS A  
21 THREE-DAY AFFAIR VERY SIMILAR IN FEEL TO THE MILKEN  
22 GLOBAL CONFERENCE, FOR ANY OF THOSE WHO HAVE BEEN TO  
23 ONE OF THOSE, WHERE IT WAS CHALK FULL OF PANELS,  
24 SPEECHES, ALL SORTS OF TALKS ON THE MOST  
25 CUTTING-EDGE WORK GOING ON PRINCIPALLY IN BIOLOGY.

**BARRISTERS' REPORTING SERVICE**

1           THEY HAD A FULL DAY SANDWICHED IN THE  
2 MIDDLE AT NIH WHERE FRANCIS COLLINS TOURED AROUND  
3 THE NIH CAMPUS AND WAS FILMED TALKING TO NIH  
4 RESEARCHERS WHO WOULD BE DESCRIBING THEIR  
5 CUTTING-EDGE WORK. IT WAS FASCINATING. AND I THINK  
6 THE EVENT WAS AIMED AT CONGRESS, WHO, OF COURSE, HAS  
7 TO CONSIDER NIH BUDGETS AND HEALTHCARE IN GENERAL,  
8 AND WAS ATTENDED BY ALL OF THE MAJOR CONGRESSIONAL  
9 FOLK WHO ARE INTERESTED IN HEALTHCARE AND HAD THE  
10 HEADS OF ALMOST ALL THE MAJOR DISEASE FOUNDATIONS,  
11 HAD UNIVERSITY PRESIDENTS, IT HAD PHILANTHROPISTS  
12 INTERESTED IN HEALTHCARE. IT JUST HAD PEOPLE FROM  
13 ALL OVER. IT WAS A MOST INTERESTING DEAL.

14           AND ONE OF THE THINGS THAT WAS  
15 PARTICULARLY INTERESTING WAS A SESSION EARLY THE  
16 FIRST DAY OF ABOUT 60 OF US WHO GOT TOGETHER TO TALK  
17 ABOUT ISSUES DEALING ON THE QUESTION OF HOW DO YOU  
18 ACCELERATE THE SPEED OF SCIENTIFIC RESEARCH. THERE  
19 WERE LOTS OF VERY GOOD IDEAS AND FOUND THE WHOLE  
20 THING MOST WORTHWHILE.

21           IN ADDITION TO THAT, SINCE THE LAST  
22 MEETING, THE CITY OF HOPE HAD THEIR ANNUAL  
23 INTERNATIONAL STEM CELL SYMPOSIUM, WHICH THEY ALWAYS  
24 DO IN CONJUNCTION WITH SCIENTISTS FROM ANOTHER  
25 COUNTRY. THIS TIME IT FEATURED AND HIGHLIGHTED STEM

**BARRISTERS' REPORTING SERVICE**

1 CELL SCIENTISTS FROM CHINA WHO GAVE A NUMBER OF VERY  
2 INTERESTING TALKS.

3 WE HAD A VERY NICE TOUR OF UCSF THAT WAS  
4 GIVEN TO THE STATE CONTROLLER, JOHN CHIANG, WHO IS  
5 VERY INTERESTED IN THE SCIENCE, AND DEAN HAWGOOD AND  
6 ARNOLD KRIGSTEIN AND MEMBERS OF THE UCSF STAFF SPENT  
7 A GOOD HOUR AND A HALF WITH THE CONTROLLER. MARIA  
8 AND I WENT. AND IT WAS, I THINK, VERY, VERY  
9 EYE-OPENING FOR HIM BECAUSE HE HADN'T ACTUALLY BEEN  
10 TO ONE OF OUR STEM CELL CENTERS. AS SOMEBODY WHO  
11 EXERCISES OVERSIGHT OVER BUDGETARY AND FINANCIAL  
12 MATTERS, I THINK IT WAS VERY BENEFICIAL TO HAVE HIM  
13 COME. AND WE WERE DELIGHTED TO BE ABLE TO HOST HIM.

14 WE'VE HAD A COUPLE OF SUBCOMMITTEES MEET  
15 IN THE INTERIM, THE EVALUATION SUBCOMMITTEE AND THE  
16 GOVERNANCE SUBCOMMITTEE. WE'VE ALSO HAD ANOTHER IN  
17 THE LONG SERIES OF VERY INTERESTING GRANTS WORKING  
18 GROUP MEETINGS. THIS ONE ON NEW FACULTY AWARDS. WE  
19 HAD A VERY GOOD EVENT DOWN AT USC WELCOMING DR.  
20 ANDREW MCMAHON, EX OF HARVARD, WHO'S NOW THE HEAD OF  
21 THE USC STEM CELL PROGRAM. AND THAT, I THOUGHT, WAS  
22 A GREAT EVENT. DR. PULIAFITO SORT OF LED IT OFF.  
23 PRESIDENT MAX NIKIAS GAVE A VERY GOOD SPEECH  
24 WELCOMING DR. MCMAHON WHO THEN SPOKE AND HIGHLIGHTED  
25 ALL THE GREAT WORK GOING ON AT USC AND LAYING OUT



**BARRISTERS' REPORTING SERVICE**

1 HIS PLANS FOR RECRUITMENT AND HOW TO TAKE THAT  
2 PROGRAM TO EVEN GREATER HEIGHTS.

3 WE ALSO HAD THE LATEST INSTALLMENT OF THE  
4 CLINICAL DEVELOPMENT ADVISORY PANEL, WHICH IS THE  
5 PROGRESS REPORT OF DISEASE TEAMS THAT TAKES PLACE  
6 PERIODICALLY. DR. FEIGAL PULLS TOGETHER A PANEL OF  
7 EXPERTS WHO WERE THERE TO HEAR THE PROGRESS REPORTS  
8 AND TO OFFER CRITIQUE, GUIDANCE, AND SUGGESTION TO  
9 THE TEAMS, WHICH IS VERY WELL RECEIVED AND VERY  
10 EXPERTLY GIVEN. I WANT TO COMMEND DR. FEIGAL FOR  
11 PULLING TOGETHER, AS SHE ALWAYS DOES IN THESE  
12 PANELS, AN EXPERT GROUP WHO REALLY DOES ADD A LOT OF  
13 VALUE TO OUR DISEASE TEAMS AS THEY COME IN AND  
14 PRESENT.

15 WE'VE ALSO, AS YOU KNOW, BASED ON THE  
16 EXPERIENCES IN OUR JULY AND SEPTEMBER BOARD MEETINGS  
17 WITH THE EXTRAORDINARY PETITION POLICY, WE DEEMED IT  
18 A GOOD IDEA TO PUT TOGETHER A TASK FORCE CHAIRED BY  
19 DR. LUBIN TO ANALYZE OUR WHOLE PROCEDURE OF APPEAL  
20 ON OUR MAJOR AWARDS. WE HAD THE FIRST MEETING OF  
21 THAT TASK FORCE YESTERDAY. AND I THINK THERE WAS A  
22 LOT OF ROBUST DISCUSSION, A NUMBER OF VERY GOOD  
23 SUGGESTIONS MADE. THOSE SUGGESTIONS WILL BE ONE OF  
24 THE TOPICS TAKEN UP BY THE BOARD AT ITS JANUARY  
25 WORKSHOP, WHICH I ENCOURAGE YOU TO GO TO. I THINK

## BARRISTERS' REPORTING SERVICE

1 THAT'S GOING TO BE A VERY CRITICAL DAY, THE DAY  
2 BEFORE OUR JANUARY BOARD MEETING. MARIA, IT'S  
3 JANUARY 24TH IS THE WORKSHOP, CORRECT?

4 MS. BONNEVILLE: 23D AND 24TH. 23D IS THE  
5 WORKSHOP.

6 CHAIRMAN THOMAS: 23D IS THE WORKSHOP.  
7 THE BOARD MEETING IS THE 24TH. THERE WILL BE A  
8 NUMBER OF TOPICS COVERED THERE. THE WORKSHOP, IOM  
9 REPORT, WHICH IS DUE OUT IN DECEMBER, WHICH WE'VE  
10 WAITED NOW FOR THEIR EXPERT GUIDANCE WHICH WILL BE  
11 ABOUT 15 MONTHS IN THE MAKING, WE ARE EXPECTING IT  
12 IN DECEMBER. THAT WILL BE DISCUSSED BOTH AT THE  
13 DECEMBER BOARD MEETING AND IMPLEMENTATION OF IDEAS  
14 AT THE WORKSHOP. SO ENCOURAGE EVERYBODY TO PLEASE  
15 TRY TO ATTEND THAT.

16 LAST, BUT NOT LEAST, I JUST WANTED TO  
17 RELAY A FUN ANECDOTE. ON THE DAY DR. YAMANAKA WAS  
18 AWARDED THE NOBEL PRIZE, WHICH I'M SURE ALAN WILL BE  
19 DISCUSSING IN HIS REPORT, THERE WAS A RECEPTION AT  
20 THE GLADSTONE INSTITUTE FOR HIM. HE WAS ACTUALLY IN  
21 KYOTO THAT DAY AND THEY HAD HIM SKYPED IN. AND DR.  
22 YAMANAKA, BEING A VERY HUMBLE GUY, HERE HE'S JUST  
23 GOTTEN THE AWARD THAT'S AT THE ABSOLUTE PINNACLE,  
24 AND SOMEBODY ASKED HIM, "SO WHAT WAS IT LIKE? TELL  
25 US ABOUT THE PHONE CALL. HOW DID YOU FEEL? WHAT

**BARRISTERS' REPORTING SERVICE**

1 DID THEY SAY? GIVE US THE WHOLE STORY."

2 DR. YAMANAKA SAID, "WELL, I WAS ON THE  
3 FLOOR FIXING OUR WASHING MACHINE AND THE PHONE RANG.  
4 MY WIFE GOT IT. AND SHE SAID, 'IT'S FOR YOU.' AND  
5 I HEARD SOMETHING ABOUT SWEDEN AND THE NOBEL PRIZE."  
6 AND THAT WAS PRETTY MUCH IT. THAT WAS HIS FULL  
7 REPORT ON RECEIVING THE PHONE CALL. IT WAS JUST A  
8 VERY DR. YAMANAKA-LIKE MOMENT, VERY HUMBLE MAN WHOM  
9 WE'RE OBVIOUSLY ENORMOUSLY PROUD. KUDOS TO DEAN  
10 HAWGOOD FOR UCSF AND GLADSTONE INSTITUTE, AND IT WAS  
11 A WONDERFUL DAY FOR YOU ALL AS WELL.

12 SO THAT CONCLUDES THE CHAIR'S REPORT. AS  
13 I SAY, A LOT OF STUFF HAPPENING, A LOT OF GOOD  
14 STUFF. AND I WANT TO TURN IT OVER NOW TO DR.  
15 TROUNSON FOR THE PRESIDENT'S REPORT.

16 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.  
17 JUST TO CONTINUE JUST BRIEFLY ON THE NOBEL PRIZE,  
18 THE NOBEL PRIZE FOR MEDICINE WAS SHARED BY JOHN  
19 GURDON AND SHINYA YAMANAKA, BOTH OF WHOM ARE CLOSE  
20 FRIENDS OF MINE. AND, OF COURSE, SHINYA AS A MEMBER  
21 OF THE GLADSTONE INSTITUTE IS HERE AROUND ABOUT ONE  
22 WEEK A MONTH. SO HE HAS A LABORATORY THERE. SO A  
23 VERY SIGNIFICANT PRESENCE IN CALIFORNIA.

24 YOU MAY NOT KNOW SO MUCH ABOUT JOHN  
25 GURDON, BUT I SPENT THREE YEARS IN CAMBRIDGE IN THE

**BARRISTERS' REPORTING SERVICE**

1 EARLY '70S, WHICH DATES ME, I GUESS, BUT JOHN, WHO'S  
2 79 YEARS OF AGE AT THE MOMENT, HE WAS REALLY AT HIS  
3 PINNACLE IN THOSE DAYS, AT THE TOP OF HIS SCIENTIFIC  
4 CAREER. AND HE WAS WORKING ON CLONING FROG CELLS  
5 AND SHOWING THAT YOU COULD REPROGRAM CELLS IN THE  
6 XENOPUS, SOUTH AFRICAN XENOPUS LAEVIS FROG FROM  
7 SOUTH AFRICA.

8 YOU COULD TAKE CELLS FROM A TADPOLE AND  
9 INTRODUCE THEM INTO THE FROG EGG AND THEY MAKE OTHER  
10 TADPOLES AND FROGS, SO CLONE FROM THAT ANIMAL.  
11 THESE WERE THE SORT OF LANDMARK EXPERIMENTS IN  
12 REPROGRAMMING. AND THEY REALLY SET THE STAGE FOR US  
13 BEING ABLE TO MANIPULATE LINEAGE DEVELOPMENT. MOST  
14 PEOPLE THOUGHT IT WASN'T POSSIBLE TO CLONE FROM  
15 CELLS OF THE MAMMAL BECAUSE OF THE FAILURES OF  
16 SCIENTISTS AFTER JOHN GURDON'S LANDMARK WORK. OTHER  
17 SCIENTISTS TRIED IN THE MOUSE, FOR EXAMPLE, AND  
18 BASICALLY FAILED. THERE WERE SOME REPORTS OF WORK  
19 IN SWITZERLAND, BUT THERE WAS A LOT OF DOUBTS OVER  
20 THOSE EXPERIMENTS IN DUE COURSE.

21 IT WASN'T UNTIL DOLLY, THE SHEEP, THAT THE  
22 FIRST MAMMALIAN CELL WAS CLONED. I'VE JUST  
23 UNFORTUNATELY FINISHED WRITING AN OBITUARY FOR KEITH  
24 CAMPBELL, WHO'S THE PERSON WHO ACTUALLY CLONED  
25 DOLLY, THE SHEEP, AND WAS THE LEAD AUTHOR ON THAT

**BARRISTERS' REPORTING SERVICE**

1 ARTICLE. SO THERE'S SOME IRONY IN ALL OF THIS WITH  
2 THE NOBEL PRIZE AND THE LOSS OF KEITH CAMPBELL. THE  
3 WHOLE AREA OF REPROGRAMMING IS REALLY NOW  
4 ESTABLISHED WELL AND TRULY. AND I THINK SHINYA  
5 YAMANAKA REALLY PROVIDED THE FINAL ABSOLUTE PROOF OF  
6 HOW WE COULD ACTUALLY MANIPULATE THOSE CELLS BY  
7 INTRODUCING TRANSCRIPTION FACTORS INTO THEM.

8 IT'S A WONDERFUL NOBEL PRIZE. IT'S AN  
9 EXTREMELY INTERESTING HISTORY. I'M SURE WE'RE GOING  
10 TO READ A LOT MORE ABOUT IT. I'M GOING TO BE IN  
11 CAMBRIDGE IN DECEMBER AND WILL BE WITH JOHN GURDON.  
12 BUT GURDON AND YAMANAKA ARE ACTUALLY HERE THIS NEXT  
13 WEEK AT A VERY IMPORTANT MEETING THAT'S BEING HELD  
14 AT THE GLADSTONE. AND SO IF ANYONE HAS GOT A MOMENT  
15 IN TIME, THEY'D ENJOY GOING TO THAT MEETING, I'M  
16 CERTAIN. UNFORTUNATELY I WON'T BE HERE. I'VE GOT  
17 OTHER JOBS TO DO.

18 SO CHANGING A LITTLE BIT, BUT STAYING ON  
19 THE SAME THEME, PICKING UP A PIECE OF SCIENCE WHICH  
20 I THINK IS EXTRAORDINARY. IT'S JUST BEEN PUBLISHED  
21 OCTOBER THE 4TH BY A GROUP IN JAPAN IN *SCIENCE*  
22 *EXPRESS*. WITH IPS CELLS -- I HAVE A COUPLE OF  
23 SLIDES WHICH SAID, WELL, WITH IPS CELLS YOU COULD  
24 ALSO USE IPS CELLS FROM AN INDIVIDUAL TO MAKE NEW  
25 SPERM AND EGGS. AND UNFORTUNATELY PEOPLE WITH

**BARRISTERS' REPORTING SERVICE**

1 INFERTILITY AND STERILITY, AND IF YOU COULD DO THAT,  
2 YOU COULD TAKE THE CELLS OF A PERSON AND REMAKE  
3 THEIR SPERM OR THEIR EGGS, YOU WOULD PROVIDE A  
4 SOLUTION TO THEIR STERILITY IN AN EXTRAORDINARY WAY.  
5 WELL, THAT'S BEEN A SLIDE WHERE I THINK MAYBE THAT  
6 WILL HAPPEN IN THE NEXT 10 OR 15 YEARS, BUT NOW IT'S  
7 ALREADY HAPPENED.

8 SO WHAT THESE SCIENTISTS DID WAS TO TAKE  
9 FEMALE EMBRYONIC STEM CELLS, XX EMBRYONIC STEM  
10 CELLS, AND ALSO IPS CELLS THAT WERE MADE FROM FEMALE  
11 MICE, AND THEY INDUCED THEM TO GROW INTO PRIMORDIAL  
12 GERM CELLS USING TWO TRANSGENES, BLIMP1 AND STELLA.  
13 THESE ARE TWO GENES WHICH ARE NECESSARY TO FORM GERM  
14 CELL LINEAGE, NOT THE SOMATIC CELL LINEAGE, WHICH  
15 FORMS ALL THE OTHER TISSUES, BUT THE GERM CELL,  
16 WHICH ACTUALLY FORMS SPERM AND EGGS IN THE  
17 CONTINUITY OF THE SPECIES. AND THEN THEY AGGREGATED  
18 THOSE PRIMORDIAL GERM CELLS WITH OVARIAN SOMATIC  
19 CELLS. SO THESE ARE CELLS THAT ARE IN THE OVARY,  
20 BUT ARE NOT GERM CELLS. THEY'RE SOMATIC NERVE  
21 CELLS, IF YOU LIKE, IN THE OVARY.

22 AND THERE'S ALSO SOME GOOD MESSAGES ABOUT  
23 THIS. WHEN THEY AGGREGATED THOSE GERM CELLS  
24 TOGETHER WITH THESE SOMATIC CELLS FROM THE OVARY,  
25 THEN THE GERM CELLS UNDERWENT X REACTIVATION IMPRINT

**BARRISTERS' REPORTING SERVICE**

1     ARRAYS, CYST FORMATION, AND MITOTIC CHROMOSOME  
2     REDUCTION TO HAPLOIDY. THAT MEANS THAT THEY DID  
3     EVERYTHING THAT YOU NEED TO DO TO BECOME AN EGG.

4             WHEN THEY TRANSPLANTED THIS MATERIAL UNDER  
5     THE OVARIAN BURSA, WHICH IS WHERE THE OVARY NORMALLY  
6     IS IN A MOUSE, THEY PRODUCED EGGS. AND WHEN THEY  
7     MATURED THOSE EGGS, FERTILIZED THEM, THEY PRODUCED  
8     BABY MICE. SO HERE ARE THE BABY MICE. I WON'T GO  
9     INTO THE DETAILS OF THE EXPERIMENT. ON THE TOP  
10    RIGHT, THESE ARE BABY MICE PRODUCED FROM SKIN CELLS,  
11    SKIN CELLS, THAT HAVE BEEN DRIVEN INTO THE GERM  
12    LINEAGE AND THEY PRODUCED BABY MICE. SO THESE WERE  
13    THE BABY MICE PRODUCED FROM EMBRYONIC STEM CELLS.  
14    AND IT WAS A REASONABLY EFFICIENT METHOD.

15            SO THEY ALSO DID IT DOWN ON THE LEFT-HAND  
16    SIDE. THESE ARE THE BABY MICE PRODUCED FROM IPS  
17    CELLS. SO THERE WAS REALLY NO DIFFERENCE IN THE  
18    SUCCESS RATE OF THE TWO PROCEDURES. AND ONE OF  
19    THOSE BABY MICE, THOSE VERY PINK BABY MICE OR ALMOST  
20    RED, THERE'S A MOTHER THERE. THAT'S THE MOTHER  
21    THAT'S GROWN UP AND NOW IS A MOTHER. SO THIS MOUSE  
22    WAS FERTILE. THESE MICE ARE FERTILE. SO THEY'RE  
23    NORMAL AND THEY'RE FERTILE. AND IT'S EXTRAORDINARY,  
24    ABSOLUTELY EXTRAORDINARY.

25            SO IN THE MOUSE YOU CAN TAKE A CELL FROM

## BARRISTERS' REPORTING SERVICE

1 SKIN AND YOU CAN TURN IT INTO AN EGG AND YOU CAN  
2 TURN IT INTO AN EMBRYO AND YOU CAN TURN IT INTO BABY  
3 MICE WHICH REPRODUCE. ONE ARGUES, THEN, IF IPS  
4 CELLS CAN DO THAT, IF THEY CAN DO THAT, THEN HOW  
5 DIFFERENT ARE THEY FROM EMBRYONIC STEM CELLS? AND  
6 WHAT IS THE ARGUMENT, WHAT'S THE ARGUMENT OUT THERE  
7 THAT THEY'RE ANY DIFFERENT FROM EMBRYONIC STEM  
8 CELLS? IT DOESN'T SEEM TO HOLD WATER THAT THESE  
9 CELLS ARE REALLY ANY DIFFERENT FROM EMBRYONIC STEM  
10 CELLS. SO POLITICALLY WHAT'S THE ARGUMENT THAT  
11 EMBRYONIC STEM CELLS DID? THEY'VE BEEN REENGAGED IN  
12 THE FORM OF IPS CELLS.

13 SO THIS, I THOUGHT, WAS AN EXTRAORDINARY  
14 PIECE OF WORK FROM THE JAPANESE GROUP, BUT IT TELLS  
15 US A LOT ABOUT HOW TO DO SOME OF THE WORK. AND I'VE  
16 SAID IN SOME OF OUR STEM CELLS, CARDIAC CELLS AND  
17 OTHER CELLS, THEY DON'T MATURE COMPLETELY JUST IN  
18 THE DISH, AND YOU NEED TO COMBINE THEM WITH A  
19 TISSUE, THE SOMATIC CELLS, WHERE THEY RESIDE BECAUSE  
20 THERE'S INSTRUCTIONS IN THOSE SOMATIC CELLS WHERE  
21 THEY RESIDE, IF YOU LIKE, WE CALL IT THE NICHE, THAT  
22 INSTRUCT THOSE CELLS TO BECOME MATURE. SO A HEART  
23 CELL CAN BECOME MATURE IN A HEART, LIVER CELL IN A  
24 LIVER, AND SO ON. SO THIS IS A GOOD EXAMPLE OF HOW  
25 TO COMPLETE THE MATURATION PROCESS, FUNCTIONAL



**BARRISTERS' REPORTING SERVICE**

1 MATURATION PROCESS.

2 THE OTHER PIECE OF WORK I WANTED TO DRAW  
3 YOUR ATTENTION TO IS SOMETHING THAT WE ARE ACTUALLY  
4 FUNDING. AND I THINK IT'S REALLY, REALLY IMPRESSIVE  
5 WORK FROM MARK TUSZYNSKI'S LAB IN THE UNIVERSITY OF  
6 CALIFORNIA IN SAN DIEGO. AND THIS IS IN THE AREA OF  
7 SPINAL INJURY AND SPINAL REPAIR. SO THEY TOOK  
8 NEURAL STEM CELLS DERIVED FROM EMBRYONIC STEM CELLS  
9 AND FETAL NEURAL STEM CELLS AND EMBEDDED THEM IN A  
10 FIBRIN MATRIX, IN A SCAFFOLD, IN A THREE-DIMENSIONAL  
11 SCAFFOLD. SO THEY EMBEDDED IT IN THIS GEL. AND  
12 THEN THEY TRANSFERRED THIS GEL TO THE SPINAL CORD OF  
13 RATS WHERE THEY ACTUALLY COMPLETELY RESECTED THE  
14 SPINAL CORD. SO THERE WAS NO CONNECTION FROM ONE  
15 END TO THE OTHER. SO THIS IS A REALLY MAJOR INJURY.

16 AND THEN THESE GRAFTS THAT THEY PUT IN  
17 THERE IN THE FIBRIN DIFFERENTIATED INTO CELLS,  
18 INCLUDING MOTOR NEURONS, WITH AXONS THAT EXTENDED IN  
19 BOTH DIRECTIONS RIGHT ACROSS THAT INJURY SPACE. AND  
20 THEY'RE ABLE TO SUPPORT ELECTRICAL RELAYS ACROSS  
21 THAT TRANSECTION AND TO RECOVER MOTOR FUNCTION. SO  
22 THIS IS AN EXTRAORDINARY DEVELOPMENT, I THINK. THIS  
23 SHOWS THAT YOU CAN MAKE MOTOR NEURONS THAT ACTUALLY  
24 CONNECT ONE END TO THE OTHER, AND THAT'S REALLY NOT  
25 BEEN SHOWN BEFORE.

## BARRISTERS' REPORTING SERVICE

1 IT'S IMPORTANT TO ALSO UNDERSTAND THAT THE  
2 ENDOGENOUS CELLS THAT ARE THERE CAN'T DO THAT. THEY  
3 CAN'T DO THAT. SO IT'S ONLY THESE ONES THAT YOU PUT  
4 IN THERE, THESE EXOGENOUS CELLS, THAT CAN DO IT. SO  
5 THIS IS A TRANSLATIONAL STUDY OF OURS. JUST TO SHOW  
6 YOU, THE GREEN IS WHERE THEY'VE SEPARATED THE SPINAL  
7 CORD AND YOU CAN SEE THE SEE GREEN AXONS GOING DEEP  
8 IN EITHER SIDE. IF YOU LOOK AT HERE, THEY'VE TAKEN  
9 DIFFERENT SECTIONS OF THE SPINAL CORD DOWNSTREAM AND  
10 UPSTREAM FROM WHERE THEY ARE, AND YOU CAN SEE THESE  
11 BROWN SPOTS WHICH ARE THE AXONS THAT ARE TRAVELING  
12 IN BOTH DIRECTIONS.

13 AND IF I WENT BACK TO -- SEE THAT GRAPH  
14 THERE, THIS IS WHERE THEY DID -- YOU CAN SEE WHERE  
15 THEY DID THE TRANSPLANT WITH NEURON ACTION  
16 POTENTIALS, AND THE MOTOR ACTIVITY OF THE ANIMALS  
17 RISES IN THE GRAFT. WHEN THEY CUT THE SPINAL CORD  
18 AGAIN ABOVE THAT TRANSPLANT, THEY LOSE THE WHOLE  
19 THING AGAIN. SO THESE ARE THOSE NEURONS THAT THEY  
20 PUT IN. THAT DEMONSTRATES THAT THOSE WERE THE  
21 NEURONS THAT GAVE THE MOTOR ACTIVITY. IT'S NOT SOME  
22 EFFECT WHICH IS JUST TRAVELING IN A SPACE IN THE  
23 CORD. IT'S ACTUALLY THE AXONS OF THOSE NEURONS THAT  
24 ARE WORKING.

25 SO ANOTHER PAPER WHICH WAS PUBLISHED IN

## BARRISTERS' REPORTING SERVICE

1 NATURE IS ON THE TRANSPLANTATION OF ES CELL-DERIVED  
2 OTIC PROGENITORS. THIS IS ALL ABOUT HEARING. THIS  
3 WORK HAS COME FROM THE UNIVERSITY OF SHEFFIELD IN  
4 THE UNITED KINGDOM. BUT, AGAIN, SHOW YOU THAT THESE  
5 CELLS ARE ABLE TO FORM THE AUDITORY CELLS OF  
6 HEARING. AGAIN, ON THAT GRAPH THAT'S SHOWN THERE,  
7 YOU CAN SEE THE IMPROVEMENT IN MICE THAT HAVE LOST  
8 THEIR COMPLETE HEARING.

9 SO THE UPPER PART SHOWS YOU THAT THE  
10 ANIMALS START TO HEAR AGAIN. IT DOESN'T BRING THEM  
11 RIGHT BACK TO NORMAL, BUT IT'S BRINGING BACK  
12 HEARING. SO I THINK THESE KIND OF STUDIES WILL  
13 TRANSFER TO DEAFNESS, THE TREATMENT OF DEAFNESS, IN  
14 DUE COURSE.

15 AND THE LAST ONE I WANTED TO SORT OF BRING  
16 TO YOUR ATTENTION, BECAUSE THERE'S SUCH A LOT OF  
17 GOOD SCIENCE PUBLISHED IN THIS LAST MONTH, WAS THE  
18 WORK BY STEM CELLS, INC., A COMPANY THAT WE'RE  
19 SUPPORTING. AND THEY WERE DOING TRANSPLANTS INTO  
20 SHIVERER MICE WITH NEURAL STEM CELLS. AND THESE  
21 MICE HAVE A TOTALLY DEFECTIVE MYELINATION IN THE  
22 CENTRAL NERVOUS SYSTEM AND THEY HAVE A MAJOR ATAXIA  
23 BY TWO TO THREE WEEKS OF LIFE. WHEN THEY PLANTED  
24 THESE HUMAN NEURAL STEM CELLS INTO THE BRAIN OF  
25 THESE NEONATAL AND JUVENILE MICE, THEY WERE ABLE TO

## BARRISTERS' REPORTING SERVICE

1 SHOW THAT THEY GOT REMYELINATION IN A SIGNIFICANT  
2 PART OF THE BRAIN.

3 SO THESE CELLS, WHEN YOU INTRODUCE THEM  
4 INTO THE BRAIN, WILL PROVIDE YOU WITH REMYELINATION  
5 ACROSS REALLY QUITE AN AREA OF THE BRAIN, AND YOU  
6 GET ACTION POTENTIAL MEASUREMENTS THAT INCREASE AS A  
7 RESULT OF THAT. SO THIS WAS, I THINK, ALSO ANOTHER  
8 IMPORTANT PIECE OF WORK. SO SOMETIMES YOU CAN GO ON  
9 AND ON AND ON ABOUT THE SCIENCE THAT'S OUT THERE,  
10 BUT IT IS EXTRAORDINARY. AND I TRY TO CHOOSE THINGS  
11 WHICH TO ME ARE REMARKABLE.

12 WE HAVE NEW APPOINTMENTS. STEVE TORRENCE  
13 IS OUR LEAD ARCHITECT IN THE I.T. INDUSTRY. SO I'M  
14 REALLY PLEASED STEVE HAS JOINED US. HE'S BEEN  
15 WORKING WITH US AS A CONSULTANT FOR SOME TIME.

16 THERE'S BEEN SOME INTERNAL APPOINTMENTS  
17 WHICH GIVE PEOPLE AN OPPORTUNITY TO PROGRESS IN THE  
18 ORGANIZATION. SO IAN SWEEDLER HAS BEEN PROMOTED TO  
19 DIRECTOR OF ALLIANCE MANAGEMENT TO HELP ME WITH ALL  
20 OF THE WORK WITH THE MANY DIFFERENT COLLABORATIVE  
21 FUNDING PARTNERS FROM AROUND THE WORLD. CHILA  
22 SILVA-MARTIN, WHO YOU KNOW WELL, HAS BEEN PROMOTED  
23 TO DIRECTOR OF FINANCE. AND PAUL FRECH WHO WAS  
24 MOVED FROM THE OFFICE OF MANAGER POSITION TO GRANTS  
25 REVIEWS SPECIALIST. SO HE WENT FROM THE FRONT

**BARRISTERS' REPORTING SERVICE**

1 OFFICE INTO THE GRANTS REVIEW SPECIALIST POSITION.

2 SO GOOD FOR PAUL.

3 I NEED TO TELL YOU SOMETHING VERY BRIEFLY.

4 YOU'RE ALL AWARE OF ALL OF MY FAMILY LIVES IN

5 MELBOURNE, AND THERE ARE TIMES THAT THIS IS NOT

6 OPTIMUM FOR ME, CLEARLY. AND SO IN JANUARY AND

7 FEBRUARY, WHICH IS SUMMERTIME IN AUSTRALIA, I'VE

8 AGREED TO SPEND 50 PERCENT OF MY TIME THERE WITH MY

9 FAMILY AND 50 PERCENT AT A DISTANCE WORKING FOR

10 CIRM.

11 YOUNG ALEX IS ONLY 11 YEARS OLD AND MISSES

12 ME. I'M GOING TO TAKE THE SURFBOARDS AND TEACH HIM

13 TO SURFBOARD. RIGHT. I WANT TO PUT SOME QUALITY

14 TIME BACK IN MY FAMILY LIFE IN ORDER TO TRY AND KEEP

15 ESTABLISHED THOSE CONNECTIONS. ALSO, MY DAUGHTER,

16 WHO'S 34, NEARLY 35, SHE'S GETTING MARRIED IN

17 FEBRUARY AND WANTS TO GET MARRIED AT THE BEACH WHILE

18 I'M THERE.

19 SO I'LL BE DISTANT FOR THAT TIME. I'VE

20 DISCUSSED THIS WITH THE CHAIR. WE'RE COMFORTABLE IN

21 THOSE ARRANGEMENTS, BUT I WILL BE WORKING 50 PERCENT

22 OF THE TIME. SO I WILL BE AVAILABLE FOR THE

23 ORGANIZATION DURING THAT TIME. BUT THERE ARE

24 MOMENTS, THERE ARE MOMENTS IN ONE'S LIFE WHERE

25 YOU'VE ALSO GOT TO ATTEND TO SOME OTHER PRIORITIES

**BARRISTERS' REPORTING SERVICE**

1 AS WELL. AN 11-YEAR-OLD WHO HASN'T SEEN ME MUCH  
2 OVER A YEAR AND A HALF PROBABLY DESERVES A LITTLE  
3 MORE TIME.

4 LOOKING AT THE RFA PROGRAM MOVING FORWARD,  
5 STRATEGIC PARTNERSHIP I, VERY, VERY IMPORTANT  
6 PROGRAM FOR OUR INDUSTRY ENGAGEMENT, THIS MEETING.  
7 CONCEPT PROPOSAL FOR THE NEXT ONE. SO YOU'VE HARDLY  
8 TAKEN A BREATH AND YOU'LL GET THE NEXT CONCEPT  
9 PROPOSAL THIS MEETING. DISEASE TEAM III, AGAIN,  
10 HARDLY TAKEN A BREATH, I KNOW, BUT YOU WILL GET THE  
11 CONCEPT AT THIS MEETING. NEW FACULTY PHYSICIAN  
12 AWARD, TRANSLATIONAL RESEARCH AWARD, GRANTS REVIEW  
13 OF APPLICATIONS IN OCTOBER AND THE ICOC DECISION IN  
14 DECEMBER. SO YOU'VE GOT THAT TO LOOK FORWARD TO.

15 IPS CELL INITIATIVE, THE GRANTS REVIEW IS,  
16 AGAIN, IN DECEMBER. THE GENOMICS INITIATIVE, THE  
17 GRANTS WORKING REVIEW WILL BE IN FEBRUARY. AND OUR  
18 EARLY TRANSLATIONAL IV, THE RFA POSTING WILL BE IN  
19 SEPTEMBER.

20 SO LOTS OF ACTIVITY. THE STAFF CAN HARDLY  
21 BELIEVE THE ABILITY TO GET ACROSS THIS WHOLE  
22 PROGRAM. THE STAFF ARE WORKING LIKE PEOPLE  
23 POSSESSED, AND THEY'RE WORKING VERY LONG HOURS AND  
24 DOING A FANTASTIC JOB. IF WE DROP THE BALL, THEY  
25 PICK IT UP REALLY QUICKLY AGAIN. I'M INCREDIBLY

## BARRISTERS' REPORTING SERVICE

1 IMPRESSED WITH THE TEAM THAT WE HAVE.

2 MEETINGS AND WORKSHOPS HELD SINCE  
3 SEPTEMBER MEETING, THERE'S BEEN A CIRM WEBINAR ON  
4 IMMUNE RESPONSE IN STEM CELL THERAPIES. THEY HAD  
5 LEADING EXPERTS FROM THE FDA, INDUSTRY, AND  
6 ACADEMIA. THAT WAS HELD ON SEPTEMBER 27TH. A  
7 COLLABORATIVE FUNDING PARTNER WORKSHOP WITH BRAZIL  
8 AND ARGENTINA THAT WAS HELD IN OCTOBER. IT WAS VERY  
9 SUCCESSFUL. AND I'VE ALSO NOW GOT AGREEMENTS FROM  
10 THREE STATES IN BRAZIL TO CONTRIBUTE TO THE  
11 COLLABORATIVE FUNDING OPPORTUNITIES.

12 THERE WAS A WORKSHOP AT THE CITY OF HOPE  
13 ON INNOVATIVE PARTNERSHIPS WITH U.S. AND CHINA STEM  
14 CELLS AND CANCER DISCOVERIES IN OCTOBER. AND  
15 THERE'S A CIRM/FDA ROUNDTABLE ON BEST PRACTICES IN  
16 CLINICAL DESIGN FOR FIRST-IN-HUMAN STEM CELL-BASED  
17 THERAPIES THAT WAS CHAIRED BY ELLEN. AGAIN, HAD ALL  
18 OF OUR FDA COLLEAGUES. IT WAS A VERY SUCCESSFUL  
19 MEETING. WE HAD MEMBERS OF OUR DISEASE TEAMS THERE.  
20 IT WAS A VERY IMPORTANT ENGAGEMENT WITH THE FDA AND  
21 EXTREMELY WORTHWHILE. AND I THINK ALL OF THE  
22 PEOPLE -- I HEARD FROM A LOT OF THE PEOPLE WHO WENT  
23 THAT IT WAS REALLY A VERY, VERY USEFUL ENGAGEMENT.

24 UPCOMING MEETINGS, THERE'S A STEM CELL  
25 ALPHA CLINICS WORKSHOP ON NOVEMBER THE 14TH AND 15TH

**BARRISTERS' REPORTING SERVICE**

1 AT STANFORD. SO THOSE BOARD MEMBERS THAT ARE  
2 INTERESTED PLEASE LET US KNOW. STEM CELLS ON THE  
3 MESA, WE'RE HARDLY -- I GOT BACK AT 11:30 LAST  
4 NIGHT, AND CANDACE SAYS THAT I GOT TO GET ON THE  
5 PLANE AGAIN ON SATURDAY. AND I THINK I DON'T EVEN  
6 HAVE TIME FOR LAUNDRY THESE DAYS. SO I APOLOGIZE IF  
7 I LOOK MESSY, BUT THIS TRAVELING IS GETTING ME. BUT  
8 IT'S A VERY IMPORTANT MEETING ON THE MESA, AGAIN,  
9 FOR THE ENGAGEMENT WITH INDUSTRY.

10 THERE'S A CIRM GRANTEE MEETING ON MARCH  
11 6TH TO THE 8TH. IT'S PROBABLY THE BEST STEM CELL  
12 MEETING IN THE WORLD. SO I HOPE SOME OF YOU MIGHT  
13 TAKE THE OPPORTUNITY TO BE WITH US AT LEAST AT SOME  
14 PART OF THAT. IT HAS ALL OUR GRANTEES. THERE WILL  
15 BE AROUND 400 PEOPLE AT THAT MEETING.

16 THERE'S A CIRM/NIH PARKINSON'S DISEASE  
17 MEETING ON MARCH 21ST TO THE 22D. IT'S, AGAIN, IN  
18 SAN FRANCISCO. AND IT HAS PEOPLE FROM ALL OVER THE  
19 WORLD COMING TO ENGAGE TO TALK ABOUT HOW TO ACTUALLY  
20 MOVE PARKINSON'S DISEASE FORWARD IN A VERY  
21 SIGNIFICANT WAY.

22 SO I THINK YOU'VE HEARD A LOT ABOUT THE  
23 MEETING ON THE MESA. JUST TO DESCRIBE TO YOU THAT  
24 THERE'S EIGHT CIRM-FUNDED TEAMS PRESENTING THERE,  
25 INCLUDING CAPRICOR. DR. SVENDSEN FROM CEDARS-SINAI,



**BARRISTERS' REPORTING SERVICE**

1 THE REGENERATIVE PATCH TECHNOLOGIES. DR. ABOODY'S  
2 COMPANY, THERABIOLOGICS. STEM CELLS, INC. GROUP  
3 WILL BE THERE. DR. LAIRD AND DR. WHEELock FROM UC  
4 DAVIS WILL BE THERE, AND VIACYTE WILL BE THERE. SO  
5 IT'S A GREAT TEAM. SO THESE ARE SORT OF PRESENTING  
6 THE FRONT EDGE, IF YOU LIKE, WHERE WE'RE GOING WITH  
7 SOME OF OUR CLINICAL PROJECTS. BIOPHARMACEUTICAL  
8 COMPANIES ATTENDING INCLUDE JOHNSON AND JOHNSON,  
9 SHIRE, BAXTER, JANSSEN, J&J, PFIZER.

10 OUR COLLABORATIVE FUNDING PROGRAM, JUST TO  
11 LET YOU KNOW THAT THERE WERE TWO PROJECTS AWARDED  
12 FOR THE FIRST TIME TO FRENCH TEAMS AND TO INDIAN  
13 TEAMS. SO THAT'S A VERY SIGNIFICANT STEP IN THE  
14 DIRECTION OF COLLABORATING WITH BOTH FRANCE AND WITH  
15 INDIA. SO WE'RE VERY PLEASED THAT THOSE PROJECTS  
16 GOT THROUGH AND ARE BEING SUPPORTED BY THOSE  
17 COUNTRIES.

18 FIVE COLLABORATIVE PARTNERS PARTICIPATED  
19 IN THE EARLY TRANSLATIONAL IV RFA, INCLUDING  
20 GERMANY, INDIA, NIH, AND CHINA. AND WE HAVE A  
21 COLLABORATIVE MATCH-MAKING WEB SITE WHICH IS UNDER  
22 DEVELOPMENT FOR JOINT PROJECTS BETWEEN CIRM AND  
23 SCIENCE EXCHANGE. SO SCIENCE EXCHANGE IS HELPING US  
24 PUT THIS TOGETHER TO ENABLE US TO LINK WITH OTHER  
25 PEOPLE AROUND THE WORLD.

**BARRISTERS' REPORTING SERVICE**

1           AND WE'VE GOT A COLLABORATIVE FUNDING  
2 WORKSHOP HELD IN BRAZIL, AS I SAID, AND WE WILL BE  
3 SIGNING SOME AGREEMENTS THERE WITH THE STATES.

4           THE WORKSHOP IN BRAZIL AND ARGENTINA  
5 BROUGHT 12 SCIENTISTS THAT CAME FROM CALIFORNIA.  
6 THEY WERE VERY IMPRESSIVE AND THEY LINKED IDEALLY  
7 WITH OUR BRAZILIAN AND ARGENTINEAN COLLEAGUES. SO I  
8 EXPECT A NUMBER OF COLLABORATIONS TO EVOLVE FROM  
9 THAT MEETING.

10           AND THE GRANTS MANAGEMENT SYSTEM, WE'VE  
11 GOT NEW FEATURES UP ON THAT NOW. AND IT'S A VERY  
12 FUNCTIONAL SYSTEM. THE IP PROPERTY DISCLOSURES AND  
13 UTILIZATION, PREFUNDING ADMINISTRATIVE REVIEW,  
14 PROGRESS REPORT CHECKLISTS, REVIEWER'S SCOREBOOK,  
15 AND CONFLICT OF INTEREST ENHANCEMENTS ARE ALL THERE.  
16 NEXT IN THE PIPELINE IS PATENT ASSISTANCE,  
17 SCIENTIFIC AND OUTCOMES CODING, NOTICE OF GRANT  
18 AWARD, PAYMENTS AND PAY MEMOS AND SCHEDULE  
19 NOTIFICATION. SO WE'RE NOW GETTING A VERY EFFECTIVE  
20 AND A VERY MATURE PROGRAM THERE.

21           SO WITH THAT, I'D LIKE TO INVITE CHILA,  
22 WHEREVER SHE IS, TO COME AND PROVIDE YOU BRIEFLY  
23 WITH THE FINANCE REPORT.

24           MS. SILVA-MARTIN: THANK YOU. GOOD  
25 MORNING. I'M GOING TO BE REPORTING ON OUR FINANCIAL

**BARRISTERS' REPORTING SERVICE**

1 OPERATIONS FOR THE FIRST QUARTER OF THE 2013 FISCAL  
2 YEAR. THE INFORMATION THAT I PROVIDE YOU, THE  
3 NUMBERS THAT I PROVIDE YOU, ARE EXPENDITURES THAT  
4 HAVE ACTUALLY BEEN RECORDED ON OUR FINANCIAL  
5 STATEMENTS. SO THEY DON'T INCLUDE OUR LAGS, AND THE  
6 LAGS CAN RUN ANYWHERE FROM FOUR TO \$600,000 A YEAR.  
7 SO I JUST WANT TO MAKE YOU AWARE OF THAT.

8 SO FIRST UP, OUR CURRENT YEAR OPERATING  
9 EXPENDITURES FOR THE FIRST QUARTER OF THE FISCAL  
10 YEAR, WE RECORDED ABOUT \$3 MILLION IN EXPENDITURES  
11 IN COMPARISON TO THE PRIOR FISCAL YEAR WHERE WE  
12 RECORDED EXPENDITURES OF \$2.7 MILLION FOR THE SAME  
13 TIME PERIOD. SO THERE'S REALLY BEEN NO SIGNIFICANT  
14 CHANGES.

15 OUR GRANT DISBURSEMENTS FOR THE FIRST  
16 QUARTER OF THE 2012-13 FISCAL YEAR WERE \$39 MILLION  
17 AS COMPARED TO THE SAME PERIOD IN THE 11-12 FISCAL  
18 YEAR, WHICH WERE 56.4, SO WE WERE A BIT HIGHER LAST  
19 YEAR.

20 IN LOOKING OVER THE MORE DETAILED  
21 EXPENDITURES IN THE NEXT CHART, I DO WANT TO REMIND  
22 YOU THAT DURING THE 12-13 FISCAL YEAR BUDGET  
23 DEVELOPMENT, WE DID RESTRUCTURE OUR CATEGORIES OF  
24 EXPENDITURES TO PROVIDE FOR MORE TRANSPARENCY AND  
25 CLARITY AND VISIBILITY IN THE REPORTING OF OUR

**BARRISTERS' REPORTING SERVICE**

1 EXPENDITURES AND HOW WE'RE SPENDING OUR MONEY.  
2 LOOKING AT THESE CATEGORIES, AS I SAID EARLIER,  
3 THERE REALLY HASN'T BEEN A WHOLE LOT OF CHANGES FROM  
4 THIS YEAR AS COMPARED TO LAST FISCAL YEAR. WE HAVE  
5 EXPERIENCED SOME SLIGHT INCREASES IN SOME OF OUR  
6 CATEGORIES. LIKE, FOR EXAMPLE, IN OUR EMPLOYEE  
7 EXPENSES, WE'VE GONE UP A LITTLE BIT, BUT THAT'S  
8 ATTRIBUTABLE TO THE FACT THAT WE'VE GONE FROM 47  
9 POSITIONS THAT HAVE BEEN FILLED TO 54 DURING THE  
10 SAME TIME PERIOD.

11 WE'VE GOT SOME INCREASES IN OUR REVIEWS  
12 MEETINGS AND WORKSHOP CATEGORY EXPENDITURE, AND  
13 THAT'S DUE TO THE FACT THAT WE'VE HAD AN INCREASED  
14 NUMBER OF EVENTS DURING THE FIRST QUARTER OF THIS  
15 FISCAL YEAR. ONE AREA WHERE WE DID EXPERIENCE SOME  
16 DECREASE IS IN OUR MEMBERSHIP AND TRAINING CATEGORY.  
17 AND THAT'S BECAUSE, AS YOU MAY RECALL, LAST YEAR WE  
18 PAID FOR PATIENT ADVOCATES AND EARLY CAREER  
19 SCIENTISTS TO ATTEND THE WORLD STEM CELL SUMMIT, AND  
20 WE DID NOT INCUR THAT COST IN THIS FISCAL YEAR.

21 OTHER FINANCIAL NEWS IS THAT WE'VE JUST  
22 CONCLUDED THE 2011-12 ANNUAL FINANCIAL AUDIT. AS  
23 YOU KNOW, WE GO THROUGH AN ANNUAL FINANCIAL AUDIT  
24 EVERY YEAR, AND THAT WAS CONCLUDED AND SHELLY  
25 WALKER-DAVEY FROM MACIAS, GINI, AND O'CONNELL WILL

**BARRISTERS' REPORTING SERVICE**

1 ACTUALLY REPORT THE RESULTS OF THAT AUDIT IN A FEW  
2 MINUTES.

3 OUR AVAILABLE CASH AS OF SEPTEMBER 30,  
4 2012, IS \$75.6 MILLION, WHICH IS A DECREASE FROM THE  
5 LAST TIME I REPORTED OF \$29 MILLION. THIS MONEY IS  
6 MADE UP OF MOSTLY COMMERCIAL PAPER AND BOND  
7 PROCEEDS.

8 AND THEN, FINALLY, I WANTED TO PROVIDE YOU  
9 JUST WITH A VERY HIGH LEVEL AWARDS -- WELL, I  
10 BELIEVE THERE MAY BE SOMETHING IN YOUR BINDER.  
11 THERE'S NOT. OKAY. WELL, I WILL THEN JUST VERBALLY  
12 TELL YOU ON OUR AWARDS. ACTUALLY DR. OLSON HAS SOME  
13 SLIDES THAT SHE WILL BE SHARING WITH YOU AND  
14 PROVIDING YOU WITH MORE DETAIL ON OUR AWARDS  
15 FORECAST. THEY ARE IN THE BINDER. OKAY.

16 AND SO JUST AT A VERY HIGH LEVEL, I JUST  
17 WANTED TO LET YOU KNOW KIND OF WHERE OUR FUNDING --  
18 WHERE OUR BALANCE OF OUR FUNDING IS. SO IF YOU LOOK  
19 AT THE DATA IN YOUR BINDER, IT'S A BAR CHART. IT'S  
20 A BAR CHART WITH BLUE, PURPLE, AND GREEN BARS. KIND  
21 OF LOOKS LIKE THIS. I APOLOGIZE FOR IT NOT BEING  
22 THERE.

23 CHAIRMAN THOMAS: JUST GO AHEAD AND  
24 DESCRIBE IT.

25 MS. SILVA-MARTIN: SO LET ME TELL YOU WHAT

## BARRISTERS' REPORTING SERVICE

1 THIS INCLUDES. SO IF YOU LOOK AT THE BAR CHART, YOU  
2 WILL SEE THAT THE BLUE ACTUALLY REPRESENTS WHAT YOU  
3 HAVE ACTUALLY AWARDED. THAT'S A PRETTY SIGNIFICANT  
4 AMOUNT OF OUR FUNDING. THAT REPRESENTS 60 PERCENT  
5 OF THE FUNDING.

6 THE NEXT CATEGORY --

7 MS. LANSING: CAN YOU PLEASE GIVE ME A  
8 DOLLAR NUMBER BECAUSE I CAN'T FIND THE CHART?

9 MS. SILVA-MARTIN: IT'S APPROXIMATELY \$1.6  
10 BILLION. AND THEN THE PURPLE CHART REPRESENTS WHAT  
11 YOU'VE COMMITTED, BUT WE HAVEN'T ACTUALLY PUT ANY  
12 AWARDS BECAUSE WE'RE STILL GOING THROUGH THE AWARD  
13 PROCESS. AND THAT REPRESENTS APPROXIMATELY \$4  
14 MILLION AND ABOUT 15 PERCENT. SO, AS YOU CAN SEE,  
15 WE'VE ACTUALLY COMMITTED AND AWARDED 75 PERCENT OF  
16 OUR FUNDING. SO WHAT WE HAVE LEFT IS WHAT'S IN THE  
17 GREEN AREA, WHICH IS ABOUT 25 PERCENT OR \$700  
18 MILLION THAT'S AVAILABLE FOR FUNDING.

