

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

LOCATION: THE CLAREMONT HOTEL
41 TUNNEL ROAD
BERKELEY, CALIFORNIA

DATE: THURSDAY, DECEMBER 11, 2014
9 A.M.

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

BRS FILE NO.: 96776-B

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 BERKELEY, CALIFORNIA; THURSDAY, DECEMBER 11, 2014

2 9 A.M.

3

4 CHAIRMAN THOMAS: GOOD MORNING. WE ARE ON
5 THE AIR FROM WET AND SOGGY OAKLAND, CALIFORNIA.

6 GOOD MORNING TO THOSE HERE, GOOD MORNING TO THOSE ON
7 THE LINE HERE. WE HAVE TODAY A BIT OF AN

8 ABBREVIATED AGENDA THANKS IN SOME PART TO THE
9 WEATHER, WHICH WE'LL ADDRESS WHEN WE GET INTO THE

10 BODY OF THE MEETING ITSELF. BUT LET'S BEGIN BY,
11 MARIA, PLEASE LEAD US IN THE PLEDGE OF ALLEGIANCE.

12 (THE PLEDGE OF ALLEGIANCE.)

13 CHAIRMAN THOMAS: MARIA, WOULD YOU CALL
14 THE ROLL.

15 MS. BONNEVILLE: DAVID BRENNER.
16 ANNE-MARIE DULIEGE.

17 DR. DULIEGE: HERE.

18 MS. BONNEVILLE: ELIZABETH FINI.

19 DR. FINI: HERE.

20 MS. BONNEVILLE: MICHAEL FRIEDMAN. JUDY
21 GASSON.

22 DR. GASSON: HERE.

23 MS. BONNEVILLE: SAM HAWGOOD. DAVID
24 HIGGINS.

25 DR. HIGGINS: HERE.

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1 MS. BONNEVILLE: STEPHEN JUELSGAARD.
2 MR. JUELSGAARD: HERE.
3 MS. BONNEVILLE: SHERRY LANSING. JACOB
4 LEVIN.
5 DR. LEVIN: HERE.
6 MS. BONNEVILLE: BERT LUBIN.
7 DR. LUBIN: HERE.
8 MS. BONNEVILLE: SHLOMO MELMED. LAUREN
9 MILLER.
10 MS. MILLER: HERE.
11 MS. BONNEVILLE: LLOYD MINER. JOE
12 PANETTA. FRANCISCO PRIETO.
13 DR. PRIETO: HERE.
14 MS. BONNEVILLE: ROBERT QUINT.
15 DR. QUINT: PRESENT.
16 MS. BONNEVILLE: AL ROWLETT. JEFF SHEEHY.
17 MR. SHEEHY: HERE.
18 MS. BONNEVILLE: OSWALD STEWARD.
19 DR. STEWARD: HERE.
20 MS. BONNEVILLE: JONATHAN THOMAS.
21 CHAIRMAN THOMAS: HERE.
22 MS. BONNEVILLE: ART TORRES.
23 MR. TORRES: HERE.
24 MS. BONNEVILLE: KRISTINA VUORI. DONNA
25 WESTON.

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1 DR. WESTON: HERE.

2 MS. BONNEVILLE: DIANE WINOKUR.

3 DR. MELMED: THIS IS SHLOMO MELMED. I AM
4 HERE.

5 MS. BONNEVILLE: THANK YOU.

6 CHAIRMAN THOMAS: MR. HARRISON, HOW ARE WE
7 DOING ON QUORUM?

8 MR. HARRISON: WE'RE COUNTING. YOU CAN GO
9 AHEAD.

10 CHAIRMAN THOMAS: SO WE'LL GO INTO THE
11 CHAIR'S REPORT. THIS HAS BEEN A BUSY STRETCH SINCE
12 OUR LAST BOARD MEETING, BUT A NUMBER OF INTERESTING
13 EVENTS WHICH I WENT TO REPRESENTING THE AGENCY. WE
14 HAD, FIRST, THE SECOND, I BELIEVE IT WAS THE SECOND,
15 WORLD ALLIANCE CONFERENCE, WHICH IS A BILATERAL
16 EVENT BETWEEN AMERICAN STEM CELL SCIENTISTS AND
17 JAPANESE STEM CELL SCIENTISTS. IT WAS HELD IN SAN
18 FRANCISCO. IT WAS QUITE A SIGNIFICANT CONFERENCE,
19 VERY HIGHLY ATTENDED.

20 A NUMBER OF INTERESTING THINGS CAME UP. I
21 THOUGHT MOST NOTABLY A DISCUSSION OF THE RECENT
22 ADVANCES MADE BY THE JAPANESE EQUIVALENT OF THE FDA
23 IN SPEEDING THERAPIES THROUGH CLINICAL TRIALS. AND
24 IT'S SOMETHING THAT -- COULD WE JUST TAKE THAT OFF
25 FOR THE MOMENT, PLEASE? TAKE THAT OFF THE SCREEN.

BARRISTERS' REPORTING SERVICE

1 THANKS. WE'RE NOT GOING TO DO ANY PICTURES IN THIS
2 IF THAT'S OKAY. JUST GOING TO GO WITH THE
3 NARRATIVE. THANKS.

4 SO THE FELLOW WHO REPORTED ON THIS GAVE AN
5 IN-DEPTH ANALYSIS OF HOW THEY IN JAPAN ARE SEEKING
6 TO GET THINGS THROUGH TRIALS MORE QUICKLY THAT SHOWS
7 SOME REAL SIGN OF EFFICACY IN PHASE I. AND IT'S
8 SOMETHING THAT WE WOULD REALLY BENEFIT FROM, I
9 THINK, AS A LESSON FOR OUR REGULATORY PROCESS OVER
10 HERE IN THE UNITED STATES AS IT WILL ALLOW THEM,
11 UNDOUBTEDLY, TO GET A NUMBER OF PROJECTS THROUGH
12 THEIR REGULATORY PROCESS MORE QUICKLY THAN WE CAN
13 OVER HERE. AND SO I THINK THAT'S SOMETHING WE MIGHT
14 WANT TO TAKE UP AT SOME POINT TO SEE WHAT WE COULD
15 DO ADDITIONALLY TO WHAT WE ARE DOING, PRINCIPALLY
16 THROUGH THE ALLIANCE FOR REGENERATIVE MEDICINE, TO
17 TALK TO WASHINGTON ABOUT ISSUES LIKE THIS BECAUSE IT
18 WAS A MAJOR ADVANCE AND VERY EXCITING TO HEAR.

19 SECONDLY, YOU MIGHT RECALL WE'VE BEEN
20 ACTIVE WITH THE MILKIN INSTITUTE. LAST MAY I
21 CHAIRED A PANEL ON STEM CELLS AT THE MILKIN GLOBAL
22 CONFERENCE. IN NOVEMBER NOW THEY HAVE AN EVENT THEY
23 CALL PARTNERING FOR CURES WHICH BRINGS TOGETHER
24 PATIENT ADVOCATES, SCIENTISTS, FUNDERS, ETC. INTO A
25 MEETING IN NEW YORK RUN BY THE FASTER CURES PEOPLE

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1 WHO ARE A CREATION OF THE MILKEN INSTITUTE. AND I
2 AND MARIA AND AMY LEWIS WENT TO THAT ON BEHALF OF
3 CIRM, WENT TO A NUMBER OF THE SESSIONS, HAD A NUMBER
4 OF BREAKOUT MEETINGS THAT WERE VERY PRODUCTIVE.
5 EVERYTHING CONNECTED TO THE MILKIN INSTITUTE IS A
6 FIRST-RATE DEAL, AND THIS WAS NO EXCEPTION.

7 IF YOU GO ON THE MILKEN INSTITUTE WEBSITE,
8 YOU WILL SEE A NUMBER OF THE DISCUSSIONS AND PANELS
9 THAT THEY HAD AT THAT SESSION AND THE VARIOUS TOPICS
10 THAT THEY COVERED. AND SO IT'S SOMETHING THAT WE
11 NOW FEEL IS WELL WORTH OUR ANNUAL ATTENDANCE DUE TO
12 THE EXPOSURE WE GET TO A GREAT MANY PEOPLE.

13 NEXT -- I SHOULD SAY, BY THE WAY,
14 SUBSEQUENT TO THAT, MILKEN INSTITUTE HAD WHAT THEY
15 CALL THE CALIFORNIA SUMMIT WHERE THEY BROUGHT
16 TOGETHER A NUMBER OF LEADERS FROM THE STATE. THIS
17 WAS DOWN IN SANTA MONICA A COUPLE WEEKS AGO. THAT
18 TOO WAS SOMETHING THAT WAS GOOD TO GET OUR STORY OUT
19 AND FOR ADDITIONAL NETWORKING WITH MANY OF THE CIVIC
20 LEADERS PARTICULARLY IN THE SOUTHERN CALIFORNIA
21 AREA.

22 ADDITIONALLY, LAST WEEK WAS THE ANNUAL
23 WORLD STEM CELL SUMMIT. THIS TIME HELD IN SAN
24 ANTONIO. RANDY AND I AND KEVIN AND DON WENT. THIS
25 IS THE EVENT THAT BRINGS TOGETHER SCIENTISTS, A VERY

BARRISTERS' REPORTING SERVICE

1 HEAVY CONTENTION OF PATIENT ADVOCATES, AND OTHER
2 INTERESTED PARTIES IN THE FIELD, AND IS NOTEWORTHY,
3 I THINK, BECAUSE MANY OF THE SESSIONS, UNLIKE WHAT
4 YOU WOULD SEE, FOR EXAMPLE, AT THE ISSCR, WHICH ARE
5 HIGHLY TECHNICAL AND SCIENTIFIC IN NATURE, THE
6 AUDIENCE AT THESE EVENTS IS SUCH THAT THEY GO OUT OF
7 THEIR WAY TO PRESENT THINGS, BREAK THEM DOWN MORE
8 UNDERSTANDABLE TO THE LAYMAN, AND I THINK THAT IT
9 GENERATES LOTS OF VERY HEALTHY DISCUSSION.

10 I DID A PANEL THERE. INTERESTINGLY
11 ENOUGH, THERE WERE THREE DAYS OF PANELS, AND THEY
12 HAD RANDY DO A PANEL AND I DO A PANEL AT EXACTLY THE
13 SAME TIME IN OTHER ROOMS. PLANNING ON THAT WASN'T
14 TOO GOOD. RANDY AND I WERE COMPARING NOTES AS TO
15 WHO WE THOUGHT ATTRACTED MORE IN THE AUDIENCE. I
16 DON'T THINK WE EVER QUITE SORTED THAT OUT. HE
17 CLAIMS HE DID. OF COURSE, I CLAIMED I DID, BUT
18 WE'LL NEVER KNOW, NOW WILL WE?

19 BOTH WERE VERY INTERESTING. RANDY DID AN
20 ADDITIONAL PANEL ON HUNTINGTON'S DISEASE THE
21 FOLLOWING DAY. THEY HAVE AN ANNUAL AWARDS CEREMONY.
22 AMONG OTHER THINGS, THEY GIVE AN ANNUAL AWARD TO A
23 PATIENT ADVOCATE, AND THIS TIME THEY GAVE IT TO OUR
24 THREE HUNTINGTON'S DISEASE PATIENT ADVOCATES WHO
25 YOU'VE SEEN HERE IN OUR MEETINGS REPEATEDLY. AND

BARRISTERS' REPORTING SERVICE

1 THEY GAVE WONDERFUL SPEECHES AND JUST REALLY WERE SO
2 COMPELLING IN THEIR NARRATIVE. IT HAD THE ROOM
3 REALLY UNDERSTANDING THE NATURE OF HUNTINGTON'S
4 DISEASE AND JUST WHAT AN AWFUL THING IT IS.

5 WE ALSO HAD AN AWARD, A LEADERSHIP AWARD,
6 THAT WENT OUT TO FORMER SAN ANTONIO MAYOR AND HUD
7 SECRETARY HENRY CISNEROS, A LONGTIME FRIEND OF ART
8 AND MINE. AND THEY ASKED ME TO BE ONE OF THE
9 CO-PRESENTERS, WHICH I WAS HONORED TO DO. SO IT WAS
10 A VERY GOOD EVENT. AGAIN, THREE DAYS WORTH OF
11 PANELS, LOTS OF GREAT TOPICS COVERED, AND SOMETHING
12 THAT'S WORTH DOING IF YOU GET A CHANCE TO ATTEND ONE
13 OF THESE.

14 NEXT, AS YOU KNOW, WE HAVE A COLLABORATIVE
15 FUNDING PROGRAM WITH A NUMBER OF OTHER COUNTRIES,
16 WITH STATES FROM OTHER COUNTRIES, WITH THE NIH
17 WHEREBY WE ENTER INTO MEMORANDA OF UNDERSTANDING
18 WITH THOSE ENTITIES TO BASICALLY SET THE FRAMEWORK
19 FOR IF THEY HAVE A SCIENTIST IN A PARTICULAR AREA OF
20 STEM CELL RESEARCH WHO WANTS TO JOINTLY PROPOSE WITH
21 SOMEBODY FROM CALIFORNIA, THEY MAY DO SO WITH
22 RESPECT TO A PARTICULAR RFA, AND THEN THEY GO
23 THROUGH, JUST LIKE EVERYBODY ELSE DOES, THE PEER
24 REVIEW PROCESS THROUGH THE GRANTS WORKING GROUP.
25 AND SHOULD THEY BE SELECTED, THEY WOULD THEN BE --

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1 THE SCIENTIST FROM THE COUNTRY THAT'S JOINTLY
2 APPLYING WOULD BE FUNDED BY THE COUNTRY OR STATE OR
3 WHATEVER AND CIRM WOULD FUND THE CALIFORNIA PERSON
4 OR TEAM.

5 OBVIOUSLY THAT PROCESS IS GOING TO CHANGE
6 FAIRLY DRAMATICALLY UNDER CIRM 2.0 GOING FORWARD;
7 BUT, NONETHELESS, WE'VE HAD IN THE PAST NOW 80
8 MILLION PLUS THAT HAS COME IN FROM COLLABORATIVE
9 FUNDING PARTNERS IN PROGRAMS THAT WE HAVE FUNDED.
10 AND OVER THE COURSE OF THE LAST COUPLE WEEKS, WE HAD
11 TWO NEW ADDITIONS TO THE CFP GROUP. FIRST, WE HAD A
12 CONTINGENT FROM POLAND THROUGH THE UNIVERSITY OF
13 WARSAW, AND THEY CAME TO OUR OFFICES AS PART OF A --
14 THEY HAD A TOUR, THEY WERE ATTENDING VARIOUS EVENTS
15 IN CALIFORNIA OVER THE COURSE OF SEVERAL DAYS, AND
16 THEY CAME AND WE HAD A SIGNING CEREMONY THERE.
17 SENATOR TORRES AND I REPRESENTED THE CIRM BOARD AT
18 THAT EVENT.

19 THEN NEXT WE HAD A DELEGATION FROM ISRAEL
20 COME. WE'VE BEEN WORKING, YOU MIGHT HAVE RECALLED,
21 ON TRYING TO GET SUCH AN ARRANGEMENT FOR SEVERAL
22 YEARS. WE FINALLY GOT IT DONE. AND DR. LUBIN AND I
23 REPRESENTED THE BOARD AT THAT SIGNING CEREMONY. AND
24 WE, SUBSEQUENT TO THAT MEETING, HAD A NICE TALK
25 ABOUT HOW TO PROCEED WITH POTENTIAL ALIGNMENT GOING

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1 FORWARD IN THE CONTEXT OF CIRM 2.0.

2 SO THERE'S BEEN A LOT OF STUFF HAPPENING,
3 AND I THINK A LOT OF GOOD STUFF AS ALWAYS. AND WITH
4 THAT, THAT CONCLUDES THE CHAIR'S REPORT. I'M GOING
5 TO TURN IT NOW OVER TO DR. MILLS FOR THE PRESIDENT'S
6 REPORT.

7 MS. BONNEVILLE: I JUST WANTED TO CONFIRM.
8 JOE PANETTA, ARE YOU ON THE LINE?

9 MR. PANETTA: YES, I AM.

10 MS. BONNEVILLE: THANK YOU. HOW ABOUT
11 DIANE WINOKUR?

12 MS. WINOKUR: YES.

13 MS. BONNEVILLE: AND AL ROWLETT?

14 MR. ROWLETT: YES, I AM.

15 MS. BONNEVILLE: THANK YOU.

16 DR. MILLS: THANK YOU VERY MUCH. I WILL
17 ACTUALLY TRY TO KEEP MY REMARKS TODAY A LITTLE BIT
18 MORE BRIEF THAN I HAVE IN THE PAST MOSTLY BECAUSE
19 I'M GOING TO TALK MORE ABOUT IT LATER ON IN A COUPLE
20 OF SEPARATE PRESENTATIONS.

21 SO WHAT I'D LIKE TO COVER TODAY IS, FIRST,
22 AN OVERVIEW OF CIRM JUST BRIEFLY. AGAIN, BY THE
23 NUMBERS, WE GET MORE FAMILIAR WITH WHAT OUR AGENCY
24 IS AND HOW IT'S PERFORMING. AND WE'LL GIVE ONE
25 SPECIFIC PROGRAM UPDATE THAT I HAVE FOR US. AND

BARRISTERS' REPORTING SERVICE

1 THEN LASTLY, I'LL CONCLUDE WITH SOME REMARKS
2 REGARDING THE ROLLOUT OF CIRM 2.0.

3 ALWAYS, AS IS THE CASE WITH MY
4 PRESENTATIONS ABOUT CIRM, I START WITH OUR MISSION,
5 WHICH IS CLEAR AND WHICH WE ALWAYS NEED TO FOLLOW
6 AND REMEMBER, WHICH IS ACCELERATING STEM CELL
7 TREATMENTS TO PATIENTS WITH UNMET MEDICAL NEEDS.
8 THIS IS SOMETHING INTERNALLY AT CIRM THAT WE TALK
9 ABOUT ALL THE TIME, WE APPLY THE FOUR-PART TEST TO
10 ALL THE TIME, AND I JUST ASK THAT WE ALWAYS KEEP IT
11 IN THE FOREFRONT OF OUR MIND, THAT THE REASON THAT
12 CIRM EXISTS AND THE REASON THE FUNDING WAS CREATED
13 WAS TO HELP PATIENTS IN THE STATE OF CALIFORNIA WITH
14 THESE SERIOUS AND UNMET MEDICAL CONDITIONS.

15 SO SINCE INCEPTION WE'VE GIVEN OUT 668
16 AWARDS TOTALING APPROXIMATELY \$2 BILLION IN FUNDING.
17 AND YOU CAN SEE HOW IT BREAKS THROUGH ACROSS THESE
18 DIFFERENT CATEGORIES. FACILITIES WAS ONE OF THE
19 EARLIER AWARDS THAT WE GAVE OUT, AND YOU CAN SEE
20 PAST THAT EDUCATION, DISCOVERY, AND THEN
21 TRANSLATION. AND THEN RECENTLY CLINICAL AWARDS HAS
22 ACTUALLY COME UP TO BE ACTUALLY THE HIGHEST NUMBER
23 OF AWARDS GIVEN. SO WE'VE GIVEN ALMOST \$600 MILLION
24 IN FUNDING FOR CLINICAL DEVELOPMENT.

25 NOW, ONE OF THE THINGS I WOULD LIKE TO

BARRISTERS' REPORTING SERVICE

1 POINT OUT IS WHEN I TALK ABOUT THESE AWARDS BEING
2 MADE, THAT MONEY HASN'T ALL FLOWN THROUGH, AND
3 ACTUALLY SOME OF THAT MONEY, EVEN THOUGH THE AWARD
4 WAS MADE, WASN'T EVEN ACCEPTED. SO WE HAVE MADE
5 \$600 MILLION IN AWARDS IN CLINICAL PROGRAMS, BUT WE
6 HAVEN'T AND WE WON'T SEE \$600 MILLION IN FUNDING OUT
7 OF THOSE AWARDS.

8 IF YOU TAKE A LOOK AT OUR PORTFOLIO THAT
9 WE HAVE, WE HAVE 80 ACTIVE PROGRAMS IN OUR
10 TRANSLATIONAL AND CLINICAL PROGRAMS WHICH COVER
11 APPROXIMATELY 40 DIFFERENT DISEASES. OUR LAST AREAS
12 ARE NEUROLOGIC, CANCER, AND CARDIOVASCULAR FOLLOWED
13 BY EYE DISEASE, ENDOCRINE, BLOOD, AND ORTHOPEDIC,
14 AND LASTLY HIV AND AIDS AT 6 PERCENT. ALL OF THE
15 OTHERS TOGETHER COMBINE FOR ABOUT ANOTHER 6 PERCENT.

16 SO FAR THE VAST MAJORITY OF OUR MONEY HAS
17 GONE TO ACADEMIA OVER INDUSTRY WITH ABOUT \$1.9
18 BILLION IN FUNDING BEING AWARDED TO ACADEMIC
19 INSTITUTIONS, AND 218 MILLION TOWARDS INDUSTRY.

20 THESE ARE THE INSTITUTIONS, THE TOP TEN
21 INSTITUTIONS, FROM AN ACADEMIC STANDPOINT THAT HAVE
22 RECEIVED OUR FUNDING. THESE WOULD ALSO BE THE TOP
23 NINE INSTITUTIONS THAT HAVE RECEIVED OUR FUNDING IF
24 IT WASN'T JUST GATED ON ACADEMIA.

25 COMPARE THAT TO OUR INDUSTRY PARTNERS, THE

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1 TOP TEN, YOU CAN SEE THERE'S OBVIOUSLY A
2 SIGNIFICANTLY LOWER AMOUNT OF FUNDING GOING INTO
3 THESE ORGANIZATIONS. THE THING ACTUALLY THAT I
4 WOULD POINT OUT HERE, WHICH IS SOMETHING WE NEED TO
5 TAKE A LOOK AT, IS OUT OF OUR TOP TEN PARTNERS WHICH
6 WE HAVE MADE AWARDS TO IN INDUSTRY, THERE ARE ONLY
7 SIX OF THEM THAT ARE ACTIVE NOW.

8 ANOTHER PHASE, ONE MORE POINT, AND I THINK
9 THIS CENTERS AROUND, AGAIN, ONE OF THE SIGNIFICANT
10 NEEDS FOR CIRM 2.0 AND FOR US REEVALUATING OUR
11 PROCESSES, IF YOU ACTUALLY TAKE A LOOK AT THE NUMBER
12 OF CLINICAL STAGE APPLICATIONS AND THE NUMBER OF
13 CLINICAL STAGE AWARDS THAT WE HAVE RECEIVED AND
14 GIVEN OUT AT CIRM OVER THE LAST THREE YEARS, IT'S
15 DROPPING OFF. AND IT'S DROPPED OFF -- ACTUALLY THIS
16 YEAR WE WILL NOT ISSUE A SINGLE CLINICAL STAGE AWARD
17 FOR A NEW PROGRAM, AND WE ONLY RECEIVED TWO
18 APPLICATIONS. SO I THINK WE NEED TO TAKE --
19 OBVIOUSLY WE NEED TO TAKE A BETTER LOOK AT HOW WE DO
20 BUSINESS SO WE CAN BRING AND ATTRACT MORE PROGRAMS
21 INTO CIRM.

22 THE OTHER THING I WOULD POINT OUT IS IF
23 YOU LOOK AT OUR CLINICAL STAGE PROGRAMS, THE AVERAGE
24 SCORE OF A FUNDED PROGRAM, SO THESE ARE THINGS WE
25 LIKE AND INTENDED TO FUND, IS A 72.8. AND SO ONE OF

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1 THE STATED GOALS OF CIRM 2.0 IS TO INCREASE NOT ONLY
2 THE NUMBER OF APPLICATIONS AND THE NUMBER OF
3 PROJECTS WE FUND, BUT ALSO TO INCREASE THE QUALITY
4 OF PROJECTS WE FUND. SO THIS IS GOING TO BE A
5 METRIC WE'RE GOING TO BE LOOKING AT GOING FORWARD TO
6 SEE WHETHER OR NOT WE'RE BEING SUCCESSFUL IN THAT.

7 ONE QUICK PROGRAM NOTE. UNFORTUNATELY,
8 DISEASE TEAM II AWARD 05416 IS BEING DISCONTINUED.
9 THIS WAS AN AWARD USING NEURAL STEM CELL
10 TRANSPLANTATION FOR NEUROPROTECTION AND RESTORATION
11 IN ALZHEIMER'S DISEASE. IT WAS A \$19.3 MILLION
12 FORGIVABLE LOAN THAT WAS MADE UNDER THE DISEASE TEAM
13 II PROGRAM. IT WAS APPROVED BY THE ICOC IN
14 SEPTEMBER OF 2012. THE RECIPIENT FOR THAT WAS STEM
15 CELLS, INC.

16 THE PURPOSE FOR DISCONTINUATION OF THIS
17 AWARD WAS A MUTUAL DECISION REACHED BY STEM CELLS,
18 INC. AND CIRM BASED ON THE FAILURE OF THE PROGRAM TO
19 SHOW FUNCTIONAL IMPROVEMENT IN CERTAIN PRECLINICAL
20 STUDIES THAT WOULD BE NECESSARY IN ORDER TO TAKE THE
21 PROGRAM INTO A CLINICAL TRIAL. AND SO OUT OF THE
22 \$19.3 MILLION THAT WAS AWARDED UNDER THE PROGRAM,
23 9.5 MILLION HAS BEEN DISBURSED. WE'RE IN THE
24 PROCESS OF THE WIND-DOWN OF THAT PROGRAM AND WILL
25 HAVE THAT COMPLETED EARLY IN 2015.

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1 AND THEN LASTLY, I JUST WANT TO END WITH
2 AN UPDATE ON CIRM 2.0 AND HOW WE'RE LOOKING TO MAKE
3 THINGS BETTER GOING FORWARD. SO THE PURPOSE OF CIRM
4 2.0 IS TO CREATE A PROCESS AT CIRM FOR ATTRACTING,
5 AWARDING, AND ADMINISTERING PROJECTS THAT BETTER
6 SERVES OUR MISSION. WE NEED TO MAKE SURE THAT THE
7 WORK WE DO AT CIRM IS COMPLETELY ALIGNED WITH OUR
8 MISSION BECAUSE EVERYTHING WE DO SHOULD FOLLOW FROM
9 THAT. AND WHEN WE TOOK AN OBJECTIVE LOOK AT HOW WE
10 WERE DOING BUSINESS AT CIRM, WE FOUND THAT THERE
11 WERE CERTAIN AREAS THAT WEREN'T CONSISTENT WITH OUR
12 MISSION, PARTICULARLY THOSE CENTERING AROUND
13 ACCELERATION OF STEM CELL TREATMENTS.

