

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

VOLUME I

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IRVINE, CALIFORNIA

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BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 IRVINE, CALIFORNIA; TUESDAY, DECEMBER 9, 2008

2 4:30 P.M.

3
4 CHAIRMAN KLEIN: OKAY. WE HAVE A FEW
5 PEOPLE WHO HAVE FLIGHTS THAT ARE LATE THAT ARE IN
6 TRANSIT, BUT WE HAVE A QUORUM, IT'S MY
7 UNDERSTANDING. WE WILL, IN ANY CASE, WHILE WE'RE
8 WAITING FOR THE OTHER INDIVIDUALS TO WALK IN THE
9 ROOM, WE'LL BEGIN WITH A CALL TO ORDER. AND IN THE
10 CALL TO ORDER, I WOULD LIKE, MELISSA, IF WE COULD DO
11 THE FLAG SALUTE. WE MAY THEN, WHEN WE DO THE ROLL
12 CALL, HAVE AN ADDITIONAL MEMBER WHO'S ENTERED, BUT
13 WE DO HAVE A QUORUM AT THIS TIME. MELISSA KING,
14 WOULD YOU PLEASE LEAD US IN THE PLEDGE OF
15 ALLEGIANCE.

16 (THE PLEDGE OF ALLEGIANCE.)

17 CHAIRMAN KLEIN: ALL RIGHT. MELISSA, WHAT
18 WE WILL DO IS IF YOU WILL CALL THE ROLL, WE'LL KEEP
19 THE ROLL OPEN, PLEASE.

20 MS. KING: RICARDO AZZIZ. ROBERT PRICE
21 FOR ROBERT BIRGENEAU.

22 DR. PRICE: HERE.

23 MS. KING: FLOYD BLOOM. GORDON GILL FOR
24 DAVID BRENNER.

25 DR. GILL: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: SUSAN BRYANT.
2 DR. BRYANT: HERE.
3 MS. KING: KIM WITMER.
4 DR. WITMER: HERE.
5 MS. KING: MARCY FEIT.
6 MS. FEIT: HERE.
7 MS. KING: MICHAEL FRIEDMAN.
8 DR. FRIEDMAN: HERE.
9 MS. KING: LEEZA GIBBONS.
10 MS. GIBBONS: HERE.
11 MS. KING: MICHAEL GOLDBERG.
12 MR. GOLDBERG: HERE.
13 MS. KING: SAM HAWGOOD. BOB KLEIN.
14 CHAIRMAN KLEIN: HERE.
15 MS. KING: SHERRY LANSING. GERALD LEVEY.
16 DR. LEVEY: HERE.
17 MS. KING: TED LOVE. ED PENHOET.
18 DR. PENHOET: HERE.
19 MS. KING: PHIL PIZZO.
20 DR. PIZZO: HERE.
21 MS. KING: CLAIRE POMEROY.
22 DR. POMEROY: HERE.
23 MS. KING: FRANCISCO PRIETO. CARMEN
24 PULI AFITO.
25 DR. PULI AFITO: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: ROBERT QUINT.

2 DR. QUINT: HERE.

3 MS. KING: JEANNIE FONTANA FOR JOHN REED.

4 DR. FONTANA: HERE.

5 MS. KING: DUANE ROTH.

6 MR. ROTH: HERE.

7 MS. KING: JOAN SAMUELSON. DAVID

8 SERRANO-SEWELL. JEFF SHEEHY.

9 MR. SHEEHY: HERE.

10 MS. KING: JONATHAN SHESTACK. AND OSWALD

11 STEWARD.

12 DR. STEWARD: HERE.

13 MS. KING: WE DO HAVE A QUORUM.

14 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND

15 WE WILL WELCOME EVERYONE TO IRVINE. WE WANT TO

16 THANK OUR HOST, DR. SUSAN BRYANT AND DR. OSWALD

17 STEWARD, OUR TWO DISTINGUISHED BOARD MEMBERS FROM UC

18 IRVINE, WHERE WE WILL BE TOMORROW. AND I WANTED TO

19 POINT OUT THAT IT WAS UC IRVINE AND THE NATIONAL

20 ACADEMY OF SCIENCES BUILDING THAT HOSTED PROPOSITION

21 71 FIVE WEEKS AFTER THE ELECTION. THE NATIONAL

22 ACADEMY BROUGHT A DISTINGUISHED TEAM FROM THROUGHOUT

23 THE NATION OF SOME OF THE BEST SCIENTISTS AND

24 ETHICISTS TO HELP GIVE US EARLY GUIDANCE ON MEDICAL

25 AND ETHICAL STANDARDS, CONFLICT OF INTEREST ISSUES,

BARRISTERS' REPORTING SERVICE

1 GRANT PROCESSES. SO WE OWE A LOT TO THE NATIONAL
2 ACADEMY. AND REALLY THE FIRST FORMAL START OF THAT
3 EDUCATION PROCESS WAS AT THE NATIONAL ACADEMY
4 BUILDING. SO THANK YOU, OS, AND THANK YOU, SUSAN,
5 AND YOUR INSTITUTION.

6 WE HAVE ANOTHER BUSY TWO-DAY MEETING
7 STARTING WITH THE CONSIDERATION OF SOME TREMENDOUS
8 GRANT APPLICATIONS FOR TOOLS AND TECHNOLOGY. WE
9 HAVE ALSO A START OF A MEETING WHERE FOR THE FIRST
10 TIME WE'RE WORKING WITH A NEW OPERATING PROCEDURE.
11 WE'RE ABLE TO BRING MEMBERS IN TELEPHONICALLY. AND
12 DURING THE COURSE OF THIS TWO DAYS, WE HAVE AT LEAST
13 TWO MEMBERS WHO WILL BE JOINING US IN THAT REGARD.

14 IT'S VERY IMPORTANT TO ALSO RECOGNIZE THAT
15 WE HAVE TWO NEW MEMBERS OF THE BOARD. ONE IS DR.
16 CARMEN PULIAFITO, DEAN OF THE KECK SCHOOL OF
17 MEDICINE AT USC, APPOINTED BY THE GOVERNOR. AND
18 THANK YOU. WE'D LIKE TO WELCOME DR. PULIAFITO TO
19 THE BOARD.

20 (APPLAUSE.)

21 CHAIRMAN KLEIN: AND WE'D LIKE TO WELCOME
22 A NEW ALTERNATE FOR DR. DAVID BRENNER, AND THAT IS
23 DR. GORDON GILL FROM UC SAN DIEGO.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: THANK YOU BOTH FOR BEING

BARRISTERS' REPORTING SERVICE

1 WITH US.

2 AND I WOULD LIKE TO SAY THAT SOME OF THE
3 MEMBERS OF THIS BOARD JOINED THE BOARD BEFORE THEY
4 REALIZED THAT BETWEEN THE BOARD AND ITS
5 SUBCOMMITTEES AND ITS TASK FORCE AND WORKING GROUPS
6 THAT WE'D HAVE 180 PUBLIC MEETINGS IN THE LAST FOUR
7 YEARS, A STAGGERING DISPLAY OF PUBLIC TRANSPARENCY.
8 AND WE'RE CONTINUING TO TRY AND ENHANCE THAT
9 TRANSPARENCY.

10 FOR THE JANUARY MEETING, IT'S MY
11 UNDERSTANDING, THAT DON GIBBONS, OUR COMMUNICATIONS
12 DIRECTOR, IS GOING TO BRING BACK A BID AND A
13 PROPOSAL FOR WEBCASTING THESE MEETINGS OR SOME
14 MEETINGS FOR THE BOARD TO CONSIDER SO THAT A GREATER
15 PROPORTION OF THE PUBLIC MIGHT PARTICIPATE, AND THE
16 MEDIA MIGHT HAVE BETTER ACCESS TO THE MEETINGS AS
17 ANOTHER WAY TO EXPAND PUBLIC TRANSPARENCY.

18 IN THE EFFORT TO WORK WITH THE LITTLE
19 HOOVER COMMISSION, WE'D ALSO HOPED THAT IN THE
20 JANUARY MEETING TO BRING BACK SOME IDEAS FOR PUBLIC
21 DISCUSSION ABOUT HOW WE MIGHT IMPROVE OUR OPERATIONS
22 AND TRANSPARENCY. AND WE HAVE THE BENEFIT OF TODAY
23 HAVING AS OUR GUEST COMMISSIONER MARYLYN BREWER FROM
24 ORANGE COUNTY, WHO'S SEATED STRAIGHT BACK.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND THE DIRECTOR OF THE
2 LITTLE HOOVER COMMISSION, STUART DROWN, AS WELL AS
3 SENIOR STAFF MEMBER ERIC STERN.

4 (APPLAUSE.)

5 CHAIRMAN KLEIN: WE CONVENED THIS MEETING
6 IN A CONTEXT OF A NEW NATIONAL REALITY OF ADDITIONAL
7 FINANCIAL CHALLENGES, FINANCIAL CHALLENGES AT THE
8 STATE AND THE FEDERAL LEVEL. IT'S A PERIOD WHEN
9 CREATIVITY -- HI, JOAN -- CREATIVITY WILL BE AT A
10 PREMIUM, AND OUR ABILITY TO REALLY COMMUNICATE WITH
11 THE FEDERAL GOVERNMENT ABOUT THE NECESSITY TO
12 CONTINUE THEIR INVESTMENT IN INTELLECTUAL CAPITAL OF
13 THIS COUNTRY THAT DRIVES SO MUCH JOB CREATION,
14 PARTICULARLY IN CALIFORNIA WHERE THE LIFE SCIENCES
15 ARE THE SECOND LARGEST JOB CREATOR BEHIND THE HIGH
16 TECH COMPUTER INDUSTRY.

17 IT IS VERY IMPORTANT TO REALIZE THAT WE
18 CAN PROVIDE AN IMPORTANT MOMENTUM TO THE STEM CELL
19 AREA. BUT EVEN AS WE LOOK TO OUR INSTITUTES AND OUR
20 CENTERS OF EXCELLENCE, THERE ARE VERY LARGE
21 OPERATING BUDGETS HERE THAT WE'LL NEED SUPPLEMENTAL
22 FUNDING OR IN SOME CASES DOMINANT FUNDING EVENTUALLY
23 COMING FROM THE NIH BECAUSE THESE ARE EXTRAORDINARY
24 GLOBAL, WORLD-CLASS PLATFORMS FOR SCIENCE. AND THE
25 LEVEL OF SCIENTIFIC TALENT THAT IT TAKES TO DRIVE

BARRISTERS' REPORTING SERVICE

1 THOSE MAJOR INSTITUTES CANNOT BE FUNDED IN LARGE
2 PART BY OUR GRANTS. NO MATTER HOW GOOD THESE
3 SCIENTISTS ARE, WE JUST WILL NOT IN REALITY HAVE THE
4 SCALE OF FUNDS TO COVER THIS TREMENDOUS COST.

5 SO THESE INSTITUTIONS ARE A NATIONAL ASSET
6 IN ADDITION TO BEING A GREAT STATE TREASURE. AND WE
7 WILL NEED TO REALLY BE ABLE TO FOCUS IN OUR JANUARY
8 MEETING ON WHAT IS OUR PROPER ROLE IN HELPING
9 EDUCATE AND ADVOCATE FOR INVESTMENT IN THE NIH
10 GENERALLY BECAUSE ALL FIELDS OF LIFE SCIENCES ARE
11 GOING TO CONTRIBUTE EVENTUALLY TO OUR STEM CELL
12 MISSION. BUT WE WILL DEBATE THAT IN OUR JANUARY
13 MEETING AS ONE TOPIC. IT IS CERTAINLY AN AREA WHERE
14 WE'RE GOING TO NEED TO SEE SOME ADDITIONAL NATIONAL
15 INVESTMENT.

16 ON A NATIONAL SCALE, WE'RE TALKING ABOUT A
17 STIMULUS PROGRAM FOR THE PHYSICAL INFRASTRUCTURE OF
18 THIS COUNTRY. AND I WOULD SUGGEST THAT PART OF OUR
19 TOPIC IN JANUARY IS REALLY GOING TO BE ABOUT
20 BRINGING SOME BALANCE TO THAT AND FOCUSING THE
21 NATIONAL DEBATE IN PART ON INVESTING IN INTELLECTUAL
22 INFRASTRUCTURE FOR THIS COUNTRY, THE INTELLECTUAL
23 CAPITAL THAT IS REALLY GOING TO DISTINGUISH STATES
24 AND NATIONS AND DRIVE THE ECONOMIES OF THE 21ST
25 CENTURY.

BARRISTERS' REPORTING SERVICE

1 A STIMULUS BILL THAT LOOKS ONLY BACK
2 HISTORICALLY TO A PHYSICAL INFRASTRUCTURE INVESTMENT
3 IS PART OF THE LAST CENTURY. THE 21ST CENTURY
4 DEMANDS THAT WE BE ABLE TO COMPETE WITH WORLD-CLASS
5 INTELLECTUAL CAPITAL, AND IT DEMANDS CONTINUED
6 INVESTMENT. WE CANNOT, BECAUSE OF THE FINANCIAL
7 CRISIS FACING THE COUNTRY, ABANDON A FIELD THAT IS A
8 HUGE JOB CREATOR AND IS THE FUTURE POTENTIAL TO HELP
9 PATIENTS AND REDUCE GOVERNMENTAL MEDICAL
10 EXPENDITURES BY INTERVENTIONIST THERAPIES.

11 KEEPING THAT IN MIND, WE HAVE TALKED IN
12 THE PAST IN PUTTING ON THE TABLE FOR THIS JANUARY
13 DISCUSSION AT LEAST TWO MORE TOPIC AREAS. ONE WHICH
14 IS A KEY POTENTIAL CHOKER POINT, AND THAT IS JUST A
15 GENERAL FUNDING INCREASE IN THE FDA. THE FDA
16 STAFFING HAS BEEN STARVED OVER THE LAST SEVERAL
17 YEARS. A LOT OF THE STAFF IS CLOSE TO RETIREMENT
18 AGE. THE SALARY LEVELS AND THE STAFFING IS GOING TO
19 BE VERY IMPORTANT BECAUSE WE KNOW THAT FOR OUR
20 DISEASE TEAMS, FOR EXAMPLE, IT'S GOING TO BE
21 CRITICAL. IF YOU ARE GOING GET TO AN INITIAL HUMAN
22 TRIAL APPROVAL, YOU'RE GOING TO NEED AT LEAST THREE
23 YEARS IN ADVANCE TO HAVE ACUTELY FOCUSED AND HIGHLY
24 COMPETENT ADVICE ON YOUR PRECLINICAL WORK TO BE ABLE
25 TO BE SUCCESSFUL IN THAT IND.

BARRISTERS' REPORTING SERVICE

1 SO FDA STAFFING AND THE FUNDING FOR IT IS
2 GOING TO BE AN IMPORTANT SUBJECT. CERTAINLY IN A
3 PERIOD OF SCARCE RESOURCES, ADDING STAFF TO THE
4 FEDERAL GOVERNMENT IS NOT GOING TO BE UNIVERSALLY
5 POPULAR, AND WE'RE GOING TO HAVE TO DOCUMENT THE
6 CASE. WE CAN LOOK BACK AT THE IOM STUDY FROM 2006,
7 THE INSTITUTE OF MEDICINE STUDY, BUT WE'RE GOING TO
8 HAVE TO UNDERSTAND THE PROPER CASE AND THE PROPER
9 PRESENTATION OF IT. AND WE'LL CERTAINLY LEARN THE
10 PROPER EMPHASIS FROM ALL MEMBERS OF THIS BOARD WHO
11 HAVE TREMENDOUS EXPERIENCE.

12 FINALLY, IN OUR INNOVATION AREA OF
13 BRINGING A LOAN PROGRAM FORWARD WITH OUR GRANT
14 PROGRAM, POTENTIALLY THERE MAY BE AN OPPORTUNITY
15 WITH 500 BILLION OR MORE IN LOAN GUARANTEES BEING
16 GIVEN OUT AT THE FEDERAL LEVEL TO TRY AND CREATE A
17 PROGRAM THAT IS REALLY A JOB GENERATOR IN THIS AREA.
18 WE UNDERSTAND, I THINK, DR. ALAN TROUNSON'S STUDY IN
19 AUSTRALIA SHOWED THAT FOR EVERY DOLLAR SPENT IN THE
20 LIFE SCIENCES AND MEDICAL RESEARCH DOWNSTREAM OVER
21 TIME IT CREATED \$7 IN THE ECONOMY.

22 THERE ARE ECONOMIC MULTIPLIER MODELS AND
23 JOB CREATION MODELS THAT ARE IMPORTANT THAT WE'LL
24 NEED TO BRING TO THE ATTENTION OF THE FEDERAL
25 GOVERNMENT. BUT IN OUR LOAN PROGRAM, IF IT WERE A

BARRISTERS' REPORTING SERVICE

1 \$500 MILLION PORTFOLIO, ALL INCREMENTALLY APPROVED
2 AND ACTUAL LOANS, IF WE DON'T HAVE THE BEST SCIENCE,
3 WE'RE NOT GOING TO FUND IT, BUT ON A CONCEPTUAL
4 LEVEL, IF THE LOAN PROGRAM WERE \$500 MILLION, IF WE
5 TOOK THE TOP 50 PERCENT OF RISK AND THE FEDERAL
6 GOVERNMENT GUARANTEED THE BOTTOM 50 PERCENT OF RISK,
7 A MUCH BETTER DEAL THAN THE FINANCIAL INSTITUTIONS
8 HAVE PROPOSED TO THE FEDERAL GOVERNMENT, I SUGGEST,
9 OUR \$500 BILLION PROGRAM BECOMES A BILLION DOLLAR
10 PROGRAM.

11 FIVE HUNDRED MILLION FOR OUR MISSION PUT
12 INTO LOANS THAT WILL HELP IN THIS TIME OF CREDIT
13 SCARCITY FOR THE BIOTECH SECTOR TO STRETCH THOSE
14 DOLLARS SO THAT WE CAN GET PAST PHASE I SAFETY
15 STUDIES AND DO PHASE II A AND II B EFFICACY STUDIES
16 MAY BE CRITICAL TO GETTING ANY PRIVATE CAPITAL INTO
17 THE FIELD.

18 PRIVATE CAPITAL HAS MOVED FURTHER BACK
19 CONSTANTLY OVER THE LAST TWO OR THREE YEARS, AND
20 PARTICULARLY IN THIS FINANCIAL CRISIS. SO UNLESS
21 WE'RE PREPARED OR HAVE ALTERNATE METHODS OF CARRYING
22 THESE TREMENDOUS INVESTMENTS THAT PASS PEER REVIEW,
23 ONLY THE BEST SCIENCE, DOWN FURTHER IN THIS
24 CONTINUUM, IT IS LIKELY MANY OF THESE GREAT, GREAT
25 SCIENTIFIC CONCEPTS AND EVEN PHASE I TRIALS WILL BE

BARRISTERS' REPORTING SERVICE

1 DROPPED FOR LACK OF CAPITAL TO MOVE THEM FORWARD
2 WHERE WE CAN PROVE THAT EFFICACY AND HOPEFULLY THEN
3 GET THE MONEY TO BRING THEM TO PATIENTS.

4 SO THOSE ARE THREE OF THE TOPICS. WE
5 STAND READY AS AN AGENCY TO WELCOME OTHER SUGGESTED
6 TOPICS FOR THAT DISCUSSION, BUT PART OF OUR
7 DISCUSSION IN JANUARY WILL BE THE FEDERAL AGENDA AND
8 HOW WE INTERFACE WITH THE FEDERAL GOVERNMENT. WE
9 CERTAINLY WISH THE STATE GOVERNMENT HAD MORE FUNDS.
10 WE HOPE THE FEDERAL GOVERNMENT HAS MORE FUNDS. AND
11 WE DO REALIZE THAT THE STATE GOVERNMENT AS A
12 GOVERNMENTAL ENTITY IS ONE OF THOSE APPLICANTS FOR
13 FEDERAL FUNDING IN THE INTERIM.

14 WITH THAT INTRODUCTION, I'D LIKE TO
15 WELCOME TO THE PODIUM OUR ESTEEMED PRESIDENT, DR.
16 ALAN TROUNSON, WHOSE FAMILY HAS NOW MOVED FROM
17 AUSTRALIA TO CALIFORNIA AFTER A YEAR IN WHICH THEY
18 FINISHED UP EDUCATION WITH HIS OLDER SON, SO HE HAS
19 FINISHED HIS YEAR ALONE DEDICATED SOLELY TO OUR
20 MISSION, AND HIS FAMILY IS NOW WITH HIM. BUT THANK
21 YOU FOR THE REAL SACRIFICE YOUR FAMILY WENT THROUGH,
22 DR. TROUNSON, AND YOU WENT THROUGH WAITING FOR THEM
23 TO MOVE. DR. ALAN TROUNSON.

24 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.
25 AND AS USUAL, I WANT TO INTRODUCE THE PRESIDENT'S

BARRISTERS' REPORTING SERVICE

1 REPORT BY TALKING ABOUT SCIENCE. SO THERE ARE A
2 NUMBER OF DEVELOPMENTS GOING ON IN THE FIELD, AND I
3 BASICALLY CHOOSE FROM WHAT'S HAPPENING IN THE LAST
4 FOUR TO ABOUT EIGHT WEEKS.

5 IN THIS CASE THERE HAS BEEN A LOT OF
6 DISCUSSION, AS YOU KNOW, IN THE PRESS ABOUT THE
7 DEVELOPMENT OF INDUCED PLURIPOTENTIAL STEM CELLS.
8 THESE ARE CELLS WHERE YOU CAN TAKE AN ADULT CELL, A
9 SKIN CELL, AND BY TRANSFECTING THEM OR TRANSDUCING
10 THEM WITH VIRUSES, ORIGINALLY WITH RETROVIRUSES, YOU
11 CAN INTRODUCE WHAT ARE KNOWN AS TRANSCRIPTION
12 FACTORS THAT CAN CONTROL THE REPROGRAMMING OF THAT
13 CELL BACK TO AN APPARENT EMBRYONIC STEM CELL OR A
14 CELL WHICH BEHAVES SOMETHING VERY SIMILAR TO AN
15 EMBRYONIC STEM CELL.

16 ONE OF THE MAJOR ISSUES IN THIS AREA IS
17 THE INTRODUCTION OF THE VIRAL COMPONENTS INTO THE
18 GENOME AS YOU WOULD WHEN YOU USE A RETROVIRUS. AND
19 SO THE SCIENTISTS HAVE BEEN BUSY TRYING TO SEE IF
20 THEY CAN REMOVE THESE RETROVIRAL ELEMENTS AND ALSO
21 TAKE OUT TWO OF THE ONCOGENES, C-MYC AND KLF-4, FROM
22 THE TRANSCRIPTION FACTOR COCKTAIL BECAUSE OF THE
23 DANGERS OF BOTH THE VIRAL ELEMENT AND THE ONCOGENES
24 THERE.

25 SO IN THESE COUPLE OF PAPERS REPORTING

BARRISTERS' REPORTING SERVICE

1 HERE, THE GROUP AT DOUG MELTON'S LABORATORY AT
2 HARVARD HAVE BEEN ABLE TO INDUCE THE PLURI POTENTIAL
3 STEM CELLS IN HUMAN SKIN CELL FIBROBLASTS WITH ONLY
4 OCT-4 AND SOX-2 NONONCOGENIC GENES, AND THEY'RE
5 LIKELY TO BE MORE AT LEAST MORE FAVORABLE TO AN
6 OUTCOME THAT DOESN'T SHOW CANCER DEVELOPING.

7 SO THEY USED A CHEMICAL KNOWN AS VALPROIC
8 ACID TO HELP INDUCE THE PLURI POTENTIALITY ALONG WITH
9 TRANSDUCTION WITH THESE TWO GENES INSTEAD OF THE
10 FOUR, THE COCKTAIL OF THE FOUR GENES. SO THEY
11 ACTUALLY REMOVED OUT THE ONCOGENE ELEMENT OR MUCH OF
12 THE ONCOGENE ELEMENT.

13 IN THE SECOND PAPER BY CONRAD
14 HOCHEDLINGER'S GROUP AT MASS GENERAL AS PUBLISHED IN
15 *SCIENCE*, AND THEY'RE ABLE TO SHOW THAT IF YOU USE AN
16 ADENOVIRUS, NOT A RETROVIRUS, YOU CAN ACTUALLY
17 INTRODUCE THE GENES INTO THE CELL, BUT THEY DON'T
18 ENTER THE GENOME. THEY'RE NOT INCORPORATED INTO THE
19 CELL'S CHROMOSOMES AND GENETIC MATERIALS. SO
20 THEY'RE THERE FOR A PERIOD OF TIME AND LONG ENOUGH
21 TO INDUCE A REPROGRAMMING OF THE CELLS.

22 SO THIS IS A BIG STEP FORWARD. THERE'S NO
23 EVIDENCE USING THE ADENOVIRAL VECTORS OF THESE GENES
24 BEING IN THE GENOME. SO HE WOULDN'T THEN BE
25 CONSIDERED, I DON'T THINK, IN THE LONG TERM A

BARRISTERS' REPORTING SERVICE

1 GENETICALLY ENGINEERED CELL. SO THIS IS A FAIRLY
2 BIG ADVANCE. AND CONRAD REPORTED THIS WORK WITHOUT
3 A GREAT DEAL OF FANFARE AT OUR MEETING, OUR
4 CONFERENCE, CHAIRED IN SEPTEMBER HERE IN HIS TALK.
5 AND NOW HIS PAPER HAS BEEN PUBLISHED JUST RECENTLY
6 IN *SCIENCE*, NOVEMBER IN *SCIENCE*.

7 ALSO THE GROUP, YAMANAKA'S LABORATORY IN
8 KYOTO IN JAPAN WHO WERE THE ORIGINAL DISCOVERERS OR
9 REPORTERS OF IPS CELLS HAVE SHOWN THAT THEY CAN ALSO
10 GENERATE IPS CELLS WITHOUT ANY VIRAL VECTORS
11 INVOLVED. SO THEY'RE USING A PLASMID CONSTRUCT
12 WHICH THEY INTRODUCE INTO THE CELL, AND THIS
13 CONSTRUCT DOESN'T INCORPORATE IN THE GENOME, BUT IS
14 SUFFICIENT TO ENABLE TRANSCRIPTION PROTEINS,
15 TRANSCRIPTION EFFECT OF PROTEINS TO ACT AND CONVERT
16 THE CELLS TO AN IPS CELL.

17 SO THIS IS -- ALL OF THESE METHODS ARE
18 STILL QUITE RARE EVENTS IN THE CELLS, BUT WE'RE
19 WORKING OUR WAY TOWARDS A VIRAL FREE AND ONCOGENE
20 FREE CELL TYPE AS AN INDUCED PLURIPOTENTIAL CELL.
21 AND IT'S A BIG -- THESE ARE BIG MOVEMENTS, I THINK,
22 IN THE PLATFORM OF PLURIPOTENTIAL STEM CELLS.

23 THERE'S ALSO, I THINK, A VERY INTERESTING
24 REPORT IN THE *LANCET* IN NOVEMBER ON A CLINICAL
25 TRANSPLANT OF A TISSUE-ENGINEERED AIRWAY. AND YOU

BARRISTERS' REPORTING SERVICE

1 MIGHT HAVE READ ABOUT THIS IN THE NEWSPAPERS BECAUSE
2 A 30-YEAR-OLD PATIENT WHO HAD SEVERE RESPIRATORY
3 AIRWAY STENOSIS, A CLOSURE OF THE TRACHEA CAUSED BY
4 TUBERCULOSIS, WAS TRANSPLANTED A TRACHEA THAT WAS
5 BASICALLY DERIVED ORIGINALLY FROM A CADAVER THAT HAD
6 BEEN TOTALLY DECELLULARIZED, HAS REMOVED ALL OF THE
7 CELLS FROM THIS TRACHEA, SO IT WAS LEFT WITH SIMPLY
8 A MATRIX.

9 AND THEN WHAT THEY DID IS THEY CULTURED
10 THIS TUBE OF TRACHEA THAT WAS DECELLULARIZED, NO
11 CELLS PRESENT, WITH THE PATIENT'S OWN CELLS. AND
12 THESE WERE MESENCHYMAL STEM CELLS FROM THE BONE
13 MARROW THAT HAD BEEN CONVERTED TO CHONDROCYTES.
14 CHONDROCYTES ARE THE CARTILAGE GENERATING CELLS THAT
15 DEVELOPED FROM MESENCHYMAL STEM CELLS.

16 THEY ALSO TOOK SAMPLES FROM THE EPITHELIUM
17 OF THE PATIENT'S OWN AIRWAY. THESE EPITHELIAL
18 CELLS, THEY ALSO TRANSPLANTED THOSE ONTO THE
19 TRACHEA, AND THEY HAD THIS IN A BIOREACTOR THAT
20 ENABLED THE CELLS TO ACTUALLY ATTACH TO AND BECOME
21 INCORPORATED IN THAT PIECE OF MATRIX. AND THEN THEY
22 INSERTED THAT MATRIX, THAT PIECE, THAT TUBE, IF YOU
23 LIKE, A NEW TRACHEA BACK IN THE PATIENT. AND THE
24 PATIENT WAS BASICALLY RECOVERED AND WENT HOME AFTER
25 TEN DAYS WITH A PATENT AIRWAY. SHE'S ABLE TO WALK

BARRISTERS' REPORTING SERVICE

1 UPSTAIRS, SHE'S ABLE TO PLAY WITH HER CHILDREN, SOME
2 THINGS THAT SHE COULDN'T DO BEFORE.

3 THIS IS NOT REALLY STEM CELLS, BUT IT'S
4 ABOUT BIOENGINEERING TISSUES. THERE'S NO REAL STEM
5 CELLS INVOLVED HERE BECAUSE THEY DROVE THE MSC'S
6 INTO CHONDROCYTES ESSENTIALLY FOR THE PURPOSE OF
7 THIS STUDY. BUT I THOUGHT IT WAS AN INTERESTING
8 PUBLICATION, AND IT'S OBVIOUSLY ONE THAT DREW A LOT
9 OF ATTENTION IN THE MEDIA.

10 THERE'S A LOT NOW GOING ON IN TERMS OF
11 MICRORNA'S, AND I THOUGHT I SHOULD BRING THAT TO THE
12 BOARD'S ATTENTION. THESE MICRORNA ARE VERY SHORT
13 SEGMENTS OF RNA THAT ACTUALLY IMPACT ON MESSENGER
14 RNA, THE CODING THAT COMES FROM THE DNA, IN THAT
15 THESE MICRO-RNA'S CAN EITHER DEGRADE OR DISRUPT THE
16 MESSENGER RNA TRANSLATION PROCESS. AND THEY DO THAT
17 IN A SEQUENCE-DEPENDENT MANNER.

18 AND THIS STUDY THAT WAS REPORTED IN
19 SINGAPORE IN *NATURE* IN OCTOBER, I THOUGHT, WAS ALSO
20 AN IMPORTANT PAPER BECAUSE IT BRINGS THE WHOLE AREA
21 OF MICROARRAYS VERY FIRMLY INTO THE AREA OF
22 DIRECTING DIFFERENTIATION OR, IN FACT, CONTROLLING
23 RENEWAL OF STEM CELLS AND DIFFERENTIATION. AND IT'S
24 PRETTY IMPORTANT BECAUSE THE SCIENTISTS FROM
25 SINGAPORE LOOKED AT THE GENES NANOG, OCT-4, AND

BARRISTERS' REPORTING SERVICE

1 SOX-2, THREE OF THE GENES THAT ARE VERY IMPORTANT IN
2 MAINTAINING PLURIPOTENTIALITY OF STEM CELLS. AND
3 THEY SHOWED THAT THEY HAD MANY AMINO ACID CODING
4 SEQUENCES THAT LOCATED FOR MESSENGER RNA FOR THESE
5 MICRORNA' S.

6 AND IF THAT'S THE CASE, THEY'RE ABLE TO
7 SHOW THAT THESE MICRORNA' S WERE HAVING A PROFOUND
8 EFFECT ON THE MESSAGE THAT WAS COMING FROM THESE
9 GENES. SO DIFFERENTIATION IS NOT ONLY GOING TO BE
10 DRIVEN BY GROWTH FACTORS, BUT ALSO IS INHERENTLY
11 DRIVEN BY MICRORNA' S. IN FACT, THESE ARE CODING
12 SEQUENCES THAT GO BEYOND THE THREE PRIME IN, WHICH
13 IS THE NORMAL STOP IN THE GENES. AND IT'S A VERY
14 IMPORTANT DEVELOPMENT IN THE WHOLE AREA OF STEM
15 CELLS. AND I BRING IT TO YOUR ATTENTION BECAUSE I
16 THINK YOU WILL HEAR MUCH MORE ABOUT MICRORNA' S IN
17 THE PROCESS THAT WE'RE INVOLVED WITH IN THE SCIENCE
18 OF DIRECTING AND MAINTAINING STEM CELLS.

19 THERE WERE TWO PAPERS BRIEFLY ON
20 DIFFERENT -- ON NEW SPECIES ON HAVING INDUCED
21 PLURIPOTENTIAL STEM CELLS IN MONKEYS. AND I THINK
22 THAT'S AN INTERESTING NEW DEVELOPMENT BECAUSE THE
23 INDUCED PLURIPOTENTIAL STEM CELLS HAVE BEEN CONFINED
24 TO THE HUMAN OR MOUSE, BUT THEY'VE MOVED NOW OVER TO
25 THE MONKEY. THAT MEANS THAT THEY HAVE MODELS IN

BARRISTERS' REPORTING SERVICE

1 THAT SPECIES, AND THERE ARE MODELS OF HUMAN DISEASE
2 IN THE MONKEY WHICH ARE CLEARLY BETTER THAN RODENTS.

3 THERE IS ALSO AN INTERESTING PUBLICATION
4 OUT OF THE GROUP IN TORONTO ON DERIVATION OF
5 EMBRYONIC STEM CELLS IN THE DOG. AND THE CANINE IS
6 ALSO A GOOD MODEL FOR A NUMBER OF HUMAN DISEASES AND
7 WILL ALSO, I THINK, NOW BE A MODEL THAT'S UTILIZED
8 USING THESE CANINE EMBRYONIC STEM CELLS. SO WE'RE
9 SPREADING OUT THE INFLUENCE OF THE PLURIPOTENTIAL
10 CELLS INTO DIFFERENT SPECIES.

11 ALSO, I THOUGHT, BECAUSE OUR PORTFOLIO IS
12 CONTAINING A LOT OF WORK ON CANCER STEM CELLS, I
13 THOUGHT IT WAS IMPORTANT TO SORT OF START TO BRING
14 YOU SOME OF THE PUBLICATIONS ARISING IN THE AREA OF
15 CANCER. THERE'S SOME REALLY INTERESTING DATA
16 HAPPENING.

17 AND THIS IS WORK THAT WAS DERIVED FROM
18 EMBRYONIC GERM CELLS. THESE ARE THE CELLS THAT
19 PREDATED EMBRYONIC STEM CELLS. AND IT WAS DONE IN
20 THE MOUSE. THEY HAD TAKEN EMBRYONIC GERM CELLS,
21 WHICH YOU FIND IN TESTICULAR TERATOMAS IN THE MOUSE,
22 AND THEY SHOWED IN THESE CELLS THE METASTATIC
23 BEHAVIOR, THE DANGEROUS BEHAVIOR OF A CANCER CELL OF
24 BEING ABLE TO METASTASIZE THROUGH THE BODY.

25 IT WAS DRIVEN BY TWO PRIMARY BACKGROUND

BARRISTERS' REPORTING SERVICE

1 EVENTS. ONE WAS GENETIC INSTABILITY. SO IF YOU
2 HAVE SOME GENETIC INSTABILITY IN SOME AREA, AND IN
3 THIS CASE IN THESE TERATOMAS, THEY'RE VERY UNSTABLE
4 GENETICALLY, AND THEN IF YOU ADD TO THAT THE
5 INHERENT ABILITY TO SELF-RENEW STRONGLY. AND THEY
6 SHOWED IF YOU TREATED THESE CELLS WITH RETINOIC
7 ACID, WHICH STOPS SELF-RENEWAL, YOU DON'T GET
8 METASTASES HAPPENING. BUT IF YOU DO ALLOW THEM TO
9 RENEW UNDER THIS UNSTABLE GENETIC BACKGROUND, YOU
10 WILL GET ALL OF THE CELLS BEHAVING AS METASTATIC
11 CANCER.

12 AND THIS STARTS TO TAKE INTO US INTO THE
13 AREA OF STEM CELLS IN CANCER, AN AREA WHICH I THINK
14 IS INCREDIBLY DANGEROUS FOR PEOPLE AND AN AREA WHICH
15 I THINK WE CAN HAVE A PROFOUND EFFECT ON.

16 MOVING NOW TO THE PERSONNEL IN THE AGENCY,
17 THERE ARE THREE NEW APPOINTMENTS THAT WE WELCOME TO
18 THE INSTITUTE. DR. LILA COLLINS, WHO'S A SCIENCE
19 OFFICER, WHO HAS RECENTLY BEEN AN APPOINTMENT AT
20 GERON AND SHE'S NOW MOVED TO JOIN US. AND WE
21 WELCOME HER TO CIRM. ALSO STEPHANIE TITUS IS A
22 GRANTS MANAGEMENT SPECIALIST AND STRONGLY WELCOME
23 THERE BECAUSE WE'VE BEEN STRUGGLING TO KEEP UP WITH
24 OUR WORKING GRANTS MANAGEMENT AT THE MOMENT. AND
25 HAVING HER, A VERY GOOD PERSON OUT OF UCSF JOIN US,

BARRISTERS' REPORTING SERVICE

1 IS ALSO WELCOME. AND TODD DUBINCOFF IS A PH. D.
2 SCIENCE WRITER, MULTIMEDIA EDITOR WHO WAS AT THE
3 JOURNAL OF VISUAL EXPERIMENTATION. HE'S GOING TO
4 BRING SOME OF THIS CAPACITY, EDUCATION AND
5 COMMUNICATION CAPACITY, TO THE WEBSITE AND TO THE
6 CAPACITY FOR US TO DELIVER A BETTER EDUCATION OUT
7 THERE TO THE COMMUNITY.

8 MY PRIORITIES, CHAIR, IN THESE LAST FEW
9 MONTHS SINCE WE'VE MET ON TOP HAS BEEN THE LITTLE
10 HOOVER COMMISSION. AND WE DID HAVE AN INTERESTING
11 SESSION AT THE LITTLE HOOVER COMMISSION. THOSE ARE
12 MY PRIORITIES HAVE BEEN THE LITTLE HOOVER COMMISSION
13 AND ALSO THE STRATEGIC PLAN, THE REVISION OF THE
14 2006 STRATEGIC PLAN. WELL, I'LL SPEAK BRIEFLY ABOUT
15 THAT IN A MOMENT. THE GRANTIUM COMPUTERIZED GRANTS
16 MANAGEMENT SYSTEM, WHICH I'M GOING TO ASK JOHN
17 ROBSON TO SPEAK BRIEFLY TO YOU ABOUT, IS A VERY
18 MAJOR DEVELOPMENT IN OUR PROGRAM.

19 WE'VE BEEN WORKING TOGETHER WITH DUANE AND
20 MANY MEMBERS OF THE BOARD AND OTHER INTERESTED
21 PARTIES ON THE LOAN PROGRAM IMPLEMENTATION PLAN,
22 WHICH HAS BEEN CHALLENGING. I THINK WE'RE GETTING
23 THERE. I'VE MADE NUMEROUS VISITS, AS HAS OTHER
24 STAFF, WITH CIRM-FUNDED INSTITUTIONS.

25 WE'VE BEEN UNDERGOING OUR ANNUAL STAFF

BARRISTERS' REPORTING SERVICE

1 APPRAISALS, AND WE'VE BEEN DEVELOPING MODELING FOR
2 CIRM PRODUCTIVITY, A WAY OF MEASURING OUR
3 PRODUCTIVITY GOING FORWARD.

4 I WAS JUST RECENTLY LAST WEEK, TEN DAYS
5 AGO I WAS IN JAPAN, WHICH I SIGNED AN AGREEMENT WITH
6 THE JAPANESE GOVERNMENT, THE JAPANESE SCIENCE AND
7 TECHNOLOGY DEPARTMENT SHOWN HERE WITH DR. KITAZAWA,
8 WHO IS THE PRESIDENT OF JST, AND DR. SHINYA
9 YAMANAKA, WHO HOLDS A VERY SPECIAL PLACE IN JAPANESE
10 SCIENCE AT THE PRESENT TIME.

11 AND THEN JUST LAST WEEK I HAD A VERY
12 PRODUCTIVE VISIT TO JAPAN WHERE I SIGNED AN
13 AGREEMENT WITH CRISTINA GARMENDIA, THE MINISTER FOR
14 SCIENCE AND INNOVATION.

15 CHAIRMAN KLEIN: DR. TROUNSON, I THINK YOU
16 MEAN SPAIN IN THIS CASE.

17 DR. TROUNSON: SPAIN. DID I SAY SOMETHING
18 ELSE? IT'S SPAIN. RIGHT. SO WE NOW HAVE TWO
19 AGREEMENTS FOR COLLABORATION WITH JAPAN AND SPAIN,
20 BOTH SIGNED VERY OFFICIALLY AND EFFECTIVELY. AND I
21 THANK NANCY KOCH IN PARTICULAR IN GETTING US THROUGH
22 THAT SPACE. AND, OF COURSE, MARIE CSETE WAS ALSO
23 IMPORTANT IN HELPING US GET THOSE AGREEMENTS DONE IN
24 VERY RAPID ORDER. AND WE'RE LOOKING FORWARD NOW TO
25 COLLABORATING WITH OUR COLLEAGUES IN JAPAN AND IN

BARRISTERS' REPORTING SERVICE

1 SPAIN.

2 MS. SAMUELSON: ALAN, COULD YOU BRIEFLY
3 EXPLAIN WHAT THE AGREEMENTS PROVIDE?

4 DR. TROUNSON: THESE ARE BROAD OVERVIEW
5 AGREEMENTS WHERE WE AGREE TO COLLABORATE; THAT IS,
6 IF SCIENTISTS IN, FOR EXAMPLE, JAPAN COME TOGETHER
7 WITH SCIENTISTS IN CALIFORNIA AND THEY APPLY FOR A
8 GRANT, SO THAT WOULD BE IN OUR NORMAL RFA PROGRAM,
9 AND THAT GRANT IS THEN RECOMMENDED BY THE GRANTS
10 WORKING GROUP TO BE IN THE TOP LEVEL FOR FUNDING, WE
11 WILL PAY FOR THE CALIFORNIA COMPONENT AND JAPAN
12 WOULD PAY FOR THE JAPANESE COMPONENT.