19 SO I JUST WANTED TO PROVIDE YOU THAT DATA  
20 TO ASSIST YOU AS YOU MOVE FORWARD IN MAKING FUNDING  
21 DECISIONS.

22 MS. LANSING: WHEN DO WE ACTUALLY RUN OUT  
23 OF MONEY, SO TO SPEAK?

24 MS. SILVA-MARTIN: WELL, WE'RE PROJECTING  
25 ABOUT 19-20, FISCAL YEAR 2019-20.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN THOMAS: LET ME JUST CLARIFY THAT  
2 A BIT OR ADD OTHER COLOR. I THINK, CHILA, THAT  
3 WE'RE ANTICIPATING MAKING OUR LAST AWARDS IN 2017.

4 MS. SILVA-MARTIN: THAT'S CORRECT.

5 CHAIRMAN THOMAS: AS THEY ARE MULTIYEAR  
6 AWARDS, THE MONEY WILL ACTUALLY RUN OUT IN 2020,  
7 SOMETHING LIKE THAT. THE LAST AWARDS CURRENTLY ARE  
8 SLATED FOR 2017 --

9 MS. SILVA-MARTIN: THAT'S CORRECT.

10 CHAIRMAN THOMAS: -- IF WE DO NOT HAVE  
11 ADDITIONAL SOURCES OF FUNDING AT THAT POINT.

12 MS. LANSING: SO IS THIS AN APPROPRIATE  
13 TIME TO ASK WHEN WE WOULD LIKE TO GO BACK INTO AND  
14 TRY AND GET ANOTHER BOND OR WHATEVER?

15 CHAIRMAN THOMAS: SHERRY, IT'S J.T. THE  
16 ISSUE OF HOW WE'RE GOING TO SUSTAIN OURSELVES IS ONE  
17 THAT WE SPEND A LOT OF TIME THINKING ABOUT. WE'RE  
18 EVALUATING A BUNCH OF ALTERNATIVES. THAT COULD BE  
19 CERTAINLY ONE OF THEM, BUT THERE ARE OTHERS. AND IT  
20 IS PROBABLY NOT YET A RIPE DISCUSSION TOPIC.

21 MS. LANSING: OKAY. FINE. I UNDERSTAND.  
22 SO THIS IS WORK IN PROGRESS AND SOMEONE WILL REPORT  
23 BACK TO US AT THE PROPER TIME.

24 CHAIRMAN THOMAS: YES.

25 MS. LANSING: THANK YOU.

**BARRISTERS' REPORTING SERVICE**

1 MS. SILVA-MARTIN: THIS REALLY CONCLUDES  
2 MY PRESENTATION. ARE THERE ANY QUESTIONS?

3 MR. GOLDBERG: CHILA, THANK YOU VERY MUCH.  
4 THERE USED TO BE A STANDARD SERIES OF CHARTS THAT  
5 WERE USED IN THESE MEETINGS THAT SOME OF US, AT  
6 LEAST THIS MEMBER, GOT USED TO. COULD YOU BRING  
7 THEM BACK PARTICULARLY BECAUSE THE ONE THAT'S A  
8 MULTIYEAR KIND OF CASH FLOW PLANNING KIND OF  
9 SUMMARIZES EVERYTHING THAT I THINK IS RELEVANT ON  
10 ONE PAGE.

11 MS. SILVA-MARTIN: IS THIS WHAT WE  
12 PROVIDED A COUPLE YEARS AGO?

13 MR. GOLDBERG: AS FAR AS I KNOW, WE WERE  
14 PROVIDING IT UP UNTIL AUGUST.

15 MS. SILVA-MARTIN: ABSOLUTELY. I'LL BE  
16 HAPPY TO DO THAT.

17 MR. GOLDBERG: THANK YOU SO MUCH.  
18 CONGRATULATIONS ON YOUR PROMOTION.

19 DR. JUELSGAARD: CHILA, SO WHEN WE WERE  
20 BUDGETING A FEW MONTHS AGO, WE WERE PRESENTED WITH A  
21 SERIES OF BREAKOUTS OF THOSE BUDGET NUMBERS BY  
22 FUNCTIONAL AREAS.

23 MS. SILVA-MARTIN: THAT'S CORRECT.

24 DR. JUELSGAARD: WHAT I THINK WOULD BE  
25 INTERESTING TO SEE IS JUST AS A PERCENTAGE AGAINST



## BARRISTERS' REPORTING SERVICE

1 THAT BUDGET WHERE WE STAND FROM QUARTER TO QUARTER  
2 AS WE MOVE FORWARD. SO HOW ARE THE DIFFERENT  
3 FUNCTIONS LINING UP WITH RESPECT TO WHAT WE BUDGETED  
4 THEM TO SPEND? IF WE COULD SEE SOMETHING LIKE THAT,  
5 THAT WOULD CERTAINLY BE HELPFUL FOR ME.

6 MS. SILVA-MARTIN: ABSOLUTELY. I CAN PUT  
7 THAT TYPE OF REPORT TOGETHER FOR YOU FOR THE NEXT  
8 BOARD MEETING.

9 DR. JUELSGAARD: THANK YOU SO MUCH.

10 MS. SILVA-MARTIN: VERY WELCOME.

11 DR. LUBIN: ONE OF THE QUESTIONS THAT I  
12 HAD, GIVEN WHAT ALAN PRESENTED AND GIVEN SOME OF  
13 THESE REALLY EXCITING RESULTS IN THE BASIC RESEARCH  
14 AND EARLY TRANSLATION, I'VE NEVER APPRECIATED A  
15 CERTAIN PERCENTAGE OF WHAT WE INVEST IS GOING TO BE  
16 IN THOSE AREAS AND THEN THE OTHERS IN DISEASE TEAM  
17 AND BIGGER GRANTS. IS THERE A WAY TO TAKE A LOOK AT  
18 THAT AGAIN IN TERMS OF THE PROGRESS WE'VE MADE IN  
19 EACH OF THOSE AREAS, AND JUST BE SURE WE'RE ON  
20 TARGET FOR WHAT WE WANT TO ACCOMPLISH?

21 MS. SILVA-MARTIN: YES, ABSOLUTELY.  
22 ACTUALLY DR. OLSON WILL BE PRESENTING THAT LATER ON  
23 TODAY.

24 DR. LUBIN: THANK YOU VERY MUCH.

25 CHAIRMAN THOMAS: JUST ALSO LIKE TO REMIND

**BARRISTERS' REPORTING SERVICE**

1 THE BOARD THAT, PER THE SLIDE THAT'S CURRENTLY UP  
2 THERE, FOR THOSE OF YOU ON THE PHONE, THIS IS THE  
3 ONE THAT TALKS ABOUT AVAILABLE CASH. IT NOTES THAT  
4 WE ARE FUNDED BY BOND PROCEEDS AND COMMERCIAL PAPER.  
5 WANTED TO REMIND EVERYBODY THAT WE'RE PRINCIPALLY  
6 THESE DAYS FUNDED BY COMMERCIAL PAPER AS OPPOSED TO  
7 BOND PROCEEDS THROUGH THE DISCUSSIONS THAT WE WORKED  
8 OUT WITH THE DEPARTMENT OF FINANCE, THE STATE  
9 TREASURER'S OFFICE WHERE WE'RE ABLE TO ACCESS  
10 COMMERCIAL PAPER ON VERY SHORT NOTICE TO MEET OUR  
11 ONGOING NEEDS AND DON'T NEED TO BE SITTING ON LARGE  
12 RESERVES OF BOND PROCEEDS WHICH ARE EARNING LESS  
13 THAN THE INTEREST RATE ON THE BONDS AND GENERATING  
14 NEGATIVE CARRY TO THE DISADVANTAGE OF THE STATE.

15 SO WE HAVE A VERY EFFICIENT FINANCING  
16 PROGRAM IN PLACE. WE HAVE ONGOING DISCUSSIONS WITH  
17 THE OFFICES I MENTIONED WHERE WE GIVE THEM UPDATED  
18 INFORMATION ON OUR NEEDS FOR THE FORWARD PERIODS AS  
19 WE ARE GOING ALONG. I WANT TO SINGLE OUT LYNN  
20 HARWELL, WHO'S SORT OF SPEARHEADED THE DISCUSSIONS  
21 WITH THE DEPARTMENT OF FINANCE AND THE STATE  
22 TREASURER'S OFFICE. SHE AND I HAVE SPENT A LOT OF  
23 TIME WITH THOSE FOLKS, AND I THINK WE'RE VERY HAPPY  
24 WITH THE FINANCING MECHANISM, WHICH IS A WIN-WIN FOR  
25 THE STATE AND FOR US. JUST WANTED TO ADD THAT

**BARRISTERS' REPORTING SERVICE**

1 LITTLE ADDITIONAL COMMENT.

2 ANY OTHER COMMENTS? SHERRY, I HOPE YOU'RE  
3 FEELING OKAY.

4 MS. LANSING: I'M SORRY. CAN YOU HEAR ME  
5 COUGHING?

6 A LOT OF US WEREN'T ON FOR THE ROLL CALL  
7 BECAUSE OF THE FACT THAT THE PHONES WEREN'T WORKING.  
8 SO I JUST WANT TO MAKE SURE YOU KNOW THE NUMBER OF  
9 US, ABOUT FIVE OF US THAT ARE ON THE PHONE.

10 CHAIRMAN THOMAS: THANK YOU. ANY OTHER  
11 COMMENTS ON THE FINANCIAL REPORT? THANK YOU, CHILA.  
12 AND THANK YOU, DR. TROUNSON, FOR YOUR PRESIDENT'S  
13 REPORT. MOST INTERESTING AS ALWAYS.

14 MS. BONNEVILLE: CAN WE JUST HEAR WHO'S ON  
15 THE PHONE.

16 MS. LANSING: SHERRY.

17 MS. BONNEVILLE: DR. LUBIN, ARE YOU ON?

18 CHAIRMAN THOMAS: YES, HE'S ON.

19 MS. BONNEVILLE: IS ANYONE ELSE ON THE  
20 LINE? THANK YOU.

21 CHAIRMAN THOMAS: OKAY. ON THE THEME OF  
22 FINANCES, WE'RE GOING TO SKIP AN AGENDA DOWN TO NO.  
23 18, WHICH IS CONSIDERATION OF THE FINANCIAL AUDIT  
24 THAT CHILA MENTIONED FOR FISCAL YEAR 2011 AND 12.  
25 WE HAVE WITH US SHELLY WALKER-DAVEY OF MACIAS, GINI

**BARRISTERS' REPORTING SERVICE**

1 & O'CONNELL, WHO'S GOING TO PRESENT THAT REPORT.

2 MS. WALKER-DAVEY: GOOD MORNING. THANK  
3 YOU FOR HAVING ME. I'M SHELLY WALKER-DAVEY, AS  
4 MENTIONED BEFORE, AND I'M THE ENGAGEMENT MANAGER FOR  
5 THE FINANCIAL AUDIT. I SUPERVISE THE PLANNING, THE  
6 FIELDWORK, AND THE FINAL REVIEW IN CONCURRENT WITH  
7 OUR PARTNERS OF THE FINANCIAL STATEMENTS PREPARED BY  
8 MANAGEMENT. I'M HERE TODAY TO PRESENT TO YOU TWO  
9 AUDIT PRODUCTS AS A RESULT OF OUR AUDIT. ONE IS THE  
10 REPORT TO THE OVERSIGHT COMMITTEE, WHICH WE CALL  
11 REPORT TO THE BOARD, WHICH INCLUDES REQUIRED  
12 COMMUNICATIONS THAT ARE PROFESSIONAL STANDARDS  
13 REQUESTS THAT WE DO AS WELL AS THE FINANCIAL  
14 STATEMENT.

15 AND I UNDERSTAND YOU HAVE A LOT OF  
16 COMPREHENSIVE BUDGET-TO-ACTUAL AND PROJECTIONS ON  
17 FINANCIAL INFORMATION, SO I'M GOING TO MAKE MY  
18 PRESENTATION TO THE AUDIT FINANCIAL STATEMENT VERY  
19 BRIEF, AND I WILL WRAP UP WITH ANY QUESTIONS ANYBODY  
20 MAY HAVE.

21 I'M ASSUMING THESE ARE IN YOUR PACKETS.  
22 THE REPORT TO THE INDEPENDENT CITIZENS OVERSIGHT  
23 COMMITTEE, WE CALL THIS THE REQUIRED COMMUNICATIONS  
24 TO THOSE IN CHARGE OF GOVERNANCE. AND I'M GOING TO  
25 START WITH THAT AND JUST BRIEFLY HIGHLIGHT SOME OF

**BARRISTERS' REPORTING SERVICE**

1 THE KEY POINTS. AND IF ANYBODY HAS ANY QUESTIONS,  
2 YOU'RE WELCOME TO STOP ME.

3 CHAIRMAN THOMAS: TAB 18 FOR THOSE LOOKING  
4 FOR THE DOCUMENTS.

5 MS. WALKER-DAVEY: I'LL GIVE YOU A MINUTE  
6 OR TWO. SO IN PLANNING A FINANCIAL AUDIT, WE LOOK  
7 AT INTERNAL CONTROLS OF AN ENTITY AND THE DESIGN OF  
8 THOSE CONTROLS TO ENSURE THAT THERE ARE NO  
9 MISSTATEMENTS IN THE FINANCIAL STATEMENTS. WE DON'T  
10 ACTUALLY -- WE ARE NOT REQUIRED TO TEST AND  
11 AUTHENTICATE ALL CONTROLS IF WE DON'T ACTUALLY  
12 EXPRESS AN OPINION ON THAT. I WANT TO MAKE THAT  
13 CLEAR.

14 IN REVIEWING INTERNAL CONTROL ISSUES, WE  
15 LOOK AT A FEW POSSIBLE ERRORS. ONE IS CALLED A  
16 SIGNIFICANT DEFICIENCY. ANOTHER IS CALLED MATERIAL  
17 WEAKNESS. THAT WOULD IMPLY THAT THERE'S SOMETHING  
18 IN THE CONTROL PROCESS IN A MAJOR TRANSACTION CYCLE,  
19 SUCH AS DISBURSEMENTS OR RECEIPTS, THAT THERE MIGHT  
20 BE ERROR IN THE PROCESS THAT'S NOT CAPTURED BY  
21 MANAGEMENT IN THE NORMAL COURSE OF BUSINESS. THAT  
22 WOULD BE A DEFICIENCY. OR IF THERE'S A SIGNIFICANT  
23 ERROR THAT'S NEVER DISCOVERED AND ONLY SHOWS UP IN  
24 THE AUDIT WOULD BE CONSIDERED A MATERIAL WEAKNESS.  
25 PLEASED TO SAY WE HAVE NEITHER OF THOSE TYPES OF

**BARRISTERS' REPORTING SERVICE**

1 INSTANCES DURING THE AUDIT. IN ANY CASE, IT'S A  
2 MAIN ISSUE.

3 I'M GOING TO MOVE ON TO THE SECOND AND  
4 THIRD PAGE OF THE REQUIRED COMMUNICATIONS. AND  
5 THESE ARE OUR KEY POINTS OF WHAT WE DO AS PART OF  
6 THE AUDIT AND PART OF OUR RESPONSIBILITY AS WELL AS  
7 MANAGEMENT'S RESPONSIBILITY. FOR EXAMPLE, ONE THING  
8 WE LOOK AT IS ACCOUNTING POLICIES BECAUSE THEY'RE AN  
9 INTEGRAL PART OF THE FINANCIAL STATEMENTS. BY AND  
10 LARGE ON THE GAP FINANCIAL STATEMENTS, CIRM DOESN'T  
11 REALLY HAVE SIGNIFICANT -- LET ME BACK UP. WE  
12 LOOKED AT THE KEY POLICIES. THEY WERE CONSISTENT  
13 WITH THE KEY FACTORS. IT LOOKED CONSISTENT FROM THE  
14 PRIOR YEAR. WE DIDN'T SEE A MAJOR CHANGE. SOME  
15 ENTITIES HAVE ESTIMATES; NAMELY, LIKE, FOR EXAMPLE,  
16 DEPRECIATION, BUT BECAUSE IT'S NOT A LARGE DOLLAR  
17 AMOUNT, WE DON'T CONSIDER THAT NECESSARILY A  
18 SIGNIFICANT ISSUE FOR CIRM, SO THERE AREN'T THAT  
19 MANY ESTIMATES THAT MIGHT CAUSE CONCERN.

20 WE'RE PLEASED TO SAY WE HAD NO  
21 DIFFICULTIES IN PERFORMING OUR AUDIT. WE  
22 OCCASIONALLY HAVE CORRECTED UNCORRECTED  
23 MISSTATEMENTS AS PART OF AN AUDIT. THOSE ARE  
24 BASICALLY ERRORS WE MIGHT FIND DURING THE COURSE OF  
25 THE AUDIT. IF THEY WERE MATERIAL, THEY WOULD APPEAR

**BARRISTERS' REPORTING SERVICE**

1 ON THIS REPORT. SOME OF THEM ARE VERY DE MINIMIS OR  
2 IMMATERIAL AND ARE NOT REPORTED. WE'RE PLEASED TO  
3 SAY WE DIDN'T HAVE ANY MATERIAL CORRECTIONS AS A  
4 RESULT OF THE AUDIT EITHER CORRECTED OR NONCORRECTED  
5 BY MANAGEMENT.

6 WE HAD NO DISAGREEMENTS WITH MANAGEMENT  
7 DURING THE ENGAGEMENT. ALSO WE REQUEST A MANAGEMENT  
8 REPRESENTATION LETTER AT THE END OF EACH ENGAGEMENT  
9 BASICALLY DISCLOSING MANAGEMENT'S RESPONSIBILITY FOR  
10 THE FINANCIAL STATEMENTS AS WELL AS HAVING DISCLOSED  
11 ALL THE REQUIRED MINUTES, CONTRACTS, WHATNOT, AND WE  
12 RECEIVED THAT LETTER, AND IT'S DATED OCTOBER 15TH.

13 OCCASIONALLY IT MIGHT BE IN A CASE OF AN  
14 AUDIT WHERE MANAGEMENT MIGHT SEEK A SECOND OPINION  
15 FROM ANOTHER CPA OR CPA FIRM. THIS MIGHT BE AN  
16 INSTANCE WHERE SOMEONE WAS HAVING DIFFICULTIES WITH  
17 AN AUDIT, BUT WE DIDN'T HAVE ANY AND WE'RE NOT AWARE  
18 OF ANY SUCH COMMUNICATIONS DURING THE COURSE OF OUR  
19 AUDIT.

20 OTHER FINDINGS AND ISSUES, OCCASIONALLY WE  
21 DISCUSS ACCOUNTING APPLICATION PRINCIPLES AND  
22 AUDITING STANDARDS WITH YOUR STAFF OR WITH CHILA,  
23 FOR EXAMPLE, BUT THAT'S CONSIDERED A NORMAL PART OF  
24 OUR PROFESSIONAL ENGAGEMENT AND DOES NOT HAVE ANY  
25 CONDITION ON OUR RETENTION.

**BARRISTERS' REPORTING SERVICE**

1 FINALLY, WITH OTHER MATTERS, WE DO CERTAIN  
2 INQUIRIES OF MANAGEMENT AND EVALUATE THE FORM OF  
3 METHOD OF THE SUPPLEMENT INFORMATION. THAT'S MAINLY  
4 THE DOLBY GRANT FUND. AND WE CAN RECONCILE THE  
5 INFORMATION BACK TO OUR AUDITED FINANCIAL  
6 STATEMENTS, AND THEY SEEMED TO BE REASONABLE.

7 SO THAT'S THE REQUIRED COMMUNICATIONS IN A  
8 VERY BRIEF FORMAT. I REALIZE IT'S ABOUT A  
9 THREE-PAGE DOCUMENT. I DIDN'T WANT TO READ IT  
10 VERBATIM THIS MORNING. I KNOW YOU HAVE A LOT TO DO  
11 TODAY.

12 I'M GOING TO MOVE ON TO THE FINANCIAL  
13 STATEMENTS. THESE ARE GAP FINANCIAL STATEMENTS, AND  
14 I'M GOING TO TURN TO PAGE 8. IT'S THE STATEMENT OF  
15 NET ASSETS. IT'S BASICALLY THE BALANCE SHEET OF THE  
16 ORGANIZATION, AND I'M GOING TO BRIEFLY GO OVER SOME  
17 OF THE HIGHLIGHTS OF THAT AS WELL AS THE STATEMENT  
18 OF ACTIVITIES AND JUST KEEP IT BRIEF BECAUSE THIS IS  
19 A VERY BIRD'S EYE VIEW COMPARED TO THE INFORMATION  
20 YOU LOOK AT ON YOUR REGULAR MEETINGS.

21 SO WE'RE PROUD TO ANNOUNCE THAT WE WERE  
22 ABLE TO COLLECT ENOUGH EVIDENCE TO RENDER AN  
23 UNQUALIFIED OPINION; THAT IS, A CLEAN OPINION ON THE  
24 FINANCIAL STATEMENTS. AND AS PART OF OUR AUDIT, WE  
25 LOOK AT, OF COURSE, SEVERAL OF THESE LINE ITEMS.



**BARRISTERS' REPORTING SERVICE**

1 NAMELY, THE BIGGEST CHANGE FROM ONE YEAR TO THE  
2 NEXT. I'M LOOKING AT THE STEM CELL FUND COLUMN, SO  
3 THE FIRST LEFT COLUMN. LOANS RECEIVABLE INCREASED  
4 MAINLY BECAUSE THERE WERE MORE NOTES DISTRIBUTED OR  
5 MORE DISBURSEMENTS GIVEN OUT AS WELL AS AN INCREASE  
6 ON INTEREST RECEIVABLE RELATED TO THOSE NOTES. THE  
7 LONGER THOSE NOTES ARE OUTSTANDING, THE MORE THEIR  
8 INTEREST IS ACCRETING. SO WOULD EXPECT TO SEE THAT.

9 JUST FROM A GAP PERSPECTIVE, I'M GOING TO  
10 MOVE ABOUT MIDWAY DOWN THE LINE TO DEFERRED REVENUE.  
11 AND IT'S RELATED TO HOW THE PRESENTATION IS ON A  
12 GASB FORMAT. THIS \$24 MILLION NUMBER REPRESENTS THE  
13 LOAN RECEIVABLE, INTEREST RECEIVABLE. IT'S OFFSET  
14 BECAUSE OF THE WAY THE FUNDS MOVE, INFLOWS AND  
15 OUTFLOWS. SO IF ANYBODY QUESTIONS THAT NUMBER,  
16 THEY'RE RELATED, AND THEY ARE EFFECTIVELY CANCELED  
17 ON THE RECONCILIATION.

18 SO THE BIGGEST CHANGE FROM ONE YEAR TO THE  
19 NEXT, OF COURSE, IS THE LOAN RECEIVABLES AND THE  
20 RELATED INTEREST RECEIVABLES.

21 MOVING ON TO THE STATEMENT OF ACTIVITIES,  
22 THERE WERE SOME GO BONDS REVENUE RECEIVED OF \$50  
23 MILLION. THERE WAS ONE LOAN THAT WAS REPAYED OR  
24 RETURNED BECAUSE THERE WERE SOME CONDITIONS RELATED  
25 TO THAT LOAN THAT WERE BEING REASSESSED. THE MONEY

**BARRISTERS' REPORTING SERVICE**

1 WAS RETURNED SO THE RECIPIENT DIDN'T INCUR ANY  
2 ADDITIONAL INTEREST. THAT'S WHAT THAT COLLECTIONS  
3 ON LOANS REPRESENTS. THERE WAS A SMALL AMOUNT OF  
4 INTEREST RELATED TO THAT TIME WHEN THEY HELD THAT  
5 NOTE THAT WAS REPAYED.

6 AND THEN THE FINAL THING IS THE  
7 INVESTMENTS ON EARNINGS IS CONSIDERABLY HIGHER FROM  
8 LAST YEAR BECAUSE THERE WAS A LEGAL DETERMINATION  
9 MADE DURING THE YEAR THAT THE INTEREST ON THE SMITH  
10 ACCOUNT, THE MAIN CASH ACCOUNT, IT WAS INITIALLY  
11 INTERPRETED AS BEING DUE BACK TO THE GENERAL FUND,  
12 THE STATE'S GENERAL FUND. THERE WAS A LEGAL  
13 DETERMINATION THAT IT IS NO LONGER REQUIRED TO BE  
14 GIVEN BACK TO THE GENERAL FUND. IN FACT, IT BELONGS  
15 TO CIRM. SO THERE'S ABOUT A \$1.7 MILLION DOLLAR  
16 INCREASE IN THAT THAT IS PULLED INTO THE CIRM  
17 ORGANIZATION.

18 MOVING DOWN TO EXPENSES, STATE OPERATIONS  
19 ARE FAIRLY CONSISTENT FROM LAST YEAR. GRANTS AND  
20 RESEARCH GRANTS HAVE INCREASED MAINLY BECAUSE OF THE  
21 MULTIYEAR GRANTS AND EXPENDITURES RELATED TO THAT  
22 ASPECT OF WHAT YOU DO.

23 AND THEN I'M GOING TO TURN BRIEFLY TO PAGE  
24 10. IT'S THE BUDGET-TO-ACTUAL COMPARISON. I KNOW  
25 THERE WAS SOME DISCUSSION ABOUT THIS WHEN WE WERE

**BARRISTERS' REPORTING SERVICE**

1 PREPARING THE FINANCIAL STATEMENTS. I JUST WANT TO  
2 CLARIFY. WHEN WE ARE LOOKING AT THIS AT A GAP  
3 PERSPECTIVE, THE ACTUAL EXPENDITURES ARE REFLECTED  
4 ON THE PREVIOUS PAGE ON THE STATEMENT OF ACTIVITIES,  
5 BUT THE BUDGET IS SLIGHTLY DIFFERENT. SO IT LOOKS  
6 LIKE THERE'S A POSITIVE BUDGET AMOUNT OF \$52  
7 MILLION, BUT THAT'S NAMELY A TIMING ISSUE. THERE  
8 ARE LAGS OR DIFFERENT AWARDS ARE IN PROCESS, SO IT  
9 MAY NOT ALIGN TO WHAT YOU'RE LOOKING AT WHEN YOU'RE  
10 LOOKING AT YOUR QUARTERLY REVIEW. THIS IS BASICALLY  
11 A SNAPSHOT OF WHAT WAS HAPPENING ON JUNE 30, 2012.  
12 I JUST WANTED TO CLARIFY THAT BECAUSE THAT CAME UP  
13 AS WE WERE FINALIZING THE REPORT.

14 AND I'M NOT GOING TO GO INTO THE NOTES TOO  
15 MUCH BECAUSE THEY'RE FAIRLY CONSISTENT FROM LAST  
16 YEAR. UNLESS SOMEONE HAS SOMETHING SPECIFIC TO ASK,  
17 I WOULD LIKE TO COMPLETE MY PRESENTATION AND SAY  
18 THANK YOU FOR LETTING US SERVE AS YOUR AUDITORS.  
19 DOES ANYBODY HAVE ANY QUESTIONS?

20 CHAIRMAN THOMAS: ANY QUESTIONS FOR  
21 SHELLY?

22 DR. JUELSGAARD: YES, SHELLY. SO ON THE  
23 BALANCE SHEET PORTION OF YOUR PRESENTATION. SO I'M  
24 AWARE THAT CIRM HOLDS CERTAIN WARRANTS ISSUED BY  
25 COMPANIES, PUBLIC OR PRIVATE, IN ASSOCIATION WITH

**BARRISTERS' REPORTING SERVICE**

1 CERTAIN FUNDING ARRANGEMENTS. ARE THOSE SHOWN ON  
2 THE BALANCE SHEET PRESENTATION ANYWHERE?

3 MS. WALKER-DAVEY: WHEN YOU'RE SAYING  
4 WARRANTS, ARE YOU REFERRING TO ACTUAL DISBURSEMENTS  
5 OR COMMITMENTS?

6 DR. JUELSGAARD: I'M REFERRING TO WARRANTS  
7 THAT WOULD BE CONVERTIBLE INTO STOCK. SO WARRANTS  
8 TO PURCHASE STOCK AT A FIXED PRICE.

9 MS. WALKER-DAVEY: IT HAS NOT ACTUALLY  
10 TRANSPIRED. I BELIEVE THAT'S REALLY TO ONE OF THE  
11 NOTES, NOTES RECEIVABLES, SOME SORT OF COLLATERAL.

12 DR. JUELSGAARD: I THINK WE HAVE ACTUAL  
13 WARRANTS IN HAND, IF I'M NOT MISTAKEN.

14 MS. WALKER-DAVEY: I DON'T THINK THEY'RE  
15 DISCLOSED. IF THEY HAVE A DOLLAR VALUE, WE CAN  
16 CERTAINLY REVIEW AND SEE IF THAT'S MATERIAL.

17 DR. JUELSGAARD: THEY DON'T APPEAR IN HERE  
18 AND YOU'RE NOT AWARE THAT WE HOLD THOSE?

19 MS. WALKER-DAVEY: I AM AWARE THAT THERE'S  
20 SOME RELATED TO ONE OF THE NOTES. I CAN'T REMEMBER  
21 THE NAME OF THE ORGANIZATION THAT HAD SOME STOCK  
22 HOLDING RELATED TO IT. I DIDN'T KNOW IF IT  
23 TRANSPIRED OR NOT. WE CAN LOOK AT THAT AND SEE IF  
24 IT'S MATERIAL, BUT IT DOESN'T SOUND LIKE IT WOULD  
25 BE.

**BARRISTERS' REPORTING SERVICE**

1 DR. JUELSGAARD: NO, I'M NOT SURE THAT  
2 IT'S MATERIAL, BUT I DIDN'T SEE ANYTHING LISTED  
3 HERE. THAT ANSWERED MY QUESTION. THANKS.

4 MS. BAUM: JUST TO CLARIFY, WE HOLD  
5 WARRANTS, NOT STOCK.

6 MS. WALKER-DAVEY: RIGHT. SO IT MAY NOT  
7 BE -- IT MAY BE AN OPTION LIKE A COMMITMENT, BUT NOT  
8 ACTUALLY A DOLLAR VALUE AT THIS POINT.

9 DR. JUELSGAARD: WELL, WARRANTS DO  
10 TYPICALLY HAVE A VALUE, A BLACK-SCHOLES VALUE, THAT  
11 YOU CAN DETERMINE FROM THEM.

12 MS. WALKER-DAVEY: BLACK-SCHOLES IS  
13 RELATED TO FASB 157, AND THAT'S A FASB PRESENTATION.  
14 THIS IS A GASB PRESENTATION. SO I'D HAVE TO SEE  
15 MORE INTO WHAT THE DOLLAR VALUE IS TO DETERMINE  
16 WHETHER IT SHOULD HAVE BEEN INCLUDED. MAYBE IF IT'S  
17 SOMETHING THAT'S ONGOING, IT COULD BE ADDED TO THE  
18 MDNA GOING FORWARD TO DISCLOSE WHAT IT IS.

19 DR. JUELSGAARD: I JUST WAS CURIOUS WHAT  
20 THE VALUE WAS.

21 MS. WALKER-DAVEY: I'M NOT AWARE OF IT, SO  
22 WE'LL HAVE TO FIND OUT FROM MANAGEMENT.

23 MR. JUELSGAARD: THANK YOU.

24 CHAIRMAN THOMAS: ANY OTHER QUESTIONS FOR  
25 SHELLY? OKAY. THANK YOU. IT'S ALWAYS GREAT TO

**BARRISTERS' REPORTING SERVICE**

1 HAVE AN UNQUALIFIED AUDIT. CONGRATULATIONS TO CHILA  
2 AND OTHERS INVOLVED IN STEWARDING OUR FINANCES.  
3 WE'RE VERY HAPPY TO GET THAT REPORT AND APPRECIATE  
4 YOUR WORK ON THIS. SO THANK YOU VERY MUCH.

5 MS. WALKER-DAVEY: THANK YOU VERY MUCH.

6 CHAIRMAN THOMAS: WE'RE NOW GOING TO  
7 REVERT BACK TO ITEM NO. 6, CONSIDERATION OF  
8 APPLICATIONS FOR THE STRATEGIC PARTNERSHIP I AWARDS.  
9 DR. OLSON.

10 DR. OLSON: NO, I AM NOT IMMEDIATELY GOING  
11 TO GO INTO THE STRATEGIC PARTNERSHIP AWARDS, BUT  
12 WHAT I AM GOING TO DO IS GIVE YOU AN UPDATE ON RFA  
13 FUNDING AWARDED CONCEPTS IN FUTURE. AND YOU MAY  
14 RECALL THAT AT OUR MARCH MEETING THIS YEAR, WE  
15 DISCUSSED WITH THE BOARD AN RFA STRATEGIC FUNDING  
16 PROPOSAL, WHICH, FOLLOWING THAT DISCUSSION, WAS  
17 INCORPORATED INTO THE STRATEGIC PLAN THAT WAS  
18 APPROVED BY THE BOARD AT THEIR MAY MEETING.

19 AT THAT TIME WE ALSO AGREED WITH THE BOARD  
20 THAT IT WOULD BE A GOOD IDEA TO UPDATE THE BOARD  
21 PERIODICALLY ON THE STATUS OF THAT STRATEGIC RFA  
22 FUNDING. AND WE LAST DID SO IN AUGUST OF THIS YEAR  
23 AT OUR TELEPHONIC MEETING WHEN WE ASKED YOU TO  
24 APPROVE THE CONCEPT FOR THE ET IV PROGRAM, AND WE  
25 USED THAT AS AN OPPORTUNITY. WHENEVER WE APPROVE A

**BARRISTERS' REPORTING SERVICE**

1 CONCEPT, WE THOUGHT IT WOULD BE A GOOD TIME TO  
2 UPDATE.

3 SO THAT'S WHAT I WOULD LIKE TO DO NOW  
4 PRIOR TO YOUR CONSIDERATION OF THE SP I PROGRAM AS  
5 WELL AS OTHER CONCEPTS PROPOSED AT THIS MEETING.

6 I JUST WANT TO LET YOU KNOW THAT ACTUALLY  
7 AS OF AUGUST, WHICH WAS THE LAST TIME WE TALKED  
8 ABOUT THIS, WE HAD AWARDED \$1.5 BILLION. THIS BOARD  
9 HAD APPROVED FUNDING FOR \$1.5 BILLION. AS OF THIS  
10 MONTH THAT NUMBER IS \$1.622 BILLION. AND YOU CAN  
11 SEE THAT IN THE NEXT SLIDE.

12 BUT I'D LIKE TO HIGHLIGHT FOR YOU WHAT ARE  
13 THE ELEMENTS THAT GO INTO THAT. SO IT DOES INCLUDE  
14 THE 63 MILLION ADDITIONAL FUNDING THAT WAS APPROVED  
15 BY THIS BOARD FOR THE DISEASE TEAM THERAPY  
16 DEVELOPMENT AWARDS AT ITS 9/12 MEETING. IT ALSO  
17 INCLUDES THE BALANCE -- SORRY. IT ALSO INCLUDES THE  
18 BASIC BIOLOGY AWARDS, 38 MILLION IN BASIC BIOLOGY  
19 AWARDS, THAT, AGAIN, WERE APPROVED BY THIS BOARD AT  
20 THEIR SEPTEMBER BOARD MEETING. IT ASSUMES THAT THE  
21 19.4 MILLION THAT WERE RECOMMENDED BY THE GRANTS  
22 WORKING GROUP AND ARE SUBJECT TO DECISION BY THIS  
23 BOARD FOLLOWING THIS PRESENTATION IS ALSO INCLUDED  
24 IN THAT. SO IT ASSUMES THAT THOSE WOULD BE AWARDED.

25 IN AUGUST AS WELL WHAT WE HAD WAS IN THE

**BARRISTERS' REPORTING SERVICE**

1 CONCEPT APPROVED, THAT IS, CONCEPTS THAT HAVE BEEN  
2 APPROVED BY THIS BOARD, WE HAVE 335 MILLION. AS OF  
3 NOW, I'M MAKING AN ASSUMPTION, IT'S 423 MILLION.  
4 AND BASICALLY WHAT THAT DOES IS WE TOOK OUT THE  
5 MONEY THAT YOU HAD AS CONCEPT FOR THE BASIC BIOLOGY  
6 PROGRAM, WHICH YOU APPROVED BEFORE, WE TOOK OUT THE  
7 SP I MONEY, AND NOW I'M, AGAIN, MAKING THE  
8 ASSUMPTION THAT THE DISEASE TEAM III CONCEPT  
9 PROPOSAL WOULD BE APPROVED, MAKING THE ASSUMPTION  
10 THAT THE SP II WOULD BE APPROVED. THOSE HAVE COME  
11 OUT. THOSE WOULD MOVE INTO THE CONCEPT CATEGORY AND  
12 EXPLAINS THAT.

13 IF YOU LOOK AT THIS PIE CHART, WHAT IT  
14 SHOWS YOU IS THE DISTRIBUTION NOW OF AWARDED FUNDS.  
15 AND WHAT YOU CAN SEE, AND THE CATEGORIES, I WILL  
16 REMIND YOU, ARE FACILITIES CORE RESOURCES, WHICH IS  
17 ROUGHLY -- THIS BOARD HAS APPROVED FUNDING OF \$340  
18 MILLION OR WE HAVE AWARDED FUNDS OF 340 MILLION OR  
19 ROUGHLY 21 PERCENT. TRAINING AND CAREER  
20 DEVELOPMENT, ROUGHLY 320 MILLION. SO THEY'RE ALL  
21 VERY COMPARABLE. DEVELOPMENT IS STARTING TO GROW A  
22 BIT BECAUSE, AS WE'VE DISCUSSED BEFORE WITH THE  
23 BOARD, DEVELOPMENT PROGRAMS ARE INHERENTLY MORE  
24 EXPENSIVE, AND IT'S ALSO IN CONTEXT OF OUR MISSION  
25 OF MOVING THINGS INTO THE CLINIC. SO WE'LL BE



**BARRISTERS' REPORTING SERVICE**

1 SEEING INCREASES IN OUR DEVELOPMENT FUNDING AS WE  
2 MOVE FORWARD.

3 THIS IS PARTICULARLY NOTICEABLE IF YOU  
4 LOOK AT IN THE CONCEPT, IN THE DISTRIBUTION OF FUNDS  
5 IN THE CONCEPT. AND I ALREADY INDICATED TO YOU THAT  
6 AS OF -- MAKING THE ASSUMPTIONS I DID ABOUT  
7 APPROVALS OF CONCEPTS THAT ARE COMING FORWARD TO YOU  
8 AT THIS MEETING, YOU CAN SEE THAT THE ALLOCATION TO  
9 DEVELOPMENT IS BECOMING A SIGNIFICANT PIECE, AT  
10 LEAST IN WHAT YOU'VE SAID WE WILL BE -- IN THE RFA'S  
11 WE ARE PROPOSING TO YOU.

12 SO FINALLY, I JUST WANTED TO REMIND YOU  
13 THAT WE HAVE NOW AS OF AUGUST, WHEN I LAST PRESENTED  
14 IT TO YOU, WE HAD 881 MILLION THAT WAS FUTURE  
15 FUNDING THAT WE HAVE MODELS FOR. THAT ALSO INCLUDES  
16 THE UNALLOCATED PIECE. NOW WE WOULD HAVE, ASSUMING,  
17 AGAIN, THE CONCEPT PROPOSALS THAT ARE COMING FORWARD  
18 TO YOU TODAY, ROUGHLY 682 MILLION AS OF THIS POINT.

19 SO I JUST WANT TO LEAVE YOU WITH THAT WE  
20 ARE IMPLEMENTING ON THE FUNDING STRATEGY THAT WAS  
21 PUT FORTH AND APPROVED BY THIS BOARD AT THE MAY  
22 MEETING. AND THE UNALLOCATED FUNDS, WHICH IS A --  
23 THE UNALLOCATED FUNDS, WHICH IS 56 MILLION, BUT THAT  
24 ALSO, DON'T FORGET, THERE'S ABOUT 661 TOTAL THAT IS  
25 FUTURE FUNDING THAT IS LEFT TO BE APPROVED EITHER IN

## BARRISTERS' REPORTING SERVICE

1 CONCEPT AND THEN FUNDED. IF THERE ARE ANY  
2 QUESTIONS, I'M HAPPY TO ANSWER THEM.

3 DR. LUBIN: I HAD A QUESTION ABOUT THE  
4 BASIC RESEARCH PIE CHART. I FORGOT WHICH ONE OF THE  
5 SLIDES YOU HAD, BUT IT WENT DOWN 11 PERCENT. YOU  
6 HAVE THE RIGHT ONE UP NOW. AND IT WAS 17 BEFORE.  
7 THAT WAS A DECISION WE MADE, OR THAT'S WHAT HAPPENED  
8 AFTER ALL WAS SAID AND DONE WITH AWARDS?

9 DR. OLSON: NO. NO. NO. IT'S NOT GOING  
10 DOWN. THERE'S A DIFFERENCE -- THE PIE CHART, THAT  
11 GRAPH SLIDE YOU WERE LOOKING AT, SLIDE 4, THE PIE  
12 CHART ON THE LEFT IS ALREADY FUNDED PROGRAMS.

13 DR. LUBIN: I UNDERSTAND.

14 DR. OLSON: SO THE PIE CHART ON THE RIGHT  
15 IS JUST THOSE PROGRAMS THAT ARE CONCEPT APPROVED.  
16 SO I THINK PROBABLY WHAT WOULD BE CLEARER TO YOU  
17 GOING FORWARD IS I SHOULD PUT IN TOTALS SO THAT YOU  
18 CAN SEE WHEN WE ADD THEM ALL TOGETHER HOW IT COMES  
19 UP. THE BASIC RESEARCH, THERE'S NO QUESTION, THE  
20 FUNDING FOR THAT TENDS TO BE IN THE 30 TO \$35  
21 MILLION RANGE. A GIVEN PROGRAM, WE RUN ROUGHLY ONE  
22 OF THOSE A YEAR. THE DEVELOPMENT WE RUN -- THERE'S  
23 JUST MORE MONEY INTO IT. SO AS A PERCENTAGE. AND  
24 THE CONCEPT APPROVED WILL CHANGE. IT'S WHAT WE  
25 HAVE. WE'RE EITHER OPEN FOR RFA'S, HAS BEEN TO

**BARRISTERS' REPORTING SERVICE**

1 GRANTS WORKING GROUP, BUT HAS NOT YET COME TO THE  
2 BOARD FOR ACTUAL FUNDING DECISIONS.

3 SO I DON'T THINK IT'S REALLY A GOOD  
4 MEASURE OF THE PERCENTAGE OF MONEY THAT IS GOING TO  
5 THE BASIC RESEARCH. IT IS A MEASURE OF WHAT THIS  
6 BOARD HAS CURRENTLY APPROVED AT THE MOMENT FOR  
7 FUNDING TO THAT CATEGORY. BUT THAT IS TOTALLY  
8 CONSISTENT WITH OUR PLAN.

9 DR. LUBIN: THAT RELATED TO MY QUESTION  
10 EARLIER IN TODAY'S PRESENTATION. I GUESS THE BOARD  
11 FEELS COMFORTABLE WITH THIS? I MEAN I WAS  
12 CONSIDERING WHAT ALAN HAD PRESENTED AS THE  
13 SIGNIFICANT FINDINGS IN HIS MOST RECENT, BUT ALL OF  
14 HIS PRESENTATIONS, AND THOSE COULD READILY BE  
15 CLASSIFIED AS BASIC RESEARCH THINGS. AND THEY'RE  
16 EXTREMELY EXCITING, AND I JUST DIDN'T WANT US TO  
17 LOSE SIGHT OF THAT IN TERMS OF OUR PRIORITIZATION  
18 FOR THE FUNDING THAT WE PROVIDE.

19 DR. OLSON: THERE WAS QUITE A DISCUSSION  
20 AT THE PREVIOUS MEETINGS, AND I THINK THE BOARD WAS  
21 COMFORTABLE AT THAT POINT WITH THE ALLOCATION TO  
22 BASIC RESEARCH. I KNOW THAT WE WILL BE COMING TO  
23 THIS BOARD AGAIN IN, I BELIEVE, DECEMBER WITH  
24 ANOTHER PROPOSAL FOR A BASIC BIOLOGY PROGRAM. SO AT  
25 THAT POINT THE AMOUNT OF MONEY, ASSUMING, AGAIN,

**BARRISTERS' REPORTING SERVICE**

1 THAT THE BOARD AGREES TO THE CONCEPT, THAT AMOUNT  
2 WOULD INCREASE. WE ARE COMMITTED AT THIS POINT AND  
3 WE HAVE IN OUR FUTURE FUNDING STRATEGY, WE HAVE A  
4 COMMITMENT TO FUNDING AT LEAST ONE BASIC RESEARCH  
5 PROGRAM A YEAR.

6 DR. LUBIN: THANK YOU.

7 CHAIRMAN THOMAS: MR. SHEEHY.

8 MR. SHEEHY: THANK YOU, DR. OLSON. I HAD  
9 ONE QUESTION. SO AS OUR DISEASE TEAM PROJECTS GET  
10 ADJUSTED, AS THEY ARE MAKING OR NOT MAKING THEIR  
11 MILESTONES, ARE THOSE ADJUSTMENTS REFLECTED IN THIS?

12 DR. OLSON: THOSE ADJUSTMENTS WILL BE  
13 REFLECTED HERE.

14 MR. SHEEHY: SO ARE THEY IN THE  
15 UNALLOCATED RIGHT NOW?

16 DR. OLSON: YES. ADJUSTMENTS WOULD GO  
17 INTO THE UNALLOCATED CATEGORY.

18 MR. SHEEHY: MAYBE IT MIGHT BE HELPFUL TO  
19 GET A LINE ON THAT. I THINK IT'S IMPORTANT TO  
20 LET -- YOU WERE THERE YESTERDAY, DR. OLSON. I THINK  
21 DR. LUBIN MADE THE IMPORTANT POINT THAT IT'S GOOD TO  
22 LET PEOPLE KNOW HOW CAREFULLY WE'RE STEWARDING THE  
23 TAXPAYERS' MONEY. THESE AWARDS, THEY LOOK GIGANTIC  
24 GOING OUT, BUT THERE'S VERY HARD, CRISP MILESTONES  
25 THAT STAFF IS DOING A GOOD JOB WITH THEIR GO/NO-GO

**BARRISTERS' REPORTING SERVICE**

1 DECISIONS, THE CDAP PROCESS, IN MAKING SURE THOSE  
2 MILESTONES ARE HIT. WHEN THAT DOESN'T HAPPEN AND  
3 THAT MONEY RETURNS, MAYBE THIS IS A GOOD PLACE TO  
4 SHOW THAT.

5 DR. OLSON: THE UNALLOCATED BASICALLY ALSO  
6 INCLUDES FUNDS THAT AREN'T USED FROM CONCEPT  
7 APPROVED PROGRAMS. SO IF YOU HAVE A CONCEPT -- THE  
8 EARLY TRANSLATION IS A GOOD EXAMPLE TOO WHERE WE  
9 DIDN'T USE ALL THE MONEY. BUT WE CAN TRY AND  
10 HIGHLIGHT THAT OR FIGURE OUT THE WAY TO HIGHLIGHT  
11 THAT. THERE ARE ADJUSTMENTS ALL THE TIME IN THE  
12 ACTUAL DOLLARS THAT ARE SPENT VERSUS. BUT YES.

13 MR. SHEEHY: JUST A THOUGHT. THANK YOU.

14 DR. OLSON: ARE THERE FURTHER QUESTIONS?  
15 THANK YOU.

16 CHAIRMAN THOMAS: DR. CARAS WILL NOW, I  
17 BELIEVE, PRESENT THE STRATEGIC PARTNERSHIP AWARD.

18 DR. FEIGAL: I'M JUST GOING TO START OUT.  
19 I JUST WANTED TO START WITH A LITTLE BIT OF AN  
20 INTRODUCTION BECAUSE THE NEXT THREE PRESENTATIONS  
21 THAT YOU ARE GOING TO HEAR IS SETTING OUT OUR KEY  
22 INITIATIVES FOR BRINGING AND ADVANCING THE STEM CELL  
23 SCIENCE INTO CLINICAL TRIALS TO BRING THESE  
24 THERAPEUTIC APPROACHES TO PATIENTS.

25 THIS IS A KEY PART OF OUR FIVE-YEAR

**BARRISTERS' REPORTING SERVICE**

1 STRATEGIC PLAN THAT THE BOARD HAS DISCUSSED  
2 EXTENSIVELY IN PRIOR DISCUSSIONS AND AGREED TO AT  
3 YOUR MAY ICOC BOARD. SO I JUST WANTED TO START OUT  
4 THAT WE ARE ABSOLUTELY DELIGHTED TO BE BRINGING YOU,  
5 AND DR. CARAS WILL DO SO IN A MINUTE, THE  
6 RECOMMENDATIONS FROM THE ROBUST PEER REVIEW FROM OUR  
7 GRANT REVIEW GROUP OF THIS STRATEGIC PARTNERSHIP  
8 FUNDING INITIATIVE.

9 AND THIS IS THE FIRST ROUND OF AN  
10 INITIATIVE THAT WAS SPECIFICALLY GEARED TO INDUSTRY  
11 WITH HAVING TWICE PER YEAR SOLICITATIONS. SO IT  
12 WOULD BE TWO TIMES MORE THAN WHAT WE DO FOR  
13 CONVENTIONAL RFA'S. IT IS TWICE AS RAPID. WE TURN  
14 AROUND FROM SOLICITATION TO REVIEW TO COMING TO THE  
15 BOARD, IT'S TWICE AS FAST AS OUR CONVENTIONAL RFA'S,  
16 AND THERE'S ALSO TWICE AS MANY OPPORTUNITIES FOR  
17 INDUSTRY NOW TO BE ABLE TO COME IN AND ACCESS CIRM  
18 FUNDING.

19 SO THIS WAS DEFINITELY FELT TO BE A NEED  
20 THAT THE AGENCY NEEDED TO DO IN ORDER TO ENTICE AND  
21 ENCOURAGE AND ENGAGE WITH INDUSTRY SO THAT WE COULD  
22 ACTUALLY FORGE AHEAD WITH CIRM'S MISSION, WHICH, AT  
23 THE END OF THE DAY, IS TO ADVANCE THIS SCIENCE INTO  
24 THERAPEUTIC APPLICATIONS FOR PATIENTS. THAT'S WHY  
25 WE'RE HERE.

