

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: SACRAMENTO CONVENTION CENTER  
3RD FLOOR  
SACRAMENTO, CALIFORNIA

DATE: MARCH 12, 2009  
9 A.M.

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

BRS FILE NO.: 82459

## BARRISTERS' REPORTING SERVICE

### I N D E X

ITEM DESCRIPTION NO.	PAGE
CALL TO ORDER	003
ROLL CALL	006
APPROVAL OF MINUTES FROM AUGUST 12-13, SEPTEMBER 25TH AND DECEMBER 9-10 , 2008 MEETINGS AND JANUARY 29TH-30TH, 2009 ICOC MEETINGS.	
ADOPTION OF REGULATION 100502, DEFINITION OF "CALIFORNIA SUPPLIER. "	
INITIATION OF THE OAL PROCESS TO AMEND CIRM MEDICAL AND ETHICAL STANDARDS REGULATIONS REGARDING OVERSIGHT AND CONSENT REQUIREMENTS FOR USE OF BLASTOCYSTS AND SOMATIC CELLS.	
ADOPTION OF REGULATION 100081, "EXEMPTION" PETITION FOR HESC LINE.	
CHAIRMAN' S REPORT	
PRESIDENT' S REPORT	
AUDITED FINANCIAL STATEMENTS 07-08 AUDITORS REPORT TO MANAGEMENT 07-08	
UPDATE ON PRIVATE BOND PLACEMENT PROGRAM.	
CLOSED SESSION (NOT REPORTED)	
PUBLIC REPORT OF ANY ACTION TAKEN	
ACTION ITEMS	
CONSIDERATION OF AMENDMENTS TO ICOC BYLAWS AND INTERNAL GOVERNANCE POLICY REGARDING VICE-CHAIR(S).	
CONSIDERATION OF AMENDMENT TO LOWER CIRM SALARY RANGE FOR VICE-CHAIR.	

**BARRISTERS' REPORTING SERVICE**

## **BARRISTERS' REPORTING SERVICE**

CONSIDERATION OF ELECTION OF VICE-CHAIR(S).

CONSIDERATION OF STAFF RECOMMENDATIONS ON RESEARCH FUNDING PRIORITIES.

CONSIDERATION OF FUNDING FOR APPROVED BRIDGES TO STEM CELL RESEARCH GRANT APPLICATIONS.

CONSIDERATION OF FUNDING FOR APPROVED TRAINING PROGRAM II GRANT APPLICATIONS.

CONSIDERATION OF AMENDMENT TO CIRM TRAVEL POLICY WITH REGARD TO MEAL REIMBURSEMENT

CONSIDERATION OF NEW SCIENTIFIC MEMBERS FOR GRANTS WORKING GROUP.

CONSIDERATION OF AMENDMENT TO CONTRACT WITH REMCHO, JOHANSEN AND PURCELL.

**BARRISTERS' REPORTING SERVICE**

1 SACRAMENTO, CALI FORNIA; THURSDAY, MARCH 12, 2009

2 9 A.M.

3  
4 CHAIRMAN KLEIN: WHAT I'D LIKE TO DO HERE  
5 IS CALL THE MEETING TO ORDER, ASK MELISSA KING TO  
6 LEAD US IN THE PLEDGE OF ALLEGIANCE FOLLOWED BY THE  
7 ROLL CALL, AND WE WILL PROCEED.

8 (THE PLEDGE OF ALLEGIANCE.)

9 MS. KING: RICARDO AZZIZ.

10 DR. AZZIZ: PRESENT.

11 MS. KING: ROBERT PRICE FOR ROBERT  
12 BIRGENEAU.

13 DR. PRICE: PRESENT.

14 MS. KING: FLOYD BLOOM. GORDON GILL FOR  
15 DAVID BRENNER.

16 DR. GILL: PRESENT.

17 MS. KING: JACOB LEVIN FOR SUSAN BRYANT.

18 DR. LEVIN: HERE.

19 MS. KING: MARSHA CHANDLER. MARCY FEIT.

20 MS. FEIT: HERE.

21 MS. KING: MICHAEL FRIEDMAN. LEEZA  
22 GIBBONS.

23 MS. GIBBONS: HERE.

24 MS. KING: MICHAEL GOLDBERG.

25 MR. GOLDBERG: HERE.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: SAM HAWGOOD.  
2 DR. HAWGOOD: HERE.  
3 MS. KING: BOB KLEIN.  
4 CHAIRMAN KLEIN: HERE.  
5 MS. KING: SHERRY LANSING. GERALD LEVEY.  
6 TED LOVE.  
7 DR. LOVE: HERE.  
8 MS. KING: ED PENHOET. PHIL PIZZO.  
9 CLAIRE POMEROY.  
10 DR. POMEROY: HERE.  
11 MS. KING: FRANCISCO PRIETO.  
12 DR. PRIETO: HERE.  
13 MS. KING: CARMEN PULIAFITO.  
14 DR. PULIAFITO: HERE.  
15 MS. KING: ROBERT QUINT.  
16 DR. QUINT: HERE.  
17 MS. KING: JOHN REED. DUANE ROTH.  
18 MR. ROTH: HERE.  
19 MS. KING: JOAN SAMUELSON. DAVID  
20 SERRANO-SEWELL.  
21 MR. SERRANO-SEWELL: HERE.  
22 MS. KING: JEFF SHEEHY.  
23 MR. SHEEHY: HERE.  
24 MS. KING: JON SHESTACK. AND OSWALD  
25 STEWARD.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
2 MELISSA. WHILE WE WAIT FOR ONE ADDITIONAL PERSON TO  
3 JOIN BY PHONE OR TO ARRIVE TO COMPLEMENT THE MEMBERS  
4 THAT ARE HERE IN PERSON, I'D LIKE TO BEGIN WITH THE  
5 CHAIRMAN'S REPORT, AND WE WILL COME BACK TO THE  
6 CONSENT ITEMS.

7 THIS IS OBVIOUSLY A WEEK FOR CELEBRATION.  
8 THE PRESIDENT WAS SPECTACULAR IN THE WHITE HOUSE. I  
9 WAS FORTUNATE ENOUGH TO BE INVITED TO THAT CEREMONY.  
10 THE PRESIDENT, I CAN TELL YOU, WAS NOT ONLY  
11 COMMITTING HIMSELF, BUT DOING SO ENTHUSIASTICALLY TO  
12 MAKE CERTAIN THAT EMBRYONIC STEM CELL RESEARCH AND  
13 MORE BROADLY SCIENCE COULD MOVE FORWARD BASED ON  
14 SCIENTIFIC FINDINGS RATHER THAN IDEOLOGY. IT WAS  
15 CLEAR THAT HE WAS ENERGIZED BY HIS POSITION, THAT HE  
16 WAS PROUD OF CHAMPIONING SCIENCE, THAT HE SAW  
17 TREMENDOUS VALUE IN MAKING CERTAIN THAT EMBRYONIC  
18 STEM CELL RESEARCH WAS PART OF THE SPECTRUM OF  
19 SCIENTIFIC INQUIRY THAT COULD BE CONDUCTED ALONG  
20 WITH ADULT STEM CELL RESEARCH, CORD BLOOD STEM CELL  
21 RESEARCH, AMNIOTIC CELLS.

22 HE WANTS TO MAKE CERTAIN THAT THERE'S A  
23 CLEAR MESSAGE FOR THIS COUNTRY AND FOR THE WORLD  
24 WHERE SCIENCE IN THIS COUNTRY WILL ADVANCE BASED  
25 UPON THE BEST INFORMATION THAT WE CAN DERIVE IN

## BARRISTERS' REPORTING SERVICE

1 PURSUIT OF THE NATURE OF THE UNIVERSE AND THE NATURE  
2 OF THE HUMAN BODY AND THE FUTURE OF THERAPIES.

3 WE HAD A NUMBER OF INDIVIDUALS FROM  
4 CALIFORNIA THAT WERE THERE. NOBEL PRIZE WINNER  
5 MICHAEL BISHOP WAS THERE. HAROLD VARMUS, WHO  
6 FORMERLY WAS AT UC SAN FRANCISCO, AND IS ONE OF THE  
7 CO-ADVISERS FOR THE PRESIDENT, WAS PRESENT. IRV  
8 WEISSMAN FROM STANFORD WAS PRESENT. THERE WAS A  
9 GREAT GROUP OF DELEGATES FROM AROUND THE COUNTRY.  
10 BASICALLY IT WAS A GROUP OF ABOUT 150 INDIVIDUALS,  
11 INCLUDING A GOOD 15 MEMBERS, SENIOR MEMBERS, OF  
12 CONGRESS.

13 NANCY PELOSI, REPRESENTING THE COUNTRY AND  
14 COMING FROM SAN FRANCISCO, WAS IN THE FRONT ROW, AS  
15 ONE MIGHT EXPECT. NEXT TO HER WAS ORIN HATCH. AND  
16 THEY HAD, I THINK, A VERY GOOD CELEBRATION OF THE  
17 FACT THAT THIS WAS AN ISSUE THEY COULD AGREE ON. A  
18 PRO-LIFE REPUBLICAN WHO BELIEVES THIS IS A PRO-LIFE  
19 POLICY, AND A CHOICE DEMOCRATIC LEADER WHO BELIEVES  
20 THIS IS A GREAT SCIENTIFIC ISSUE, SCIENTIFIC  
21 FREEDOM, AND A COMMITMENT TO PURSUING THERAPIES FOR  
22 PATIENTS. COMING FROM TWO DIFFERENT PERSPECTIVES,  
23 IT WAS TREMENDOUS TO SEE THEIR MUTUAL ENTHUSIASM FOR  
24 THIS COMMITMENT TO EMBRYONIC STEM CELL RESEARCH AND  
25 SCIENTIFIC FREEDOM.



## BARRISTERS' REPORTING SERVICE

1 I'M GOING TO ADDRESS THE UPDATE ON THE  
2 BOND PROGRAM AS ITEM 10, SO I'M GOING TO KEEP THIS  
3 ITEM RELATIVELY SHORT AND MOVE TO THE PRESIDENT'S  
4 REPORT.

5 MR. SERRANO-SEWELL: ALONG THOSE LINES OF  
6 BEING IN WASHINGTON, D. C. , SPEAKING WITH BOARD AND  
7 LEGISLATIVE LEADERS, I THOUGHT IT WAS GREAT, BUT WE  
8 HAVE PHOTOGRAPHIC EVIDENCE THAT YOU WERE IN  
9 WASHINGTON I WANTED TO SHARE WITH EVERYONE IF WE  
10 CAN. MAYBE LATER.

11 CHAIRMAN KLEIN: WE HAVE -- MAYBE THEY  
12 COULD FOLLOW THE PRESIDENT'S REPORT WITH THIS. IT  
13 WILL BE A SURPRISE TO ME TOO.

14 DR. TROUNSON: WHILE WE'RE WAITING FOR  
15 THINGS TO APPEAR, MAYBE I COULD ASK DON GIBBONS FROM  
16 WHEREVER HE'S SITTING JUST TO REPORT ON AMENDMENTS  
17 TO THE CURRICULUM, THE HIGH SCHOOL CURRICULUM, WHILE  
18 WE'RE WAITING FOR MY POWERPOINT TO COME UP, IF  
19 THAT'S OKAY.

20 MR. GIBBONS: SO OVER THE PAST FEW WEEKS,  
21 I'VE BEEN WORKING WITH SENATOR PRO TEM STEINBERG'S  
22 OFFICE AND SENATOR ROMERO'S OFFICE ON A PROJECT TO  
23 SEE IF WE CAN'T GET SOME STEM CELL SCIENCE  
24 INTEGRATED INTO THE SCHOOL SYSTEM. IT TURNED OUT WE  
25 HAD A VERY TINY WINDOW OF OPPORTUNITY. THE

## BARRISTERS' REPORTING SERVICE

1 CURRICULUM COMMISSION LOOKS AT THE HIGH SCHOOL -- K  
2 THROUGH 12 CURRICULUM KIND OF LIKE PAINTING THE  
3 GOLDEN GATE BRIDGE. THEY START ON ONE END, WORK  
4 THROUGH IT, AND THEY START OVER AGAIN, SO THEY GET  
5 NEW HISTORY, HUMANITIES, SCIENCE. SO THE SCIENCE  
6 PIECE, THE FRAMEWORK WAS VOTED ON YESTERDAY.

7 SO IF WE DIDN'T GET STEM CELLS INTO IT  
8 YESTERDAY, WE'D HAVE TO WAIT ANOTHER SIX YEARS. SO  
9 SENATOR ROMERO DID SOME PREWORK, I DID SOME PREWORK,  
10 WE BOTH TESTIFIED, AND THEY AMENDED THE FRAMEWORK  
11 THEY'RE READY TO PASS TO INCLUDE STEM CELLS IN THE  
12 CURRICULUM GOING FORWARD.

13 AND I'LL BE BRINGING A REPORT BACK TO YOU  
14 NEXT WEEK ON WHAT THAT COULD MEAN FOR CIRM AND HOW  
15 WE WOULD BE INVOLVED.

16 CHAIRMAN KLEIN: AND LEGISLATIVE  
17 INITIATIVES BY SENATOR ROMERO WILL COME TO THE  
18 LEGISLATIVE COMMITTEE SO THAT WE CAN LOOK AT THOSE  
19 OPTIONS. WE ALSO HAD THE BENEFIT OF HAVING  
20 ASSEMBLYMAN TOM TORLICKSON HERE YESTERDAY AT THE  
21 RECEPTION WHO INDICATED ENTHUSIASM AS A FOLLOW-ON TO  
22 HIS DISCUSSIONS OF THE LAST YEAR WITH THIS AGENCY  
23 ABOUT SEEING WHAT WE COULD DO IN ENERGIZING HIGH  
24 SCHOOL STUDENTS THROUGHOUT THE STATE TO GO INTO  
25 SCIENCE, PARTICULARLY BIOMEDICAL SCIENCE. SO HE'S

## BARRISTERS' REPORTING SERVICE

1 GOT SOME VERY INTERESTING PROPOSALS AS WELL, WHICH  
2 WE'LL BRING FORWARD AT THAT TIME.

3 DR. POMEROY: I JUST WANTED TO  
4 CONGRATULATE DON AND THE TEAM BECAUSE, AS WE ALL  
5 REMEMBER, ONE OF THE GOALS THAT WE IDENTIFIED WAS  
6 GETTING MORE PUBLIC UNDERSTANDING OF STEM CELL  
7 RESEARCH, AND THAT REQUIRES A BASIC SCIENCE  
8 UNDERSTANDING AND THINGS LIKE PUTTING THIS INTO THE  
9 CURRICULUM. SO THIS IS ACTUALLY DIRECTLY RESPONSIVE  
10 TO ONE OF THE PRIORITIES THAT WE'VE TALKED ABOUT,  
11 AND I HOPE THAT WE WILL CONTINUE TO HEAR MORE ABOUT  
12 IT BECAUSE IT IS ESSENTIAL TO OUR MISSION.

13 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

14 DR. TROUNSON: THANK YOU, CHAIR. AND I  
15 THINK DON HAS ACTUALLY DONE A TREMENDOUS JOB ON THE  
16 EDUCATION PROGRAM. WE INTEND TO DO MORE IN THAT  
17 AREA. I THINK THE MORE WE HAVE OUR COMMUNITY IN  
18 SUPPORT THE BETTER, AS CLAIRE SAID.

19 ALSO, JUST IF YOU HAVE HAD A CHANCE TO  
20 LOOK AT THE ANNUAL REPORT, WHICH DON WAS RESPONSIBLE  
21 FOR, IT'S A FABULOUS DOCUMENT, EASY TO READ,  
22 SOMETHING THAT YOU DON'T MIND HAVING AROUND. IT  
23 LOOKS REALLY PRETTY, AND THERE'S LOTS OF GOOD  
24 INFORMATION IN THERE. SO THANK YOU TO DON AND THANK  
25 YOU TO ALL THE STAFF WHO HELPED PUT THAT TOGETHER.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND, DR. TROUNSON, I  
2 BELIEVE DON ASSIGNED AMY ADAMS THE LEAD ON THAT.  
3 WE'VE HAD NUMEROUS CONVERSATIONS WITH AMY. SHE  
4 WORKED LATE AT NIGHT, EARLY IN THE MORNING. IT'S A  
5 REAL COMMITMENT. SHE'S NOT HERE TODAY FOR US TO  
6 GIVE HER A HAND OF APPLAUSE. BUT WHEN YOU DO SEE  
7 HER, PLEASE THANK HER FOR HER COMMITTED WORK, REALLY  
8 SERIOUSLY COMMITTED WORK UNDER DON'S LEADERSHIP.

9 DR. TROUNSON: THANK YOU. SO, AS USUAL,  
10 BEGIN WITH SOME STUDIES WHICH I FEEL I SHOULD DRAW  
11 TO YOUR ATTENTION. AND THE FIRST ONE IS A STUDY  
12 REPORTED IN *NATURE* BY THE GROUP FROM GENENTECH UNDER  
13 MARC TISSIER-LAVIGNE'S DIRECTION AND ALSO COLLEAGUES  
14 AT THE SALK INSTITUTE. THIS IS ON ALZHEIMER'S  
15 DISEASE. AND THE QUOTE FROM ED PENHOET IS IT WAS  
16 THE BEST PAPER HE EVER READ. SO I ACTUALLY THINK I  
17 AGREE WITH HIM. IT'S CERTAINLY ONE OF THE BEST  
18 PAPERS THAT I'VE EVER READ. SO IF YOU HAVE AN  
19 INTEREST IN THIS AREA, YOU SHOULD FOLLOW THIS STORY  
20 ALONG.

21 ALZHEIMER'S DISEASE IS REALLY  
22 CHARACTERIZED BY ABUNDANT BETA AMYLOID PRECURSOR  
23 PROTEIN, THE THING THEY CALL APP, WHICH RESULTS IN  
24 TANGLES AND AGGREGATES, PROTEIN AGGREGATES, IN THE  
25 BRAIN. AND SO APP, THIS PROTEIN, AND THE DEATH

## BARRISTERS' REPORTING SERVICE

1 RECEPTOR, IT'S A DREADFUL NAME, BUT IT IS A DEATH  
2 RECEPTOR 6, THEY ACTIVATE CASPASES. CASPASES ARE  
3 RESPONSIBLE FOR CELL DEATH. IF YOU GET ACTIVATION  
4 OF CASPASE 6 IN PARTICULAR, YOU WILL GET PAIRING OF  
5 THE NEURONS, THE PRONGS, IF YOU LIKE, ON THE NEURONS  
6 AND THE AXONS. AND YOU WILL GET DEATH OF PRIMARY  
7 NERVES IN THE BRAIN.

8 AND IT'S NORMALLY REQUIRED, THE DEATH  
9 RECEPTOR, FOR NORMAL FUNCTION AND PARTICULARLY FOR  
10 WHAT THEY CALL AXONAL PRUNING IN DEVELOPMENT, SO  
11 IT'S AN IMPORTANT GENE IN DEVELOPMENT. BUT IF IT  
12 GOES WRONG, IT'S A REALLY, REALLY DANGEROUS THING TO  
13 HAVE ABOUT.

14 SO WHAT THEY'VE DONE IS SHOW THAT THE  
15 DEATH RECEPTOR IS ACTIVATED LOCALLY AFTER TROPHIC  
16 DEPRIVATION. THAT MEANS THAT THERE'S A LACK OF  
17 GROWTH TROPHICS IN THE BRAIN, AND PARTICULARLY  
18 BRAIN-DERIVED NEUROTROPHIN, AND THAT TRIGGERS  
19 SHEDDING OF A FRAGMENT OFF OF THE APP. SO A SMALL  
20 FRAGMENT COMES OFF THAT PROTEIN THAT'S THERE IN  
21 ABUNDANCE AND THROUGH CLEAVAGE OF AN AMINO ACID  
22 FRAGMENT, AND THAT'S THE THING THAT BINDS TO THE  
23 DEATH RECEPTOR AND TRIGGERS THE CASPASE 6 AND THE  
24 AXONAL DEGENERATION AND, HENCE, ALZHEIMER'S DISEASE.

25 THIS IS A VERY IMPORTANT OBSERVATION OF

**BARRISTERS' REPORTING SERVICE**

1 BASIC SCIENCE FROM THAT REALLY TERRIFIC GROUP AT  
2 GENENTECH AND AT THE SALK.

3 I WANT TO DRAW YOU -- WHY HAS IT GOT MUCH  
4 TO DO WITH STEM CELLS? WELL, THE TROPHIC FACTOR  
5 DEPRIVATION REALLY IS THE LACK, AS I SAID, OF BDNF,  
6 THIS BRAIN-DERIVED NEUROTROPHIC FACTOR. IF YOU CAN  
7 REMEMBER THE TALK THAT WAS GIVEN TO US BY FRANK  
8 LAFERLA FROM IRVINE, HE SHOWED THAT EMBRYONIC STEM  
9 CELL-DERIVED CELLS, WHEN THEY'RE TRANSPLANTED INTO  
10 THE BRAIN, REVERSE THE BEHAVIORAL CHARACTERISTICS,  
11 THE DEFICITS IN ALZHEIMER'S DISEASE, BUT DIDN'T  
12 CHANGE THE TANGLES OR AGGREGATES, AND THEN HE WENT  
13 TO SHOW THAT, IN FACT, HE'D GET PRETTY MUCH THE SAME  
14 RESPONSE FROM THE BDNF, INJECTION OF THE BDNF INTO  
15 THE VENTRICLES OF AN ANIMAL WITH ALZHEIMER'S  
16 DISEASE.

17 SO NOW I'M CONNECTING THESE TWO THINGS  
18 TOGETHER FOR YOU. SO THE STEM CELL RESEARCH ON ONE  
19 HAND THAT WE'VE BEEN SUPPORTING AND THIS BEAUTIFUL  
20 WORK FROM TESSIER-LEVIGNE, I THINK, IS REALLY GOING  
21 TO BE A LANDMARK IN THIS DISEASE. SO EITHER THROUGH  
22 GROWTH FACTOR TREATMENT OR MAYBE CELL THERAPIES, I  
23 THINK WE MIGHT EXPECT SOME INCREASED INTEREST, VERY  
24 MUCH INCREASED INTEREST FOR CLINICAL TRIAL WORK IN  
25 THIS AREA.

**BARRISTERS' REPORTING SERVICE**

1 AND I KNOW MEMBERS OF THE BOARD AND THE  
2 PUBLIC ARE ALWAYS INTERESTED IN ALZHEIMER'S DISEASE,  
3 DREADFUL DISEASE. ANYTHING OF THIS SUBSTANCE, I  
4 THINK, I SHOULD DRAW TO YOUR ATTENTION. BUT IN  
5 PARTICULAR, HOW IT CONNECTS WITH WHAT WE'RE DOING  
6 AND WHAT WE'RE SUPPORTING. NEXT SLIDE.

7 SO I'VE JUST GIVEN YOU A CARTOON IN THERE.  
8 YOU'VE GOT THE APP, THE BIG MOLECULE, OFF IT COMES  
9 THAT SMALL BLUE MOLECULE, AND UNDER THIS GROWTH  
10 FACTOR DEPRIVATION, IT BINDS TO THE DEATH RECEPTOR  
11 6, ACTIVATES THE CASPASE 6S, WHICH THEN GO IN AND  
12 START DESTROYING PARTICULARLY THE AXONS AND  
13 DENDRITES AND NEURONS LEADING TO ALZHEIMER'S  
14 DISEASE. WITH APOLOGIES TO SOME BEAUTIFUL SCIENCE,  
15 I THREW THAT IN JUST TO HELP. SORRY, TED. YES.

16 DR. LOVE: WEREN'T THEIR CLINICAL TRIALS  
17 INJECTING BDNF INTO THE BRAIN?

18 CHAIRMAN KLEIN: IF YOU COULD, TED, DR.  
19 LOVE, SPEAK INTO THE MICROPHONE, IT WILL HELP THE  
20 TRANSCRIPTION.

21 DR. LOVE: I JUST WANTED, ALAN, DID THE  
22 PAPER TALK ABOUT THE CLINICAL TRIALS THAT USED BDNF?

23 DR. TROUNSON: NO, THEY DIDN'T. THEY  
24 DIDN'T CONNECT THE TWO, SO I'M CONNECTING IT FOR  
25 YOU. THEY DIDN'T CONNECT IT, BUT IT JUST SEEMS SO

## BARRISTERS' REPORTING SERVICE

1 OBVIOUS THE CONNECTION WITH BDNF FROM THE LAFERLA  
2 STUDY.

3 DR. PENHOET: LAFERLA'S WORK HAS NOT BEEN  
4 PUBLISHED YET.

5 DR. TROUNSON: THERE'S ED, IS IT? THANK  
6 YOU, ED. I THINK THAT'S CORRECT, BUT IT WAS GIVEN  
7 HERE AS -- FRANK SPOKE TO US AS A GROUP HERE.

8 DID I QUOTE YOU CORRECTLY, ED?

9 DR. PENHOET: YES.

10 DR. TROUNSON: SO ANOTHER STUDY WHICH I  
11 THINK IS REALLY IMPORTANT IS A PAPER, AGAIN,  
12 PUBLISHED IN MARCH IN *NATURE* ON WHAT THEY CALL  
13 PIGGYBAC TRANSPOSITION OR TRANSPOSON, WHICH IS  
14 CALLED PIGGYBAC. THESE MOLECULES REALLY ENTER THE  
15 GENOME VERY READILY. THEY ENTER AND THEY EXIT  
16 REALLY READILY. AND SO WHAT THEY'VE DONE HERE IS IN  
17 THE IPS AREA IS TO USE PIGGYBAC TRANSPOSON OR  
18 TRANSPOSITION TO TAKE IN THOSE TRANSCRIPTION FACTORS  
19 THAT ACTUALLY REPROGRAM AN ADULT SKIN CELL TO AN  
20 EMBRYONIC STEM CELL-LIKE CELL. SO THEY CAN ACTUALLY  
21 DO THAT WITH THIS TRANSPOSITION. THEY TAKE IT IN.

22 WHAT'S INTERESTING IN THIS PAPER IS THAT  
23 THEY'VE GOT IT UNDER AN INDUCIBLE SYSTEM. SO IF YOU  
24 ADD DOXYCYCLINE, IT TURNS ON THE GENE. SO NOW  
25 YOU'VE GOT BEAUTIFUL REGULATING AND TURN ON THE GENE



## BARRISTERS' REPORTING SERVICE

1 FOR AS LONG AS YOU LIKE AND THEN TURN IT OFF. BUT  
2 MORE IMPORTANTLY, I THINK, OR JUST AS IMPORTANTLY,  
3 YOU ARE GOING TO EXCISE THE WHOLE THING. SO BECAUSE  
4 IT'S A TRANSPOSON, IT'S EASILY EXCISED. YOU CAN  
5 TAKE IT OUT. SO AFTER YOU'VE TURNED THE CELLS INTO  
6 EMBRYONIC STEM CELL-LIKE PLURIPOTENTIAL CELLS, YOU  
7 CAN GET RID OF THE VIRAL ELEMENTS IN THE EXOGENOUS  
8 GENES. THIS IS WHAT WE'VE BEEN LOOKING FOR, SOME  
9 WAY IN WHICH TO REMOVE THOSE ELEMENTS BECAUSE  
10 CLEARLY NO REGULATORY BODY OR NONE THAT I KNOW OF  
11 WOULD BE HAPPY ABOUT THOSE ELEMENTS IN CLINICAL  
12 WORK.

13 SO THIS IS VERY IMPORTANT TECHNOLOGY.  
14 WHETHER IT'S THE ONE THAT WILL BE EVENTUALLY USED IN  
15 THIS WAY, I DON'T KNOW. BUT IT'S VERY CLEVER  
16 MOLECULAR SCIENCE, AND I THINK IT'S BEEN NOTED  
17 AMONGST SCIENTISTS AS A VERY IMPORTANT STUDY. SO I  
18 THOUGHT YOU SHOULD BE AWARE OF IT.

19 IT'S ALSO A GROUP IN GERMANY HANS SCHOLAR,  
20 WHO HANS WOULD LOVE TO WORK ON HUMAN EMBRYONIC STEM  
21 CELLS, BUT HASN'T EVER BEEN ALLOWED, BUT HE DOES  
22 BEAUTIFUL WORK ON THE MOUSE. HE'S ONE OF THE  
23 WORLD'S BEST SCIENTISTS. AND HE'S JUST DEMONSTRATED  
24 THAT YOU CAN USE -- YOU ONLY NEED ONE TRANSCRIPTION  
25 FACTOR, OCT-4, TO PUT INTO NEURAL STEM CELLS TO TURN

## BARRISTERS' REPORTING SERVICE

1 THEM INTO IPS CELLS. I THINK THAT'S EXTREMELY  
2 INTERESTING BECAUSE IT SETS NEURAL STEM CELLS APART  
3 FROM MOST OTHER CELL TYPES. AND I THINK IT'S A VERY  
4 NICE PIECE OF WORK PUBLISHED IN THE JOURNAL *CELL*.

5 THERE'S ALSO NOT A SAD STORY, ONE WHICH IS  
6 NOT A GOOD STORY THAT WAS PUBLISHED IN THE JOURNAL  
7 *PLOS*, AND IT IS A REPORT OF TUMORS AFTER FETAL  
8 NEURAL TRANSPORTS. THIS WORK WAS DONE IN RUSSIA.  
9 THIS CLINICAL WORK DONE IN RUSSIA. YOU WILL  
10 RECOGNIZE THAT RUSSIA IS ONE OF THOSE PLACES WHICH  
11 IS NOT WELL REGULATED FOR MEDICAL RESEARCH. IN  
12 FACT, IT'S NOT REGULATED MUCH AT ALL.

13 AND THERE ARE A LOT OF PATIENTS WHO TRAVEL  
14 TO RUSSIA AND OTHER PLACES FOR MEDICAL TOURISM, AND  
15 I CAN COMPLETELY UNDERSTAND WHAT DRIVES PARENTS TO  
16 DO THAT, BUT IT'S USUALLY NOT A GOOD THING TO DO  
17 BECAUSE, AS IN THIS CASE, WE'RE NOT REALLY SURE WHAT  
18 SORT OF CELLS OR WHAT THE PREPARATION OF THE CELLS  
19 WERE, BUT THEY WERE NEURAL STEM CELLS THAT WERE  
20 GIVEN TO THIS YOUNG BOY WITH ATAXIA, SERIOUS ATAXIA  
21 GENETIC DISEASE. AND THE OUTCOME WAS TUMORS, AND  
22 TUMORS FROM AT LEAST TWO OF THE DONOR CELL TYPES, SO  
23 THERE WAS AT LEAST TWO DONORS INVOLVED, TWO FETAL  
24 NEURON DONORS, AND THE OUTCOME IS VERY DISAPPOINTING  
25 BECAUSE TUMORS, IN AN ATTEMPT TO CORRECT THIS

**BARRISTERS' REPORTING SERVICE**

1 DISEASE, TUMORS IN BOTH THE SPINAL COLUMN AND THE  
2 BRAIN. AND THOSE TUMORS ARE DONOR RELATED.

3 NOW, WE'VE NEVER SEEN THIS, AND I DON'T  
4 RECALL SEEING ANY OF THIS HAPPENING WHEN FETAL BRAIN  
5 CELLS WERE INJECTED IN A RAFT OF OTHER STUDIES  
6 BEFOREHAND, NOR OF THE KIND OF STUDIES THAT ARE  
7 BEING DONE FOR BATTEN'S DISEASE. SO I THINK THIS IS  
8 A CONCERN. IT TELLS THAT THERE ARE RISKS OUT THERE.  
9 THE RISKS ARE NOT KNOWING EXACTLY WHAT ARE BEING  
10 USED, BUT ALSO THEY MAY HAVE BEEN NEURAL STEM CELLS,  
11 AND WE MAY HAVE SEEN SOMETHING THAT WE SHOULD BE  
12 CONCERNED ABOUT.

13 I BRING THAT TO YOUR ATTENTION BECAUSE I  
14 THINK IT'S A SERIOUS ISSUE. IT'S ONE WHICH IS  
15 APPARENTLY ADDITIONAL EXAMPLES HAVE HAPPENED FROM  
16 CANADA WHERE YOUNG PEOPLE HAVE GONE TO TREATMENT IN  
17 RUSSIA AS WELL. NOW, I DON'T KNOW IF THIS IS  
18 BECAUSE THERE'S A LOT MORE TREATMENT BEING DONE IN  
19 RUSSIA OR WHETHER THE PROCESS OR THE PROCEDURES ARE  
20 NOT APPROPRIATE. BUT THE RISKS IN THESE AREAS ARE  
21 SUBSTANTIAL, AND WE NEED TO BE CAREFUL. AND VERY  
22 IMPORTANTLY WE NEED TO UNDERSTAND WHAT'S HAPPENING  
23 WHEN WE DO GIVE PATIENTS THESE CELLS.

24 SO I THINK IT'S NOT A GOOD STORY. THE  
25 CHILD IS OKAY, BECAUSE THEY'RE SOLID TUMORS, AND

## BARRISTERS' REPORTING SERVICE

1 THEY' VE LEFT THEM IN PLACE AT THIS STAGE OR TAKEN  
2 SAMPLES OF SOME OF THEM, BUT IT' S JUST NOT A GOOD  
3 OUTCOME.

4 I ALSO HAD THE CHANCE OF VISITING THE  
5 GROUP AT SCRIPPS AT NOVARTIS RESEARCH INSTITUTE AS  
6 WELL. I HAVE TO REPORT TO YOU THAT IT' S AN  
7 ASTONISHING PLACE. SOMETIME YOU OUGHT TO GO THERE,  
8 AND I PICKED UP ONE OF THEIR PAPERS. THEY' VE GOT A  
9 LARGE RAFT OF PAPERS. WHAT THIS GROUP IS DOING IS  
10 TAKING ALL OF THE ASSAYS THAT HAVE BEEN DEVELOPED BY  
11 STEM CELL RESEARCH TEAMS AROUND THE COUNTRY,  
12 PARTICULARLY IN CALIFORNIA, AND THEY' RE USING THESE  
13 ASSAYS TO SCREEN SMALL MOLECULAR LIBRARIES. THESE  
14 ARE THE LIBRARIES WHICH ARE REALLY KEY TO  
15 IDENTIFYING NEW CANDIDATE DRUGS.

16 AND THEY' VE FOUND A RAFT OF THESE THINGS,  
17 AND I POINT TO YOU THIS PAPER BECAUSE IT' S GOING TO  
18 BE ONE OF MANY. SO THIS IS WORK THAT' S BEING DONE  
19 BY PETE SCHULTZ AND HIS COLLEAGUES IS ASTONISHING.  
20 THERE' S GOING TO BE A LOT OF NEW CANDIDATE DRUGS  
21 APPEAR FOR EXPANSION OF STEM CELL TYPES FOR DRIVING  
22 CELLS INTO DIFFERENTIATION PROGRAMS, IN THIS CASE  
23 TOWARDS THE BETA CELL EXPANSION, BUT THEY' VE GOT  
24 WORK ON HEMATOPOETIC STEM CELLS AND THEN CARDIAC --  
25 DIFFERENTIATION OF CARDIAC CELLS FROM HUMAN

## BARRISTERS' REPORTING SERVICE

1 EMBRYONIC STEM CELLS.

2 THERE'S GOING TO BE A RAFT OF REALLY  
3 IMPORTANT WORK FLOW FROM THERE. HERE IS ANOTHER  
4 LINK, IF YOU LIKE, BETWEEN THE WORK THAT WE'VE BEEN  
5 SUPPORTING AND SOME FANTASTIC WORK THAT'S COMING OUT  
6 OF THAT PARTICULAR GROUP. AND I THINK YOU NEED TO  
7 RECOGNIZE IT BECAUSE IT WILL PROBABLY BE THE FRONT  
8 END, I THINK, OF SOME OF THE CLINICAL TRIAL WORK  
9 THAT WILL COME THROUGH THESE SMALL MOLECULE  
10 CANDIDATES. VERY, VERY IMPRESSIVE.

11 SO WHAT HAVE WE BEEN DOING ESSENTIALLY IN  
12 STIMULATING THE RESEARCH IN CALIFORNIA? I GOT THE  
13 STAFF TO TAKE A LOOK AT THE NUMBER OF PUBLICATIONS  
14 AND PROPORTION OF PUBLICATION BY YEAR, AND YOU CAN  
15 SEE HERE ON THE X AXIS, THE LOWER AXIS IS YEAR, ON  
16 THE Y AXIS THE NUMBER OF PUBLICATIONS. YOU CAN SEE  
17 THAT THE NUMBER OF PUBLICATIONS IN STEM CELLS AND IN  
18 HUMAN EMBRYONIC STEM CELLS IS RISING IN CALIFORNIA.  
19 AND WE'D EXPECT THAT TO CONTINUE TO STRONGLY RISE.  
20 THIS IS IN RESPONSE TO CIRM AND THE FUNDING OF THESE  
21 REALLY TOP-LINE SCIENTISTS HERE IN CALIFORNIA.

22 IF YOU LOOK AT AS A PERCENTAGE OF U.S.  
23 PUBLICATIONS, AGAIN, YOU CAN SEE CALIFORNIA REALLY  
24 TAKING OFF IN THE HUMAN EMBRYONIC STEM CELL AREA.  
25 AND THAT'S OBVIOUSLY THE STIMULUS THAT CAME FROM THE

## BARRISTERS' REPORTING SERVICE

1 EARLY SEED GRANTING, BUT ALSO THE STEM CELL  
2 PROPORTION OF PUBLICATIONS RISING. AND IN THE NEXT  
3 ONE, THIS IS THE PERCENTAGE OF TOTAL *PUBMED*  
4 PUBLICATIONS. THAT'S THE WHOLE WORLD. AND YOU CAN,  
5 AGAIN, SEE HOW CALIFORNIA IS RISING IN BOTH STEM  
6 CELLS AND HUMAN EMBRYONIC STEM CELLS BECAUSE THESE  
7 ARE THE PAPERS WHICH WERE IDENTIFIED WITH STEM CELLS  
8 OR HUMAN EMBRYONIC STEM CELLS IN THE TITLE.

9 WE ARE STIMULATING VERY STRONGLY  
10 PUBLICATIONS AND PARTICULARLY PUBLICATIONS IN THE  
11 TOP-LINE JOURNALS. AND SO I THINK IT IS A MESSAGE  
12 OF PRODUCTIVITY THAT'S COMING VERY STRONGLY AS A  
13 RESULT OF THE STIMULUS OF OUR RESEARCH TEAMS.

14 THE NEW PERSONNEL AT THE INSTITUTE, KELLY  
15 SHEPARD IS A SCIENCE OFFICER. SHE COMES FROM  
16 PARALLEL SYNTHESIS TECHNOLOGIES. AND REBECCA  
17 JORGENSON IS A NEW SCIENCE OFFICER WHO'S COME FROM  
18 THE NIH, BOTH EXTREMELY WELCOME TO HAVE ON BOARD.

19 MY PRIORITIES, BRIEFLY, REVISION OF THE  
20 STRATEGIC PLAN. WE'VE HAD MEETINGS WITH INDUSTRY,  
21 AND YESTERDAY WE COMPLETED THE MEETINGS IN THE  
22 PUBLIC. THANKS TO JEFF AND TO MICHAEL FOR HELPING  
23 CHAIR THOSE PUBLIC SESSIONS. THEY WERE TERRIFIC.  
24 AND TO ED FOR CHAIRING THE INDUSTRY SESSIONS, GREAT.  
25 IT WAS VERY USEFUL AND VERY INTERESTING TO HAVE THE

## BARRISTERS' REPORTING SERVICE

1 INPUTS.

2 WE'VE HAD A LOT OF CAPABILITY MEETINGS  
3 WITH BOTH COMMERCIAL GROUPS AND INSTITUTIONS. WE'VE  
4 BEEN PLANNING AHEAD FOR THE FINANCIAL AND STRATEGIC  
5 ADJUSTMENTS FOR OUR ACTIVITIES.

6 WE'VE BEEN FOCUSING ON AUTISM  
7 OPPORTUNITIES FOR CIRM. I'LL GET MARIE TO BRIEFLY  
8 DISCUSS THAT IN A MOMENT. AND WE'VE BEEN EXAMINING  
9 OPPORTUNITIES IN THE SMALL MOLECULAR DISCOVERIES  
10 THAT I'VE JUST TOLD YOU ABOUT. ALSO DEVELOPING  
11 NETWORKS IN U.S. SCIENCE AND INDUSTRY. WE THINK  
12 THAT THESE NETWORKS ARE EXTREMELY IMPORTANT, SO ARE  
13 NETWORKING WITH FDA, NIH, BUT MANY DIFFERENT  
14 ORGANIZATIONS IS INCREASING. AND I THINK WE SEE  
15 PARTNERSHIPS AS BEING VERY IMPORTANT FOR US, NOT  
16 ONLY AROUND THE WORLD, BUT ALSO THROUGHOUT THE U.S.

17 GRANT REVIEWS COMPLETED, THE EARLY  
18 TRANSLATIONAL RESEARCH WAS COMPLETED AT THE GRANTS  
19 WORKING GROUP IN FEBRUARY. IT WILL COME IN APRIL TO  
20 THE ICOC FOR CONSIDERATION AND APPROVAL, IF  
21 APPROPRIATE.

22 UPCOMING RFA'S IS A BASIC RESEARCH  
23 INITIATIVE. AGAIN, THE RFA IS RELEASED. WE'RE AT  
24 THE MOMENT LOOKING AT THE PRELIMINARY ALLOCATION TO  
25 OUTCOME. I THINK THERE WERE ABOUT 135 APPLICATIONS

## BARRISTERS' REPORTING SERVICE

1 RECEIVED FOR THIS INITIATIVE. WE'RE EXPECTING THE  
2 GRANTS WORKING GROUP REVIEW IN JUNE, AND IT WILL  
3 COME TO THE ICOC IN AUGUST.

4 THE DISEASE TEAM RESEARCH AWARDS, WHICH  
5 EVERYBODY IS TALKING ABOUT THROUGHOUT CALIFORNIA,  
6 INDEED THE WORLD, THAT'S BEEN RELEASED IN FEBRUARY.  
7 THE PREAPPLICATIONS ARE TO BE WITH US IN MARCH, THIS  
8 MONTH, SO THEY'RE ABOUT TO ARRIVE. THE GRANTS  
9 WORKING GROUP REVIEW WILL BE IN SEPTEMBER AND ICOC  
10 APPROVAL IN THE FALL.

11 SO LOT OF WORK COMING UP FOR ALL OF US,  
12 BUT IT'S GOING TO BE REALLY, REALLY INTERESTING WHEN  
13 WE GET TO THE DISEASE TEAMS.

14 I WANT TO TALK TO YOU ABOUT THE BUDGET  
15 ALLOCATION AND EXPENDITURE REPORT. WE DO THIS  
16 MONTHLY, IF I CAN HAVE THE NEXT SLIDE. THIS IS OUR  
17 INTERNAL REPORT. WE GIVE IT TO YOU MONTHLY.  
18 MARGARET UNFORTUNATELY IS ILL, SO I'M GIVING IT TO  
19 YOU HERE. I THINK WE'RE WELL BELOW BUDGET RIGHT  
20 ACROSS THE BOARD. I THINK THAT'S WHAT YOU EXPECT US  
21 TO BE IN THIS CURRENT ENVIRONMENT.

22 SO AS A PERCENTAGE OF BUDGET ALLOCATED,  
23 THE FAR COLUMN SHOWS WHAT THE ALLOCATION IS TO THE  
24 END OF JANUARY. SO WE'RE WELL AND A TRULY BELOW 50  
25 PERCENT, SO WE WOULD BE WELL AND TRULY UNDER BUDGET.



## BARRISTERS' REPORTING SERVICE

1           THERE ARE MORE EXPENDITURES IN THE SECOND  
2 HALF OF THE YEAR, BUT I REPORT TO YOU THAT WE'RE  
3 SAILING VERY EVENLY. AND THANKS TO MICHAEL GOLDBERG  
4 FOR KEEPING AN EYE ON THESE MATTERS FOR US AS WELL.

5           AN AUDIT REPORT THAT'S GOING TO COME THIS  
6 MORNING, IF THE AUDITORS ARE HERE. CHAIR, DO YOU  
7 WANT A BRIEF AT THIS POINT?