13 THIS BROADENS BOTH THE CAPACITY WE HAVE IN
14 TERMS OF FUNDING, BUT ALSO IN EXPERTISE. IN THE
15 CASE OF JAPAN, THEY'RE VERY WELL ADVANCED IN THE IPS
16 CELL AREA, AND THEY'RE LOOKING FORWARD TO LINKING
17 WITH US TO JOIN WITH THE EMBRYONIC STEM CELL AREA,
18 WHICH IS WHERE WE HAVE AN INCREDIBLE EXPERTISE,
19 JOINING THESE AREAS TOGETHER IN A COOPERATIVE
20 MOVEMENT, I THINK, GLOBALLY TO DEVELOP THIS
21 CAPACITY.

22 IN THE CASE OF SPAIN, THERE'S SOME VERY
23 BROAD EXPERTISE HERE THAT IS SHARED IN CALIFORNIA
24 AND SPAIN. THERE ARE APPOINTMENTS WHO HAVE SENIOR
25 APPOINTMENTS BOTH IN THE INSTITUTES WITHIN

BARRISTERS' REPORTING SERVICE

1 CALIFORNIA AND IN SPAIN, AND THEY'VE PUSHED VERY
2 HARD TO HAVE THESE AGREEMENTS SO THAT THEY CAN JOIN
3 FROM BOTH SPAIN AND CALIFORNIA AND COME TOGETHER.
4 AND, AGAIN, THE SPANISH COMPONENT WOULD BE PAID BY
5 THE SPANISH GOVERNMENT AND THE CALIFORNIA COMPONENT
6 BY US IF WE RECOMMENDED, IF THEY COME IN THE GRANTS
7 WORKING GROUP TO BE RECOMMENDED.

8 CHAIRMAN KLEIN: AND, JOAN, THEY DO
9 UNDERSTAND VERY CLEARLY THAT, EVEN IF THEY ARE
10 RECOMMENDED BY THE GRANTS WORKING GROUP, WHETHER
11 PROGRAMMATIC REASONS, SCIENTIFIC REASONS, OR BUDGET
12 REASONS, THEY MAY NOT GET APPROVED AT THE BOARD
13 LEVEL. SO THEY DO UNDERSTAND WE HAVE TWO LEVELS OF
14 APPROVAL HERE; AND UNTIL IT'S APPROVED AT THE BOARD,
15 THEY DON'T HAVE A COMMITMENT.

16 ALAN, COULD YOU GIVE A LITTLE ADDITIONAL
17 DEPTH QUICKLY ON, FOR EXAMPLE, IN SPAIN ON THE
18 PROVINCE'S LEVEL OF FUNDING, BOTH EUROPEAN ECONOMIC
19 COMMISSION AND FEDERAL FUNDING, JUST IN SCALE?

20 DR. TROUNSON: THE SPANISH GOVERNMENT IN
21 THE FEDERAL GOVERNMENT IS TOTALLY COMMITTED TO THIS.
22 THE MINISTER AND THE SECRETARY OF STATE, WHOM WE
23 SPENT A DAY WITH, ARE TOTALLY COMMITTED TO PROVIDING
24 A MAJOR RESOURCE IN THIS AREA. BUT IN ONE OF THE
25 REGIONS ALONE, THEY HAVE A BUDGET OF AROUND ONE

BARRISTERS' REPORTING SERVICE

1 BILLION EUROS FOR EXPENDITURE IN THE AREA OF
2 MEDICINE THAT'S BROADLY MEDICINE, BUT QUITE A LOT OF
3 IT IS FOCUSED ON REGENERATIVE MEDICINE.

4 SO THERE IS A RATHER LARGE CAPACITY, IF
5 YOU WISH, THAT IS POTENTIAL THAT IS THERE THAT COULD
6 BE SUPPORTED, YOU KNOW, IF WE'RE ABLE TO DO JOINT
7 ACTIVITIES TOGETHER.

8 THE INTEREST HERE, JOAN, AND I THINK
9 SHOULD BE REFLECTED IN THE REVISION TO THE STRATEGIC
10 PLAN, IS TO GET THESE TO THE CLINIC, THESE
11 DEVELOPMENTS TO THE CLINIC AS SOON AS POSSIBLE. I
12 SEE THIS AS ONE WAY OF BEING ABLE TO ACCELERATE
13 THAT.

14 I THINK THERE ARE CAPACITIES FOR CLINICAL
15 TRIALS THAT EXIST IN EUROPE THAT WE DON'T HAVE HERE
16 AND OPPORTUNITIES FOR DOING WORK IN EUROPE THAT
17 WOULD BE MUCH MORE DIFFICULT HERE AS WELL. BUT THIS
18 ALL HAS TO BE DONE WITHIN THE FRAMEWORK OF THE LAW
19 UNDER WHICH WE ACT AND CIRM ACTS IN CALIFORNIA. SO
20 WE HAVE TO KEEP TO ALL OF THE ESTABLISHED
21 REGULATIONS AND LAW THAT WE CURRENTLY OPERATE UNDER.

22 MS. SAMUELSON: BUT THE INTENT OF THE LAW
23 ALSO IS TO ADVANCE CURES AS FAST AS POSSIBLE.

24 DR. TROUNSON: ABSOLUTELY. THAT'S THE
25 TOTAL INTENT. I THINK WE SEE THIS NOW AS A REAL

BARRISTERS' REPORTING SERVICE

1 GLOBAL EFFORT TO DELIVER THE TREATMENT TO THE
2 PATIENTS AS QUICKLY AS POSSIBLE.

3 THE NEXT ONE JUST GIVES YOU AN UPDATE ON
4 WHAT WE ACTUALLY HAVE SIGNED IN THE TIME THAT -- IN
5 THIS LAST THREE OR FOUR MONTHS. WE HAVE SIGNED WITH
6 CANADA AND THE CANCER STEM CELL CONSORTIUM. THAT'S
7 A MAJOR DEVELOPMENT IN THE ATTACK ON CANCER. IT WAS
8 SUPPORTED ALSO BY A WORKSHOP THAT WE HAD HERE IN
9 CALIFORNIA ATTENDED BY MOST OF THE PRIMARY LEADERS,
10 IF YOU LIKE, IN CANCER WORK IN CALIFORNIA, STRONGLY
11 UNANIMOUSLY SUPPORTED THAT WE SHOULD WORK WITH THE
12 CANADIANS.

13 THE VICTORIAN GOVERNMENT, AND YOU WILL
14 HEAR MORE ABOUT THEM, THEY'RE THE FIRST GROUP OF
15 INTERNATIONAL SCIENTISTS JOINING WITH US. THE
16 UNITED KINGDOM MEDICAL RESEARCH COUNCIL, THEY'RE
17 MEETING WITH THEIR COMMITTEES THIS WEEK TO SEE
18 WHETHER THEY CAN BE READY FOR OUR DISEASE TEAM
19 PROPOSALS. SO, AGAIN, A MAJOR COMMITMENT FROM THE
20 UK IN THIS AREA.

21 THE JUNIOR DIABETES RESEARCH FOUNDATION
22 HAS INDICATED THAT THEY'RE WILLING TO COMMIT UP TO
23 \$4 MILLION IN THE DISEASE TEAM PROGRAM IF WE GET A
24 DIABETES PROGRAM UP. AND AS I SAID, WE'VE DONE THE
25 AGREEMENTS WITH JAPAN AND SPAIN.

BARRISTERS' REPORTING SERVICE

1 WE'RE ALSO HAVING TALKS WITH THE ALLIANCE
2 FOR GENE THERAPY, WITH THE BINATIONAL SCIENCE
3 FOUNDATION, WHICH IS REPRESENTATIVE OF THE ISRAEL
4 GOVERNMENT, WITH GERMANY, THE NETHERLANDS, AND
5 SWEDEN. I'M SEEING THIS AS AN OPPORTUNITY TO
6 CONNECT WITH PROBABLY AROUND ABOUT TEN OF THE
7 PRIMARY RESEARCH COMMUNITIES IN THE WORLD.

8 I WOULD SUGGEST THAT WE MIGHT -- WE SHOULD
9 REALLY TALK TO CHINA. IT'S A VERY STRONG RESEARCH
10 PROGRAM GOING ON IN CHINA. THERE'S ALSO THE GROUP
11 IN SINGAPORE, WHICH WE'VE NOT REALLY MADE A LOT OF
12 PROGRESS WITH IN DISCUSSIONS YET, BUT I THINK WE
13 SHOULD CONTAIN IT TO, IF YOU LIKE, A CONTAINABLE
14 NUMBER TO WORK WITH.

15 BUT I THINK IF WE HAVE THIS GROUP, THEN I
16 THINK THE NATIONAL NIH AND OTHERS WILL JOIN WITH US
17 AS LINKING WITH THE LEADERSHIP THAT WE'VE PROVIDED
18 IN THIS GLOBAL ATTACK ON DEGENERATIVE MEDICINE.

19 DR. PIZZO: ALAN, I WONDER IF I COULD JUST
20 ASK YOU TO CLARIFY, MAYBE EXPAND A LITTLE BIT ON THE
21 EXAMPLE YOU CITED WITH THE UK AND THE DISEASE
22 PLANNING. HOW WOULD THAT BE ACTUALIZED?

23 DR. TROUNSON: I THINK THE ACTUALIZATION
24 OF IT IS IS THAT THE SCIENTISTS WOULD -- IT NEEDS TO
25 BE A BOTTOM-UP PROCESS, THAT THE SCIENTISTS IN THE

BARRISTERS' REPORTING SERVICE

1 UK, THEY FELT THAT THE TEAM IN CALIFORNIA, JOINING
2 TOGETHER, THEY WOULD HAVE A MUCH BETTER CHANCE OF
3 ACHIEVING AN IND INSIDE THE FOUR YEARS. SO IT MAY
4 BE IN CARDIOVASCULAR OR RETINAL REPAIR, THAT IF THEY
5 JOIN TOGETHER, THEY WOULD FEEL THEY'D HAVE A BETTER
6 CHANCE OF MAKING THE IND IN THE FOUR YEARS OR
7 CONVINCING THE REVIEWERS THAT THEY HAD.

8 THEN THE SCIENTISTS WOULD JOIN TOGETHER
9 AND PUT IN A COMBINED RESEARCH PROJECT. THAT
10 PROJECT WILL HAVE TO GO THROUGH THE NORMAL REVIEW
11 THAT WE HAVE. WE'VE OFFERED TO THESE COUNTRIES THE
12 OPPORTUNITIES FOR THEM TO NOMINATE REVIEWERS BECAUSE
13 WE'RE ALWAYS LOOKING FOR REALLY HIGH QUALITY
14 REVIEWERS. THEY ALSO WOULD HAVE OBSERVER STATUS AT
15 THE GRANT REVIEWS, AS WE DO. AS AN INSTITUTION,
16 WE'RE MORE OBSERVER THAN ANYTHING ELSE. AND THEN IF
17 IT'S AGREED TO BY THE ICOC, THEN THE GOVERNMENT, IN
18 THIS CASE THE MRC, WOULD AGREE TO FUND THE UK
19 COMPONENT. THEY MIGHT LIMIT THE AMOUNT OF MONEY
20 THAT THE UK GOVERNMENT GIVES TO EACH PROJECT AS
21 AUSTRALIA HAS IN THEIR PROPOSALS. THEY'VE LIMITED
22 IT TO \$1 MILLION, BUT WE DON'T REALLY KNOW THAT YET.
23 BUT THEY'RE TALKING TO THEIR PRIMARY COMMITTEES AT
24 THE MRC TO SEE IF THIS SUITS THEIR -- IS SUITABLE OR
25 ACCEPTABLE TO THEM.

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: SO CLEARLY THESE ARE IMPORTANT
2 OPPORTUNITIES. I THINK WE'RE ALL COGNIZANT THAT
3 THIS IS A GLOBAL EFFORT THAT ONE IS TRYING TO
4 FACILITATE. AND I KNOW I MISSED THE LAST MEETING,
5 BUT PERHAPS THIS WAS DISCUSSED IN MORE DETAIL THEN.
6 IS THAT THE CASE? BECAUSE WHAT I'M GOING TO GET AT
7 IS I THINK THAT YOU CITED, BOB, EARLIER AN INTENT TO
8 TALK ABOUT FEDERAL INTERACTIONS AT THE JANUARY
9 MEETING, WHICH I THINK DOES DESERVE A LOT OF EFFORT.

10 CLEARLY, THE WAY, ALAN, YOU'RE OUTLINING
11 THESE EFFORTS, OF WHICH THERE ARE MULTIPLE DIFFERENT
12 CONNECTIONS IN DIFFERENT COUNTRIES WITH, I'M SURE,
13 DIFFERENT EXPECTATIONS OF HOW THESE MIGHT BE
14 ESTABLISHED AND WORK, SEEMS TO ME TO BE A REALLY
15 IMPORTANT TOPIC IN ITS OWN RIGHT AND NEEDS
16 DISCUSSION. I JUST LOOK AROUND. MAYBE OTHERS ARE
17 MORE INFORMED THAN I AM ABOUT HOW THIS IS BEING
18 ORGANIZED.

19 CHAIRMAN KLEIN: WHAT I CAN DO, DR. PIZZO,
20 IS THAT I DON'T KNOW WHICH OF THE LAST MEETINGS THIS
21 HAS BEEN ADDRESSED. IT HAS BEEN ADDRESSED
22 PREVIOUSLY. WHAT WE CAN DO IS LOOK AT THOSE
23 TRANSCRIPTS, BUT ALSO JUST SCHEDULE IT INTO JANUARY
24 SO WE CAN HAVE SIDE-BY-SIDE FEDERAL AND
25 INTERNATIONAL.

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: I KNOW WE'VE HAD DISCUSSIONS
2 ABOUT SOME OF THE INTERNATIONAL ARRANGEMENTS. WHAT
3 I'M TALKING ABOUT IS A DEEPER STRATEGIC DISCUSSION
4 ABOUT WHAT ARE WE TRYING TO ACHIEVE? WHICH PLACES
5 ARE WE GOING TO GO TO? WHAT ARE THE GOALS AND
6 EXPECTATIONS THAT ARE BEING SET? WHAT ARE THE
7 METRICS TO DEFINE HOW WELL THEY'RE GOING? THESE
8 ARE -- OBVIOUSLY EACH OF US IN OUR OWN INSTITUTIONS
9 ARE CONSTANTLY VISITED BY GROUPS FROM OTHER
10 UNIVERSITIES THAT ARE LOOKING TO SET UP STRATEGIC
11 AFFILIATIONS.

12 I THINK SINCE THIS IS SUCH A PUBLIC EFFORT
13 AND WE'RE USING PUBLIC SUPPORT, I THINK WE WANT TO
14 BE SURE THAT WE'RE DOING THIS AT THE HIGHEST LEVEL.
15 AND, AGAIN, I AM NOT SURE. MAYBE IT'D BE WORTH
16 HAVING A FEW COMMENTS FROM OTHERS IF EVERYONE IS
17 HAPPY WITH WHERE WE ARE. IT'S NOT THAT I'M UNHAPPY.
18 I JUST THINK WE NEED MORE DETAILED DISCUSSION ABOUT
19 IT.

20 CHAIRMAN KLEIN: DR. CSETE IS GOING TO
21 ADDRESS THIS. IN THE INTERIM MOMENTS BEFORE SHE
22 ADDRESSES US, I THINK THE STRATEGIC CONCEPT HAS BEEN
23 THAT ALL OF THE AREAS OF CHRONIC DISEASE BENEFIT IF
24 WE CAN GET SOME SIGNAL DISCOVERIES AND BREAKTHROUGHS
25 AND THERAPEUTIC APPLICATIONS THAT ARE EFFECTIVELY

BARRISTERS' REPORTING SERVICE

1 IMPLEMENTED IN A COUPLE OF AREAS AND WILL HELP SHOW
2 US THE PATH ACROSS THE BROADER AREA. AND IF SOME OF
3 THE CRITICAL LINKS ARE IN SOME OTHER COUNTRY AND CAN
4 BE MATCHED WITH OUR SCIENTISTS IN CALIFORNIA THAT
5 WOULD FACILITATE THAT COULD HELP EVERYONE GET TO A
6 POINT OF UNDERSTANDING OF THE PATHWAYS TO SUCCESSFUL
7 THERAPIES FASTER.

8 NOW, BUT CERTAINLY I'M PREPARED FOR THE
9 JANUARY MEETING TO SIDE BY SIDE, AFTER THE FEDERAL
10 DISCUSSION, TO HAVE A STRATEGIC DISCUSSION IN
11 GREATER DEPTH ON THIS.

12 DR. PIZZO: YOU KNOW, CLEARLY ALL OF US
13 RECOGNIZE THE IMPORTANCE OF INTERACTIONS. THESE
14 HAPPEN AT MANY, MANY DIFFERENT LEVELS. BUT AS
15 AFFILIATION AGREEMENTS OR SIGNATURES ARE BEING
16 GATHERED WHERE HIGH LEVEL INDIVIDUALS HAVE
17 EXPECTATIONS, I THINK IT IS IMPORTANT TO BETTER
18 UNDERSTAND WHAT WE'RE COMMITTING, WHAT IS BEING
19 COMMITTED, WHAT THE GROUND RULES ARE FOR SUCCESS
20 AND/OR FAILURE.

21 DR. CSETE: SO I THINK WHAT'S REALLY
22 IMPORTANT TO KNOW IS THAT THE WAY THAT THESE ARE
23 ARRANGED, OTHERWISE IT WOULD BE COMPLETELY
24 INTRACTABLE, IS THAT FROM THE CIRM PERSPECTIVE, WE
25 DO OUR BUSINESS AS IF WE HAD NO PARTNERS. WE MAKE

BARRISTERS' REPORTING SERVICE

1 OUR PRIORITIES, WE WRITE OUR RFA'S, WE PLAN OUR
2 PROGRAMS AS IF THERE WERE NO PARTNERS INVOLVED.

3 AND OUR VARIOUS PARTNERS CAN THEN LOOK AT
4 OUR PROGRAMS AND DECIDE WHETHER THEY HAVE THE
5 SCIENTIFIC STRENGTH TO FORM TEAMS. THE TEAMS WILL
6 BE JUDGED AGAINST THE OTHER FULL CALIFORNIA TEAMS
7 AND OTHER COLLABORATIVE TEAMS IN TERMS OF THE
8 SCIENCE AS A WHOLE EXACTLY IN OUR REVIEW PROCESS
9 WITHOUT CHANGE OF OUR REVIEW PROCESS AT ALL. AND
10 THAT WAS NECESSARY, NOT ONLY BECAUSE OF THE
11 LEGISLATIVE CONSTRAINTS THAT WE HAVE, BUT ALSO
12 BECAUSE IF WE'RE GOING TO MAKE THIS WORK, WE CAN'T
13 BE DOING SEPARATE PROCESSES WITH EACH OF THESE
14 AGENCIES.

15 THAT'S BEEN A DIFFICULT PART OF THE
16 CONVERSATION, BUT I THINK WITH EACH OF THESE, WE'VE
17 IDENTIFIED ENORMOUS SYNERGIES THAT I THINK ONLY ADD
18 TO THEIR PROGRAMS. IF THAT HELPS.

19 DR. TROUNSON: I THINK IT GOES SOME WAY TO
20 SAY THAT THE MEASURES OF OUR SUCCESS FOR THE
21 COMMUNITY WILL BE DRIVEN OFF WHETHER WE HAVE
22 TREATMENTS IN THE CLINIC WHICH ARE EFFECTIVE. THE
23 SENSE THAT WE WILL GENERATE MORE PAPERS IN
24 HIGH-VALUE JOURNALS WILL CERTAINLY COME FROM THIS
25 BECAUSE IT WILL BE EASIER TO GET THEM THERE. BUT I

BARRISTERS' REPORTING SERVICE

1 THINK IN THE END, WE WANT TO SEE, YOU KNOW, A BETTER
2 OPPORTUNITY FOR THESE NEW DEVELOPMENTS TO GET TO THE
3 CLINIC.

4 AND THEY SHOULDN'T REALLY DIVERT US FROM
5 OUR MISSION. IT SHOULD BE ENABLING OF THAT MISSION.
6 WHAT WE HAVE DONE IN CANCER IS HAVE A WHOLE WORKSHOP
7 ON IT WITH ALL OUR CALIFORNIA COLLEAGUES. AND IN
8 THE CASE OF THE UK AND JAPAN, WE'LL BE MEETING,
9 WE'LL HAVE THE KEY SCIENTISTS FROM JAPAN AND ALSO
10 FROM CALIFORNIA MEETING TOGETHER IN A WORKSHOP TO
11 TRY AND OUTLINE WHERE THE BEST OPPORTUNITIES ARE AND
12 CARRY THAT MESSAGE BACK INTO BOTH COMMUNITIES.

13 CHAIRMAN KLEIN: DUANE, I THINK YOU HAD A
14 COMMENT.

15 MR. ROTH: I WOULD WELCOME CONVERSATION
16 ABOUT THIS IN JANUARY ALSO. AND AS PART OF THAT,
17 MAYBE, ALAN, YOU COULD INCLUDE THE RESOURCE
18 ALLOCATION TO THESE AFFILIATIONS. JUST HOW MANY
19 FTE'S OR PARTIAL FTE'S.

20 DR. TROUNSON: WE'RE NOT ALLOCATING
21 ANYTHING SPECIFICALLY TO THESE RELATIONSHIPS.
22 THEY'LL COME AS A CONTRIBUTION FROM THOSE COUNTRIES
23 TO THE PROJECT IF THEY'RE AWARDED. SO WE'RE NOT
24 ACTUALLY CONTRIBUTING.

25 CHAIRMAN KLEIN: I THINK THAT VERY

BARRISTERS' REPORTING SERVICE

1 FOCUSED, DUANE, IS, AS MARIE HAS JUST PRESENTED IT,
2 WHEN THE APPLICATION COMES IN, DOESN'T MATTER TO US
3 IF IT COMES IN FROM ONE OF OUR INSTITUTES AND
4 PARTNERS IN THE UNITED KINGDOM, FOR EXAMPLE. FROM
5 OUR VIEWPOINT, WE HAVE A CALIFORNIA APPLICANT.

6 MR. ROTH: I UNDERSTAND ALL THAT.

7 CHAIRMAN KLEIN: WE'RE NOT ALLOCATING ANY
8 MANPOWER TO SERVICE THE FOREIGN RELATIONSHIP, BUT
9 WHY DON'T WE LOOK AND SEE AT THE MARGIN IF THERE IS
10 ANY INCREMENTAL DIFFERENCES THAT WE HAVEN'T
11 IDENTIFIED AND REPORT BACK ON THAT.

12 DR. BRYANT: I WAS JUST WONDERING IF THIS
13 COULD ALSO OPEN UP TO COLLABORATIONS WITH OTHER
14 STATES.

15 DR. TROUNSON: I THINK THAT'S REALLY
16 IMPORTANT, SUSAN. AND MY OVERTURES TO SOME OF THE
17 STATES THUS FAR HAVE BEEN WELCOME WITHOUT SORT OF
18 CHANGING OVER TO GETTING AN AGREEMENT. WE'VE
19 CERTAINLY HAD SOME DISCUSSIONS WITH NEW YORK AND
20 WITH THE STATE OF MASSACHUSETTS. WE WOULD NEED TO
21 PURSUE THOSE, I THINK, MORE VIGOROUSLY IN THE COMING
22 YEAR AS WE NEED TO WITH NIH. AND I THINK THE
23 OPPORTUNITY TO PARTNER WITH NIH, CLEARLY IT IMPROVED
24 DRAMATICALLY WITH THE CHANGE IN ADMINISTRATION.

25 DR. BRYANT: SO I WOULD JUST SAY THAT I

BARRISTERS' REPORTING SERVICE

1 THINK MOST OF THE GRANTEES OUT THERE ARE NOT REALLY
2 AWARE OF THE EXTENT OF THIS BECAUSE IT REALLY WOULD
3 CHANGE YOUR STRATEGY IF YOU'RE THINKING ABOUT
4 APPLYING FOR A GRANT IN TERMS OF WHO OUT THERE WOULD
5 HELP YOUR GRANT, AND DO WE HAVE AN AFFILIATION WITH
6 THEM. SO I THINK THESE NEED TO BE SET BEFORE WE DO
7 THE RFA'S.

8 DR. TROUNSON: WELL, I THINK YOUR
9 UNIVERSITY HAS RESPONDED VERY STRONGLY IN TERMS OF
10 THE LATEST ONE. I THINK THERE ARE AT LEAST THREE OF
11 YOUR APPLICATIONS HAVE COME WITH INTERNATIONAL
12 COLLEAGUES IN IT, SO YOU'VE DONE VERY WELL.

13 CHAIRMAN KLEIN: BUT I THINK THE POINT IS
14 WELL TAKEN. AND HOPEFULLY IF WE CAN DO WEBCASTING,
15 THE INSTITUTIONAL RESEARCHERS AROUND THE STATE WILL
16 BE ABLE TO WITH MORE ACCESSIBILITY WATCH THESE
17 PROCEEDINGS IN REAL-TIME TO THE EXTENT THEY ASSIGN
18 ANYONE IN THEIR GROUP TO GET THE INFORMATION ON
19 THESE, BUT WE PUBLISH EVERYTHING. WE POST IT ALL.
20 BUT WE'RE GOING TO REACH TO GET GREATER DISTRIBUTION
21 OF THAT INFORMATION.

22 ALAN, GIVEN TIMING, AT THIS POINT COULD
23 YOU HAVE DR. ROBSON WANTS TO MAKE A PRESENTATION.

24 DR. TROUNSON: IT WON'T BE LONG, CHAIR.
25 WE'VE JUST BEEN CAUGHT UP IN THIS ANSWERING

BARRISTERS' REPORTING SERVICE

1 QUESTIONS.

2 JUST QUICKLY ON THE GRANT REVIEWS THAT
3 HAVE BEEN COMPLETED: TOOLS AND TECHNOLOGIES, WHICH
4 YOU WILL BE SEEING TODAY. THE TRAINING GRANTS II
5 WITH THE CIRM SCHOLARS. WE'VE DONE THAT REVIEW.
6 AND ALSO WE'VE DONE THE BRIDGES. THAT WILL COME TO
7 YOU IN JANUARY.

8 THE UPCOMING GRANT REVIEW FOR EARLY
9 TRANSLATIONAL RESEARCH, OUR FIRST INTO THE
10 TRANSLATIONAL AREA, THERE WERE 71 APPLICATIONS, 20
11 FOR FOR-PROFIT FOR THE COMMERCIAL COMPANIES, 51 FROM
12 THE NOT-FOR-PROFIT, SO A VERY HEALTHY RESPONSE FROM
13 OUR COMMERCIAL BIOTECH INTERESTS. THERE WERE 37
14 DEVELOPMENT CANDIDATES AND 34 BOTTLENECKS. WE HAD
15 SPLIT THAT RFA TO PICK UP THOSE TWO ELEMENTS. THERE
16 WERE NINE INTERNATIONAL COLLABORATIONS, WHICH I
17 THINK THREE OF THEM, SUSAN, WERE WITH YOUR
18 UNIVERSITY. SO WELL DONE.

19 AND THE GRANTS REVIEW WILL BE DONE IN
20 FEBRUARY. AND THAT WILL GO TO ICOC APPROVAL IN
21 APRIL. I THINK YOU WILL LOOK AT INTEREST IN THOSE
22 BECAUSE THAT'S STARTING TO TRANSLATE THESE
23 DEVELOPMENTS INTO WORK WHICH WILL BE APPLICABLE FOR
24 CLINICAL DEVELOPMENTS.

25 UPCOMING RFA'S, ONE ON THE BASIC RESEARCH

BARRISTERS' REPORTING SERVICE

1 INITIATIVE AND ONE ON THE DISEASE TEAM RESEARCH
2 AWARDS, THEY' LL BE BROUGHT TO YOU IN CONCEPT AT THIS
3 MEETING. WE HAD A VERY USEFUL CELL PRODUCTION GMP
4 WORKSHOP. I JUST WANTED TO REPORT TO YOU THE
5 SPECIFIC OUTCOMES OF THAT SO THAT YOU HAD SOME IDEA
6 WHAT HAPPENED.

7 THERE WAS AN INTERACTIVE PROGRAM OF
8 ACADEMI C, INDUSTRY, AND REGULATORY EXPERTS. THE
9 RECOMMENDATION WAS TO ESTABLISH A CONSORTIUM TO
10 REALLY NAIL THE PRIORITIES IN THIS AREA; THAT IS,
11 FROM THE PEOPLE WHO ARE ACTUALLY IN THERE DELIVERING
12 THE TECHNOLOGY CURRENTLY. THE RESEARCH NEEDS FOR
13 THE GMP WERE IDENTIFIED, AND I' LL QUICKLY IDENTIFY
14 THOSE FOR YOU IN A MOMENT.

15 THEY VERY STRONGLY RECOMMENDED THAT CIRM
16 SHOULD NOT OWN OR OPERATE GMP FACILITIES, VERY
17 STRONG UNANIMOUS RECOMMENDATION TO US, AND THAT WE
18 SHOULD OPTIMIZE CIRM GRANTEE ACCESS TO GMP BY
19 IMPROVING CAPACITY, ANALYSIS LOOKING AT OPTIONS FOR
20 CONTRACT MODELS, AND GRANT BUDGET ADJUSTMENTS ARE
21 NEEDED.

22 THE KIND OF RESEARCH THAT THEY RECOMMENDED
23 WAS, IN PARTICULAR, TO HELP WITH THE UNDERGRADUATE
24 LEVEL BRIDGES-TYPE PROGRAM FOCUSED ON GMP TRAINING
25 TO BUI LD A WORKFORCE. AND THAT IS ONE OF THE REAL

BARRISTERS' REPORTING SERVICE

1 CRITICAL INFLUENCES THERE, AND WE'LL COME BACK TO
2 YOU WITH A BRIDGES-TYPE TRAINING PROGRAM. THIS WILL
3 PROBABLY INVOLVE TWO YEARS FOR THESE YOUNG PEOPLE
4 TRAINING IN THESE COMMERCIAL FACILITIES TO BUILD A
5 WORKFORCE THAT IS SUITABLE.

6 WE NEED METHODS TO EXPAND THE HUMAN
7 EMBRYONIC STEM CELLS. WE WANT QUANTIFICATION,
8 OPTIMIZATION OF CULTURE REAGENTS TO MEET SAFETY
9 REQUIREMENTS, METHODS FOR SCALE-UP, DERIVATION OF
10 THE PLURIPOTENTIAL CELL LINES UNDER GMP CONDITIONS.
11 ALL THINGS THAT WE REALLY HAVEN'T DONE YET. AND
12 METHODS FOR PRODUCT DEVELOPMENT IN THE CONTEXT OF
13 ACADEMIC LABORATORIES.

14 SO WE'LL NEED TO PROVIDE FUNDING FOR
15 SCALE-UP FROM THE LAB TO THE GMP COMPLIANT
16 PRODUCTION AND FOR GMP PRODUCTION. SO WE KNOW THAT
17 WE'VE GOT TO BE IN THIS SPACE, AND WE'VE BEEN GIVEN
18 SOME FAIRLY CLEAR RECOMMENDATIONS FROM THAT
19 WORKSHOP.

20 WE'RE HAVING OTHER PROPOSED WORKSHOPS, ONE
21 IN JANUARY WITH THE UNITED KINGDOM. THE MRC IS
22 SENDING 12 SCIENTISTS TO MEET WITH 12 OF THE
23 CALIFORNIAN SCIENTISTS, SENIOR SCIENTISTS, TO
24 DISCUSS COLLABORATION.

25 WE'RE HAVING AN IMMUNOLOGY TOOLS WORKSHOP,

BARRISTERS' REPORTING SERVICE

1 WORK FOCUSED ON IMMUNOLOGY AND TOLERANCE IN
2 FEBRUARY. I'VE ASKED MARIE CSETE TO ORGANIZE A STEM
3 CELLS AUTISM AND MENTAL DISEASE WORKSHOP. I THINK
4 WE'VE GOT TO START TO GET TRACTION ON THAT AREA.
5 IT'S PART OF OUR PORTFOLIO, AND WE'RE NOT WELL
6 VERSED ON WHAT WE NEED TO DO IN THAT AREA. AND
7 THERE'S ALSO A PROPOSAL FOR A JAPANESE-CALIFORNIA
8 WORKSHOP TO COME UP.

9 SPEAKING BRIEFLY TO THE STRATEGIC PLAN
10 UPDATE, AND WE'VE SENT THAT OUT TO YOU. WE'VE
11 POSTED THAT, THE DRAFT. IT IS A DRAFT. IT'S A
12 REVISION OF THE 2006 STRATEGIC PLAN. WE WELCOME YOU
13 AND, PLEASE, WE WANT YOU TO READ THAT STRATEGIC
14 PLAN. IT'S NOT THAT LONG. AND I HOPE YOU WILL FIND
15 IT INTERESTING. THERE'S AN INCREASED EMPHASIS ON
16 TRANSLATION OF CLINICAL RESEARCH. WE WANT TO START
17 REPEATING BASIC TRANSLATION DISEASE TEAMS AND
18 TRAINING GRANTS AS A SORT OF CORE COMPONENT SO THE
19 SCIENTISTS AND THE TRANSLATION AND CLINICAL PEOPLE
20 CAN UNDERSTAND THE KIND OF RELEASE PROGRAM WE WILL
21 HAVE ON RFA'S. SO WE SEE THAT AS MORE OF A CORE
22 CAPACITY WITH SUPPLEMENTATION ON SPECIFIC FOCI, SUCH
23 AS IMMUNOLOGY AND TOOLS AND TECHNOLOGY.

24 WE WANT TO INCREASE LINKAGES WITH
25 BIOTECHNOLOGY AND PHARMACEUTICAL INDUSTRIES. AND

BARRISTERS' REPORTING SERVICE

1 WE'RE DETERMINED TO GET THAT. WE THINK IT'S
2 ABSOLUTELY ESSENTIAL, THE DELIVERY TO THE CLINIC.
3 WE WANT TO INCREASE GLOBAL AND NATIONAL
4 COLLABORATIONS, AND THAT WE'VE JUST SPOKEN ABOUT.
5 AND WE WANT TO INCREASE EDUCATION AND PUBLIC
6 UNDERSTANDING OF REGENERATIVE MEDICINE BASED ON STEM
7 CELL RESEARCH. WE THINK THAT'S STILL A VERY
8 IMPORTANT PART OF OUR PROGRAM.

9 CHAIRMAN KLEIN: AND WE HAVE VERY SPECIFIC
10 PUBLIC DISCUSSION AND BOARD INPUT ON THE STRATEGIC
11 PLAN DRAFT AS ITEM 12 IN THE AGENDA FOR THIS
12 MEETING, SO THAT WILL BE ADDRESSED AGAIN.

13 DR. TROUNSON: SO NOW ALL THE STAFF, OF
14 COURSE, THAT DO ALL THIS, AND I STAND UP AND TALK TO
15 YOU AND SAY AND GET THE REWARDS FOR ALL OF THEIR
16 HARD WORK. THEY'RE A FANTASTIC GROUP OF PEOPLE. I
17 THINK THEY NOW NUMBER AROUND 34 PEOPLE AT CIRM. SO
18 WE ARE STILL WELL UNDER THE 50, BUT WE'RE BEING
19 PERSUADED TO INCREASE OUR NUMBERS IN ORDER TO
20 DELIVER OUR PROGRAM.

21 IF I CAN NOW INVITE JOHN ROBSON TO SPEAK
22 BRIEFLY TO YOU ON THE GRANTIUM PROGRAM.

23 CHAIRMAN KLEIN: FOR THE MEMBERS OF THE
24 PUBLIC, DR. ROBSON IS THE CHIEF OPERATING OFFICER AT
25 THE AGENCY.

BARRISTERS' REPORTING SERVICE

1 DR. ROBSON: THANK YOU, MR. CHAIRMAN. I
2 JUST WANT TO GIVE YOU A BRIEF UPDATE ON GRANTIUM,
3 WHICH IS THE COMMERCIALY AVAILABLE COMPREHENSIVE
4 SOFTWARE SYSTEM FOR GRANTS MANAGEMENT THAT YOU
5 AUTHORIZED US TO PURCHASE SEVERAL MONTHS AGO.

6 BUT FIRST I'D LIKE TO REMIND YOU AS TO WHY
7 IT'S IMPORTANT IF I CAN HAVE THE NEXT SLIDE. THIS
8 IS A SNAPSHOT OF OUR GRANT ACTIVITY OVER THE PAST
9 THREE YEARS. SO IN 2005-6, WHICH IS WHEN CIRM MADE
10 ITS FIRST AWARDS, WE RECEIVED 26 GRANT APPLICATIONS,
11 AWARDED 16, HAD 16 ACTIVE, FOR A GRAND TOTAL OF
12 ABOUT \$38.5 MILLION THAT WE WERE MANAGING AT THAT
13 TIME.

14 NOW, IF YOU JUMP AHEAD THREE YEARS, THESE
15 NUMBERS ARE ESTIMATES BECAUSE THEY INCLUDE RFA'S
16 THAT'S WE ANTICIPATE BRINGING TO YOU BEFORE THE END
17 OF JUNE. WE'LL HANDLE ABOUT 400 GRANTS THIS YEAR,
18 MAKE 120 AWARDS. OUR CUMULATIVE GRANT TOTAL WILL
19 RISE TO ABOUT 250, AND WE'LL BE MANAGING ABOUT \$760
20 MILLION.

21 SO THINGS HAVE CHANGED A LOT OVER THE LAST
22 THREE YEARS. AND OUR STAFF HAS GROWN AS WELL. SO
23 AT THE END OF JUNE IN 2005, WE HAD ABOUT SEVEN
24 PEOPLE ON OUR SCIENCE GRANT MANAGEMENT TEAM, AND
25 WE'RE NOW UP TO ABOUT 25. BUT I SHOULD REMIND YOU

BARRISTERS' REPORTING SERVICE

1 THAT THE SOFTWARE MANAGEMENT OF THAT, THE
2 DEVELOPMENT, THE MAINTENANCE, AND THE OPERATION OF
3 THE SOFTWARE THAT WAS USED TO MANAGE THOSE GRANT
4 COMPETITIONS AND PROGRAMS WAS HANDLED BY ONE PERSON.
5 IT IS STILL HANDLED BY THAT SAME PERSON, AND
6 UNFORTUNATELY HE'S LEAVING AT THE END OF DECEMBER.

7 SO IN ORDER FOR US TO MANAGE THIS GROWING
8 PORTFOLIO, WE REALLY NEED TO HAVE A COMPREHENSIVE
9 SYSTEM THAT CAN PROVIDE US DATA SO WE CAN SEE HOW
10 OUR INVESTMENTS ARE BEING USED AND WHAT KIND OF
11 IMPACT THEY'RE HAVING. SO WE HAVE TO BE ABLE TO
12 TRACK DATA ACROSS RFA'S. WE HAVE TO BE ABLE TO
13 TRACK THROUGH THE LIFETIME OF A GRANT, AND WE ALSO
14 NEED TO HAVE A SYSTEM THAT CAN BE MODIFIED AS OUR
15 PROGRAMS CHANGE. AND THIS GRANTIUM PROGRAM THAT WE
16 IDENTIFIED IS GOING TO BE CAPABLE OF DOING ALL OF
17 THOSE THINGS.

18 SO LET ME JUST SHOW YOU WHERE WE ARE ON
19 THIS. NEXT SLIDE. THE CONTRACT WAS FINALIZED IN
20 APRIL OF 2008. AND SINCE THEN WE'VE BEEN MAKING
21 PROGRESS IN A NUMBER OF AREAS THAT ARE OUTLINED UP
22 THERE. WE'VE FINALIZED WORK FLOW PROCESSES. WHAT I
23 MEAN BY THAT IS THIS SYSTEM WORKS IN A STEP BY STEP
24 WORK FLOW MANNER. SO YOU REALLY HAVE TO IDENTIFY
25 EACH STEP ALONG THE WAY, AND OUR STAFF HAS, I WAS

BARRISTERS' REPORTING SERVICE

1 TOLD THE OTHER DAY, BETWEEN A HUNDRED AND 120 STEPS
2 THAT YOU EITHER HAVE TO MAKE DECISIONS OR ENTER DATA
3 IN THE LIFETIME OF A GRANT FROM WHEN THE RFA IS
4 BEGUN UNTIL THE GRANT CLOSES OUT.

5 WE'VE BEEN MOVING OUR EXISTING DATA, THE
6 DATA THAT'S BEEN GENERATED OVER THE LAST THREE YEARS
7 ON THOSE GRANTS THAT I TOLD YOU ABOUT ONTO THE
8 GRANTIUM PLATFORM SO THAT THOSE DATA WILL ALWAYS BE
9 AVAILABLE FOR US TO USE.

10 WE'VE BEEN INSTALLING, BEGUN TO INSTALL
11 THE SOFTWARE ON OUR COMPUTERS AND OUR SERVERS
12 IN-HOUSE, AND WE'RE DOING USER ACCEPTANCE TESTING ON
13 THE PROGRAM AS IT'S BEING ROLLED OUT. ALONG THE WAY
14 WE'VE IDENTIFIED SOME PERSONNEL NEEDS THAT WE'RE
15 TAKING CARE OF IN TERMS OF INFORMATION TECHNOLOGY IN
16 GRANTIUM. WE'VE GOT FOUR POSITIONS THAT WE NEED TO
17 FILL. TWO OF THOSE ARE CONTRACT POSITIONS. THEY'LL
18 BE TEMPORARY. AND TWO ARE PERMANENT POSITIONS.

19 THE CONTRACT POSITIONS INCLUDE A PROJECT
20 MANAGER. THIS IS THE PERSON WHO IS ACTUALLY GOING
21 TO BE THE POINT PERSON TO WORK WITH GRANTIUM WHO
22 WILL BE BETWEEN OUR STAFF AND THE GRANTIUM STAFF,
23 AND WE'LL WORK WITH GRANTIUM AND WE'LL ALSO BE THE
24 ONES GUIDING OUR STAFF IN THE IMPLEMENTATION OF THIS
25 PROGRAM AS IT'S ROLLING OUT OVER THE NEXT FEW

BARRISTERS' REPORTING SERVICE

1 MONTHS.

2 WE ALSO NEED TO REPLACE ED DORRINGTON,
3 WHO'S BEEN OUR GRANTS MANAGEMENT SOFTWARE MANAGER,
4 THE ONE WHO'S LEAVING AT THE END OF THE YEAR. WE
5 PUT AN RFP OUT FOR THAT, AND THAT POSITION HAS BEEN
6 FILLED, AND THE PERSON JUST ACTUALLY BEGAN THIS
7 WEEK, MUCH TO EVERYONE'S RELIEF. THE RFP FOR THE
8 PROJECT MANAGER IS STILL BEING DEVELOPED.