**BARRISTERS' REPORTING SERVICE**

1 SO AT THIS POINT I THINK YOU KNOW WE'VE  
2 ALREADY MADE LOTS OF ADVANCES IN OUR TRANSLATIONAL  
3 AND OUR DEVELOPMENT PORTFOLIO. OF THE NUMEROUS  
4 AWARDS WE HAVE TO DATE, WE HAVE ABOUT 75 THAT ARE  
5 TERMED TRANSLATIONAL. AS YOU KNOW, IN 2010 WE HAD  
6 THE FIRST COHORT OF DISEASE TEAMS. AND YOU HEAR  
7 ABOUT THEM PERIODICALLY FROM OUR PROGRESS UPDATES TO  
8 YOU. YOU WILL HEAR OUR NEXT UPDATE IN THE FIRST  
9 QUARTER OF NEXT YEAR.

10 IN ADDITION, YOU RECENTLY APPROVED, BOTH  
11 AT YOUR JULY AND AT THE SEPTEMBER BOARD MEETING, 11  
12 NEW DISEASE TEAMS. SO IN TOTAL WE HAVE 25 GOING  
13 DOWN THE PATH TO FILE THAT IND WITH THE FDA TO ENTER  
14 FIRST-IN-HUMAN CLINICAL TRIALS AND NOW ACTUALLY TO  
15 COMPLETE THE CLINICAL TRIALS. SO WE'RE VERY PLEASED  
16 TODAY TO PRESENT THE FIRST ROUND TO YOU. AND IT'S  
17 GOING TO BE DR. INGRID CARAS.

18 MS. LANSING: CAN SOMEBODY PLEASE JUST  
19 TELL ME, BECAUSE I DON'T HAVE THE SHEET, WHICH ONES  
20 I'M RECUSED FROM?

21 MR. HARRISON: WE WILL E-MAIL THE SHEET TO  
22 YOUR STAFF.

23 MS. LANSING: THANK YOU. THAT'S ALL I  
24 NEED. THANKS.

25 DR. CARAS: GOOD MORNING. SO I'M GOING TO

**BARRISTERS' REPORTING SERVICE**

1 TALK ABOUT RFA 12-05, STRATEGIC PARTNERSHIP I  
2 AWARDS. SO JUST AS A REMINDER, THE PURPOSE OF THE  
3 SP INITIATIVE IS TO ATTRACT INDUSTRY ENGAGEMENT AND  
4 INVESTMENT IN CIRM-FUNDED STEM CELL RESEARCH. AND  
5 THE INTENTION OF THIS IS TO PROVIDE A SOURCE OF  
6 CO-FUNDING IN THE EARLY STAGES OF DEVELOPMENT.  
7 SECOND, TO ENHANCE THE LIKELIHOOD THAT CIRM-FUNDED  
8 PROJECTS WILL OBTAIN FOLLOW-ON FINANCING FOR THE  
9 LATER STAGES OF DEVELOPMENT; AND, THIRD, ENABLE  
10 CIRM-FUNDED PROJECTS TO ACCESS THE EXTENSIVE  
11 DEVELOPMENT EXPERIENCE THAT EXISTS WITHIN LARGE  
12 BIOTECH AND PHARMA PARTNERS.

13 SO THIS INITIATIVE HAS TWO UNIQUE FEATURES  
14 THAT SET IT APART FROM SOME OF THE OTHER CIRM  
15 PROGRAMS. FIRST, IT REQUIRES APPLICANTS TO SHOW  
16 THAT THEY HAVE FINANCIAL CAPACITY TO MOVE THE  
17 PROJECT THROUGH DEVELOPMENT OR THAT THEY'RE ABLE TO  
18 ATTRACT THE CAPITAL TO DO SO. AND THIS CAN BE  
19 EVIDENCED BY ONE OR MORE OF THE FOLLOWING:  
20 INVESTMENTS FROM A VARIETY OF NON-CIRM SOURCES,  
21 SIGNIFICANT LIQUID ASSETS, AND/OR A DEVELOPMENT  
22 AGREEMENT WITH A LARGE PHARMA OR BIOTECH COMPANY  
23 THAT'S COMMITTED TO MOVE THE CANDIDATE THERAPEUTIC  
24 THROUGH DEVELOPMENT PROVIDED THAT MILESTONES ARE  
25 MET.



**BARRISTERS' REPORTING SERVICE**

1 AND THE SECOND UNIQUE FEATURE IS THAT THIS  
2 INITIATIVE REQUIRES APPLICANTS TO PROVIDE CO-FUNDING  
3 FOR THE PROPOSED PROJECT IN THE FORM OF A ONE-TO-ONE  
4 MATCH.

5 SO JUST SOME BACKGROUND. THE STRATEGIC  
6 PARTNERSHIP INITIATIVE WAS APPROVED BY THIS BOARD IN  
7 OCTOBER OF 2011 AND AMENDED IN SEPTEMBER OF THIS  
8 YEAR. THE CURRENT CONCEPT DIRECTS CIRM TO IMPLEMENT  
9 THE INITIATIVE USING AN RFA PROCESS. AND AS DR.  
10 FEIGAL ALREADY MENTIONED, THE INTENT IS TO DO THIS  
11 FAIRLY FREQUENTLY EVERY SIX TO NINE MONTHS,  
12 APPROXIMATELY TWICE YEARLY.

13 RFA 12-05, STRATEGIC PARTNERSHIP I, IS THE  
14 FIRST SOLICITATION UNDER THIS INITIATIVE. AND THE  
15 AWARD AMOUNT WAS UP TO \$10 MILLION PER AWARD.

16 THIS DIAGRAM SHOWS WHERE STRATEGIC  
17 PARTNERSHIP I FITS ALONG THE RESEARCH SPECTRUM  
18 THAT'S FUNDED BY CIRM, AS WELL AS IN RELATION TO  
19 SOME OF THE OTHER CIRM PROGRAMS. AND AS YOU CAN  
20 SEE, SP I IS DESIGNED TO CAPTURE MATURE PROGRAMS  
21 THAT ARE CLOSE TO OR ALREADY AT THE EARLY CLINICAL  
22 DEVELOPMENT STAGE.

23 THE OBJECTIVE OF AN SP I AWARD IS  
24 COMPLETION WITHIN FOUR YEARS OF AN EARLY STAGE  
25 CLINICAL TRIAL. THE PROPOSED PROJECT CAN INCLUDE

**BARRISTERS' REPORTING SERVICE**

1 PRECLINICAL IND-ENABLING WORK, BUT ALL APPLICANTS  
2 MUST BE ABLE TO, IN ADDITION, COMPLETE A CLINICAL  
3 TRIAL WITHIN THE FOUR-YEAR AWARD PERIOD.

4 SO, AGAIN, AS DR. FEIGAL ALREADY  
5 MENTIONED, STRATEGIC PARTNERSHIP I IS, THUS, ALIGNED  
6 WITH CIRM'S FIVE-YEAR STRATEGIC GOAL, WHICH IS TO  
7 ATTRACT INDUSTRY ENGAGEMENT AND INVESTMENT IN  
8 CIRM-FUNDED STEM CELL RESEARCH, AND IT'S ALSO  
9 ALIGNED WITH CIRM'S FIVE-YEAR STRATEGIC CLINICAL  
10 OBJECTIVE, WHICH IS TO ADVANCE STEM CELL SCIENCE  
11 INTO CLINICAL TRIALS TO ACHIEVE THERAPEUTIC BENEFIT  
12 TO PATIENTS.

13 THIS SHOWS ACTIVITIES THAT ARE IN SCOPE  
14 UNDER THIS AWARD. THEY INCLUDE IND-ENABLING  
15 ACTIVITIES TO SUPPORT A FIRST-IN-HUMAN CLINICAL  
16 STUDY. IT ALSO INCLUDES ALL ACTIVITIES THAT WOULD  
17 BE NECESSARY TO INITIATE AND COMPLETE AN EARLY  
18 CLINICAL TRIAL. AND BY EARLY WE MEAN PHASE I, PHASE  
19 I/II, OR A PHASE II.

20 IN ADDITION, IT WILL FUND SUPPORTING  
21 ACTIVITIES TO ENABLE THE CLINICAL TRIAL. AN EXAMPLE  
22 MIGHT BE THE MANUFACTURE OF THE CANDIDATE PRODUCT TO  
23 CONDUCT THE TRIAL.

24 THESE ARE THE REVIEW CRITERIA. FIRST,  
25 SIGNIFICANCE AND IMPACT. SECOND, THE RISK BENEFIT

## BARRISTERS' REPORTING SERVICE

1 ASSESSMENT FOR THE PROPOSED THERAPEUTIC IN THE  
2 TARGET DISEASE. THIRD, DESIGN AND FEASIBILITY OF  
3 THE PROPOSED PLAN. AND THIS INCLUDES THE  
4 PRECLINICAL PLAN, THE MANUFACTURING STRATEGY, AND,  
5 VERY IMPORTANT, THE DESIGN AND FEASIBILITY OF THE  
6 PROPOSED CLINICAL TRIAL. FOUR IS THE EXPERIENCE AND  
7 TRACK RECORD OF THE PI AND THE TEAM. AND FIFTH, THE  
8 COLLABORATIONS, ASSETS, RESOURCES, AND ENVIRONMENT  
9 THAT ARE AVAILABLE TO THE PROJECT.

10 EACH APPLICATION WAS REVIEWED BY FOUR TO  
11 SIX REVIEWERS WITH SPECIFIC EXPERTISE IN A KEY AREA.  
12 AND THESE INCLUDED THERAPY DEVELOPMENT, PRECLINICAL  
13 PHARMACOLOGY AND TOXICOLOGY, MANUFACTURING,  
14 CLINICAL/REGULATORY, SPECIFIC DISEASE EXPERTISE IN  
15 THE TARGET DISEASE, AND ANY ADDITIONAL EXPERTISE AS  
16 NEEDED; FOR EXAMPLE, GENE THERAPY.

17 THE GWG REVIEW MEETING TOOK PLACE  
18 SEPTEMBER 12 TO 14 OF THIS YEAR. AND THIS SLIDE  
19 SUMMARIZES THE OUTCOMES. ALL OF THE APPLICATIONS  
20 THAT WERE REVIEWED WERE FROM INDUSTRY APPLICANTS.  
21 TWO APPLICATIONS WERE RECOMMENDED FOR FUNDING BY THE  
22 GWG, AND FOUR APPLICATIONS WERE NOT RECOMMENDED FOR  
23 FUNDING.

24 THE NEXT SLIDE SHOWS YOU A SUMMARY OF  
25 APPLICATION 6513, WHICH IS ONE OF THE TWO

## BARRISTERS' REPORTING SERVICE

1 APPLICATIONS RECOMMENDED FOR FUNDING. IT CONCERNS  
2 PRECLINICAL AND CLINICAL TESTING OF A STEM  
3 CELL-BASED COMBINATION PRODUCT FOR INSULIN-DEPENDENT  
4 DIABETES. AND THE SLIDE SHOWS THE FUNDS THAT ARE  
5 REQUESTED FROM CIRM ON THIS AWARD.

6 AND APPLICATION 6477 IS THE OTHER  
7 APPLICATION THAT WAS RECOMMENDED. IT'S ENTITLED A  
8 "PHASE I/II STUDY EVALUATING THE SAFETY AND EFFICACY  
9 OF A GENE-MODIFIED STEM CELL THERAPY FOR  
10 BETA-THALASSEMIA." AND, AGAIN, THE SLIDE SHOWS THE  
11 AMOUNT OF FUNDS RECOMMENDED -- REQUESTED FROM CIRM.

12 SO THAT CONCLUDES WHAT I HAVE TO SAY ABOUT  
13 SP I. I'LL BE HAPPY TO TAKE ANY QUESTIONS.

14 DR. LUBIN: COULD YOU REPEAT THE PREVIOUS  
15 ONE BEFORE THE BETA-THALASSEMIA? WHAT WAS THE SP  
16 NUMBER?

17 DR. CARAS: 6513.

18 DR. LUBIN: OKAY. THANK YOU.

19 CHAIRMAN THOMAS: MR. JUELSGAARD.

20 DR. JUELSGAARD: SO WE'RE GOING TO HEAR A  
21 BIT ABOUT THE REVIEW OF THE GRANTS WORKING GROUP.  
22 BUT AS A PREDICATE TO THAT, ONE OF THE THINGS THAT  
23 WAS TO BE CONSIDERED WAS FINANCIAL CAPACITY AND  
24 CO-FUNDING, WHICH I TAKE IT WAS NOT WITHIN THE SCOPE  
25 OF WHAT THE GRANTS WORKING GROUP WAS TO DO. SO WE

**BARRISTERS' REPORTING SERVICE**

1 HAVE REVIEWED THOSE, AND WE'RE SATISFIED WITH THE  
2 TWO THAT ARE BEING, AT LEAST RECOMMENDED AT THIS  
3 POINT, THAT THEY MEET THE CRITERIA THAT WERE  
4 DEVELOPED FOR THAT?

5 DR. CARAS: YES. THERE WERE MINIMAL  
6 ELIGIBILITY CRITERIA IN PLACE, AND THESE TWO  
7 APPLICATIONS DID MEET THAT. MS. BAUM, DO YOU WANT  
8 TO ADD ANYTHING TO THIS?

9 MS. BAUM: I THINK YOU SAID IT JUST  
10 PERFECTLY. THANK YOU.

11 CHAIRMAN THOMAS: ANY OTHER QUESTIONS FOR  
12 DR. CARAS?

13 SO THESE ARE THE TWO TIER I APPLICATIONS.  
14 DO WE NEED -- MR. HARRISON, WE NEED A MOTION. YOU  
15 SEE UP THERE THE SIX APPLICANTS, THE TWO TIER I THAT  
16 HAVE BEEN RECOMMENDED. DO I HAVE A MOTION TO  
17 APPROVE THE TIER I APPLICATIONS?

18 DR. PRIETO: SO MOVED.

19 CHAIRMAN THOMAS: I'M SORRY. WHO MOVED  
20 THAT? DR. PRIETO. MR. SHEEHY SUGGESTS WE TAKE THEM  
21 ONE AT A TIME. DR. PRIETO, YOU WANT TO MOVE THE  
22 FIRST?

23 DR. PRIETO: YES.

24 CHAIRMAN THOMAS: THANK YOU. IS THERE A  
25 SECOND?

**BARRISTERS' REPORTING SERVICE**

1 DR. JUELSGAARD: I SECOND.

2 CHAIRMAN THOMAS: BEEN MOVED AND SECONDED.  
3 ANY DISCUSSION BY MEMBERS OF THE BOARD ON THE FIRST  
4 TIER I APPLICATION?

5 DR. TROUNSON: CHAIR, I'D LIKE TO JUST LET  
6 YOU KNOW THAT, FROM THE POINT OF THE VIEW OF  
7 MANAGEMENT, THIS IS CLEARLY A PROJECT WHICH WE'VE  
8 BEEN CHAPERONING FOR SOME TIME, AS BOARD MEMBERS WHO  
9 HAVE BEEN HERE FOR A WHILE KNOW. AND THIS WORK HAS  
10 BEEN PROGRESSING EXTREMELY STEADILY IN THE RIGHT  
11 DIRECTION. EACH TIME IT'S BEEN REVIEWED, IT'S BEEN  
12 REVIEWED POSITIVELY. WE BELIEVE IT'S A VERY STRONG  
13 PROJECT AND THAT IT'S, AGAIN, PROGRESSING IN THE  
14 RIGHT DIRECTION.

15 THE IMPORTANT PART, I THINK, IN THIS  
16 PROJECT, THAT IT LINKS UP WITH A VERY MAJOR INDUSTRY  
17 GROUP. AND THEY'VE ALSO TAKEN A VERY HARD LOOK AND  
18 CLOSE LOOK AT THE PROJECT AND FEEL STRONGLY THAT  
19 THIS IS SOMETHING THAT HAS GOT ALL THE HALLMARKS OF  
20 A PROJECT THAT MAY WELL SUCCEED. SO FROM THE POINT  
21 OF VIEW OF MANAGEMENT, WE'RE VERY STRONGLY IN  
22 SUPPORT OF IT. AND I THINK AT TIMES YOU WOULD LIKE  
23 US TO INDICATE THAT TO YOU.

24 CHAIRMAN THOMAS: THANK YOU, DR. TROUNSON.  
25 ANY OTHER COMMENTS BY MEMBERS OF THE BOARD? ANY

**BARRISTERS' REPORTING SERVICE**

1 COMMENTS BY MEMBERS OF THE PUBLIC? HEARING NONE, IS  
2 THIS SOMETHING, MR. HARRISON, THAT DOES REQUIRE A  
3 ROLL CALL VOTE? MARIA, PLEASE CALL THE ROLL.

4 MS. BONNEVILLE: SUE BRYANT.

5 DR. BRYANT: YES.

6 MS. BONNEVILLE: FRANK CHISARI.

7 DR. CHISARI: YES.

8 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

9 DR. DULIEGE: YES.

10 MS. BONNEVILLE: JAMES ECONOMOU.

11 DR. ECONOMOU: YES.

12 MS. BONNEVILLE: GARY FIRESTEIN.

13 DR. FIRESTEIN: YES.

14 MS. BONNEVILLE: MICHAEL FRIEDMAN. LEEZA  
15 GIBBONS. MICHAEL GOLDBERG.

16 MR. GOLDBERG: YES.

17 MS. BONNEVILLE: STEVE JUELSGAARD.

18 MR. JUELSGAARD: YES.

19 MS. BONNEVILLE: BERT LUBIN.

20 DR. LUBIN: YES.

21 MS. BONNEVILLE: PHIL PIZZO. CLAIRE  
22 POMEROY.

23 DR. POMEROY: YES.

24 MS. BONNEVILLE: ROBERT PRICE.

25 DR. PRICE: YES.

**BARRISTERS' REPORTING SERVICE**

1 MS. BONNEVILLE: FRANCISCO PRIETO.

2 DR. PRIETO: AYE.

3 MS. BONNEVILLE: ROBERT QUINT. DUANE

4 ROTH. JOAN SAMUELSON. JON SHESTACK.

5 MR. SHESTACK: YES.

6 MS. BONNEVILLE: OS STEWARD.

7 DR. STEWARD: YES.

8 MS. BONNEVILLE: JONATHAN THOMAS.

9 CHAIRMAN THOMAS: YES.

10 MS. BONNEVILLE: ART TORRES. KRISTINA

11 VUORI.

12 DR. VUORI: YES.

13 DR. FINI: YOU MISSED MY NAME.

14 MR. HARRISON: WE DON'T CALL MEMBERS WHO  
15 ARE IN CONFLICT WITH AN APPLICATION. IF YOUR NAME  
16 WASN'T CALLED, IT WAS FOR THAT REASON.

17 CHAIRMAN THOMAS: THANK YOU, MR. HARRISON.  
18 MOTION PASSES. CONGRATULATIONS.

19 MOVE ON NOW TO THE SECOND ITEM. DO WE  
20 HEAR A MOTION TO APPROVE? LET'S NOT BE SHY.

21 DR. VUORI: I MOVE APPROVAL.

22 CHAIRMAN THOMAS: MOVED BY DR. VUORI.

23 DR. JUELSGAARD: SECOND THE MOTION.

24 CHAIRMAN THOMAS: SECONDED BY MR.

25 JUELSGAARD. ANY DISCUSSION BY MEMBERS OF THE BOARD?



**BARRISTERS' REPORTING SERVICE**

1 DR. TROUNSON.

2 DR. TROUNSON: SO, CHAIR, THIS  
3 BETA-THALASSEMIA IS A VERY SERIOUS DISEASE. IT  
4 AFFLICTS YOUNG PEOPLE GROWING UP. AS MANY OF YOU  
5 KNOW, PARTICULARLY PEOPLE LIKE SAM HAWGOOD COULD  
6 TELL YOU HOW DIFFICULT IT IS FOR FAMILIES TO LIVE  
7 WITH THIS DISEASE. ONE OF THE OPPORTUNITIES HERE IS  
8 TO INTRODUCE THE CORRECT DISEASE IN THE  
9 HEMATOPOIETIC STEM CELL. AND THIS GROUP HAVE GOT  
10 INCREDIBLY GOOD TECHNOLOGY TO DO THAT, AND THEY HAVE  
11 BEEN WORKING IN THIS SPACE INTERNATIONALLY AND HAVE  
12 BROUGHT THIS STUDY TO US BECAUSE THEY THINK THAT WE  
13 CAN BE A MAJOR PARTICIPANT IN CORRECTING THIS VERY  
14 SERIOUS DISEASE.

15 I THINK THESE ARE LANDMARK STUDIES WHICH  
16 MAY MEAN THAT WE'LL ENCOURAGE OTHERS TO TACKLE SOME  
17 OF THE RELATED DISEASES LIKE SICKLE CELL DISEASE AND  
18 OTHERS AS WE MOVE FORWARD. IF YOU CAN GET  
19 SUFFICIENT EXPRESSION OF THE GENE CONSTRUCT, THEN  
20 YOU CLEARLY CAN BRING THESE PEOPLE OUT OF THAT  
21 DISEASE CONDITION AND GET THEM INTO FULL HEALTH. SO  
22 THIS IS A REALLY IMPORTANT PROJECT, WE FEEL, IN  
23 MANAGEMENT. WE THINK THIS IS A GREAT TEAM. WE  
24 THINK THEY'VE GOT A GREAT COMMITMENT TO CALIFORNIA  
25 AND PUT THEIR HANDS UP STRONGLY. WE'RE VERY

**BARRISTERS' REPORTING SERVICE**

1 SUPPORTIVE OF THIS PROJECT FROM THE POINT OF VIEW OF  
2 MANAGEMENT.

3 CHAIRMAN THOMAS: THANK YOU, DR. TROUNSON.  
4 ANY OTHER COMMENTS BY MEMBERS OF THE BOARD? ANY  
5 COMMENTS BY MEMBERS OF THE PUBLIC? HEARING NONE,  
6 LET'S PROCEED TO A ROLL CALL VOTE. MARIA.

7 MS. BONNEVILLE: SUE BRYANT.

8 DR. BRYANT: YES.

9 MS. BONNEVILLE: FRANK CHISARI.

10 DR. CHISARI: YES.

11 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

12 DR. DULIEGE: YES.

13 MS. BONNEVILLE: MARCY FEIT.

14 MS. FEIT: YES.

15 MS. BONNEVILLE: ELIZABETH FINI.

16 DR. FINI: YES.

17 MS. BONNEVILLE: GARY FIRESTEIN.

18 DR. FIRESTEIN: YES.

19 MS. BONNEVILLE: MICHAEL FRIEDMAN. LEEZA  
20 GIBBONS. MICHAEL GOLDBERG.

21 MR. GOLDBERG: YES.

22 MS. BONNEVILLE: SAM HAWGOOD.

23 DR. HAWGOOD: YES.

24 MS. BONNEVILLE: STEVE JUELSGAARD.

25 MR. JUELSGAARD: YES.

**BARRISTERS' REPORTING SERVICE**

1 MS. BONNEVILLE: PHIL PIZZO. CLAIRE  
2 POMEROY.

3 DR. POMEROY: YES.

4 MS. BONNEVILLE: ROBERT PRICE.

5 DR. PRICE: YES.

6 MS. BONNEVILLE: FRANCISCO PRIETO.

7 DR. PRIETO: AYE.

8 MS. BONNEVILLE: ROBERT QUINT. DUANE  
9 ROTH. JOAN SAMUELSON. JEFF SHEEHY.

10 ME. SHEEHY: YES.

11 MS. BONNEVILLE: JON SHESTACK.

12 MR. SHESTACK: YES.

13 MS. BONNEVILLE: OS STEWARD.

14 DR. STEWARD: YES.

15 MS. BONNEVILLE: JONATHAN THOMAS.

16 CHAIRMAN THOMAS: YES.

17 MS. BONNEVILLE: ART TORRES. KRISTINA  
18 VUORI.

19 DR. VUORI: YES.

20 CHAIRMAN THOMAS: THAT MOTION PASSES.

21 THAT IS THE SUM TOTAL OF OUR TIER I RECOMMENDATIONS.

22 AS YOU CAN SEE, THERE WAS A SIGNIFICANT DROP-OFF IN

23 SCORING FROM PROPOSALS II TO III. THE FOUR

24 REMAINING ARE ALL IN TIER III. ARE THERE ANY

25 QUESTIONS BY MEMBERS OF THE BOARD ABOUT TIER III OR

**BARRISTERS' REPORTING SERVICE**

1 ANY INTEREST IN MOVING ANY OF THE TIER III PROJECTS  
2 UP TO TIER I?

3 HEARING NONE, MR. HARRISON, IS THE  
4 APPROPRIATE MOVE HERE TO -- DO WE NEED A VOTE ON NOT  
5 APPROVING TIER III? DR. TROUNSON.

6 DR. TROUNSON: SORRY, CHAIR. I JUST NEED,  
7 I THINK, TO LET YOU KNOW THERE WAS AN EXTRAORDINARY  
8 PETITION WHICH MIGHT, IF THE BOARD NEEDED TO  
9 CONSIDER THAT, I'M NOT SUGGESTING THEY SHOULD, THAT  
10 WE MIGHT HAVE TO GO INTO EXECUTIVE SESSION. JUST TO  
11 BRING THAT TO YOUR ATTENTION.

12 CHAIRMAN THOMAS: SO THERE WAS AN  
13 EXTRAORDINARY PETITION FILED. WAS IT ONE  
14 EXTRAORDINARY PETITION, DR. TROUNSON, WITH RESPECT  
15 TO ONE OF THE TIER III PROJECTS? MR. HARRISON, WHAT  
16 IS THE APPROPRIATE -- WE NEED A MEMBER OF THE BOARD  
17 TO ASK TO HEAR THAT BEFORE WE CONSIDER IT, CORRECT?

18 MR. HARRISON: CORRECT. THE POLICY IS  
19 THAT THE BOARD DOESN'T ROUTINELY CONSIDER  
20 EXTRAORDINARY PETITIONS. IT'S ONLY DISCUSSED IF A  
21 BOARD MEMBER WISHES TO DISCUSS IT.

22 DR. JUELGAARD: I REQUEST THAT WE HAVE  
23 SUCH A DISCUSSION, PLEASE.

24 CHAIRMAN THOMAS: OKAY. SO, MR. HARRISON,  
25 DOES THAT NEED TO BE DONE IN CLOSED SESSION?

**BARRISTERS' REPORTING SERVICE**

1 MR. HARRISON: I THINK THE FIRST ORDER OF  
2 BUSINESS WOULD BE TO ASK FOR A PRESENTATION BY  
3 SCIENTIFIC STAFF REGARDING THE GRANTS WORKING  
4 GROUP'S REVIEW OF THE APPLICATION. AND THEN IF IT'S  
5 NECESSARY FOR FURTHER CONSIDERATION OF ANY  
6 PROPRIETARY INFORMATION, WE CAN DISCUSS THAT IN A  
7 CLOSED SESSION.

8 CHAIRMAN THOMAS: THANK YOU.

9 DR. POMEROY: PROCEDURAL QUESTION. DO I  
10 HAVE A CONFLICT WITH THIS GIVEN THE INFORMATION IN  
11 THE EXTRAORDINARY PETITION, SPECIFICALLY THE LAST  
12 PARAGRAPH ON PAGE 3?

13 MR. HARRISON: YES, I THINK IT WOULD BE  
14 BEST FOR YOU AND DR. PRIETO TO RECUSE YOURSELVES.

15 CHAIRMAN THOMAS: I BELIEVE DR. WHITTLESEY  
16 WILL PRESENT ON THIS EXTRAORDINARY PETITION.

17 DR. WHITTLESEY: YES. THANK YOU, MR.  
18 CHAIRMAN, MEMBERS OF THE BOARD. KEVIN WHITTLESEY,  
19 MEMBER OF THE SCIENCE OFFICE. I'D BE HAPPY TO  
20 PROVIDE YOU A SUMMARY OF THIS APPLICATION. THIS IS  
21 APPLICATION NO. 6467. THE REDACTED TITLE IS  
22 "TREATMENT FOR PATIENTS SUFFERING AN ACUTE ISCHEMIA  
23 STROKE, A PHASE II CLINICAL STUDY."

24 THIS IS AN APPLICATION FOR THE USE OF AN  
25 ADULT STEM CELL PRODUCT TO TREAT STROKE 24 TO 36

**BARRISTERS' REPORTING SERVICE**

1 HOURS AFTER ONSET OF THE STROKE. THE ONLY FDA  
2 APPROVED THERAPY MUST BE ADMINISTERED WITHIN FOUR  
3 AND A HALF HOURS OF STROKE ONSET. SO THERE IS A  
4 SIGNIFICANT UNMET MEDICAL NEED.

5 THE PROPOSAL REQUESTED FUNDS TO CONDUCT  
6 PROCESS DEVELOPMENT ACTIVITIES TO CHANGE FORMULATION  
7 OF THE CELL THERAPY AS WELL AS TO CONDUCT A PHASE II  
8 CLINICAL TRIAL.

9 WHILE REVIEWERS AGREED THERE WAS  
10 SIGNIFICANT CLINICAL NEED, ISSUES WERE IDENTIFIED  
11 WHICH RESULTED IN THE SCORE REFLECTED, WHICH FELL  
12 BELOW TIER I. I'LL OUTLINE A FEW OF THOSE KEY  
13 POINTS TO YOU.

14 AS MENTIONED, STROKE DOES REPRESENT A  
15 SIGNIFICANT UNMET MEDICAL NEED SINCE THE ONLY WINDOW  
16 OF THERAPY IS THIS VERY NARROW FOUR AND A HALF HOURS  
17 AFTER STROKE ONSET. REVIEWERS, HOWEVER, DID NOT SEE  
18 CONVINCING DATA THAT THIS CELL THERAPY APPROACH WITH  
19 THE PROPOSED MECHANISM OF IMMUNE MODULATION WOULD  
20 HAVE AN IMPACT ON STROKE.

21 IN THE AREA OF RISK BENEFIT, THIS CELL  
22 THERAPY HAS BEEN USED IN OTHER CLINICAL TRIALS. SO  
23 THERE IS REASONABLE ASSURANCE THAT RISK MAY BE LOW  
24 AND OF SAFETY. HOWEVER, AS I MENTIONED, POTENTIAL  
25 BENEFIT FOR STROKE IS UNCLEAR BASED ON THE DATA

**BARRISTERS' REPORTING SERVICE**

1 PROVIDED.

2 POTENTIAL BENEFIT IS SUGGESTED FROM ONE  
3 PRECLINICAL STUDY REPORT; HOWEVER, THAT WAS  
4 PUBLISHED IN A JOURNAL OF MODEST IMPACT. AND THE  
5 REMAINING SUPPORTED STUDIES WERE UNPUBLISHED.  
6 IMPORTANTLY, IN THE DATA PROVIDED THERE WAS NO  
7 QUANTITATIVE HISTOPATHOLOGY, WHICH IS AN IMPORTANT  
8 GOLD STANDARD MEASURE OF OUTCOME, IN THIS PARTICULAR  
9 INDICATION.

10 REVIEWERS DISCUSSED WHETHER TREATMENT  
11 BENEFIT IS ACCEPTABLE IN A CLINICALLY MEANINGFUL  
12 OUTCOME.

13 WITH RESPECT TO DESIGN AND FEASIBILITY,  
14 THE IND HAS ALREADY BEEN APPROVED, WHICH IS AN  
15 IMPORTANT REGULATORY MILESTONE; HOWEVER, THERE WERE  
16 CONCERNS ABOUT FEASIBILITY OF THE TIMELINE, IN  
17 PARTICULAR WITH RESPECT TO COORDINATING SOME OF THE  
18 MANUFACTURING ACTIVITIES IN LINE AND SYNCHRONY WITH  
19 THE PROPOSED CLINICAL STUDY AND THE TIMELINE OF THE  
20 PROJECT.

21 PROPOSAL INCLUDES CHANGING THE  
22 FORMULATION, AS I MENTIONED, WHICH IS A  
23 SIGNIFICANT -- HAS SOME SIGNIFICANT LIMITATIONS  
24 ASSOCIATED AND, AGAIN, REFLECTED ON THE FEASIBILITY  
25 OF THE TIMELINE. REVIEWERS WERE NOT CLEAR ON THE

**BARRISTERS' REPORTING SERVICE**

1 ABILITY TO SCALE PRODUCTION TO THE CAPACITY  
2 REQUIRED, AGAIN, WITHIN THE PROPOSED TIMELINE. END  
3 POINTS WERE JUDGED TO BE APPROPRIATE. ADDITIONAL  
4 PHASE I DATA WITH STROKE PATIENTS WAS STRONGLY  
5 SUGGESTED BY THE GRANTS WORKING GROUP BEFORE MOVING  
6 INTO THE LARGER PHASE II TRIAL SINCE THIS MIGHT HELP  
7 THEM NARROW THE DOSE RANGE FOR THE LARGER STUDY.

8 THERE WERE A FEW OTHER ADDITIONAL  
9 COMMENTS. THOSE WERE PRIMARILY THE CRITICISMS MADE  
10 BY THE GRANTS WORKING GROUP, WHICH AGAIN RESULT IN  
11 THE SCORE REFLECTED. THIS ACTUALLY FELL INITIALLY  
12 IN TIER II. THERE WAS A PROGRAMMATIC DISCUSSION  
13 ABOUT THIS APPLICATION, WHICH REITERATED SOME OF THE  
14 CONCERNS THAT I'VE ALREADY MENTIONED. A MOTION WAS  
15 MADE TO MOVE IT PROGRAMMATICALLY INTO TIER III,  
16 RECOMMENDED FOR FUNDING, AND THAT MOTION PASSED.  
17 TIER III, NOT RECOMMENDED FOR FUNDING. THANK YOU.  
18 THAT MOTION CARRIED, WHICH RESULTED IN THE POSITION  
19 THAT YOU CURRENTLY SEE. I'D BE HAPPY TO ANSWER ANY  
20 QUESTIONS, IF POSSIBLE.

21 CHAIRMAN THOMAS: MR. SHEEHY.

22 MR. SHEEHY: THERE WERE A COUPLE OF  
23 PROBLEMS WITH THIS APPLICATION. AS FAR AS THE  
24 SCIENCE GOES, I NOTICE THAT THEY JUST PUBLISHED ON  
25 TRAUMATIC BRAIN INJURY. I DON'T KNOW A LOT ABOUT



**BARRISTERS' REPORTING SERVICE**

1 NEUROLOGY. BUT WHAT THEY JUST PUBLISHED ON  
2 TRAUMATIC BRAIN INJURY SEEMED PRETTY IMPRESSIVE OR  
3 FAIRLY SUBSTANTIAL RESULTS. THE RELATIONSHIP  
4 BETWEEN WHAT THEY PUBLISHED ON TRAUMATIC BRAIN  
5 INJURY AND STROKE, I DON'T KNOW HOW THOSE CONDITIONS  
6 DIFFER, HOW WE SHOULD EVALUATE THAT RECENT  
7 PUBLICATION RELATED TO -- I MEAN IF THERE'S A LITTLE  
8 NEUROLOGICAL EXPERTISE, THEY MIGHT BE ABLE TO PUT  
9 THOSE TWO INTO CONTEXT BECAUSE I DID THINK THAT  
10 THAT -- I MEAN SEPTEMBER 28TH, THAT WAS A PRETTY --

11 DR. WHITTLESEY: IT'S A RECENT  
12 PUBLICATION. CERTAINLY FROM A REGULATORY  
13 PERSPECTIVE, ONE IMPORTANT ASPECT IS THAT YOU'VE  
14 SHOWN PROOF OF CONCEPT IN THE PARTICULAR DISEASE  
15 INDICATION THAT YOU'RE GOING INTO. SO OBVIOUSLY  
16 THAT'S A CRITICAL DIFFERENCE. IF THERE'S A  
17 NEUROLOGIST AMONGST US THAT WOULD LIKE TO COMMENT ON  
18 THOSE DIFFERENCES, BUT CERTAINLY THAT IS AN  
19 IMPORTANT ASPECT OF PROOF OF CONCEPT.

20 MR. SHEEHY: HOW IS TRAUMATIC BRAIN INJURY  
21 DIFFERENT FROM STROKE? AND SOMETHING THAT HAD A  
22 MEASURABLE IMPACT.

23 I THINK THERE WAS ANOTHER STRUCTURAL  
24 DEFECT WITH THE GRANT I THINK WE SHOULD ADDRESS  
25 SEPARATELY. JUST FROM A SCIENCE POINT OF VIEW.

**BARRISTERS' REPORTING SERVICE**

1 DR. TROUNSON: I'M NOT GOING TO ANSWER IN  
2 A NEUROLOGICAL WAY BECAUSE I DON'T THINK THEY REALLY  
3 KNOW. THE PROBLEM IN SOME OF THESE STUDIES IS SO  
4 THESE ANIMALS HAVE BEEN GIVEN AN INJECTION OF  
5 MESENCHYMAL STEM CELLS, BONE-DERIVED STEM CELLS.  
6 THEY CAN'T GET ACROSS THE BLOOD-BRAIN BARRIER UNLESS  
7 YOU'VE GOT A SIGNIFICANT INJURY THAT'S ALLOWING THE  
8 CELLS TO ACTUALLY PENETRATE THE BLOOD-BRAIN BARRIER  
9 DON'T GET IN. IN FACT, MOST OF THOSE CELLS WILL BE  
10 ACCUMULATED IN THE LUNG AND IN THE LIVER BEFORE THEY  
11 DO ANYTHING.

12 WHAT'S HAPPENING IS A TROPHIC EFFECT, AND  
13 THE PROPOSAL IS THROUGH THE IMMUNE CELLS, THAT IT  
14 HAS AN EFFECT ON THE IMMUNE CELLS, AND THE IMMUNE  
15 CELLS ARE THEN BECOMING INFLUENTIAL IN THE INJURY.  
16 SO STROKE IS AN INJURY IN THE BRAIN. IT'S A  
17 SPECIFIC INJURY CAUSED PARTLY THROUGH OXYGEN  
18 DEPRIVATION, BUT MOSTLY THROUGH REOXYGENATION OF  
19 THOSE AREAS WHICH CAUSES VERY TOXIC EFFECT ON THE  
20 NEURONS.

21 IT'S A BRAIN INJURY. PHYSICALLY IT IS  
22 DIFFERENT, JEFF, AND IT'S DIFFICULT TO KNOW HOW THAT  
23 MIGHT RELATE TO STROKE. IN THE CASE OF A BRAIN  
24 INJURY, PHYSICAL BRAIN INJURY, YOU MIGHT HAVE  
25 DISRUPTED THE BLOOD-BRAIN BARRIER AND ALLOWED SOME

## BARRISTERS' REPORTING SERVICE

1 OF THE CELLS OR SOME SORT OF THOSE CELLS ACROSS THAT  
2 BLOOD-BRAIN BARRIER AS WELL. IT'S DEFINITELY NOT  
3 EXACTLY EQUIVALENT.

4 BUT THE PROBLEM IS IN SOME OF THESE AREAS,  
5 WE REALLY DON'T UNDERSTAND THE MECHANISM  
6 PARTICULARLY WELL OR AT ALL IN A GENUINE SCIENTIFIC  
7 WAY. SO IT'S RATHER DIFFICULT WHEN YOU DON'T REALLY  
8 KNOW THE MECHANISM, THEN, TO REALLY BE ABLE TO DRAW  
9 THE MECHANISM ACROSS FROM ONE TYPE OF CONDITION TO  
10 ANOTHER. IF YOU KNEW THE EXACT MECHANISM, IT WOULD  
11 BE KIND OF A BIT EASIER. BUT IN THIS CASE, IT'S  
12 MEANT TO BE EITHER A TROPHIC EFFECT OR AN EFFECT  
13 THROUGH THE IMMUNE CELLS.

14 CHAIRMAN THOMAS: YES. DR. CHIZARI.

15 DR. CHISARI: I'D LIKE TO SUPPORT WHAT DR.  
16 TROUNSON SAID. I THINK FROM THE SKETCHY INFORMATION  
17 THAT'S AVAILABLE TO US, IT SEEMS LIKE THIS APPROACH  
18 IS INTENDED TO PROVIDE CELLS THAT WILL PRODUCE  
19 FACTORS THAT WILL SUPPRESS AN INFLAMMATORY RESPONSE  
20 SOMEPLACE IN THE BODY. IN THIS CASE IT WOULD BE THE  
21 BRAIN AND IN THE CONTEXT OF ACUTE STROKE.

22 THE PROBLEM I HAVE WITH IT MAY BE A  
23 NONPROBLEM BECAUSE I HAVEN'T BEEN ABLE TO GET ACCESS  
24 TO THE PRIMARY DATA. SO WITH THE INFORMATION THAT  
25 WE HAVE IN FRONT OF US, IT'S IMPOSSIBLE FOR ME TO

**BARRISTERS' REPORTING SERVICE**

1 UNDERSTAND THE RATIONALE AND TO UNDERSTAND THE  
2 MECHANISM. THAT MAY BE AN UNFAIR CRITICISM OF THE  
3 PROPOSAL BECAUSE I DON'T HAVE THE PROPOSAL IN FRONT  
4 OF ME.

5 DR. TROUNSON: I THINK THAT'S A PERFECTLY  
6 REASONABLE SITUATION AT THE PRESENT TIME. IT MAY BE  
7 THAT IN DUE COURSE WE WILL UNDERSTAND ALL OF THESE  
8 MECHANISMS. CURRENTLY WE DON'T. AND THAT'S PART OF  
9 THE PROBLEM IN THESE KIND OF STUDIES. BUT FDA, FOR  
10 EXAMPLE, ARE NOT SO CONCERNED WITH MECHANISMS.  
11 THEY'RE VERY CONCERNED WITH SAFETY. THESE CELLS  
12 HAVE GOT A VERY GOOD SAFETY PROFILE. SO THE THOUGHT  
13 THAT, WELL, THERE ARE PATIENTS WILLING TO TRY THIS.  
14 WOULD YOU GET RESPONSE? IT MIGHT BE WORTHWHILE  
15 TRYING.

16 BUT FROM OUR POINT OF VIEW, WE'D LIKE TO  
17 SEE MECHANISMS SO WE KNOW WHAT WE CAN DO IF IT  
18 DOESN'T WORK OR WHAT WE DO IN THE NEXT STAGE. AND  
19 SO WHEN THE REVIEWERS ARE REVIEWING IT, THEY ALSO  
20 LOOK AT THE SCIENTIFIC UNDERPINNING OF A STUDY.

21 SO IN THIS CASE IT'S A LITTLE WEAK, TO SAY  
22 THE LEAST.

23 DR. CHISARI: I UNDERSTAND THAT AND I  
24 AGREE WITH THAT. THE REVIEW THAT I WAS ABLE TO READ  
25 HERE, HOWEVER, DIDN'T GO INTO THE BASIC MECHANISTIC

**BARRISTERS' REPORTING SERVICE**

1 CONSIDERATIONS THAT WE'RE DISCUSSING RIGHT NOW. AND  
2 IT SEEMS TO ME AS IF THIS IS SORT OF A WITCH'S BREW  
3 THAT THEY'RE HOPING WILL BE PRODUCED THAT WILL REACH  
4 THE INFLAMMATORY SITE IN THE BRAIN WITHOUT REALLY  
5 KNOWING WHAT THE INFLAMMATORY PROCESS IS, WHAT THE  
6 CELLS -- THE INFLAMMATORY CELLS THAT ARE CAUSING THE  
7 PROBLEM THAT ARE AMPLIFYING THE LOSS OF TISSUE AND  
8 THE SYMPTOMS OF THE STROKE. THEY DON'T KNOW -- AT  
9 LEAST THEY'RE -- I DON'T KNOW WHAT THOSE CELLS ARE.  
10 I DON'T KNOW WHETHER THEY KNOW WHAT THOSE CELLS ARE.  
11 AND I DON'T KNOW IF THEY KNOW WHAT COMPONENT OF THE  
12 PRODUCTION OF THE SOUP THAT'S PRODUCED BY THE CELLS  
13 THEY'RE GOING TO ADMINISTER WILL ACTUALLY ADDRESS  
14 THE UNDERLYING MECHANISM.

15 WITHOUT THAT KIND OF INFORMATION, I WOULD  
16 COMPLETELY AGREE WITH THE SCIENCE REVIEW COMMITTEE  
17 AND PLACE THIS IN THE UNFUNDABLE RANGE.

18 DR. WHITTLESEY: IF I COULD CHIME IN,  
19 ACTUALLY YOUR POINT IS VERY WELL TAKEN. THAT WAS  
20 THE CRUX OF THE ARGUMENT OF GWG IN THAT THE  
21 MECHANISM OF ACTION PROPOSED WAS REALLY NOT WELL  
22 UNDERSTOOD FOR EXACTLY THE REASONS THAT YOU NICELY  
23 OUTLAID.

24 DR. TROUNSON: CHAIR, JUST IN ADDITION,  
25 THERE IS A CONFIDENTIAL NOTE TO US THAT I NEED TO

**BARRISTERS' REPORTING SERVICE**

1 LET YOU KNOW AS WELL. THAT NEEDS TO BE DISCUSSED  
2 BECAUSE IT'S AN INTELLECTUAL PROPERTY ISSUE AND  
3 NEEDS TO BE DISCUSSED IN EXECUTIVE. BUT I JUST NOTE  
4 THAT THAT'S THERE JUST IN CASE YOU WANT TO HEAR MORE  
5 ABOUT THAT. AGAIN, NOT RECOMMENDING, BUT IF YOU DO.

6 DR. FEIGAL: I JUST WANT TO MENTION THAT  
7 IMMUNE MODULATION IS NOT THE FIRST TIME THIS HAS  
8 BEEN CONTEMPLATED IN STROKE. THERE HAVE BEEN  
9 DECADES OF WORK TRYING TO LOOK AT IT WITH POWERFUL  
10 IMMUNE MODULATING AGENTS BEING USED IN STROKE AND  
11 HAVE NOT SHOWN ANY BENEFIT. SO I DO WANT TO BRING  
12 THAT UP. IT'S A CONFIDENTIAL ISSUE.

13 DR. JUELSGAARD: SO IN YOUR RECITATION OF  
14 THE REVIEW THAT THE GWG DID AND ALSO IN THE WRITTEN  
15 MATERIALS THAT WERE PROVIDED TO US, THERE'S ONE  
16 STATEMENT THAT I WOULD LIKE A LITTLE FURTHER  
17 DISCUSSION OF AND THE RELEVANCE THAT IT PLAYS. SO  
18 I'LL JUST READ. "POTENTIAL BENEFIT IS SUGGESTED BY  
19 DATA FROM JUST ONE PRECLINICAL STUDY REPORT THAT WAS  
20 PUBLISHED IN A JOURNAL OF MODEST IMPACT. OTHER DATA  
21 CITED SUPPORTING BENEFIT ARE UNPUBLISHED." SO WHAT  
22 ROLE DOES SOMETHING OF THAT SORT PLAY IN THIS  
23 DECISION-MAKING?

24 DR. WHITTLESEY: SO THAT WOULD BE  
25 SOMETHING THAT WOULD BE MORE APPROPRIATE OBVIOUSLY

**BARRISTERS' REPORTING SERVICE**

1 TO GET INTO THE SPECIFICS OF THE GWG REVIEW. BUT  
2 REALLY IN TERMS OF PEER REVIEW LITERATURE IS  
3 OBVIOUSLY VERY IMPORTANT FOR THE EVALUATION OF THE  
4 LEVEL OF EVIDENCE PROVIDED. SO --

5 DR. JUELSGAARD: SO LET ME QUESTION THAT  
6 WHEN IT COMES TO A PUBLIC COMPANY THAT'S DEVELOPING  
7 A PRODUCT. SO IN MY EXPERIENCE A LOT OF THE  
8 EVALUATION THAT GETS DONE INTERNALLY WITHIN A  
9 COMPANY IS BASED ON DATA GENERATED INTERNALLY. THAT  
10 MAY NOT BE PUBLISHED AT ALL FOR PROPRIETARY REASONS.  
11 SO I JUST WONDER TO WHAT EXTENT THAT'S BEEN TAKEN  
12 INTO ACCOUNT IN THE REVIEW THAT WAS DONE BY THE GWG.  
13 I UNDERSTAND, AS A MATTER OF RESEARCH IN ACADEMIC  
14 AND OTHER INSTITUTIONS OF THAT SORT, THAT  
15 PUBLICATION OF FINDINGS IN JOURNALS IS VERY  
16 IMPORTANT. AND, IN FACT, IN THE COMPANY THAT I WORK  
17 FOR THAT WAS CLEARLY TRUE WITH REGARD TO THE  
18 RESEARCH BEING DONE IN THE RESEARCH ORGANIZATION.  
19 BUT WHEN YOU STARTED LOOKING AT OTHER TYPES OF  
20 INFORMATION, DECISIONS HAD TO BE MADE WHETHER TO  
21 PUBLISH THEM OR NOT, NOT ON THE BASIS OF HOW GOOD  
22 THE SCIENCE WAS, BUT ON THE BASIS OF PROPRIETARY  
23 INFORMATION AND COMPETITIVE ADVANTAGE.

24 DR. FEIGAL: I WANT TO CLARIFY SOMETHING.  
25 THE DISCUSSION THAT ENSUED AT THE GRANT REVIEW GROUP

**BARRISTERS' REPORTING SERVICE**

1 DID DEAL WITH THE COMPELLING NATURE OF THE DATA THAT  
2 WAS PRESENTED REGARDLESS OF WHETHER IT WAS PUBLISHED  
3 OR NOT PUBLISHED. THEY FELT THAT THE DATA THAT THEY  
4 SAW WAS NOT COMPELLING TO PROVIDE THE IMPORTANCE OF  
5 WHY WE SHOULD DO THIS IN THIS PARTICULAR PATIENT  
6 POPULATION. THEY FELT IT WAS PARTICULARLY WEAK.  
7 THE FACT THAT THERE'S ONE PEER REVIEW MAY HAVE  
8 PLAYED, I WOULD SAY, A MINOR ROLE. I THINK THE MORE  
9 MAJOR ROLE WAS THE DATA THAT ACTUALLY WAS PRESENTED  
10 IN THE APPLICATION.

11 DR. JUELSGAARD: THANK YOU, DR. FEIGAL.  
12 THAT'S VERY REASSURING BECAUSE I WAS A LITTLE  
13 TROUBLED BY THE SENTENCES THAT I JUST READ OUT LOUD.

14 CHAIRMAN THOMAS: DR. SAMBRANO? NO. WE  
15 HAVE ANY MORE COMMENTS BY MEMBERS OF THE BOARD? WE  
16 HAVE A COMMENT FROM THE PUBLIC. HELLO, JEAN. HOW  
17 ARE YOU?

18 DR. LORING: I'M THE PUBLIC THIS TIME.  
19 I'M JEAN LORING. I'M FROM THE SCRIPPS RESEARCH  
20 INSTITUTE. I'M NOT GOING TO DISAGREE WITH ANYTHING  
21 SAID HERE. I FEEL THAT -- I ATTENDED A CONTRACT  
22 RESEARCH ORGANIZATION MEETING SEVERAL WEEKS AGO.  
23 THEY INVITED ME TO TALK ABOUT STEM CELLS. AND  
24 SEVERAL OF THOSE GROUPS THAT SPOKE AT THAT MEETING  
25 WERE USING MESENCHYMAL STEM CELLS FOR THERAPY FOR



**BARRISTERS' REPORTING SERVICE**

1 VIRTUALLY EVERYTHING. AND I THINK WE ALL AGREED  
2 THAT THEY DO HAVE ANTI-INFLAMMATORY EFFECTS, AS DR.  
3 TROUNSON POINTED OUT. I DON'T THINK THERE'S ANY  
4 DOUBT OF THAT.