8           CHAIRMAN KLEIN: YES, IF YOU COULD PLEASE  
9 PROCEED. I BELIEVE AUDITORS ARE PRESENT.

10          DR. TROUNSON: ARE THEY HERE? THE BOARD  
11 MEMBERS HAVE THE AUDITOR'S REPORT.

12          MS. WALKER-DAVY: GOOD MORNING. MY NAME  
13 IS SHELLY WALKER-DAVY. I'M AN AUDIT MANAGER AT  
14 MACIAS, GINI & O'CONNELL, AND I'M THE AUDITOR IN  
15 CHARGE OF THE CIRM FINANCIAL AUDIT.

16          I ASSUME YOU EACH HAVE THE TWO PRODUCTS  
17 THAT WE PROVIDE AS A RESULT OF OUR AUDIT. BEFORE I  
18 BEGIN, I'D LIKE THANK YOU FOR HAVING US SERVE AS  
19 YOUR AUDITORS THIS YEAR AND I GUESS A NEW CONTRACT.  
20 AND I'D LIKE TO THANK THE STAFF AT CIRM FOR THE  
21 COURTESIES THEY EXTENDED TO OUR STAFF DURING THE  
22 FIELD WORK. IT WAS VERY HELPFUL.

23          I'M GOING TO START WITH THE REPORT TO THE  
24 BOARD. IT'S THE SMALLER OF THE TWO REPORTS. I'M  
25 GOING TO BRIEFLY GO OVER BOTH OF THESE; AND IF YOU

## BARRISTERS' REPORTING SERVICE

1 HAVE ANY QUESTIONS, I'LL BE HAPPY TO ADDRESS THEM.

2 THE REPORT TO THE BOARD DEFINES OUR  
3 RESPONSIBILITIES. AND OUR RESPONSIBILITY AS  
4 AUDITORS IS TO GATHER ENOUGH EVIDENCE TO EXPRESS AN  
5 OPINION ON THE FINANCIAL STATEMENTS PREPARED BY  
6 MANAGEMENT THAT ARE FREE FROM MATERIAL MISSTATEMENT  
7 AND THEY'RE FAIRLY PRESENTED. IN OUR PLANNING OF  
8 OUR AUDIT, WE CONSIDER CIRM'S INTERNAL CONTROLS OR  
9 FINANCIAL REPORTING AS A BASIS OF OUR AUDIT  
10 PROCEDURES, BUT NOT FOR THE PURPOSE OF EXPRESSING AN  
11 OPINION ON THOSE INTERNAL CONTROLS.

12 ON PAGE 1 THERE IS A DEFINITION OF THREE  
13 TYPES OF DEFICIENCIES THAT WE CONSIDERED DURING OUR  
14 AUDIT. THE FIRST IS THE CONTROLLED EFFICIENCY WHICH  
15 IS MOST LENIENT OF THE THREE. IT MEANS THAT DURING  
16 THE COURSE OF NORMAL BUSINESS PROCEDURES, MANAGEMENT  
17 DID NOT DETECT OR PREVENT ANY KIND OF MISSTATEMENT  
18 RELATED TO THE FINANCIAL STATEMENTS. THE SECOND  
19 WOULD BE THE SIGNIFICANT DEFICIENCY. THAT MEANS AS  
20 A COMBINATION OF CONTROLLED DEFICIENCIES THAT MIGHT  
21 AFFECT THE ENTITY'S ABILITY TO AUTHORIZE, RECORD, OR  
22 PROCESS FINANCIAL REPORTING ESTIMATES. AND THERE'S  
23 A LIKELIHOOD THAT THERE BE A MISSTATEMENT IN THE  
24 FINANCIAL STATEMENTS AS A RESULT. THE THIRD WOULD  
25 BE A MATERIAL WEAKNESS, WHICH IS A SIGNIFICANT

## BARRISTERS' REPORTING SERVICE

1 DEFICIENCY OR COMBINATION OF SIGNIFICANT  
2 DEFICIENCIES THAT RESULT IN A REMOTE -- MORE THAN  
3 REMOTE LIKELIHOOD THERE WOULD BE A MISSTATEMENT IN  
4 THE FINANCIAL STATEMENTS AND WOULD NOT BE PREVENTED  
5 OR DETECTED BY ANY OF THE CONTROLS THAT THE ENTITY  
6 MAY HAVE.

7 WE'RE PROUD TO SAY THAT WE DID NOT  
8 IDENTIFY ANY SUCH DEFICIENCIES DURING THE COURSE OF  
9 OUR AUDIT.

10 I'M GOING TO MOVE ON TO SOME OF THE  
11 REQUIRED COMMUNICATIONS THAT WE DO AS PART OF THIS  
12 REPORT. I'M GOING TO MOVE TO PAGE 3. MANAGEMENT IS  
13 RESPONSIBLE FOR SELECTING THE ACCOUNTING POLICIES  
14 USED BY CIRM. DURING THE COURSE OF THE AUDIT, WE  
15 NOTED NO TRANSACTIONS ENTERED IN BY CIRM DURING THE  
16 YEAR THAT LACKED GUIDANCE OR CONSENSUS. WE DID NOT  
17 HAVE ANY DIFFICULTIES IN DEALING WITH MANAGEMENT.

18 (INTERRUPTION IN PROCEEDINGS.)

19 CHAIRMAN KLEIN: IF WE COULD GET ONE OF  
20 MEMBERS THAT'S ON THE PHONE TO MUTE THEIR PHONE IF  
21 THEY'RE GOING TO BE AWAY FROM THEIR PHONE FOR A  
22 MOMENT. WE'RE GETTING FEEDBACK OF SIGNIFICANCE.  
23 THANK YOU.

24 MS. WALKER-DAVY: WE DID NOT ENCOUNTER ANY  
25 SIGNIFICANT DEALING -- DIFFICULTIES IN OUR DEALINGS

## BARRISTERS' REPORTING SERVICE

1 WITH MANAGEMENT DURING THE COURSE OF OUR AUDIT. WE  
2 ALSO DEFINE AND EXPLAIN ANY CORRECTED OR UNCORRECTED  
3 MISSTATEMENTS. OUR PROFESSIONAL STANDARDS REQUIRE  
4 THAT WE ACCUMULATE ALL KNOWN AND LIKELY  
5 MISSTATEMENTS IDENTIFIED DURING THE AUDIT, AND THOSE  
6 ARE EITHER TRIVIAL OR COMMUNICATED TO THE  
7 APPROPRIATE LEVEL OF MANAGEMENT. MANAGEMENT HAS  
8 CORRECTED ALL SUCH MISSTATEMENTS. IN ADDITION, NONE  
9 OF THE MISSTATEMENTS THAT WERE DETECTED AS A RESULT  
10 OF OUR AUDIT PROCEDURES AND CORRECTED BY MANAGEMENT  
11 WERE MATERIAL EITHER INDIVIDUALLY OR IN AGGREGATE TO  
12 THE FINANCIAL STATEMENTS TAKEN AS A WHOLE.

13 WE DID NOT EXPERIENCE ANY DISAGREEMENTS  
14 WITH MANAGEMENT DURING THE AUDIT. AND IN SOME CASES  
15 MANAGEMENT MAY DECIDE TO CONSULT ACCOUNTANTS DURING  
16 THE AUDIT ON ACCOUNTING MATTERS SIMILAR TO OPINION  
17 SHOPPING IN CERTAIN CIRCUMSTANCES. DURING OUR AUDIT  
18 AND TO OUR KNOWLEDGE, NO SUCH CONSULTATIONS  
19 OCCURRED.

20 AND FINALLY, GENERALLY WE WOULD DISCUSS  
21 ANY MATTERS THAT CAME UP, ANY RECOMMENDATIONS  
22 PERHAPS, ANY BEST PRACTICES DURING THE COURSE OF OUR  
23 AUDIT. THAT WOULD BE IN THIS LAST SECTION. AND  
24 WE'RE PLEASED TO SAY WE DID NOT HAVE ANY  
25 RECOMMENDATIONS OR AUDIT FINDINGS AS A RESULT OF OUR

## BARRISTERS' REPORTING SERVICE

1 AUDIT.

2 SO I'M GOING TO GO OVER TO THE FINANCIAL  
3 STATEMENT. I KNOW YOU WENT OVER THE BUDGET AND  
4 WHATNOT, SO JUST GENERALLY SPEAKING, THE SIGNIFICANT  
5 CHANGES FROM THE PRIOR YEAR TO THIS YEAR WOULD BE,  
6 OF COURSE, THE BOND REVENUE RECEIVED, THE \$250  
7 MILLION. AND, OF COURSE, REPAYMENT OF THE BONDS AND  
8 THE BOND ANTICIPATION NOTES FROM THE PRIOR YEAR WERE  
9 REPAYED DURING THE YEAR. THAT WAS ONE OF THE LARGEST  
10 OUTFLOWS. ALSO, YOUR RESEARCH GRANTS OF 261 MILLION  
11 AND THE INCREASE IN STATE OPERATIONS AS CIRM SORT OF  
12 BEGINS TO GROW AND EXPAND. AND THEN THE LARGEST  
13 REVENUE ALSO INCLUDES INTEREST INCOME OF ABOUT \$10  
14 MILLION.

15 SO THOSE ARE THE INFLOWS AND THE OUTFLOWS.  
16 DOES ANYBODY HAVE ANY OTHER QUESTIONS? ALL RIGHT.  
17 THANK YOU VERY MUCH.

18 CHAIRMAN KLEIN: THANK YOU. WE REALLY  
19 APPRECIATE YOUR STAFF'S HELP. AND MY UNDERSTANDING  
20 IS THAT FOR NEXT YEAR, DR. ROBSON, WE HAVE A  
21 SCHEDULE SET UP SO THAT OUR GOAL IS FOR THESE AUDITS  
22 TO BE MOVED ON A PACE THAT WILL ALLOW US TO HAVE AN  
23 OVERSIGHT COMMITTEE MEETING IN NOVEMBER OR DECEMBER.  
24 IS THAT A CORRECT STATEMENT?

25 DR. ROBSON: THAT'S RIGHT.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND MY BELIEF IS THAT  
2 IT'S ALREADY BEEN BOOKED WITH THE AUDITORS TO  
3 ACHIEVE THAT SCHEDULE.

4 DR. ROBSON: I THINK SO. MARGARET  
5 FERGUSON HAS BEEN SCHEDULING THAT, BUT I THINK SHE  
6 HAS, YES.

7 CHAIRMAN KLEIN: AND ADDITIONALLY, THERE'S  
8 A CRITICAL PATH SUBSCHEDULE TO DEAL WITH THE  
9 CONTROLLER'S REVIEW. SO I THINK WE HAVE SOME FAIRLY  
10 ADVANCED PLANNING IN PLACE THAT'S VERY HELPFUL.  
11 THANK YOU VERY MUCH.

12 DR. TROUNSON: THANK YOU.

13 DR. LOVE: WHAT ARE OUR AUDITING FEES?

14 DR. TROUNSON: WHAT ARE THE AUDIT FEES? I  
15 DON'T KNOW THAT OFFHAND.

16 CHAIRMAN KLEIN: OUR AUDITOR IS IN THE  
17 BACK THERE. COULD YOU TELL US THE DOLLAR AMOUNT OF  
18 THE AUDITING FEES?

19 DR. TROUNSON: AUDIT FEES.

20 MS. WALKER-DAVY: I'M SORRY. I WAS ALMOST  
21 OUT THE DOOR. IT SEEMS TO ME THEY'RE ABOUT 55,000,  
22 I THINK. THEY HAVE A SMALL INCREMENT EVERY YEAR.

23 DR. LOVE: FOR THAT LEVEL OF FEES, MY  
24 SUSPICION IS THAT THE LEVEL OF AUDITING THAT'S GOING  
25 ON IS CONSIDERABLY LOWER THAN A PUBLIC COMPANY

## BARRISTERS' REPORTING SERVICE

1 MEETING 404.

2 MS. WALKER-DAVY: ACTUALLY WE DO CONSIDER  
3 A LOT OF THE INTERNAL CONTROLS AND USE SIMILAR  
4 PROGRAMS TO DOCUMENT INTERNAL CONTROLS BECAUSE WE  
5 HAVE NEW STANDARDS THAT REQUIRE WE DO THAT. SO IN  
6 TERMS OF DOCUMENTING, 404 REFERS TO THE  
7 SARBANES-OXLEY IN PARAGRAPH 404, AND SPECIFICALLY  
8 FRAUD AND INTERNAL CONTROL DOCUMENTATION. SO WE  
9 DEAL WITH THAT BECAUSE WE HAVE STANDARDS THAT  
10 REQUIRE IT, SO THAT IS MOST OF IT.

11 WHEN YOU REFER TO A LARGE COMPANY, YOU'RE  
12 PROBABLY REFERRING TO AN ORGANIZATION THAT HAS  
13 SEVERAL THOUSANDS OF TRANSACTIONS EVERY MONTH. AND  
14 THIS ORGANIZATION JUST ISN'T AS BIG AS THAT. SO THE  
15 TIME NECESSARY TO GATHER THE EVIDENCE IS LESS  
16 BECAUSE THERE'S NOT AS MANY TRANSACTIONS. BUT IN  
17 TERMS OF DOCUMENTING, WHAT IS REQUIRED FOR OUR  
18 STANDARDS, IT SHOULD BE THE SAME AS ANY OTHER  
19 CORPORATION OR ORGANIZATION.

20 DR. LOVE: THANK YOU.

21 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

22 DR. TROUNSON: SO IN ADDITION, THE BOARD  
23 ASKED US ON THE LAST OCCASION TO GIVE YOU SOME  
24 INFORMATION ON TRAVEL. AND THAT'S IN YOUR  
25 DOCUMENTS. SO PLEASE, THOSE THAT ARE INTERESTED IN

**BARRISTERS' REPORTING SERVICE**

1 THAT ITEM, YOU WILL FIND THAT IN THE DOCUMENT.  
2 BINDER TAB 9, MELISSA TELLS ME.

3 SO IF I COULD NOW HAND OVER TO DR. CSETE.

4 DR. CSETE: MR. CHAIRMAN AND MEMBERS OF  
5 THE BOARD AND MEMBERS OF THE PUBLIC, WE'RE HAPPY TO  
6 ANNOUNCE THAT WE'RE WELL INTO OUR PLANNING OF AN  
7 AUTISM WORKSHOP FOR MAY 28TH AND 29TH. AS YOU KNOW,  
8 WE HAVE BEEN ORGANIZING WORKSHOPS DURING THE LAST  
9 YEAR TO BRING IN EXPERTS FROM A VARIETY OF FIELDS TO  
10 GIVE US ADVICE ABOUT WHERE THE FIELD IS,  
11 STATE-OF-THE-ART, AND ADVISE US ON A RESEARCH  
12 AGENDA.

13 WE'RE NOT HAVING THIS AUTISM WORKSHOP  
14 BECAUSE WE'RE ADVOCATING STEM CELL THERAPIES FOR  
15 AUTISM. RATHER, LOOKING AHEAD AND BRINGING EXPERTS  
16 IN STEM CELL BIOLOGY TOGETHER WITH EXPERTS IN  
17 VARIOUS ASPECTS OF THESE BEHAVIORAL DISORDERS.

18 I'VE HAD CONSIDERABLE HELP IN ORGANIZING  
19 FROM ASHANI, AND ED PENHOET HAS AGREED TO BE A  
20 MODERATOR FOR THIS INTERESTING WORKSHOP. AND WE'VE  
21 ALSO GOTTEN INPUT FROM JON SHESTACK.

22 SO WE WILL HAVE TWO DAYS OF WORK. THE  
23 FIRST DAY WILL BE INTERACTIVE PANELS, AND WE'RE  
24 GOING TO DIVIDE THIS UP, FIRST AN UPDATE ON THE  
25 PATHOPHYSIOLOGY AND CLINICAL SPECTRUM OF THESE



## BARRISTERS' REPORTING SERVICE

1 DISORDERS. THE SECOND PANEL WILL BRING TOGETHER  
2 EXPERTS ON DIVERSE ANIMAL MODELS. IT'S REALLY  
3 INTERESTING THAT VERY DIFFERENT GENETIC DEFECTS HAVE  
4 CONVERGED TO A SIMILAR BEHAVIORAL PHENOTYPE. AND  
5 HAVING THESE COMPARED SIDE BY SIDE, I THINK, WILL  
6 GIVE US SOME INSIGHTS.

7 AND THEN, OF COURSE, THERE'S DISEASE IN A  
8 DISH PANEL IN WHICH WE WILL GET UPDATED ON THE IPS  
9 CELLS THAT HAVE BEEN ISOLATED FROM PATIENTS WITH  
10 AUTISM AND THE KINDS OF END POINTS OF ANALYSIS THAT  
11 MAY BE IMPORTANT FOR HIGH THROUGHPUT DEVELOPMENT OF  
12 NEW DRUG THERAPIES.

13 WE'RE ALSO BRINGING TOGETHER EXPERTS IN  
14 IMPLANTATION OF STEM CELLS INTO THE BRAIN AS AN  
15 INFORMATION SESSION FOR THE REST OF THE SCIENTISTS  
16 AT THE WORKSHOP.

17 ON DAY TWO, ANALOGOUS TO THE NATIONAL  
18 ACADEMY-TYPE MEETINGS, WE WILL BREAK OUR EXPERTS UP  
19 INTO MULTIDISCIPLINARY GROUPS AND HAVE CLINICIANS  
20 AMONG THEM TO COME BACK TO US WITH THEIR OPTIMAL  
21 OPINIONS ABOUT WHAT A RESEARCH AGENDA SHOULD BE  
22 INDEPENDENT OF CIRM. AND THEN WE CAN USE THAT  
23 INFORMATION TO LOOK AND SEE WHERE CIRM COULD  
24 POSSIBLY BE CONTRIBUTING TO A CHANGE IN THE  
25 THERAPIES AVAILABLE TO PATIENTS WITH AUTISM AND

**BARRISTERS' REPORTING SERVICE**

1 RELATED DISORDERS.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.  
3 CSETE.

4 MR. ROTH: WHERE IS THAT MEETING?

5 DR. TROUNSON: THE MEETING WILL BE IN SAN  
6 FRANCISCO ON MAY 28TH, 29TH.

7 MR. ROTH: JUST A REQUEST THAT WE  
8 CONSIDER -- I KNOW THE IMMUNOLOGY WORKSHOP WAS IN  
9 SAN FRANCISCO AND NOW THIS ONE IS IN SAN FRANCISCO.  
10 SO BEING MINDFUL OF TRYING TO MOVE SOME OF THESE  
11 AROUND THE STATE.

12 DR. TROUNSON: THANK YOU, DUANE.

13 CHAIRMAN KLEIN: I THINK THIS IS VERY  
14 IMPORTANT.

15 MR. SHESTACK: I JUST WANTED TO SAY THIS  
16 SOUNDS QUITE EXCELLENT. THE ONE THING I TALKED TO  
17 DR. CSETE ABOUT BEFORE WAS I UNDERSTAND YOU WANT TO  
18 KEEP THESE MEETINGS SMALL, AND THE FOCUS IS REALLY  
19 ON EDUCATING CIRM STAFF SO THAT THEY CAN PUT OUT  
20 BETTER POTENTIAL RFA'S IN THE FAR FUTURE FOR AUTISM.  
21 BUT IF WE COULD ALSO GET REPRESENTATION FROM SOME OF  
22 THE MAJOR -- SOME OF THE YOUNGER OR NEWER POST DOCS  
23 AT SOME OF THE MAJOR STEM CELL LABS IN THE STATE,  
24 EVEN IN THE GALLERY OF A MEETING LIKE THIS, IT WOULD  
25 ACTUALLY RESULT IN AUTISM-RELATED PROPOSALS MUCH

## BARRISTERS' REPORTING SERVICE

1 EARLIER.

2 FOR INSTANCE, WE'VE HAD NONE SO FAR IN THE  
3 HISTORY OF CIRM, WHICH IS FINE BECAUSE THE  
4 OPPORTUNITY WASN'T THERE. BUT THE OPPORTUNITY IS  
5 THERE NOW, AND ANYTHING WE COULD DO TO JUMP START  
6 THAT AND TO ALLOW PEOPLE TO COMPETE WOULD BE MUCH  
7 DESIRED.

8 CHAIRMAN KLEIN: I THINK THAT'S AN  
9 EXCELLENT SUGGESTION. MAYBE, DR. CSETE, YOU COULD  
10 REPORT BACK TO US THE NEXT BOARD MEETING ABOUT YOUR  
11 EVALUATION OF THAT, BUT ALSO LIKE TO COUPLE THAT  
12 WITH DUANE ROTH'S COMMENT IN THAT IN TERMS OF OUR  
13 OBJECTIVES HERE, WE WANT TO MAKE CERTAIN THAT WE ARE  
14 GEOGRAPHICALLY WITHIN THE STATE PROVIDING ACCESS FOR  
15 SCIENTISTS, CLINICIANS, AND LEADERS WITHIN EACH  
16 REGION TO ACCESS THESE WORKSHOPS.

17 SO HAVING THEM IN SAN DIEGO, HAVING THEM  
18 IN L.A., AS WELL AS SAN FRANCISCO IS VERY VALUABLE.  
19 THAT DOES REQUIRE ADDITIONAL TRAVEL, BUT WE THINK  
20 THE TRAVEL REALLY IS AN INVESTMENT IN DRIVING  
21 SCIENCE FORWARD, WHICH IS OUR MISSION AND THERAPIES  
22 FORWARD. SO WE NEED TO UNDERSTAND THAT AS MOVING  
23 SIGNIFICANT NUMBERS OF STAFF TO LOCATIONS, OTHER  
24 LOCATIONS IN THE STATE, WILL MEAN AUGMENTATIONS IN  
25 THE TRAVEL, BUT IT IS PART OF OUR ESSENTIAL FUNCTION

## BARRISTERS' REPORTING SERVICE

1 TO MAKE SURE THAT WE'RE SERVING THE ENTIRE STATE AND  
2 PROMOTING KNOWLEDGE AND DRIVING NEW INTEREST IN NEW  
3 THERAPIES AND NEW DISEASE AREAS, LIKE AUTISM, AREAS  
4 OF OPPORTUNITY THROUGHOUT THE STATE.

5 IN CONNECTION WITH THE COMMENT THAT WAS  
6 JUST MADE IF, IN FACT, SOME TRAVEL STIPENDS HAVE TO  
7 BE MADE FOR YOUNG INVESTIGATORS WHO MAY HAVE  
8 POTENTIAL INTEREST IN AN AREA, I THINK THAT'S  
9 SOMETHING THE STAFF SHOULD CONSIDER.

10 DR. TROUNSON: JUST ON THAT, CHAIR, RIGHT.  
11 THIS IS AN INVITATION, SO WE'RE INVITING SPECIFIC  
12 PEOPLE. WE WANT TO KEEP IT AT A RELATIVELY SMALL  
13 MANAGEABLE SIZE SO THAT WE CAN GET REALLY TARGETED  
14 INPUTS. SO, OF COURSE --

15 MR. SHESTACK: DR. TROUNSON, I KNOW THAT'S  
16 TRUE, BUT THE AUTISM COMMUNITY HAS SPENT A LOT OF  
17 TIME SITTING AROUND A TABLE TALKING TO ITSELF. AND  
18 IF THERE IS POTENTIAL FOR IT TO -- FOR PEOPLE FROM  
19 NEW LABS TO BE EXPOSED TO IT, IT WOULD BE GREAT TO  
20 DO IT SOONER RATHER THAN LATER. THAT'S ALL.

21 CHAIRMAN KLEIN: I THINK JON'S COMMENT,  
22 DR. TROUNSON, WAS IF SOME OF THESE YOUNGER  
23 INVESTIGATORS COULD EVEN BE OBSERVERS IN THE GALLERY  
24 WERE HIS WORDS.

25 MR. SHESTACK: THEY DON'T NEED TO

## BARRISTERS' REPORTING SERVICE

1 PARTICIPATE. PEOPLE TRULY NEED TO KNOW THAT THIS IS  
2 POTENTIALLY A SUBJECT OF REAL INTEREST. AND THE  
3 ONLY WAY THEY KNOW IT IS IF THEY ACTUALLY SEE IT AND  
4 THEN TAKE IT BACK TO THEIR INSTITUTIONS. THIS WAS  
5 EXACTLY THE PROCESS WE HAD TO DO WHEN WE STARTED  
6 ONLY 12 AUTISM RESEARCHERS, AND NOW WE HAVE SEVERAL  
7 HUNDRED. IT WAS A TEDIOUS, PAINSTAKING, FILLING UP  
8 THE BACK ROWS OF MEETINGS SO THERE WAS A POTENTIAL  
9 FUNDING.

10 CHAIRMAN KLEIN: OKAY. DR. TROUNSON,  
11 WOULD YOU LIKE TO MAKE ANOTHER COMMENT, OR DR.  
12 PULIAFITO WOULD LIKE TO MAKE A COMMENT.

13 DR. PULIAFITO: I HAVE A QUESTION, WHICH  
14 IS I THINK IT'S VERY IMPORTANT --

15 (INTERRUPTION IN PROCEEDINGS.)

16 CHAIRMAN KLEIN: IF ONLINE MEMBERS COULD  
17 MAKE SURE, IF THEY'RE GOING TO LEAVE THE LINE FOR  
18 ANY REASON, WE ENJOY THE MUSIC, BUT IT'S IMPORTANT  
19 TO PUT YOUR PHONE ON MUTE AND MAKE SURE, IF THERE'S  
20 AN AUTOMATIC MUSIC WHEN YOU ARE ON HOLD, NOT TO PUT  
21 US ON HOLD. THANK YOU.

22 DR. PULIAFITO: I WITHDRAW MY COMMENT.

23 DR. TROUNSON: THERE'S NO WORK THAT I'VE  
24 SEEN PUBLISHED. IT IS OF INTEREST THAT ONE OF OUR  
25 GRANTEES HAS TOLD ME THAT HE HAS IDENTIFIED A

## BARRISTERS' REPORTING SERVICE

1 MOLECULAR PATHWAY WHICH APPEARS TO CREATE  
2 AUTISTIC-TYPE BEHAVIOR IN AN ANIMAL MODEL. AND THAT  
3 WAS THE VERY FIRST TIME. SO WE'RE EXPECTING TO SEE  
4 SOMETHING, AGAIN, SURPRISINGLY FLOW OUT OF THE WORK  
5 THAT WE'RE DOING MORE BROADLY. AND WE'VE INVITED  
6 THAT PERSON TO COME ALONG AS WELL AS THE PEOPLE WHO  
7 REPRESENTED THE PEOPLE WHO ARE DOING THE HIGH  
8 THROUGHPUT SCREENING. SO WE ARE BROADLY TRYING TO  
9 GATHER A TARGETED WAY TO SEE IF THERE'S SOMETHING  
10 THAT WE CAN SPECIFICALLY DO IN THIS STEM CELL AREA  
11 FOR THIS DREADFUL CONDITION OR THIS PARTICULAR  
12 PROBLEM A LOT OF PEOPLE KNOW ABOUT, OF COURSE.

13 CHAIRMAN KLEIN: DR. POMEROY.

14 DR. POMEROY: ALAN, YOU MENTIONED THAT YOU  
15 HAD INCLUDED THE TRAVEL INFORMATION IN HERE. AND I  
16 DO HAVE A QUESTION ABOUT THE INTERNATIONAL SOCIETY  
17 OF STEM CELL RESEARCH. IT SAYS IN HERE THAT SEVERAL  
18 OF THE CIRM STAFF MEMBERS SERVE ON THE BOARD OF  
19 ISSCR. SO HOW DO YOU -- I'M JUST READING FROM THE  
20 MATERIALS YOU GAVE US. SO HOW DO YOU ENSURE THAT  
21 THERE'S NO CONFLICT WHEN WE AWARD \$100,000 TO THAT  
22 ORGANIZATION WHEN WE HAVE STAFF MEMBERS SERVING ON  
23 THE BOARD?

24 DR. TROUNSON: SO THE ONLY STAFF MEMBER  
25 THAT'S A BOARD MEMBER IS MYSELF, CLAIRE. I HAVE

## BARRISTERS' REPORTING SERVICE

1 NO -- I EXIT COMPLETELY FROM THIS AREA.

2 CHAIRMAN KLEIN: DR. TROUNSON IS RECUSED  
3 FROM THOSE DISCUSSIONS.

4 DR. POMEROY: SO THIS STATEMENT THAT THERE  
5 ARE -- MAYBE I MISREAD IT.

6 DR. ROBSON: THERE'S SEVERAL MEMBERS WHO  
7 SERVE ON SUBCOMMITTEES WITH THE ISSCR, BUT THERE'S,  
8 AS FAR AS I KNOW, ONLY ONE BOARD MEMBER. SORRY OF  
9 THAT WAS MISWRITTEN.

10 DR. POMEROY: THANK YOU.

11 CHAIRMAN KLEIN: YES. DR. TROUNSON.

12 DR. PENHOET: BOB, REPEAT YOUR COMMENT  
13 ABOUT THE MUSIC ON THE PHONE BECAUSE WHOEVER HAD IT  
14 ON PROBABLY WASN'T LISTENING WHILE YOU WERE MAKING  
15 THAT COMMENT.

16 CHAIRMAN KLEIN: THANK YOU, DR. PENHOET.  
17 SO WHOMEVER HAD THE MUSIC, REMEMBER, IF YOU PUT US  
18 ON HOLD, YOUR MUSIC WILL PROBABLY COME ON  
19 AUTOMATICALLY. SO PLEASE CONSTRAIN YOURSELF FROM  
20 PUTTING US ON HOLD. BUT THANK YOU VERY MUCH, DR.  
21 PENHOET.

22 DR. TROUNSON: THIS IS THE GALLERY OF  
23 PEOPLE WHO ARE IN CHARGE AT THE HARD WORKING INTERFACE  
24 WITH SCIENCE AND ALL OUR ACTIVITIES.

25 IF WE GO TO THE NEXT SLIDE, YOU DID ASK US

## BARRISTERS' REPORTING SERVICE

1 TO PROVIDE YOU WITH A PRIORITY LIST FOR FUNDING. SO  
2 THIS IS A STAFF SCIENTIFIC PRIORITY LIST. WE'VE  
3 ACTUALLY WORKED PRETTY HARD ON THIS, AND WE WANT TO  
4 GIVE YOU SOME INSIGHT INTO THE REASONS WHY WE  
5 CREATED A LIST AS YOU REQUESTED OF US, WHY IT'S  
6 CREATED IN THIS WAY.

7 AND SO I'M JUST GOING TO INTRODUCE SOME OF  
8 THE BACKGROUND, AND THEN ASK DON ROBSON TO COME  
9 FORWARD WITH THE FINANCIALS.

10 CHAIRMAN KLEIN: I THINK THAT WHAT WE  
11 INTEND TO DO, DR. TROUNSON, I'D LIKE TO TALK WITH  
12 JAMES HARRISON FOR A MOMENT, IS THAT IF WE COULD  
13 HAVE THAT ITEM CLOSER IN TIME PROXIMITY TO THE  
14 CONSIDERATION OF ITEM 16, 17, AND 18, THEN IT WILL  
15 BE FRESH IN THE MINDS OF THE BOARD AS WE TRY AND GO  
16 THROUGH THE FUNDING ITEMS. I THINK THAT WAS, FROM A  
17 LEGAL PERSPECTIVE, AS WELL THE INTENT OF THE SOME  
18 SEQUENCING THAT WE'VE WORKED OUT TO DEAL WITH  
19 CONFLICTS ISSUES. IS THAT CORRECT, MR. HARRISON?

20 MR. HARRISON: THAT'S RIGHT.

21 CHAIRMAN KLEIN: IS THAT ACCEPTABLE, DR.  
22 TROUNSON?

23 DR. TROUNSON: SURE. I THOUGHT THAT YOU  
24 WOULD BE GOING ON TO THOSE ITEMS NEXT. SO SORRY.

25 CHAIRMAN KLEIN: RIGHT. WE HAVE SOME



**BARRISTERS' REPORTING SERVICE**

1 CONSENT ITEMS AND SOME OTHER THINGS TO COVER  
2 QUICKLY, BUT THANK YOU VERY MUCH.

3 ALL RIGHT. SO --

4 MS. KING: MR. CHAIRMAN, JUST FOR THE  
5 RECORD, I WOULD LIKE TO INVITE OUR BOARD MEMBERS ON  
6 THE PHONE TO STATE THEIR NAMES, PLEASE.

7 DR. FRIEDMAN: MICHAEL FRIEDMAN.

8 MR. SHESTACK: JON SHESTACK.

9 MS. KING: DR. PENHOET, I KNOW YOU'RE  
10 THERE AS WELL, RIGHT?

11 SO FOR THE RECORD, MICHAEL FRIEDMAN, JON  
12 SHESTACK, AND ED PENHOET HAVE JOINED THE MEETING,  
13 AND WE DO HAVE A QUORUM.

14 CHAIRMAN KLEIN: FOR THE RECORD, WE JUST  
15 HEARD FROM DR. PENHOET. WE KNOW HE'S THERE. HE MAY  
16 BE ON MUTE FOR A MOMENT, BUT WE WILL RECONFIRM WITH  
17 HIM THAT HE IS BACK. WE HAVE MORE THAN A QUORUM  
18 WITHOUT DR. PENHOET BEING ON AT THIS MOMENT.

19 WITH THAT IN MIND, COULD WE GET A MOTION  
20 ON CONSENT ITEMS UNLESS THERE IS A NEED FOR  
21 DISCUSSION ON A CONSENT ITEM? AND MELISSA KING, OUR  
22 EXECUTIVE DIRECTOR FOR THE BOARD, WOULD LIKE TO CALL  
23 OUR ATTENTION TO THE FACT THAT THE MINUTES, ITEM NO.  
24 4, IS NOT INCLUDED IN THE CONSENT ITEMS.

25 MS. KING: ITEM NO. 4 IS NOT INCLUDED.

## BARRISTERS' REPORTING SERVICE

1 ALL THREE OF THE OTHER ITEMS, 5, 6, AND 7 THAT  
2 YOU' LL SEE ON THE CONSENT CALENDAR ARE INCLUDED.  
3 AND SOMEONE COULD MAKE A MOTION TO APPROVE THE  
4 ENTIRE CONSENT CALENDAR.

5 CHAIRMAN KLEIN: WITHOUT ITEM 4?

6 MS. KING: CORRECT.

7 DR. PULIAFITO: I'D LIKE TO MOVE THAT WE  
8 ACCEPT THE ENTIRE CONSENT AGENDA EXCEPT FOR ITEM 4.

9 CHAIRMAN KLEIN: THANK YOU. IS THERE A  
10 SECOND?

11 MR. SERRANO-SEWELL: SECOND.

12 CHAIRMAN KLEIN: THERE'S A MOTION AND A  
13 SECOND. IS THERE DISCUSSION? SEEING NO DISCUSSION,  
14 IS THERE PUBLIC DISCUSSION ON THE CONSENT CALENDAR?  
15 SEEING NONE, VOICE VOTE WITH A ROLL CALL VOTE OF  
16 THOSE THAT ARE ON THE PHONE. SO ALL IN FAVOR.  
17 OPPOSED?

18 COULD WE THEN GO THROUGH ROLL CALL FOR  
19 THOSE ON THE PHONE?

20 MS. KING: MICHAEL FRIEDMAN.

21 DR. FRIEDMAN: YES.

22 MS. KING: ED PENHOET.

23 DR. PENHOET: YES.

24 MS. KING: JON SHESTACK.

25 MR. SHESTACK: YES.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: THANK YOU. MOTION CARRIES.

2 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

3 AND WE'D LIKE TO AT THIS POINT MOVE ON TO ITEM NO.

4 10, AND I THINK WE'RE GOING TO JUST TAKE A

5 FIVE-MINUTE BREAK BEFORE WE GO THROUGH THIS ITEM.

6 (A RECESS WAS TAKEN.)

7 CHAIRMAN KLEIN: WE'RE GOING TO RECONVENE.

8 IF THE STAFF COULD RESCUE ANY OF THE MEMBERS WHO

9 MIGHT BE ACROSS THE HALL FOR A QUICK COFFEE. WE

10 NEED TO MOVE FORWARD. THANK YOU VERY MUCH. DR.

11 POMEROY DEMONSTRATED WE COULD GET COFFEE AND GET

12 BACK IN TIME.

13 DR. POMEROY: THANK YOU, BOB. I WANT FULL

14 CREDIT.

15 CHAIRMAN KLEIN: ALL RIGHT. RECONVENE THE

16 MEETING AND MOVE TO ITEM 10, THE BOND PRIVATE

17 PLACEMENT PROGRAM AND MORE MUSIC. SO THANK YOU,

18 JOAN, FOR MAKING THE SPECIAL EFFORT TODAY TO BE

19 HERE. WE GREATLY APPRECIATE THAT. WE KNOW HOW

20 CHALLENGING IT CAN BE AT TIMES.

21 I'D LIKE TO RECOGNIZE THAT ART TORRES IS

22 IN THE AUDIENCE. ART, YOU WANT TO RAISE YOUR HAND.

23 ONE OF THE TWO CANDIDATES FOR VICE CHAIR.

24 SO ON THE BOND PROGRAM, IN THE INTERIM

25 BETWEEN THE TWO MEETINGS, WE HAD A NUMBER OF

## BARRISTERS' REPORTING SERVICE

1 PRIORITIES TO DRIVE THROUGH. IN THE FIRST HIGHLIGHT  
2 OF THAT PROCESS, I WILL TELL YOU THAT THE GOAL WAS  
3 TO MAKE CERTAIN THAT NEW PRIVATE PLACEMENT BOND  
4 PROCEEDS THAT WE OBTAINED WOULD NOT BE PULLED OFF TO  
5 GO TO PAY DOWN THE \$250 MILLION PMI LOAN THAT WE  
6 DREW DOWN LATE LAST SPRING. WE WANTED THE NEW FUNDS  
7 WE RAISE TO GO TO NEW PROGRAM COMMITMENTS AND TO OUR  
8 CASH FLOW FOR THIS PERIOD.

9 AFTER DISCUSSIONS WITH THE TREASURER'S  
10 OFFICE, CONTROLLER'S OFFICE, THERE WAS A MEETING OF  
11 THE POOLED MONEY INVESTMENT FUND BOARD. TED LOVE  
12 AND MARCY FEIT, WHO ARE DESIGNEES THAT I HAVE MADE  
13 TO THE STATE BOND CREDIT COMMITTEE, MORE  
14 SPECIFICALLY THE CALIFORNIA STEM CELL RESEARCH AND  
15 CURES BOND CREDIT COMMITTEE, WERE AT THE MEETING  
16 THAT I ATTENDED WITH THE POOLED MONEY INVESTMENT  
17 FUND BOARD WHERE THEY REACHED A DECISION THAT NONE  
18 OF OUR 400 MILLION THAT WE WERE SEEKING IN THE NEXT  
19 ITEM ON THE AGENDA, WHICH WAS TO CONVENE OUR BOND  
20 CREDIT COMMITTEE, WOULD BE UTILIZED TO PAY BACK THE  
21 250 MILLION. THE STATE WOULD TAKE THE \$250 MILLION  
22 OBLIGATION AND FIT THAT INTO THEIR PUBLIC BOND SALE  
23 PROGRAM SO THAT ALL OF OUR INDIVIDUAL EFFORTS TO  
24 AUGMENT CASH FLOW FOR THE STATE WOULD GO INTO OUR  
25 PROGRAMS. SO THAT'S OBVIOUSLY A MAJOR BENEFIT TO

## BARRISTERS' REPORTING SERVICE

1 US. IT TAKES THAT BURDEN TO PAY BACK THE 250  
2 MILLION OUT OF OUR SPHERE OF RESPONSIBILITY.

3 SECONDLY, IT TURNS OUT THAT FROM LAST  
4 SEPTEMBER AND OCTOBER, WHEN I BEGAN THE DISCUSSIONS  
5 WITH THE TREASURER'S OFFICE ABOUT BOND CAPACITY AND  
6 PRIVATE PLACEMENTS, AS THEY HAVE PROCEEDED ON THIS  
7 CONCEPT, IT HAS GAINED THE POPULARITY, PARTICULARLY  
8 A GREAT SPIKE IN POPULARITY AFTER OUR PUBLIC MEETING  
9 IN JANUARY WHERE WE DISCUSSED THIS AT LENGTH.

10 AND SO AS THE CALIFORNIA STEM CELL  
11 RESEARCH AND CURES BOND CREDIT COMMITTEE CONVENED,  
12 WHICH IS COMPOSED OF A REPRESENTATIVE OF THE STATE  
13 DIRECTOR OF FINANCE, THE CONTROLLER, AND THE STATE  
14 TREASURER, WITH THE STATE TREASURER PERSONALLY BEING  
15 THERE FOR THIS MEETING, TED AND MARCY AND I FOUND  
16 THAT, WHILE WE HAVE OUR OWN BOND CREDIT COMMITTEE,  
17 BECAUSE I WROTE THAT INTO THE INITIATIVE, THAT  
18 IMMEDIATELY FOLLOWING OUR ITEM ON THE AGENDA, THEY  
19 CONVENED THE BASIC BOND CREDIT COMMITTEE FOR THE  
20 STATE, AND THERE WERE 13 OTHER BOND PRIVATE  
21 PLACEMENTS FOLLOWING OUR MODEL.

22 IN FACT, ABOUT 25 PERCENT OF THOSE HAD  
23 SPECIFICALLY, INSTEAD OF SPECIFYING TAX-EXEMPT BOND  
24 PRIVATE PLACEMENT, HAD FOLLOWED OUR MODEL OF  
25 SPECIFYING TAXABLE BOND PRIVATE PLACEMENT BECAUSE

## BARRISTERS' REPORTING SERVICE

1 THE TAXABLE BOND MARKET IS MORE THAN 20 TIMES LARGER  
2 THAN THE TAX-EXEMPT MARKET. I'M UNDERESTIMATING  
3 THAT LEVERAGE, JUST GIVING YOU AN ORDER OF MAGNITUDE  
4 OF DIFFERENCE.

5 DR. POMEROY: CAN YOU REPEAT THAT  
6 STATEMENT, THAT OTHERS ARE NOW GOING TAXABLE? IS  
7 THAT WHAT YOU SAID?

8 CHAIRMAN KLEIN: ABOUT 25 PERCENT OF THE  
9 OTHERS FOLLOWING THIS MODEL ARE NOW GOING TAXABLE.

10 NOW, WE HAVE, BESIDES THE VOLUME OF THE  
11 MARKET COMPARISON, WE HAVE OTHER REASONS FOR HAVING  
12 OURS BEING TAXABLE BECAUSE OUR LOAN PROGRAM IS A  
13 PROGRAM THAT NEEDS TO BE FUNDED WITH TAXABLE BONDS.  
14 WE HAVE A THREE-YEAR REPRICING DATE ON OUR NOTES, SO  
15 THAT AFTER THREE YEARS, WE CAN LOOK AT THE  
16 COMPOSITION OF THE FUNDING WE HAVE DONE, AND FOR  
17 THOSE EXPENDITURES THAT WE'VE MADE WITH BOND  
18 PROCEEDS THAT CAN BE TAX-EXEMPT, WE CAN SEGREGATE  
19 THOSE OUT INTO A TAX-EXEMPT ISSUE.

20 SO OUR CURRENT FUNDING IN THE MARKETS IS  
21 AN INTERIM FUNDING, AND WE WILL HAVE THE BENEFIT OF  
22 LOOKING BACK TO SEE HOW MUCH WE CAN PULL OUT INTO  
23 THE TAX-EXEMPT DEBT; BUT BY GOING TAXABLE WITH ALL  
24 OF IT RIGHT NOW, IT SAVES US TIME, IT SAVES US  
25 ISSUES THAT WE COULD BE CHALLENGED ON LEGALLY.

## BARRISTERS' REPORTING SERVICE

1 WE'RE TAKING THE MORE CONSERVATIVE APPROACH, AND WE  
2 GET THE BENEFIT OF BEING IN A MARKET THAT'S VASTLY  
3 LARGER THAN THE TAX-EXEMPT MARKET.

4 IN THE --

5 MS. SAMUELSON: I JUST HAVE A QUESTION  
6 ABOUT THAT. TO TRY TO UNDERSTAND IT, IS THAT  
7 SOMETHING THAT WE HAVE CONTROL OVER? WHY WOULDN'T  
8 THAT BE SOMETHING THAT IS SOME OTHER LEVEL OF  
9 GOVERNMENT OR SOME OTHER PART OF GOVERNMENT?