9 THE TWO PERMANENT POSITIONS WE NEED ARE
10 DIRECTOR FOR INFORMATION TECHNOLOGY. THAT'S THE
11 PERSON WHO WILL SET THE OVERALL I.T. STRATEGY FOR
12 CIRM, WHO WILL BE THE ONE WHO WILL MANAGE OUR
13 OUTSOURCE CONTRACTS WITH VARIOUS VENDORS, INCLUDING
14 GRANTIUM, AND WILL ALSO PROVIDE TECHNICAL SUPPORT
15 FOR OUR WEBSITE, WHICH WE'LL BE MOVING IN-HOUSE.

16 AND THE SECOND POSITION WE NEED IS A
17 CONFIGURATION SPECIALIST, WHO'S ACTUALLY THE PERSON
18 WHO WILL RUN THE GRANTIUM PROGRAM. THAT'S THE
19 PERSON WHO WILL DO THE DATA MINING, WHO WILL DEVELOP
20 REPORTS, WHO WILL CREATE FORMS FOR INDIVIDUAL RFA'S.
21 AND THOSE JOB DESCRIPTIONS HAVE BEEN DEVELOPED, AND
22 I THINK THEY WERE POSTED THIS WEEK.

23 SO THAT'S SORT OF WHERE WE ARE IN THE
24 PROCESS. WE'RE MOVING ALONG, AND RIGHT NOW WE PLAN
25 TO HAVE OUR FIRST FULL RFA PROGRAM RUN ON THE

BARRISTERS' REPORTING SERVICE

1 GRANTIUM SYSTEM IN AUGUST OF NEXT YEAR. ANY
2 QUESTIONS?

3 CHAIRMAN KLEIN: ANY QUESTIONS OF DR.
4 ROBSON? SEEING NO QUESTIONS, WE' LL MOVE FORWARD IN
5 THE AGENDA. AND WE' RE WAITING FOR A COUPLE OF
6 MEMBERS OF THE BOARD WHO HAVE COME IN. I PASSED
7 OVER THE CONSENT ITEM. COMING BACK TO THAT CONSENT
8 ITEM, ITEM NO. 4, MINUTES OF THE AUGUST 12TH AND
9 13TH AND SEPTEMBER 25, 2008, ICOC MEETING. ANY
10 COMMENTS ON THOSE MINUTES?

11 MR. HARRISON: BOB, MR. CHAIR, WE' RE GOING
12 TO HAVE TO DEFER THAT ITEM.

13 CHAIRMAN KLEIN: OKAY. GREAT. IF WE
14 WOULD AT THIS POINT GO FORWARD, DR. PENHOET, AND
15 THEN GO TO ITEM NO. 7, THE INFORMATIONAL UPDATE ON
16 THE STATUS OF INTELLECTUAL PROPERTY POLICY
17 CONSOLIDATION PROJECT.

18 DR. PENHOET: THANK YOU. THIS IS A VERY
19 QUICK UPDATE ON WHAT WE' VE BEEN DOING TO CONSOLIDATE
20 OUR INTELLECTUAL PROPERTY POLICY. WE DESCRIBED TO
21 YOU BEFORE THE INTEREST IN DOING THIS. AS YOU KNOW,
22 WE DEVELOPED FIRST THE INTELLECTUAL PROPERTY POLICY
23 FOR NOT-FOR-PROFIT INSTITUTIONS, AND THEN NEXT A
24 SIMILAR POLICY FOR THE FOR-PROFIT INSTITUTIONS.

25 AS WE CONTEMPLATE AN INCREASING NUMBER OF

BARRISTERS' REPORTING SERVICE

1 JOINT APPLICATIONS BETWEEN INDUSTRY AND ACADEMIA,
2 AND ALSO, FRANKLY, TO SIMPLIFY OUR WORK GOING
3 FORWARD, AND GIVEN THE VERY STRONG OVERLAP IN THE
4 FUNDAMENTAL POLICIES OF THE TWO, WE THOUGHT IT MADE
5 SINCE TO REVISIT THE ISSUE OF THE INTELLECTUAL
6 PROPERTY POLICIES WITH A VIEW TOWARDS ENDING UP WITH
7 A SINGLE POLICY WHICH WOULD APPLY IN ALL MEANINGFUL
8 RESPECTS TO BOTH FOR-PROFIT APPLICANTS AND
9 NOT-FOR-PROFIT APPLICANTS, WITH THE EXCEPTION THAT
10 THE PAYBACK PROVISIONS, THAT IS THE MONETARY
11 PROVISIONS, WOULD BE DIFFERENT.

12 SO MAYBE WE CAN HAVE THE NEXT SLIDE. SO
13 YOU HAVE AUTHORIZED US TO GO FORWARD TO DO THIS
14 PROJECT. AND US MEANS MYSELF, SCOTT TOCHER, AND
15 NANCY KOCH. WE HAD AN IP TASK FORCE ON THE 8TH OF
16 NOVEMBER, AND WE HOPE TO COMPLETE THIS EXERCISE IN
17 MARCH 2009.

18 WE HAVE MET WITH A NUMBER OF THE
19 CONSTITUENCIES IN THE STATE IN THE PROCESS OF DOING
20 THIS. OF COURSE, OUR OPEN MEETING WAS AN OPEN
21 MEETING AS USUAL. WE DID MEET WITH ALL OF THE
22 LICENSING OFFICERS OF THE UNIVERSITY OF CALIFORNIA
23 AT THEIR ANNUAL MEETING TO GET INPUT FROM ALL OF THE
24 VARIOUS CAMPUSES OF UC, ETC.

25 SO THIS IS A WORK IN PROGRESS, AND WHAT

BARRISTERS' REPORTING SERVICE

1 I'M GIVING YOU TODAY IS JUST A BRIEF UPDATE OF WHERE
2 WE ARE.

3 TO REMIND EVERYONE IN THE ROOM WHAT
4 PROPOSITION 71 DOES REQUIRE IS THAT WE BALANCE
5 COMPETING INTERESTS FOR THE STATE OF CALIFORNIA, NO.
6 1, TO GENERATE INCOME FROM OUR ACTIVITIES. AND THAT
7 LEADS TO PATENTS, ROYALTIES, AND LICENSES, BUT AT
8 THE SAME TIME ASSURE THAT ESSENTIAL RESEARCH IS NOT
9 UNREASONABLY HINDERED BY THE IP AGREEMENT. SO THIS
10 REMAINS THE UNDERLYING PHILOSOPHY IN THE WORK THAT
11 WE'VE CONDUCTED.

12 THESE ARE THE MAJOR COMPONENTS OF THE
13 CONSOLIDATION PROJECT AS WE SEE THEM TODAY. ALL OF
14 THESE THINGS HERE BASICALLY ARE UNCHANGED. SO WE
15 DON'T EXPECT TO CHANGE THE TRIGGER; THAT IS, THE
16 FIRST DOLLAR OF CIRM FUNDING TRIGGERS THE
17 REQUIREMENTS ON OUR GRANTEES TO MEET OUR IP POLICY.
18 THE REVENUE SHARING RATES THAT WERE ESTABLISHED FOR
19 THE NOT-FOR-PROFITS AND FOR THE FOR-PROFIT ENTITIES
20 WILL REMAIN THE SAME. SO THEY ARE DIFFERENT AND
21 THEY WILL CONTINUE TO BE DIFFERENT, BUT THEY WON'T
22 BE DIFFERENT THAN THEY ARE IN THE CURRENT
23 REGULATION.

24 THE ACCESS AND PRICING PROGRAMS THAT ARE
25 IN PLACE WILL BE THE SAME FOR THESE. SIMILARLY --

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND, DR. PENHOET, SINCE
2 WE HAVE SOME NEW BOARD MEMBERS SINCE THOSE WERE
3 ENACTED AND WE HAVE ADDITIONAL MEMBERS OF THE
4 PUBLIC, COULD YOU GIVE THEM A LITTLE BIT ADDITIONAL
5 DEPTH IN WHAT THE ACCESS AND PRICING PROGRAMS ARE
6 AND THE CONSISTENCY BETWEEN BOTH PROGRAMS?

7 DR. PENHOET: I'D BE HAPPY TO DO THAT, MR.
8 CHAIRMAN. SO I THINK THOSE ARE TWO CRITICAL ISSUES.
9 THE ACCESS PLAN IS THE FOLLOWING. IT SAYS BASICALLY
10 THAT AT THE TIME OF COMMERCIALIZATION, ANY
11 ORGANIZATION WHICH COMMERCIALIZES A SERIES OF
12 PRODUCTS THAT HAVE RELIED UPON FUNDING FROM CIRM IN
13 ANY, WAY, SHAPE, OR FORM WILL PROVIDE THOSE PRODUCTS
14 TO UNINSURED CALIFORNIANS IN A WAY WHICH IS
15 CONSISTENT WITH SIMILAR PROGRAMS THAT EXIST IN THE
16 CURRENT ENVIRONMENT AT THE TIME OF
17 COMMERCIALIZATION.

18 SO THESE ACCESS PROGRAMS TODAY ARE VERY
19 WIDESPREAD IN INDUSTRY. ALMOST EVERY SIGNIFICANT
20 COMPANY HAS THESE KINDS OF PROGRAMS TO SUPPLY
21 PRODUCTS TO PEOPLE WHO NEITHER ARE COVERED BY NORMAL
22 INSURANCE OR ARE NOT COVERED BY MEDI-CAL OR
23 MEDICARE, OR ANOTHER FORM OF GOVERNMENTAL INSURANCE.
24 SO THEY'RE THE PEOPLE LEFT IN THE GAP WITHOUT
25 INSURANCE. SO THAT'S THE ACCESS PLAN.

BARRISTERS' REPORTING SERVICE

1 WE HAVE HAD A ROBUST DISCUSSION ABOUT
2 WHETHER THOSE PLANS SHOULD BE PRESENTED AT THE TIME
3 OF THE GRANT OR AT THE TIME OF COMMERCIALIZATION.
4 AND WE STILL BELIEVE THAT BY FAR THE PREPONDERANCE
5 OF VIEW IS THAT THE PLANS SHOULD BE PRESENTED AT THE
6 TIME OF COMMERCIALIZATION. THEY WILL BE PRESENTED
7 TO CIRM IN PUBLIC MEETINGS, AND WE WILL GET PUBLIC
8 COMMENT ON THE STRUCTURE OF THESE PLANS GOING
9 FORWARD.

10 WITH RESPECT TO PRICING, THE PRICING
11 ISSUES HAVE TO DO WITH THE PRICES CHARGED TO
12 AGENCIES IN CALIFORNIA WHO PURCHASE THE PRODUCTS
13 THAT RESULT FROM OUR FUNDING WITH PUBLIC FUNDS. AND
14 WHAT THAT SAYS IS BASICALLY THERE'S A COMPLICATED
15 FORMULA THAT'S TIED TO CALRX, ETC., BUT THE BOTTOM
16 LINE IS THAT THESE PRICES WILL BE FAVORABLE PRICES
17 AND WILL NOT BE GREATER THAN SIMILAR PRICES OFFERED
18 TO ANY OTHER AGENCIES THROUGHOUT THE COUNTRY SO THAT
19 CALIFORNIANS HAVE THE LOWEST POSSIBLE PRICES.

20 THERE'S SOME NUANCES TO THIS THAT I DON'T
21 NEED TO GO INTO HERE TODAY, BUT THAT'S THE IDEA.

22 GRANTEES CONTROL OF INTELLECTUAL PROPERTY
23 IS THAT GRANTEES THEMSELVES WILL OWN THE
24 INTELLECTUAL PROPERTY, BUT THEY'LL HAVE
25 RESPONSIBILITY FOR REPORTING TO US FOR HOW THEY

BARRISTERS' REPORTING SERVICE

1 MANAGE THAT INTELLECTUAL PROPERTY.

2 SO THE STRUCTURE IS ARTICULATED HERE. YOU
3 CAN LOOK IN THE CURRENT OAL REGULATIONS FOR THESE
4 VARIOUS PIECES AND PARTS OF THIS. THERE'S AN
5 INVENTION AND LICENSING REPORTING REQUIREMENT TO US.
6 WE WANT TO KNOW WHEN INVENTIONS ARE MADE. THERE'S A
7 PUBLICATION REQUIREMENT. THERE'S A REQUIREMENT FOR
8 SHARING PUBLICATION-RELATED BIOMEDICAL MATERIALS;
9 THAT IS, IF ANY ORGANIZATION PUBLISHES THEIR WORK,
10 THEY ARE REQUIRED TO SHARE THE BASIS OF THAT WORK
11 WITH OTHER VARIOUS INSTITUTIONS IN CALIFORNIA.

12 THERE IS A WHOLE SECTION, AGAIN, ON PATENT
13 OWNERSHIP AND PROSECUTION COST RESPONSIBILITY, THE
14 ABILITY OF GRANTEES TO LICENSE AND PREFERENCE FOR
15 NONEXCLUSIVE LICENSES, THE ACCESS PLAN, AND CAL. RX
16 PRICING, THE REVENUE SHARING MODEL, PRESS RELEASE
17 REQUIREMENTS, AND THEN, FINALLY, MARCH-IN RIGHTS FOR
18 THE STATE. THESE EXIST IN THE CIRCUMSTANCE THAT A
19 GRANTEE ACTUALLY TAKES THE INTELLECTUAL PROPERTY
20 DEVELOPED WITH CIRM FUNDING AND DOESN'T DILIGENTLY
21 PURSUE ITS COMMERCIALIZATION SO THAT IT ESSENTIALLY
22 ENDS UP IN A CUL-DE-SAC WITHOUT AN OPPORTUNITY FOR
23 THE PUBLIC TO BENEFIT FROM THAT WORK.

24 IN THAT CASE, AND IF THERE IS A SORT OF
25 PUBLIC HEALTH REQUIREMENT, THEN A STATE HAS THE

BARRISTERS' REPORTING SERVICE

1 RIGHT TO MARCH IN UNDER SOME CIRCUMSTANCES TO MAKE
2 SURE THAT THE BENEFIT OF THE INVESTMENT IS OBTAINED.

3 THE NEXT SLIDE SHOWS THE MAIN ISSUES THAT
4 WE ADDRESSED IN THE CONSOLIDATION. IN ADDITION TO
5 CONSOLIDATION, WE HAVE UNDERTAKEN A PROJECT TO
6 UNDERSTAND WHETHER REFINEMENTS OF SOME OF THE
7 INITIAL POLICIES ARE NECESSARY OR USEFUL AT THIS
8 POINT IN TIME. SO THERE ARE SOME CHANGES THAT WILL
9 BE IN THE DOCUMENT THAT ARE IN NEITHER OF THE TWO
10 PROPOSALS TODAY.

11 AS I SAID BEFORE, THE PRIMARY EMPHASIS IS
12 TO CONSOLIDATE THESE, TO HARMONIZE, AND ELIMINATE
13 DISCREPANCIES BETWEEN THE TWO. WE HAVE A SINGLE
14 POLICY GOING FORWARD.

15 WE ARE ENDEAVORING TO DEFINE THE SCOPE OF
16 WHAT "IN WHOLE OR IN PART" MEANS BECAUSE THERE ARE A
17 NUMBER OF DEFINED TERMS IN THIS AGREEMENT THAT WERE
18 TO SOME DEGREE AMBIGUOUS IN THE PAST.

19 WE WANTED TO CLARIFY THE APPLICATION OF
20 OUR POLICIES TO COLLABORATORS AND RESEARCH PARTNERS.
21 SO HERE THERE'S A GREAT CONCERN AND HAS BEEN
22 EXPRESSED BY A NUMBER OF ORGANIZATIONS THAT, GEE, IF
23 THEY DO ANYTHING WITH A CIRM GRANTEE, THEY
24 ESSENTIALLY GET SUCKED INTO OUR ENTIRE APPARATUS.
25 AND THAT'S REALLY NOT OUR INTENT HERE.

BARRISTERS' REPORTING SERVICE

1 SO WE'VE BEEN CAREFUL TO DEFINE AN
2 AFFILIATE WHICH WILL HAVE TO LIVE AS IF THEY WERE
3 THE GRANTEE, BUT SEPARATE THEM FROM A COLLABORATOR,
4 WHO'S SOMEBODY THAT WORKS ON A PROJECT BUT TOTALLY
5 WITH THEIR OWN FUNDS. AND, THEREFORE, THE
6 COLLABORATOR IS NOT GOING TO BE SUBJECT TO OUR IP
7 POLICY UNLESS THAT COLLABORATION RESULTS IN A JOINT
8 INVENTION IN WHICH BOTH PARTIES OWN THE INVENTION,
9 IN WHICH CASE THEN THE COMMERCIALIZATION WOULD HAVE
10 TO FOLLOW OUR RULES, AND THE RETURNS WOULD BE
11 PROPORTIONAL TO CONTRIBUTIONS TO THE INVENTION.

12 SO THIS IS AN AREA THAT WE SPENT A FAIR
13 AMOUNT OF TIME TRYING TO DEFINE CAREFULLY WHAT A
14 COLLABORATOR IS FOR THIS PURPOSE.

15 OUR ORIGINAL DOCUMENTS REFER TO U.S.
16 PATENT LAW. IT WAS AN OVERSIGHT. WE WANT TO BE
17 SURE, BECAUSE WE BELIEVE THAT PATENTS WILL BE FILED
18 THROUGHOUT THE WORLD, THAT WE ACTUALLY GET A RETURN
19 ON INVESTMENT FOR THE PATENTED TECHNOLOGY WHEREVER
20 THAT PATENTED TECHNOLOGY IS, JAPAN, EUROPE, THE REST
21 OF THE WORLD, FAR EAST, ETC. SO FOREIGN IP IS NOW
22 COVERED. IT REALLY WAS NEVER ANYONE'S INTENT AS
23 PART OF OUR GROUP TO NOT COVER FOREIGN IP, BUT THE
24 LANGUAGE WAS NOT CLEAR ON THAT ISSUE.

25 AND THEN FINALLY, IN TERMS OF WHEN DO WE

BARRISTERS' REPORTING SERVICE

1 GET PAID? WE WANTED TO MAKE SURE THAT ALL FORMS OF
2 PAYMENT ASSOCIATED WITH THE INTELLECTUAL PROPERTY
3 TRANSFER RESULTED IN A SHARE BEING PAID BACK TO THE
4 STATE. SO THAT WOULD INCLUDE CASH PAYMENTS IN
5 ADDITION TO ROYALTIES. IT WOULD INCLUDE OTHER
6 ASPECTS OF VALUE THAT MIGHT BE TRANSFERRED IN ANY
7 GIVEN LICENSING AGREEMENT.

8 AND THEN FINALLY, WE WANTED TO MAKE OUR
9 POLICY AGAIN AS CONSISTENT AS POSSIBLE WITH
10 BAYH-DOLE, THE FEDERAL LEGISLATION. THIS BECOMES
11 INCREASINGLY IMPORTANT AS WE CONTEMPLATE NOW FUNDING
12 OF EMBRYONIC STEM CELL RESEARCH BY THE FEDERAL
13 GOVERNMENT. WE HAVE TO ENSURE THAT EVERYTHING WE'RE
14 DOING IS CONSISTENT WITH FEDERAL LAW AND BAYH-DOLE.

15 WE'VE BEEN CAREFUL THROUGHOUT OUR WORK TO
16 DO THAT, BUT IN THE CASE OF BAYH-DOLE, THE WORD
17 "INVENTION" MEANS MAKE, USE, OR SELL. AND WE WANTED
18 TO BE CLEAR THAT OUR OWN DEFINITIONS OF THESE TERMS
19 WERE CONSISTENT WITH BAYH-DOLE.

20 SO THOSE ARE THE ISSUES THAT YOU WILL SEE
21 THAT ARE MODESTLY DIFFERENT THAN WAS IN EITHER OF
22 THE POLICIES BEFORE. THEY'RE ESSENTIALLY MEANT TO
23 CLARIFY OUR POSITION ON MOST OF THESE ISSUES AND
24 EXPAND A FEW OF THE DEFINITIONS TO MAKE SURE THAT
25 THE INTENT THAT WE HAD GOING IN IS NOW MET BY THESE.

BARRISTERS' REPORTING SERVICE

1 SO WITH THAT, I'D BE HAPPY TO ANSWER ANY
2 QUESTIONS FROM THE BOARD AND MEMBERS OF THE PUBLIC.

3 MS. SAMUELSON: MELISSA, COULD YOU HELP ME
4 GET THE MIC CLOSER? I'M NOT SURE WHERE TO START.

5 THE MESSAGE THAT I'M RECALLING FROM SOME
6 OF THE RESEARCH WORKSHOPS THAT WE'VE HAD IS THAT, TO
7 THE EXTENT THAT ANY OF THESE REVISIONS BECAME A PART
8 OF OUR ENTERPRISE, THAT WOULD MAKE IT HARDER FOR
9 RESEARCHERS TO GET INTO THE FIELD AND BE WILLING TO
10 REALLY AGGRESSIVELY TRY TO MAKE THERAPEUTIC
11 INTERVENTIONS.

12 AND SO I'M CONCERNED THAT WE'RE GOING IN
13 THIS DIRECTION. FOR EXAMPLE, IT SOUNDS LIKE WE'RE
14 TAKING ON THE JOB OF SOLVING THE PROBLEM OF ACCESS
15 TO THERAPIES IN CALIFORNIA AND ELSEWHERE. AND
16 THAT'S AN IMPORTANT PROBLEM, BUT I'M NOT SURE IT'S
17 OUR PROBLEM TO SOLVE, NOR THAT WE CAN DO THAT AND
18 ACTUALLY ACHIEVE OUR PRIMARY MISSION, WHICH IS
19 SUCCEEDING IN DEVELOPING THOSE THERAPIES, WHICH IS
20 HARD ENOUGH ON ITS OWN. AM I OVERSTATING WHAT THIS
21 DOES?

22 DR. PENHOET: WELL, WE TAKE ON A
23 SIGNIFICANT CHALLENGE IN APPROVING SOMEONE ELSE'S,
24 THE INDUSTRY'S PROPOSAL FOR ACCESS. INDUSTRY TODAY
25 GENERALLY HAS ACCESS PLANS IN PLACE. IT'S A RARE

BARRISTERS' REPORTING SERVICE

1 COMPANY WITH ANY SIGNIFICANT PRODUCT OFFERING WHICH
2 DOES NOT HAVE AN ACCESS PROGRAM. THERE ARE -- THE
3 ENTIRE PROGRAM, JOAN, HAS BEEN TRYING TO BALANCE THE
4 VARIOUS INTERESTS, AS WE SAID IN THE INTRODUCTORY
5 SLIDE, IN A WAY THAT PROVIDES SOME PREFERENTIAL
6 RETURN TO THE CITIZENS OF CALIFORNIA FOR THE
7 INVESTMENT THEY'VE MADE IN THIS FIELD, AT THE SAME
8 TIME NOT UNDULY HINDERING THE DEVELOPMENT OF THE
9 TECHNOLOGY.

10 I THINK TO SOME DEGREE THE ACCESS PROGRAMS
11 THAT HAVE BEEN DISCUSSED IN EXTENSO, I THINK, DUANE,
12 YOU MAY WANT TO COMMENT ON THIS. I THINK WE WOULD,
13 WITH FEW EXCEPTIONS, THE INDUSTRY HAS AGREED THAT
14 THIS IS -- THEY'D RATHER NOT HAVE IT, BUT IT'S
15 SOMETHING THEY CAN LIVE WITH, AND IT IS A VERY
16 COMMON PRACTICE. AND ALL WE'RE ASKING INDUSTRY IN
17 THIS CASE IS TO COME UP WITH PLANS WHICH ARE
18 CONSISTENT WITH WHAT THEIR COLLEAGUES ARE DOING IN
19 THE REST OF THE INDUSTRY AND CONSISTENT WITH THE
20 POSITION OF THE COMMERCIALIZING COMPANY AT THE TIME.

21 SO WE CAN'T ASK SOMEBODY TO BANKRUPT
22 THEMSELVES. WE'VE ALSO BEEN VERY CLEAR BECAUSE IN
23 STEM CELL THERAPIES, OFTENTIMES, AND WE SAW THE
24 EXAMPLE LAST TIME AT STANFORD WITH THE BATTEN'S
25 DISEASE PROPOSAL, THIS INVOLVES EXTENSIVE

BARRISTERS' REPORTING SERVICE

1 NEUROSURGERY, LOTS OF TREATMENT AFTERWARDS. WE HAVE
2 MADE IT CLEAR THAT THE COMPANY IS ONLY RESPONSIBLE
3 FOR THE PRICE OF THE CELLS THEMSELVES, NOT FOR THE
4 ENTIRE PROCEDURE WHICH WOULD ENSUE FROM THIS.

5 I THINK WE'VE BEEN PRETTY CAREFUL IN HOW
6 WE'VE CONSTRUCTED THESE, AND WE ARE NOT CHANGING
7 ANYTHING NOW THAT WASN'T IN THE ACCESS PLANS. AS I
8 SAID, IT'S EXACTLY THE SAME AS WHAT WE'VE HAD BEFORE
9 NOW, TWO YEARS IN THE CASE OF THE NOT-FOR-PROFIT OR
10 ONE YEAR IN THE FOR-PROFIT.

11 THEN I REMIND YOU THAT WE HAVE AN
12 OBLIGATION TO REVISIT THESE IF IT TURNS OUT SOME OF
13 THESE FEATURES ARE, IN FACT, INHIBITING THE
14 SUCCESSFUL DEVELOPMENT OF THE PRODUCTS. MAYBE,
15 DUANE.

16 MR. ROTH: JOAN, I WOULD JUST COMMENT THAT
17 THROUGH ALL THESE MEETINGS, I THINK THE END PRODUCT
18 OF WHAT ED IS DESCRIBING IS ONE THAT REALLY STRIKES
19 WHAT HE BEGAN WITH, THE BALANCE. WHAT WE ENDED UP
20 WITH IS A BALANCE, WHICH ED STARTED WITH. HE SAID
21 WE TRIED TO ACHIEVE THE BALANCE BETWEEN GIVING THE
22 STATE A FAIR RETURN FOR THEIR DEVELOPMENT AND AT THE
23 SAME TIME NOT HINDERING INNOVATION FOR PRODUCT
24 DEVELOPMENT. AND I THINK WE STRUCK THAT BALANCE
25 THROUGH ALL THESE MEETINGS BY COMING UP WITH

BARRISTERS' REPORTING SERVICE

1 PROGRAMS AND REAL SUBSTANCE THAT SAID WILL YOU DO
2 THESE THINGS? WILL THEY HINDER YOU? AND THE ANSWER
3 FROM INDUSTRY IS WE CAN LIVE WITH THAT.

4 MS. SAMUELSON: THE ANSWER IS WHAT?

5 MR. ROTH: THAT INDUSTRY, WITH ONE
6 EXCEPTION, ONE COMPANY, ALL SAID, YES, THIS IS
7 SOMETHING THAT IS REASONABLE AND WOULD NOT HINDER US
8 FROM TAKING GRANTS AND LOANS FROM CIRM, WHICH IS THE
9 WHOLE IDEA BEHIND THIS.

10 MS. SAMUELSON: AND THE IDEA --

11 DR. PENHOET: TO REMIND EVERYONE IN THE
12 ROOM, WE HAVE HAD MORE THAN 20 PUBLIC MEETINGS ON
13 THIS SUBJECT. AND WE HAVE -- AND THEY WERE ROBUST
14 PUBLIC MEETINGS, I WOULD SAY, WITH STRONG
15 PARTICIPATION BY THE VARIOUS PARTIES INVOLVED, BUT
16 ALSO IN CONSULTATION WITH THE STATE LEGISLATURE, WHO
17 HAD A VERY KEEN INTEREST IN THIS. SO YOU MAY
18 REMEMBER THAT THE KUEHL-RUNNER BILL FOCUSED STRONGLY
19 ON SOME OF THESE ASPECTS. SO WE ALSO CONSULTED THEM
20 FREQUENTLY ABOUT THIS GOING FORWARD.

21 AND SO, YOU KNOW, THOSE -- I THINK CLEARLY
22 MANY OF OUR CONSTITUENCIES WOULD LOVE TO SEE THIS
23 WHOLE PART OF WHAT WE DO GO AWAY, BUT I THINK THAT
24 IT'S BEEN A ROBUST CONVERSATION. IT'S BEEN
25 THOROUGHLY DEBATED, AND THE VIEWS THAT -- WHAT WE

BARRISTERS' REPORTING SERVICE

1 ENDED UP WITH IN THE LANGUAGE IS A SYNTHESIS OF
2 MANY, MANY DIFFERENT DISCUSSIONS. AND INDUSTRY HAS
3 INDICATED, ALTHOUGH THEY'RE NOT THRILLED BY THIS,
4 THEY WILL LIVE WITH IT. AND I THINK THERE'S A
5 MARKET TEST, JOAN, WHICH IS WE HAD HOW MANY
6 APPLICATIONS FROM INDUSTRY FOR THE LAST ROUND, ALAN?

7 DR. TROUNSON: TWENTY OUT OF 71.

8 DR. PENHOET: TWENTY APPLICATIONS FROM
9 INDUSTRY IN THE BOOK THAT YOU SEE.

10 DR. CSETE: MORE THAN THAT IN TOOLS AND
11 TECHNOLOGY.

12 CHAIRMAN KLEIN: IN TOOLS AND TECHNOLOGY,
13 DR. CSETE IS INDICATING THERE WAS ACTUALLY A GREATER
14 NUMBER. SO WE'VE HAD TWO DIFFERENT ROUNDS WHERE
15 WE'VE HAD SIGNIFICANT APPLICATIONS PROVIDING
16 VALIDATION OF THE WILLINGNESS OF INDUSTRY TO ACCEPT
17 THE ACCESS AND PRICING.

18 MS. SAMUELSON: THEY'RE HAPPY TO TAKE OUR
19 MONEY WHETHER THEY'RE ENTHUSED ENOUGH TO HAVE ENOUGH
20 INCENTIVES TO DERIVE THEIR THEORETICAL IDEAS TO
21 PRACTICAL APPLICATION THROUGH ALL THE DIFFICULTIES
22 THEY'LL FACE IS ANOTHER MATTER, AND WE BETTER BE
23 AWFULLY SURE, I THINK. I DON'T SAY THIS TO QUESTION
24 YOUR PROCESS. YOU'RE UNDER ENORMOUS PRESSURE FROM
25 ALL SORTS OF CAMPS TO SOLVE LOTS OF OTHER PROBLEMS

BARRISTERS' REPORTING SERVICE

1 THAT RELATE TO IP AND TO OUR MISSION.

2 BUT THERE HAVE BEEN PEOPLE AT SOME OF OUR
3 WORKSHOPS WHO HAVE JUST SAID UNEQUIVOCALLY THERE
4 AREN'T ENOUGH INCENTIVES WITH THESE KINDS OF
5 PROVISIONS FOR SOMEONE TO GET INTO THIS FIELD AND
6 ACTUALLY REALLY INVEST HIS BUSINESS ENTERPRISE IN
7 DEVELOPING A CURE.

8 AND IF THAT'S THE CASE, LET ME JUST SAY
9 ONE MORE THING, I'M CLEAR AND I GUESS I WOULD ASK
10 JAMES WHETHER THE LAW IS. MY UNDERSTANDING IS THAT
11 PROP 71 PROVIDES THAT IDEALLY ALL OF THESE
12 PROVISIONS WOULD BE TAKEN INTO ACCOUNT, BUT THEY'RE
13 NOT AN EQUAL BALANCE BY ANY STRETCH. THE PRIMARY
14 MISSION OF THAT LEGISLATION IS TO DEVELOP CURES.
15 AND IF ANY OF THESE OTHER PROVISIONS INTERFERE WITH
16 THAT IN ANY WAY, THEY SHOULDN'T BE GIVEN -- THEY
17 SHOULDN'T BE INCORPORATED. I THINK WE'VE GOT TO BE
18 RELIGIOUS ABOUT THAT.

19 CHAIRMAN KLEIN: WELL, AND CERTAINLY,
20 JOAN, WE TAKE YOUR COMMENTS IN THE CONTEXT OF
21 DECADES OF PATIENT ADVOCACY IN THE PARKINSON'S
22 ACTION NETWORK, WHICH HAS A TREMENDOUS RECORD IN
23 HELPING PATIENTS. SO WE KNOW YOU'RE PUSHING FOR
24 THERAPIES, AND YOU'RE CONCERNED ABOUT WHAT THE BREAK
25 POINT IS OF HOW FAR WE CAN --

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: YOU'RE SAYING IT BETTER
2 THAN I'M SAYING IT TONIGHT, BOB.

3 CHAIRMAN KLEIN: LET ME GET JEFF SHEEHY
4 WHO WANTED TO MAKE A COMMENT.

5 MR. SHEEHY: JUST TWO THINGS, JOAN. ONE
6 IS THAT I SAT THROUGH ALL THOSE HEARINGS, AND THE
7 COMPANIES, AS DUANE HAS NOTED, ARE WILLING TO LIVE
8 WITH THIS COMPROMISE. AND I'VE HEARD A LOT FROM
9 COMPANIES OVER THE LAST FOUR OR FIVE MONTHS. AND
10 IT'S NOT THAT OUR IP RULES ARE ONEROUS, BUT THEY
11 HAVE OTHER BEEFS WITH US RELATED TO BEING ABLE TO
12 GET OUR GRANTS. SO THEY WANT OUR GRANTS. IT'S NOT
13 LIKE THAT THEY'RE NOT LINING UP TO GET OUR GRANTS.
14 I DON'T BELIEVE THAT THESE IP POLICIES PRESENT A
15 BARRIER.

16 AND I ALSO WANT TO JUST REMARK ON A
17 CONVERSATION I HAD WITH JOHN WAGNER, WHO CAME TO OUR
18 MEDICAL AND ETHICAL STANDARDS WORKING GROUP, WHO'S
19 DEVELOPED A TREATMENT FOR A DISEASE WHERE CHILDREN
20 ARE BORN WITHOUT COLLAGEN. THEIR SKIN SLOUGHS OFF,
21 VERY TERRIBLE DISEASE. AND HE HAS DEVELOPED A
22 THERAPY FOR THAT DISEASE, YET HE TALKED ABOUT IT AT
23 THE WORLD STEM CELL CONGRESS THE VERY NEED FOR THIS
24 FIELD TO START TALKING ABOUT ACCESS NOW BECAUSE HE
25 HAS A HUNDRED PATIENTS THAT HE CAN'T GET THIS

BARRISTERS' REPORTING SERVICE

1 THERAPY TO.

2 HE'S GOT SOMETHING THAT CAN SAVE LITTLE
3 CHILDREN FROM A DISEASE THAT HAS THEIR SKIN JUST
4 FALL OFF THEIR BONES. IT'S A HORRIBLE, DEBILITATING
5 DISEASE, YET NO ONE WILL PAY FOR IT.

6 SO, JOAN, WE HAVE -- BEING A PATIENT
7 ADVOCATE, YOU HAVE TO WEAR A COUPLE OF HATS AT
8 TIMES. AND I THINK SOMETIMES --

9 MS. SAMUELSON: NO, I DON'T THINK SO.

10 MR. SHEEHY: -- YOU HAVE TO STRIKE A
11 BALANCE. AND I THINK IN THIS PARTICULAR COMPROMISE,
12 ALL THE DIFFERENT STAKEHOLDERS CAME TOGETHER AND WE
13 STRUCK A COMPROMISE. AND I THINK THAT WE HAVE TO
14 SEE HOW IT WORKS OUT, BUT RIGHT NOW COMPANIES ARE
15 ASKING FOR OUR GRANTS. THEY WANT TO GET OUR
16 GRANTS. THEY'RE COMPETING SUCCESSFULLY. AND I
17 THINK IT HASN'T TURNED OUT TO BE A BARRIER TO
18 RESEARCH GOING FORWARD.

19 CHAIRMAN KLEIN: SO IF WE COULD, JOAN, I
20 THINK WE CAN TAKE SOME PUBLIC COMMENT; AND THEN IF
21 THERE'S ENDING BOARD COMMENTS, WE CAN COME BACK TO
22 THAT. ARE THERE PUBLIC COMMENTS?

23 JOHN SIMPSON.

24 CHAIRMAN KLEIN: ED, ARE YOU AT A POINT
25 WHERE WE CAN TAKE PUBLIC COMMENT?

BARRISTERS' REPORTING SERVICE

1 DR. PENHOET: YES, MR. CHAIRMAN. YOU'RE
2 THE BOSS.

3 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER
4 WATCHDOG. I WAS PART OF THIS WHOLE PROCESS OF THE
5 IP POLICY AND WORKING ON IT. AND I THINK IT WOULD
6 BE FAIR TO DESCRIBE IT AS A VERY ROBUST AND USEFUL
7 DISCUSSION THAT INCLUDED ALL STAKEHOLDERS. AND MY
8 IMPRESSION WAS THAT AT THE END OF THE DAY, THE TWO
9 POLICIES THAT EMERGED WERE SOMETHING THAT EVERYONE
10 COULD LIVE WITH AND FELT PROTECTED THE THINGS THAT
11 WERE OF MOST IMPORTANCE TO THEM WHILE THERAPIES
12 WOULD CONTINUE TO GO FORWARD.

13 AND I CONTINUE TO CITE THE IP POLICY AND
14 THE CHAIRMAN OF THE TASK FORCE WHO LED IT AS EXACTLY
15 THE WAY POLICY SHOULD BE MADE PUBLICLY. SO I THINK
16 IT WAS A VERY GOOD THING. AND THIS PARTICULAR
17 CONSOLIDATION PROJECT, AS I UNDERSTAND IT, AND
18 HAVING READ THROUGH IT, IS SIMPLY THAT. IT'S
19 CONSOLIDATING THE POLICIES THAT HAVE BEEN BEFORE YOU
20 BEFORE AND APPROVED AND IS A SENSIBLE SORT OF THING
21 TO BE DOING. THERE'S NO REALLY NEW ELEMENTS THAT
22 ARE GOING IN HERE. EVERYTHING HAS BEEN DEBATED AND
23 DISCUSSED. SO I THINK THIS IS A VERY GOOD THING
24 THAT'S HAPPENING.

25 AND I DO REALLY TRULY BELIEVE THAT PATIENT

BARRISTERS' REPORTING SERVICE

1 ADVOCATES LIKE JOAN ARE GOING TO KEEP THINGS MOVING
2 IN THE RIGHT WAY TO MAKE SURE WE'RE GOING FOR CURES,
3 AND THAT THIS POLICY DOES NOT GET IN THE WAY OF
4 THAT, THAT THE COMPANIES RIGHT NOW HAVE SOME VERY
5 LEGITIMATE COMPLAINTS ABOUT WHAT THEY PERCEIVE TO BE
6 AN ACADEMIC BIAS AMONGST THE MEMBERS OF THE BOARD.
7 NOW, THERE MAY BE STEPS BEING TAKEN TO DEAL WITH IT,
8 BUT I BELIEVE THAT'S THE COMPANIES' CONCERN, NOT THE
9 IP POLICY. THANK YOU.

10 CHAIRMAN KLEIN: I WOULD --

11 DR. PENHOET: THANK YOU FOR YOUR
12 COMPLIMENTS, JOHN.

13 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR
14 YOUR COMPLIMENTS. AND I'D ALSO SUGGEST THAT IN
15 TONIGHT'S SESSION AND THE SESSIONS THAT ARE COMING
16 UP ON TRANSLATIONAL, WE HAVE A PIVOTAL CHANGE PERIOD
17 THAT WE'RE IN. WE EMPHASIZE A GREAT DEAL OF BASIC
18 RESEARCH WHERE CLEARLY THE ACADEMIC INSTITUTIONS,
19 RESEARCH INSTITUTES, AND THE RESEARCH HOSPITALS
20 WOULD NATURALLY BE STRONGER. WE'RE NOW IN A PERIOD
21 WHERE YOU'RE GOING TO SEE SUBSTANTIAL PRIVATE SECTOR
22 INVOLVEMENT BECAUSE THE TRANSLATIONAL SECTOR IS, IN
23 FACT, AND THE TOOLS AND TECHNOLOGIES SECTOR IS WHERE
24 THEY EXCEL.

25 SO IT WAS A NATURAL FACT THAT IN THE BASIC

BARRISTERS' REPORTING SERVICE

1 RESEARCH, YOU WOULD SEE -- YOU WOULD NOT SEE A
2 SIGNIFICANT PRIVATE SECTOR INVOLVEMENT. IT'S ALSO
3 TRUE THAT THE NONPROFIT IP REGS WERE DEVELOPED
4 FIRST, FOLLOWED WITH THE FOR-PROFIT IP REGS. AND SO
5 THOSE ARE NOW ALL IN PLACE AS WE MOVE INTO THE
6 TRANSLATIONAL FIELD WHERE WE CAN EXPECT SUBSTANTIAL
7 PRIVATE SECTOR INVOLVEMENT BECAUSE WE ALL RECOGNIZE
8 THEY ARE A CRITICAL PART OF THE DELIVERY PATHWAY TO
9 THE PATIENT.

10 I THINK WE SHOULD GIVE DR. PENHOET AND THE
11 STAFF WHO WORKED ON THIS A HAND.

12 (APPLAUSE.)

13 DR. PENHOET: I DON'T KNOW WHETHER IT WILL
14 COME UP ELSEWHERE, BUT IN OUR BOOKS TODAY WE HAVE A
15 PROPOSAL TO ADD THREE MEMBERS TO OUR GRANTS WORKING
16 GROUP. I NOTE THAT TWO OF THE THREE ARE FROM
17 INDUSTRY, AND I DO BELIEVE THAT ALAN AND HIS
18 COLLEAGUES ARE WORKING HARD TO GET MORE INDUSTRY
19 INPUT INTO THE REVIEW PROCESS.

