

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

LOCATION: GLADSTONE INSTITUTE
1650 OWENS STREET, ROOM 107C
SAN FRANCISCO, CALIFORNIA
AND VARIOUS TELECONFERENCE SITES

DATE: MONDAY, NOVEMBER 28, 2005
11 A.M.

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

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1 SAN FRANCISCO, CALIFORNIA; MONDAY, NOVEMBER 28, 2005

2

3 CHAIRMAN ORKIN: THIS IS STUART ORKIN. I'LL
4 CALL THE MEETING TO ORDER. WANT TO WELCOME EVERYONE.
5 I HOPE EVERYBODY HAS RECEIVED ALL THE MATERIALS THAT
6 WERE SENT AHEAD OF TIME. IF NOT, SPEAK UP.

7 AND I THINK, FIRST, I JUST WANT TO REMIND
8 EVERYONE, SINCE WE'RE ON THE PHONE, THAT IF YOU MAKE A
9 COMMENT OR HAVE A QUESTION, PLEASE IDENTIFY YOURSELF AT
10 THE BEGINNING OF THE RESPONSE.

11 I THINK WE HAVE ANOTHER ONE JOIN. WHO'S
12 THAT? SOMEBODY ELSE JOIN? NO. OKAY.

13 SO I THINK FIRST WE HAVE TO DO THE ROLL CALL.
14 I THINK GIL SAMBRANO IS GOING TO DO THAT.

15 MS. SAMUELSON: STU, YOU MIGHT MAKE THE POINT
16 ABOUT NOT PUTTING PEOPLE ON HOLD.

17 CHAIRMAN ORKIN: PLEASE DON'T PUT US ON HOLD
18 AT ANY TIME SO WE DON'T HAVE EXTRANEIOUS MUSIC PLAYING.
19 I THINK, GIL, ARE YOU THERE?

20 DR. SAMBRANO: YES. I'LL RUN THROUGH THE
21 ROSTER. PLEASE SAY HERE IF YOU ARE ON THE CALL.

22 STU ORKIN.

23 CHAIRMAN ORKIN: HERE.

24 DR. SAMBRANO: JOAN SAMUELSON.

25 MS. SAMUELSON: HERE.

1 DR. SAMBRANO: ROBERT KLEIN.
2 MR. KLEIN: HERE.
3 DR. SAMBRANO: SUSAN BONNER-WEIR.
4 DR. BONNER-WEIR: HERE.
5 DR. SAMBRANO: ALI BRI VANLOU.
6 DR. BRI VANLOU: HERE.
7 DR. SAMBRANO: PATRICIA DONAHOE.
8 DR. DONAHOE: HERE.
9 DR. SAMBRANO: ANDREW FEINBERG. MARCY FEIT.
10 DR. FEIT: HERE.
11 DR. SAMBRANO: ALEXANDRA JOYNER.
12 DR. JOYNER: HERE.
13 DR. SAMBRANO: JUDITH KIMBLE.
14 DR. KIMBLE: HERE.
15 DR. SAMBRANO: SHERRY LANSING. JEFFREY
16 MACKLIS.
17 DR. MACKLIS: HERE.
18 DR. SAMBRANO: JEFFREY ROTHSTEIN.
19 DR. ROTHSTEIN: HERE.
20 DR. SAMBRANO: PABLO RUBINSTEIN. DAVID
21 SERRANO-SEWELL.
22 MR. SERRANO-SEWELL: HERE.
23 DR. SAMBRANO: JEFF SHEEHY.
24 MR. SHEEHY: HERE.
25 DR. SAMBRANO: JON SHESTACK.

1 MR. SHESTACK: HERE.
2 DR. SAMBRANO: DENNIS STEINDLER.
3 DR. STEINDLER: HERE.
4 DR. SAMBRANO: CLIVE SVENDSEN.
5 DR. SVENDSEN: HERE.
6 DR. SAMBRANO: JANET WRIGHT.
7 DR. WRIGHT: HERE.
8 DR. SAMBRANO: GEORGE YANCOPOULOS. WISE
9 YOUNG.
10 DR. YOUNG: HERE.
11 STU ORKIN.
12 CHAIRMAN ORKIN: HERE.
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14 MS. SAMUELSON: HERE.
15 DR. SAMBRANO: ROBERT KLEIN.
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20 DR. SAMBRANO: JANET WRIGHT.
21 DR. WRIGHT: HERE.
22 DR. SAMBRANO: GEORGE YANCOPOULOS. WISE
23 YOUNG.
24 DR. YOUNG: HERE.
25 DR. SAMBRANO: RAINER STORB.

1 DR. STORB: HERE.

2 DR. SAMBRANO: OKAY. WE SHOULD ALSO HAVE
3 SCOTT TOCHER AND BETH DRAIN, WHICH I THINK ARE BOTH
4 HERE, AND ZACH HALL IS HERE, ARLENE CHIU.

5 MR. KLEIN: GIL, COULD YOU EXPLAIN SCOTT
6 TOCHER TO EVERYONE SINCE THEY HAVEN'T MET HIM? ARLENE
7 IS GOING TO DO THAT.

8 CHAIRMAN ORKIN: OKAY. THANK YOU. I WANT TO
9 THANK EVERYONE FOR BEING SO PROMPT FOR THIS CALL. I'M
10 GOING TO TRY TO END BY -- IN ONE HOUR, SO JUST KEEP
11 THAT IN MIND AS WELL, AND I'LL TRY TO KEEP SCORE OF THE
12 TIME.

13 I THINK ARLENE WILL FIRST UPDATE US ON SOME
14 ITEMS SUBSEQUENT TO OUR MEETING LAST JUNE IN SAN
15 FRANCISCO.

16 DR. CHIU: THANK YOU. SO THIS IS -- I WANTED
17 TO PROVIDE THE WORKING GROUP WITH AN UPDATE ON THE
18 TRAINING GRANT APPLICATIONS THAT YOU REVIEWED. THIS
19 GROUP REVIEWED 26 APPLICATIONS FOR CIRM TRAINING GRANTS
20 ON AUGUST 3D AND 4TH, 2005, IN SAN FRANCISCO. AND YOU
21 MADE THE FOLLOWING RECOMMENDATIONS TO OUR GOVERNING
22 BOARD, THE ICOC. SO YOU RECOMMENDED EIGHT OUT OF EIGHT
23 OF THE TYPE 1 APPLICATIONS FOR HIGHLY MERITORIOUS, FOUR
24 OUT OF SEVEN OF THE TYPE 2S WERE HIGHLY MERITORIOUS,
25 AND ONE OUT OF THE SEVEN WAS MERITORIOUS. AND FINALLY,

1 FOUR OUT OF THE ELEVEN TYPE 3 APPLICATIONS WERE
2 DETERMINED ALSO TO BE HIGHLY MERITORIOUS.

3 YOUR RECOMMENDATIONS WERE PRESENTED TO THE
4 ICOC ALONG WITH A BRIEF DESCRIPTION OF YOUR REVIEW AND
5 THE SCIENTIFIC SCORES OF ALL APPLICATIONS THAT RECEIVED
6 A SCORE OF GREATER THAN 60, A SCIENTIFIC SCORE OF
7 GREATER THAN 60. IN ALL CASES ALL IDENTIFIERS WERE
8 REMOVED FROM THIS DESCRIPTION, AND EACH APPLICATION WAS
9 ONLY SPECIFIED BY ITS APPLICATION NUMBER.

10 NOW, THIS INFORMATION WAS ALSO PUBLISHED ON
11 THE CIRM WEBSITE AND PROVIDED TO THE PUBLIC AS REQUIRED
12 BY PROPOSITION 71.

13 AT ITS SEPTEMBER 9TH MEETING, THE ICOC THEN
14 APPROVED FOR FUNDING, BASED ON YOUR RECOMMENDATIONS,
15 EIGHT OUT OF EIGHT OF THE TYPE 1 APPLICATIONS WITH
16 SUGGESTED CHANGES IN BUDGET AS RECOMMENDED BY YOUR
17 GROUP. FIVE OUT OF THE SEVEN TYPE 2S AND THREE OUT OF
18 THE ELEVEN TYPE 3S. OUR GRANTS MANAGEMENT CONTRACTOR,
19 DR. PAT OLSON, HAS CHECKED THE BUDGET FOR EACH
20 APPLICATION THAT WAS APPROVED BY THE ICOC. AND SHE
21 CHECKED THEM FOR APPROVED CHANGES, FOR ALLOWABLE COSTS,
22 FOR ARITHMETIC ERRORS, ETC. AS A RESULT, THE TOTAL OF
23 \$12.1 MILLION HAS NOW BEEN APPROVED FOR FUNDING FOR THE
24 FIRST YEAR OF THESE APPLICATIONS. THE WHOLE PROGRAM IN
25 AGGREGATE COMES TO \$37.5 MILLION FOR THREE YEARS OF

1 FUNDING.

2 NOW, IN ORDER TO -- IF ANY OF YOU ARE
3 INTERESTED IN READING THE SUMMARIES, THEY'RE ALL STILL
4 POSTED ON THE CIRM WEBSITE.

5 AT THIS POINT IN ORDER TO IMPLEMENT THIS
6 PROGRAM WHEN FUNDS BECOME AVAILABLE, WE NEED TO HAVE IN
7 PLACE A DESCRIPTION OF OUR POLICY, OUR TERMS AND
8 CONDITIONS OF AWARD, AND ALSO THE ROLES AND
9 RESPONSIBILITIES OF THE GRANTEES ONCE THEY ACCEPT THE
10 AWARD. SO IN ORDER TO DO THAT, WE HAVE COME UP WITH AN
11 INTERIM GRANTS ADMINISTRATION POLICY FOR TRAINING
12 GRANTS, AND THIS IS WHAT HAS BEEN PRESENTED TO YOU.

13 I SHOULD MENTION THAT THIS DRAFT WAS
14 PRESENTED TO THE ICOC FOR INFORMATIONAL PURPOSES AND
15 FOR THEIR COMMENT AT OUR PREVIOUS MEETING, OUR NOVEMBER
16 MEETING OF THE ICOC. HOWEVER, IT HAS NOT COME UP FOR A
17 VOTE BY THE ICOC UNTIL WE HEAR FROM YOU, THE WORKING
18 GROUP MEMBERS. AND THAT IS WHY WE'RE PRESENTING IT TO
19 YOU TODAY.

20 NOW, BEFORE WE DO THAT, AND GIL IS GOING TO
21 GO OVER THIS DOCUMENT WHICH YOU HAVE RECEIVED WITH YOU
22 IN MORE DETAIL.