10 CHAIRMAN KLEIN: SO WE UNIQUELY HAVE OUR  
11 OWN BOND CREDIT COMMITTEE. BUT IN TERMS OF CONTROL,  
12 IT HAS TO BE WORKED OUT WITH THE CONSTITUTIONAL  
13 OFFICERS SO THAT WE GET ACCEPTANCE BOTH FROM THE  
14 THREE CONSTITUTIONAL OFFICERS AS WELL AS OUR  
15 REPRESENTATIVES.

16 MS. SAMUELSON: PURSUANT TO THE TERMS OF  
17 THE INITIATIVE.

18 CHAIRMAN KLEIN: PURSUANT TO THE TERMS OF  
19 THE INITIATIVE, THAT'S RIGHT. SO THERE'S  
20 CONSTITUTIONAL LEADERSHIP PARTICIPATION IN THAT  
21 DECISION, AND THE TREASURER'S LEADERSHIP IS VERY  
22 IMPORTANT; BUT WE HAVE A BURDEN OF ADVOCACY TO MAKE  
23 CERTAIN IN PRESENTING OUR CASE THAT IT IS VALIDLY  
24 SUPPORTED BY DOCUMENTS AND FACTS AND WE PERSUADE THE  
25 TREASURER, CONTROLLER, AND STATE DIRECTOR OF

## BARRISTERS' REPORTING SERVICE

1 FINANCE.

2 IT'S VERY IMPORTANT TO ALSO UNDERSTAND  
3 THAT ONE OF THOSE TAXABLE ISSUES, IN FACT, THE  
4 PRIVATE PLACEMENT -- ONE OF THE TAX-EXEMPT ISSUES OF  
5 THE PRIVATE PLACEMENT WAS COMPLETED. IT'S THE BAY  
6 AREA TOLL AUTHORITY COMPLETED ON 2/27/09 FOR 200  
7 MILLION. THEY HAD A SIGNIFICANT ADVANTAGE IN  
8 COMPLETING THIS QUICKLY IN THAT THEY USED THEIR OWN  
9 CASH TO BUY THE BONDS, SO MADE IT A LITTLE LESS  
10 DIFFICULT TO FIND A BUYER.

11 THE ALAMEDA COUNTY SUPERVISOR WHO CHAIRS  
12 THE BRIDGE AUTHORITY, SCOTT HAGGERTY, I THINK, WAS  
13 VERY IMPORTANT IN THAT TRANSACTION. AND IT DOES  
14 HELP THEM IN TERMS OF STRUCTURING THEIR CASH FLOW.

15 IN WORKING WITH THE STATE TREASURER'S  
16 OFFICE, WE HAVE WORKED OUT ALL BUT ONE FINAL TERM  
17 NOW OF THE TERM SHEET, AND WE ARE IN THE PROCESS OF  
18 WORKING WITH ENTITIES ON INITIAL INFORMATIONAL  
19 PACKAGES TO PROCEED WITH THIS PRIVATE PLACEMENT  
20 AGENDA.

21 AND I'D LIKE TO ASK TED OR MARCY IF THEY  
22 HAVE ANY PARTICULAR COMMENTS THEY'D LIKE TO MAKE ON  
23 THE MEETINGS. WE CERTAINLY HEARD FROM A NUMBER OF  
24 AGENCIES AT THAT MEETING ABOUT THE SITUATION THAT  
25 THEY WERE IN, THE CHALLENGES THEY WERE FACING IN



## BARRISTERS' REPORTING SERVICE

1 OBTAINING BOND FUNDS FOR CRITICAL PRIORITIES OF THE  
2 STATE. IT'S IMPORTANT TO NOTE AND HIGHLIGHT IN ANY  
3 DISCUSSION WE HAVE THAT BY GOING OUT OURSELVES AND  
4 DOING PRIVATE PLACEMENTS, WE'RE NOT DISPLACING ANY  
5 OF THOSE OTHER PRIORITIES OF THE STATE. WE'RE NOT  
6 DISPLACING BOND NEEDS FOR THE SCHOOL SYSTEM. WE'RE  
7 NOT DISPLACING BOND NEEDS FOR MENTAL HEALTH SYSTEM  
8 OR HIGHWAY SYSTEMS. WE'RE RAISING FUNDS THAT  
9 OTHERWISE WOULDN'T BE AVAILABLE TO THE STATE THROUGH  
10 OUR PRIVATE PLACEMENTS.

11 SO IT IS, I THINK, INHERENTLY IMPORTANT  
12 THAT WE ASSUME THE RESPONSIBILITY DURING THIS TIME  
13 OF CHALLENGE FOR THE STATE THAT WE'RE BRINGING NEW  
14 FUNDS INTO THE SYSTEM THAT ARE ADDRESSING OUR NEEDS  
15 TO DRIVE FORWARD THERAPIES FOR PATIENTS WITHOUT  
16 DETRACTING FROM ANY OF THE OTHER STATE OBJECTIVES.

17 IT'S ALSO VERY IMPORTANT TO NOTE THAT OUR  
18 ECONOMIC STUDY SHOWS THAT FROM OUR MAJOR FACILITIES  
19 PROGRAM ALONE, WE'LL PRODUCE BY 2010 \$100 MILLION IN  
20 NEW TAX REVENUE FOR THE STATE BEFORE THE FIRST  
21 PAYMENT IS MADE BY THE GENERAL FUND ON OUR BOND  
22 DEBT, AND THAT PAYMENT IS APPROXIMATELY \$15 MILLION.  
23 SO ON A CASH-FLOW BASIS, WE'VE ACTUALLY BEEN  
24 BENEFITING THE STATE BECAUSE OF THE STRUCTURE WHERE  
25 THE INTEREST ON OUR BOND IS CAPITALIZED THROUGH THE

**BARRISTERS' REPORTING SERVICE**

1 END OF 2009.

2 THIS PRESENTS, HOPEFULLY, A CORRECT  
3 PICTURE TO THE STATE, THAT WE TAKE OUR  
4 RESPONSIBILITY VERY SERIOUSLY IN CONTRIBUTING TO THE  
5 SOLUTION OF THE STATE'S PROBLEMS, NOT INCREASING THE  
6 STATE'S PROBLEMS BECAUSE, IN FACT, ULTIMATELY IN THE  
7 FINANCIAL HEALTH OF THE STATE LONG TERM, IT IS  
8 CRITICAL THAT HEALTHCARE COSTS BE REDUCED WHILE  
9 HEALTH OF PATIENTS IN CALIFORNIA BE ENHANCED, AND  
10 HOPEFULLY INTERVENTIONIST THERAPIES THAT ARE  
11 POTENTIAL THROUGH CELLULAR THERAPIES AND SMALL  
12 MOLECULE THERAPIES DISCOVERED THROUGH EMBRYONIC OR  
13 ADULT STEM CELL RESEARCH HAVE THE OPPORTUNITY TO  
14 AVOID CHRONIC TREATMENT OVER DECADES FOR MANY  
15 PATIENTS. THOSE CHRONIC TREATMENTS ARE A HUGE  
16 PORTION OF THE STATE'S HEALTHCARE BURDEN.

17 TED OR MARCY, ANY COMMENTS ON THIS  
18 PROCESS?

19 MS. FEIT: NO. JUST MY IMPRESSION THAT I  
20 THINK ONE OF THE GROUPS THAT WAS THERE THAT DAY WERE  
21 THE HOUSING, AND THEY WERE FEELING PRETTY DESPERATE  
22 AROUND THEY HAVE PROJECTS UNDER WAY AND COULD NOT  
23 SEE HOW THEY WERE GOING TO COMPLETE THEM, AND  
24 COMMITMENTS HAVE BEEN MADE. JUST A DESPERATE TIME.

25 CHAIRMAN KLEIN: RIGHT. OKAY. TED, ANY

## BARRISTERS' REPORTING SERVICE

1 COMMENT?

2 I WOULD ALSO LIKE TO THANK SHERRY LANSING,  
3 WHO'S MADE ANOTHER SPECIAL EFFORT AND JUST ARRIVED.

4 BUT IN OUR PROCESS IN THE CASE STUDY ON  
5 THE BOND ANTICIPATION NOTES, ONE OF THE ATTORNEYS  
6 THAT WORKED ON THAT EFFORT, STEVE CHURCHWELL, CAME  
7 AND MADE A PRESENTATION TO US. AND IT'S IMPORTANT  
8 TO NOTE THAT IN EVERY ONE OF THE TRANSACTIONS IN THE  
9 BOND ANTICIPATION NOTES, THERE WERE PROBABLY FIVE TO  
10 SEVEN ATTORNEYS THAT ARE INVOLVED. SO WE HAVE -- HE  
11 HAPPENED TO REPRESENT HIS CLIENT INDIVIDUALLY ALONG  
12 WITH TWO OTHER ATTORNEYS FOR HIS CLIENT, AND THERE  
13 WERE AT LEAST FOUR OTHER ATTORNEYS, INCLUDING THE  
14 TREASURER'S ATTORNEY, OUR BOARD GENERAL COUNSEL, AND  
15 TWO ATTORNEYS FROM THE STATE'S BOND COUNSEL'S FIRM,  
16 ORRICK HERRINGTON, THAT WERE INVOLVED IN THAT  
17 TRANSACTION.

18 SO I WANT TO GIVE THE BOARD ASSURANCES,  
19 WHILE WE PROVIDED KIND OF ANECDOTAL INSIGHT INTO THE  
20 COMPLEXITIES FACED BY A SPECIFIC ATTORNEY, THERE ARE  
21 SEVEN -- FIVE TO SEVEN ATTORNEYS IN EVERY ONE OF  
22 THOSE TRANSACTIONS TO MAKE SURE EVERY ASPECT LEGALLY  
23 AND PROFESSIONALLY WAS COVERED. AND IN WHAT WE'RE  
24 DOING NOW, WE'RE ALREADY UP TO SEVEN ATTORNEYS  
25 LOOKING AT EVERY TRANSACTION BETWEEN THE DIFFERENT

## BARRISTERS' REPORTING SERVICE

1 AGENCIES OF THE STATE AND OUR COUNSEL AND TAX  
2 COUNSEL IN ADDITION TO THE CLIENTS' COUNSELS, WHICH  
3 SOMETIMES WILL BE TWO OR THREE IN NUMBER, NOT  
4 SINGULAR. SO THE SCRUTINY IS MICROSCOPIC. AND I  
5 WANT TO GIVE YOU ASSURANCES THAT IT'S THOUGHTFULLY  
6 AND PROFESSIONALLY ACCOMPLISHED.

7 DR. PRICE: ALSO CONTRIBUTION TO ECONOMIC  
8 STIMULUS.

9 CHAIRMAN KLEIN: CONTRIBUTION TO ECONOMIC  
10 STIMULUS.

11 THE FEDERAL GOVERNMENT, I WOULD POINT OUT,  
12 AS WELL HAS SOME INTERESTING NEW PROGRAMS THAT MIGHT  
13 APPLY TO OUR PROGRAM, INCLUDING A POTENTIAL PROGRAM  
14 FOR REIMBURSING 35 PERCENT OF TAXABLE BOND INTEREST  
15 COST. THAT WILL -- IF THAT, IN FACT, DOES APPLY, IT  
16 WILL INVOLVE A COUPLE MORE ATTORNEYS FROM THE  
17 FEDERAL GOVERNMENT AND STATE GOVERNMENT. SO I WANT  
18 TO INDICATE THAT, EVEN THOUGH I'M A MEMBER OF THE  
19 CALIFORNIA BAR ASSOCIATION, I DO NOT PRACTICE LAW.  
20 I HAVE NO INTEREST IN PROMOTING ANY FIRM. I HOLD NO  
21 INTEREST IN ANY FIRM. IT'S MERELY AN ESSENTIAL PART  
22 OF THE TRANSACTION.

23 SO THAT'S THE UPDATE ON THAT PRIVATE  
24 PLACEMENT.

25 DR. PRIETO: QUESTION. IF WE HAVE SOME

**BARRISTERS' REPORTING SERVICE**

1 IDEA WHAT THE MARKET IS GOING TO BE OVER THIS NEXT  
2 12 MONTHS FOR THIS TYPE OF BOND.

3 CHAIRMAN KLEIN: VERY SPECIALIZED. I  
4 WOULD INDICATE THAT WE'RE LOOKING AT 400 TO 450  
5 BASIS POINTS OR 4 TO 4.5 PERCENT OVER TREASURIES OF  
6 LIKE MATURITY. SO WE'RE IN THE 5 TO 5.5 PERCENT  
7 RANGE. AND ON A THREE-YEAR MATURITY FOR THE EIGHTH  
8 LARGEST ECONOMY IN THE WORLD, THIS IS A VERY  
9 REASONABLE INVESTMENT. IN ADDITION TO THE FACT THAT  
10 MAJOR FOUNDATIONS WHO HAVE AN INTEREST IN MAKING A  
11 PROGRAM INVESTMENT GET A BENEFIT FROM MAKING THE  
12 PROGRAM INVESTMENT, IT'S A VERY REASONABLE,  
13 COMPETITIVE RETURN.

14 AND WE SPEND A GREAT DEAL OF OUR TIME  
15 GOING THROUGH THE FEDERAL AND STATE CONSTITUTIONS  
16 AND THE PROTECTIONS AGAINST BANKRUPTCY AND CASH  
17 FLOWS OF THE STATE AND THE HISTORY OF THE STATE'S  
18 PAYMENTS. SO DESPITE THE VERY STRONG LEVELS OF  
19 FINANCIAL RETURNS, IT IS AN IMPORTANT PROCESS.

20 I WOULD LIKE TO REMIND EVERYONE THAT UNDER  
21 THE STATE CONSTITUTION, THE FIRST PRIORITY IS  
22 EDUCATION, WHICH TAKES APPROXIMATELY 40 PERCENT OF  
23 THE STATE'S REVENUE. DEBT SERVICE IS THE NEXT  
24 PRIORITY. SO IF THE STATE CAN HANDLE 40 PERCENT OF  
25 ITS REVENUE PROJECTIONS, IT CAN THEN MAKE THE NEXT

## BARRISTERS' REPORTING SERVICE

1 TRANCHE, WHICH IS DEBT SERVICE PAYMENTS. OUR BOND  
2 PLACEMENT PURCHASERS WILL BE IN A VERY STRONG  
3 POSITION PURSUANT TO THE STATE CONSTITUTION, THE  
4 STRUCTURE OF THE STATE'S CASH FLOWS.

5 ALL RIGHT. ANY PUBLIC COMMENT ON THAT  
6 ITEM? JOHN SIMPSON.

7 DR. SIMPSON: JOHN SIMPSON FROM CONSUMER  
8 WATCHDOG. OBVIOUSLY THIS DOES REQUIRE, AS YOU WERE  
9 SUGGESTING, A LOT OF LAWYERS. AND OTHER THAN  
10 PROVIDING ECONOMIC STIMULUS FOR LAWYERS, I WONDER DO  
11 YOU HAVE AN ESTIMATE OF THE LEGAL FEES THAT ARE  
12 GOING TO BE INVOLVED IN THE PRIVATE PLACEMENT?

13 AND SECOND QUESTION WOULD BE I'M ASSUMING  
14 THAT THIS WOULD BE A HIGHER RATE OF INTEREST THAN IF  
15 IT WERE NOT TAXABLE BONDS. SO DO YOU HAVE AN  
16 ESTIMATE AS TO THE ADDITIONAL COSTS IN INTEREST AS  
17 COMPARED TO WHAT IT MIGHT HAVE BEEN DOING THE OTHER  
18 ROUTE, SO BOTH THE LEGAL FEES AND THE COSTS OF THE  
19 DIFFERENCE IN INTEREST.

20 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
21 JEFF SHEEHY HAD ASKED A QUESTION ON COST IN A  
22 BROADER PERSPECTIVE. AND SO FOR THE APRIL MEETING,  
23 WE'RE GOING TO BRING BACK KIND OF A CONCEPTUAL  
24 BUDGET FOR THE COST OF THE TRANSACTION AND PROBABLY  
25 LOOK AT IT IN INCREMENTS, THE FIRST HUNDRED OR 200

## BARRISTERS' REPORTING SERVICE

1 MILLION AND THEN THE NEXT 200 MILLION. WE'D LIKE TO  
2 HAVE MORE INFORMATION AT THAT TIME.

3 THAT COST IS GOING TO BE VARIABLE BASED  
4 UPON HOW MANY TRANSACTIONS WE HAVE TO GO THROUGH  
5 THAT CAN'T CLOSE AS VERSUS THOSE THAT DO CLOSE.  
6 IT'S HARD TO ESTIMATE. SO WE'RE GOING TO HAVE TO  
7 GIVE RANGES ON THIS. BUT THIS IS AN UNPRECEDENTED  
8 MARKET IN OUR LIFETIMES, AND IT IS A CHALLENGE TO  
9 COME WITH THOSE NUMBERS, BUT WE'RE GOING TO DO OUR  
10 BEST JOB IN BRINGING IT.

11 THE SECOND POINT IS THAT IT'S NOT  
12 NECESSARILY A HIGHER RATE OF INTEREST. THE REASON  
13 IS THAT IN A PUBLIC OFFERING, YOU'VE GOT TO REALLY  
14 PRICE TO THE MARGINAL PURCHASER, THE LAST PURCHASERS  
15 TO REALLY BE ABLE TO CLOSE THE TRANSACTION. SO THEY  
16 DRIVE THE PRICING UNLESS YOU SIZE DOWN THE ISSUE.  
17 IN THIS CASE, BECAUSE WE'RE ABLE TO DEAL WITH  
18 INDIVIDUAL PRIVATE PLACEMENT TARGETS WHO HAVE, IN  
19 MOST CASES, A SECOND IMPORTANT MOTIVATION, WHICH IS  
20 PROGRAM INVESTMENT IN THE AREA THAT THEIR CHARTER  
21 DECLARES IS THEIR CORE MISSION, WE MAY WELL HAVE  
22 LESS THAN A MARKET RATE OF INTEREST.

23 WHAT'S IMPORTANT AS A BENCHMARK IS THAT  
24 THE LEGISLATIVE ANALYST ORIGINALLY ESTIMATED OUR  
25 AVERAGE COST FOR BONDS OVER THE PERIOD WOULD BE

## BARRISTERS' REPORTING SERVICE

1 ABOUT 5 PERCENT, AND WE'RE IN THAT RANGE. SO WE'RE  
2 CONSISTENT WITH THAT RANGE DESPITE THE MOST  
3 CHALLENGING FINANCIAL PERIOD THAT THIS STATE HAS  
4 FACED IN THE LAST 80 YEARS.

5 I THINK IF THAT CONCLUDES THE PUBLIC  
6 COMMENT, I'D LIKE TO MOVE TO THE NEXT ITEM, WHICH  
7 MEANS WE WILL ADJOURN FOR AN EXECUTIVE SESSION. AND  
8 THIS HOPEFULLY WILL BE IN THE RANGE OF 45 MINUTES,  
9 BUT IT MAY GO LONGER BASED UPON THE WILL AND WISHES  
10 OF THE BOARD. IF WE COULD ADJOURN. AND MELISSA  
11 KING, WOULD YOU HAVE AN ANNOUNCEMENT BEFORE WE  
12 ADJOURN?

13 MR. HARRISON: JUST TO BE CLEAR, CHAIR,  
14 WE'RE ADJOURNING TO CLOSED SESSION PURSUANT TO  
15 HEALTH AND SAFETY CODE SECTION 125290.30(D)(3)(D)  
16 AND GOVERNMENT CODE SECTION 11126.

17 MS. KING: I JUST WANTED TO DO ONE MORE  
18 CHECK FOR MEMBERS WHO ARE ON THE PHONE. I KNOW  
19 THAT -- I BELIEVE THAT WE'VE HAD ONE MORE MEMBER  
20 JOIN. I'D JUST LIKE TO ASK IF DR. LEVEY IS ON THE  
21 LINE? OKAY. AND I'D ALSO LIKE TO ASK THE MEMBERS  
22 WHO ARE ON THE PHONE AT THIS TIME TO HANG UP FROM  
23 THE CONFERENCE LINE YOU'RE CURRENTLY DIALED INTO AND  
24 DIAL INTO THE ONE THAT YOU HAVE FOR THE CLOSED  
25 SESSION. THANK YOU.



**BARRISTERS' REPORTING SERVICE**

1 (THE BOARD THEN ADJOURNED TO CLOSED  
2 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. THE  
3 PROCEEDINGS THEN CONTINUED IN OPEN SESSION AS  
4 FOLLOWS:)

5 CHAIRMAN KLEIN: ALL RIGHT. DO WE HAVE  
6 ALL THE BOARD MEMBERS IN? AND DO WE HAVE THE  
7 MEMBERS THAT ARE ON THE PHONE?

8 MS. KING: WORKING ON HAVING THEM ON THE  
9 PHONE AS WE SPEAK.

10 CHAIRMAN KLEIN: ALL RIGHT. I'M GOING TO  
11 WAIT A MINUTE UNTIL THE MEMBERS ARE ON THE PHONE. I  
12 BELIEVE THAT --

13 MS. KING: JUST A QUICK CHECK. IF YOU ARE  
14 ON THE PHONE, COULD YOU PLEASE STATE YOUR NAME,  
15 HOPEFULLY NOT ALL AT ONCE. ANYONE? LOOKS LIKE THEY  
16 MAY NOT YET HAVE REJOINED US.

17 CHAIRMAN KLEIN: OR THEY'RE VERY QUIET.

18 (COMMENTS FROM THE TELEPHONE  
19 OPERATOR.)

20 CHAIRMAN KLEIN: OPERATOR, THERE'S A THIRD  
21 LINE AS WELL; IS THAT CORRECT?

22 THE OPERATOR: THERE'S A CONFERENCE LINE  
23 AND THERE'S TWO CONNECTED LINES, AND THEN YOUR LINE.

24 MR. HARRISON: MR. CHAIRMAN, WE DO HAVE A  
25 QUORUM IN THE ROOM.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: I WANT THE BENEFIT OF ALL  
2 THE MEMBERS, INCLUDING THOSE ON THE PHONE, TO BE  
3 ABLE TO PARTICIPATE, BUT THANK YOU.

4 IF THE OPERATOR COULD BE ADVISED THAT THE  
5 OPERATOR IS FEEDING BACK INTO THE SESSION.

6 THE OPERATOR: THAT'S SOMEONE FROM ONE OF  
7 THE CONNECTED LINES TALKING. IT WASN'T MY VOICE.

8 CHAIRMAN KLEIN: IF THERE ARE STAFF ON THE  
9 LINES WAITING FOR US TO COMMENCE OUR SESSION, PLEASE  
10 ADVISE THEM WE'RE COMMENCING IMMEDIATELY. ARE ANY  
11 BOARD MEMBERS ON THE CALL AT THIS TIME? LYNN, COULD  
12 YOU ASSIST MELISSA AND COULD OTHER STAFF ASSIST  
13 MELISSA IN CALLING THE BOARD MEMBERS TO INDICATE  
14 THAT WE ARE COMMENCING IMMEDIATELY? THEIR LINES ARE  
15 EVIDENTLY OPEN, BUT THEY'RE NOT YET ON THE LINE.

16 DR. LEVEY: I'M ON THE LINE NOW, BOB.

17 CHAIRMAN KLEIN: DR. LEVEY, THANK YOU. WE  
18 JUST WANTED TO HEIGHTEN THE SUSPENSE FOR THE  
19 AUDIENCE. THIS IS COMPLETELY ORCHESTRATED.

20 MS. LANSING: WE WANT FULL PARTICIPATION  
21 OF EVERYBODY.

22 CHAIRMAN KLEIN: ALL RIGHT. ANY OTHER  
23 BOARD MEMBERS HAVE JOINED?

24 DR. PENHOET: ED.

25 CHAIRMAN KLEIN: OKAY. AND DR. LEVEY.

**BARRISTERS' REPORTING SERVICE**

1 AND DO WE HAVE ANOTHER MEMBER?

2 MS. KING: NOT AT THIS TIME.

3 CHAIRMAN KLEIN: SO I'M GOING TO PROCEED  
4 AT THIS MOMENT. AND I'D LIKE TO SAY IN OPENING THE  
5 DISCUSSION OF ITEM 12, CONSIDERATION OF AMENDMENTS  
6 TO THE PROPOSITION 71 ICOC BYLAWS AND INTERNAL  
7 GOVERNANCE POLICY REGARDING THE VICE CHAIRS, WE ARE  
8 AN INSTITUTION THAT IS COMMITTED TO ADVANCING  
9 THERAPIES FOR PATIENTS. THAT IS OUR MISSION. OUR  
10 MISSION DOES NOT GIVE US A KNOWN PATH TO THERAPIES.  
11 IT IS A MISSION THAT REQUIRES US TO BE OPEN,  
12 CREATIVE, RESPONSIVE TO OPPORTUNITY. AND IN THAT  
13 CONTEXT, TO BUILD OUR ORGANIZATION FOR OUR MISSION,  
14 THIS IS A VERY IMPORTANT VOTE.

15 I WOULD LIKE TO TURN THIS OVER TO THE  
16 CHAIR OF OUR GOVERNANCE COMMITTEE, SHERRY LANSING,  
17 TO INTRODUCE THIS ITEM. AND LET IT BE KNOWN THIS  
18 AGENCY IS OPEN TO GREAT OPPORTUNITY.

19 MS. LANSING: THANK YOU, BOB. I SO  
20 APPRECIATE WHAT YOU'RE SAYING. AND WE ARE IN A  
21 UNIQUE SITUATION. WE HAVE ALWAYS BEEN AN AGENCY  
22 THAT SUPPORTS COLLABORATION. YOU'VE SEEN IT WITH  
23 OUR SCIENTISTS, AND YOU'VE SEEN IT WITH THE WAY THAT  
24 WE WORK WITH ALL OF THE OTHER GROUPS. WE ARE ALSO  
25 IN A UNIQUE TIME WHEN OUR STATE IS FACING FINANCIAL

## BARRISTERS' REPORTING SERVICE

1 CHALLENGES.

2 WE HAVE ALSO PROMISED OUR CHAIRMAN  
3 SUPPORT. IF YOU REMEMBER THE LAST TIME THAT WE MET,  
4 WHEN BOB AGREED TO TAKE A REDUCED SALARY AND WORK 50  
5 PERCENT OF THE TIME, WHICH WE KNEW WAS NOT IN HIS  
6 NATURE, WE ALWAYS SAID THAT WE WOULD GIVE HIM  
7 ADDITIONAL HELP. AND SO WE ARE PRESENTED WITH WHAT  
8 I REFER TO AS A HIGH CLASS PROBLEM. WE HAVE TWO  
9 EXTRAORDINARY CANDIDATES BEFORE US. AND I'M GOING  
10 TO TALK JUST VERY BRIEFLY ABOUT EACH OF THEM IN  
11 ALPHABETICAL ORDER.

12 SO I WILL START WITH DUANE, AND I DON'T  
13 WANT TO EMBARRASS YOU, DUANE, BUT WE KNOW OF DUANE'S  
14 BACKGROUND, WE KNOW OF HIS WORK IN THE PRIVATE  
15 INDUSTRY AND LIFE SCIENCES, IN BIOTECH, BUT MOST  
16 IMPORTANT, WE KNOW OF THE EXTRAORDINARY DEDICATION  
17 THAT HE HAS SHOWN TO THIS BOARD, HIS EXTRAORDINARY  
18 LEADERSHIP, HIS HARD WORK, HIS COLLABORATIVE NATURE.  
19 ALL OF US HAVE HAD THE PRIVILEGE OF WORKING WITH HIM  
20 AND HAVE THOROUGHLY SEEN THE FRUITS OF YOUR  
21 DEDICATION, OF YOUR INTELLIGENCE, AND OF YOUR  
22 COMMITMENT.

23 ART TORRES HAS BEEN A LIFELONG PUBLIC  
24 SERVANT. HE'S BEEN COMMITTED TO EDUCATION, THE  
25 ENVIRONMENT, HUMAN RIGHTS, AND MOST IMPORTANT TO US,

## BARRISTERS' REPORTING SERVICE

1 HEALTHCARE. HE'S A BIG SUPPORTER OF OUR  
2 PROPOSITION. HE IS HIMSELF A COLON CANCER SURVIVOR,  
3 AND HIS MOTHER IS A BREAST CANCER SURVIVOR.

4 HE HAS WORKED WITHIN THE STATE ASSEMBLY  
5 AND AS A STATE SENATOR, ALWAYS CARING ABOUT PATIENT  
6 RIGHTS. HE IS ALSO ONE OF THE MOST COLLABORATIVE  
7 AND INTELLIGENT PEOPLE THAT I HAVE MET, AND IT HAS  
8 BEEN A PLEASURE GETTING TO KNOW HIM.

9 SO HERE'S OUR HIGH CLASS PROBLEM. WE HAVE  
10 TWO EXTRAORDINARY CANDIDATES, TWO CANDIDATES THAT  
11 CAN HELP BOB AND THAT CAN HELP ALL OF US REACH OUR  
12 COMMISSION. SO IT WAS THE UNANIMOUS CONSENT, THE  
13 UNANIMOUS DECISION OF THE GOVERNANCE COMMITTEE TO  
14 CREATE TWO CO-EQUAL VICE CHAIRS. TO RECOMMEND. IT  
15 WAS THE RECOMMENDATION OF THE GOVERNANCE COMMITTEE  
16 AND IT WAS A UNANIMOUS RECOMMENDATION BECAUSE WE  
17 FEEL THAT THEY BOTH HAVE UNIQUE SKILLS, THAT THEY  
18 BOTH HAVE BEEN OPERATING IN DIFFERENT AREAS, AND  
19 THAT TOGETHER ONE PLUS ONE WON'T JUST EQUAL THREE,  
20 IT WILL PROBABLY EQUAL FIVE, AS HAS BEEN SAID BY MY  
21 PARTNER.

22 SO I WOULD LIKE TO TURN IT OVER TO JAMES  
23 TO EXPLAIN HOW WE WOULD GO ABOUT DOING THIS, AND  
24 THEN HAVE DISCUSSIONS FROM THE BOARD.

25 MR. HARRISON: THANK YOU, SHERRY. IN YOUR

## BARRISTERS' REPORTING SERVICE

1 BINDER YOU WILL FIND BEHIND TAB 12 PROPOSED  
2 AMENDMENTS TO THE ICOC'S BYLAWS. LET ME FIRST SET  
3 THE STAGE FOR THIS BECAUSE QUESTIONS HAVE BEEN  
4 RAISED ABOUT THE AUTHORITY FOR ESTABLISHING A SECOND  
5 CO-CHAIR POSITION.

6 AS ALL OF YOU KNOW, PROP 71 ESTABLISHES A  
7 CHAIR AND A VICE CHAIR BY STATUTE. AND IT ALSO  
8 SPECIFIES THE DUTIES OF THE CHAIR, AND STATES THAT  
9 THE VICE CHAIR'S DUTY IS TO SUPPORT THE CHAIR IN  
10 CARRYING OUT HIS DUTIES. OF COURSE, AS A PUBLIC  
11 OFFICER, THE CHAIR ALSO HAS THE AUTHORITY TO  
12 DELEGATE HIS DUTIES TO ANOTHER OFFICER OF THE  
13 AGENCY.

14 IN ADDITION, PROPOSITION 71 SPECIFIES THAT  
15 THE BOARD HAS THE POWER TO TAKE ALL ACTS THAT ARE  
16 NECESSARY OR APPROPRIATE TO CIRM'S MISSION. IN  
17 LIGHT OF THE CHAIR'S AUTHORITY TO DELEGATE DUTIES  
18 AND THE BOARD'S AUTHORITY TO TAKE ALL ACTIONS  
19 NECESSARY OR APPROPRIATE TO CIRM'S MISSION, THE  
20 BOARD HAS THE POWER TO AMEND THE BYLAWS TO CREATE A  
21 CO-VICE CHAIR POSITION IN ADDITION TO THE STATUTORY  
22 POSITION THAT ALREADY EXISTS.

23 LET ME TAKE YOU THROUGH THE PROPOSED  
24 AMENDMENTS TO EXPLAIN MECHANICALLY HOW THIS WOULD  
25 WORK. IF YOU TURN TO PAGE 11 IN THE BYLAWS, IN

## BARRISTERS' REPORTING SERVICE

1 ARTICLE 8, SECTION 1, THE BYLAWS DEFINE WHO THE  
2 OFFICERS OF THE BOARD ARE. THEY ARE A CHAIR AND A  
3 VICE CHAIR ELECTED PURSUANT TO PROPOSITION 71 UNDER  
4 THE STATUTORY PROVISIONS. FOR SHORTHAND PURPOSES,  
5 I'LL REFER TO THIS VICE CHAIR AS THE STATUTORY VICE  
6 CHAIR.

7 WE WOULD ALSO AMEND THE BYLAWS TO ADD A  
8 CO-VICE CHAIR POSITION ELECTED PURSUANT TO THE  
9 BYLAWS. FOR SHORTHAND PURPOSES, WE'LL REFER TO THAT  
10 POSITION AS THE BYLAWS VICE CHAIR.

11 IN SECTION 2 OF ARTICLE 8, WE ACCOMPLISH  
12 THREE THINGS. ONE, WE PROVIDE THAT THE ICOC MAY  
13 ELECT A BYLAWS VICE CHAIR FROM AMONG ALL THE MEMBERS  
14 OF THE BOARD WITH THE EXCEPTION OF THE CHAIR AND THE  
15 STATUTORY VICE CHAIR. TWO, WE SPECIFY THAT THE  
16 TERMS -- THE TERM OF THE BYLAWS VICE CHAIR IS  
17 COTERMINOUS WITH THAT INDIVIDUAL'S TERM AS A MEMBER  
18 OF THE ICOC EXCEPT THAT IT WILL NOT EXCEED SIX YEARS  
19 TO MAKE SURE THAT WE HAVE CONGRUENCE BETWEEN THE  
20 TERMS OF THE CHAIR AND THE VICE CHAIRS. AND THIRD,  
21 WHEN THE BYLAWS VICE CHAIR'S TERM EXPIRES, WE  
22 PROVIDE THAT THE BOARD MAY ELECT A SUCCESSOR.

23 SECTION 3 OF ARTICLE 8 SPECIFIES THAT THE  
24 BYLAWS VICE CHAIR WILL PERFORM DUTIES AS DELEGATED  
25 BY THE CHAIR FROM AMONG THE CHAIR'S SPECIFIED DUTIES

## BARRISTERS' REPORTING SERVICE

1 UNDER PROP 71 AND SUCH OTHER DUTIES WHICH ARE NOT  
2 ALREADY STATUTORILY ASSIGNED AS THE BOARD MAY  
3 APPROVE.

4 FINALLY, SECTION 4 OF ARTICLE 8 MAKES  
5 CLEAR THAT THE BYLAWS VICE CHAIR IS ENTITLED TO THE  
6 SAME PER DIEM AS ALL OF THE MEMBERS OF THE BOARD AND  
7 IS NOT ENTITLED TO A SALARY. THE STATUTORY VICE  
8 CHAIR UNDER PROPOSITION 71 IS TREATED AS AN EMPLOYEE  
9 FOR PURPOSES OF COMPENSATION.

10 FINALLY, ON PAGE 2 IN ARTICLE 4, SECTION  
11 2, WE MADE CLEAR THAT TO THE EXTENT THAT THE BYLAWS  
12 VICE CHAIR HAS THE AUTHORITY TO APPOINT AN  
13 ALTERNATE, HE OR SHE MAY CONTINUE TO EXERCISE THAT  
14 AUTHORITY, BUT CANNOT DELEGATE HIS OR HER DUTIES AS  
15 VICE CHAIR TO AN ALTERNATE.

16 SO THROUGH THESE AMENDMENTS, THE BOARD  
17 WOULD CREATE A CO-CHAIR POSITION IN THE BYLAWS IN  
18 ADDITION TO THE CO-CHAIR -- IN ADDITION TO THE VICE  
19 CHAIR THAT IS SPECIFIED IN PROP 71.

20 MS. LANSING: THANK YOU, JAMES. AND I'D  
21 NOW LIKE TO ASK CLAIRE, MY CO-CHAIR OF GOVERNANCE,  
22 FOR HER COMMENTS. CLAIRE.

23 DR. POMEROY: I JUST WANT TO THANK SHERRY  
24 FOR HER LEADERSHIP ON THIS AND COMMENT ON THE FACT  
25 THAT THE GOVERNANCE COMMITTEE REALLY DID UNANIMOUSLY



## BARRISTERS' REPORTING SERVICE

1 RECOMMEND THIS APPROACH. I THINK THAT THIS IS AN  
2 OPPORTUNITY FOR US TO REALLY FOCUS ON THE MISSION,  
3 AND IT'S AN OPPORTUNITY FOR US TO DEMONSTRATE OUR  
4 CREATIVITY AND OUR COLLABORATIVE NATURE, AND IT'S AN  
5 OPPORTUNITY FOR US TO GET TWO FABULOUS CO-VICE  
6 CHAIRS. AND I'M VERY PLEASED WITH THE  
7 RECOMMENDATION OF THE GOVERNANCE SUBCOMMITTEE.  
8 THANK YOU.

9 MS. LANSING: I'D LIKE TO THANK CLAIRE FOR  
10 HER LEADERSHIP AND ALL THE MEMBERS OF THE GOVERNANCE  
11 COMMITTEE WHO WORKED LONG AND HARD ON THIS ISSUE.  
12 AND, BOB, I'D LIKE TO TURN IT OVER TO YOU FOR  
13 COMMENTS.

14 CHAIRMAN KLEIN: CERTAINLY. AS CHAIR OF  
15 THIS BOARD AND AS A MEMBER OF THE GOVERNANCE  
16 COMMITTEE, WHEN SHERRY AND CLAIRE BROUGHT THIS  
17 SUGGESTION TO ME, I EMBRACED THIS IMMEDIATELY  
18 BECAUSE I SAW THE FUNDAMENTAL STRENGTH THAT IT ADDED  
19 TO THIS BOARD IN FACING A TIME OF HISTORICALLY  
20 UNPRECEDENTED CHALLENGES AND OPPORTUNITIES. AND I'D  
21 LIKE TO UNDERLINE OPPORTUNITIES.

22 WE HAVE AN OPPORTUNITY HERE, AGAIN  
23 ADDRESSING THESE INDIVIDUALS ALPHABETICALLY IN  
24 SEQUENCE, TO CAPTURE THE TREMENDOUS HISTORY WITH  
25 THIS BOARD AND CONTRIBUTIONS THAT DUANE ROTH HAS

## BARRISTERS' REPORTING SERVICE

1 MADE AS CHAIRMAN OF THE LOAN TASK FORCE AND IN MANY  
2 OTHER ROLES. HE HAS A HISTORY IN BIOTECH AS ONE OF  
3 FOUR BIOTECH COMMERCIAL LIFE SCIENCE REPRESENTATIVES  
4 ON THE BOARD. HE HAS A HISTORY IN BIOTECH OF  
5 ADVANCING THROUGH THE FDA 20 DIFFERENT THERAPIES AND  
6 PRODUCTS. THIS IS CRITICAL KNOWLEDGE TO US IN OUR  
7 BOARD LEADERSHIP.

8 HE HAS INTIMATE KNOWLEDGE IN HIS ROLE WITH  
9 SAN DIEGO CONNECT, A NONPROFIT ORGANIZATION, OF HOW  
10 CRITICAL A TIME IT IS FOR BIOTECH TO SURVIVE THE  
11 FINANCIAL CRISIS THAT THE STATE AND COUNTRY IS IN.  
12 HE HAS AN INNOVATIVE HISTORY IN ADDRESSING AND  
13 SOLVING THOSE PROBLEMS, WHICH IS VITAL BECAUSE  
14 BIOTECH IS A VITAL PART OF OUR PARTNERSHIP IN  
15 DELIVERING THERAPIES TO PATIENTS.

16 IT IS IMPORTANT TO ALSO NOTE THAT HE HAS  
17 REACHED OUT IN HIS HISTORY TO HELP PATIENTS IN THE  
18 AMERICAN HEART AND AMERICAN LUNG ORGANIZATIONS. SO  
19 WE HAVE A TREMENDOUS CONTRIBUTION HERE HISTORICALLY  
20 AND PROSPECTIVELY TO CAPTURE.

21 AND WE LOOK AT ART TORRES. IT'S ESSENTIAL  
22 TO REALIZE THAT AS A PATIENT ADVOCATE, HE'S A COLON  
23 CANCER SURVIVOR, BUT HE'S REACHED OUTSIDE BECAUSE HE  
24 UNDERSTANDS OUR ROLE ON THIS BOARD IS TO SERVE NOT  
25 JUST THE BACKGROUND OF OUR PARTICULAR FAMILY

## BARRISTERS' REPORTING SERVICE

1 SUFFERING OR CHRONIC DISEASE, BUT TO REALLY REACH  
2 OUT TO THE ENTIRE COMMUNITY SUFFERING FROM CHRONIC  
3 DISEASE AND INJURY. SO HE HAS A HISTORY OF BEING ON  
4 AN AIDS FOUNDATION BOARD FOR MORE THAN A DECADE, A  
5 HISTORY OF BEING ON AN ORGAN TRANSPLANT BOARD FOR A  
6 DECADE. TREMENDOUS CONTRIBUTIONS BEFORE HE EVEN  
7 KNEW THIS BOARD EXISTED.

8 HE HAS A HISTORY OF SERVING AS CHAIRMAN OF  
9 THE ASSEMBLY HEALTH COMMITTEE WHERE HE LOOKED AT HOW  
10 DO YOU ACCESS -- HOW DO YOU GET ACCESS TO PATIENTS  
11 FOR NEW THERAPIES WHICH, IN FACT, IS ONE OF OUR BIG  
12 CHALLENGES HERE. HE HAS THE TREMENDOUS KNOWLEDGE HE  
13 GAINED AS CHAIRMAN OF THE SENATE INSURANCE  
14 COMMITTEE, AS WELL AS WITH THE JOINT COMMITTEE ON  
15 SCIENCE AND TECHNOLOGY. WE NEED TO UNDERSTAND HOW  
16 INSURANCE IS GOING TO INTERFACE WITH GOVERNMENTAL  
17 SUBSIDIES AND SUPPORT FOR THESE NEW THERAPIES TO  
18 MEET OUR OBLIGATION FOR ACCESS AND AFFORDABILITY.

19 IF YOU LOOK AT THESE TWO INDIVIDUALS, THEY  
20 BRING TREMENDOUS ASSETS TO THE LEADERSHIP TO HELP  
21 BUILD OUR MISSION. OUR GOAL, OUR COMMITMENT IS TO  
22 GET THERAPIES TO PATIENTS. THIS IS A WAY WE CAN GO  
23 OUTSIDE THE BOX, CAPTURE A REMARKABLE OPPORTUNITY,  
24 AND ADVANCE THE THERAPY DEVELOPMENT MISSION BRINGING  
25 IT TO PATIENTS, WHICH IS OUR OBLIGATION, WHICH IS

## BARRISTERS' REPORTING SERVICE

1 OUR PRIVILEGE, AND WHICH IS OUR SOLEMN OATH.

2 SO WITH THAT, I WOULD LIKE TO SAY I THINK  
3 THIS IS SOMETHING I HOPE WE CAN MOVE ON AND SUPPORT,  
4 BUT THERE ARE OTHER MEMBERS WHO MAY WANT TO MAKE  
5 INDIVIDUAL STATEMENTS BECAUSE EACH PERSON HAS  
6 SERIOUSLY CONSIDERED THIS.

7 MR. SERRANO-SEWELL: AS TO THE MOTION  
8 AHEAD OF US, WHICH IS FOR THE BYLAW AMENDMENTS, IF  
9 YOU FEEL IT'S IN ORDER, I'D LIKE TO MAKE A MOTION TO  
10 ADOPT.

11 MS. LANSING: SO I'D LIKE NOW TO ASK FOR A  
12 MOTION TO ADOPT THE PROPOSED AMENDMENTS TO THE  
13 BYLAWS TO CREATE A CO-VICE CHAIR POSITION. SO JUST  
14 NOW I WANTED TO KNOW IF THERE ARE ANY COMMENTS BY  
15 THE BOARD.