14 NOW, WE WILL BE TALKING TODAY ABOUT A
15 CONCEPT PLAN WHICH WILL LAUNCH THE CLINICAL STAGE OF
16 CIRM 2.0. THAT'S EVERYTHING FROM A PRE-IND MEETING
17 FORWARD THROUGH CLINICAL TRIALS. JUST BECAUSE WE'RE
18 NOT TALKING ABOUT THE OTHER AREAS, TRANSLATIONAL AND
19 DISCOVERY, DOESN'T MEAN WE'RE NOT DOING THEM. WE
20 ARE WORKING ON THEM, AND WE WILL BE BRINGING CONCEPT
21 PLANS FORWARD FOR THE 2.0 VERSION OF TRANSLATIONAL
22 AND DISCOVERY IN 2015. WE JUST NEEDED A PLACE TO
23 START. AND GIVEN OUR PORTFOLIO WAS SMALLEST IN
24 CLINICAL, THAT WAS THE ONE THAT MADE THE MOST SENSE
25 TO START IN. BUT I WANT TO BE COMPLETELY CLEAR

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1 ABOUT THIS. WE ARE ADDING TRANSLATIONAL AND
2 DISCOVERY IN 2015 UNDER THE CIRM 2.0 UMBRELLA.

3 THE GOAL OF CIRM 2.0 IS REALLY TO DEVELOP
4 A FASTER AND BETTER PRODUCT. AS WE TALKED BEFORE
5 ABOUT A 22-MONTH PROCESS TO GET FUNDING TO AN
6 APPLICANT, WE THINK WE NOW CAN GET DOWN TO ABOUT 120
7 DAYS. AND THAT WILL BE SIGNIFICANTLY BENEFICIAL FOR
8 A NUMBER OF REASONS.

9 THE ONE THING I WANT TO SAY AT THIS POINT,
10 THOUGH, THERE WILL DEFINITELY BE BUMPS IN THE
11 ROAD. IT'S GOING TO BE A LITTLE BIT LIKE IF YOU
12 WERE FLYING OUT OF SAN FRANCISCO TODAY, IT'S GOING
13 TO BE BUMPY. WE COULDN'T HAVE THIS RADICAL OF A
14 CHANGE IN OUR SYSTEM WITHOUT HAVING AND RUNNING INTO
15 SOME UNFORESEEN CONSEQUENCES. WHAT I WANT THE BOARD
16 TO KNOW IS THAT I KNOW THAT AND THE TEAM KNOWS THAT,
17 AND THE TEAM IS PREPARED FOR THAT, AND WE WILL WORK
18 THROUGH WHATEVER ISSUES COME UP, BUT I WANT TO MAKE
19 SURE ALSO EVERYONE'S EXPECTATIONS ARE APPROPRIATE IN
20 THAT THERE WILL BE SOME UNFORESEEN CONSEQUENCES.

21 WITH THAT SAID, WHAT WE'RE ULTIMATELY
22 LOOKING FOR IS SUCCESS FOR THIS PROGRAM. WE WANT TO
23 MAKE SURE THIS PROGRAM SERVES OUR MISSION BY
24 ACCELERATING STEM CELL TREATMENTS TO PATIENTS. AND
25 SO IN ORDER TO DO THAT, WE HAVE TO TAKE AN HONEST,

BARRISTERS' REPORTING SERVICE

1 OBJECTIVE LOOK AT THIS PROGRAM AS IT'S LAID OUT. WE
2 CAN'T BECOME CHEERLEADERS OF THIS PROGRAM. WE CAN'T
3 BE SATISFIED THAT IT'S GOOD ENOUGH.

4 NOW, IN ORDER TO DO THAT, WE SHOULD
5 MONITOR CERTAIN MEASURES OF SUCCESS. AND TOWARDS
6 OUR MISSION, THE OBJECTIVE METRICS OF SUCCESS WOULD
7 BE THINGS SUCH AS THE NUMBER OF PROGRAMS THAT
8 ACTUALLY GOT ADVANCED INTO FURTHER STAGES, NUMBERS
9 OF PATIENTS TREATED, AND OBVIOUSLY PRODUCTS APPROVED
10 AND ON THE MARKET.

11 THE UNFORTUNATE THING ABOUT THOSE METRICS
12 ARE THEY'RE A LITTLE BIT TOO LONG LEAD TIME TO BE
13 ABLE TO MAKE COURSE CORRECTION IN THE NEAR TERM OFF
14 OF. WE WILL BE MONITORING THOSE GOING FORWARD
15 OBVIOUSLY; BUT IN THE NEAR TERM, WE'RE GOING TO NEED
16 SURROGATE MARKERS THAT HELP US DETERMINE WHETHER OR
17 NOT THE PROGRAMS ARE WORKING AND ESSENTIALLY SERVE
18 AS PROXIES FOR SUCCESS. THESE ARE THINGS LIKE THE
19 NUMBER OF APPLICATIONS WE RECEIVE, OUR CYCLE TIME,
20 AND HOW FAST WE CAN PROCESS THESE APPLICATIONS
21 CORRECTLY, THE NUMBER OF AWARDS WE GIVE OUT, AND
22 THEN THE QUALITY OF THOSE AWARDS. ARE WE GIVING OUT
23 72S OR ARE WE GIVING OUT 95S?

24 AND THEN, LASTLY, WE NEED TO BE
25 HYPERVIGILANT FOR UNINTENDED CONSEQUENCES AND

BARRISTERS' REPORTING SERVICE

1 EFFECTS OF THIS PROGRAM. WE NEED TO LOOK ALL OVER
2 AND MAKE SURE WE'RE NOT DOING SOMETHING WITH THE
3 BEST INTENTIONS THAT IS CAUSING A PROBLEM SOMEWHERE
4 ELSE.

5 SO THE ROLLOUT OF CIRM 2.0 WILL LOOK LIKE
6 THIS. ASSUMING TODAY'S MEETING GOES WELL AND THE
7 CONCEPT PLAN IS APPROVED, WE WILL LAUNCH THE FIRST
8 PROGRAM ANNOUNCEMENTS JANUARY 1ST FOR THE CLINICAL
9 STAGE PROGRAMS. WE WILL ALSO START AN AGGRESSIVE
10 MARKETING CAMPAIGN FOR THE PROGRAM. AS J.T. AND I
11 HAVE GONE AROUND AND TALKED WITH PEOPLE, ONE OF THE
12 THINGS HAS BECOME STRIKINGLY CLEAR. THERE ARE FAR,
13 FAR FEW PEOPLE THAT KNOW ABOUT CIRM AND WHAT CIRM IS
14 AND CIRM'S MISSION AND WHAT CIRM HAS TO OFFER THAN
15 THERE ARE GOOD PROGRAMS OUT THERE. WE NEED TO MAKE
16 SURE THAT ALL RELEVANT AND AVAILABLE PARTIES THAT
17 COULD BE PARTICIPATING IN THIS AT LEAST KNOW CIRM
18 EXISTS AND WHAT OPPORTUNITIES ARE OPEN. THAT WAY WE
19 CAN INCREASE THE NUMBERS, WE CAN INCREASE
20 COMPETITION, AND ULTIMATELY INCREASE QUALITY.

21 BY THE JANUARY 29TH BOARD MEETING, WE'RE
22 GOING TO BE COMING BACK WITH ADDITIONAL INTERIM
23 POLICIES, MODIFICATIONS TO THE LOAN ADMINISTRATION
24 PROCESS AND THE GRANT ADMINISTRATION PROCESS, AS
25 WELL AS SOME CHANGES THAT ARE GOING TO BE NECESSARY

BARRISTERS' REPORTING SERVICE

1 TO THE GRANTS WORKING GROUP BYLAWS.

2 AT THE APPLICATION REVIEW SUBCOMMITTEE ON
3 APRIL 23D, AND, YES, THERE'S AN APPLICATION REVIEW
4 SUBCOMMITTEE SCHEDULED FOR APRIL 23D, THAT WILL BE
5 THE FIRST POSSIBLE DATE THAT AN AWARD COULD BE
6 APPROVED UNDER CIRM 2.0. I JUST WANT PEOPLE TO
7 UNDERSTAND THAT. IN JANUARY THE WINDOW OPENS FOR
8 APPLICATION. THAT WILL CLOSE JANUARY 30TH. THE
9 NEXT WINDOW OPENS THE FIRST DAY OF FEBRUARY, BUT
10 THAT WILL CLOSE JANUARY 30TH. WE WILL CONDUCT THE
11 FIRST PHASE OF THE REVIEW IN FEBRUARY, THE SECOND
12 PHASE OF THE REVIEW IN MARCH WITH, IF THERE'S A
13 SUCCESSFUL APPLICANT, WILL COME TO THE APRIL 23D
14 BOARD MEETING.

15 ALSO, IN 2015, AS I MENTIONED IN THE
16 PREVIOUS SLIDE, WE WILL BE LAUNCHING THE DISCOVERY
17 AND TRANSLATIONAL MODULES OF CIRM 2.0. AND SO THE
18 GOOD THINGS THAT WE'RE LEARNING AND DEVELOPING
19 PROCESSWISE FOR THE CLINICAL STAGE, WE'RE GOING
20 TO -- THEY WON'T BE ONE-FOR-ONE, BUT WE WILL
21 TRANSLATE THOSE BENEFITS INTO THE DISCOVERY AND
22 TRANSLATIONAL MODULES AS WELL.

23 LASTLY, THIS GOES TO JUST A THEME I THINK
24 WE ALL NEED TO HAVE AND KEEP IN MIND IS JUST BECAUSE
25 WE DO CIRM 2.0 AND WE FIND WAYS OF TAKING SOMETHING

BARRISTERS' REPORTING SERVICE

1 THAT TAKES 22 MONTHS AND BRINGING IT TO 120 DAYS, WE
2 CAN'T BE SATISFIED. WE HAVE TO START WORKING
3 IMMEDIATELY ON HOW WE DO THINGS BETTER AND DIFFERENT
4 AND KEEP THAT SAME SENSE OF URGENCY AND INNOVATION
5 IN FRONT OF US SO WE ALWAYS LOOK TO BUILD A BETTER
6 PRODUCT TO FULFILL OUR MISSION IN A BETTER WAY
7 BECAUSE THERE ARE OBVIOUSLY VERY SICK PEOPLE OUT
8 THERE THAT NEED OUR HELP. AND SO UNTIL THAT'S NO
9 LONGER TRUE, WE NEED TO FIND WAYS OF CONTINUOUSLY
10 WORKING BETTER.

11 SO CIRM 2.0 IS NOT THE END. IT IS JUST
12 THE BEGINNING OF THE IMPROVEMENTS THAT WE'RE GOING
13 TO BE MAKING. WITH THAT, I WILL STOP TALKING AND
14 ANSWER ANY QUESTIONS THE BOARD HAS.

15 DR. LUBIN: SO THIS IS WONDERFUL, AND I
16 JUST WAS CURIOUS WHERE THE TRAINING PROGRAMS FIT IN
17 THAT RELATE TO THESE THINGS, TRAINING PEOPLE TO DO
18 THESE KINDS OF STUDIES. I KNOW WE TALKED ABOUT IT
19 BEFORE, AND I WONDER -- THE REASON WHY I'M ASKING IS
20 PEOPLE HAVE CALLED ME AND SAID YOU KNOW ANYTHING
21 ABOUT WHAT THE FUTURE OF THE TRAINING PROGRAMS ARE.
22 I JUST WAS CURIOUS. DOES THAT FIT INTO THIS OR IS
23 IT SEPARATE?

24 DR. MILLS: THE TRAINING PROGRAMS ARE A
25 SEPARATE ISSUE. AT THE LAST BOARD MEETING WE DEALT

BARRISTERS' REPORTING SERVICE

1 WITH, AND I STILL DON'T HAVE THE DECODER RING DOWN,
2 SO THE BRIDGES AND CREATIVITY PROGRAMS, AND THEN I
3 THINK WE'RE SCHEDULED AT THE NEXT JANUARY BOARD
4 MEETING TO DISCUSS THE TRAINING PROGRAM.

5 DR. DULIEGE: RANDY, AGAIN, THANK YOU.
6 YES, AS YOU KNOW, WE'RE WHOLEHEARTEDLY SUPPORTING
7 ALL THESE CHANGES. COULD YOU GIVE US AN IDEA OF
8 YOUR VISION OF SUCCESS AT THE END OF 2015? WHAT
9 WOULD HAVE HAPPENED THAT WOULD MAKE YOU FEEL THAT
10 THINGS HAVE INDEED CHANGED FOR THE BETTER?

11 DR. MILLS: SO THE FIRST THING I'D LIKE TO
12 SEE IS US ACTUALLY BE HITTING OUR TARGETS WITH
13 REGARDS TO HOW WE DO BUSINESS INTERNALLY. SO IF WE
14 CAN ACTUALLY BRING DOWN THE DEVELOPMENT CYCLE FROM
15 22 MONTHS TO 120 DAYS, THAT'S SOMETHING WE'RE GOING
16 TO BE ABLE TO OBJECTIVELY MEASURE, AND THAT WILL BE
17 GOOD.

18 THE OTHER THING IS SEEING THE QUALITY OF
19 THE APPLICATIONS COME UP. ONE OF THE REASONS I FEEL
20 SO STRONGLY THAT IT'S POSSIBLE THE QUALITY OF
21 APPLICATIONS COME UP IS A REALLY SIGNIFICANT CHANGE
22 WE'VE MADE, WHICH IS IN THE PAST WE REVIEW AN
23 APPLICATION, WE GIVE IT A SCORE, AND WE SEND IT TO
24 THE BOARD, AND THE BOARD SAYS UP OR DOWN ON IT. A
25 LOT OF TIMES, EVEN IF IT'S A GOOD PROGRAM, EVEN IF

BARRISTERS' REPORTING SERVICE

1 IT GETS A FUNDABLE SCORE, A 78, WE DON'T GO BACK TO
2 THAT PROGRAM AND ENGAGE THEM AND SAY, IT'S A 78;
3 BUT, BOY, IF YOU DO THREE THINGS, THAT 78 COULD BE A
4 90. THAT'S CHANGING IN CIRM 2.0. THEY'RE GOING TO
5 GET THAT DIRECT FEEDBACK.

6 SO WHAT I'M HOPEFUL FOR IS NOT ONLY WILL
7 WE GET MORE PROGRAMS THROUGH AND WE'LL GET THEM
8 THROUGH FASTER, AND I THINK THOSE TWO THINGS WE'LL
9 BE ABLE TO MEASURE CLEARLY, BUT ALSO THAT, AS I
10 MENTIONED, THAT THE QUALITY OF THESE PROGRAMS COME
11 UP. AND SO BY THE END OF THE YEAR, IF WE'RE
12 LAUNCHING RAPID PROGRAMS THAT HAVE HIGHER SCORES
13 THAT WE FEEL BETTER ABOUT LAUNCHING, I THINK THAT
14 WILL BE SUCCESSFUL.

15 BY THE WAY, WE WILL BE TALKING ABOUT ALL
16 OF THESE THINGS HONESTLY AND OPENLY AS THEY'RE GOING
17 ALONG. SO IF CIRM 2.0 IS A TRAIN WRECK, WE WILL BE
18 TELLING YOU IT'S A TRAIN WRECK AND WHAT WE'RE DOING
19 TO FIX IT.

20 DR. DULIEGE: ABSOLUTELY APPRECIATE THAT.
21 WHAT DO YOU MAKE OF THE FACT THAT THERE WERE ONLY
22 TWO PROPOSALS, AS I UNDERSTOOD IT, FOR CLINICAL
23 TRIAL THIS YEAR? AND HOW DO YOU THINK THAT MAYBE
24 CIRM COULD DO SOMETHING TO INCREASE THIS NUMBER?

25 DR. MILLS: SO I THINK THERE ARE A COUPLE

BARRISTERS' REPORTING SERVICE

1 OF REASONS. I BASICALLY CAN BOIL IT DOWN TO TWO
2 REASONS FOR THAT. ONE IS DESPITE OUR PRODUCT
3 ESSENTIALLY BEING MONEY, WE DON'T HAVE A VERY USER
4 FRIENDLY PRODUCT, WHICH IS AMAZING. AND SO WE HAVE
5 TO FIX OUR PRODUCT. SO WHEN WE GO OUT AND WE TALK
6 TO VARIOUS STAKEHOLDERS, THE TIME IS A HUGE ISSUE,
7 BUT THERE ARE OTHER ASPECTS OF OUR PROGRAM THAT KEEP
8 PEOPLE AT BAY.

9 THE SECOND AND I THINK PROBABLY THE BIGGER
10 OF THE TWO ISSUES IS OUR LACK OF VISIBILITY OUTSIDE
11 OF SOME RELATIVELY SMALL CIRCLES WITHIN CALIFORNIA.
12 WE NEED TO DO A BETTER JOB OF EXPLAINING TO ALL
13 RELEVANT PARTIES WHAT'S AVAILABLE AT CIRM. J.T. AND
14 I HAVE BOTH DONE THIS. THE JUST SHOCK THAT COMES
15 OVER PEOPLE'S FACES WHEN WE EXPLAIN WHAT WE DO AT
16 CIRM AND HOW WE DO IT AND THAT IT'S AVAILABLE TO
17 HELP THEIR PROGRAMS ACCELERATE, IT'S REMARKABLE.
18 AND SO WE'VE, I THINK, BUILT A BETTER PRODUCT WITH
19 CIRM 2.0. I HOPE AND WE'RE GOING TO DO THAT.

20 THE SECOND THING IS WE NEED TO MARKET IT
21 BETTER. AND ACTUALLY KEVIN IS GOING TO TALK IN
22 HIS PRESENTATION ABOUT HOW WE MARKET MORE
23 AGGRESSIVELY THE PROGRAMS WE HAVE AT CIRM.

24 DR. MELMED: COULD I EXTEND THAT QUESTION?

25 CHAIRMAN THOMAS: YES.

BARRISTERS' REPORTING SERVICE

1 DR. MELMED: (VIA PHONE.) I'M NOT SURE
2 THAT IT'S REALLY ALL OUR RESPONSIBILITY. I THINK
3 THE REALITY WHICH WE HAVE TO RECOGNIZE IS THAT
4 CLINICAL TRIALS ARE EXTREMELY CHALLENGING, VERY
5 DIFFICULT, AND THAT WE SHOULD NOT OVEREXPECT
6 (INAUDIBLE) A CLINICAL APPLICATION. I THINK WHAT
7 WE'RE SEEING IS A REFLECTION OF THE REALITY IN THE
8 TRENCHES RATHER THAN IGNORANCE OF WHAT THE GOOD WORK
9 IS THAT WE DO.

10 DR. MILLS: SO I HEAR YOU. THE ONLY THING
11 I'LL SAY IS THAT WHEN I GO OUT AND I TALK TO PEOPLE
12 ABOUT WHAT'S AVAILABLE AT CIRM, THEY EITHER HAVE NO
13 IDEA OF WHAT CIRM IS OR THEY HAVE A MISPERCEPTION
14 ABOUT CIRM. WITH THAT SAID, I DON'T KNOW THAT THE
15 FLOODGATES ARE GOING TO OPEN. I COULDN'T AGREE WITH
16 YOU MORE THERE.

17 OUR EXPECTATION WHEN WE DESIGNED THE CIRM
18 2.0 CLINICAL STAGE PROGRAM WAS FOR AN APPLICATION A
19 MONTH. I DON'T KNOW IF WE'RE GOING TO GET AN
20 APPLICATION A MONTH. I DON'T KNOW IF IT'S GOING TO
21 BE LESS THAN THAT. WE ONLY GOT TWO ALL OF LAST
22 YEAR. SO IF WE GOT AN APPLICATION A MONTH, THAT
23 WOULD OBVIOUSLY BE A LOT HIGHER. I DO KNOW THAT WE
24 ARE GOING TO TAKE A VERY ACTIVE ROLE IN THIS. WE'RE
25 NOT GOING TO BE PASSIVE AND HOPE APPLICATIONS COME

BARRISTERS' REPORTING SERVICE

1 IN. WE'RE GOING TO GIVE CIRM THE BEST CHANCE FOR
2 BEING SUCCESSFUL IN ACCELERATING THINGS POSSIBLE AND
3 NOT JUST HOPE THE WORD GETS OUT.

4 DR. WESTON: IF YOU ARE GOING TO WORK WITH
5 GRANTORS TO TRY AND GET THE APPLICATION SCORE UP,
6 DOES THAT ALSO MEAN THAT THE DEFINITION OF A
7 FUNDABLE APPLICATION WILL ALSO RISE, SO NO LONGER
8 WILL A 72 BE FUNDABLE GRANT?

9 DR. MILLS: ACTUALLY THE WAY AT THE GRANTS
10 WORKING GROUP, A FUNDABLE SCORE IS SOMETHING A 75 OR
11 HIGHER, WHICH IS A LITTLE STRIKING ABOUT THAT 72.8
12 NUMBER. BUT THE ANSWER THAT WE'VE DISCUSSED
13 INTERNALLY IS EVEN THOUGH THE GWG'S RECOMMENDATION,
14 WE WILL STILL LEAVE IT A 75 OR HIGHER.

15 WE'RE ALSO GOING TO GIVE THE GRANTS
16 WORKING GROUP THE OPPORTUNITY TO SAY THIS
17 APPLICATION COULD BE BETTER IF THEY AMEND IT WITH
18 THESE FOLLOWING CHANGES. IF THOSE CHANGES WE THINK
19 ARE SIGNIFICANT, YOU MIGHT ACTUALLY GET A
20 RECOMMENDATION ON A GRANT WITH A FUNDABLE SCORE
21 WHERE CIRM SAYS DON'T APPROVE IT, HAVE IT AMENDED.
22 SO YOU ACTUALLY MIGHT FOR US FROM THE FIRST TIME GET
23 A DO NOT FUND, BUT AMEND THIS PROGRAM RECOMMENDATION
24 EVEN THOUGH THE PROGRAM MIGHT HAVE A 78 ON IT IF WE
25 THINK ONE MORE MONTH COULD MAKE THAT PROGRAM A 90.

BARRISTERS' REPORTING SERVICE

1 THIS IS A REALLY KEY POINT. IT IS FAR EASIER,
2 FASTER, MORE EFFICIENT TO FIX A PROGRAM BEFORE YOU
3 LAUNCH IT THAN TRY TO FIX IT AFTER YOU LAUNCH IT.

4 AND THAT'S ONE OF THE STRUGGLES THAT CDAP
5 HAS REALLY HAD. THE CDAP PROGRAM THAT WE PUT IN
6 PLACE WAS ATTEMPTING TO DO ALMOST AN IMPOSSIBLE JOB
7 BECAUSE WE WOULD LAUNCH A PROGRAM WITH A SUBOPTIMAL
8 SCORE, AND THEN YEAR AFTER WE LAUNCHED IT, WE WOULD
9 HOLD A CDAP MEETING, AND THE CDAP ADVISORS WOULD
10 COME BACK AND TRY TO HELP THE PROGRAM. ONE YEAR
11 INTO A THREE-YEAR CLINICAL DEVELOPMENT OR A
12 FOUR-YEAR CLINICAL DEVELOPMENT PROGRAM, THAT SHIP
13 HAS SAILED.

14 AND SO I'M LONG-WINDED, BUT I HOPE THAT
15 ROUGHLY ANSWERED YOUR QUESTION.

16 DR. STEWARD: THANKS. THIS IS GREAT. I
17 THINK IT'S GOING TO BE A REALLY IMPORTANT NEW
18 ADVENTURE, LET'S CALL IT. ONE OF THE THINGS I'D
19 JUST LIKE TO ENCOURAGE, THOUGH, IS LET'S CALL IT AN
20 EYE ON THE PIPELINE. I THINK YOU'VE DONE A SUPERB
21 JOB AT LOOKING AT THINGS AND KIND OF ANALYZING WHY
22 IT IS THAT OUR INPUT ON THE CLINICAL THINGS HAS
23 MAYBE GONE DOWN A LITTLE BIT. JUST THE OTHER
24 POSSIBILITY IS THAT MAYBE THERE'S A PROBLEM IN THE
25 FEEDER SYSTEM, THAT SOMETHING ISN'T QUITE RIGHT IN

BARRISTERS' REPORTING SERVICE

1 TERMS OF BALANCING BETWEEN THE CLINICAL AND THE
2 TRANSLATIONAL AND THE BASIC.

3 I KNOW YOU'RE BEING VERY THOUGHTFUL ABOUT
4 THAT. I WOULD JUST SAY TRY TO KEEP AN EYE ON THAT.
5 AND I'M NOT EVEN SURE QUITE WHAT I MEAN ON THAT, BUT
6 I THINK IT'S JUST SOMETHING THAT'S WORTH --

7 DR. MILLS: NO. IT'S ABSOLUTELY RELEVANT
8 AND AN APPROPRIATE TOPIC. ONE OF THE THINGS THAT
9 WE'RE STARTING TO LOOK AT IS EXACTLY THAT QUESTION.
10 WE HAVE ALL OF THESE DIFFERENT OPPORTUNITIES UP TO
11 FUND PROGRAMS. WE'VE FUNDED 680 PROGRAMS. WE HAVE
12 APPROXIMATELY 280-ISH ACTIVE RIGHT NOW. THE NUMBER
13 OF PROGRAMS THAT HAVE GONE FROM ONE PROGRAM TO
14 ANOTHER THOUGH IS SMALL. AND THAT IS FOR ME AN
15 OPPORTUNITY FOR US TO BE ABLE TO SAY, OKAY, WHY
16 AREN'T WE HAVING AN EARLY STAGE PROGRAM GO TO
17 MIDSTAGE? WHY AREN'T OUR MIDSTAGE PROGRAMS GOING TO
18 END STAGE? AND SO WE'RE GOING TO -- BECAUSE WE HAVE
19 80 THINGS OR 70 PROGRAMS IN TRANSLATION, THAT'S 70
20 THINGS THAT ARE AT THE GATE TO GO INTO A CLINICAL
21 TRIAL.

22 SO IF WE CAN FOCUS OUR EFFORTS ON MOVING
23 THOSE JUST ONE MORE STEP AHEAD, THAT'S 70 PROGRAMS
24 IN THE CLINIC, AND THAT WOULD BE A PRETTY GOOD DAY.
25 SO I COMPLETELY AGREE WITH WHAT YOU ARE SAYING.

BARRISTERS' REPORTING SERVICE

1 DR. HIGGINS: TO FOLLOW ON OS' COMMENTS,
2 HAVE YOU TALKED TO ANY GRANT RECIPIENTS AND GOTTEN
3 THEIR FEEDBACK ON HOW IMPROVEMENTS COULD BE MADE?

4 DR. MILLS: YEAH. IN THE ROLLOUT OF THE
5 CIRM 2.0, WE ARE -- ACTUALLY NOT EVEN AT THE
6 ROLLOUT, THE DEVELOPMENT OF CIRM 2.0, WE ATTEMPTED
7 TO TALK TO AS MANY OF THE VARIOUS STAKEHOLDERS AS WE
8 POSSIBLY COULD. THAT ABSOLUTELY INCLUDED BOTH
9 INDUSTRY AND ACADEMIC AWARDEES AS WELL AS OBVIOUSLY
10 BOARD MEMBERS, GRANTS WORKING GROUP MEMBERS,
11 INTERNAL PEOPLE, JUST ABOUT EVERYONE WE COULD THINK
12 TO TALK TO.