20 MS. SAMUELSON: I JUST WANT TO SAY I
21 APPRECIATE THIS DISCUSSION. AND I THINK IT WILL BE
22 AN INTEGRAL PART OF THE DISCUSSION NEXT MONTH AND
23 THAT THE DISCUSSION OF THE STRATEGIC PLAN WILL BE AS
24 WELL. AND I'M SAYING THAT BECAUSE I HAVE TO WALK
25 OUT BECAUSE MY PARENTS' HEALTH CALLS ME TO SAN DIEGO

BARRISTERS' REPORTING SERVICE

1 RIGHT NOW. SO I'M AFRAID I CAN'T JOIN IN THAT
2 DISCUSSION AS MUCH AS I'D LIKE TO, BUT I'M ASSUMING
3 IT WILL CONTINUE NEXT MONTH.

4 CHAIRMAN KLEIN: THANK YOU. YOUR
5 COMMITMENT TO THE FIELD IS LEGENDARY, SO WE'RE GOING
6 TO SAVE THAT SEAT. THANK YOU.

7 ALL RIGHT. SO ARE THERE OTHER PUBLIC
8 COMMENTS? SEEING NO OTHER PUBLIC COMMENTS, I'D LIKE
9 TO MOVE TO ITEM 8. AND WITH ITEM 8, WE'RE GOING TO
10 HAVE CONSIDERATION OF THE RECOMMENDATIONS FROM THE
11 GRANT WORKING GROUP ON TOOLS AND TECHNOLOGY AWARD
12 APPLICATIONS. YOU HAVE PUBLIC SUMMARIES OF THESE
13 APPLICATIONS.

14 I'D LIKE TO BEGIN THIS ITEM BY HAVING DR.
15 TALIB WALK US THROUGH THE TOOLS AND TECHNOLOGY
16 PROGRAM. DR. TALIB.

17 DR. TALIB: THANK YOU, MR. CHAIRMAN. MR.
18 CHAIRMAN, MEMBERS OF THE BOARD, I WOULD LIKE TO
19 PRESENT TO YOU FOR YOUR CONSIDERATION
20 RECOMMENDATIONS FROM THE GRANTS WORKING GROUP ON THE
21 TOOLS AND TECHNOLOGY AWARD APPLICATIONS. IT'S
22 ACTION ITEM NUMBER -- AGENDA ITEM NO. 8 IN YOUR
23 FOLDER.

24 SO JUST TO REMIND YOU, THE PURPOSE OF THE
25 TOOLS AND TECHNOLOGY AWARD IS TO DEVELOP AND

BARRISTERS' REPORTING SERVICE

1 MAINTAIN EVALUATION OF NOVEL TOOLS AND TECHNOLOGIES
2 TO OVERCOME THE CURRENT ROADBLOCKS IN BASIC
3 TRANSLATION AND CLINICAL STEM CELL RESEARCH.
4 SPECIFICALLY THIS AWARD WILL SUPPORT TWO KINDS OF
5 TECHNOLOGY DEVELOPMENT. THERE'S A DISCOVERY AND
6 EVALUATION OF NOVEL TOOLS AND TECHNOLOGIES AND
7 FURTHER OPTIMIZATION, SCALE-UP, AND APPLICATION OF
8 TOOLS AND TECHNOLOGY FOR WHICH THE PROOF OF CONCEPT
9 HAS BEEN ACHIEVED.

10 TO FURTHER ELABORATE ON THE SCOPE OF THIS
11 RFA, FIVE SUBJECT AREAS IN TECHNOLOGY DEVELOPMENT
12 WERE IDENTIFIED. THERE'S A NEED TO OVERCOME THE
13 ROADBLOCKS. AND THESE FIVE AREAS OF TECHNOLOGY
14 DEVELOPMENT INCLUDE DISCOVERY OF NOVEL BIOMARKERS;
15 THAT IS, THE DEVELOPMENT OF MONOCLONAL ANTIBODIES
16 FOR ISOLATION AND CHARACTERIZATIONS OF THE STEM
17 CELLS AND THEIR DERIVATIVES; DEVELOPMENT AND
18 UTILIZATION OF EFFICIENT GENE MANIPULATION
19 TECHNIQUES; FOR EXAMPLE, GENE TARGETING BY
20 HOMOLOGOUS RECOMBINATION; DEVELOPMENT OF NEW AND
21 SENSITIVE BIOASSAYS; FOR EXAMPLE, FOR PLURIPOTENCY
22 AND FOR TUMOROGENICITY ASSAYS; DEVELOPMENT OF
23 MATERIALS FOR EFFICIENT STEM CELL DIFFERENTIATION
24 AND MATURATION; FOR EXAMPLE, HEPATOCYTES AND
25 CARDIOMYOCYTES USED FOR DRUG SCREENING; AND FURTHER

BARRISTERS' REPORTING SERVICE

1 OPTIMIZATION OF PRIOR PROCESSING AND PRODUCT
2 DEVELOPMENT TECHNOLOGIES.

3 COMMERCIAL SCALE-UP FOR CLINICAL TESTING
4 ARE BEYOND THE SCOPE OF THIS RFA.

5 SO THE PROGRAM FEATURES FOR THESE AWARDS
6 WHICH YOU APPROVED EARLIER THIS YEAR INCLUDES
7 FUNDING UP TO TWO YEARS AND DIRECT PROJECT COST UP
8 TO 300,000 PER YEAR AND FUNDING OF 20 AWARDS WITH A
9 TOTAL BUDGET OF \$20 MILLION.

10 SO IN TERMS OF THE REVIEW CRITERIA WHICH
11 WAS USED, THE REVIEWERS WERE ASKED TO PAY ATTENTION
12 TO THE FACT THAT THE MAIN PURPOSE OF THIS RFA IS TO
13 REMOVE THE ROADBLOCKS SO THAT THE STEM CELL FIELD
14 CAN MOVE CLOSER TO THE CLINIC. UNLIKE PREVIOUS
15 RFA'S IN WHICH INNOVATION WAS A KEY ELEMENT FOR
16 EVALUATION CRITERIA, WE ASKED REVIEWERS TO REMEMBER
17 THAT FOR THIS RFA INNOVATION IS IMPORTANT, BUT
18 PREFERENCE SHOULD BE GIVEN TO THOSE PROPOSALS THAT
19 HAVE HIGHEST LIKELIHOOD OF DELIVERING A TOOL OR A
20 TECHNOLOGY SO THAT THE STEM CELL THERAPY CAN MOVE
21 CLOSER TO THE CLINIC.

22 ACCORDINGLY, WHEN THEY EVALUATE THE DESIGN
23 AND FEASIBILITY OF THE RESEARCH PLAN, THEY SHOULD
24 PAY ATTENTION TO THE MILESTONES. AS USUAL, THE
25 SCIENTIFIC RATIONALE, CAREFULLY DESIGNED

BARRISTERS' REPORTING SERVICE

1 EXPERIMENTAL PLAN, COMPELLING PRELIMINARY DATA, AND
2 ACHIEVEMENT OF GOALS WITHIN TIMEFRAMES ARE ALL
3 IMPORTANT EVALUATION CRITERIA. FOR THIS RFA, IN
4 ADDITION, WE ASK APPLICANTS TO PROVIDE A
5 QUANTITATIVE ASSESSMENT OF THE OUTCOME. WE BELIEVE
6 FOR THIS RFA OUTCOME IS THE KEY.

7 SO THE REVIEWERS WERE ASKED TO EVALUATE IF
8 THE PI'S HAVE THE TRAINING AND EXPERIENCE TO CONDUCT
9 THE PROPOSED WORK. THE REVIEWERS WERE ALSO ASKED TO
10 ASSESS WHETHER THE PI IS COMMITTING PERCENT EFFORT
11 THAT MAXIMIZE THE LIKELIHOOD OF ACHIEVING THE
12 PROJECT GOALS AND MILESTONES.

13 WE RECEIVED APPLICATIONS FROM THE PI, FROM
14 THE INDUSTRY, AS WELL AS FROM THE NONPROFIT
15 ORGANIZATIONS. SO WE REMINDED THE REVIEWERS THAT
16 WHEN THEY REVIEW THE PI, THEY SHOULD REMEMBER THAT
17 LACK OF PUBLICATION MAY NOT BE A DISQUALIFICATION
18 FOR THE PI WHO IS APPLYING FROM THE INDUSTRY.

19 THE NEXT SLIDE SHOWS THAT IN THIS RESPONSE
20 TO THE RFA, I SHOULD REMIND, MR. CHAIRMAN, WE
21 RECEIVED 118 APPLICATIONS. SINCE OUR GRANT WORKING
22 GROUP CAN ONLY REASONABLY HANDLE UP TO 50 OR 60
23 APPLICATIONS IN ONE SESSION, WE HAD TO SPLIT THE
24 REVIEW SESSION INTO TWO. TWO SEPARATE SESSIONS WERE
25 CARRIED OUT. THIS HISTOGRAM SHOWS THE SCORE

BARRISTERS' REPORTING SERVICE

1 DI STRI BUTI ON I N SESSI ON ONE.

2 SO THE APPLI CATIONS WERE SCORED ON A SCALE
3 OF ONE TO HUNDRED, HUNDRED BEING THE HIGHEST SCORE
4 AND ONE BEING THE LOWEST SCORE. APPLI CANTS WITH A
5 SCORE OF MORE THAN 80 WERE PLACED IN TIER 1. THAT'S
6 THE TOP CATEGORY. APPLI CANTS WITH A SCORE BETWEEN
7 70 AND 80 SHOWN HERE WITHI N RED AND GREEN LI NE WERE
8 PLACED I N TIER 2, AND THOSE APPLI CANTS WHO RECEIVED
9 A SCORE OF LESS THAN 70 WERE PLACED I N TIER 3.

10 THE NEXT SLI DE SHOWS SI MI LARLY THE SCORE
11 DI STRI BUTI ON I N SESSI ON TWO. AGAIN, HERE THE
12 APPLI CANTS WHO RECEIVED A SCORE 80 AND ABOVE WERE
13 PLACED I N TIER 1. THAT I S AFTER THE GREEN LI NE.
14 AND THOSE BETWEEN RED AND GREEN LI NE, THAT I S TIER
15 2, THAT'S BETWEEN 69 AND 70 SCORE, AND LESS THAN 70S
16 WERE PLACED I N TIER 3.

17 I SHOULD POINT OUT THAT THI S DI STRI BUTI ON
18 OF APPLI CATIONS I N TIER 1, 2, OR 3 SHOWN I N HERE I N
19 THI S HI STOGRAM AND THE PREVI OUS HI STOGRAM I S THE
20 DI STRI BUTI ON BEFORE THE PROGRAMMATIC REVI EW. AFTER
21 THE PROGRAMMATIC REVI EW, SOME OF THE APPLI CATIONS
22 WERE MOVED FROM SESSI ON 1 TO SESSI ON 2 OR OTHER
23 TIERS ON THE BASI S OF PROGRAMMATIC NEEDS.

24 AND THE NEXT SLI DE BASI CALLY SUMMARI ZES
25 THE FI NAL RECOMMENDATI ON BY THE GRANT WORKI NG GROUP.

BARRISTERS' REPORTING SERVICE

1 AGAIN, JUST TO REMIND YOU THAT TIER 1 IS
2 APPLICATIONS RECOMMENDED FOR FUNDING, TIER 2 IS
3 RECOMMENDED FOR FUNDING IF THE FUNDS ARE AVAILABLE,
4 AND TIER 3 IS NOT RECOMMENDED FOR FUNDING AT THIS
5 TIME.

6 SO IF YOU LOOK AT THE TIER 1 IN PREVIOUS
7 SESSION 1, 14 APPLICATIONS WERE RECOMMENDED BY THE
8 GRANT WORKING GROUP, 11 APPLICATIONS WERE
9 RECOMMENDED FOR FUNDING IN SESSION 2. SO THE TOTAL
10 OF 25 APPLICATIONS WERE RECOMMENDED BY GRANT WORKING
11 GROUP FOR FUNDING.

12 THAT COMES OUT TO A TOTAL BUDGET OF \$21.8
13 MILLION. NOW, THE THIRD TARGET BUDGET WHICH YOU
14 APPROVED EARLIER THIS YEAR IS \$20 MILLION, AND A
15 TOTAL NUMBER OF APPLICATIONS IS 20. SO WE ARE ABOUT
16 \$1.8 MILLION ABOVE THE APPROVED BUDGET BY THE ICOC
17 EARLIER THIS YEAR.

18 TIER 2, THAT IS THE CATEGORY RECOMMENDED
19 FOR FUNDING IF THE FUNDS ARE AVAILABLE, ADDITIONAL
20 15 APPLICATIONS WERE PROPOSED, AND THAT WILL BE
21 ADDITIONAL \$13.7 MILLION.

22 MY FINAL SLIDE SHOWS THE DISTRIBUTION OF
23 THE APPLICATIONS WITH RESPECT TO THE FIVE SUBJECT
24 AREAS OR TECHNOLOGIES WHICH WERE CONSIDERED
25 IMPORTANT. SO ALL THE SUBJECT AREA APPEARS TO BE

BARRISTERS' REPORTING SERVICE

1 EQUALLY REPRESENTED IN TIER 1. THAT IS, ALL THESE
2 FIVE BIOMARKERS, GENE MANIPULATION TECHNIQUES AND
3 OTHER FIVE CATEGORIES OF SUBJECT AREA, APPEARS TO BE
4 WELL REPRESENTED OR EQUALLY REPRESENTED IN TIER 1.

5 MR. CHAIRMAN, THIS CONCLUDES MY
6 PRESENTATION, AND I'LL BE HAPPY TO ANSWER ANY
7 QUESTIONS WHICH YOU HAVE.

8 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I'D
9 LIKE TO SEE IF WE CAN HAVE THE VICE CHAIR OF THE
10 GRANTS WORKING GROUP PROVIDE SOME COMMENTS BEFORE WE
11 GO INTO GENERAL DISCUSSION.

12 MR. SHEEHY: FIRST OF ALL, I WANT TO NOTE
13 THE WORK OF STAFF AND DR. TALIB BECAUSE THIS REALLY
14 WAS IN MANY WAYS A VERY CHALLENGING GRANT FOR US IN
15 THAT IT'S THE FIRST APPLIED RESEARCH WE'VE DONE,
16 WHICH IS EXCITING BECAUSE WE'RE ACTUALLY GOING TO BE
17 MAKING SOMETHING AS OPPOSED TO MAKING DISCOVERIES.
18 BUT ALSO, WE HAD TO LOOK AT THIS THROUGH A DIFFERENT
19 LENS. AND HE PROVIDED A VALUABLE SERVICE ESPECIALLY
20 IN TERMS OF BREAKING THIS DOWN INTO THESE FIVE AREAS
21 OF FOCUS.

22 DR. TALIB DID A GREAT JOB HELPING PEOPLE
23 LIKE ME TO REALLY UNDERSTAND THIS AND BE ABLE TO
24 MEANINGFULLY PARTICIPATE BOTH WITHIN THE WORKING
25 GROUP AND NOW WITH THE DISCUSSIONS OF THE BOARD, AND

BARRISTERS' REPORTING SERVICE

1 THAT ALSO GAVE US A PROGRAMMATIC OVERLAY IN THAT, AS
2 YOU SAW FROM HIS PIE CHART, WE WERE FAIRLY WELL
3 DISBURSED ACROSS THOSE FIVE AREAS, MEANING THAT WE
4 WERE ATTEMPTING TO OVERCOME ROADBLOCKS IN ALL FIVE
5 OF THOSE AREAS WHICH WOULD IMPACT OUR ABILITY TO
6 MOVE INTO THERAPIES USING THESE TOOLS.

7 SO I THINK STAFF DESERVES REAL KUDOS FOR
8 THIS. ANY TIME WE HAVE A THREE-DAY SESSION, STAFF
9 IS REALLY WORKING OVERTIME BECAUSE A LOT OF
10 REVIEWERS COME, LOT OF REVIEWERS LEAVE, BUT THE
11 STAFF IS THERE BEGINNING EARLY IN THE MORNING AND ON
12 THROUGH THE NIGHT. AND THIS WILL PROBABLY BE THE
13 LAST TIME WE SEE THEM FOR THIS YEAR, BUT HOW MANY
14 GRANT CYCLES WE HAVE BEEN THROUGH? SIX. I WAS JUST
15 FINISHING THE LAST GRANTS WORKING GROUP MEETING.
16 AND THIS STAFF'S PRODUCTIVITY -- I KNOW ALAN IS
17 TRYING TO MEASURE THAT, BUT I'M IMPRESSED. IT'S
18 JUST BEEN STUNNING. YOU JUST HAVE TO SIT IN THOSE
19 MEETINGS, SEE THE AMOUNT OF INFORMATION THAT'S
20 ASSEMBLED, DIGESTED, REVIEWED, BROUGHT TO US, AND
21 THEN ALLOWING US TO GET THESE GRANTS OUT TO REALLY
22 MOVE THE SCIENCE FORWARD. IT'S REALLY NOTHING SHORT
23 OF EXTRAORDINARY. SO WE'VE GOT GREAT LEADERSHIP AND
24 A GREAT TEAM.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: SO I DON'T KNOW AT WHAT POINT
2 WE WANT TO PULL UP THE HISTOGRAM. I WOULD LIKE TO
3 MAKE SOME GENERAL POINTS. THIS WAS A VERY GOOD
4 ROUND. INDUSTRY WAS VERY WELL REPRESENTED, WHICH I
5 THINK IS IMPORTANT. OUR FUNDING LINE IS ACTUALLY A
6 LITTLE BIT LOWER THAN IT'S BEEN IN OTHER GRANT
7 ROUNDS. I DON'T KNOW IF WE'VE ALLOCATED ENOUGH
8 MONEY OR NOT. WE'RE GOING TO HAVE TO DECIDE THAT AS
9 A BOARD, DECIDE WHETHER OR NOT WE WANT TO LOOK INTO
10 SOME OF THE OTHER CATEGORIES AND MAYBE MOVE SOME
11 STUFF UP.

12 AS YOU SEE, WE KIND OF WENT A LITTLE BIT
13 OVER BOTH IN TERMS OF NUMBER OF GRANTS AND THE
14 NUMBER OF -- AND THE AMOUNT OF MONEY THAT WE SPENT,
15 BUT I DO THINK THIS WAS AN IMPRESSIVE SESSION.

16 SO I THINK IF WE ARE READY TO GO INTO IT.
17 DO WE HAVE A HISTOGRAM? DO WE WANT TO START WITH
18 THE HISTOGRAM?

19 MS. KING: WE NEED ABOUT THREE MINUTES.
20 FILL WITH SOMETHING INTERESTING.

21 MR. SHEEHY: ACTUALLY I'M GOING TO GIVE
22 MORE KUDOS TO STAFF. I WANT TO ALSO NOTE THAT WE
23 DID HAVE SOME REVIEWERS WITH SPECIFIC KNOWLEDGE OF
24 BOTH INDUSTRY AND OF CLINICAL PRACTICE. AND IT WAS
25 VERY INTRIGUING TO ME TO SEE THE CLINICIANS VERSUS

BARRISTERS' REPORTING SERVICE

1 THE BASIC SCIENTISTS ON SOME OF THESE GRANTS AND
2 REALLY SEE THEM MIX IT UP. SO I THINK -- AND MANY
3 OF YOU ARE VERY KNOWLEDGEABLE IN SCIENCE AND
4 EVERYTHING.

5 AS YOU LOOK AT THESE GRANTS, THINK ABOUT
6 HOW SOME OF THESE CAN MAKE A DIFFERENCE IN HELPING
7 PEOPLE WHO ARE DOING CLINICAL RESEARCH AS OPPOSED TO
8 BASIC RESEARCH BECAUSE THAT WAS A POINT OF
9 DISCUSSION BETWEEN THESE REVIEWERS. AND THOSE WHO
10 WERE CLINICALLY FOCUSED DEFINITELY HAD STRONGER
11 OPINIONS ABOUT SOME GRANTS THAN SOME OF THE BASIC
12 PEOPLE DID. SO THAT'S A NICE FEATURE.

13 WE HAVEN'T REALLY HAD THEM MIXED IN QUITE
14 AS DRAMATICALLY AS IN THIS PARTICULAR ROUND. ARE MY
15 THREE MINUTES UP? THIRTY MORE SECONDS.

16 CHAIRMAN KLEIN: JEFF, AFTER THE
17 HISTOGRAM, YOU MIGHT WANT TO JUST HAVE THE PUBLIC
18 AND THE MEMBERS JUST LOOK AT THE SCORE DISTRIBUTION
19 BETWEEN THE FOR RECOMMENDED AND IF AVAILABLE
20 CATEGORY BETWEEN THE TWO ROUNDS BECAUSE THERE'S SOME
21 VERY HIGH SCORES EVEN BELOW THE RECOMMENDED FUNDING
22 LINE.

23 MR. SHEEHY: YOU'RE REMINDING ME OF A
24 POINT I WAS GOING TO MAKE. GENERALLY A NUMBER
25 THAT'S BEEN CONSIDERED APPROXIMATELY FUNDABLE HAS

BARRISTERS' REPORTING SERVICE

1 BEEN ROUGHLY, ALAN AND MARIE, ROUGHLY AROUND 75. IF
2 YOU'RE IN THE TOP QUARTILE, YOU'RE MORE LIKELY TO
3 GET FUNDED THAN NOT TO BE IN THE FUNDABLE CATEGORY.
4 AND WE ACTUALLY HAVE, AS YOU CAN SEE, SOME THAT ARE
5 ABOVE THAT LEVEL THAT HAVE FALLEN INTO FUND IF FUNDS
6 ARE AVAILABLE.

7 SO I DO THINK AS A BOARD WE NEED TO THINK
8 ABOUT WHAT WE'RE TRYING TO ACCOMPLISH AND
9 CONSIDER -- AND DEFINITELY PUT SOME CONSIDERATION
10 INTO WHETHER OR NOT WE WANT TO GO BEYOND OR NOT WHAT
11 THE WORKING GROUP HAS SUGGESTED FOR US.

12 CHAIRMAN KLEIN: JEFF, I THINK DR.
13 SAMBRANO HAS A POINT.

14 DR. SAMBRANO: I JUST WANT TO POINT OUT
15 WHAT WE'RE SHOWING HERE. SO WE ACTUALLY HAD --
16 BECAUSE WE HAD TWO SESSIONS, WE'RE GOING TO SHOW TWO
17 LISTS. SO WHAT YOU'RE SEEING HERE IS THE LIST IN
18 RANK ORDER FOR SESSION 1, AND THEN I CAN TOGGLE
19 BETWEEN SESSION 1 AND SESSION 2, SHOWING THE SAME
20 INFORMATION. AND SO FOR EACH LIST YOU CAN SEE THOSE
21 APPLICATIONS IN TIERS 1, 2, AND 3.

22 AND SO WHAT IS VISIBLE RIGHT NOW IS IN
23 GREEN ALL OF TIER 1 AND PART OF TIER 2. AND SO WE
24 CAN MOVE ON AS YOU'D LIKE.

25 MR. SHEEHY: AND YOU WANT TO LOOK IN YOUR

BARRISTERS' REPORTING SERVICE

1 BOOKS WHERE YOU HAVE ROUGHLY THE TYPE OF
2 INFORMATION. YOU WILL NOTICE THAT -- YOU CAN SEE
3 HOW THE WORKING GROUP KIND OF BROKE OUT. WE HAVE A
4 LOT OF BIOASSAYS, BIOMARKERS IN THIS FIRST GROUP.
5 THE SECOND GROUP YOU'LL SEE A LOT OF GENE
6 MANIPULATION IN THAT GROUP. SO JUST NOTING THAT
7 ACTUALLY THERE WAS SOME SIGNIFICANT DIFFERENCE IN
8 THE COMPOSITION OF THE WORKING GROUP BETWEEN THOSE
9 TWO SESSIONS, DIFFERENT AREAS OF FOCUS.

10 KUDOS FOR STAFF FOR GETTING ALL THESE
11 PEOPLE IN THE ROOM OVER THOSE THREE DAYS.

12 MR. ROTH: A QUESTION ON THE CHART THAT'S
13 UP THERE. IT'S BIT DIFFERENT THAN THE ONE THAT'S IN
14 THE BOOK. GRANT 108 SHOWS ON HERE AS NOT
15 RECOMMENDED, AND IT SHOWS AS RECOMMENDED ON OUR
16 CHART.

17 DR. SAMBRANO: YOU'RE CORRECT. THAT ONE
18 ACTUALLY IS IN TIER 1. THE SYSTEM DIDN'T RECORD
19 THAT ORIGINALLY. SO THAT WAS ONE APPLICATION THAT
20 WE HAD TO NOTE THAT FOR. THANKS FOR POINTING THAT
21 OUT.

22 MR. SHEEHY: 1108 AND 1050, RIGHT, THOSE
23 WERE MOVED UP IN PROGRAMMATIC; AM I CORRECT?

24 MR. ROTH: 1050 MADE IT UP.

25 MR. SHEEHY: I REMEMBERED THAT ONE. I WAS

BARRISTERS' REPORTING SERVICE

1 SURPRISED. I'M GLAD YOU CAUGHT THAT.

2 MR. ROTH: BUT IT IS RECOMMENDED.

3 MR. SHEEHY: IT SHOULD BE RECOMMENDED FOR
4 FUNDING. GREAT.

5 MR. ROTH: IS IT APPROPRIATE FOR QUESTIONS
6 ON THESE?

7 CHAIRMAN KLEIN: IT IS APPROPRIATE FOR
8 QUESTIONS AT THIS TIME. I'D LIKE TO ASK DR.
9 SAMBRANO. DO YOU HAVE ANY POINTS YOU'D LIKE TO
10 MAKE?

11 DR. SAMBRANO: DO YOU WANT TO SEE SESSION
12 2? I CAN SHOW THAT AS WELL.

13 CHAIRMAN KLEIN: SESSION 2, LOOK AT BOTH
14 OF THOSE FOR THE PUBLIC. THE PUBLIC HAS COPIES.
15 THEY PUT UP SESSION 2 FOR A SECOND AND THEN THEY GO
16 BACK TO SESSION 1.

17 DR. SAMBRANO: SO THIS IS SESSION 2.

18 CHAIRMAN KLEIN: ALL RIGHT. UNLESS
19 THERE'S QUESTIONS ON THIS, LET'S RETURN TO SESSION
20 1. AND, DUANE, YOU HAVE THE FLOOR.

21 MR. ROTH: SO, AGAIN, THE OBVIOUS ONE IS
22 GRANT 050 AND WHY IT WAS MOVED UP AND SOME
23 EXPLANATION PERHAPS ON WHY THAT WAS FELT GIVEN ITS
24 LOWER SCORE.

25 CHAIRMAN KLEIN: SO I THINK DR. CSETE HAS

BARRISTERS' REPORTING SERVICE

1 COMMENTS ON PROGRAMMATIC CONSIDERATIONS FOR IT TO BE
2 MOVED UP.

3 DR. CSETE: SO ONE OF THE THINGS THAT JEFF
4 DIDN'T MENTION IN HIS CONGRATULATIONS FOR THE KINDS
5 OF PEOPLE WE HAD IN THE ROOM IS THAT WE HAD A NUMBER
6 OF THE MOST OUTSTANDING ENGINEERS IN THE COUNTRY IN
7 THE ROOM. AND THE PROGRAMMATIC DISCUSSION REALLY
8 FOCUSED ON THE UNIQUENESS OF THIS GRANT IN BRINGING
9 A MATHEMATICAL SYSTEMS BIOLOGY APPROACH. IT'S THE
10 FIRST TIME THAT WE'VE REALLY SEEN A SYSTEMS BIOLOGY
11 APPROACH TO CATEGORIZING STEM CELLS IN AN OPEN WEB
12 PLATFORM. AND IT WAS THE UNIQUENESS OF THIS GRANT
13 IN RETROSPECT. THE ENGINEERS BROUGHT IT UP FOR
14 PROGRAMMATIC CONSIDERATION THAT MADE THE WORKING
15 GROUP AS A WHOLE RECOMMEND THAT IT BE MOVED FROM
16 TIER 2 TO TIER 1.

17 MR. ROTH: JUST A COUPLE OTHER QUESTIONS.

18 DR. CSETE: I WAS TALKING ABOUT 1108.
19 1050 WAS ALSO AN ENGINEERING CONSIDERATION. AND
20 VERY SIMILAR KINDS OF PROGRAMMATIC DISCUSSION WHERE
21 THIS WAS A MULTISCALE ENGINEERING APPROACH TO STEM
22 CELL DIFFERENTIATION BY A VERY SENIOR ENGINEER. AND
23 IN RETROSPECT, AFTER ALL THE GRANTS HAVE BEEN GONE
24 THROUGH, THE ENGINEERS FELT THAT THIS WAS A UNIQUE
25 APPLICATION.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: CAN YOU TELL ME THE PERCENT OF
2 TIME THE PI'S DEDICATED TO THAT ONE?

3 DR. CSETE: I'D HAVE TO LOOK.

4 MR. ROTH: I'D LIKE TO KNOW.

5 CHAIRMAN KLEIN: SO, DUANE, WHY DON'T WE
6 CONTINUE WITH THE QUESTIONS WHILE WE LOOK THAT UP.
7 ALSO, MR. HARRISON, WOULD YOU LIKE TO HAVE A
8 COMMENT? WHAT WE'LL DO HERE IS THAT WE HAVE NO
9 CONFLICTS IN THIS DISCUSSION. BEFORE THERE ARE
10 OTHER INDIVIDUAL GRANTS THAT ARE ADDRESSED, I'D LIKE
11 TO INFORM THE AUDIENCE THAT THE BOARD MEMBERS HAVE A
12 LIST OF GRANTS WITH WHICH THEY ARE NOT PARTICIPATING
13 IN DISCUSSION OR VOTE ON. AND, COUNSEL, IN
14 ADDITION, MAKE SURE THAT THEY MONITOR THIS LIST SO
15 THAT IF ANYONE INADVERTENTLY STARTS TO MAKE A
16 COMMENT, WE TERMINATE THAT DISCUSSION. SO WE HAVE A
17 DOUBLE SAFE SYSTEM OPERATING SO THAT SOMEONE DOESN'T
18 COMMENT ON THE INSTITUTION THEY'RE FROM.

19 DUANE ROTH IS NOT FROM AN INSTITUTION THAT
20 HAS ANY GRANTS. AND SO HE CAN TALK ABOUT THESE.
21 OTHER INDIVIDUAL MEMBERS WILL CONSULT THE LIST
22 BEFORE RAISING A QUESTION.

23 MR. ROTH: SO I'M JUST INFORMED THAT THE
24 PI'S EFFORT ON THIS IS 10 PERCENT. THE REASON I
25 RAISED THAT IS I WANT TO ALSO ASK THE QUESTION ON A

BARRISTERS' REPORTING SERVICE

1 GRANT THAT'S COMING UP, BUT IT'S 10 PERCENT OF THE
2 PI. A LOT OF THIS GRANT WAS AWARDED ON THE STRENGTH
3 OF THE TEAM, THE PI. AND THERE WERE A LOT OF
4 DISCUSSIONS ABOUT THE REASON THAT SCORED LOW IS AIM
5 2 WAS NOT THERE. SO WHAT I'M REALLY SORT OF TRYING
6 TO UNDERSTAND WAS IS THAT CONSISTENT, WHEN THERE WAS
7 A LOW PERCENTAGE OF PI TIME DEDICATED, WAS THAT
8 CARRIED ACROSS? OR, YOU KNOW, IS IT --

9 DR. PIZZO: CAN I MODIFY YOUR QUESTION A
10 BIT, DUANE, TO ALSO EXPAND ON, I THINK, WHAT YOU ARE
11 GETTING AT, WHICH IS THE APPARENT DISCORDANCE
12 BETWEEN AIM 1 AND AIM 2. IF YOU COULD ADD A LITTLE
13 GRANULARITY TO WHY THAT WAS FELT TO BE. WAS IT THE
14 PERCENTAGE OF TIME, OR WAS IT THE QUALITY OF THE
15 TEAM AND FEASIBILITY?

16 DR. CSETE: VERY OFTEN, JUST AS A GENERAL
17 PRINCIPLE, WHEN WE SEE -- REVIEWERS WILL COMMENT
18 THAT ONE AIM WAS CONSIDERABLY WEAKER THAN THE OTHER
19 TWO THAT WERE VERY STRONG. AND USUALLY THE
20 CONSENSUS IS, WHEN THE REVIEWERS ARE RECOMMENDING
21 SOMETHING FOR FUNDING, THAT AS A TOTALITY THEY THINK
22 THE GRANT IS STRONG, AND THEY HOPE THAT THE
23 REVIEWER'S COMMENTS TO STRENGTH ON THE WEAKER OF THE
24 AIM WILL BE TAKEN INTO ACCOUNT AS THE APPLICANT
25 PROCEEDS WITH HIS WORKS. AND THAT'S ALMOST ALWAYS

BARRISTERS' REPORTING SERVICE

1 THE KIND OF DISCUSSION THAT HAPPENS WHEN THERE'S ONE
2 OF THOSE SITUATIONS.

3 I CAN'T RECALL THAT PARTICULAR ONE.

4 DR. PIZZO: I MEAN I THINK WE KNOW THAT
5 PART. I JUST WONDERED WHETHER THERE WAS ANYTHING
6 MORE SPECIFIC ABOUT THIS. I CAN APPRECIATE THAT
7 THAT WOULD BE TOO DETAILED.

8 CHAIRMAN KLEIN: SO FOR THE AUDIENCE,
9 SOHIL WAS THE PRIMARY SCIENTIFIC OFFICER ON THIS
10 GRANT, AND HE'S GOING TO GIVE US THE DEPTH.

11 DR. TALIB: SO I THINK IN TERMS OF THE
12 WEAKNESS WHICH WAS POINTED IN TWO, THAT REPRESENTED
13 A SIGNIFICANT DISTRACTION FROM THE OVERALL PROPOSAL
14 BECAUSE AIM 1 WAS VERY STRONG. EVEN IN THE
15 PROGRAMMATIC DISCUSSION, WHAT WAS POINTED OUT, THAT
16 DESPITE THE WEAKNESS OF THE SECOND AIM, THE STRENGTH
17 AND THE SIMPLICITY OF AIM 1 COMBINED WITH THE PROVEN
18 TRACK RECORD OF THE INVESTIGATOR TEAM WARRANTED
19 ADDITIONAL CONSIDERATION. SO THAT ACTUALLY WAS THE
20 REASON THAT OVERWHELMINGLY THIS APPLICATION WAS
21 MOVED TO TIER 1.

22 SO ALTHOUGH AIM 2, WHICH IS A LITTLE BIT
23 BROAD IN TERMS OF THE TECHNOLOGY, WAS CONSIDERED AS
24 A DISTRACTION, BUT THE AIM BY ITSELF WAS CONSIDERED
25 VERY IMPORTANT, AND THAT BY ITSELF WOULD BRING OUT

BARRISTERS' REPORTING SERVICE

1 SOMETHING WHICH IS LACKING; THAT IS, A PLATFORM
2 TECHNOLOGY FOR DIFFERENTIATION OF THE HUMAN
3 EMBRYONIC STEM CELL AND THEIR GROWTH.

4 SO PARTICULAR TECHNOLOGY OF PLATFORM WHICH
5 IS BEING DEVELOPED BY THIS PARTICULAR INVESTIGATOR
6 IS VERY UNIQUE. SO MOST OF THE REVIEWERS WERE VERY
7 HAPPY ABOUT IT. ONLY THING WHICH THEY THOUGHT WAS
8 ABOUT AIM 2, BUT OVERALL THEY CONSIDERED THE
9 APPLICATION BY ITSELF AS VERY STRONG.

10 CHAIRMAN KLEIN: OKAY. THANK YOU.
11 ADDITIONAL QUESTIONS FROM THE BOARD? I'D LIKE TO
12 ASK THE STAFF, AMONG THE MIDDLE CATEGORY, ARE THERE
13 ANY PARTICULAR PROGRAMMATIC CONSIDERATIONS FROM THE
14 STAFF'S PERSPECTIVE OF UNIQUE CONTRIBUTING GRANTS
15 THAT IN RETROSPECT MAY NOT BE FULLY REPRESENTED? I
16 THINK ANTIBODIES IS SOMETHING THAT'S BEEN DISCUSSED
17 PREVIOUSLY. DR. TROUNSON, WOULD YOU LIKE TO ADDRESS
18 THAT, OR WOULD YOU LIKE ANY OF YOUR OFFICERS TO
19 ADDRESS THAT?

20 DR. TROUNSON: WELL, LET ME JUST MAKE A
21 QUICK COMMENT ON IT. THERE IS A NEED IDENTIFIED
22 ACROSS THE WHOLE SPECTRUM OF STEM CELL RESEARCH THAT
23 WE NEED MORE ANTIBODIES OR MORE WAYS OF RECOGNIZING
24 SPECIFIC CELL TYPES. FOR EXAMPLE, IN CANCER STEM
25 CELLS, IT'S VERY IMPORTANT THAT WE RECOGNIZE WHAT

BARRISTERS' REPORTING SERVICE

1 ACTUALLY IS THE STEM CELL. AND LIKEWISE, WHEN
2 YOU'RE INVOLVED IN DIFFERENTIATING OR CHANGING CELL
3 POPULATIONS, CHARACTERIZING THE CELL THAT YOU'VE GOT
4 IS VERY IMPORTANT.

5 SO YOU CAN DO THIS REALLY BY THE USE OF
6 ANTIBODIES OR BY RECOGNIZING SPECIFIC PROTEINS, A
7 PROTEOMIC APPROACH. THEY WEREN'T STRONGLY
8 REPRESENTED IN THE UPPER TIER. SO THERE WERE AT
9 LEAST TWO PROJECTS THAT ARE IN THE GRAY AREA, IF YOU
10 LIKE, THAT REPRESENT APPROACHES THAT ARE ANTIBODIES
11 THAT MAY BE WORTH CONSIDERING BECAUSE THEY'RE NOT
12 WELL REPRESENTED IN WHAT WE'VE GOT AT THE MOMENT.

13 THERE WAS ALSO ONE ON PROTEOMICS, THE
14 IDENTIFICATION OF SPECIFIC PROTEINS. AND SO IF YOU
15 WOULD LIKE FURTHER DISCUSSION SPECIFICALLY ON THOSE,
16 WE'RE HAPPY TO PROVIDE THAT.

17 CHAIRMAN KLEIN: I THINK IT MIGHT BE
18 HELPFUL PRIOR TO OUR EXECUTIVE SESSION WHERE WE CAN
19 LOOK AT PROPRIETARY INFORMATION TO BE ABLE TO
20 IDENTIFY THE TWO ANTIBODY APPLICATIONS YOU'VE CALLED
21 OUR ATTENTION TO AND THE PROTEOMICS APPLICATION, IF
22 THE SCIENTIFIC OFFICERS, IF YOU COULD HAVE THEM
23 ADDRESS THOSE.

24 DR. TROUNSON: I'LL ASK SOHIL TO COME UP
25 TO THE MICROPHONE AND GIVE YOU A SUMMARY OF THAT.

BARRISTERS' REPORTING SERVICE

1 YOU CAN SEE IT IN YOUR PROGRAM. THE 1073-1, SO IT
2 WAS RANKED AT 77 AS ONE OF THESE ANTIBODY MARKERS.

3 CHAIRMAN KLEIN: AND WHICH OF THE ROUNDS
4 WAS THAT IN?

5 DR. TROUNSON: THAT'S IN ROUND ONE.

6 MR. SHEEHY: SHALL WE GET THE CONFLICTS,
7 BOB, AS HE BRINGS THESE UP?

8 CHAIRMAN KLEIN: YES. THAT WOULD BE A
9 VERY GOOD IDEA. JAMES HARRISON, COULD YOU IDENTIFY
10 THE CONFLICTS ON 1073?

11 MR. HARRISON: YES. FOR APPLICATION 1073,
12 THE CONFLICTS ARE FEIT, HAWGOOD, LANSING, AND
13 SHEEHY.

14 CHAIRMAN KLEIN: OKAY.

15 DR. TROUNSON: THE SECOND ONE IN THE FIRST
16 PROGRAM, WHICH IS ON PROTEOMICS, IS LISTED AS
17 1144-1. AND THAT WAS WORK ON PROTEOMIC ANALYSIS,
18 ANALYSIS OF PROTEINS SPECIFICALLY AS BIOMARKERS. SO
19 1144.

20 CHAIRMAN KLEIN: OKAY.

21 MR. HARRISON: MR. CHAIR, THE CONFLICTS ON
22 APPLICATION NO. 1144 ARE FONTANA AND WITMER.

23 CHAIRMAN KLEIN: OKAY. AND THE THIRD ONE.

24 DR. TROUNSON: THIRD ONE WAS IN THE SECOND
25 PROGRAM, AND IT'S 1049, WHICH HAD A MARK AT 71. SO

BARRISTERS' REPORTING SERVICE

1 A LITTLE LOWER THAN THE OTHER TWO, BUT IT, AGAIN, IS
2 AN ANTIBODY PROGRAM IDENTIFYING ANTIGENS ON THE
3 SURFACE OF THE CELL. SO THOSE THREE, IF YOU WISH
4 THE FURTHER DISCUSSION, WE WOULD ASK SOHIL OR MARIE
5 TO GIVE YOU MORE INFORMATION.

6 CHAIRMAN KLEIN: AND WHO ARE THE CONFLICTS
7 ON THE THIRD ONE?

8 MR. HARRISON: APPLICATION NO. 1049, THE
9 CONFLICTS ARE BLOOM, GILL, LANSING, AND WITMER.

10 CHAIRMAN KLEIN: SO WHAT I'M GOING TO ASK
11 IS THAT, FOR THE BENEFIT OF THE BOARD, IF WE COULD
12 SEQUENTIALLY GO THROUGH THOSE. AND AFTER EACH ONE,
13 I'LL ASK FOR QUESTIONS OF THE BOARD. WE'LL REPEAT
14 THE CONFLICTS JUST TO RENEW EVERYONE'S ATTENTION,
15 AND THEN WE'LL GO TO THE NEXT REPORT. SO, DR.
16 OLSON, ARE YOU GOING TO LEAD OR IS --

17 DR. OLSON: I WILL DO 1073, FOLLOWED BY
18 MARIE DOING, I BELIEVE, 1144, AND DR. TALIB DOING
19 1049.

20 OKAY. SO AS YOU HAVE HEARD, 1073 IS AN
21 APPLICATION TO DEVELOP ANTIBODIES. AND IN
22 PARTICULAR, THE GOAL OF THIS APPLICATION IS DEVELOP
23 A TOOL KIT OF ANTIBODIES THAT SPECIFICALLY RECOGNIZE
24 ANTIGENS WHOSE EXPRESSION IS RESTRICTED TO
25 PLURIPOTENT HUMAN EMBRYONIC STEM CELLS OR TO THEIR

BARRISTERS' REPORTING SERVICE

1 DIFFERENTIATED DERIVATIVES, INCLUDING PANCREATIC
2 BETA CELLS, CARDIOMYOCYTES, AND NEURONS.

3 ONE OF THE THINGS ABOUT THIS APPLICATION
4 IS THAT THE PI PROPOSES SEVERAL APPROACHES TO
5 GENERATE THESE ANTIBODIES, INCLUDING SYSTEMATIC
6 SCREENING OF A COLLECTION OF COMMERCIAL ANTIBODIES
7 THAT ARE ALREADY AVAILABLE. SO THIS HAS THE ADDED
8 BENEFIT OF NOT TAKING THE TIME THAT IT TAKES TO
9 ACTUALLY GENERATE ANTIBODIES AND TAKING THESE
10 ANTIBODIES THAT HAVEN'T BEEN SCREENED ON ESSENTIALLY
11 THESE CELL REAGENTS THAT MOST PEOPLE DON'T HAVE AND
12 BEING ABLE TO DETERMINE IF, IN FACT, ANY OF THE
13 KNOWN ANTIBODIES RECOGNIZE THESE PARTICULAR
14 ANTIGENS.