16 MR. SERRANO-SEWELL: FOR THE PURPOSES OF  
17 ADOPTING THE BYLAWS WANTED TO MAKE THE MOTION.

18 CHAIRMAN KLEIN: SECOND.

19 MS. LANSING: SO NOW I WANT COMMENTS BY  
20 THE BOARD.

21 DR. LEVEY: I THINK THAT THIS IS A  
22 MAGNIFICENT DECISION. I WANT TO CONGRATULATE SHERRY  
23 AND ALL THOSE ON THE GOVERNANCE COMMITTEE. THIS IS,  
24 I THINK, A TERRIFIC STEP FORWARD. SO I CERTAINLY  
25 WANT TO ADD MY STRONGEST SUPPORT. CLAIRE, ALSO YOU

## BARRISTERS' REPORTING SERVICE

1 DID A MAGNIFICENT JOB.

2 DR. PENHOET: I TOO, AS THE OUTGOING VICE  
3 CHAIR, I WANT TO ENTHUSIASTICALLY ENDORSE THE  
4 SOLUTION OF FINDING THESE TWO INDIVIDUALS TO BE  
5 CO-VICE CHAIR. I THINK THEY BOTH BRING STRONG  
6 SKILLS TO THE POSITION, QUITE COMPLEMENTARY, BUT  
7 VERY DIFFERENT SKILLS, BOTH OF WHICH ARE HIGHLY  
8 NEEDED AT THIS PRESENT TIME. I HAVE MET WITH BOTH  
9 OF THE INDIVIDUALS. THEY SOUGHT MY ADVICE AS THE  
10 OUTGOING CHAIR ABOUT WHAT THE ROLE WOULD ENTAIL AND  
11 HOW THEY MIGHT PROCEED IF THEY WERE ELECTED.  
12 THEY'RE BOTH VERY THOUGHTFUL PEOPLE. THEY'RE BOTH  
13 VERY EAGER TO SERVE IN THIS CAPACITY. AND I THINK  
14 THAT, AS I SAID, THEY BRING DIFFERENT SKILLS.

15 AND I THINK, IN THE CASE, OF DUANE ROTH HE  
16 ALSO WILL BRING A HIGH LEVEL PRESENCE OF CIRM TO  
17 SOUTHERN CALIFORNIA, WHICH IS, I THINK, EXTREMELY  
18 IMPORTANT GIVEN THE CONCENTRATION OF OUR ACTIVITIES  
19 IN THE SOUTHERN PART OF THE STATE.

20 SO IT DOES HELP US BALANCE OUR  
21 GEOGRAPHICAL REPRESENTATION THROUGHOUT THE STATE.  
22 ON ALL THOSE GROUNDS, I'M VERY SUPPORTIVE OF THIS  
23 SOLUTION.

24 MS. LANSING: THANK YOU, ED.

25 DR. LOVE: I WAS JUST GOING TO MAKE A

## BARRISTERS' REPORTING SERVICE

1 COUPLE OF COMMENTS, SHERRY. ONE, I WANTED TO JUST  
2 SAY I THINK THAT WE SHOULD REALLY APPLAUD YOU AND  
3 CLAIRE AND THE GOVERNANCE COMMITTEE. OFTENTIMES  
4 ORGANIZATIONS BEHAVE IN A VERY BUREAUCRATIC WAY. I  
5 THINK ONE OF THE KEY SUCCESS FEATURES THAT WE'VE  
6 SEEN IN THIS ORGANIZATION IS THAT IT THINKS OUT OF  
7 THE BOX AND REALLY DOES STEP BACK AND MAKE THE BEST  
8 DECISION. WHILE THIS LOOKS LIKE AN EASY DECISION,  
9 I'M SURE IT WASN'T EASY BECAUSE OF THE BUREAUCRATIC  
10 NATURE.

11 I ALSO WANTED TO SAY THAT I, ALONG WITH  
12 MANY OF US ON THIS BOARD, HAVE HAD THE CHANCE TO  
13 WORK WITH DUANE, AND IT IS JUST A PLEASURE TO SEE  
14 HIS CONTRIBUTIONS ACKNOWLEDGED AND US PUTTING YOU IN  
15 A POSITION TO BRING GREATER REPRESENTATION TO  
16 SOUTHERN CALIFORNIA, BUT ALSO BRING EVEN GREATER  
17 CONTRIBUTIONS TO THIS BOARD, DUANE.

18 AND TO ART I JUST WANTED TO SAY THAT I'M  
19 JUST SO PERSONALLY THRILLED THAT WE HAVE THE  
20 OPPORTUNITY TO HAVE YOU JOIN US. I, LIKE MOST OF  
21 THE BOARD MEMBERS, HAVE HAD SOME LIMITED  
22 INTERACTIONS WITH YOU, SOME MORE, AND IT'S VERY  
23 EXCITING TO SEE SOMEONE OF YOUR STATURE AND YOUR  
24 HISTORY OF CONTRIBUTIONS TO THE STATE JOIN THE  
25 BOARD.

**BARRISTERS' REPORTING SERVICE**

1 AND FINALLY, I DO WANT TO END BY SAYING  
2 THAT I THINK THAT ED PENHOET HAS BEEN AN  
3 EXTRAORDINARY VICE CHAIR. AND I THINK IT'S REALLY  
4 IMPORTANT FOR US TO RECOGNIZE.

5 (APPLAUSE.)

6 MS. LANSING: ANY OTHER COMMENTS BY THE  
7 BOARD? ANY --

8 MS. GIBBONS: I AM SO EXCITED AT THIS  
9 POSSIBILITY. AND AS EVERYONE ELSE HAS SAID, OUR  
10 THANKS TO SHERRY AND CLAIRE IN THIS INCREDIBLE  
11 POSSIBILITY BECAUSE TO HAVE EITHER DUANE ROTH OR ART  
12 TORRES IS WILDLY EXCITING. THE POSSIBILITY TO HAVE  
13 THEM BOTH IS SIMPLY IRRESISTIBLE.

14 MS. LANSING: AGAIN, I WANT TO EMPHASIZE  
15 IT WAS THE WHOLE COMMITTEE THAT WORKED LONG AND  
16 HARD. SO PLEASE THANK YOU TO EVERY SINGLE MEMBER OF  
17 THE COMMITTEE.

18 CHAIRMAN KLEIN: SHERRY, I THINK IT WOULD  
19 BE APPROPRIATE FOR US TO THANK THE GOVERNOR, THE  
20 LIEUTENANT GOVERNOR, THE TREASURER, AND THE  
21 CONTROLLER FOR GIVING US THIS TREMENDOUS OPPORTUNITY  
22 TO BUILD ADDITIONAL STRENGTH FOR OUR BOARD.

23 MS. LANSING: THANK YOU. ANY OTHER  
24 COMMENTS? MEMBERS OF THE PUBLIC? JOHN.

25 DR. SIMPSON: I WON'T BE JOINING YOU IN

**BARRISTERS' REPORTING SERVICE**

1 SINGING KUMBAYA. I THINK IT'S NOT THE WAY TO GO. I  
2 HAVE THE HIGHEST REGARD FOR BOTH OF THESE GENTLEMEN  
3 AND PARTICULARLY HIGH REGARD FOR THE OUTGOING VICE  
4 CHAIRMAN. WHY DON'T YOU ALL NAME YOURSELVES VICE  
5 CHAIRMAN AND HAVE 28 VICE CHAIRMEN AND GO FORWARD?  
6 IF THREE IS GOOD, 28 IS BETTER.

7 BUT I DO HAVE A VERY SERIOUS QUESTION.  
8 UNDER THE STATUTORY POSITION, THE VICE CHAIR IS  
9 CONSIDERED AN EMPLOYEE AND IS HELD TO THE EMPLOYEE'S  
10 CONFLICT OF INTEREST STANDARDS. I'M WONDERING  
11 WHETHER -- THOSE ARE SOMEWHAT HIGHER STANDARDS. SO  
12 UNDER THE BYLAWS WILL THE VICE CHAIRMAN ALSO BE  
13 FOLLOWING THE EMPLOYEE'S CONFLICT OF INTEREST  
14 STANDARDS EVEN THOUGH HE WOULD NOT BE DRAWING A  
15 SALARY AND WOULD NOT BE AN EMPLOYEE? IT SEEMS TO ME  
16 YOU WOULD HAVE TO HAVE, IF THEY'RE CO-EQUAL VICE  
17 CHAIRMEN, THEY HAVE TO BOTH FOLLOW THE SAME CONFLICT  
18 OF INTEREST STANDARDS.

19 CHAIRMAN KLEIN: THANK YOU, JOHN SIMPSON.  
20 AND WE'VE THOUGHTFULLY LOOKED AT THIS. AND, JAMES,  
21 CAN YOU, FOR THE PURPOSES OF THE PUBLIC, STATE THE  
22 SPECIFIC STANDARD RELATED TO OWNERSHIP IN STEM CELL  
23 COMPANIES THAT JOHN IS SPECIFICALLY ADDRESSING?

24 MR. HARRISON: YES. WHAT JOHN IS  
25 REFERRING TO IS A PROVISION IN THE CIRM CONFLICT OF



## BARRISTERS' REPORTING SERVICE

1 INTEREST POLICY. AND I THINK IT'S IMPORTANT TO NOTE  
2 AT THE OUTSET THAT THIS IS NOT A REQUIREMENT OF  
3 STATE LAW. THIS IS A POLICY THAT THE BOARD ADOPTED  
4 THAT GOES ABOVE AND BEYOND ANY OTHER STATE LAW  
5 REQUIREMENT.

6 THE PROVISION SPECIFICALLY PROVIDES THAT  
7 AN EMPLOYEE OF CIRM MAY NOT HOLD AN INVESTMENT IN A  
8 COMPANY THAT DEVOTES 5 PERCENT OR MORE OF ITS  
9 RESEARCH BUDGET TO STEM CELL RESEARCH.

10 CHAIRMAN KLEIN: AND MY UNDERSTANDING,  
11 DUANE, IS YOU'RE AWARE OF THIS AND COMPLETELY AGREED  
12 WITH CONFORMING TO THIS REQUIREMENT.

13 MR. ROTH: THAT'S CORRECT. I WENT THROUGH  
14 THIS WITH JAMES AT THE VERY BEGINNING, AND I WILL  
15 ABIDE.

16 MR. REED: ON MONDAY, LIKE BOB, I HAD THE  
17 PRIVILEGE OF BEING INVITED TO BE IN THE ROOM WHEN  
18 THE PRESIDENT SIGNED THAT MAGNIFICENT OVERTURNING OF  
19 THE BUSH RESTRICTIONS. AND I HAVE TO SHARE WITH YOU  
20 THAT ELECTRIC MOMENT WHEN THE PRESIDENT CAME IN AND  
21 THEY SAID THE PRESIDENT OF THE UNITED STATES, AND  
22 PEOPLE JUMPED UP. I'M SURE THERE WAS AIR BETWEEN  
23 OUR FEET. WE WERE UNITED WITH THE JOY OF SEEING A  
24 PRESIDENT FULLY COMMITTED AND ON OUR SIDE.

25 THE SITUATION WE FACE IN CALIFORNIA IS

## BARRISTERS' REPORTING SERVICE

1 VERY SIMILAR TO THE SITUATION FACED BACK THERE.  
2 PEOPLE OF GOODWILL THAT AGREE WITH US ARE FACED WITH  
3 TREMENDOUS FINANCIAL DIFFICULTIES, AND WE NEED  
4 SOMEONE POLITICALLY ASTUTE TO GUIDE US THROUGH THOSE  
5 TROUBLED WATERS. WE'VE HAD TO FACE BIG PROBLEMS IN  
6 CALIFORNIA WITH LAWS WITH THE BEST INTENTIONS IN THE  
7 WORLD WHICH COULD HAVE BEEN VERY DIFFICULT FOR US  
8 HAD THEY BEEN ENACTED. THE IDEA OF HAVING ART  
9 TORRES WITH US IS JUST TREMENDOUS.

10 BUT EVERY PATIENT ADVOCATE OWES A DEBT TO  
11 DUANE ROTH. HE HAS ALWAYS BEEN TELLING US HOW TO  
12 WORK WITH THE PRIVATE SECTOR, WHICH IS THE KEY ON  
13 WHICH EVERYTHING WORKS. HE IS CLEAR, HE IS  
14 COMPASSIONATE, HE IS CARING, HE IS UTTERLY  
15 DEDICATED. HOW COULD WE POSSIBLY CHOOSE? THIS IS  
16 THE ONLY ANSWER, AND I'M JUST DELIGHTED WITH IT.  
17 THANK YOU VERY MUCH.

18 MS. LANSING: THANK YOU, DON.

19 CHAIRMAN KLEIN: SO I'D LIKE EVERYONE TO  
20 UNDERSTAND THAT DON REED AND HIS SON, ROMAN REED,  
21 WERE AT THIS CEREMONY. THEY HAVE A VERY SPECIFIC  
22 AND SPECIAL CONNECTION TO THE ORIGINS OF EMBRYONIC  
23 STEM CELL RESEARCH IN THE STATE BECAUSE DON FOUGHT  
24 TO GET WHAT EVENTUALLY BECAME ABOUT \$3 MILLION OF  
25 ASSISTANCE UNDER THE ROMAN REED ACT TO EMBRYONIC

## BARRISTERS' REPORTING SERVICE

1 STEM CELL RESEARCH IN HANS KEIRSTEAD'S LAB AT UC  
2 IRVINE THAT LED TO THE RESEARCH THAT IS NOW PART OF  
3 THE ACUTE PARALYSIS HUMAN CLINICAL TRIAL WITH AN  
4 EMBRYONIC STEM CELL THERAPY THAT GERON IS LEADING  
5 AND HAS FDA APPROVAL FOR. SO WE MUST REMEMBER THE  
6 HISTORY, AND CERTAINLY IT WAS AN ABSOLUTELY  
7 PHENOMENALLY WELL EARNED HONOR FOR YOU TO HAVE ROMAN  
8 THERE AS WELL. SO THANK YOU, DON.

9 MS. LANSING: SO I HAVE A MOTION ON THE  
10 FLOOR. I'VE HEARD FROM MEMBERS OF THE PUBLIC. ALL  
11 IN FAVOR? ANY OPPOSED?

12 CHAIRMAN KLEIN: THEN IF YOU WILL TAKE,  
13 SHERRY, A TELEPHONIC ROLL CALL.

14 MS. LANSING: CAN I HAVE A TELEPHONIC ROLL  
15 CALL?

16 MS. KING: MICHAEL FRIEDMAN. GERALD  
17 LEVEY.

18 DR. LEVEY: YES.

19 MS. KING: ED PENHOET.

20 DR. PENHOET: YES.

21 MS. KING: JONATHAN SHESTACK.

22 MR. SHESTACK: YES.

23 MS. LANSING: MOTION CARRIES.

24 CHAIRMAN KLEIN: UNANIMOUSLY.

25 MS. LANSING: UNANIMOUSLY THE MOTION

**BARRISTERS' REPORTING SERVICE**

1 CARRIES. THANK YOU.

2 NOW, AS CHAIR OF THE GOVERNANCE  
3 SUBCOMMITTEE, I HAVE THE GREAT HONOR OF MAKING A  
4 MOTION IN ALPHABETICAL ORDER TO ELECT DUANE ROTH AS  
5 BYLAWS VICE CHAIR AND TO ELECT ART TORRES AS  
6 STATUTORY VICE CHAIR AT A SALARY OF 75,000 FOR  
7 50-PERCENT TIME. IS THERE A SECOND?

8 MR. SERRANO-SEWELL: BEFORE WE PROCEED, I  
9 HAD A POINT OF ORDER FOR SHERRY. THAT IS, FOR THIS  
10 MOTION, BECAUSE I WANT TO MAKE SURE I UNDERSTAND IT,  
11 I THINK I DO. I DON'T THINK DUANE IS PERMITTED TO  
12 PARTICIPATE IN THIS VOTE; IS THAT RIGHT?

13 MS. LANSING: CORRECT.

14 MR. SERRANO-SEWELL: WHY IS THAT?

15 CHAIRMAN KLEIN: BECAUSE HE IS A CANDIDATE  
16 FOR ONE OF THE POSITIONS, SO HE IS RECUSING HIMSELF  
17 AS IS OUR STANDARD PRACTICE.

18 MR. SERRANO-SEWELL: UNDER THE MOTION IT'S  
19 A YES FOR SENATOR TORRES FOR THE STATUTORY VICE  
20 CHAIR AND A YES FOR DUANE ROTH AS THE BYLAWS VICE  
21 CHAIR?

22 CHAIRMAN KLEIN: THAT'S A CORRECT  
23 STATEMENT.

24 MR. SERRANO-SEWELL: OKAY.

25 CHAIRMAN KLEIN: AND THE SALARY APPLIES TO

**BARRISTERS' REPORTING SERVICE**

1 THE STATUTORY VICE CHAIR FOR WHICH ART TORRES IS THE  
2 NOMINEE BECAUSE THE INITIATIVE SPECIFIES THAT A  
3 SALARY CAN ONLY BE WITH THE STATUTORY VICE CHAIR.

4 MR. SERRANO-SEWELL: I JUST WISH IN THE  
5 SPIRIT OF UNITY THAT DUANE COULD PARTICIPATE IN THE  
6 VOTE.

7 CHAIRMAN KLEIN: HE CAN'T, BUT WE'RE  
8 ALWAYS CONSERVATIVE ON THESE ISSUES.

9 MS. LANSING: THANK YOU FOR THAT. DO I  
10 HAVE A SECOND?

11 DR. PULIAFITO: SECOND.

12 MS. LANSING: DO I HAVE ANY COMMENTS BY  
13 MEMBERS OF THE BOARD?

14 DR. PRIETO: YES, JUST WITH REGARDS TO THE  
15 SALARY. I UNDERSTAND THAT WE'VE BEEN CRITICIZED AND  
16 ARE GOING TO BE CRITICIZED FOR OFFERING A SALARY,  
17 BUT I BELIEVE VERY STRONGLY THAT EVERYBODY SHOULD BE  
18 COMPENSATED APPROPRIATELY AND PAID FOR THE WORK  
19 THEY'RE EXPECTED TO DO. AND IT'S A PRINCIPLE THAT  
20 EXTENDS FAR BEYOND THIS BOARD AND THIS AGENCY. AND  
21 I THINK IT'S INAPPROPRIATE AND WRONG TO DEMAND THAT  
22 PEOPLE WORK FOR FREE. THERE'S A WORD FOR THAT.

23 I THINK IN THE CONTEXT OF THIS BOARD AND  
24 THE STATE AGENCY, TO DEMAND SOMETHING LIKE THAT  
25 EXCLUDES FROM PARTICIPATION ANYONE WHO ISN'T EITHER

## BARRISTERS' REPORTING SERVICE

1 PERSONALLY INDEPENDENTLY WEALTHY OR CAN DEPEND ON A  
2 SUBSTANTIAL OUTSIDE INCOME. AND THAT'S A HUGE  
3 PROPORTION OF THE POPULATION THAT DESERVES TO BE  
4 REPRESENTED HERE AS EVERYWHERE ELSE.

5 GIVEN THE AMOUNT OF WORK THAT WE EXPECT  
6 AND HAVE RECEIVED FROM OUR VICE CHAIR IN THE PAST,  
7 I'M REALLY STRUCK BY HOW LOW THIS SALARY IS. I  
8 WOULD HAVE PREFERRED IT BE HIGHER. I'M VERY HAPPY  
9 THAT OUR CANDIDATES ARE WILLING TO WORK FOR THAT,  
10 BUT I WOULD HAVE BEEN HAPPY TO PAY THEM MORE.

11 CHAIRMAN KLEIN: ON THAT ISSUE I'D LIKE TO  
12 COMMENT THAT IN ORDER FOR HEALTHCARE COVERAGE IN THE  
13 STATE OF CALIFORNIA, YOU HAVE TO HAVE AT LEAST A  
14 HALF-TIME SALARY. SO IT'S IMPORTANT. WE HAVE  
15 PATIENT ADVOCATES ON THIS BOARD THAT FIGHT EVERY DAY  
16 AGAINST CHRONIC DISEASE, AND ART TORRES IS A COLON  
17 CANCER SURVIVOR. HEALTHCARE IS ONE OF THE  
18 FUNDAMENTAL RIGHTS WE'D LIKE TO HAVE FOR EVERY  
19 CALIFORNIAN. AND IT IS CRITICAL FOR THIS AGENCY  
20 DEDICATED TO THERAPIES FOR PATIENTS TO HONOR AND  
21 MAKE SURE WE DELIVER THAT WHENEVER WE CAN.

22 DR. PRIETO: I'M HOPING OUR NEW PRESIDENT  
23 FIXES THAT PROBLEM TOO.

24 MS. LANSING: ANY OTHER COMMENTS BY  
25 MEMBERS OF THE BOARD?

**BARRISTERS' REPORTING SERVICE**

1 MR. SERRANO-SEWELL: WELL, I WANT TO START  
2 OFF -- MAYBE EVERYONE HAS ALREADY SAID IT ABOUT  
3 HAVING TWO HIGH CALIBER INDIVIDUALS. BUT I KNOW ONE  
4 OF THESE HIGH CALIBER INDIVIDUALS PERSONALLY. ART  
5 HAS BEEN A MENTOR OF MINE. HE'S ALMOST BEEN A  
6 FATHER TO ME. OUR FAMILIES GO BACK FOR A VERY LONG  
7 TIME, DECADES. AND MY PERSONAL EXPERIENCE HAS BEEN  
8 SHAPED WALKING PRECINCTS FOR HIM AND MY OTHER MENTOR  
9 RICHARD ALATORRE IN EAST LOS ANGELES THINKING  
10 EVERYBODY DID THAT ON SUNDAYS. ONLY COME TO REALIZE  
11 LATER THAT'S NOT WHAT EVERYBODY DOES ON A SUNDAY.

12 TO HAVE -- IT'S REAL, TO HAVE SOMEBODY OF  
13 ART'S CALIBER JOIN THIS BOARD RESONATES, NOT JUST IN  
14 OUR CIRCLES, BUT IN LOS ANGELES. PEOPLE KNOW ABOUT  
15 THIS IN LOS ANGELES. THEY KNOW ABOUT IT IN THE  
16 CENTRAL VALLEY BECAUSE FOR 30 PLUS YEARS ART TORRES  
17 HAS TOUCHED PEOPLE'S LIVES. HE STARTED OFF WITH THE  
18 UNITED FARM WORKERS AND WORKING SIDE BY SIDE WITH  
19 CESAR CHAVEZ. HE THEN WENT ON TO SERVE IN THE STATE  
20 LEGISLATURE. HIS ENTIRE LIFE HAS BEEN ABOUT PUBLIC  
21 SERVICE. TO HAVE HIM COME BACK INTO THE PUBLIC  
22 POLICY ARENA FOR US AND NOT SOME OTHER BOARD OR SOME  
23 OTHER EFFORT SPEAKS, I THINK, TO THE GOOD WORK THAT  
24 WE DO, BUT ALSO SPEAKS TO ART PERSONALLY, THAT HE IS  
25 A REAL, REAL PERSON. AND I KNOW THAT THAT CAME

## BARRISTERS' REPORTING SERVICE

1 ACROSS -- I SUSPECT THAT CAME ACROSS WHEN ART MET  
2 INDIVIDUALLY WITH PEOPLE AND THEY GOT TO UNDERSTAND  
3 AND KNOW HIM A LITTLE BIT BETTER.

4 BUT I CAN THINK OF -- WHEN I WAS AT THE  
5 DEMOCRATIC CONVENTION IN DENVER AND SENATOR TED  
6 KENNEDY GAVE HIS SPEECH ON MONDAY NIGHT, WHICH WAS A  
7 VERY MOVING AND TOUCHING SPEECH BECAUSE HE'S A  
8 NATIONAL HERO, HE'S THE TREASURE FOR OUR COUNTRY,  
9 THE INTRODUCTION VIDEO COULD HAVE SAID ANYTHING  
10 ABOUT TED KENNEDY BECAUSE HE HAS SUCH AN IMPRESSIVE  
11 RECORD. IT FOCUSED ON HIS WORK ON STEM CELL  
12 RESEARCH BECAUSE THAT'S WHAT SENATOR KENNEDY WANTED.  
13 HE WANTED A MENTION OF STEM CELL RESEARCH.

14 WE SAW THE FRUITION OF THAT ON MONDAY,  
15 RIGHT? SO TO GET -- FOR ME IT MEANT A LOT WHEN I  
16 HAD AN ENDORSEMENT LETTER FROM SENATOR KENNEDY  
17 TALKING ABOUT ART TORRES. I DON'T KNOW SENATOR TED  
18 KENNEDY, BUT I KNOW HE'S A VERY BUSY MAN, AND HE'S  
19 AT A STAGE IN HIS LIFE WHERE HE DOESN'T NEED TO  
20 WRITE LETTERS OR MAKE CALLS ANYMORE. BUT TO HAVE  
21 HIM SAY THAT, AND I WON'T READ THE WHOLE LETTER, BUT  
22 JUST A COUPLE SNIPPETS BECAUSE IT JUST IS VERY  
23 TOUCHING.

24 "HIS RECORD OF PUBLIC SERVICE IS ONE THAT  
25 ANY ELECTED OFFICIAL IN AMERICA WOULD BE PROUD OF."



## BARRISTERS' REPORTING SERVICE

1 I GUESS THAT INCLUDES BARACK OBAMA. "ART TORRES  
2 ENTERED PUBLIC LIFE FOR THE RIGHT REASONS, TO  
3 IMPROVE THE LIVES OF OUR CITIZENS, ESPECIALLY THOSE  
4 WITHOUT A VOICE, AND TO SERVE HIS COUNTRY. HIS  
5 YEARS OF ADVOCACY FOR MEDICAL RESEARCH AND BETTER  
6 HEALTHCARE FOR CALIFORNIANS WILL BE A MAJOR ASSET TO  
7 THIS COMMITTEE. A GREAT DEAL IS AT STAKE. AND I'M  
8 CONFIDENT THAT ART TORRES WILL MAKE A DIFFERENCE FOR  
9 OUR COUNTRY AS HE ALWAYS HAS. "

10 MS. LANSING: VERY WELL SAID. AND AS I  
11 SAID, THAT'S WHY WE'RE HERE BECAUSE WE FEEL VERY,  
12 VERY BLESSED AND LUCKY TO HAVE ART AND DUANE AS OUR  
13 REPRESENTATIVES AS VICE CHAIRS. OTHER COMMENTS FROM  
14 THE BOARD?

15 DR. AZZIZ: I JUST WANT TO MAKE A COMMENT  
16 MAINLY FOR THE MINUTES, BUT ALSO FOR OUR COLLEAGUES.  
17 THIS IS A UNIQUE TIME FOR OUR BOARD. MOST OF US WHO  
18 WORK ON BOARDS FOR PUBLIC BENEFIT FUND, IN FACT,  
19 THAT WE CAN'T FIND LEADERSHIP INDIVIDUALS OR  
20 INDIVIDUALS WILLING TO TAKE LEADERSHIP. AND THIS IS  
21 A UNIQUE OPPORTUNITY. WE HAVE TWO GREAT CANDIDATES.  
22 THEY BOTH BRING SKILLS THAT, IN FACT, ARE  
23 COMPLEMENTARY, WHICH IS ABSOLUTELY DIFFERENT THAN  
24 ANYTHING WE'VE SEEN. SO I DON'T THINK THAT WE WILL  
25 BE IN THIS FORTUNATE POSITION FOR YEARS TO COME. SO

## BARRISTERS' REPORTING SERVICE

1 WE ARE BLESSED IN THAT REGARD, AND I THINK WE SHOULD  
2 TAKE THAT OPPORTUNITY WHEN IT COMES.

3 MS. LANSING: AND THEY HAVE  
4 ENTHUSIASTICALLY EMBRACED THIS PARTNERSHIP, WHICH  
5 SHOWS THE CHARACTER, ONCE AGAIN, OF BOTH INDIVIDUALS  
6 AND THE COLLABORATIVE NATURE OF BOTH INDIVIDUALS.

7 CAN I HAVE OTHER COMMENTS FROM THE BOARD?

8 MS. SAMUELSON: I THINK THE PHRASE I WOULD  
9 USE FOR THIS IS CAUTIOUSLY OPTIMISTIC. AND I USE  
10 THAT FOR THIS REASON. I HOPE VERY MUCH THAT IT WILL  
11 SOLVE WHAT HAVE BEEN A COUPLE OF BIG OBSTACLES FOR  
12 US. I'M NOT ON THIS BOARD TO SPEND TIME IN A LOT OF  
13 PROCEDURES, AS CRITICAL AS THEY ARE. SO I'M NOT ON  
14 THE GOVERNANCE COMMITTEE, FOR EXAMPLE. AND I'M  
15 GRATEFUL THAT YOU'VE DONE THIS WORK BECAUSE WHEN I  
16 WAKE UP IN THE MORNING, I'M JUST TRYING TO FIGURE  
17 OUT HOW WE'RE GOING TO SHAPE THE POLICY.

18 AND OUR -- THE IMMENSE AMOUNT OF TIME  
19 WE'VE HAD TO SPEND WITH THE LEGISLATURE HAS MADE IT  
20 HARD FOR US TO FOCUS AS MUCH AS WE NEED TO ON THAT.  
21 AND I HAVE FELT ALL ALONG THAT WE NEEDED MORE OF THE  
22 BIOTECH COMMUNITY INVOLVED WITH US HELPING US INFORM  
23 DECISIONS LIKE WHERE INTELLECTUAL PROPERTY AND THE  
24 REGULATIONS FOR THAT BLEED OVER INTO THE ISSUE OF  
25 GETTING A CURE SOONER RATHER THAN LATER, ETC. SO

## BARRISTERS' REPORTING SERVICE

1 I'M VERY HOPEFUL THAT DUANE CAN BRING HIS EXPERTISE  
2 TO MORE AND MORE OF THOSE DELIBERATIONS IN THIS  
3 SPECIAL ROLE.

4 SO I'M EXCITED ABOUT BOTH OF THESE OPTIONS  
5 FOR THAT REASON. BUT HOPING VERY MUCH THAT THEY  
6 WILL PROVE TO SERVE US AS WE HOPE BECAUSE WE DON'T  
7 HAVE ANY MORE TIME.

8 MS. LANSING: THANK YOU. ANY OTHER BOARD  
9 COMMENT?

10 CHAIRMAN KLEIN: SO AS THE CHAIRMAN, I'D  
11 LIKE TO SAY THAT I AM DEEPLY APPRECIATIVE TO ART  
12 TORRES AND TO DUANE ROTH FOR AGREEING TO JOIN THE  
13 LEADERSHIP TEAM IF THIS VOTE IS SUCCESSFUL.  
14 REMARKABLE INDIVIDUALS WITH GREAT HISTORIES. I'VE  
15 KNOWN DUANE'S DEDICATION FOR SOME TIME. I MET ART  
16 FOR THE FIRST TIME NOT LONG AGO, NOW COUPLE OF  
17 MONTHS AGO. AND I WAS IMMEDIATELY IMPRESSED WITH  
18 HIS SINCERE, INTENSE COMMITMENT TO OUR MISSION. TO  
19 HAVE THESE INDIVIDUALS OF SUCH GREAT TALENT AND  
20 HISTORY JOIN THE LEADERSHIP TEAM IS OF IMMEASURABLE  
21 IMPORTANCE, AND I STRONGLY BELIEVE OPTIMISTICALLY  
22 THAT IT WILL HAVE A TREMENDOUSLY POSITIVE EFFECT ON  
23 ADVANCING THERAPIES FOR PATIENTS, WHICH IS OUR  
24 MISSION.

25 MS. LANSING: THANK YOU. MAY I HAVE

## BARRISTERS' REPORTING SERVICE

1 COMMENTS FROM MEMBERS OF THE PUBLIC?

2 DR. SIMPSON: JOHN SIMPSON FROM CONSUMER  
3 WATCHDOG. I WANT TO SPEAK TO THE SALARY ISSUE FOR  
4 JUST A BRIEF SECOND, AND I MIGHT SURPRISE YOU. I  
5 WANT TO UNDERSCORE WHAT DR. PRIETO SAID. AND I HAVE  
6 BEEN CRITICAL OF SOME OF THE HIGH LEVEL SALARIES IN  
7 THIS AGENCY AT THE VERY TOP LEVELS AND CONTINUE TO  
8 BE SO. BUT I THINK THAT \$75,000 FOR THE STATUTORY  
9 VICE CHAIR IS ENTIRELY APPROPRIATE AND, IN FACT, I  
10 WOULD HAVE THOUGHT SOMETHING LIKE \$90,000 WOULD HAVE  
11 BEEN FINE TOO, WHICH WOULD HAVE BEEN ABOUT HALF OF  
12 WHAT THE LOWEST END OF THE RANGE WAS IN THE FORMER  
13 SALARY SCHEDULE, WHICH IS WHAT WAS APPLIED TO THE  
14 CHAIRMAN'S SALARY.

15 SO, YOU KNOW, I'M NOT GOING TO ADVOCATE  
16 WASTING TAXPAYERS' MONEY, BUT I WOULD SUGGEST THAT  
17 SOMEONE ON THE BOARD MIGHT WANT TO AMEND THE THING  
18 THAT'S BEFORE YOU AND OFFER THE STATUTORY VICE  
19 CHAIRMAN AN APPROPRIATE COMPENSATION OF \$90,000.

20 CHAIRMAN KLEIN: IT'S -- FIRST OF ALL,  
21 BOTH OF THESE INDIVIDUALS BRING CONTRIBUTIONS WHERE  
22 WE CERTAINLY IN A NORMAL ECONOMY, IN NORMAL  
23 FINANCIAL POSITION SHOULD BE COMPENSATED AT A MUCH  
24 HIGHER LEVEL. I WOULD HOPE THE STATE RETURNS TO A  
25 POINT THAT WE CAN DO THAT BECAUSE WHERE WE CAN WITH

## BARRISTERS' REPORTING SERVICE

1 THE STATUTORY VICE CHAIR, IT IS INCREDIBLY VALUABLE  
2 TO THE STATE OF CALIFORNIA AND TO PATIENTS TO HAVE  
3 THIS SERVICE AND TO ALLOW THE PERSON TO CONTRIBUTE  
4 AS MUCH OF THEIR TIME AS POSSIBLE. BUT WE HAVE AN  
5 AGREEMENT WITH BOTH OF THE CANDIDATES. DUANE IS NOT  
6 TAKING A SALARY, FOR WHICH WE'RE VERY APPRECIATIVE.

7 MR. SERRANO-SEWELL: WAIT. WAIT. THAT'S  
8 NOT ENTIRELY TRUE. THE BYLAWS -- FAR BE IT FROM ME  
9 TO DISAGREE AT THIS POINT, BUT THE BYLAWS VICE  
10 CHAIR, AS I READ THEM, IS ENTITLED TO COMPENSATION  
11 THAT IS COMMENSURATE WITH THAT OF AN ICOC MEMBER.  
12 WHETHER YOU WANT TO PARCEL WITH THAT, IT'S A PER  
13 DIEM, SO IT'S NOT -- THE FACT OF THE MATTER IS THE  
14 BYLAWS VICE CHAIR RECEIVES MONEY.

15 CHAIRMAN KLEIN: I DON'T CONSIDER THE PER  
16 DIEM THAT THIS BOARD GETS TO BE --

17 MR. SERRANO-SEWELL: BUT TO SAY THAT THE  
18 BYLAWS VICE CHAIR IS NOT AN ACCURATE STATEMENT.

19 CHAIRMAN KLEIN: I STAND CORRECTED.

20 MR. SERRANO-SEWELL: THANK YOU.

21 CHAIRMAN KLEIN: ART TORRES IN ACCEPTING  
22 THE SALARY THAT HE'S GIVEN HAS BEEN EXTRAORDINARILY  
23 GENEROUS BECAUSE OF HIS INTENSE COMMITMENT TO  
24 PATIENTS AND TO OUR MISSION. SO WE HAVE CLOSURE ON  
25 THAT ISSUE WITH THE CANDIDATES, AND I WOULD REQUEST

**BARRISTERS' REPORTING SERVICE**

1 WE MOVE THE MOTION.

2 MS. LANSING: CAN I HAVE ALL IN FAVOR?  
3 I 'VE HAD A MOTION AND A SECOND. ALL IN FAVOR,  
4 PLEASE. ANY OPPOSED? NOW I 'LL HAVE A ROLL CALL  
5 VOTE ON THE PHONE.

6 MS. KING: MICHAEL FRIEDMAN.

7 DR. FRIEDMAN: YES.

8 MS. KING: GERALD LEVEY.

9 DR. LEVEY: YES.

10 MS. KING: ED PENHOET.

11 DR. PENHOET: YES.

12 MS. KING: JON SHESTACK.

13 MR. SHESTACK: YES.

14 MS. LANSING: I AM DELIGHTED TO REPORT  
15 THAT THE MOTION --

16 MR. ROTH: I WANT THE RECORD TO SHOW I  
17 ABSTAINED.

18 MS. LANSING: I AM DELIGHTED TO SAY THAT  
19 THE MOTION PASSES UNANIMOUSLY, AND I 'D LIKE TO  
20 CONGRATULATE OUR NEW VICE CHAIRS.

21 (APPLAUSE. )

22 CHAIRMAN KLEIN: I 'D LIKE TO -- I 'M GOING  
23 TO HAVE A SHORT BREAK, BUT FIRST I 'D LIKE TO GIVE  
24 ART TORRES THE OPPORTUNITY TO INTRODUCE HIS FAMILY  
25 AND GUESTS IN THE AUDIENCE, IF HE WOULD CHOOSE TO.

## BARRISTERS' REPORTING SERVICE

1 MR. TORRES: WELL, THANK YOU VERY MUCH.  
2 AND AS I SAID TO DUANE LAST NIGHT, I REALLY  
3 APPRECIATED HIS COLLABORATION IN TERMS OF MAKING  
4 THIS WORK FOR ALL OF US. AND I REALLY APPRECIATE  
5 THE CONSUMER WATCHDOG'S RECOMMENDED AMENDMENT TO THE  
6 SALARY ISSUE.

7 BUT ALSO I WANT TO SAY THANK YOU TO SHERRY  
8 AND TO CLAIRE WHO WORKED SO HARD IN THIS GOVERNANCE  
9 COMMITTEE AND JEFF AS WELL AND ALL THE OTHER MEMBERS  
10 OF THE GOVERNANCE COMMITTEE. I MORE THAN ANYONE  
11 WILL RECOMMEND TO SECRETARY CLINTON TO SEND ALL OF  
12 YOU TO THE MIDDLE EAST BECAUSE I THINK IF YOU CAN  
13 SOLVE THIS PROBLEM, YOU CAN SOLVE THAT PROBLEM AS  
14 WELL.

15 I'M VERY PROUD TO HAVE WITH ME TODAY THE  
16 SENATE MAJORITY LEADER, MY FORMER CHIEF OF STAFF,  
17 WHO I'M VERY PROUD OF, SENATOR DEAN FLOREZ FROM  
18 FRESNO AND BAKERSFIELD.

19 (APPLAUSE.)

20 MR. TORRES: MY PARTNER GONZALO ESCODERO.  
21 AND SOME OF YOU HAVE ALREADY SEEN HIS PLAY AT THE  
22 BERKELEY REPERTORY THEATER, AND I SPOKE TO SHERRY  
23 ABOUT THIS AS WELL, MY SON JOAQUIN TORRES.

24 (APPLAUSE.)

25 MR. TORRES: ONE THING I'VE LEARNED IS TO

## BARRISTERS' REPORTING SERVICE

1 ALWAYS FOLLOW THE THREE B'S, BE BRIEF, BE SEATED, BE  
2 CAREFUL.

3 (APPLAUSE.)

4 CHAIRMAN KLEIN: WE ARE GOING TO TAKE A  
5 SHORT BREAK SO WE CAN SWEAR IN ART TORRES, BUT I  
6 WANTED TO KNOW, DUANE, IF YOU HAVE ANYONE YOU'D LIKE  
7 TO INTRODUCE OR ANY COMMENTS YOU'D LIKE TO MAKE.

8 MR. ROTH: I HAVE NO ONE TO INTRODUCE, BUT  
9 I'LL MAKE SOME COMMENTS.

10 DR. POMEROY: YOU HAVE ALL OF US.

11 MR. ROTH: FIRST OF ALL, I'M NOT  
12 ACCUSTOMED TO HAVING MY LAST NAME BE ALPHABETICALLY  
13 AHEAD OF ANYBODY ELSE'S. ALPHABETICAL ORDER I NEVER  
14 PAY ATTENTION TO. AND TO SHERRY AND CLAIRE AND BOB  
15 AND ALL THE PEOPLE THAT WORKED ON THIS AND YOUR NICE  
16 COMMENTS, I KNOW ART APPRECIATES THEM VERY MUCH. SO  
17 DO I. BUT I THINK BEHIND ALL THIS YOU CAME TO  
18 REALIZE THAT IT'S GOING TO TAKE AT LEAST TWO PEOPLE  
19 TO REPLACE ED PENHOET, SO THAT'S REALLY THE REASON  
20 BEHIND ALL THIS.

21 AND THEN JUST FINALLY, TO ART, WHO I LOOK  
22 FORWARD TO WORKING WITH, PLEASE DON'T TRY TO CONVERT  
23 ME FROM MY POLITICAL AFFILIATION. I FEEL IN THE  
24 ROOM TODAY LIKE I'M IN THE MINORITY, WHICH MY  
25 BROTHER TED IS A PROMINENT DEMOCRAT FEELS THIS ALL



## BARRISTERS' REPORTING SERVICE

1 THE TIME IN SAN DIEGO. BUT I DO THINK HAVING BOTH  
2 OF US ABLE TO WORK WITH THE LEGISLATORS AND  
3 CERTAINLY WITH THE FOOD AND DRUG ADMINISTRATION AND  
4 INDUSTRY PEOPLE. BOB MADE A COMMENT ABOUT THE  
5 PRODUCTS I'VE WORKED WITH AND UNDERSTANDING THE FDA.  
6 I JUST WANT TO CAUTION YOU. THAT'S A MOVING TARGET,  
7 AND I DON'T THINK ANYBODY REALLY UNDERSTANDS THE  
8 FDA.

9 THE MOST WE CAN DO THERE IS TO CONTINUE TO  
10 MAKE SURE THE PATIENT VOICE IS HEARD, AND IT'S NOT  
11 JUST BETWEEN THE COMPANY TRYING TO GET AN APPROVAL  
12 AND A REGULATOR WHO'S TRYING NOT TO MAKE A MISTAKE.  
13 I THINK WHAT'S MISSING IN THAT CONVERSATION THAT  
14 TAKES PLACE AT THE FDA IS THE PATIENT. AND SO I  
15 THINK WE NEED TO REINSERT THE PATIENT, MUCH LIKE  
16 WHAT HAPPENED DURING THE HIV EPIDEMIC WHERE THEY DID  
17 HAVE A VOICE AND THINGS DID HAPPEN VERY QUICKLY.

18 SO ONE OF MY OBJECTIVES AND GOALS WILL  
19 CERTAINLY BE AROUND THAT.

20 MS. SAMUELSON: HERE. HERE.

21 (APPLAUSE.)

22 CHAIRMAN KLEIN: THANK YOU. THIS IS GOING  
23 TO BE A VERY QUICK ADJOURNMENT. WE DO NEED TO SEAT  
24 ART TORRES WITH THE BOARD. AND I NEED TO SWEAR ART  
25 IN WITH JAMES HARRISON, SO GIVE US FIVE, SEVEN

**BARRISTERS' REPORTING SERVICE**

1 MINUTES, BUT LET'S -- WE'VE GOT VERY IMPORTANT  
2 AGENDA ITEMS TO MOVE ON QUICKLY, AND WE NEED TO GET  
3 THROUGH THIS AGENDA ITEM BEFORE LUNCH, SO THAT'S  
4 YOUR INDUCEMENT.

5 (A RECESS WAS TAKEN.)

6 CHAIRMAN KLEIN: ALL RIGHT. WE'RE GOING  
7 TO RECONVENE. WE'VE GOT SOME IMPORTANT ITEMS TO  
8 COVER. IT'S REAL CRITICAL THAT WE MOVE FORWARD  
9 EXPEDITIOUSLY. IF THE STAFF COULD NOTIFY DR.  
10 TROUNSON THAT WE ARE -- THERE HE IS. I WAS LOOKING  
11 FOR YOU IN THE BACK OF THE ROOM, DIDN'T LOOK AT THE  
12 OBVIOUS. STAFF, PLEASE ASK THE BOARD MEMBERS TO  
13 RETURN.

14 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.

15 CHAIRMAN KLEIN: WE'RE GOING TO WAIT JUST  
16 A SECOND. WE'VE GOT A COUPLE OF OTHER MEMBERS. ALL  
17 RIGHT. WE'RE GOING TO WAIT JUST A SECOND HERE.  
18 WE'VE GOT A COUPLE OF OTHER MEMBERS. ALL RIGHT. SO  
19 WE HAVE A COUPLE MORE MEMBERS, THREE OR FOUR,  
20 MELISSA IS PULLING IN. WHAT YOU ARE ABOUT TO SAY,  
21 DR. TROUNSON, IS VERY IMPORTANT. I WANT ALL THE  
22 BOARD MEMBERS TO CAPTURE THIS.