5 BUT I THINK THE CONCEPT HERE, AND I DON'T  
6 KNOW WHICH COMPANY THIS IS THAT'S APPLYING FOR THIS  
7 GRANT, BUT I KNOW ATHERSYS AND OSIRIS HAVE CLINICAL  
8 TRIALS GOING ON RIGHT NOW FOR THINGS INCLUDING  
9 STROKE AND BRAIN INJURY. AND THE KEY ELEMENT,  
10 AGAIN, AS ALAN POINTED OUT, IS THAT THEY HAVE A GOOD  
11 SAFETY PROFILE. SO THE IDEA BEHIND USING  
12 MESENCHYMAL STEM CELLS AS OPPOSED TO CELLS THAT  
13 MIGHT BE BETTER SUITED FOR THAT PARTICULAR PROCESS,  
14 THAT PARTICULAR PROBLEM, MAYBE NEURAL STEM CELLS  
15 WOULD BE BETTER, MAYBE SOME OTHER CELL TYPE WOULD BE  
16 BETTER, BUT THESE ARE APPROVED BY THE FDA ASSUMING  
17 THEY'RE USING THE SAME CELLS EVERYONE ELSE IS USING.

18 SO IT SEEMS TO BE AN IDEA OF WHETHER THEY  
19 WANT TO TAKE THE CHANCE THAT THIS MIGHT HELP AND THE  
20 EXPECTATION THAT IT WOULD NOT HURT. SO EVEN THOUGH  
21 SCIENTIFICALLY I DON'T THINK IT'S THE RIGHT  
22 APPROACH, I UNDERSTAND THAT THERE'S A REAL FORCE  
23 HERE TO HAVE THE ONE OR TWO CELL TYPES THAT ARE  
24 ACTUALLY APPROVED BY THE FDA APPLIED TO EVERY  
25 POSSIBLE DISEASE TO SEE SIMPLY DOES IT WORK.

**BARRISTERS' REPORTING SERVICE**

1           CHAIRMAN THOMAS: THANK YOU, DR. LORING.  
2           ANY OTHER COMMENTS BY MEMBERS OF THE PUBLIC? DR.  
3           MELMED.

4           DR. MELMED: MR. CHAIRMAN, I'M A LITTLE  
5           BIT UNCOMFORTABLE IN DISCUSSING THE SCIENCE WITHOUT  
6           SEEING THE GRANT. SO CAN WE SEE THE GRANT IN  
7           EXECUTIVE SESSION BECAUSE DISCUSSING THE SCIENCE  
8           LIKE THIS FOR US IS LIKE A BLIND MAN IN A DARK ROOM.

9           CHAIRMAN THOMAS: YES, WE CAN. DR.  
10          TROUNSON.

11          DR. TROUNSON: YEAH. IT'S A LOT OF WORK.  
12          I'M NOT SURE WE'VE GOT THE TIME TO GET THROUGH THE  
13          WHOLE GRANT, BUT I THINK THERE IS SOME INFORMATION.

14          DR. MELMED: I'M NOT SUGGESTING WE DO  
15          THAT. I'M JUST SAYING, THEREFORE, WE SHOULDN'T BE  
16          DISCUSSING IT.

17          DR. TROUNSON: I THINK, AS YOU SUGGEST,  
18          THERE IS SOME INFORMATION FROM THE GROUP WHICH YOU  
19          MIGHT WANT TO HEAR. AND YOU MIGHT WANT TO HEAR OUR  
20          PERSPECTIVE ON IT FOR YOURSELF.

21          DR. STEWARD: ALONG THOSE LINES, I WONDER  
22          IF WE CAN CONSIDER SOME THINGS IN PRIVATE CLOSED  
23          SESSION, BUT NOT OTHERS. I JUST WONDER IF JAMES  
24          WOULD RESTATE WHAT WE CAN ACTUALLY CONSIDER IN  
25          CLOSED SESSION. WHAT I'M SAYING IS WE CAN'T

**BARRISTERS' REPORTING SERVICE**

1 ACTUALLY REVIEW THE GRANT. I WANT TO MAKE THAT  
2 CLEAR TO THE PUBLIC.

3 MR. HARRISON: YOU COULD, FOR EXAMPLE,  
4 REVIEW PREPUBLICATION DATA OR OTHER PROPRIETARY  
5 INFORMATION INCLUDED IN THE APPLICATION.

6 DR. MELMED: I'M NOT SUGGESTING WE DO  
7 THAT. ALL I'M SAYING IS THAT WE'RE HAVING THIS  
8 DISCUSSION, IT SHOULD BE A FAIR DISCUSSION BY SEEING  
9 THE SCIENCE. I'M NOT SUGGESTING WE DO THAT.

10 CHAIRMAN THOMAS: POINT WELL TAKEN. DO WE  
11 HAVE A DESIRE BY THE BOARD TO RETIRE TO EXECUTIVE  
12 SESSION TO HEAR MORE ABOUT THIS?

13 DR. JUELSGAARD: I DESIRE.

14 CHAIRMAN THOMAS: OKAY. SO, MR. HARRISON,  
15 COULD YOU READ THE RELEVANT CODE NUMBER? AND WE'LL  
16 PROCEED NOW INTO EXECUTIVE SESSION FOR FURTHER  
17 DISCUSSION.

18 MR. HARRISON: THE BOARD WILL BE CONVENING  
19 IN CLOSED SESSION PURSUANT TO HEALTH AND SAFETY CODE  
20 SECTION 125290.30(F)(3)(B) AND (C) TO CONSIDER  
21 PROPRIETARY AND CONFIDENTIAL INFORMATION RELATED TO  
22 THE STRATEGIC PARTNERSHIP FUNDING APPLICATIONS.

23 MS. FEIT: IF WE ARE CONFLICTED IN THIS  
24 GRANT, SHOULD WE STAY HERE THEN AND NOT PARTICIPATE?

25 MR. HARRISON: CORRECT.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN THOMAS: YES. SO WE'RE GOING TO,  
2 MEMBERS OF THE BOARD, HEAD OUT THE DOOR HERE BACK TO  
3 THE ROOM WHERE BREAKFAST WAS BEING SERVED, WHICH IS  
4 IMMEDIATELY OUT TO AND THE RIGHT.

5 MS. LANSING: I'M ACTUALLY NOT CONFLICTED  
6 ON THIS, BUT I DON'T KNOW HOW TO CALL INTO EXECUTIVE  
7 SESSION.

8 DR. POMEROY: SHERRY, YOU ARE CONFLICTED.

9 MS. LANSING: I AM? I WAS TOLD I WASN'T.  
10 WELL, THANK YOU VERY MUCH.

11 DR. POMEROY: JUST ON THIS GRANT. NOT IN  
12 GENERAL, SHERRY.

13 DR. LUBIN: I DON'T BELIEVE I'M CONFLICTED  
14 ON THIS ONE. IS THERE A WAY TO HEAR THE DISCUSSION?

15 CHAIRMAN THOMAS: YES.

16 DR. LUBIN: CAN I STAY ON THE SAME LINE OR  
17 DO I HAVE TO DIAL IN AGAIN?

18 CHAIRMAN THOMAS: WE HAVING SOME ISSUES?

19 MR. HARRISON: NO. IT'S THAT PART OF THE  
20 BOARD TELEPHONE POLICY PROVIDES THAT MEMBERS WHO  
21 PARTICIPATE TELEPHONICALLY DON'T PARTICIPATE IN THE  
22 CLOSED SESSION DISCUSSION.

23 DR. LUBIN: FINE.

24 MS. LANSING: YOU WILL E-MAIL US WHEN TO  
25 COME BACK ON. OKAY?

**BARRISTERS' REPORTING SERVICE**

1           CHAIRMAN THOMAS: YES, WE WILL.

2                            (THE BOARD THEN WENT INTO CLOSED  
3 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. AT  
4 THE CONCLUSION OF THE CLOSED SESSION, THE MEETING  
5 CONTINUED AS FOLLOWS:)

6           CHAIRMAN THOMAS: SHERRY AND DR. LUBIN,  
7 ARE YOU BACK ON? MEMBERS OF THE BOARD, WE'RE  
8 WAITING TO GET SHERRY AND DR. LUBIN BACK ON THE  
9 LINE. WE HAVING ANY LUCK OVER THERE, AMY?

10                           SO WE'RE GOING TO PROCEED. THEY'LL  
11 HOPEFULLY REJOIN MOMENTARILY. NOW RECONVENING POST  
12 CLOSED SESSION. DO WE HAVE ANY MOTIONS TO MOVE 6467  
13 FROM TIER III TO TIER I? HEARING NONE, I GUESS,  
14 JAMES, THE NEXT ORDER OF BUSINESS IS?

15           MR. HARRISON: A MOTION FROM A MEMBER WHO  
16 DOES NOT HAVE A CONFLICT WITH RESPECT TO ANY OF THE  
17 APPLICATIONS IN TIER III TO CLOSE FUNDING WITH  
18 RESPECT TO THOSE APPLICATIONS.

19           CHAIRMAN THOMAS: DO I HEAR A MOTION TO  
20 THAT EFFECT?

21           DR. VUORI: SO MOVED.

22           CHAIRMAN THOMAS: MOVED BY DR. VUORI.  
23 SECONDED --

24           DR. STEWARD: SECOND.

25           CHAIRMAN THOMAS: -- BY DR. STEWARD. ANY

**BARRISTERS' REPORTING SERVICE**

1 BOARD DISCUSSION? ANY COMMENTS FROM MEMBERS OF THE  
2 PUBLIC? ACTUALLY HOLD ON ONE SECOND. WAIT TILL WE  
3 JUST VOTE ON THIS AND THEN WE'RE ALL SAID AND DONE,  
4 WHICH WILL BE TWO SECONDS, WE'LL BE READY FOR YOU.

5 ANY COMMENTS FROM MEMBERS OF THE PUBLIC ON  
6 THESE ITEMS? OKAY. HEARING NONE, CALL THE ROLL,  
7 PLEASE.

8 MR. HARRISON: THE MOTION IS TO CLOSE  
9 FUNDING OR NOT TO FUND THE APPLICATIONS IN TIER III.  
10 AND A REMINDER TO MEMBERS, THAT TO THE EXTENT THAT  
11 YOU HAVE A CONFLICT WITH RESPECT TO ONE OF THOSE  
12 FOUR APPLICATIONS, YOU SHOULD VOTE YES OR NO EXCEPT  
13 FOR THOSE APPLICATIONS IN WHICH YOU HAVE A CONFLICT.

14 CHAIRMAN THOMAS: MR. HARRISON, FOLLOWING  
15 THIS VOTE, THAT WILL CONCLUDE THE VOTE ON THIS  
16 ENTIRE ITEM, CORRECT?

17 MR. HARRISON: CORRECT.

18 CHAIRMAN THOMAS: MARIA, PLEASE CALL THE  
19 ROLL.

20 MR. SHEEHY: I THINK YOU HAVE A PUBLIC  
21 COMMENT.

22 CHAIRMAN THOMAS: NO. IT'S NOT ON THE  
23 MOTION.

24 MS. BONNEVILLE: SUE BRYANT.

25 DR. BRYANT: YES.

**BARRISTERS' REPORTING SERVICE**

1 MS. BONNEVILLE: FRANK CHISARI.

2 DR. CHISARI: I'M NOT SURE I UNDERSTAND  
3 THE MOTION.

4 MR. HARRISON: YES MEANS THAT YOU AGREE  
5 THAT THE APPLICATIONS IN TIER III SHOULD NOT BE  
6 FUNDED. IF YOU HAVE A CONFLICT WITH RESPECT TO ONE  
7 OF THOSE APPLICATIONS, YOU SHOULD SAY YES EXCEPT FOR  
8 THOSE APPLICATION WITH WHICH I HAVE A CONFLICT.

9 MS. SAMUELSON: SINCE YOU PAUSED FOR A  
10 SECOND, MAY I ASK A QUESTION OF COUNSEL? I WAS NOT  
11 PRESENT. I'M JOINING THE MEETING AND I WASN'T  
12 PRESENT FOR THE CLOSED SESSION. I HAVE OTHER  
13 REASONS FOR MY VOTE, AND I'M WONDERING IF NOT BEING  
14 PRESENT THERE MEANS I SHOULD ABSTAIN OR HAVE THE  
15 FREEDOM TO VOTE ON THE MERITS.

16 MR. HARRISON: IT'S YOUR CHOICE. YOU'RE  
17 ALWAYS FREE TO ABSTAIN IF YOU FEEL THAT YOU DON'T  
18 HAVE SUFFICIENT INFORMATION TO VOTE.

19 MS. SAMUELSON: THANK YOU.

20 MS. BONNEVILLE: SUE BRYANT.

21 DR. BRYANT: YES.

22 MS. BONNEVILLE: FRANK CHISARI.

23 DR. CHISARI: YES.

24 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

25 DR. DULIEGE: YES, EXCEPT FOR THE ONES FOR

**BARRISTERS' REPORTING SERVICE**

1 WHICH I HAVE A CONFLICT.

2 MS. BONNEVILLE: JAMES ECONOMOU.

3 DR. ECONOMOU: YES, EXCEPT FOR THE ONES  
4 WITH WHICH I HAVE A CONFLICT.

5 MS. BONNEVILLE: MARCY FEIT.

6 MS. FEIT: YES, EXCEPT FOR THE ONES WITH  
7 WHICH I HAVE A CONFLICT.

8 MS. BONNEVILLE: ELIZABETH FINI.

9 DR. FINI: YES, EXCEPT FOR THE ONES WITH  
10 WHICH I HAVE A CONFLICT.

11 MS. BONNEVILLE: GARY FIRESTEIN.

12 DR. FIRESTEIN: YES, EXCEPT FOR THE ONES  
13 WITH WHICH I HAVE A CONFLICT.

14 MS. BONNEVILLE: MICHAEL FRIEDMAN. LEEZA  
15 GIBBONS. MICHAEL GOLDBERG.

16 MR. GOLDBERG: YES, EXCEPT FOR THE ONES  
17 WITH WHICH I HAVE A CONFLICT.

18 MS. BONNEVILLE: SAM HAWGOOD.

19 DR. HAWGOOD: YES, EXCEPT FOR THE ONES  
20 WITH WHICH I HAVE A CONFLICT.

21 MS. BONNEVILLE: STEVE JUELSGAARD.

22 MR. JUELSGAARD: ABSTAIN.

23 MS. BONNEVILLE: SHERRY LANSING. BERT  
24 LUBIN.

25 DR. LUBIN: I'M SORRY. I JUST GOT ON THE



**BARRISTERS' REPORTING SERVICE**

1 PHONE. I DON'T APPROVE. WAS IT APPROVE OR NOT  
2 APPROVE?

3 MR. HARRISON: THE QUESTION ON THE TABLE,  
4 DR. LUBIN, IS WHETHER YOU AGREE THAT THE  
5 APPLICATIONS IN TIER III SHOULD NOT BE FUNDED.

6 DR. LUBIN: I AGREE.

7 MS. BONNEVILLE: SHLOMO MELMED.

8 DR. MELMED: YES, EXCEPT FOR THE ONES WITH  
9 WHICH I HAVE A CONFLICT.

10 MS. BONNEVILLE: PHIL PIZZO. CLAIRE  
11 POMEROY.

12 DR. POMEROY: YES, EXCEPT FOR THE ONES  
13 WITH WHICH I HAVE A CONFLICT.

14 MS. BONNEVILLE: ROBERT PRICE.

15 DR. PRICE: YES.

16 MS. BONNEVILLE: FRANCISCO PRIETO.

17 DR. PRIETO: YES, EXCEPT FOR THE ONES WITH  
18 WHICH I HAVE A CONFLICT.

19 MS. BONNEVILLE: ROBERT QUINT. DUANE  
20 ROTH. JOAN SAMUELSON.

21 MS. SAMUELSON: YES.

22 MS. BONNEVILLE: JEFF SHEEHY.

23 MR. SHEEHY: YES, EXCEPT FOR THE ONES WITH  
24 WHICH I HAVE A CONFLICT.

25 MS. BONNEVILLE: JON SHESTACK.

**BARRISTERS' REPORTING SERVICE**

1 MR. SHESTACK: YES.

2 MS. BONNEVILLE: OS STEWARD.

3 DR. STEWARD: YES.

4 MS. BONNEVILLE: JONATHAN THOMAS.

5 CHAIRMAN THOMAS: YES.

6 MS. BONNEVILLE: ART TORRES. KRISTINA  
7 VUORI.

8 DR. VUORI: YES.

9 CHAIRMAN THOMAS: MR. HARRISON.

10 MR. HARRISON: WE'LL TABULATE THE RESULTS,  
11 SO YOU MIGHT WANT TO MOVE ON TO THE NEXT ITEM.

12 CHAIRMAN THOMAS: LET'S MOVE ON TO PUBLIC  
13 COMMENT. THANK YOU, GENTLEMEN, FOR WAITING.

14 DR. STEWARD: I'M SORRY FOR DOING THIS.  
15 UNLESS IT'S ON AN ITEM THAT WE'RE DISCUSSING,  
16 DOESN'T PUBLIC COMMENT COME AT THE END OF THE  
17 MEETING?

18 CHAIRMAN THOMAS: THIS IS ON AN ITEM WE  
19 ALREADY DISCUSSED.

20 DR. LAIKIND: THANK YOU. THANK YOU FOR  
21 GIVING ME AN OPPORTUNITY TO SPEAK TO YOU. MY NAME  
22 IS DR. PAUL LAIKIND. I'M THE PRESIDENT AND CEO OF  
23 VIACYTE, WHICH IS THE COMPANY THAT IS DRIVING  
24 FORWARD THE DIABETES PROJECT THAT YOU JUST AGREED TO  
25 FUND. SO I WANT TO TAKE THIS OPPORTUNITY TO THANK

**BARRISTERS' REPORTING SERVICE**

1 THE MEMBERS OF THE GOVERNING BOARD, THE ICOC, AND,  
2 MOST IMPORTANTLY, THE TAXPAYERS OF CALIFORNIA FOR  
3 THE CONTINUED SUPPORT THAT THEY ARE PROVIDING TO  
4 VIACYTE TO OUR PROGRAM.

5 CIRM'S SCIENTIFIC AND FINANCIAL SUPPORT  
6 HAS ALLOWED US TO CARRY OUT OUR GROUNDBREAKING  
7 RESEARCH WHICH WE HOPE WILL TRANSFORM THE WAY  
8 PATIENTS WITH DIABETES ARE TREATED IN CALIFORNIA,  
9 OUR NATION, AND THE WORLD. THANKS TO THE SUPPORT OF  
10 CIRM, WE HAVE MADE TREMENDOUS PROGRESS TOWARDS A  
11 CELL THERAPY PRODUCT THAT HOLDS THE PROMISE OF  
12 ESSENTIALLY A CURE FOR TYPE 1 DIABETES AS WELL AS AN  
13 IMPORTANT NEW TREATMENT FOR PATIENTS WITH INSULIN  
14 REQUIRING TYPE 2 DISEASE.

15 MUCH HAS ALREADY BEEN ACCOMPLISHED IN  
16 PURSUIT OF THIS VERY WORTHWHILE GOAL. AND WITH  
17 CIRM'S CONTINUED HELP, WE WILL SOON KNOW WHETHER  
18 THIS PROMISE OF A NEW ERA IN DIABETES TREATMENT WILL  
19 BE FULFILLED.

20 CIRM HAS PLAYED A REALLY CRUCIAL ROLE IN  
21 THE FIELD OF REGENERATIVE MEDICINE ESPECIALLY TODAY  
22 WHEN THE COMMERCIAL FUNDING AVENUES HAVE BECOME MUCH  
23 MORE RISK AVERSE. CIRM SUPPORT ENSURES THAT  
24 PROMISING, INNOVATIVE CELL THERAPY TECHNOLOGIES ARE  
25 FULLY EXPLORED. THIS WORK HAS THE POTENTIAL OF

**BARRISTERS' REPORTING SERVICE**

1 EASING THE BURDEN ON PATIENTS WHILE AT THE SAME TIME  
2 STIMULATING CALIFORNIA'S ECONOMY AND CREATING JOBS.  
3 FOR INSTANCE, CIRM SUPPORT HAS ALLOWED US TO HIRE  
4 THE WORKFORCE WE NEED TO ACHIEVE SUCCESS. VIACYTE  
5 HAS MORE THAN DOUBLED IN SIZE SINCE THE FUNDING WAS  
6 INITIATED WITH THE DISEASE TEAM GRANT THAT WE  
7 BENEFITED FROM.

8 WE'RE MANUFACTURING OUR CELL PRODUCT, OUR  
9 IMMUNE PROTECTIVE DEVICE, AND THE COMBINATION  
10 PRODUCT, VC01, WHICH IS MOVING TO THE CLINIC, ALL AT  
11 OUR FACILITIES IN SAN DIEGO. MOREOVER, OTHER  
12 CALIFORNIA BUSINESSES AND INSTITUTIONS HAVE AND WILL  
13 CONTINUE TO PLAY A KEY ROLE IN OUR PRECLINICAL AND  
14 CLINICAL DEVELOPMENT ACTIVITY.

15 CIRM SUPPORT HAS ALSO HAD A MULTIPLIER  
16 EFFECT, ATTRACTING SUPPORT FOR OUR WORK AT VIACYTE  
17 FROM OTHER ORGANIZATIONS SUCH AS JDRF, NESTLE  
18 INSTITUTE FOR HEALTH SCIENCES, AND EVEN THE EUROPEAN  
19 UNION HAS CONTRIBUTED.

20 IN ADDITION, THE ASSOCIATION WITH CIRM HAS  
21 HELPED US TO ATTRACT THE INTEREST OF STRATEGIC  
22 PARTNERS SUCH AS GLAXO-SMITH-KLINE, WHO IS  
23 REPRESENTED HERE TODAY AS WELL. AND THIS GIVES US  
24 THE RESOURCES AND INFRASTRUCTURE TO COMPLETE THE  
25 DEVELOPMENT OF THE PRODUCT AND COMMERCIALIZE IT FOR

**BARRISTERS' REPORTING SERVICE**

1 THE BENEFIT OF PATIENTS.

2 SO TO CLOSE, I JUST WANT TO ASSURE CIRM  
3 AND THE CITIZENS OF CALIFORNIA THAT THE ENTIRE  
4 VIACYTE TEAM IS COMMITTED TO USING THE FUNDING YOU  
5 HAVE SEEN FIT TO PROVIDE US WISELY AND TO WORK  
6 TIRELESSLY TO FULLY EXPLORE THE TREMENDOUS PROMISE  
7 OF THIS TECHNOLOGY. AGAIN, I JUST WANT TO TAKE THE  
8 OPPORTUNITY TO THANK YOU.

9 (APPLAUSE.)

10 CHAIRMAN THOMAS: THANK. YOU:

11 MR. GARDENER: GOOD MORNING. MY NAME IS  
12 JASON GARDENER. I'M THE HEAD OF THE REGENERATIVE  
13 MEDICINE UNIT AT GLAXO-SMITH-KLINE. AND I'D LIKE TO  
14 MAKE A FEW FOLLOW-ON COMMENTS FROM PAUL ABOUT THE  
15 SAME APPLICATION.

16 OUR CORE MISSION AT GLAXO-SMITH-KLINE AND  
17 THE REGENERATIVE MEDICINE UNIT IS TO DEVELOP A  
18 SUSTAINABLE PIPELINE OF REGENERATIVE MEDICINES THAT  
19 WILL BRING SUBSTANTIAL CLINICAL BENEFIT TO PATIENTS.  
20 I FIRST MET ALAN TROUNSON THREE YEARS AGO TO TALK  
21 ABOUT THAT VISION AND THE SHARED VISION THAT CIRM  
22 HAD. AND WE AGREED WE HAD REMARKABLE ALIGNMENT ON  
23 THREE LEVELS. FIRST, THE CELL-BASED REGENERATIVE  
24 MEDICINES COULD BE TRANSFORMATIVE FOR PATIENTS.  
25 SECOND, THEIR DEVELOPMENT PATH IS COMPLEX AND HIGH

**BARRISTERS' REPORTING SERVICE**

1 RISK. AND THIRD, THAT THIS PATH IS BEST NAVIGATED  
2 IN PARTNERSHIP WITH GROUPS THAT SHARE THE SAME  
3 VISION.

4 GSK HAS A CLEAR STRATEGY TO PARTNER WITH  
5 EXTERNAL GROUPS THAT HAVE DEVELOPED DEEP TECHNICAL  
6 EXPERTISE WHERE THE STRENGTHS OF GSK IN CLINICAL AND  
7 REGULATORY AFFAIRS CAN COMPLEMENT TO MAKE MEDICINES.  
8 WE HAVE PRIORITIZED DIABETES AS A KEY AREA WHERE  
9 COMPELLING SCIENCE AND CLINICAL TRANSLATION CAN  
10 CATALYZE TO MAKE REGENERATIVE MEDICINES.

11 VIACYTE HAS MADE TREMENDOUS PROGRESS IN  
12 THIS FIELD USING STEM CELLS TO GENERATE ISLET  
13 PROGENITORS, AND WE HAVE COMPLETED AN INTENSE  
14 TECHNICAL AND FINANCIAL DILIGENCE OF THE PROGRAM.  
15 AND THIS HAS BEEN REVIEWED BY MULTIPLE COMMITTEES IN  
16 GLAXO-SMITH-KLINE. WE HAVE PROPOSED AN ALLIANCE TO  
17 ENABLE GSK, VIACYTE, AND CIRM TO PROGRESS THIS  
18 PROGRAM.

19 SUBJECT TO FINAL GSK APPROVAL, WE WOULD  
20 INITIATE THE ALLIANCE CONTINGENT ON THE FUNDING FROM  
21 CIRM, AND THE STRATEGIC PARTNERSHIP AWARD TODAY IS  
22 CRUCIAL TO THIS ALLIANCE. AND THE MODEL IS AN EXACT  
23 EXCELLENT EXAMPLE OF THREE GROUPS COMING TOGETHER TO  
24 FORM AN ALLIANCE AROUND A POTENTIALLY INNOVATIVE  
25 TRANSFORMATIVE MEDICINE. AND I'D LIKE TO THANK CIRM

**BARRISTERS' REPORTING SERVICE**

1 AND OUR COLLEAGUES AT VIACYTE FOR GIVING US THE  
2 OPPORTUNITY TO WORK TOGETHER. THANK YOU.

3 (APPLAUSE.)

4 CHAIRMAN THOMAS: THANK YOU. DR.  
5 TROUNSON.

6 DR. TROUNSON: CHAIR, BOARD, THIS IS  
7 REALLY ONE OF THE MOST IMPORTANT STEPS THAT WE TAKE  
8 IN THE DIRECTION OF BRINGING THESE THERAPIES TO  
9 PATIENTS. THIS IS VERIFICATION OF OUR PROGRAM. TO  
10 HAVE JASON JOIN US THROUGH A PARTNERSHIP ARRANGEMENT  
11 WITH GSK MEANS THAT A PROJECT THAT WE'VE SHEPHERDED  
12 FROM THE BASIC SCIENCE THROUGH TO THE PRECLINICAL  
13 WORK AND IS HEADING TO THE CLINIC WE'RE NOW GOING TO  
14 DO IN PARTNERSHIP WITH A VERY MAJOR ORGANIZATION.

15 AND I THINK THIS WILL RESOUND IN  
16 CALIFORNIA, I THINK IT WILL RESOUND IN THE UNITED  
17 STATES, AND I THINK IT WILL RESOUND IN THE WHOLE  
18 WORLD. AND I WANTED TO THANK JASON IN PARTICULAR  
19 FOR STICKING WITH IT OVER THREE YEARS IN THESE  
20 DISCUSSIONS. I WANT TO THANK ELONA BAUM FOR REALLY  
21 TAKING UP THE REALLY HARD WORK OF ACTUALLY GETTING  
22 THIS IN PLACE. AND FINALLY, I WANTED TO THANK PAUL  
23 AND ALL THE PEOPLE AT VIACYTE FOR THE INCREDIBLE  
24 ENERGY AND DEDICATION THAT THEY'VE HAD IN A SINGLE  
25 PROJECT FOCUSED ON A SINGLE PRODUCT TO GET IT TO

**BARRISTERS' REPORTING SERVICE**

1 WHERE IT IS. AND I HOPE VERY MUCH THAT THIS IS  
2 GOING TO TRANSLATE TO BENEFIT IN PATIENTS AND WILL  
3 BE ONE OF THE STONES THAT WE CAN ALL TURN BACK ON  
4 AND SAY THIS MADE PROPOSITION 71 ABSOLUTELY  
5 WORTHWHILE NOT ONLY FOR CALIFORNIA, BUT I'D SUGGEST  
6 FOR THE WHOLE WORLD.

7 CHAIRMAN THOMAS: THANK YOU, DR. TROUNSON.  
8 THANK YOU, GENTLEMEN, FOR YOUR REMARKS. WE'RE  
9 DELIGHTED TO BE ABLE TO CONTINUE OUR SUPPORT.  
10 DELIGHTED THAT WE HAVE BEEN ABLE TO HELP FACILITATE  
11 A PARTNERSHIP WHICH WE THINK WILL BE KEY GOING  
12 FORWARD TO FURTHER DEVELOPMENT OF THE PRODUCT. AND  
13 THANK YOU FOR YOUR COMMENTS VALIDATING WHAT CIRM IS  
14 ALL ABOUT. I'M SURE THAT THIS WHOLE STORY WILL  
15 FEATURE PROMINENTLY, MR. JENSEN, IN AN ARTICLE  
16 YOU'RE ABOUT TO POST LATER THIS AFTERNOON.

17 WE WILL NOW MOVE ON TO ITEM NO. 9 ON THE  
18 AGENDA, WHICH IS CONSIDERATION OF THE STRATEGIC  
19 PARTNERSHIP II CONCEPT PLAN WHICH WAS ALREADY  
20 PREVIEWED BY DR. FEIGAL. WE NOW WILL ASK DR. CARAS  
21 TO WALK US THROUGH THAT. DR. CARAS.

22 DR. CARAS: WE JUST FINISHED TALKING ABOUT  
23 STRATEGIC PARTNERSHIP I, BUT I WANT TO JUST VERY  
24 BRIEFLY REREMIND YOU ABOUT THE BROADER INITIATIVE.  
25 THIS INITIATIVE AS CURRENTLY APPROVED DIRECTS CIRM



**BARRISTERS' REPORTING SERVICE**

1 TO IMPLEMENT THE PROGRAM USING AN RFA PROCESS. WE  
2 WOULD LIKE TO DO THIS WITH A VERY RAPID TURNAROUND  
3 WITH SOLICITATIONS TWICE PER YEAR AND WHERE EACH  
4 SOLICITATION MAY DEFINE THE SPECIFIC SCOPE OF  
5 RESEARCH WITHIN THE BROADER SCOPE OF THE CONCEPT.  
6 IN ADDITION, THERE WILL BE ACTIVE MANAGEMENT OF  
7 FUNDED DEVELOPMENT PROJECTS, WHICH INCLUDE  
8 DISCUSSIONS WITH CIRM'S CLINICAL DEVELOPMENT  
9 ADVISORY PANEL.

10 AGAIN, AS A QUICK REMINDER, THE PURPOSE OF  
11 THE INITIATIVE IS TO ATTRACT INDUSTRY ENGAGEMENT AND  
12 INVESTMENT TO CIRM-FUNDED STEM CELL RESEARCH.  
13 VARIOUS REASONS TO DO THIS, TO PROVIDE CO-FUNDING  
14 FOR EARLY STAGES OF DEVELOPMENT, TO ENHANCE THE  
15 LIKELIHOOD THAT THERE WILL BE FOLLOW-UP FINANCING  
16 FOR THE LATER STAGES, AND TO ENABLE THE PROJECTS TO  
17 ACCESS THE DEVELOPMENT EXPERTISE WITHIN LARGE  
18 COMPANIES.

19 THE TWO UNIQUE FEATURES OF THE INITIATIVE  
20 IS THAT IT REQUIRES APPLICANTS TO SHOW THEY HAVE  
21 FINANCIAL CAPACITY TO MOVE THE PROJECT THROUGH  
22 DEVELOPMENT, WHICH CAN BE DONE IN A NUMBER OF WAYS,  
23 INCLUDING THROUGH A PARTNERSHIP, AS WE JUST HEARD  
24 ABOUT WITH THE APPLICATION THAT YOU JUST FUNDED.  
25 AND SECOND, IT REQUIRES APPLICANTS TO PROVIDE

**BARRISTERS' REPORTING SERVICE**

1 CO-FUNDING FOR THE PROPOSED PROJECT, AND THIS IS IN  
2 THE FORM OF A ONE-TO-ONE MATCH.

3 SO WITH THAT BACKGROUND TO THE BROADER  
4 CONCEPT, I'LL NOW MOVE ON AND TALK ABOUT THE CONCEPT  
5 PROPOSAL FOR STRATEGIC PARTNERSHIP II. SO SP II IS  
6 VERY SIMILAR TO STRATEGIC PARTNERSHIP I WITH THE  
7 SAME SCOPE AND OBJECTIVE. IT KEEPS THE AWARD AMOUNT  
8 AT \$10 MILLION PER AWARD, BUT IT DOES ALLOW THE  
9 POSSIBILITY OF INCREASING THE AMOUNT TO 15 MILLION  
10 UNDER EXCEPTIONAL CIRCUMSTANCES AND WITH ICOC  
11 APPROVAL. THIS IS A MODIFICATION THAT WAS APPROVED  
12 BY THE SCIENCE SUBCOMMITTEE ON OCTOBER THE 8TH,  
13 RECENTLY.

14 THIS SHOWS THE SCOPE OF SP II. IT'S THE  
15 SAME AS FOR SP I. AS YOU CAN SEE, THIS IS DESIGNED  
16 TO CAPTURE MATURE PROGRAMS THAT ARE CLOSE TO OR AT  
17 THE EARLY CLINICAL DEVELOPMENT STAGE.

18 AS WITH SP I, THE OBJECTIVE OF AN SP II  
19 AWARD IS COMPLETION OF AN EARLY STAGE CLINICAL TRIAL  
20 WITHIN FOUR YEARS. AGAIN, THE PROPOSED PROJECT CAN  
21 INCLUDE PRECLINICAL IND-ENABLING WORK, BUT ALL  
22 APPLICANTS MUST BE ABLE TO COMPLETE A TRIAL WITHIN  
23 FOUR YEARS.

24 AS WITH SP I, SP II IS ALIGNED WITH CIRM'S  
25 FIVE-YEAR STRATEGIC GOAL TO ATTRACT INDUSTRY

## BARRISTERS' REPORTING SERVICE

1 ENGAGEMENT, AND IT'S ALSO ALIGNED WITH CIRM'S  
2 FIVE-YEAR STRATEGIC CLINICAL OBJECTIVE TO ADVANCE  
3 STEM CELL SCIENCE INTO CLINICAL TRIALS.

4 READINESS IS AN ELIGIBILITY CRITERION FOR  
5 STRATEGIC PARTNERSHIP II. FOR PROJECTS THAT ARE AT  
6 THE PRECLINICAL STAGE, THEY MUST HAVE ALREADY  
7 SELECTED A SINGLE THERAPEUTIC DEVELOPMENT CANDIDATE.  
8 THEY SHOULD HAVE SOME PRECLINICAL PROOF OF CONCEPT  
9 WITH THIS CANDIDATE IN THE TARGET DISEASE OR INJURY.  
10 AND THEY MUST HAVE ALREADY COMPLETED A PRE-IND  
11 MEETING WITH THE FDA. FOR PROJECTS THAT ARE AT A  
12 CLINICAL STAGE, THEY MUST HAVE FILED THEIR IND.

13 THESE ARE THE ACTIVITIES THAT WOULD BE IN  
14 SCOPE. THEY ARE THE SAME AS FOR SP I. THEY INCLUDE  
15 THE CONDUCT OF EARLY CLINICAL TRIALS, IND-ENABLING  
16 PRECLINICAL ACTIVITY TO ENABLE A TRIAL, AND ANY  
17 SUPPORTING ACTIVITIES THAT WOULD BE NECESSARY.

18 THE THERAPEUTIC CANDIDATE SHOULD BE ONE OF  
19 THE FOLLOWING: A PRODUCT DERIVED FROM PLURIPOTENT  
20 CELLS, ALLOGENEIC TISSUE DERIVED ADULT STEM CELLS OR  
21 PROGENITOR CELLS FOR REPAIR AND REGENERATION, STEM  
22 CELL ENGINEERED FUNCTIONAL TISSUES, SMALL MOLECULES  
23 OR BIOLOGICS THAT TARGET ENDOGENOUS STEM CELLS FOR  
24 REGENERATION AND REPAIR, AND GENETICALLY OR  
25 PHARMACOLOGICALLY MODIFIED HEMATOPOIETIC STEM CELLS.

## BARRISTERS' REPORTING SERVICE

1           THIS RFA IS OPEN TO BOTH FOR-PROFIT AND  
2 NOT-FOR-PROFIT INSTITUTIONS. ALL APPLICANTS MUST  
3 PROVIDE EVIDENCE OF COMMERCIAL VALIDATION. SO IF  
4 YOU'RE A FOR-PROFIT APPLICANT, YOU CAN DO THIS  
5 EITHER BY FINANCIAL STRENGTH AND/OR VIA A  
6 DEVELOPMENT AGREEMENT WITH A LARGE BIOTECH OR PHARMA  
7 PARTNER. NOT-FOR-PROFIT APPLICANTS MUST HAVE A  
8 DEVELOPMENT AGREEMENT WITH A LARGE BIOTECH OR PHARMA  
9 PARTNER, AND THAT'S DEFINED AS HAVING A MARKET CAP  
10 OF AT LEAST 500 MILLION.

11           THE OVERALL AWARD INFORMATION: UP TO \$40  
12 MILLION ARE REQUESTED IN TOTAL COSTS TO SUPPORT THIS  
13 SOLICITATION. WE'RE TARGETING TWO TO FOUR AWARDS.  
14 AGAIN, THE AMOUNT WOULD BE 10 MILLION PER PROJECT,  
15 UNDER EXCEPTIONAL CIRCUMSTANCES UP TO 15 MILLION.  
16 THE AWARD TERM IS FOUR YEARS. ALL APPLICANTS MUST  
17 PROVIDE CO-FUNDING IN THE FORM OF A ONE-TO-ONE  
18 MATCH. AWARD MECHANISM WOULD BE A GRANT IF IT'S A  
19 NOT-FOR-PROFIT ORGANIZATION AND A LOAN OR A GRANT IF  
20 FOR-PROFIT.

21           LAST SLIDE IS THE PROVISIONAL TIMETABLE  
22 FOR SP II. WE'RE GOING TO POST THE RFA NEXT MONTH,  
23 NOVEMBER, WHICH IS ACTUALLY VERY SOON. THAT WOULD  
24 BE FOR REVIEW BY THE GRANTS WORKING GROUP IN APRIL  
25 OR MAY OF 2013, REVIEW AND APPROVAL BY THE ICOC IN

**BARRISTERS' REPORTING SERVICE**

1 JUNE OR JULY OF NEXT YEAR, AND THE EARLIEST FUNDING  
2 OF AWARDS WOULD BE IN Q 3. THAT CONCLUDES WHAT I  
3 HAVE TO SAY ABOUT SP II. I'LL BE HAPPY TO TAKE  
4 QUESTIONS.

5 CHAIRMAN THOMAS: ANY QUESTIONS OR  
6 COMMENTS BY MEMBERS OF THE BOARD ON THIS  
7 PRESENTATION?

8 MS. SAMUELSON: QUICK ONE. ARE THERE  
9 ANY -- SINCE OUR MISSION HAS A SCOPE OF ALL OF THE  
10 TOOLS OF REGENERATIVE MEDICINE, THERE WAS A LONG  
11 LIST OF MECHANISMS THAT ARE FUNDABLE. IS THERE  
12 ANYTHING ELSE OUTSIDE THAT LIST THAT COULD  
13 CONCEIVABLY BE AN IMPORTANT TOOL THAT WE SHOULD  
14 CONSIDER? I'M WONDERING WHY WE DON'T JUST DEFINE IT  
15 AS THAT WIDER SCOPE.

16 DR. FEIGAL: YEAH. THANK YOU FOR THE  
17 QUESTION. PART OF OUR DELIBERATIONS IN THINKING  
18 ABOUT THE STRATEGIC PARTNERSHIP VERSIONS IS THAT WE  
19 DO HAVE THE OPPORTUNITY AS PART OF THE UMBRELLA  
20 AGREEMENT OF THE OPPORTUNITY FUND TO MODIFY OR  
21 CHANGE THE ITERATIONS AS THEY COME AROUND. FOR THIS  
22 PARTICULAR ITERATION, WE THINK WHAT WE HAVE FOR THE  
23 INCLUSION CRITERIA COVERS A BROAD WATERFRONT OF WHAT  
24 COULD BE DONE.

25 IT COULD BE IN A SUBSEQUENT ITERATION,

**BARRISTERS' REPORTING SERVICE**

1 WHICH WOULD JUST BE SIX MONTHS DOWN THE ROAD, WE  
2 COULD MODIFY IT IN THAT ITERATION. IN ADDITION, WE  
3 STILL DO HAVE THIS VERY EXCEPTIONAL PRESIDENTIAL  
4 ROUTE WHERE IF THERE REALLY IS A KEY OPPORTUNITY, WE  
5 COULD TAKE A LOOK AT IT AND MAKE A DECISION WHETHER  
6 OR NOT TO INCLUDE IT. I DON'T KNOW IF THAT ANSWERS  
7 YOUR QUESTION, BUT WE FEEL WHAT WE PUT IN THIS  
8 PARTICULAR VERSION IS SOMETHING, GIVEN THE MATURITY  
9 OF THE PROJECTS, THAT WE WANT TO SEE ENCOMPASSES  
10 QUITE A BROAD RANGE OF WHAT WE THINK COULD COME IN.

11 MS. SAMUELSON: IS THERE ANYTHING THAT YOU  
12 CAN THINK OF THAT'S EXCLUDED?

13 DR. FEIGAL: OH, THERE'S A UNIVERSE OF  
14 THINGS THAT ARE POSSIBLE, BUT WE THINK THIS IS A  
15 VERY COMPELLING, RATIONAL LIST OF WHAT WE COULD  
16 DEFINE FOR THIS PARTICULAR VERSION.

17 MS. SAMUELSON: I WONDER WHY WE WOULDN'T  
18 LEAVE THAT CREATIVE DEVELOPMENT TO THE SCIENTISTS  
19 WHO MIGHT WANT TO APPLY. IF THEY HAVE A GREAT IDEA  
20 AND IT'S NOT INCLUDED ON THAT LIST, WE MAY NEVER  
21 HEAR ABOUT IT.

22 DR. FEIGAL: WELL, WE ALWAYS HAVE THE  
23 OPPORTUNITY THAT THE PERSON WITH A GREAT IDEA CAN  
24 CONTACT US AND WE CAN HAVE A CONVERSATION WITH THEM  
25 AND SEE IF THERE'S WAYS TO ACCOMMODATE WHAT THEY'RE

## BARRISTERS' REPORTING SERVICE

1 SUGGESTING. BUT EVERY RFA WE PUT OUT, BY  
2 DEFINITION, HAS SOME SORT OF INCLUSION CRITERIA SO  
3 THAT PEOPLE DO HAVE SOME IDEA OF WHAT WE'RE LOOKING  
4 FOR. SINCE CIRM DOES HAVE A MISSION TO LOOK AT STEM  
5 CELL-BASED THERAPIES, WE THOUGHT THAT THE LIST THAT  
6 WE HAVE PROVIDED HERE IS CERTAINLY A LIST THAT TAKES  
7 INTO ACCOUNT WHERE THE SCIENCE IS AND ALSO TAKES  
8 INTO ACCOUNT WHAT CIRM'S MISSION IS.

9 MS. SAMUELSON: THANK YOU.

10 DR. CARAS: IF I COULD JUST ADD, I THINK  
11 THAT STRATEGIC PARTNERSHIP ALONG WITH DISEASE TEAM,  
12 BUT IN PARTICULAR THIS INITIATIVE, IS PROBABLY OUR  
13 BEST CHANCE OF ACHIEVING THE STRATEGIC OBJECTIVE OF  
14 GETTING THESE THERAPIES INTO THE CLINIC AND APPROVED  
15 FOR THE BENEFIT OF PATIENTS.

16 CHAIRMAN THOMAS: ANY OTHER COMMENTS? I'D  
17 LIKE TO MAKE ONE, WHICH IS I NOTE THAT YOU BUDGETED  
18 FOR UP TO 40 MILLION IN AWARDS. I WOULD LIKE THE  
19 BOARD, IN THE EVENT THAT WE END UP HAVING A LARGE  
20 NUMBER OF PROJECTS THAT ARE RECOMMENDED BY THE  
21 GRANTS WORKING GROUP FOR APPROVAL AND THAT THE  
22 NUMBER MAY EXCEED 40 MILLION, THAT WE MAINTAIN SOME  
23 FLEXIBILITY AND DEAL WITH THAT ISSUE IF IT COMES UP  
24 SO THAT WE'RE NOT HAMSTRUNG BY AN ABSOLUTE CAP. I  
25 WANT TO MAKE SURE WE CAPTURE ALL THE BEST PROJECTS

**BARRISTERS' REPORTING SERVICE**

1 THAT ARE OUT THERE.

2 SO, JAMES, DO WE HAVE TO APPROVE THIS VIA  
3 VOICE VOTE?

4 MR. HARRISON: YES.

5 CHAIRMAN THOMAS: SO ALL THOSE IN FAVOR OF  
6 THE --

7 MR. HARRISON: WE NEED A MOTION.

8 CHAIRMAN THOMAS: WE NEED A MOTION. YES,  
9 THAT WOULD HELP.

10 MS. LANSING: SO MOVED.

11 CHAIRMAN THOMAS: SO MOVED BY SHERRY.

12 SECONDED BY --

13 DR. POMEROY: SECOND.

14 CHAIRMAN THOMAS: -- BY DEAN POMEROY.

15 THANK YOU. WE NOW HAVE A MOTION AND SOMETHING TO  
16 VOTE ON. THANK YOU FOR MAKING THAT SALIENT POINT,  
17 MR. HARRISON. ALL THOSE IN FAVOR OF THIS MOTION TO  
18 APPROVE THE STRATEGIC PARTNERSHIP II CONCEPT PLAN  
19 PLEASE SAY AYE. OPPOSED? ABSTENTIONS? MR.  
20 HARRISON, I BELIEVE THAT MOTION CARRIES, CORRECT?  
21 SORRY. ALTHOUGH WE DID HEAR SOME VOTES.

22 MS. LANSING: I VOTED YES.

23 CHAIRMAN THOMAS: DR. LUBIN.

24 DR. LUBIN: YES.

25 CHAIRMAN THOMAS: WE'RE UNANIMOUS. WE'RE



**BARRISTERS' REPORTING SERVICE**

1 GOING TO SKIP DOWN NOW TO ITEM NO. 12, WHICH IS  
2 CONSIDERATION OF THE APPOINTMENT OF NEW SCIENTIFIC  
3 MEMBERS OF THE GRANTS WORKING GROUP. DR. SAMBRANO.

4 DR. SAMBRANO: MEMBERS OF THE BOARD, WE'RE  
5 COMING TODAY TO BRING FOR YOUR CONSIDERATION 12  
6 NOMINEES OF THE GRANTS WORKING GROUP THAT ARE GOING  
7 TO BRING KEY SCIENTIFIC EXPERTISE IN QUITE A VARIETY  
8 OF AREAS, INCLUDING GMP MANUFACTURING AND BANKING.  
9 THE NOMINEES ARE LISTED IN YOUR BOOKS. I WILL JUST  
10 NAME EACH OF THE CANDIDATES. VANIA BROCCOLI.

11 CHAIRMAN THOMAS: THAT'S IN TAB 12.

12 DR. SAMBRANO: ULRICH BROECKEL, DANIEL  
13 DOHERTY, MERI FIRPO, BRUCE GELB, DEREK HEI, DARRELL  
14 KOTTON, JOSEPH LANING, JACOB MCCAULEY, AARMO  
15 PALOTIE, LUDOVIC VALLIER, AND RICHARD WADE-MARTINS.

16 AND SO WE SEEK YOUR APPROVAL AND  
17 APPOINTMENT OF THESE NOMINEES AS MEMBERS OF THE  
18 GRANTS WORKING GROUP.

19 CHAIRMAN THOMAS: DO I HEAR A MOTION TO  
20 THAT EFFECT?

21 DR. HAWGOOD: SO MOVED.

22 CHAIRMAN THOMAS: SECONDED BY --

23 MR. SHEEHY: SECOND.

24 CHAIRMAN THOMAS: -- MR. SHEEHY. ANY  
25 DISCUSSION BY MEMBERS OF THE BOARD? DR. SAMBRANO,

**BARRISTERS' REPORTING SERVICE**

1 I'D JUST LIKE TO COMMENT THAT WITH EACH PASSING  
2 GRANTS WORKING GROUP MEETING, I'M TREMENDOUSLY  
3 IMPRESSED, AS ARE WE ALL, THE REALLY HIGH CALIBER OF  
4 ALL THE PEOPLE WHO ARE WILLING TO HELP US IN OUR  
5 ENDEAVOR. AND CONGRATULATE YOU AND ALL MEMBERS OF  
6 THE STAFF WORKING IN CONNECTION WITH THIS FOR  
7 CONTINUING TO FIND TOP-FLIGHT PEOPLE WORLDWIDE TO  
8 HELP ADVANCE OUR CAUSE.

9 ARE THERE ANY COMMENTS BY MEMBERS OF THE  
10 PUBLIC? HEARING NONE, I BELIEVE THIS IS ANOTHER  
11 VOICE VOTE. SO ALL THOSE IN FAVOR PLEASE SAY AYE.  
12 OPPOSED? I HEARD DR. LUBIN. SHERRY.

13 MS. LANSING: YES, AYE.

14 CHAIRMAN THOMAS: IT'S UNANIMOUS. THANK  
15 YOU VERY MUCH. ON TO ITEM NO. 13, CONSIDERATION OF  
16 THE AMENDMENTS TO THE GRANTS WORKING GROUP BYLAWS TO  
17 INCLUDE THE ROLES AND RESPONSIBILITIES OF THE  
18 PARTICIPANTS IN THE GRANTS WORKING GROUP. MR.  
19 HARRISON.

20 MR. HARRISON: GOOD MORNING. THIS IS ITEM  
21 13 IN YOUR BINDERS, AND THIS WILL BE A VERY BRIEF  
22 ITEM. AS YOU KNOW, THE GRANTS WORKING GROUP DIFFERS  
23 IN SOME SIGNIFICANT WAYS FROM NIH PEER REVIEW  
24 GROUPS, IN PART BECAUSE IT INCLUDES PATIENT  
25 ADVOCATES. AS YOU ALSO KNOW, HAVING JUST APPROVED

**BARRISTERS' REPORTING SERVICE**

1 THE ADDITION OF NEW SCIENTIFIC MEMBERS TO THE GRANTS  
2 WORKING GROUP, YOU REALIZE THAT WE HAVE ADDED  
3 NUMEROUS MEMBERS OVER THE YEARS TO ENSURE THAT WE  
4 HAVE THE EXPERTISE AND NUMBERS NECESSARY TO REVIEW  
5 THE APPLICATIONS THAT ARE SUBMITTED TO CIRM.