15 THE OTHER TWO STRATEGIES ARE ESSENTIALLY
16 GENERATING MONOCLONAL ANTIBODIES BY CLASSIC IN VIVO
17 AND IN VITRO APPROACHES. SO THAT IS USING THE
18 DIFFERENT METHODS ARE EXPECTED TO INCREASE THE
19 LIKELIHOOD OF GENERATING ANTIBODIES WITH DIFFERENT
20 SPECIFICITY. AS YOU KNOW, IN VIVO IMMUNIZATION
21 USUALLY ASSUMES A LACK OF CROSS REACTIVITY IN ORDER
22 TO GET NOVEL ANTIBODIES. IN VITRO METHODS BASICALLY
23 ARE NOT LIMITED TO THAT KIND OF THING. SO IT'S A
24 POTENTIAL FOR GETTING MORE RARE MOLECULES.

25 REVIEWERS LIKED IT. THEY THOUGHT IT WAS

BARRISTERS' REPORTING SERVICE

1 SIGNIFICANT IN THE SENSE THAT SUCCESSFUL EXECUTION
2 WOULD GREATLY ENHANCE EXPERIMENTS, NOT ONLY FOR
3 BASIC BIOLOGY, BUT THESE CAN POTENTIALLY HAVE
4 DIAGNOSTIC APPLICATIONS, BE THERAPEUTIC, OR BE USED
5 IN SEPARATION AND PURIFICATION OF CELL TYPES FOR
6 ESSENTIALLY THERAPEUTIC USE.

7 SO ANTIBODIES ARE A VERY USEFUL REAGENT.
8 THE REVIEWERS CONSIDERED THE PROPOSED RESEARCH TO BE
9 A NEAR OPTIMAL CONGREGATION OF EXPERTISE AND WELL
10 THOUGHT OUT APPROACHES LIKELY TO ACTUALLY YIELD THE
11 DESIRED AIM.

12 THEIR BIGGEST CONCERN WAS THE COMMITMENT
13 OF THE PI. THE PI'S, IN FACT, QUITE HIGHLY
14 COMMITTED, AND THERE IS A LOW PERCENT EFFORT BY MANY
15 OF THE KEY PERSONNEL. SO THAT WAS A QUESTION AS TO
16 HOW -- CALLING INTO QUESTION THE POTENTIAL FOR
17 SUCCESS OF THIS.

18 SO, AGAIN, THE TEAM, THE STRENGTHS WERE
19 THE STRONG TEAM WITH SIGNIFICANT EXPERTISE AS SHOWN
20 ESSENTIALLY BY THE PRELIMINARY DATA. I MEAN THE
21 TEAM ASSEMBLED REALLY IS QUITE PHENOMENAL. THEY
22 HAVE EXPERTISE IN IN VIVO GENERATION OF ANTIBODY AND
23 SCREENING TECHNOLOGIES. AND IN VITRO GENERATION OF
24 ANTIBODIES, THEY'VE CALLED UPON EXPERTS TO GENERATE
25 THE CARDIOMYOCYTES, THE NEURONAL ONES. SO THEY HAVE

BARRISTERS' REPORTING SERVICE

1 EXPERTS IN ALL CASES THAT ARE PLAYING IN THIS.

2 AS I ALSO NOTED, THE COLLABORATION WITH
3 THE COMPANY IS CONSIDERED A STRENGTH AND, IN FACT,
4 WAS SUPPORTED BY A STRONG LETTER OF SUPPORT FROM THE
5 COMPANY. SO THAT SEEMS TO BE A REAL THING.

6 STRATEGIES, THEY HAD SOME, I THINK,
7 CONCERNS THAT IN SOME CASES WHEN YOU DO
8 IMMUNIZATION, THERE ARE WAYS TO DO IMMUNIZATION SO
9 YOU DO NOT GET IMMUNODOMINANT EPITOPES, ONES THAT
10 ARE ALREADY RECOGNIZED, ANTIBODIES THAT ARE ALREADY
11 AVAILABLE AGAINST ANTIGENS. SO THERE WAS SOME
12 CONCERN THAT THEY WEREN'T EMPLOYING A LOT OF THE
13 TRICKS THAT CAN BE USED TO MINIMIZE THAT KIND OF
14 APPROACH.

15 ALSO THEY CONSIDERED THE PROBABILITY OF
16 THE IN VITRO APPROACH FOR GENERATING ANTIBODIES TO
17 BE GOOD BECAUSE, IN FACT, THEY'VE DONE IT. THEY'VE
18 DONE IT AGAINST RARE POPULATIONS SUCH AS CANCER STEM
19 CELLS AND BEEN ABLE TO GET ANTIBODIES THAT THEY
20 SHOWED.

21 SO THEY WERE CONCERNED ABOUT LOW AFFINITY
22 BY THAT APPROACH, BUT THAT CAN BE HANDLED BY
23 TECHNICAL REASONS. AGAIN, AS I NOTE, THEY
24 CONSIDERED IT A STRONG RESEARCH TEAM, MANY
25 EXPERIENCED SCIENTISTS, LOW LEVELS OF COMMITMENT,

BARRISTERS' REPORTING SERVICE

1 AND POTENTIAL OVERCOMMITMENT ON THE PART OF THE PI .

2 SO OVERALL THEY CONSIDERED IT A STRONG
3 PROPOSAL, BUT THEY WERE CONCERNED ABOUT ESSENTIALLY
4 THE ABILITY OF THE PI TO COMMIT AS MUCH AS STATED
5 AND THE LOW LEVELS OF COMMITMENT OF OTHER MEMBERS OF
6 THE TEAM.

7 MR. ROTH: SO PAT.

8 CHAIRMAN KLEIN: YES. AGAIN, BEFORE THE
9 DISCUSSION, JAMES HARRISON, REPEAT THE CONFLICTS,
10 PLEASE.

11 MR. HARRISON: THE MEMBERS WHO HAVE A
12 CONFLICT WITH RESPECT TO APPLICATION 1073 ARE
13 MEMBERS FEIT, HAWGOOD, LANSING, AND SHEEHY.

14 CHAIRMAN KLEIN: THANK YOU.

15 MR. ROTH: THIS REVIEW WAS VERY STRONG,
16 BUT THE CONSTANT THING WITH THE PI'S PERCENT OF
17 TIME. SO TWO QUESTIONS. WHAT WAS THE PERCENT OF
18 THE PI'S TIME? AND NO. 2, HOW MANY PEOPLE ARE ON
19 THIS VERY STRONG TEAM?

20 DR. OLSON: PI'S PERCENT OF TIME WAS IN
21 THE CONTEXT OF IT'S THE OTHER COMMITMENTS OF THE PI .
22 IT'S NOT SO MUCH THE PI'S PERCENT OF TIME. IN POINT
23 OF FACT, WE ASKED FOR 10-PERCENT COMMITMENT. THAT
24 WAS THE REQUIREMENT. SO THAT'S ALL THAT WAS
25 REQUIRED.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: I GUESS SOMEBODY DIDN' T BELIEVE
2 HIM? IT MUST BE THAT SOMEBODY DIDN' T BELIEVE THE
3 PI .

4 DR. OLSON: NO. THE ISSUE IS THAT IT IS
5 ACTUALLY THE REVIEWERS HAVE REASON -- PEOPLE SUBMIT
6 WHEN THEY PUT IN AN APPLICATION. THE PI SUBMITS THE
7 PERCENT EFFORT COMMITMENT ON CURRENT ACTIVE GRANTS
8 AS WELL AS THE PERCENT EFFORT COMMITMENT ALLOCATED
9 TO PENDING AWARDS. THOSE NUMBERS, WHEN THEY' RE IN
10 EXCESS OF A HUNDRED, ARE JUST CAUSE FOR PAUSE, BUT
11 THEY' RE ACTUALLY THE SUBJECT OF ADMINISTRATIVE
12 REVIEW.

13 CHAIRMAN KLEIN: I THINK IT' S IMPORTANT,
14 DR. OLSON, TO ELUCIDATE THE ADMINISTRATIVE REVIEW
15 BECAUSE OBVIOUSLY IF SOMEONE HAS A 30-PERCENT
16 COMMITMENT TO A GRANT AND THAT GRANT IS EXPIRING, IN
17 THE ADMINISTRATIVE REVIEW YOU WOULD FIND THAT OUT
18 AND BE ABLE TO SEE THAT ESSENTIALLY THEY' RE
19 FEATHERING THIS END AS THE OTHER GRANT EXPIRES.

20 SO WE DON' T PERMIT IN ADMINISTRATIVE
21 REVIEW PEOPLE TO OVERCOMMIT THEIR TIME. THIS IS AN
22 ADDITIONAL LAYER OF PROTECTION IN THE SYSTEM THAT
23 EVERYONE NEEDS TO UNDERSTAND. SO DR. PIZZO.

24 DR. PIZZO: I' VE SPOKEN PREVIOUSLY ABOUT
25 CONCERNS REGARDING PERCENT EFFORT, AND MY CONCERNS

BARRISTERS' REPORTING SERVICE

1 ARE NOT GETTING TOO RIGID IN TERMS OF PERCENT EFFORT
2 BECAUSE I THINK SOME OF THE VERY BEST WORK IS DONE
3 BY PEOPLE WHO ARE OVERCOMMITTED, IF YOU WILL.

4 AND I WOULD JUST ADD TO THAT THAT THE WAY
5 YOU PRESENTED THE GRANT IN TERMS OF THE QUALITY OF
6 THE PRELIMINARY DATA, THE DEGREES OF COLLABORATIONS,
7 THE SORT OF ACCOLADES THAT I HEARD YOU GIVING, TO
8 ME, WERE QUITE IMPORTANT ATTRIBUTES OF THE GRANT.
9 I THINK WE SHOULD FOCUS ON THAT AND A LITTLE LESS SO
10 ON THE CONCERN OF PERCENT EFFORT.

11 DR. OLSON: I WAS REALLY REFLECTING THE
12 REVIEWER'S CONCERNS.

13 DR. PIZZO: YES, OF COURSE. I'M NOT
14 MINIMIZING OR TRIVIALIZING THEM. I'M EXPRESSING MY
15 VIEWS.

16 DR. OLSON: MAY I EXPRESS ONE PERSONAL
17 COMMENT, THOUGH, WITH RESPECT TO THE PERCENT EFFORT.
18 I DO THINK WE DO HAVE TO KEEP REMEMBERING THE
19 URGENCY OF OUR MISSION, THE FACT THAT WE WOULD LIKE
20 PEOPLE TO BE THINKING ABOUT THE RESEARCH AND MOVING
21 IT FORWARD. SO I THINK THE POINTS ABOUT PERCENT
22 EFFORT, I RESPECT YOUR POSITIONS, BUT I DO THINK WE
23 NEED TO KEEP IN MIND.

24 DR. PIZZO: I JUST WANT TO RESPECTFULLY
25 DISAGREE ONLY TO SAY THAT I THINK IF YOU'VE GOT AN

BARRISTERS' REPORTING SERVICE

1 OUTSTANDING TEAM AND GROUP, I WOULD RATHER HAVE A
2 LOWER PERCENT EFFORT AND HAVE FANTASTIC RESULTS THAN
3 A HIGH PERCENT EFFORT AND HAVE MEDIOCRE RESULTS.

4 CHAIRMAN KLEIN: THANK YOU. WE HAVE DR.
5 OS STEWARD HAS A COMMENT, AND THEN AFTER DR.
6 STEWARD, LEEZA GIBBONS.

7 DR. STEWARD: SO THIS IS A QUESTION
8 ACTUALLY THAT MIGHT -- I'M NOT SURE WHETHER I'M IN
9 CONFLICT ON ANY OF THE OTHERS, BUT IT MIGHT APPLY TO
10 THE OTHERS. I'LL ASK IT NOW. THEY SAY THAT THEY
11 WILL ALSO BANK REAGENTS FOR DISTRIBUTION TO
12 INVESTIGATORS IN THE STATE. THIS MIGHT ACTUALLY BE
13 A QUESTION THAT IS MORE APPROPRIATE FOR THE
14 CONFIDENTIAL AND PROPRIETARY PART OF THE DISCUSSION,
15 BUT IS THERE AN ACTUAL EXPLICIT PLAN FOR MAKING
16 THESE SUCCESSFULLY GENERATED ANTIBODIES AVAILABLE?
17 AND IF NOT, WHAT DOES THIS -- WHAT DOES THIS BANK
18 ACTUALLY MEAN?

19 DR. OLSON: WELL, CERTAINLY THE COMMERCIAL
20 ANTIBODIES ARE ALREADY AVAILABLE. THE OTHER
21 ANTIBODIES, I AM TRYING TO REMEMBER IF THERE'S -- I
22 THINK, YOU KNOW, IT'S PROBABLY THE INFORMAL REQUEST.
23 I DO NOT BELIEVE THERE'S -- AS A MATTER OF FACT, I'M
24 QUITE CERTAIN THERE'S NOT A BANK PER SE, BUT I CAN
25 CHECK THAT OUT.

BARRISTERS' REPORTING SERVICE

1 I WANTED TO MAKE ONE OTHER COMMENT ABOUT
2 THE PERCENT EFFORT. YOU KNOW, THE COMPLAINT WAS NOT
3 JUST THAT THE INVESTIGATOR WAS OVERCOMMITTED. THE
4 COMPLAINT WAS ALSO THAT THERE WERE LOW PERCENT
5 EFFORT COMMITMENT BY MULTIPLE INVESTIGATORS. OUR
6 TEAM HAS BASICALLY CONFIRMED THAT WE HAVE 14 PEOPLE
7 ON THIS PROGRAM. SO I JUST WANTED TO HIGHLIGHT THAT
8 THOSE WERE THE REVIEWERS' KEY ISSUES.

9 DR. STEWARD: SO I THINK THAT THIS KIND
10 OF -- ANTIBODIES, IN PARTICULAR, AS DR. TROUNSON HAS
11 SAID, ARE POSSIBLY AN IMMENSELY IMPORTANT RESOURCE.
12 AND I THINK IT'S VERY IMPORTANT TO THINK ABOUT HOW
13 THEY WOULD BE MADE AVAILABLE. HOPEFULLY THEY WOULD
14 BE SOMETHING THAT COULD BE SHARED, NOT JUST WITH
15 CALIFORNIANS, BUT WITH THE ENTIRE COMMUNITY OF STEM
16 CELL SCIENTISTS WORKING THROUGHOUT THE WORLD. MAYBE
17 YOU HAVE A COMMENT ON THIS.

18 DR. TROUNSON: WELL, I THINK IT IS THEY
19 WILL BE SHARED IN CALIFORNIA. YOU KNOW, I DON'T
20 THINK THERE'S A REQUIREMENT AT THIS POINT IN TERMS
21 OF WE'VE MADE IT A REQUIREMENT TO THE INVESTIGATORS
22 TO MAKE IT AVAILABLE TO THE REST OF THE WORLD, OS.
23 BUT I THINK IT'S AN ISSUE THAT WE SHOULD TAKE UP
24 WITH THE RESEARCHERS TO CONFIRM THAT THEY WOULD MAKE
25 IT AVAILABLE.

BARRISTERS' REPORTING SERVICE

1 CLEARLY IN ONE SENSE THEY'RE GOING TO TEST
2 OUT A COMPANY'S ANTIBODY PROGRAM. SO IN SOME WAYS
3 IT WILL BE THAT COMPANY'S VIEW, OF COURSE, ABOUT THE
4 DISPOSITION BEYOND CALIFORNIA THAT WE MAY NEED TO
5 EXPLORE RATHER THAN SPECIFICALLY THE NEW ANTIBODIES.

6 DR. STEWARD: JUST TO MAKE IT CLEAR,
7 THERE'S AN IMPORTANT REACH-THROUGH PROVISION HERE
8 THAT COULD ACTUALLY MAKE IT A REQUIREMENT TO THESE
9 PEOPLE TO PROVIDE ANTIBODIES TO CALIFORNIANS FOREVER
10 POTENTIALLY. AND SO THAT'S GOOD, BUT WE JUST NEED
11 TO THINK ABOUT WHAT WE'RE ASKING THEM TO DO, AND
12 THERE IS A COST ASSOCIATED WITH DOING THIS.

13 CHAIRMAN KLEIN: SO WE HAVE DR. OLSON AND
14 LEEZA GIBBONS, THEN WE'RE GOING TO GO TO DR.
15 PENHOET. AND THEN ON THIS SIDE, DO WE HAVE ANYONE
16 WHO WANTS TO COMMENT? I WANT TO MAKE SURE I DON'T
17 MISS ANYONE.

18 DR. OLSON: MY COLLEAGUES HAVE HELPFULLY
19 HELPED ME OUT HERE. THEY HAVE INDICATED THAT THEY
20 WILL MAKE THE ANTIBODIES AVAILABLE THROUGH ATCC, SO
21 THEY WILL BE DEPOSITED IN THE AMERICAN TYPE CULTURE
22 COLLECTION. THEY WILL ALSO PERHAPS IN SOME
23 INSTANCES, IF THEY HAVE VERY INTERESTING ANTIBODIES,
24 THROUGH THE TECH TRANSFER OFFICER WHERE THEY MIGHT
25 LICENSE THEM TO OTHERS OR TO A COMPANY FOR

BARRISTERS' REPORTING SERVICE

1 COMMERCIALIZATION.

2 SO THAT IS THE STRATEGY THAT THEY HAVE
3 OUTLINED TO MAKE THE ANTIBODIES AVAILABLE.

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

5 MS. GIBBONS: DR. OLSON, IF I MAY, JUST A
6 QUICK QUESTION BY WAY OF EDUCATION ON THIS PERCENT
7 EFFORT DEAL. HOW DO YOU REALLY VET THE 10 PERCENT?
8 IS IT JUST BASED ON DISCLOSURE, OR DOES THE
9 COMMITTEE HAVE AWARENESS OF THESE OTHER GRANTS THAT
10 ARE ALREADY LISTED?

11 DR. OLSON: WHAT DO YOU MEAN AWARENESS OF
12 THESE OTHER GRANTS?

13 MS. GIBBONS: WELL, I MEAN IS IT JUST
14 BASED ON, LIKE DUANE SAID, DO WE BELIEVE THEM OR NOT
15 WHEN THEY LIST ALL OF THEIR OTHER COMMITMENTS? IS
16 THERE ANY WAY OF VETTING THAT?

17 DR. OLSON: THERE ACTUALLY IS A WAY. IF
18 THEY LIST NIH GRANTS, THERE IS A DATABASE THAT YOU
19 COULD VET TO SEE, IN FACT, DO THEY HAVE THAT NIH
20 GRANT. SO YOU CAN DO THOSE KINDS OF THINGS. IF
21 THEY HAVE CIRM GRANTS, OBVIOUSLY WE'RE IN A POSITION
22 TO KNOW THAT. SO THERE IS SOME DEGREE OF VETTING
23 THAT WE CAN DO.

24 CHAIRMAN KLEIN: AND, AGAIN, FOR
25 EVERYONE'S BENEFIT, DR. OLSON, IN THE ADMINISTRATIVE

BARRISTERS' REPORTING SERVICE

1 REVIEW PROCESS, EXPLAIN TO THE PUBLIC THAT THIS IS
2 AN OVERSIGHT ISSUE AND YOU CONFIRM THE --

3 DR. OLSON: NOT ONLY IN THE ADMINISTRATIVE
4 REVIEW BEFORE WE PAY OUT ANY MONEY ON THE ISSUANCE
5 OF THE NGA, BUT ALSO ANNUALLY AT PROGRESS REPORT
6 TIME, THEY ARE REQUIRED TO SUBMIT THE PERCENT --
7 SUBMIT OTHER ACTIVE GRANTS AND A BRIEF DESCRIPTION
8 OF WHAT THAT GRANT IS SO WE CAN VERIFY PERCENT
9 EFFORT COMMITMENT AS WELL AS SCIENTIFIC OVERLAP. SO
10 THAT HAPPENS PRIOR TO ISSUANCE OF THE NGA AND
11 ANNUALLY AT PROGRESS REPORT TIME.

12 CHAIRMAN KLEIN: I THINK IT'S A VERY
13 IMPORTANT POINT FOR THE RECORD IN TERMS OF THE
14 CONTINUING ADMINISTRATIVE OVERSIGHT, AND
15 ADMINISTRATIVE OVERSIGHT IS A PRECONDITION TO ANY
16 PAYOUT. SO IT'S IMPORTANT FOR THE RECORD FOR
17 EVERYONE TO UNDERSTAND.

18 WITH THAT, DR. PENHOET.

19 DR. PENHOET: JUST TO REMIND EVERYONE,
20 PART OF OUR IP POLICY, WHICH THEY MUST FOLLOW, CALLS
21 FOR THEM TO SHARE BIOMEDICAL MATERIALS.

22 DR. OLSON: UPON PUBLICATION.

23 DR. TROUNSON: MR. CHAIR, I WONDER IF I
24 COULD MAKE A COMMENT ON THE TIME COMMITMENT. IN
25 THIS PARTICULAR INSTANCE, THE PI HAS A NUMBER OF OUR

BARRISTERS' REPORTING SERVICE

1 GRANTS. AND I DO GET CONCERNED AS A PRESIDENT IF
2 THERE'S ONE PERSON HOLDING A VERY -- YOU KNOW, AN
3 EXCESSIVE NUMBER OF GRANTS WITH A RELATIVELY SMALL
4 TIME COMMITMENT TO SOME OF THEM.

5 ONE OF THE ISSUES THAT WE HAVE TO DEAL
6 WITH IS OUR ABILITY TO MAKE THESE THINGS HAPPEN IN
7 AN APPROPRIATE TIMEFRAME. AND IT HAS BEEN SAID TO
8 ME THAT, YOU KNOW, SOME OTHER STATES ARE DOING WELL
9 WITH A LOT LESS MONEY WITH MUCH MORE COMMITMENT.
10 AND I ACTUALLY THINK WE HAVE TO BE THOUGHTFUL OF
11 THIS BECAUSE SHOULD A PI HAVE FOUR GRANTS OR FIVE
12 GRANTS FROM CIRM? I ACTUALLY DON'T PERSONALLY THINK
13 THAT THAT'S A VERY GOOD IDEA IF WE EXPECT THEM TO
14 DELIVER ON IT.

15 SO THERE IS A SORT OF UNDERLYING CONCERN
16 HERE. BUT I MUST SAY THAT IN THIS PARTICULAR
17 SITUATION, THE REVIEWERS HAVE RECOMMENDED TO THE
18 BOARD TO FUND IT IF THERE'S FUNDS AVAILABLE, AND IT
19 IS IN THE TOP SECTOR. BUT I WOULD BE VERY
20 THOUGHTFUL ABOUT A VERY LARGE NUMBER OF GRANTS HELD
21 BY ONE PI AND ONE INSTITUTION FROM CIRM ON THE BASIS
22 OF WHAT WE'RE GOING TO EXPECT THEM TO DELIVER IN
23 TERMS OF OUR MISSION. SO I THINK IT IS AN ISSUE
24 THAT WE NEED TO KEEP IN MIND, BUT I THINK YOU OUGHT
25 TO REFLECT ON THE FACT THAT THIS IS RECOMMENDED FOR

BARRISTERS' REPORTING SERVICE

1 FUNDING IF YOU HAVE FUNDS, AND IT'S AT THE TOP OF
2 THE TIER.

3 CHAIRMAN KLEIN: SO GIVE ME SOME
4 PERSPECTIVE HERE. IF YOU HAVE 14 MEMBERS ON THE
5 TEAM, THAT SOUNDS LIKE A RELATIVELY LARGE TEAM. AND
6 AS YOU GET MORE MEMBERS ON THE TEAM AND YOU HAVE TO
7 FUND ALL THAT EXPERTISE, DOES THAT EFFECTIVELY ACT
8 TO FORCE DOWN PERCENTAGES BECAUSE YOU NEED ALL OF
9 THESE INDIVIDUAL SPECIALTY AREAS TO BRING YOUR WHOLE
10 TEAM TOGETHER; BUT AS YOU BROADEN YOUR TEAM TO
11 INCORPORATE THOSE SPECIALTY AREAS, ISN'T IT GOING TO
12 FORCE DOWN YOUR PERCENTAGES?

13 DR. TROUNSON: WELL, I MEAN IT TAKES A LOT
14 MORE WORK, IF YOU'VE GOT A BIGGER TEAM, TO KEEP THEM
15 WELL ORGANIZED. IT'S LIKE A LARGE HERD OF WHATEVER.
16 IT DOES TAKE MORE EFFORT TO DO IT. AND SO I STILL
17 WOULDN'T UNDERESTIMATE THE NEED TO HAVE YOUR MIND
18 STRONGLY ON THE JOB OF DELIVERING. AND SO I THINK
19 IT IS AN ISSUE. I DON'T THINK WE OUGHT TO SORT OF
20 JUST TURN OUR BACK ON IT. IT IS BEING RAISED BY THE
21 REVIEWERS, I THINK RIGHTFULLY IN THIS PARTICULAR
22 CASE, BUT THEY DIDN'T DROP THE RECOMMENDATION INTO
23 THE THIRD TIER AT ALL. THEY KEPT IT RIGHT AT THE
24 TOP OF THE SECOND TIER. SO I THINK YOU OUGHT TO
25 FEEL COMFORTABLE IF YOU WANT TO RAISE IT, BUT ON THE

BARRISTERS' REPORTING SERVICE

1 OTHER HAND I THINK WE OUGHT TO RESPECTIVELY THINK
2 ABOUT HOW TO ENSURE THAT WE GET THE BEST OUT OF OUR
3 APPLICANTS.

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
5 WE'RE GOING TO -- WE'RE GOING TO, OF COURSE, GO
6 THROUGH THESE, COME BACK, GO TO EXECUTIVE SESSION,
7 TALK ABOUT PROPRIETARY INFORMATION, AND COME BACK
8 FOR MORE GENERAL DISCUSSION ON THE SAME GRANTS.

9 DUANE, CAN WE HOLD YOUR COMMENT TO THE
10 NEXT DISCUSSION ON THIS GRANT? THAT'S ACCEPTABLE.
11 THANK YOU VERY MUCH.

12 AND SO IF WE CAN GO TO THE SECOND GRANT,
13 DR. CSETE.

14 DR. CSETE: I THINK I CAN MAKE THIS HIGHLY
15 TECHNICAL GRANT --

16 CHAIRMAN KLEIN: YES. WE'LL COVER THE
17 CONFLICTS RIGHT AFTER HER PRESENTATION BEFORE THE
18 DISCUSSION.

19 DR. CSETE: -- PRETTY CLEAR. SO THIS IS A
20 GRANT THAT LAYS OUT THE CELL PARTS, BUT THE CELL
21 PARTS IN TERMS OF PROTEINS OF EMBRYONIC STEM CELLS.
22 AND I'M SURE ALL OF YOU ARE AWARE THAT THERE'S VERY,
23 VERY EASY, HIGH THROUGHPUT WAYS TO LIST ALL OF THE
24 GENES THAT ARE EXPRESSED AT THE RNA LEVEL IN CELLS,
25 BUT PROTEIN TECHNOLOGIES HAVE LAGGED FAR BEHIND IN

BARRISTERS' REPORTING SERVICE

1 TERMS OF THE SENSITIVITY. AND THAT'S ESPECIALLY AN
2 ISSUE.

3 DR. BRYANT: WHICH NUMBER?

4 DR. CSETE: 1144. THE PROTEIN
5 TECHNOLOGIES HAVE LAGGED FAR BEHIND BECAUSE YOU NEED
6 A FAIR AMOUNT OF MATERIAL, AND GETTING A FAIR AMOUNT
7 OF CELLS IN UNDIFFERENTIATED HUMAN EMBRYONIC STEM
8 CELLS IN PURE FORM IS NOT AN EASY FEAT. THE REASON
9 THAT THIS WAS CONSIDERED WELL BY THE REVIEWERS IS
10 THAT IT'S NOT ONLY A PART OF LISTING ALL THE
11 PROTEINS THAT ARE EXPRESSED IN THIS CELL, BUT IT'S
12 THE SPECIALIZED PROTEINS THAT ARE PHOSPHORYLATED.

13 SO IN MANY SIGNALING CASCADES IN THE CELL
14 THAT TELL THE CELL HOW TO BEHAVE, THE PROTEINS ARE
15 MODIFIED BY BEING PHOSPHORYLATED, AND THIS IS A
16 RELATIVELY NEW TECHNOLOGY TO QUANTIFY THE TOTAL
17 PROTEINS AND THE PHOSPHORYLATED STATES OF THE
18 PROTEIN.

19 AND PEOPLE WERE INCREDIBLY ENTHUSIASTIC
20 ABOUT THE TECHNOLOGY AND ABOUT THE PROTEOMICS
21 EXPERTISE OF THE APPLICANT. THEY HAD CONCERNS THAT
22 THERE WAS ENORMOUS TECHNOLOGICAL MERIT TO THE
23 PROPOSAL, BUT THAT THE BIOLOGY WAS NOT AS WELL
24 THOUGHT OUT. SO, FOR EXAMPLE, THE PURITY OF THE
25 CELLS IN THESE KINDS OF ASSAYS IS INCREDIBLY

BARRISTERS' REPORTING SERVICE

1 IMPORTANT BECAUSE YOU CAN HAVE ONE PROTEIN EXPRESSED
2 BY A FEW CELLS IN GREAT ABUNDANCE THAT WOULD GIVE
3 YOU A MISREAD ON THE AVERAGE CELL EXPRESSING VERY
4 LOW LEVELS OF PROTEINS.

5 SO PURITY OF THE END PRODUCT IS IMPORTANT,
6 AND THAT WAS NOT ADDRESSED BY THE APPLICANT, AS WELL
7 AS SOME VALIDATION EXPERIMENTS THAT THEY WERE
8 CONCERNED ABOUT. AND IN THE END, THEY WERE ALSO
9 CONCERNED AS BIOLOGISTS THAT THIS LIST WOULD BE MADE
10 AND THERE WOULD BE NO -- THERE WAS NO WAY THAT THE
11 APPLICANT EXPRESSED TO THEM HOW THEY' D GO AFTER THE
12 PRIORITY OF WHICH OF THESE PROTEINS WAS IMPORTANT.

13 SO THERE WAS GREAT ENTHUSIASM FOR THE
14 TECHNOLOGY AND FOR THE ABILITY OF THE TEAM TO GET US
15 THIS PARTS LIST, WHICH WE DON' T HAVE YET IN
16 UNDIFFERENTIATED STEM CELLS, BUT SOME CONCERN THAT
17 THE TECHNOLOGY AND BIOLOGY WERE NOT EQUALLY STRONG.

18 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ARE
19 THERE QUESTIONS AT THIS TIME? AGAIN, THIS IS GOING
20 TO COME BACK AGAIN, BUT ARE THERE QUESTIONS AT THIS
21 TIME ON THIS GRANT? OKAY. NOT SEEING ANY, THANK
22 YOU, DR. CSETE. CAN WE GO TO THE THIRD?

23 MR. SIMPSON: PUBLIC COMMENT ON THESE?

24 CHAIRMAN KLEIN: JOHN, IN FACT, LET' S DO
25 THIS. BECAUSE OF THE COMPLEXITY OF THESE, WHY DON' T

BARRISTERS' REPORTING SERVICE

1 YOU GIVE YOUR PUBLIC COMMENT AT THIS TIME.

2 MR. SIMPSON: THANK YOU VERY MUCH.

3 CHAIRMAN KLEIN: IT'S JUST A QUESTION OF
4 WHETHER WE'RE GOING TO HAVE ALL THREE AND THEN THE
5 COMMENTS, BUT GO AHEAD.

6 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER
7 WATCHDOG. MY ONLY POINT WAS THAT YOU ALREADY ARE
8 1.5 MILLION OVER BUDGET OR SOMETHING LIKE THAT, AND
9 YOU'RE TALKING GOING DOWN IN TO RAISE MORE UP. IT
10 WOULD SEEM TO ME IT WOULD BE MORE PRODUCTIVE FOR YOU
11 TO SET THE AMOUNT OF MONEY THAT YOU CAN HAND OUT
12 BEFORE YOU START TO EXAMINE EACH OF THESE. YOU
13 MIGHT SAVE YOURSELVES A LOT OF TIME IF YOU, IN FACT,
14 AGREE THAT YOU CAN'T GO ABOVE \$20 MILLION. YOU
15 SHOULD BE CUTTING.

16 CHAIRMAN KLEIN: THE VALUE, JOHN, IS THAT
17 THE BOARD MAY FIND THAT SOME OF THESE GRANTS ARE
18 MORE IMPORTANT TO THEM THAN SOME THAT ARE
19 RECOMMENDED. SO THEY NEED THE INFORMATION TO BE
20 ABLE TO MAKE AN INFORMED JUDGMENT.

21 COULD WE HAVE THE THIRD STAFF REPORT,
22 PLEASE.

23 DR. TALIB: THIS IS AN APPLICATION ON THE
24 DEVELOPMENT OF MONOCLONAL ANTIBODIES. AND THIS
25 PARTICULAR APPLICATION IS DEALING WITH THE PROTEOMIC

BARRISTERS' REPORTING SERVICE

1 APPROACH FOR DEVELOPING MONOCLONAL ANTIBODIES
2 AGAINST THE CELLS OF THIS. AND THE TWO TYPES OF THE
3 CELLS WHICH THEY'RE USING IS THE MESENCHYMAL STEM
4 CELL, WHICH IS AN ADULT STEM CELL, AS WELL AS HUMAN
5 EMBRYONIC STEM CELL.

6 NOW, THE REVIEWER AGREED THAT THIS
7 PROPOSAL ADDRESSES A SIGNIFICANT ROADBLOCK TO STEM
8 CELL RESEARCH. AND THEIR STRATEGY APPEARS TO BE
9 LITTLE BIT HIGH RISK BECAUSE THERE WAS SOME CONCERN
10 FROM THE REVIEW IN TERMS OF THE PRELIMINARY WORK
11 WHICH WAS PRESENTED IN THIS PARTICULAR APPLICATION.
12 SO IT SEEMS THAT IT WILL REQUIRE SOME MORE WORK,
13 SIGNIFICANT MORE WORK TO ACCOMPLISH THE PROJECT.

14 BUT IN TERMS OF ITS SIGNIFICANCE, IT WAS
15 CONSIDERED IT'S IMPORTANT BECAUSE MONOCLONAL
16 ANTIBODIES AGAINST THESE TWO TYPES OF CELL TYPES,
17 THAT IS MESENCHYMAL STEM CELL AS WELL AS HUMAN
18 EMBRYONIC STEM CELLS, ARE VERY FEW. SO HAVING A
19 TOOL BOX WITH MORE MONOCLONAL ANTIBODIES WOULD BE A
20 SIGNIFICANT ADVANCEMENT AND WOULD REMOVE A ROADBLOCK
21 FROM THIS FIELD.

22 NOW, IN TERMS OF THE WEAKNESS, AGAIN, AS I
23 POINTED OUT, THAT PRELIMINARY DATA WAS NOT VERY
24 STRONG. AND IT SEEMS TO SUGGEST THAT SUBSTANTIAL
25 FURTHER OPTIMIZATION OF THE PROTOCOL WILL BE

BARRISTERS' REPORTING SERVICE

1 REQUIRED. SO THAT WAS THE ONLY COMMENT OR NEGATIVE
2 COMMENT ABOUT THIS APPLICATION.

3 WHAT WAS APPRECIATED WAS THAT IT SEEMS
4 LIKE THE PI HAS A VERY STRONG BACKGROUND IN STEM
5 CELL BIOLOGY AND BIOMARKERS, AND CO-INVESTIGATORS
6 ALSO HAD COMPLEMENTARY TECHNOLOGIES AND EXPERTISE IN
7 PROTEOMICS, SO THIS CAN BE ACCOMPLISHED. THEY ALSO
8 APPRECIATED THAT -- THE REVIEWER ALSO APPRECIATED
9 THAT THE PI IS COMMITTING AN EFFORT TO THIS PROJECT,
10 ABOUT 30 PERCENT OF THEIR TIME, PI IS COMMITTING
11 THIS PROJECT WHICH THE REVIEWERS WERE APPRECIATIVE
12 OF.

13 SO OVERALL REVIEWERS FELT THAT THIS IS A
14 STRONG PROPOSAL WITH AN EXCELLENT TEAM THAT COULD
15 HAVE A BROAD IMPACT ON THE STEM CELL RESEARCH. ONLY
16 NEGATIVE PART WAS THAT THIS SEEMS TO BE A LITTLE BIT
17 HIGH RISK BECAUSE OF THE WORK WHICH WILL BE REQUIRED
18 TO ACCOMPLISH SUCCESSFULLY THIS PARTICULAR PROJECT.

19 CHAIRMAN KLEIN: COULD YOU REPEAT THAT
20 LAST POINT, PLEASE? WHAT IS THE CONCERN?

21 DR. TALIB: THE CONCERN WAS THAT MORE WORK
22 WOULD BE REQUIRED, SIGNIFICANTLY MORE WORK WOULD BE
23 REQUIRED TO ACCOMPLISH IT BECAUSE THE PRELIMINARY
24 WORK WHICH WAS SUBMITTED SHOWS THAT THERE IS MORE
25 WORK, THERE IS MORE TECHNOLOGY DEVELOPMENT TO BE

BARRISTERS' REPORTING SERVICE

1 REQUIRED, WHETHER THAT CAN BE ACCOMPLISHED BETWEEN
2 THE TWO-YEAR TIME PERIOD. SO THAT WAS THE ONLY
3 CONCERN.

4 CHAIRMAN KLEIN: IT WAS OVERLY AMBITIOUS
5 FOR THE TWO-YEAR PERIOD.

6 DR. TALIB: EXACTLY. THAT APPEARS TO BE
7 BECAUSE IT WILL REQUIRE LITTLE BIT MORE DEVELOPMENT
8 WORK TO ACCOMPLISH THIS PROJECT, BUT CLEARLY THERE'S
9 A NEED FOR THESE MONOCLONAL ANTIBODIES SPECIFICALLY
10 FOR MESENCHYMAL STEM CELL FOR WHICH OTHER
11 APPLICATIONS WHICH WE JUST REVIEWED ARE NOT
12 PROPOSING TO DEVELOP MONOCLONAL ANTIBODIES FOR.

13 CHAIRMAN KLEIN: THANK YOU. SO WHAT ARE
14 THE CONFLICTS ON THIS, PLEASE?

15 MR. HARRISON: CONFLICTS OF INTEREST ON
16 APPLICATION 1049 ARE MEMBERS BLOOM, GILL, LANSING,
17 AND WITMER.

18 CHAIRMAN KLEIN: THANK YOU. JEFF SHEEHY,
19 YOU HAVE A COMMENT.

20 MR. SHEEHY: YEAH. I REMEMBER THIS
21 CRITICISM. AND I'M JUST GOING TO GO TO THE THING.
22 THIS IS A KNOWN CALIFORNIA-BASED REAGENT PROVIDER.
23 SO, YOU KNOW, THIS IS A HIGH RISK ENTERPRISE, BUT IT
24 WILL PRODUCE ROYALTIES IF IT'S DONE. AND I THINK IF
25 IT TURNS OUT TO BE FEASIBLE, GIVEN THAT AT THE END

BARRISTERS' REPORTING SERVICE

1 OF THE DAY, THIS IS CLEARLY A FOR-PROFIT IF YOU LOOK
2 AND READ YOUR STATEMENT OF BENEFIT. IF THEY THINK
3 THEY'RE GOING TO GET A PRODUCT OUT OF THIS, THEY'RE
4 GOING TO GO AHEAD AND DO THIS.

5 SO THIS IS A HIGH RISK -- THIS IS A VERY
6 RISKY ENTERPRISE; BUT IF WE FUND THIS, THOSE KINDS
7 OF QUESTION ABOUT BEING ABLE TO DO THIS IN THE
8 TIMEFRAME OR THE FEASIBILITY KIND OF, TO MY MIND,
9 DROP OFF BECAUSE YOU ARE GOING TO HAVE A PRODUCT
10 THAT CLEARLY EVERYBODY'S DYING TO GET THEIR HANDS
11 ON.

12 THERE'S AN ENORMOUS NEED FOR THIS. IT'S
13 ALMOST LIKE WE'RE PERFORMING -- WE'RE GIVING SEED
14 MONEY IN A WAY. TO MY MIND, AS I LOOK AT THIS,
15 MAYBE THIS IS A WAY IN WHICH I MIGHT LOOK AT A
16 COMMERCIAL -- IT'S VERY HARD WHEN YOU'RE READING
17 THROUGH THIS SOMETIMES TO DETERMINE WHICH IS
18 COMMERCIAL, BUT THEY VERY CLEARLY STATE IN THE
19 PUBLIC BENEFIT OF THIS COMMERCIAL ENTERPRISE. I
20 THINK THEY GET DOWN THE ROAD, THEY SEE SOMETHING
21 HAPPENING, IF THEY HAVE TO PUT IN THE REST OF IT,
22 THEY'RE GOING TO DO THAT BECAUSE THEY'RE GOING TO
23 HAVE SOMETHING THEY CAN TURN AROUND AND SELL, WHICH,
24 BY THE WAY, WOULD PROVIDE ROYALTIES TO THE STATE OF
25 CALIFORNIA, WHICH WOULDN'T HURT AT A TIME WHEN WE'RE

BARRISTERS' REPORTING SERVICE

1 IN A BUDGET CRISIS. BUT HEAVEN FORBID WE START
2 PRODUCING ROYALTIES. SO I REALLY LIKED THIS A LOT.

3 CHAIRMAN KLEIN: OKAY. THANK YOU.

4 ADDITIONAL COMMENTS ON THIS GRANT? SEEING NO
5 ADDITIONAL COMMENTS AT THIS TIME FROM THE BOARD, ARE
6 THERE ADDITIONAL PUBLIC COMMENTS AT THIS TIME?