23 MR. KLEIN: BEFORE YOU GO TO THE NEXT POINT,
24 COULD I JUST CLARIFY. ARLENE, I THINK THAT YOUR POINTS
25 WERE CLEAR, BUT I WANT TO EMPHASIZE THAT ALL OF THE

1 GRANT APPLICANTS WERE SUBMITTED TO THE ICOC. AS
2 REQUIRED BY OUR PROCEDURES, THE ICOC CAN ACTUALLY VOTE
3 TO APPROVE ITEMS NOT RECOMMENDED. SO ALL OF OUR
4 APPLICATIONS ARE, AS A NORMAL PART OF OUR PROCESS, WILL
5 ALWAYS BE PRESENTED TO THE ICOC.

6 DR. CHIU: THANK YOU FOR THAT CLARIFICATION.
7 AND, INDEED, EVERY SINGLE APPLICATION WAS PRESENTED AND
8 THEN INDIVIDUALLY VOTED ON BY ROLL CALLS BY EACH MEMBER
9 OF THE ICOC AT OUR SEPTEMBER MEETING.

10 DR. DONAHOE: THIS IS PAT DONAHOE. MAY I ASK
11 ONE QUESTION? NOW, WE HAD FOUR OF ELEVEN OF THE TYPE
12 3S, MERITORIOUS, BUT ONLY THREE WERE FUNDED?

13 DR. CHIU: THAT IS CORRECT.

14 DR. DONAHOE: IS THERE SOME REASON WHY THE
15 ONE WAS NOT FUNDED?

16 DR. CHIU: I BELIEVE THAT THE ICOC LOOKED
17 INTO THE DESCRIPTION, THE REVIEW, AND FOUND THAT ONE OF
18 THEM DID NOT PASS THEIR APPROVAL.

19 MR. SHESTACK: WHICH ONE WAS THAT?

20 MR. SHEEHY: THAT WAS THE RIVERSIDE ONE.

21 DR. CHIU: WE REALLY SHOULD NOT IDENTIFY
22 SPECIFIC APPLICATIONS.

23 MR. KLEIN: THIS IS A PUBLIC MEETING.

24 DR. DONAHOE: IS THE STAFF HAPPY ABOUT THAT?

25 DR. HALL: THE ICOC DISCUSSED IT. AND I

1 WOULD SAY THAT THE THING THAT THEY WERE MOST CONCERNED
2 ABOUT WAS THE FACT THAT THE NUMBER OF PEOPLE ACTUALLY
3 DOING STEM CELL RESEARCH AT THE INSTITUTION AT THIS
4 TIME WAS NOT VERY HIGH. AND --

5 DR. DONAHOE: WHICH WAS OUR CONCERN TOO, AS I
6 RECALL.

7 DR. HALL: SO IN THEIR MINDS, THIS OUTWEIGHED
8 THE POSITIVE ASPECTS OF THE PROPOSAL.

9 DR. DONAHOE: THAT CLARIFIES IT FOR ME.
10 THANK YOU.

11 MR. SHESTACK: THIS IS JON SHESTACK. I HAVE
12 JUST TWO QUESTIONS. WHAT WE'RE VOTING FOR TODAY, DOES
13 THIS HAVE ANY KIND OF LEGAL STANDING? DOES THIS BECOME
14 NOW PART OF CALIFORNIA ADMINISTRATIVE LAW? DOES IT
15 NEED TO GO THROUGH A BIG PUBLIC REVIEW PROCESS TO BE
16 AMENDED?

17 DR. CHIU: WE WILL COME TO THAT. AND THAT'S
18 WHAT I WILL BE INTRODUCING SCOTT TOCHER TO EXPLAIN THE
19 CALIFORNIA PROCESS.

20 MR. SHESTACK: AND THE OTHER QUESTION, IF YOU
21 WOULD, IS SO A TOTAL FOR THIS YEAR, FOR THE FIRST YEAR,
22 IS 12.1. IS THAT DIRECT AND INDIRECT COST OR IS THAT
23 JUST DIRECT COST?

24 DR. CHIU: THAT'S TOTAL COST.

25 MR. SHESTACK: THAT'S TOTAL COST. AS PART DO

1 WE KNOW HOW IT BREAKS DOWN BETWEEN DIRECT AND INDIRECT
2 COST?

3 DR. CHIU: INDIRECT IS 10 PERCENT.

4 MR. SHESTACK: SO ON ALL CIRM GRANTS AS
5 OPPOSED TO, SAY, NIH GRANTS, YOU'RE SAYING THAT
6 INDIRECT COSTS ARE CAPPED AT 10 PERCENT?

7 DR. CHIU: ONLY TRAINING GRANTS. I BELIEVE
8 RESEARCH GRANTS ARE CAPPED AT 25 PERCENT.

9 MR. SHESTACK: SO I'D LIKE TO REVISIT AT THE
10 END WHERE -- THE THOUGHT BEHIND THAT DECISION. SO IN
11 THE FUTURE WHEN WE LOOK AT A NUMBER 12.1, WE SHOULD
12 REALIZE THAT 90 PERCENT OF THAT GOES DIRECTLY TO
13 RESEARCH.

14 DR. CHIU: ACTUALLY YOU APPROVED THE DIRECT
15 COST AND 10 PERCENT WAS ADDED ON FOR INDIRECT, I
16 BELIEVE.

17 DR. HALL: THAT WAS PART OF THE RFA.

18 MR. SHESTACK: THAT WAS PART OF THE WHAT,
19 ZACH?

20 DR. HALL: I THINK THAT'S PART OF THE RFA.
21 WHEN WE ASKED FOR THE BUDGET, WE ADVISED THEM HOW TO
22 CALCULATE THE DIRECT AND INDIRECT COST.

23 MR. SHESTACK: OKAY. AND 10 PERCENT WAS WHAT
24 WAS ALLOWED ON THESE GRANTS?

25 DR. HALL: YEAH, FOR TRAINING.

1 MR. SHESTACK: THANK YOU.

2 DR. CHIU: I JUST HEARD TWO ADDITIONAL RINGS.
3 DID SOMEONE NEW LOG ON?

4 DR. DONAHOE: THIS IS PAT DONAHOE. I GOT CUT
5 OFF.

6 DR. CHIU: SO IN LIGHT OF REQUIRING SUCH A
7 POLICY, BEFORE WE CAN SUBMIT OR POST NOTICES OF GRANT
8 AWARD TO EACH OF THE APPLICANTS, WE PRESENT TO YOU THE
9 INTERIM GRANTS ADMINISTRATION POLICY FOR TRAINING
10 GRANTS. BUT BEFORE THAT, I'D LIKE TO INTRODUCE SCOTT
11 TOCHER, WHO IS GOING TO BE OUR LEGAL --

12 DR. HALL: ON TEMPORARY LOAN FROM THE STATE
13 AS OUR LEGAL OFFICER.

14 DR. CHIU: -- LEGAL OFFICER, WHO IS VERY WELL
15 VERSED IN THE CALIFORNIA PROCEDURES, TO EXPLAIN WHAT
16 THIS MEANS.

17 MR. TOCHER: I APOLOGIZE TO EVERYBODY. I
18 HAVE A COLD, SO I'LL TRY TO GET THROUGH THIS AS BEST I
19 CAN.

20 THE REGULATIONS, AS MANY OF YOU PROBABLY
21 KNOW, ARE ESSENTIALLY RULES ADOPTED BY STATE AGENCIES
22 THAT, IF DONE SO PROPERLY, HAVE ESSENTIALLY THE FORCE
23 AND EFFECT OF REGULAR LAWS THAT ARE PASSED BY THE
24 LEGISLATURE OR CITY COUNCILS AND SUCH. SOME YEARS AGO
25 THE STATE PASSED AN ACT CALL THE ADMINISTRATIVE

1 PROCEDURES ACT, WHICH ESTABLISHES, OF COURSE,
2 PROCEDURES THAT STATE AGENCIES MUST FOLLOW IN ORDER FOR
3 THEIR REGULATIONS TO BE -- TO HAVE THE FORCE AND EFFECT
4 OF LAW AND BE VALID.

5 THE PURPOSE REALLY OF THE ADMINISTRATIVE
6 PROCEDURES ACT IS SIMPLY TO ENSURE THAT THE PUBLIC IS
7 PROVIDED WITH AN OPPORTUNITY TO PARTICIPATE IN THE
8 ADOPTION OF REGULATIONS BY OUR AGENCY. SO REALLY ALL
9 THE PROCEDURES IN THE APA ARE BUILT AROUND THAT
10 PREMISE, PUBLIC PARTICIPATION AND INPUT AND RESPONSE BY
11 THE AGENCY TO THAT INPUT.

12 THE APA ESTABLISHED ANOTHER STATE AGENCY
13 CALLED THE OFFICE OF ADMINISTRATIVE LAW, WHICH IS
14 IMPORTANT TO US THAT I'LL GET TO IN JUST A SECOND. SO
15 BASICALLY WHAT HAPPENS IS ONCE AN AGENCY DECIDES THAT
16 IT NEEDS TO ADOPT A RULE OR IMPLEMENT AN INTERPRETATION
17 OF THE ACT, WHAT WE DO IS WE TAKE WHAT'S CALLED A
18 NOTICE OF PROPOSED RULEMAKING, WHICH IS SOMETHING WE
19 FILE WITH OAL, THE OFFICE OF ADMINISTRATIVE LAW, AND WE
20 BRIEFLY DESCRIBE WHAT WE THINK THE ISSUE IS AND WHAT
21 THE PROBLEM IS THAT NEEDS TO BE RESOLVED OR NEEDS TO BE
22 FLUSHED OUT IN GREATER DETAIL. AND IF POSSIBLE, WE
23 ALSO PROVIDE TEXT OF THE PROPOSED REGULATION.

24 AND THIS IS PUBLISHED IN A BOOKLET, AND IT IS
25 SOMETHING THAT WE HAVE TO PUBLISH ON OUR WEBSITE. AND

1 WE SEND THIS LITTLE PACKET OF INFORMATION TO ANYBODY
2 WHO IS KNOWN TO THE AGENCY, WHO HAS ASKED THE AGENCY TO
3 BE GIVEN SUCH NOTICE OF PROPOSED RULEMAKING AND
4 REGULATIONS. AND THIS BEGINS THE PERIOD OF THE
5 RULEMAKING RECORD. YOU HAVE TO ESTABLISH WHAT'S CALLED
6 A RECORD OF WHAT THE AGENCY DID IN ADOPTING THIS
7 REGULATION.