13 CHAIRMAN THOMAS: OTHER QUESTIONS?
14 QUESTIONS BY THOSE ON THE PHONE? OKAY. THANK YOU
15 VERY MUCH, DR. MILLS.

16 WE'RE NOW GOING TO HEAR FROM CHILA ON THE
17 FINANCE REPORT.

18 WHILE WE'RE WAITING FOR THAT, JUST LIKE TO
19 WELCOME DONNA WESTON WHO OFFICIALLY TODAY BECAME A
20 NEW MEMBER OF OUR BOARD. DONNA, WELCOME.

21 (APPLAUSE.)

22 MS. SILVA-MARTIN: GOOD MORNING, MR.
23 CHAIRMAN, MEMBERS OF THE BOARD. I WILL BE PROVIDING
24 YOU WITH A BRIEF FINANCIAL REPORT THIS MORNING.

25 FIRST, LOOKING AT OUR GRANT DISBURSEMENTS

BARRISTERS' REPORTING SERVICE

1 FOR THE FIRST FIVE MONTHS OF THE FISCAL YEAR, WE'VE
2 DISBURSED JUST ABOUT \$95 MILLION, VERY CLOSE TO WHAT
3 WE DISBURSED DURING THE SAME PERIOD IN THE '13-'14
4 FISCAL YEAR AND ON TARGET WITH THE FIGURES THAT DR.
5 MILLS HAS PRESENTED IN THE PAST FOR OUR GRANT
6 DISBURSEMENTS FOR THE FISCAL YEAR.

7 OUR CASH RESERVES ARE UP SIGNIFICANTLY.
8 AT THE LAST BOARD MEETING, I REPORTED THAT WE HAD
9 JUST UNDER \$45 MILLION IN OUR CASH RESERVE. AMY
10 LEWIS FROM THE OFFICE OF THE CHAIR HAS BEEN WORKING
11 VERY CLOSELY WITH THE CONTROL AGENCY THAT ARE
12 RESPONSIBLE FOR BOND SALES. AS A RESULT, WE
13 RECEIVED ALMOST \$82 MILLION FROM THE NOVEMBER BOND
14 SALE, BRINGING OUR CASH RESERVES TO JUST UNDER \$115
15 MILLION. AND THIS WILL BE SUFFICIENT TO CARRY US --
16 COVER OUR OPERATIONAL COSTS AND GRANT PAYMENTS FOR
17 THE NEXT SEVERAL MONTHS UNTIL WE GET ANOTHER BOND
18 SALE.

19 AND AS WELL, ALSO TO LET YOU KNOW, WE DO
20 HAVE COMMERCIAL PAPER ALSO AVAILABLE FOR US SHOULD
21 THE NEED ARISE.

22 I WANTED TO REPORT ALSO THAT WE RECEIVED A
23 \$100 DONATION FROM WILLIAM RUSSELL ELLIS, JR. AND
24 MARJORIE ELLIS.

25 AND NOW LOOKING AT OUR OPERATIONAL

BARRISTERS' REPORTING SERVICE

1 EXPENSES AGAINST WHAT WAS BUDGETED FOR THAT PERIOD
2 FOR THE FIRST FIVE MONTHS, SO THIS CHART REFLECTS
3 THOSE EXPENDITURES. YOU CAN SEE, WE ARE CURRENTLY
4 UNDERRUNNING THE BUDGET IN ALL CATEGORICAL AREAS.
5 THE LARGEST UNDERRUNS ARE IN EMPLOYEE EXPENSES. AND
6 THAT'S REALLY A RESULT OF VACANCIES THAT OCCURRED
7 EARLY ON IN THE FISCAL YEAR. OUR REVIEW MEETINGS
8 AND WORKSHOP CATEGORY IS ALSO SIGNIFICANTLY
9 UNDERRUN. AND THAT'S REALLY IN LARGE PART HAVING
10 OUR CIRM TEAM REDIRECTED TO CIRM 2.0 EFFORTS. AND
11 THEN, AGAIN, ALL OF OUR OTHER CATEGORIES ARE
12 UNDERRUN BECAUSE SOME OF THE EXPENSES HAVEN'T
13 MATERIALIZED AT THE RATE THAT WE HAD FORECAST.

14 THAT REALLY REPRESENTS THE FINANCIAL
15 UPDATE. ARE THERE ANY QUESTIONS?

16 CHAIRMAN THOMAS: THANK YOU, CHILA. I
17 WOULD LIKE TO TAKE THIS OPPORTUNITY TO PUBLICLY
18 THANK, IN CONNECTION WITH ALL OF OUR BOND PROCEEDS
19 THAT WE'VE GOTTEN OVER THE YEARS, OUTGOING STATE
20 TREASURER BILL LOCKYEAR FOR ALL OF HIS GREAT WORK IN
21 HELPING TO GET US THE FUNDS THAT WE NEEDED.
22 LIKewise, HIS ASSISTANT, STEVE COONEY, WHO'S BEEN A
23 GREAT SUPPORTER TO US AND A SOURCE OF SAGE COUNSEL
24 OVER THE LAST FEW YEARS. SO WE THANK THEM VERY
25 MUCH.

BARRISTERS' REPORTING SERVICE

1 LIKewise, THE STATE CONTROLLER JOHN CHIANG
2 IS NOW MOVING OVER FROM THE CONTROLLER'S OFFICE AND,
3 AS YOU KNOW, WILL BE OUR NEW STATE TREASURER. WE
4 GREATLY LOOK FORWARD TO WORKING WITH HIM AS HE
5 ASSUMES THAT ROLE IN EARLY JANUARY.

6 MR. SENATOR.

7 MR. TORRES: I WOULD JUST ALSO LIKE TO
8 ECHO THOSE REMARKS FOR FORMER COLLEAGUE BILL
9 LOCKYEAR. I REMINDED HIM ON ELECTION DAY THAT IT
10 WAS THE FIRST TIME IN 45 YEARS THAT HE WAS NOT ON A
11 BALLOT SOMEWHERE. HE FIRST RAN FOR THE SCHOOL BOARD
12 IN ALAMEDA COUNTY AND EVER SINCE NEVER LOST AN
13 ELECTION IN 45 YEARS. AS OUR SENATOR, AS OUR
14 ATTORNEY GENERAL, AND NOW AS OUR TREASURER, HE'S
15 BEEN SUCH A STALWART SUPPORTER OF CIRM AND THIS
16 CHAIRMAN AND OBVIOUSLY THIS BOARD, BUT ALSO BECAUSE
17 OF HIS COMPASSION AND COMMITMENT TO THE MISSION.

18 OF COURSE, STEVE COONEY, WHO I'VE KNOWN
19 FOR OVER 30 YEARS AS WELL, WAS AN ABLE, ABLE,
20 STALWART SUPPORTER THERE BY HIS SIDE, WHO WAS ALWAYS
21 THERE TO HELP US. AND I LOOK FORWARD AS I HELP
22 SWEAR IN JOHN CHIANG ON JANUARY 5TH IN SACRAMENTO AS
23 OUR NEXT TREASURER THAT I KNOW IN HIS HEART THAT HE
24 IS WITH US ALL THE WAY TO MAKE SURE THAT OUR MISSION
25 IS SUCCESSFUL. THANK YOU, MR. CHAIRMAN.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: THANK YOU, MR. SENATOR.
2 OKAY. WE'RE GOING TO GO NOW ON TO ITEM 7,
3 WHICH IS CONSIDERATION OF THE CONCEPT PLAN FOR
4 CLINICAL STAGE PROGRAM ANNOUNCEMENTS. I'D LIKE TO
5 ASK MR. SHEEHY TO TEE THIS ITEM UP FOR DR. MILLS.
6 MR. SHEEHY.

7 MS. BONNEVILLE: JEFF, ARE YOU ON MUTE?
8 WE CAN'T HEAR YOU.

9 MR. SHEEHY: YES, I'M HERE.

10 MS. BONNEVILLE: DO YOU HAVE COMMENTS FOR
11 THE PROPOSED CONCEPT PLAN? I THINK YOU AND OS
12 CHAIRED THE SCIENCE SUBCOMMITTEE. OS, WOULD YOU
13 LIKE TO.

14 DR. STEWARD: IF YOU WANT TO STEP IN,
15 JEFF, GO AHEAD. SO THIS IS THE RECOMMENDATION
16 BROUGHT TO THE BOARD TODAY AFTER CONSIDERATION BY
17 THE SCIENCE SUBCOMMITTEE. AND IT IS REALLY THE
18 INSTANTIATION OF THE PROPOSED CONCEPT PLAN FOR CIRM
19 2.0. THE SCIENCE SUBCOMMITTEE DISCUSSED IT AT THE
20 MEETING MONDAY. AND AFTER THOROUGH CONSIDERATION
21 AND MANY QUESTIONS, WE DID RECOMMEND THAT IT BE
22 BROUGHT FORWARD TO THE BOARD FOR YOUR CONSIDERATION.
23 AND WITH THAT, I'LL TURN IT OVER TO RANDY.

24 DR. MILLS: THANK YOU VERY MUCH. OKAY.
25 SO THE CONCEPT PLAN FOR CIRM 2.0, SO THIS IS, AS I

BARRISTERS' REPORTING SERVICE

1 MENTIONED UNDER THE BROAD HEADING, ACCELERATING THE
2 DEVELOPMENT OF STEM CELL TREATMENTS. THIS IS FOR
3 THE CLINICAL STAGE PROGRAM. IT WILL HAVE
4 ESSENTIALLY THREE PROGRAM ANNOUNCEMENTS THAT WE ARE
5 PROPOSING.

6 AGAIN, THE PURPOSE OF CIRM 2.0 IS TO
7 CREATE A PROCESS AT CIRM FOR ATTRACTING, AWARDING,
8 AND ADMINISTERING PROJECTS THAT BETTER SERVE THIS
9 MISSION. AND WE THINK THIS CONCEPT PLAN IS A GOOD
10 FIRST STEP. AS I MENTIONED IN MY PREVIOUS TALK,
11 THIS IS THE CLINICAL PORTION OF IT. WE ALSO PLAN TO
12 COME BACK WITH THE TRANSLATIONAL AND DISCOVERY
13 PORTIONS THIS YEAR.

14 THE THREE PROGRAM ANNOUNCEMENTS THAT WE'RE
15 OFFERING UNDER THIS CONCEPT PLAN, THE FIRST PROGRAM
16 ANNOUNCEMENT 15-01 IS FOR LATE STAGE PRECLINICAL
17 PROJECTS. SO THIS IS A WAY TO THINK ABOUT THIS.
18 THIS IS ROUGHLY IF IT'S A BIOLOGIC, ANYTHING FROM A
19 PRE-IND MEETING UNTIL THAT IND BECOMES ACTIVE.
20 THAT'S WHAT THAT PROGRAM ANNOUNCEMENT IS FOR. THAT
21 WOULD BE OPEN. AND SO APPLICANTS COULD APPLY ANY
22 TIME THEY WERE READY FOR THAT.

23 THE SECOND IS PA 15-02, WHICH IS FOR ANY
24 STAGE CLINICAL PROGRAM, SO THIS IS RUNNING A
25 CLINICAL TRIAL, EITHER PHASE I, PHASE II, OR III.

BARRISTERS' REPORTING SERVICE

1 THEN THE THIRD IS PA 15-03, WHICH IS FOR
2 SUPPLEMENTAL ACCELERATING ACTIVITIES. THIS IS
3 ACTUALLY AN IDEA JUST STOLEN FROM OUR ACCELERATING
4 DEVELOPMENT PATHWAYS PROGRAM WHERE WE LIKE THE
5 CONCEPT. AND IF A PROGRAM THAT HAS ALREADY RECEIVED
6 FUNDING FOR PA 15-01 OR 02 DEVELOPS A NEED WHERE WE
7 COULD OFFER ADDITIONAL SUPPORT AND IT COULD HELP
8 SPEED THAT PROGRAM ALONG TO OUR PATIENTS, WE WANTED
9 A MECHANISM IN WHICH WE PROVIDE THAT SUPPORT. AND
10 SO THAT'S WHAT PA 15-03 IS ABOUT.

11 THERE ARE GENERAL ELIGIBILITY REQUIREMENTS
12 THAT BASICALLY SPAN ALL THREE OF THESE. THE FIRST
13 IS, BECAUSE THE WINDOW IS OPEN AND YOU CAN APPLY ANY
14 TIME, YOU ALSO MUST BE READY TO GO WHEN YOU APPLY.
15 SO YOU MUST BE READY TO INITIATE WORK WITHIN 45 DAYS
16 OF APPROVAL. WHAT WE DON'T WANT TO HAVE IS WE DON'T
17 WANT TO HAVE PROGRAMS THAT WE SPEED THROUGH AN
18 APPLICATION PROCESS AND THEN THEY SIT ON THE SHELF.
19 THESE THINGS WE WANT TO MAKE SURE ARE SNAPPY AT ANY
20 END OF THE SPECTRUM.

21 THE PROPOSED STUDIES MUST BE WITH A SINGLE
22 STEM CELL-BASED THERAPEUTIC CANDIDATE. IT HAS AN
23 ASTERISK ON IT WHICH MEANS I'M GOING TO TALK ABOUT
24 IT MORE IN A COMING SLIDE. THEY MUST DEMONSTRATE
25 THE APPROPRIATE STAGE OF READINESS. SO IF IT'S

BARRISTERS' REPORTING SERVICE

1 SOMETHING THAT CAN HAVE A PRE-IND MEETING, IT HAS TO
2 HAVE A PRE-IND MEETING. IF IT'S SOMETHING THAT'S
3 GOING INTO A PHASE II CLINICAL TRIAL, IT HAS TO HAVE
4 PHASE I SAFETY DATA THAT SUPPORTS THAT.

5 IT MUST HAVE A PROJECT MANAGER. THERE ARE
6 CO-FUNDING REQUIREMENTS. AGAIN, AN ASTERISK, SO I'M
7 GOING TO TALK ABOUT IT AGAIN. AND IF IT'S A
8 FOR-PROFIT AGENCY, IT MUST DEMONSTRATE SOLVENCY.

9 FOR THE 15-03, THE ACCELERATING GRANT, IT
10 MUST HAVE AN ACTIVE GRANT FOR EITHER THE PRECLINICAL
11 OR THE CLINICAL WORK, THE 15-01 OR THE 15-02, OR
12 SOME CIRM EQUIVALENT OF THAT, WHICH ARE OUR DISEASE
13 TEAM AND STRATEGIC PARTNERSHIP AWARDS.

14 WITH REGARDS TO THE ACTUAL THERAPEUTIC
15 REQUIREMENTS TO WHAT WE FUND, THE OVERARCHING SORT
16 OF FIRST TIER IS A CELL THERAPY WHERE A STEM OR
17 PROGENITOR CELL EITHER COMPRISES THE THERAPY OR USED
18 TO MANUFACTURE THE THERAPY.

19 THE SECOND IS CORD OR UNMODIFIED
20 HEMATOPOIETIC STEM CELLS, BUT WITH THE CAVEAT ONLY
21 IF THEY'RE BEING DEVELOPED AS A NOVEL METHOD THAT
22 ADDRESSES A RARE OR UNMET NEED AND ARE UNLIKELY TO
23 RECEIVE FUNDING FROM ANOTHER SOURCE.

24 SIMILARLY, AS BASED ON THE RECOMMENDATIONS
25 OF THE BOARD FROM THE LAST MEETING, WE'RE ALSO

BARRISTERS' REPORTING SERVICE

1 INCLUDING SMALL MOLECULES AND BIOLOGICS, BUT AGAIN
2 WITH THE CAVEAT THAT THEY HAVE TO ACT ON AN
3 ENDOGENOUS STEM CELL OR CANCER STEM CELL AS THE
4 PRIMARY MECHANISM OF ACTION FOR THE DRUG AND IS
5 BEING DEVELOPED FOR A RARE OR UNMET MEDICAL NEED
6 UNLIKELY TO RECEIVE FUNDING FROM ANOTHER SOURCE.

7 THE CO-FUNDING REQUIREMENTS ACROSS ALL OF
8 THESE DIFFERENT PROGRAMS, AS YOU CAN SEE, SO THE
9 NONPROFIT OR THE ACADEMIC INSTITUTIONS WILL NOT HAVE
10 A CO-FUNDING REQUIREMENT FOR THE PRECLINICAL AWARD
11 NOR THE PHASE I. IN PHASE II THEY WILL BE REQUIRED
12 TO PROVIDE 40 PERCENT SUPPORT AND 50 PERCENT IN
13 PHASE III ALONG WITH 40 PERCENT FOR SUPPLEMENTAL
14 ACTIVITIES.

15 THE FOR-PROFIT AGENCIES WE'RE PROPOSING --
16 (INTERRUPTION OF PROCEEDINGS.) FLASH FLOOD. SEEING
17 AS THOUGH WE'RE ON THE SECOND STORY, I'M GOING TO
18 HOPE WE'RE OKAY.

19 SO THE FOR-PROFIT COMPANIES OR INDUSTRY,
20 WE REQUIRE 20 PERCENT CO-FUNDING FOR PRECLINICAL
21 ACTIVITIES, 30 PERCENT FOR PHASE I, 40 PERCENT FOR
22 PHASE II, 50 PERCENT FOR PHASE III, AND 40 PERCENT
23 FOR THE SUPPLEMENTAL ACCELERATING ACTIVITIES. WE'RE
24 NOT PROPOSING A CAP ON ANY OF THESE WITH THE
25 EXCEPTION THAT CIRM'S CONTRIBUTION FOR PHASE III

BARRISTERS' REPORTING SERVICE

1 PROGRAMS WON'T EXCEED \$20 MILLION.

2 DR. LEVIN: OUT OF CURIOSITY, CAN YOU TELL
3 US WHERE THOSE NUMBERS CAME FROM? THE 40 PERCENT,
4 30 PERCENT, 50 PERCENT, HOW THEY WERE ARRIVED AT.

5 DR. MILLS: SO WHAT WE DIDN'T WANT TO DO
6 WITH REGARDS TO CO-FUNDING IS WE DIDN'T WANT TO
7 CREATE AN ARTIFICIAL SPEED BUMP THAT WOULD DISSUADE
8 SOMEBODY FROM COMING AND DOING A PROGRAM. ON THE
9 OTHER HAND, WE WERE BALANCING -- WHAT WE DIDN'T WANT
10 WAS OTHER PEOPLE'S JUNK. SO IF IT WAS A FOR-PROFIT,
11 AN INDUSTRY INSTITUTION, THEY NEEDED TO FEEL AS
12 COMPELLED TO DO THIS PROGRAM. AND SO WE WANTED THEM
13 TO HAVE SKIN IN THE GAME. SO THE FURTHER WE GO DOWN
14 THE ROAD, GENERALLY SPEAKING, THE MORE EXPENSIVE
15 THESE PROGRAMS GET, AND WE WANT THEM TO HAVE MORE
16 SKIN IN THE GAME.

17 ADDITIONALLY, THE FURTHER DOWN THE ROAD
18 YOU GO, THE MORE LIKELY THOSE PROGRAMS ARE TO
19 RECEIVE FUNDING FROM OTHER SOURCES BECAUSE THEY'VE
20 DEMONSTRATED PROOF OF CONCEPT. WE INCLUDED THE
21 PHASE IIIS IN HERE, IF ANYBODY IS WONDERING, BECAUSE
22 THERE ARE INSTANCES WHERE YOU COULD HAVE A REALLY
23 SMALL UNMET MEDICAL NEED THAT REALLY WOULDN'T HAVE A
24 SUFFICIENT ECONOMIC BENEFIT ASSOCIATED WITH IT TO
25 JUSTIFY ITS DEVELOPMENT, AND WE DIDN'T WANT TO SAY

BARRISTERS' REPORTING SERVICE

1 AND WE'RE NOT GOING TO DO THAT NO MATTER WHAT. A
2 LOT OF TIMES THOSE VERY, VERY ULTRA ORPHAN DISEASES,
3 YOU CAN RUN CLINICAL TRIALS WHERE THE SIZE OF THE
4 CLINICAL TRIAL IN A PHASE III WOULD BE SMALLER THAN
5 A CARDIAC PHASE II OR EVEN A I SOMETIMES. SO WE
6 WANTED TO PROVIDE THAT FUNDING MECHANISM.

7 THE OTHER THING WE ARE LOOKING TO DO IS
8 ULTIMATELY THESE PROGRAMS GENERALLY NEED TO MOVE TO
9 INDUSTRY. AND SO WE WANTED TO CREATE A LEVEL -- WE
10 WANTED TO HAVE AS MUCH OPPORTUNITY AVAILABLE FOR
11 ACADEMIA TO DEVELOP AND TEST OUT NEW CONCEPTS
12 WITHOUT A CO-FUNDING REQUIREMENT. BUT AS THOSE
13 THINGS PROGRESSED TOWARDS THE MARKET, WE WANTED TO
14 LEVEL THAT PLAYING FIELD OUT AND SAY WE DON'T WANT
15 TO ADVANTAGE ONE OVER THE OTHER BECAUSE ULTIMATELY
16 THESE THINGS TEND TO NEED TO GO TO INDUSTRY. SO
17 THAT'S WHY YOU SEE THE JUMP FROM NO CO-FUNDING TO 40
18 PERCENT IN PHASE II FOR THE ACADEMIC INSTITUTIONS.

19 IS THAT SUFFICIENT?

20 ANOTHER KEY COMPONENT TO THIS IS THE
21 CALIFORNIA REQUIREMENT. THIS IS SOMETHING THAT IN
22 THE PAST HAS BEEN A LITTLE BIT NEBULOUS. I'LL TELL
23 YOU, AS A MEMBER OF THE GRANTS WORKING GROUP, THERE
24 WERE ON A NUMBER OF OCCASIONS QUESTIONS RAISED BY
25 GWG MEMBERS ON WHAT THE ACTUAL REQUIREMENTS WERE IN

BARRISTERS' REPORTING SERVICE

1 ORDER FOR SOMEONE TO RECEIVE FUNDING FROM CIRM
2 DESPITE THE FACT THAT THEY'RE NOT LOCATED IN THE
3 STATE OF CALIFORNIA. WE WOULD BASICALLY TAKE IT UP
4 ON AN RFA-TO-RFA BASIS. GENERALLY SPEAKING, YOU
5 DIDN'T NEED A WHOLE LOT IN ORDER TO RECEIVE FUNDING,
6 BUT IT WASN'T PARTICULARLY CLEAR ON WHAT YOU COULD
7 USE THAT FUNDING FOR EITHER.

8 AND SO WHAT WE INTENDED TO DO HERE WAS TO
9 CREATE A SET OF CRITERIA THAT DROVE THE BEHAVIOR WE
10 WANT, AND THAT BASICALLY GOES LIKE THIS. FIRST AND
11 FOREMOST, WE WANT YOUR ORGANIZATION IN THE STATE OF
12 CALIFORNIA. SO THE BEST DEAL IS GOING TO BE HAD BY
13 A COMPANY THAT'S IN CALIFORNIA, MOVES TO CALIFORNIA,
14 OR IS STARTED IN CALIFORNIA. AND THAT'S OUR
15 CALIFORNIA ORGANIZATIONS. ALL OF THEIR PROJECT
16 COSTS ARE ELIGIBLE AS THEY CURRENTLY ARE RIGHT NOW.
17 TO QUALIFY AS A CALIFORNIA ORGANIZATION, GREATER
18 THAN 50 PERCENT OF YOUR EMPLOYEES HAVE TO BE LOCATED
19 WITHIN THE STATE, PAID WITHIN THE STATE, AND THE
20 ACTIVITIES FOR THE GRANT NEED TO BE RUN OUT OF THE
21 CALIFORNIA LOCATION. THAT'S PRETTY STRAIGHTFORWARD
22 ON THE CALIFORNIA SIDE OF IT.

23 IT'S THE NON-CALIFORNIA AREA THAT WE
24 REALLY NEEDED TO PROVIDE SOME CLARITY AROUND. AND
25 SO NON-CALIFORNIA ORGANIZATIONS ARE ABLE TO APPLY,

BARRISTERS' REPORTING SERVICE

1 BUT THE FUNDING CAN ONLY BE USED FOR ALLOWABLE
2 EXPENDITURES OCCURRED WITHIN CALIFORNIA. AND THOSE
3 ARE ALSO SUBJECT TO THE CO-FUNDING REQUIREMENTS, AND
4 I'LL SHOW YOU THAT EXAMPLE IN A SECOND.

5 AND THE LAST THING WE PUT ON HERE WAS IF
6 IT'S A CLINICAL STAGE PROGRAM, WE WANT AT LEAST ONE
7 CLINICAL SITE OPEN IN CALIFORNIA. AND SO IF A
8 COMPANY CAN HAVE THEIR PRODUCT MANUFACTURED
9 ANYWHERE, IF THEY'LL HAVE IT MANUFACTURED IN THE
10 STATE OF CALIFORNIA, WE'LL PROVIDE FUNDING FOR THAT.
11 IF THEY'RE GOING TO RUN A CLINICAL TRIAL THAT COULD
12 BE ANYWHERE AND THEY RUN IT IN CALIFORNIA, WE'LL PAY
13 FOR THE EXPENSES THAT ARE INCURRED WITHIN THE STATE
14 OF CALIFORNIA.

15 LET ME GIVE YOU AN EXAMPLE OF THE
16 DIFFERENCE BETWEEN A CALIFORNIA AND A NON-CALIFORNIA
17 ORGANIZATION UNDER THIS SYSTEM. SO FOR SIMPLICITY
18 SAKE, THIS WAS A REQUEST FOR A PHASE III CLINICAL
19 TRIAL THAT WOULD HAVE TEN SITES TOTAL. LET'S JUST
20 SAY EACH SITE COST A MILLION DOLLARS, \$10 MILLION IN
21 TOTAL TRIAL COST. FIVE OF THOSE SITES WERE LOCATED
22 IN CALIFORNIA, FIVE OF THOSE SITES WERE LOCATED
23 OUTSIDE OF THE STATE OF CALIFORNIA, EACH SITE,
24 AGAIN, COSTING A MILLION DOLLARS APIECE.

25 SO FOR THE CALIFORNIA ORGANIZATION, WE

BARRISTERS' REPORTING SERVICE

1 WILL PROVIDE 50 PERCENT OF THE TOTAL PROGRAM COST.
2 SO WE WILL PROVIDE \$5 MILLION IN FUNDING. BECAUSE
3 IT'S A PHASE III PROGRAM, THAT'S 50 PERCENT OF THE
4 TOTAL PROGRAM COST. IF YOU'RE OUTSIDE OF THE STATE
5 OF CALIFORNIA, WE WILL PROVIDE 50 PERCENT OF THE
6 COST INCURRED WITHIN CALIFORNIA. SO IF YOU HAVE
7 FIVE CLINICAL TRIAL SITES AND THOSE SITES COST \$5
8 MILLION, WE WILL GIVE YOU 50 PERCENT OF THAT, \$2.5
9 MILLION. SO IT DOES ATTRACT STEM CELL COMPANIES TO
10 COME TO CALIFORNIA, TO HAVE YOUR PRODUCT
11 MANUFACTURED IN CALIFORNIA, TO HAVE YOUR OPEN
12 CLINICAL TRIAL SITES IN CALIFORNIA, BUT IN NO WAY
13 DOES IT EVER NOT GIVE THE BEST DEAL TO FLAT-OUT,
14 FULL-ON CALIFORNIA ORGANIZATIONS BECAUSE AT THE END
15 OF THE DAY, WE WANT YOU HERE AND NOT JUST COMING
16 INTO OUR STATE.