7 MR. BASHAM: MY NAME IS DARYL BASHAM. I'M
8 WITH DNA-MICROARRAY. I'M VICE PRESIDENT THERE. IS
9 IT OKAY TO TALK ABOUT THE PETITIONS NOW?

10 CHAIRMAN KLEIN: NO. THE PETITIONS ARE
11 SEPARATELY AGENDIZED SO THAT RIGHT NOW WE'RE
12 ADDRESSING THESE PARTICULAR APPLICATIONS. WE'RE NOT
13 IN THAT PHASE YET.

14 MR. BASHAM: I'LL COME BACK THEN.

15 CHAIRMAN KLEIN: THANK YOU. AT THIS TIME
16 WE ARE, I THINK, IN A POSITION THAT WE NEED TO
17 ADJOURN TO OUR EXECUTIVE SESSION. AND, MR.
18 HARRISON, COULD YOU READ THE PROPER CODE SECTIONS TO
19 PREFACE THIS EXECUTIVE SESSION FOR REVIEW OF
20 PROPRIETARY INFORMATION RELATED TO THIS GRANT CYCLE?

21 MR. HARRISON: YES. THE BOARD WILL BE
22 CONVENING A CLOSED SESSION FOR A DISCUSSION OF
23 CONFIDENTIAL INTELLECTUAL PROPERTY OR WORK PRODUCT
24 OR PREPUBLICATION CONFIDENTIAL SCIENTIFIC RESEARCH
25 OR DATA RELATING TO THE TOOLS AND TECHNOLOGIES

BARRISTERS' REPORTING SERVICE

1 APPLICATION AND THE NEW CELL LINES APPLICATION
2 PURSUANT TO HEALTH AND SAFETY CODE SECTION
3 125290.30(D)(3)(B) AND (C).

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH, MR.
5 HARRISON. AND, MELISSA KING, WOULD YOU INDICATE TO
6 THE BOARD WHERE WE ARE ADJOURNING BECAUSE WE'RE
7 GOING TO DO DINNER CONCURRENT WITH THIS PROPRIETARY
8 MATERIAL REVIEW? WHERE WILL THAT BE?

9 MS. KING: IT'S DOWN THE HALL IN THE SAN
10 CLEMENTE ROOM, SO IF YOU COULD ACTUALLY FOLLOW ME
11 THERE. IT'S ON THIS FLOOR ALL THE WAY AT THE OTHER
12 END, BUT I'LL TAKE YOU THERE. I THINK, BOARD
13 MEMBERS, YOU NEED TO TAKE YOUR BINDERS WITH YOU,
14 PLEASE.

15 CHAIRMAN KLEIN: SO WE WILL ATTEMPT TO BE
16 BACK HERE BY 8 O'CLOCK, HOPEFULLY A FEW MINUTES
17 BEFORE THAT, BUT APPROXIMATELY 8 O'CLOCK. THANK YOU
18 VERY MUCH.

19 (A RECESS AND CLOSED SESSION WERE
20 THEN HAD.)

21 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD
22 RECONVENE, PLEASE. GREATLY APPRECIATE THE PATIENCE
23 OF THE AUDIENCE. BEFORE ADDRESSING THE ISSUE OF
24 FUNDING ON INDIVIDUAL GRANTS, WE HAVE SOME
25 EXTRAORDINARY PETITIONS THAT WE NEED TO DEAL WITH.

BARRISTERS' REPORTING SERVICE

1 IN TERMS OF EXTRAORDINARY PETITIONS, WE
2 HAVE TWO CATEGORIES OF EXTRAORDINARY PETITIONS. ONE
3 CATEGORY OF EXTRAORDINARY PETITIONS ARE THOSE THAT
4 WERE FILED ACCORDING TO THE PROCESS THAT THIS BOARD
5 SET OUT. JAMES HARRISON, COULD YOU OUTLINE THAT
6 PROCESS FOR THE AUDIENCE AND THE BOARD, PLEASE?

7 MR. HARRISON: SURE. AS YOU WILL RECALL,
8 AT THE LAST MEETING THE BOARD ADOPTED A POLICY
9 GOVERNING EXTRAORDINARY PETITIONS AND REQUIRED THAT
10 THE PETITIONS BE SUBMITTED AT LEAST FIVE WORKING
11 DAYS PRIOR TO THE ICOC MEETING IF THEY WERE TO HAVE
12 THE BENEFIT OF STAFF REVIEW AND ANALYSIS. THOSE
13 SUBMITTED LESS THAN FIVE WORKING DAYS PRIOR TO THE
14 MEETING, BECAUSE OF THE TIMING, SIMPLY YOU WILL NOT
15 HAVE THE BENEFIT OF STAFF ANALYSIS AND REVIEW.

16 AND WE HAVE POSTED THE PETITIONS THAT CAME
17 IN AT LEAST FIVE DAYS BEFORE ON THE WEBSITE AND ALSO
18 MADE THEM AVAILABLE TO THE PUBLIC. AND I WOULD
19 REMIND THE BOARD THAT UNDER THE POLICY, YOU DON'T
20 HAVE TO TAKE ANY ACTION ON THE PETITIONS. IF A
21 MEMBER WOULD LIKE TO DISCUSS A PETITION OR REQUEST
22 INFORMATION FROM STAFF FOR ITS ANALYSIS, YOU ARE, OF
23 COURSE, FREE TO DO SO.

24 CHAIRMAN KLEIN: ALL RIGHT. AND SO FOR
25 THE AUDIENCE, EXTRAORDINARY PETITION REFERS TO A

BARRISTERS' REPORTING SERVICE

1 PROCESS WHEREBY IF AN APPLICANT DISAGREES WITH THE
2 RECOMMENDATION OF THE PUBLIC SUMMARY, THAT THEY CAN
3 MAKE A PETITION TO THIS GROUP, TO THIS ORGANIZATION.
4 AS STATED BY MR. HARRISON, THE FIVE DAYS IS TO
5 PERMIT US TIME TO HAVE THE STAFF TO PRESENT AN
6 INFORMED SCIENTIFIC OPINION ON THE EXTRAORDINARY
7 PETITION.

8 WITH THAT SAID, THERE IS A SECOND GROUP OF
9 EXTRAORDINARY PETITIONS. THAT IS, MY UNDERSTANDING
10 IS THAT THERE ARE SOME PETITIONS THAT WERE DE NOVO
11 SUBMITTED THIS EVENING THAT WE DO NOT HAVE YET
12 BECAUSE THEY'VE JUST BEEN SUBMITTED THIS EVENING.
13 AND DR. GIL SAMBRANO, COULD YOU PLEASE ADVISE US ON
14 WHICH APPLICATIONS THOSE ADDRESS SO THAT THE BOARD
15 MEMBERS CAN DECIDE WHETHER THEY THEMSELVES WOULD
16 LIKE TO ADDRESS THIS.

17 AND AFTER WE FIND OUT WHICH BOARD MEMBERS
18 WANT TO ADDRESS EITHER CLASS OF EXTRAORDINARY
19 PETITIONS, WE WILL THEN GO TO PUBLIC COMMENT ON
20 THOSE EXTRAORDINARY PETITIONS. DR. SAMBRANO.

21 DR. SAMBRANO: SO IN ADDITION TO THE THREE
22 THAT WERE NOTED BEFORE, THOSE ARE 1084, 1067, 1137,
23 WE HAD THREE ADDITIONAL COMMUNICATIONS TO THE BOARD
24 THAT DID NOT COME IN WITHIN FIVE WORKING DAYS.
25 THOSE INCLUDE APPLICATIONS 1101, 1064, AND 1039.

BARRISTERS' REPORTING SERVICE

1 1039, SPECIFICALLY IN THE PROCESS OF
2 OBTAINING THAT COMMUNICATION, WE LEARNED THAT THE
3 APPLICANT WAS ACTUALLY NOT ELIGIBLE TO APPLY AS A
4 PI. WE COMMUNICATED WITH THE AUTHORIZED
5 ORGANIZATIONAL OFFICIAL WHO CONFIRMED THIS. SO
6 APPLICATION 1039, WE LEARNED, IS BY A PI THAT'S NOT
7 ELIGIBLE. THIS IS SOMETHING THAT WE WOULD HAVE
8 CHECKED INTO REGARDLESS DURING ADMINISTRATIVE
9 REVIEW, BUT WE ENDED UP LEARNING ABOUT IT MUCH
10 EARLIER.

11 CHAIRMAN KLEIN: FINE. THANK YOU. GIVEN
12 THAT THE INDIVIDUAL IS NOT ELIGIBLE ON 1039, THE
13 CHAIR WILL TAKE THE POSITION, UNLESS THE BOARD WOULD
14 LIKE TO TAKE A DIFFERENT POSITION, THAT WE WILL NOT
15 ADDRESS THAT APPLICATION GIVEN OUR TIME. WE NEED TO
16 FOCUS ON ONES WE CAN ACTUALLY FUND UNDER OUR RULES.

17 SO WITH THAT SAID, WOULD THE BOARD LIKE TO
18 ADDRESS ANY OF THE EXTRAORDINARY PETITIONS STARTING
19 FIRST WITH THOSE THAT WERE SUBMITTED WITHIN THE
20 APPROPRIATE TIMEFRAMES? I DON'T SEE ANY COMMENT
21 FROM THE BOARD. ARE THERE REPRESENTATIVES PRESENT
22 RELATED TO THOSE EXTRAORDINARY PETITIONS WHO WOULD
23 LIKE THEIR NORMAL THREE-MINUTE PUBLIC PRESENTATION
24 IN ADDITION TO THE FACT THEY'VE ALREADY SUBMITTED
25 EXTENSIVE WRITTEN COMMENTS? YES. OKAY. WE HAVE

BARRISTERS' REPORTING SERVICE

1 TWO INDIVIDUALS WHO WOULD LIKE TO ADDRESS THE BOARD.
2 AND PLEASE, WHEN YOU BEGIN, GIVE US A MOMENT AFTER
3 STATING THE APPLICATION NUMBER SO THE BOARD MEMBERS
4 CAN LOOK AT THAT APPLICATION NUMBER.

5 MR. BASHAM: AGAIN, MY NAME IS DARYL
6 BASHAM, VICE PRESIDENT OF DNA-MICROARRAY. THE
7 APPLICATION NO. IS RT1-01067.

8 CHAIRMAN KLEIN: IF YOU WILL WAIT JUST A
9 MOMENT SO THAT THE MEMBERS CAN IDENTIFY THAT
10 APPLICATION. GIVE US ANOTHER MOMENT, PLEASE.
11 01067.

12 MR. BASHAM: THAT'S CORRECT. ALL RIGHT.

13 CHAIRMAN KLEIN: ALL RIGHT. COMMENCE YOUR
14 REMARKS.

15 MR. BASHAM: BASICALLY WE -- OUR BIGGEST
16 CONCERN AT THIS POINT IS THE PROCESS. AS WE LOOKED
17 AT THE THINGS AVAILABLE TO US AFTER WE RECEIVED OUR
18 REVIEW, ONE OF THE THINGS WAS FOR CONFLICT OF
19 INTEREST ON AN APPEAL. THE PROBLEM WE SEE IS THAT
20 WE CAN'T MAKE AN APPEAL IF WE DON'T KNOW WHO, IN
21 FACT, WOULD READ OUR PROPOSAL.

22 WHEN WE HAD ASKED FOR INFORMATION ABOUT
23 WHO MIGHT BE ON THE ROSTER OF 15, I BELIEVE, THAT
24 REVIEWED THE PROPOSAL, WE WEREN'T GIVEN ANY
25 INFORMATION BACK. WHILE WE CAN DETERMINE WHO WASN'T

BARRISTERS' REPORTING SERVICE

1 ON IT, I MEAN THERE ARE TWO NAMES THAT ARE AT THE
2 BOTTOM THAT DESCRIBE A SELF-IMPOSED KIND OF WAY TO
3 RECUSE THEMSELVES FROM THAT PARTICULAR GROUP, AGAIN,
4 WE HAVE NO WAY OF DETERMINING IF ANY OF THE
5 REMAINING PEOPLE ON THE PROPOSAL -- WHO REVIEWED THE
6 PROPOSAL WERE ACTUALLY IN CONFLICT WITH US.

7 AND SO WE WOULD ASK THAT EITHER THAT RULE
8 BE CLARIFIED AND WE BE GIVEN THAT INFORMATION OR,
9 AGAIN, FIND SOME WAY FOR US TO GO AHEAD AND
10 APPEAL -- FOLLOW THROUGH ON AN APPEAL.

11 CHAIRMAN KLEIN: THANK YOU. WOULD THE
12 STAFF LIKE TO RESPOND TO THAT POINT? DR. OLSON.

13 DR. OLSON: I WAS JUST GOING TO INDICATE
14 THAT WE HAD NO REQUEST FOR THE ROSTER OF THE MEMBERS
15 OF THE GRANTS WORKING GROUP WHO PARTICIPATED IN THAT
16 REVIEW. WE DO MAKE THAT INFORMATION AVAILABLE UPON
17 REQUEST.

18 CHAIRMAN KLEIN: SO DR. OLSON'S STATEMENT
19 IS THAT UPON REQUEST THAT INFORMATION IS MADE
20 AVAILABLE, I GUESS, CONFIDENTIALLY TO THE APPLICANT,
21 BUT THEY DON'T HAVE A --

22 DR. SAMBRANO: THE ROSTER IS PUBLIC
23 INFORMATION. SO THAT IS SOMETHING -- USUALLY WE
24 HAVE A PUBLIC MEETING, AND SO WE ACTUALLY GO THROUGH
25 A ROLL CALL EVEN OF THE PARTICIPATING MEMBERS. SO

BARRISTERS' REPORTING SERVICE

1 IT'S AVAILABLE THROUGH THE TRANSCRIPT. AND
2 BASICALLY IF ANYBODY CALLS ME AND ASKS FOR THE
3 ROSTER, IT'S AVAILABLE.

4 CHAIRMAN KLEIN: RIGHT. IT IS PUBLISHED,
5 AND IT'S A PUBLIC MEETING PRIOR TO THE PEER REVIEW,
6 CLEAR WHO'S GOING TO PARTICIPATE. BUT WHAT I HAD
7 UNDERSTOOD IS THERE WAS NO SPECIFIC REQUEST TO SEND
8 ANYONE THE ROSTER.

9 DR. SAMBRANO: THAT'S RIGHT.

10 MR. BASHAM: SO WHO DO WE CONTACT?

11 CHAIRMAN KLEIN: SO THAT INFORMATION IS
12 PUBLICLY AVAILABLE.

13 MR. BASHAM: WE'LL MAKE THE REQUEST.
14 THANK YOU.

15 CHAIRMAN KLEIN: THANK YOU.

16 MR. ROTH: BOB, I THINK IT MIGHT BE
17 IMPORTANT TO ADDRESS THE TIMING OF WHEN IT'S
18 AVAILABLE.

19 CHAIRMAN KLEIN: YES. SO, DR. SAMBRANO,
20 YOU WANT TO ADDRESS THAT ISSUE? OBVIOUSLY THOSE
21 ATTENDING THE PUBLIC SESSION BEFORE A PEER REVIEW,
22 IT'S CLEAR WHO'S IN THE PEER REVIEW. BUT FOR THOSE
23 NOT ATTENDING, THE QUESTION OF DUANE ROTH IS IN
24 TERMS OF TIMING, IF THEY MAKE A REQUEST IN A TIMELY
25 MANNER FOR THAT ROSTER, CAN THEY GET THAT ROSTER IN

BARRISTERS' REPORTING SERVICE

1 A TIMELY MANNER?

2 DR. SAMBRANO: YES.

3 MR. BASHAM: ONE MORE QUESTION. IS IT A
4 ROSTER OF EVERY SINGLE MEMBER OR JUST THE MEMBERS
5 THAT REVIEWED OUR PROPOSAL?

6 DR. SAMBRANO: NO. THE NAMES OF
7 INDIVIDUALS WHO REVIEWED A SPECIFIC PROPOSAL ARE NOT
8 REVEALED. IT IS THE ROSTER OF THE GRANTS WORKING
9 GROUP MEMBERS WHO PARTICIPATED IN THAT REVIEW. SO
10 IT WOULD BE THE 15 SCIENTIFIC MEMBERS PLUS THE SEVEN
11 PATIENT ADVOCATE MEMBERS.

12 CHAIRMAN KLEIN: BUT UNLESS THERE IS
13 SOMEONE WHO IS CONFLICTED OUT OF THAT REVIEW, ALL OF
14 THOSE MEMBERS WILL PARTICIPATE IN AND ALL VOTE IN
15 THE REVIEW. SO YOU NEED TO KNOW THE ENTIRE ROSTER.

16 MR. BASHAM: THANK YOU.

17 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
18 COULD WE HAVE THE NEXT COMMENT, PLEASE?

19 MR. ADAMS: WILLIAM ADAMS. I'M CO-FOUNDER
20 AND CFO OF THE INTERNATIONAL STEM CELL CORPORATION.
21 I WANT TO THANK YOU FOR THIS OPPORTUNITY.

22 CHAIRMAN KLEIN: BEFORE YOU START THE
23 PRESENTATION, IF YOU COULD IDENTIFY THE NUMBER AND
24 GIVE US A MOMENT, PLEASE.

25 MR. ADAMS: RT1-01137-1. 1137-1.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: OH, THANK YOU.

2 MR. ADAMS: THE REVIEWERS COMMENTED THAT
3 IN THEIR BELIEF THAT THE OBJECTIVE -- WELL, TO START
4 WITH, WHAT WE HAVE DEVELOPED AT INTERNATIONAL STEM
5 CELL IS BASICALLY A FULL CORNEA FROM OUR STEM CELL
6 LINES. AND THE USE FOR THAT IN TOXICITY TESTING IS
7 ENORMOUS.

8 THE REVIEWERS SAID THAT WE'RE VERY
9 UNLIKELY TO SUCCEED AS REALIZED; HOWEVER, MAYBE WE
10 WEREN'T CLEAR IN SAYING TO THEM THAT WE'VE NOT ONLY
11 DEVELOPED A FULL CORNEA, WE'VE DONE IT MANY TIMES
12 OVER. WE KNOW HOW TO SCALE UP. WE ACTUALLY HAVE A
13 COLLABORATION RIGHT NOW WITH A COMPANY THAT WILL
14 HELP US IN TAKING THIS PRODUCT TO REPLACE THE DRAIZE
15 TEST. THE DRAIZE TEST, FOR YOU THAT ARE NOT
16 FAMILIAR, IS THE ONE WHERE WE BASICALLY BLIND
17 THOUSANDS OF RABBITS EVERY YEAR IN TESTING
18 COSMETICS, PESTICIDES, AND DRUGS IN THE EYE.

19 WE HAVE THE MEANS AND CAPACITY TO PRODUCE
20 THIS CORNEAL TISSUE WHICH WE'VE DONE. WE ACTUALLY
21 WILL HAVE OUR GMP FACILITIES FINISHED JANUARY 1.
22 AND THE OTHER KIND OF NEAT THING ABOUT THIS
23 PARTICULAR PROJECT IS THAT YOU NEED, WE NEED, NO FDA
24 APPROVAL BECAUSE WE'RE NOT GOING INTO HUMANS. WE'RE
25 STRICTLY REPLACING THE TEST.

BARRISTERS' REPORTING SERVICE

1 IF CIRM REMAINS FOCUSED ON SUPPORTING
2 PROGRAMS THAT NOT ONLY ADVANCE BASIC SCIENCE, BUT
3 TECHNOLOGY, I SUBMIT THAT THIS PROJECT, AGAIN, WILL
4 NOT REQUIRE FDA APPROVAL, AND GETTING TO MARKET
5 WOULD BE VERY, VERY QUICK. AND HOPEFULLY GETTING A
6 REPAYMENT FOR ME AND YOU WOULD BE EVEN FASTER.

7 WE HAVE A FUNDAMENTAL PROBLEM IN MY VIEW
8 BETWEEN DEALING WITH ACADEMIC APPLICATIONS AND
9 INDUSTRY APPLICATIONS. FIRST OF ALL, THE CHOICE OF
10 PI AT THIS TIME FOR INDUSTRY HAS TO BE A FULL-TIME
11 EMPLOYEE OF OUR COMPANY. WE HAVE PH. D. 'S ON OUR
12 STAFF, AND THEIR ENTIRE EMPHASIS IN THEIR CAREER IS
13 SCALE-UP, FDA, GET TO THE CLINIC, PRODUCE A PRODUCT.
14 I MADE A NOTE TO MYSELF THAT IN ACADEMIA, IT'S
15 PUBLISH OR PERISH. IN INDUSTRY IT'S PUBLISH AND
16 PERISH BECAUSE IF WE DON'T GET OUR IP FILED FIRST,
17 WE GET THE CART AND THE HORSE BACKWARDS, AND YOU'RE
18 IP GOES OUT THE WINDOW.

19 DR. ROGER STEINERT IS PROBABLY THE
20 PREEMINENT CORNEAL EXPERT IN THE UNITED STATES, ONE
21 OF THEM CERTAINLY. HE HAPPENS TO BE RIGHT HERE AT
22 UCI. HE IS MENTIONED IN OUR GRANT APPLICATION. I
23 TALKED TO DR. STEINERT THIS MORNING, AND I ASKED HIM
24 IF HE WOULD HAVE BEEN ABLE, WILLING, AND READY TO BE
25 A CO-PI ON THIS PROJECT. AND HE SAID ABSOLUTELY.

BARRISTERS' REPORTING SERVICE

1 I THINK THIS PROJECT IS VERY IMPORTANT, NOT JUST
2 FROM THE STANDPOINT OF THE TOX TESTING SIDE, BUT IN
3 TERMS OF DEVELOPING ALL THE LAYERS OF A CORNEA FOR
4 PARTIAL AND FULL CORNEAL TRANSPLANT, WHICH IS A
5 MAJOR PROBLEM WORLDWIDE AND A PROBLEM HERE,
6 ESPECIALLY WHEN YOU DEAL WITH WHAT WE BRING TO THE
7 TABLE WITH OUR PARTHENOGENESIS HOMOZYGOUS LINES THAT
8 COULD ELIMINATE OR CERTAINLY REDUCE IMMUNE REJECTION
9 PROBLEMS.

10 I WOULD THEN ASK THAT THE COMMITTEE TAKE A
11 LOOK AT THIS. I THINK IT'S COMMERCIALY VIABLE
12 ALMOST IMMEDIATELY. THERE WAS A COMMENT THAT TWO
13 YEARS WAS WAY TOO SHORT, BUT I DON'T THINK THAT THE
14 REVIEWERS REALIZED OR READ IN-DEPTH THAT WE ALREADY
15 HAVE DEVELOPED THESE CORNEAS. AND NOW IT'S JUST THE
16 MONEY NEEDED TO SCALE UP AND MOVE AHEAD AND GIVE
17 CIRM WHAT I THINK WOULD BE A REAL EARLY ENTREE INTO
18 THE MARKET AND SOME GOOD PR FOR YOU, AND OBVIOUSLY
19 WE WANT TO DO BUSINESS. THANK YOU.

20 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
21 I THINK THERE'S TWO PARTS TO WHAT YOU'VE STATED
22 HERE. ONE PART IS AN ISSUE OF THE REVIEW OF THE
23 TECHNOLOGY YOU'RE PROVIDING. THE SECOND PART IS THE
24 REQUEST FOR A POLICY THAT WOULD PERMIT CO-PI'S
25 BECAUSE IT WOULD STRENGTHEN INDUSTRY APPLICATIONS TO

BARRISTERS' REPORTING SERVICE

1 MARRY THE BEST OF THE ACADEMIC RESEARCH INSTITUTIONS
2 WITH THE FOR-PROFIT; IS THAT CORRECT?

3 MR. ADAMS: THAT'S CORRECT.

4 CHAIRMAN KLEIN: SO I'D LIKE TO TAKE THE
5 SECOND PART OF THE QUESTION FIRST BECAUSE WE HAVE
6 BEEN LISTENING. AND WITH THE GRANTS LATER TODAY
7 WE'RE GOING TO DISCUSS THE CO-PI'S. AND PERHAPS FOR
8 CONTINUITY, DR. CSETE OR DR. OLSON OR DR. TROUNSON,
9 COULD YOU JUST GIVE US A PRECIS OF THAT POLICY AND
10 TELL US UNDER WHICH ITEM THAT'S GOING TO BE
11 DISCUSSED TONIGHT SO THAT IT'S UNDERSTOOD THAT, IN
12 FACT, WE'RE GOING TO ADOPT A CO-PI POLICY HERE TO
13 TRY AND BE RESPONSIVE TO THIS POINT AND TO BRING
14 STRONGER TEAMS TOGETHER.

15 DR. CSETE, WE'RE NOT GOING TO GO THROUGH A
16 FULL DISCUSSION. WE'RE GOING TO POINT THEM TO THE
17 ITEM ON THE AGENDA WHERE WE'RE GOING TO DISCUSS THE
18 FACT THAT WE'RE INTRODUCING IN A NEW RFA A CO-PI
19 POLICY.

20 DR. CSETE: IN THE CONCEPT PROPOSALS.

21 CHAIRMAN KLEIN: YOU WANT TO INDICATE
22 WHICH ITEM THAT IS?

23 DR. CSETE: DISEASE TEAMS.

24 CHAIRMAN KLEIN: THANK YOU. SO IN THE
25 DISEASE TEAM CONCEPT PROPOSALS, YOU ARE GOING TO

BARRISTERS' REPORTING SERVICE

1 HAVE A FULL CO-PI DISCUSSION TOMORROW ACTUALLY, BUT
2 I WANT TO MAKE SURE THAT IT'S UNDERSTOOD THAT THAT
3 IS SUBSTANTIVELY BEING IMPLEMENTED IMMEDIATELY IN
4 THE PROPOSAL COMING TO THIS BOARD FOR APPROVAL.

5 WOULD ANYONE LIKE TO -- ANY MEMBER LIKE TO
6 ADDRESS OR RAISE A SCIENTIFIC DISCUSSION?

7 DR. PULIAFITO: I APPRECIATE THE
8 SIGNIFICANCE OF THE WORK. I THINK IT'S AN IMPORTANT
9 PROJECT. I THINK THE SCIENTIFIC REVIEWERS BROUGHT
10 UP SOME IMPORTANT CRITICISMS THAT YOU SHOULD
11 CONSIDER WHEN YOU RESUBMIT. AND I THINK THAT IF IT
12 WOULD BE POSSIBLE TO HAVE A CO-INVESTIGATOR, THAT
13 MIGHT HELP.

14 CHAIRMAN KLEIN: DEAN PULIAFITO FOR THE
15 RECORD. OKAY.

16 ANY ADDITIONAL COMMENTS FROM THE BOARD?
17 THAT'S CATEGORY ONE OF THE EXTRAORDINARY PETITIONS.

18 CATEGORY TWO OF EXTRAORDINARY PETITIONS
19 DEALS WITH THOSE THAT WERE JUST SUBMITTED. ARE
20 THERE ANY PUBLIC COMMENTS RELATED TO THOSE THAT WERE
21 JUST SUBMITTED? I DON'T SEE ANY PUBLIC COMMENTS
22 RELATED TO THOSE THAT WERE JUST SUBMITTED. IS THERE
23 ANY BOARD MEMBER WHO WOULD LIKE TO HAVE ADDITIONAL
24 INFORMATION ON ANY OF THOSE APPLICATIONS THAT RELATE
25 TO EXTRAORDINARY PETITIONS THAT WERE JUST SUBMITTED?

BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: I'D JUST LIKE TO ASK IF ANY
2 OF THOSE CLAIMED A VERIFIABLE CONFLICT OF INTEREST
3 AS DESCRIBED IN THE GRANTS POLICY?

4 DR. SAMBRANO: NO. THERE IS A FORMAL
5 APPEALS PROCESS FOR DECLARING A POTENTIAL CONFLICT
6 OF INTEREST. AND SO NONE OF THESE WOULD REPRESENT
7 ANY OF THAT.

8 CHAIRMAN KLEIN: OKAY. DUANE ROTH.

9 MR. ROTH: I DON'T HAVE A SPECIFIC
10 QUESTION ON IT. BUT I DO WANT TO MAKE JUST A
11 GENERAL COMMENT THAT I THINK THIS PROCESS IS ONE
12 THAT IS VERY HEALTHY AND ONE THAT WE SHOULD
13 ENCOURAGE PEOPLE TO DO. AND I WOULD HATE FOR THEM
14 TO THINK BECAUSE WE DIDN'T JUMP ON THIS AND ASK
15 QUESTIONS THAT WE DON'T CARE, THAT WE WANT TO
16 CONSTANTLY MAKE OUR REVIEW PROCESS BETTER.

17 SO THE SUGGESTIONS ARE ALWAYS HELPFUL, I
18 THINK, FOR THE BOARD MEMBERS AND STAFF. WE HAVE ONE
19 GOAL, AND THAT'S TO MAKE SURE WE DO THE BEST JOB WE
20 CAN IN FINDING THE BEST APPLICATIONS AND FUNDING
21 THEM. AND IF THERE ARE WAYS TO MAKE THE PROCESS
22 BETTER, MORE TRANSPARENT, THEN WE WILL AND SHOULD
23 PURSUE THIS.

24 DR. PENHOET: I JUST WANTED TO MAKE A
25 POINT ABOUT LANGUAGE IN THIS CONTEXT. CONFLICT OF

BARRISTERS' REPORTING SERVICE

1 INTEREST HAS A SPECIFIC MEANING IN CALIFORNIA LAW.
2 IT REFERS TO FINANCIAL CONFLICTS OF INTEREST. AND A
3 NUMBER OF THESE DISCUSSIONS HAVE REALLY REFERRED TO
4 POTENTIAL PERSONAL CONFLICTS OF INTEREST, WHICH ARE
5 IN A DIFFERENT CATEGORY. I JUST THINK WE SHOULD BE
6 CAREFUL IN OUR LANGUAGE HOW WE DESCRIBE THESE TWO
7 DIFFERENT CATEGORIES OF POTENTIAL CONFLICTS.

8 CHAIRMAN KLEIN: SO PROFESSIONAL CONFLICTS
9 IS SOMETIMES A BETTER TERMINOLOGY BECAUSE IT
10 CAPTURES THE SENSE THAT INDIVIDUALS HAVE A VERY
11 SPECIFIC HEATED PROFESSIONAL CONFLICT THAT'S IN
12 PUBLISHED DOCUMENTS AND MATERIALS WHERE THEY'RE
13 DUELING OVER A POINT OF VIEW IN A VERY PERSONALIZED
14 MANNER.

15 DR. PIZZO: COULD YOU MODIFY THAT TO
16 MAYBE, RATHER THAN CALLING IT PROFESSIONAL, CALL IT
17 SCIENTIFIC CONFLICT OF INTEREST. I THINK THAT'S --

18 CHAIRMAN KLEIN: SCIENTIFIC CONFLICT.

19 DR. PIZZO: I AGREE WITH THAT. I THINK WE
20 HAVE TO BE -- I WAS THINKING ABOUT THAT SAME ISSUE.
21 CONFLICT OF INTEREST IS SWIRLING ALL AROUND US. AND
22 IF WE USE THIS TO DEMONSTRATE THAT, WE'RE GOING TO
23 GET CONFUSED PEOPLE AND GET CONFUSED.

24 CHAIRMAN KLEIN: THE CHAIR WILL ADOPT,
25 UNLESS OTHERWISE DESCRIBED. COULD JAMES HARRISON

BARRISTERS' REPORTING SERVICE

1 COMMENT ON THIS ITEM?

2 MR. HARRISON: I JUST WANTED TO BE CLEAR.
3 DR. PENHOET IS ABSOLUTELY CORRECT THAT CALIFORNIA
4 LAW RELATES ONLY TO FINANCIAL CONFLICTS OF INTEREST;
5 HOWEVER, THE BOARD HAS ADOPTED A CONFLICT OF
6 INTEREST POLICY FOR THE GRANTS WORKING GROUP THAT
7 COVERS WHAT WE'VE DESCRIBED AS PROFESSIONAL
8 CONFLICTS OF INTEREST, PERSONAL CONFLICTS OF
9 INTEREST, AS WELL AS FINANCIAL.

10 DR. PIZZO: I'LL STAND CORRECTED, BUT I
11 STILL WOULD SUGGEST THAT WE CALL IT SCIENTIFIC.

12 MR. HARRISON: WE CAN TAKE THAT INTO
13 CONSIDERATION.

14 CHAIRMAN KLEIN: THAT'S FINE. THANK YOU
15 VERY MUCH.

16 AND I WOULD NOTE THAT IN THE RECENT AUDIT
17 OF OUR ACTIVITIES BY THE CONTROLLER'S OFFICE, THEY
18 CALLED ATTENTION TO THE FACT THAT OUR CONFLICTS
19 POLICIES EXCEEDED THOSE OF THE NATIONAL INSTITUTES
20 OF HEALTH AND WERE MORE THOROUGH. THANK YOU.

21 MR. BASHAM: JUST FOR A QUICK
22 CLARIFICATION. SO ALL THREE OF THOSE TYPES OF
23 CONFLICT OF INTERESTS ARE THINGS THAT CAN BE PURSUED
24 IN AN APPEAL?

25 CHAIRMAN KLEIN: COULD YOU PLEASE ADDRESS

BARRISTERS' REPORTING SERVICE

1 THAT, DR. SAMBRANO.

2 DR. SAMBRANO: YES. SO THE POLICY IS
3 AVAIL ABLE ON THE WEBSITE UNDER POLICIES THAT
4 SPECIFICALLY DESCRIBES THE CONFLICTS THAT GRANTS
5 WORKING GROUP MEMBERS MUST DECLARE AND UNDER WHICH
6 AN APPEAL CAN BE PURSUED.

7 MR. BASHAM: THANK YOU.

8 CHAIRMAN KLEIN: THANK YOU. SO WITH THE
9 BENEFIT OF WORKING THROUGH THOSE TWO GROUPS, WE'D
10 LIKE TO NOW GO INTO THE TOOLS AND TECHNOLOGY
11 RECOMMENDATIONS AS BEFORE US. AND, JEFF, WOULD YOU
12 LIKE TO ADDRESS THE ISSUE HERE STARTING WITH WHETHER
13 OR NOT ANYONE WANTS TO MOVE ANYTHING OUT OF THE
14 RECOMMENDED FOR APPROVAL CATEGORY.

15 MR. SHEEHY: MAYBE WE SHOULD FIGURE OUT --
16 MAYBE WE SHOULD FIRST SEE IF ANYBODY WANTS TO MOVE
17 ANYTHING OUT OF THE GREEN AREA, AND I THINK WE
18 SHOULD TAKE EACH APPLICATION IN THE GRAY AREA
19 SEPARATELY.

20 SHOULD WE DO EACH -- BECAUSE WE ALSO HAVE
21 THIS BIFURCATED THING, YOU WANT TO DO GREEN SESSION
22 1, GREEN SESSION 2?

23 CHAIRMAN KLEIN: I THINK FOR CONTINUITY
24 FOR THE PUBLIC, IF WE GO THROUGH ALL THREE -- WELL,
25 ALL THE CATEGORIES FOR ONE SESSION, GO THROUGH ALL

BARRISTERS' REPORTING SERVICE

1 OF THEM FOR THE SECOND SESSION, AND THEN COME BACK
2 TO LOOK AT OUR OVERALL OUTCOME, IT MIGHT PROVIDE
3 SOMEONE WITH A SEQUENCE THEY COULD FOLLOW. BUT, DR.
4 POMEROY, DO YOU HAVE A SUGGESTION?

5 DR. POMEROY: NO. I HAVE A QUESTION. CAN
6 YOU FOR CONTEXT REMIND US OF HOW MUCH MONEY WE HAVE
7 AVAIL ABLE TO US?

8 CHAIRMAN KLEIN: YES. THE BUDGET IS 20
9 MILLION. NOW, WE HAVE 21.8 MILLION OR \$21.9 MILLION
10 IN RECOMMENDED. THE ADDITIONAL GRANTS IN THE IF
11 AVAIL ABLE FOR FUNDING ARE SUBSTANTIAL IN THE FIRST
12 ROUND. I BELIEVE THAT IT'S, IF I CAN READ THE
13 NUMBER, IT'S ABOUT 8.9 MILLION AND SECOND ROUND IT'S
14 IN THE SAME RANGE.

15 NOW, THE ISSUE HERE AS WELL IS WE HAVE A
16 CONTEXT THAT FROM A BUDGETARY PERSPECTIVE, WHILE WE
17 HAVE ACCRUED AUTHORITY, IF YOU FIND A PARTICULAR
18 RESEARCH APPLI CATION OF EXTRAORDINARY IMPORTANCE, WE
19 HAVE THE AUTHORITY TO DO ADDITIONAL APPROVALS. WE
20 HAVE THE AUTHORITY TO DO 21.8 OR 21.9 MILLION AND
21 SOME ADDITIONAL; BUT ON A PRACTICAL PERSPECTIVE,
22 REMEMBER THAT BETWEEN NOW AND JUNE, WE HAVE SOME
23 UNCERTAINTY OF SIGNIFI CANCE AT THE STATE LEVEL IN
24 WHEN THE BOND MARKET WILL OPEN UP. SO IF WE WORK
25 WITH GREAT DISCIPLINE, WE CAN WORK STRAIGHT THROUGH

BARRISTERS' REPORTING SERVICE

1 THAT PERIOD WITH OUR PROGRAMMED AND BUDGETED DOLLARS
2 ON THE SCIENTIFIC PATH THAT HAS BEEN PREVIOUSLY
3 DESCRIBED BY THE PRESIDENT.

4 TO THE EXTENT THAT WE HAVE DEVIATIONS FROM
5 OUR BUDGET, THEY NEED TO BE EXTREMELY COMPELLING IN
6 THIS TIME PERIOD. NOW, I WILL SAY THAT CERTAINLY
7 THIS BOARD MIGHT FIND THAT THERE ARE SOME
8 APPLICATIONS AFTER IT GOES THROUGH THE PROCESS THAT
9 IT WOULD LIKE TO FUND, AND WE COULD PUT THOSE OVER
10 TO THE JANUARY MEETING RATHER THAN ELIMINATING THEM
11 UNTIL WE HAVE A CLEARER PICTURE OF WHERE THE BOND
12 AUTHORITY IS GOING TO BE AND WHAT ITS ACCESSIBILITY
13 IS GOING TO BE IN THIS NEXT SIX-MONTH PERIOD.

14 SO THOSE ARE GENERAL COMMENTS THAT RELATE
15 TO MANAGEMENT OF FUNDS.

16 DR. PENHOET: WELL, IF I COULD FOLLOW UP
17 ON JOHN SIMPSON'S SUGGESTION, WHAT I'M CONCERNED
18 ABOUT IS IF WE FUND MORE THAN 50 PERCENT OR WHATEVER
19 THE NUMBER IS TONIGHT IN CATEGORY 1 AND THEN WE
20 DECIDE TOMORROW WE ONLY CAN FUND 20 MILLION, WE
21 DON'T WANT TO TAKE THE EXCESS 10 PERCENT, WHICH IS
22 THE DIFFERENCE BETWEEN 20 AND 22 MILLION, ALL OUT OF
23 THE SECOND GROUP. SO WE HAVE TO MAKE SURE THAT IF
24 WE ARE GOING TO NOT FUND THE ENTIRE 22 MILLION, THAT
25 WHETHER YOU FELL IN THE GROUP ONE OR GROUP TWO

BARRISTERS' REPORTING SERVICE

1 DOESN' T DETERMINE WHETHER YOU GET A GRANT OR NOT.
2 SOMEHOW WE HAVE TO DEAL WITH THE ISSUE BEFORE WE
3 VOTE ON FUNDING ANY OF THESE.

4 CHAIRMAN KLEIN: THERE IS NO INTENT TO
5 HAVE A FINAL VOTE ON FUNDING. WE JUST GO THROUGH
6 THE PROCESS OF ORDERING. THEN WE' LL GO TO THE
7 SECOND GROUP. AFTER WE ORDER THE SECOND GROUP,
8 WE' LL COME BACK AND TAKE AN OVERVIEW OF THE TWO
9 GROUPS BEFORE VOTE ON FUNDING. OKAY.

10 SO IT GIVES YOU THE WHOLE PICTURE BEFORE
11 YOU MAKE A DECISION. DOES IT SOUND LIKE THAT WORKS?
12 ALL RIGHT. SO WITH THAT, JEFF SHEEHY, WOULD YOU
13 LIKE TO ADDRESS THE FIRST SESSION?

14 MR. SHEEHY: SURE. THOUGH I' M LITTLE
15 CONFUSED NOW, BUT I' LL GO AHEAD. BECAUSE THERE IS
16 THIS ADDED ELEMENT, IT' S NOT CLEAR TO ME WHAT OUR
17 AVAIL ABLE FUNDS ARE. THAT SEEMS TO HAVE BECOME A
18 MOVING TARGET THAT I WASN' T AWARE OF WHEN I STARTED
19 THIS PROCESS. ACTUALLY I HAVE TO HAVE SOME
20 CLARI FICATION ON THIS BECAUSE I JUST -- I GENERALLY
21 HAVE BEEN OPERATING ON A PRINCIPLE THAT, YOU KNOW,
22 THERE' S SOME LEEWAY WITHIN EACH GRANT CYCLE.

23 YOU SEEM TO SUGGEST THAT ACTUALLY THAT
24 WITHIN THIS PARTICULAR GRANT CYCLE AND THE UPCOMING
25 GRANT CYCLE THAT THERE' S A FINITE AMOUNT OF MONEY

BARRISTERS' REPORTING SERVICE

1 THAT WE CAN FUND. SO IF THAT'S SO, WE SHOULD HAVE
2 THAT INFORMATION IN FRONT OF US BEFORE WE START TO
3 GO THROUGH THE GRANTS. IF WE HAVE -- YOU KNOW,
4 WHETHER IT'S 18 OR 22 OR A HUNDRED MILLION, WE NEED
5 TO KNOW WHAT IS AVAILABLE BECAUSE I TRY TO LOOK AT
6 THIS STRATEGICALLY. I'VE UNDERFUNDED AND VOTED TO
7 UNDERFUND SOME GRANTS BECAUSE I DIDN'T THINK THE
8 SCIENCE WAS THERE AND IT DIDN'T SEEM TO ACHIEVE OUR
9 MISSION.