6 IN LIGHT OF THAT, WE THOUGHT IT WOULD BE  
7 USEFUL TO AMEND THE BYLAWS FOR THE GRANTS WORKING  
8 GROUP TO MORE CLEARLY DELINEATE THE ROLES AND  
9 RESPONSIBILITIES OF EACH OF THE PARTICIPANTS IN THE  
10 GRANTS WORKING GROUP PROCESS.

11 AS YOU WILL SEE IN YOUR MATERIALS, WE HAVE  
12 DRAFTED A PARAGRAPH DESCRIBING THE ROLE OF THE  
13 SCIENTIFIC MEMBERS, PARAGRAPH DESCRIBING THE ROLE OF  
14 THE PATIENT ADVOCATE MEMBERS, SCIENTIFIC STAFF, AND  
15 THE PRESIDENT OF CIRM. WE HAVE BROUGHT THIS  
16 PROPOSAL TO THE SCIENCE SUBCOMMITTEE, WHICH  
17 RECOMMENDED IT FOR YOUR APPROVAL BY A VOTE OF TEN TO  
18 ONE. AND WE ALSO PRESENTED IT TO THE GRANTS WORKING  
19 GROUP AT ITS MEETING IN SEPTEMBER. THE GRANTS  
20 WORKING GROUP ALSO RECOMMENDED APPROVAL OF THESE  
21 CHANGES.

22 SO UNLESS YOU HAVE QUESTIONS, WE WOULD  
23 RECOMMEND THAT THE BOARD APPROVE THE STATEMENT OF  
24 ROLES AND RESPONSIBILITIES AND DIRECT STAFF TO  
25 INCORPORATE THEM INTO THE GRANTS WORKING GROUP

## BARRISTERS' REPORTING SERVICE

1 BYLAWS. I'D BE HAPPY TO ANSWER ANY QUESTIONS.

2 MS. LANSING: I'D LIKE TO MOVE THE ITEM.

3 CHAIRMAN THOMAS: MOVED BY SHERRY.

4 MR. SHEEHY: SECOND.

5 CHAIRMAN THOMAS: SECONDED BY MR. SHEEHY.

6 ANY DISCUSSIONS BY MEMBERS OF THE BOARD?

7 DR. PRICE: I HAVE A QUESTION. IT'S

8 ABOUT -- MY QUESTION IS ABOUT THE SECTION ON THE  
9 ROLE OF SCIENTIFIC MEMBERS, AND IT'S ABOUT THE LAST  
10 SENTENCE OF THE NEXT TO LAST PARAGRAPH, WHICH BEGINS  
11 SCIENTIFIC MEMBERS ARE EXPECTED TO CONSIDER AND ENDS  
12 WITH WITH THEIR OWN INDEPENDENT SCIENTIFIC JUDGMENT.

13 SO WHAT I DON'T KNOW, BECAUSE I DON'T KNOW  
14 WHAT THE PROCEDURES THAT FOLLOW IN THE GRANTS  
15 WORKING GROUP, IS WHEN THESE CONFIDENTIAL SCORES  
16 YOU'RE REFERRING TO, WHICH ONES ARE THEY? DO THEY  
17 DO A SCORE AT THE END OF THE DISCUSSION WHICH IS  
18 CONFIDENTIAL?

19 MR. HARRISON: CORRECT. IN FACT, IT'S NOW  
20 DONE ONLINE. EACH MEMBER AFTER LISTENING TO THE  
21 PRESENTATION BY THE PRIMARY AND SECONDARY REVIEWERS  
22 AND THE DISCUSSION OF THE GROUP AT LARGE ASSIGNS A  
23 SCIENTIFIC SCORE. AND THAT SCORE IS CONFIDENTIAL.  
24 WHAT YOU RECEIVE IS THE TABULATION OF THE AVERAGE OF  
25 THOSE SCORES.

**BARRISTERS' REPORTING SERVICE**

1 DR. PRICE: THAT'S FINE. I WAS JUST  
2 CONCERNED THAT SOMEBODY MIGHT READ THIS TO SAY THAT  
3 A MEMBER OF THE GROUP CAN CHANGE AN INITIAL SCORE,  
4 WHICH IS THEIR INDEPENDENT SCIENTIFIC JUDGMENT.  
5 FOLLOW WHAT I -- I WANT TO MAKE -- I'M NOT SURE IF  
6 IT NEEDS TO BE REWORDED, BUT I ALWAYS WORRY THAT  
7 SOMEBODY WOULD COME ON AND SAY, WELL, THE PERSON  
8 CHANGED THEIR SCORE, AND THAT'S NOT THEIR  
9 INDEPENDENT SCIENTIFIC JUDGMENT.

10 MR. HARRISON: RIGHT. WE CERTAINLY DON'T  
11 MEAN TO CONVEY THAT, SO WE'LL MODIFY THE LANGUAGE TO  
12 MAKE THAT CLEAR.

13 CHAIRMAN THOMAS: ANY OTHER COMMENTS BY  
14 MEMBERS OF THE BOARD? ANY COMMENTS FROM MEMBERS OF  
15 THE PUBLIC? HEARING NONE, PROCEED AGAIN TO A VOICE  
16 VOTE. ALL THOSE IN FAVOR PLEASE SAY AYE.

17 MS. LANSING: AYE.

18 DR. LUBIN: AYE.

19 CHAIRMAN THOMAS: OPPOSED? ABSTENTIONS?  
20 WE HEARD SHERRY AND DR. LUBIN. THANK YOU VERY MUCH.

21 NOW WE WILL PROCEED TO ITEM NO. 16. WE'RE  
22 REALLY DOING OUR BEST HERE TO NOT ONCE GO  
23 SEQUENTIALLY ACCORDING TO THE NUMBERS LISTED ON THE  
24 AGENDA. ITEM 16 WILL BE PRESENTED BY MR. TOCHER,  
25 WHICH IS CONSIDERATION OF PROPOSED AMENDMENT TO

**BARRISTERS' REPORTING SERVICE**

1 REGULATION 100603 TO REQUIRE CIRM GRANTEES TO MAKE  
2 CIRM-FUNDED PUBLICATIONS AVAILABLE TO THE PUBLIC  
3 WITHIN 12 MONTHS OF PUBLICATION.

4 MR. TOCHER: THAT'S RIGHT. THANK YOU,  
5 CHAIR. AS YOU KNOW, CIRM'S IP POLICIES ADDRESS MANY  
6 DIFFERENT COMPONENTS SUCH AS REVENUE SHARING AND  
7 DISCLOSURE OF CIRM-FUNDED INVENTIONS AND  
8 TECHNOLOGIES. ANOTHER IMPORTANT COMPONENT OF OUR IP  
9 POLICY CONCERNS PUBLICATION REQUIREMENTS WHEN OUR  
10 RESEARCHERS PUBLISH ABOUT CIRM-FUNDED RESEARCH.

11 WHILE CIRM DOES NOT REQUIRE OUR GRANTEES  
12 TO PUBLISH, IT DOES HAVE SOME REQUIREMENTS WHEN THEY  
13 ELECT TO DO SO, SUCH AS TO PROVIDE ATTRIBUTION TO  
14 CIRM IN THE PUBLICATION AND TO NOTIFY CIRM ABOUT A  
15 PUBLICATION AND TO PROVIDE A SUMMARY OF THE RESEARCH  
16 FINDINGS THAT ARE PUBLISHED.

17 EARLIER THIS YEAR CIRM WAS APPROACHED BY A  
18 MEMBER OF THE LEGISLATURE TO CONSIDER ALIGNING  
19 CIRM'S PUBLICATION REQUIREMENTS WITH THAT OF THE  
20 NIH, WHICH REQUIRES THAT PUBLICATIONS FOR NIH-FUNDED  
21 RESEARCH BE MADE PUBLICLY AVAILABLE AFTER 12 MONTHS  
22 THAT THEY HAVE BEEN PUBLISHED. SO THE BOARD  
23 AUTHORIZED STAFF TO BEGIN THE AMENDMENT PROCESS  
24 EARLIER THIS YEAR TO ALIGN OUR PUBLICATION  
25 REQUIREMENTS WITH THAT OF NIH.

**BARRISTERS' REPORTING SERVICE**

1 AND SO THE AMENDMENTS MAINTAIN THE  
2 NOTIFICATION REQUIREMENT AND ATTRIBUTION AND THE  
3 SUMMARY THAT MUST BE PROVIDED TO CIRM ABOUT THE  
4 RESEARCH, BUT ALSO NOW INCLUDES LANGUAGE THAT  
5 REQUIRES RESEARCHERS TO MAKE PUBLICLY AVAILABLE  
6 THEIR PUBLICATION WITHIN 12 MONTHS OF THE DATE OF  
7 PUBLICATION. AND THEY CAN DO THAT BY SEVERAL WAYS:  
8 SUBMITTING TO PUBMED CENTRAL, OR, IF THAT'S NOT  
9 POSSIBLE, MAKING THE MANUSCRIPT OR FINAL ARTICLE  
10 AVAILABLE TO CIRM.

11 WE SENT THIS OUT FOR PUBLIC COMMENT  
12 ACCORDING TO THE PROCESS ADMINISTERED BY THE OFFICE  
13 OF ADMINISTRATIVE LAW. THAT COMMENT PERIOD CLOSED.  
14 THERE WERE NO COMMENTS. SO THIS IS THE FINAL STEP  
15 LOOKING FOR THE BOARD TO GIVE FINAL APPROVAL TO THE  
16 AMENDMENTS THAT IT INITIATED EARLIER THIS YEAR.

17 CHAIRMAN THOMAS: IS THERE MOTION TO THAT  
18 EFFECT?

19 MS. LANSING: I'LL MOVE IT.

20 DR. STEWARD: SECOND.

21 CHAIRMAN THOMAS: MOVED BY SHERRY,  
22 SECONDED BY DR. STEWARD. ANY DISCUSSION BY MEMBERS  
23 OF THE BOARD?

24 DR. POMEROY: I JUST HAVE ONE QUESTION.  
25 I'M VERY SUPPORTIVE OF THIS. BUT HOW OFTEN HAS THAT

## BARRISTERS' REPORTING SERVICE

1 NOT HAPPENED TO DATE? IN OTHER WORDS, WOULD THIS  
2 JUST SORT OF FORMALIZE SOMETHING THAT'S REALLY BEEN  
3 HAPPENING QUITE EFFECTIVELY, OR HAVE THERE BEEN  
4 EXAMPLES WHERE PUBLICATIONS WERE NOT MADE AVAILABLE  
5 WITHIN 12 MONTHS?

6 MR. TOCHER: IT HAS NEVER BEEN A  
7 REQUIREMENT OF CIRM'S PROCESS. SO UNLESS THERE WAS  
8 AN NIH COMPONENT TO THE FUNDING OF THE RESEARCH THAT  
9 WAS PUBLISHED, IT IS NOT SOMETHING THAT WE'VE  
10 REQUIRED THEM TO DO BEFORE.

11 DR. POMEROY: WERE THEY DOING IT? THAT'S  
12 WHAT I'M ASKING.

13 MR. TOCHER: NOT TO MY KNOWLEDGE.

14 MS. BAUM: I DON'T THINK WE KNOW ONE WAY  
15 OR ANOTHER.

16 MS. SAMUELSON: I HAVE A QUESTION, MR.  
17 CHAIRMAN. I HAVE AN ASSUMPTION ABOUT WHAT THE  
18 DIFFERENCE IS. CAN YOU EXPLAIN, I'M SURE, THE  
19 DIFFERENCE BETWEEN PUBLICATION AND PUBLICLY --  
20 PUBLISHED AND PUBLICLY AVAILABLE?

21 MR. TOCHER: WELL, OFTENTIMES MANUSCRIPTS  
22 ARE PUBLISHED BY PEER REVIEW JOURNALS, BUT ARE  
23 RESTRICTED IN TERMS OF THEIR ACCESS TO EITHER  
24 SUBSCRIBERS OR ANOTHER SMALLER UNIVERSE. SO THIS  
25 REQUIREMENT WILL MAKE SURE THAT IT'S BROADLY



## BARRISTERS' REPORTING SERVICE

1 AVAILABLE TO THE PUBLIC IN GENERAL REGARDLESS OF  
2 SUBSCRIPTION STATUS.

3 MS. SAMUELSON: OKAY. THAT'S WHAT, I  
4 GUESS, I MEAN, REGARDLESS OF THE COST.

5 DR. BRYANT: SO I'M SURPRISED TO LEARN  
6 THAT THERE ARE STILL JOURNALS THAT DON'T ALLOW  
7 PUBLIC ACCESS AFTER A YEAR. I'M NOT AWARE OF THAT.

8 MR. TOCHER: THAT DON'T ALLOW?

9 DR. BRYANT: I THOUGHT IT WAS PRETTY  
10 STANDARD NOW.

11 MR. TOCHER: I THINK IT'S A MOVING AND  
12 DEVELOPING CONCEPT THAT IS GROWING IN POPULARITY, I  
13 GUESS, BECAUSE LARGELY THE NIH HAS BEEN A DRIVER OF  
14 THIS POLICY FOR SEVERAL YEARS.

15 CHAIRMAN THOMAS: ANY OTHER COMMENTS BY  
16 MEMBERS OF THE BOARD? COMMENTS BY MEMBERS OF THE  
17 PUBLIC? PROCEED TO VOICE VOTE. ALL THOSE IN FAVOR  
18 OF THIS MOTION PLEASE SAY AYE.

19 MS. LANSING: AYE.

20 DR. LUBIN: AYE. OPPOSED? ABSTENTIONS?  
21 WE'RE GOOD.

22 MR. TOCHER: THANK YOU.

23 CHAIRMAN THOMAS: GOING TO MOVE ON TO  
24 ALWAYS WHAT IS A VERY IMPORTANT --

25 MR. HARRISON: JUST TO CLARIFY, MEMBERS

## BARRISTERS' REPORTING SERVICE

1 LANSING AND LUBIN VOTED YES BY PHONE.

2 MS. LANSING: YES, WE DID.

3 CHAIRMAN THOMAS: WE CAN HEAR THE  
4 MELODIOUS TONES OVER THE VOICE VOTE.

5 MS. LANSING: YOU CAN HEAR MY COUGHING;  
6 YOU CAN HEAR MY YES.

7 CHAIRMAN THOMAS: YES.

8 DR. LUBIN: SHERRY AND I HAVE PRACTICED ON  
9 THIS.

10 CHAIRMAN THOMAS: SO WE'RE GOING TO MOVE  
11 NOW TO ALWAYS ONE OF THE MOST IMPORTANT AND IN-DEPTH  
12 ITEMS ON THE AGENDA, WHICH IS THE APPROVAL OF THE  
13 LAST BOARD MINUTES. DO I HEAR MOTION TO APPROVE?

14 MS. LANSING: SO MOVED.

15 CHAIRMAN THOMAS: MOVED BY SHERRY.

16 MS. SAMUELSON: SECONDED.

17 CHAIRMAN THOMAS: SECONDED BY JOAN. ALL  
18 THOSE IN FAVOR PLEASE SAY AYE.

19 MS. LANSING: AYE.

20 DR. LUBIN: AYE.

21 CHAIRMAN THOMAS: OPPOSED? MOTION  
22 CARRIES. WE'RE GOING TO GO NOW TO ITEM 19.

23 MS. LANSING: CAN WE GO TO GOVERNANCE AS  
24 LONG AS JAMES IS THERE?

25 CHAIRMAN THOMAS: YES, WE CAN. WE CAN DO

**BARRISTERS' REPORTING SERVICE**

1 THAT. LET'S GO TO ITEM 15, THEN, AT SHERRY'S  
2 REQUEST.

3 MS. LANSING: SO I'LL SET IT UP. JAMES,  
4 CAN YOU COME TO THE PODIUM TO EXPLAIN THESE THREE  
5 ITEMS WE'VE GONE THROUGH WITH GOVERNANCE. CLAIRE  
6 AND MYSELF AND THE ENTIRE GOVERNANCE COMMITTEE, AND  
7 WE ENDORSE THESE RECOMMENDATIONS VERY STRONGLY, BUT  
8 THEY HAVE BEEN REVIEWED AND RE-REVIEWED.

9 CHAIRMAN THOMAS: THANK YOU. AND MR.  
10 HARRISON HAS NOW ARRIVED AT THE PODIUM AND READY TO  
11 ADDRESS THESE ISSUES.

12 MR. HARRISON: THANK YOU. AS SHERRY SAID,  
13 THE GOVERNANCE SUBCOMMITTEE MET THIS WEEK TO  
14 CONSIDER THREE DIFFERENT ITEMS. THE FIRST IS A  
15 PRESIDENTIAL SUCCESSION PLAN. SOME OF YOU MAY  
16 RECALL THAT SB 1064, WHICH WAS PASSED BY THE  
17 LEGISLATURE BACK IN 2010, REQUIRED CIRM TO ENGAGE IN  
18 SUCCESSION PLANNING TO ENSURE A SMOOTH TRANSITION OF  
19 AUTHORITY AND A SMOOTH TRANSFER OF KNOWLEDGE IN THE  
20 EVENT OF A LEADERSHIP CHANGE.

21 THE BOARD ENGAGED IN THAT PROCESS WITH  
22 RESPECT TO THE LEADERSHIP OF THE BOARD ITSELF, AND  
23 WE'RE NOW BRINGING FOR YOUR CONSIDERATION A PROPOSAL  
24 THAT DEALS WITH SUCCESSION AT CIRM AT THE LEVEL OF  
25 THE PRESIDENT.

**BARRISTERS' REPORTING SERVICE**

1 THE PROPOSED SUCCESSION PLAN, WHICH IS IN  
2 YOUR BINDER UNDER ITEM 15, CONTAINS FIVE DIFFERENT  
3 ELEMENTS. FOR THOSE OF YOU WHO HAVE BEEN WITH CIRM  
4 FROM THE START, YOU WILL REMEMBER THAT CIRM HAS  
5 ENGAGED IN TWO PRESIDENTIAL SEARCHES. AND IN BOTH  
6 CASES IT ESTABLISHED A PRESIDENTIAL SEARCH  
7 SUBCOMMITTEE TO CONDUCT THE SEARCH. AND ONE ELEMENT  
8 OF THE SUCCESSION PLAN WOULD BE TO RECOMMEND THAT  
9 YOU AUTHORIZE THE CHAIR TO REESTABLISH A  
10 PRESIDENTIAL SEARCH COMMITTEE AND TO APPOINT ITS  
11 MEMBERS WHEN SUCH A NEED ARISES SO THAT WE CAN MOVE  
12 QUICKLY IF NEED BE TO BEGIN THE PROCESS OF  
13 CONDUCTING A SEARCH FOR A NEW PRESIDENT.

14 THE SECOND ELEMENT PERTAINS TO AN  
15 EXECUTIVE SEARCH FIRM. IN THE CASE OF BOTH OF THE  
16 PREVIOUS SEARCHES, CIRM DID ENGAGE AN EXECUTIVE  
17 SEARCH FIRM TO ASSIST IT IN THE PROCESS. SO, AGAIN,  
18 TO EXPEDITE THAT IN THE EVENT THE NEED ARISES, WE  
19 WOULD REQUEST THAT YOU DIRECT STAFF TO PREPARE A  
20 REQUEST FOR PROPOSALS SO THAT IT CAN BE READY TO BE  
21 ISSUED WHEN THE NEED ARISES. AND ALSO AUTHORIZE THE  
22 PRESIDENTIAL SEARCH SUBCOMMITTEE TO SELECT AN  
23 EXECUTIVE SEARCH FIRM AND TO APPROVE A CONTRACT WITH  
24 THE FIRM, AGAIN, IN THE NAME OF SPEED.

25 THE NEXT ELEMENT OF THE PLAN IS TO

**BARRISTERS' REPORTING SERVICE**

1 RECONSIDER THE CRITERIA AND DESIRED QUALIFICATIONS  
2 FOR PRESIDENT. WHEN CIRM CONDUCTED ITS LAST TWO  
3 SEARCHES, THE BOARD AND THE PRESIDENTIAL SEARCH  
4 SUBCOMMITTEE DEVOTED A SUBSTANTIAL AMOUNT OF TIME TO  
5 DEFINING THE CRITERIA AND THE DESIRED QUALIFICATIONS  
6 FOR PRESIDENT. THOSE ARE IN THE ATTACHMENT TO THE  
7 PRESIDENTIAL SEARCH SUBCOMMITTEE IF YOU WOULD LIKE  
8 TO LOOK AT THEM.

9 OBVIOUSLY CIRM IS NOW A MUCH MORE MATURE  
10 ORGANIZATION THAN IT WAS THEN. PRESIDENT TROUNSON  
11 HAS BEEN WITH US FOR ALMOST FIVE YEARS NOW. AND IF  
12 AND WHEN A NEED ARISES FOR A NEW PRESIDENT, IT WOULD  
13 BE APPROPRIATE TO CONSIDER WHETHER THE CRITERIA AND  
14 DESIRED QUALIFICATIONS THAT WERE PREVIOUSLY  
15 ESTABLISHED ARE STILL THE RIGHT ONES. SO AT THE  
16 APPROPRIATE TIME, WE'D RECOMMEND THAT THE BOARD ASK  
17 THE PRESIDENTIAL SEARCH SUBCOMMITTEE TO CONSIDER  
18 THOSE AND RECOMMEND DESIRED CRITERIA AND  
19 QUALIFICATIONS TO THE BOARD.

20 THE NEXT ITEM IN THE PRESIDENTIAL  
21 SUCCESSION PLAN RELATES TO AN INTERIM PRESIDENT.  
22 AGAIN, AS WITH THE PREVIOUS ITEMS, BECAUSE THE NEED  
23 IS NOT YET APPARENT AND BECAUSE THE PARTICULAR  
24 QUALIFICATIONS AND PROCESS FOR SELECTION OF AN  
25 INTERIM PRESIDENT WILL DEPEND UPON MANY FACTORS THAT

**BARRISTERS' REPORTING SERVICE**

1 WE DON'T YET KNOW, INCLUDING THE LENGTH OF  
2 TRANSITION AND THINGS OF THAT NATURE, WE SUGGEST  
3 THAT YOU CONSIDER BOTH THE CRITERIA FOR AN INTERIM  
4 PRESIDENT AS WELL AS THE APPROPRIATE PROCESS AT THE  
5 TIME THE NEED RISES. THE BOARD HAS BEEN SERVED BY  
6 FOUR INTERIM PRESIDENTS, SO IT HAS DIFFERENT MODELS  
7 IT CAN CONSIDER WHEN NECESSARY.

8 AND THEN THE FINAL ASPECT OF THE  
9 SUCCESSION PLAN IS TO CONSIDER WAYS IN WHICH CIRM  
10 CAN ENSURE A SMOOTH TRANSFER OF KNOWLEDGE TO NEW  
11 LEADERSHIP. AGAIN, WE NOW HAVE THE BENEFIT OF BEING  
12 A MORE ESTABLISHED ORGANIZATION WITH MANY STAFF  
13 MEMBERS WHO HAVE BEEN WITH CIRM ALMOST FROM THE  
14 START AND WITH MANY OF YOU WHO HAVE SERVED FROM THE  
15 START. SO THERE'S A SUBSTANTIAL BODY OF  
16 INSTITUTIONAL KNOWLEDGE THAT NOW EXISTS.

17 OBVIOUSLY THERE ARE WAYS IN WHICH TO  
18 ENSURE THAT IN THE TRANSITION A NEW PRESIDENT HAS  
19 THE BENEFIT OF THAT INSTITUTIONAL KNOWLEDGE,  
20 INCLUDING THE POSSIBILITY, AGAIN, DEPENDING UPON THE  
21 CIRCUMSTANCES, OF A TRANSITION PERIOD WHERE THE  
22 OUTGOING PRESIDENT AND THE INCOMING PRESIDENT  
23 OVERLAP AS OCCURRED WITH DR. MURPHY AND DR.  
24 TROUNSON. THE GOVERNANCE SUBCOMMITTEE CONSIDERED  
25 THIS ITEM AND TOOK A VOTE AND RECOMMENDED YOUR

## BARRISTERS' REPORTING SERVICE

1 APPROVAL.

2 SO, SHERRY, I CAN STOP THERE, OR WE CAN  
3 MOVE ON TO THE NEXT ITEM AT YOUR DISCRETION.

4 MS. LANSING: I THINK THAT'S A VERY FULL  
5 EXPLANATION. I GUESS I WOULD JUST ASK IF THERE ARE  
6 ANY QUESTIONS FROM MEMBERS OF THE COMMITTEE --  
7 BOARD, I SHOULD SAY. IF THERE ARE ANY QUESTIONS  
8 FROM MEMBERS OF THE PUBLIC, I GUESS. GREAT. AS  
9 ALWAYS, JAMES, YOU GAVE A FULL EXPLANATION. SO  
10 LET'S GO ON TO THE NEXT ONE.

11 MR. HARRISON: GREAT. THE NEXT ITEM THAT  
12 THE GOVERNANCE SUBCOMMITTEE CONSIDERED WAS A  
13 PROPOSED POLICY TO GOVERN THE MANNER OF  
14 DISQUALIFICATION. UNDER STATE LAW, NONE OF YOU ARE  
15 REQUIRED TO LEAVE THE ROOM WHEN YOU HAVE A FINANCIAL  
16 INTEREST IN AN APPLICATION THAT'S UNDER  
17 CONSIDERATION. BUT CHAIR LANSING REQUESTED THAT WE  
18 CONSIDER WHETHER A POLICY WAS APPROPRIATE UNDER VERY  
19 SPECIFIC CIRCUMSTANCES.

20 AS YOU KNOW, FOR THE MOST PART,  
21 APPLICATIONS ARE PRESENTED TO YOU ON A BLIND BASIS,  
22 SO THE NAME OF THE INSTITUTION AND THE NAME OF THE  
23 PRINCIPAL INVESTIGATOR ARE NOT PRESENTED TO YOU AS  
24 PART OF THE PACKAGE FOR YOUR CONSIDERATION. ON  
25 OCCASION, HOWEVER, AS WE ALL WELL KNOW, APPLICANTS

**BARRISTERS' REPORTING SERVICE**

1 SUBMIT EXTRAORDINARY PETITIONS AND SELF-IDENTIFY  
2 THEMSELVES OR THEY APPEAR AT BOARD MEETINGS AND  
3 OFFER PUBLIC COMMENTS.

4 AND THIS PROPOSED POLICY WOULD ADDRESS  
5 THOSE SPECIFIC CIRCUMSTANCES AND WOULD REQUIRE A  
6 MEMBER TO LEAVE THE ROOM WHEN THE MEMBER HAS A  
7 FINANCIAL INTEREST IN AN APPLICATION THAT'S UNDER  
8 DISCUSSION BY THE BOARD. SO SIMPLE FILING OF AN  
9 EXTRAORDINARY PETITION WOULD NOT REQUIRE YOU TO  
10 LEAVE THE ROOM.

11 AND THE APPLICANT HAS SELF-IDENTIFIED BY  
12 FILING AN EXTRAORDINARY PETITION OR BY MAKING PUBLIC  
13 COMMENT. SO IF A MEMBER, FOR EXAMPLE, ASKED FOR A  
14 BOARD DISCUSSION REGARDING A PARTICULAR APPLICATION  
15 AND THE APPLICANT HAS SELF-IDENTIFIED IN ONE OF  
16 THOSE TWO WAYS, AT THAT POINT IN TIME, WE WOULD ASK  
17 YOU TO LEAVE THE ROOM AND REJOIN THE BOARD AFTER IT  
18 HAS CONCLUDED ITS DISCUSSION AND ANY ACTION ON THAT  
19 APPLICATION.

20 SO IT'S A FAIRLY NARROW POLICY, BUT IT  
21 WOULD BE A DEPARTURE FROM OUR CURRENT PRACTICE. SO  
22 WE PRESENTED IT TO THE GOVERNANCE SUBCOMMITTEE FOR  
23 ITS CONSIDERATION, AND THE GOVERNANCE SUBCOMMITTEE  
24 UNANIMOUSLY RECOMMENDED YOUR APPROVAL OF THAT  
25 POLICY. AGAIN, I'LL PAUSE FOR QUESTIONS, SHERRY.



**BARRISTERS' REPORTING SERVICE**

1 MS. LANSING: AGAIN, ARE THERE ANY  
2 QUESTIONS? WE JUST REALLY FEEL THAT THIS IS REALLY  
3 VERY, VERY IMPORTANT FOR PERCEPTION AND SO THAT  
4 NOBODY CAN BE ACCUSED OF ANY CONFLICTS.

5 DR. LUBIN: SO I KNOW WE'VE DISCUSSED THIS  
6 BEFORE, AND MAYBE YOU'VE DONE IT OFF LINE RATHER  
7 THAN OPENLY. I GUESS MY QUESTION WAS IF A GRANT  
8 THAT YOU'RE IN CONFLICT THEN BECAUSE YOU'RE AT THE  
9 INSTITUTION WHERE THE GRANT IS SUBMITTED, ARE YOU  
10 REQUESTED TO LEAVE THE ROOM DURING THE DISCUSSIONS  
11 OF THAT APPLICATION?

12 MS. LANSING: THIS IS NARROWER THAN THAT.  
13 JAMES, YOU WANT TO EXPLAIN IT? THIS IS FINANCIAL  
14 INTEREST ONLY.

15 DR. LUBIN: I SAW THAT.

16 MR. HARRISON: THAT'S CORRECT. IT'S BOTH  
17 LIMITED TO A FINANCIAL INTEREST, BUT ALSO, DR.  
18 LUBIN, ONLY IN SITUATIONS WHERE THE APPLICANT HAS  
19 SELF-IDENTIFIED TO THE BOARD BY COMING FORWARD WITH  
20 AN EXTRAORDINARY PETITION OR MAKING COMMENTS DURING  
21 PUBLIC SESSION BECAUSE, OTHERWISE, THE MEMBERS OF  
22 THE BOARD, OTHER THAN YOU, IF YOU'RE AT THE  
23 INSTITUTION THAT HAS SUBMITTED THE APPLICATION,  
24 DON'T KNOW WHAT INSTITUTION THE APPLICATION COMES  
25 FROM BECAUSE IT'S PRESENTED TO THE BOARD ON A BLIND

**BARRISTERS' REPORTING SERVICE**

1 BASIS.

2 SO IN OUR VIEW, IT WOULD NOT MAKE SENSE TO  
3 REQUIRE BOARD MEMBERS TO LEAVE THE ROOM WHEN THEY  
4 DON'T KNOW THE IDENTITY -- OTHER MEMBERS DON'T KNOW  
5 THE IDENTITY OF THE INSTITUTION. IN FACT, IT WOULD  
6 TEND TO UNDERCUT THE POLICY BECAUSE IF DR. PRICE,  
7 FOR EXAMPLE, GOT UP AND LEFT WHEN WE WERE TALKING  
8 ABOUT APPLICATION XYZ, THEN MEMBERS MIGHT REALIZE  
9 IT'S AN APPLICATION SUBMITTED BY UC BERKELEY.

10 MS. LANSING: THIS IS A VERY IMPORTANT  
11 DISTINCTION. I WANT TO MAKE THIS VERY CLEAR SINCE  
12 I'M THE ONE THAT'S BEEN MOST CONCERNED ABOUT THIS.  
13 IF YOU LEFT, THEN IT WOULD BE IDENTIFYING YOU. SO  
14 THIS IS A VERY NARROW POLICY ONLY WHEN SOMEONE COMES  
15 FORWARD AND SELF-IDENTIFIES THE INSTITUTION, THEN  
16 EVERYONE KNOWS. SO THEN I THINK IT BEHOOVES YOU TO  
17 LEAVE.

18 DR. LUBIN: FROM OUR PERSPECTIVE,  
19 EVERYBODY KNOWS WHEN THEY'RE IN CONFLICT BECAUSE  
20 THEY SIGN A FORM OF WHICH APPLICATIONS --

21 MS. LANSING: BUT ONLY YOU KNOW THAT.

22 DR. LUBIN: I UNDERSTAND THAT.

23 MS. LANSING: SO IF YOU LEFT, THEN YOU  
24 WOULD BE TELLING THE OTHER BOARD MEMBERS WHICH  
25 INSTITUTION IT WAS. ONLY YOU KNOW THAT AND YOUR

## BARRISTERS' REPORTING SERVICE

1 SILENCE DURING THAT PARTICULAR PERIOD DOESN'T MEAN  
2 YOU'RE IN CONFLICT TO THE OTHER BOARD MEMBERS.

3 DR. LUBIN: IS IT A PROBLEM THAT OTHERS  
4 KNOW THAT IT CAME FROM YOUR INSTITUTION?

5 MR. HARRISON: I'LL ADDRESS THAT. FROM A  
6 LEGAL STANDPOINT, DR. LUBIN, IT'S NOT A PROBLEM; BUT  
7 AS PART OF OUR POLICY AND BEST PRACTICES, STAFF  
8 PRESENTS APPLICATIONS TO YOU ON A BLIND BASIS. AND  
9 THAT'S BOTH TO ASSIST US WITH BOTH THE APPEARANCE OR  
10 PERCEPTION OF A CONFLICT OF INTEREST AND TO ENSURE  
11 THAT DECISIONS ARE MADE ON THE MERITS OF THE  
12 SCIENTIFIC APPLICATION RATHER THAN ON THE IDENTITY  
13 OF THE INSTITUTION OR THE PRINCIPAL INVESTIGATOR.

14 DR. LUBIN: I UNDERSTAND THAT.

15 DR. PRICE: IT MAY NOT BE A LEGAL PROBLEM,  
16 BUT FROM A POLITICAL SCIENCE POINT OF VIEW, OUR  
17 POLICY PREVENTS WHAT IS CALLED LOGROLLING. SO THAT  
18 IF I KNOW AND YOU KNOW EVERYTHING THAT'S ON THERE,  
19 YOU AND I, BERT, CAN AGREE THAT I'LL VOTE FOR A  
20 CHORI PROPOSAL AND YOU'LL VOTE FOR A BERKELEY  
21 PROPOSAL. IF WE DON'T KNOW ANYTHING ABOUT THE  
22 IDENTITY OF THE PROPOSALS, WE CAN'T ENGAGE IN THAT  
23 KIND OF PRACTICE, WHICH IS USED ALL THE TIME IN  
24 LEGISLATURES AT THE STATE AND NATIONAL LEVEL.

25 DR. LUBIN: THAT MAKES SENSE TO ME. I

**BARRISTERS' REPORTING SERVICE**

1 UNDERSTAND THAT. I'M FINE WITH THIS DISCUSSION. I  
2 JUST WANTED TO BE SURE WE DISCUSSED IT A LITTLE BIT.  
3 IT'S FINE. I DON'T THINK WE HAVE TO CARRY IT OUT  
4 FURTHER FROM MY PERSPECTIVE.

5 MS. LANSING: GREAT. ARE THERE ANY OTHER  
6 QUESTIONS FROM ANYONE ON THE BOARD OR THE PUBLIC?  
7 GOOD. I'M VERY PLEASED WITH THIS ONE. JAMES, YOU  
8 WANT TO GO TO THE NEXT?

9 MR. HARRISON: SO THE FINAL ITEM THE  
10 GOVERNANCE SUBCOMMITTEE CONSIDERED WAS AN ITEM  
11 PROPOSING AMENDMENTS TO THE INTERNAL GOVERNANCE  
12 POLICY. YOU ALL WILL RECALL THAT IN JUNE OF 2011  
13 YOU APPROVED A REORGANIZATION OF FUNCTIONS RELATING  
14 TO FINANCE AND COMMUNICATIONS, AND YOU DIRECTED US  
15 TO INCORPORATE THOSE CHANGES INTO THE INTERNAL  
16 GOVERNANCE POLICY.

17 SO WHAT WE'VE BROUGHT BACK TO YOU TODAY IS  
18 A DRAFT THAT ACCOMPLISHES THREE THINGS. ONE, IT  
19 CONFORMS THE POLICY TO THE BOARD'S DECISION  
20 REGARDING THE ALLOCATION OF DUTIES AS BETWEEN THE  
21 CHAIR AND THE PRESIDENT IN THE AREAS OF FINANCE AND  
22 COMMUNICATIONS.

23 SECOND, IT INCORPORATES DELEGATION OF  
24 AUTHORITY TO THE CHAIR FOR EMPLOYMENT DECISIONS  
25 RELATING TO STAFF IN THE OFFICE OF THE CHAIR, AGAIN,

## BARRISTERS' REPORTING SERVICE

1 AS PREVIOUSLY APPROVED BY THE BOARD.

2 AND FINALLY, WE'VE ATTEMPTED TO STREAMLINE  
3 THE POLICY BY ELIMINATING A COUPLE OF ITEMS, IN  
4 PARTICULAR A DESCRIPTION OF THE INTERNAL OFFICES AT  
5 CIRM ESTABLISHED BY THE PRESIDENT IN RECOGNITION OF  
6 THE FACT THAT FROM TIME TO TIME THINGS CHANGE AND  
7 THE PRESIDENT MAY DECIDE THAT DIFFERENT OFFICES ARE  
8 MORE APPROPRIATE THAN THE ONES SET FORTH IN THE  
9 PREVIOUS VERSION OF THE INTERNAL GOVERNANCE POLICY,  
10 AND ALSO ELIMINATING A REFERENCE TO AN INTERNAL  
11 EXECUTIVE COMMITTEE MEETING.

12 WE PRESENTED THIS TO THE GOVERNANCE  
13 SUBCOMMITTEE, AND, AGAIN, IT UNANIMOUSLY RECOMMENDED  
14 YOUR APPROVAL OF THESE PROPOSED AMENDMENTS. SHERRY,  
15 I'D BE HAPPY TO ANSWER ANY QUESTIONS.

16 MS. LANSING: ARE THERE ANY QUESTIONS FROM  
17 MEMBERS OF THE BOARD? FROM THE PUBLIC? ONCE AGAIN,  
18 JAMES, THANK YOU FOR YOUR WONDERFUL EXPLANATIONS.  
19 THANK YOU TO THE MEMBERS OF THE SUBCOMMITTEE FOR ALL  
20 THEIR HARD WORK. DO WE NEED A VOTE ON ALL OF THIS?

21 CHAIRMAN THOMAS: YES, WE DO.

22 MS. LANSING: SO CAN I ASK FOR APPROVAL OF  
23 ALL THREE ITEMS THEN?

24 DR. POMEROY: MOVE APPROVAL.

25 MS. LANSING: CAN I HAVE A SECOND? THAT

**BARRISTERS' REPORTING SERVICE**

1 WAS CLAIRE, I THINK.

2 MR. SHEEHY: SECOND.

3 CHAIRMAN THOMAS: SECONDED BY MR. SHEEHY.

4 MS. LANSING: SO ALL IN FAVOR.

5 DR. LUBIN: YES.

6 CHAIRMAN THOMAS: LET'S HEAR SOME AYES OUT  
7 THERE.

8 MS. LANSING: ARE THERE ANY OPPOSED?  
9 THANK YOU VERY MUCH. AND, AGAIN, THANK YOU TO  
10 EVERYONE INVOLVED. THANKS FOR THE APPROVAL.

11 CHAIRMAN THOMAS: SHERRY, I'D LIKE TO  
12 THANK YOU AGAIN FOR YOUR GREAT GUIDANCE AS CHAIR OF  
13 THE GOVERNANCE SUBCOMMITTEE IN NAVIGATING THROUGH  
14 THESE TOPICS. AND VERY HAPPY TO HAVE PASSED THESE,  
15 AND THEY'RE ALL VERY IMPORTANT.

16 MS. LANSING: THANK YOU. IT'S A PLEASURE.  
17 THANK YOU.

18 CHAIRMAN THOMAS: SO WE'VE NOW REACHED THE  
19 LUNCH HOUR. WE ARE GOING TO GO ACROSS TO THE LUNCH,  
20 WHICH IS GOING TO ALSO INVOLVE A CLOSED SESSION,  
21 WHICH MR. HARRISON WILL GIVE US THE SERIAL NUMBER  
22 FOR.

23 MR. HARRISON: THE BOARD WILL BE CONVENING  
24 IN CLOSED SESSION TO DISCUSS PERSONNEL PURSUANT TO  
25 GOVERNMENT CODE SECTION 11126 AND HEALTH AND SAFETY

**BARRISTERS' REPORTING SERVICE**

1 CODE SECTION 125290.30(F)(3)(D).

2 CHAIRMAN THOMAS: THANK YOU VERY MUCH.

3 MS. LANSING: JAMES, ARE WE ALLOWED TO  
4 PARTICIPATE IN THAT BY PHONE?

5 MR. HARRISON: YES, YOU ARE.

6 MS. LANSING: WHEN DO YOU THINK EVERYONE  
7 WILL BE READY?

8 MR. HARRISON: PROBABLY ABOUT FIVE  
9 MINUTES.

10 DR. LUBIN: IS THERE ANOTHER DIAL-IN  
11 NUMBER THAN THE ONE WE'RE ON NOW? DO WE HAVE TO  
12 HANG UP OR STAY ON?

13 MS. BONNEVILLE: I SENT YOU AND TANYA THE  
14 NEW NUMBER.

15 CHAIRMAN THOMAS: MEMBERS OF THE PUBLIC,  
16 WE'RE GOING TO LOOK TO RECONVENE AT APPROXIMATELY 1  
17 O'CLOCK. THANK YOU.

18 (A LUNCH RECESS WAS TAKEN AT WHICH  
19 TIME THERE WAS ALSO A CLOSED SESSION, NOT REPORTED  
20 NOR HEREIN TRANSCRIBED.)

21 CHAIRMAN THOMAS: MEMBERS OF THE BOARD,  
22 PLEASE TAKE YOUR SEATS. WE CAN RESUME. SHERRY AND  
23 BERT, ARE YOU BACK ON? WE'RE GOING TO PROCEED HERE.  
24 OKAY. WE'RE NOW RESUMING AFTER CLOSED SESSION.  
25 PROCEED FIRST WITH ITEM NO. 8, CONSIDERATION OF THE

**BARRISTERS' REPORTING SERVICE**

1 DISEASE TEAM III CONCEPT PLAN. DR. FEIGAL. DR.  
2 BETTINA "GIANTS FAN" STEFFEN IS GOING TO BE  
3 PRESENTING.

4 DR. STEFFEN: I'M GOING TO TAKE IT FOR  
5 EVERYTHING IT'S WORTH RIGHT NOW.

6 MR. HARRISON: FOR THE RECORD, BEFORE  
7 BETTINA BEGINS, THERE'S NO ACTION TO REPORT FROM  
8 CLOSED SESSION.

9 CHAIRMAN THOMAS: THANK YOU, MR. HARRISON.  
10 MS. GIANTS FAN.

11 DR. STEFFEN: GOOD AFTERNOON. AND TODAY  
12 I'M GOING TO PRESENT THE CONCEPT PLAN FOR THE  
13 DISEASE TEAM THERAPY DEVELOPMENT AWARDS ROUND III  
14 FOR YOUR CONSIDERATION. AND FOR NEW MEMBERS AND TO  
15 REMIND YOU ABOUT THE DISEASE TEAM PROGRAM, THIS IS  
16 OUR THIRD ITERATION. AND THE TWO PRIOR ROUNDS THAT  
17 DR. FEIGAL MENTIONED THIS MORNING WERE AWARDED IN  
18 OCTOBER OF 2009 AND MOST RECENTLY IN SEPTEMBER 2012.

19 AND WITH ADVANCING SCIENCE IN THE FIELD,  
20 WE ARE TAKING THIS PROGRAM AND ADVANCING IT TOWARDS  
21 LATER STAGES OF DEVELOPMENT TO ATTRACT MORE MATURE  
22 PROJECTS. FOR EXAMPLE, IN THE DISEASE TEAM I,  
23 FILING AN IND, AN INVESTIGATIONAL NEW DRUG  
24 APPLICATION, WITH THE FDA WAS THE GOAL FOR THOSE  
25 TEAMS. AND IN THE DISEASE TEAM II ROUND, WE HAD THE



## BARRISTERS' REPORTING SERVICE

1 IND GOAL, BUT WE ALSO HAVE ASKED TEAMS TO CONSIDER  
2 COMPLETION OF AN EARLY CLINICAL TRIAL. AND WE GOT A  
3 MIX IN THE TYPES OF PROJECTS GOING FOR THOSE GOALS.  
4 SO YOU WILL HEAR THAT WE'RE ADVANCING THAT A LITTLE  
5 BIT FURTHER IN THIS ROUND.

6 WE CONTINUE OUR ACTIVE MANAGEMENT OF THESE  
7 TRANSLATIONAL PROJECTS. SCIENCE OFFICERS ARE IN  
8 TOUCH WITH THEIR TEAMS AT A MINIMUM QUARTERLY AND  
9 SOMETIMES MORE FREQUENTLY. AND IN ADDITION, WE ARE  
10 COMPLETING OUR ANNUAL REVIEW OF THE TEAMS WITH THE  
11 ASSISTANCE OF OUR CLINICAL DEVELOPMENT ADVISORY  
12 PANEL, AND WE'LL BE REPORTING TO THE BOARD AND  
13 MEMBERS OF THE PUBLIC IN THE FIRST QUARTER OF 2013  
14 AN UPDATE ON THOSE PROJECTS.

15 YOU'VE SEEN THIS DIAGRAM BEFORE, AND WE'RE  
16 FOCUSED ON THE RED BAR, WHICH IS THE DISEASE TEAM  
17 THERAPY DEVELOPMENT AWARD. THE THIRD ROUND, YOU CAN  
18 SEE IT HAS ADVANCED FROM THE TWO BARS ABOVE IT FROM  
19 PRECLINICAL RESEARCH. WE'RE NOW PICKING UP PROJECTS  
20 THAT ARE IN PRECLINICAL DEVELOPMENT AND GOING OUT AS  
21 FAR AS EARLY CLINICAL TRIALS.

22 THIS MAY LOOK FAMILIAR TO YOU, LIKE THE  
23 STRATEGIC PARTNER INITIATIVE, BUT THERE'S A REASON  
24 FOR THIS. AND WE'RE VERY INTERESTED IN ADDRESSING  
25 THAT CRITICAL FIVE-YEAR STRATEGIC GOAL TO ADVANCE

## BARRISTERS' REPORTING SERVICE

1 STEM CELL SCIENCE TO CLINICAL TRIALS AND ACHIEVE  
2 THERAPEUTIC BENEFIT TO PATIENTS. SO LIKE THE  
3 STRATEGIC PARTNERSHIP FUND, THE GOAL HERE FOR THIS  
4 ROUND OF DISEASE TEAMS IS TO COMPLETE AN EARLY STAGE  
5 CLINICAL TRIAL, WHICH WE CONSIDER PHASE I, PHASE  
6 I/II, OR PHASE II TRIALS WITHIN THAT FOUR-YEAR  
7 FRAMEWORK. AND WE MAY HAVE SOME PROJECTS THAT  
8 INCLUDE SOME IND-ENABLING WORK.

9 THE ELIGIBILITY OF THE PROJECTS, SO THESE  
10 PROJECTS ARE EXPECTED TO BE AT A CERTAIN STAGE OF  
11 MATURITY IN THIS ROUND. AND WE'LL DEFINE THAT FOR  
12 BOTH PRECLINICAL STAGE PROJECTS AND FOR CLINICAL  
13 STAGE. FOR THE PRECLINICAL PROJECTS, LIKE LAST  
14 DISEASE TEAM ROUNDS, WE EXPECT THAT A SINGLE  
15 THERAPEUTIC DEVELOPMENT CANDIDATE IS ALREADY  
16 SELECTED. WE FIND THAT THOSE THAT ARE COMPARING  
17 THERAPIES OR POTENTIAL THERAPIES IS A BETTER AWARD  
18 TYPE TO DO IN THE EARLY TRANSLATION SETTING. WE  
19 EXPECT THAT THESE TEAMS WOULD HAVE STRONG  
20 PRECLINICAL PROOF OF CONCEPT IN THE TARGET DISEASE  
21 OR INJURY. AND THEN THE THIRD ONE IS WE'RE LOOKING  
22 FOR PROJECTS THAT ARE REALLY CONSIDERED CLINICAL  
23 TRIAL READY. SO THAT THEY'VE ALREADY ACCUMULATED  
24 THEIR EVIDENCE AND THEY'VE SAT WITH THE FDA FOR OUR  
25 OBJECTIVE MEASURE, WHICH IS TO HAVE CONDUCTED THEIR

## BARRISTERS' REPORTING SERVICE

1 PRE-IND MEETING WITH THE FDA.

2 FOR CLINICAL STAGE PROJECTS, WE WOULD  
3 EXPECT THAT TEAMS WOULD HAVE ALREADY FILED THEIR  
4 IND.

5 AGAIN, TO REMIND YOU WHY THIS PROGRAM, AND  
6 THE STRATEGIC PARTNERSHIP ALSO, AND WHY CIRM IS  
7 DIFFERENT FROM OTHER FUNDING AGENCIES IS WE'RE ONE  
8 OF THE FEW ORGANIZATIONS THAT WILL FUND ALL THE  
9 ACTIVITIES THAT ARE NECESSARY TO FILE AN IND OR RUN  
10 A CLINICAL STUDY, WHICH INCLUDES THINGS LIKE  
11 PRODUCTION OF THE ACTIVE MATERIAL FOR THAT STUDY.

12 SO THE IN-SCOPE ACTIVITIES ON THE  
13 LEFT-HAND SIDE OF THE SLIDE, WE SUPPORT THE  
14 ACTIVITIES TO ACTUALLY CONDUCT THE CLINICAL TRIALS,  
15 A MINIMAL AMOUNT OF IND-ENABLING PRECLINICAL  
16 ACTIVITIES AND SUPPORTING ACTIVITIES, WHICH MIGHT BE  
17 MANUFACTURING OF THE ACTUAL PRODUCT, IT MIGHT BE  
18 PROCESS DEVELOPMENT WORK TO TAKE SOME OF THESE MORE  
19 COMPLICATED THERAPIES AND PROCESSES TO LARGER SCALE  
20 TO SUPPORT LARGER TRIALS.

21 THOSE THINGS THAT ARE OUT OF SCOPE ARE  
22 RESEARCH LEADING TO CANDIDATE SELECTION -- THAT'S  
23 WELL COVERED IN OUR EARLY TRANSLATIONAL AWARD -- AND  
24 PHASE III TRIALS.

25 THERAPEUTIC CANDIDATES WILL BE EITHER

**BARRISTERS' REPORTING SERVICE**

1 EXPECTED TO BE DERIVED FROM OR COMPRISED OF  
2 PLURIPOTENT DERIVED CELLS, ALLOGENEIC TISSUE-DERIVED  
3 STEM CELLS, OR PROGENITOR CELLS FOR REPAIR OR  
4 REGENERATION, ENGINEERED FUNCTIONAL TISSUES FOR  
5 IMPLANTATION, SMALL MOLECULES OR BIOLOGICS TARGETING  
6 ENDOGENOUS STEM CELLS FOR REGENERATION AND REPAIR,  
7 AND GENETICALLY OR PHARMACOLOGICALLY MODIFIED HSC'S.  
8 SO WE THINK THESE PRODUCT TYPES ARE WELL SUPPORTED  
9 TO MEET CIRM'S MISSION.