17 SO WITH THIS CONCEPT PLAN, WHAT WE ARE
18 REQUESTING IS \$50 MILLION ALLOCATED FOR THE
19 REMAINDER OF FISCAL YEAR 2015, SO THAT WOULD RUN
20 THROUGH JUNE. AS I MENTIONED, OUR FIRST POSSIBLE
21 AWARD DATE IS IN APRIL. AND SO I THINK THE \$50
22 MILLION NUMBER WILL BE A SUFFICIENT AMOUNT TO COVER
23 ANY POTENTIAL AWARDS. IF NOT, OBVIOUSLY WE'LL BE
24 COMING BACK TO THE BOARD. WE HAVE CAPPED THE
25 INDIRECT COST, THIS IS NOT THE FACILITIES, BUT THE

BARRISTERS' REPORTING SERVICE

1 INDIRECT COSTS AT 10 PERCENT. AND AS I MENTIONED
2 PREVIOUSLY, THERE'S NO PRESET CAP ON FUNDING EXCEPT
3 FOR THE PHASE III PROGRAMS.

4 THE REASON WE'RE DOING THAT, BY THE WAY,
5 IF ANYBODY IS WONDERING WHY WE WOULD PULL THE CAPS
6 OFF OF OUR PROGRAM, IS THAT WE NOTICED AN
7 INTERESTING THING. IRRESPECTIVE OF THE PHASE OF
8 TRIAL THAT WAS BEING PROPOSED UNDER OUR PREVIOUS
9 AWARDS, THEY ALL SEEM TO COME IN AT \$19.9 MILLION,
10 AND THAT WAS BECAUSE WE HAD A CAP OF 20. SO WE HAD
11 A VERY ASTUTE PERSON AT CIRM SAY, WELL, LET'S JUST
12 REMOVE THE CAP AND SUBJECT THEM TO A VERY, VERY
13 RIGOROUS BUDGET REVIEW PROCESS. SO THAT'S WHAT
14 WE'RE DOING. REMOVING THE CAP DOESN'T MEAN IT WILL
15 GO UP. WE ACTUALLY THINK -- WE'LL ACTUALLY MAKE IT
16 VERY WELL KNOWN TO THE APPLICANTS THAT YOUR
17 APPLICATION WON'T EVEN BE REVIEWED BY THE GWG IF IT
18 FAILS THE EXTERNAL INDEPENDENT BUDGET REVIEW. SO
19 THAT'S THE THEORY BEHIND THE CAPS.

20 SO THAT'S WHAT I HAVE ON THIS CONCEPT
21 PLAN. IF ANYONE HAS ANY QUESTIONS, I'LL BE HAPPY TO
22 TAKE.

23 DR. WESTON: CAN YOU GO BACK TO THE
24 10-PERCENT CAP AGAIN AND SAY EXACTLY HOW YOU THINK
25 THAT WILL BE APPLIED AND WHAT HAPPENS TO

BARRISTERS' REPORTING SERVICE

1 INSTITUTIONS?

2 DR. MILLS: THE 10 PERCENT -- INDIRECT
3 COST OF 10 PERCENT. JAMES, YOU WANT TO TALK MORE
4 ABOUT THAT?

5 MR. HARRISON: SO UNLIKE NIH, FACILITIES
6 COSTS ARE CONSIDERED DIRECT RESEARCH COSTS. SO THAT
7 10 PERCENT APPLIES TO THE RESEARCH PLUS THE
8 FACILITIES COST. SO THE FACILITIES COSTS ARE
9 REIMBURSED SEPARATELY.

10 OUR FACILITIES INDIRECT ARE ANYWHERE FROM
11 ZERO TO 20 PERCENT. AND IN THIS CASE, WE SET THE
12 INDIRECT COST RATE AT 10 PERCENT, RIGHT IN THE
13 MIDDLE.

14 DR. WESTON: SO IT WAS AN ARBITRARY
15 NUMBER? THE TEN WAS AN AVERAGE?

16 DR. MILLS: YEAH. ALSO KEEP IN MIND IT'S
17 LAID ONTO -- IF YOU ARE AN INDUSTRY, IT'S LAID ON TO
18 35 PERCENT FOR FACILITIES. IF YOU ARE IN ACADEMIA,
19 THAT NUMBER CAN RUN EVEN HIGHER THAN THAT. SO AS WE
20 START TALKING ABOUT OVERHEADS OF GREATER THAN 50
21 PERCENT, YEAH, I THINK IT'S REASONABLE.

22 DR. WESTON: DID YOU TALK TO ANY
23 INDEPENDENT RESEARCH INSTITUTES ABOUT THIS BECAUSE I
24 THINK THAT COULD BE A PROBLEM FOR THEM?

25 DR. MILLS: WE'VE SET THIS NUMBER

BARRISTERS' REPORTING SERVICE

1 HISTORICALLY ALL OVER. WE'VE SET IT AT ZERO
2 PREVIOUSLY. SO 10 PERCENT IS KIND OF IN THE MIDDLE
3 OF WHERE WE'VE BEEN.

4 DR. WESTON: I WOULD LIKE TO KIND OF
5 PURSUE THAT, AND MAYBE THE AVENUE FOR PURSUING THAT
6 FURTHER WOULD BE, I THINK, FOR ME TO MAYBE TALK TO
7 THE FINANCE COMMITTEE ABOUT THAT, OR SHOULD I TALK
8 TO YOU DIRECTLY ABOUT IT OR JAMES?

9 DR. MILLS: YOU CAN. IS YOUR CONCERN THAT
10 PEOPLE WON'T APPLY?

11 DR. WESTON: YEAH.

12 DR. MILLS: WE HAVEN'T EXPERIENCED THAT.

13 DR. WESTON: BECAUSE INDEPENDENT RESEARCH
14 INSTITUTES WON'T APPLY BECAUSE THEY'RE NOT GOING TO
15 BE ABLE TO AFFORD THAT UNCOVERED DELTA.
16 UNIVERSITIES, I THINK, WOULD BE FINE. IT'S THAT
17 SEGMENT OF INDEPENDENT RESEARCH INSTITUTES.

18 DR. LUBIN: THIS IS NOT RELATED TO THAT,
19 BUT UNIVERSITIES ARE NOT FINE WITH THAT RATE. SO
20 THAT HAS TO COME OUT OF SOMETHING.

21 BUT MY QUESTION WAS IF A STEM CELL COMPANY
22 WAS DOING A STUDY AND NEEDED SOME ADDITIONAL
23 SUPPORT, BUT THE STUDY WASN'T FUNDED BY CIRM, BUT
24 COULD YOU GET SOME OF THAT -- COULD YOU APPLY FOR
25 THAT ACCELERATED PIECE, OR WOULD IT HAVE TO BE

BARRISTERS' REPORTING SERVICE

1 INITIALLY FUNDED BY CIRM?

2 DR. MILLS: SO IN OUR CURRENT PROGRAMS,
3 NO; BUT IT IS AN AREA THAT WE WERE TALKING ABOUT AS
4 RECENTLY AS YESTERDAY. AND THAT IS SOMETHING THAT
5 WE WANT TO SEE HOW THE PROGRAM UNFOLDS, BUT WE WERE
6 LITERALLY HAVING THE CONVERSATION YESTERDAY IF NIH
7 IS FUNDING A PROGRAM THAT'S GOING REALLY WELL,
8 SHOULD WE LIMIT THOSE ACCELERATING ACTIVITIES TO
9 JUST THINGS WE'VE DONE IN THE PAST. I'M OPEN TO
10 EXPLORING THAT. I'D KIND OF LIKE TO SEE HOW THIS
11 ROLLS OUT FIRST AND THEN SORT OF TAKE IT
12 ITERATIVELY.

13 DR. LUBIN: I THINK IT'S A GOOD IDEA
14 BECAUSE OBVIOUSLY YOU'RE NOT GOING TO INVEST IN
15 ANYTHING THAT REALLY ISN'T LOOKING REALLY GOOD. AND
16 THEN IT WOULD BE PART OF OUR CIRM PORTFOLIO, AND THE
17 AMOUNT REQUESTED IS NOT GOING TO BE VERY LARGE
18 BECAUSE IT'S ALREADY FUNDED BY SOMETHING ELSE, BUT
19 SOMETIMES THOSE THINGS ARE NOT LOOKED FAVORABLY UPON
20 BY NIH OR BY AN INDUSTRY. I THINK IT WOULD HELP
21 MOVE THINGS IN THIS STATE, AND IT'S SOMETHING I'M
22 GLAD YOU'RE THINKING ABOUT. THAT'S ALL I ASKED.

23 DR. WESTON: I NEED TO APPEAL THAT 10
24 PERCENT THOUGH. SO WHERE DO I GO WITH THAT? WHAT I
25 WOULD LIKE TO DO IS CONTACT MY OTHER COLLEAGUES IN

BARRISTERS' REPORTING SERVICE

1 INDEPENDENT RESEARCH INSTITUTES AND FIND OUT WHAT
2 THAT WILL ACTUALLY DO FOR THEM AND PERHAPS COME BACK
3 TO YOU AND TALK TO YOU ABOUT THAT. IS THAT THE WAY
4 TO GO?

5 DR. MILLS: JAMES.

6 MR. HARRISON: WELL, SO THE REQUEST TODAY
7 IS FOR THE BOARD TO APPROVE THE CONCEPT PROPOSAL,
8 WHICH INCLUDES THIS 10-PERCENT LIMIT. AND THE NEED
9 FOR THAT ACTION IS THAT WE PLAN TO ACTUALLY ISSUE
10 THESE PROGRAM ANNOUNCEMENTS ON JANUARY 1ST. SO WE
11 WERE HOPING TO HAVE A DECISION ON THAT MATTER TODAY.
12 SO PERHAPS AT A BREAK WE COULD THINK A LITTLE BIT
13 MORE ABOUT HOW TO ADDRESS THAT.

14 DR. MELMED: I HAVE A QUESTION. I SHARE
15 THE CONCERN BECAUSE INVESTIGATORS WILL BE ASKED TO
16 MAKE UP THE DIFFERENCE THEMSELVES. AND THIS WILL
17 CERTAINLY PUT A DAMPENER ON PEOPLE APPLYING TO CIRM.
18 WE HAVE A LOT OF EXPERIENCE WITH NON-PROFITS WHICH
19 DON'T PAY FOR OVERHEAD, AND IT'S EXTREMELY DIFFICULT
20 AND CHALLENGING FOR INVESTIGATORS TO FIND THE GAP
21 FUNDING FOR THOSE COSTS WHICH ARE REAL COSTS.

22 DR. WESTON: THE OTHER THING I WOULD POINT
23 OUT IS THAT I BELIEVE, AS I RECALL, I DON'T HAVE
24 THEM IN FRONT OF ME, BUT AS I RECALL, THE ENABLING
25 STATUTE SAID THAT INDIRECT WOULD BE PAID AT THE

BARRISTERS' REPORTING SERVICE

1 FEDERAL RATE.

2 DR. MELMED: YES. I RECALL THAT AS WELL.

3 MR. HARRISON: IT'S UP TO A MAXIMUM OF 25
4 PERCENT.

5 DR. WESTON: I HAVE A COPY. I CAN SEE IT
6 IN MY HEAD THAT SAID INDIRECT COSTS WOULD BE PAID AT
7 THE FEDERAL RATE. DID THAT GET AMENDED?

8 MR. HARRISON: NO. YOU MAY BE THINKING OF
9 THE FACILITIES COSTS, NOT THE INDIRECT. INDIRECTS
10 ARE AT A MAXIMUM OF 25 PERCENT UNDER THE STATUTE.

11 DR. LEVIN: MAYBE I CAN HELP CLARIFY A
12 LITTLE, THAT THIS HAS BEEN -- CIRM HAS OPERATED THIS
13 WAY FROM THE BEGINNING WHERE THEY SPLIT THE
14 DIFFERENT COMPONENTS OF THE INDIRECT RATE AND THAT
15 WITH THE GOVERNMENT WE HAVE ONE NEGOTIATED RATE.
16 OURS IS 54.5 PERCENT, BUT THAT INCLUDES FACILITIES
17 PART A AND FACILITIES PART B, AND THEN THE ACTUAL
18 WHAT WE CALL INDIRECT COSTS FOR GRANTS MANAGEMENT
19 AND THE LIKE. I THINK THAT SOMETIMES YOU PAY THOSE
20 AND SOMETIMES YOU DON'T DEPENDING IF YOU HAVE A CIRM
21 MAJOR FACILITY. AND I THOUGHT THAT 10 PERCENT IS
22 ACTUALLY FOR THESE MORE TRANSLATIONAL AWARDS WHAT
23 THE INDIRECTS WAS PREVIOUSLY. THIS ISN'T ALL OF A
24 SUDDEN BEING CUT DOWN FROM SPECIFICALLY IN THIS
25 CATEGORY OF INDIRECT COST FROM WHAT THE DISEASE TEAM

BARRISTERS' REPORTING SERVICE

1 GRANT, FOR EXAMPLE, WAS.

2 DR. MILLS: WE'VE DONE IT FROM EVERYTHING
3 FROM 20 TO ZERO. SO ALPHA CLINICS WAS ZERO.
4 DISEASE TEAMS HAVE BEEN TWENTY.

5 CHAIRMAN THOMAS: MR. HARRISON, ARE YOU
6 SUGGESTING THAT WE HAVE A DISCUSSION AT BREAK BEFORE
7 WE VOTE ON THIS ITEM?

8 MR. SHEEHY: I OBJECT TO THAT. THIS IS A
9 PUBLIC MEETING, AND THIS DISCUSSION SHOULD TAKE
10 PLACE IN PUBLIC AND NOT OFF CAMERA.

11 MR. HARRISON: I WASN'T SUGGESTING -- JUST
12 TO BE CLEAR, I WASN'T SUGGESTING AN OUT-OF-PUBLIC
13 MEETING ON THE MERITS, JUST A DISCUSSION ABOUT HOW
14 TO PROCEDURALLY ADDRESS THE ISSUE.

15 MR. SHEEHY: YOU'RE GOING TO NEGOTIATE
16 THIS RATE OUTSIDE OF A PUBLIC MEETING, SO I THINK WE
17 SHOULD RESOLVE THIS NOW AND NOT AT SOME
18 OUT-OF-PUBLIC VIEW.

19 CHAIRMAN THOMAS: FAIR POINT, MR. SHEEHY.

20 DR. LEVIN: CAN I ASK WHAT ACTIVITIES ARE
21 COVERED UNDER THESE AWARDS? THAT ALSO IS SOMETHING
22 THAT INFLUENCES. SO OUR CLINICAL TRIALS INDIRECT
23 RATE IS HALF OF WHAT OUR BASIC RESEARCH INDIRECT
24 RATE IS, ON-CAMPUS RESEARCH. AND SO THAT ALSO
25 PROBABLY NEEDS TO BE WORKED INTO THIS DISCUSSION IS

BARRISTERS' REPORTING SERVICE

1 WHAT ARE THE ACTIVITIES THAT ARE BEING FUNDED
2 SPECIFICALLY.

3 MR. THOMPSON: GABRIEL THOMPSON. I'M THE
4 GRANTS MANAGEMENT OFFICER AT CIRM. SO WE UNDERSTAND
5 THAT THE INDIRECT COSTS ARE THE ADMINISTRATIVE
6 OVERHEAD. THIS GOES TO PAY FOR THINGS LIKE
7 DEPARTMENTAL GRANTS MANAGEMENT, THE SPONSORED
8 PROGRAMS OFFICE, THE PROTOCOL COMMITTEES, THINGS OF
9 THAT NATURE. ONE OF THE REASONS WE DECIDED TO LOWER
10 THIS IS THAT UNDER CIRM 2.0 A LOT OF THE PRIOR
11 APPROVAL REQUESTS AND ADMINISTRATIVE REQUIREMENTS
12 THAT WE'VE REQUIRED IN THE PAST ARE GOING TO GO
13 AWAY. SO A LOT OF THE WORK THAT WE ACTUALLY REQUIRE
14 OF INSTITUTIONS TO SUBMIT REBUDGETING REQUESTS AND
15 CARRY-FORWARD REQUESTS AND THINGS OF THAT NATURE ARE
16 GOING AWAY. THESE ARE ACTUALLY CURRENTLY VERY HIGH
17 VOLUME ADMINISTRATIVE ACTIVITIES THAT WE REQUIRE OF
18 OUR GRANTEES.

19 AND AS AN EXAMPLE, EACH INDIVIDUAL AWARD
20 ON AVERAGE HAS TO SUBMIT ONE OF THESE REQUESTS PER
21 YEAR. AND SO IT ACTUALLY ENDS UP BEING A LOT OF
22 WORK. AND SO THAT IS ONE OF THE REASONS WE'VE
23 DECIDED TO LOWER THE INDIRECT COST RATE. JUST TO
24 PROVIDE SOME MORE CLARIFICATION THERE.

25 CHAIRMAN THOMAS: WE HAVE A COMMENT FROM

BARRISTERS' REPORTING SERVICE

1 MS. LORING FROM THE PUBLIC, PLEASE.

2 DR. LORING: I'M JEANNE LORING. I'M FROM
3 THE SCRIPPS RESEARCH INSTITUTE. I'M THE DIRECTOR OF
4 THE STEM CELL LABORATORY THERE. AND I WANT TO
5 REITERATE WHAT THE ISSUES ARE WITH PRIVATE
6 INSTITUTES.

7 THE BUCK INSTITUTE, LET'S GO FROM NORTH TO
8 SOUTH, THE BUCK INSTITUTE, THE GLADSTONE INSTITUTE,
9 I MIGHT HAVE MISSED ONE NOW, THE SALK INSTITUTE,
10 SANFORD BURNHAM, AND SCRIPPS RESEARCH INSTITUTE HAVE
11 HIGHER OVERHEADS BECAUSE WE ARE INDEPENDENT. WHAT
12 WE REFER TO AS OVERHEAD ARE ALL THE INDIRECT COSTS
13 THAT WE REQUIRE TO SUPPORT THE INSTITUTE. THAT
14 INCLUDES THINGS NOT JUST LIKE THE COMMITTEES, BUT
15 ALSO THE WATER AND THE LIGHTS, THE BATHROOMS, THE
16 FACILITIES SUPPORT. AND THOSE RANGE AROUND 90
17 PERCENT FOR ALL OF THOSE INSTITUTIONS.

18 SO THE ISSUE IS IF WE GET A CUT IN THAT
19 AND ARE ONLY ABLE TO ASK FOR 80 PERCENT, THAT MEANS
20 THAT WE HAVE TO FIGURE OUT, MAYBE THROUGH
21 PHILANTHROPY, I DON'T HAVE THE MONEY IN MY POCKET TO
22 MAKE THAT UP, SO OUR INSTITUTION AND THOSE OTHER
23 INSTITUTIONS WILL NOT ALLOW US TO APPLY FOR THESE
24 GRANTS. THEY SIMPLY WILL NOT ALLOW US TO APPLY. SO
25 I'D LIKE FOR YOU TO TAKE THAT INTO CONSIDERATION

BARRISTERS' REPORTING SERVICE

1 WHEN YOU'RE THINKING ABOUT LOWERING THE OVERHEAD
2 RATE.

3 CHAIRMAN THOMAS: THANK YOU, DR. LORING.

4 DR. WESTON: SPECIFICALLY AT SCRIPPS, OUR
5 SHORTFALL WOULD BE 15 PERCENT UNCOVERED INDIRECT
6 COSTS, AND I BELIEVE AT SALK AND BURNHAM, IT WOULD
7 BE HIGHER THAN THAT, BUT I'M NOT POSITIVE ABOUT
8 THEIR FACILITIES COMPONENT. I BELIEVE IT WOULD BE
9 HIGHER.

10 DR. MILLS: SO I WILL DEFER TO THE BOARD
11 ON THIS.

12 MR. TORRES: FIRST OF ALL, I WANT TO
13 ASSOCIATE MY REMARKS WITH JEFF SHEEHY IN TERMS OF
14 THE PUBLIC AND TRANSPARENT NATURE OF ALL OF OUR
15 DISCUSSIONS, BUT I DO THINK THAT PERHAPS STAFF CAN
16 GO BACK AND RETHINK THIS AND THEN COME BACK TO US TO
17 DISCUSS IT PUBLICLY SO THAT WE CAN COME TO SOME
18 DETERMINATION AND GATHER ALL THE FACTS THAT WE CAN
19 PRIOR TO THE JANUARY 29TH MEETING. IS THAT
20 ACCEPTABLE?

21 CHAIRMAN THOMAS: I THINK THE ISSUE IS IF
22 WE DO THAT AND HAVE TO MAKE A DECISION TODAY, YOU
23 CAN'T LAUNCH 2.0 JANUARY 1ST.

24 MR. TORRES: I'M NOT TALKING ABOUT NOT
25 LAUNCHING. I'M TALKING ABOUT AMENDING IT AT THE

BARRISTERS' REPORTING SERVICE

1 JANUARY 29TH MEETING BASED UPON DISCUSSIONS THAT
2 WILL TAKE PLACE BETWEEN FOLKS AND THEN MAKE THOSE
3 DISCUSSIONS PUBLIC AND HAVE OUR OWN DISCUSSIONS WITH
4 THE BOARD AND VOTE ON AN AMENDMENT AT THAT POINT. I
5 DON'T THINK THAT DELAYS THE IMPLEMENTATION. IT ONLY
6 GIVES US TIME TO CONSIDER SOME OF THE ISSUES THAT
7 HAVE BEEN RAISED BY SOME OF THE BOARD MEMBERS THIS
8 MORNING.

9 DR. MILLS: JUST TO BE CLEAR, YOU'RE
10 SAYING CONSIDER THE CONCEPT PLAN AS STATED AND THEN
11 RECONSIDER IT IN JANUARY --

12 MR. TORRES: YES.

13 DR. MILLS: -- FOR AMENDMENT?

14 MR. SHEEHY: I WONDER IF WE CAN JUST
15 RETURN TO WHAT WE'VE BEEN DOING PREVIOUSLY. WE'VE
16 BEEN ISSUING THESE TYPES OF GRANTS HERE TO DATE. SO
17 MAYBE RATHER THAN LOWERING THE INDIRECT RATE, WE CAN
18 RETURN TO THE RATE THAT WE WERE USING PREVIOUSLY, SO
19 THAT WOULD BE THE AMENDMENT TO THE CURRENT PLAN.

20 CHAIRMAN THOMAS: JEFF, COULD YOU REPEAT
21 THAT? WE'RE NOT QUITE SURE WE --

22 MR. SHEEHY: YES. CAN YOU HEAR ME NOW A
23 LITTLE BIT BETTER? WHY DON'T WE JUST MAKE THE
24 AMENDMENT TO RETURN TO THE PREVIOUS INDIRECT RATE
25 THAT WE'VE BEEN USING. WE'VE BEEN ISSUING GRANTS IN

BARRISTERS' REPORTING SERVICE

1 THIS SPACE UP TO THIS POINT, AND WE'VE USED AN
2 INDIRECT RATE THAT EVERYBODY HAS BEEN WILLING TO
3 WORK UNDER. SO WHY SHOULD WE NOT AMEND THIS TO
4 RETURN TO THE RATE THAT WE'VE BEEN USING UP TO NOW?

5 CHAIRMAN THOMAS: DR. MILLS, MR. SHEEHY
6 SUGGESTED RETURNING TO THE PREVIOUSLY USED RATE
7 WHICH EVERYBODY HAD BEEN WILLING TO WORK UNDER.

8 DR. MILLS: RIGHT. SO THE PREVIOUS -- WE
9 HAVE TO UNDERSTAND. WE DON'T HAVE A PREVIOUSLY USED
10 RATE. IT'S BEEN VARIABLE. SO IT'S BEEN -- AGAIN,
11 DISEASE TEAM WAS 20, ALPHA CLINICS WAS ZERO,
12 STRATEGIC PARTNERSHIPS WERE 15.

13 DR. HIGGINS: IS THERE A MAGIC NUMBER THAT
14 WE'RE TALKING ABOUT HERE? IS IT 20 PERCENT? IS IT
15 SOMETHING GREATER THAN 10, SOMETHING LESS THAN 20?

16 DR. STEWARD: SO GOING BACK TO DR. LEVIN'S
17 EARLIER POINT, I THINK IT'S JUST IMPORTANT THAT WE
18 UNDERSTAND THAT THERE IS A FACILITIES RATE
19 NEGOTIATED IN. RANDY, COULD YOU JUST SAY A WORD
20 ABOUT THE FACILITIES RATE AND THE PERCENTAGE OF THAT
21 ON THE AVERAGE? AND THEN JUST TO MAKE THE POINT,
22 THE INDIRECT COST RATE IS A PERCENTAGE THAT WOULD BE
23 ACTUALLY ADDITIONAL TO THE DIRECT COST FOR THE
24 RESEARCH AND THE FACILITIES RATE. SO THAT THE NET
25 INDIRECT COST IN THE SENSE OF NIH IS ACTUALLY MUCH

BARRISTERS' REPORTING SERVICE

1 HIGHER THAN THE NUMBER WE'RE TALKING ABOUT HERE. SO
2 IF WE COULD JUST UNPACK ALL THAT, I THINK IT MIGHT
3 BE HELPFUL.

4 MR. HARRISON: AS I MENTIONED EARLIER, THE
5 FACILITIES RATE IS SEPARATE AND INDEPENDENT FROM THE
6 INDIRECT COST RATE, UNLIKE THE NIH. AND UNDER
7 CIRM'S POLICIES, THE FACILITIES RATE IS BASED ON THE
8 FEDERALLY NEGOTIATED RATE FOR EACH INSTITUTION. SO
9 IT'S HIGHLY VARIABLE. INSTITUTIONS LIKE THE
10 GLADSTONE, FOR EXAMPLE, HAVE A VERY HIGH FACILITIES
11 RATE. OTHER INSTITUTIONS, PARTICULARLY THE LARGER
12 UNIVERSITIES, TEND TO HAVE A LOWER FEDERALLY
13 NEGOTIATED RATE. THAT'S PART OF THE DIRECT RESEARCH
14 COST.

15 SO WHEN WE APPLY THE INDIRECT COST RATE,
16 WE APPLY IT TO RESEARCH PLUS FACILITIES COSTS, WHICH
17 OBVIOUSLY YIELDS A BIGGER NUMBER. SO THAT'S THE
18 DISTINCTION BETWEEN HOW CIRM DOES BUSINESS AND HOW
19 NIH DOES.