8 AT THIS POINT THE AGENCY HAS TO SORT OF STAND
9 DOWN FOR 45 DAYS AND LET THE PUBLIC REVIEW IT, REVIEW
10 THE MATERIALS AND SUBMIT COMMENTS. TRADITIONALLY WHAT
11 HAPPENS THEN IS THAT'S A MINIMUM OF 45 DAYS. THE
12 AGENCY THEN CAN TAKE 30, 60, 90, 120 DAYS, UP TO A YEAR
13 TO HOLD A HEARING, TO ADDRESS THE PUBLIC COMMENTS, AND
14 MAKE ANY NECESSARY CHANGES TO THE REGULATION THAT IT
15 WISHES. BASED ON WHETHER THOSE CHANGES TO THE
16 REGULATION, AFTER RECEIVING THE PUBLIC INPUT, IS
17 SUBSTANTIAL OR NOT, THE AGENCY, IF SUBSTANTIAL AND
18 MAJOR, THE AGENCY HAS TO ACTUALLY REPUBLISH THE AMENDED
19 REGULATION DRAFT. AND THAT, AGAIN, IS SUBJECT TO
20 ANOTHER 45-DAY PUBLIC COMMENT PERIOD.

21 IF THERE ARE NOT MAJOR CHANGES, THEN THE
22 AGENCY CAN ADOPT THE CHANGES, WAIT ANOTHER 15 DAYS, AND
23 THEN CLOSE THE RECORD. AT THAT POINT THE AGENCY CAN
24 ADOPT OR REJECT THE REGULATION. IF THE REGULATION IS
25 ADOPTED, THE PROCESS IS NOT YET OVER. IT NOW GOES TO

1 THE OFFICE OF ADMINISTRATIVE LAW, AND THAT IS THE
2 AGENCY THAT HAS 30 DAYS TO REVIEW ALL THE MATERIALS
3 THAT ARE SUBMITTED AS PART OF THAT RULEMAKING RECORD.

4 AND THE OAL WILL BE LOOKING TO MAKE SURE THAT
5 THERE'S AUTHORITY FOR THE REGULATION, THAT IT'S
6 CONSISTENT IN ITS PARTS WITH THE REGULATION ITSELF, AND
7 WITH OTHER REGULATIONS THAT THE AGENCY MAY HAVE
8 ADOPTED, AND ALSO TO MAKE SURE THAT IT'S NOT
9 DUPLICATIVE OF OTHER RULES IN THE SYSTEM.

10 ASSUMING THAT IT PASSES OAL MUSTER, THEN THE
11 REGULATION BECOMES EFFECTIVE WITHIN 30 DAYS. IT IS NOT
12 UNCOMMON, HOWEVER, FOR THE OFFICE OF ADMINISTRATIVE LAW
13 TO SEND BACK A PROPOSED REGULATION AND INDICATE WHERE
14 CERTAIN CORRECTIONS NEED TO BE MADE OR FURTHER
15 JUSTIFICATION NEEDS TO BE ESTABLISHED. ASSUMING THAT
16 THE AGENCY COMPLIES WITH THAT, THE OAL WILL APPROVE THE
17 REGULATION, AND IT BECOMES EFFECTIVE USUALLY EFFECTIVE
18 30 DAYS AFTER THAT DATE.

19 THAT'S A BROAD GENERAL OVERVIEW THAT I JUST
20 GAVE YOU. THERE ARE MANY, OF COURSE, DETAILS IN
21 BETWEEN, BUT THAT'S, GENERALLY SPEAKING, HOW RULEMAKING
22 GETS DONE IN CALIFORNIA NOW.

23 DR. HALL: LET'S GET THIS END OF THE PROCESS,
24 AND PLEASE CORRECT ME IF I'M WRONG, WHAT WE HAVE HERE
25 IS AN INTERIM GRANTS ADMINISTRATION POLICY. BY

1 PROPOSITION 71, WE THEN HAVE 270 DAYS TO MAKE IT
2 THROUGH THE PROCESS THAT YOU DESCRIBED AFTER THAT IS
3 ADOPTED BY THE ICOC AFTER RECOMMENDATION OR
4 MODIFICATION BY YOU. SO IF THE ICOC AT ITS DECEMBER
5 6TH MEETING ADOPTS THE INTERIM GRANTS POLICY, THEN THAT
6 SETS THE CLOCK MOVING.

7 WE THEN HAVE TIME TO DEVELOP A PROPOSED
8 POLICY, WHICH IS WHAT YOU DESCRIBED, SUBMIT THAT TO THE
9 ICOC, SUBMIT THAT TO THE AGENCY, ASK FOR PUBLIC
10 COMMENT, MODIFY, IF NECESSARY, GO THROUGH THE PROCESS,
11 AND AT THE END OF THE 270 DAYS THAT SHOULD BE COMPLETE,
12 AND THAT SHOULD BE OUR FINAL CIRM GRANTS ADMINISTRATION
13 POLICY FOR TRAINING GRANTS.

14 MR. TOCHER: YES.

15 DR. HALL: SO WE ASK YOU AT THIS POINT TO
16 APPROVE THIS INTERIM POLICY THAT WILL HOLD US WHILE WE
17 GO THROUGH THE PROCESS THAT SCOTT JUST DESCRIBED.

18 CHAIRMAN ORKIN: AFTER IT GOES TO THE ICOC,
19 THEN IT GOES FOR THE 270 DAYS. IF IT'S CHANGED --

20 (INTERRUPTION IN PROCEEDINGS.)

21 MR. KLEIN: IT'S PROBABLY IMPORTANT, IF
22 ANYONE IS GOING TO STEP AWAY FROM THE PHONE AND HAVE
23 ANOTHER CONVERSATION, TO MUTE THEIR CALL. GO AHEAD.

24 CHAIRMAN ORKIN: I GUESS I WAS JUST ASKING
25 FOR CLARIFICATION ON THE PROCESS. IF IT GOES TO THE

1 ICOC AND THEN HAS 270 DAYS FOR APPROVAL, IF THERE ARE
2 CHANGES THAT HAVE TO BE MADE, DO THEY COME BACK TO THE
3 GRANTS COMMITTEE?

4 DR. HALL: AS I UNDERSTAND IT, STUART, IT
5 WORKS LIKE THIS. WE'RE ASKING FOR APPROVAL OF AN
6 INTERIM POLICY. THIS POLICY THEN WILL REMAIN IN FORCE
7 FOR 270 DAYS. IN THE MEANTIME WE NEED TO DEVELOP A
8 SO-CALLED FINAL POLICY, PROPOSAL FOR A FINAL POLICY.
9 AND THAT WILL THEN NEED TO GO BACK THROUGH THIS
10 COMMITTEE AND TO THE ICOC, AND THEN BEGIN THE PROCESS
11 THAT YOU JUST HEARD OF DESCRIBED BY SCOTT TOCHER.

12 MR. SHESTACK: WILL WE ALSO HAVE TO DO THIS
13 EXACT SAME THING FOR THE NEXT GRANT PROCESS FOR
14 FACILITIES GRANTS AND FOR MAYBE THREE OR FOUR GENERAL
15 CATEGORY OF GRANTS?

16 DR. HALL: WE CERTAINLY WILL HAVE TO DO IT
17 FOR RESEARCH GRANTS. WE ARE DOING IT NOW FOR TRAINING
18 GRANTS SIMPLY BECAUSE THAT'S SIMPLER, AND WE NEED THAT
19 IMMEDIATELY IF WE'RE GOING TO BE ABLE TO FUND THESE
20 GRANTS. WE HAVE TO HAVE AN INTERIM GRANTS POLICY IN
21 PLACE. OTHERWISE WE CAN'T SEND MONEY OUT.

22 MR. KLEIN: IN TERMS OF WHAT YOUR QUESTION
23 IS, JON, THE RESEARCH GRANTS WILL HAVE A COMPLETELY
24 DIFFERENT INTERIM POLICY THAT NEEDS TO BE DEVELOPED
25 WITH A LOT OF THOUGHT --

1 MR. SHESTACK: IT WILL HAVE SOME OF THE SAME
2 THINGS IN IT, BUT BASICALLY WE WILL HAVE TO GO THROUGH
3 THE SAME PROCESS ON THREE TO FOUR OTHER CATEGORIES OF
4 GRANTS IS WHAT YOU'RE SAYING.

5 DR. HALL: PROBABLY THREE. TWO OTHERS
6 BESIDES THIS; THAT'S CORRECT.

7 DR. CHIU: MY UNDERSTANDING IS THIS IS ONE
8 CHAPTER OF THE BIG GRANTS ADMINISTRATION POLICY THAT
9 WILL HOLD FOR ALL RESEARCH GRANTS. WE'RE TAKING THIS
10 PART OUT FOR YOU AND FOR THE ICOC APPROVAL SO THAT WE
11 CAN MOVE FORWARD WITH THE TRAINING GRANTS, BUT IT WILL
12 BE WRAPPED UP IN THE LARGER POLICY THAT WILL AFFECT ALL
13 RESEARCH GRANTS. AND IT WILL COME BACK TO YOU. THAT
14 IS A MUCH MORE COMPREHENSIVE DOCUMENT.

15 MR. SHESTACK: OKAY.

16 MS. SAMUELSON: SO IS THIS THE PROCESS, THEN,
17 AS YOU ENVISION IT FOR THE TRAINING GRANTS
18 ADMINISTRATION? IS THIS THE PROCESS IN WHICH ANY
19 PROPOSED IDEAS BY THE MEMBERS OF THIS WORKING GROUP
20 WOULD BE -- THAT INPUT WOULD BE GIVEN FOR DEVELOPMENT
21 OF THE FINAL PROPOSAL?

22 DR. HALL: YES. DEVELOPMENT OF THE FINAL
23 PROPOSAL, NOT FOR -- FOR THE INTERIM, WE WOULD WELCOME
24 COMMENTS ON THIS DOCUMENT, BUT THERE WOULD BE TIME FOR
25 INPUT SUBSEQUENT TO THIS IN THE DEVELOPMENT OF THE

1 FINAL PROPOSAL.

2 MR. KLEIN: YEAH. THE FINAL PROPOSAL COULD
3 HAVE ANY NUMBER OF MEETINGS OR RETREATS OR DISCUSSIONS
4 INVOLVED IN THE INPUT FOR THE FINAL TRAINING GRANTS.