23 HOW ARE WE DOING ONLINE? ONLINE CAN YOU  
24 HEAR ME?

25 (ALL RESPOND YES.)

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN KLEIN: DR. LEVEY. DR. PENHOET,  
2 I HEARD YOU. JON SHESTACK.

3 DR. FRIEDMAN: MIKE FRIEDMAN IS HERE.

4 CHAIRMAN KLEIN: SO THE ONLINE MEMBERS ARE  
5 COMING BACK. MEMBERS ARE COMING BACK IN THE ROOM.  
6 WE NEED SHERRY LANSING AND CLAIRE POMEROY.

7 WHILE THEY ARE COMING TO THE FRONT, I'D  
8 LIKE TO COMMENT THAT NIH HAS RELEASED THEIR FORMAL  
9 ANNOUNCEMENT OF THE RECOVERY AND REINVESTMENT ACT  
10 FUNDING OPPORTUNITIES, INCLUDING THEIR APPLICATIONS,  
11 I THINK, AS OF THE LAST COUPLE OF DAYS. THIS  
12 PARTICULAR ANNOUNCEMENT ADDRESSES A BILLION  
13 AVAILABLE FOR EXTRAMURAL CORE FACILITIES AND OTHER  
14 CONSTRUCTION, RENOVATION, OR REPAIR AWARDS. ART,  
15 I'M SURE THAT YOU'RE GOING TO IMMEDIATELY BE HELPING  
16 ME FIGURE OUT WHERE THE HALF BILLION WAS THAT WE GOT  
17 INTO THAT FOR EXTRAMURAL FACILITIES AND EQUIPMENT.  
18 MAY WELL BE IN EQUIPMENT CATEGORY. THE NATIONAL  
19 SCIENCE FOUNDATION HAS NOT COME OUT WITH THEIR  
20 ANNOUNCEMENT ABOUT THE 400 MILLION THAT'S THERE FOR  
21 RENOVATIONS AND EQUIPMENT.

22 WE'D LIKE TO OBVIOUSLY TRACK THAT VERY  
23 QUICKLY. IT'S IMPORTANT TO NOTE THAT WHILE THE ACT  
24 ITSELF AND THE NATIONAL SCIENCE FOUNDATION DOESN'T  
25 HIGHLIGHT THAT BIOMEDICAL RESEARCH FACILITIES WAS

## BARRISTERS' REPORTING SERVICE

1 ONE OF THE CORE OBJECTIVES OF THE STIMULUS BILL AS  
2 TO THAT SECTION, THAT THE COMMITTEE REPORTS ON THE  
3 HOUSE SIDE SPECIFICALLY TALKED ABOUT BIOMEDICAL  
4 RESEARCH BEING UNDERFUNDED, AND THAT THESE FUNDS  
5 BEING INTENDED TO BENEFIT BIOMEDICAL RESEARCH  
6 FACILITIES, RENOVATIONS, AND EQUIPMENT. SO WE'RE  
7 GOING TO BE TRACKING THAT AND FORWARDING ANYTHING  
8 THAT SEEMS LIKE AN EXCEPTION TO THE INTENT OF  
9 CONGRESS TO THE PUBLIC AND THE MEMBERS OF THE BOARD.

10 WITH THAT, WE HAVE TWO MEMBERS, INCLUDING  
11 OUR FINANCE CHAIR, WHICH WOULD BE IMPORTANT TO  
12 DISCOVER.

13 MS. KING: HE JUST NEEDED A BRIEF BREAK  
14 AND WILL RETURN IN A COUPLE OF MINUTES.

15 CHAIRMAN KLEIN: SO I BRIEFED HIM ON --  
16 HERE HE IS. THANK YOU, MICHAEL.

17 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.  
18 AT THE LAST BOARD MEETING, THE BOARD ASKED US TO  
19 PREPARE A FUNDING PRIORITIES LIST FROM OUR POINT OF  
20 VIEW THE PRIORITIES THAT WE WOULD RECOMMEND TO YOU.  
21 AND WE SHOULD SAY THAT IF THERE IS NO CONTRIBUTIONS,  
22 WE WOULD HAVE TO CEASE FUNDING AROUND SEPTEMBER THIS  
23 YEAR. SO IT'S PREDICATED ON AN ASSUMPTION, WHICH I  
24 THINK IS A REALISTIC AND GETTABLE ASSUMPTION, THAT  
25 THERE WOULD BE -- WE WOULD BE ABLE TO RAISE THROUGH

## BARRISTERS' REPORTING SERVICE

1 THE PRIVATE PROGRAM AROUND \$200 MILLION, 100 MILLION  
2 BY AROUND JULY THIS YEAR AND ANOTHER 100 MILLION  
3 EARLY NEXT YEAR. SO OTHERWISE PRIORITIES ARE  
4 MEANINGLESS.

5 SO THAT'S A BACKGROUND ASSUMPTION. I'M  
6 GOING TO GET JOHN ROBSON TO SORT OF COME BACK AT THE  
7 END OF MY COMMENTS AND GIVE YOU THE DETAILS  
8 UNDERPINNING THE RECOMMENDATIONS THAT WE'RE GOING TO  
9 MAKE TO YOU. SO YOU SEE THIS LIST IS A LITTLE  
10 DIFFERENT TO WHAT WOULD HAVE BEEN THE WHOLE PROGRAM  
11 LIST BASICALLY BECAUSE WE'RE SAYING WE REALLY CAN'T  
12 DO ALL OF EVERYTHING IF IT'S ONLY 200 MILLION THAT  
13 WE'RE ABLE TO RAISE IN THIS TIMEFRAME. WE'RE ABLE  
14 TO RAISE MORE THAN THAT, OF COURSE, YOU CAN DO MORE.

15 AND SO THE TRANSLATION, FOR EXAMPLE, AND  
16 THE BASIC BIOLOGY AND DISEASE TEAMS HAVE BEEN SPLIT  
17 SO THAT OUR RECOMMENDATION IS TO DO SOME, BUT NOT  
18 ALL OF WHAT YOU AGREED TO IN THE CONCEPT APPROVAL.  
19 SO UNDERPINNING THAT, AND THE FIRST SEVEN ARE REALLY  
20 THE ONES THAT WE WILL FOCUS ON, THEN I WANT TO JUST  
21 GIVE YOU SOME BACKGROUND AS TO WHY WE'RE MAKING  
22 THESE RECOMMENDATIONS.

23 SO THE NEXT SLIDE. HERE IS THE PIPELINE,  
24 AND YOU CAN SEE IN THE GREEN, THE GREEN AREAS, IT'S  
25 REALLY THE BASIC RESEARCH, THE LAYING OF THE

## BARRISTERS' REPORTING SERVICE

1 FOUNDATION, IF YOU LIKE. WE'VE ACTUALLY PUT A LOT  
2 OF MONEY INTO THE SEED GRANTS, COMPREHENSIVE  
3 PROJECTS, THE NEW FACULTY AWARDS I AND II WAS VERY  
4 LARGE, AND I THINK IT'S GOING TO BE VERY EFFECTIVE,  
5 NEW CELL LINES, TO SOME EXTENT THE TOOLS AND  
6 TECHNOLOGY BECAUSE THEY ARE BASIC IN MANY RESPECTS,  
7 THE TRAINING GRANTS, OF COURSE, THEY HAVE A STRONG  
8 ACCENT FOR THE BASIC RESEARCH, AND THE BIOLOGY OF  
9 STEM CELLS, WHICH IS A PROGRAM THAT WE HAVE UP IN --  
10 ONE OF THE PROGRAMS THAT WE HAVE IN FRONT OF US, ALL  
11 FOCUSED ON THE BASIC END.

12 AND IT'S VERY IMPORTANT THAT WE DO THIS  
13 BASIC RESEARCH BECAUSE I THINK, AS I DEMONSTRATED  
14 EARLIER, THE OBSERVATIONS AND THE DISCOVERIES COMING  
15 OUT OF THE BASIC RESEARCH ACTUALLY UNDERPIN HOW YOU  
16 GO FORWARD AND HOW YOU DESIGN CLINICAL TRIALS. AND  
17 WITHOUT THAT, YOU CAN BE IN SOME RESPECT GUESSING  
18 THAT A TREATMENT MIGHT BE EFFECTIVE RATHER THAN  
19 REALLY HAVING SOUND KNOWLEDGE. AND, OF COURSE, IT'S  
20 CHANGING MANY ASPECTS OF THE WAY WE LOOK AT THINGS  
21 ALL THE TIME. AND THE NEW DISCOVERIES IN THE BASIC  
22 AREA ARE PROFOUND AND EXTREMELY IMPORTANT.

23 BUT IN THE BLUE AREA IS THE TRANSLATIONAL  
24 AREA, AND WE STRONGLY, AS STAFF, BELIEVE THAT WE'VE  
25 GOT TO ENTER TRANSLATION. AND WE'VE GOT TO START

## BARRISTERS' REPORTING SERVICE

1 THIS PIPELINE FLOWING TOWARDS THE CLINIC. WE  
2 BELIEVE THERE ARE VERY STRONG APPLICATIONS IN THAT  
3 AREA, AND THEY DESERVE TO BE SUPPORTED, AT LEAST  
4 SOME OF THOSE, IN THE TOP CATEGORY.

5 WE ALSO BELIEVE THAT IT IS TIME FOR THE  
6 DISEASE TEAM PROGRAM. WE BELIEVE THAT WITHIN A FEW  
7 WEEKS WE WILL HAVE A LARGE CADRE OF TOP QUALITY  
8 PROPOSALS WHICH WILL BE CHALLENGING. AND, OF  
9 COURSE, THE APPLICANTS BELIEVE THAT THEY'RE GOING TO  
10 MAKE AN IND, AN APPLICATION FOR CLINICAL TRIAL,  
11 WITHIN FOUR YEARS. I HAVE ABSOLUTELY NO DOUBT THERE  
12 WILL BE A LARGE NUMBER OF THEM THAT COULD DO THAT.  
13 ABSOLUTELY WE'LL BE ABLE TO DO THAT. I DON'T THINK  
14 WE SHOULD SHIRK FROM GOING FORWARD AT THIS POINT IN  
15 TIME BECAUSE I THINK IT'S THE PEOPLE OUT THERE, THE  
16 PATIENTS THAT ARE SAYING, WELL, ISN'T IT TIME THAT  
17 WE HAD SOME OF THIS WORK IN CLINICAL TRIAL. AND LET  
18 ME TRY AND FILL THAT IN A LITTLE BIT FOR YOU.

19 SO WHAT IS GOING TO THE CLINIC AT THE  
20 PRESENT TIME? WHAT ARE THE THINGS THAT ARE ACTUALLY  
21 GOING THERE? WELL, GERON'S HUMAN EMBRYONIC STEM  
22 CELL-DERIVED OLIGODENDROCYTE TRANSPLANT WORK IS  
23 GOING TO THE CLINIC. THEY HAVE THEIR PERMISSION FOR  
24 THEIR TRIAL, AND THEY'LL BE UNDER WAY VERY QUICKLY.  
25 THE MESENCHYMAL STEM CELLS, THE BONE MARROW-TYPE

## BARRISTERS' REPORTING SERVICE

1 STEM CELLS, ARE IN CLINICAL TRIAL NOW FOR IMMUNE  
2 SUPPRESSION, HEART MUSCLE REPAIR, BONE AND CARTILAGE  
3 REPAIR, AND PULMONARY FIBROSIS, THESE STUDIES ARE  
4 ONGOING AT THE MOMENT. THEY'RE PHASE I, II, AND III  
5 STUDIES THAT ARE UNDER WAY. SO WE'RE IN THE CLINIC  
6 IN STEM CELLS. AND IT'S INTERESTING AND I THINK IN  
7 SOME RESPECTS PUZZLING, BUT ALSO INVIGORATING THAT  
8 WE'RE GETTING VERY POSITIVE RESPONSES IN SOME OF  
9 THESE TRIALS.

10 SO THE PUZZLING PART IS THAT SOMETIMES WE  
11 DON'T KNOW WHY WE'RE GETTING THAT. SO AS A  
12 SCIENTIST, THERE'S ALWAYS A LITTLE CONCERN BECAUSE  
13 IF YOU DON'T KNOW WHY -- HOW YOU'RE GETTING THE  
14 EFFECT, THEN YOU CAN'T ALWAYS PREDICT WHAT MIGHT BE  
15 AN ADVERSE REACTION. AND WE WANT TO ABSOLUTELY  
16 MINIMIZE THAT.

17 THE NEURAL STEM CELLS FOR LYSOSOMAL  
18 STORAGE DISEASE, THE WORK PARTICULARLY FROM STEM  
19 CELLS, INC. UNDER WAY AND REINVIGORATED BY A SECOND  
20 IND TO GET THAT WORK GOING AGAIN. THERE ARE SIX  
21 PATIENTS WHO HAVE BEEN TREATED FOR THIS. IT'S UNDER  
22 WAY. IT'S IN THE CLINIC.

23 THE SMALL MOLECULES FOR A WIDE RANGE OF  
24 TISSUE REGENERATIVE INDICATIONS BASED ON STEM CELL  
25 ASSAYS. CATRIONA JAMIESON IS ONE THAT WE'VE HEARD A



## BARRISTERS' REPORTING SERVICE

1 LOT ABOUT, BUT THERE ARE MANY MORE THAT ARE REALLY  
2 COMING UP, AND THEY'RE ON THEIR WAY, AND THEIR IND'S  
3 ARE BEING APPLIED FOR RIGHT NOW. SO WE'LL SEE A  
4 CADRE OF THESE. I HAVE ABSOLUTELY NO DOUBT. I'VE  
5 BEEN IN THE LABORATORIES OF CALIFORNIA RESEARCHERS,  
6 AND I KNOW THEY'RE GOING FOR THESE IND'S NOW.

7 AND CANCER PARTICULARLY IS A GREAT TARGET  
8 FOR SOME OF THOSE SMALL MOLECULES AND PARTICULAR  
9 ANTIBODIES. THIS IS OUR BUSINESS, CANCER STEM CELLS  
10 ARE OUT BUSINESS. HEMATOPOETIC STEM CELL EXPANSION,  
11 THEY'VE GOT MOLECULES FOR THAT NOW. THIS IS A BIG  
12 CHANGE THAT WAS NEVER ABLE TO EXPAND THOSE CELLS AND  
13 FOR MOBILIZATION OF ADULT STEM CELLS. SO WE'RE IN.  
14 THE GAME IS ON. WE NEED TO BECOME NOW PART OF IT,  
15 IN MY VIEW.

16 SO IF YOU LOOK AT THIS, YOU CAN DERIVE  
17 MANY DIFFERENT TYPES OF TISSUES, FOR EXAMPLE, FROM  
18 PLURIPOTENTIAL STEM CELLS. IN THE CASE OF EMBRYONIC  
19 STEM CELLS, YOU CAN GROW BLOOD AND BONE AND  
20 CARTILAGE, AND MAKE NEURONS, A VARIETY OF NEURONS.  
21 PIGMENTED RETINAL EPITHELIUM IS RELATIVELY EASILY  
22 GROWN. YOU CAN GET SOME OF THE PRODUCTS THAT WILL  
23 REPAIR LUNG TISSUE, AND NOW THERE'S MORE AND MORE  
24 STUDIES SHOWING THAT YOU CAN GET BETA ISLET-TYPE  
25 CELLS. SO THE CELL THERAPIES ARE MOVING. THEY'RE

## BARRISTERS' REPORTING SERVICE

1 MOVING UP THERE. AND THE TRANSLATION IS THE PLACE  
2 WHERE WE NEED TO CHECK ON THE EFFICACY AND THE  
3 RISKS, AND WE NEED TO PUT A BIT OF PRESSURE IN THERE  
4 TO GET THAT DONE BECAUSE WE DON'T WANT UNDERDONE  
5 STUDIES GOING TO THE CLINIC.

6 THE STEM CELL MOBILIZATION WORK, I THINK,  
7 IS INCREDIBLY EXCITING. AND IN MANY RESPECTS IT MAY  
8 NOT BE THE PANACEA FOR REGENERATING TISSUES, ALL  
9 TISSUES, BUT CLEARLY IT WILL BE FOR SOME. THERE ARE  
10 STEM CELLS IN MOST ADULT TISSUES. AND IF YOU CAN  
11 GET THEM MOBILIZED, THEY WILL REPAIR FUNCTION, BUT  
12 NOT MAYBE REALLY ADVANCED CASES. BUT EARLY STAGE  
13 MOBILIZATION IN EARLY STAGE DISEASES IS A VERY GOOD  
14 STRATEGY.

15 AND THE SMALL MOLECULES -- HAVE THE NEXT  
16 ONE, MELISSA -- YOU CAN GO TO THESE LABORATORIES IN  
17 CALIFORNIA. THEY'RE FANTASTIC. I WENT TO ONE WHERE  
18 THERE ARE 600 STAFF WORKING ON MACHINES THAT ARE  
19 ASTONISHING, AND THEY'RE GROWING TISSUES FROM STEM  
20 CELLS SO THAT NOW THE PEOPLE THAT WE'VE BEEN  
21 SUPPORTING AND MOVING IN WITH THEIR ASSAYS INTO  
22 THESE LABORATORIES, AND THEY'RE PUTTING THEM THROUGH  
23 THE HIGH THROUGHPUT SCREENING SYSTEMS. THERE'S SOME  
24 VERY, VERY INTERESTING WAYS OF GROWING CELLS THAT  
25 ARE COMING FROM SOME OF THESE LABORATORIES. THESE

## BARRISTERS' REPORTING SERVICE

1 CLUSTERS, I'LL JUST SHOW YOU, BOUND WITH DNA.  
2 THERE'S SOME ASTONISHING NEW TECHNOLOGY THAT IS  
3 THERE, AND IT'S IN THAT TRANSLATIONAL AREA. SO WE  
4 NEED, I THINK, VERY MUCH NEED TO BE PART OF THAT.

5 SO WHEN YOU COME TO TRAINING, THERE'S --  
6 YOU CAN DEBATE THIS, OF COURSE, WHETHER IT'S GOOD OR  
7 NOT. BUT I AND THE STAFF BELIEVE IT'S VERY  
8 IMPORTANT THAT WE CONTINUE TO SUPPORT THE TRAINING.  
9 THERE'S A CRITICAL MASS WHICH WE'VE NOW GOT  
10 CO-LOCATED AND RESOURCED. WE'RE DOING THAT. THE  
11 INSTITUTIONS ARE IN THE PROCESS OF BUILDING GREAT  
12 NEW FACILITIES, BUT THEY'RE CO-LOCATING THEIR  
13 SCIENTISTS. AND EVERY PLACE I GO I SEE THESE PEOPLE  
14 MOVING TOGETHER. IT'S BECOMING A COMPETITIVE AND  
15 VERY SUPPORTIVE ENVIRONMENT. IT'S JUST THE PLACE  
16 WHERE YOU NEED TO GO AS A YOUNG SCIENTIST. PEOPLE  
17 WITH AMBITION, WITH DRIVE, THEY'RE THERE. BUT WHAT  
18 THEY'RE SHORT OF IS VERY CLEAR. THEY DON'T HAVE  
19 ENOUGH TECHNICAL SUPPORT PEOPLE FOR THE REALLY SMART  
20 ASSAYS AND INSTRUMENTATION AND TECHNOLOGIES. AND  
21 THAT'S A RAPID GROWTH; AND IF WE ARE GOING TO EXPECT  
22 PEOPLE TO DO THE TRAINING ON-SITE, WE'VE GOT TO HELP  
23 THEM DO THAT.

24 SO I THINK, FOR EXAMPLE, THE BRIDGES  
25 PROGRAM, TO ME, SEEMS SO LOGICAL, SO SOCIALLY

## BARRISTERS' REPORTING SERVICE

1 CORRECT. AND I TELL YOU I JUST KNOW THAT THESE ARE  
2 THE SORT OF PLACES THAT I AND OTHER PEOPLE CAME  
3 FROM. FROM THESE SITUATIONS IN THESE PLACES, THESE  
4 PEOPLE, IF GIVEN A CHANCE, WITH HIGH AMBITION,  
5 THEY'RE VERY SMART, THEY'RE VERY DEDICATED, THEY'LL  
6 DO SUPREMEY WELL. THEY WILL BE THE POSSIBLE NOBEL  
7 PRIZE PEOPLE OF THE FUTURE. THEY COME WITH SUCH  
8 DEDICATION, THAT THEY'RE UNSTOPPABLE. AND WHAT WE  
9 NEED TO DO IS PROVIDE THEM A PIPELINE TO GET THERE.

10 AND IF YOU PUT THEM IN CONJUNCTION WITH  
11 THE SMART SCIENTISTS, THE REALLY CUTTING-EDGE  
12 SCIENTISTS THAT WE'VE GOT IN CALIFORNIA NOW, IT WILL  
13 BE A HUGE DIFFERENCE. YOU WILL GROW SOMETHING  
14 REALLY MAGNIFICENT. AND I BELIEVE THOSE YOUNG  
15 PEOPLE WILL GO BACK TO THEIR COMMUNITIES AND SAY --  
16 AND SPREAD THE WORD, WOW. YOU KNOW, IT'S SCIENCE  
17 FOR ALL OF US. IT'S NOT JUST SCIENCE FOR THE  
18 WELL-TO-DO PEOPLE AND IT SHOULDN'T BE. IT SHOULD BE  
19 FOR ALL OF US, AND WE SHOULD BE REACHING BACK AND  
20 REACHING FORWARD.

21 SO WE WOULD LIKE TO STRONGLY, STRONGLY  
22 BACK THE BRIDGES PROGRAM, AND WE WANT TO BACK THE  
23 TRAINING PROGRAM, ALTHOUGH I THINK WE'RE GOING TO  
24 HAVE TO PUT IT BACK A YEAR, AND THAT'S ONE OF THE  
25 RECOMMENDATIONS WE'LL MAKE TO YOU.

## BARRISTERS' REPORTING SERVICE

1 SO I'M GOING TO NOW HAND OVER TO JOHN.  
2 SINCE I HAD THE EASY PART, HE'S NOW GOING TO TELL  
3 YOU REALLY WHAT IT IS ABOUT THE ASSUMPTIONS AND THE  
4 ARGUMENTS ABOUT THE BUDGET FOR WHICH WE'RE MAKING  
5 RECOMMENDATIONS.

6 CHAIRMAN KLEIN: WHAT I'D LIKE TO SAY, TO  
7 GIVE EVERYONE A FRAMEWORK, A LEGAL FRAMEWORK FOR THE  
8 DISCUSSION AND THE SEQUENCE OF DISCUSSION, IS THAT  
9 WHEN WE FINISH WITH JOHN ROBSON'S REPORT, IN ORDER  
10 TO ALLOW A FULL RANGE OF DEBATE AMONG ALL THE  
11 MEMBERS OF THE BOARD, GIVEN THAT THERE ARE BOARD  
12 MEMBERS WITH ITEMS AT ISSUE UNDER BRIDGES AND  
13 TRAINING II AND THE EARLY TRANSLATION, WE NEED TO,  
14 AND I'M GOING TO HAVE JAMES AFTER JOHN ROBSON'S, DR.  
15 ROBSON'S PRESENTATION, EXPLAIN THE LEGAL BASIS FOR  
16 THIS, MOVE THROUGH THREE VERY NARROW SPECIFIC  
17 DISCUSSIONS ON FUNDING THOSE ITEMS. THEN WE'RE  
18 GOING TO COME BACK TO THE OVERALL POLICY. THOSE  
19 THREE ITEMS REPRESENT UNDER THE RECOMMENDATIONS A  
20 VERY SMALL DOLLAR AMOUNT. BECAUSE OF THESE  
21 CONFLICTS, WE CAN'T HAVE A DISCUSSION OF ALL THE  
22 BOARD MEMBERS ON THE OVERALL RECOMMENDATIONS UNTIL  
23 WE'VE DISPENSED WITH THOSE THREE ITEMS.

24 BUT BY DELIVERING THIS INFORMATION AT THIS  
25 TIME, WHEN WE ARE VOTING ON THOSE THREE ITEMS, YOU

## BARRISTERS' REPORTING SERVICE

1 CAN TAKE IT INTO CONSIDERATION TO THE EXTENT YOU'RE  
2 VOTING AND YOU DO NOT HAVE A CONFLICT. SO THERE  
3 WILL BE A VERY ROBUST DISCUSSION OF THE ENTIRE  
4 STRATEGY THAT FOLLOWS AFTER THOSE THREE ITEMS.

5 DR. ROBSON: OKAY. SO I'M GOING TO REPORT  
6 ON SOME OF THE FINANCIAL IMPLICATIONS OF THIS  
7 PRIORITIZATION EXERCISE THAT WE WENT THROUGH SINCE  
8 THE LAST BOARD MEETING. BEFORE I DO THAT, THERE'S  
9 THREE ASSUMPTIONS I WANT YOU TO UNDERSTAND THAT WE  
10 TOOK INTO THIS EXERCISE. THE FIRST IS THAT WE  
11 SHOULDN'T MAKE ANY CUTS TO ONGOING PROGRAMS. THE  
12 ONES THAT HAVE CURRENTLY BEEN FUNDED WILL CONTINUE  
13 AT THE SAME LEVELS OF FUNDING THAT THEY WERE  
14 AWARDED. SO NO IMPACT THERE SO FAR.

15 OTHER ASSUMPTION IS THAT WE REALLY WERE  
16 COMMITTED -- THAT WE HAVE TO KEEP MOVING FORWARD.  
17 WE HAVE TO KEEP FUNDING NEW PROGRAMS. IF WE STOP AT  
18 THIS POINT AND THEN FUNDS THEN COME AGAIN IN TWO  
19 YEARS WHEN WE THINK THAT THIS FINANCIAL CRISIS OR WE  
20 CERTAINLY HOPE WILL GET BACK TO A MORE NORMALIZED  
21 STATE, THAT WE DON'T WANT TO BE IN A POSITION OF  
22 HAVING TO RETOOL AT THAT POINT.

23 CHAIRMAN KLEIN: DR. ROBSON, THE  
24 PARENTHETICAL THUS FAR, I'D LIKE TO POINT OUT, WE  
25 HAVE CONTRACTS ON EXISTING PROGRAMS. WE'RE NOT IN A

## BARRISTERS' REPORTING SERVICE

1 POSITION TO ADJUST THOSE. WE HAVE NO INTENTION OF  
2 ADJUSTING THOSE.

3 DR. ROBSON: MY POINT IS WE HAVEN'T  
4 MODELED THAT.

5 AND FINALLY, WE'VE ASSUMED THAT WE WILL,  
6 AS ALAN SAID, GET A COUPLE OF INFLUXES OF MONEY,  
7 ABOUT \$100 MILLION SOMETIME IN THE THIRD QUARTER OF  
8 THIS YEAR BETWEEN JULY 1ST AND THE END OF SEPTEMBER,  
9 AND THEN ANOTHER HUNDRED MILLION SOMETIME EARLY NEXT  
10 YEAR.

11 BEFORE I SHOW YOU THE IMPLICATIONS FOR OUR  
12 PRIORITIES, LET'S JUST TAKE A QUICK LOOK AT WHAT  
13 WOULD HAPPEN IF WE FUNDED THE PROGRAMS THAT YOU HAVE  
14 ALREADY CONCEPT APPROVED. THEY'VE BEEN THROUGH  
15 CONCEPT APPROVAL, AT THE FULL LEVEL THAT YOU EITHER  
16 RECOMMENDED OR IN THE CASE OF TRAINING AND BRIDGES,  
17 WHAT YOU'VE APPROVED SO FAR.

18 JUST ON THE LEFT LISTS THE PROGRAMS THAT  
19 I'M GOING TO TALK ABOUT: TRAINING II, BRIDGES,  
20 EARLY TRANSLATION, BASIC BIOLOGY, AND DISEASE TEAMS,  
21 AND BASIC BIOLOGY II. THE CENTER COLUMN SHOWS THE  
22 BUDGETS THAT YOU APPROVED, AND THE RIGHT COLUMN  
23 SHOWS WHAT WOULD BE THE EXPENDITURES WE WOULD HAVE  
24 TO MAKE BASED ON THOSE BUDGETARY AMOUNTS BETWEEN NOW  
25 AND THE END OF DECEMBER 2010. AND THAT'S BASED ON

## BARRISTERS' REPORTING SERVICE

1 QUARTERLY PAYMENTS. WE HAD A DISCUSSION ABOUT THAT  
2 LAST TIME. I CAN TELL YOU WE'VE ALREADY MOVED TO  
3 MAKING QUARTERLY PAYMENTS. WE'VE STARTED THAT.

4 SO LET'S LOOK AT THE IMPLICATIONS OF THAT.  
5 I'M SHOWING YOU THIS IN GRAPHIC FORM. THIS IS WHAT  
6 THEY CALL A DASHBOARD. DAN DORNBUSH, A COLLEAGUE OF  
7 MICHAEL GOLDBERG'S, HELPED US GET THIS SET UP. AND  
8 I THINK IT'S QUITE HELPFUL. IT'S NOT AS COMPLICATED  
9 AS IT LOOKS, SO LET ME WALK YOU THROUGH IT.

10 SO THE BARS THAT ARE SHOWN ALONG THE X  
11 AXIS THERE INDICATE THE PAYMENTS THAT WE WOULD MAKE  
12 DURING EACH QUARTER. JANUARY TO MARCH 2009 IS THE  
13 BAR ON THE LEFT, OCTOBER TO DECEMBER 2010 IS THE BAR  
14 ON THE RIGHT. THE LIGHTER COLOR AT THE BOTTOM  
15 INDICATES THE COST WE WOULD HAVE FOR ADMINISTRATION  
16 AT CIRM, AND THE BLUE BAR IS THE AMOUNT THAT WE  
17 EXPEND ON GRANT FUNDS, RESEARCH FUNDS, DURING THAT  
18 PERIOD.

19 THE NUMBERS ON THE LEFT REFER TO THOSE OUT  
20 PAYMENTS, TO THE BARS THAT I JUST DESCRIBED. FOR  
21 EXAMPLE, IN JANUARY MARCH, THE BAR ON THE LEFT,  
22 WE'RE PROJECTING WE'RE GOING TO PUT OUT ABOUT \$30  
23 MILLION. WITH ME SO FAR? THE NUMBERS ON THE RIGHT,  
24 NOW, THEY REFER TO THE AMOUNT OF MONEY THAT WE HAVE  
25 IN THE BANK. THIS IS WHAT'S IN THE BOND FUND. SO



## BARRISTERS' REPORTING SERVICE

1 THOSE NUMBERS ON THE RIGHT, AND YOU CAN SEE ZERO  
2 SORT OF ABOUT A THIRD OF THE WAY UP GOES UP TO ABOUT  
3 200 MILLION. THE RED LINE MARKS THE ZERO POINT. SO  
4 ANY AMOUNT ABOVE THAT IS A POSITIVE BALANCE WITHIN  
5 THE BOND FUND. THAT'S A GOOD THING. ANY NUMBER  
6 THAT'S BELOW THAT IS A NEGATIVE BALANCE IN THE BOND  
7 FUND. THAT'S A BAD THING.

8 SO WE'RE TALKING ABOUT THESE NUMBERS HERE,  
9 THAT RED LINE RIGHT THERE. SO HOW MUCH MONEY WE  
10 HAVE IN THE BANK IS INDICATED BY THE GREEN LINE.  
11 YOU CAN SEE HERE. SO THAT'S THOSE INDIVIDUAL POINTS  
12 CALCULATED FOR EACH QUARTER, AND THEN THE LINE IS  
13 JUST CONNECTED. AND YOU WILL SEE THERE ARE TWO  
14 PLACES WHERE THE LINE GOES UP. IT GOES UP IN THE  
15 THIRD QUARTER HERE, AND THAT'S BASED ON OUR  
16 EXPECTATION OF AN INFUSION OF \$100 MILLION AT THAT  
17 POINT, AND IT GOES UP AGAIN HERE IN JANUARY TO MARCH  
18 QUARTER OF NEXT YEAR, AGAIN, BASED ON THE  
19 EXPECTATION OF ANOTHER \$100 MILLION COMING UP.

20 EVEN IN THIS SCENARIO, WITH THE \$200  
21 MILLION IN ADDITION, YOU WILL SEE THAT WE GO BROKE  
22 ABOUT THE END OF SEPTEMBER IN 2010. WE WOULD FALL  
23 BELOW ZERO AT THAT POINT. WHEN WE DID OUR MODELING,  
24 WE HAD THIS INFORMATION IN MIND, AND WE SAID IT  
25 WOULD BE INAPPROPRIATE FOR US. WE HAVE TO DEAL WITH

## BARRISTERS' REPORTING SERVICE

1 THIS ISSUE. OUR GOAL AND ALL OF OUR GOAL HAS TO BE  
2 TO KEEP OUR PROGRAMS MOVING FORWARD, BUT WE'VE GOT  
3 TO KEEP THAT RED LINE ABOVE THE GREEN LINE -- THE  
4 OTHER WAY AROUND. WE HAVE TO KEEP THE GREEN LINE  
5 ABOVE THE RED LINE.

6 CHAIRMAN KLEIN: TO GIVE BENCHMARKS TO THE  
7 BOARD, WE HAVE APPROVAL FOR 400 MILLION. SO WHAT  
8 WE'RE SHOWING YOU IS A CONSERVATIVE CASE WITH 200  
9 MILLION. IN ADDITION, WHEN IT SAYS ALL CONCEPT  
10 PROGRAMS, THAT'S AT THEIR FULL APPROVED LEVELS. SO  
11 IF WE DO LESS THAN THEIR APPROVED LEVELS, BECAUSE WE  
12 GET DOWN TO SEPTEMBER AND WE FIND WE DON'T HAVE THE  
13 FULL HUNDRED MILLION IN, LET'S SAY WE HAVE 75  
14 MILLION IN, WE CAN ADJUST THAT FUNDING LEVEL. SO WE  
15 HAVE ONGOING DECISION POINTS THAT WE CAN ADJUST, BUT  
16 OUR INTENT IS ACTUALLY, I HOPE, TO DO BETTER THAN  
17 THIS WITH REACHING MORE TOWARDS AN OPTIMIZED PROGRAM  
18 AND REACHING TOWARDS 400 MILLION, BUT THIS IS THE  
19 CONSERVATIVE CASE.

20 MS. SAMUELSON: QUESTION. IS THERE A  
21 TIMEFRAME FOR WHEN WE RUN OUT OF ALL OF OUR MONEY TO  
22 THE EXTENT WE CAN PREDICT THAT?

23 CHAIRMAN KLEIN: YOU MEAN THE 3 BILLION?

24 MS. SAMUELSON: I KNOW WE'VE GOT VARIOUS  
25 SOURCES OTHER THAN THE 3 BILLION, BUT THE 3 BILLION

## BARRISTERS' REPORTING SERVICE

1 PLUS, IF YOU WILL.

2 CHAIRMAN KLEIN: WELL, APPROXIMATELY NINE  
3 YEARS OUT, WITHOUT ANY LOAN MONEY RECYCLING, WE  
4 WOULD RUN OUT. SO IF WE HAVE LOAN MONEY RECYCLING,  
5 THERE'S A SEPARATE ANALYSIS THAT WE HAVE TO GO  
6 THROUGH AT A LATER DATE.

7 MS. SAMUELSON: CAN YOU GIVE ME YOUR BEST  
8 ESTIMATE?

9 CHAIRMAN KLEIN: I'D LIKE TO SEE AN  
10 ABILITY WITH LOAN MONEY RECYCLING AS A BEST CASE  
11 RUNNING OUT LIKE 13 YEARS OUT, BUT AS A CONSERVATIVE  
12 CASE, MARSHALING OUR FUNDS AND USING THEM WITH GREAT  
13 ACUITY ABOUT NINE YEARS OUT. IF WE ARE, IN FACT,  
14 WIDELY SUCCESSFUL AND RESEARCH IS GOING FASTER, THE  
15 OPPORTUNITIES ARE GREATER, IT COULD BE EIGHT YEARS  
16 OUT, BUT SOMEWHERE IN THAT RANGE.

17 DR. ROBSON: CAN WE --

18 MS. SAMUELSON: NINE YEARS WITHOUT THE  
19 LOAN RECYCLING AND 13 YEARS WITH.

20 CHAIRMAN KLEIN: YES.

21 MS. SAMUELSON: AND THAT'S FROM NOW OR  
22 FROM DAY ONE?

23 CHAIRMAN KLEIN: FROM THE BEGINNING OF  
24 2009.

25 DR. ROBSON: WHY DON'T YOU LET ME FINISH,

**BARRISTERS' REPORTING SERVICE**

1 AND THEN YOUR BOARD CAN HAVE A --

2 DR. LOVE: JUST ONE CLARIFICATION.

3 CHAIRMAN KLEIN: JOAN SAMUELSON DOESN'T  
4 HAVE ANY CONFLICTS AND TED DOESN'T HAVE ANY  
5 CONFLICTS.

6 MS. SAMUELSON: THESE ARE VERY GENERIC  
7 POLICY QUESTIONS.

8 CHAIRMAN KLEIN: WE'VE LOOKED AT THIS VERY  
9 CAREFULLY WITH TWO DIFFERENT ATTORNEYS, SO WE'RE  
10 TRYING TO BE CAREFUL.

11 DR. LOVE: BOB, YOU THREW OUT THE 400, 200  
12 DELTA. COULD YOU EXPLAIN THAT A LITTLE BIT BETTER?

13 CHAIRMAN KLEIN: WE HAVE AN AUTHORIZATION  
14 FROM THE CALIFORNIA STEM CELL RESEARCH AND CURES  
15 BOND COMMITTEE FOR 400 MILLION. BUT IN THIS  
16 FINANCIAL ENVIRONMENT, WE HAVE TO BE CONSERVATIVE  
17 ABOUT HOW MUCH WE CAN PLACE. SO THIS IS ASSUMING  
18 THAT WE'RE ABLE TO PLACE 200 OF THE 400 MILLION. AS  
19 I'LL DISCUSS LATER, UNDER OPTIMIZED CASES, YOU, FOR  
20 EXAMPLE, DON'T SEE A CATEGORY HERE FOR CLINICAL  
21 TRIALS. THAT COULD BE A VERY, VERY CRITICAL  
22 CATEGORY FOR OUR ROLE COMPLEMENTING THE NIH, WHICH  
23 WITH 400 MILLION WE CAN DO, WITH 200 MILLION WE  
24 CAN'T REACH.

25 DR. ROBSON: SO NOW THIS IS THE LIST THAT

## BARRISTERS' REPORTING SERVICE

1 ALAN DISCUSSED WITH YOU BEFORE SHOWING OUR  
2 PRIORITIES. AND AS HE WENT THROUGH, IT'S REALLY  
3 SORT OF A TWO-PRONGED APPROACH. FIRST, THERE WAS  
4 THE PROGRAMMATIC APPROACH, WHICH ARE THE PROGRAMS  
5 THAT WE THINK ARE THE MOST IMPORTANT FOR US TO START  
6 EMPHASIZING? AND HE DESCRIBED THE FACT THAT WE FEEL  
7 THAT NEED TO START SHIFTING OUR EMPHASIS FROM A  
8 BASIC SCIENCE VIEW TO ADD MORE OF A CLINICAL  
9 APPROACH TO IT. SO THAT'S REFLECTED IN THIS LIST.

10 IN ADDITION, WE HAVE THE FINANCIAL  
11 RESPONSIBILITY OF KEEPING THE INSTITUTION SOLVENT.  
12 SO WE HAD TO ADJUST SOME OF THE AMOUNTS THAT WE  
13 WOULD RECOMMEND THAT YOU CONSIDER FUNDING AT THIS  
14 POINT. SO WE'RE REALLY GOING TO TALK ABOUT THOSE  
15 ITEMS THAT ARE ABOVE THE BLUE LINE THERE. THERE'S  
16 ONE THERE THAT'S NOT BEEN CONCEPT APPROVED. THAT'S  
17 IMMUNOLOGY. WE'VE PUT THAT IN THERE BECAUSE WE  
18 THINK IT'S CRUCIAL. WE HAVE TO KEEP THAT IN MIND,  
19 THAT WE HAVE TO HAVE FUNDS AVAILABLE TO FUND THAT  
20 SORT OF RESEARCH AS PART -- TO ACHIEVE OUR OVERALL  
21 MISSION.

22 NOW, OF COURSE, IF THE FINANCIAL SITUATION  
23 CHANGES, WE CAN ALWAYS MOVE THAT BLUE DOWN AND  
24 INCORPORATE SOME OF THE BALANCE OF THOSE VARIOUS  
25 PROGRAMS, THE BALANCE OF FUNDS THAT'S LISTED BELOW.

## BARRISTERS' REPORTING SERVICE

1 SO THE BUDGETS SHOWN THERE ARE THE BUDGETS  
2 THAT WE ARE RECOMMENDING FOR YOU AT THIS PARTICULAR  
3 POINT, AND THIS IS WHAT WE'VE MODELED OUR  
4 PROJECTIONS ON. AND, AGAIN, THE EXPENDITURES SHOW  
5 THE IMPLICATIONS FOR THOSE DIFFERENT BUDGETS BETWEEN  
6 NOW AND THE END OF 2010, HOW MUCH WOULD WE HAVE TO  
7 SPEND, AGAIN, BASED ON QUARTERLY PAYMENTS.

8 SO LET'S LOOK AT THAT GRAPH. AND YOU WILL  
9 SEE THAT'S MADE A DIFFERENCE NOW. ACTUALLY IT'S THE  
10 SAME MODEL YOU SAW BEFORE, BUT NOW IF WE FOLLOW THAT  
11 PRIORITY LIST, AT THE END OF 2010, WE'LL STILL BE IN  
12 THE BLACK. WE'LL HAVE ON OUR CALCULATIONS HERE  
13 ABOUT A MILLION AND A HALF DOLLARS LEFT IN THE BOND  
14 FUND. THIS, AGAIN, BASED ON \$200 MILLION IN FLUX  
15 NOW. IF WE GET MORE, WE DO BETTER. IF WE GET LESS,  
16 WE'LL HAVE TO MAKE ADJUSTMENTS TO OUR PRIORITIES AS  
17 WE GO FORWARD.

18 SO FOR TODAY -- THAT'S OUR OVERALL  
19 PROJECTION, BUT FOR TODAY I'D LIKE TO EMPHASIZE OUR  
20 RECOMMENDATIONS FOR THREE PROGRAMS, WHICH ARE UNDER  
21 CONSIDERATION. AND THAT'S THE THREE THAT ALAN  
22 MENTIONED TO YOU. THE BRIDGES PROGRAM, I WON'T  
23 SPEAK AS PASSIONATELY AS HE DID ABOUT IT, BUT IT'S  
24 SOMETHING THAT'S IMPORTANT. IT'S IN THE STRATEGIC  
25 PLAN. IT MEETS A WELL-KNOWN NEED THAT WE HEAR OVER

## BARRISTERS' REPORTING SERVICE

1 AND OVER. IT'S A RELATIVELY SMALL AMOUNT OF MONEY,  
2 AND THIS IS A TARGET GROUP THAT DOESN'T HAVE ACCESS  
3 TO ANY OTHER SORT OF FUNDING THROUGH CIRM. THIS IS  
4 THE ONE SHOT FOR THAT TARGET POPULATION.

5 TRAINING II, WE THINK THAT IT'S IMPORTANT  
6 TO KEEP THOSE PROGRAMS GOING. BUT GIVEN THE  
7 CONSTRAINTS, WE THINK -- WE'RE RECOMMENDING THAT YOU  
8 DELAY FUNDING ON THAT FOR 12 MONTHS. THE REASONS  
9 FOR THAT ARE, ONE IS WE SAY THE UNIVERSITIES COULD  
10 CHOOSE TO PARTIALLY FUND THESE, CARRY THE  
11 ADMINISTRATIVE COSTS, SOME OF THE COURSES, PERHAPS,  
12 AND THEN REPAY THEMSELVES IN A YEAR WHEN THE FUNDS  
13 ARE RELEASED. AND SECONDLY, THE GROUP THAT'S  
14 TARGETED HERE, THESE ARE GRADUATE STUDENTS, POST  
15 DOCS, CLINICAL FELLOWS, THERE'S GOING TO BE A LOT OF  
16 MONEY AVAILABLE TO THEM THROUGH OUR GRANTING  
17 PROGRAMS.