20 DR. STEWARD: AND IF WE COULD MAYBE JUST
21 TAKE A SECOND AND UNPACK THOSE IN REAL NUMBERS WITH
22 AN EXAMPLE, I THINK IT MAY JUST HELP SETTLE SOME OF
23 THE CONCERNS A LITTLE BIT. FOR EXAMPLE, LET'S JUST
24 TAKE THE NUMBER, IF THE NEGOTIATED INDIRECT COST FOR
25 NIH WAS 50 PERCENT, WHICH IS SORT OF IN THE RANGE OF

BARRISTERS' REPORTING SERVICE

1 MOST OF THE PUBLIC UNIVERSITIES HERE IN CALIFORNIA,
2 IT'S ACTUALLY 52, 54, WHATEVER. WHERE WOULD THE
3 FACILITIES COST END UP FOR THAT?

4 MR. HARRISON: I THINK WE CAN GET THAT
5 INFORMATION FOR YOU. WE MIGHT NEED A LITTLE BIT OF
6 TIME TO DO THAT. SO IF THE BOARD WOULD LIKE, WE
7 COULD TAKE A BRIEF BREAK AND COME BACK AND PROVIDE
8 YOU WITH THAT DATA.

9 DR. STEWARD: OKAY. THAT WOULD BE GREAT.
10 AND THEN JUST TO KIND OF FINISH THE
11 CALCULATION, TAKE A NUMBER, SO YOU ARE GOING TO HAVE
12 A HUNDRED PERCENT, WHICH IS THE DIRECT COST OF
13 RESEARCH, YOU'RE GOING TO HAVE SOME NUMBER WHICH IS
14 THE FACILITIES RATE, AND THEN ON TOP OF THAT WOULD
15 BE THE 10 PERCENT OF THAT TOTAL DIRECT COST. AND
16 THEN WE'LL HAVE A NUMBER THAT WE CAN UNDERSTAND THAT
17 WOULD BE EQUIVALENT TO THE NIH INDIRECT COST RATE.

18 CHAIRMAN THOMAS: BEFORE WE TAKE A BREAK
19 HERE, WE HAVE THREE COMMENTS HERE: DR. LEVIN,
20 MS. WESTON, AND DR. PRIETO.

21 DR. LEVIN: I JUST WANTED TO MENTION, SO I
22 THINK TO OS' POINT, OUR FACILITIES RATE IS 25
23 PERCENT IN AND OF ITSELF. AND THAT THE DISEASE
24 TEAMS III WAS 10 PERCENT INDIRECTS FOR FOR-PROFITS
25 AND 20 PERCENT FOR NON-PROFIT ACADEMIC INSTITUTIONS.

BARRISTERS' REPORTING SERVICE

1 AND THAT'S, I THINK, WHAT MOST OF THE DISEASE TEAM
2 GRANTS WERE. TO ME IT SEEMS REASONABLY SIMILAR TO
3 THIS GRANT THAT WE'RE TALKING ABOUT THE CONCEPT
4 PROPOSAL FOR EXCEPT FOR THIS WILL HAVE MORE CLINICAL
5 TRIALS EXPENSES IN IT. THAT AT IRVINE, AT LEAST,
6 OUR RATE FOR ON-CAMPUS RESEARCH IS 54 AND A HALF
7 PERCENT AND FOR CLINICAL TRIALS IS ONLY 26 BECAUSE
8 MOST OF THAT GOES ON OUTSIDE OF THE SCOPE.

9 SO THAT AS AN ADMINISTRATOR FOR A
10 UNIVERSITY, I FEEL LIKE I SHOULD BE ARGUING FOR A
11 HIGHER INDIRECT. IT DOES MAKE SENSE TO GO NO HIGHER
12 THAN 20 PERCENT BECAUSE WE ACCEPTED THAT FOR THE
13 DISEASE TEAM, WHICH IS LARGELY RESEARCH, AND MAYBE
14 EVEN DROP IT DOWN BECAUSE IT'S CLINICAL TRIALS WHICH
15 CHARGE A LOWER INDIRECT RATE GENERALLY, AND ALSO THE
16 ITEMS YOU SAID PERHAPS COULD FIGURE INTO THAT.
17 ALTHOUGH, AGAIN, IT'S MAINLY LIGHT AND HEAT AND
18 POWER AND SUCH ABOVE GRANTS MANAGEMENT. WE COULD
19 STICK WITH THE SAME AS DISEASE TEAM III FOR NOW AND
20 THEN DISCUSS JUST THAT ITEM IN JANUARY.

21 CHAIRMAN THOMAS: DR. LEVIN, ARE YOU
22 OFFERING THAT IN THE FORM OF AN AMENDMENT ON THIS OR
23 JUST AS A COMMENT?

24 DR. STEWARD: THAT WAS JUST AN
25 EXPLANATION.

BARRISTERS' REPORTING SERVICE

1 DR. LEVIN: IT WAS JUST INFORMATION.
2 PERHAPS THAT'S WHAT WE WOULD FORWARD AS AN AMENDMENT
3 IS JUST TO STAY WITH THE DISEASE TEAM III INDIRECT
4 STRUCTURE.

5 DR. WESTON: IF THAT WOULD BE GOING TO 20
6 PERCENT, I THINK THAT WOULD BE OKAY. IT WOULD BE
7 CLOSE.

8 DR. MILLS: I THINK WHAT HE'S SUGGESTING
9 IS 20 FOR THE NON-PROFITS, 10 FOR THE FOR-PROFITS.
10 SO KEEP IT AT 10 PERCENT FOR FOR-PROFIT, 20 PERCENT
11 FOR NONPROFIT?

12 DR. PRIETO: I'M A LITTLE UNCERTAIN ABOUT
13 THIS. IS THIS PERCENTAGE A CEILING, A CAP, OR A
14 FIXED PERCENTAGE? AND THEN IS IT SUBJECT -- ARE
15 THOSE COSTS SUBJECT TO THE SAME BUDGETARY SCRUTINY
16 AS THE REST OF THE GRANT?

17 MR. HARRISON: IT'S A CAP.

18 DR. STEWARD: WELL, YEAH, BUT UNDER NORMAL
19 CIRCUMSTANCES THOSE ARE REALLY PRETTY MUCH
20 NONNEGOTIATED. I MEAN IN THE NIH FRAMEWORK, IF YOU
21 HAVE AN INDIRECT COST RATE OF 52 PERCENT, THAT'S
22 WHAT YOU GET, END OF STORY. THERE ARE CALCULATIONS
23 ON WHAT GOES INTO THAT AT ANY GIVEN POINT IN TIME,
24 AND MAYBE CIRM DOES IT DIFFERENTLY. AND, JAMES,
25 PLEASE.

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: YOU ARE CORRECT, OS.
2 OBVIOUSLY AN APPLICANT COULD REQUEST LESS, BUT THAT
3 DOESN'T HAPPEN.

4 DR. MILLS: ONE TIME IT HAPPENED.

5 CHAIRMAN THOMAS: SO, DR. STEWARD, YOU
6 STILL WANT TO TAKE A BREAK AND GET THE INFORMATION
7 FROM JAMES?

8 DR. STEWARD: LET ME JUST -- JACOB
9 EXPLAINED THE MODEL AS IT WOULD WORK AT IRVINE, AND
10 SO THAT'S A GOOD EXAMPLE. JUST TO SAY THE MODEL
11 DEPENDS ON THE NEGOTIATED INDIRECT COST RATE OF THE
12 INSTITUTION. SO JUST TO THROW IT OUT THERE AS AN
13 APPROXIMATION, AT IRVINE OUR INDIRECT COST RATE IS
14 52 PERCENT. THE CIRM GRANTS COME IN AT 25. FOR AN
15 INSTITUTION THAT GETS AN INDIRECT RATE OF 90, YOU
16 WOULD EXPECT THAT THE FACILITIES PORTION WOULD BE
17 AROUND 45, WHICH WOULD BE THEN ADDED TO THE DIRECT
18 COST OF RESEARCH AND THEN THE INDIRECT CALCULATED ON
19 THAT.

20 DR. WESTON: ACTUALLY THAT'S NOT TRUE.
21 IT'S MORE LIKE SIXTY AT PRIVATE INSTITUTIONS BECAUSE
22 WE DON'T HAVE THE ABILITY TO LEVERAGE HIGH COST OF
23 BUILDINGS OVER LOW COST OF BUILDINGS. WE DON'T HAVE
24 A ENGLISH DEPARTMENT TO LEVERAGE INDIRECT COST.

25 DR. STEWARD: ALL I'M DOING IS THE MATH.

BARRISTERS' REPORTING SERVICE

1 SO WHATEVER YOUR INDIRECT COST RATE IS, YOU CAN
2 ANTICIPATE ROUGHLY HALF OF THAT FOR THE FACILITIES
3 COST THAT WOULD BE ADDED TO THE TOTAL DIRECT COST,
4 AND THEN INDIRECT COST RATE WOULD BE CALCULATED ON
5 THAT TOTAL.

6 DR. WESTON: OURS IS TWO-THIRDS.

7 MR. TORRES: FOR THE PUBLIC, OURS IS?

8 DR. WESTON: 60 PERCENT.

9 MR. TORRES: THE INSTITUTION YOU ARE
10 REFERRING TO?

11 DR. WESTON: SCRIPPS RESEARCH INSTITUTE.

12 MR. TORRES: I AGAIN GOING BACK TO WHAT I
13 SAID EARLIER. THERE'S NO RUSH TO GET THESE
14 PERCENTAGES IN TODAY. THERE IS A RUSH TO GET THE
15 CONCEPT APPROVED, AND I UNDERSTAND THAT. AGAIN,
16 UNLESS YOU ALL WANT TO TAKE A BREAK RIGHT NOW AND
17 TALK ABOUT IT AND THEN COME BACK AND TALK ABOUT IT
18 AGAIN, I STILL THINK THAT WE SHOULD JUST APPROVE THE
19 CONCEPT PLAN AND MOVE FORWARD WITH THE UNDERSTANDING
20 THAT WE MAY VERY WELL AMEND THE PERCENTAGES.

21 DR. WESTON: CAN YOU DO THAT THOUGH?

22 MR. TORRES: IT'S ONLY 30 DAYS.

23 DR. WESTON: CAN YOU DO THAT THOUGH,
24 INTRODUCE A PROGRAM AND TELL PEOPLE THAT THE
25 INDIRECT COST COMPONENT MIGHT BE AMENDED? DOES THAT

BARRISTERS' REPORTING SERVICE

1 PRACTICALLY WORK?

2 MR. TORRES: WE'RE ONLY TALKING ABOUT 30
3 DAYS, AREN'T WE, OR A LITTLE MORE THAN THAT?

4 DR. STEWARD: IF I COULD OPINE ON THAT, I
5 DO THINK THAT IT MIGHT AFFECT WHAT WOULD COME IN.
6 BECAUSE BASICALLY YOU ARE MAKING AN APPLICATION.
7 YOUR INSTITUTION IS SIGNING OFF ON AN APPLICATION
8 WITH A SET OF ASSUMPTIONS ON EVERYTHING.

9 MR. TORRES: I SUGGEST WE TAKE A BREAK AND
10 YOU ALL TALK ABOUT IT.

11 DR. MILLS: CAN I JUST OFFER THAT I
12 ACTUALLY LIKE JACOB'S SUGGESTION: THE 20 FOR
13 NON-PROFITS AND WE KEEP IT AT TEN. THE FOR-PROFIT
14 INSTITUTIONS ARE NOT GOING TO HAVE A PROBLEM WITH 10
15 PERCENT. I'M FINE WITH THAT. I THINK THAT'S A
16 GOOD, FAIR REASONABLE SOLUTION. WE'VE DONE IT
17 HISTORICALLY. IF THAT'S SATISFACTORY, I THINK THIS
18 IS OKAY.

19 DR. PRIETO: DO WE HAVE A MOTION YET
20 BECAUSE I'LL OFFER THAT AS A FRIENDLY AMENDMENT OR
21 MAKE THE MOTION.

22 CHAIRMAN THOMAS: WE DON'T HAVE A MOTION
23 YET TO APPROVE.

24 DR. STEWARD: I WOULD LIKE TO SO MOVE WITH
25 THAT AMENDMENT. ACTUALLY COULD YOU JUST STATE IT

BARRISTERS' REPORTING SERVICE

1 AGAIN?

2 DR. MILLS: AND SO IT WOULD BE TO AMEND
3 THE INDIRECT COST RATE CAP AT 10 PERCENT FOR
4 FOR-PROFIT INSTITUTIONS AND 20 PERCENT FOR
5 NOT-FOR-PROFIT INSTITUTIONS.

6 CHAIRMAN THOMAS: IT'S BEEN MOVED BY DR.
7 STEWARD. IS THERE A SECOND?

8 DR. LEVIN: SECOND.

9 CHAIRMAN THOMAS: SECONDED BY DR. LEVIN.
10 DONNA, JUST TO REITERATE, THAT WORKS FOR YOU?

11 DR. WESTON: YES.

12 CHAIRMAN THOMAS: DR. LORING?

13 DR. LORING: IT WORKS FOR ME. THANK YOU.

14 CHAIRMAN THOMAS: OKAY. THANK YOU. SO
15 ARE THERE FURTHER COMMENTS OR QUESTIONS BY MEMBERS
16 OF THE BOARD EITHER IN THE ROOM HERE OR ON THE
17 PHONE?

18 MR. SHEEHY: (VIA PHONE.) YES. SO I HAVE
19 A QUESTION RELATED TO THE CANDIDATE REQUIREMENTS.
20 SO I WONDER IF STEM CELL -- T STEM CELLS ARE
21 ELIGIBLE IN GENETICALLY MODIFIED T STEM CELLS, I
22 GUESS WHAT WE CALL MEMORY STEM T CELLS, WHICH IS AN
23 EXTREMELY, APPARENTLY FAIRLY HOT FIELD IN ONCOLOGY
24 RESEARCH. WE HAVEN'T PURSUED THIS LINE OF RESEARCH
25 IN THE PAST. NAMELY, BECAUSE THEY WERE NOT

BARRISTERS' REPORTING SERVICE

1 IDENTIFIED AS STEM CELLS, BUT THAT WAS A SUBSET OF
2 THE T-CELL POPULATION TO BE IDENTIFIED AS STEM
3 CELLS. AND IN A HANDFUL OF CASES, PEOPLE ARE
4 ACHIEVING LONG-TERM REMISSION FROM CANCER USING THIS
5 TECHNOLOGY. THIS IS A CELL THERAPY, AND YET THESE
6 ARE GENE MODIFIED. I THINK SOME OF THE RESEARCH IS
7 GOING ON AT INSTITUTIONS AROUND THE STATE, AND IT
8 SEEMS TO ME THAT THIS WOULD BE A POTENT TYPE OF CELL
9 THERAPY THAT ADDS TO OUR PORTFOLIO.

10 SO -- AND IT SEEMS LIKE THESE ARE
11 MILLIONS --

12 DR. MILLS: JEFF, AS A CELL THERAPY WHERE
13 THE PRODUCT WOULD BE A STEM CELL, IT WOULD FALL --
14 IT WOULD BE RESPONSIVE TO THE PA.

15 MR. SHEEHY: CAN WE MAKE THAT CLEAR
16 BECAUSE I DON'T THINK INVESTIGATORS HAVE HAD THAT
17 PERCEPTION IN THE PAST. AND I DON'T THINK THEY
18 WOULD HAVE GOTTEN IN IN THE PAST; BUT AS WE
19 ADVERTISE THIS, BECAUSE THERE ARE OTHER ONCOLOGY
20 APPLICATIONS THAT SEEM A LITTLE LESS IN THE
21 ASSUMPTIONS THAN THIS CURRENT TECHNOLOGY THAT IS
22 ACTUALLY BEING LAUNCHED RIGHT NOW.

23 DR. MILLS: I THINK -- I DON'T KNOW THAT I
24 WOULD CALL IT OUT SPECIFICALLY AND AMEND THE
25 CRITERIA TO SAY THAT, BUT THE CRITERIA, THERE'S

BARRISTERS' REPORTING SERVICE

1 NOTHING IN IT THAT EXCLUDES IT. CELL THERAPY WHERE
2 IT'S A STEM CELL COMPRISES THE THERAPY MAKES IT
3 RESPONSIVE. WE ALSO FUND A PROGRAM THAT HAS ONE OF
4 THESE. I'M NOT OPPOSED TO MAKING THAT CLEAR TO ANY
5 OTHER AUDIENCES WE SPEAK TO.

6 MR. SHEEHY: I DON'T THINK WE HAVE FUNDED
7 A PROGRAM, HAVE WE? I'M NOT AWARE OF ONE.

8 DR. MILLS: WE HAVE ONE.

9 MR. SHEEHY: NOT WITH T-CELLS.

10 DR. MILLS: WE HAVE ONE.

11 CHAIRMAN THOMAS: ANY OTHER QUESTIONS FROM
12 MEMBERS OF THE BOARD? ANY OTHER COMMENTS FROM
13 MEMBERS OF THE PUBLIC? MARIA, COULD YOU PLEASE CALL
14 THE ROLL ON THIS ITEM.

15 MS. BONNEVILLE: DAVID BRENNER.
16 ANNE-MARIE DULIEGE.

17 DR. DULIEGE: AYE.

18 MS. BONNEVILLE: ELIZABETH FINI.

19 DR. FINI: AYE.

20 MS. BONNEVILLE: MICHAEL FRIEDMAN. JUDY
21 GASSON.

22 DR. GASSON: YES.

23 MS. BONNEVILLE: SAM HAWGOOD. DAVID
24 HIGGINS.

25 DR. HIGGINS: YES.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: STEPHEN JUELSGAARD.
2 MR. JUELSGAARD: YES.
3 MS. BONNEVILLE: SHERRY LANSING. JACOB
4 LEVIN.
5 DR. LEVIN: YES.
6 MS. BONNEVILLE: BERT LUBIN.
7 DR. LUBIN: YES.
8 MS. BONNEVILLE: SHLOMO MELMED.
9 DR. MELMED: YES.
10 MS. BONNEVILLE: LAUREN MILLER.
11 MS. MILLER: YES.
12 MS. BONNEVILLE: LLOYD MINER. JOE
13 PANETTA.
14 MR. PANETTA: YES.
15 MS. BONNEVILLE: FRANCISCO PRIETO.
16 DR. PRIETO: AYE.
17 MS. BONNEVILLE: ROBERT QUINT. AL
18 ROWLETT.
19 MR. ROWLETT: YES.
20 MS. BONNEVILLE: JEFF SHEEHY.
21 MR. SHEEHY: YES.
22 MS. BONNEVILLE: OSWALD STEWARD.
23 DR. STEWARD: YES.
24 MS. BONNEVILLE: JONATHAN THOMAS.
25 CHAIRMAN THOMAS: YES.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: ART TORRES.

2 MR. TORRES: AYE.

3 MS. BONNEVILLE: KRISTINA VUORI. DONNA
4 WESTON.

5 DR. WESTON: YES.

6 MS. BONNEVILLE: DIANE WINOKUR.

7 MR. HARRISON: MOTION PASSES.

8 CHAIRMAN THOMAS: THANK YOU, MR. HARRISON.
9 CONGRATULATIONS, DR. MILLS. WE LOOK FORWARD VERY
10 MUCH TO THE LAUNCH ON JANUARY 1 AND TO GREAT THINGS
11 FROM CIRM 2.0.

12 WE'RE GOING TO GIVE -- BETH NEEDS A BREAK,
13 SO WE'RE GOING TO TAKE A FIVE-MINUTE BREAK RIGHT
14 NOW.

15 (A RECESS WAS TAKEN.)

16 CHAIRMAN THOMAS: PLEASE BE SEATED. OKAY.
17 WE'RE NOW RECONVENED. WE'RE GOING TO PROCEED TO
18 ACTION ITEM NO. 8. THIS IS ALWAYS A LENGTHY PART OF
19 THE AGENDA. CONSIDERATION OF APPOINTMENT OF NEW
20 MEMBERS TO THE GWG. DR. SAMBRANO.

21 DR. SAMBRANO: THANK YOU, MR. CHAIRMAN,
22 MEMBERS OF THE BOARD. SO TODAY WE ARE BRINGING FOR
23 YOUR CONSIDERATION TWO NOMINEES FOR GRANTS WORKING
24 GROUP MEMBERSHIP AND THEN THREE EXISTING MEMBERS FOR
25 REAPPOINTMENT.

BARRISTERS' REPORTING SERVICE

1 THE NEW GWG NOMINEES ARE SHOWN UNDER THE
2 ITEM 8 ALONG WITH THEIR BRIEF BIO, AND THEY INCLUDE
3 RICHARD M. MEYERS AND RICARDO OCHOA. THE GRANTS
4 WORKING GROUP MEMBERS WHO WERE ORIGINALLY APPOINTED
5 IN LATE 2008 AND EARLY 2009 WHO HAVE TERMS THAT ARE
6 NOW EXPIRING OR JUST EXPIRING, WE ARE ALSO SEEKING
7 REAPPOINTMENT OF THE FOLLOWING INDIVIDUALS FOR FOUR-
8 OR SIX-YEAR APPOINTMENT TERMS AS INDICATED IN THE
9 TABLE PROVIDED. THESE ARE ANDREW BALBER, CHARLES
10 COX, AND PETER ZANDSTRA. SO WE REQUEST YOUR
11 APPROVAL AND APPOINTMENT OF THESE NOMINEES TO THE
12 GRANTS WORKING GROUP.

13 DR. STEWARD: SO MOVED.

14 CHAIRMAN THOMAS: MOVED BY DR. STEWARD.

15 DR. PRIETO: SECOND.

16 CHAIRMAN THOMAS: SECONDED BY DR. PRIETO.

17 ANY COMMENTS FROM MEMBERS OF THE BOARD? COMMENTS
18 FROM MEMBERS OF THE PUBLIC? MR. HARRISON, THIS
19 DOESN'T REQUIRE A ROLL CALL? YES.

20 MS. BONNEVILLE: FOR ON THE PHONE.

21 CHAIRMAN THOMAS: OKAY. I GOT TWO

22 ANSWERS. SO YES EXCEPT FOR THOSE ON THE PHONE.

23 OKAY. SO LET'S START WITH THOSE IN THE ROOM. ALL
24 IN FAVOR PLEASE SAY AYE. OPPOSED? OKAY. MARIA,
25 PLEASE CALL THE ROLL ON THE PHONE.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: STEPHEN JUELSGAARD.

2 MR. JUELSGAARD: YES.

3 MS. BONNEVILLE: LAUREN MILLER.

4 MS. MILLER: YES.

5 MS. BONNEVILLE: JOE PANETTA.

6 MR. PANETTA: YES.

7 MS. BONNEVILLE: ROBERT QUINT.

8 DR. QUINT: YES.

9 MS. BONNEVILLE: AL ROWLETT.

10 MR. ROWLETT: YES.

11 MS. BONNEVILLE: DIANE WINOKUR.

12 MS. WINOKUR: YES.

13 MS. BONNEVILLE: JEFF SHEEHY.

14 MR. SHEEHY: YES.

15 MS. BONNEVILLE: SHLOMO MELMED.

16 DR. MELMED: YES.

17 CHAIRMAN THOMAS: MR. HARRISON?

18 MR. HARRISON: MOTION PASSES.

19 CHAIRMAN THOMAS: THANK YOU. ON TO ITEM

20 9, CONSIDERATION OF RECOMMENDATIONS OF THE

21 GOVERNANCE SUBCOMMITTEE. MR. SENATOR.

22 MR. TORRES: YES. THE RECOMMENDATIONS OF

23 THE SUBCOMMITTEE, WHICH MET TODAY AT 8 A.M., AND I

24 WANT TO THANK THE MEMBERS FOR SHOWING UP BY PHONE

25 AND IN PERSON, WERE BASICALLY TO CONSIDER THE SPACE.

BARRISTERS' REPORTING SERVICE

1 OH, FROM TEN DAYS AGO. I'M SORRY. I
2 FORGOT THAT MY DEAR FRIEND SHERRY LANSING WAS NOT
3 HERE, AND TAKING OVER AS CHAIR AND AS VICE CHAIR,
4 I'M ASSUMING HER RESPONSIBILITIES.

5 I THINK THE CONSIDERATION OF THESE ISSUES
6 ARE PRETTY WELL CLEAR. THE TRAVEL POLICY, WHO
7 WANTED TO TALK ON THAT?

8 MS. SILVA-MARTIN: GOOD MORNING. THANK
9 YOU. SO FIRST, SOME BACKGROUND ON CIRM'S TRAVEL
10 POLICY. IN LARGE PART, CIRM'S TRAVEL POLICY IS
11 MODELED AFTER THE UNIVERSITY OF CALIFORNIA TRAVEL
12 POLICY. THE LAST MAJOR REVISION TO THIS POLICY
13 OCCURRED IN 2008. SO IN LIGHT OF THE EXPERIENCE
14 THAT WE'VE GAINED OVER THE LAST SIX YEARS, WE ARE
15 PROPOSING AMENDMENTS TO THE TRAVEL POLICY THAT,
16 FIRST OF ALL, SUPPORTS OUR MISSION AND PROMOTES
17 FISCAL ACCOUNTABILITY.

18 THE MAJORITY OF THE CHANGES ARE MINOR AND
19 REALLY ARE THERE TO CLARIFY THE PROCESS FOR
20 OBTAINING CERTAIN APPROVALS, THE RESPONSIBILITY OF
21 THE TRAVELERS, AS WELL AS THE PROCESS FOR OBTAINING
22 REIMBURSEMENT. HOWEVER, THERE ARE THREE SUBSTANTIVE
23 CHANGES THAT WE ARE PROPOSING TO THE TRAVEL POLICY.

24 THE FIRST IS TO REQUIRE ADVANCE APPROVAL
25 FOR CERTAIN TRAVEL. CURRENTLY OUR POLICY DOES NOT

BARRISTERS' REPORTING SERVICE

1 EXPLICITLY REQUIRE ADVANCE APPROVAL. SO TO ENSURE
2 THAT TRAVEL IS MISSION CRITICAL, ANY TRAVEL THAT
3 INVOLVES AIRFARE OR AN OVERNIGHT STAY WILL NOW
4 REQUIRE ADVANCE WRITTEN APPROVAL OF CIRM MANAGERS.
5 I DO WANT TO POINT OUT THAT SOME OF OUR COST CENTERS
6 CURRENTLY REQUIRE ADVANCE WRITTEN APPROVAL, BUT IT'S
7 NOT CONSISTENT THROUGHOUT THE ORGANIZATION. AND
8 THIS CHANGE IN POLICY WILL MAKE IT UNIFORM.

9 THE SECOND IS TO ESTABLISH AN UPPER LIMIT
10 ON LODGING EXPENSES. CURRENTLY THERES NO UPPER
11 LIMIT ON LODGING. THE POLICY ONLY REQUIRES THAT THE
12 LODGING RATES BE REASONABLE, WHICH REALLY LEAVES IT
13 UP TO THE INTERPRETATION OF THE INDIVIDUAL TRAVELER.
14 SO WITH THE AMENDMENT, WE WOULD ESTABLISH A CAP ON
15 LODGING NOT TO EXCEED 125 PERCENT OF THE FEDERAL
16 RATE. AND THIS WOULD ENSURE THAT THE COSTS THAT
17 THEY'RE SECURING ARE COST-EFFECTIVE.