5 MS. SAMUELSON: I GUESS THAT'S PART OF MY
6 QUESTION. IS THERE ANYTHING ENVISIONED AT THIS POINT
7 THAT WOULD BE THE STRUCTURE WITHIN WHICH THIS GROUP
8 WOULD HAVE THOSE DISCUSSIONS AND PROVIDE ITS INPUT?

9 DR. HALL: LET'S COME BACK TO THAT AT THE
10 END, AND FOR THE MOMENT JUST DEAL WITH THE INTERIM CIRM
11 GRANTS POLICY, IF WE COULD.

12 MS. SAMUELSON: OKAY.

13 DR. CHIU: I'D LIKE TO ASK THE CHAIR TO MOVE
14 ON TO AGENDA ITEM 5.

15 CHAIRMAN ORKIN: I THINK --

16 DR. CHIU: UNLESS THERE'S MORE DISCUSSION.

17 MS. SAMUELSON: THIS IS JOAN AGAIN. I GUESS
18 I DO HAVE ONE FOLLOW-UP QUESTION, ZACH. SO THEN THIS
19 IS NOT THE MOMENT IN WHICH FOR THIS GROUP TO RAISE
20 COMMENTS ABOUT HOW THIS MIGHT BE DONE DIFFERENTLY IN
21 THE FINAL DOCUMENT.

22 DR. HALL: NO. THERE WILL BE AMPLE TIME FOR
23 THAT LATER.

24 MS. SAMUELSON: OKAY.

25 CHAIRMAN ORKIN: IF YOU MOVE TO AGENDA ITEM

1 NO. 5, AND THIS IS THE CONSIDERATION OF THE INTERIM
2 GRANTS POLICY FOR TRAINING GRANTS, THE GRANTS
3 ADMINISTRATION POLICY. AND I THINK EVERYONE SHOULD
4 HAVE THIS. THIS IS THE LARGEST OF THE ATTACHMENTS THAT
5 WAS SENT. AND I THINK GIL IS GOING TO PROVIDE SOME
6 OVERVIEW TO THIS; IS THAT CORRECT?

7 DR. SAMBRANO: THE DOCUMENT IS A 14-PAGE
8 DOCUMENT. I'M JUST GOING TO GO BRIEFLY OVER SOME OF
9 THE TOPICS FOUND WITHIN THIS DOCUMENT. IT'S DIVIDED
10 INTO FOUR SECTIONS, ONE THAT PROVIDES GENERAL
11 INFORMATION. AMONG THEM IS A DESCRIPTION OF THE ROLES
12 AND RESPONSIBILITIES BOTH OF THE CIRM STAFF AND THE
13 GRANTEE ORGANIZATION'S STAFF. AND THE REASON BEHIND
14 THAT IS TO HIGHLIGHT PEOPLE SPECIFICALLY WITHIN THE
15 CIRM THAT GRANTEES ARE LIKELY TO INTERACT WITH SUCH AS
16 PROGRAM OFFICER OR GRANTS MANAGEMENT OFFICER, PEOPLE
17 THAT THEY NEED TO SUBMIT FORMS AND SUCH TO.

18 SECTION 2 IS THE PREAWARDS PROCESS AND AWARD.
19 IT HAS A COUPLE OF LEGAL STATEMENTS REGARDING
20 LIABILITY. BUT MORE IMPORTANTLY, IT ALSO TALKS ABOUT
21 AWARD NOTICE. THE GRANTEES WILL RECEIVE WHAT'S CALLED
22 A NOTICE OF GRANTS AWARD THAT WILL BE PROVIDED BOTH TO
23 THE PROGRAM DIRECTOR AND TO THE AUTHORIZED
24 ORGANIZATIONAL OFFICIAL THAT WILL DETAIL THE GRANT
25 AMOUNT, THE TIME THAT THE GRANT IS PROVIDED FOR, THE

1 TYPES OF TRAINEES THAT THEY' LL HAVE, AND SUCH.

2 SECTION 3 TALKS ABOUT THE AWARD ACCEPTANCE
3 AND PAYMENT. THE NOTICE OF GRANT AWARD, IT NOTES, MUST
4 BE SIGNED BY THE GRANTEE AND RETURNED TO THE CIRM IN
5 ORDER TO ACCEPT THE AWARD. AND THIS DOCUMENT WILL
6 ACCOMPANY THAT NOTICE OF GRANT AWARD SO THAT THEY CAN
7 UNDERSTAND WHAT THE TERMS AND CONDITIONS OF THE AWARD
8 ARE. IT ALSO STATES THAT THE GRANTEE WILL NOT RECEIVE
9 PAYMENT UNTIL AFTER THE CIRM HAS RECEIVED THE SIGNED
10 NOTICE OF GRANT AWARD.

11 SECTION 4 THEN DISCUSSES THE GENERAL POLICIES
12 FOR THE TRAINING GRANTS, SPECIFICALLY THE TRAINEES, IT
13 TALKS ABOUT THE APPOINTMENTS OR PROVIDES A GUIDELINE
14 FOR HOW TO MAKE APPOINTMENTS FOR TRAINEES. IT
15 DISCUSSES THE TRAINING PERIOD, THE LIMITATIONS, BOTH
16 THE MINIMUM AND MAXIMUM DURATION FOR A TRAINEE.

17 THERE' S DISCUSSION OF ALLOWABLE COST. THE
18 COST THAT WOULD BE COVERED BY THE AWARD, SUCH AS THE
19 STIPEND LEVELS, TUITION, HEALTH INSURANCE, AND SUCH.
20 ALSO MAKES A NOTE OF THE 10-PERCENT INDIRECT COST.

21 THERE' S A SECTION ON PRIOR APPROVALS; THAT
22 IS, THERE ARE SPECIFIED AREAS WHERE CHANGES CAN BE
23 MADE, BUT THEY REQUIRE APPROVAL BY THE CIRM, WRITTEN
24 APPROVAL, AND IT DESCRIBES THE PROCESS BY WHICH A
25 GRANTEE WOULD GO ABOUT GAINING SUCH APPROVAL.

1 AND THEN THE LAST PORTION TALKS ABOUT
2 REPORTING REQUIREMENTS. SO FOR EACH YEAR OF AWARD, THE
3 GRANTEE IS REQUIRED TO SUBMIT BOTH A FINANCIAL REPORT
4 AND A PROGRAMMATIC REPORT THAT INCLUDES SCIENTIFIC
5 PROGRESS, PROGRESS FOR INDIVIDUAL TRAINEES. IT
6 DISCUSSES BRIEFLY WHAT HAPPENS IF THERE ARE OVERDUE
7 REPORTS.

8 AND THEN THERE'S A FINAL STATEMENT ON
9 INTELLECTUAL PROPERTY, AND THE INTELLECTUAL PROPERTY
10 TASK FORCE, WHICH IS A SUBCOMMITTEE OF THE ICOC, IS
11 CURRENTLY WORKING ON DEVELOPING THE POLICIES THAT WILL
12 APPLY TO TRAINING GRANTS, BUT BASICALLY A SEPARATE
13 GROUP IS CONSIDERING THAT AT THE MOMENT. AND THEY WILL
14 LET US KNOW WHEN WE CAN ADOPT SUCH POLICY OR INCLUDE
15 THAT IN --

16 DR. HALL: GIL, LET ME JUST SAY THAT BY
17 PROPOSITION 71, THAT WILL ALSO GO THROUGH THE STANDARDS
18 WORKING GROUP. IT'S UNDER THEIR PROVINCE.

19 DR. SAMBRANO: THAT'S IT.

20 CHAIRMAN ORKIN: THANK YOU. ARE THERE ANY
21 SPECIFIC QUESTIONS OR COMMENTS FROM ANY OF THE MEMBERS
22 OF THE COMMITTEE ON THE CALL?

23 PAT, DID YOU HAVE A QUESTION OR COMMENT?

24 DR. DONAHOE: TO ASSURE COMPLIANCE OF THE
25 GRANTEES, (INAUDIBLE) TO DO THAT?

1 DR. CHIU: I'M SORRY?

2 CHAIRMAN ORKIN: I THINK THERE WAS A
3 QUESTION -- I THINK PAT MAY BE COMING IN AND OUT ON THE
4 PHONE. BUT I THINK IT WAS A QUESTION ABOUT ENSURING
5 COMPLIANCE OF THE GRANTEES.

6 DR. DONAHOE: HOW ARE WE IN A POSITION TO DO
7 THAT?

8 DR. CHIU: ONE OF THE WAYS IS STRUCTURED
9 AROUND THE PAYMENT SCHEME, WHICH IS NOT ILLUSTRATED
10 HERE. SO WE'VE BEEN TALKING TO THE STATE CONTROLLER'S
11 OFFICE ABOUT HOW TO TRIGGER PAYMENTS OR WARRANTS FROM
12 THE STATE TO EACH OF THE INSTITUTIONS. SO FOR THE
13 FIRST -- WELL, FOR EVERY YEAR, THERE WILL BE THREE
14 PAYMENTS, EACH MADE EVERY FOUR MONTHS. AND SO
15 COMPLIANCE WILL BE TIED TO THESE PAYMENTS.

16 THE FIRST YEAR WILL GO BY, AND TEN MONTHS
17 INTO THE FIRST YEAR, WE WILL BE EXPECTING THE FINANCIAL
18 AND PROGRAMMATIC REPORTS. THEN WE HAVE -- THE CIRM HAS
19 ABOUT A MONTH OR MONTH AND A HALF TO MAKE SURE ALL THE
20 APPROVALS ARE THERE, THAT THINGS ARE IN COMPLIANCE,
21 THERE'S GOOD PROGRESS, THERE ARE NO QUESTIONS THAT WE
22 NEED TO GO BACK TO THE INSTITUTES TO HAVE ANSWERED.

23 WHEN THAT APPROVAL IS TRIGGERED, THE NEXT
24 YEAR'S FIRST PAYMENT GETS STARTED; BUT IF COMPLIANCE IS
25 INCOMPLETE, WE WILL HOLD UP THE NEXT YEAR'S PAYMENTS

1 UNTIL WE GET COMPLIANCE. DOES THAT ANSWER THE
2 QUESTION?

3 DR. DONAHOE: YES. IT JUST IMPLIES ON NO. 3
4 THAT WE WOULD BE RESPONSIBLE FOR THAT, AND I
5 CAN'T (INAUDIBLE) AS A COMMITTEE.

6 DR. CHIU: WE WILL -- THE STAFF WILL HANDLE
7 IT AND REPORT TO YOU INSTANCES OF COMPLIANCE AND
8 NONCOMPLIANCE AFTER THE FIRST YEAR. IS THAT ADEQUATE?