10 THOSE THAT ARE ELIGIBLE FOR THE DISEASE  
11 TEAM III ARE ALL ACADEMIC NOT-FOR-PROFIT AND  
12 FOR-PROFIT RESEARCH INSTITUTIONS. SO ALL COMERS TO  
13 THIS TYPE OF AWARD. AND OUR PROPOSED AWARD FOR THIS  
14 ROUND, WE WOULD SUGGEST UP TO FIVE AWARDS WITH  
15 JUSTIFIABLE PROJECT COSTS BETWEEN FIVE AND \$20  
16 MILLION PER AWARD, WHICH BRINGS THE TOTAL FOR THIS  
17 ROUND OF DISEASE TEAM THERAPY DEVELOPMENT AWARDS TO  
18 \$100 MILLION.

19 WE ARE LOOKING FOR CO-FUNDING AT THE  
20 CLINICAL STAGE FOR PROJECTS THAT ARE SMALL MOLECULE  
21 AND BIOLOGIC APPROACHES. AND THE REASON TO DO THIS  
22 IS WE CONTINUE TO WANT TO TRY TO ATTRACT INDUSTRY  
23 AND BIOTECHNOLOGY TO THOSE PRODUCTS THAT ARE REALLY  
24 IN THEIR SWEET SPOT. SO WE WOULD LIKE TO SEE THE  
25 COMMITMENT ABOUT TAKING THESE PROJECTS FORWARD.

**BARRISTERS' REPORTING SERVICE**

1 WITH RESPECT TO THE AWARD INSTRUMENT,  
2 GRANTS ARE AVAILABLE TO EVERYONE, AND FOR-PROFIT  
3 ENTITIES MAY CHOOSE EITHER A LOAN OR A GRANT.

4 OUR PROVISIONAL TIMETABLE, AND WE WENT  
5 OVER SEVERAL POSSIBLE STRATEGIES IN THE APPLICATION  
6 PROCESS IN OUR SCIENCE SUBCOMMITTEE, AND WE AGREED  
7 THAT WE WOULD DO THIS ROUND WITH A LETTER OF INTENT  
8 AND FIRM ELIGIBILITY CRITERIA IN ORDER TO POST THE  
9 RFA IN JANUARY OF 2013 WITH FUNDING ONE CALENDAR  
10 YEAR LATER IN JANUARY OF 2014. AND THE REASON THAT  
11 THIS IS VERY IMPORTANT THIS ROUND IS THAT OUR  
12 DISEASE TEAM I APPLICANTS, MOST OF THEM COME UP ON  
13 THE END OF THEIR FOUR-YEAR PERIOD BETWEEN FEBRUARY  
14 AND JUNE OF 2014. SO WE'D LIKE TO BE POISED AND  
15 READY TO SUPPORT THOSE TEAMS THAT GO THROUGH A  
16 GRANTS WORKING GROUP AND PROPOSE PROJECTS OF MERIT,  
17 SO THAT TIMING IS CRITICAL FOR US.

18 THAT CONCLUDES THE CONCEPT PROPOSAL FOR  
19 THE DISEASE TEAM III, AND I'D BE HAPPY TO ENTERTAIN  
20 QUESTIONS.

21 CHAIRMAN THOMAS: MR. JUELSGAARD.

22 DR. JUELSGAARD: SO IN LOOKING AT THIS  
23 PROPOSAL VERSUS THE ONE THAT WAS EARLIER THIS  
24 MORNING FOR STRATEGIC PARTNERSHIP II, JUST LOOKING  
25 AT THE ELIGIBILITY CRITERIA. SO THEY READ SIMILARLY

## BARRISTERS' REPORTING SERVICE

1 EXCEPT THAT IN THIS PROPOSAL WE INCLUDE THE WORD  
2 "ACADEMIC" FOR ELIGIBILITY CRITERIA WHICH WASN'T IN  
3 THE STRATEGIC PARTNERSHIP II PROPOSAL, BUT THERE'S  
4 ALSO THE ADDITION OF THE WORD "RESEARCH  
5 INSTITUTIONS." AND SO JUST FOR MY EDIFICATION, CAN  
6 YOU GIVE ME THE DISTINCTION JUST SO WE'RE CLEAR  
7 ABOUT A FOR-PROFIT INSTITUTION FOR THE STRATEGIC  
8 PARTNERSHIP FUND VERSUS A FOR-PROFIT RESEARCH  
9 INSTITUTION FOR THIS FUND? HOW DO YOU DIFFERENTIATE  
10 THE TWO?

11 DR. STEFFEN: I'LL TAKE HELP ON THAT. I  
12 KNOW WHAT I HAVE IN MIND. I DON'T WANT TO SAY  
13 INSTITUTIONS.

14 DR. FEIGAL: THESE ARE THE SAME  
15 ELIGIBILITY -- FOR-PROFIT, IF IT'S FOR PROFIT, IT'S  
16 FOR PROFIT. IF IT'S A NOT-FOR-PROFIT, IT CAN BE AN  
17 ACADEMIC OR IT CAN BE A NOT-FOR-PROFIT RESEARCH  
18 INSTITUTION. DOES THAT ANSWER YOUR QUESTION?

19 DR. JUELSGAARD: YES, BUT THEN IT LEADS TO  
20 ANOTHER QUESTION. IN THE STRATEGIC PARTNERSHIP  
21 FUND, WE LIMITED IT TO 10 MILLION. THIS HAS A CAP  
22 OF 20 MILLION. WE SAID THE FOR-PROFIT ENTITIES HAD  
23 TO PROVE COMMERCIAL VIABILITY; THAT IS, THEY HAD TO  
24 BE ABLE TO CO-FUND AS DETERMINED AHEAD OF TIME,  
25 ETC., WHICH AREN'T INCLUDED IN HERE.

## BARRISTERS' REPORTING SERVICE

1 SO THERE'S SOME DIFFERENCES BETWEEN THE  
2 TWO. AND IF I WERE A FOR-PROFIT INSTITUTION, THIS  
3 SEEMS TO BE THE DIRECTION I WOULD LIKE TO GO. I CAN  
4 GET MORE MONEY AND I DON'T HAVE TO WORRY ABOUT  
5 PROVING MY FINANCIAL VIABILITY BECAUSE WE'RE NOT  
6 REQUIRING THAT.

7 DR. FEIGAL: SO ARE YOU ASKING THE  
8 QUESTION WHY DON'T WE JUST HAVE ONE INITIATIVE, OR  
9 ARE YOU ASKING WHAT'S DIFFERENT?

10 DR. JUELSGAARD: I'M ASKING WHETHER THERE  
11 ARE TWO DIFFERENT PATHWAYS. SO AN INSTITUTION COULD  
12 CHOOSE BETWEEN THE TWO BECAUSE THEN, AS I POINTED  
13 OUT, I MAY BE WRONG, BUT IT SEEMS TO ME THIS WOULD  
14 BE A PREFERABLE ONE FOR A FOR-PROFIT ENTITY.

15 DR. FEIGAL: OKAY. SO WE DISCUSSED THIS  
16 EXTENSIVELY IN TERMS OF INCENTIVES AND OTHER ISSUES.  
17 ONE IS TIMING. OFTEN FOR COMPANIES TIME IS MONEY.  
18 AND WITH THE STRATEGIC PARTNERSHIP WE'RE DOING IT  
19 TWICE A YEAR AND WE HAVE VERY FAST TURNAROUND. SO  
20 THAT WHAT WE'RE PLANNING TO DO WITH STRATEGIC  
21 PARTNERSHIP IS AFTER APPROVAL, OF COURSE, POST IT IN  
22 NOVEMBER, TURN IT AROUND VERY QUICKLY SO THAT BY, I  
23 BELIEVE IT WAS, APRIL OR MAY OF EARLY NEXT YEAR,  
24 THEY'D ALREADY BE REVIEWED AND THEY'D GET AN ANSWER  
25 BACK SOON AFTER THAT AND FUNDING WOULD COME.

## BARRISTERS' REPORTING SERVICE

1 WITH THIS ONE, IT'S A DIFFERENT TIME  
2 FRAME. WE ANTICIPATE THESE ARE FOR -- MIGHT BE MORE  
3 ATTRACTIVE ACTUALLY TO ACADEMICS WHERE THE TIMING  
4 MAY NOT BE QUITE SO URGENT AS AN INDUSTRY WHO'S  
5 DEPENDENT ON THAT FUNDING AND HAS A VERY DIFFERENT  
6 KIND OF TIMELINE AND URGENCY TO GET THINGS DONE  
7 QUICKLY. WITH AN ACADEMIC, WE FEEL THAT THEY'RE  
8 MORE RESEARCH ORIENTED AND MAY NOT HAVE A PARTNER.

9 SO ONE THING I THINK YOU ALSO NOTICE IS  
10 DIFFERENT, WE DID NOT REQUIRE A ONE-TO-ONE FUNDING  
11 MATCH FOR THIS TYPE BECAUSE WE FEEL FOR CERTAIN  
12 TYPES OF APPROACHES FOR THE AUTOLOGOUS CELL THERAPY  
13 THAT'S ENGINEERED, WE THINK THAT WOULD HAVE A  
14 DIFFICULT TIME GETTING PARTNERED OR MAY, AND FOR  
15 ALLOGENEIC CELL THERAPY APPROACHES, WE THINK THAT  
16 ALSO COULD HAVE DIFFICULTY. SO WE'RE ONLY REQUIRING  
17 IT AND NOT EVEN REQUIRING A ONE-TO-ONE, BUT SOME  
18 CO-FUNDING FOR SMALL MOLECULES OR BIOLOGIC  
19 APPROACHES. SO THERE ARE DIFFERENCES.

20 ALSO, WHAT WE TRIED TO DO WITH THIS LATEST  
21 ITERATION OF SP II WAS UNDER EXCEPTIONAL  
22 CIRCUMSTANCES INCREASE THE FUNDING UP TO 15 MILLION  
23 WHERE THEY COULD APPROPRIATELY JUSTIFY IT. AND I  
24 THINK WHAT YOU WILL NOTICE WITH THE BUDGET -- LET ME  
25 GO BACK. RIGHT THERE. 20 ISN'T A GIVEN. THE NEXT



**BARRISTERS' REPORTING SERVICE**

1     THING YOU'RE GOING TO HEAR ABOUT IS A DISCUSSION  
2     ABOUT HOW BUDGET SHOULD COME INTO PLAY IN EVALUATING  
3     THESE PROPOSALS. SO WE'RE THINKING JUSTIFIABLE  
4     PROJECTS MAY BE MORE IN THE RANGE OF FIVE UP TO 20.  
5     SO THE 20 IS A CEILING, BUT IT'S NOT A GIVEN THAT  
6     YOU CAN COME IN WITH THAT.

7             SO WE'RE TRYING TO PUT SOME ADDITIONAL  
8     PARAMETERS IN PLACE TO HAVE MORE SCRUTINY OF THE  
9     BUDGETS THAT COME IN. SO FOR A VARIETY OF REASONS,  
10    I THINK THE BIGGEST ONE IS THE TIMING FOR WHY  
11    FOR-PROFITS MIGHT BE PARTICULARLY ATTRACTED TO THE  
12    STRATEGIC PARTNER AND THE FAST TURNAROUND AND THE  
13    ABILITY TO GO IN MORE QUICKLY.

14            DR. JUELSGAARD: MR. CHAIRMAN, CAN I ASK  
15    JUST ONE MORE FOLLOW-UP QUESTION?

16            CHAIRMAN THOMAS: YOU CAN ASK AS MANY AS  
17    YOU LIKE, MR. JUELSGAARD.

18            DR. JUELSGAARD: I JUST HAVE ONE. SO IT  
19    REALLY DEALS WITH THE WORD "BIOLOGIC" IN TERMS OF  
20    APPROACHES. SO WHEN YOU USE THE TERM "BIOLOGIC,"  
21    WHAT IS ENCOMPASSED BY THAT TERM?

22            DR. FEIGAL: WE WOULD DEFINE IT AS  
23    MONOCLONAL ANTIBODIES OR PROTEINS. WE'RE NOT  
24    TALKING ABOUT THE CELL THERAPIES.

25            DR. JUELSGAARD: OKAY. THANK YOU.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN THOMAS: OTHER COMMENTS,  
2 QUESTIONS, ETC.?

3 DR. CHISARI: DO YOU HAVE A CONTINGENCY  
4 PLAN FOR THE HAPPY EVENT WHEN YOU GET TEN TIER I  
5 APPLICATIONS FOR THIS PROGRAM?

6 DR. STEFFEN: I THINK IT'S TO COME BACK TO  
7 THE BOARD IF WE WERE IN THAT TERRIFIC SITUATION, WE  
8 HAD A BUCKET OF UNALLOCATED FUNDS THAT ARE  
9 DESIGNATED FOR DEVELOPMENT THAT MAY NOT HAVE BEEN  
10 AWARDED IN PREVIOUS ROUNDS THAT WE COULD UTILIZE.  
11 THAT WOULD BE A HAPPY DAY.

12 DR. CHISARI: YOU'D COME BACK TO THE BOARD  
13 FOR THAT?

14 DR. STEFFEN: AT THE TIME OF PRESENTATION,  
15 YEAH.

16 CHAIRMAN THOMAS: MUCH AS I COMMENTED ON  
17 THAT POINT ON THE STRATEGIC PARTNERSHIP FUND II  
18 WHERE THEY HAD THE 40 MILLION CAP, THAT IF WE DO  
19 HAVE THE HAPPY CIRCUMSTANCE OF A BUNCH OF LIGHTS-OUT  
20 PROJECTS THAT GO OVER THE BUDGETED AMOUNT, WE WILL  
21 ASK THE BOARD'S FLEXIBILITY IN CONSIDERING THOSE AT  
22 THAT TIME. THAT'S AN EXCELLENT QUESTION.

23 DR. PRIETO: I GUESS I HAD SIMILAR  
24 QUESTIONS TO MR. JUELSGAARD'S. AND WONDERING REALLY  
25 IN A LARGER SENSE WHAT'S THE MOST EFFECTIVE USE OF

**BARRISTERS' REPORTING SERVICE**

1 OUR REMAINING MONEY AND WHETHER THE STRATEGIC  
2 PARTNERSHIPS AREN'T MORE IN LINE OR THAT SORT OF  
3 GENERAL APPROACH ISN'T MORE IN LINE WITH WHAT WE'RE  
4 TRYING TO DO IF WE ARE TRYING TO DRIVE POTENTIAL  
5 THERAPIES INTO THE CLINIC RAPIDLY. DO WE NEED THIS  
6 AS A SEPARATE RFA, OR IS THERE A WAY TO COMBINE  
7 THESE GOALS?

8 DR. STEFFEN: I THINK THAT WE DID CONSIDER  
9 COMBINING THEM. AND FOR REASONS TO KEEP THEM  
10 SEPARATE IS, ONE, TO PROTECT A SPACE WHERE PROJECTS  
11 THAT MAY BE DESIGNATED AT SOMETHING LIKE ORPHAN  
12 TECHNOLOGIES OR THAT MAY BE INCREMENTALLY MOVING  
13 PRACTICE ALONG. IT MAY NOT HAVE THE COMMERCIAL  
14 STRENGTH TO ATTRACT A PARTNER TO THE STRATEGIC  
15 PARTNER. SO WHILE THAT'S GOOD SCIENCE AND GOOD FOR  
16 MEDICINE, THIS KIND OF KEEPS A PROTECTED SPACE FOR  
17 PROJECTS AT THE SAME DEVELOPMENT STAGE THAT WE CAN  
18 PERHAPS GET THEM TO WHERE THEY WOULD BE COMMERCIALY  
19 VIABLE.

20 MS. BAUM: I WANTED TO ADD TO THAT, THAT  
21 WE CERTAINLY THINK THAT IT'S VERY ADVANTAGEOUS FOR  
22 US TO MAINTAIN TWO SEPARATE PROGRAMS. WE DID HAVE A  
23 VERY DETAILED CONSIDERATION OF THIS INTERNALLY. WE  
24 BELIEVE THAT THE STRATEGIC PARTNERSHIP FUND, AS  
25 DESIGNATED EARLIER, HAS ADDED BENEFIT OF BEING

## BARRISTERS' REPORTING SERVICE

1 ESSENTIALLY AN INDUSTRY ONLY FORUM. AND WE THOUGHT  
2 THAT WITH THAT COMES A LOT OF OTHER ADVANTAGES.

3 DR. JUELSGAARD: SO THIS ISN'T A QUESTION,  
4 BUT FORM OF A COMMENT. IT WORRIES ME JUST A LITTLE  
5 BIT THAT WE WOULD NOT INCLUDE IN THIS PROGRAM WHEN  
6 DEALING WITH A FOR-PROFIT COMPANY A CONSIDERATION OF  
7 COMMERCIAL VIABILITY. I THINK WHEN WE'RE TALKING  
8 ABOUT LARGE ACADEMIC INSTITUTIONS OR LARGE NONPROFIT  
9 RESEARCH INSTITUTIONS, I DON'T THINK THAT'S REALLY  
10 THAT MUCH OF A CONSIDERATION. BUT WE ALL KNOW THE  
11 WORLD OF VERY SMALL PRIVATELY HELD COMPANIES AND  
12 SOMETIMES THE SHOESTRINGS BY WHICH THEY OPERATE  
13 WHICH CAN BECOME UNDONE SOMEWHAT QUICKLY SOMETIMES.

14 SO I WOULD SUGGEST FOR THIS PROGRAM, IF  
15 WE'RE GOING TO CONSIDER FOR-PROFIT ENTITIES TO  
16 PROVIDE TO, THAT WE INCLUDE A MEASURE MUCH LIKE WE  
17 DO FOR THE STRATEGIC PARTNERSHIP FUND WHERE YOU GUYS  
18 AT THE STAFF LEVEL REVIEW THEIR COMMERCIAL  
19 VIABILITY.

20 MS. BAUM: CAN I ADD THAT COMMERCIAL  
21 VALIDATION OR VIABILITY IN THE CONTEXT OF THE  
22 STRATEGIC PARTNERSHIP FUND WAS TWOFOLD. FOR THE  
23 NONPROFIT, IT MEANT THAT THEY HAD A PARTNER TOO. SO  
24 I THINK WHAT YOU'RE SAYING HERE, THOUGH, IT'S A  
25 FOR-PROFIT, THEY CAN GO EITHER HAVE A PARTNER OR, AS

**BARRISTERS' REPORTING SERVICE**

1 IN STRATEGIC PARTNERSHIP FUND, THEY HAVE TO HAVE  
2 EVIDENCE OF HAVING RAISED A CERTAIN OF AMOUNT OF  
3 FUNDING WITHIN A CERTAIN PERIOD OF TIME. AND THAT  
4 SEEMS EXTREMELY LOGICAL. WE DO THAT INDIRECTLY  
5 ANYWAY WHEN WE DO OUR DUE DILIGENCE IN THE PAST.  
6 BUT TO MAKE THAT A REQUIREMENT, IT'S SOMETHING THAT  
7 WE COULD DO EITHER AT PFAAR OR AS PART OF A CONCEPT.

8 MS. SAMUELSON: WHEN YOU'RE CRAFTING THIS  
9 COMBINATION OF GRANTS AND RFA'S FOR THE OVERALL  
10 PORTFOLIO, DO YOU LOOK AT ALL AT THE INTERNATIONAL  
11 PORTFOLIO? AND HOW CAN YOU DO THAT? DO YOU AND HOW  
12 DO YOU GO ABOUT IT?

13 DR. STEFFEN: WHEN YOU SAY THE  
14 INTERNATIONAL PORTFOLIO, ARE YOU THINKING ABOUT OUR  
15 PROJECTS WITH OUR COLLABORATIVE FUNDING PARTNERS?

16 MS. SAMUELSON: ACTUALLY BEYOND THAT  
17 BECAUSE PRESUMABLY A CURE COULD COME FROM ANYWHERE.  
18 AN EFFECTIVE THERAPY COULD BE INVENTED BY SOMEBODY  
19 ANYWHERE, AND THEIR PROGRESS IS INFLUENCED CERTAINLY  
20 BY US, AT LEAST SOME OF IT, I'M ASSUMING. BUT  
21 BEYOND, THE COLLECTIVE GROUP OF INITIATIVES AND  
22 MONEY ARE WHAT ARE FUELING ADVANCES. AND I WOULD  
23 THINK YOU WOULD NEED TO HAVE AN OVERALL PERSPECTIVE  
24 OF THAT.

25 DR. STEFFEN: I THINK I HAVE TWO ANSWERS

**BARRISTERS' REPORTING SERVICE**

1 TO YOUR QUESTION. ONE, WE DID LOOK NOT ONLY AT OUR  
2 CIRM INTERNAL PORTFOLIO, BUT ALSO UTILIZED THE  
3 KNOWLEDGE THAT WE GAIN FROM GRANTS WORKING GROUP,  
4 FROM OUR ADVISORS, AND FROM OUR STAFF WHO ARE OUT  
5 ATTENDING MEETINGS TO SAY WHAT OTHER PROJECTS OUT  
6 THERE THAT ARE INTERESTING AND ARE POTENTIALLY  
7 EARLY -- WOULD BE EARLY DELIVERIES OF A CLINICAL  
8 TRIAL.

9 AND THEN THE SECOND THING WE WOULD NEED IS  
10 A MECHANISM TO FUND THOSE TYPES OF PROJECTS. AND  
11 WE'RE WORKING ON THAT EXTERNAL INNOVATION CONCEPT  
12 WHERE WE CAN SEE PROJECTS ON THE OUTSIDE OF  
13 CALIFORNIA AND TRY TO ATTRACT THAT TO A PARTNER IN  
14 CALIFORNIA TO WORK WITH THEM. IS THAT ON THIS  
15 AGENDA OR IS THAT FORTHCOMING? APPROVED. SORRY.

16 MS. SAMUELSON: THANK YOU. WHAT'S IT  
17 CALLED, EXTERNAL INNOVATION?

18 DR. STEFFEN: EXTERNAL INNOVATION.

19 MS. SAMUELSON: THANK YOU. CAN'T BE EASY  
20 TO DO ALL THAT.

21 CHAIRMAN THOMAS: MR. SHEEHY.

22 MR. SHEEHY: FIRST OF ALL, I WANT TO  
23 CONGRATULATE STAFF ON THEIR INITIATIVES TODAY. I DO  
24 SEE THE NEED FOR TWO DIFFERENT ONES. AND I THINK WE  
25 HAVE AN EXAMPLE OF A GOOD REAL-TIME EXAMPLE ON ONE

**BARRISTERS' REPORTING SERVICE**

1 OF THE APPLICATIONS WE APPROVED TODAY IN THE  
2 STRATEGIC PARTNERSHIP. AND THAT IS -- AND I'M GLAD  
3 TO SEE THAT THERE'S BEEN A CHANGE IN THAT WE'RE NOT  
4 REQUIRING ALL APPLICANTS TO PROVIDE MATCHING FUNDS.  
5 AND I SO I ASSUME THAT THAT WILL BE WHAT WE'RE  
6 ADOPTING TODAY IS WHAT'S ON THE SLIDES AND NOT  
7 WHAT'S IN THE BOOK.

8 THE BLUEBIRD APPLICATION WE APPROVED  
9 EARLIER IS THE AUTOLOGOUS GENE THERAPY HEMATOPOIETIC  
10 STEM CELL APPLICATION THAT ACTUALLY WOULD NOT HAVE  
11 BEEN PICKED BY BLUEBIRD UNTIL AFTER AN ACADEMIC  
12 RESEARCH INSTITUTION DID A VERY, VERY SMALL  
13 PHYSICIAN-INITIATED TRIAL TO DETERMINE SOME  
14 PRELIMINARY SAFETY AND EFFICACY DATA THAT THEN MADE  
15 IT AN INTERESTING TARGET FOR A FOR-PROFIT PARTNER.  
16 AND CIRM HAS DEVELOPED A PARTICULAR EXPERTISE, I  
17 THINK, BOTH IN HIV, WE'RE WORKING IN SICKLE CELL,  
18 NOW WE'VE ADDED B-THALASSEMIA. WE APPROVED IN OUR  
19 LAST DISEASE TEAM ROUND AN AUTOLOGOUS GENE-MODIFIED  
20 HEMATOPOIETIC STEM CELL PROJECT FOR MELANOMA.

21 SO THIS IS BECOMING A VERY INTERESTING  
22 PART OF OUR PORTFOLIO, I THINK, THAT REALLY, IN  
23 TERMS OF TECHNOLOGY, HAS BECOME VERY, VERY RIPE FOR  
24 DEVELOPMENT, BUT INCLUDES SIGNIFICANT RISK,  
25 ESPECIALLY THE GENOTOXICITY RISK IS VERY HIGH AND

**BARRISTERS' REPORTING SERVICE**

1 DOES NOT REALLY INVITE, ESPECIALLY IN PHASE I  
2 CLINICAL TRIAL, THE KIND OF CO-FUNDING THAT WE WOULD  
3 GET THROUGH OUR STRATEGIC PARTNERSHIP FUNDING. SO I  
4 DO THINK THAT THIS DUAL TRACK APPROACH IS VERY  
5 APPROPRIATE BY STAFF.

6 AND I WOULD NOTE TOO ON THE BUDGET ISSUE,  
7 I THINK WE REALLY WILL GET SOME VERY REAL CLARITY,  
8 AND WE ARE UNLIKELY TO SEE ANOTHER SPATE OF \$19.99  
9 MILLION APPLICATIONS WHEN WE PUT IN PLACE -- I HOPE  
10 WHEN WE COME TO THAT, WE'LL PUT IN SOME GUIDELINES  
11 THAT PERHAPS WOULD PERSUADE APPLICANTS TO BE A  
12 LITTLE BIT MORE CONSERVATIVE WITH THEIR BUDGETS SO  
13 IT WILL LOOK MORE LIKE WHAT WE'RE DOING IN STRATEGIC  
14 PARTNERSHIP AND LESS LIKE WHATEVER THE MARKET WILL  
15 BEAR.

16 CHAIRMAN THOMAS: THANK YOU, MR. SHEEHY.  
17 ANY OTHER COMMENTS, MEMBERS OF THE BOARD? OKAY.  
18 ANY COMMENTS FROM MEMBERS OF THE PUBLIC? SEEING  
19 NONE, MR. HARRISON, WE PROCEED TO A VOICE VOTE. DO  
20 WE HAVE A MOTION TO APPROVE THIS CONCEPT PLAN?

21 MS. LANSING: I'LL MOVE IT.

22 CHAIRMAN THOMAS: I THINK THAT WAS JOAN  
23 MOVING AND --

24 MS. LANSING: THAT WAS SHERRY.

25 CHAIRMAN THOMAS: SHERRY MOVING, JOAN



**BARRISTERS' REPORTING SERVICE**

1 SECONDING. ALL THOSE IN FAVOR PLEASE SAY AYE.

2 OPPOSED? ABSTENTIONS? THANK YOU, BETTINA.

3 WOULD LIKE TO NOTE FOR EVERYBODY'S BENEFIT  
4 THAT BETTINA'S SON CAUGHT A FOUL BALL AT THE GAME  
5 LAST NIGHT.

6 (APPLAUSE.)

7 CHAIRMAN THOMAS: I WOULD NOTE THAT I'D BE  
8 SLIGHTLY MORE IMPRESSED IF IT WAS HIT BY MATT KEMP,  
9 BUT UNFORTUNATELY HE'S PLAYING GOLF THESE DAYS. SO  
10 JUST HAVE TO DEAL WITH THAT. MATT KEMP, FOR ALL YOU  
11 SCIENTIST, NONSPORTS FANS, IS THE ALL STAR DODGER  
12 CENTER FIELDER.

13 MOVING ON TO ITEM NO. 11, CONSIDERATION OF  
14 CREATION -- DO YOU WANT TO GO INTO THE BUDGET RIGHT  
15 NOW? SKIPPING AROUND, AS IS OUR WONT, WE'RE GOING  
16 TO NOW MOVE TO ITEM 14, CONSIDERATION OF INCLUDING  
17 BUDGET AS A FORMAL CRITERION FOR REVIEW OF RESEARCH  
18 APPLICATIONS. DR. FEIGAL.

19 DR. FEIGAL: THANK YOU VERY MUCH. YOU ARE  
20 GOING TO GET SICK OF HEARING FROM ME IN A MINUTE.  
21 BASICALLY THIS IS AN IMPORTANT TOPIC. IT'S BEEN  
22 DISCUSSED AT TWO PRIOR SCIENCE SUBCOMMITTEES. AND  
23 THIS IS THE ISSUE OF RAISING THE LEVEL OF SCRUTINY  
24 OF BUDGETS PARTICULARLY FOR LARGE, COMPLEX AWARDS,  
25 SUCH AS THE EARLY TRANSLATION DEVELOPMENT CANDIDATE,

**BARRISTERS' REPORTING SERVICE**

1 THE DISEASE TEAMS, THE STRATEGIC PARTNERSHIP, TO A  
2 HIGHER LEVEL. SO THAT'S WHAT WE'RE GOING TO TALK  
3 ABOUT RIGHT NOW.

4 SO WE REALLY FEEL THAT BUDGETARY REVIEW OF  
5 CIRM RESEARCH AWARDS IS A VERY KEY AND CRITICAL  
6 PART. THE SCIENCE IS A VERY KEY AND IMPORTANT PART  
7 THAT DRIVES WHAT WE DO, BUT WE ALSO NEED TO  
8 RECOGNIZE CIRM'S RESPONSIBILITY TO BE GOOD STEWARDS  
9 OF TAXPAYER DOLLARS. AND WHAT WE ARE PROPOSING IS  
10 TO AUGMENT THE CURRENT PROCEDURES TO INCREASE BUDGET  
11 SCRUTINY AS PART OF THE PRIMARY REVIEW PROCESS.

12 ALL APPLICATIONS, NOT JUST THE LARGE,  
13 EXPENSIVE ONES, FOR CIRM AWARDS SHOULD BE CAREFULLY  
14 EXAMINED FOR BUDGETARY APPROPRIATENESS, BUT  
15 PARTICULARLY WHAT I'M PROPOSING HERE ARE SOME  
16 CHANGES FOR CIRM'S TRANSLATIONAL AND DEVELOPMENT  
17 INITIATIVES. AND AS STATED EARLIER, WE'RE THINKING  
18 OF THE SCOPE OF THE EARLY TRANSLATION DEVELOPMENT  
19 CANDIDATE AWARDS, THE DISEASE TEAM AWARDS, AND THE  
20 STRATEGIC PARTNERSHIP AWARDS.

21 LET ME JUST GIVE YOU A FEW EXAMPLES. BY  
22 THE WAY, YOU ALL HAVE THE PREREAD THAT SHOULD HAVE  
23 BEEN SENT TO YOU AT LEAST TEN DAYS BEFORE THIS  
24 MEETING. SO I'M JUST REALLY GIVING YOU SOME KEY  
25 HIGHLIGHTS FROM WHAT'S ALREADY IN THAT PREREAD.

## BARRISTERS' REPORTING SERVICE

1 SOME KEY EXAMPLES ARE THAT WHAT WE HAVE  
2 FOUND IS THE BUDGET IS REALLY NOT ALIGNED WITH THE  
3 PROGRAM DELIVERABLES IN THE MILESTONES, AND THEY ARE  
4 INCLUDING ACTIVITIES THAT REALLY AREN'T RELEVANT TO  
5 THE PROJECT OBJECTIVES OR THAT ARE OUT OF SCOPE, OR  
6 THE BUDGET MAY CONTAIN INADEQUATE EXPENSES FOR KNOWN  
7 COSTS. AN EXAMPLE WE'VE SEEN WHERE THEY'VE ASKED  
8 FOR A HUNDRED THOUSAND FOR A GOOD MANUFACTURING  
9 PRACTICE RUN OF A BIOLOGIC, AND WHICH IS GENERALLY  
10 ACCEPTED KNOWLEDGE THAT THE ACTUAL EXPENSES ARE  
11 TYPICALLY MUCH GREATER. OR THE BUDGET SIGNIFICANTLY  
12 EXCEEDS THE KNOWN COSTS, OR IT SEEMS EXCESSIVE, AND  
13 IT DOESN'T HAVE ADEQUATE JUSTIFICATION FOR THE  
14 COSTS.

15 FOR EXAMPLE, WE'VE SEEN WHERE THEY'RE  
16 ASKING FOR EXPENSES OF \$100,000 PER PATIENT FOR A  
17 PROCEDURE IN WHICH WE ALREADY KNOW MEDICARE  
18 REIMBURSEMENT IS SET AT 15,000. THE COST  
19 ALLOCATIONS ARE NOT DONE PROPERLY. THE APPLICANT IS  
20 DEVELOPING THE SAME THERAPEUTIC CANDIDATE IN  
21 MULTIPLE DIFFERENT THERAPEUTIC INDICATIONS. THEY'RE  
22 APPLYING TO CIRM WITH THAT THERAPEUTIC CANDIDATE FOR  
23 ONE INDICATION, BUT THEY'RE ASKING FOR THE  
24 MANUFACTURING COST FOR ALL THE OTHER THINGS THAT  
25 THEY'RE DOING. THAT'S NOT APPROPRIATE.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN THOMAS: THAT NEVER HAPPENS.

2 DR. FEIGAL: AND UNLESS THE BUDGET AND THE  
3 FINANCIAL ISSUES ALONG WITH POTENTIAL SOLUTION ARE  
4 ADDRESSED IN THE GRANT REVIEW GROUP SUMMARIES, IT  
5 CAN BE CHALLENGING AT TIMES FOR THE CIRM OFFICERS TO  
6 ADDRESS AND NEGOTIATE THESE ISSUES POST-ICOC  
7 APPROVAL.

8 SO THOSE ARE JUST SOME EXAMPLES OF WHAT  
9 DROVE US TO WANT TO RAISE THE ATTENTION TO YOU OF  
10 THIS AS AN ISSUE AND OUR SUGGESTIONS FOR HOW TO  
11 ADDRESS IT. SO, IN GENERAL, WE'VE HAD THE TWO  
12 SCIENCE SUBCOMMITTEE DISCUSSIONS, ONE IN JULY AND  
13 MOST RECENTLY IN OCTOBER. AND, IN GENERAL, THE  
14 DISCUSSION WAS FAVORABLE TOWARDS HAVING BUDGET  
15 CONSIDERATION DURING THE GWG SESSION.

16 THE PRIMARY FOCUS THAT WE HEARD FROM THE  
17 SCIENCE SUBCOMMITTEE AT A GWG SHOULD BE ON THE  
18 SCIENTIFIC MERIT, AND THE BUDGETARY CONSIDERATIONS  
19 SHOULD ONLY IMPACT ON THE SCORING FOR A PROJECT IF  
20 IT IMPACTED IN THE DESIGN AND FEASIBILITY OF THE  
21 PROJECT. SO WE WANT TO HEAR WHAT THE REMARKS ARE  
22 AND WHAT THE COMMENTS ARE, BUT THE GENERAL CONSENSUS  
23 WAS THAT IT SHOULDN'T IMPACT ON THE FINAL SCORE  
24 UNLESS IT REALLY IMPACTED ON THE DESIGN AND THE  
25 CONDUCT OF THAT PROJECT.

**BARRISTERS' REPORTING SERVICE**

1                   HERE ARE THE RECOMMENDATIONS THAT WE'RE  
2           ASKING YOU TO CONSIDER TODAY: TO ASSIST THE GRANT  
3           REVIEW GROUP REVIEW, WE WANT TO GET THE APPROPRIATE  
4           EXPERT ON BUDGET AND FINANCIAL MATTERS. IT COULD BE  
5           A SPECIALIST OR IT COULD BE ASSIGNED TO ONE OR MORE  
6           GRANT REVIEW GROUP REVIEWERS WHO HAVE THE  
7           APPROPRIATE BACKGROUND AND EXPERTISE. THEY WILL  
8           REVIEW THOSE APPLICATIONS FOR SOUND BUDGETING AND  
9           PROVIDE COMMENTS AND QUESTIONS AT THE GRANT REVIEW  
10          GROUP FOR CONSIDERATION BY THE OTHER REVIEWERS  
11          BEFORE THE FINAL SCORES ARE ENTERED. AND IF THE  
12          FINANCIAL AND BUDGETARY MATTER POTENTIALLY DIRECTLY  
13          IMPACTS ON THE DESIGN OR THE FEASIBILITY OF  
14          CONDUCTING THE PROJECT, THE GRANT REVIEW GROUP MIGHT  
15          CONSIDER THIS ISSUE IN THE SCORING. OTHERWISE, THE  
16          BUDGETARY AND THE FINANCIAL ISSUES AND QUESTIONS  
17          WOULD NOT CONTRIBUTE TO THE FINAL SCORE. WE WOULD  
18          CAPTURE THE INFORMATION, BUT WE WOULD PROVIDE  
19          GUIDANCE THAT IT SHOULDN'T BE IMPACTING ON THE  
20          SCORE.

21                   I'LL GIVE YOU AN EXAMPLE JUST TO MAKE IT A  
22          LITTLE BIT MORE TANGIBLE FOR YOU. LET ME JUST RUN  
23          THROUGH SOME OF THE ADDITIONAL RECOMMENDATIONS.

24                   WE FEEL THAT TWO IMPORTANT GOALS FOR THIS  
25          ENHANCED BUDGET ASSESSMENT PROCESS WOULD BE, ONE, TO

## BARRISTERS' REPORTING SERVICE

1 PROVIDE A CLEAR MEASURE OF MERIT OR LACK THEREOF FOR  
2 AN APPLICATION'S BUDGET AND PROVIDE A CLEAR NOTICE  
3 AND INCENTIVE TO APPLICANTS THAT A REASONABLE AND A  
4 JUSTIFIABLE BUDGET IS AN IMPORTANT CRITERION TO BE  
5 JUDGED. AND WE THOUGHT TO BEST ACHIEVE THESE GOALS,  
6 BUDGET ASSESSMENT NEEDS TO BE INCORPORATED INTO THE  
7 SCORE PROVIDED BY REVIEWERS, BUT THE DEGREE TO WHICH  
8 THE BUDGET ASSESSMENT IMPACTS THE OVERALL SCORE  
9 WOULD BE CAPTURED.

10 JUST TO GIVE YOU AN EXAMPLE, IF SOMEBODY  
11 WOULD NORMALLY HAVE A SCIENTIFIC SCORE OF 70, BUT  
12 LET'S SAY THAT THE BUDGET WAS SLOPPILY DONE,  
13 INAPPROPRIATELY DONE, AND THEY WANTED TO SUBTRACT  
14 FIVE OR TEN POINTS FROM THAT SCORE, THEIR FINAL  
15 SCORE MIGHT BE 60, BUT WE WOULD CAPTURE WHAT THEIR  
16 SCIENTIFIC SCORE WITHOUT THE BUDGET IMPACT WAS, THE  
17 70, WE WOULD CAPTURE WHAT THE BUDGET IMPACT WOULD  
18 BE, A MINUS 10, SO THAT THE FINAL SCORE WOULD BE 60,  
19 BUT WE WOULD CAPTURE ALL THAT INFORMATION.

20 WE'VE HAD EXTENSIVE CONVERSATIONS WITH DR.  
21 SAMBRANO, WHO HEADS THE REVIEW GROUP, TO SEE IS THIS  
22 SOMETHING THAT IS FEASIBLE AND DOABLE WITHIN THE  
23 GRANT REVIEW PROCESS. AND I'VE BEEN ASSURED THAT  
24 THIS COULD BE READILY IMPLEMENTED IF THAT BODY  
25 DECIDED THAT MIGHT BE AN APPROPRIATE COURSE TO TAKE.

**BARRISTERS' REPORTING SERVICE**

1 SO THAT WHEN THE GRANT REVIEW GROUP  
2 PROVIDED THEIR RECOMMENDATIONS, WE WOULD CAPTURE IN  
3 A SUMMARY THAT WOULD BE BROUGHT FORWARD TO THIS  
4 BOARD, AND WE WOULD BE ABLE TO CAPTURE AND IDENTIFY  
5 WHAT IMPACT WAS REALLY ON THE SCIENCE, WHAT IMPACT,  
6 IF ANY, WAS MADE FROM THE BUDGET REVIEW. IN MOST  
7 INSTANCES, WE THINK THE IMPACT WILL BE ZERO BECAUSE  
8 THEY MAY JUST BE CARELESS THAT THEY DID THAT AND  
9 STAFF CAN CORRECT NORMALLY DURING PREFUNDING  
10 ADMINISTRATIVE REVIEW. BUT IF IT REALLY DID IMPACT  
11 ON THE DESIGN OR THE CONDUCT OF FEASIBILITY OF  
12 ACTUALLY DOING THE PROJECT, IT WOULD HAVE AN IMPACT  
13 AND IT WOULD BE CAPTURED IN THE SCORE THAT YOU WOULD  
14 SEE.

15 SO THE REVIEW SUMMARIES THAT WILL COME TO  
16 YOU WOULD IDENTIFY THE SCIENTIFIC, THE BUDGET, OR  
17 OTHER ISSUES. AND THEN TO THE EXTENT THAT, SAY, A  
18 POTENTIAL RESOLUTION WAS ENDORSED BY THE GRANT  
19 REVIEW GROUP, THEY COULD ALSO IDENTIFY A POTENTIAL  
20 RESOLUTION SHOULD THE ICOC APPROVE A GIVEN AWARD  
21 THAT DID HAVE BUDGET ISSUES.

22 AND THEN THE OTHER THING WE WANTED TO MAKE  
23 CLEAR AND WE WANTED TO HAVE AN EXPLICIT  
24 RECOMMENDATION, THAT CIRM OFFICERS SHOULD BE  
25 PROVIDED EXPLICIT DISCRETION TO CONSIDER THESE

**BARRISTERS' REPORTING SERVICE**

1 BUDGET COMMENTS AS WELL AS THE NONBUDGET  
2 RECOMMENDATIONS IN THE NEGOTIATIONS WITH APPLICANTS.

3 SO WE THINK THOSE PROPOSED CHANGES WHICH  
4 WE'RE SUGGESTING TO YOU FOR YOUR CONSIDERATION TODAY  
5 DO ALIGN WITH CIRM'S MISSION, THAT INCREASING THE  
6 IMPORTANCE OF BUDGETARY REVIEW WILL ENCOURAGE  
7 APPLICANTS TO PROPOSE RIGOROUS, REALISTIC, AND  
8 VETTED BUDGETS, AND IT WILL FURTHER CIRM'S MISSION  
9 TO BE GOOD STEWARDS OF TAXPAYER DOLLARS, AND THAT  
10 THESE PROPOSED CHANGES WOULD NOT SIGNIFICANTLY  
11 INCREASE THE WORKLOAD BURDEN ON GRANT REVIEW GROUP  
12 MEMBERS, AND WOULD EXPLICITLY ACKNOWLEDGE THAT  
13 PROGRAM GOALS, SCIENTIFIC PLANS, ACCURATE BUDGETING,  
14 AND PRUDENT SPENDING ARE INEXTRICABLY LINKED.

15 THANK YOU FOR YOUR ATTENTION, AND I'D BE  
16 HAPPY TO ANSWER ANY QUESTIONS.

17 CHAIRMAN THOMAS: MR. SHEEHY.

18 MR. SHEEHY: I GUESS I THOUGHT THAT -- IS  
19 THIS THE PROPOSAL FROM STAFF, OR DO WE HAVE ANOTHER  
20 POTENTIAL --

21 DR. FEIGAL: NO. THIS IS THE PROPOSAL,  
22 BUT IF YOU'D LIKE TO HAVE ADDITIONAL COMMENTS FROM  
23 DR. SAMBRANO.

24 MR. SHEEHY: I THINK WE GOT A LITTLE BIT  
25 MORE INTO THE WEEDS BECAUSE WE COULDN'T REALLY DRAW



**BARRISTERS' REPORTING SERVICE**

1 A CONCLUSION AT THE SCIENCE SUBCOMMITTEE. AND I  
2 THINK WE WERE LOOKING AT SOMETHING THAT MORE CLEARLY  
3 DELINEATED WHAT WAS THE BUDGET CONSIDERATION, WHAT  
4 WAS THE SCIENCE CONSIDERATION BECAUSE THE BUDGET IS  
5 PRETTY CURABLE. DEFECTS IN SCIENCE ARE A DIFFERENT  
6 ORDER OF MAGNITUDE, AND I DON'T -- WHERE ARE WE ON  
7 THIS BECAUSE YOU AND I HAD A DISCUSSION REALLY  
8 TRYING TO GET INTO THE MECHANICS BECAUSE WE WERE A  
9 LITTLE BIT --

10 DR. SAMBRANO: I THINK DR. FEIGAL IS  
11 TRYING TO INCORPORATE THAT INTO THE SLIDES, AND SO  
12 THE EXAMPLE SHE GAVE WAS FROM THAT DISCUSSION. SO I  
13 CAN KIND OF GO OVER IT MAYBE THE WAY I HAD DESCRIBED  
14 IT IN WRITING, AND MAYBE THAT MIGHT BE CLEARER.

15 SO THE IDEA BEHIND THIS IS IN TRYING TO  
16 COME UP WITH A WAY TO IMPLEMENT WAS THAT THERE'S TWO  
17 IMPORTANT GOALS. I THINK DR. FEIGAL ALREADY STATED  
18 THEM. ONE, THAT WE WANT TO MAKE SURE WE HAVE A  
19 CLEAR MEASURE OF THE MERIT FOR AN APPLICATION'S  
20 BUDGET. I THINK THAT'S ONE IMPORTANT ASPECT. AND  
21 THE SECOND WAS THAT WE HAVE TO PROVIDE A CLEAR  
22 INCENTIVE AND NOTICE TO APPLICANTS THAT THE BUDGET  
23 MUST BE REASONABLE, AND IT MUST BE JUSTIFIED, AND  
24 THAT THAT WILL BE JUDGED AND SCORED BY REVIEWERS.

25 SO IN THINKING ABOUT, AGAIN, THE

## BARRISTERS' REPORTING SERVICE

1 MECHANICS, ONE METHOD FOR DOING THIS WOULD BE TO  
2 ESSENTIALLY HAVE EACH REVIEWER ENTER THEIR OVERALL  
3 FINAL SCORE FOR AN APPLICATION. AND SO, AGAIN, WE  
4 CAN USE AN EXAMPLE OF 70. AND THEN IN ADDITION, SO  
5 THEY WOULD HAVE, INSTEAD OF JUST A SINGLE SCORE BOX,  
6 THEY WOULD HAVE TWO. THEY'D ENTER THE OVERALL SCORE  
7 OF 70, AND IN ADDITION WOULD ENTER THE NUMBER OF  
8 POINTS THAT THEY MIGHT DEDUCT FOR ANY BUDGET ISSUES.  
9 SO SAY ANYWHERE FROM ZERO TO 20 POINTS.

10 AND SO AN APPLICATION THAT MIGHT HAVE  
11 SCORED A 75 INSTEAD HAS A SCORE OF 70 BECAUSE THAT  
12 PARTICULAR REVIEWER DEDUCTED FIVE POINTS FOR THE  
13 BUDGET.

14 YOU HAVE 15 SCIENTIFIC REVIEWERS WHO ARE  
15 GIVING DIFFERENT SCORES. SO NORMALLY WE GIVE YOU  
16 THE AVERAGE OF THOSE SCORES. SO SIMILARLY, WE WOULD  
17 THEN CALCULATE WHAT THE AVERAGE OF THAT DEDUCTION  
18 AMONG REVIEWERS WOULD BE, AND SO YOU'D HAVE AN  
19 AVERAGE SCORE OF 70 AND AN AVERAGE DEDUCTION OF  
20 FIVE. AND SO THOSE TWO ELEMENTS WOULD BE PRESENTED  
21 TO YOU SO THAT YOU HAVE AN ACCURATE MEASURE OF BOTH  
22 WHAT THE SCIENTIFIC MERIT IS AND WHAT THE MERIT OF  
23 THE BUDGET IS, OR HOW MUCH WAS DEDUCTED BECAUSE OF  
24 THOSE ELEMENTS.

25 LET ME SEE IF I HAVE ANY MORE HERE. THE

**BARRISTERS' REPORTING SERVICE**

1 OTHER ASPECT IS THAT IN TERMS OF IMPLEMENTING, THE  
2 OTHER IMPORTANT THING IS THAT WE'RE GOING TO HAVE TO  
3 PROVIDE SOME GUIDANCE TO REVIEWERS AS TO HOW THIS IS  
4 BEING UTILIZED. OBVIOUSLY THAT IS GOING TO BE KEY.  
5 AND THIS IS ALSO SOMETHING THAT NEEDS TO BE PLACED  
6 IN THE RFA SO THAT IT'S CLEAR TO APPLICANTS THAT  
7 THIS IS HOW IT WILL BE ASSESSED AND THE POTENTIAL  
8 IMPACT THAT IT MAY THEN HAVE ON THEIR SCORE.

9 SO I THINK THAT'S THE SUMMARY OF WHAT WE  
10 DISCUSSED. IS THAT MORE CONSISTENT WITH WHAT YOU  
11 WERE THINKING?

12 MR. SHEEHY: IT IS. I JUST WANTED -- I'D  
13 LIKE TO HEAR FROM OTHER MEMBERS BECAUSE WE HAD A LOT  
14 OF DEBATE. WE TALKED ABOUT IT AND WE GOT KIND OF  
15 CAUGHT UP. WE COULDN'T REALLY GET TO A CONCLUSION.  
16 BUT I DO THINK WE NEED TO ADDRESS THE BUDGET ISSUE,  
17 BUT I REALLY THINK THAT THERE'S CLEAR DEMARCATION  
18 ABOUT WHAT YOU GOT FOR A SCIENTIFIC SCORE AND THEN  
19 WHAT PENALTIES YOU ACCRUED. BECAUSE THE BUDGETS,  
20 ALMOST EVERY REVIEW A REVIEWER WILL GET UP AND SAY  
21 THIS BUDGET IS OUTRAGEOUS. AND OUR ONLY REDRESS IS  
22 REALLY POSTAWARD, WHICH AT THAT POINT STAFF IS  
23 REALLY NOT IN A POSITION TO EFFECTIVELY NEGOTIATE  
24 THE BUDGET IN THE WAY THAT THEY SHOULD TO PROPERLY  
25 PROTECT TAXPAYER DOLLARS.

**BARRISTERS' REPORTING SERVICE**

1 I DO THINK IT'S CLEAR THAT IT BE SEPARATED  
2 BECAUSE WE DON'T WANT TO HURT A PROJECT THAT HAS  
3 GOOD SCIENCE BECAUSE THEY WROTE A BAD BUDGET. AND  
4 THIS IS SOMETHING THAT THEY WOULD BE ABLE TO CURE  
5 EITHER WITH AN EXTRAORDINARY PETITION OR POSTAWARD  
6 WITH STAFF, BUT SOMETHING THAT WOULD BE VERY CLEAR  
7 WHAT THE QUESTION IS.