18 MR. TORRES: WHAT IS THAT RATE THEN?

19 MS. SILVA-MARTIN: IT VARIES FROM CITY TO
20 CITY.

21 MR. TORRES: SO IN LOS ANGELES WHAT WOULD
22 THE RATE BE?

23 MS. SILVA-MARTIN: SO IN LOS ANGELES, WHEN
24 I LOOKED AT IT LAST, IT WAS ANYWHERE FROM 219 TO
25 240.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: THAT'S 125 PERCENT OF
2 FEDERAL?

3 MS. SILVA-MARTIN: YES.

4 MR. TORRES: AND FOR SAN FRANCISCO,
5 BERKELEY?

6 MS. SILVA-MARTIN: WELL, LET ME SEE IF I
7 HAVE THOSE WITH ME. I DON'T KNOW THAT I HAVE ALL OF
8 THEM WITH ME, BUT I CERTAINLY CAN GET THEM TO YOU.

9 MR. TORRES: OKAY. GREAT.

10 MS. SILVA-MARTIN: WE ARE ALSO DEVELOPING
11 A FORM, SO WHEN THE EMPLOYEES -- WHEN WE HAND THOSE
12 OUT, WE'LL BE ALSO BE GIVING THEM LINKS TO THE
13 DIFFERENT FEDERAL RATES.

14 AND THE LAST MAJOR CHANGE IS ELIMINATION
15 OF PAYMENT OF MEALS BY AN INDIVIDUAL. SO CURRENTLY
16 OUR POLICY ALLOWS FOR ONE INDIVIDUAL TO PAY FOR A
17 GROUP'S MEAL AND THEN SEEK REIMBURSEMENT VIA TRAVEL
18 EXPENSE CLAIM. BECAUSE OF THE VARIOUS STATE RULES
19 AND REGULATIONS GOVERNING TRAVEL AND PER DIEM, THIS
20 REALLY CREATES A SIGNIFICANT BURDEN, NOT ONLY TO THE
21 FINANCE TEAM, BUT ALSO TO THE DEPARTMENT OF GENERAL
22 SERVICES WHO PERFORMS OUR ACCOUNTING SERVICES FOR
23 US. SO INSTEAD, THIS POLICY CHANGE PROPOSES TO
24 ABOLISH THIS PRACTICE, AND INSTEAD WE WOULD
25 EITHER -- CIRM WOULD EITHER NEGOTIATE AND PAY

BARRISTERS' REPORTING SERVICE

1 DIRECTLY FOR MEALS OR EACH OF THE TEAM MEMBERS WOULD
2 PAY FOR THEIR MEALS INDIVIDUALLY AND THEN SEEK
3 REIMBURSEMENT VIA TRAVEL EXPANSE CLAIM.

4 SO THOSE ARE THE MAJOR CHANGES TO THE
5 TRAVEL POLICY. SO WE REQUEST, AS RECOMMENDED BY THE
6 GOVERNANCE SUBCOMMITTEE, APPROVAL OF THESE CHANGES.

7 MR. TORRES: IS THERE A MOTION?

8 DR. STEWARD: SO MOVED.

9 CHAIRMAN THOMAS: IS THERE A SECOND?

10 DR. WESTON: I SECOND.

11 MR. TORRES: THERE'S BEEN A MOTION AND A
12 SECOND. ANY DISCUSSION? ANY PUBLIC COMMENT FROM
13 PEOPLE IN THE PUBLIC ARENA? THERE BEING NONE,
14 EVERYONE WHO IS HERE PRESENT WILL SIGNIFY BY SAYING
15 AYE OR NAY, OR A SILENCE WILL BE INTERPRETED AS AN
16 ABSTENTION OR OTHERWISE. AND THEN WE'LL CALL THE
17 ROLL. ALL THOSE IN FAVOR SAY AYE. OPPOSED? CALL
18 THE ROLL FROM THOSE ON THE PHONE.

19 MS. BONNEVILLE: STEPHEN JUELSGAARD.

20 MR. JUELSGAARD: YES.

21 MS. BONNEVILLE: SHLOMO MELMED.

22 DR. MELMED: YES.

23 MS. BONNEVILLE: LAUREN MILLER.

24 MS. MILLER: YES.

25 MS. BONNEVILLE: JOE PANETTA.

BARRISTERS' REPORTING SERVICE

1 MR. PANETTA: YES.
2 MS. BONNEVILLE: ROBERT QUINT.
3 DR. QUINT: YES.
4 MS. BONNEVILLE: AL ROWLETT.
5 MR. ROWLETT: YES.
6 MS. BONNEVILLE: JEFF SHEEHY.
7 MR. SHEEHY: YES.
8 DR. BURTIS: THIS IS KEN. I'M ON THE
9 PHONE AS WELL.
10 MS. BONNEVILLE: DIANE WINOKUR.
11 MS. WINOKUR: YES.
12 MR. TORRES: MOTION CARRIES.
13 MS. SILVA-MARTIN: I DID FIND THE RATES.
14 IN LOS ANGELES IT'S ACTUALLY 138. THE RATES THAT I
15 GAVE YOU OF 219 TO 240 ARE FOR SAN FRANCISCO.
16 MR. TORRES: SO YOU JUST SHIFTED US FROM
17 THE CROWN PLAZA TO THE MOTEL 6.
18 MS. SILVA-MARTIN: 125 PERCENT OF.
19 MR. TORRES: WELL, LET'S MAKE SURE THE
20 TAXPAYERS KNOW THAT WE ARE SAVING MONEY AND STAYING
21 IN VERY CHEAP HOTELS.
22 MS. SILVA-MARTIN: ABSOLUTELY. THANK YOU.
23 MR. TORRES: THE NEXT ITEM IS THE
24 CONSIDERATION OF MINUTES OF THE BOARD'S BYLAWS. OUR
25 GENERAL COUNSEL, THE HONORABLE JAMES HARRISON. MOST

BARRISTERS' REPORTING SERVICE

1 OF US KNEW HIM BEFORE HE WAS HONORABLE. NOW HE'S
2 HERE.

3 MR. HARRISON: THIS IS AN ITEM OF CRITICAL
4 IMPORTANCE. SO I HOPE YOU ALL PAY VERY CLOSE
5 ATTENTION. THIS IS ABOUT THE PER DIEM. AS YOU
6 KNOW, BOARD MEMBERS ARE ENTITLED TO A PER DIEM UNDER
7 PROP 71 --

8 MR. TORRES: OTHER THAN THE CHAIR AND THE
9 VICE CHAIR.

10 MR. HARRISON: OTHER THAN THE CHAIR AND
11 THE VICE CHAIR. THANK YOU, SENATOR TORRES, FOR THE
12 CLARIFICATION. -- OF \$100 PER DAY. MEMBERS ARE
13 ALSO REIMBURSED ON AN HOURLY BASIS WHEN THEY SPEND
14 LESS THAN A FULL DAY IN THE DISCHARGE OF THEIR
15 DUTIES. PROP 71 PROVIDES FOR AN ANNUAL ADJUSTMENT
16 OF THE PER DIEM BASED ON COST OF LIVING CHANGES.
17 CURRENTLY, HOWEVER, THE BYLAWS PROVIDE THAT THE
18 HOURLY AND DAILY RATES BE ADJUSTED SEPARATELY AND BE
19 ROUNDED UP OR DOWN TO THE NEAREST WHOLE DOLLAR. SO
20 OUR CURRENT DAILY RATE IS 125; OUR CURRENT HOURLY
21 RATE IS \$15.

22 THE SEPARATE ADJUSTMENT CREATES SOME
23 VARIABILITY BECAUSE OF THE ROUNDING. AND AS A
24 RESULT, FOR EXAMPLE, 15 TIMES 8 EQUALS 120, NOT 125.
25 THIS CREATES PROBLEMS FOR US TRACKING AND FOR OUR

BARRISTERS' REPORTING SERVICE

1 PAYROLL ADMINISTRATOR ACTUALLY ISSUING CHECKS. SO
2 WE PROPOSE TO AMEND THE BYLAWS TO PROVIDE FOR
3 ADJUSTMENT OF THE DAILY RATE BY MULTIPLYING THE
4 DAILY RATE BY EIGHT AND THEN ADJUSTING THE HOURLY
5 RATE FOR INFLATION AND MULTIPLYING THE ADJUSTED
6 HOURLY RATE BY EIGHT. BASICALLY WE'RE JUST GOING TO
7 ADJUST THE HOURLY RATE AND USE THAT TO CREATE THE
8 DAILY RATE SO WE HAVE UNIFORMITY.

9 SO WE WOULD REQUEST THAT YOU APPROVE THE
10 AMENDMENT TO THE BYLAWS TO ACCOMPLISH THAT.

11 MR. TORRES: AND THIS PUTS US IN A
12 CATEGORY OF BEING THE LEAST EXPENSIVE BOARD IN THE
13 STATE OF CALIFORNIA ALMOST BECAUSE OTHER BOARDS ARE
14 RECEIVING MUCH MORE THAN THE POOR MEMBERS OF THIS
15 BOARD ARE RECEIVING DAILY OTHER THAN SHERRY LANSING
16 BECAUSE AS A REGENT SHE RECEIVES NO DAILY RATE.

17 MR. HARRISON: THAT'S CORRECT.

18 MR. TORRES: IS THERE A MOTION?

19 DR. STEWARD: SO MOVED.

20 MR. TORRES: IS THERE A SECOND?

21 DR. GASSON: SECOND.

22 MR. TORRES: IT'S BEEN MOVED AND SECONDED.

23 ANY PUBLIC COMMENT ANYWHERE? THERE BEING NONE,
24 WE'LL DO IT AS WE DID BEFORE. ALL THOSE IN FAVOR
25 SIGNIFY BY SAYING AYE. OPPOSED? ABSTAIN? CALL THE

BARRISTERS' REPORTING SERVICE

1 ROLL.

2 MS. BONNEVILLE: KEN BURTIS.

3 DR. BURTIS: AYE.

4 MS. BONNEVILLE: STEPHEN JUELSGAARD.

5 MR. JUELSGAARD: YES.

6 MS. BONNEVILLE: SHLOMO MELMED.

7 DR. MELMED: YES.

8 MS. BONNEVILLE: LAUREN MILLER.

9 MS. MILLER: YES.

10 MS. BONNEVILLE: JOE PANETTA.

11 MR. PANETTA: YES.

12 MS. BONNEVILLE: ROBERT QUINT.

13 DR. QUINT: YES.

14 MS. BONNEVILLE: AL ROWLETT.

15 MR. ROWLETT: YES.

16 MS. BONNEVILLE: JEFF SHEEHY.

17 MR. SHEEHY: YES.

18 MS. BONNEVILLE: DIANE WINOKUR.

19 MS. WINOKUR: YES.

20 MR. TORRES: PRESUME THE MOTION CARRIES

21 UNANIMOUSLY.

22 NEXT ITEM IS CONSIDERATION OF CHANGES TO
23 THE CIRM ORGANIZATIONAL STRUCTURE AND AMENDMENTS TO
24 THE INTERNAL GOVERNANCE POLICY. ARE YOU TAKING THAT
25 UP, MR. HARRISON, OR IS DR. MILLS?

BARRISTERS' REPORTING SERVICE

1 DR. MILLS: I WILL DO THE ORGANIZATIONAL
2 STRUCTURE.

3 MR. TORRES: LET'S MOVE IT.

4 DR. MILLS: THANK YOU VERY MUCH. IN
5 CONJUNCTION WITH THE ROLLOUT OF CIRM 2.0, WE ARE
6 ALSO MAKING CORRESPONDING ADJUSTMENTS TO THE
7 ORGANIZATIONAL CHART SO THAT THE ORGANIZATION
8 FUNCTIONS IN A MANNER WHICH IS SUPPORTIVE OF OUR
9 SYSTEMS. AND SO THIS NEW PROPOSED ORGANIZATIONAL
10 STRUCTURE IS INTENDED TO, FIRST AND FOREMOST, DRIVE
11 ORGANIZATION CLARITY WITH INSIDE CIRM. WE'RE TRYING
12 TO ALIGN OUR ORGANIZATIONAL STRUCTURE WITH OUR
13 MISSION AND OUR NEW OPERATING SYSTEM, CIRM 2.0. WE
14 WANT TO MAKE SURE THAT THE PEOPLE WITHIN INSIDE THE
15 ORGANIZATION HAVE A CLEAR UNDERSTANDING OF THEIR
16 ROLES AND RESPONSIBILITIES.

17 WE'RE PROPOSING A FAR MORE FLAT
18 ORGANIZATION THAT'S MORE RESPONSIVE TO THE NEEDS OF
19 OUR STAKEHOLDERS. VERY IMPORTANTLY, WE ARE LOOKING
20 TO PROVIDE OPPORTUNITIES FOR TEAM MEMBERS AT CIRM TO
21 EXPERIENCE PERSONAL GROWTH AND DEVELOPMENT IN THEIR
22 JOBS HERE. AS J.T. POINTED OUT AT THE BEGINNING OF
23 THE PRESENTATION, AS WELL AS I BELIEVE SENATOR
24 TORRES DID, THESE ARE SOME OF THE FINEST PEOPLE I'VE
25 WORKED WITH. THEY ARE AN INCREDIBLY DEDICATED GROUP

BARRISTERS' REPORTING SERVICE

1 OF INDIVIDUALS. THEY ARE REMARKABLY TALENTED. AND
2 I WANT TO MAKE SURE THAT, IN ADDITION TO THEM
3 SERVING CIRM, CIRM PROVIDES THEM OPPORTUNITIES FOR
4 GROWTH AND LIFE BEYOND CIRM. AND SO THAT'S A KEY
5 ASPECT OF THIS ORGANIZATIONAL CHANGE.

6 LASTLY, AS ALWAYS IS THE CASE WITH ME, I'M
7 ALWAYS LOOKING TO IMPROVE ON OUR SPEED, OUR
8 EFFICIENCY, AND OUR INNOVATION. ONE OF THE THINGS
9 WE'RE TALKING ABOUT AT CIRM IS IT'S NOT JUST YOUR
10 JOB TO DO YOUR JOB, BUT IT IS ALSO YOUR JOB TO THINK
11 ABOUT HOW YOU CAN DO YOUR JOB BETTER.

12 SO OUR PROPOSED ORGANIZATIONAL STRUCTURE
13 IS A HYBRID MODEL WHERE WE'RE GOING TO BALANCE
14 BETWEEN OPERATING UNITS AND SUPPORT FUNCTIONS. SO
15 THE OPERATING UNITS WE'RE BREAKING INTO ARE
16 THINGS -- THE THERAPEUTIC AREAS WHERE WE'LL HAVE
17 SPECIFIC FOCUS, WHICH WILL ALLOW US TO GET A DEEPER
18 UNDERSTANDING IN A PARTICULAR AREA. I BELIEVE THAT
19 WILL DRIVE INNOVATION, AND IT WILL ALLOW FOR CLEAR
20 ACCOUNTABILITY ON CERTAIN PROGRAMS.

21 THERE ARE ALSO SUPPORT FUNCTIONS WHICH
22 MAKE MORE SENSE TO SPREAD OUT OVER THE ENTIRE
23 ORGANIZATION, SUCH AS ADMINISTRATION, FINANCE, AND
24 LEGAL. THIS ENABLES US TO BE MORE COST EFFICIENT.
25 IT ALSO PROVIDES AN OPPORTUNITY FOR OVERSIGHT WHICH

BARRISTERS' REPORTING SERVICE

1 IS ALSO CRITICAL IN OUR ORGANIZATION.

2 THESE ORGANIZATIONAL STRUCTURES -- THE
3 ORGANIZATION STRUCTURE THAT'S PROPOSED GENERALLY IS
4 THOUGHT OF AS GROUPING AND HOW PEOPLE AND
5 RESPONSIBILITIES ARE ARRANGED THAT TEND TO DRIVE AN
6 INDIVIDUAL'S FOCUS, BUT JUST AS IMPORTANT TO THAT
7 ARE LINKING OPPORTUNITIES. AND THAT IS HOW ARE
8 THESE GROUPS WORKING TOGETHER? AND SO WITH THIS
9 STRUCTURE, WE'VE SPENT A LOT OF TIME ALSO THINKING
10 ABOUT HOW WE GET THIS LINKING OR INTERACTIONS
11 BETWEEN THE GROUPS, WHICH IS IMPORTANT FOR THE
12 PREVENTION OF THINGS LIKE SILO FORMATION AND FOR THE
13 PROMOTION OF THINGS LIKE BEST PRACTICES.

14 SO WE HAVE A NUMBER OF LINKING MECHANISMS.
15 ONE IS THAT EVERYONE AT CIRM WILL BE ABLE TO
16 PARTICIPATE ON CAPS, THEY WILL BE ABLE TO
17 PARTICIPATE IN FUTURE RFA AND PROGRAM ANNOUNCEMENT
18 GENERATION, AND A NUMBER OF OTHER PROGRAMS.

19 SO THIS IS THE PROPOSED ORGANIZATIONAL
20 STRUCTURE. IT'S NOT PARTICULARLY REVOLUTIONARY OR
21 UNUSUAL. IT IS FLATTER THAN WE HAVE PREVIOUSLY HAD;
22 BUT, AGAIN, I THINK THAT WILL CREATE A MORE
23 RESPONSIVE ORGANIZATION.

24 JUST TO GO THROUGH QUICKLY THE DIFFERENT
25 AREAS THAT WE HAVE, WE'LL HAVE A HEAD OF APPLICATION

BARRISTERS' REPORTING SERVICE

1 AND REVIEW, WHICH WILL OVERSEE A LOT OF CIRM 2.0
2 ACTIVITIES THAT RELATE TO THE SPEED IN WHICH WE GET
3 THINGS DONE; DISCOVERY, WHICH IS OUR EARLIER STAGE
4 ACTIVITIES; TOOLS AND TECHNOLOGIES AND OUR
5 EDUCATIONAL PROGRAMS. THEN WE HAVE THREE
6 THERAPEUTIC AREAS: NEURO/OCULAR, BLOOD AND CANCER,
7 AND ORGAN SYSTEMS. AND THESE WERE CREATED TO GROUP
8 FUNCTIONAL AREAS TOGETHER SO THAT WE COULD DEVELOP
9 SPECIFIC EXPERTISE IN VERY SPECIFIC AREAS OF
10 MEDICINE.

11 CURRENTLY RIGHT NOW SCIENCE OFFICER COULD
12 BE AND ROUTINELY COULD BE ASSIGNED TO DISEASES THAT
13 HAVE VERY DIFFERENT SKILL SETS THAT ARE REQUIRED,
14 AND WHAT WE'RE LOOKING TO CREATE HERE IS EXPERTISE
15 IN THESE AREAS AND HOPEFULLY DRIVE THESE PROGRAMS
16 FASTER.

17 WE'LL HAVE A PROJECTS AND CENTERS. THIS
18 IS RESPONSIBLE FOR OUR EXTERNAL PROGRAMS SUCH AS
19 ALPHA CLINICS, GENOMICS, AND OUR IPS CELL BANK. IN
20 ADDITION, THEY HAVE AUDITING AND COMPLIANCE
21 RESPONSIBILITIES. WE HAVE A LEGAL DEPARTMENT, AN
22 ADMINISTRATION DEPARTMENT WHICH WILL BE RESPONSIBLE
23 FOR COMMUNICATIONS, I.T., AND HUMAN RESOURCES. AND
24 THEN, LASTLY, A FINANCE DEPARTMENT.

25 AND SO THAT'S THE ORGANIZATIONAL

BARRISTERS' REPORTING SERVICE

1 STRUCTURE. IF THERE ARE ANY QUESTIONS, I'LL BE
2 HAPPY TO TAKE THEM.

3 MR. TORRES: FIRST OF ALL, I WANT TO
4 APPLAUD YOU ON PUTTING THIS FRAMEWORK TOGETHER. IT
5 MAKES SO MUCH SENSE. AND I THINK THAT THE ESPRIT DE
6 CORPS HAS IMPROVED TREMENDOUSLY IN THE OFFICE FROM
7 WHAT I CAN GATHER, AND I THINK IT'S GOING TO GIVE
8 MUCH MORE CLARITY TO HOW RESPONSIBILITIES ARE
9 DELINEATED AND CLEARLY WHERE PEOPLE CAN GO TO GET
10 THE ANSWERS THAT THEY NEED.

11 CHAIRMAN THOMAS: THANK YOU, MR. SENATOR.
12 DR. MILLS, COULD YOU JUST SPEAK A BIT ABOUT PROCESS
13 AND FILLING SLOTS AND ALL THAT SORT OF THING?

14 DR. MILLS: SO THERE WILL BE A NUMBER OF
15 SLOTS THAT ARE OPEN. WE ARE GOING TO POST JOBS.
16 ASSUMING THE BOARD APPROVES THE CHANGED
17 ORGANIZATIONAL STRUCTURE, WE WILL POST FOR THOSE
18 JOBS. AND WE WILL ALLOW EXTERNAL AS WELL AS
19 INTERNAL CANDIDATES TO APPLY. WE WILL SET UP A
20 COMMITTEE, AND THE COMMITTEE WILL SELECT THE BEST
21 CANDIDATES FOR THOSE POSITIONS.

22 DR. HIGGINS: I'M ALL IN FAVOR OF A
23 FLATTER ORGANIZATION, BUT ARE NINE DIRECT REPORTS TO
24 YOU A REASONABLE STRUCTURE?

25 DR. MILLS: YEAH. THAT'S ACTUALLY NOT

BARRISTERS' REPORTING SERVICE

1 ODD. IT'S PRETTY ACCEPTABLE.

2 THE OTHER THING I'LL SAY, TOO, THEY'RE
3 ALSO A REMARKABLE GROUP OF PROFESSIONALS. THIS IS
4 NOT AN OVERLY TAXING GROUP TO MANAGE. THEY ACTUALLY
5 BRING SO MUCH TO THE TABLE, THAT THIS IS A VERY
6 DOABLE STRUCTURE.

7 DR. HIGGINS: THAT BRINGS THE QUESTION.
8 DO WE NEED YOU?

9 DR. MILLS: THAT'S CIRM 3.0.

10 MR. TORRES: THAT'S CIRM 4.5. ANY OTHER
11 MORE POLITE QUESTIONS? ANYONE FROM ON THE PHONE HAS
12 A QUESTION?

13 DR. MILLS: TALKING ABOUT THE HONEYMOON
14 PERIOD ENDING ABRUPTLY.

15 MR. TORRES: ANYBODY ON THE PHONE HAVE A
16 QUESTION? ALL RIGHT. IS THERE A MOTION TO APPROVE?

17 DR. GASSON: SO MOVED.

18 DR. PRIETO: SECOND.

19 MR. TORRES: DISCUSSION? MR. HARRISON.

20 MR. HARRISON: SENATOR TORRES, COULD I
21 JUST CLARIFY THAT THE MOTION TO APPROVE INCLUDES NOT
22 JUST THE PROPOSED ORGANIZATIONAL STRUCTURE, BUT THE
23 CORRESPONDING AMENDMENTS TO THE INTERNAL GOVERNANCE
24 POLICY?

25 MR. TORRES: THAT WAS THE INTENT OF THE

BARRISTERS' REPORTING SERVICE

1 MAKER OF THE MOTION.

2 ANY PUBLIC COMMENT FROM THOSE AREAS THAT
3 MAY HAVE PUBLIC COMMENT? THERE BEING NONE, WE'LL
4 PROCEED. ALL THOSE IN FAVOR SIGNIFY BY SAYING AYE.
5 ALL THOSE OPPOSED? ABSTENTIONS? PLEASE CALL THE
6 ROLL ON THE PHONE.

7 MS. BONNEVILLE: KEN BURTIS.

8 DR. BURTIS: AYE.

9 MS. BONNEVILLE: STEPHEN JUELSGAARD.

10 MR. JUELSGAARD: YES.

11 MS. BONNEVILLE: SHLOMO MELMED.

12 DR. MELMED: YES.

13 MS. BONNEVILLE: LAUREN MILLER. JOE
14 PANETTA.

15 MR. PANETTA: YES.

16 MS. BONNEVILLE: ROBERT QUINT.

17 DR. QUINT: YES.

18 MS. BONNEVILLE: AL ROWLETT.

19 MR. ROWLETT: YES.

20 MS. BONNEVILLE: JEFF SHEEHY.

21 MR. SHEEHY: YES.

22 MS. BONNEVILLE: DIANE WINOKUR.

23 MS. WINOKUR: YES.

24 MR. TORRES: ALL RIGHT. THE MOTION
25 CARRIES.

BARRISTERS' REPORTING SERVICE

1 THE NEXT ITEM THAT WE HAVE TO TAKE UP IN
2 THIS REPORT IS THE CONSIDERATION OF ADOPTION OF
3 INTERIM GRANTS WORKING GROUP CONFLICT OF INTEREST
4 POLICY. MR. HARRISON.

5 MR. HARRISON: THANK YOU. AS BACKGROUND,
6 PROP 71 REQUIRES THE BOARD TO ADOPT CONFLICT OF
7 INTEREST POLICIES FOR THE NON-ICOC MEMBERS OF THE
8 GRANTS WORKING GROUP. AND IT REQUIRES THAT THEY BE
9 MODELED ON, BUT NOT NECESSARILY IDENTICAL TO THE NIH
10 RULES.

11 THE BOARD ADOPTED A CONFLICT OF INTEREST
12 POLICY FOR THE GRANTS WORKING GROUP IN 2005, AND IT
13 HAS NOT BEEN AMENDED SINCE 2008. I SHOULD POINT OUT
14 THAT THE ORIGINAL CONFLICT OF INTEREST POLICY,
15 INCLUDING THE AMENDMENTS WE PROPOSE TO YOU TODAY, GO
16 MUCH FARTHER THAN STATE LAW REQUIRES. UNDER STATE
17 LAW, THE ONLY SOURCE FOR A CONFLICT OF INTEREST IS A
18 FINANCIAL INTEREST. UNDER THE CONFLICT OF INTEREST
19 POLICY THE BOARD ADOPTED FOR THE GRANTS WORKING
20 GROUP, CONFLICTS EXTEND BEYOND FINANCIAL INTEREST TO
21 PERSONAL AND PROFESSIONAL INTEREST. AND WE HAVE
22 MAINTAINED THE BREADTH AND SCOPE OF THE POLICY
23 THROUGH THESE PROPOSED CHANGES AND, IN FACT, PROPOSE
24 TO STRENGTHEN IT.