9 DR. HALL: IF THERE ARE ISSUES THAT -- SOME
10 OF THESE WILL BE QUITE MECHANICAL; BUT IF THERE ARE
11 ISSUES THAT NEED YOUR CONSIDERATION AND ADVICE, WE WILL
12 BRING THEM TO THE WORKING GROUP.

13 DR. YOUNG: ARLENE, THIS IS WISE. I HAVE A
14 QUESTION THAT RELATES TO WHAT WOULD HAPPEN IF THESE
15 CENTERS THAT RECEIVE THE TRAINING GRANTS ARE UNABLE TO
16 FULFILL THEIR STATED OBJECTIVES OF RECRUITMENT?

17 DR. CHIU: YOU MEAN THE NUMBER OF SLOTS?

18 DR. YOUNG: FILLING THE NUMBER OF SLOTS. SO
19 ONE OF THE WORRISOME ASPECTS OF THIS THAT I'VE BEEN
20 THINKING OF IS THAT OBVIOUSLY THIS IS BEING PUSHED VERY
21 QUICKLY. AND IT TAKES TIME TO RECRUIT, AND ALL OF A
22 SUDDEN WE'RE TALKING ABOUT, I DON'T KNOW HOW MANY
23 SLOTS, BUT \$12 MILLION WORTH OF SLOTS MUST BE QUITE A
24 FEW SLOTS. SO IS THERE SOME KIND OF CONTINGENCY PLAN
25 OR APPROACH THAT THE GROUP HAS WORKED OUT IF A TRAINING

1 GROUP FAILS TO MEET THEIR SLOTS?

2 AND, SECONDLY, TO TRY TO REDUCE THE
3 POSSIBILITY OF THIS BEING USED AS A GARBAGE TRAINING
4 GRANT THAT ENDS UP SUPPORTING MANY GRADUATE STUDENTS
5 WHO MAY OR MAY NOT BE THE BEST.

6 DR. CHIU: PERHAPS WE CAN ANSWER THE SECOND
7 PART FIRST, WHICH IS THAT, FIRST OF ALL, FOR EACH
8 TRAINEE, THERE IS A NOTIFICATION FORM. AND THEY HAVE
9 TO ALERT CIRM WHICH ARE THE TRAINEES THAT THEY
10 RECRUITED.

11 THE SECOND, IN ORDER TO AVOID THEM JUST USING
12 THIS MONEY TO FUND PEOPLE BETWEEN SLOTS, WE HAVE A
13 REQUIREMENT OF A MINIMUM OF 12-MONTH APPOINTMENT. AND
14 IF THEY GO BELOW 12 MONTHS, THERE HAS TO BE
15 JUSTIFICATION AND APPROVAL FROM CIRM SO THAT WE DON'T
16 WANT TO BE RIGID ABOUT THIS. BUT ON THE OTHER HAND,
17 WE'RE VERY COGNIZANT OF THE FACT THAT WE DON'T WANT
18 PEOPLE WHO ARE NOT DESTINED FOR SERIOUS STEM CELL
19 RESEARCH TO BE IN THESE PROGRAMS. AND WE ENCOURAGE
20 THEM TO RECRUIT PEOPLE WHO WILL STAY FOR TWO YEARS ON
21 THE PROGRAM, FOR EXAMPLE.

22 DR. HALL: I THINK, WISE, IN ANSWER TO THE
23 SECOND ONE, I THINK THAT IT'S ALWAYS AN ISSUE WITH
24 TRAINING GRANTS, AND I THINK THAT THE QUESTION THERE
25 WILL BE ON COMPETITIVE RENEWAL, ONE WOULD LOOK VERY

1 CAREFULLY AT THE QUALITY OF THE PEOPLE WHO HAD BEEN
2 TRAINED DURING THE FIRST PERIOD, THE APPLICANTS THAT
3 HAD BEEN RECRUITED.

4 AS FOR THE FIRST PART OF THE QUESTION THAT
5 YOU ADDED, WE ANTICIPATE, AND I THINK THIS IS
6 CORRECT -- I WAS LOOKING FOR IT AND COULDN'T LOCATE IT
7 QUICKLY -- THAT LIKE NIH GRANTS, PEOPLE WILL BE ABLE TO
8 START THE YEAR ANY TIME UP TO 12 MONTHS AFTER THE AWARD
9 PERIOD. SO THAT GIVES A GOOD, LONG LEAD-TIME TO
10 RECRUIT PEOPLE IN. AND IN SOME CASES THERE WILL BE
11 PEOPLE WHO WE THINK ARE ALREADY BEING SUPPORTED BY
12 OTHER MEANS WHO, UNTIL THIS MONEY SORT OF ARRIVES, THAT
13 IS, PEOPLE ARE ALREADY COMMITTED TO THE AREA AND TO THE
14 PROGRAM, BUT ARE BEING SUPPORTED BY THE OTHER MEANS.

15 AT ANY RATE, WE DO WANT TO MITIGATE THAT.
16 AND I THINK THE REAL -- IF, FOR EXAMPLE, WE WERE ABLE
17 TO PAY THIS WINTER, THEN THAT WOULD GIVE PROGRAMS TIME
18 FOR RECRUITING STUDENTS, POSTDOCTORAL FELLOWS FOR THE
19 ACADEMIC YEAR NEXT YEAR. AND SOME MAY HAVE ALREADY
20 PEOPLE WHO THEY'RE READY TO FEED INTO THIS.

21 DR. CHIU: THERE WILL BE SOME ROLLOVER
22 CAPABILITY. AS YOU KNOW, THERE IS A NO-COST EXTENSION
23 PAST THE FINAL YEAR, SO THAT WILL ALLOW THEM TO EXTEND
24 THEIR RECRUITMENT.

25 DR. YOUNG: AND I SEE THERE'S ALSO A

1 PROVISION FOR SOME CARRY-OVER OF FUNDS --

2 DR. CHIU: THAT'S RIGHT.

3 DR. YOUNG: -- YEAR TO YEAR UP TO 25 PERCENT.

4 DR. CHIU: THAT IS CORRECT.

5 DR. YOUNG: THANK YOU SO MUCH.

6 DR. HALL: IF A PROGRAM PERSISTENTLY HAD
7 TROUBLE RECRUITING APPLICANTS TO IT, THEN I THINK THIS
8 WOULD TELL US SOMETHING ABOUT THAT PROGRAM.

9 DR. YOUNG: GOOD. THANKS.

10 MS. SAMUELSON: COUPLE OF SORT OF TIME FRAME
11 QUESTIONS. ONE IS HOW DOES THE DEVELOPMENT PROCESS FOR
12 DEVELOPMENT APPROVAL OF THE FINAL POLICY RELATE TO
13 LAUNCHING THIS PROGRAM IN TERMS OF FUNDING THE TRAINING
14 GRANTS AND GETTING THEM STARTED, IF AT ALL?

15 AND THEN THE OTHER IS SHOULD WE GIVE THE
16 WORKING GROUP A BIT OF AN UPDATE ON THE ABILITY OF THE
17 CIRM TO FUND THESE GRANTS RELATIVE TO THE LAWSUITS OR
18 ANY OTHER FUND-RAISING THAT'S GOING ON TO TRY TO CREATE
19 A FUND TO FUND THESE TRAINING GRANTS IF THE LAWSUIT IS
20 STILL PREVENTING US?

21 DR. HALL: THERE ARE TWO IMPORTANT ISSUES
22 WHICH I THINK WE SHOULD ADDRESS, BUT WHY DON'T WE FIRST
23 GET ALL THE COMMENTS ON THE MATTER ON THE TABLE. YOUR
24 POINT, IF I UNDERSTOOD IT, WAS THE PROGRAMS ARE WAITING
25 TO GET STARTED. THEY WILL NOT BE DEPENDENT ON THE

1 FINAL GRANTS, BUT THEY WILL BE DEPENDENT ON HAVING THIS
2 INTERIM GRANTS ADMINISTRATION POLICY DONE. AND WE WILL
3 DEVELOP THE NEXT ONE, WHICH PRESUMABLY -- THE FINAL
4 VERSION OF THIS, WHICH WOULD GO TO THE OAL AS DESCRIBED
5 BY SCOTT, WOULD PRESUMABLY APPLY FOR THE NEXT ROUND OF
6 GRANTS. WE ANTICIPATE THAT THE CHANGES WOULD BE
7 RELATIVELY SMALL, AND WE WOULD HOPE THAT THIS IS SORT
8 OF STRAIGHTFORWARD ENOUGH, THAT THERE MAY BE SOME
9 CHANGES IN IT, BUT THAT WE WOULD NOT REVISE IT
10 WHOLESALE.

11 DR. CHIU: FOR THE TRAINING GRANTS.

12 DR. HALL: FOR THE TRAINING GRANTS.

13 DR. CHIU: FOR THE UMBRELLA, THE LARGER
14 POLICY THAT WOULD HOLD FOR ALL RESEARCH GRANTS, WE ARE
15 WORKING VERY HARD ON PUTTING THE PIECES TOGETHER FOR
16 YOUR REVIEW. AND I WAS HOPING THAT PERHAPS AT THE NEXT
17 GRANTS WORKING GROUP FACE-TO-FACE MEETING WHERE WE HAVE
18 GRANTS ALSO TO REVIEW, DURING THE OPEN SESSION, THE
19 WORKING GROUP MIGHT BE LOOKING AT THE DETAILS OF THE
20 LARGER POLICY AND SPEND SOME TIME DISCUSSING THAT.

21 CHAIRMAN ORKIN: MAYBE WE OUGHT TO GET TO THE
22 INTERIM JUST TO SEE IF THERE ARE ANY OTHER COMMENTS
23 FROM THIS COMMITTEE.

24 DR. YOUNG: I HAVE ONE OTHER QUESTION. AND
25 THAT IS, WHAT -- OBVIOUSLY TRAINEES ON THIS GRANT WILL

1 BE WORKING ON A VARIETY OF STEM CELL PROJECTS. AND
2 WHAT KIND OF IRB APPROVALS WILL BE REQUIRED? AND WHAT
3 IF THE TRAINEES -- IN OTHER WORDS, ARE THERE ANY
4 PROVISIONS FOR ETHICAL REVIEW OF TRAINEE RESEARCH?

5 DR. CHIU: THAT'S A VERY GOOD POINT, WISE.
6 AS WITH ALL TRAINING GRANTS, YOU DON'T KNOW WHAT
7 PROJECTS THEY'RE GOING TO BE PARTICIPATING IN UNTIL
8 THEY'RE RECRUITED AND UNTIL THE MENTOR COMES UP WITH
9 TAKING -- VOLUNTEERS TO TAKE THE STUDENT. THEY WILL BE
10 DEPENDENT ON THE MENTOR'S IRB FOR DOING A PARTICULAR
11 PROJECT; HOWEVER, WHEN THE FIRST REPORTS ARE DUE, WE
12 WILL BE LOOKING FOR THOSE.