10 I MIGHT BE INTERESTED IN PUTTING MORE
11 MONEY INTO THIS CYCLE. THIS IS A ONE-OFF. WE'RE
12 NOT PROBABLY GOING TO DO THIS AGAIN, BUT IF THE
13 MONEY IS NOT THERE, I KIND OF NEED THAT INFORMATION
14 BEFORE I GO AHEAD.

15 CHAIRMAN KLEIN: SO TO PROVIDE MORE DETAIL
16 TO THIS, WHAT I'M SUGGESTING IS THAT, BASED UPON OUR
17 BUDGETED APPLICATIONS THAT LOOK THROUGH THE END OF
18 THIS FISCAL YEAR, WE ARE PREPARED WITH OUR FUNDING
19 IN THAT PERIOD. YOU WILL HAVE A NUMBER OF GRANTS
20 COME BEFORE YOU IN THAT TIME PERIOD. IF YOU GO
21 THROUGH BOTH OF THESE AND COME DOWN TO A DECISION ON
22 YOUR PRIORITIES, YOU MIGHT, AS AN EXAMPLE, DECIDE
23 THAT YOU JUST WANTED TO FUND THE BUDGETED AMOUNT OR
24 VERY CLOSE TO THE BUDGETED AMOUNT IMMEDIATELY AND
25 CARRY OVER THE OTHERS UNTIL THE END OF JANUARY, OUR

BARRISTERS' REPORTING SERVICE

1 NEXT MEETING, BECAUSE WE' LL HAVE MORE INFORMATION ON
2 THE LEVEL OF FLEXIBILITY AND THE ACCESSIBILITY OF
3 ADDITIONAL BOND PROCEEDS AND THE TIMING OF THOSE AT
4 THAT POINT.

5 THEN YOU CAN MAKE A STRATEGIC DECISION
6 ABOUT HOW MUCH OF THE ADDITIONAL FLEXIBLE FUNDS WE
7 HAVE YOU WANT TO PUT IN THIS CYCLE, IN THIS RFA, AS
8 VERSUS COMPETING RFA'S WHICH ARE ON OUR TIMELINE,
9 BUT WE ARE NOT YET -- WE DON'T YET HAVE BEFORE US.

10 MS. LANSING: I JUST WANT TO BE SURE THAT
11 I'M UNDERSTANDING THIS. WHAT YOU'RE SAYING -- I
12 WANT TO REPEAT IT BACK -- IS AS OF TODAY, WE ONLY
13 HAVE ENOUGH TO FUND NOT EVEN THE WHOLE GREEN AMOUNT.

14 CHAIRMAN KLEIN: WE HAVE ENOUGH TO FUND
15 THE WHOLE GREEN AMOUNT. WE HAVE THE AMOUNT TO FUND,
16 BUT WHAT I'M SAYING IS THAT BETWEEN NOW AND JUNE,
17 WHICH IS THE END OF THIS FISCAL YEAR FOR WHICH WE'RE
18 ON CURRENT FINANCIAL CYCLE ON, WE DON'T HAVE A LARGE
19 MARGIN FOR FLEXIBILITY FOR ADDITIONAL APPROVALS.
20 AND WE WILL -- IT'S NOT BECAUSE WE DON'T HAVE THE
21 AUTHORITY. IT'S BECAUSE OF THE STATE'S POSITION.
22 WE NEED TO MANAGE OUR CURRENT FUNDS AND NOT MAKE AN
23 EXPECTATION OF ADDITIONAL FUNDS UNTIL WE HAVE BETTER
24 INFORMATION.

25 WE HAVE THE AUTHORITY TO GO OUT AND DO

BARRISTERS' REPORTING SERVICE

1 MORE BONDS, BUT WE DON'T HAVE A CURRENT ABILITY TO
2 GO OUT AND DO MORE BONDS UNTIL THE STATE'S FINANCIAL
3 POSITION -- UNTIL WE HAVE MORE INFORMATION ON THAT
4 AND FEDERAL RESPONSE TO CERTAIN REQUESTS THAT HAVE
5 BEEN MADE.

6 MS. LANSING: WHAT I GUESS I'M SAYING IS
7 UNTIL YOU KNOW THAT -- AT LEAST I DON'T THINK WE
8 SHOULD SPEND MONEY WE DON'T HAVE. SO I GUESS IN A
9 SIMPLE WAY THAT'S WHAT I'M SAYING. SO WHAT I'M
10 ASKING IS LITERALLY HOW MUCH MONEY WE HAVE NOW,
11 WHICH DOESN'T MEAN THAT WHEN WE GET MORE MONEY, WE
12 CAN'T COME BACK AND READJUST IT. WE HAVE THAT
13 ABILITY.

14 CHAIRMAN KLEIN: SURE. BY THE END OF THE
15 FISCAL YEAR, WE CAN FUND BASED UPON ALL THE RFA'S
16 THAT ARE ON A TIMELINE WITH BUDGETS.

17 MS. LANSING: YOU'RE SAYING RIGHT NOW WE
18 HAVE ENOUGH FOR THE BUDGET.

19 CHAIRMAN KLEIN: FOR THE BUDGET AND WE
20 HAVE APPROXIMATELY AN ADDITIONAL \$30 MILLION AFTER
21 SOME ADDITIONAL RESERVES FOR CONSERVATISM.

22 MS. LANSING: OKAY.

23 CHAIRMAN KLEIN: AND SO --

24 MS. LANSING: YOU KNOW, EXCEPT FOR
25 EXTRAORDINARY CIRCUMSTANCES, WE SHOULD STAY ON

BARRISTERS' REPORTING SERVICE

1 BUDGET. AT LEAST THIS IS WHAT I FEEL. EXCEPT FOR
2 EXTRAORDINARY CIRCUMSTANCES, IT SEEMS WE SHOULD NOT
3 SPEND MONEY WE DON'T HAVE. WE SHOULD STAY ON
4 BUDGET, AND THEN WE CAN ALWAYS, WHEN WE KNOW WHAT
5 HAPPENS IN THE FUTURE BONDS, WE CAN ALWAYS GO BACK
6 AND REVISIT SOMETHING OR IT CAN BE REAPPLIED.

7 CHAIRMAN KLEIN: I THINK I INTERPRETED
8 THAT AS WE SHOULD NEVER SPEND MONEY WE DON'T HAVE,
9 BUT WE SHOULD BE CAREFUL ON SPENDING WHAT WE DO HAVE
10 TO MAKE SURE WE DO RETAIN CERTAIN CONTINGENCY UNTIL
11 WE FIND OUT IF WE CAN ACCESS ADDITIONAL FUNDS WHICH
12 WE'RE AUTHORIZED FOR, BUT HAVEN'T BEEN RAISED IN THE
13 MARKET YET.

14 MS. LANSING: YES.

15 DR. TROUNSON: MR. CHAIR, I AGREE WITH YOU
16 AND I AGREE WITH SHERRY LANSING STRONGLY. I THINK
17 IN THE CURRENT SITUATION, WE NEED TO BE CAREFUL.
18 AND I THINK WE NEED TO SHOW SOME RESTRAINT. I THINK
19 WHAT YOU'VE GOT IN FRONT OF YOU IN TERMS OF
20 RECOMMENDATIONS IS A GOOD PANEL OF PROJECTS. YOU
21 MAY WANT TO LOOK AT ONE OR OTHER IF YOU REALLY ARE
22 DETERMINED ABOUT IT TO GET SOME PROJECTS UP WHICH
23 COULD BE ADDITIONALLY USEFUL. BUT IN THE SENSE
24 YOU'VE GOT A GOOD PANEL OF PROJECTS THERE, AND WE'RE
25 GOING TO PUSH HARD ON THE TRANSLATION AND ONTO THE

BARRISTERS' REPORTING SERVICE

1 CLINIC NEXT YEAR. AND I THINK WE WANT TO BE CAREFUL
2 THAT WE DON'T GET OURSELVES TOO CLOSE TO THE MARGINS
3 IN DOING THIS.

4 SO I'M VERY STRONGLY IN SUPPORT OF BOTH OF
5 YOU IN BEING CAREFUL AT THIS POINT IN TIME.

6 CHAIRMAN KLEIN: SO THE ONLY ADDENDA I
7 WOULD ADD TO THAT IS, AS JEFF SHEEHY INDICATED,
8 THERE ARE SOME EXTREMELY GOOD APPLICATIONS HERE THAT
9 ARE IN THE GRAY AREA THAT WE COULD CARRY OVER TO
10 JANUARY AND CONSIDER AT THAT TIME BASED UPON THE
11 INFORMATION WE HAVE BECAUSE WE DO HAVE AN
12 AUTHORIZATION FOR SUBSTANTIALLY GREATER FUNDS. IF
13 WE HAVE EVIDENCE AT THAT TIME THAT WE CAN ACCESS
14 THEM, WE WILL HAVE NOT SACRIFICED THIS WORK PRODUCT
15 IF WE CARRY THOSE OVER AND MAINTAIN THAT OPTION AT
16 THAT TIME.

17 DR. PENHOET: IN ORDER TO DECIDE WHAT TO
18 DO NEXT, WE HAVE TO DECIDE DO WE NEED TO TAKE 10
19 PERCENT OUT OF THE GREEN AREA TO GET US TO 20
20 MILLION, OR DO WE FUND 22 MILLION, IN WHICH CASE WE
21 WILL SWAP SOME -- WE MIGHT WANT TO SWAP SOME GRAY
22 FOR GREEN OR GREEN FOR GRAY, HOWEVER YOU SAY IT; BUT
23 IN ORDER TO GET TO 20, WE HAVE TO TAKE 10 PERCENT
24 OUT OF THE GREEN. I THINK WE NEED TO KNOW WHAT OUR
25 JOB IS NOW. WHAT ARE WE TRYING TO ACHIEVE HERE IN

BARRISTERS' REPORTING SERVICE

1 THIS DISCUSSION? AND MAYBE A MOTION TO FUND 22
2 MILLION INSTEAD OF 20 WOULD BE A WAY TO CLARIFY
3 THIS.

4 CHAIRMAN KLEIN: SO WE HAVE OUR NEW MEMBER
5 WHO IS AT THE FAR END. I'D LIKE TO RECOGNIZE
6 GORDON. YOUR COMMENTS, PLEASE.

7 DR. GILL: THIS IS A QUESTION FROM THE NEW
8 BOY. THE NIH WILL MAKE 10-PERCENT CUTS IN BUDGETS.
9 IS THAT A CONSIDERATION TO FUND THE GREEN SINCE
10 WE'RE 10 PERCENT OVER AND MAKE ACROSS-THE-BOARD
11 10-PERCENT CUTS?

12 CHAIRMAN KLEIN: WE HAVE THE AUTHORITY.
13 I'D LIKE TO ASK THE SCIENTIFIC STAFF ON THE
14 RECOMMENDATION.

15 DR. POMEROY: CAN YOU CLARIFY THE TOTAL
16 AMOUNT IN THE GREEN AREA? IT LOOKS ON THE SLIDE
17 LIKE IT'S 20.8. IS IT -- 21.8.

18 DR. TROUNSON: MR. CHAIR.

19 CHAIRMAN KLEIN: SO, DR. POMEROY, YOU'RE
20 LOOKING AT ONE SESSION, AND SO IT'S A CUMULATIVE OF
21 BOTH SESSIONS. DR. SAMBRANO, WOULD YOU PLEASE
22 INDICATE.

23 DR. SAMBRANO: SO YOU HAVE 14 APPLICATIONS
24 HERE THAT TOTAL JUST OVER 12 MILLION.

25 CHAIRMAN KLEIN: AND THE SECOND SESSION

BARRISTERS' REPORTING SERVICE

1 THE TOTAL IS?

2 DR. SAMBRANO: NOW I TOGGLE. SESSION 2
3 HAS 11 APPLICATIONS AT 9.7 OR 9.8 MILLION.

4 DR. TROUNSON: MR. CHAIR, CAN I ANSWER THE
5 QUESTION OF --

6 CHAIRMAN KLEIN: IF YOU CAN ADDRESS THAT
7 QUESTION, AND THEN I'M GOING TO COME THIS WAY, JEFF,
8 AND I'VE GOT LEEZA GIBBONS AND THEN JEFF SHEEHY.

9 DR. TROUNSON: I WOULD STRONGLY RECOMMEND
10 AGAINST CUTTING INTO THE BUDGETS ON A 10-PERCENT
11 BASIS. I THINK WE'VE ASKED THE APPLICANTS TO BE
12 VERY CAREFUL ABOUT THEIR BUDGETING. THEY HAVE BEEN
13 THROUGH A REVIEW WITH THE REVIEWERS WHO HAVE TAKEN A
14 LOOK AT THESE BUDGETS. WE BELIEVE THAT THEY ARE
15 GOOD FOR THE JOB.

16 I SENSE THAT IT'S NOT ALWAYS A VERY SMART
17 THING TO DO IS TO CUT INTO BUDGETS WHICH HAVE BEEN
18 WORKED OUT TO DO A JOB ONLY TO MAKE IT MORE
19 DIFFICULT TO DO THAT. AND WE WOULD -- I WOULD
20 STRONGLY RECOMMEND AGAINST MAKING A 10-PERCENT CUT
21 ACROSS ALL OF THE PROJECTS IN ORDER TO FUND MORE.

22 CHAIRMAN KLEIN: OKAY. LEEZA, DID YOU
23 HAVE A POINT? NO. SO JEFF SHEEHY.

24 MR. SHEEHY: I GUESS I'M NOT UNDERSTANDING
25 THE ASSUMPTIONS WE'RE MAKING. FIRST OF ALL, I DON'T

BARRISTERS' REPORTING SERVICE

1 ACCEPT THAT WE NEED TO TIGHTEN OUR BELT. I FLEW ON
2 A PLANE TODAY WHERE A THIRD OF THE PEOPLE ON IT WORK
3 FOR CIRM. NOW, THAT'S GOOD FOR THE STATE'S ECONOMY.
4 I'M NOT KIDDING. WE'RE TALKING ABOUT FISCAL
5 STIMULUS. SOMEBODY NEEDS TO BE ON THOSE PLANES.
6 WE'RE FUNDING COMPANIES HERE, SO THESE ARE JOBS.
7 THIS IS -- THESE ARE PEOPLE WHO HAVE SUCCESSFULLY
8 COMPETED.

9 I DON'T KNOW WHAT THIS PARTICULAR TRANCHE
10 OF MONEY IS COMPETING WITH. HOW MUCH MONEY DO WE
11 HAVE TO WHAT POINT? WHAT ARE THE OTHER CALLS ON
12 THAT MONEY? SO THAT WE CAN MAKE A LEGITIMATE KIND
13 OF TRIAGE SITUATION AND THINK WHERE WE WANT TO SPEND
14 OUR MONEY IN THE TIMEFRAME THAT WE HAVE WHERE WE'LL
15 GET THE BIGGEST SCIENTIFIC IMPACT. THE FEDERAL
16 GOVERNMENT'S GOING TO BE IN THIS SPACE WITHIN A
17 YEAR. WE'VE GOT PEOPLE THAT ARE MAKING REAL THINGS
18 NOW THAT THEY'RE GOING TO SELL THAT ARE GOING TO
19 MAKE A RETURN TO THE STATE.

20 SO I'M NOT FEELING LIKE I NEED TO TIGHTEN
21 MY BELT ON THIS PARTICULAR ROUND WHERE THERE ARE
22 OTHER ROUNDS WHERE I MIGHT DECIDE TO TIGHTEN MY BELT
23 BECAUSE I CAN'T SEE THE IMMEDIATE RETURN IN EITHER
24 JOBS NOR IN PRODUCTS. BUT THAT'S A POLICY DECISION
25 AND A POLICY DISCUSSION THAT WE NEED TO HAVE BECAUSE

BARRISTERS' REPORTING SERVICE

1 WHEN YOU SAY TO THE FISCAL YEAR, YOU'RE TALKING
2 NOT -- WE'RE NOT TALKING ABOUT THROUGH DECEMBER
3 31ST. YOU'RE TALKING THROUGH JUNE 30TH.

4 CHAIRMAN KLEIN: JUNE 30TH.

5 MR. SHEEHY: SO BETWEEN JUNE 30TH, FOR
6 INSTANCE, WE HAVE THE BRIDGES. DO WE WANT TO SPEND
7 MORE? WE HAVE TRANSLATION, EARLY TRANSLATION, WE
8 HAVE BRIDGES, AND WE HAVE THIS. SO WE HAVE TO THINK
9 ABOUT, YOU KNOW, WHERE WE WANT TO PUT OUR MONEY. WE
10 HAVE THE TRAINING, WE HAVE THE BRIDGES. SO THOSE
11 ARE BOTH -- ARE WE TRAINING PEOPLE FOR JOBS THAT
12 DON'T EXIST AT THIS TIME WHEN WE COULD BE FUNDING
13 THE JOBS? WE'RE GOING TO FUND PEOPLE TO GET THOSE
14 JOBS, BUT THE JOBS AREN'T GOING TO BE THERE BECAUSE
15 WE DIDN'T FUND THE COMPANIES TO BUILD THE PRODUCTS
16 THAT WOULD HAVE HIRED THOSE PEOPLE.

17 CHAIRMAN KLEIN: SO, JEFF, I IDENTIFY WITH
18 THE TREMENDOUS VALUE YOU SEE IN THIS ROUND. SO
19 THAT'S IN THE SPIRIT OF WHAT I WAS SUGGESTING OF
20 CARRYING OVER THOSE THAT WERE ABOVE BUDGETS TO
21 JANUARY SO WE HAVE BETTER INFORMATION. BUT OS
22 STEWARD AND THEN DR. PIZZO.

23 MR. ROTH: SHERRY.

24 CHAIRMAN KLEIN: SHERRY IS NEXT. I'M
25 SORRY, SHERRY.

BARRISTERS' REPORTING SERVICE

1 MS. LANSING: YOU KNOW, I GUESS I'M A
2 SIMPLE PERSON. I THINK THAT IN EACH OF THE ROUNDS
3 OF GRANTS THAT WE'VE HAD, THERE'S BEEN EXTRAORDINARY
4 THINGS. AND WE'VE ALWAYS BEEN THRILLED WITH THE
5 GRANTS, THRILLED WITH WHAT WE FUNDED. AND THIS TO
6 ME IS EXTRAORDINARILY EXCITING. AND I SHARE, JEFF,
7 YOUR EXCITEMENT. BUT I DO BELIEVE THAT WE HAVE A
8 BUDGET THAT IS A REAL BUDGET IN THESE DIFFICULT
9 TIMES. WE DON'T KNOW THE FUTURE. WE CAN'T PREDICT
10 IT QUITE AS WELL. AND I WOULD LIKE TO MAKE A HUMBLE
11 SUGGESTION WHICH YOU CAN ALL LEAP ON, THAT IF YOU
12 LOOK, THERE'S TO ME A REAL CLEAN CUTOFF. THERE'S 81
13 AND ABOVE. YOU LOOK AT THAT. THEN IT GOES TO 77,
14 71, WHATEVER.

15 AND I WOULD LIKE TO SUGGEST THAT WE FUND
16 81 AND ABOVE. AND I THINK THAT BRINGS US INTO OUR
17 BUDGET LINE.

18 CHAIRMAN KLEIN: LET ME ASK THIS QUESTION.
19 HOW DO YOU FEEL ABOUT CARRYING OVER THE OTHERS UNTIL
20 JANUARY TO SEE WHAT WE HAVE?

21 MS. LANSING: VERY, VERY HAPPY ABOUT THAT.

22 MR. SHEEHY: YOU HAVE TO LOOK AT THE OTHER
23 SIDE. SO I WOULD -- YOU KNOW, WE FUNDED 72 ON THE
24 OTHER SIDE. AND, YOU KNOW, THAT'S 1.1 MILLION
25 50,000. WE COULD WHACK THAT ONE. IT'S A 72 AND

BARRISTERS' REPORTING SERVICE

1 WE'D BE ALMOST THERE. I'D BE MORE COMFORTABLE --
2 YOU KNOW, THIS IS THE PROBLEM WITH LOOKING AT JUST
3 ONE-HALF OF THE PAGE. WE COULD DO THIS -- WE CAN
4 REMOVE THIS OTHER ONE.

5 YOU KNOW, I HAPPEN TO PARTICULARLY LIKE --
6 I REMEMBER THE DISCUSSION ON 1108. I AM NOT AT ALL
7 COMFORTABLE NOT MOVING FORWARD WITH 1108.

8 CHAIRMAN KLEIN: JEFF, OUR ORIGINAL
9 PROCESS WAS TO GO THROUGH THESE, ORDER THIS SESSION,
10 ORDER THE NEXT SESSION, AND THEN HAVE ABILITY TO
11 LOOK AT BOTH SESSIONS AND MAKE A FULLY INFORMED
12 DECISION RATHER THAN TRYING TO PIECE THIS OFF. SO
13 WITH THE BENEFIT OF THE COMMITTEE IN KNOWING ON AN
14 OVERALL BASIS WHAT JUDGMENT WE SHOULD MAKE, I WOULD
15 ASK THAT WE START THROUGH THAT PROCESS. I THINK
16 WE'VE HAD A HEALTHY AND INFORMED DISCUSSION THAT'S
17 GIVEN US A CONTEXT. IS THAT ACCEPTABLE?

18 DR. STEWARD: I WAS JUST GOING TO SAY THE
19 SAME THING, THAT WE ACTUALLY DO HAVE A BUDGET THAT
20 WE SHOULD GO AHEAD AND GO THROUGH THE PROCESS AS WE
21 HAVE AND CONSIDER EXTRAORDINARY EXCEPTIONS THAT --

22 CHAIRMAN KLEIN: JEFF, WOULD YOU LEAD US
23 THROUGH THE PROCESS. AND REMEMBER THE CONTEXT HERE
24 IS IN THE ORDERING OF THESE, REMEMBER THE POTENTIAL
25 TO CARRY THESE OVER TO THE JANUARY 29TH MEETING

BARRISTERS' REPORTING SERVICE

1 WHERE WE WILL HAVE BETTER INFORMATION BECAUSE WE DO
2 HAVE ADDITIONAL AUTHORITY. THE ISSUE IS, IN FACT,
3 ACCESSING THE CASH FUNDING OF THEM THROUGH
4 ADDITIONAL BONDS OR ADDITIONAL PMI FUNDING. THAT
5 CAN ONLY BE ACCOMPLISHED IN THE CONTEXT OF GREATER
6 INFORMATION. JEFF.

7 MR. SHEEHY: IF ANYBODY CAN EXPLAIN TO ME
8 WHAT WE JUST HEARD, THAT LAST SENTENCE, I'LL BUY YOU
9 A DRINK. BUT OKAY. SO WHAT WE NEED RIGHT NOW IS IF
10 THERE IS A MOTION TO MOVE ANY SPECIFIC GRANT OUT OF
11 THE GREEN AREA INTO THE GRAY AREA. ARE THERE SUCH
12 MOTIONS?

13 MS. LANSING: I GUESS I DID. I'M
14 CONFLICTED, RIGHT?

15 MR. HARRISON: I JUST WANT TO REMIND
16 MEMBERS THAT WE SHOULD ADDRESS THESE ONE APPLICATION
17 AT A TIME SO THAT WE CAN ENSURE THAT WE DON'T HAVE
18 ANY CONFLICTS.

19 CHAIRMAN KLEIN: SO IF YOU WILL INDICATE
20 THE APPLICATION NUMBER, WE WILL THEN STATE THE
21 CONFLICTS, AND THEN WE WILL DECIDE WHETHER A MOTION
22 IS IN ORDER. DR. STEWARD, DO YOU HAVE AN
23 APPLICATION YOU WANT TO SPECIFICALLY ADDRESS?

24 DR. STEWARD: YES. AND THAT IS NO. 105 --
25 THE LAST ONE IN THE GREEN TIER.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WHO ARE THE CONFLICTS,
2 PLEASE?

3 MR. HARRISON: ON APPLICATION 1050, THE
4 CONFLICTS ARE MEMBERS BLOOM, FONTANA, GILL, LANSING,
5 AND WITMER.

6 CHAIRMAN KLEIN: OKAY. THANK YOU.

7 DR. STEWARD: AND SO I WOULD LIKE TO MOVE
8 THAT WE MOVE THAT GRANT OUT OF TIER 1 ON THE BASIS
9 OF ITS SCIENTIFIC REVIEW. IF YOU LOOK AT THIS, THE
10 REVIEWS ARE ACTUALLY RATHER NEGATIVE. AIM 1 WAS
11 CONSIDERED TO BE REASONABLE, AIM 2 WAS CONSIDERED TO
12 BE WEAK, AND IT IS CERTAINLY NOT AS HIGHLY REVIEWED
13 AS SOME OF THE ONES IN THE LOWER TIER, FRANKLY.

14 CHAIRMAN KLEIN: OKAY. STATEMENT'S BEEN
15 MADE. IS THERE A SECOND TO THE MOTION?

16 DR. PULIAFITO: SECOND.

17 CHAIRMAN KLEIN: SO IS THERE ADDITIONAL
18 DISCUSSION ON THE MOTION? IS THERE PUBLIC COMMENT
19 ON THIS SPECIFIC MOTION? SEEING NONE -- YES. DR.
20 FRANCISCO PRIETO.

21 DR. PRIETO: COULD I REQUEST A LITTLE MORE
22 DISCUSSION ABOUT THE POTENTIAL PROGRAMMATIC
23 IMPORTANCE OF THIS ONE? I THINK JEFF MAY HAVE
24 ALLUDED TO THAT A LITTLE. MAYBE WE COULD HAVE
25 SCIENTIFIC STAFF COMMENT ON THAT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WHO IS THE PROGRAMMATIC
2 OFFICER, DR. CSETE. DR. OLSON, WHO IS THE
3 PROGRAMMATIC OFFICER? SOHIL.

4 DR. TALIB: MR. CHAIRMAN, I DISCUSSED THIS
5 APPLICATION EARLIER. THIS IS AN APPLICATION ABOUT
6 DEVELOPMENT OF A HIGH THROUGHPUT PLATFORM FOR THE
7 MEMBRANE AT THE HESC CELL WALL FOR MONOCLONAL
8 ANTIBODIES.

9 IN THE PROGRAMMATIC DISCUSSION, I CAN
10 DESCRIBE TO YOU THE RECOMMENDATIONS FOR FUNDING WAS
11 THAT DESPITE THE WEAKNESS OF THE SECOND AIM,
12 REVIEWERS FELT THAT THE STRENGTH AND THE SIMPLICITY
13 OF THE FIRST AIM COMBINED WITH THE PROVEN TRACK
14 RECORD OF THE INVESTIGATOR TEAM WARRANTED ADDITIONAL
15 CONSIDERATION, AND THE REVIEWERS DISCUSSED AND CAME
16 TO THE CONCLUSION THAT, ON THE BASIS OF THIS
17 DISCUSSION, THAT IT SHOULD BE MOVED TO TIER 1.

18 CHAIRMAN KLEIN: AND CAN WE ASK WHAT THE
19 PROGRAMMATIC GOAL IS OF THIS PARTICULAR GRANT?

20 DR. TALIB: TO MAKE IT POSSIBLE THAT THIS
21 PARTICULAR AREA IS REPRESENTED IN THE OVERALL
22 CRITERIA.

23 CHAIRMAN KLEIN: AND THE GOAL OF THIS
24 PARTICULAR GRANT IS?

25 DR. TALIB: IS TO DEVELOP MONOCLONAL

BARRISTERS' REPORTING SERVICE

1 ANTIBODIES FOR IDENTIFICATION, CHARACTERIZATION, AND
2 THE DIFFERENTIATION OF THE EMBRYONIC STEM CELL. SO
3 ON THAT BASIS, IT WAS CONSIDERED THAT IT MIGHT ADD
4 VALUE TO THE OVERALL CATEGORY OF THE AREAS WHICH ARE
5 COVERED.

6 CHAIRMAN KLEIN: THANK YOU. ALL RIGHT.
7 SO YOU'VE HEARD THE SCIENTIFIC PRESENTATION. IS
8 THERE ANY ADDITIONAL COMMENT FROM THE BOARD? IF
9 NOT, COULD WE HAVE A ROLL CALL VOTE? MR. HARRISON.

10 DR. PRICE: COULD YOU REPEAT THE MOTION?

11 CHAIRMAN KLEIN: YES, I WILL. MR.
12 HARRISON, COULD YOU, A, REPEAT THE MOTION AND, B,
13 THEN REMIND US OF THE CONFLICTS AND, C, MELISSA, YOU
14 WILL BE CALLING THE ROLL ON THIS IMMEDIATELY AFTER
15 MR. HARRISON RESTATES THIS MOTION. THANK YOU. MR.
16 HARRISON, COULD YOU RESTATE THE MOTION?

17 MR. HARRISON: YES. THE MOTION IS TO MOVE
18 APPLICATION 1050 OUT OF TIER 1. AND THE CONFLICTS
19 AS TO THIS MOTION ARE MEMBERS BLOOM, FONTANA, GILL,
20 LANSING, AND WITMER.

21 CHAIRMAN KLEIN: ALL RIGHT. AND FOR THE
22 BENEFIT OF THE GROUP, MR. HARRISON, YOU WANT TO
23 INSTRUCT THEM ON, SINCE WE HAVE A NEW ALTERNATE AND
24 A NEW MEMBER, ON THE VOTING PROCEDURE.

25 MR. HARRISON: YES. ON MOTIONS FOR

BARRISTERS' REPORTING SERVICE

1 INDIVIDUAL APPLICATIONS, IF YOU HAVE A CONFLICT, WE
2 WILL NOT CALL YOUR NAME. IF WE DO INADVERTENTLY,
3 WE'LL TRY TO STRIKE YOU BEFORE YOU ACTUALLY VOTE.
4 WHEN WE VOTE ON THE FINAL ARRANGEMENT OF
5 APPLICATIONS AFTER WE'VE EXHAUSTED ALL OF THE
6 INDIVIDUAL MOTIONS, WE VOTE ON THE APPLICATIONS IN A
7 PARTICULAR TIER, TIER 1, FOR EXAMPLE, EN BLOC. AND
8 WE ASK THAT YOU VOTE EITHER FOR OR AGAINST THE
9 MOTION AND SPECIFICALLY STATE THAT IT'S WITH THE
10 EXCEPTION OF ANY APPLICATIONS IN WHICH YOU HAVE AN
11 INTEREST. WE THEN TABULATE THE VOTES BASED ON THE
12 QUORUM REQUIREMENT AND THE CONFLICTS.

13 CHAIRMAN KLEIN: SO THIS IS AN INDIVIDUAL
14 APPLICATION VOTE, SO YOU WILL EITHER VOTE -- IF YOU
15 ARE CALLED, YOU WILL NOT HAVE A CONFLICT. IF YOU
16 BELIEVE YOU HAVE A CONFLICT, DO NOT VOTE, BUT THE
17 ATTORNEYS WILL ATTEMPT TO DIRECT THE ROLL CALL TO
18 MAKE CERTAIN THAT THAT DOES NOT OCCUR. MELISSA
19 KING, WITH THAT, COULD YOU CALL THE ROLL.

20 MS. KING: ROBERT PRICE.

21 DR. PRICE: YES.

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: YES.

24 MS. KING: MARCY FEIT. MICHAEL FRIEDMAN.
25 LEEZA GIBBONS.

BARRISTERS' REPORTING SERVICE

1 MS. GIBBONS: NO.
2 MS. KING: MICHAEL GOLDBERG.
3 MR. GOLDBERG: YES.
4 MS. KING: BOB KLEIN.
5 CHAIRMAN KLEIN: YES.
6 MS. KING: GERALD LEVY.
7 DR. LEVY: YES.
8 MS. KING: ED PENHOET.
9 DR. PENHOET: YES.
10 MS. KING: PHIL PIZZO.
11 DR. PIZZO: YES.
12 MS. KING: CLAIRE POMEROY.
13 DR. POMEROY: YES.
14 MS. KING: FRANCISCO PRIETO.
15 DR. PRIETO: NO.
16 MS. KING: CARMEN PULIAFITO.
17 DR. PULIAFITO: YES.
18 MS. KING: ROBERT QUINT.
19 DR. QUINT: YES.
20 MS. KING: DUANE ROTH.
21 MR. ROTH: YES.
22 MS. KING: JEFF SHEEHY.
23 MR. SHEEHY: YES.
24 MS. KING: OSWALD STEWARD.
25 DR. STEWARD: YES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THE MOTION CARRIES. SO,
2 JEFF SHEEHY, IF YOU HAVE A POINT.

3 MR. SHEEHY: BOB, WHY DON'T WE FLIP OVER
4 TO THE SECOND ROUND BECAUSE WE'VE -- I THINK IT
5 WOULD BE MORE APPROPRIATE. AND I ACTUALLY WOULD
6 LIKE TO MAKE A MOTION TO MOVE 1062 INTO THE FUND IF
7 FUNDS ARE AVAILABLE AREA AND MOVE IT OUT OF --

8 DR. PIZZO: SECOND THAT MOTION.

9 CHAIRMAN KLEIN: SO COULD WE HAVE
10 CONFLICTS, PLEASE.

11 MR. HARRISON: YES. FOR APPLICATION NO.
12 1062, THE MEMBERS WHO HAVE AN INTEREST ARE MEMBERS
13 BLOOM, GILL, LANSING, PRICE, AND WITMER.

14 CHAIRMAN KLEIN: THANK YOU. DISCUSSION ON
15 THE MOTION IS IN ORDER.

16 DR. PIZZO: I THINK THAT THE REVIEW, WHILE
17 IT EXPRESSES THE IMPORTANCE OF THIS PARTICULAR
18 CHEMIST AS SOMEONE OF SIGNIFICANCE, ALSO NOTES, AS
19 ONE CAN READ, THAT THIS PROJECT MAY BE SOMEWHAT
20 OVERLY AMBITIOUS. THE PERSON IS SOMEWHAT JUNIOR,
21 RELATIVELY OVERCOMMITTED. I THINK FOR THE REASONS
22 OF THAT AND OTHERS, I THINK -- AND IT WAS LOWLY
23 SCORED, I THINK THAT THIS IS AN APPROPRIATE
24 CONCLUSION.

25 CHAIRMAN KLEIN: OKAY. THANK YOU. AND

BARRISTERS' REPORTING SERVICE

1 COULD I ASK AS A CLARIFICATION OF THE MOTION, WHEN
2 YOU'RE MOVING OUT OF TIER 1, ARE YOU MOVING IT INTO
3 THE TOP OF TIER 2 OR SOME OTHER LOCATION?

4 MR. SHEEHY: I'M MOVING IT INTO TIER 2.

5 DR. PIZZO: JUST INTO TIER 2.

6 CHAIRMAN KLEIN: IT HAS TO BE ORDERED
7 SOMEWHERE IN THE LIST. SO ARE YOU MOVING IT TO THE
8 TOP OF TIER 2 OR MIDDLE OF TIER 2?

9 DR. PIZZO: RANKED NUMERICALLY IN TIER 2.

10 MR. SHEEHY: DID WE DO THAT ON THE LAST
11 ONE?

12 CHAIRMAN KLEIN: WE DID NOT DO THAT ON THE
13 LAST ONE.

14 MR. SHEEHY: I THINK YOU CAN JUST GO BACK
15 INTO TIER 2, BOB. WE CAN REEXAMINE THIS. WE CAN
16 PUT IT -- IF WE GET ANOTHER OPPORTUNITY TO LOOK AT
17 THESE GRANTS --

18 CHAIRMAN KLEIN: THAT'S FINE. SO THIS IS
19 JUST TO MOVE IT IN TIER 2. WE ACCEPT THAT AND WE'LL
20 MOVE FORWARD. THANK YOU.

21 SO WITH THAT, IS THERE ADDITIONAL BOARD
22 COMMENT?

23 DR. PENHOET: ONLY TO POINT OUT THAT BOTH
24 OF THESE WERE MOVED IN PROGRAMMATIC REVIEW BECAUSE
25 THEY ADDRESSED SIMILAR TECHNOLOGIES, SMALL MOLECULES

BARRISTERS' REPORTING SERVICE

1 FOR DEFINED MEDIA. SO WE'VE MOVED THEM BOTH OUT OF
2 TIER 1 NOW TO TIER 2. I JUST WANT US TO UNDERSTAND
3 THAT THE EFFECT OF WHAT WE'VE DONE IS TAKE THE SMALL
4 MOLECULE PROGRAMS OUT, SO IT MAY CHANGE THE MIX OF
5 WHAT WE ARE FUNDING IN TERMS OF TOOLS AND
6 TECHNOLOGIES.

7 DR. PIZZO: WE'RE DOING THAT AT THIS
8 MOMENT. THEY COULD COME BACK.

9 CHAIRMAN KLEIN: OKAY.

10 DR. LEVEY: WHAT ARE WE DOING NOW BECAUSE,
11 YOU KNOW, WE DROPPED ONE GRANT OUT OF TIER 1. WE
12 HAD DROPPED ONE GRANT OUT OF TIER 1. SO WE'RE DOWN
13 TO 13 GRANTS. I DON'T UNDERSTAND GOING BACK TO THE
14 ISSUES THAT WERE RAISED BEFORE THAT GORDON GILL
15 ARTICULATED SO WELL. WE NOW HAVE DROPPED ONE THAT
16 WAS WORTH ALMOST \$900,000. WHY DON'T WE JUST ASSIGN
17 THE APPROPRIATE PERCENTAGE DECREASE ACROSS THE BOARD
18 TO THOSE? I DON'T UNDERSTAND THAT. THAT'S PART OF
19 OUR LIFE EVERY DAY. SO I DON'T UNDERSTAND.

20 DR. PIZZO: I THINK WE HEARD AN ARGUMENT,
21 IN ALL FAIRNESS, GERRY, FROM ALAN AGAINST DOING
22 THAT, THAT THE BUDGETS WERE SCRUTINIZED AND THAT
23 THIS WOULD BE PREFERABLE. I THINK WE SHOULD USE OUR
24 DISCRETION RATHER THAN AN ACROSS-THE-BOARD
25 METHODOLOGY.

BARRISTERS' REPORTING SERVICE

1 DR. LEVEY: IF THAT'S REALLY THE SENSE OF
2 THE BOARD, THEN I THINK SHERRY LANSING'S IDEA IS A
3 PERFECT CLEAVAGE LINE ON THESE GRANTS. AND WHY
4 DON'T WE JUST DROP EVERYTHING BELOW 81?

5 DR. PIZZO: I THINK THE OTHER CLEAVAGE
6 LINE THAT WE'RE MAKING IS WE'RE TAKING OUT TWO
7 GRANTS THAT WERE RELATIVELY LOW FUNDED IN COMPARISON
8 TO THE OTHERS. SO I THINK IT'S ANOTHER CLEAVAGE
9 LINE AS WELL.

10 CHAIRMAN KLEIN: OKAY. DR. PULIAFITO HAD
11 A POINT.

12 DR. PULIAFITO: THE QUESTION IS, THOUGH,
13 THE BUDGETS, NONE OF THE BUDGETS WERE REDUCED BY THE
14 INSTITUTE STAFF, CORRECT, OR WERE THEY? YOU
15 ACCEPTED THE BUDGETS AS REQUESTED, CORRECT?

16 DR. TROUNSON: THAT'S CORRECT.

17 DR. PULIAFITO: BUT I AM SKEPTICAL REALLY
18 THAT EVERY REQUEST WAS REASONABLE. AND I IN SOME
19 SENSE REALLY CONCUR WITH DRS. GILL AND DR. LEVEY
20 THAT AN ACROSS-THE-BOARD CUT ACTUALLY PROVIDES MORE
21 OPPORTUNITIES FOR PEOPLE TO DO THIS. AND I THINK,
22 IN THE CURRENT FUNDING ENVIRONMENT, EVERYONE IS
23 REALLY -- PEOPLE IN ACADEMIA CERTAINLY ARE USED TO
24 WORKING IN THAT ENVIRONMENT. BUT ONCE AGAIN, YOU
25 DIDN'T SCRUTINIZE EVERY ONE OF THESE REQUESTS TO SAY

BARRISTERS' REPORTING SERVICE

1 THIS IS TOO MUCH. I NEED TO REQUEST THIS.

2 DR. TROUNSON: WE DID ASK THE REVIEWERS TO
3 COMMENT ON IT. BUT WE DIDN'T REDUCE ANY OF THE
4 BUDGETS IN THESE. IT'S A VERY -- IT'S A VERY
5 NEGATIVE VIEW, IN MY OWN FEELING, THAT IF YOU
6 ACTUALLY PUT IN A BUDGET AND YOU BELIEVE THAT THAT'S
7 APPROPRIATE FOR THE WORK TO BE DONE, TO CUT THEIR
8 BUDGET MEANS THAT YOU CUT THE OPPORTUNITY TO
9 COMPLETE THE WORK.

10 CHAIRMAN KLEIN: IF WE COULD PUT THIS IN
11 CONTEXT, DR. TROUNSON. BECAUSE IN OUR NORMAL
12 PROCESS, BETWEEN THIS APPROVAL AND THE SIGNING OF
13 THE GRANT AWARD, THE STAFF EXAMINES THE VERY
14 SPECIFIC DETAILS OF EACH BUDGET AND CAN, IN FACT
15 DOES, CUT THOSE BUDGETS IF THEY DON'T FIND ADEQUATE
16 JUSTIFICATION. SO THERE IS, EVEN THOUGH THEY
17 HAVEN'T BEEN ADJUSTED TO DATE, IN THE PROCESS BEFORE
18 GRANT AWARD, THEY WILL BE ADJUSTED.

19 NOW, DR. PULIAFITO, YOU'VE RAISED ACTUALLY
20 ANOTHER OPPORTUNITY, WHICH IS BETWEEN NOW AND
21 JANUARY 29TH, THE STAFF WILL HAVE AN OPPORTUNITY TO
22 LOOK AT THE BUDGETS OF THOSE APPROVED, RECONCILE IT,
23 AS THEY WOULD NORMALLY IN THE GRANT AWARDS PROCESS,
24 AND SEE IF THERE'S FUND SAVINGS IN THERE SO THAT
25 WHEN WE COME BACK WITH THE CARRY-OVERS, WE MAY HAVE

BARRISTERS' REPORTING SERVICE

1 THE ABILITY TO FUND SOME ADDITIONAL GRANTS. BUT
2 THAT IS A PROCESS THAT WILL HAPPEN.

3 CAN I GO TO DR. PRIETO AND THEN, OS, TO
4 YOU.

5 DR. PRIETO: COUPLE THINGS. IN LIGHT OF
6 THE FACT THAT WE'RE NOW ONLY 5 PERCENT AND NOT 10
7 PERCENT OVER THE 20 MILLION, IF WE FUNDED EVERYTHING
8 IN THE GREEN SECTION AS OF NOW, I WONDER IF WE HAVE
9 EVER CUT ANYONE'S BUDGET BEFORE. IF NOT, PERHAPS
10 THIS IS THE TIME TO DO THAT.