25 AS I MENTIONED, THE POLICY HASN'T BEEN

BARRISTERS' REPORTING SERVICE

1 AMENDED SINCE 2008. SO WE THOUGHT IT WAS
2 APPROPRIATE TO TAKE A LOOK AT THE POLICY BASED ON
3 OUR EXPERIENCE APPLYING IT, COMPARE IT TO THE NIH
4 POLICY, AND COME BACK TO YOU WITH PROPOSED
5 AMENDMENTS. DURING THAT REVIEW, WHAT WE DISCOVERED
6 WAS THAT THE CURRENT POLICY INCLUDES SOME
7 AMBIGUITIES. IT ALSO FAILS TO CAPTURE SOME
8 INTERESTS THAT COULD BE PERCEIVED AS CONFLICTS, AND
9 IN OTHER CASES IT CAPTURES SITUATIONS THAT IN OUR
10 VIEW DO NOT PRESENT REAL CONFLICTS. I'LL ELABORATE
11 ON THAT LATER.

12 WE ALSO DETERMINED THAT OUR POLICY
13 DIVERGES FROM THE NIH RULES IN A COUPLE OF IMPORTANT
14 AREAS. THE GOAL OF THESE PROPOSED AMENDMENTS,
15 THEREFORE, IS TO PROVIDE GREATER CLARITY AND TO
16 REFINE THE RULES TO ENSURE THAT WE ARE APPROPRIATELY
17 CAPTURING CONFLICTS OF INTEREST.

18 SO THE FIRST PROPOSED CHANGE DEALS WITH
19 FINANCIAL CONFLICTS OF INTEREST. UNDER THE CURRENT
20 RULES, FINANCIAL CONFLICTS OF INTEREST ARE LIMITED
21 TO A MEMBER'S FINANCIAL INTEREST IN THE APPLICANT
22 INSTITUTION OR THE APPLICATION UNDER REVIEW. WE
23 PROPOSE TO EXPAND THE SCOPE OF FINANCIAL INTERESTS
24 TO INCLUDE A FINANCIAL INTEREST THAT A MEMBER OF THE
25 GWG MAY HAVE IN A SUBCONTRACTOR OR A PARTNER. AND

BARRISTERS' REPORTING SERVICE

1 THE REASON FOR THAT IS THAT THESE ARE THE TYPES OF
2 ENTITIES THAT ARE SIGNIFICANT PARTICIPANTS IN THE
3 PROPOSED PROJECT OR THAT STAND TO BENEFIT
4 FINANCIALLY IF THE PROJECT IS SUCCESSFUL. SO WE
5 THINK IT'S APPROPRIATE TO CAPTURE THOSE INTERESTS
6 AND REQUIRE A MEMBER WHO HAS A FINANCIAL INTEREST IN
7 A PARTNER OR A SUBCONTRACTOR TO RECUSE HIMSELF OR
8 HERSELF FROM THE REVIEW OF THAT APPLICATION.

9 WE ALSO TOOK A CLOSE LOOK AT THE
10 PROFESSIONAL CONFLICTS OF INTEREST. UNDER THE
11 CURRENT RULES, PROFESSIONAL CONFLICT INCLUDES
12 LONG-STANDING SCIENTIFIC DIFFERENCES OR
13 DISAGREEMENTS WITH THE APPLICANT THAT ARE KNOWN TO
14 THE PROFESSIONAL COMMUNITY AND THAT COULD BE
15 PERCEIVED AS AFFECTING THE MEMBER'S OBJECTIVITY.

16 OUR CHALLENGE WITH THIS PROVISION IS
17 MULTIPLE FOLD. FIRST, DIFFERENCES OF SCIENTIFIC
18 OPINION, OF COURSE, ARE COMMON AND, IN FACT,
19 HELPFUL. THEY ILLUMINATE ISSUES OF CONCERN AND
20 ALLOW US TO REACH A BETTER DECISION. IT'S ALSO VERY
21 SUBJECTIVE AND DIFFICULT FOR US IN APPLYING THIS
22 RULE TO DISCERN WHEN A DIFFERENCE OF OPINION CROSSES
23 THE LINE INTO A LONG-STANDING SCIENTIFIC DIFFERENCE
24 THAT WARRANTS RECUSAL. AND, FINALLY, NIH DOES NOT
25 HAVE AN ANALOGOUS PROVISION.

BARRISTERS' REPORTING SERVICE

1 SO WE WOULD PROPOSE TO ELIMINATE
2 LONG-STANDING SCIENTIFIC DIFFERENCES AS A BASIS FOR
3 RECUSAL. WE ARE COGNIZANT, HOWEVER, OF THE FACT
4 THAT UNDER SOME CIRCUMSTANCES THESE TYPES OF ISSUES
5 CAN LEAD TO THE PERCEPTION OF A CONFLICT OF
6 INTEREST. SO WE PROPOSE TO ADDRESS THAT IN TWO
7 WAYS. FIRST, WE HAVE ADDED A REQUIREMENT THAT A
8 MEMBER OF THE GWG RECUSE HIMSELF OR HERSELF IF THE
9 MEMBER BELIEVES THAT HIS OR HER OBJECTIVITY COULD BE
10 COMPROMISED FOR ANY REASON.

11 SECONDLY, WE PLAN TO ADD A SCREENING
12 MECHANISM TO PERMIT APPLICANTS TO IDENTIFY UP TO A
13 TOTAL OF THREE REVIEWERS, INCLUDING LABS AND
14 COMPANIES, WHOM THE APPLICANT BELIEVES COULD BE
15 BIASED WHETHER FOR PERSONAL, PROFESSIONAL,
16 COMPETITIVE, OR OTHER REASONS. AND INDIVIDUALS SO
17 IDENTIFIED WILL NOT BE PERMITTED TO PARTICIPATE IN
18 THE REVIEW OF THE APPLICANT'S APPLICATION.

19 FINALLY, WITH RESPECT TO PERSONAL
20 CONFLICTS OF INTEREST, WE HAVE REVIEWED THE RULES
21 AND PROPOSED SOME ADJUSTMENTS AS WELL. UNDER THE
22 CURRENT RULES, PERSONAL CONFLICTS INCLUDE
23 LONG-STANDING PERSONAL DIFFERENCES WITH THE
24 APPLICANT. LIKE THE DIFFERENCE OF SCIENTIFIC
25 OPINION, WE FOUND THIS RULE TO BE VERY DIFFICULT TO

BARRISTERS' REPORTING SERVICE

1 APPLY BECAUSE IT'S SO SUBJECTIVE. NIH DOES NOT HAVE
2 AN ANALOGOUS PROVISION. SO WE PROPOSE TO MODIFY
3 THIS RULE TO APPLY IT ONLY IN SITUATIONS IN WHICH
4 THE REVIEWER AND THE APPLICANT HAVE BEEN ON OPPOSING
5 SIDES OF A FORMAL LEGAL DISPUTE.

6 AS WITH THE PROFESSIONAL CONFLICTS OF
7 INTEREST, WE'VE ADDED THE REQUIREMENT THAT A MEMBER
8 RECUSE HIMSELF OR HERSELF IF THE MEMBER BELIEVES HIS
9 OR HER OBJECTIVITY COULD BE COMPROMISED FOR PERSONAL
10 REASONS. AND WE'VE ALSO ADDED THE SCREENING
11 MECHANISM THAT I REFERRED TO IN THE PREVIOUS SLIDE.

12 FINALLY, WE PROPOSE TO AMEND THE POLICY TO
13 DEFINE SOME OF THE KEY TERMS, INCLUDING KEY
14 PERSONNEL, RESEARCH COLLABORATION, SUBCONTRACTOR,
15 PARTNER, AND IMMEDIATE FAMILY. ONE THING I WOULD
16 POINT OUT HERE IS THAT UNDER THE DEFINITION OR
17 FORMER DEFINITION OF RESEARCH COLLABORATION, IT
18 INCLUDED CO-AUTHORSHIP OF A REVIEW ARTICLE DURING
19 THE PREVIOUS THREE YEARS. SO WE'VE HAD
20 CIRCUMSTANCES WHERE A MEMBER OF THE GWG HAS BEEN ONE
21 OF 15 AUTHORS ON A REVIEW ARTICLE THAT DID NOT
22 INCLUDE ANY ORIGINAL RESEARCH, AND YET THE MEMBER
23 WAS PRECLUDED FROM PARTICIPATING IN THE REVIEW
24 BECAUSE ONE OF THE KEY PERSONNEL OF THE APPLICANT
25 INSTITUTION HAPPENED TO BE ONE OF THE OTHER 15

BARRISTERS' REPORTING SERVICE

1 CO-AUTHORS.

2 IN OUR VIEW THAT DOES NOT PRESENT A REAL
3 CONFLICT OF INTEREST. SO WE HAVE REFINED THE
4 DEFINITION OF RESEARCH COLLABORATION TO LIMIT IT TO
5 INSTANCES IN WHICH THE REVIEWER AND THE KEY
6 PERSONNEL ON THE APPLICANT HAVE BEEN ENGAGED IN
7 ACTUAL RESEARCH WITH ONE ANOTHER.

8 SO WE BELIEVE THESE DEFINITIONS WILL
9 ASSIST BOTH THE REVIEWERS AND THE APPLICANTS IN
10 IDENTIFYING POTENTIAL CONFLICTS AND WILL ULTIMATELY
11 FACILITATE OUR ADMINISTRATION OF THE POLICY. SO
12 WITH THAT, WE WOULD REQUEST THAT THE BOARD APPROVE
13 THESE AMENDMENTS AS AN INTERIM POLICY FOR PURPOSES
14 OF THE REVIEW OF THE CLINICAL STAGE APPLICATIONS,
15 THE CONCEPT PLAN FOR WHICH YOU JUST APPROVED, AND
16 AUTHORIZE US TO INITIATE THE ADMINISTRATIVE
17 RULEMAKING PROCESS SO THAT WE CAN APPLY THESE RULES
18 TO ALL APPLICATIONS UNDER REVIEW.

19 I'D BE HAPPY TO ANSWER ANY QUESTIONS.

20 MR. TORRES: DOES ANY OTHER STATE AGENCY
21 HAVE SIMILAR STRICT CONFLICT OF INTEREST RULES AS WE
22 ARE PROPOSING TO APPROVE TODAY?

23 MR. HARRISON: SO THE UC RUNS A BREAST
24 CANCER RESEARCH PROGRAM, WHICH ESSENTIALLY ADOPTED
25 OUR RULES. SO THAT'S THE CLOSEST ANALOGY.

BARRISTERS' REPORTING SERVICE

1 OTHERWISE, AS I MENTIONED EARLIER, STATE AGENCIES
2 TYPICALLY LIMIT CONFLICTS OF INTEREST TO FINANCIAL
3 CONFLICTS.

4 MR. TORRES: AND THAT APPLIES TO THE
5 LEGISLATURE AS WELL. SO WE'RE CLEARLY MUCH STRONGER
6 IN THIS RESPECT THAN ANY OTHER STATE AGENCY OR THE
7 LEGISLATURE OTHER THAN THE BREAST CANCER RESEARCH
8 INSTITUTE. IS THAT A CORRECT STATEMENT?

9 MR. HARRISON: THAT'S CORRECT.

10 MR. TORRES: I THINK IT'S IMPORTANT TO
11 MAKE THAT STATEMENT, MEMBERS OF THE BOARD, BECAUSE
12 SO OFTEN WE'RE ACCUSED OF NOT HAVING STRONG CONFLICT
13 OF INTEREST PROVISIONS, AND YET WE DO AND NOW WE'RE
14 GOING TO STRENGTHEN THEM, ASSUMING WE VOTE ON THIS
15 SHORTLY. IS THERE A MOTION?

16 DR. STEWARD: I'M GOING TO MAKE A COMMENT
17 AND THEN MOVE TO APPROVE THIS. I JUST WANT TO SAY
18 THAT THIS IS BOTH A VERY RIGOROUS AND A VERY
19 THOUGHTFUL HANDLING OF THIS WHOLE THING. SO
20 CONGRATULATIONS TO ALL WHO WERE INVOLVED IN PUTTING
21 THIS TOGETHER. I THINK IT REALLY IS A MODEL THAT
22 NIH MIGHT WANT TO CONSIDER GOING FORWARD.

23 I MOVE TO APPROVE.

24 MR. TORRES: MOVED. IS THERE SECOND?

25 DR. LEVIN: SECOND.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: MOVED AND SECOND. AND WHO
2 WERE THE FOLKS INVOLVED THAT WE SHOULD SAY THANK YOU
3 TO?

4 MR. HARRISON: THE TEAM INCLUDED SCOTT
5 TOCHER, GIL SAMBRANO, AND BECKY JORGENSON.

6 MR. TORRES: THANK YOU ALL, AND THANK YOU,
7 JAMES, AS WELL FOR ALL THE HARD WORK ALL OF YOU PUT
8 INTO THIS. I KNOW IT WAS ARDUOUS.

9 ALL RIGHT. IT'S BEEN MOVED AND SECONDED.
10 IS THERE DISCUSSION? IS THERE ANY PUBLIC COMMENT AT
11 PLACES WHERE THERE MIGHT BE PUBLIC PRESENT? THERE
12 BEING NONE, ALL THOSE IN FAVOR SIGNIFY BY SAYING
13 AYE. OPPOSED? ABSTENTIONS? CALL THE ROLL, PLEASE.

14 MS. BONNEVILLE: KEN BURTIS.

15 DR. BURTIS: YES.

16 MS. BONNEVILLE: STEPHEN JUELSGAARD.

17 MR. JUELSGAARD: YES.

18 MS. BONNEVILLE: SHLOMO MELMED.

19 DR. MELMED: YES.

20 MS. BONNEVILLE: LAUREN MILLER.

21 MS. MILLER: YES.

22 MS. BONNEVILLE: JOE PANETTA.

23 MR. PANETTA: YES.

24 MS. BONNEVILLE: ROBERT QUINT.

25 DR. QUINT: YES.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: AL ROWLETT.

2 MR. ROWLETT: YES. AND UNFORTUNATELY I
3 CAN NO LONGER PARTICIPATE IN THE REMAINDER OF THE
4 MEETING. AND TO THOSE OF YOU CELEBRATING CHRISTMAS,
5 MERRY CHRISTMAS TO YOU ALL AND SAFE HOLIDAYS, SAFE
6 TRAVEL.

7 MR. TORRES: SAME TO YOU, AL.

8 MS. BONNEVILLE: JEFF SHEEHY.

9 MR. SHEEHY: YES.

10 MS. BONNEVILLE: DIANE WINOKUR.

11 MS. WINOKUR: YES.

12 MR. TORRES: MOTION CARRIES.

13 NOW I CONCLUDE THE REPORT OF THE
14 GOVERNANCE SUBCOMMITTEE. MR. CHAIRMAN.

15 CHAIRMAN THOMAS: THANK YOU, MR. SENATOR.

16 MS. WINOKUR: EXCUSE ME, MR. CHAIRMAN. I
17 WOULD LIKE TO MAKE A COMMENT. I FEEL SOME ATTENTION
18 SHOULD BE GIVEN TO THE ROLE OF THE ICOC MEMBERS ON
19 THE GRANTS WORKING GROUP. OUR ROLE HAS CHANGED
20 AFTER THE CHANGE TO THE CONFLICT OF INTEREST IN THE
21 BOARD, AND IT HASN'T BEEN CLARIFIED AS TO WHAT OUR
22 ROLES IN THE GRANTS WORKING GROUP BECOME AND WHAT
23 OUR ROLE ACCORDING TO THE BOARD BECOMES.

24 CHAIRMAN THOMAS: DIANE, I THINK WHEN WE
25 ADOPTED THE RESPONSES TO THE IOM REPORT, THE ROLE OF

BARRISTERS' REPORTING SERVICE

1 THE PATIENT ADVOCATES IN THE GRANTS WORKING GROUP
2 WAS DELINEATED. THERE WAS ALSO A LOT OF DISCUSSION
3 ABOUT HOW WE WOULD MOVE COMMENTS FROM THE GRANTS
4 WORKING GROUP TO THE MAIN ICOC MEETINGS AND THE ROLE
5 THAT THE PATIENT ADVOCATES WOULD HAVE, MR. SHEEHY
6 LEADING THE DISCUSSION AT THE BOARD. AND SO IF
7 THERE ARE UNCERTAINTIES HERE, I THINK WE ADDRESSED
8 THEM. I'D BE HAPPY TO DO A BETTER JOB OF DESCRIBING
9 EXACTLY WHAT THOSE ROLES ARE.

10 MS. WINOKUR: WELL, I'M AWARE OF ALL THAT.
11 BUT IN TERMS OF THE MEETINGS OF THE GRANTS WORKING
12 GROUP AND IN TERMS OF THE ROLE WHEN THE BOARD
13 UNDERTAKES TO DISCUSS THIS AND VOTE ON IT, I THINK
14 THERE COULD BE CLARIFICATION.

15 CHAIRMAN THOMAS: OKAY. DR. MILLS.

16 DR. MILLS: I THINK -- DIANE, I THINK,
17 BRINGS UP A GOOD POINT IN THAT THE MEMBERS OF THE
18 BOARD WHO ALSO SERVE ON THE GRANTS WORKING GROUP, IN
19 ADDITION TO THEIR ROLES AS PATIENT ADVOCATES ON THE
20 GWG, PROVIDE AN INCREDIBLY IMPORTANT OVERSIGHT CHECK
21 ON A PROCESS WHICH, BECAUSE OF THE NATURE OF THE
22 CONFIDENTIAL INFORMATION, NEEDS TO TAKE PLACE BEHIND
23 CLOSED DOORS. SO I DO THINK IT IS GOOD AND RIGHT
24 AND PROPER FOR ALL OF THE MEMBERS OF THE BOARD WHO
25 PARTICIPATE IN GWG MEETINGS TO NOT TALK ABOUT THE

BARRISTERS' REPORTING SERVICE

1 SPECIFICS OF CERTAIN THINGS, BUT THE OVERALL
2 VALIDITY OF THE PROCESS THAT IS RUN AND SHARE WITH
3 THE BOARD WHETHER OR NOT THEY THINK THE PROCESS IS
4 FAIR AND PROVIDE THAT MECHANISM OF OVERSIGHT BACK TO
5 THE BOARD, THAT THEY BELIEVE THE GWG IS CONDUCTING A
6 FAIR AND VALID PROCESS WHEN WE HOLD REVIEWS.

7 CHAIRMAN THOMAS: I COMPLETELY AGREE WITH
8 THAT, DR. MILLS. AND ALSO, ONE OF THE REASONS FOR
9 THE SHIFT OF PROGRAMMATIC REVIEW FROM THE GWG TO THE
10 PUBLIC ICOC SESSION AND TO HAVE THAT RUN BY MR.
11 SHEEHY AND THE PATIENT ADVOCATES WHO ATTENDED THE
12 GWG GROUP WAS TO SERVE AS A BRIDGE BETWEEN THE TWO
13 GROUPS TO ALLOW FOR DISCUSSION AT A PROGRAMMATIC
14 LEVEL THAT HAD PREVIOUSLY BEEN DONE IN PRIVATE IN
15 THE GWG ITSELF AND HAVE THOSE PROGRAMMATIC
16 DISCUSSIONS HELD PUBLICLY AS A WAY OF INCREASING
17 TRANSPARENCY FOR THE PUBLIC IN GENERAL.

18 ANY OTHER COMMENTS ON MS. WINOKUR'S
19 COMMENT? OKAY. THANK YOU VERY MUCH FOR THOSE
20 COMMENTS. VERY IMPORTANT.

21 THANK YOU, MR. SENATOR, FOR YOUR
22 GOVERNANCE SUBCOMMITTEE REPORT.

23 ITEM 10 HAS BEEN WITHDRAWN. ITEM 11, THIS
24 IS AN EVEN LONGER TOPIC THAN DR. SAMBRANO'S GWG
25 MEMBERS. THIS IS THE CONSIDERATION OF THE MINUTES.

BARRISTERS' REPORTING SERVICE

1 AND I SEE WE HAVE FIVE SETS OF MINUTES HERE TO
2 APPROVE, MAY THROUGH OCTOBER. DO I HEAR A MOTION.

3 DR. LEVIN: SO MOVED.

4 CHAIRMAN THOMAS: MOVED BY DR. LEVIN.

5 DR. PRIETO: SECOND.

6 CHAIRMAN THOMAS: I THINK THAT WAS MOVED
7 BY DR. LEVIN, SECONDED BY DR. PRIETO. ALL THOSE IN
8 FAVOR PLEASE SAY AYE. DO WE NEED TO CALL ROLL ON
9 THIS ONE? EVEN FOR MINUTES. MARIA, PLEASE CALL THE
10 ROLL.

11 MS. BONNEVILLE: KEN BURTIS.

12 DR. BURTIS: AYE.

13 MS. BONNEVILLE: STEPHEN JUELSGAARD.

14 MR. JUELSGAARD: AYE.

15 MS. BONNEVILLE: SHLOMO MELMED.

16 DR. MELMED: YES.

17 MS. BONNEVILLE: LAUREN MILLER.

18 MS. MILLER: YES.

19 MS. BONNEVILLE: JOE PANETTA.

20 MR. PANETTA: YES.

21 MS. BONNEVILLE: ROBERT QUINT.

22 DR. QUINT: YES.

23 MS. BONNEVILLE: JEFF SHEEHY.

24 MR. SHEEHY: YES.

25 MS. BONNEVILLE: DIANE WINOKUR.

BARRISTERS' REPORTING SERVICE

1 MS. WINOKUR: YES.

2 CHAIRMAN THOMAS: THANK YOU. WE HAVE NO
3 CLOSED SESSION TODAY. THE SPOTLIGHT IS GOING TO BE
4 RESCHEDULED. THIS WAS A CASUALTY OF THE WEATHER IN
5 TERMS OF OUR PRESENTER NOT BEING ABLE TO MAKE IT
6 HERE TODAY.

7 PROCEED TO ITEM 14, SUMMARY OF CONTRACTS
8 AND INTERAGENCY AGREEMENTS. CYNTHIA SCHAFFER.

9 MS. SCHAFFER: MY NAME IS CYNTHIA
10 SCHAFFER, AND I'M PROUD TO HAVE BEEN THE CONTRACTS
11 ADMINISTRATOR AT CIRM FOR SIX PLUS YEARS NOW.

12 THIS AGENDA ITEM IS THE ANNUAL REPORT TO
13 THE ICOC FOR CONTRACTS AND AGREEMENTS ABOVE \$20,000.
14 THIS IS THE SAME INFORMATION THAT WAS PROVIDED AT
15 THE GOVERNANCE SUBCOMMITTEE AT THEIR NOVEMBER
16 MEETING. THIS INFORMATION SUPPLEMENTS ALL OF THE
17 BUDGET AND FINANCIAL REPORTING THAT'S ABLY PROVIDED
18 BY CHILA SILVA-MARTIN. AND I'D LIKE TO ASK IF THERE
19 ARE ANY QUESTIONS I CAN ANSWER FOR YOU.

20 CHAIRMAN THOMAS: ANY COMMENTS OR
21 QUESTIONS BY MEMBERS OF THE BOARD? HEARING NONE,
22 THANK YOU VERY MUCH.

23 MS. SCHAFFER: THANK YOU.

24 CHAIRMAN THOMAS: ITEM 15, COMMUNICATIONS
25 UPDATE, MR. MCCORMACK.

BARRISTERS' REPORTING SERVICE

1 MR. MC CORMACK: CHAIRMAN THOMAS, MEMBERS
2 OF THE BOARD, COLLEAGUES, AND MEMBERS OF THE PUBLIC
3 AT HOME, AND THE BRAVE SOULS WHO MADE IT OUT HERE
4 TODAY, I'D LIKE TO DO SOMETHING A LITTLE DIFFERENT
5 TODAY. INSTEAD OF LOOKING BACK AT WHAT WE'VE BEEN
6 DOING OVER THE LAST MONTH OR SO IS TO LOOK FORWARD
7 AT WHAT WE'RE GOING TO BE DOING WITH CIRM 2.0. I
8 THINK IT'S IMPORTANT BECAUSE CIRM 2.0, AS YOU'VE
9 HEARD, IS A REALLY SIGNIFICANT CHANGE IN THE WAY WE
10 WORK AND THE WAY WE THINK ABOUT WHAT WE DO. SO IT'S
11 IMPORTANT TO KIND OF TAKE A VERY DIFFERENT APPROACH
12 TO PROMOTING IT.

13 WHEN I FIRST STARTED THINKING ABOUT
14 PROMOTING 2.0, THIS IS THE IMAGE THAT CAME TO MIND.
15 THIS IS NOT YOUR FATHER'S OLDSMOBILE. IN A WAY THIS
16 IS NOT THE OLD CIRM. THIS IS AN ENTIRELY NEW WAY OF
17 THINKING ABOUT THE WAY WE WORK, THE WAY WE FUND, AND
18 IT'S A NEW PRODUCT IN A WAY. SO WE HAVE TO THINK
19 ABOUT MARKETING IT, GETTING THE WORD OUT ABOUT THIS
20 IN A DIFFERENT WAY.

21 SO WE'RE GOING TO TAKE A VERY
22 COMPREHENSIVE APPROACH TO THIS. I THINK THERE ARE
23 TWO WORDS THAT HELP DESCRIBE EXACTLY HOW WE'RE GOING
24 TO DO THAT. SHAMELESS AND RELENTLESS. SHAMELESS
25 BECAUSE WE'RE GOING TO TAKE EVERY OPPORTUNITY THAT

BARRISTERS' REPORTING SERVICE

1 WE HAVE TO TALK ABOUT THIS. FOR EXAMPLE, TODAY IF
2 PEOPLE ASK ME WHAT THE WEATHER IS LIKE, I'LL TALK
3 ABOUT 2.0. SO WE'RE GOING TO USE EVERY OPPORTUNITY
4 THAT WE CAN THINK OF TO TALK ABOUT WHAT WE'RE DOING.
5 AND RELENTLESS BECAUSE THIS IS NOT SOMETHING WE'LL
6 BE DOING FOR A WEEK OR A MONTH OR EVEN FOR THE NEXT
7 SIX MONTHS. WE'RE GOING TO BE DOING THIS AS LONG AS
8 WE'RE AROUND BECAUSE THERE ARE ALWAYS GOING TO BE
9 NEW IDEAS, NEW PRODUCTS, NEW THERAPIES, AND WE WANT
10 TO MAKE SURE THAT ANYONE WHO'S INVOLVED IN THOSE
11 HEARS ABOUT WHAT WE'RE DOING AND HOW WE'RE GOING TO
12 FUND IT.

13 AS DR. MILLS POINTED OUT EARLIER, WE'RE
14 GOING TO BE ROLLING OUT THIS TO BOTH THE DISCOVERY
15 AND TRANSLATIONAL AREAS OF RESEARCH LATER. SO WE
16 REALLY NEED TO BE ABLE TO MAKE SURE THAT WE EXPAND
17 2.0 TO COVER THEM SO THAT ANYONE WHO'S INVOLVED IN
18 THOSE AREAS GETS TO HEAR ABOUT THAT AS WELL.