13 DR. HALL: LET ME SAY, WISE, THAT WE HAVE
14 ADOPTED AS AN INTERIM MEDICAL AND ETHICAL STANDARD THE
15 NATIONAL ACADEMY GUIDELINES FOR HUMAN EMBRYONIC STEM
16 CELL RESEARCH THROUGH OUR STANDARDS WORKING GROUP. WE
17 HAVE PUT THOSE INTO REGULATORY LANGUAGE AND HAVE PASSED
18 AN INTERIM VERSION OF THOSE, AND WE ARE -- THAT GROUP
19 IS WORKING NOW VERY HARD ON PREPARING WHAT WILL BE THE
20 PROPOSAL FOR THE FINAL REGULATION. AND SO WE ASSUME
21 THAT ANYBODY -- AND I SHOULD SAY THAT WE'RE ALSO
22 WORKING WITH OUR RECIPIENT INSTITUTIONS. WE WILL BE
23 MEETING WITH THEM IN DECEMBER, I THINK, THE 14TH TO
24 DISCUSS HOW THE ESCRO COMMITTEES WILL OPERATE AND HOW
25 SORT OF THESE VARIOUS RESEARCH QUESTIONS WILL BE

1 HANDLED.

2 MANY OF THE CALIFORNIA INSTITUTIONS HAVE
3 ALREADY -- ARE QUITE FAR ALONG IN DOING THIS BECAUSE
4 THEY HAVE STEM CELL RESEARCH THAT'S FUNDED BY OTHER
5 MEANS.

6 DR. YOUNG: I WAS JUST THINKING THAT PERHAPS
7 A STATEMENT OR A POLICY STATEMENT CONCERNING THE
8 TRAINING GRANTS, THE TRAINEE RESEARCH ACTIVITIES BE
9 SUBJECT TO THE SAME ETHICAL REQUIREMENTS AS THE REST OF
10 THE GRANT FUNDING FOR THE ORGANIZATION SHOULD BE
11 PERHAPS PUT IN THERE SOMEWHERE SO THAT THERE'S CLEAR
12 UNDERSTANDING OF THIS.

13 DR. HALL: GOOD SUGGESTION. WE CAN CERTAINLY
14 DO THAT. SO WE WILL TAKE THAT. CAN WE TAKE THAT AS AN
15 AMENDMENT TO THE POLICY HERE, AND WE WILL, WITHOUT
16 PUTTING THE LANGUAGE IN NOW, IF YOU WILL TRUST US TO
17 STATE THAT CORRECTLY, THEN WE WILL AMEND THIS TO
18 INCLUDE THAT.

19 MR. KLEIN: WHEN THE CHAIR ASKS FOR ADOPTION
20 OF THIS BY VOTE, THEN THE CHAIR SHOULD INCORPORATE --
21 ASK THAT THIS PROPOSAL BE INCLUDED IN THE MOTION TO
22 ADOPT.

23 CHAIRMAN ORKIN: OKAY. DO WE HAVE ANY
24 COMMENTS OR QUESTIONS FROM THE PUBLIC OUT AT THE
25 GLADSTONE, I BELIEVE?

1 MR. CAMPBELL: YES. THIS IS DON CAMPBELL AT
2 THE GLADSTONE. I NOTICE WITHIN THE DRAFT PROPOSAL HERE
3 THAT BASICALLY EMPLOYMENT BENEFITS ARE SPECIFICALLY NOT
4 ALLOWED ON A TRAINING GRANT. HAS THERE BEEN ANY
5 THOUGHT INTO NOT HAVING THAT SO RESTRICTIVE?

6 DR. CHIU: THIS IS IN KEEPING WITH THE NIH
7 POLICY, THAT FELLOWS ARE NOT -- THEY'RE TRAINEES, BUT
8 THEY'RE NOT FULL EMPLOYEES. AND, THEREFORE, THEY GET
9 HEALTH BENEFITS, BUT NOT PENSIONS, ETC., THAT OTHER
10 FULL-TIME, LONG-TERM EMPLOYEES GET. SO WE HAVE STAYED
11 WITH THAT POLICY.

12 MR. KLEIN: BUT THEY DO GET HEALTH BENEFITS.

13 DR. CHIU: FULL HEALTH BENEFITS.

14 MR. KLEIN: DOES THE WAY IT'S WRITTEN ALLOW
15 HEALTH BENEFITS?

16 DR. CHIU: YES. SPECIFICALLY STATES HEALTH
17 BENEFITS.

18 MR. CAMPBELL: OKAY.

19 CHAIRMAN ORKIN: OKAY. I GUESS IF WE HEAR NO
20 OTHER QUESTIONS OR COMMENTS --

21 DR. JOYNER: I HAD A FEW JUST LITTLE SPECIFIC
22 THINGS, IF I CAN. ONE, IN TERMS OF THE CLINICAL
23 TRAINEES, WHETHER YOU HAD CONSIDERED PUTTING SOME
24 MAXIMUM ALLOWABLE NUMBER OF HOURS THEY CAN SPEND IN THE
25 CLINIC. YOU SORT OF SAY A REASONABLE AMOUNT, BUT

1 WHETHER --

2 DR. CHIU: GIL, DO YOU WANT TO ADDRESS THIS
3 BECAUSE WE PUT IN A STATEMENT THAT ALLOWS THEM TO
4 FOLLOW THE POLICY OF THE INSTITUTION WHERE THEY' RE AT,
5 IN KEEPING WITH THEIR PARTICULAR TRAINING PROGRAM,
6 TRAINING AND CLINICAL PROGRAM.

7 DR. JOYNER: WHAT IF THAT WAS 50 PERCENT OR
8 SOMETHING?

9 DR. CHIU: SO WHAT DOES THE WORKING GROUP
10 SUGGEST AS A CAP?

11 DR. BRIVANLOU: I THINK AT THE NIH THE K08
12 GRANTS AND K23S POSTULATE THAT 75 PERCENT OF THE
13 FELLOW' S TIME IS DEDICATED TO RESEARCH, 25 PERCENT TO
14 CLINICAL WORK. MAYBE SOMETHING OF THIS KIND WOULD BE
15 APPROPRIATE.

16 DR. CHIU: WE WOULD BE OPEN TO PUTTING THAT
17 IN IF THAT IS THE FEELING OF THE WORKING GROUP, THE
18 WISH OF THE WORKING GROUP, TO PUT IN A CAP OF 25
19 PERCENT FOR CLINICAL WORK.

20 DR. ROTHSTEIN: BE CAREFUL BECAUSE THEIR
21 CLINICAL WORK COULD BE CLINICAL RESEARCH, AND I THINK
22 THE CAP THAT NIH REFERS TO USUALLY IS INDEPENDENT OF
23 YOUR RESEARCH PROJECT; THAT IS, IF A DEPARTMENTAL
24 REQUIREMENT OF JUST YOU SEEING PATIENTS TO PAY BILLS,
25 YOU SHOULD BE VERY CAREFUL HOW YOU WORD THAT.

1 MR. KLEIN: SO BASICALLY THE 75 PERCENT COULD
2 SAY RESEARCH INCLUDING CLINICAL RESEARCH.

3 DR. BRIVANLOU: EXCEPT THAT IT WOULD BE 25
4 PERCENT OR WHAT INSTITUTIONS GENERALLY DEMAND AS ACTUAL
5 CLINICAL WORK.

6 DR. HALL: TWENTY-FIVE PERCENT FOR CLINICAL
7 DUTIES INDEPENDENT OF RESEARCH ACTIVITY.

8 DR. BRIVANLOU: THAT'S CORRECT. THE 75
9 PERCENT WOULD BE CLINICAL RESEARCH DEDICATED TO
10 CLINICAL RESEARCH ONLY.

11 MR. KLEIN: IS IT -- BECAUSE THIS IS A NEW
12 PROGRAM AND BECAUSE WE HAVE A LOT OF DIFFERENT
13 INSTITUTIONS WITH DIFFERENT CLINICAL PROGRAMS WE CAN'T
14 ANTICIPATE, IS IT POSSIBLE WE COULD GIVE THE PRESIDENT
15 DISCRETION TO MODIFY THIS, THE PRESIDENT AND CHIEF
16 SCIENTIFIC OFFICER, TO MODIFY THIS AS LONG AS THE
17 OBJECTIVES OF THE PROGRAM WERE BEING ACCOMPLISHED
18 WITHIN SOME REASONABLE RANGE?

19 DR. JOYNER: I THINK IT'S VERY IMPORTANT TO
20 BE SPECIFIC, BUT YOU COULD SAY IN KEEPING WITH THE
21 REGULATIONS OF THE NIH K08 AWARDS.

22 DR. HALL: I THINK THE 75 PERCENT IS QUITE
23 REASONABLE ACTUALLY. I THINK WITH A K08 AS A
24 GUIDELINE, I THINK INSTITUTIONS WILL BE FAMILIAR WITH
25 IT AND PREPARED FOR IT. AND SO I WOULD BE QUITE

1 WILLING TO PUT THAT IN. I THINK THAT'S A GOOD
2 SUGGESTION.

3 CHAIRMAN ORKIN: GOOD. OKAY. ANY OTHER
4 COMMENTS OR QUESTIONS?

5 DR. JOYNER: I JUST WANTED CLARIFICATION ON
6 PAGE 6, THE TOP THERE WHERE IT'S TALKING ABOUT THE
7 PUBLIC RECORDS AND WHAT THIS ACCESS IS THAT THE WORKING
8 GROUPS, IF SOMEONE COULD JUST EXPLAIN THAT PARAGRAPH TO
9 ME. PUBLIC SHALL ALSO HAVE ACCESS TO THE RECORDS OF
10 THE WORKING GROUPS EXCEPT FOR, AMONG OTHER THINGS.

11 DR. HALL: THIS HAS SOME HISTORY WITH US.
12 CALIFORNIA HAS AN OPEN MEETING LAW THAT SAYS THAT
13 BASICALLY ANY POLICY OR FUNDING DECISION NEEDS TO BE
14 MADE IN AN OPEN MEETING, IN WHICH -- AND THERE ARE
15 PRESCRIBED RULES FOR THIS. THAT IS, THIS IS A PUBLIC
16 MEETING TODAY.