11 AND THE OTHER CONCERN I HAVE IS THE POINT
12 THAT ED JUST RAISED, WHICH IS THAT IF WE DROP THIS,
13 WE ARE DROPPING THE TWO APPLICATIONS THAT WERE
14 SPECIFICALLY BROUGHT UP FOR PROGRAMMATIC REASONS
15 THAT I THINK ARE IMPORTANT. AND I WONDER IF PERHAPS
16 KEEPING AT LEAST ONE OF THEM OR KEEPING BOTH OF THEM
17 BY CUTTING ACROSS THE BOARD MIGHT NOT BE MORE
18 IMPORTANT THAN, FOR EXAMPLE, JUST PULLING THIS OUT
19 OF MY HAT, THE TWO IMAGING APPLICATIONS THAT ARE
20 IMMEDIATELY ABOVE IT IN SESSION 2.

21 CHAIRMAN KLEIN: OKAY. THANK YOU. DR.
22 STEWARD.

23 DR. STEWARD: JUST TO SAY WE DO HAVE A
24 MOTION ON THE FLOOR HERE, AND WE'RE ACTUALLY TALKING
25 ABOUT TWO SEPARATE THINGS, TRYING TO HIT A

BARRISTERS' REPORTING SERVICE

1 PARTICULAR MARK IN THE BUDGET AND TRYING TO
2 DETERMINE THE RELATIVE RANK OF THESE GRANTS. WHEN
3 WE FINISH WHAT WE'RE GOING TO DO WITH THE TOP TIER,
4 WE'RE GOING TO GO BACK TO THE GRAY AREA AND CONSIDER
5 WHETHER THERE MIGHT BE GRANTS THERE THAT NEED TO BE
6 MOVED UP. I THINK THERE MIGHT BE AT LEAST ONE THAT
7 I WILL RAISE AT THAT TIME.

8 SO I WOULD RATHER GO THROUGH THE PROCESS
9 THAT WE'RE GOING THROUGH RIGHT NOW, AT LEAST
10 COMPLETE THIS MOTION, SORT THE GRANTS OUT, AND THEN
11 IF WE NEED TO HAVE A DISCUSSION ABOUT THE WHOLE
12 ISSUE OF CUTTING GRANTS WHATEVER PERCENT, THAT'S A
13 SEPARATE ISSUE.

14 CHAIRMAN KLEIN: DR. STEWARD IS CORRECT.
15 WE HAVE A MOTION PENDING. IT'S GOOD DISCUSSION. I
16 THINK WE NEED TO COMPLETE THIS MOTION. SO IF WE'VE
17 ADEQUATE DISCUSSION OF THIS MOTION, I WOULD LIKE TO
18 ASK FOR THE CONFLICTS, PLEASE. AND PLEASE RESTATE
19 THE MOTION AND DO THE CONFLICTS.

20 MR. HARRISON: THE MOTION IS TO MOVE
21 APPLICATION NO. 1062 FROM TIER 1 TO TIER 2. THE
22 CONFLICTS WITH RESPECT TO APPLICATION 1062 ARE
23 MEMBERS PRICE, BLOOM, GILL, WITMER, AND LANSING.

24 CHAIRMAN KLEIN: OKAY. THANK YOU.

25 MR. HARRISON: MR. CHAIR, DO YOU WANT TO

BARRISTERS' REPORTING SERVICE

1 ASK FOR PUBLIC COMMENT ON THIS MOTION?

2 CHAIRMAN KLEIN: YES. IS THERE ANY PUBLIC
3 COMMENT ON THIS SPECIFIC APPLICATION AND ONLY THIS
4 APPLICATION? I SEE NO PUBLIC COMMENT. CAN WE CALL
5 THE ROLL ON THIS, PLEASE?

6 MS. KING: SUSAN BRYANT.

7 DR. BRYANT: YES.

8 MS. KING: MARCY FEIT.

9 MS. FEIT: YES.

10 MS. KING: LEEZA GIBBONS.

11 MS. GIBBONS: NO.

12 MS. KING: MICHAEL GOLDBERG.

13 MR. GOLDBERG: YES.

14 MS. KING: BOB KLEIN.

15 CHAIRMAN KLEIN: YES.

16 MS. KING: GERALD LEVY.

17 DR. LEVY: YES.

18 MS. KING: ED PENHOET.

19 DR. PENHOET: YES.

20 MS. KING: PHIL PIZZO.

21 DR. PIZZO: YES.

22 MS. KING: CLAIRE POMEROY.

23 DR. POMEROY: YES.

24 MS. KING: FRANCISCO PRIETO.

25 DR. PRIETO: NO.

BARRISTERS' REPORTING SERVICE

1 MS. KING: CARMEN PULI AFITO.

2 DR. PULI AFITO: NO.

3 MS. KING: ROBERT QUINT.

4 DR. QUINT: YES.

5 MS. KING: JEANNIE FONTANA.

6 DR. FONTANA: NO.

7 MS. KING: DUANE ROTH.

8 MR. ROTH: YES.

9 MS. KING: JEFF SHEEHY.

10 MR. SHEEHY: YES.

11 MS. KING: OSWALD STEWARD.

12 DR. STEWARD: YES.

13 CHAIRMAN KLEIN: COULD THE COUNSEL PLEASE
14 ADVISE US OF THE OUTCOME?

15 MR. HARRISON: THE MOTION CARRIES.

16 CHAIRMAN KLEIN: ALL RIGHT. SO, MR.
17 SHEEHY, ARE THERE -- YOU WANT TO SEE IF YOU WOULD
18 LIKE TO ENTERTAIN ADDITIONAL MOTIONS TO MOVE
19 ANYTHING ELSE OUT OF EITHER SESSION GREEN AREA
20 BEFORE GOING TO THE NEXT CATEGORY?

21 MR. SHEEHY: YES. DOES ANYONE HAVE ANY
22 DESIRE TO MOVE ANY APPLICATION OUT OF THE GREEN AREA
23 IN EITHER SESSION 1 OR SESSION 2? I SEE NO TAKERS.

24 SO I THINK THE NEXT THING THAT WE WOULD
25 LOOK AT IS IN EITHER SESSION 1 OR IN SESSION 2 IN

BARRISTERS' REPORTING SERVICE

1 THE GRAY AREA, IS THERE A DESIRE TO MOVE ANY OF
2 THOSE INTO THE GREEN AREA?

3 CAN I GET -- IS IT POSSIBLE TO GET A -- I
4 APOLOGIZE. CAN WE FIGURE OUT WHERE WE ARE?

5 DR. OLSON: BASED ON THE TWO THAT YOU HAVE
6 JUST MOVED, THE TOTAL THAT YOU HAVE -- THAT THE
7 BOARD WOULD COMMIT IF THEY APPROVED THOSE IN TIER 1
8 WOULD BE 19.8 MILLION.

9 MR. SHEEHY: SO WE'RE AT 19.8, SO WE ARE
10 RIGHT WITHIN 200,000 OF OUR BUDGET.

11 DR. PIZZO: THERE MAY BE A DESIRE TO
12 CONSIDER MOVING GRANTS UP. I HEARD OSSIE EXPRESS
13 THAT. I WOULD SUGGEST THAT WE FOLLOW THE GUIDANCE
14 THAT WE HAD EARLIER, AND THAT IS DELAY THAT UNTIL A
15 SUBSEQUENT MEETING. I THINK THAT THIS ALLOWS US TO
16 STAY WITHIN BUDGET AT THIS TIME, GATHER MORE DATA.
17 IT DOESN'T PRECLUDE THAT WE WON'T LOOK OR ADDRESS
18 THESE OR EVEN THE ONES THAT WE MOVED DOWN AND GIVES
19 US THAT FLEXIBILITY.

20 MR. ROTH: SO, I WOULD LIKE, BOB, IF I
21 COULD, TO ADD TO THAT WE HAVE THE 20 MILLION WHICH
22 WE CAN VOTE ON, BUT I'D SUGGEST THAT WE IDENTIFY 5
23 MILLION IN ORDER OF PREFERENCE TO TAKE INTO JANUARY.

24 CHAIRMAN KLEIN: ONLY 5 MILLION?

25 MR. ROTH: UP TO 5 MILLION, WHICH I THINK

BARRISTERS' REPORTING SERVICE

1 IS REASONABLE, BUT IN ORDER OF PREFERENCE. WE HAVE
2 TWO MILLION, WE'LL KNOW WHAT TO DO. IF WE HAVE 3
3 MILLION, 4 MILLION, 5 MILLION.

4 CHAIRMAN KLEIN: IS THAT A MOTION?

5 MR. ROTH: THAT WOULD BE A MOTION.

6 DR. PIZZO: TAKE THAT 5 MILLION FROM
7 WHERE, DUANE?

8 MR. ROTH: IT WILL BE HELD OVER. WE'LL
9 IDENTIFY 5 MILLION OF THE GRAY AREA GRANTS IN ORDER
10 TONIGHT AND HOLD THOSE OVER AND SEE HOW MUCH MONEY
11 WE HAVE THE END OF JANUARY, AND THEN WE DON'T HAVE
12 TO REVIEW AGAIN AND AGAIN. WE JUST SAY IF THERE'S 3
13 MILLION AVAILABLE, THEN THESE GRANTS, THESE TOP
14 THREE. THEY'RE EACH ABOUT A MILLION.

15 CHAIRMAN KLEIN: AND STRUCTURALLY, DUANE,
16 UNDERSTANDING THE INTENT, IT WOULD BE BETTER FOR
17 CONFLICTS PURPOSES IF WE INDIVIDUALLY WENT THROUGH
18 SEVERAL.

19 MR. ROTH: THAT'S CORRECT. I'M JUST
20 SUGGESTING THAT WE IDENTIFY UP TO 5 MILLION. WE'LL
21 HAVE THAT DISCUSSION.

22 CHAIRMAN KLEIN: I'M GOING TO DO THAT
23 WITHOUT A MOTION BECAUSE ON A CONFLICTS BASIS, IT'S
24 BETTER TO LET THE BOARD STOP AT FOUR OR SIX, BUT TO
25 DO IT INCREMENTALLY BECAUSE THEN WE MAXIMIZE THE

BARRISTERS' REPORTING SERVICE

1 VOTING PERCENTAGES.

2 MR. ROTH: THAT'S FINE.

3 CHAIRMAN KLEIN: MR. SHEEHY.

4 MR. SHEEHY: I ACTUALLY DON'T -- WITH ALL
5 DUE RESPECT, I REALLY WOULD LIKE US TO LEAVE THIS AT
6 THE BUDGET THAT WE HAVE, CALL IT A NIGHT. I'M A
7 LITTLE WORN OUT. AND I WOULD LIKE US TO COME BACK
8 SOMETIME TOMORROW AND FIGURE OUT WHAT OUR AVAILABLE
9 FUNDS FOR THE REST OF THE FISCAL YEAR, AND THEN SIT
10 DOWN AND SEE WHAT WE WANT TO ALLOCATE WHERE. AND IF
11 WE HAVE ANY EXCESS, THEN PERHAPS WE CAN -- BUT WE
12 NEED TO FIGURE OUT -- I MEAN WE NEED TO REALLY
13 FIGURE OUT WHAT FUNDS ARE AVAILABLE. AND WE CAN
14 LINE THIS UP 5 MILLION MORE FOR THE NEXT MEETING,
15 BUT IT DOESN'T REALLY MATTER BECAUSE THIS IS
16 COMPETING WITH TWO OTHER GRANT ROUNDS.

17 SO DO WE NEED TO THINK ABOUT HOW MUCH
18 MONEY WE WANT TO PUT INTO BRIDGES, HOW MUCH MONEY WE
19 WANT TO PUT INTO TRAINING II, HOW MUCH WE WANT TO
20 PUT INTO TRANSLATION? WE NEED TO HAVE A GLOBAL
21 REASSESSMENT OF WHERE WE'RE GOING TO SPEND OUR MONEY
22 BETWEEN NOW AND THE NEW YEAR. THAT'S MY PERSONAL
23 OPINION.

24 CHAIRMAN KLEIN: DR. PRICE.

25 DR. PRICE: IN OUR PREVIOUS DISCUSSION OF

BARRISTERS' REPORTING SERVICE

1 TEN MINUTES AGO, I TOOK AWAY FROM THAT, AS CONFUSING
2 AS I FOUND IT, THE MESSAGE THAT WE DON'T KNOW
3 ACTUALLY WHAT OUR BUDGETARY SITUATION IS RIGHT NOW
4 BECAUSE OF THE QUESTIONS ABOUT BOND ISSUING. AND
5 THAT BY THE END OF JANUARY, WE MAY ACTUALLY HAVE A
6 CLEARER POSITION.

7 CHAIRMAN KLEIN: THAT'S RIGHT.

8 DR. PRICE: CLEAR UNDERSTANDING. CAN I
9 FINISH THE THOUGHT? THEREFORE, I DON'T SEE WHY WE
10 TAKE AN ARBITRARY FIGURE, \$5 MILLION, WHEN WE DON'T
11 KNOW WHAT OUR BUDGET IS, NOR SHOULD WE TOMORROW
12 DECIDE WHAT OUR BUDGET IS GOING TO BE WHEN WE DON'T
13 KNOW WHAT THE SITUATION IS. SO WHY NOT FUND THE 20
14 MILLION TONIGHT, AND THEN RETURN TO THE GRAY AREA OF
15 GRANTS IN JANUARY WHEN WE KNOW BETTER WHAT OUR
16 FINANCIAL BUDGETARY SITUATION IS, AND THEN MAKE
17 THOSE DECISIONS.

18 CHAIRMAN KLEIN: TO BE CLEAR, WE KNOW OUR
19 BUDGET. WHAT WE DON'T KNOW -- WE KNOW OUR
20 AUTHORIZATION. AND OUR AUTHORIZATIONS ARE
21 SIGNIFICANTLY GREATER THAN WHAT'S IN OUR BUDGETS.
22 THE PROBLEM IS WE DO NOT KNOW AT THIS TIME -- WE DO
23 NOT HAVE SUFFICIENT INFORMATION TO GET A CLEAR
24 PICTURE OF THE TIMING OF WHEN WE CAN DO ADDITIONAL
25 BONDS OR POOLED MONEY INVESTMENT FUND LOANS. SO

BARRISTERS' REPORTING SERVICE

1 THAT INFORMATION MAY BE AVAILABLE, WITHOUT ANY
2 GUARANTEES, IN JANUARY. AT LEAST IT PUTS US INTO A
3 BETTER INFORMED POSITION.

4 DR. PRICE: SO OPERATIONALLY, WHATEVER THE
5 LANGUAGE YOU USE, OPERATIONALLY WE DON'T ACTUALLY
6 KNOW NOW WHAT WE'RE GOING TO HAVE TO SPEND OVER THE
7 NEXT -- TO THE END OF THIS FISCAL YEAR, AND WE MAY
8 HOPEFULLY KNOW MORE ABOUT THAT IN JANUARY.

9 CHAIRMAN KLEIN: YES. AND WE CURRENTLY AT
10 OUR BUDGET ARE BELOW OUR AUTHORIZATION.

11 MR. SHEEHY: SO I THINK DR. PRICE MAKES AN
12 EXCELLENT SUGGESTION; BUT FOR HOUSEKEEPING, SHOULD
13 WE MAKE SOME RECOMMENDATION FOR THE DO NOT FUND AREA
14 JUST SO THAT WE CAN -- BECAUSE WE'LL COME BACK TO
15 THIS AND WE'LL SAY, OH, WE NEVER TOOK ANY ACTION ON
16 THE DO NOT FUND. I THINK DR. PRICE MAKES AN
17 EXCELLENT IDEA. WE FUND IT TO OUR BUDGET. LET'S
18 KICK EVERYTHING ELSE OFF TILL JANUARY.

19 I DO THINK WHILE WE'RE HERE, WE SHOULD GO
20 AHEAD AND TAKE A LOOK AT THE YELLOW AREA AND DECIDE
21 IF WE WANT TO MOVE ANYTHING OUT OF THERE.

22 MR. ROTH: THERE'S JUST ONE BIG DRAWBACK
23 TO THAT, AND THAT IS GIVING THE APPLICANTS, ALL OF
24 THE GRAY APPLICANTS, HOPE THAT WE'RE GOING TO DO
25 SOMETHING WITHOUT GIVING ANY CONTEXT TO IT

BARRISTERS' REPORTING SERVICE

1 WHATSOEVER. TO ME THAT --

2 DR. PIZZO: I THINK THAT WHILE THAT IS
3 TRUE, DUANE, GOING THROUGH THE GRAY AREA MEANS GOING
4 THROUGH EACH ONE LINE BY LINE. AND I THINK THAT,
5 QUITE HONESTLY, I DON'T KNOW THAT WE'RE PREPARED TO
6 GO THROUGH EVERY ONE OF THOSE LINE BY LINE BECAUSE
7 WE CAN'T JUST TALK ABOUT THE ONES THAT WE MOVED UP
8 AND DOWN. THERE'S A LOT OF THEM. IF WE ARE GOING
9 DO SOMETHING LIKE THAT, I WOULD PREFER TO DO IT WHEN
10 WE REALLY KNOW THAT WE'RE GOING TO HAVE THE FUNDING
11 TO ACCOMPLISH THAT.

12 CHAIRMAN KLEIN: OKAY. NOW, JEFF HAS MADE
13 AN EXCELLENT SUGGESTION AS TO THE YELLOW AREA, THAT
14 SINCE WE'RE SHORT ON CURRENT -- SHORT ON ADDITIONAL
15 PROCEEDS, EVEN THOUGH WE HAVE A HIGHER
16 AUTHORIZATION, POTENTIALLY WE'RE IN A POSITION TO
17 TAKE A VOTE ON THE YELLOW AREA.

18 DR. PIZZO: CAN I MAKE A MOTION, JEFF?

19 CHAIRMAN KLEIN: SOMEONE WITHOUT ANY
20 CONFLICTS MIGHT WANT TO MAKE THE MOTION.

21 MR. ROTH: I'LL MAKE A MOTION NOT TO FUND
22 ANYTHING IN THE YELLOW AREA.

23 MS. GIBBONS: SECOND.

24 CHAIRMAN KLEIN: LEEZA GIBBONS IS THE
25 SECOND. SO MR. HARRISON, THERE IS A MOTION.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: FOR BOTH CHARTS.

2 CHAIRMAN KLEIN: NOW, COUNSEL IS TELLING
3 ME THAT SHERRY AND A COUPLE OTHER MEMBERS HAVE LEFT
4 BECAUSE WE'RE OVER OUR SCHEDULED TIME. AND,
5 THEREFORE, WE NEED TO PICK UP THIS MOTION IN THE
6 MORNING. SO I THINK WE HAVE A WELL-DEFINED APPROACH
7 FOR THE MORNING.

8 I WOULD LIKE TO SEE IF THERE'S SOME
9 COMMENT ON THIS POSITION AT THIS TIME, ALTHOUGH WE
10 WILL NOT TAKE ANY ACTION UNTIL THE MORNING. AND I'D
11 LIKE TO ALSO MAKE SURE WE HAVE PUBLIC COMMENT
12 BECAUSE, BEFORE WE DEAL WITH THIS VOTE, I WANT TO
13 MAKE SURE THAT THERE'S NO PUBLIC COMMENT DEALING
14 WITH ANYTHING IN THE YELLOW AREA. SO, IN FACT,
15 MAYBE I COULD MAKE A GENERAL INVITATION FOR PUBLIC
16 COMMENT AS TO ANY APPLICATION THAT REMAINS
17 OUTSTANDING AT THIS TIME. IS THERE PUBLIC COMMENT?

18 DR. AIRRIESS: THIS IS GRAY AREA NO. 1048.
19 NAME IS CHRIS AIRRIESS. YOU SAID ANY OUTSTANDING
20 APPLICATION?

21 CHAIRMAN KLEIN: YES. THAT WOULD INCLUDE
22 THE GRAY AREA AND THE YELLOW AREA. WOULD YOU REPEAT
23 THE NUMBER AGAIN?

24 DR. AIRRIESS: THE GRANT NUMBER WAS 1048.

25 CHAIRMAN KLEIN: JUST GIVE US A SECOND TO

BARRISTERS' REPORTING SERVICE

1 LOCATE IT, PLEASE. ALL RIGHT. IF YOU WOULD PLEASE
2 COMMENCE YOUR COMMENTS.

3 DR. AIRRIESS: THIS GRANT APPLICATION IS
4 REGARDING ASSAY READY SCREENING PLATES THAT WOULD BE
5 USED TO ACCELERATE THE PROGRESS OF CONVENTIONAL DRUG
6 DISCOVERY USING STEM CELL-DERIVED PRODUCTS. AND SO
7 WHILST IT MAY NOT LEAD TO A SPECIFICALLY STEM CELL
8 ORIGIN THERAPEUTIC, WOULD ACTUALLY EMPLOY STEM CELL
9 PRODUCTS SUCH AS PURE CARDIOMYOCYTES AND SCREENING
10 HEART DISEASE DRUGS OR LOOKING FOR TOXIC EFFECTS OF
11 OTHER DRUGS ON THE HEART, ETC., AND MOTOR NEURONS.

12 I HAVE SOME PATIENT ADVOCATES WITH ME WHO
13 WOULD LIKE TO SPEAK TO THE POTENTIAL USE OF THESE
14 ASSAY READY SCREENING PLATES THAT WE'RE APPLYING FOR
15 FUNDS TO DEVELOP.

16 CHAIRMAN KLEIN: OKAY. THANK YOU. WHO
17 WOULD LIKE TO SPEAK?

18 MR. MORRIS: HOW'S EVERYBODY DOING? MY
19 NAME BILL MORRIS. I HAVE A COMPANY CALLED SUCCESS
20 FOR TEENS. I'M A MOTIVATIONAL SPEAKER TO HIGH
21 SCHOOL AND COLLEGE KIDS. I'M A FORMER WALL STREET
22 EXECUTIVE AND A WORLD RECORD HOLDER. SO I'M NOT A
23 SCIENTIST IN ANY, WAY, SHAPE, OR FORM. AND I JUST
24 WANTED TO KIND OF CLEAR THE AIR OF THAT.

25 SIX MONTHS AGO TWO PEOPLE FROM OUR BOARD

BARRISTERS' REPORTING SERVICE

1 ON ALS CAME TO CALIFORNIA STEM CELL, MARK HERSHEY
2 AND MIKE HARTMAN. AND MIKE, WELL, HE WAS -- HE'S
3 ONE OF OUR PATIENTS. HE HAS ALS. AND HE WOULD BE
4 THE BEST ONE TO BE STANDING IN FRONT OF YOU TONIGHT
5 EXPLAINING WHAT HE HAS GONE THROUGH WITH ALS.
6 UNFORTUNATELY, MIKE DIED TWO MONTHS AGO.

7 WHEN I WAS ON WALL STREET, I HAD A BOSS,
8 HE SAID, "IF YOU CAN'T PUT IT ON THE BACK OF YOUR
9 BUSINESS CARD, DON'T TELL ME. MAKE IT SIMPLE." SO
10 WE HAVE PREPARED THREE SLIDES. WHEN I APPROACHED
11 CALIFORNIA STEM CELL, I SAID, LOOK IT, CHRIS, I'M
12 NOT A SCIENTIST. I'M A WALL STREET GUY. WE'VE GOT
13 TO CONVERT THIS FROM MANDARIN TO ENGLISH. I NEED TO
14 UNDERSTAND EXACTLY WHAT YOU'VE ACCOMPLISHED AND
15 WHERE YOU ARE.

16 AND WE CAME AWAY EXTREMELY IMPRESSED WITH
17 WHAT THEY'VE ACHIEVED AND WHAT THEY HAVE ON THE
18 HORIZON. I'M HERE TONIGHT HOPEFULLY TO MOVE THESE
19 PEOPLE FROM A TIER 2 TO A FUNDING OPPORTUNITY.

20 DO WE HAVE THOSE SLIDES? I APOLOGIZE FOR
21 THE WAY I'M DRESSED. I JUST CAME FROM A
22 MOTIVATIONAL SPEECH. I SPOKE TO A HUNDRED KIDS AT
23 THE ORANGEWOOD CHILDREN'S FOUNDATION IN ORANGE,
24 CALIFORNIA. SO I APOLOGIZE FOR --

25 CHAIRMAN KLEIN: THE WORDS ARE

BARRISTERS' REPORTING SERVICE

1 APPRECIATED.

2 MR. MORRIS: HERE WE GO. THIS IS WHAT WE
3 DID, YOU KNOW, FOR A LAYMAN. THIS IS LIKE MYSELF.
4 WE HAD TO TAKE IT FROM THE REALLY 25-LETTER WORDS
5 AND PUT IT INTO ENGLISH. AND THIS IS WHAT
6 CALIFORNIA STEM CELL DOES. IT'S TAKING THE IVF FROM
7 THE IVF CLINICS, AND THEY HAVE THAT PROPRIETARY
8 TECHNOLOGY AND KNOW-HOW IN THE STEM CELL SECTION IN
9 THE MIDDLE. WHAT THEIR MISSION IS ALL ABOUT IS TO
10 MOVE IT TO BIG PHARMA FOR DRUG DEVELOPMENT AS WELL AS
11 THE MEDICAL COMMUNITY FOR ACTUALLY FINDING ANSWERS
12 TO DISEASES.

13 RIGHT NOW CALIFORNIA STEM CELL HAS TWO
14 DIVISIONS, THE REAGENTS AND THE THERAPEUTICS.
15 THEY'RE ACTUALLY GETTING REVENUES FROM THE REAGENT
16 SIDE OF THE BUSINESS. AND AS YOU CAN SEE, THIS IS
17 CELL AND MEDIA FOR RESEARCH AND DRUG DEVELOPMENT
18 USE.

19 THE THIRD AND LAST SLIDE. YOU KNOW, UNTIL
20 NOW THERE'S BEEN REALLY NO SOURCE OF MANUFACTURED
21 CELLS IN USE OF PHARMACEUTICAL COMPANIES FOR
22 SCREENING AND RISK ASSESSMENT. IF YOU SKIP DOWN TO
23 THAT NEXT PART WHERE CALIFORNIA STEM CELL HAS
24 INBOUND REQUESTS RIGHT NOW FOR SCREENING PLATES FROM
25 MERCK AND PFIZER AND WORTH. THIS COMPANY HAS GOT IT

BARRISTERS' REPORTING SERVICE

1 TOGETHER. THEY NEED THE FUNDING.

2 THE INDUSTRY FOCUS HAS IDENTIFIED
3 MANUFACTURED HUMAN CELLS FOR SCREENING AS THE NO. 1
4 PRIORITY FOR STEM CELL PRODUCTS FOR THE BIG PHARMA.
5 I'LL LEAVE THE REST OF THAT FOR YOUR READING, BUT
6 THAT'S REALLY WHAT THEY DO, AND I THINK THEY'VE GOT
7 SOME PHENOMENAL OPPORTUNITIES. I IMPLORE YOU TO
8 GRANT THEM THE GRANTS THAT THEY NEED TO MAKE THIS
9 HAPPEN.

10 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

11 MR. MORRIS: LAST, I'LL LEAVE YOU WITH THE
12 EXPRESSION THAT SAYS WE MAKE A LIVING BY WHAT WE
13 GET, BUT WE MAKE A LIFE BY WHAT WE GIVE.

14 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
15 APPRECIATE YOUR COMMENTS. ADDITIONAL COMMENTS?

16 MS. NELSON-MEGGS: I'LL MAKE IT QUICK. I
17 JUST WANT TO THANK YOU FOR BEING HERE. I KNOW IT'S
18 LATE. I DROVE IN FROM BEVERLY HILLS WITH A
19 THREE-HOUR COMMUTE, SO I APPRECIATE YOU BEING HERE.

20 MY NAME IS ANDREA NELSON-MEGGS, AND I AM
21 HERE ON APPLICATION 1048. I'M REPRESENTING MY
22 FAMILY AND I'M ALSO REPRESENTING FSMA, WHICH IS
23 FAMILIES OF SPINAL MUSCULAR ATROPHY. MY HUSBAND
24 WASN'T ABLE TO BE HERE. I HAVE TWO DAUGHTERS. I'M
25 FORMERLY AN ATTORNEY. I NOW AM A MOTION PICTURE

BARRISTERS' REPORTING SERVICE

1 TALENT AGENT, SO I DO ALL THE MOVIE DEALS.

2 BUT MY TWO DAUGHTERS IS AVA, WHO'S THREE
3 YEARS OLD, AND ALEXANDRA. THIS IS ALEXANDRA. SHE'S
4 ONE, OR SHE WOULD BE ONE. ONE YEAR AGO EXACTLY OR
5 ACTUALLY IN A WEEK, WE WENT TO GET HER TWO-MONTH
6 CHECKUP. MY HUSBAND TOLD ME I CAN'T MAKE IT, BUT
7 PLEASE MAKE SURE YOU ASK THE DOCTOR WHY HER ARMS
8 AREN'T MOVING AS MUCH AS WHEN SHE WAS FIRST BORN AND
9 HER LEGS. AND THAT QUICKLY TURNED INTO A
10 RECOMMENDATION TO GO SEE A PEDIATRIC NEUROLOGIST,
11 WHO QUICKLY DIAGNOSED HER WITH SMA, SPINAL MUSCULAR
12 ATROPHY.

13 WE HAD NO IDEA WHAT THAT WAS AND QUICKLY
14 LEARNED THAT HER LIFE WOULD PROBABLY BE ABOUT A
15 YEAR. AND SHE WAS WITH US FOR TWO WEEKS MORE. SO
16 ON JANUARY 1 WE LOST OUR BABY GIRL, AND WE
17 CELEBRATED HER BIRTHDAY THIS YEAR DOING A WALK FOR
18 FSMA.

19 AND REASON WHY I'M HERE, I WAS ASKED, IS
20 TO REQUEST FUNDS FOR FSMA AND STEM CELL RESEARCH
21 BECAUSE OBVIOUSLY IF THESE FUNDS WERE AVAILABLE,
22 MAYBE MY BABY GIRL WOULD BE HERE AND WOULDN'T BE
23 CELEBRATING HER FIRST-YEAR BIRTHDAY AS A WALK. BUT
24 I JUST WANT TO PERSONALIZE THE REQUEST. THANK YOU.

25 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR

BARRISTERS' REPORTING SERVICE

1 YOUR ADVOCACY.

2 DR. AIRRIESS: IF I COULD JUST WRAP THAT
3 UP A LITTLE BIT. THANK YOU VERY MUCH, BOTH OF YOU,
4 FOR SPEAKING. REALLY THE GOAL THAT WE'VE GOT AS A
5 COMPANY IS TO FIND THERAPEUTICS TO TREAT DISEASE.
6 NOW, WE ARE ACTUALLY WORKING TOWARDS TRANSPLANTATION
7 THERAPIES THAT WILL USE MOTOR NEURONS TO TRY AND
8 CURE BABIES SUCH AS YOU'VE HEARD OF RIGHT NOW WITH
9 SPINAL MUSCULAR ATROPHY, BUT WE ALSO BELIEVE THAT
10 IT'S THE RESPONSIBLE THING TO DO TO TRY AND ENABLE
11 DRUG DEVELOPMENT USING ALL THE TECHNOLOGIES THAT WE
12 HAVE.

13 IF SOMEBODY CAN COME UP WITH A DRUG THAT
14 WILL PREVENT OTHER FAMILIES FROM HAVING TO GO
15 THROUGH THIS LOSS, WE THINK THAT THAT IS MONEY WELL
16 SPENT, AND THAT'S SOMETHING -- AND OUR TIME WELL
17 SPENT EVEN IF IT DOESN'T MEAN AS MUCH TO THE COMPANY
18 IN THE LONG RUN. BUT WE FEEL THAT THIS IS A VERY
19 IMPORTANT USE OF STEM CELL TECHNOLOGIES TO DEVELOP
20 THESE SCREENING PLATES THAT WILL ALLOW DEVELOPMENT
21 OF DRUGS FOR THINGS THAT WE CAN'T TREAT RIGHT NOW
22 LIKE ALS AND SMA.

23 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR
24 YOUR PRESENTATION. WITH THAT, ARE THERE ANY OTHER
25 ADDITIONAL PUBLIC COMMENTS? SEEING NO ADDITIONAL

BARRISTERS' REPORTING SERVICE

1 PUBLIC COMMENTS, ANY BOARD COMMENTS? SO SEEING NO
2 BOARD COMMENTS, COUNSEL -- DR. TROUNSON, ANY
3 ADDITIONAL POINTS?

4 DR. TROUNSON: I THINK, CHAIR, BETWEEN NOW
5 AND JANUARY, WE WILL EXAMINE THE BUDGETS OF ALL
6 THOSE GRANTS. THERE ARE SOME GRANTS THAT ARE
7 RELATIVELY SMALL ACTUALLY. AND SO, YOU KNOW, A CUT
8 ACROSS THE BOARD, THAT KIND OF THING, I THINK, WOULD
9 BE QUITE DAMAGING TO SOME OF THOSE COMPANIES OR SOME
10 OF THOSE INSTITUTIONS. WE'LL TAKE A LOOK TO SEE
11 WHETHER THERE'S ANY REASON FOR US TO THINK THERE'S
12 EXCESS IN THESE TWO-YEAR GRANTS, AND WE'LL REPORT
13 ANY SAVINGS BACK TO YOU AS WELL.

14 AND I THINK IF WE MAKE THIS DECISION TO
15 RELOOK AT THE BUDGET, WE ACTUALLY DO KNOW WHAT WE'RE
16 GOING TO EXPEND IN THIS TIMEFRAME. WHAT WE'RE A BIT
17 UNSURE ABOUT IS WHAT WE'RE GOING TO DO WITH THE
18 UPCOMING RFA'S, HOW MUCH MORE OR LESS THAT WE WOULD
19 EXPEND ON TOP OF OR NOT SO MUCH OF WHAT THE BOARD'S
20 ALREADY AGREED TO. BUT I THINK WHAT YOU'VE SAID,
21 CHAIR, IS THAT IT WOULD BE BETTER FOR US TO HAVE A
22 MORE FIRM BASIS OF THE UNDERSTANDING OF WHAT WE CAN
23 ACTUALLY RAISE IN TERMS OF OUR BONDS OR IN PRIVATE
24 RAISINGS. AND IF WE CAN DO THAT IN JANUARY, I THINK
25 THE AGENCY WOULD FEEL, I AT THE AGENCY WOULD AT

BARRISTERS' REPORTING SERVICE

1 LEAST FEEL MORE COMFORTABLE THAN TO CURRENTLY
2 OVEREXPEND TOO FAR IN THIS PARTICULAR ROUND.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
4 MR. SHEEHY.

5 MR. SHEEHY: YOU KNOW, IT'S AN IRONY THAT
6 THIS PARTICULAR APPLICATION CAME UP, BUT IT DID
7 RAISE A QUESTION IN MY MIND. THIS APPLICATION
8 ACTUALLY, LOOKING AT THE REVIEW, THE TECHNOLOGY TO
9 MAKE MOTOR NEURONS, AIM 1, ACTUALLY WAS VERY WELL
10 REGARDED. IT'S JUST AIM 2 AND AIM 3. AND THE
11 REVIEWERS ARE, I'LL QUOTE, "THE REVIEWERS WERE
12 ENTHUSIASTIC ABOUT THIS POSSIBILITY PROVIDING THE
13 BUDGET WAS APPROPRIATELY MODIFIED."

14 SO I ALSO WONDER FOR THOSE INDIVIDUALS WHO
15 WERE IN THE GRAY AREA, IF WE MIGHT OFFER THE
16 OPPORTUNITY, ESPECIALLY LIKE HERE WHERE IT'S SO
17 DIRECT, WE COULD -- AIM 1 IS LAUDABLE, IT'S
18 ACHIEVABLE, IT OBVIOUSLY WOULD MAKE A DIFFERENCE IN
19 SOME FOLKS' LIVES. SHOULD WE OFFER THEM THE
20 OPPORTUNITY TO SUBMIT NEW BUDGETS THAT MIGHT BE MORE
21 REALISTIC IN LIGHT OF THE REALITY THAT WE'RE ALL
22 HAVING TO LIVE WITH? I JUST PUT THAT OUT THERE.

23 IT'S ALWAYS HARD FOR ME WHEN I HEAR FROM
24 PATIENTS, BUT I'M ALWAYS MOVED BY THAT. AND THEN I
25 LOOK AND I READ THE REVIEWERS AGREED THAT THE FIRST

BARRISTERS' REPORTING SERVICE

1 AIM WAS STRONG AND FEASIBLE, AND THE MOTOR NEURON
2 FOCUS COULD POSITIVELY IMPACT THE IMPORTANT AREA OF
3 ALS RESEARCH. SO TO ME IT'S PRETTY COMPELLING. THE
4 ONLY THING -- AND MOST AGREE THAT AIM 1 IS OF
5 SUFFICIENTLY HIGH IMPACT TO WARRANT CONSIDERATION ON
6 ITS OWN. THEN THE REVIEWERS ARE ENTHUSIASTIC IF THE
7 BUDGET.

8 SO MAYBE SINCE WE HAVE THIS TIME, SINCE WE
9 KNOW WE'RE LIVING WITH AN ATTENUATED BUDGET, I HATE
10 TO MAKE THINGS CRAZY FOR EVERYBODY ELSE, AND I'M
11 SURE THERE ARE PEOPLE NOT HAPPY WITH ME RIGHT NOW,
12 BUT I JUST HATE TO SEE --

13 CHAIRMAN KLEIN: ANOTHER OPTION THAT WE'RE
14 GOING -- WE'RE GOING TO ADJOURN AND THEN COME BACK
15 TOMORROW MORNING. BUT ANOTHER OPTION IS TO GIVE THE
16 STAFF DISCRETION, IF THEY NEEDED TO GET A
17 RESUBMISSION, GET IT, BUT NOT TO HAVE A WHOLE BUNCH
18 OF SUBMISSIONS. THE STAFF HAS THE ABILITY AND THE
19 DISCRETION TO ADJUST THE BUDGET IN THAT SPECIFIC
20 CASE BECAUSE IT'S SPECIFICALLY CALLED OUT, WHICH IS
21 AN EXCEPTION. SO I THINK YOUR POINT IS WELL TAKEN.

22 MS. GIBBONS: JUST A QUICK COMMENT, AND I
23 KNOW THIS WILL COME TO BEAR TOMORROW BECAUSE WE WILL
24 MORE THAN LIKELY CONSIDER A COUPLE OF THOSE REQUESTS
25 IN THE GRAY AREA.

BARRISTERS' REPORTING SERVICE

1 YOU KNOW, I KNOW WE ALL WANT TO BE
2 RESPONSIBLE FISCALLY AND ALL THAT, BUT I DON'T
3 REALLY UNDERSTAND WHEN WE MAY GET ANOTHER SHOT AT
4 TOOLS AND TECHNOLOGIES. AND NOT REALLY KNOWING THAT
5 OUTLAY TO PROJECT, WE HAVE OUR RESTRAINTS IN OUR
6 BUDGET AREAS, BUT WE ALSO HAVE RECOMMENDATIONS FROM
7 OUR SCIENTISTS. AND I TAKE THOSE VERY SERIOUSLY.
8 WE LOOK AT WHAT THIS MAY MEAN IN TERMS OF, AS JEFF
9 WAS SAYING, THE OTHER GRANTS THAT WE'VE GIVEN OUT
10 AND MAY GIVE OUT. SO I DON'T REALLY KNOW HOW HARD
11 TO PUSH ON THE BUDGET AT THIS TIME WITHOUT REALLY
12 BEING ABLE TO SEE FAR ENOUGH DOWN THE LINE.

13 MAYBE THAT'S SOMETHING THAT WE CAN GET
14 EDUCATION ON OR I CAN GET EDUCATION ON TOMORROW FROM
15 SOMEBODY WHO MUST CLEARLY KNOW.

16 CHAIRMAN KLEIN: OKAY. SO WITH THAT,
17 UNLESS THERE'S OTHER COMMENTS, I'D LIKE TO THANK THE
18 PUBLIC. I'D LIKE TO THANK THE STAFF. I'D LIKE TO
19 SPECIFICALLY ASK IF WE'D GIVE THE STAFF A ROUND OF
20 APPLAUSE BECAUSE THIS IS AN EXTRAORDINARY EFFORT.

21 (APPLAUSE.)

22 CHAIRMAN KLEIN: I'D LIKE TO THANK THE
23 BOARD FOR THEIR PATIENCE AND WORKING WITH US
24 TONIGHT. AND WE'RE ADJOURNED TILL TOMORROW MORNING.

25 DR. PIZZO: COULD SOMEONE GIVE US THE

BARRISTERS' REPORTING SERVICE

1 DETAILS AGAIN FOR TOMORROW MORNING?

2 MS. KING: THERE IS A SHUTTLE FOR I COC
3 MEMBERS LEAVING THIS HOTEL AT 7:45 TO TAKE YOU OVER
4 TO THE STUDENT CENTER AT UC IRVINE. BREAKFAST WILL
5 BE SERVED AT EIGHT. THERE IS A SPOTLIGHT ON
6 ALZHEIMER'S DISEASE AT 8:30, AND THE ACTUAL MEETING
7 STARTS AT 9:30.

8 CHAIRMAN KLEIN: IT'S THE STUDENT CENTER,
9 NOT THE NATIONAL ACADEMY BUILDING.

10 MS. KING: THAT IS CORRECT. IF YOU WOULD
11 LIKE TO TAKE YOUR BINDERS WITH YOU FOR A LITTLE LATE
12 NIGHT READING, YOU CAN, BUT WE WILL BRING THEM FOR
13 YOU IF YOU LEAVE THEM.

14 CHAIRMAN KLEIN: THEY MAY HAVE NOTES IN
15 THEIR BINDERS. WHY DON'T YOU TAKE YOUR BINDERS WITH
16 YOU, PLEASE.

17 (THE MEETING WAS THEN ADJOURNED AT
18 09:52 P.M. TO RECONVENE AT 9:30 A.M. ON DECEMBER 11,
19 2008.)

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BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

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

UNIVERSITY OF CALIFORNIA IRVINE
IRVINE, CALIFORNIA
ON
TUESDAY, DECEMBER 9, 2008

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



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