18 YOU LOOK AT THE EARLY TRANSLATION AND  
19 DISEASE TEAMS, BASIC BIOLOGY, A HIGH PERCENTAGE OF  
20 THOSE BUDGETS WILL BE FOR SALARIES FOR GRADUATE  
21 STUDENTS, POST DOCS, AND CLINICAL FELLOWS. SO THAT  
22 TARGET GROUP IS STILL GOING TO RECEIVE A LOT OF  
23 SUPPORT FROM CIRM EVEN IF WE WERE TO DELAY THIS.  
24 NOT SAYING THIS IS A PAINLESS CHOICE. I'M JUST  
25 SAYING THESE ARE THE CHOICES WE WERE TRYING TO MAKE.

## BARRISTERS' REPORTING SERVICE

1 AND FINALLY, EARLY TRANSLATION, WE THINK  
2 THAT THAT IS AN IMPORTANT PROGRAM TO GET GOING.  
3 HOWEVER, WE THINK YOU SHOULD -- WE'RE RECOMMENDING  
4 THAT YOU FUND ONLY THE BEST OF THE BEST, ONLY THE  
5 TOP OF THE TOP ONES AS REVIEWED BY THE GRANT WORKING  
6 GROUP. BASED ON WHAT WE'VE SEEN SO FAR FROM  
7 PRELIMINARY REPORTS FROM THAT REVIEW, WE THINK  
8 SOMETHING IN THE NEIGHBORHOOD OF \$36.5 MILLION WILL  
9 COVER THE HIGHEST QUALITY PROPOSALS.

10 SO THOSE ARE OUR RECOMMENDATIONS FOR YOU  
11 FOR CONSIDERATION TODAY.

12 CHAIRMAN KLEIN: ALL RIGHT. AT THIS  
13 MOMENT WE'RE GOING TO DEFER THE BULK OF THESE  
14 QUESTIONS TO THE TIME AFTER WE'VE ADDRESSED THESE  
15 THREE INDIVIDUAL APPLICATIONS. I WOULD SAY THAT ON  
16 TRAINING II, THE GRANTEE INSTITUTION, AGAIN,  
17 COULD -- THERE'S TWO POINTS. ONE IS SOME OF THE  
18 GRANTEE INSTITUTIONS HAVE 2008 CARRYOVER FUNDING  
19 THAT THEY CAN USE AND CONTINUE TO USE UNDER PRIOR  
20 COMMITMENTS. SECONDLY, THE GRANTEE INSTITUTIONS CAN  
21 FUND THIS THEMSELVES. THEY COULD ALSO GO TO A  
22 FOUNDATION, GET AN ADVANCE FROM A FOUNDATION, AND  
23 THEN WE WOULD PAY BACK THAT FOUNDATION -- PAY BACK  
24 THE GRANTEE, THEY COULD PAY BACK THE FOUNDATION AT  
25 THE TIME THAT THE SCHEDULED ADVANCE OF THOSE FUNDS



## BARRISTERS' REPORTING SERVICE

1 DID OCCUR.

2 SO THERE'S SOME CREATIVE OPTIONS HERE TO  
3 MAKE SURE THAT THE GRANTEE INSTITUTIONS HAVE ALL THE  
4 POSSIBILITIES TO CONTINUE TO MOVE THE TRAINING II  
5 FORWARD EVEN THOUGH WE'RE GOING TO DEFER, AS  
6 RECOMMENDED, IF YOU APPROVE THAT DEFERRAL, THE  
7 FUNDING OF TRAINING II FOR 12 MONTHS UNDER THIS  
8 SCENARIO.

9 NOW, I'D LIKE TO HAVE JAMES HARRISON  
10 EXPLAIN THE CONFLICTS ISSUES AND HOW WE'RE  
11 ADDRESSING THOSE SO THAT WE CAN ADDRESS THREE ITEMS  
12 AND THEN RETURN TO THE ROBUST DISCUSSION OF THIS  
13 OVERALL STRATEGY RECOMMENDATION.

14 MS. SAMUELSON: DOES THAT MEAN ON THOSE  
15 THREE ITEMS, ANYONE WITH ANY CONFLICT ON ANY GRANT  
16 CAN'T SPEAK TO THE LARGER ISSUE BECAUSE THERE'S A  
17 HUGE ISSUE HERE UNDER EARLY TRANSLATION, HUGE. AND  
18 I'M HOPING THAT WE CAN HAVE ROBUST PARTICIPATION BY  
19 THE PATIENT ADVOCATES, AND SOME OF THEM HAVE LOTS OF  
20 THOSE CONFLICTS.

21 CHAIRMAN KLEIN: I'D LIKE JAMES HARRISON  
22 TO PRESENT THE LEGAL CONSTRAINTS, AND CERTAINLY OPEN  
23 TO ANY SUGGESTIONS. MR. HARRISON.

24 MR. HARRISON: THANKS FOR THE LEAD-IN,  
25 JOAN. I KNOW THIS IS FRUSTRATING FOR MANY OF YOU,

## BARRISTERS' REPORTING SERVICE

1 BUT WE ARE IN A SOMEWHAT UNIQUE SITUATION IN THAT WE  
2 HAVE -- THE BOARD HAS APPROVED FUNDING FOR BRIDGES  
3 PROGRAM AND THE TRAINING GRANT II PROGRAM CONTINGENT  
4 UPON THE BOARD'S LATER DETERMINATION THAT SUFFICIENT  
5 FUNDS ARE AVAILABLE AND THAT THESE PROGRAMS REMAIN  
6 PRIORITIES OF THE AGENCY.

7 IN ADDITION, APPLICATIONS HAVE BEEN  
8 SUBMITTED FOR THE EARLY TRANSLATION PROGRAM.  
9 THEY'VE BEEN REVIEWED BY THE GRANTS WORKING GROUP  
10 AND WILL COME BACK IN THE FORM OF RECOMMENDATIONS TO  
11 THIS BOARD IN APRIL. AS A RESULT OF THE PENDENCY OF  
12 THOSE THREE PROGRAMS, WE HAVE A CHALLENGE WITH  
13 RESPECT TO MANAGING OUR CONFLICTS OF INTEREST AND  
14 ALSO TRYING TO PROMOTE AS MUCH DISCUSSION AS WE CAN  
15 CONSISTENT WITH THE LAW.

16 THE CHALLENGE IS THAT IF WE'RE TALKING  
17 ABOUT THE RELATIVE PRIORITY OF GRANT PROGRAMS, IT'S  
18 POSSIBLE, FOR EXAMPLE, THAT IF THE BOARD WERE TO  
19 DECIDE THAT EARLY TRANSLATION IS THE AGENCY'S  
20 HIGHEST PRIORITY, THAT IT'S, THEREFORE, LESS LIKELY  
21 THAT THERE WILL BE FUNDS AVAILABLE FOR TRAINING  
22 GRANT II. WHAT THAT MEANS UNFORTUNATELY IS THAT  
23 MEMBERS WHO HAVE AN INTEREST IN AN APPLICATION FOR  
24 BRIDGES, TRAINING GRANT II, OR EARLY TRANSLATION  
25 CANNOT PARTICIPATE IN THAT DISCUSSION.

## BARRISTERS' REPORTING SERVICE

1 TO TRY TO ADDRESS THIS ISSUE, AS THE CHAIR  
2 SUGGESTED, WHAT WE HAVE RECOMMENDED IS THAT WE  
3 ATTEMPT TO SEGMENT THE DISCUSSION. SO THAT FIRST WE  
4 WOULD BEGIN WITH A BRIDGES PROGRAM. AGAIN, ONLY  
5 THOSE MEMBERS WHO DO NOT HAVE AN INTEREST IN EITHER  
6 BRIDGES, TRAINING GRANT II, OR EARLY TRANSLATION CAN  
7 PARTICIPATE IN THAT DISCUSSION. NEXT WE WOULD GO TO  
8 TRAINING II. AGAIN, ONLY THOSE MEMBERS WHO DON'T  
9 HAVE ANY OTHER INTEREST COULD PARTICIPATE IN THAT  
10 DISCUSSION. AND FINALLY, THE BOARD COULD DISCUSS  
11 EARLY TRANSLATION. AGAIN, ONLY THOSE MEMBERS WHO  
12 DON'T HAVE AN INTEREST IN ONE OF THE THREE PROGRAMS.

13 WHEN THAT DISCUSSION HAS COME TO AN END,  
14 WE CAN THEN HAVE A MORE WIDERANGING DISCUSSION ABOUT  
15 THE OTHER FUTURE PROGRAMS BECAUSE WE DON'T YET HAVE  
16 ANY CONFLICTS OF INTEREST RELATED TO THOSE PROGRAMS.  
17 I UNDERSTAND THAT THIS IS AWKWARD, BUT UNDER THE  
18 CIRCUMSTANCES WE BELIEVE IT'S THE BEST APPROACH  
19 CONSISTENT WITH OUR NEEDS TO ADHERE TO THE CONFLICT  
20 OF INTEREST RULES.

21 CHAIRMAN KLEIN: AND THIS, IAN, MY  
22 UNDERSTANDING IS YOU CONCUR WITH THIS APPROACH?

23 MR. SWEEDLER: YES.

24 CHAIRMAN KLEIN: SO WE HAVE TRIED TO TAKE  
25 THE VIEWS OF BOTH COUNSEL AND WORK WITH ALL THE

**BARRISTERS' REPORTING SERVICE**

1 OPPORTUNITIES.

2 DR. LEVIN: I HAVE A QUESTION. I'M NOT  
3 SURE IF IT'S FOR JAMES OR FOR BOB HERE. YOU  
4 HAVEN'T -- I'M, FIRST OF ALL, CONFLICTED ON ALL THE  
5 CATEGORIES. SO FIRST OF ALL, DOES NOT THAT MEAN I  
6 CAN'T SPEAK?

7 CHAIRMAN KLEIN: IT MEANS THAT YOU CANNOT  
8 SPEAK UNTIL WE GET TO THE OVERALL STRATEGY, WHICH  
9 WILL FOLLOW THESE THREE ITEMS.

10 DR. LEVIN: I WOULD LIKE, IF THERE'S A  
11 SPACE FOR IT, TO MAKE A COMMENT JUST ABOUT THE  
12 RANKINGS OF THE CATEGORIES WITH RESPECT TO EACH  
13 OTHER, NOT ANY PARTICULAR CATEGORY.

14 CHAIRMAN KLEIN: WHICH YOU'RE GOING TO BE  
15 ABLE TO DO WHEN WE GET TO THE OVERALL, BUT YOU CAN'T  
16 DO IT AT THIS POINT UNLESS IT'S BELOW. WELL, THE  
17 PROBLEM IS THAT THESE PRIORITIES ARE BOTH ABOVE THE  
18 LINE AND BELOW THE LINE. SO FOR YOU TO TALK ABOUT  
19 ONE OF THESE THREE ITEMS PROBABLY CREATES A REAL  
20 PROBLEM AT THIS POINT.

21 TED AND THEN DR. HAWGOOD.

22 DR. LOVE: I DON'T THINK I HAVE ANY  
23 CONFLICTS, SO I THINK I CAN ASK A QUESTION. I THINK  
24 IT WOULD BE NICE TO HEAR A GOOD ELABORATION OF WHY  
25 THE PRIORITIES ARE RANKED THIS WAY. AND LET ME JUST

## BARRISTERS' REPORTING SERVICE

1 ASK WITH A CONTEXT. SOME OF YOUR POINTS, ALAN, AT  
2 THE BEGINNING TALKED ABOUT WE'RE READY TO START  
3 MOVING TO THE CLINIC, REALLY START -- READY TO START  
4 ADVANCING THERAPIES. AND IF I LOOK AT THAT JUST  
5 KIND OF AT A HIGH LEVEL, I WOULD SAY, BOY,  
6 TRANSLATION RESEARCH IS THE MOST PROXIMATE STEP TO  
7 GETTING WHERE YOU DESCRIBED IN THE BEGINNING.

8 SO IT WOULD MAKE ME WONDER, WELL, IS THAT  
9 THE RIGHT ORDER, OR IS IT ALMOST A FLIP OF THE ORDER  
10 THAT'S UP THERE? I KNOW YOU'VE GOT A GOOD ANSWER,  
11 AND I WANT TO ASK IT WITH THAT CONTEXT.

12 DR. TROUNSON: TED, SOME OF THESE PROGRAMS  
13 LIKE TRANSLATION AND DISEASE TEAMS HAVE A REALLY BIG  
14 IMPACT BECAUSE THEY'RE BIG PROGRAMS. AND  
15 TRANSLATION HAS A REALLY BIG IMPACT BECAUSE IT'S UP  
16 CLOSER TO US. IT'S UP FRONT, IF YOU LIKE. SO IT'S  
17 NOT REALLY A GOOD IDEA TO TALK ABOUT THE PROJECTS  
18 THEMSELVES EXCEPT TO SAY THAT THE GRANTS WORKING  
19 GROUP HAD THEM EVEN IN THE TOP CATEGORY IN TWO  
20 SECTIONS. AND SO THAT'S THE REASON WHY WE'VE  
21 SUGGESTED, WELL, IN THIS BUDGET SITUATION, IT'S  
22 BETTER TO PICK UP REALLY THE TOP LINE IN THAT  
23 PARTICULAR PROGRAM AND NOT TO DO THE BOTTOM LINE,  
24 BUT TO PUT IT WAY DOWN THERE OR WAY DOWN THE LIST AT  
25 THE SECOND PART OF IT IN ORDER TO ACCOMMODATE THE

## BARRISTERS' REPORTING SERVICE

1 FINANCIAL MODELING INASMUCH AS ANYTHING ELSE.

2 WE TRIED TO KEEP THE DISEASE TEAMS UP  
3 BECAUSE THEY'RE GOING TO HAVE A MUCH MORE -- THEY'RE  
4 GOING TO HAVE A MUCH MORE IMPORTANT EFFECT STRAIGHT  
5 AWAY BECAUSE THEY'RE REALLY FURTHER DOWNSTREAM. AND  
6 WE UNDERSTAND THAT THERE'S A LARGE NUMBER OF THEM.  
7 WE HAVEN'T SEEN THEM AS YET. YOU ASKED US TO TRY  
8 AND SORT OF LOOK INTO THE CRYSTAL BALL, SO WE'VE  
9 DONE THAT, AND THAT'S THE WAY WE FEEL IS PROBABLY  
10 THE BEST WAY TO GET THE BUDGET TO STAY IN THE BLACK.  
11 AND TO ALSO GIVE US THE HARD RUN AND THE PROGRAMS TO  
12 THE END OF THE 2010.

13 OF COURSE, IF THERE'S MORE MONEY, AS BOB  
14 SAYS, WE'LL BE ABLE TO MAKE ADJUSTMENTS. BUT HERE  
15 YOU WILL SEE IN APRIL THAT THERE'S, WHEN YOU COME TO  
16 REVIEW TRANSLATION, IT DOES BREAK INTO TWO, AND IT  
17 IS A POSSIBLE POINT. THAT'S ALL WE'RE SAYING. FROM  
18 OUR CRYSTAL BALL, IT WOULD BE ONE THAT WE'D ASK YOU  
19 TO THINK ABOUT. YOU CAN'T DECIDE NOW, BUT TO THINK  
20 ABOUT.

21 CHAIRMAN KLEIN: TED, IN RESPONSE TO YOUR  
22 QUESTION AS WELL, IF YOU WILL NOTICE, THE BALANCE OF  
23 DISEASE TEAMS IS RIGHT BELOW THE LINE. SO I  
24 ACTUALLY BELIEVE, CONSISTENT WITH YOUR APPROACH AND  
25 THIS BOARD'S DISCUSSION AND OUR ROLE, WHICH WE NEED

## BARRISTERS' REPORTING SERVICE

1 TO EMPHASIZE AS COMPLEMENTARY TO NIH AND FOLLOWING  
2 DOWNSTREAM RESEARCH OPPORTUNITIES, I THINK WE SHOULD  
3 MODIFY OUR GOAL OF RAISING A HUNDRED MILLION IN THE  
4 SEPTEMBER QUARTER TO RAISING 130 BECAUSE IF WE  
5 RAISED 130, THEN THE 26 MILLION THAT'S BELOW THE  
6 LINE IN DISEASE TEAMS CAN MOVE UP, AND WE CAN FUND  
7 THE WHOLE DISEASE TEAMS IF THE SCIENTIFIC QUALITY  
8 AND THE OPPORTUNITY JUSTIFIES IT.

9 DR. ROBSON: JUST TO AVOID ANY  
10 MISUNDERSTANDING, THIS IS NOT THE PRIORITY LIST.  
11 THE PRIORITY LIST WAS ON THE PREVIOUS SLIDE. IF  
12 MELISSA WOULD SHOW IT, YOU WILL SEE THAT EARLY  
13 TRANSLATION IS AT THE TOP. IF WE GO BACK TO THIS  
14 SLIDE, THIS SLIDE JUST DEALS WITH PROGRAMS THAT ARE  
15 COMING BEFORE YOU EITHER THIS MEETING OR THE NEXT  
16 MEETING.

17 THE REASON I PUT BRIDGES AND TRAINING II  
18 AT THE TOP IS BECAUSE YOU HAVE A DECISION TO MAKE  
19 ABOUT THEM TODAY. EARLY TRANSLATION DOESN'T COME TO  
20 YOU UNTIL APRIL. WE'RE JUST KIND OF GIVING YOU A  
21 WARNING AS TO WHAT WE THINK THAT YOU SHOULD BE  
22 CONSIDERING FOR THAT. THAT'S THE REASON THEY'RE  
23 ORDERED THAT WAY HERE.

24 CHAIRMAN KLEIN: DR. HAWGOOD HAS A POINT  
25 HE'D LIKE TO MAKE. THIS IS -- DR. HAWGOOD, THOUGH,

## BARRISTERS' REPORTING SERVICE

1 YOU HAVE CONFLICTS DEALING WITH THESE.

2 DR. HAWGOOD: I AM CONFLICTED. I'M ASKING  
3 JUST FOR CLARIFICATION. IF THE BRIDGES AND TRAINING  
4 GRANT DECISIONS ARE MADE TODAY, THAT LOCKS IN A  
5 CERTAIN COMPONENT OF THE PRIORITIZATION.

6 CHAIRMAN KLEIN: THAT DOES LOCK IN THE --  
7 IF TRAINING GRANTS IS DEFERRED, THAT IS NOT LOCKING  
8 SOMETHING IN BECAUSE IT'S DEFERRED, SO THAT ORDER,  
9 IN FACT, COULD LATER BE ADJUSTED. AND UNDER BRIDGES  
10 IT'S 8.8 MILLION OF THE TOTAL THAT OCCURS DURING  
11 THAT TIME PERIOD ON A CASH-FLOW BASIS, SO IT'S A  
12 VERY SMALL INCREMENT OF THE TOTAL. BECAUSE  
13 TRANSLATION IS COMING BEFORE US IN APRIL, WHATEVER  
14 DECISION WE MAKE TODAY, BASED UPON OUR LOOKING AT  
15 THE FACTS, WE COULD IN APRIL ADJUST THAT FIGURE. SO  
16 WE'RE NOW MAKING A FINAL DECISION ON TRANSLATION  
17 BECAUSE OUR FINAL DECISION ON TRANSLATION WON'T BE  
18 DONE UNTIL APRIL, AND WE WILL INCREMENTALLY,  
19 HOPEFULLY, HAVE INFORMATION AS WE GO FORWARD.

20 MR. SHEEHY: THIS IS PROBABLY THE LAST  
21 TIME I THINK I'LL BE ABLE TO TALK, AND I'LL TRY TO  
22 AVOID GETTING IN ANY TROUBLE. NO. 1, COULD WE GET  
23 THOSE SLIDES? I FIND IT VERY DIFFICULT TO FOLLOW  
24 YOUR FLIPPING BACK AND FORTH, AND THESE REALLY  
25 SHOULD HAVE BEEN IN OUR PACKET, I THINK. BECAUSE --



## BARRISTERS' REPORTING SERVICE

1 MR. SHESTACK: CAN WE GET THEM ON E-MAIL?

2 MR. SHEEHY: BECAUSE THEY'RE VERY HELPFUL.  
3 THEY'RE BEAUTIFUL SLIDES.

4 CHAIRMAN KLEIN: ARE WE ON THE INTERNET  
5 HERE? HOW ABOUT TAKING THEM DOWN AND E-MAILING  
6 THEM? OR CAN ONE OF THE STAFF E-MAIL THEM?

7 DR. TROUNSON: I CAN ASK PAT BECKER TO DO  
8 THAT, BOB. SORRY. WE WERE STILL TRYING TO MANEUVER  
9 SOME OF THOSE GRAPHICS YESTERDAY.

10 MR. SHEEHY: MY OTHER TWO POINTS, HAVING  
11 JUST SAT IN GOVERNANCE AND SEEING A WHOLE LIST OF  
12 CONTRACTS, SOME OF WHICH WERE NOT MISSION CRITICAL,  
13 WE HAVEN'T DONE ANY EXAMINATION OF ADMINISTRATIVE  
14 COST, AND I THINK THAT THAT COMPONENT -- I CERTAINLY  
15 WOULD NOT WANT TO IMPACT ANYONE'S EMPLOYMENT, THEIR  
16 SALARY, BUT I THINK THAT WE HAVE A LOT OF OUTSIDE  
17 CONTRACTS. WE NEED OUR LAWYERS TOO, SO I'M GOING TO  
18 MAKE THAT PITCH RIGHT NOW BECAUSE TO DO THESE, I AM  
19 AWARE THAT THE LEGAL SUPPORT THAT WE'RE GOING TO  
20 NEED TO DO THE PRIVATE PLACEMENT IS MISSION  
21 CRITICAL. BUT THERE'S OTHER THINGS THAT I THINK WE  
22 SHOULD REALLY TAKE A HARD LOOK AT AND SAY DO WE NEED  
23 TO GIVE ISSCR \$100,000, THAT'S A YEAR OF A GRANT, TO  
24 HAVE A CONFERENCE. I'M NOT SO SURE.

25 SO I'D REALLY LIKE TO LOOK AT THAT. AND

**BARRISTERS' REPORTING SERVICE**

1 THE OTHER QUESTION, AND THIS MAY BE BORDERLINE SO --

2 CHAIRMAN KLEIN: LET'S NOT GET BORDERLINE.

3 MR. SHEEHY: MY ONLY POINT IS THAT MY  
4 UNDERSTANDING IS THAT THIS GLOBAL DISCUSSION ON  
5 PRIORITIES, I THINK YOU'RE TRYING TO MAKE IT  
6 POSSIBLE FOR ME TO TAKE PART IN THAT BY HAVING THIS  
7 EARLIER DISCUSSION. I WOULD BE COMFORTABLE LETTING  
8 THOSE THAT ARE UNCONFLICTED LOOK AT THE WHOLE  
9 PACKAGE RATHER THAN -- I DON'T KNOW HOW YOU CAN  
10 REALLY TAKE IT APART. NOW, AM I CROSSING THE LINE  
11 BY JUST SAYING THAT BECAUSE I'M JUST GIVING OUT  
12 MY -- I'M HAPPY NOT, BUT YOU'RE ASKING TO MAKE  
13 CHOICES ON THREE GRANT ROUNDS WHEN REALLY THE  
14 CHOICES COVER A WHOLE RANGE OF GRANT ROUNDS, AND I  
15 CAN SIT QUIETLY AND LISTEN AND BE COMFORTABLE WITH  
16 THAT. I DON'T WANT --

17 CHAIRMAN KLEIN: LET ME TRY AND ADDRESS  
18 THAT AND NARROW IT DOWN, DRILL DOWN HERE.  
19 TRANSLATION COMES BEFORE US IN APRIL. SO WHATEVER  
20 DECISION WE MAKE TODAY, WE CAN READJUST THAT  
21 DECISION IN APRIL BASED UPON -- WE CAN READJUST THE  
22 ALLOCATION IN APRIL. WE COULD ADVANCE MORE MONEY TO  
23 IT WITHOUT ADJUSTING THE MONEY IN ANY OTHER  
24 CATEGORY.

25 MS. SAMUELSON: BUT WE'RE BEING ASKED TO

**BARRISTERS' REPORTING SERVICE**

1 STAY ABOVE THE LINE.

2 CHAIRMAN KLEIN: HERE'S WHAT'S IMPORTANT.  
3 SINCE WE'VE ONLY USED 200 MILLION HERE, IF WE IN  
4 APRIL DECIDE WE'RE GOING TO ASSUME 225 MILLION, WE'D  
5 HAVE MORE MONEY WITHOUT DETRACTING FROM ANY OTHER  
6 PRIORITY TO ALLOCATE TO TRANSLATION, IF YOU FELT WE  
7 SHOULD.

8 MS. LANSING: THIS IS A QUESTION I CAN ASK  
9 FROM OUR SECTION.

10 CHAIRMAN KLEIN: YOU'RE ASKING THIS  
11 INDIVIDUALLY.

12 MS. LANSING: I'M ASKING THIS  
13 INDIVIDUALLY. HOW MUCH MONEY DO WE HAVE LEFT?

14 CHAIRMAN KLEIN: WE HAVE -- AS OF JANUARY,  
15 WE HAD 160 MILLION.

16 DR. ROBSON: WE'RE AT ABOUT 130 NOW.

17 CHAIRMAN KLEIN: 128 MILLION, I BELIEVE.

18 DR. LOVE: SO WITH NOTHING IN THE DOOR,  
19 WHEN DO WE RUN OUT OF MONEY WITH THE CURRENT  
20 EXPENDITURE WITHOUT ANY ADJUSTMENT?

21 DR. TROUNSON: TED, WE HAD THIS DISCUSSION  
22 LAST TIME. TO KEEP THE AGENCY ACTUALLY GOING, WE  
23 WOULD ACTUALLY HAVE TO CEASE IN ALL ONGOING PAYMENTS  
24 AFTER THE END OF SEPTEMBER THIS YEAR.

25 CHAIRMAN KLEIN: NOW, LET'S REFINE THAT.

## BARRISTERS' REPORTING SERVICE

1 THAT'S IF WE MADE ALLOCATIONS IN SEPTEMBER. IF WE  
2 DIDN'T MAKE THE ALLOCATIONS IN SEPTEMBER, DR.  
3 ROBSON, I THINK WE WOULD BE ABLE TO GET THROUGH THE  
4 END OF THE YEAR. IS THAT A CORRECT STATEMENT?

5 DR. TROUNSON: SO THE ONLY DIFFERENCE IS  
6 THAT IF WE DON'T KEEP ANY MONEY ASIDE FOR  
7 MAINTAINING THE AGENCY, THE AGENCY WILL NOT HAVE ANY  
8 MONEY TO MAINTAIN ITSELF.

9 CHAIRMAN KLEIN: I UNDERSTAND THAT. THE  
10 CASH FLOWS, I THINK, ARE VERY CLEAR, THAT IF WE  
11 DIDN'T MAKE ALLOCATIONS -- IF WE WENT WITH THIS  
12 MODIFIED LIST, INCLUDING EXISTING COMMITMENTS, AND  
13 WE DID NOT MAKE AN ALLOCATION TO DISEASE TEAMS IN  
14 SEPTEMBER.

15 DR. TROUNSON: IF NO FURTHER ALLOCATIONS  
16 AT ALL, BOB, THAT'S NO FURTHER ALLOCATIONS.

17 CHAIRMAN KLEIN: WHERE WOULD WE BE?

18 DR. TROUNSON: SEPTEMBER, END OF SEPTEMBER  
19 WITH NO FURTHER ALLOCATION WHATSOEVER.

20 DR. ROBSON: IT MIGHT BE A LITTLE LATER  
21 THAN THAT.

22 CHAIRMAN KLEIN: IT'S DECEMBER, I THINK.

23 DR. TROUNSON: YOU CAN ARGUE WHICH WAY,  
24 BUT WE WERE TALKING ABOUT KEEPING, SAY, 20 MILLION  
25 ASIDE FOR THE ORGANIZATION.

## BARRISTERS' REPORTING SERVICE

1 DR. LOVE: WHAT IS OUR MONTHLY BURN JUST  
2 TO RUN THE ORGANIZATION?

3 DR. TROUNSON: SHOWN ON THOSE GRAPHS, TED,  
4 3.7 MILLION.

5 DR. LOVE: MONTHLY?

6 DR. ROBSON: NO. NO. ADMINISTRATION, IS  
7 THAT WHAT YOU ARE ASKING? ABOUT 3.7 MILLION  
8 QUARTERLY OR 3.5.

9 CHAIRMAN KLEIN: QUARTERLY.

10 DR. POMEROY: I HAVE A GENERIC QUESTION  
11 WHICH I'M PRETTY CONFIDENT I'M ALLOWED TO ASK. HAVE  
12 YOU MODELED WHAT WE CAN DO IF WE GET ZERO, WHAT WE  
13 CAN DO IF WE GET A HUNDRED MILLION? DO YOU HAVE  
14 THOSE MODELS, AND CAN WE GET COPIES OF THOSE?  
15 BASICALLY WHAT YOU'VE JUST ASKED IS WHAT HAPPENS IF  
16 WE GET ZERO, WHAT HAPPENS, SO I'D LIKE TO KNOW IF WE  
17 GET ZERO, WHAT HAPPENS IF WE GET A HUNDRED MILLION,  
18 WHAT HAPPENS IF WE GET 200, 300, AND 400.

19 DR. TROUNSON: SO IF WE HAD ZERO, THIS WAS  
20 DEALT WITH LAST TIME. IN MY VIEW, WE'D RUN OUT AT  
21 THE END OF SEPTEMBER. WE RUN OUT OF ALL CASH AT THE  
22 END OF DECEMBER IF WE KEEP THE CONTRACTS GOING. BUT  
23 WE RUN OUT WITHOUT ANY MORE INFUSION AT THE END OF  
24 SEPTEMBER IF WE WISH TO KEEP THE AGENCY ACTUALLY  
25 STILL RUNNING.

## BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: I DO UNDERSTAND THAT. MY  
2 QUESTION IS DO YOU HAVE THAT MODELED, AND CAN WE GET  
3 IT IN WRITING?

4 DR. TROUNSON: IT WAS PROVIDED TO YOU LAST  
5 TIME.

6 CHAIRMAN KLEIN: WE' LL PROVIDE IT AGAIN.

7 DR. POMEROY: NO. YOU PROVIDED WHEN WE  
8 WOULD RUN OUT IF WE GOT ZERO. MY QUESTION WAS HAVE  
9 YOU MODELED IT FOR ZERO, 100, 200, 300, AND 400, AND  
10 CAN WE GET THOSE MODELS?

11 CHAIRMAN KLEIN: YES. THE ANSWER IS YES.  
12 LET ME RELATE TO WHAT DR. TROUNSON IS SAYING. LAST  
13 TIME I STATED THAT WE WOULD RUN OUT WITH ZERO IN  
14 SEPTEMBER. IT'S ACTUALLY CLOSER TO THE END OF  
15 DECEMBER.

16 NO. 2 IS THE MODEL, THERE IS A MODEL AT  
17 400 MILLION, WHICH WE CAN PROVIDE. THE INTENT OF  
18 STAFF WAS TO COME WITH A MORE CONSERVATIVE MODEL TO  
19 THIS MEETING, BUT THAT CAN CERTAINLY BE PROVIDED.

20 WHAT IS BEING ADDRESSED HERE IN TERMS OF  
21 CASH FLOW AND IMPACT ON OUR CASH IS ACTUALLY AN  
22 EXPENDITURE OF 8.8 MILLION. LET ME EXPLAIN WHY.

23 THEY' RE SUGGESTING TO DEFER TRAINING II ,  
24 SO THAT' S NO CASH DISTRIBUTION AT THIS TIME. THEY  
25 ARE SUGGESTING AN AMOUNT FOR EARLY TRANSLATION, BUT

## BARRISTERS' REPORTING SERVICE

1 THE REAL DECISION ON EARLY TRANSLATION WILL BE MADE  
2 IN APRIL. AND WE'RE GOING TO CONTINUE TO GO BACK  
3 THROUGH PROCESS. THEY CAN BRING BACK ALL THOSE  
4 MODELS IN APRIL, SO THIS IS A PRELIMINARY ALLOCATION  
5 ON EARLY TRANSLATION AT THIS TIME. THERE IS NO  
6 EXPENDITURE. YOU HAVEN'T EVEN APPROVED ANY GRANTS  
7 FOR EARLY TRANSLATION.

8 SO THE IMPACT HERE THAT IS RECOMMENDED IS  
9 A DECISION REALLY EFFECTIVELY ON BRIDGES FOR 8.8  
10 MILLION BECAUSE IT IS TIME CRITICAL TO WHEN THESE  
11 INSTITUTIONS CAN IMPLEMENT THEIR PROGRAMS, TELL  
12 STUDENTS THAT THEY CAN ENROLL IN THESE PROGRAMS, AND  
13 INITIATE A PROGRAM THAT THEY FELT WAS IMPORTANT TO  
14 OUR MISSION TO PROVIDE THE EXPERTISE TO MOVE THESE  
15 PROGRAMS FORWARD.

16 DR. LOVE: BUT TOTALLY -- I WANT TO MAKE  
17 SURE I UNDERSTAND. TO BE TOTALLY TRANSPARENT, IF WE  
18 MAKE A COMMITMENT OF \$8 MILLION TO BRIDGES, AND  
19 THINGS DON'T GO WELL IN THE FUTURE --

20 CHAIRMAN KLEIN: LET ME MAKE A SPECIFIC  
21 INDICATION. WE'D BE MAKING A COMMITMENT OF 17.5  
22 MILLION. EIGHT MILLION LIES WITHIN THE NEXT 24  
23 MONTHS OR 19 MONTHS.

24 DR. TROUNSON: SO, TED, IT'S PREDICATED  
25 ON -- YOU CAN PREDICATE IT ON WHATEVER NUMBERS. YOU

## BARRISTERS' REPORTING SERVICE

1 COULD HAVE CHOSEN ANY NUMBERS. WE DECIDED THAT  
2 OPTIMISTICALLY THAT 200 MILLION OVER THIS TIMEFRAME,  
3 WHICH IS HALF OF WHAT BOB WAS PROPOSING, WAS A  
4 CONSERVATIVE, BUT DOABLE THING. I HAVE GREAT  
5 CONFIDENCE THAT WE'LL BE ABLE TO DO THAT.

6 THE PROPORTIONAL CONFIDENCE GETTING TO THE  
7 400 MILLION MUST BE REDUCED. SO THE SENSE OF IT IS  
8 WE CAN ALTER IN REAL-TIME, BUT WE WERE ASKED TO GIVE  
9 A SET OF PRIORITIES. THE ONLY WAY YOU CAN GIVE A  
10 SET OF PRIORITIES IS TO MATCH IT WITH WHAT YOU MIGHT  
11 EXPECT TO COME. SO UNDER THE CIRCUMSTANCE THAT YOU  
12 GOT 200, WHICH WAS A CONSERVATIVE, BUT OPTIMISTIC  
13 OPTION, YOU COULD THEN FRAME A SET OF PRIORITIES  
14 THAT HAD SOME MEANING FOR THE BOARD. OTHERWISE IF  
15 WE'RE ONLY GOING TO TALK ABOUT GETTING 10 MILLION OR  
16 12 MILLION, IT'S REALLY GOING TO BE EXTREMELY MINOR.

17 PRESUMABLY -- WELL, TO INTERROGATE THE  
18 VIEW WHETHER 200 MILLION IS GETTABLE OR OPTIMISTIC,  
19 I THINK OTHER PEOPLE SHOULD CHIME IN AND SORT OF  
20 DISCUSS THAT, BUT WE FELT THAT WAS A DOABLE THING  
21 GIVEN THE CIRCUMSTANCES AND THE BUDGET CHANGE AND  
22 THE PRESIDENTIAL OBAMA -- A WHOLE LOT OF THINGS HAVE  
23 CHANGED SINCE THE LAST BOARD MEETING. I WOULD FEEL  
24 ON BEHALF OF STAFF OPTIMISTIC THAT'S THAT DOABLE. I  
25 DON'T KNOW WHETHER THE 400 IS DOABLE, BUT TO CARRY



**BARRISTERS' REPORTING SERVICE**

1 THE WHOLE PROGRAM FORWARD, I THINK, BOB, IT WAS 370  
2 MILLION, SOMETHING LIKE THAT, BUT WE --

3 CHAIRMAN KLEIN: THAT'S CORRECT.

4 DR. TROUNSON: THAT WAS NOT SORT OF  
5 PUTTING ANYTHING INTO A CLINICAL PROGRAM SHOULD IT  
6 TURN UP THAT IF WE FELT THAT THAT WAS A GOOD OPTION  
7 TO BE INVOLVED. WE HADN'T COUNTED THAT IN, FOR  
8 EXAMPLE.

9 CHAIRMAN KLEIN: OKAY. SO, SHERRY, COULD  
10 I SEE IF DR. ROBSON HAS SOME ADDITIONAL INFORMATION  
11 THEN CALL ON YOU?

12 DR. ROBSON: ONE COMMENT ABOUT BRIDGES.  
13 THERE IS A TIMING ISSUE HERE. THERE IS SOME URGENCY  
14 IF YOU WANT TO APPROVE THAT BECAUSE THIS IS A  
15 PROGRAM THAT WOULD START -- WOULD RUN ACCORDING TO  
16 THE ACADEMIC YEAR, AND THEY NEED SOME ADVANCE TIME  
17 TO PLAN IT TO GET IT SET UP. SO THAT'S ONE REASON  
18 WE THINK THERE'S SOME URGENCY TO MOVE THAT FORWARD  
19 NOW.

20 MS. LANSING: I THINK I'M ALLOWED TO ASK  
21 THIS. JUST SO I GET THIS IN MY HEAD, IN FULL  
22 TRANSPARENCY, THE DIFFICULT THING IS THAT WE'RE  
23 BEING ASKED TO APPROVE SOMETHING, AND GOD KNOWS WE  
24 WANT YOU TO BE SUCCESSFUL, BUT IF IT WASN'T, WE  
25 COULD FIND OURSELVES NOT HAVING ENOUGH MONEY IN FULL

## BARRISTERS' REPORTING SERVICE

1 TRANSPARENCY TO FUND SOME OTHER PROGRAMS; IS THAT  
2 CORRECT?

3 CHAIRMAN KLEIN: IT IS A CORRECT  
4 STATEMENT. BUT REMEMBER IN THE TWO-YEAR PERIOD,  
5 BRIDGES, WHICH IS THE ONLY ONE DECISION THAT WOULD  
6 BE MADE TODAY THAT WOULD ACTUALLY COMMIT MONEY IN  
7 THIS PERIOD, IS 8.8 MILLION. AS A PART OF THE TOTAL  
8 PROGRAM, IT'S A VERY SMALL CASH FLOW.

9 MS. LANSING: I'M NOT QUESTIONING THAT.

10 CHAIRMAN KLEIN: THAT'S ABSOLUTELY  
11 CORRECT. ABSOLUTELY CORRECT. OKAY.

12 SO WHAT I'D LIKE TO DO HERE IS ON ITEM 16,  
13 TO GIVE US A FRAMEWORK FOR THIS BRIDGES PROGRAM,  
14 WHICH WE PREVIOUSLY DISCUSSED, IS I'D LIKE TO GIVE  
15 THE PUBLIC, BECAUSE THERE ARE A NUMBER OF PUBLIC  
16 REPRESENTATIVES FROM THE STATE COLLEGE SYSTEM AND  
17 POTENTIALLY COMMUNITY COLLEGE SYSTEM, A CHANCE TO  
18 COMMENT SO THAT WE HAVE THEIR INFORMATION IN THIS  
19 MAKING DECISION.

20 WHO WOULD LIKE TO COMMENT? IF YOU'D  
21 PLEASE APPROACH THE PODIUM.

22 MR. RICHMOND: THANK YOU VERY MUCH,  
23 CHAIRMAN KLEIN, MEMBERS OF THE BOARD. MY NAME IS  
24 ROLAND RICHMOND. I HAVE THE PLEASURE AND HONOR OF  
25 BEING THE PRESIDENT OF HUMBOLDT STATE UNIVERSITY,

## BARRISTERS' REPORTING SERVICE

1 WHICH IS A PART OF THE CALIFORNIA STATE UNIVERSITY  
2 SYSTEM, BUT I'M HERE TODAY REPRESENTING THE  
3 CALIFORNIA STATE UNIVERSITY AND THE CALIFORNIA  
4 COMMUNITY COLLEGE SYSTEM WHO HAVE PUT FORWARD THIS  
5 PROPOSAL TO YOU.

6 AS A REMINDER, WE CAME BEFORE YOU IN  
7 AUGUST OF 2006 WITH A PROPOSAL TO CREATE SOMETHING  
8 LIKE THE BRIDGES PROGRAM. AND WHEN YOU ISSUED AN  
9 RFA IN 2008, THE CALIFORNIA STATE UNIVERSITY AND THE  
10 CALIFORNIA COMMUNITY COLLEGE SYSTEM, WITH THE HELP  
11 OF YOUR STAFF, ORGANIZED WORKSHOPS TO EDUCATE OUR  
12 FACULTY ABOUT HOW TO PROCEED WITH APPLYING FOR THESE  
13 GRANTS. MY INSTITUTION, FOR EXAMPLE, HAS INVESTED  
14 MORE THAN \$100,000 IN PREPARATION. WE WERE  
15 ENTHUSIASTIC ABOUT THIS PROPOSAL. WE'VE INVESTED  
16 MONEY TO UPGRADE OUR EQUIPMENT TO MAKE SURE THAT WE  
17 HAVE FACILITIES READY TO SERVE THE BRIDGES PROGRAM.

18 OTHER CAMPUSES WITHIN THE CALIFORNIA STATE  
19 UNIVERSITY SYSTEM AND THE COMMUNITY COLLEGE SYSTEM  
20 HAVE MADE SIMILAR INVESTMENTS READY TO GO ON THIS.  
21 THE POINT THAT WAS MADE EARLIER BY A STAFF MEMBER,  
22 THAT WE NEED TO MOVE FORWARD NOW SO THAT WE CAN GET  
23 STUDENTS ENROLLED AS SOON AS POSSIBLE IS AN  
24 EXCELLENT POINT.

25 I ALSO WOULD POINT OUT THAT MANY OF OUR

## BARRISTERS' REPORTING SERVICE

1 FACULTY HAVE INVESTED CONSIDERABLE TIME IN PREPARING  
2 THESE PROPOSALS, NOT TO MENTION THE COSTS INVOLVED  
3 IN IT. TO BACK AWAY FROM THAT NOW, I THINK, WOULD  
4 PLACE CIRM AND THIS WHOLE PROCESS IN SOME QUESTION.

5 I ALSO WOULD POINT OUT, AS DR. TROUNSON  
6 HAS DONE, THAT IT IS TIME TO RECOGNIZE THAT, AND  
7 YOU'VE GOTTEN A LOT OF VERY INTERESTING DATA THIS  
8 MORNING WHICH SHOW THAT WE ARE MOVING VERY QUICKLY,  
9 THAT INDUSTRY IS MOVING VERY QUICKLY TOWARDS  
10 TRANSLATING SOME OF THE BASIC RESEARCH RESULTS INTO  
11 IDEAS THAT CAN BE USED TO TREAT PATIENTS. WE NEED  
12 TO MOVE FORWARD ON THAT.

13 SO I URGE YOU THAT THIS IS A REAL  
14 OPPORTUNITY. THE CSU AND THE CALIFORNIA COMMUNITY  
15 COLLEGE SYSTEM WILL BRING A RANGE OF STUDENTS, A  
16 DIVERSITY OF STUDENTS INTO THE STEM CELL PROGRAMS,  
17 INTO THIS INDUSTRY. IT'S VERY IMPORTANT THAT WE  
18 MOVE FORWARD ON THIS FUNDING. AS SEVERAL OF YOU  
19 HAVE POINTED OUT, WE'RE NOT ASKING FOR VERY MUCH  
20 MONEY IN COMPARISON TO THE OVERALL EXPENDITURES THAT  
21 YOU MAKE. THANK YOU FOR YOUR CONVERSATIONS AND  
22 THANK YOU FOR YOUR ATTENTION TO THIS PROGRAM.