8 DR. BRYANT: YES. I JUST WANT TO SAY I  
9 THINK THAT THAT CLARIFICATION, I THINK THIS IS A  
10 GOOD WAY TO GO. IT THINK IT'S ABSOLUTELY ESSENTIAL  
11 TO KEEP THE SCIENTIFIC MERIT SEPARATE FROM THE COST,  
12 AND I ALSO THINK IT'S IMPORTANT TO CONTROL THE COST.  
13 SO I THINK YOUR METHOD -- A LOT OF IT WILL DEPEND ON  
14 HOW YOU END UP PRESENTING TO US. I WOULD PREFER A  
15 LIST OF SCIENTIFIC MERIT AND THEN TAKE AWAY WHATEVER  
16 WE WANT TO FROM THAT LATER.

17 DR. JUELSGAARD: YES. FIRST OF ALL, I  
18 VERY HEARTILY SUPPORT THE NOTION OF BUDGETARY  
19 OVERSIGHT ON THESE PROJECTS. JUST SO I CAN BETTER  
20 UNDERSTAND WHAT YOUR PROPOSAL IS. SO I WANT TO GO  
21 BACK TO ONE OF THE EXAMPLES THAT DR. FEIGAL  
22 PRESENTED IN THIS PRESENTATION EARLIER ON. IT WAS  
23 AROUND AN ENTITY DEVELOPING A PRODUCT FOR THREE  
24 DIFFERENT INDICATIONS. AND SO YOU WOULD HAVE A  
25 MANUFACTURING RUN TO PRODUCE THE CLINICAL MATERIAL

**BARRISTERS' REPORTING SERVICE**

1 TO DO THAT, BUT ALL OF THOSE COSTS ASSOCIATED WITH  
2 THAT PRODUCTION RUN ARE NOW BEING CHARGED TO THE  
3 CIRM-FUNDED PROJECT. AND THE WAY IT WAS PRESENTED,  
4 AND I BELIEVE THAT'S RIGHT, THAT SEEMS  
5 INAPPROPRIATE.

6 SO TODAY BEFORE HAVE WE DONE ANYTHING  
7 AROUND THIS? HOW WOULD YOU DEAL WITH THAT? AND  
8 THEN SUBSEQUENT TO THE APPROVAL OF THIS PROPOSAL,  
9 HOW WOULD YOU DEAL WITH IT DIFFERENTLY?

10 DR. FEIGAL: WELL, AS I SAID BEFORE, OUR  
11 SENSE IS THAT THE SCORE SHOULD ONLY BE IMPACTED IF  
12 IT IMPACTS ON DESIGN AND FEASIBILITY. IF WE DON'T  
13 FEEL IT IMPACTS ON DESIGN AND FEASIBILITY, THEN I  
14 WOULD SAY OUR GUIDANCE TO THE REVIEWER WOULD BE NOT  
15 TO DEDUCT FROM THE SCIENTIFIC SCORE FOR THIS, BUT TO  
16 CAPTURE THE REMARKS THAT ARE BROUGHT FORWARD. AND  
17 SO IF THE REVIEWERS THOUGHT IT DIDN'T IMPACT, THEY  
18 ASKED FOR TOO MUCH, BUT AT THE END OF THE DAY, WE  
19 DIDN'T THINK IT WOULD IMPACT ON THE DESIGN OR  
20 FEASIBILITY OF CONDUCTING THAT PROJECT IN THAT  
21 INDICATION, THEN OUR GUIDANCE TO THE REVIEWER WOULD  
22 BE DON'T DEDUCT FROM YOUR SCIENTIFIC SCORE, BUT  
23 WE'LL MAKE SURE AND CAPTURE IT.

24 IF PEOPLE FEEL THAT IT ACTUALLY IMPACTS ON  
25 THE DESIGN OR THE ABILITY FOR THIS PARTICULAR ENTITY

**BARRISTERS' REPORTING SERVICE**

1 TO DO WHAT THEY NEED TO DO, THEN WE WOULD RECOMMEND  
2 THAT THEY SUBTRACT POINTS. SO NOT ALL OF MY  
3 EXAMPLES WERE EXAMPLES OF WHERE I THOUGHT THEY  
4 NEEDED TO HAVE THEIR SCIENTIFIC SCORE DEDUCTED.  
5 THEY WERE JUST EXAMPLES OF THINGS THAT HAPPENED THAT  
6 AREN'T BEING CAPTURED AT ALL RIGHT NOW.

7 DR. JUELSGAARD: THE EXAMPLE THAT I JUST  
8 ASKED ABOUT, IS IT DEALT WITH DIRECTLY AT SOME  
9 POINT, OR WE JUST FUND FOR, IN ESSENCE, CLINICAL  
10 MATERIAL?

11 DR. FEIGAL: LET ME CLARIFY. WE DO GO  
12 THROUGH THE BUDGET METICULOUSLY BEFORE ANY MONEY  
13 GOES OUT THE DOOR. WHAT I WAS JUST SAYING TO YOU IS  
14 THAT WHEN THE BOARD APPROVES A CEILING, SOMETIMES  
15 THERE'S TREMENDOUS RESISTANCE IN TERMS OF US GETTING  
16 DOWN TO THE APPROPRIATE LEVEL. WE CERTAINLY DO  
17 THAT. I'M JUST SAYING THE LIFE WOULD BE MADE MUCH  
18 EASIER IF SOME OF THESE GLARING EXAMPLES WERE  
19 POINTED OUT, PRESENTED TO YOU SO THAT WE HAVE  
20 SOMEBODY BACKING IT UP WHEN WE'RE GOING INTO THESE  
21 RATHER INTERESTING NEGOTIATIONS WITH EITHER ACADEMIC  
22 CENTERS OR COMPANIES.

23 NO, WE ABSOLUTELY MAKE SURE THAT MONEY  
24 GOES TO APPROPRIATE PLACES. OUR LIVES WOULD JUST BE  
25 MADE EASIER IF WE HAD THAT ADDITIONAL SENSE OF

## BARRISTERS' REPORTING SERVICE

1 SUPPORT AND BACKING.

2 DR. JUELSGAARD: SO I GUESS WHAT IT COMES  
3 DOWN TO FOR ME IS THE WORRY ABOUT CONFLATING THESE  
4 TWO, RIGHT. SO SCIENCE ON THE ONE HAND AND BUDGET  
5 ON THE OTHER AND, IN ESSENCE, PENALIZING THE SCIENCE  
6 FOR BUDGETARY REASONS AS OPPOSED TO DEALING WITH THE  
7 BUDGET AS A BUDGET AND MAKING IT A VERY BINARY  
8 DECISION, EITHER WE'RE GOING TO SUPPORT THAT BUDGET  
9 OR WE AREN'T. I GUESS IT'S JUST A WORRY BECAUSE I  
10 DON'T KNOW EXACTLY WHERE THE LINES COME IN TERMS OF  
11 THESE SUBJECTIVE ANALYSES BY GRANTS WORKING GROUP  
12 MEMBERS AROUND BUDGET ISSUES.

13 DR. FEIGAL: I THINK WHAT WE SAID, LET ME  
14 JUST REITERATE, IF WE THINK IT IMPACTS ON THE DESIGN  
15 OR THE ABILITY TO CONDUCT THE PROJECT, THEN WE FEEL  
16 THAT THERE SHOULD BE POINTS SUBTRACTED BECAUSE  
17 USUALLY THAT DOESN'T HAPPEN IN ISOLATION. WE'RE NOT  
18 TALKING ABOUT RESEARCH WHERE COSTS AREN'T KNOWN.  
19 THESE ARE USUALLY KNOWN COSTS. AND LET'S JUST SAY  
20 SOMEBODY IS UNDERASKING FOR SOMETHING THAT MIGHT  
21 REALLY GREATLY JEOPARDIZE THE ABILITY TO EVEN DO THE  
22 PROJECT, THEN ONE MIGHT THINK THAT THAT ALSO MIGHT  
23 HAVE IMPACT ON THE CREDIBILITY OF THE TEAM THAT  
24 ACTUALLY PUT THE BUDGET TOGETHER.

25 SO I'M JUST SAYING FOR THESE TYPES OF

## BARRISTERS' REPORTING SERVICE

1 PROJECTS THAT ARE GOING DOWN A REGULATORY  
2 DEVELOPMENT PATHWAY, THERE ARE KNOWN COSTS. AND IF  
3 THEY THEMSELVES DON'T KNOW IT, IT'S BETTER BEFORE  
4 THEY SUBMIT THE APPLICATION TO GET THE BUDGETARY  
5 EXPERTISE THEY NEED TO PUT TOGETHER A REASONABLE AND  
6 FEASIBLE BUDGET. SO I DON'T KNOW IF I MADE THAT  
7 CLEAR, BUT WE THINK IT WILL BE UNCOMMON INSTANCES  
8 WHERE IT SHOULD IMPACT ON SCIENTIFIC SCORE.

9 MR. JUELSGAARD: SO JUST SORT OF ONE FINAL  
10 QUESTION AND THEN I'LL END. SO WHEN YOU CONSIDER  
11 THESE GRANTS FOR FOR-PROFIT INSTITUTIONS FOR A  
12 MOMENT, FOR COMPANIES, PRIVATE OR PUBLIC, SO ONE OF  
13 THE COSTS THAT'S EMBEDDED IN THE COST STRUCTURE OF A  
14 PUBLIC OR PRIVATE COMPANY ARE WHAT ARE CALLED  
15 OVERHEAD COSTS. AND THE QUESTION IS ALWAYS ONE OF  
16 ALLOCATING THEM. SO THERE ARE COSTS FOR HUMAN  
17 RESOURCES, THERE ARE COSTS FOR LEGAL, THERE ARE  
18 COSTS FOR INFRASTRUCTURE, ETC. THAT ARE TRULY A PART  
19 OF AN ORGANIZATION'S COST.

20 BUT THE QUESTION IS SHOULD ANY OF THAT GET  
21 ALLOCATED WHEN YOU'RE DEALING WITH A SPECIFIC  
22 PROJECT. SHOULD THE PROJECT BEAR SOME OF THAT COST  
23 BECAUSE IT MAY BE USING SOME OF THOSE RESOURCES OR  
24 NOT? HOW DO WE TREAT THAT AT THIS POINT?

25 DR. FEIGAL: ACTUALLY I WAS TALKING MORE



**BARRISTERS' REPORTING SERVICE**

1 ABOUT THE DIRECT RESEARCH COSTS, NOT ABOUT THE  
2 INDIRECTS AND FACILITIES UNLESS GIL WANTS TO ADDRESS  
3 THAT.

4 DR. SAMBRANO: SO LIKE ANY OTHER GRANTEE,  
5 THERE ARE PROVISIONS FOR PROVIDING INDIRECT COSTS AS  
6 WELL AS FACILITIES COSTS. AND SO THERE ARE SPECIFIC  
7 PERCENTAGES FOR FOR-PROFIT INSTITUTIONS. TYPICALLY  
8 FOR THE INDIRECT COSTS OR AT LEAST WHAT WE CONSIDER  
9 THE ADMINISTRATIVE PORTION OF INDIRECT COST IS ABOUT  
10 20 PERCENT. AND THE FACILITIES PORTION IS TYPICALLY  
11 ABOUT 35 PERCENT OF THE AWARD AMOUNT. SO THAT IS  
12 TYPICALLY HOW IT'S DONE. WITH ACADEMIC  
13 INSTITUTIONS, IT VARIES. SO THEY TEND TO MIMIC IN  
14 MANY WAYS THE RATES THAT ARE PROVIDED BY NIH, WHICH  
15 HAVE BEEN NEGOTIATED WITH FEDERAL AGENCIES AND  
16 THEY'VE ARRIVED AT SPECIFIC PERCENTAGES THAT WOULD  
17 BE APPROPRIATE FOR EACH OF THE INDIRECT COSTS AND  
18 FACILITY SUBCATEGORIES.

19 DR. JUELSGAARD: SO JUST ONE QUICK  
20 COMMENT. I SAID THERE WASN'T ANY MORE, BUT JUST IN  
21 REACTION TO THAT. I DON'T KNOW HOW MUCH THAT YOU'VE  
22 PRESSURE TESTED THE NOTION OF THESE PERCENTAGES FOR  
23 FOR-PROFIT INSTITUTIONS. BUT OFF THE TOP OF MY  
24 HEAD, THEY JUST SOUND A LITTLE HIGH, THOSE KIND OF  
25 PERCENTAGES ALLOCATED TO FACILITIES OR ALLOCATED TO

**BARRISTERS' REPORTING SERVICE**

1 NONFACILITIES.

2 DR. SAMBRANO: SO THERE'S ALSO -- YOU  
3 KNOW, THIS IS THE CAP, IF YOU WILL. SO WHEN  
4 SOMEBODY PREPARES A BUDGET AND REQUESTS, WHETHER  
5 IT'S THEIR INDIRECT COST OR THEIR FACILITIES COST,  
6 THIS WILL BE A CAP. THEY CAN REQUEST LESS, AND THE  
7 AMOUNT SHOULD BE APPROPRIATE TO WHAT THE INSTITUTION  
8 IS USED TO HAVING IN TERMS OF OVERHEAD, AND IT WILL  
9 DIFFER. AND IT ALSO HAPPENS THAT SOME INSTITUTIONS  
10 CHOOSE TO REQUEST LESS IN TERMS OF FACILITIES OR  
11 INDIRECT COST SO THAT THEY CAN ACTUALLY, IN TURN,  
12 COLLECT MORE ON THE DIRECT PROJECT COSTS. SO I  
13 THINK IT ALSO VARIES FROM APPLICANT TO APPLICANT.

14 DR. FEIGAL: WE CAN GET INTO MORE DETAILS  
15 IF YOU'D LIKE ABOUT THE INDIRECTS, BUT THERE IS A  
16 CAP FOR FOR-PROFITS. AND AS GIL SAID, THERE IS SOME  
17 FLEXIBILITY WITH UNIVERSITIES. AND MANY  
18 FOR-PROFITS, WHEN THEY COME IN HERE, THEY'RE MAINLY  
19 ASKING, MANY OF THEM ARE ASKING FOR THE DIRECT  
20 RESEARCH COSTS. SO THAT IS WHERE THE CIRM MONEY  
21 WOULD BE GOING. AND, ANYWAY, I JUST WANTED TO  
22 CLARIFY. IT IS DIFFERENT BETWEEN FOR-PROFITS AND  
23 UNIVERSITIES.

24 CHAIRMAN THOMAS: I THINK WE HAD DEAN  
25 POMEROY, DR. CHISARI, MR. SHEEHY, DR. PRICE, AND

**BARRISTERS' REPORTING SERVICE**

1 JOAN.

2 DR. POMEROY: RECOGNIZING THAT WE DON'T  
3 ALWAYS NEED TO DO EVERYTHING THE WAY THE NIH DOES,  
4 IT'S STILL USEFUL TO THINK ABOUT THE WAY NIH DOES DO  
5 THESE GRANT REVIEWS FOR ME. THAT IS, THAT THERE'S  
6 EXTENSIVE DISCUSSION AND A SCIENTIFIC SCORE IS  
7 GIVEN, AND THAT IS COMPLETED AND STOPPED, AND THEN  
8 THERE'S A BUDGETARY DISCUSSION, WHICH IS ALSO VERY  
9 CAREFULLY RECORDED WITHOUT A SCORE. AND IT IS VERY  
10 CLEAR THAT IT IS ESSENTIAL TO KEEP THE SCIENTIFIC  
11 SCORE CLEAN FROM THE BUDGETARY DISCUSSION.

12 SO WHAT WOULD BE THE JUSTIFICATION,  
13 BECAUSE THEY HAVE RESPONSIBILITIES FOR BUDGETARY  
14 OVERSIGHT TOO, WHAT WOULD BE THE JUSTIFICATION FOR  
15 US DOING IT DIFFERENTLY?

16 DR. FEIGAL: WELL, THERE'S MANY THINGS  
17 THAT WE DO DIFFERENTLY THAN THE NIH. AND ONE OF  
18 THEM IS THE AMOUNT THAT WE GIVE OUT IS GREATLY  
19 DIFFERENT. \$20 MILLION AWARDS. I DON'T THINK ANY  
20 NIH GRANT GOES TO THAT AMOUNT. SO I THINK THE  
21 MAGNITUDE OF WHAT WE GIVE OUT IS ACTUALLY QUITE A  
22 BIT MORE THAN WHAT YOU WOULD GET FOR THE USUAL NIH  
23 RESEARCH GRANT.

24 BUT I THINK IN TERMS OF YOUR SUGGESTION,  
25 WE ALREADY HAVE IN OUR REVIEW CRITERIA THAT PEOPLE

## BARRISTERS' REPORTING SERVICE

1 SHOULD BE CONSIDERING BUDGET ISSUES THAT COULD  
2 IMPACT ON THE DESIGN AND FEASIBILITY OF THE PROJECT.  
3 AND THAT'S ALREADY GUIDANCE THAT IS GIVEN TO  
4 REVIEWERS. WHAT WE'RE NOTICING IS THAT THERE REALLY  
5 IS NOT WHAT WE WOULD CALL A SIGNIFICANT DISCUSSION  
6 OF THE BUDGET AT ANY POINT IN THE DISCUSSION OF THE  
7 PROJECT. AND SO WE THINK THAT WE ALREADY HAVE  
8 WRITTEN THAT IF IT IMPACTS DESIGN OR FEASIBILITY, IT  
9 REALLY DOES IMPACT THE SCIENCE. WE DON'T THINK THE  
10 BUDGET IS JUST THIS THING THAT ORBITS AROUND, BUT IT  
11 ACTUALLY, ALTHOUGH IT'S NOT SCIENCE, IT DOES IMPACT  
12 ON YOUR ABILITY TO DO THE SCIENCE.

13 SO IF SOMEBODY HAS PROPOSED A BUDGET THAT  
14 REALLY MAKES CONDUCTING THAT SCIENTIFIC RESEARCH  
15 IMPOSSIBLE TO DO, THAT DOES NEED TO HAVE SOME SORT  
16 OF REFLECTION IN A SCORE, AT LEAST THAT'S OUR  
17 SUGGESTION, THAT IT DOES HAVE SOME IMPACT ON THE  
18 SCORE.

19 DR. FIRESTEIN: COULD I JUST CLARIFY ONE  
20 THING? THERE ARE MANY GRANTS AT THE NIH THAT EXCEED  
21 \$20 MILLION.

22 DR. POMEROY: THANK GOODNESS FOR MANY OF  
23 OUR INSTITUTIONS. IF I COULD JUST RESPOND, THAT'S  
24 THE FIRST POINT IS THAT --

25 DR. FEIGAL: I'M TALKING FOR A PROJECT,

## BARRISTERS' REPORTING SERVICE

1 NOT FOR A CANCER CENTER, NOT FOR A MAJOR -- THIS IS  
2 FOR ONE RESEARCH PROJECT.

3 DR. POMEROY: I THINK THE POINT STANDS.  
4 BUT SECOND OF ALL, THERE'S A BIG  
5 DIFFERENCE BETWEEN ADJUSTING A SCIENTIFIC SCORE FOR  
6 FEASIBILITY, WHICH I DON'T THINK ANYBODY ARGUES  
7 WITH, AND THEN HAVING A DISCUSSION ABOUT  
8 APPROPRIATENESS OF THE BUDGET. AND I JUST THINK  
9 IT'S IMPORTANT THAT WE KEEP THOSE TWO ISSUES  
10 SEPARATE.

11 DR. VUORI: CAN I QUICKLY COMMENT MAYBE TO  
12 CLARIFY A LITTLE BIT WHAT CLAIRE SAID. IN SOME WAYS  
13 THE BUDGET DOES COME TO THE SCIENTIFIC SCORE IN THE  
14 NIH SYSTEM IF THE BUDGET IS COMPLETELY MISALIGNED  
15 WITH THE SCIENCE. IN OTHER WORDS, IT'S VERY CLEAR  
16 THAT THE SCIENTIST SIMPLY DOESN'T UNDERSTAND HOW TO  
17 PROCEED AND, HENCE, THE SCORE IS PROBABLY GOING TO  
18 BE JUST VERY POOR.

19 DR. CHISARI: SO ACTUALLY I AGREE WITH ALL  
20 THE COMMENTS THAT CLAIRE MADE AND THAT KRISTINA MADE  
21 AND GARY MADE. I FEEL VERY STRONGLY THAT THE  
22 SCIENTIFIC MERIT IS WHAT SHOULD BE THE BOTTOM LINE.  
23 THERE CERTAINLY MUST BE DISCUSSION OF BUDGET. AND  
24 THAT PERHAPS IS SOMETHING THAT STAFF OR WHOEVER IS  
25 HEADING UP THE GWG FOR THAT PARTICULAR MEETING

**BARRISTERS' REPORTING SERVICE**

1 EMPHASIZES TO THE MEMBERS OF THE GWG AT ALL  
2 MEETINGS. BUT TO DOWNGRADE A GRANT THAT HAS  
3 OUTSTANDING SCIENTIFIC MERIT BECAUSE OF BUDGETARY  
4 CONCERNS, I THINK, IS NOT IN CIRM'S INTEREST.

5 I COULD ASK YOU ALSO WHY DON'T YOU GIVE  
6 THE MEMBERS OF THE GWG THE OPPORTUNITY TO INCREASE  
7 THE SCORE IF THEY THINK IT'S A REAL BARGAIN FOR  
8 CIRM?

9 DR. FEIGAL: THAT COULD BE A  
10 RECOMMENDATION YOU GIVE TO US.

11 DR. CHISARI: AND THE LAST POINT THAT I'D  
12 LIKE TO MAKE -- SO THE FIRST POINT AND MOST  
13 IMPORTANT POINT I'D LIKE TO MAKE IS I DON'T SEE THE  
14 NEED FOR THIS AS LONG AS YOU IMPLEMENT A VERY, VERY  
15 STRONG EMPHASIS ON BUDGETARY CONSIDERATIONS THAT  
16 THEN GET REPORTED BACK TO THE STAFF, AND THEN  
17 EMPOWER THE STAFF TO DEAL WITH THOSE CONCERNS AND  
18 NEGOTIATE DOWNWARD, IF NECESSARY, BASED ON INPUT  
19 THAT THE STAFF GETS FROM PERHAPS MEMBERS OF THIS  
20 BOARD OR OTHER MEMBERS OF THE STAFF.

21 THE PLEA THAT I MAKE IS IF YOU FIND THAT  
22 HAVING TWO SCORES IS HELPFUL, PERHAPS IN DEALING  
23 WITH APPLICANTS THAT DON'T GET A FUNDABLE, WHAT YOU  
24 WOULD OTHERWISE CALL A FUNDABLE SCIENTIFIC SCORE,  
25 JUST THE PURE SCIENTIFIC SCORE, AND NOW IT'S

## BARRISTERS' REPORTING SERVICE

1 DOWNGRADED FURTHER, YOU HAVE ANOTHER SCORE YOU CAN  
2 TALK TO THEM ABOUT AND SAY, WELL, THE SCIENCE WAS  
3 WEAK AND THE FUNDING PROPOSAL WAS ALSO WEAK.

4 THE POINT THAT I WOULD LIKE TO MAKE IS  
5 THAT IF YOU DO USE TWO SCORES, THAT YOU ONLY USE THE  
6 SCIENTIFIC SCORE TO DECIDE WHETHER A GRANT IS IN  
7 TIER I OR TIER III, THAT THE SECOND SCORE NOT BE  
8 USED TO PUT A GRANT IN TIER I OR TIER III. AND THEN  
9 YOU COULD BRING THE TIER I'S AND TIER III'S TO THIS  
10 GROUP WITH SUGGESTIONS THAT MAYBE THIS TIER I GRANT  
11 IS A LITTLE BIT OVERFUNDED, AND THEN YOU COULD GET  
12 PERHAPS SUPPORT FROM THIS GROUP SAYING, HEY, THAT  
13 TIER I GRANT, EVEN IF YOU THINK IT'S TOO HIGH, LET'S  
14 KEEP IT IN TIER I, BUT WE THINK YOU OUGHT TO GO  
15 AHEAD AND NEGOTIATE THAT BUDGET DOWNWARDS. I JUST  
16 THINK YOU NEED MORE FLEXIBILITY THAN THIS PARTICULAR  
17 PROCESS THAT HAS BEEN DESCRIBED TO US WILL ALLOW  
18 YOU.

19 DR. FEIGAL: THAT'S FINE. I DO WANT TO  
20 CLARIFY. WE DID HAVE DISCUSSIONS, NOT WITH THE  
21 ENTIRE BOARD, BUT WITH THE SCIENCE SUBCOMMITTEE FOR  
22 TWO TIMES BEFORE COMING HERE. SO WE HAVE HEARD A  
23 LOT OF DIFFERENT TYPES OF SUGGESTIONS. AND THIS WAS  
24 AN ATTEMPT TO TRY AND INCORPORATE THE SUGGESTIONS  
25 THAT WE HEARD.

**BARRISTERS' REPORTING SERVICE**

1           CHAIRMAN THOMAS: I'LL JUST NOTE FOR THE  
2 RECORD HERE THIS WHOLE DISCUSSION AROSE THROUGH A  
3 POSTMORTEM THAT WAS HAD AT A DISEASE TEAM REVIEW  
4 SESSION EARLIER IN THE YEAR WHERE THE MEMBERS OF THE  
5 GRANTS WORKING GROUP, WHEN ASKED HOW CAN THINGS BE  
6 IMPROVED, THE PROCESS TWEAKED TO MAKE IT BETTER,  
7 TALKED ABOUT THE FACT THAT THE BUDGETARY  
8 CONSIDERATIONS WERE SO OUT OF WHACK AND SOME OF  
9 THESE THINGS, AS ELLEN SET FORTH, THESE EXAMPLES OF  
10 THINGS THAT CAME UP NEEDED TO BE SOMEHOW FACTORED  
11 IN. SO THIS IS SORT OF STRAIGHT FROM THE HORSE'S  
12 MOUTH OF THE REVIEWERS THEMSELVES.

13           WHAT FORM THAT TAKES IS UP TO OUR  
14 DISCRETION OBVIOUSLY, BUT THAT'S WHERE IT AROSE.  
15 AND THERE'S EVEN A FAIRLY EXTREME PROPOSAL IN THERE  
16 TO MIMIC THE -- IT'S THE STATE OF NEW YORK FUND, WAS  
17 IT, THAT ACTUALLY HAS 30 PERCENT OF THE SCORING IS  
18 BUDGETARY, WHICH WE DIDN'T WANT TO DO OBVIOUSLY.  
19 BUT JUST TO GIVE YOU AN IDEA FOR HOW STRONGLY THE  
20 OPINIONS WERE THAT YOU NEEDED TO HAVE BUDGETING  
21 ALIGNED WITH THE SCIENCE TO MAKE THE WHOLE THING FIT  
22 TOGETHER. SO MR. SHEEHY.

23           MR. SHEEHY: WELL, I HAVE TO SAY I'M NOT  
24 REALLY SURE WHAT WE'RE VOTING ON RIGHT HERE BECAUSE  
25 IT DOESN'T RESEMBLE MY UNDERSTANDING, AT LEAST THE



## BARRISTERS' REPORTING SERVICE

1 WAY IT'S BEEN DESCRIBED. WHAT I UNDERSTOOD COMING  
2 IN IS THAT WHAT WE WERE THINKING ABOUT IS THAT WE  
3 WOULD CREATE AN ADDITIONAL FIELD IN THEIR SCOREBOOK.  
4 SO THEY WOULD ORIGINALLY PUT DOWN A SCIENCE SCORE.  
5 THEY'D HEAR FROM BUDGETARY SPECIALISTS AND TAKE INTO  
6 ACCOUNT BUDGETARY CONSIDERATION. FEASIBILITY HAS  
7 ALWAYS BEEN AN ISSUE FOR THE REVIEW GROUP. SO IF  
8 YOU CAN'T WRITE A BUDGET THAT REFLECTS THE SCIENCE  
9 YOU'RE TRYING TO DO, THEN MOST PEOPLE DON'T THINK  
10 YOU CAN DO THE SCIENCE.

11 SO IT WAS MORE ABOUT PEOPLE JUST -- IN A  
12 WAY WE'VE BEEN GENEROUS WITH BUDGETS BECAUSE THE  
13 FIELD NEEDED TO BE PUSHED FORWARD. MY UNDERSTANDING  
14 ON WHAT I THOUGHT THE PROPOSAL WOULD BE IS THAT  
15 FIRST YOU GET ENTERED A CLEAR SCIENTIFIC SCORE, AND  
16 THEN THE REVIEWERS WOULD HEAR BUDGETARY  
17 CONSIDERATIONS, AND THOSE BUDGETARY CONSIDERATIONS  
18 THE REVIEWERS COULD EXPRESS AS A DEDUCTION FROM THE  
19 SCIENTIFIC SCORE. BOTH SCORES COULD GO FORWARD. SO  
20 IF YOU HAD A GRANT THAT WAS PULLED OUT OF FUNDING  
21 BECAUSE OF -- OUT OF A FUNDABLE RANGE BECAUSE OF THE  
22 BUDGET, THE REVIEW GROUP COULD STILL RECOMMEND FOR  
23 FUNDING WITH THE CONDITION THAT THE BUDGET BE  
24 CHANGED TO REFLECT THOSE BUDGETARY CONSIDERATIONS.  
25 AND PART OF THIS WAS TO GIVE EVERYBODY A STICK TO

**BARRISTERS' REPORTING SERVICE**

1 ENFORCE A GOOD BUDGET, GOOD BUDGETING, BECAUSE WE'RE  
2 NOT GETTING GOOD BUDGETING. NOT EVERYBODY. IT'S IN  
3 A FEW OUTLIERS.

4 THEN WHEN IT CAME FORWARD TO US, WE WOULD  
5 ALSO GET TWO VERY DISTINCT POINTS OF REFERENCE SO  
6 THAT WE WOULD KNOW. THIS WAS THE SCIENTIFIC SCORE.  
7 THE INITIAL PROPOSAL THAT WAS BROUGHT TO US AT THE  
8 SCIENCE SUBCOMMITTEE WAS THAT YOU WOULD -- BEFORE  
9 YOU ASSIGNED YOUR SCIENTIFIC SCORE, YOU WOULD HAVE  
10 THIS DISCUSSION ABOUT BUDGETS. IF YOU FELT IT  
11 AFFECTED FEASIBILITY, YOU COULD DROP DOWN THE SCORE.  
12 MY SENSE WAS THAT IF YOU HEARD SOMEBODY BASICALLY  
13 TEARING APART AN APPLICATION BECAUSE THEY WERE  
14 EGREGIOUS IN BUDGET, YOU WERE GOING TO BRING DOWN  
15 THE SCORE ANYWAY, AND THERE WOULD BE NO WAY TO  
16 CAPTURE IN ANY MEASURABLE WAY.

17 WHAT I WAS HOPING IS THAT WE WOULD HAVE A  
18 PROPOSAL IN FRONT OF US THAT WOULD CLEARLY SEPARATE  
19 THE TWO SO THAT WE WOULD GET A CLEAN SCIENCE SCORE  
20 AND WE WOULD GET A FAIRLY NICE STICK IN ORDER TO  
21 START THE SELF-POLICING WHICH I THINK WOULD COME  
22 FAIRLY QUICKLY. BASICALLY THAT'S WHAT HAPPENS IN  
23 NEW YORK IS THAT PEOPLE KNOW THAT THEY'RE GOING TO  
24 BE HEAVILY PENALIZED FOR BAD BUDGETS, SO THEY REALLY  
25 WORK HARD ON PROVIDING GOOD BUDGETS UP FRONT SO WE

**BARRISTERS' REPORTING SERVICE**

1 DON'T HAVE TO GO THROUGH THIS ALL THE TIME.

2 BUT I'M NOT SURE WHAT WE'RE VOTING ON  
3 TODAY, AND I'M NOT REALLY SURE WHAT THE PROPOSAL IS,  
4 AND I WOULD ALMOST RECOMMEND GOING BACK TO THE  
5 SCIENCE SUBCOMMITTEE TILL WE HAVE SOMETHING THAT HAS  
6 SOME MORE CLARITY.

7 DR. FEIGAL: CAN I ASK A QUESTION?

8 CHAIRMAN THOMAS: CERTAINLY.

9 DR. FEIGAL: SO IT SOUNDS, FROM WHAT I'M  
10 HEARING, AND I THINK HEARING IT OVERWHELMINGLY, THAT  
11 YOU DON'T WANT THINGS THAT AREN'T SCIENCE TO IMPACT  
12 THE SCIENTIFIC SCORE. I THINK WE'RE PROBABLY ALL ON  
13 THE SAME PAGE ABOUT THAT. SO WHAT I'M ASKING THE  
14 QUESTION OF IS IT THE SEQUENCE? ARE YOU SUGGESTING  
15 MAYBE THERE ONLY BE A DISCUSSION ABOUT THE SCIENCE  
16 AND PEOPLE COME TO A SCORE AND THEN THERE'S A  
17 DISCUSSION ABOUT BUDGET ISSUES? AND THE QUESTION IS  
18 DO WE TRY AND QUANTITATE THAT, HOW EGREGIOUS OR  
19 NONEGREGIOUS, OR DO PEOPLE JUST THINK THESE ARE  
20 COMMENTS THAT GO BACK TO STAFF AND WE CAN WORK  
21 THROUGH HOW TO CARRY THEM THROUGH?

22 WHAT I THOUGHT I HEARD ACTUALLY FROM SOME  
23 MEMBERS OF THE SCIENCE SUBCOMMITTEE IS THAT THEY  
24 ACTUALLY SUGGESTED TO US THAT WE FIND A WAY TO  
25 QUANTITATE SOME OF THOSE ISSUES. AND THAT WAS THE

**BARRISTERS' REPORTING SERVICE**

1 REASON WHY THIS OTHER SCORE THAT GIL MENTIONED, THIS  
2 OTHER COLUMN FOR THE BUDGET, WAS BROUGHT UP.

3 CHAIRMAN THOMAS: DR. PRICE HAS BEEN LONG  
4 SUFFERING AND WAITING. THEN DR. STEWARD ONLY LESS  
5 SO. AND THEN DR. BRYANT AND DR. VUORI.

6 DR. PRICE: I'M REALLY SKEPTICAL ABOUT THE  
7 IDEA OF ADDING ANOTHER SCORE, HAVING THE GRANTS  
8 WORKING GROUP PROVIDE A NUMBER WHICH SOMEHOW IS A  
9 METRIC OF HOW OUT OF WHACK THE BUDGET IS WITH THE  
10 PROJECT, AND THEN ADDING THAT UP, ADDING IT INTO THE  
11 SCIENTIFIC SCORE TO COME OUT WITH SOME AVERAGE. I  
12 THINK THAT JUST ADDS A DEGREE OF RANDOMNESS TO WHAT  
13 IS ALREADY UNFORTUNATELY -- IT'S THE BEST PROCESS WE  
14 HAVE, BUT THERE IS A DEGREE OF RANDOMNESS IN IT  
15 ALREADY. THAT RANDOMNESS IS ABOUT PEOPLE WHO ARE  
16 EXPERT IN WHAT THEY'RE REVIEWING.

17 NOW WE'RE TURNING TO PEOPLE TO MAKE  
18 JUDGMENTS ABOUT FINANCIAL AND BUDGET ISSUES WHICH  
19 THEY'RE NOT EXPERT ON. AND WHY ASSUME THEY HAVE A  
20 COMMON STANDARD THAT A THREE DEDUCTION FROM ONE  
21 PERSON IS THE EQUIVALENT TO A FIVE DEDUCTION FROM  
22 ANOTHER? I HAVE NO CONFIDENCE IN THAT AT ALL. I  
23 JUST THINK IT ADDS A DEGREE OF RANDOMNESS TO THE  
24 PROCESS. I WOULD BE MUCH MORE COMFORTABLE WITH THE  
25 REVIEW JUST FOCUSING ON DESIGN AND FEASIBILITY AFTER

## BARRISTERS' REPORTING SERVICE

1 THE SCIENTIFIC SCORES ARE IN, A MESSAGE GOES OUT TO  
2 CIRM SAYING WE HAVE QUESTIONS ABOUT WHETHER THIS  
3 BUDGET -- WHETHER THIS PROJECT IS FEASIBLE GIVEN THE  
4 BUDGET THAT'S BEEN PRESENTED. AND THEN THE  
5 MANAGEMENT CAN INFORM THE BOARD ABOUT THIS WHEN WE  
6 COME TO MAKE OUR ACTUAL DECISION ABOUT WHETHER WE'RE  
7 GOING TO FUND SOMETHING OR NOT.

8 DR. STEWARD: SO JUST FOR THE NEW PEOPLE  
9 ON THE BOARD, I'M THE ONLY ONE ON THE GRANTS WORKING  
10 GROUP WHO BOTH LISTENS TO THAT AND I'M ALSO AN NIH  
11 GRANTEE AND ALSO REVIEW NIH GRANTS. SO I SAY THAT  
12 JUST SO YOU KNOW. AND THE REASON THAT I AM ON THAT  
13 GRANTS WORKING GROUP IS BECAUSE I'M ON THIS BOARD AS  
14 A PATIENT ADVOCATE.

15 SO WHAT JEFF SAID IS ABSOLUTELY TRUE. LET  
16 ME SEE IF I CAN PUT THIS IN PERSPECTIVE. IT ISN'T  
17 JUST THAT THERE IS A SCIENTIFIC REVIEW AND THE  
18 REVIEWERS ARE SAYING THE BUDGETS ARE RIDICULOUS.  
19 THEY DO SAY THAT, BY THE WAY. WHAT THEY ARE TELLING  
20 US IS THAT THE WORK IS NOT WELL-PLANNED, THAT THE  
21 BUDGETS THAT ARE PROPOSED ARE NOT CAREFULLY DESIGNED  
22 IN RELATION TO THE PROJECT. THAT'S WHAT THEY'RE  
23 TELLING US.

24 WHAT'S HAPPENING IS THE SCIENCE IS  
25 DEFINED, THERE'S NO JUSTIFICATION OF THE BUDGET AT

**BARRISTERS' REPORTING SERVICE**

1 ALL. IF THE LIMIT OF THE GRANT IS \$20 MILLION, IT'S  
2 \$20 MILLION OR \$19,999,000. AND THERE'S BEEN A GOOD  
3 DEAL OF FRUSTRATION AMONGST THE SCIENTIFIC MEMBERS  
4 OF THE GRANTS WORKING GROUP BECAUSE THAT INDICATES  
5 POOR PLANNING OF THE SCIENCE.

6 SO THEY'RE ASKED TO REVIEW THE SCIENCE,  
7 BUT KIND OF IGNORE THIS OTHER ASPECT OF THE PLANNING  
8 THAT WE ALL WOULD NORMALLY HAVE TO DO. I THINK THIS  
9 IS WHAT WE'RE DEALING WITH HERE, HOW TO CAPTURE  
10 THAT. AND I THINK THERE'S SEVERAL SUGGESTIONS THAT  
11 YOU GUYS HAVE MADE AND WE DISCUSSED IN THE SCIENCE  
12 SUBCOMMITTEE, AND I DON'T HAVE AN ANSWER TO WHAT'S  
13 THE RIGHT ONE EITHER. THIS SEEMS AS REASONABLE AN  
14 ANSWER AS ANY. BUT THAT'S THE FRUSTRATION OF THE  
15 GRANTS WORKING GROUP MEMBERS. THIS IS A PART OF THE  
16 SCIENTIFIC JUDGMENT, BUT THEY CAN'T CONSIDER IT.  
17 OKAY.

18 CHAIRMAN THOMAS: THANK YOU, DR. STEWARD.  
19 WE HAVE DR. BRYANT, DR. VUORI, DR. ECONOMOU, DR.  
20 MELMED HAS HIS HAND UP.

21 MS. SAMUELSON: I'VE BEEN WAITING FOR A  
22 WHILE.

23 CHAIRMAN THOMAS: I FORGOT. JOAN WAS  
24 ACTUALLY AFTER DR. PRICE.

25 MS. SAMUELSON: WELL, FOLLOWING ON WHAT OS

**BARRISTERS' REPORTING SERVICE**

1 SAID, THIS IS A REAL-LIFE SCENARIO THAT I THINK  
2 SUGGESTS THAT PARKINSON'S WILL BE ONE DISEASE THAT  
3 WOULD BE PREJUDICED BY THIS. IT'S A NEW FIELD AND  
4 SCIENTISTS WHO ARE TRYING TO EVALUATE THE PROJECT  
5 COST WHEN IT HASN'T BEEN DONE BEFORE. AND IT TURNS  
6 OUT THAT TO DO THE EVALUATION OF SURGERIES TO TEST  
7 THE EFFICACY OF A CELL TRANSPLANT, FOR EXAMPLE, NOT  
8 ONLY REQUIRES THAT YOU GET IMAGING EQUIPMENT, BUT  
9 YOU ACTUALLY HAVE TO DESIGN IT AND DO HARDWARE AND  
10 SOFTWARE THAT'S FOR A MONKEY THAT IS UNIQUELY  
11 SIMILAR TO THE HUMAN, BUT THAT THERE NEVER HAS BEEN  
12 SOFTWARE DESIGNED FOR. THAT'S GOING TO BE A MUCH  
13 MORE EXPENSIVE ITEM THAN JUST STUFF OFF THE SHELF.

14 AND I'VE SEEN BUDGETS RIDICULED WHEN IT  
15 WAS THIS SORT OF NEW FRONTIER PROJECT THAT DIDN'T  
16 HAVE A LOT OF EXPERIENCE IN THE FIELD. AND THEY  
17 WERE DOING THEIR BEST. IT WASN'T THAT THEY HAD  
18 INCAPACITY TO EVALUATE FEASIBILITY. IT'S  
19 EVERYBODY'S GUESS. THANK YOU.

20 DR. BRYANT: OKAY. I HAVE A SUGGESTION.  
21 I DON'T KNOW IF THIS WILL WORK, BUT DON'T TRY FOR A  
22 COMBINED SCORE. SO GET THE SCIENTIFIC SCORE SO ALL  
23 THE ONES THAT ARE SCIENTIFICALLY CONSIDERED  
24 EXCELLENT AND FEASIBLE, NOT CONSIDERING THE BUDGET,  
25 GIVE THEM THAT SCORE, BUT THEN AMONG THOSE GIVE A

## BARRISTERS' REPORTING SERVICE

1 PERCENTAGE AS TO HOW MUCH FUNDING YOU THINK WOULD BE  
2 WORTH -- THIS COULD BE DONE FOR. SO IF IT'S AN  
3 ON-TARGET GRANT, IT GETS A HUNDRED PERCENT. IF IT'S  
4 A VERY INFLATED GRANT, IT WOULD GET 50 PERCENT. AND  
5 THEN THAT MIGHT BEGIN TO INFLUENCE THE DECISION  
6 ABOUT WHETHER TO FUND IT OR NOT BECAUSE THAT WOULD  
7 INCORPORATE THE IDEA THAT OS MENTIONED, THAT IT'S A  
8 SIGN OF NOT HAVING A REALISTIC SENSE HOW TO DO THE  
9 SCIENCE IF IT'S SO FAR OFF. BUT IF IT'S BETWEEN 50  
10 AND A HUNDRED, YOU COULD NEGOTIATE DOWNWARDS AND  
11 STILL GET A REASONABLE PRODUCT FROM THAT PROPOSAL.

12 DR. STEWARD: J.T., WHEN YOU HAVE A CHANCE  
13 AGAIN ME DOWN HERE.

14 CHAIRMAN THOMAS: DID WE LOSE DR. VUORI?  
15 WE DID. OKAY. DR. ECONOMOU.

16 DR. ECONOMOU: SO THERE'S THIS CURIOUS  
17 OBSERVATION THAT WHENEVER THERE'S A DEFINED UPPER  
18 LIMIT TO A FUNDING LEVEL, THAT THE BUDGETS THAT COME  
19 IN ARE WITHIN ONE TO TWO PERCENTAGE POINTS OF THAT  
20 MAXIMUM LIMIT. SO I'M ASSUMING, OF COURSE, THAT  
21 THERE'S A RIGOROUS PREREVIEW BY STAFF OF THE BUDGET  
22 SO THAT IT'S SCALED APPROPRIATELY TO THE PROJECT. I  
23 SHOULD KNOW THE ANSWER TO THIS. HOW DO YOU GO BACK  
24 AND AUDIT THEN? HOW DO YOU GO BACK AND THEN AUDIT  
25 GRANTS THAT HAVE BEEN EXPENDED TO MAKE CERTAIN THAT



## BARRISTERS' REPORTING SERVICE

1 THEY SPENT IT ON WHAT THEY SAID THEY WOULD?

2 WE HAVE AUDITS ALL THE TIME ON OUR CAMPUS  
3 TO MAKE CERTAIN THAT WE'RE NOT BUYING -- WE'RE NOT  
4 SPENDING THE MONEY ON SOMETHING THAT WE SHOULDN'T BE  
5 SPENDING IT ON.

6 DR. SAMBRANO: I THINK THERE'S A COUPLE OF  
7 WAYS. ONE OF THEM HAS ALREADY BEEN MENTIONED  
8 SEVERAL TIMES, WHICH IS THE CDAP PROCESS BY WHICH  
9 THERE ARE CLEAR MILESTONES THAT ARE TIED TO  
10 BUDGETARY AMOUNTS. ASSUMING THAT THEY HAVE A  
11 JUSTIFIED BUDGET TO REACH THAT MILESTONE, THERE IS  
12 AN ONGOING PROCESS TO ASSESS THAT. NOW, THERE'S  
13 ALSO A COMPLIANCE COMPONENT THAT CIRM ENGAGES IN,  
14 BUT IT'S NOT DONE WITH EVERY SINGLE GRANT  
15 APPLICATION. WE DO THAT KIND OF ON AN AD HOC.  
16 SINCE WE CAN'T CHECK EVERY SINGLE ONE, WE HAVE A  
17 COMPLIANCE OFFICER AND OUR FINANCE OFFICER THAT  
18 VISITS THE INSTITUTION, AND THEY IDENTIFY SPECIFIC  
19 GRANT APPLICATION -- GRANTS AND THEY WILL GO OVER  
20 THE EXPENDITURES AND BUDGETS TO ENSURE THAT THEY ARE  
21 APPROPRIATE. BUT THAT CAN ONLY BE DONE WITH A FEW  
22 AND SELECT ONES.

23 CHAIRMAN THOMAS: I THINK DR. MELMED, THEN  
24 DR. FIRESTEIN.

25 DR. FIRESTEIN: THANKS. SO I ADMIRE THE

## BARRISTERS' REPORTING SERVICE

1 DESIRE TO INCENTIVIZE PEOPLE TO PROVIDE EXCELLENT  
2 BUDGETS. THIS IS NOT A PROBLEM THAT IS UNIQUE TO  
3 THIS PARTICULAR FUNDING MECHANISM. BUT ALTHOUGH I'M  
4 SORT OF AT THE TAIL END OF THIS DISCUSSION, OR AT  
5 LEAST I HOPE I AM, I AGREE WITH CLAIRE, WHAT CLAIRE  
6 HAD SAID EARLIER ABOUT MAKING SURE THAT AT LEAST WE  
7 ARE SIMILAR IN SPIRIT TO WHAT HAPPENS AT THE NIH.  
8 WE ARE NOT OBLIGATED TO DO WHAT THEY DO, BUT THEY  
9 HAVE BEEN DEALING WITH BUDGETS IN THE TENS OF  
10 MILLIONS OF DOLLARS EVEN FOR INDIVIDUAL PROJECTS OR  
11 FOR U AWARDS FOR MANY YEARS.

12 AND I THINK THAT IT IS CRITICAL TO HAVE A  
13 PRISTINE SCIENTIFIC SCORE. AND THEN, OF COURSE, IF  
14 THE BUDGET IS ENTIRELY OUT OF WHACK, AS WAS  
15 MENTIONED EARLIER, THAT IS PART OF THE SCIENTIFIC  
16 REVIEW WHERE SOMEONE CLEARLY DOESN'T KNOW WHAT IT  
17 TAKES TO DO A PROJECT, AND THEY PROBABLY CAN'T DO  
18 THE PROJECT ANYWAY. BUT THE POINT IS THAT THEN A  
19 POST HOC REVIEW OF THE BUDGET OR IN SOME CASES EVEN  
20 A PRE-HOC REVIEW OF THE BUDGET CAN BE PERFORMED TO  
21 MAKE SURE IT'S IN LINE. THE NIH DOES THIS ALL THE  
22 TIME WITH PROGRAM PROJECT GRANTS. THEY DO IT ALL  
23 THE TIME WITH CONTRACTS, FOR EXAMPLE, WHERE THE  
24 PROTOCOLS ARE PRESPECIFIED, AND YOU PRENEGOTIATE  
25 WITH THE FUNDING AGENCY ON A BUDGET THAT AT LEAST

**BARRISTERS' REPORTING SERVICE**

1 FITS WHAT THEY ANTICIPATE IT TO COST WITHIN THAT  
2 PROPOSAL.

3 SO MY SUGGESTION IS THAT WE CONTINUE TO  
4 FOCUS PRIMARILY ON THE SCIENCE, THAT A SEPARATE  
5 DECISION BE MADE ON THE BUDGET. I COMPLETELY AGREE  
6 WITH -- I FORGOT WHO SAID THAT ASSIGNING A SCORE OF  
7 MINUS ONE FOR HAVING ONE TOO MANY TECHNICIANS OR  
8 MINUS FIVE FOR HAVING TOO MANY PATIENTS ENROLLED, I  
9 DON'T EVEN KNOW HOW A SCIENTIFIC REVIEW COMMITTEE  
10 WOULD MAKE THAT ASSESSMENT, AND I THINK IT WOULD  
11 ONLY END UP MUDDYING THE PICTURE FOR A CRITICAL  
12 REVIEW OF WHAT THE BUDGET SHOULD ACTUALLY LOOK LIKE.  
13 AND THE NIH CONSTANTLY DOWN-NEGOTIATES AND WORKS  
14 WITH YOU ON THE BUDGET FOR ANYTHING THAT'S RELATED  
15 TO A CLINICAL TRIAL.

16 CHAIRMAN THOMAS: DR. STEWARD WAS NEXT.

17 DR. STEWARD: I ACTUALLY AM JUST GOING TO  
18 TRY TO GO BACK TO WHAT JEFF SAID. I THINK THAT THIS  
19 HAS BEEN A REALLY GREAT DISCUSSION AND A LOT OF  
20 IDEAS, BUT I THINK THAT PROBABLY, RATHER THAN TRYING  
21 TO REWRITE ANYTHING RIGHT NOW, WE SHOULD SEND THIS  
22 BACK TO THE SCIENCE SUBCOMMITTEE AND HAVE MORE  
23 DISCUSSIONS, MAYBE HAVE MORE INPUT FROM THE BOARD  
24 WITH SPECIFIC IDEAS, AND THEN TRY TO COME BACK --  
25 THE SCIENCE SUBCOMMITTEE TRY TO COME BACK AT THE

**BARRISTERS' REPORTING SERVICE**

1 NEXT BOARD MEETING WITH SOMETHING THAT WOULD BE MORE  
2 IN LINE OR PERHAPS IN LINE WITH WHAT EVERYONE HAS  
3 SAID RATHER THAN TRYING TO REWRITE IT RIGHT NOW. I  
4 MAKE THAT MOTION.