17 MR. KLEIN: THIS PHONE CALL IS A PUBLIC
18 MEETING.

19 DR. JOYNER: I UNDERSTAND THAT, BUT IT SAYS
20 HAVE ACCESS TO THE RECORDS.

21 DR. HALL: YOU HAVE TO HAVE A SITE MEMBERS OF
22 THE PUBLIC CAN COME, YOU HAVE TO POST AN AGENDA TEN
23 DAYS BEFOREHAND. AND ANY PIECE OF INFORMATION, WRITTEN
24 INFORMATION, THAT IS USED IN THE MEETING SEEN BY
25 COMMITTEE MEMBERS IS AVAILABLE TO THE PUBLIC

1 IMMEDIATELY.

2 SO BOB KLEIN WROTE PROPOSITION 71 TO EXCLUDE
3 THE WORKING GROUP ACTIVITIES, AND SPECIFICALLY IN THIS
4 CASE THE GRANTS WORKING GROUP, FROM THAT REQUIREMENT SO
5 THAT WE CAN HAVE CONFIDENTIAL PEER REVIEW. AND IN
6 NUMEROUS DISCUSSIONS OVER THE SPRING ABOUT TRYING TO
7 BALANCE THE DESIRE FOR CONFIDENTIALITY OF PEER REVIEW
8 WITH OUR DESIRE TO BE TRANSPARENT, WHAT WE'VE ADOPTED,
9 THEN, IS THAT ALL POLICY DISCUSSIONS, SUCH AS THE ONE
10 WE'RE HAVING TODAY, WILL BE AT PUBLIC MEETINGS. THE
11 RECORDS ARE OPEN TO THE PUBLIC. BUT THE MEETINGS IN
12 WHICH WE -- THE PART OF THE MEETING AT WHICH WE
13 EVALUATE GRANTS APPLICATIONS REMAINS CONFIDENTIAL. AND
14 THIS IS A RESTATEMENT IN SORT OF LEGAL LANGUAGE
15 APPROPRIATE TO CALIFORNIA OF THAT NOTION.

16 BOB, YOU MAY YOURSELF WANT TO ADD --

17 DR. JOYNER: I UNDERSTAND NOW.

18 MR. KLEIN: THE RECORDS OF A CONFIDENTIAL
19 REVIEW ARE ALSO CONFIDENTIAL, WHICH IS WHAT THIS IS
20 SPECIFICALLY REFERRING TO.

21 DR. JOYNER: OKAY.

22 CHAIRMAN ORKIN: ALL RIGHT. NOW, WE HAVE TWO
23 AMENDMENTS WHICH HAVE BEEN -- OR TWO SUGGESTIONS FOR
24 MODIFICATIONS THAT HAVE BEEN MADE. ONE REGARDING
25 PUTTING IN THE COMMENT ABOUT ETHICS AND IRB APPROVAL,

1 THAT THE SAME POLICIES WILL PERTAIN TO THE FELLOWS, AND
2 THAT WE'LL HAVE A MINIMUM OF 75 PERCENT RESEARCH
3 CONCENTRATION, WHETHER IT'S CLINICAL OR BENCH RESEARCH
4 FOR THE FELLOWS. WITH THOSE TWO ADDITIONS, WE NOW HAVE
5 TO CONSIDER THE INTERIM POLICY, WHETHER A VOTE ON THIS.
6 I DON'T KNOW. DO WE HAVE TO TAKE A VOICE VOTE, OR HOW
7 DO WE DO THAT?

8 DR. HALL: ASK FOR A MOTION AND A SECOND, AND
9 THEN WE'LL HAVE TO HAVE A ROLL CALL VOTE. AND THEN BE
10 SURE TO ASK FOR COMMENTS FROM COMMITTEE AND PUBLIC IN
11 BETWEEN THOSE TWO THINGS.

12 CHAIRMAN ORKIN: OKAY. DO WE HAVE A MOTION?
13 THE MOTION WOULD BE TO APPROVE WITH THE TWO ADDITIONS.
14 DO WE HAVE A MOTION FROM THE FLOOR?

15 DR. MACKLIS: I MOVE THAT WE APPROVE THESE
16 GUIDELINES WITH THE ADDITION OF THE TWO AMENDMENTS
17 PROPOSED AND DISCUSSED OVER THE LAST TEN MINUTES FROM
18 THE FLOOR.

19 DR. BRIVANLOU: I SECOND. ALI BRIVANLOU,
20 STUART.

21 DR. HALL: ASK FOR COMMENTS FROM THE
22 COMMITTEE AND THEN COMMENT FROM THE PUBLIC.

23 CHAIRMAN ORKIN: COMMENTS FROM THE COMMITTEE?
24 I THINK WE MAY HAVE GONE THROUGH THAT BEFORE. ANY
25 OTHER COMMENTS? AND FOR THE PUBLIC AT THE GLADSTONE?

1 I THINK WE'VE DONE THAT. OKAY. ROLL CALL.
2 DR. SAMBRANO: I'VE GOT THE ROLL CALL. THIS
3 IS GIL. PLEASE STATE YES OR NO.
4 STU ORKIN.
5 CHAIRMAN ORKIN: YES.
6 DR. SAMBRANO: JOAN SAMUELSON.
7 MS. SAMUELSON: YES.
8 DR. SAMBRANO: SUSAN BONNER-WEIR.
9 DR. BONNER-WEIR: YES.
10 DR. SAMBRANO: ALI BRI VANLOU.
11 DR. BRI VANLOU: YES.
12 DR. SAMBRANO: PATRICIA DONAHOE.
13 DR. DONAHOE: YES.
14 DR. SAMBRANO: MARCY FEIT.
15 DR. FEIT: YES.
16 DR. SAMBRANO: ALEXANDRA JOYNER.
17 DR. JOYNER: YES.
18 DR. SAMBRANO: JUDITH KIMBLE.
19 DR. KIMBLE: YES.
20 DR. SAMBRANO: JEFFREY MACKLIS.
21 DR. MACKLIS: YES.
22 DR. SAMBRANO: JEFFREY ROTHSTEIN.
23 DR. ROTHSTEIN: YES.
24 DR. SAMBRANO: DAVID SERRANO-SEWELL.
25 MR. SERRANO-SEWELL: YES.

1 DR. SAMBRANO: JEFF SHEEHY.
2 MR. SHEEHY: YES.
3 DR. SAMBRANO: JON SHESTACK.
4 MR. SHESTACK: YES.
5 DR. SAMBRANO: DENNIS STEINDLER.
6 DR. STEINDLER: YES.
7 DR. SAMBRANO: CLIVE SVENDSEN.
8 DR. SVENDSEN: YES.
9 DR. SAMBRANO: JANET WRIGHT.
10 DR. WRIGHT: YES.
11 DR. SAMBRANO: GEORGE YANCOPOULOS. WISE
12 YOUNG.
13 DR. YOUNG: YES.
14 DR. SAMBRANO: RAINER STORB.
15 DR. STORB: YES.
16 CHAIRMAN ORKIN: I THINK THAT SOUNDS
17 UNANIMOUS.
18 DR. HALL: THANK YOU. JOAN HAD ASKED -- SAID
19 THAT IT MIGHT BE USEFUL TO UPDATE THE COMMITTEE ON THE
20 FINANCIAL STATUS AND OUR EFFORTS TO GET MONEY. MAYBE
21 BOB KLEIN COULD SAY A FEW WORDS ABOUT THAT.
22 MR. KLEIN: THE ORIGINAL INTENTION THAT I HAD
23 IS THAT THE OFFICE OF THE CHAIR, AS CHARGED WITH THE
24 FINANCE FUNCTION, WAS TO FUND BOND ANTICIPATION NOTES
25 THROUGH LITIGATION DISCLOSURE, DISCLOSING THE RISK TO

1 THE BOND PURCHASERS, IN AN AMOUNT OF THE ORIGINAL
2 GRANTS, THE 12 MILLION SIX PLUS THE INTEREST COST AND
3 ISSUANCE COST RELATED THERETO. HOWEVER, IT HAS, AS I
4 ANNOUNCED IN THE PUBLIC MEETING OF THE BOARD ON
5 NOVEMBER 2D, COME TO OUR ATTENTION THAT A NUMBER OF THE
6 MAJOR BAN PURCHASERS, FOUNDATIONS OR PHILANTHROPIC
7 INDIVIDUALS, BELIEVE THAT THE IDEOLOGICAL RIGHT IS
8 ABUSING THE LEGAL SYSTEM IN THIS LITIGATION. AND THEY
9 WANTED A CLEAR MESSAGE OF A SUBSTANTIAL MAGNITUDE THAT
10 WHEN THERE'S A MANDATE OF THE PUBLIC, PARTICULARLY A
11 MANDATE OF 59 PERCENT OF THE VOTERS WITH SEVEN MILLION
12 VOTERS IN FAVOR FOR A MEDICAL OR SCIENTIFIC PROGRAM IN
13 CALIFORNIA, THAT IT WON'T BE SHUT DOWN IN ITS PROGRAM
14 GOALS BY LITIGATION THAT'S INTENDED TO TIE IT UP IN THE
15 COURTS.

16 THEREFORE, THEY HAVE ASKED US TO GO A \$50
17 MILLION INITIAL BOND ANTICIPATION NOTE OFFERING WHICH
18 WOULD PROVIDE FUNDS FOR OUR FIRST PROGRAM AND A SECOND
19 PROGRAM, POTENTIALLY EVEN A THIRD PROGRAM, DEPENDING
20 UPON HOW THE GRANTS WORKING GROUP AND THE ICOC DECIDE
21 TO ALLOCATE FUNDS.

22 WHAT HAS HAPPENED IS THAT I INDICATED AT THE
23 BOARD MEETING THAT AS LONG AS GOING TO THE HIGHER
24 DOLLAR AMOUNT --

25 DR. JOYNER: I DIDN'T HEAR THAT FIGURE, BOB.

1 MR. KLEIN: FIFTY MILLION, THE HIGHER DOLLAR
2 AMOUNT. I INDICATED AT THE BOARD MEETING AS LONG AS
3 GOING TO THE HIGHER DOLLAR AMOUNT DID NOT UNNECESSARILY
4 DELAY THE START OF THE FIRST INFRASTRUCTURE TRAINING
5 PROGRAMS BY A SIGNIFICANT AMOUNT, THAT IT WOULD BE VERY
6 FAVORABLE FOR THE PLANNING OF THE GRANTS COMMITTEE AND
7 THE SCIENTIFIC STAFF IF WE COULD GO TO THE HIGHER
8 AMOUNT. THE ISSUE IS MERELY ONE OF TRYING TO BALANCE
9 TIME REQUIREMENTS BECAUSE FOR A NUMBER OF MONTHS I'VE
10 BEEN GEARING THIS EFFORT TO INITIALLY ONLY FUND THE
11 FIRST PHASE OF THE GRANTS. SO TO MOVE FROM A \$14
12 MILLION OR \$15 MILLION FIGURE TO A \$50 MILLION FIGURE
13 IS A MAJOR MOVE, COMPLICATED BY THANKSGIVING AND
14 CHRISTMAS, WHICH ARE HOLIDAYS THAT I OBSERVE.