23 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

24 MS. AMBOSE: MY NAME IS ELIZABETH AMBOSE,  
25 AND I'M ASSISTANT VICE CHANCELLOR FOR RESEARCH

## BARRISTERS' REPORTING SERVICE

1 INITIATIVES AND PARTNERSHIPS AT THE CALIFORNIA STATE  
2 UNIVERSITY SYSTEM.

3 IN ADDITION TO PRESIDENT RICHMOND, I'D  
4 LIKE TO OFFER TESTIMONY THAT RELATES TO THE TIMING  
5 OF THE AWARDS OF BRIDGES WITH RELATION TO THE  
6 FEDERAL STIMULUS DOLLARS. I THINK WE ARE ALL AWARE,  
7 AS HAS BEEN MENTIONED EARLIER, THAT PRESIDENT  
8 OBAMA'S LIFTING OF THE FEDERAL STEM CELL RESEARCH  
9 BAN, COUPLED WITH A NEW ADMINISTRATION STIMULUS  
10 MONIES AND THEIR PROJECTIONS FOR FY 10 OFFER US AN  
11 UNPRECEDENTED OPPORTUNITY TO CREATE SYNERGIES AND  
12 LEVERAGING WITH CIRM-FUNDED PROGRAMS.

13 BOTH THE NIH AND NSF ARE NOW AUGMENTING  
14 THEIR BUDGETS, PARTICULARLY AS SUPPLEMENTS TO  
15 EXISTING GRANTS, FUNDING OF GRANTS CURRENTLY UNDER  
16 CONSIDERATION, AND SPECIAL FUNDS SET ASIDES THAT  
17 HAVE ALREADY BEEN ALLUDED TO FOR FACILITIES AND  
18 EQUIPMENT. IN THE CSU AND CCC, AS IS TRUE FOR THE  
19 PUBLIC AND PRIVATE RESEARCH UNIVERSITIES, WE ARE NOW  
20 CONSIDERING SUPPLEMENTAL REQUESTS. THE FACT THAT WE  
21 HAVE OPPORTUNITIES AFFORDED TO US AS HISPANIC  
22 SERVING INSTITUTIONS, WHICH IS A NUMBER OF OUR  
23 INSTITUTIONS IN BOTH SYSTEMS, AS WELL AS MINORITY  
24 SERVING SHOULD NOT GO UNREGARDED.

25 WE HAVE A TIME WINDOW IN THE NEXT THREE TO

## BARRISTERS' REPORTING SERVICE

1 FOUR MONTHS IN WHICH WE WILL ALL BE PREPARING FOR  
2 THESE STIMULUS MONIES. DUE TO THE GREAT INTEREST  
3 AND COMMITMENT ALREADY EXPRESSED BY PRESIDENT  
4 RICHMOND IN THE CSU AND CCC LIFE SCIENCES RANKS, WE  
5 BELIEVE THAT THIS IS TIME AND MOMENTUM AND CAPACITY  
6 FOR US TO EXPRESS TO THE FEDERAL GOVERNMENT OUR  
7 PRIORITIES FOR EQUIPMENT AND INFRASTRUCTURE, AND  
8 THAT THESE WILL BE ALIGNED WITH THE BROADER ASPECTS  
9 OF THE STEM CELL RESEARCH AND WORKFORCE TRAINING.

10 SO AGAINST THIS BACKDROP, AGAIN, WE ASK  
11 FOR YOUR CONSIDERATION IN SUPPORT FOR RAPID FUNDING  
12 AND, AGAIN, TO REITERATE THE FACT THAT THE FUNDS  
13 THAT WE ARE COMMITTING TO REFLECT ABOUT A HALF OF A  
14 PERCENT OF THE TOTAL BOND FUNDING PERHAPS PUTS IN  
15 PERSPECTIVE THE TREMENDOUS LEVERAGING OPPORTUNITIES  
16 AFFORDED TO US.

17 AGAIN, WE WANT TO THANK YOU VERY MUCH FOR  
18 YOUR CONSIDERATION.

19 CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
20 ELIZABETH. AND THANK YOU FOR YOUR REFERENCE TO THE  
21 LEVERAGE OPPORTUNITIES FOR THE STIMULUS BILL BECAUSE  
22 HAVING A PROGRAM APPROVED AND FUNDED BY THE STATE  
23 WOULD OBVIOUSLY HELP PUT YOU IN A GOOD POSITION FOR  
24 POTENTIAL STIMULUS LEVERAGE.

25 MS. BAXTER: I'M SUSAN BAXTER. I'M THE

## BARRISTERS' REPORTING SERVICE

1 EXECUTIVE DIRECTOR OF THE CALIFORNIA STATE  
2 UNIVERSITY PROGRAMS IN BIOTECHNOLOGY. AND I ALSO  
3 WANTED TO TALK ABOUT THE APPLICATION OF THE BRIDGES  
4 PROGRAM OR THE RELATIVE IMPORTANCE OF IT TO ACTUALLY  
5 TRANSLATIONAL RESEARCH. AS WE'VE SAID DURING  
6 CONVERSATIONS HERE AT THE ICOC AS EARLY AS AUGUST  
7 2007, THE CSU REGARDS STEM CELL TRAINING AT ALL  
8 LEVELS VITAL TO THE SUCCESS OF CIRM'S GOAL IN  
9 TRANSLATING RESEARCH DISCOVERIES INTO CURES.

10 WE SIMPLY CANNOT SEPARATE THE GOALS OF  
11 BUILDING A STEM CELL COMMUNITY AND DEVELOPING STEM  
12 CELL-BASED PRODUCTS FROM THE NEED FOR PROFESSIONALS  
13 TO CARRY OUT, NOT ONLY DISCOVERY RESEARCH, BUT TO  
14 FINANCE AND BUILD THAT INDUSTRY TO DRIVE THE  
15 REGULATORY APPROVAL AND THE PRODUCTION OF PRODUCTS  
16 THAT WILL BE SAFE AND EFFECTIVE IN THE MARKETPLACE.

17 THE COMPLEX GROUPS OF PROFESSIONALS THAT  
18 ARE THE ONES WHO DO THIS COME AT ALL LEVELS OF  
19 TRAINING, AND PARTICULARLY AT THE MASTER'S DEGREE OR  
20 LOWER. WE KNOW THAT THE EMPLOYEES IN THE INDUSTRY  
21 ARE TYPICALLY MASTER'S DEGREE OR LOWER, ABOUT 80  
22 PERCENT OF THE EMPLOYEES.

23 AS YOU KNOW AND RECOGNIZE, WE STAND READY  
24 TO CARRY OUT THIS MISSION, AND WE FEEL THAT WE CAN  
25 SIGNIFICANTLY BUILD THE CAPACITY, BUT ALSO TO THE

## BARRISTERS' REPORTING SERVICE

1 ACCELERATION OF STEM CELL TECHNOLOGIES AND PRODUCT  
2 DEVELOPMENT THAT WE ALL WANT SO BADLY. OVER THE  
3 PAST FEW YEARS WE'VE REPRESENTED BOTH THE CCC AND  
4 CSU, THAT WE DO EDUCATE THE MAJORITY OF THE STATE'S  
5 BACHELOR'S AND MASTER'S EDUCATED STUDENTS AND  
6 PROFESSIONALS. MOST OF THESE WORKERS ARE BORN AND  
7 RAISED IN CALIFORNIA AND REPRESENT THE FULL  
8 DIVERSITY OF CALIFORNIA'S CITIZENRY. WITHOUT  
9 FUNDING OF THE BRIDGES PROGRAM, THE IMPACT ON THAT  
10 FUTURE WORKFORCE IS OBVIOUS AND IMMEDIATE.

11 JILL TRAYNOR, THE DEAN OF THE COLLEGE OF  
12 NATURAL SCIENCES AND MATHEMATICS AT CAL STATE IN  
13 SACRAMENTO HERE TOLD US A COMPELLING STORY THAT  
14 DEMONSTRATES THE POTENTIAL BENEFITS OF THE BRIDGES  
15 PROGRAM FOR STEM CELL RESEARCH THAT SHE HAS AND THE  
16 STORY'S HEROINE HAVE ALLOWED ME TO SHARE WITH YOU  
17 TODAY.

18 JAN NOLTA IS THE DIRECTOR OF THE UC DAVIS  
19 STEM CELL PROGRAM, AND SHE'S AN ALUMNA OF SACRAMENTO  
20 STATE. LIKE MANY SAC STATE STUDENTS, SHE GREW UP IN  
21 AN ECONOMICALLY DISADVANTAGED FAMILY AND COULD NOT  
22 HAVE GONE TO COLLEGE WITHOUT GRANTS AND  
23 SCHOLARSHIPS. AS AN UNDERGRADUATE SHE INTENDED TO  
24 BECOME A PHYSICIAN, BUT EXPRESSED SECOND THOUGHTS TO  
25 HER BIOLOGY PROFESSORS. RECOGNIZING HER TALENT, HER



## BARRISTERS' REPORTING SERVICE

1 PROFESSOR SUGGESTED SHE CONSIDER A CAREER IN  
2 LABORATORY RESEARCH, SOMETHING JAN DIDN'T EVEN KNOW  
3 WAS POSSIBLE. JAN'S PROFESSOR HELPED HER FIND AN  
4 INTERNSHIP DURING WHICH SHE FIRST BECAME INTERESTED  
5 IN STEM CELL RESEARCH.

6 SO JAN NOLTA, WHO'S HERE TODAY, IS LIVING  
7 PROOF OF THE POWER OF THE CSU TO STEER FUTURE  
8 SCIENTISTS TOWARDS CAREERS IN STEM CELL RESEARCH AND  
9 PRODUCT DEVELOPMENT.

10 IF THE BRIDGES PROGRAM ULTIMATELY PRODUCES  
11 A FEW MORE LIKE JAN NOLTA, IT WILL BE A HOME RUN FOR  
12 CIRM.

13 IN CLOSING, THANK YOU FOR LISTENING TO US  
14 AND CONSIDERING THIS PROGRAM.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

16 MR. O'NEAL: JEFFREY O'NEAL. I'M THE  
17 STATE DIRECTOR FOR BIOTECHNOLOGY FOR THE CALIFORNIA  
18 COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT. AND  
19 WE HAVE PARTNERSHIPS THROUGH THE BRIDGES GRANTS WITH  
20 CSU'S. AND THE COMMENT I WANTED TO MAKE IS THAT,  
21 YOU KNOW, WE DO A LOT OF TECHNICIAN TRAINING AND  
22 ENTRY LEVEL TRAINING, A LOT OF HANDS-ON TRAINING  
23 THROUGHOUT THE STATE OF CALIFORNIA. AND WHAT WE DO  
24 ALSO, WE TARGET UNDERSERVED POPULATIONS. WE SUPPORT  
25 A LOT OF HIGH SCHOOL PROGRAMS, HIGH SCHOOL PROGRAMS

**BARRISTERS' REPORTING SERVICE**

1 WITH BIOTECH, AND WE ALSO DO TEACHER TRAINING.

2 WHAT WE'RE TRYING TO DO IS ATTRACT A  
3 DIVERSE POPULATION INTO SCIENCE. BECAUSE YOU WALK  
4 INTO A SCIENCE LAB -- AND I WAS AT A BIOTECH COMPANY  
5 FOR ABOUT 12 OR 13 YEARS IN DAVIS AND WOUND UP BEING  
6 DISPLACED BECAUSE OF DOWNSIZING, WENT TO THE LABS AT  
7 UC DAVIS FOR A NUMBER OF YEARS. I WAS KIND OF AWED  
8 BY THE FACT THAT THE VAST MAJORITY OF GRADUATE  
9 STUDENTS THERE WERE NOT NATIVE BORN AMERICANS. THEY  
10 WERE FOREIGN BORN STUDENTS.

11 SO WHAT WE'RE TRYING TO DO IS BRING THE  
12 POPULATION OF CALIFORNIA INTO SCIENCE. LET THEM  
13 KNOW THEY CAN DO THIS. IT'S AVAILABLE TO THEM. SO  
14 THE BRIDGES GRANT HELPS US IMMENSELY WITH THAT.  
15 THANK YOU.

16 CHAIRMAN KLEIN: THANK YOU VERY MUCH. SO  
17 I'D LIKE TO KNOW IF THERE IS A MOTION AT THIS TIME  
18 FOR FUNDING THE BRIDGES GRANTS AS PROPOSED, AND THEN  
19 WE'RE GOING TO HAVE ADDITIONAL DISCUSSION.

20 DR. PULIAFITO: MR. CHAIRMAN, I'D LIKE TO  
21 MAKE THAT MOTION IF I CAN.

22 CHAIRMAN KLEIN: YOU CAN'T MAKE THAT  
23 MOTION. LET'S GO THROUGH WHO HAS CONFLICTS AND WHO  
24 DOESN'T AND WHO CAN MAKE A MOTION.

25 MR. HARRISON: LET ME POINT OUT THAT THIS

## BARRISTERS' REPORTING SERVICE

1 IS A SOMEWHAT UNUSUAL SITUATION BECAUSE MOST OF THE  
2 APPLICANT INSTITUTIONS OBVIOUSLY ARE NOT  
3 INSTITUTIONS FROM WHICH MEMBERS OF THIS BOARD ARE  
4 APPOINTED. HOWEVER, THERE IS POTENTIAL RELATIONSHIP  
5 BETWEEN SOME OF THE APPLICANT INSTITUTIONS AND HOST  
6 INSTITUTIONS, WHICH WOULD HOST THE INTERNS THROUGH  
7 THIS PROGRAM. AS A RESULT, THERE ARE CONFLICTS THAT  
8 WE HAVE TO DEAL WITH ALTHOUGH SOMEWHAT ATTENUATED.

9 LET ME JUST READ A LIST, IF I COULD, MR.  
10 CHAIR, OF THOSE MEMBERS WHO CAN PARTICIPATE IN THIS  
11 DISCUSSION, AND THIS LIST WILL HOLD TRUE FOR  
12 TRAINING AND EARLY TRANSLATION AS WELL.

13 THE MEMBERS THAT CAN PARTICIPATE ARE  
14 KLEIN, GIBBONS, LOVE, QUINT, ROTH, SAMUELSON,  
15 SERRANO-SEWELL, SHESTACK, AND TORRES.

16 CHAIRMAN KLEIN: IS THERE A MOTION --  
17 WE'RE GOING TO DEAL WITH THE DISCUSSION, BUT IS  
18 THERE A MOTION FROM THOSE WHO ARE NOT CONFLICTED?

19 MR. SERRANO-SEWELL: SO MOVED.

20 CHAIRMAN KLEIN: SO MOVED BY DAVID  
21 SERRANO-SEWELL. IS THERE A SECOND?

22 MR. SHESTACK: I SECOND.

23 CHAIRMAN KLEIN: OKAY. THANK YOU.

24 DR. PRIETO: CAN I ASK A PROCEDURAL  
25 QUESTION? ARE WE GOING TO HAVE AN OPPORTUNITY TO

## BARRISTERS' REPORTING SERVICE

1 HAVE THE GENERAL DISCUSSION BEFORE VOTES ARE TAKEN  
2 ON THE INDIVIDUAL PROGRAMS?

3 CHAIRMAN KLEIN: THE --

4 DR. PRIETO: THAT SORT OF DEFEATS THE  
5 PURPOSE OF EVEN HAVING THE GENERAL DISCUSSION, I  
6 THINK.

7 CHAIRMAN KLEIN: LET ME GO THROUGH THIS  
8 VERY QUICKLY. SO OUT OF 328 MILLION THAT'S  
9 ESSENTIALLY IN THIS CASH FLOW, 128 MILLION IN CASH  
10 AND 200 MILLION PROPOSED ADDITIONAL FUNDS, THE TOTAL  
11 EXPENDITURE UNDER THIS ITEM, AND, IN FACT, SINCE  
12 THERE'S A DEFERRAL ON TRAINING II, THERE IS NO CASH  
13 EXPENDITURE IMMEDIATELY, BUT THE TOTAL EXPENDITURE  
14 UNDER THIS ITEM IS 8.8 MILLION.

15 SO THE WAY THIS IS STRUCTURED IS THAT WE  
16 HAVE ABOUT A LITTLE LESS THAN 3 PERCENT OF THE TOTAL  
17 EXPENDITURE WE CAN'T REALLY HAVE THIS OVERALL  
18 DISCUSSION ON. AS TO TRANSLATIONAL, WHATEVER IS  
19 DECIDED IS GOING TO BE SUPERSEDED BY WHAT'S DECIDED  
20 IN APRIL. SO THERE IS A VERY NARROW RESTRICTED  
21 POINT HERE WHERE WE HAVEN'T BEEN ABLE WITH THE  
22 BENEFIT OF COUNSEL TO FIGURE OUT HOW TO HAVE THE  
23 GENERAL DISCUSSION OF ALL THE MEMBERS BEFORE WE VOTE  
24 ON THIS ONE ITEM THAT'S A CASH-FLOW COMMITMENT.

25 MR. HARRISON: COULD I JUST ADD ONE THING,

## BARRISTERS' REPORTING SERVICE

1 THAT THE MEMBERS WHOSE NAMES I JUST READ, OF COURSE,  
2 CAN HAVE A DISCUSSION ABOUT THE RELATIVE PRIORITY OF  
3 THE BRIDGES PROGRAM AS IT RELATES TO THE OTHER  
4 PROGRAM. IT'S JUST THAT DISCUSSION CANNOT INVOLVE  
5 THE OTHER MEMBERS OF THE BOARD. IN OTHER WORDS,  
6 WHAT WE'RE TRYING TO DO IS TO SEGMENT THESE  
7 DECISIONS AND TAKE THEM FIRST SO THAT AS TO THE  
8 REMAINING PROGRAMS ALL OF THE BOARD CAN THEN  
9 PARTICIPATE.

10 MR. SHEEHY: CAN I ASK JAMES A QUICK  
11 QUESTION? WHY WASN'T IT AGENDAD THAT WAY? YOU SET  
12 THIS UP SO THERE'S NO REAL DECISION MAKING FOR  
13 ALMOST ANY MEMBER OF THE BOARD. YOU HAVE AGENDAD  
14 THE BRIDGES, AGENDAD THE TRAINING, AGENDAD THE EARLY  
15 TRANSLATION. I REMEMBER AT THE LAST MEETING I WAS  
16 HOPING, EVEN IF IT'S ONLY FIVE OR SIX OF US, THAT  
17 SOME MEMBERS OF THIS BOARD ACTUALLY GET TO SET THE  
18 PRIORITIES. WE'RE NOT MONKEYS HERE. I'M NOT A  
19 MONKEY.

20 CHAIRMAN KLEIN: JEFF, I THINK THAT'S  
21 INAPPROPRIATE AND DOESN'T TAKE INTO ACCOUNT THE  
22 TREMENDOUS EFFORT THAT COUNSEL PUTS INTO THIS. BUT  
23 PRIOR TO THE COMMENT THAT MR. HARRISON JUST MADE,  
24 COMMENT WAS MADE EARLIER IN THE DISCUSSION THAT THE  
25 MEMBERS WHO WERE NOT CONFLICTED COULD HAVE A GENERAL

**BARRISTERS' REPORTING SERVICE**

1 DISCUSSION ON THIS IN TERMS OF THE OVERALL  
2 SCIENTIFIC RECOMMENDATIONS. SO PLEASE REALIZE THAT  
3 A LOT OF EFFORT HAS GONE INTO THIS BY COUNSEL.

4 MR. ROTH: I'M GOING TO SUPPORT THAT WE  
5 MOVE FORWARD WITH THIS MOTION AND APPROVE IT. AND  
6 JUST TO POINT OUT THAT WE'VE HAD THIS DISCUSSION  
7 WITH THESE PEOPLE FOREVER AND EVER, AND WE'VE  
8 POSTPONED AND POSTPONED. AND I THINK NOW IS THE  
9 TIME TO GO AHEAD AND GET THEM THEIR FUNDS.

10 THIS MORNING I OVERHEARD A CONVERSATION AT  
11 BREAKFAST ABOUT THE PROBLEM OF FINDING TECHNICIANS  
12 TO RUN EQUIPMENT, TO DO THE KINDS OF THING IN OTHER  
13 PARTS OF THESE RESEARCH FACILITIES. AND THAT'S WHAT  
14 EXACTLY WE WOULD BE DOING. WE'RE TRAINING PEOPLE  
15 THAT TAKE THE POSITIONS WE NEED TO SUPPORT THE  
16 SCIENTISTS THAT ARE DRIVING THIS. SO I THINK WE  
17 SHOULD MOVE FORWARD AND VOTE.

18 CHAIRMAN KLEIN: OKAY.

19 DR. LOVE: I'M GOING TO AGREE WITH DUANE  
20 IN THAT I THINK ULTIMATELY I'VE COME OUT THAT WE  
21 NEED TO GO FORWARD WITH THIS. BUT I DO WANT TO  
22 ARTICULATE THAT I THINK ONE OF THE ISSUES GOING ON  
23 HERE IS THAT THERE DOES APPEAR TO BE A BIT OF A  
24 DISCONNECT BETWEEN THE PRIORITY AND PUTTING THIS  
25 MONEY OUT THE DOOR WHEN THERE'S A POTENTIAL THAT

## BARRISTERS' REPORTING SERVICE

1 OTHER MONEY ON A PRIORITY COULD NOT BE THERE.

2 CHAIRMAN KLEIN: IF SOMEONE WHO IS  
3 TRAVELING, IF THEY COULD PUT THEIR PHONE ON MUTE,  
4 PLEASE. I GUESS THERE ARE PAPERS THAT ARE  
5 SHUFFLING.

6 DR. LOVE: I THINK I UNDERSTAND THE  
7 RATIONALE FOR THAT BASICALLY IS THAT WHILE THERE IS  
8 A PRIORITY LIST THAT ONE COULD COME UP WITH, IN  
9 FACT, THE DEMAND FOR MONEY FROM US IS NOT LINEAR  
10 WITH THAT LIST. SO TO SOME EXTENT WHAT WE'RE TRYING  
11 TO DO HERE IS TAKE SOME HEDGING, IF YOU WILL, AROUND  
12 THE POSSIBILITY OF RAISING MORE MONEY IN THE FUTURE,  
13 AND THE FACT THAT WE HAVE SOME CONFIDENCE THAT WE  
14 CAN RAISE MORE MONEY IN THE FUTURE ALLOWS US TO DO  
15 SOMETHING WHICH MAY NOT BE AT THE TOP OF THE  
16 PRIORITY LIST, BUT IT DOES REPRESENT AN OVERALL  
17 STRATEGY FOR BALANCE AND MULTIPLE COMPETING ISSUES.

18 CHAIRMAN KLEIN: I THINK THAT'S VERY  
19 ACCURATE. WHAT THE SCIENTIFIC STAFF HAS ATTEMPTED  
20 TO DO IS A RISK BALANCE SET OF PRIORITIES ON A  
21 CONSERVATIVE BASIS ASSUMING THAT WE COULD AT LEAST  
22 RAISE A CERTAIN AMOUNT OF MONEY EVEN IN  
23 EXTRAORDINARILY DIFFICULT COMPLEX TIMES, THAT WITHIN  
24 THIS BALANCE STRATEGY, THIS WOULD HAVE AN  
25 APPROPRIATE PLACE PARTICULARLY, AS DUANE SAID,

## BARRISTERS' REPORTING SERVICE

1 BECAUSE THEY'VE INVESTED A HUGE AMOUNT OF EFFORT IN  
2 BRINGING THIS TOGETHER. THESE INSTITUTIONS HAVE PUT  
3 MONEY OUT THE DOOR. SOME OF THEM HAVE ALREADY BEEN  
4 PUTTING FACULTY AND/OR STUDENTS THROUGH A PROCESS OF  
5 BRINGING THEM UP TO A LEVEL, TAKING PREREQUISITE  
6 COURSES SO THEY COULD QUALIFY. SO WE HAVE AN  
7 INVESTED PARTNER IN THIS PROCESS THAT WE'RE TRYING  
8 TO HONOR A RELATIONSHIP WITH.

9 I'D LIKE TO CALL THE QUESTION IF I COULD.

10 MS. SAMUELSON: AND I WANT TO -- I THINK  
11 WE SHOULD FUND THE BRIDGES PROGRAM IN FULL. AT THE  
12 SAME TIME, I'M RELATIVELY UNCONCERNED ABOUT MORE  
13 MONEY FOR THE TRAINING PROGRAM. I THINK WE GAVE IT  
14 A GOOD SHOT AT THE BEGINNING. WE CAN DO A LOT OF  
15 TRAINING THROUGH THE SUBSTANTIVE SCIENTIFIC PROGRAMS  
16 OF THE OTHER CATEGORIES. WE CAN CONTINUE TO TRAIN  
17 PEOPLE, SO WE DON'T NEED JUST TRAINING PER SE AT  
18 THIS POINT AS MUCH AS I THINK WE DO NEED, FOR  
19 EXAMPLE, A ROBUST EARLY TRANSLATION PROGRAM. IT'S  
20 TIME FOR THAT. THOSE ARE DIFFICULT PROGRAMS TO  
21 FUND. THEY'RE HARDER TO GET HIGH SCORES.

22 SO IF OUR DESCRIPTION OF WHAT WE WANT TO  
23 FUND IS THE BEST OF THE BEST, THAT MEANS THERE ARE A  
24 LOT THAT WE ARE REGARDING AS THE BEST WHICH ARE NOT  
25 GOING TO BE FUNDED. AND I WATCH THE TRANSLATIONAL



## BARRISTERS' REPORTING SERVICE

1 PROGRAMS HAVE A DIFFICULT TIME GETTING EQUALLY HIGH  
2 SCORES IN THE WORKING GROUP BECAUSE THEY'RE RISKY,  
3 BECAUSE THERE ISN'T AS MUCH DATA, BECAUSE THE  
4 OUTCOME IS UNKNOWN, AND THAT'S IN THE NATURE OF  
5 TRANSLATIONAL WORK. I WATCH PARKINSON'S RESEARCH  
6 HIT THE WALL DAY IN AND DAY OUT, IMPORTANT,  
7 WELL-THOUGHT OUT IDEAS THAT ARE SIMPLY HYPOTHETICAL  
8 AT THIS POINT BY DEFINITION. THAT IS THE NATURE OF  
9 THAT WORK.

10 WE HAVE GOT TO START FUNDING IT. WE'RE A  
11 THIRD OF THE WAY THROUGH OUR LIFE, AS I'M  
12 UNDERSTANDING THE LONGER TERM THAT WE WILL BE IN  
13 EXISTENCE FUNDING ANYTHING. AND WE'RE NOT IN THE  
14 CLINIC, AND PERHAPS IT'S TOO SOON TO BE. BUT BEFORE  
15 WE'RE GOING TO ACTUALLY GET INTO THE CLINIC, WE'VE  
16 GOT TO DO THAT HYPOTHETICAL WORK.

17 SO FOR ALL THOSE REASONS, THAT AMOUNT OF  
18 MONEY IS JUST TINY, AND WE CAN'T BE RESTRICTING  
19 OURSELVES. AND I ALSO WANT TO SAY I HOPE WE CAN GO  
20 BACK TO THE DRAWING BOARDS ON THE APPLICATION OF  
21 CONFLICT OF INTEREST LAW. AS A LAWYER, MY  
22 UNDERSTANDING IS THAT YOU SOLVE A LOT PROBLEMS OF  
23 POTENTIAL CONFLICT OF INTEREST WITH FULL DISCLOSURE  
24 SO THAT WE CAN HEAR THE WISDOM OF OUR COLLEAGUES AND  
25 THEN MAKE OUR OWN JUDGMENTS ABOUT WHETHER THEIR

## BARRISTERS' REPORTING SERVICE

1 PROFESSIONAL CONNECTIONS BEAR ON WHAT WE'VE JUST  
2 HEARD, NOT TO MUTE THEM. I WANT TO HEAR FROM MY  
3 COLLEAGUES, SO I WOULD THINK MAYBE WE COULD CRAFT  
4 OUR CONFLICT OF INTEREST RULES TO ALLOW MORE OF  
5 THAT.

6 CHAIRMAN KLEIN: JOAN, I COMPLETELY  
7 SUPPORT THAT. I TELL YOU WE HAD ACTUALLY ABOUT  
8 SEVEN LAWYERS WHEN I WAS WRITING THIS INITIATIVE  
9 DEBATE INTENSELY HOW WE COULD DEAL WITH CONFLICTS OF  
10 INTEREST AND BE TRUE TO THE INTENT AND TRANSPARENCY.  
11 WE BROKE NEW GROUND IN MAKING IT CLEAR IN THE  
12 INITIATIVE THAT PATIENT ADVOCATES WERE NOT IN  
13 CONFLICT BECAUSE OF DEBATING THEIR OWN DISEASE AREA.  
14 AND OBVIOUSLY WE GOT SUED ON THAT AND  
15 CONSTITUTIONALLY THEN HAD TO DEFEND IT.

16 MS. SAMUELSON: BUT THEN THE GREAT IRONY  
17 FOR ME IS I GET TO HEAR VERY LITTLE OF THE EXPERTISE  
18 OF MY COLLEAGUE JEFF. AND SO THIS IS OPERATING ON  
19 THE ASSUMPTION THAT HE'S GOING TO BE SWAYED IN FAVOR  
20 OF, LET'S SAY, A MEDITOCRE GRANT AT HIS OWN  
21 INSTITUTION WHERE HE'S EMPLOYED AGAINST THE INTEREST  
22 OF A WONDERFUL HIV GRANT AT ANOTHER CAMPUS IN A  
23 COMPLETELY UNRELATED SCHOOL OR LAB.

24 CHAIRMAN KLEIN: I COMPLETELY --

25 MS. SAMUELSON: IT MAKES NO SENSE TO ME.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN KLEIN: I AGREE. WE'RE TRYING TO  
2 DO THE BEST WE CAN WITH THE STATUTES WE HAVE TO DEAL  
3 WITH. CRITICAL TIMEFRAME HERE. I'D LIKE TO CALL  
4 THE QUESTION ON THIS ITEM.

5 MS. GIBBONS: COULD YOU PLEASE RESTATE THE  
6 MOTION, BOB?

7 CHAIRMAN KLEIN: YES. I'M GOING TO HAVE  
8 MR. HARRISON RESTATE THE MOTION.

9 MR. HARRISON: THIS RELATES TO ITEM NO.  
10 16, AND THE MOTION IS TO APPROVE THE FUNDING OF THE  
11 BRIDGES APPLICATIONS THAT YOU APPROVED AT THE LAST  
12 MEETING.

13 CHAIRMAN KLEIN: OKAY.

14 MS. KING: LEEZA GIBBONS.

15 MS. GIBBONS: YES.

16 MS. KING: BOB KLEIN.

17 CHAIRMAN KLEIN: YES.

18 MS. KING: TED LOVE.

19 DR. LOVE: YES.

20 MS. KING: ROBERT QUINT.

21 DR. QUINT: YES.

22 MS. KING: DUANE ROTH.

23 MR. ROTH: YES.

24 MS. KING: JOAN SAMUELSON.

25 MS. SAMUELSON: YES.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: DAVID SERRANO-SEWELL.

2 MR. SERRANO-SEWELL: YES.

3 MS. KING: JON SHESTACK.

4 MR. SHESTACK: YES.

5 MS. KING: AND ART TORRES.

6 MR. TORRES: AYE.

7 MS. KING: THAT MOTION CARRIES FOR THE  
8 RECORD.

9 CHAIRMAN KLEIN: THANK YOU.

10 (APPLAUSE.)

11 CHAIRMAN KLEIN: I'D LIKE TO THANK THE  
12 CALIFORNIA STATE UNIVERSITY SYSTEM AND THE COMMUNITY  
13 COLLEGE SYSTEM FOR THEIR COMMITMENT TO THIS PROGRAM,  
14 THEIR DEDICATION TO THE DEVELOPMENT OF CURRICULUM AT  
15 EACH OF THESE CAMPUSES, AND THE EXTRAORDINARY  
16 MATCHING FUNDS THAT THEY LED WITH IN GOOD FAITH THAT  
17 ARE GOING TO CONTRIBUTE TO IN MANY CASES PRODUCING  
18 MORE STUDENTS THAN WE'RE SUPPORTING. THANK YOU.

19 GO TO ITEM 17, TRAINING II.

20 DR. POMEROY: CAN I ASK WHEN WE'RE GOING  
21 TO LUNCH?

22 CHAIRMAN KLEIN: SHORTLY. BEFORE I HAVE A  
23 REVOLT HERE, ON TRAINING II IS THERE A MOTION TO  
24 DEFER FOR 12 MONTHS THE FUNDING OF TRAINING II?

25 MS. GIBBONS: I SO MOVE.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN KLEIN: MOVED BY LEEZA GIBBONS.

2 IS THERE A SECOND?

3 MR. SERRANO-SEWELL: SECOND.

4 CHAIRMAN KLEIN: THE MANNER IN WHICH THE  
5 SCIENTIFIC STAFF HAS RECOMMENDED THIS IS THAT WE  
6 WILL FUND IT, BUT WITH A DEFERRAL OF 12 MONTHS. AND  
7 TO BE CLEAR, MR. HARRISON, MY UNDERSTANDING, AND  
8 PLEASE CORRECT ME, LEEZA, IS THAT YOU'VE  
9 INCORPORATED THE SCIENTIFIC STAFF'S RECOMMENDATION  
10 HERE, THAT IF A GRANTEE INSTITUTION WANTS TO FUND IT  
11 AND GET REIMBURSED LATER, THEY COULD DO THAT; IS  
12 THAT CORRECT?

13 MS. GIBBONS: RIGHT.

14 MR. HARRISON: JUST TO BE CLEAR, CHAIR,  
15 WHAT THAT MEANS IS THAT THE AGENCY WOULD BE  
16 AUTHORIZED TO ISSUE THE NGA WITH PAYMENT BEING  
17 DEFERRED FOR A PERIOD OF 12 MONTHS.

18 CHAIRMAN KLEIN: THAT'S RIGHT. AND THAT  
19 THEY WE CAN GET REIMBURSEMENT IF THEY SO ELECT TO.

20 MS. LANSING: ASSUMING WE HAVE THE MONEY.

21 CHAIRMAN KLEIN: NO. THE VOTE HERE, WHICH  
22 WOULD COVER \$6.8 MILLION DURING OUR PERIOD THAT  
23 WE'RE LOOKING AT, WOULD BE COMMITTING US TO 6.8  
24 MILLION IF YOU ELECTED TO VOTE FOR IT.

25 DR. TROUNSON: SORRY, CHAIR. ALL OF THE

## BARRISTERS' REPORTING SERVICE

1 PROPOSALS GOING OUT WILL INCLUDE SUBJECT TO FUNDS  
2 AVAILABLE OR FOR THE TIME BEING. SO THAT WOULD  
3 STILL BE POSSIBLE. WE AGREED TO THAT LAST TIME.

4 MS. GIBBONS: SUBJECT TO FUNDS AVAILABLE.

5 CHAIRMAN KLEIN: UNDER THE TRAINING II  
6 PROGRAM.

7 DR. TROUNSON: YES. I THINK WE HAVE TO DO  
8 THAT FOR ALL OF THEM GOING FORWARD AT THE MOMENT  
9 SINCE THERE'S NO --

10 CHAIRMAN KLEIN: OKAY. THAT DID NOT COVER  
11 THE BRIDGES PROGRAM. THAT WAS NOT PART OF THE  
12 MOTION.

13 MR. SWEEDLER: ALL NOTICES OF GRANT AWARD,  
14 STARTING WITH TOOLS AND TECHNOLOGY, HAVE INCLUDED  
15 LANGUAGE THAT SAYS THE AWARDS ARE MADE SUBJECT TO  
16 AVAILABLE FUNDS -- FUNDS BEING AVAILABLE. LET ME  
17 CLARIFY.

18 THE TIMING IS SUBJECT TO SUFFICIENT FUNDS  
19 BEING AVAILABLE IN THE STEM CELL FUND.

20 CHAIRMAN KLEIN: NOT THE OBLIGATION TO  
21 PAY.

22 MR. SWEEDLER: SO IT'S TIMING, AND THEN  
23 THAT'S WITHIN THE AGENCY'S DISCRETION WHAT  
24 CONSTITUTES SUFFICIENT AVAILABILITY, SO IT'S ABOUT  
25 THE TIMING.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WITH COMMUNITY COLLEGES  
2 AND THE STATE UNIVERSITY SYSTEM, THEY'RE UNDER A  
3 GREAT DEAL OF STRESS AT THIS POINT. WE PASSED A  
4 MOTION WITHOUT THAT STATEMENT. AND I DON'T THINK WE  
5 CAN GO BACK AND NOW ADD THAT STATEMENT. IT'S A  
6 SMALL AMOUNT OF FUNDS.

7 DR. TROUNSON: CHAIR, IT'S IN ALL THE  
8 NGA'S NOW.

9 MS. LANSING: IT'S OUR POLICY.

10 MR. SERRANO-SEWELL: THE COMMISSION HAS  
11 ARTICULATED VERY CLEARLY A POLICY STATEMENT, AND  
12 THAT POLICY STATEMENT IS THAT FOR THE BRIDGES THEY  
13 ARE TO BE FUNDED, PERIOD.

14 CHAIRMAN KLEIN: HOLD ON. WE HAVEN'T  
15 GIVEN THEM THE NGA. WE HAVE NOT GIVEN THEM THE NGA  
16 AT THIS POINT. IS THAT A CORRECT STATEMENT?

17 DR. TROUNSON: YEAH.

18 CHAIRMAN KLEIN: SO WE PASSED A MOTION.  
19 I'M HAPPY -- THERE IS -- SINCE THIS VOTE HAS ALREADY  
20 TAKEN PLACE, WE KNOW THERE IS \$8.8 MILLION. THE  
21 FUNDS ARE AVAILABLE.

22 DR. HAWGOOD: FUNDS ARE AVAILABLE THROUGH  
23 DECEMBER '10, THEN WE'RE MAKING A LARGE NUMBER OF --

24 CHAIRMAN KLEIN: BUT IT'S IMPORTANT TO  
25 MAKE THE STATEMENT THAT YOU JUST MADE, IAN, AND WE

## BARRISTERS' REPORTING SERVICE

1 APPRECIATE THAT ON A GOING-FORWARD BASIS, THE POLICY  
2 THAT YOU ARE STATING, AND I WANT THE BOARD TO BE  
3 AWARE OF THAT POLICY, IS I WASN'T AWARE WHEN IT WAS  
4 GOING TO START, THAT POLICY YOU'RE SUGGESTING WILL  
5 INCLUDE THIS MOTION SPECIFICALLY, WHICH IS TRAINING  
6 II; IS THAT CORRECT?

7 DR. ROBSON: JUST TO CLARIFY, WE DON'T  
8 NECESSARILY HAVE 8.8 MILLION RIGHT NOW. WHAT WE  
9 HAVE IS ENOUGH MONEY FOR TWO QUARTERLY PAYMENTS.  
10 THAT MUCH WE CAN GUARANTEE.

11 CHAIRMAN KLEIN: WELL, I DON'T UNDERSTAND  
12 THAT STATEMENT. WE'LL FOLLOW THAT. I WANT TO  
13 TALK -- I WANT TO GET SHERRY LANSING'S STATEMENT.

14 MS. LANSING: THIS IS VERY CONFUSING TO  
15 ME. THIS IS VERY CONFUSING TO ME. A BOARD HAS  
16 FIDUCIARY RESPONSIBILITIES. A BOARD ALSO HAS  
17 LIABILITY. I WANT TO UNDERSTAND HOW MUCH MONEY WE  
18 HAVE, AND I WANT TO MAKE CLEAR -- BOB, I HAVE THE  
19 GREATEST FAITH IN YOU, SO THIS IS NOT IN ANY -- I  
20 SPEAK FOR ALL OF US IN SAYING THAT. BUT WE CAN ONLY  
21 FUND WHAT WE HAVE MONEY FOR. AND SO YOU ARE SAYING  
22 NO?

23 I'M GOING TO GIVE YOU A DIRE CASE. WHAT  
24 HAPPENS IF YOU RUN OUT OF -- I CAN'T VOTE ON THIS  
25 ANYWAY. BUT WHAT HAPPENS IF YOU RUN OUT OF MONEY?



**BARRISTERS' REPORTING SERVICE**

1 ARE YOU TELLING ME THAT IN 50 YEARS SOMEONE IS GOING  
2 TO COME BACK AND SAY, WELL, YOU OWE ME THIS MONEY OR  
3 TEN YEARS?

4 MR. SWEEDLER: I JUST WANT TO MAKE THE  
5 DISTINCTION BETWEEN WHEN THE CHECK GOES OUT TOWARDS  
6 A GRANT, THAT'S RIGHT, THAT HAS TO COME FROM THE  
7 STEM CELL FUND. SO WE CAN ONLY SEND PAYMENTS OUT  
8 FROM WHAT WE HAVE. BUT IT HAS NOT BEEN THE PRACTICE  
9 AND IT WAS NEVER EXPECTED TO BE THE PRACTICE THAT WE  
10 WOULD ONLY COMMIT MONEY. I JUST WANTED TO MAKE SURE  
11 THAT'S CLEAR. WHEN WE TALK ABOUT THE TIMING OF  
12 PAYMENTS, WE'RE TALKING AVAILABLE FUNDS IN THE  
13 ACCOUNT AT THE TIME THE PAYMENT IS REQUIRED, WHICH  
14 IS WHAT WOULD HAVE TO BE THERE FOR THE CONTROLLER TO  
15 ISSUE A CHECK.

16 MS. LANSING: THEREFORE, FACING THESE  
17 CHALLENGING TIMES, WE VOTED TO SAY IF FUNDING WAS  
18 AVAILABLE. EVERYONE IS NODDING THEIR HEAD. I  
19 REMEMBER THIS BECAUSE WE HAD THE GREATEST FAITH IN  
20 WHAT YOU ARE GOING TO DO, AND WE'RE ALL GOING TO  
21 HELP. WE'RE ALL COMMITTED TO THIS. BUT THESE ARE  
22 DIRE, CHALLENGING TIMES; AND, THEREFORE, I HATE TO  
23 EVEN THINK SUCH A THING, BUT SHOULD THERE NOT BE  
24 SUFFICIENT FUNDS, WHAT IS THE EXPOSURE OF A BOARD?

25 MR. SWEEDLER: I DON'T BELIEVE THE BOARD

## BARRISTERS' REPORTING SERVICE

1 HAS ANY EXPOSURE.

2 MS. LANSING: THAT'S ALL I WANTED.

3 CHAIRMAN KLEIN: WE'RE IN A POSITION IN  
4 THE STATE WHERE THE ENTIRE STATE HAS TO OPERATE ON  
5 THE BASIS THAT THERE ARE FUNDS. THE STATE CAN ONLY  
6 MAKE GOOD FAITH COMMITMENTS, AND WE'RE TRYING TO  
7 MAKE CONSERVATIVE COMMITMENTS.

8 MS. LANSING: I'M ON YOUR -- WE'RE ON THE  
9 SAME SIDE. WHAT I'M REALLY TRYING TO UNDERSTAND,  
10 AND I CAN'T VOTE OR DO ANYTHING, BUT I REALLY WANT  
11 TO UNDERSTAND THAT WE'RE COMMITTING, WE PUT THAT IN  
12 ALL OF OUR RFA'S. I'M NOT AGAINST BRIDGES, I'M NOT  
13 ALLOWED EVEN TO SAY THAT, BUT AT ANY RATE, I JUST  
14 WANT TO BE SURE THAT WE'RE COMMITTING SHOULD FUNDS  
15 BE AVAILABLE, WHICH WE ALL BELIEVE WILL BE.

16 CHAIRMAN KLEIN: SO DR. AZZIZ.

17 DR. AZZIZ: AGAIN, I'M NOT VOTING. I  
18 PRESUME I CAN COMMENT.

19 CHAIRMAN KLEIN: YOU CAN'T COMMENT ON  
20 TRAINING II'S.

21 DR. AZZIZ: NO, I'M NOT COMMENTING ABOUT  
22 TRAINING II. I'M TALKING ABOUT IN GENERAL TO FOLLOW  
23 UP ON SHERRY'S COMMENT.

24 CHAIRMAN KLEIN: IT'S VERY IMPORTANT HERE  
25 THAT YOU NOT BE COMMENTING ON THE PLAN ITSELF.

**BARRISTERS' REPORTING SERVICE**

1 DR. AZZIZ: NO. NO. NO. I JUST WANT TO  
2 MAKE SURE, BECAUSE THERE'S A LOT OF CONFUSION.  
3 ANYTHING WE ARE NOW ISSUING, WHETHER IT'S BRIDGE  
4 GRANTS THAT SEEM TO BE TALKED ABOUT OR TRAINING OR  
5 WHATEVER, GOES WITH THIS STATEMENT, THAT IT IS GIVEN  
6 PENDING FUNDS, RIGHT. THIS APPLIES TO EVERYTHING WE  
7 DO NOW MOVING FORWARD. AM I CORRECT?