5 CHAIRMAN THOMAS: I SEE A LOT OF HEAD  
6 NODDING IN THE AFFIRMATIVE AROUND THE HORSESHOE.

7 DR. JUELSGAARD: I SECOND THAT MOTION.

8 CHAIRMAN THOMAS: IT'S BEEN MOVED AND  
9 SECONDED. ANY FURTHER -- IS THAT SOMETHING THAT  
10 REQUIRES A MOTION, JAMES?

11 MR. HARRISON: NO, BUT ONE IS ON THE  
12 TABLE, SO WE MIGHT AS WELL VOTE ON IT.

13 DR. FEIGAL: MAYBE AFTER YOU VOTE, I'D  
14 STILL LIKE TO POSE A QUESTION TO YOU BECAUSE I THINK  
15 WE HAVE A BROADER ISSUE WE'RE TRYING TO ADDRESS. IT  
16 WOULD BE NICE TO TRY AND MAYBE CLARIFY THAT FOR YOU.

17 MS. LANSING: CAN YOU RESTATE THE MOTION  
18 JUST FOR THOSE OF US ON THE PHONE?

19 MR. HARRISON: THE MOTION IS TO REFER  
20 CONSIDERATION OF BUDGET REVIEW OF THE CIRM  
21 APPLICATIONS BACK TO THE SCIENCE SUBCOMMITTEE FOR  
22 FURTHER EVALUATION.

23 CHAIRMAN THOMAS: MR. SHEEHY.

24 MR. SHEEHY: I ACTUALLY THINK I AGREE THAT  
25 WE SHOULD FINALIZE THIS POLICY THROUGH ANOTHER

## BARRISTERS' REPORTING SERVICE

1 SUBCOMMITTEE MEETING. BUT I ACTUALLY THINK WE HAVE  
2 THE OUTLINES OF WHAT WE WANT TO ACCOMPLISH. I THINK  
3 THE BROAD CONTOURS OF WHAT SHOULD BE THE POLICY  
4 SHOULD BE A CLEAN SCIENCE SCORE, A SEPARATE  
5 DISCUSSION OF THE BUDGET, SPECIFIC ITEMS NOTED THAT  
6 ARE OUT OF WHACK. I THINK EITHER PERCENTAGE OF  
7 AWARD OR SPECIFIC DOLLAR AMOUNTS PUT FORWARD AS  
8 RECOMMENDATIONS FROM THE COMMITTEE PER GRANT. SO IF  
9 YOU THINK THE BUDGET, THEY HAVE TOO MANY TECHS OR  
10 THEY ENROLLED TOO MANY PATIENTS, YOU SAY I'M GOING  
11 TO TAKE -- THAT'S 10 PERCENT OF YOUR AWARD OR IT'S  
12 \$2 MILLION, AND WE APPROVE THIS AWARD UP TO 90  
13 PERCENT OF YOUR, 80 PERCENT OF YOUR AWARD, OR WE  
14 APPROVE THIS AWARD UP TO 18 MILLION INSTEAD OF 20  
15 MILLION, BUT THAT WE THEN EXPRESS THIS NOT  
16 NUMERICALLY, BUT AS A PERCENTAGE OR AN ACTUAL  
17 MONETARY AMOUNT OF THE REQUEST FOR BUDGET, AND WE  
18 ACTUALLY IDENTIFY THE ITEMS THAT ARE EXCESSIVE OR  
19 EXCISED. TO ME THAT SOUNDS LIKE THE CONTOURS OF  
20 SOMETHING THAT WOULD BE WORKABLE. THEN YOU HAVE THE  
21 COLLECTIVE WISDOM OF THE WORKING GROUP BECAUSE I GET  
22 YOUR POINT, THAT YOU HAVE --

23 DR. PRICE: WHY AREN'T WE MAKING THAT  
24 DECISION? WHY IS THE GRANTS WORKING GROUP MAKING  
25 THAT DECISION? THE STAFF CAN BRING THAT ANALYSIS OF

## BARRISTERS' REPORTING SERVICE

1 THE BUDGET TO US AND SAY THIS IS IN TIER I, BUT IT'S  
2 NOT FEASIBLE GIVEN THE BUDGET, AND WE CAN DECIDE  
3 WHAT TO DO WITH IT.

4 MR. SHEEHY: DR. PRICE, ONE POINT IS THAT  
5 WE DO HAVE A RATHER LIMITED STAFF UNLESS WE WERE TO  
6 BRING ON A COUPLE OF REAL BUDGET EXPERTS. WE SAW  
7 THIS -- THEY'LL BRING IN BUDGET SPECIALISTS. PLUS  
8 YOU NEED SCIENTISTS WHO ARE ACTUALLY WORKING IN THE  
9 LAB. WE HAVE HAD SOME DIALOGUES ON BUDGET. AND  
10 MATT PLUNKETT INTRODUCED SOME BUDGET CONSIDERATIONS,  
11 AND WE IMMEDIATELY HAD PUSHBACK FROM SOME OF THE  
12 WORKING GROUP MEMBERS THAT HE WAS WRONG ON HIS  
13 ESTIMATIONS. THEY ACTUALLY SAID HIS THOUGHT OF  
14 OVERAGES WERE ACTUALLY UNDERAGES, THAT HE DIDN'T  
15 REALLY HAVE A GOOD SENSE OF WHAT THE COSTS WERE.

16 YOU REALLY NEED A DIVERSITY OF OPINION ON  
17 COST, AND YOU NEED TO HAVE IT FROM PEOPLE WHO ARE  
18 ACTUALLY WORKING IN THE SCIENCE BECAUSE ONE OF THE  
19 THINGS IS, REMEMBER THE BREADTH OF SCIENCE WE COVER,  
20 ANYTHING FROM SMALL MOLECULES TO AUTOLOGOUS  
21 GENE-MODIFIED CELLS, EMBRYONIC STEM CELLS, TO THIS  
22 TO THAT TO THAT. IT'S VERY HARD TO CAPTURE EITHER  
23 SCIENTIFICALLY OR IN TERMS OF BUDGET THAT EXPERTISE.  
24 THE STAFF HAS DONE A GREAT JOB IN ALMOST EVERY  
25 INSTANCE OF BRINGING IN OUTSIDE EXPERTS NO MATTER

**BARRISTERS' REPORTING SERVICE**

1 WHAT THE ISSUE IS.

2 CHAIRMAN THOMAS: THE QUESTION HAS  
3 ACTUALLY BEEN CALLED HERE. ELLEN, DO YOU NEED TO  
4 RESPOND BEFORE WE TAKE A VOTE?

5 DR. FEIGAL: YOU CAN TAKE A VOTE AND THEN  
6 I CAN MAKE A COMMENT.

7 CHAIRMAN THOMAS: OKAY. I ASSUME THIS IS  
8 ANOTHER VOICE. ALL THOSE IN FAVOR PLEASE SAY AYE.  
9 OPPOSED? ABSTENTIONS? OKAY. MOTION PASSES.

10 DR. FEIGAL: THE POINT I WAS TRYING TO GET  
11 ACROSS, IT COULD BE THE STAFF. WE DO HAVE PEOPLE  
12 WITH EXPERTISE IN BUSINESS AND KNOW WHAT COSTS ARE,  
13 OR WE HAVE BROAD CONNECTIONS WHERE WE CAN BRING THAT  
14 EXPERTISE IN. BUT RIGHT NOW THERE'S A FEELING THAT  
15 THERE'S NOT THE EMPOWERMENT TO ACTUALLY BRING THOSE  
16 ISSUES TO THE TABLE AND TO TRY AND IMPLEMENT IT.

17 DOES IT HAVE TO BE DONE AT THE GRANT  
18 REVIEW GROUP? NO, BUT IT NEEDS TO BE DONE  
19 SOMEWHERE. AND SO THIS WAS A SUGGESTION. IT'S BEEN  
20 BROUGHT UP AT THE GRANT REVIEW GROUP THAT THERE'S  
21 NOT ENOUGH ATTENTION ON THE BUDGETS THAT THEY'RE  
22 LOOKING AT. SOMETIMES I THINK I'VE SHARED WITH YOU  
23 THAT IT LOOKS LIKE PEOPLE HAVE DIVIDED BY FOUR TO  
24 ARRIVE AT VERY COMPLICATED BUDGETS AS OPPOSED TO  
25 DOING IT BASED UPON THE ACTIVITIES THEY REALLY NEED

## BARRISTERS' REPORTING SERVICE

1 TO ACCOMPLISH.

2 SO WE'RE JUST SAYING THAT THERE IS AN  
3 ISSUE. WE'RE TRYING TO THINK OF WAYS TO ADDRESS IT.  
4 WHETHER OR NOT IT IMPACTS ON A SCIENTIFIC SCORE, I  
5 THINK WE'RE IN AGREEMENT IT SHOULDN'T UNLESS IT  
6 MAKES DOING THE PROJECT COMPLETELY INFEASIBLE. I  
7 THINK WE'RE ALL IN AGREEMENT ON THAT. WE'RE JUST  
8 TRYING TO FIND A PROCESS, WHETHER IT'S STAFF,  
9 WHETHER IT'S PULLING IN THE SPECIALISTS. WE'RE  
10 HAPPY TO ENTERTAIN THOSE POSSIBILITIES. BUT WHAT WE  
11 WOULD LIKE FROM YOU IS THE EMPOWERMENT TO ACTUALLY  
12 START WORKING ON THE SOLUTION. IF YOU'D LIKE US TO  
13 GO BACK TO SCIENCE SUBCOMMITTEE FOR A THIRD TIME, WE  
14 CAN DO THAT. WHAT WE WANT TO DO AT THE END OF THE  
15 DAY, I THINK WE'VE HEARD WHAT YOUR SUGGESTIONS ARE.  
16 AND IF YOUR MAIN SUGGESTION IS WE DON'T WANT IT TO  
17 IMPACT ON THE SCIENTIFIC SCORE, YOU CAN ALSO SUGGEST  
18 THAT YOU PUT IT BACK TO US TO COME UP WITH A  
19 SOLUTION THAT DOES NOT IMPACT ON THE SCIENTIFIC  
20 SCORE AND LET US TRY AND IMPLEMENT THAT. IT'S JUST  
21 A SUGGESTION.

22 CHAIRMAN THOMAS: THE WISHES OF THE BOARD  
23 ARE TO GO BACK TO SCIENCE SUBCOMMITTEE IN WHICH THAT  
24 INPUT WILL MOST DEFINITELY BE GIVEN AND DISCUSSED.  
25 BUT I THANK EVERYBODY ON THE BOARD. THIS IS A VERY



**BARRISTERS' REPORTING SERVICE**

1     IMPORTANT ITEM.  I THINK THE DISCUSSION HAS BEEN  
2     VERY ROBUST AND LOTS OF GOOD VIEWS ON THE TABLE, AND  
3     WE'LL LEAVE IT UP TO MR. SHEEHY AND DR. STEWARD TO  
4     SET UP THE SCIENCE SUBCOMMITTEE FOR FURTHER  
5     DISCUSSION TOWARDS THE END OF GETTING FINAL  
6     RESOLUTION ON THIS IMPORTANT TOPIC AT THE DECEMBER  
7     BOARD MEETING.

8             OKAY.  NEXT ITEM IS ITEM 11.  WE'RE COMING  
9     DOWN THE HOME STRETCH HERE, FOLKS, FOR YOU GIANTS  
10    FANS.  CONSIDERATION OF CREATION OF A DISCRETIONARY  
11    FUND FOR SUPPLEMENTS TO EXISTING GRANTS.  DR.  
12    TROUNSON.

13            DR. TROUNSON:  THANK YOU VERY MUCH, CHAIR.  
14    DIDN'T KNOW I'D GET THERE.  SO ITEM NO. 11, REALLY I  
15    DON'T HAVE A POWERPOINT, SO YOU'VE GOT THAT IN YOUR  
16    DOCUMENTS UNDER ITEM 11.

17            WHAT WE'RE SEEKING HERE IS THE OPPORTUNITY  
18    THAT ARISES OCCASIONALLY THAT PRESENTS WITH A UNIQUE  
19    OPPORTUNITY TO TURN A GRANTED STUDY, ONE WE'VE  
20    ALREADY GRANTED, INTO A VERY MAJOR DEVELOPMENT IN  
21    SCIENCE OR OPPORTUNITY IN TRANSLATIONAL MEDICINE.  
22    WHILE THESE ARE RARE MOMENTS, THEY DO ARISE.  AND AT  
23    PRESENT WE CAN ONLY ADVISE GRANTEES TO REAPPLY FOR  
24    THE NEXT APPROPRIATE RFA, OFTEN A YEAR OR MORE  
25    BEFORE THEY CAN EXPECT ANY SUPPORT.

**BARRISTERS' REPORTING SERVICE**

1 THE CAPACITY TO CONSIDER AN EXCEPTIONAL  
2 PROPOSAL THAT ARISES DURING A PERIOD OF A FUNDED  
3 PROJECT IN WHICH ADDITIONAL FUNDING WOULD BE ONGOING  
4 CIRM-FUNDED PROJECT TO ACHIEVE A VERY SIGNIFICANT  
5 TRANSFORMATIONAL OR TRANSLATIONAL RESULT WOULD BE  
6 IMPORTANT FOR CIRM'S MISSION. THESE SUPPLEMENTS  
7 WOULD BE CAREFULLY CONSIDERED, RARE AS EVENTS, AND  
8 LIMITED IN SCOPE AND SIZE.

9 SO WE'RE PROPOSING TWO TYPES OF  
10 OPPORTUNITIES HERE. ONE I'VE JUST NOMINATED AS  
11 LEVEL ONE WHICH ARE MINOR SUPPLEMENTS IN MY MIND,  
12 WHICH IS A MODEST TIME-DEPENDENT SUPPLEMENT  
13 AUTHORIZED ADMINISTRATIVELY THROUGH A PRIOR APPROVAL  
14 REQUEST. MAXIMUM INCREASE WOULD BE THE LESSER OF 10  
15 PERCENT OF THE ORIGINAL AWARD OR UP TO 500,000.  
16 THEY WOULD ONLY BE AWARDED ONCE DURING THE LIFETIME  
17 OF A SPECIFIC AWARD. THEY MAY NOT BE REQUESTED  
18 UNTIL AFTER THE PROJECT HAS COMPLETED THE FIRST YEAR  
19 AND MAKING SATISFACTORY PROGRESS. THEY WOULD ONLY  
20 BE AVAILABLE IF THE SUPPLEMENT WILL ALLOW THE  
21 GRANTEE TO PURSUE A CRITICAL RESEARCH STUDY BASED ON  
22 VERY EXCITING NEW APPROACH RESEARCH RESULTS THAT  
23 ELEVATE THE SIGNIFICANCE OF THE PROJECT  
24 SUBSTANTIALLY OR ALLOW THE GRANTEE TO MAKE USE OF  
25 SPECIALIZED RESOURCES NOT AVAILABLE WHEN THE PROJECT

**BARRISTERS' REPORTING SERVICE**

1       BEGAN.

2                   THE PRESIDENT WOULD SEEK ADVICE FROM TWO  
3 MEMBERS OF THE GRANTS WORKING GROUP, THE PROGRAM  
4 OFFICER ON THE AWARD, AND SENIOR MANAGEMENT IN  
5 MAKING A DECISION TO AGREE OR DENY THE SUPPLEMENT.  
6 AND THE RECOMMENDATIONS FOR A MINOR SUPPLEMENT WOULD  
7 BE REPORTED TO THE BOARD AT THE NEXT AVAILABLE BOARD  
8 MEETING. TOTAL FUNDS TO BE AWARDED AS SUPPLEMENTARY  
9 FUNDS LIMITED TO FOUR MILLION OR BOARD REPLENISHMENT  
10 BY REQUEST.

11                   NOW, IN TERMS OF A POSSIBLE EXAMPLE, YOU  
12 MAY BE WONDERING, AND THEY COME VERY OCCASIONALLY,  
13 BUT I CAN GIVE YOU AN EXAMPLE. I'LL NOT TELL YOU  
14 WHETHER THIS WOULD REALLY BE AWARDED OR NOT BECAUSE  
15 I'VE NEVER EXPLORED IT WITH ANYBODY ON THE GRANTS  
16 WORKING GROUP. BUT A REQUEST CAME TO ME, WHICH I  
17 HAVEN'T BEEN ABLE TO RESPOND TO, WHERE THE  
18 UNIVERSITY WAS PROVIDED WITH 24 MONKEYS THAT HAD  
19 PARKINSON'S DISEASE. THESE ANIMALS WERE IN SOME  
20 STUDY SOMEWHERE AND THEY WERE DONATED TO THE  
21 UNIVERSITY.

22                   NOW, THE RESEARCH GROUP THAT HAS A  
23 TRANSLATIONAL PROJECT WITH US ASKED IF IT WAS  
24 POSSIBLE FOR US TO CONSIDER THIS SUDDEN OPPORTUNITY,  
25 THAT THEY COULD USE THE CELLS THAT THEY WERE

## BARRISTERS' REPORTING SERVICE

1 DEVELOPING IN A SMALL STUDY TO SEE WHETHER THIS  
2 COULD BE REALLY RELEVANT TO PARKINSON'S DISEASE.  
3 THEY'RE DEVELOPING THESE CELLS WITH A VIEW OF  
4 APPLYING THEM TO PARKINSON'S DISEASE AND THEY'RE  
5 WORKING ON RODENTS AND REALLY HADN'T THOUGHT THAT  
6 THE MONKEY OR THE PRIMATE WAS REALLY AVAILABLE IN  
7 THIS REGARD.

8 AND IF IT WAS SUCCESSFUL, COULD THEY COME  
9 BACK TO US AND SAY COULD THEY IN A SECOND YEAR DO A  
10 MORE SUBSTANTIVE STUDY. THESE FUNDS WOULD BE  
11 LIMITED IN THAT REGARD TO \$500,000, WHICH WOULD  
12 CLEARLY BE POSSIBLE IN THIS PARTICULAR INSTANCE.  
13 NOW, I HAVEN'T BEEN ABLE TO REPLY TO THOSE  
14 SCIENTISTS. THEY'RE HIGHLY REGARDED PEOPLE. I  
15 ACTUALLY THINK A LOT ABOUT THEIR PARTICULAR STUDY,  
16 BUT I'M NOT TRYING TO MAKE A JUDGMENT ON WHETHER  
17 THIS SHOULD BE SUPPORTED, BUT GIVING YOU AS AN  
18 EXAMPLE.

19 OCCASIONALLY I HEAR OTHER OPPORTUNITIES  
20 FOR WHICH WE'VE HAD TO PASS BY ESSENTIALLY BECAUSE  
21 WE'VE HAD NO SUPPLEMENT.

22 THE SECOND LEVEL WAS MAJOR SUPPLEMENTS.  
23 THESE MAY BE EXCEPTIONAL -- THERE MAY BE EXCEPTIONAL  
24 CIRCUMSTANCES IN SUPPLEMENTARY FUNDING THAT WILL  
25 ALLOW A CURRENT CIRM PROJECT TO ACHIEVE

## BARRISTERS' REPORTING SERVICE

1 TRANSFORMATIONAL RESULTS THAT WOULD CHANGE THE FIELD  
2 OF STEM CELL RESEARCH OR ESTABLISH PROOF OF CONCEPT  
3 FOR A NEW THERAPY. THE MAXIMUM INCREASE, IT WOULD  
4 BE THE LESSER OF 50 PERCENT OF THE ORIGINAL AWARD OR  
5 AN AMOUNT UP TO \$3 MILLION. SO THIS WOULD BE A  
6 LARGER AWARD. THE GRANTEE MAY NOT SUBMIT A REQUEST  
7 UNTIL THE PROJECT HAD COMPLETED THE FIRST YEAR AND  
8 MAKING SATISFACTORY PROGRESS. THE GRANTEE WOULD  
9 SUBMIT A BRIEF PROPOSAL. THE PRESIDENT, FOLLOWING  
10 DISCUSSIONS WITH THE PROGRAM OFFICER ON THE AWARD  
11 AND SENIOR MANAGEMENT, WOULD HAVE THE SOLE  
12 DISCRETION TO DECIDE WHETHER A FULL APPLICATION  
13 WOULD BE PERMITTED. AND A FULLY DOCUMENTED  
14 APPLICATION WOULD BE REVIEWED BY CDAP FOR AN  
15 FDA-MANDATED SUPPLEMENT. SO IF THAT WAS MANDATED BY  
16 THE FDA, WE'D ASK THE CDAP GROUP TO GIVE US ADVICE  
17 ON THAT. OR AN SP AWARD OR A FULL GRANTS WORKING  
18 GROUP RECOMMENDATION FOR OTHER SUPPLEMENTS AND A  
19 FINAL DECISION BY THE ICOC FOR A MAXIMUM OF \$12  
20 MILLION IN THIS PARTICULAR AREA. NOW, WE'RE LIKELY  
21 TO SEE SOME OF THESE COMING FORWARD.

22 SO MY RECOMMENDATION IS THERE ARE TWO  
23 RECOMMENDATIONS. ONE, THAT THE ICOC ENDORSE A PRIOR  
24 APPROVAL REQUEST FOR MINOR SUPPLEMENTS BY THE  
25 PRESIDENT TO AWARDED GRANTEES TO MAKE AN EXCEPTIONAL

## BARRISTERS' REPORTING SERVICE

1 IN SCIENCE OR TECHNOLOGY AS RECOMMENDED IN THE  
2 CONCEPT PROPOSAL THAT ARE DESCRIBED AND ALLOCATED A  
3 FUND OF \$4 MILLION FOR THAT.

4 SECONDLY, THAT THE ICOC SUPPORT THE  
5 PROCESS BY WHICH A MAJOR SUPPLEMENT COULD BE AWARDED  
6 TO A CURRENT GRANTEE TO ENHANCE THE PROBABILITY OF  
7 CONVERSION OF A FUNDED PROJECT TO UNEXPECTED  
8 TRANSFORMATIONAL BENEFITS AND RAISE TRANSLATIONAL  
9 PROJECTS TO A HIGH PROBABILITY OF CLINICAL BENEFIT.  
10 AND THE ALLOCATED FUND THERE WOULD BE AT THE LEVEL  
11 OF \$12 MILLION.

12 CHAIRMAN THOMAS: QUESTIONS FOR DR.  
13 TROUNSON?

14 DR. BRYANT: I HAVE A COMMENT. THE  
15 MAXIMUM AMOUNTS THAT YOU COULD GIVE TO EACH AWARDEE  
16 ARE HUGE AMOUNTS OF MONEY, 500,000 IN THE ONE CASE,  
17 AND SEVERAL MILLION IN THE OTHER.

18 DR. TROUNSON: 10 PERCENT OF THE GRANT.

19 DR. BRYANT: TO HAVE THAT WITHOUT PEER  
20 REVIEW SEEMS TO ME TO BE UNUSUAL. I CAN'T IMAGINE.  
21 IS THERE ANY OTHER AGENCY THAT WOULD GIVE OUT THAT  
22 KIND OF MONEY WITHOUT PEER REVIEW?

23 DR. TROUNSON: WHAT WE'RE SAYING IS THAT  
24 WE WOULD TAKE ADVICE IN THE CASE OF A MINOR  
25 SUPPLEMENT, IF YOU'RE SPEAKING TO THAT, FOR TWO

**BARRISTERS' REPORTING SERVICE**

1 GRANTS WORKING GROUP MEMBERS. BUT WE'RE BASICALLY  
2 SAYING WE WOULD TRY TO BE RESPONSIVE TO THOSE  
3 REQUESTS OF US THAT WOULD REALLY MAKE A DIFFERENCE.  
4 OTHERWISE WE HAVE TO BYPASS ON THOSE OPPORTUNITIES.

5 DR. BRYANT: I JUST THINK THAT A LITTLE  
6 BIT MORE THAN THAT WOULD BE NECESSARY FOR UP TO --  
7 WHAT WAS THE AMOUNT ON THAT ONE?

8 DR. TROUNSON: IT WAS 10 PERCENT OF THE  
9 AWARD IN THE CASE OF THE MINOR ONE OR UP TO 500,000.

10 DR. BRYANT: AND THE LARGER ONES ARE UP TO  
11 THREE MILLION.

12 DR. TROUNSON: UP TO -- BUT, AGAIN, 30  
13 PERCENT OF THE AWARD OR UP TO THREE MILLION. THAT  
14 INVOLVES THE FULL GRANTS WORKING GROUP. RIGHT. SO  
15 YOU HAVE TO GO TO THE FULL GRANTS WORKING GROUP FOR  
16 THAT AND THEN TO THE ICOC. IN THOSE ONES IT IS FULL  
17 REVIEW, FULL PEER REVIEW.

18 DR. BRYANT: I'M OKAY WITH THAT.

19 DR. DULIEGE: I WANT TO SAY I STILL AGREE  
20 WITH THE PROPOSAL THAT GIVES ENOUGH LEEWAY TO THE  
21 WORKING GROUPS AND TO THE PRESIDENT TO GIVE,  
22 RELATIVELY SPEAKING, SMALL AMOUNT OF MONEY. I'M NOT  
23 SAYING 500 IS A SMALL AMOUNT, BUT IT'S 10 PERCENT OF  
24 THE GRANT OR UP TO 10 PERCENT OF THE GRANT WHILE  
25 WHEN YOU GO ABOVE THAT CLEARLY NEEDS TO COME BACK TO

**BARRISTERS' REPORTING SERVICE**

1 PEER REVIEW. I THINK THIS DISCRIMINATION IS  
2 JUSTIFIED.

3 CHAIRMAN THOMAS: MR. SHESTACK.

4 MR. SHESTACK: CLARIFICATION. THE 12  
5 MILLION IS BECAUSE IT WOULD BE UP TO POTENTIALLY  
6 FOUR TIMES A YEAR, THREE TEAMS A YEAR, OR HOW WOULD  
7 YOU --

8 DR. TROUNSON: JON, I WOULD THINK WE MIGHT  
9 GIVE ONE A YEAR FOR FOUR YEARS.

10 MR. SHESTACK: TWELVE MILLION WAS THE  
11 TOTAL FOR THE PROGRAM?

12 DR. TROUNSON: YEAH. IT MIGHT BE TWO ONE  
13 YEAR, NONE THE NEXT ONE. I'M THINKING THAT THESE  
14 ARE VERY RARE INCIDENTS. WE DON'T WANT TO BE  
15 FLUSHED WITH THINGS THAT PEOPLE THINK THAT WOULD  
16 IMPROVE. THIS HAS TO BE VERY SPECIAL AS THE EXAMPLE  
17 THAT I TRIED TO GIVE YOU, THAT OUT OF BLUE YOU GET A  
18 RESOURCE.

19 MR. SHESTACK: I ACTUALLY THINK THIS IS A  
20 GREAT IDEA BECAUSE I THINK IT ALLOWS -- IT SETS  
21 FORTH -- IT ALLOWS US TO BE VERY NIMBLE, BUT SETS UP  
22 A PROCESS SO IT DOES NOT SEEM AS AD HOC AS SOMETIMES  
23 THE PROCESS MIGHT SEEM TO OTHERS. SO I JUST WANTED  
24 TO UNDERSTAND THE NUMBERS, BUT I THINK IN GENERAL  
25 IT'S A GOOD IDEA. PARTICULARLY NOW AS OPPORTUNITIES



**BARRISTERS' REPORTING SERVICE**

1 SEEM TO BE ACCELERATING AND WE'RE POTENTIALLY  
2 GETTING TO THE END OF OUR LIFE SPAN, IT WOULD BE  
3 GOOD TO DO SOMETHING LIKE THIS TO EXPEDITE.

4 CHAIRMAN THOMAS: MR. JUELSGAARD.

5 DR. JUELSGAARD: I MOVE THAT WE ADOPT THE  
6 PROPOSAL AS PRESENTED BY DR. TROUNSON.

7 CHAIRMAN THOMAS: IT'S BEEN MOVED. IS  
8 THERE A SECOND?

9 DR. PRICE: SECOND.

10 CHAIRMAN THOMAS: SECONDED BY DR. PRICE.  
11 ANY FURTHER DISCUSSION BY MEMBERS OF THE BOARD? ANY  
12 COMMENTS BY MEMBERS OF THE PUBLIC? MR. HARRISON,  
13 THIS IS A MONETARY ITEM. WHAT DOES THIS REQUIRE  
14 FROM A VOTING PERSPECTIVE?

15 MR. HARRISON: A VOICE VOTE IS FINE  
16 ALTHOUGH YOU NEED TO POLL MEMBERS WHO ARE ON THE  
17 PHONE, WHO INCLUDE DR. WARE AND SHERRY LANSING.

18 CHAIRMAN THOMAS: THANK YOU. SO ALL THOSE  
19 FAVOR IN THE ROOM PLEASE SAY AYE. OPPOSED?  
20 ABSTENTIONS?

21 DR. STEWARD: ABSTENTION.

22 DR. BRYANT: ABSTENTION.

23 CHAIRMAN THOMAS: DRS. STEWARD AND BRYANT  
24 ABSTAIN. SHERRY.

25 MS. LANSING: YES.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: DR. WARE.

2 DR. WARE: YES.

3 CHAIRMAN THOMAS: OKAY. NOW WE'RE REALLY  
4 DOWN TO THE HOME STRETCH. THE LAST CALENDARED ITEM  
5 IS A COMMUNICATIONS REPORT. KEVIN.

6 DR. STEWARD: AS LONG AS KEVIN IS STILL  
7 COMING UP, COULD WE ASK THAT ANY TIME THOSE FUNDS  
8 ARE ACTUALLY TAPPED, THAT YOU REPORT BACK ON HOW  
9 THEY HAVE BEEN SPENT?

10 DR. TROUNSON: THAT'S EXACTLY WHAT'S IN  
11 THAT CONCEPT. AT THE NEXT AVAILABLE MEETING, OS, WE  
12 WOULD REPORT IT TO YOU. SO YES.

13 DR. STEWARD: I DIDN'T CATCH THAT. THANK  
14 YOU.

15 MS. SAMUELSON: ISN'T IS A PREAPPROVAL?  
16 IT'S NOT. IT'S JUST NOTICE AFTER THE FACT?

17 DR. TROUNSON: IT WAS A REQUEST FOR  
18 PREAPPROVAL, BUT WE WOULD REPORT IT TO YOU. AND  
19 CLEARLY, YOU HAVE THE OPPORTUNITY TO SAY, WELL, FROM  
20 NOW ON WE DON'T LIKE THAT. BUT ESSENTIALLY IT IS A  
21 PREAPPROVAL, AND I NEED TO REPORT THAT AS SOON AS  
22 I'VE MADE THAT TO THE NEXT BOARD MEETING, IN THE  
23 CASE OF THE MINOR ONE, OTHERWISE THE MAJOR ONES ALL  
24 GO TO THE GRANTS WORKING GROUP.

25 MS. SAMUELSON: I SEE. PREAPPROVAL MEANS

**BARRISTERS' REPORTING SERVICE**

1 BEFORE ANY DECISION BY CIRM.

2 DR. TROUNSON: AS WE DID FOR CONFERENCE  
3 GRANTS. I ONLY NEED TO REPORT THAT TO YOU AT THE  
4 NEXT MEETING.

5 MS. SAMUELSON: THAT'S NOT MY  
6 UNDERSTANDING OF PREAPPROVAL.

7 CHAIRMAN THOMAS: KEVIN.

8 MR. MCCORMACK: CHAIRMAN THOMAS, MEMBERS  
9 OF THE BOARD, GOOD AFTERNOON. I SUSPECT THIS WILL  
10 BE A LITTLE LESS INTERESTING THAN THE TWO PREVIOUS  
11 CONVERSATIONS, AT LEAST I HOPE SO.

12 I WANTED TO START TODAY BY READING YOU AN  
13 EXCERPT FROM AN ARTICLE I READ RECENTLY. IT WAS  
14 WRITTEN BY ONE OF THE BOARD MEMBERS, DR. PRIETO, FOR  
15 AN ARTICLE HE WAS WRITING FOR A JOURNAL ABOUT HIS  
16 EARLY EXPERIENCES WHEN HE FIRST JOINED THE BOARD AND  
17 SAYING THAT EVEN THOUGH HE WAS A TRAINED PHYSICIAN  
18 AND HAVING DONE SOME RESEARCH, HE FOUND THE SHEAR  
19 DENSITY OF THE SCIENCE THAT HE WAS ENCOUNTERING AT  
20 THE ICOC A LITTLE DAUNTING.

21 THIS IS WHAT HE WROTE. "EVEN WITH MY  
22 MEDICAL TRAINING, THE SCIENTIFIC MATERIAL I HAD TO  
23 LEARN ABOUT WAS A BIT DAUNTING. I HAD NO IDEA WHEN  
24 I JOINED THE BOARD THAT SONIC HEDGEHOG IS A  
25 MAMMALIAN SIGNALING PATHWAY AND NOT JUST A VIDEO

## BARRISTERS' REPORTING SERVICE

1 GAME. FURTHERMORE, ARTICLES ABOUT LONG NONCODING  
2 RNA'S AND NOTCH SIGNALING RARELY MADE IT ONTO MY  
3 READING LIST."

4 THAT STRUCK A CHORD BECAUSE WHEN I CAME ON  
5 BOARD, I FELT VERY MUCH THE SAME. I DON'T HAVE A  
6 SCIENCE BACKGROUND. AND SO SITTING IN SOME OF THE  
7 MEETINGS, I FELT LIKE PEOPLE WERE TALKING ANOTHER  
8 LANGUAGE AT TIMES. SO WHEN YOU SAW THIS NEW YORKER  
9 CARTOON, THIS IS PRETTY MUCH HOW I FELT THE FIRST  
10 FEW WEEKS I WAS HERE. I'M THE TOASTER, BY THE WAY.  
11 AND HE'S SAYING, "I'M IN WAY OVER MY HEAD."

12 THEN I REALIZED THAT THE JOB OF  
13 COMMUNICATIONS IS NOT TO UNDERSTAND EVERY SINGLE  
14 ASPECT OF WHAT'S GOING ON, AND I'M PICKING THAT UP  
15 AS I GO ALONG. IT'S FUN AND ENGAGING. MY JOB IS TO  
16 TRANSLATE THAT TO THE OUTSIDE WORLD, TO TAKE IT TO  
17 OTHER PEOPLE SO ALL THE OTHER TOASTERS CAN HAVE A  
18 CLUE ABOUT WHAT WE'RE DOING HERE AND WHY WE'RE DOING  
19 IT AND HOW WE'RE DOING IT.

20 AND WE'RE HAVING SOME SUCCESS IN DOING  
21 THAT. I THINK SOME OF YOU HAVE SEEN THESE ARTICLES  
22 ALREADY. IN SEPTEMBER *FORTUNE* MAGAZINE DID A  
23 WONDERFUL PIECE ABOUT THE BUSINESS OF STEM CELLS.  
24 AND THEY TOOK AN IN-DEPTH LOOK AT THE STEM CELL  
25 AGENCY ITSELF, AT CIRM, LOOKING AT WHAT WE DO AND

**BARRISTERS' REPORTING SERVICE**

1 HOW WE DO IT AND WHY. IT WAS A REALLY THOUGHTFUL,  
2 WELL-DONE PIECE, AND IT WAS A GREAT PROMOTION, I  
3 THINK, FOR THE WORK THAT WE'RE DOING.

4 A FEW WEEKS AGO THE *SAN FRANCISCO*  
5 *CHRONICLE* DID A HUGE PIECE IN ITS NEW HEALTH SECTION  
6 ON IPS CELLS. AND THIS CAME OUT SHORTLY AFTER DR.  
7 YAMANAKA WON THE NOBEL PRIZE. THEY WERE ABLE TO  
8 EXPLORE MANY DIFFERENT ASPECTS OF THIS, AND THEY DID  
9 A PIECE ABOUT US AS WELL. THEY SPOKE MOSTLY TO OUR  
10 GRANTEES, TO THE PEOPLE WHO ARE USING THESE CELLS,  
11 AND EXPLORING THE POTENTIAL.

12 I THINK THE TWO THINGS THAT WE HAVE TO  
13 REMEMBER ABOUT THESE IS THAT BOTH THESE ARTICLES  
14 TOOK A LOT OF HARD WORK, THE *FORTUNE* ARTICLE IN  
15 PARTICULAR. MY COLLEAGUE DON GIBBONS SPENT MONTHS,  
16 LITERALLY HOURS ON THE PHONE WITH THE REPORTER  
17 WALKING HIM THROUGH EVERYTHING WE DID, HOW WE DID  
18 IT, PUTTING HIM IN TOUCH WITH OTHER PEOPLE SO THAT  
19 THE REPORTER GOT A REALLY GOOD SENSE OF WHAT'S  
20 INVOLVED IN WHAT WE DO AND IN WHAT STEM CELL  
21 RESEARCH AROUND THE COUNTRY HAS THE POTENTIAL TO DO.  
22 AND THE END RESULT WAS A WONDERFUL PIECE.

23 WITH THE *CHRONICLE* AS WELL, WE WORKED WITH  
24 THE REPORTER FOR MANY MONTHS BEFORE THE PIECE CAME  
25 OUT. SHE HAD BEEN WORKING ON THIS FOR A LONG TIME

## BARRISTERS' REPORTING SERVICE

1 BEFORE DR. YAMANAKA GOT HIS NOBEL PRIZE, SO THE  
2 TIMING WAS GREAT. BUT IT TOOK A LOT OF WORK TO GET  
3 TO THAT POINT.

4 SOMETIMES THINGS COME ALONG A LITTLE  
5 FASTER. TV, ABC 7, THE LOCAL ABC 7 STATION HERE IN  
6 SAN FRANCISCO, DID A COUPLE OF PIECES RECENTLY ON  
7 SOME OF OUR GRANTEES, SOME OF THE WORK WE'RE DOING  
8 ON THE BRIDGES PROGRAM. AND THE NICE THING ABOUT TV  
9 STORIES LIKE THIS IS THAT THEY OFTEN GET SYNDICATED  
10 THROUGHOUT THE STATE. SO OTHER STATIONS AROUND  
11 CALIFORNIA WILL GET TO SEE THE WORK THAT WE'RE  
12 DOING. SO IT GETS A MUCH WIDER AUDIENCE IN A SENSE  
13 THAN A NEWSPAPER ARTICLE, AS GOOD AS THAT IS.

14 WE DON'T JUST USE THE TRADITIONAL MEDIA.  
15 OBVIOUSLY WE WANT TO USE AS MANY DIFFERENT FORMATS  
16 AS WE CAN. SOCIAL MEDIA IS ANOTHER AREA WE'RE  
17 LOOKING AT ENORMOUSLY. BUT ONE OF THE MOST  
18 IMPORTANT PARTS OF THAT, PERHAPS THE HUB OF ALL OUR  
19 SOCIAL MEDIA WORK, IS OUR WEB SITE. QUITE FRANKLY,  
20 OUR WEB SITE RIGHT NOW IS, IT'S OLD, IT'S CLUTTERED.  
21 IT DOES A GREAT JOB, BUT IT'S TRYING TO DEAL WITH SO  
22 MANY DIFFERENT AUDIENCES. SO AMY ADAMS HAS BEEN  
23 WORKING REALLY HARD OVER THE LAST YEAR OR SO TO TRY  
24 AND CHANGE THAT, TO UPDATE IT, TO FRESHEN IT. AND  
25 WE'RE HOPING TO LAUNCH, IN FACT, WE'RE GOING TO

## BARRISTERS' REPORTING SERVICE

1 LAUNCH IN JANUARY A NEW WEB SITE. AND IT WILL HAVE  
2 A LOT OF NEW FEATURES, BUT PARTICULARLY IT'S GOING  
3 TO LOOK MORE STREAMLINED. IT'S GOING TO LOOK MORE  
4 CONTEMPORARY. IT WILL BE MUCH MORE VISUALLY  
5 APPEALING TO SOMEONE WHO COMES TO IT THE FIRST TIME.  
6 IT WILL BE EASIER TO NAVIGATE SO THAT PEOPLE CAN  
7 FIND THE INFORMATION THEY WANT WHEN THEY WANT IT.

8 SOME OF THE OTHER FEATURES ON THERE, IT  
9 WILL HAVE MORE INFORMATION ABOUT PROGRESS THAT OUR  
10 GRANTEES ARE DOING, PUBLICATIONS LISTED PERHAPS,  
11 PROGRESS REPORTS POSTED. IT WILL HAVE A LIST OF ALL  
12 THE GRANTEES. SO IN A SENSE WE'LL BE WORKING ON  
13 WHAT ONE OF THE OTHER ICOC MEMBERS, LEEZA GIBBONS,  
14 SUGGESTED WAS A WALL OF HEROES, PROFILES OF THE  
15 PEOPLE WHO WE FUND WHO ARE DOING THE WORK SO THAT  
16 PEOPLE HAVE A BETTER SENSE OF WHERE THE MONEY IS  
17 GOING AND WHO IT'S GOING TO, HOW THEY'RE USING IT.

18 IT WILL HAVE EASIER ACCESS TO THE MORE  
19 THAN 180 VIDEOS THAT WE ALREADY HAVE AND ALL THE NEW  
20 ONES THAT WE'RE PUTTING TOGETHER AND PREPARING. AND  
21 IT WILL HAVE CLEARER INFORMATION ABOUT OUR VALUE TO  
22 THE STATE SO THAT SOMEONE COMING TO IT CAN GET A  
23 MUCH BETTER SENSE, WHETHER THEY'RE A RESEARCHER OR  
24 JUST A GENERAL MEMBER OF THE PUBLIC WANTING  
25 INFORMATION ABOUT WHAT WE DO. IT WILL BE MUCH

## BARRISTERS' REPORTING SERVICE

1 EASIER FOR THEM TO FIND THE INFORMATION THAT THEY'RE  
2 LOOKING FOR.

3 ONE OF THE OTHER TOOLS WE'RE USING,  
4 THOUGH, IS JUST PERSON TO PERSON. ONE OF THE MOST  
5 VALUABLE THINGS YOU CAN DO IS HAVE A CONVERSATION  
6 WITH SOMEONE, TALK TO THEM AND MAKE THEM UNDERSTAND  
7 THE IMPORTANCE OF WHAT YOU'RE DOING. SO A COUPLE OF  
8 WEEKS AGO IN LATE SEPTEMBER WE HELD A COMMUNICATIONS  
9 WORKSHOP WHERE ABOUT TWO DOZEN MEMBERS OF STAFF GAVE  
10 UP FOUR HOURS OF THEIR MONDAY MORNING TO COME IN AND  
11 LEARN FROM GREAT TRAINERS AND FROM THE REST OF THE  
12 COMMUNICATIONS TEAM HOW TO TALK ABOUT THE WORK THAT  
13 THEY DO IN WAYS THAT PEOPLE OUTSIDE OF HERE, PEOPLE  
14 WHO ARE LAY PEOPLE, WOULD UNDERSTAND.

15 AND THE IDEA IS JUST TO BREAK DOWN SOME OF  
16 THE COMPLEX ISSUES INTO READILY ACCESSIBLE LANGUAGE  
17 TO BE ABLE TO GO OUT AND DO, NOT JUST MEDIA  
18 INTERVIEWS BECAUSE OBVIOUSLY THOSE ARE IMPORTANT,  
19 BUT TO BE ABLE TO GIVE LECTURES, TO GIVE TALKS AT  
20 SCHOOLS AND OTHER PLACES. IT WAS A REALLY WONDERFUL  
21 WORKSHOP, I THINK.

22 I KNOW THAT THE TRAINERS WHO CAME IN WERE  
23 VERY IMPRESSED WITH THE LEVEL OF ENERGY AND THE  
24 COMMITMENT FROM EVERYONE WHO WAS THERE, THE  
25 QUESTIONS THAT WERE ASKED AND THE CURIOSITY. I KNOW



## BARRISTERS' REPORTING SERVICE

1 THE TEAM, DON, AMY, TODD, AND MYSELF, WERE REALLY  
2 IMPRESSED WITH SOME OF THE IDEAS THAT PEOPLE CAME UP  
3 WITH, FROM BEING ABLE TO TRANSLATE AND GIVE  
4 REAL-WORLD EXAMPLES OF SOME OF THE THINGS THAT THEY  
5 DO EVERY DAY. WE GOT SOME GREAT IDEAS WHICH WE'RE  
6 GOING TO SHAMELESSLY STEAL AND CLAIM AS OUR OWN.

7 AND SOME OF THE STAFF GOT A CHANCE TO USE  
8 THOSE SKILLS FAIRLY QUICKLY AFTERWARDS. ON WORLD  
9 STEM CELL DAY, WE HELPED CONNECT A LOT OF TEACHERS  
10 WITH RESEARCHERS. THEY WANTED RESEARCHERS AND OTHER  
11 PEOPLE TO COME INTO THE CLASSROOMS AND TALK TO THEIR  
12 STUDENTS ABOUT STEM CELLS, ABOUT WHAT WAS GOING ON  
13 AND EVERYTHING. THIS YEAR WE MORE THAN DOUBLED THE  
14 NUMBER OF CLASSROOMS WE WERE ABLE TO REACH, 150  
15 CLASSROOMS, 4,000 STUDENTS. THIS IS STATEWIDE. I  
16 DON'T THINK A LOT OF PEOPLE UNDERSTAND THAT A LOT OF  
17 OUR GRANTEES WILL COME TO US AND A LOT OF SCHOOLS  
18 AROUND THE STATE WILL COME TO US AND SAY WE'RE  
19 LOOKING FOR SOMEONE TO HELP US PROVIDE LECTURES AND  
20 TALKS AND INFORMATION ABOUT STEM CELLS.

21 DON GIBBONS, AGAIN, AND JENNA PRYNE DID  
22 SOME AMAZING WORK ON CONNECTING UP VARIOUS PEOPLE.  
23 DEAN POMEROY AND HER TEAM AT UC DAVIS DID A  
24 WONDERFUL JOB OF REACHING OUT TO MANY, MANY SCHOOLS  
25 IN THE AREA. EVEN WHEN THEY COULDN'T REACH THEM

## BARRISTERS' REPORTING SERVICE

1 PHYSICALLY WITH ACTUAL LECTURERS OR STUDENTS, THEY  
2 PROVIDED VIDEO LINKS SO THAT THEY WERE ABLE TO KIND  
3 OF GET THE WORD OUT TO LOTS OF THE STUDENTS. IT WAS  
4 A REMARKABLE DAY.

5 AND I WOULD LIKE TO END AT THIS POINT BY  
6 READING TO YOU TWO LETTERS FROM SOME STUDENTS IN  
7 SOUTHERN CALIFORNIA. DR. MICHAEL TEITELL AT UCLA  
8 WENT AROUND A NUMBER OF DIFFERENT SCHOOLS AND GAVE  
9 TALKS TO DOZENS OF CLASSES ON ONE DAY. IT WAS  
10 REALLY A QUITE REMARKABLE PERFORMANCE. MANY OF THE  
11 STUDENTS WROTE TO THANK HIM FOR WHAT HE DID AND FOR  
12 THE TIME THAT HE PUT IN. ONE OF THE STUDENTS SAID,  
13 "I'VE ALWAYS BEEN A LITTLE CONFUSED ABOUT STEM  
14 CELLS. LISTENING TO YOUR PRESENTATION HAS OPENED MY  
15 EYES. HONESTLY, I THOUGHT IT WOULD BE A BORING  
16 EXPERIENCE. HOWEVER, I WAS PLEASANTLY SURPRISED. I  
17 DID NOT DRIFT OUT OF YOUR PRESENTATION ONCE."

18 AND THEN ANOTHER SAID, "TODAY YOU'VE  
19 INSPIRED ME MORE TO FOLLOW UP TO MY DREAM AND GOAL  
20 TO BE INVOLVED IN SCIENCE A BIT MORE. THANK YOU FOR  
21 BEING AN INSPIRATION."

22 I THINK THAT KIND OF SUMS UP WHAT THE  
23 GOALS OF COMMUNICATIONS ARE. WE HOPE THAT WHEN WE  
24 GO OUT, WHATEVER FORM WE DO IT IN, WE WILL INFORM,  
25 EDUCATE, AND EVEN INSPIRE PEOPLE, BUT AT THE VERY

**BARRISTERS' REPORTING SERVICE**

1 LEAST, WE WANT TO MAKE PEOPLE INTERESTED IN  
2 SOMETHING THAT TO BEGIN WITH PERHAPS THEY HAD NO  
3 IDEA THEY CARED ABOUT. THAT'S IT. THANK YOU VERY  
4 MUCH. BE HAPPY TO ANSWER ANY QUESTIONS.

5 CHAIRMAN THOMAS: I'D LIKE TO THANK YOU,  
6 KEVIN AND DON AND AMY AND TODD FOR ALL THE HARD WORK  
7 YOU'RE DOING. AS YOU KNOW, WE PUT RENEWED EMPHASIS  
8 ON COMMUNICATIONS TO GET OUR STORIES OUT IN A WAY  
9 THAT WILL ACCURATELY DEPICT WHAT WE'RE DOING, THE  
10 GREAT WORK WE'RE DOING, MUCH LIKE THE INSPIRING  
11 PIECE MR. JENSEN IS WRITING ON VIACYTE, WHICH, BY  
12 THE WAY, I TRUST YOU ARE GOING TO CC YOUR FRIEND  
13 MR. HILDSIK AT THE SAME TIME.

14 SO I THINK THAT ALL OF THIS IS REALLY  
15 GOOD, AND WE WILL CONTINUE TO EXPAND THE  
16 COMMUNICATIONS EFFORTS TO LET THE PEOPLE OF  
17 CALIFORNIA KNOW WHAT THEY'RE GETTING FOR THEIR  
18 TAXPAYER DOLLAR AND TO TELL THE STORY AS IT  
19 PROGRESSES THROUGH THE RESEARCH BEING UNDERTAKEN BY  
20 ALL THE MANY WONDERFUL PROJECTS THAT WE'RE FUNDING.  
21 SO THANK YOU, KEVIN.

22 ANY OTHER COMMENTS BY MEMBERS OF THE  
23 BOARD? HEARING NONE, DO WE HAVE ANY PUBLIC, GENERAL  
24 PUBLIC COMMENT ON ANYTHING THAT ANYONE WANTS TO SAY  
25 ANYTHING ABOUT? HEARING NONE, I BELIEVE I CAN NOW

**BARRISTERS' REPORTING SERVICE**

1 ENTERTAIN A MOTION TO ADJOURN SO THAT MR. JUELSGAARD  
2 AND OTHERS CAN GET TO AT&T ON TIME.

3 MS. LANSING: I WILL MOVE ADJOURNMENT.

4 CHAIRMAN THOMAS: THANK YOU, SHERRY.

5 SECONDED BY? SOMEBODY HAS GOT TO SECOND.

6 (MULTIPLE SECONDS.)

7 CHAIRMAN THOMAS: THANK YOU VERY MUCH.

8 WE'LL SEE EVERYBODY IN DECEMBER.

9 (THE MEETING WAS THEN CONCLUDED AT  
10 3:15 P.M.)

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**BARRISTERS' REPORTING SERVICE**

REPORTER'S CERTIFICATE

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

HILTON SFO BAYFRONT HOTEL  
600 AIRPORT BOULEVARD  
REFLECTION I & II  
BURLINGAME, CALIFORNIA  
ON  
OCTOBER 25, 2012

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

BETH C. DRAIN, CSR 7152  
BARRISTERS' REPORTING SERVICE  
160 S. OLD SPRINGS ROAD  
SUITE 270  
ANAHEIM, CALIFORNIA  
(714) 444-4100