19 SO WE'RE GOING TO BEGIN IN FAIRLY
20 CONVENTIONAL FASHION WITH A NEWS RELEASE, A
21 TRADITIONAL NEWS RELEASE, WHICH HAS ALREADY GONE OUT
22 TALKING ABOUT WHAT'S HAPPENED. TO BE HONEST,
23 BECAUSE OF THE WEATHER AND THE FACT THAT MOST OF THE
24 MEDIA ARE GOING TO BE FOCUSING ON THAT, WE PROBABLY
25 WON'T GET A HUGE AMOUNT OF RESPONSE FROM THAT, WHICH

BARRISTERS' REPORTING SERVICE

1 IS WHY THE NEXT THING IS TO DO A TARGETED MEDIA
2 PITCH TO ALL THE REPORTERS WHO FOCUS ON STEM CELL
3 RESEARCH, WHO ARE IN THE BIOTECH AREA, WHO ARE IN
4 THE BUSINESS MEDIA BECAUSE THEY'RE GOING TO BE MUCH
5 MORE INTERESTED IN THIS. THIS IS MUCH MORE THE KIND
6 OF AREA THAT THEY TYPICALLY COVER. SO WE'LL BE
7 SENDING OUT TARGETED MEDIA PITCHES TO THEM OVER THE
8 NEXT FEW DAYS.

9 WE'VE ALREADY POSTED ON OUR WEBSITE A
10 VIDEO OF DR. MILLS TALKING ABOUT CIRM 2.0. THIS WAS
11 A PRESENTATION HE GAVE AT THE JANSSEN EVENT A COUPLE
12 OF WEEKS AGO, AND IT INCLUDES HIS SLIDE SHOW BECAUSE
13 I THINK AN AWFUL LOT OF PEOPLE CAN ACTUALLY
14 UNDERSTAND THE WHOLE PROCESS BETTER WHEN THEY'RE
15 ABLE TO SEE SOME OF THE SLIDES. AND IT ALWAYS MAKES
16 MORE SENSE TO HEAR IT DIRECTLY FROM THE HORSE'S
17 MOUTH RATHER THAN JUST TO READ IT ON PAPER.

18 AND WE'RE ALSO GOING TO BE POSTING FAQ'S,
19 FREQUENTLY ASKED QUESTIONS, ON THE WEBSITE. THERE'S
20 A HUGE AMOUNT OF DETAIL IN 2.0, AND I THINK AN AWFUL
21 LOT OF PEOPLE HAVE LOTS OF QUESTIONS. SO WHAT WE'RE
22 GOING TO BE DOING IS POSTING A LOT OF QUESTIONS AND
23 ANSWERS THERE. OBVIOUSLY MORE DETAILS AND MORE
24 INFORMATION WILL BE MADE AVAILABLE WHEN THE PROGRAM
25 ANNOUNCEMENTS ARE PUBLISHED, BUT FOR NOW THIS WILL

BARRISTERS' REPORTING SERVICE

1 AT LEAST HELP FILL IN SOME OF THE GAPS IN WHAT'S OUT
2 THERE.

3 IN PHASE II WE'RE GOING TO FOCUS ON THE
4 PEOPLE WHO REALLY STAND THE MOST TO BENEFIT FROM
5 THIS, GRANTEES, INDUSTRY, APPLICANTS, OF COURSE, OUR
6 PATIENT ADVOCATES. SO WE'RE GOING TO BEGIN WITH AN
7 E-MAIL BLAST TO ALL OUR GRANTEES, THE PEOPLE
8 CURRENTLY GET FUNDING FROM US, ANYONE WHO'S HAD
9 FUNDING FROM US, AND, OF COURSE, ANYONE WHO'S EVER
10 APPLIED FOR FUNDING FROM US BECAUSE THEY ARE ALL
11 PEOPLE WHO REALLY WILL BE INTERESTED IN HEARING
12 ABOUT THESE CHANGES.

13 THEN WE'RE GOING TO TARGET THE INDUSTRY
14 AND TRADE ORGANIZATIONS BECAUSE THEY HAVE A GREAT
15 OUTREACH, AND WE'LL BE ABLE TO KIND OF REACH OUT TO
16 THEIR MEMBERS ACROSS THE COUNTRY AND NOT JUST IN
17 CALIFORNIA. AND AS DR. MILLS SAID, THIS IS
18 SOMETHING THAT HAS A BIGGER IMPACT AS WELL NOW FOR
19 THE NON-CALIFORNIANS. SO ORGANIZATIONS LIKE THE
20 ALLIANCE FOR REGENERATIVE MEDICINE, BAYBIO. WE'RE
21 ALREADY WORKING WITH THEM ON GETTING THE WORD OUT
22 AND EXPLAINING WHAT IT IS WE'RE UP TO. AND THEY CAN
23 USE THEIR NEWSLETTERS AS WELL TO REACH OUT TO A MUCH
24 WIDER AUDIENCE.

25 AND THEN FINALLY, PATIENTS AND PATIENT

BARRISTERS' REPORTING SERVICE

1 ADVOCATES. WE'LL BE EXPLAINING TO THEM WHAT THIS IS
2 AND THE IMPACT IT CAN HAVE ON THEM. NOT JUST
3 BECAUSE THEY'RE OUR BEST AMBASSADORS OR MOST VOCAL
4 AMBASSADORS, BECAUSE WHEN DR. MILLS PRESENTED AT THE
5 WORLD STEM CELL SUMMIT IN SAN ANTONIO LAST WEEK,
6 THAT THEY WERE REALLY RECEPTIVE AND EXCITED ABOUT
7 THE IDEA. IT'S ALSO BECAUSE THEY'LL HAVE A BIGGER
8 ROLE TO PLAY IN THIS. AS DR. MILLS MENTIONED, THE
9 CLINICAL ADVISORY PANELS, THE CAP'S, ARE ALL GOING
10 TO HAVE A PATIENT ADVOCATE MEMBER. AND SO WE WANT
11 THEM TO BE AS INVOLVED AND ENGAGED IN THIS AS MUCH
12 AS POSSIBLE. SO IT MAKES SENSE TO INFORM THEM AND
13 GET THEM ENGAGED EARLIER ON.

14 AND THEN IN PHASE III WE'RE GOING TO
15 EXPAND IT EVEN FURTHER. MY COLLEAGUE DON GIBBONS IS
16 WORKING WITH DR. MILLS ON AN ARTICLE FOR ONE OF THE
17 MEDICAL JOURNALS, *STEM CELL TRANSLATIONAL MEDICINE*.
18 THIS IS GOING TO GO INTO A LOT MORE DEPTH ABOUT WHAT
19 CIRM 2.0 IS IN LANGUAGE THAT THIS AUDIENCE, WHICH IS
20 GOING TO BE A VERY RECEPTIVE AUDIENCE, I THINK, WILL
21 UNDERSTAND.

22 OBVIOUSLY WE'RE GOING TO BE USING
23 CONFERENCES WITH BOTH ACADEMIC AND INDUSTRY. DR.
24 MILLS HAS ALREADY MADE A NUMBER OF PRESENTATIONS AT
25 VARIOUS CONFERENCES SUCH AS THE WORLD STEM CELL

BARRISTERS' REPORTING SERVICE

1 CONFERENCE, JANSSEN, AND ALSO AT PIPER JAFFRAY,
2 WHICH WAS A HEALTHCARE INVESTMENT AND BIOTECH
3 CONFERENCE IN NEW YORK LAST WEEK, AND HE GOT A
4 TREMENDOUS RECEPTION FOR THAT.

5 WE'RE ALSO WORKING WITH NEIL LITTMAN, WHO
6 IS OUR BUSINESS DEVELOPMENT GURU AT THE STEM CELL
7 AGENCY, AND HE'S ORGANIZING A NUMBER OF OTHER EVENTS
8 THAT DR. MILLS WILL PRESENT AT AND ALSO ENGAGE
9 HIMSELF IN SETTING UP A NUMBER OF EVENTS THAT HE CAN
10 TALK AT AND TALK ABOUT CIRM 2.0.

11 AND THEN FINALLY, WE'RE GOING TO HAVE A
12 NEW WEBSITE. BECAUSE THERE'S SO MUCH GOING ON, WE
13 WANTED TO HAVE A WEBSITE THAT WAS MUCH CLEARER,
14 EASIER TO NAVIGATE THAN OUR CURRENT ONE. OUR
15 CURRENT ONE IS VERY GOOD, BUT I THINK THERE ARE
16 IMPROVEMENTS THAT CAN BE MADE. SO THIS NEW VERSION,
17 WHICH WILL BE COMING OUT IN JANUARY THE 1ST TO
18 COINCIDE WITH THE LAUNCH OF CIRM 2.0, WILL BE A MUCH
19 EASIER WAY OF NAVIGATING YOURSELF AROUND, FINDING
20 EXACTLY WHERE YOU WANT TO GO IN A VERY SHORT SPACE
21 OF TIME. AND ANN HOLDEN IS DOING A REMARKABLE JOB
22 OF HELPING SHEPHERD THIS ALONG. IT'S A VERY BIG
23 PROJECT THAT SHE'S KIND OF WORKING ON AND GETTING
24 THROUGH IN A RECORD SPACE OF TIME.

25 AND SO THAT'S THE VIEW FROM 30,000 FEET.

BARRISTERS' REPORTING SERVICE

1 THAT'S WHAT WE'RE GOING TO BE WORKING ON, BUT WE'RE
2 ALWAYS INTERESTED IN OTHER IDEAS. IF ANYONE THINKS
3 OF ANY OPPORTUNITY WHERE WE CAN COME OUT AND TALK
4 ABOUT WHAT WE'RE DOING OR GROUPS THAT YOU THINK
5 MIGHT BE OF INTEREST TO US OR MIGHT BE INTERESTED IN
6 HEARING MORE ABOUT THIS, I'M HAPPY TO HEAR ABOUT
7 THOSE. AND SO I'M HAPPY TO TAKE ANY QUESTIONS.

8 DR. LUBIN: SO I THINK PROBABLY A NUMBER
9 OF PEOPLE IN THIS ROOM KNOW THAT NEXT MONTH THE JP
10 MORGAN HEALTH CONFERENCE IS GOING TO BE IN SAN
11 FRANCISCO. I'M WONDERING IF WE'RE GOING TO HAVE
12 ANYTHING THERE FROM CIRM.

13 MR. MC CORMACK: NEIL LITTMAN, THE
14 BUSINESS DEVELOPMENT GURU I MENTIONED, IS WORKING ON
15 THAT. WE'RE HOPING TO BE IN BOTH THE JP MORGAN AND
16 ALSO THE ARM, THE ALLIANCE FOR REGENERATIVE
17 MEDICINE. THEY HAVE A STATE OF THE INDUSTRY
18 BRIEFING THAT MORNING OF THE VERY FIRST DAY OF THAT
19 CONFERENCE. SO WE'RE WORKING ON HAVING ELEMENTS IN
20 BOTH OF THOSE.

21 DR. LUBIN: THIS WOULD BE A GOOD
22 OPPORTUNITY TO HIGHLIGHT WHAT WE HAVE, WHAT THE
23 OPPORTUNITIES ARE, AND STUFF LIKE THAT.

24 MR. MC CORMACK: YES, ABSOLUTELY.

25 CHAIRMAN THOMAS: DR. MILLS, I WAS

BARRISTERS' REPORTING SERVICE

1 WONDERING ON THIS TOPIC OF PRESENTING AT INDUSTRY
2 CONFERENCES, ETC., IF YOU COULD JUST TELL THE BOARD
3 A BIT ABOUT YOUR EXPERIENCE AT THE PIPER JAFFRAY
4 CONFERENCE AND THE RESPONSE YOU GOT TO YOUR CIRM 2.0
5 DISCUSSION THERE. I THINK THEY'D FIND IT
6 INTERESTING.

7 DR. MILLS: SO I THINK LAST WEEK WE HAD AN
8 OPPORTUNITY, ACTUALLY OVER THE COURSE OF A FEW
9 WEEKS, WE'VE HAD AN OPPORTUNITY TO GET OUT AND TALK
10 A LITTLE BIT ABOUT CIRM 2.0. FIRST AT THE ALLIANCE
11 FOR REGENERATIVE MEDICINE. SECOND WE DID THE PIPER
12 JAFFRAY CONFERENCE IN NEW YORK, WHICH WAS AN
13 INVESTOR CONFERENCE.

14 AND INTERESTINGLY, I GUESS, ABOUT THE
15 PIPER JAFFRAY CONFERENCE, IT'S THE FIRST TIME A
16 STATE AGENCY HAS EVER BEEN INVITED TO PRESENT AT AN
17 INVESTOR CONFERENCE. BUT THE REASON FOR IT WAS THE
18 ANALYST THOUGHT THAT THE IMPACT THAT CIRM AND CIRM
19 2.0 COULD HAVE WOULD BE SO SIGNIFICANT THAT THE
20 INDUSTRY NEEDED TO UNDERSTAND THE EFFECTS THAT IT
21 COULD HAVE.

22 AND THEN LASTLY, AT THE WORLD STEM CELL
23 SUMMIT IN SAN ANTONIO, I THINK, AS I'VE SAID
24 PREVIOUSLY, THE COMMENTS AND THE FEEDBACK I'VE
25 GOTTEN BACK WERE, WOW, WE REALLY NEED TO TAKE A LOOK

BARRISTERS' REPORTING SERVICE

1 AT THIS. THIS IS NOT WHAT WE THOUGHT CIRM WAS, OR
2 WE DIDN'T UNDERSTAND CIRM COULD DO THIS OR WAS THERE
3 TO PROVIDE SUCH SIGNIFICANT HELP. SO I'LL ECHO
4 KEVIN'S COMMENTS ALONG THE LINE IS WE HAVE TO HAVE A
5 GOOD MARKETING PROGRAM, NOT TO PAT OURSELVES ON THE
6 BACK. WE NEED TO HAVE A GOOD MARKETING PROGRAM
7 BECAUSE WE'RE IN THE BUSINESS OF TRYING TO DEVELOP
8 CURES AND HELP PEOPLE. AND THE PEOPLE OUT THERE
9 THAT NEED OUR SUPPORT NEED TO KNOW ABOUT IT AND NEED
10 TO KNOW WE'RE HERE TO DO THAT. AND SO THAT'S WHY
11 KEVIN'S PUT TOGETHER THIS PROGRAM TO HELP SPREAD THE
12 WORD.

13 CHAIRMAN THOMAS: THANK YOU. OTHER
14 COMMENTS BY MEMBERS OF THE BOARD? THANK YOU. THANK
15 YOU, MR. MCCORMACK. WE LOOK FORWARD TO THE
16 IMPLEMENTATION OF YOUR VARIOUS PHASES GOING FORWARD.

17 NOW ON TO PUBLIC COMMENT, DR. LORING.

18 DR. LORING: THANK YOU VERY MUCH. I'M
19 JEANNE LORING FROM THE SCRIPPS RESEARCH INSTITUTE.
20 AND I WANT TO INTRODUCE THE OTHER INTREPID TRAVELER
21 WHO CAME UP HERE FROM SAN DIEGO TODAY. HIS NAME IS
22 CHRIS WITMER, AND HE'D LIKE TO SAY A FEW WORDS.
23 HE'S ONE OF THE GROUP OF PARKINSON'S ADVOCATES WHO
24 PARTNER WITH US IN OUR PROPOSED PROJECT FOR STEM
25 CELL THERAPY FOR PARKINSON'S DISEASE.

BARRISTERS' REPORTING SERVICE

1 MR. WITMER: HI. I SPOKE WITH YOU LAST
2 SUMMER AND INTRODUCED MYSELF AND DESCRIBED MY
3 CONDITION. AND SINCE THEN WE WERE TASKED WITH, AS A
4 GROUP, TO COME UP WITH MATCHING FUNDS FOR OUR
5 PROJECT TO MAKE IT MORE DESIRABLE. AND I JUST WANT
6 TO TALK ABOUT ONE PARTICULAR EVENING THAT WE HAD.

7 WE HELD A FUND-RAISER IN LA JOLLA. WE HAD
8 120 PEOPLE INVITED FOR DINNER. WE ACTUALLY HAD TO
9 TURN PEOPLE AWAY. THERE WAS NO AUCTION ITEMS, NO
10 GIVEAWAYS, NO TRIPS, OR ANYTHING LIKE THAT, NO
11 DANCING. WE JUST HAD GOOD FOOD, GOOD WINE, A LOT OF
12 THE LATTER. BUT LONG STORY SHORT, JUST BY
13 PRESENTING THE SCIENCE AND THE PROJECT AND THE
14 POSSIBILITY, WE RAISED OVER A MILLION DOLLARS IN ONE
15 NIGHT IN LA JOLLA, CALIFORNIA.

16 (APPLAUSE.)

17 MR. WITMER: FROM THAT MEETING WE HAD
18 SOMEONE, A GENTLEMAN, FLY ALL THE WAY FROM AUSTRALIA
19 JUST TO ATTEND THAT DINNER. HE SAID THAT HE'S
20 LOOKED ALL OVER THE WORLD FOR THE BEST POSSIBLE
21 TREATMENTS FOR PARKINSON'S, AND HE CHOSE US. AND HE
22 WAS OUR LARGEST DONOR FOR THAT NIGHT.

23 SINCE THEN I'VE HAD A DINNER WITH A GERMAN
24 SCIENTIST WHO FLEW ALL THE WAY TO SAN DIEGO TO MEET
25 WITH US. HE'S DONE THE SAME THING. SO WE FEEL WE

BARRISTERS' REPORTING SERVICE

1 HAVE GREAT POTENTIAL FOR THIS PROJECT, BUT WHAT I
2 WANT TO ASK YOU, WHEN YOU CONSIDER THE GRANT, IS IF
3 THERE'S ANY WAY TO EXPEDITE THE PROCESS, WE'RE READY
4 TO GO. I HAVE -- I'M A REALIST. I KNOW THERE'S NO
5 GUARANTEES, BUT I KNOW THAT THIS STEP FORWARD HAS TO
6 BE TAKEN TO FURTHER THE RESEARCH AND FIND THE CURE
7 FOR PARKINSON'S OR THE TREATMENT FOR PARKINSON'S.
8 THANK YOU.

9 (APPLAUSE.)

10 DR. LORING: I HATE TO FOLLOW THAT WITH
11 SOMETHING MUNDANE, BUT I HAVE ONE MORE ISSUE I NEED
12 TO BRING UP AND THEN YOU GUYS CAN LEAVE.

13 AS THOSE OF YOU WHO HAVE BEEN ON THE
14 COMMITTEE FROM THE VERY BEGINNING KNOW, THAT ONE OF
15 THE FIRST PROGRAMS THAT WAS EVER FUNDED WAS A
16 PROGRAM CALLED THE SHARED LABS PROGRAM. AND UNDER
17 THAT PROGRAM, 17 LABS IN CALIFORNIA WERE FUNDED WITH
18 ABOUT ONE TO \$1.5 MILLION EACH TO BUY THE EQUIPMENT
19 FOR A DEDICATED SPACE FOR HUMAN STEM CELL RESEARCH.

20 NOW, AT THE TIME THE MOTIVATION WAS SIMPLY
21 TO PROVIDE A PLACE FOR DOING RESEARCH THAT WASN'T
22 FUNDED BY THE NIH. SINCE THEN, THE NIH HAS EXPANDED
23 THEIR FUNDING FOR HUMAN PLURIPOTENT STEM CELLS. BUT
24 INTERESTINGLY, AND I THINK DR. MILLS BROUGHT THIS
25 UP, I WANT TO MAKE SURE I GET IT RIGHT, SPEAKING OF

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1 UNFORESEEN CONSEQUENCES. I WANT TO JUST RAISE ONE
2 EXAMPLE OF THE UNFORESEEN CONSEQUENCES OF A POSITIVE
3 KIND THAT OCCURRED BECAUSE OF THE SHARED LAB
4 PROGRAM.

5 SO I'M SPEAKING RIGHT NOW FOR 11 OF MY
6 COLLEAGUES, AND I'M JUST GOING TO LIST THEM SO THAT
7 YOU'LL KNOW YOU CAN CONTACT THEM SEPARATELY IF YOU'D
8 LIKE. DENNIS CLEGG, PETER DONOVAN, SUSAN FISHER,
9 LINDA GUIDICE, ARNOLD KRIEGSTEIN, ANDY MCMAHON,
10 DAVID SCHAFFER, EVAN SNYDER, ALICE TARANTAL, DAVID
11 WARBURTON, AND KARL WILLERT. THESE PEOPLE REPRESENT
12 INSTITUTIONS FROM NORTHERN CALIFORNIA DOWN TO SAN
13 DIEGO.

14 NOW, THE ISSUE WE WANT TO BRING UP IS WE
15 WOULD LIKE TO REQUEST A NEW RFA. THE PROGRAM WITH
16 SHARED LABS HAS HAD A REMARKABLE EFFECT ON CREATING
17 AN INFRASTRUCTURE OF COLLEGIAL INTERACTION. WE ALL
18 HAVE A FRIEND, ALL OF US SCIENTISTS KNOW SOMEBODY
19 WHO IS WORKING ON PLURIPOTENT STEM CELLS IN ANOTHER
20 INSTITUTION AMONG THESE 17. WHAT WE REQUEST IS,
21 BECAUSE THIS PROGRAM WAS CUT, ESSENTIALLY UNFUNDED
22 ONE YEAR AGO WHEN EVERYTHING LOOKED SO BLEAK, WE'D
23 LIKE TO ASK NOW THAT UNDER CIRM 2.0 THAT YOU
24 RECONSIDER AND ALLOW US TO APPLY FOR FURTHER FUNDING
25 TO MAINTAIN THIS INFRASTRUCTURE THAT HAS BEEN SO

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1 POSITIVE.

2 JUST A SHORT TIME AGO ONE OF THE PROJECTS
3 THAT HAS HAD CLINICAL SUCCESS IN LOS ANGELES SPOKE
4 SPECIFICALLY OF THE SHARED LAB AS BEING THE PLACE
5 WHERE THAT IDEA WAS BORN. THAT IS TRUE OF US.
6 THAT'S TRUE OF MANY OTHER LABORATORIES. WE ARE NOT
7 ASKING FOR A FREE RIDE, AND WE'RE ACTUALLY ASKING
8 FOR VERY LITTLE FUNDING, BUT WE WOULD LIKE TO BE
9 ABLE TO APPLY TO EXTEND THIS PROGRAM SO THAT WE
10 MAINTAIN THIS NETWORK THAT CIRM INADVERTENTLY
11 CREATED THAT HAS BEEN SO POSITIVE AND SO CREATIVE.
12 THANK YOU.

13 CHAIRMAN THOMAS: THANK YOU FOR YOUR
14 COMMENTS, DR. LORING.

15 SO WE'VE REACHED THE END OF THE AGENDA. I
16 WANT TO MAKE A COUPLE ADDITIONAL COMMENTS. FIRST OF
17 ALL, I WAS REMISS WHEN WE WERE DISCUSSING THE
18 COLLABORATIVE FUNDING AGREEMENTS WITH POLAND AND
19 ISRAEL AND NOT MENTIONING THE HARD WORK OF GEOFF
20 LOMAX, WHO'S NOW HEADING UP THAT PROGRAM. SO,
21 GEOFF, A SHOUT OUT TO YOU. THANK YOU FOR ALL YOUR
22 WORK YOU'VE DONE ON THAT. APPRECIATE IT.

23 SIMILARLY, ALL OF US COME TO THESE
24 MEETINGS, WHICH SEEM TO BE SORT OF RUN WITHOUT ISSUE
25 AND VERY SMOOTHLY, AND, OF COURSE, IT TAKES A GREAT

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1 DEAL OF WORK TO MAKE THESE WORK. WE'VE HAD ANOTHER
2 YEAR OF GREAT MEETINGS. AND JUST WANTED TO GIVE A
3 SPECIAL THANKS TO MARIA, TO AMY CHEUNG WHO WORK
4 TIRELESSLY AND ENDLESSLY EFFICIENTLY TO MAKE THESE
5 MEETINGS RUN SMOOTHLY, ON TIME, AND DRIVE THE
6 PROCESS. AND ALSO WOULD LIKE TO SHOUT OUT TO KIM
7 AND DOUG AS WELL AND TO AMANDA, WHO REALLY RUNS
8 RANDY, MAKES RANDY WORK. EVERYBODY NEEDS SOMEBODY
9 WHO DOES THAT SORT OF THING. SO TO ALL OF THOSE AND
10 TO OUR WONDERFUL TEAM WHO HAVE DONE SO MUCH THIS
11 YEAR, LET'S GIVE A ROUND OF APPLAUSE.

12 (APPLAUSE.)

13 CHAIRMAN THOMAS: LASTLY, I'D LIKE TO SAY,
14 AS WE FINISH THE YEAR, IT'S BEEN A YEAR, I THINK, OF
15 GREAT ADVANCEMENT. WE NOW HAVE OUR TEN PROJECTS IN
16 CLINICAL TRIALS. BY ALL ACCOUNTS THAT'S A WONDERFUL
17 ACHIEVEMENT WITH A NUMBER OF PROJECTS THAT HOLD
18 GREAT PROMISE ACROSS A VARIETY OF DISEASES AND
19 CONDITIONS. IT'S ALSO BEEN A YEAR OF SEAMLESS
20 CHANGE. WE'VE HAD AN ADMINISTRATION CHANGE WITH DR.
21 MILLS TAKING OVER FROM DR. TROUNSON IN JUNE WHICH
22 WORKED VERY SEAMLESSLY. AND ALL THE DIFFERENT
23 THINGS THAT DR. MILLS HAS BROUGHT TO THE FOUNDATION
24 THAT DR. TROUNSON PUT IN PLACE, AS WE NOW HEAD INTO
25 2015, I THINK WE CAN LOOK FORWARD TO EVEN BIGGER AND

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1 BETTER THINGS THAN EVER BEFORE.

2 WOULD LIKE TO THANK THE BOARD, AS ALWAYS,
3 FOR ITS HARD WORK AND DEDICATION. THANK THE TEAM
4 FOR ITS HARD WORK AND DEDICATION. TOGETHER I THINK
5 WE MAKE A REALLY UNIQUE AND UNPRECEDENTED GROUP ALL
6 DRIVING TOWARDS THE MISSION OF BRINGING THERAPIES
7 AND CURES TO PATIENTS.

8 SO WITH THAT, WOULD LIKE TO WISH EVERYBODY
9 A VERY HAPPY HOLIDAY SEASON. AND WE WILL SEE YOU IN
10 JANUARY. IF YOU WOULD LIKE TO GRAB SOME LUNCH
11 BEFORE YOU LEAVE, THERE IS LUNCH IN THE MENDOCINO
12 ROOM, WHICH YOU CAN EITHER EAT IN THERE OR A BOX AND
13 TAKE WITH YOU AS YOU LIKE. SO THANK YOU, EVERYBODY,
14 AND WE STAND ADJOURNED.

15 (THE MEETING WAS THEN CONCLUDED AT
16 11:39 A.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE 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

THE CLAREMONT HOTEL
41 TUNNEL ROAD
BERKELEY, CALIFORNIA
ON
DECEMBER 11, 2014

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

BETH C. DRAIN, CSR 7152
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