15 SO THE ISSUE HERE IS THAT WE WILL IN THE NEXT
16 THREE OR FOUR WEEKS MAKE A DECISION OF WHETHER WE'RE
17 GOING TO DROP BACK AND FUND THE INITIALLY INTENDED
18 AMOUNTS OR WHETHER WE'LL REACH FOR THE 50 MILLION OR
19 SOME INTERMEDIATE AMOUNT WHICH WOULD MAYBE ACCOMPLISH
20 THESE GOALS, PROVIDE MONEY FOR A SECOND PROGRAM THAT
21 COULD BE MOVED FORWARD WHILE NOT CREATING ANY
22 SIGNIFICANT DELAY IN PROGRAM ADMINISTRATION OR
23 IMPLEMENTATION.

24 DR. JOYNER: WHEN YOU SAY A PROGRAM, DO YOU
25 MEAN MORE TRAINING PROGRAMS OR TOTALLY DIFFERENT, LIKE

1 AN R01 APPROACH?

2 MR. KLEIN: THE BOARD AND THE GRANTS
3 COMMITTEE WILL NEED TO MAKE A DECISION BASED UPON
4 RECOMMENDATIONS BY THE PRESIDENT AND THE CHIEF
5 SCIENTIFIC OFFICER, BUT THE PROGRAM THAT'S BEEN AT THE
6 BOARD LEVEL AND PREVIOUSLY SUGGESTED IS A SEED MONEY
7 INNOVATION GRANT PROGRAM FOR THE SECOND PROGRAM SO THAT
8 SCIENTISTS WOULD BE INSULATED FROM NIH INSPECTIONS
9 WHERE THEY WOULD HAVE A CLEAN SOURCE OF FUNDS THEY
10 COULD POINT TO AS DEVELOPING THEIR INITIAL MAJOR GRANT
11 APPLICATIONS BECAUSE OBVIOUSLY, AS WE ALL KNOW,
12 DIFFERENT SCIENTIFIC ORGANIZATIONS AROUND THE COUNTRY
13 HAVE TAKEN DIFFERENT POLICY POSITIONS, BUT WE DO KNOW
14 THAT AT A MINIMUM THE NIH HAS SOME SEVERE RESTRICTIONS
15 AGAINST USING NIH EQUIPMENT OR PRIOR SUPPLIES FUNDED
16 UNDER PRIOR GRANTS THAT WERE NOT CONSUMED OR ARE
17 AVAILABLE.

18 SO THE ISSUE HERE IS THAT SCIENTISTS IN
19 CALIFORNIA, IN PARTICULAR BEING UNDER THE MICROSCOPE,
20 WE NEED TO MAKE SURE THAT THEIR INITIAL AND PRELIMINARY
21 EXPLORATIONS, TO THE EXTENT NOT FUNDED BY PRIVATE
22 MONEY, IS, IN FACT, NOT FUNDED BY NIH EQUIPMENT AND
23 SUPPLIES AND/OR SPACE, DEPENDING UPON WHAT THE
24 INSTITUTION HAS, AND HAS SOME SOURCE THAT THEY CAN
25 POINT TO FOR FUNDING THOSE COSTS TO MOVE THEIR RESEARCH

1 FORWARD. SO THAT IS A PROGRAM THAT'S UNDER
2 CONSIDERATION FOR A SECOND PROGRAM INITIATIVE, BUT THE
3 FINAL DECISION OF THAT IS A SEPARATE DISCUSSION.

4 CHAIRMAN ORKIN: WHAT'S THE EXPECTATION AS TO
5 WHEN THE LEGAL CHALLENGES MAY FINALLY BE OVER?

6 MR. KLEIN: WELL, LET ME ANSWER THAT IN TWO
7 PARTS. ONE IS THAT THE STATUTE OF LIMITATIONS HAS RUN,
8 SO THEY CAN'T FILE ANY MORE CHALLENGES IN THE NEXT 35
9 YEARS AGAINST OUR FUNDING SOURCE. HOWEVER, THE CURRENT
10 CHALLENGES, WHICH WE HAVE NOW CONSOLIDATED IN THE
11 SUPERIOR COURT, WILL PROBABLY TAKE APPROXIMATELY A YEAR
12 TO PLAY OUT BECAUSE WE ASSUME THAT THEY'LL USE EVERY
13 MOTION AND EVERY APPEAL. AND THE INTENT, THEREFORE, IS
14 TO CONTINUE THE BOND ANTICIPATION NOTE PROGRAM OVER
15 THAT PERIOD OF TIME WITH SUBSEQUENT OFFERINGS.

16 THE FINANCE COMMITTEE OF THE STATE HAS
17 AUTHORIZED \$200 MILLION IN BOND ANTICIPATION NOTES. IT
18 WOULD BE DIFFICULT TO PRIVATELY PLACE THAT MUCH OVER
19 THE NEXT YEAR. THAT'S NOT THE LEVEL WE'RE AT GOAL AT,
20 BUT IT IS THE INTENT TO MOVE FORWARD WITH GRANTS FUNDED
21 BY BOND ANTICIPATION NOTES THROUGH THE INITIAL BOND
22 ANTICIPATION NOTE OFFERING AND SUBSEQUENT OFFERINGS AS
23 THE PROGRAM REQUIREMENTS OF THE GRANT COMMITTEE AND THE
24 BOARD REQUIRE.

25 CHAIRMAN ORKIN: GOOD. THANK YOU.

1 DR. HALL: LET ME JUST SAY THAT THE HOUR IS
2 LATE, AND WE APPRECIATE VERY MUCH PEOPLE TAKING THE
3 TIME. LET ME JUST REFER YOU THAT BOTH THE BYLAWS FOR
4 THE SCIENTIFIC AND MEDICAL RESEARCH FUNDING WORKING
5 GROUP AND THE INTERIM CRITERIA FOR REVIEW OF RESEARCH
6 GRANT APPLICATIONS, BOTH OF THESE WERE RECOMMENDED BY
7 THE WORKING GROUP TO THE ICOC, AND THEY HAVE BEEN
8 APPROVED BY THE ICOC WITH MINOR CHANGES. AND YOU HAVE
9 RECEIVED THOSE AND ARE WELCOME TO REFER TO THOSE JUST
10 TO SEE THE CHANGES, BUT THEY ARE ESSENTIALLY WHAT YOU
11 PASSED WITH A FEW SMALL MODIFICATIONS.

12 CHAIRMAN ORKIN: THANK YOU, ZACH. THAT'S
13 EXACTLY WHERE I WAS GOING. ARE THERE ANY OTHER
14 COMMENTS OR QUESTIONS BEFORE WE ADJOURN?

15 MS. SAMUELSON: JUST A COMMENT ON THAT LAST
16 PIECE. AGAIN, THESE WERE THE INTERIM DOCUMENTS WHICH
17 WE WILL NEED TO DEVELOP SOMETHING FINAL, AND
18 PRESUMABLY, AGAIN, WE WOULD HAVE A DEVELOPMENTAL
19 PROCESS OF SOME KIND AVAILABLE TO US TO DO THAT.

20 DR. HALL: ABSOLUTELY.

21 CHAIRMAN ORKIN: THANK YOU.

22 MR. SHEEHY: I'D LIKE TO ECHO JOAN'S COMMENTS
23 BECAUSE I DON'T KNOW IF IT'S COMPLETELY ACCURATE TO SAY
24 THAT THE ICOC, AT LEAST IN TERMS OF THE CRITERIA FOR
25 GRANTS, HAS PASSED THEM AGAIN. WE KIND OF PASSED THEM

1 PENDING ANOTHER REVIEW.

2 MR. KLEIN: WELL, THE INTERIM GRANTS FOR
3 LEGAL PURPOSES FOR OUR IMPLEMENTATION OF THIS FIRST
4 PROGRAM --

5 MR. SHEEHY: THEY WERE PASSED FOR THOSE
6 PURPOSES, BUT NOT IN TERMS OF BEING THE CRITERIA THAT
7 WE NECESSARILY WOULD USE FOR THE REMAINDER OF OUR
8 HISTORY.

9 MR. KLEIN: NO, NOT FOR THE REMAINDER OF OUR
10 HISTORY. THAT IS GOING TO BE A LONG PROCESS OF GETTING
11 FINAL PROGRAMS IN PLACE. NOT ONLY WILL WE HAVE A
12 PROCESS OF PUTTING FINAL CRITERIA IN PLACE, BUT THOSE
13 ARE GOING TO CHANGE OVER TIME. THERE'S GOING TO BE A
14 CONSTRAINT PROCESS OF OPTIMIZATION.

15 CHAIRMAN ORKIN: I WOULD ENCOURAGE ANYONE TO
16 READ OVER THOSE DOCUMENTS AND SEND ANY COMMENTS TO ZACH
17 OR TO ARLENE OR --

18 DR. HALL: GOOD. THANK YOU. JUST AS WE SAID
19 FOR THE GRANTS ADMINISTRATION POLICY, WE HAVE AN
20 INTERIM CRITERIA WHICH HAS BEEN PASSED. WE WILL NOW
21 NEED TO DEVELOP FINAL CRITERIA, AND WE WILL DO THAT IN
22 DISCUSSION WITH THE GRANTS WORKING GROUP.

23 CHAIRMAN ORKIN: OKAY. IF THERE ARE NO OTHER
24 MATTERS, I THINK WE WILL ADJOURN.

25 DR. HALL: THANKS TO EVERYBODY FOR BEING

1 AVAI LABLE.

2

(THE MEETING WAS THEN ADJOURNED AT 12:07

3 P. M.)

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REPORTER'S CERTIFICATE

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

GLADSTONE INSTITUTE
1650 OWENS STREET, ROOM 107C
SAN FRANCISCO, CALIFORNIA
AND VARIOUS TELECONFERENCE SITES
ON
MONDAY, NOVEMBER 28, 2005

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

BETH C. DRAIN, CSR 7152
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