8 DR. TROUNSON: WELL, YOU KNOW, FROM MY  
9 POINT OF VIEW, YOU ARE CORRECT, THAT WE WILL HAVE  
10 LANGUAGE IN THE CONTRACTS THAT GO OUT THAT IT IS --  
11 THAT THESE PAYMENTS ARE GOING TO BE SUBJECT TO FUNDS  
12 AVAILABLE. THAT'S WHAT'S REQUIRED OF ALL STATE  
13 AGENCIES. AND WE'VE BEEN AN EXCEPTION IN A WAY, SO  
14 THAT LANGUAGE NEEDS TO BE THERE BECAUSE I CAN'T  
15 WRITE A CHECK. THE CHECK HAS TO BE WRITTEN BY THE  
16 STATE.

17 DR. AZZIZ: I UNDERSTAND THAT. NOTHING OF  
18 WHAT WE'VE SPOKEN ABOUT TODAY IS MEANT TO BE  
19 CONSTRUED DIFFERENTLY THAN THAT. AM I CORRECT?

20 DR. TROUNSON: NO. THAT'S MY  
21 UNDERSTANDING, NOT AT ALL.

22 DR. AZZIZ: THANK YOU VERY MUCH.

23 CHAIRMAN KLEIN: ALL RIGHT. THIS IS  
24 HELPFUL. SO LET ME FOCUS US HERE BEFORE WE GO ANY  
25 FURTHER ON WHAT WE HAVE BEFORE US. TRAINING II IS

## BARRISTERS' REPORTING SERVICE

1 SUBJECT TO FUNDS AVAILABLE.

2 MS. SAMUELSON: I HAVE A QUESTION ABOUT  
3 THAT. I THINK IT'S A QUESTION FOR JAMES. I WOULD  
4 LIKE TO -- MY VOTE TO MEAN THAT THIS, BECAUSE WE'RE  
5 PRIORITIZING HERE, THE TRAINING II IS A LOWER  
6 PRIORITY THAN ANY OF THESE OTHER PRIORITIES, AND SO  
7 WE WILL NOT FUND IT UNTIL WE'VE MET WHATEVER OTHER  
8 MORE HIGHER PRIORITY OBLIGATIONS HAVE BEEN FUNDED.

9 CHAIRMAN KLEIN: IT'S BEING DEFERRED BY 12  
10 MONTHS UNDER THIS MOTION, WHICH MEANS IT WILL COME  
11 IN TIME SEQUENCE AFTER THESE OTHER ITEMS HAVE BEEN  
12 FUNDED.

13 MS. SAMUELSON: BUT I DON'T KNOW  
14 FINANCIALLY WHAT THE IMPACT OF THAT IS ON A CEILING  
15 FOR EARLY TRANSLATION, FOR EXAMPLE. IF IT HAS ANY  
16 IMPACT ON IT, I WANT THAT TO DELAY FUNDING, I MEAN  
17 INDEFINITELY UNTIL THE FINANCIAL CRISIS IS DONE, OR  
18 I DON'T KNOW WHAT. THAT MAY NOT DO IT IS WHAT I'M  
19 SAYING.

20 DR. TROUNSON: JOAN, IT HAS A MINIMAL  
21 IMPACT. THAT'S THE REASON WHY WE'RE PUSHING IT  
22 BACK. IT HAS A MINIMAL IMPACT ON THE CASH FLOW. SO  
23 WE'RE TRYING TO MINIMIZE IT, BUT STILL BE  
24 RESPONSIBLE ENOUGH TO BE ABLE TO GET IT TO GO. IT  
25 IS ABOUT MINIMAL AS WE COULD. TROUBLE IS IF WE PUT

## BARRISTERS' REPORTING SERVICE

1 IT BACK TWO YEARS, THEN WE'D HAVE TO GO FOR ANOTHER  
2 RFA, IN OUR VIEW, BECAUSE IT WOULD BE OUT OF DATE.

3 SO CURRENTLY THERE WOULD BE, IN OUR VIEW,  
4 IN DATE IF WE DO IT WITH A 12-MONTH DELAY. AND, OF  
5 COURSE, IF THE INSTITUTIONS ARE PREPARED TO PREFUND  
6 IT THEMSELVES, WELL, IN DUE COURSE THEY'LL BE  
7 RECEIVING THE FUNDS.

8 MS. SAMUELSON: I GUESS IN THIS FISCAL  
9 ENVIRONMENT, I DON'T WANT TO VOTE FOR REIMBURSEMENT  
10 OBLIGATION.

11 CHAIRMAN KLEIN: IT'S SUBJECT TO AVAILABLE  
12 FUNDS.

13 DR. LOVE: DOES THIS MOTION MEAN THAT WE  
14 COULDN'T FURTHER DELAY AT SOME POINT IN THE FUTURE?  
15 LET'S SAY THAT WE GO FORWARD, AND 12 MONTHS HENCE  
16 WHEN WE SHOULD START --

17 CHAIRMAN KLEIN: IF WE HAVE TOLD THEM IT'S  
18 12 MONTHS, WHAT I UNDERSTAND IS IT'S GOING TO HAVE A  
19 PROVISION IN THERE THAT SAYS IF THERE ARE NOT  
20 AVAILABLE FUNDS, THEY'RE NOT TO GET FUNDED AT THAT  
21 POINT EVEN THOUGH WE ONLY VOTED FOR A 12-MONTH  
22 DELAY.

23 DR. LOVE: SO WE COULD FURTHER DELAY IF WE  
24 NEEDED TO?

25 CHAIRMAN KLEIN: THAT'S RIGHT.

**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: MY QUESTION IS KIND OF THE  
2 OPPOSITE QUESTION. IF THINGS GO BETTER THAN WE HOPE  
3 AND WE DO RAISE THE MONEY, ARE WE LOCKED IN TO 12  
4 MONTHS, OR CAN WE --

5 CHAIRMAN KLEIN: NO. WE CAN REVISIT IT.  
6 ALL RIGHT.

7 MS. GIBBONS: DO WE UNDERSTAND THAT? SO  
8 WE WILL HAVE ANOTHER CHANCE TO SAY THAT WE AREN'T  
9 READY TO COMMIT THESE FUNDS FOR TRAINING UNTIL WE  
10 HAVE -- WE CAN DELAY IT FURTHER.

11 CHAIRMAN KLEIN: IT WOULD BE --

12 MS. GIBBONS: WE WANT TO LOOK FIRST AT  
13 EARLY TRANSLATION.

14 CHAIRMAN KLEIN: OKAY. EARLY TRANSLATION  
15 AND THE FUNDING OF THAT IS GOING TO COMMENCE, RIGHT.  
16 SO THIS IS GOING TO COMMENCE UNDER YOUR MOTION 12  
17 MONTHS LATER AND ONLY ON AVAILABLE FUNDS. SO WE  
18 WILL HAVE BEEN FUNDING EARLY TRANSLATION FOR 12  
19 MONTHS BEFORE WE GET TO THAT POINT.

20 MS. GIBBONS: DOES THIS MAKE SENSE FOR  
21 YOU, JOAN.

22 MS. SAMUELSON: WELL, SOMEONE HAS DONE THE  
23 MATH ON THE WHOLE PIE, THOUGH, RIGHT, AND THAT'S  
24 WHERE THE 36.5 CEILING CAME FROM PRESUMABLY, SO I  
25 DON'T KNOW.

**BARRISTERS' REPORTING SERVICE**

1 DR. TROUNSON: JOAN, THE CEILING INCLUDES  
2 MORE THINGS THAN THAT, BUT YOU WILL HAVE TO WAIT  
3 TILL APRIL. BUT, AGAIN, YOUR DECISION TO ADJUST  
4 THAT WILL COME IN APRIL. WE'RE JUST GIVING YOU A  
5 RECOMMENDATION. IT'S UP TO THE BOARD CLEARLY TO  
6 MAKE THE DECISION.

7 MS. SAMUELSON: THIS PERTAINS, RIGHT. I'M  
8 WONDERING IF WE MIGHT NOT REVISE THE TRAINING II  
9 LANGUAGE TO SAY DELAY FUNDING FOR AT LEAST 12  
10 MONTHS, AND THEN WE WOULD NOT -- THERE WOULDN'T --  
11 IT WOULD MAKE IT CLEAR WE DON'T INTEND TO HAVE A  
12 REIMBURSEMENT OBLIGATION KICK IN IN ANY FISCAL  
13 SCENARIO. WE COULD GO BACK AND DELAY IT FURTHER.

14 CHAIRMAN KLEIN: IF --

15 MS. SAMUELSON: BECAUSE THAT MIGHT NOT BE  
16 CLEAR.

17 CHAIRMAN KLEIN: THE BOARD COULD DO THAT  
18 IF THE BOARD WISHED TO DO THAT. OKAY.

19 MS. SAMUELSON: I'M NOT SURE.

20 CHAIRMAN KLEIN: DR. HAWGOOD, YOU ARE  
21 DISCUSSING JUST THE CONCEPT.

22 DR. HAWGOOD: I'M DISCUSSING JUST THE  
23 CONCEPT, BUT MY REQUEST IS THAT WHATEVER THE MOTION  
24 IS, THAT THERE'S REAL CLARITY TO THE GRANTEE  
25 ORGANIZATIONS BECAUSE YOU LAUNCH INTO SELF-FUNDING,

**BARRISTERS' REPORTING SERVICE**

1 AND THEN THERE' S A DECISION TO FURTHER POSTPONE,  
2 FURTHER POSTPONE.

3 CHAIRMAN KLEIN: I THINK IT' S IMPORTANT.

4 DR. HAWGOOD: BIG PROBLEM THERE.

5 CHAIRMAN KLEIN: SO TO MAKE IT CLEAR HERE,  
6 IF WE DO VOTE ON THIS, AND THESE ENTITIES ARE GOING  
7 TO NEED A DEFINITIVE TARGET, THAT TARGET IS  
8 CONDITIONED UPON -- I MEAN IF THERE' S AN EARTHQUAKE  
9 IN THE STATE, THERE' S EMERGENCIES AS WELL THAT CAN  
10 AFFECT IT, BUT WE HAVE A FINANCIAL CRISIS, WE  
11 BELIEVE THAT THIS IS A REASONABLE AMOUNT EVEN IN  
12 THIS FINANCIAL CRISIS TO RAISE SO THAT WE CAN FUND  
13 THIS PROGRAM WITH A 12-MONTH DELAY. IT MEANS \$6.8  
14 MILLION DURING THIS TIME PERIOD. BUT IF WE WERE  
15 GOING TO VOTE FOR THIS MOTION, WE NEED TO ACCEPT THE  
16 FACT THAT SUBJECT TO DELAYS IF WE DON' T -- IF WE' RE  
17 NOT SUCCESSFUL IN RAISING MONEY AT THIS CONSERVATIVE  
18 LEVEL, THAT IT WILL BE DELAYED FURTHER. ALL RIGHT.  
19 BUT IF WE ARE SUCCESSFUL IN RAISING MONEY, THEY WILL  
20 GET FUNDED UNDER THIS PROGRAM STARTING 12 MONTHS  
21 OUT.

22 DR. POMEROY: BOB, I CAN' T VOTE ON IT, SO  
23 I' M NOT GOING TO EXPRESS AN OPINION, BUT IT' S STILL  
24 NOT CLEAR TO ME WHAT YOU' RE VOTING ON. ARE YOU  
25 VOTING THAT IF IT HAPPENS IN 12 MONTHS, THERE CAN BE



**BARRISTERS' REPORTING SERVICE**

1 RETROACTIVE REIMBURSEMENT OR NOT BECAUSE THAT'S BEEN  
2 SAID AND THEN NOT SAID. WHAT IS THE MOTION?

3 CHAIRMAN KLEIN: MY UNDERSTANDING OF THE  
4 MOTION IS THAT INSTITUTIONS THAT FUND CAN GET  
5 RETROACTIVE REIMBURSEMENT UNDER THIS MOTION AS  
6 PROPOSED BY THE SCIENTIFIC STAFF AND INCLUDED IN THE  
7 MOTION. IS THAT CORRECT, MR. HARRISON?

8 MR. HARRISON: AS I UNDERSTAND IT, BUT  
9 THAT WOULD COME WITH THE STANDARD CAVEAT, THAT THE  
10 TIMING OF THAT REIMBURSEMENT WOULD BE CONTINGENT  
11 UPON THE AVAILABILITY OF FUNDS.

12 DR. POMEROY: LET ME JUST GIVE YOU A VERY  
13 SPECIFIC QUESTION THAT I THINK WILL CLARIFY THIS.  
14 ONE INSTITUTION CHOOSES TO SELF-FUND, AND 12 MONTHS  
15 FROM NOW THEY GET FOUR YEARS OF FUNDING. THAT  
16 REALLY MEANS THEY HAVE ONE IN REIMBURSEMENT AND  
17 THREE YEARS GOING FORWARD.

18 ANOTHER INSTITUTION DECIDES NOT TO  
19 SELF-FUND. DO THEY THEN HAVE THREE YEARS OR FOUR  
20 YEARS, SO YOU'LL HAVE DIFFERENT END DATES --

21 CHAIRMAN KLEIN: THAT'S RIGHT.

22 DR. POMEROY: -- FOR THE TRAINING PROGRAM.  
23 THAT'S CORRECT?

24 CHAIRMAN KLEIN: THAT'S CORRECT.

25 DR. POMEROY: OKAY.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WE ALSO HAVE DIFFERENT  
2 ENDING DATES BECAUSE SOME INSTITUTIONS HAVE  
3 CARRY-OVER FUNDS FROM 2008 SO THAT OUR ENDING DATES  
4 ARE STAGGERED ALREADY.

5 MS. GIBBONS: IF THE GRANTEES -- IF WE  
6 PASS THIS, EVEN IF WE SAY WE CAN DELAY IT FURTHER,  
7 THE GRANTEES THAT DO CHOOSE TO SELF-FUND, HOWEVER,  
8 THERE'S STILL OUR OBLIGATION FOR REIMBURSEMENT,  
9 WHICH IS WHAT JOAN WAS GETTING AT, RIGHT, SO, IN  
10 ESSENCE, WE'RE REALLY NOT SAYING WE CAN CHOOSE TO DO  
11 THIS ONLY BASED ON AVAILABLE FUNDS BECAUSE WE WILL  
12 ALREADY BE COMMITTING FUNDS TO THOSE GRANTEES WHO  
13 SELF-FUND.

14 CHAIRMAN KLEIN: WE'RE ONLY AGREEING TO  
15 REIMBURSE THEM SUBJECT TO AVAILABLE FUNDS. WE ARE  
16 COMMITTING TO REIMBURSE THEM, WE WILL REIMBURSE  
17 THEM, THE STATE OF CALIFORNIA -- THIS IS A CONTRACT.  
18 THE QUESTION IS TIMING. THE QUESTION IS TIMING.  
19 THEY KNOW THAT THEY WILL GET REIMBURSED. THE ENTIRE  
20 STATE OF CALIFORNIA IS BETTING ON THE FACT THAT AS  
21 THE EIGHTH LARGEST ECONOMY OF THE WORLD, WE CAN PULL  
22 OUR ACT TOGETHER AS A STATE AND GET OUR ECONOMICS  
23 BACK IN PLACE AND START OPERATING BY STANDARD  
24 PROCEDURE.

25 WE HAVE A HEDGE PROGRAM WHICH IS WE'RE

**BARRISTERS' REPORTING SERVICE**

1 GOING TO GO OUT AND PRIVATELY PLACE BONDS TO MAKE  
2 SURE THAT WE CAN PROVIDE MORE TIME CERTAINTY TO WHEN  
3 THAT'S GOING TO HAPPEN FOR US. I'D LIKE TO --

4 DR. OLSON: MAY WE JUST MAKE ONE COMMENT  
5 TO MAKE SURE THAT, USING CLAIRE'S EXAMPLE, FIRST,  
6 LET US REMIND YOU THAT THE TRAINING II IS A  
7 THREE-YEAR AWARD. THE MAXIMUM WE CAN DO.

8 CHAIRMAN KLEIN: THANK YOU, DR. OLSON.  
9 I'D LIKE TO CALL THE QUESTION ON THIS, AND WOULD YOU  
10 REPEAT THE MOTION, MR. HARRISON? WE WILL HAVE  
11 PUBLIC COMMENT BEFORE THE VOTE.

12 MR. HARRISON: SO THE MOTION, AS I  
13 UNDERSTAND IT, IS TO DEFER FUNDING OF THE TRAINING  
14 GRANT II PROGRAM FOR 12 MONTHS PROVIDED THAT THE  
15 BOARD CAN REVISIT THAT ISSUE. A SECOND PART OF THE  
16 MOTION IS THAT IF INSTITUTIONS --

17 CHAIRMAN KLEIN: EXCUSE ME. WHAT WAS  
18 THAT, PROVIDED -- WE'RE NOT HAVING THE BOARD REVISIT  
19 THE ISSUE UNDER THE MOTION.

20 MR. HARRISON: LET ME READ THAT AGAIN  
21 THEN. THE MOTION IS TO DEFER FUNDING OF THE  
22 TRAINING GRANT II PROGRAM FOR 12 MONTHS. IF  
23 INSTITUTIONS ELECT, INSTITUTIONS THAT HAVE APPROVED  
24 APPLICATIONS ELECT TO SELF-FUND AND ENTER AN NGA  
25 WITH CIRM, THEN CIRM WILL REIMBURSE SUBJECT TO THE

## BARRISTERS' REPORTING SERVICE

1 STANDARD PROVISION IN OUR CONTRACTS THAT THE TIMING  
2 OF THE FUNDING, OR IN THIS CASE THE REIMBURSEMENT,  
3 IS CONTINGENT UPON THE AVAILABILITY OF FUNDS.

4 CHAIRMAN KLEIN: ALL RIGHT. PUBLIC  
5 COMMENT. SEEING NO PUBLIC COMMENT, CALL FOR THE  
6 QUESTION.

7 MS. SAMUELSON: BEFORE WE CALL FOR THE  
8 VOTE, TAKE THE VOTE, I WOULD -- I HAVE A QUESTION  
9 FOR COUNSEL. HOW DO I VOTE IF I WANT TO VOTE  
10 AGAINST ANY CONTRACTUAL OBLIGATION BY CIRM OF  
11 FUNDING TO THE TRAINING II PROGRAM AT THIS TIME.

12 MR. HARRISON: YOU WOULD VOTE NO.

13 MR. SHESTACK: COULD JOAN RESTATE THE  
14 QUESTION?

15 CHAIRMAN KLEIN: JOAN'S QUESTION WAS HOW  
16 DOES SHE VOTE IF SHE'S AGAINST ANY FUNDING FOR  
17 TRAINING II AT THIS TIME, AND THE ANSWER WAS YOU  
18 VOTE NO. OKAY. IT'S ANY COMMITMENT BECAUSE UNDER  
19 THE MOTION THERE IS NO FUNDING FOR 12 MONTHS, AND  
20 THEN IT'S SUBJECT TO AVAILABLE FUNDS.

21 MS. SAMUELSON: THERE IS A CONTRACTUAL IF  
22 THEY SELF-FUND.

23 CHAIRMAN KLEIN: SUBJECT TO AVAILABLE  
24 FUNDS.

25 MS. SAMUELSON: RIGHT. BUT THAT'S CASH

## BARRISTERS' REPORTING SERVICE

1 FLOW AS OPPOSED TO --

2 CHAIRMAN KLEIN: EXACTLY. ALL RIGHT.

3 ALL RIGHT. CALL THE QUESTION, PLEASE.

4 MS. KING: LEEZA GIBBONS.

5 MS. GIBBONS: YES.

6 MS. KING: BOB KLEIN.

7 CHAIRMAN KLEIN: YES.

8 MS. KING: TED LOVE.

9 DR. LOVE: YES.

10 MS. KING: ROBERT QUINT.

11 DR. QUINT: YES.

12 MS. KING: DUANE ROTH.

13 MR. ROTH: YES.

14 MS. KING: JOAN SAMUELSON.

15 MS. SAMUELSON: NO.

16 MS. KING: DAVID SERRANO-SEWELL.

17 MR. SERRANO-SEWELL: NO.

18 MS. KING: JON SHESTACK.

19 MR. SHESTACK: YES.

20 MS. KING: AND ART TORRES.

21 MR. TORRES: AYE.

22 MS. KING: THAT MOTION CARRIES.

23 CHAIRMAN KLEIN: ALL RIGHT. WE'RE GOING

24 TO AT THIS POINT ADJOURN TO LUNCH WHERE?

25 MS. KING: ACROSS THE HALL IN ROOM 301.

**BARRISTERS' REPORTING SERVICE**

1 (A RECESS WAS TAKEN.)

2 CHAIRMAN KLEIN: ALL RIGHT. WE'VE GOT THE  
3 INDIVIDUALS BACK ON THE PHONE. THE BOARD MEETING IS  
4 BACK IN SESSION. WE CAN PROCEED, PLEASE. SHERRY  
5 LANSING IS IN THE HALL. DAVID SERRANO-SEWELL IS  
6 GETTING SUSTENANCE, AND WE ARE PROCEEDING.

7 SO THE ITEM BEFORE US I WOULD LIKE TO  
8 LEAVE FOR A MOMENT AND ADDRESS TWO OTHER ITEMS VERY  
9 QUICKLY. CONSIDERATION OF NEW SCIENTIFIC MEMBERS  
10 FOR THE GRANT WORKING GROUP.

11 MS. KING: DON'T NEED TO DO THAT ITEM.

12 CHAIRMAN KLEIN: AND BECAUSE WE HAVE BOND  
13 PROPOSALS, WE'RE USING A LOT OF REMCHO'S TIME, I'D  
14 LIKE TO TRY AND ADDRESS THAT ITEM. AND DO WE HAVE  
15 MATERIALS ON THAT ITEM?

16 MS. KING: WE DO AND THEY ARE BEHIND TAB  
17 20 IN YOUR BINDERS. AND JUST ON A RELATED MATTER, I  
18 WANT TO LET THE BOARD MEMBERS KNOW THAT EARLIER  
19 TODAY YOU HAD HANDED TO YOU A ONE-PAGE DOCUMENT THAT  
20 IS NOT WITH REGARD TO THE REMCHO FIRM, BUT WITH  
21 REGARD TO ANOTHER LEGAL CONTRACT WITH NANCY KOCH  
22 THAT THE GOVERNANCE SUBCOMMITTEE REQUESTED  
23 BACKGROUND INFORMATION. DIRECTING YOUR ATTENTION TO  
24 THAT.

25 CHAIRMAN KLEIN: AT THIS POINT WE'RE ON

**BARRISTERS' REPORTING SERVICE**

1 ITEM 20. CAN SHERRY LANSING, BECAUSE THIS IS AN  
2 ITEM THAT WENT THROUGH GOVERNANCE. AND CLAIRE IS  
3 HERE. CLAIRE, YOU WANT TO DO IT WITH SHERRY OR  
4 WITHOUT HER?

5 DR. POMEROY: I THINK WITH.

6 CHAIRMAN KLEIN: ALL RIGHT. SHERRY, WE'RE  
7 MOMENTARILY GOING TO SKIP AN ITEM BECAUSE WE WANT TO  
8 MAKE SURE ON OUR CRITICAL PATH THAT WE HAVE LAWYERS  
9 WORKING ON THE PRIVATE PLACEMENT MEMO, SO THE REMCHO  
10 CONTRACT IS THE DISCUSSION. THE BACKGROUND  
11 INFORMATION IS BEFORE US AS ITEM 20. IT INCLUDES  
12 INFORMATION THAT THE GOVERNANCE COMMITTEE ASKED FOR  
13 IN MOVING THIS RECOMMENDATION HERE. AND WOULD YOU  
14 LIKE TO COMMENT ON THE SUPPLEMENT OF 180,000 TO THE  
15 REMCHO CONTRACT AS PRESENTED TO THE GOVERNANCE  
16 COMMITTEE.

17 MS. LANSING: WELL, THE GOVERNANCE  
18 COMMITTEE LOOKED OVER THIS, FELT THAT IT WAS  
19 COMPLETELY JUSTIFIED, THAT REMCHO -- THE GOVERNANCE  
20 COMMITTEE LOOKED OVER THIS VERY CAREFULLY AND FELT  
21 THAT THIS WAS COMPLETELY JUSTIFIED. THERE WAS  
22 BACKUP DOCUMENTATION FOR IT, THAT THE SERVICES THEY  
23 WERE PROVIDING WERE EXCELLENT AND NEEDED. AND SO IT  
24 WAS, I THINK, A UNANIMOUS RECOMMENDATION THAT THIS  
25 COME BEFORE THE FULL BOARD.

**BARRISTERS' REPORTING SERVICE**

1           CHAIRMAN KLEIN:  AND I BELIEVE THAT IT'S  
2    IMPORTANT TO NOTE THAT SINCE THE CONTRACT WAS  
3    PREVIOUSLY APPROVED, THERE'S A NUMBER OF ITEMS THAT  
4    HAVE BEEN BULLET POINTED IN YOUR DOCUMENTATION THAT  
5    EXPLAIN SUPPLEMENTAL TASKS.  AMONG THOSE  
6    SUPPLEMENTAL TASKS IS WORK ON THE PRIVATE PLACEMENT  
7    OF THE BONDS, AS WELL AS JAMES HARRISON WORKED WITH  
8    ME ON THE POOLED MONEY INVESTMENT CONTRACT WHERE WE  
9    WERE ABLE TO -- I HAD ANTICIPATED, IN FACT, THAT THE  
10   POOLED MONEY TERMS MIGHT CHANGE, AND WE WERE ABLE TO  
11   ACCELERATE DOCUMENTATION AND PROPER PAYMENTS, SO WE  
12   HAD ANOTHER 55 OR 60 MILLION THAT WE ACTUALLY GOT  
13   OUT BEFORE THE TERMS WERE CHANGED.  SO JAMES HAS  
14   WORKED ALONG WITH IAN ON A NUMBER OF CRITICAL TASKS  
15   FOR US IN MOVING THIS AGENCY FORWARD.  BUT WE'RE  
16   GOING TO HAVE A TREMENDOUS AMOUNT OF WORK ON THE  
17   PRIVATE PLACEMENT OF THESE BONDS, AND THIS 180,000,  
18   I BELIEVE, IS IMPORTANT.

19           IS THERE ANY OTHER BOARD DISCUSSION ON  
20   THIS ITEM?

21           DR. POMEROY:  I'D JUST LIKE TO MAKE A  
22   COMMENT.  THE REASON THAT YOU HAVE THIS SUPPLEMENTAL  
23   INFORMATION IN FRONT OF YOU WAS BECAUSE WE FELT THAT  
24   IT WAS VERY IMPORTANT AND PART OF OUR DUE DILIGENCE  
25   WHEN WE WERE EXPENDING MONEY FOR CONTRACTS OF THIS



## BARRISTERS' REPORTING SERVICE

1 SIZE, BECAUSE THIS IS GOING TO BE A TOTAL OF  
2 630,000, THAT WE HAVE INFORMATION IN WRITING WHICH  
3 THE BOARD COULD REVIEW AND UNDERSTAND ABOUT THE  
4 JUSTIFICATION FOR THIS KIND OF EXPENSE.

5 AND THIS COMES WITHIN THE CONTEXT OF, I  
6 THINK, A VERY HEIGHTENED AWARENESS OF THE IMPORTANCE  
7 OF TRYING TO MINIMIZE OUR ADMINISTRATIVE COSTS AT  
8 THIS TIME SO THAT THE GOVERNANCE COMMITTEE FELT  
9 STRONGLY, I THINK, THAT IT WOULD BE FAIR TO SAY,  
10 THAT WE SHOULD LOOK CAREFULLY AT EACH OF THESE, AND  
11 THAT THE BOARD DESERVED TO HAVE WRITTEN INFORMATION  
12 ABOUT THIS SIZE CONTRACT.

13 CHAIRMAN KLEIN: RIGHT. AND WE HAD SOME  
14 WRITTEN INFORMATION THAT I WENT OVER THAT THE  
15 ACCOUNTING STAFF HAD SUPPLIED TO ME AND THE REMCHO  
16 FIRM HAD, BUT IT'S IMPORTANT FOR ALL THE BOARD  
17 MEMBERS TO HAVE IT, INCLUDING THE HISTORY OF THE  
18 CONTRACT AND THE COMPARABLES TO OTHER STATE RATES  
19 FOR ATTORNEYS THAT THE REMCHO FIRM REPRESENTS.

20 SO THAT INFORMATION HAS BEEN SUPPLEMENTED,  
21 AND I THINK THE ACCOUNTING STAFF NOW UNDERSTANDS  
22 THAT THIS IS THE STANDARD WE WANT TO FOLLOW.

23 MR. ROTH: I'M GOING TO MAKE A MOTION TO  
24 APPROVE, BUT I ALSO WANT TO MAKE A COMMENT AND  
25 RECOMMENDATION, THAT IN THE FUTURE WITH THESE TYPES

## BARRISTERS' REPORTING SERVICE

1 OF CONTRACTS, THAT WE PROSPECTIVELY LAY OUT THE  
2 SCOPE OF WORK AND WHAT WE ANTICIPATE AND EVEN  
3 SUGGEST YOU PUT A LITTLE UNANTICIPATED WORK BECAUSE  
4 THIS IS GOING TO HAPPEN OVER AND OVER AGAIN. AND  
5 IT'S VERY HARD TO MEASURE THE TOTAL SCOPE THAT YOU  
6 DIDN'T ANTICIPATE WHEN I DON'T KNOW FOR SURE.

7 MS. LANSING: I ACTUALLY THINK THAT'S A  
8 VERY GOOD POINT, THAT WE PUT MAYBE SOME CONTINGENCY  
9 IN FOR CONTRACTS LIKE THIS. BUT, AGAIN, WE DIDN'T;  
10 AND BECAUSE OF THAT, AS CLAIRE SAID, WE REALLY  
11 OUTLINE IN FULL THE INFORMATION THAT WE HAD.

12 MR. ROTH: SO THAT'S THE MOTION.

13 DR. LOVE: SECOND.

14 CHAIRMAN KLEIN: OKAY.

15 MS. LANSING: DO I NEED A ROLL CALL OR  
16 JUST ALL IN FAVOR? PUBLIC COMMENT. I'M SORRY. I  
17 APOLOGIZE.

18 DR. SIMPSON: JOHN SIMPSON, CONSUMER  
19 WATCHDOG. I JUST REALLY WANT TO THANK THE  
20 GOVERNANCE COMMITTEE FOR INSISTING THAT THIS BE  
21 PREPARED IN WRITING. IT SHOULD, IN FACT, HAVE BEEN  
22 PRESENTED AT THE COMMITTEE IN WRITING. AND IT WAS  
23 VERY GOOD TO SEE THE GOVERNANCE COMMITTEE EXERCISING  
24 DUE DILIGENCE.

25 THEY ALSO REQUESTED A WRITTEN EXPLANATION

## BARRISTERS' REPORTING SERVICE

1 OF A CONTRACT THAT DOES NOT NEED TO BEFORE THE FULL  
2 BOARD. THAT'S ALSO BEEN MADE AVAILABLE TO ME AND I  
3 THANK YOU FOR THAT, AND THAT'S THE WAY THINGS SHOULD  
4 WORK. THANK YOU.

5 MS. LANSING: THANK YOU, JOHN. ANY OTHER  
6 PUBLIC? ANY OTHER BOARD, JUST TO BE SURE I DIDN'T  
7 CUT ANYONE OFF? SO --

8 CHAIRMAN KLEIN: CALL FOR THE QUESTION.

9 MS. LANSING: ALL IN FAVOR. ANY OPPOSED?

10 CHAIRMAN KLEIN: AND THE TELEPHONIC.

11 MS. KING: I DON'T KNOW EXACTLY WHO HAS  
12 REJOINED, SO I WILL JUST CALL EVERYBODY.

13 DR. FRIEDMAN: DR. FRIEDMAN ANSWERS YES.

14 MS. KING: GERALD LEVEY. ED PENHOET.

15 DR. PENHOET: YES.

16 MS. KING: AND JON SHESTACK.

17 OKAY. THAT MOTION CARRIES.

18 MS. SAMUELSON: MR. CHAIRMAN, I WOULD JUST  
19 LIKE TO ADD FOR THE RECORD A BIG THANK YOU TO JAMES  
20 HARRISON AND HIS FIRM.

21 (APPLAUSE.)

22 MS. SAMUELSON: AND THIS ISN'T JUST A NICE  
23 GUY AWARD, FOR THE RECORD. HE'S SHOWN IMMENSE  
24 WISDOM AND 20-20 VISION IN A VERY COMPLICATED LEGAL  
25 ENVIRONMENT.

**BARRISTERS' REPORTING SERVICE**

1 MR. HARRISON: THANK YOU VERY MUCH.

2 CHAIRMAN KLEIN: AND THE OTHER ITEM THAT  
3 CAME BEFORE US, I BELIEVE, VERY QUICKLY BEFORE WE GO  
4 BACK TO THE MAIN ITEM IS THE TRAVEL POLICY, IF WE  
5 COULD ADDRESS NO. 18.

6 MS. LANSING: JAMES, I'D LIKE TO ASK YOU  
7 TO EXPLAIN THE AMENDMENT TO THE TRAVEL POLICY, WHICH  
8 HAS BEEN VIEWED BY GOVERNANCE AND IS ALSO  
9 RECOMMENDED.

10 CHAIRMAN KLEIN: I THINK IAN IS GOING TO.

11 MR. SWEEDLER: THIS JUST CORRECTS AN  
12 INCONSISTENCY THAT RECENTLY CAME TO LIGHT IN OUR  
13 TRAVEL POLICY AND CURRENTLY HOLDING UP SOME EXPENSE  
14 REIMBURSEMENTS.

15 OUR TRAVEL POLICY ALLOWS FOR REIMBURSEMENT  
16 OF REASONABLE MEAL EXPENSES WHILE TRAVELING ON CIRM  
17 BUSINESS, INCLUDING FOR TRIPS THAT LAST LESS THAN 24  
18 HOURS. IT ALSO SAYS THAT CIRM DOES NOT REIMBURSE  
19 TRAVEL EXPENSES THAT WOULD BE CONSIDERED BY THE IRS  
20 AS TAXABLE INCOME. AND THEREIN IS THE CONFLICT  
21 BECAUSE THERE ARE SOME TYPES OF MEAL REIMBURSEMENTS  
22 FOR TRIPS LESS THAN 24 HOURS THAT THE IRS CONSIDERS  
23 TO BE TAXABLE INCOME.

24 MOST STATE AGENCIES DEAL WITH THAT BY  
25 ALLOWING THE REIMBURSEMENTS AND ACCOUNTING FOR IT AS

**BARRISTERS' REPORTING SERVICE**

1 TAXABLE INCOME, AND THAT IS WHAT THIS CHANGE WOULD  
2 DO. SO IT JUST SIMPLY RESOLVES THAT CONFLICT SO  
3 THAT THEY CAN RESUME PROCESSING OF TRAVEL CLAIMS.

4 MS. LANSING: THANK YOU SO MUCH. DO I  
5 HAVE ANY COMMENTS FROM THE BOARD?

6 DR. LOVE: MOVE APPROVAL.

7 DR. POMEROY: SECOND.

8 MS. LANSING: ANY OTHER COMMENTS FROM THE  
9 BOARD?

10 MS. SAMUELSON: ONE QUICK QUESTION, I  
11 THINK. THERE ARE SOME INSTANCES IN WHICH THE  
12 DISABLING NATURE OF PARKINSON'S CAUSES ME TO NEED TO  
13 EAT A MEAL IN THE ROOM AND THAT SORT OF THING, AND  
14 THAT IS NOT NORMALLY COMPENSABLE. SO I GUESS I'M  
15 ASKING SOME ATTENTION TO THAT.

16 MR. SWEEDLER: WHAT I WOULD SUGGEST IS IT  
17 WOULD BE MARGARET FERGUSON IN THE FIRST INSTANCE WHO  
18 WOULD BE ACCOUNTING FOR A PARTICULAR REIMBURSEMENT  
19 AS TAXABLE OR NONTAXABLE. SO IF THERE'S AN  
20 INDIVIDUAL SITUATION WHERE THE USUAL IRS  
21 REIMBURSEMENT RULES DON'T APPLY, JUST LET HER KNOW  
22 SO THAT SHE CAN ACCOUNT FOR IT PROPERLY.

23 CHAIRMAN KLEIN: THANK YOU. SHERRY.

24 MS. LANSING: YES. I HAD A SECOND. I  
25 HAVEN'T GONE TO THE PUBLIC YET. I WAS JUST ASKING

**BARRISTERS' REPORTING SERVICE**

1 THE BOARD. ANYTHING ELSE? JOAN, THANKS FOR  
2 BRINGING THAT UP. WE WERE ACTUALLY TRYING TO  
3 ADDRESS IT AS BEST WE COULD.

4 ANY COMMENTS FROM THE PUBLIC? THAT BEING  
5 SAID, ALL IN FAVOR. ANY OPPOSED? MOTION CARRIES.

6 MS. KING: THIS IS FOR AGENDA ITEM NO. 18,  
7 AND I WILL CALL MICHAEL FRIEDMAN.

8 DR. FRIEDMAN: YES.

9 MS. KING: DR. PENHOET.

10 DR. PENHOET: YES.

11 MS. KING: I DON'T BELIEVE DR. LEVEY IS ON  
12 THE LINE. DR. LEVEY. AND JON SHESTACK, JUST  
13 CHECKING. OKAY. THANK YOU. MOTION DOES CARRY.

14 MS. LANSING: THANK YOU AGAIN.

15 CHAIRMAN KLEIN: THANK YOU, SHERRY.

16 SO LIKE TO RETURN TO THE CONSIDERATION OF  
17 THE ITEMS BEFORE US. MR. HARRISON, COULD YOU ORIENT  
18 US AS TO THE TRANSLATIONAL INITIAL ALLOCATION AND  
19 EXPLAIN THE CONFLICTS ISSUES? AND ALSO I'VE HAD A  
20 CONVERSATION WITH YOU IN THE INTERIM WITH AN IDEA  
21 ABOUT HOW, AS LONG AS THE INITIAL ALLOCATION IS A  
22 FLOOR ALLOCATION, HOW WE COULD HAVE A LATER INCREASE  
23 OF THAT ALLOCATION AS LONG AS IT DIDN'T TAKE ANY  
24 FUNDS AWAY FROM ANY OTHER PROGRAM. IF YOU COULD  
25 RELATE THAT, PLEASE.

## BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: SURE. SO WE HAVE NOW  
2 DISCUSSED THE BRIDGES PROGRAM, TRAINING GRANTS II.  
3 THE LAST PROGRAM IN WHICH MEMBERS HAVE AN INTEREST  
4 IS THE EARLY TRANSLATIONAL PROGRAM. SO  
5 UNFORTUNATELY FOR THIS CONVERSATION THE SAME RULE  
6 PERTAINS. ONLY THOSE MEMBERS WHO I IDENTIFIED  
7 EARLIER CAN PARTICIPATE IN THIS DISCUSSION. AND THE  
8 PURPOSE OF THIS DISCUSSION, AT THE BOARD'S DESIRE,  
9 IS TO IDENTIFY THE RELATIVE PRIORITY OF THE EARLY  
10 TRANSLATIONAL PROGRAM WITH RESPECT TO THE OTHER  
11 GRANT PROGRAMS AND, AS BOB SUGGESTED, CONSIDER THE  
12 STAFF'S RECOMMENDATION WITH THE UNDERSTANDING THAT  
13 THE BOARD COULD SUBSEQUENTLY DECIDE TO ADD TO THAT  
14 AMOUNT WHEN IT ACTUALLY CONSIDERS THE APPLICATIONS  
15 THAT COME BEFORE THE BOARD IN APRIL WITHOUT TAKING  
16 MONEY FROM OTHER PROGRAMS.

17 ONCE THE BOARD HAS COMPLETED THIS  
18 DISCUSSION, WE WILL HAVE DEALT WITH ALL OUR CONFLICT  
19 OF INTEREST ISSUES, AND THAT WOULD PERMIT THE FULL  
20 BOARD TO THEN ENGAGE IN THE DISCUSSION ABOUT THE  
21 PRIORITY OF THE REMAINING PROGRAMS AND WHERE THEY  
22 FIT IN TERMS OF THE AGENCY'S STRATEGY GOING FORWARD.

23 CHAIRMAN KLEIN: THANK YOU, MR. HARRISON.  
24 SO ON THE TRANSLATIONAL PROGRAM, WE'VE HEARD THE  
25 STAFF PRESENTATION TO DATE, BUT I'M OPENING THIS TO

## BARRISTERS' REPORTING SERVICE

1 BOARD DISCUSSION. MR. HARRISON, COULD YOU CITE THE  
2 MEMBERS WHO DO NOT HAVE A CONFLICT?

3 MR. HARRISON: YES. MEMBERS KLEIN,  
4 GIBBONS, LOVE, QUINT, ROTH, SAMUELSON,  
5 SERRANO-SEWELL, SHESTACK, AND TORRES.

6 CHAIRMAN KLEIN: THANK YOU. JOAN.

7 MS. SAMUELSON: I'D LIKE TO OPEN THE  
8 DISCUSSION WITH A DIFFERENT AMENDMENT, WHICH WOULD  
9 BE THAT WE ESTABLISH A FLOOR OR CEILING, BUT THAT IT  
10 BE THE SUM TOTAL OF, I GUESS IT'S, PROGRAM ITEMS NO.  
11 1 AND NO. 12 SO THAT WE GO INTO THE NEXT MEETING  
12 WHERE WE'LL BE CONSIDERING INDIVIDUAL GRANTS WITHOUT  
13 ANY RESTRICTION ON THE ABILITY TO FUND EVERY ONE OF  
14 THEM SHOULD WE DECIDE THEY'RE ALL COMPELLING ENOUGH.  
15 I THINK THAT'S THE ORDER IN WHICH THAT SHOULD HAPPEN  
16 GIVEN THE EXTREME IMPORTANCE OF THIS AREA TO JUMP  
17 START DEVELOPMENT OF THERAPIES.

18 CHAIRMAN KLEIN: OTHER BOARD POINTS AND  
19 DISCUSSION? OKAY. I'D LIKE TO SUGGEST THAT WE SEE  
20 IF THERE IS A MOTION -- IF THERE'S A SECOND TO THIS  
21 MOTION OR WHETHER OR NOT THE DESIRE OF THE BOARD IS  
22 TO CONSIDER THIS AT THE TIME THEY LOOK AT THE GRANTS  
23 IN APRIL. AND I'D LIKE SOME COMMENT FROM THE BOARD  
24 ABOUT THE ISSUE OF TRANSLATIONAL IMPORTANCE IN OUR  
25 GENERAL PROGRAM FOR THIS YEAR.



**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: I'LL MAKE A COMMENT. I THINK  
2 IN LIGHT OF ALL THE DISCUSSION TODAY, AND EVEN  
3 ALAN'S PRESENTATION EARLIER ABOUT THE EARLY CLINICAL  
4 TRIALS THAT ARE TAKING PLACE AROUND THE COUNTRY AND  
5 AROUND THE WORLD, THAT THIS HAS TO HAVE A VERY HIGH  
6 PRIORITY RIGHT NOW. IN TERMS OF THE FEDERAL  
7 FUNDING, HOPEFULLY THERE WILL BE MORE FEDERAL  
8 FUNDING FOR THE BASIC RESEARCH PROGRAMS. THAT WILL  
9 TAKE SOME TIME, BUT THE TRANSLATIONAL PIECE IS, I  
10 THINK, THE MOST CRITICAL. AND, THEREFORE, I WOULD  
11 AGREE THAT WE SHOULD PROBABLY HOLD OFF AND HAVE THIS  
12 DISCUSSION IN APRIL WHEN WE SEE THE GRANTS AND THE  
13 SCORING ON THEM TO SET THE FUNDING.

14 CHAIRMAN KLEIN: IF WE SET AN INITIAL  
15 FLOOR HERE, THEN IT ALLOWS US MORE FLEXIBILITY IN  
16 THE NEXT MEETING IN APRIL WITH THE INTENT WITH YOUR  
17 EMPHASIS ON TRANSLATION, I CERTAINLY HAVE AN  
18 EMPHASIS ON TRANSLATION, THAT WE CAN INCREASE IT AS  
19 LONG AS IN APRIL WE DO NOT TAKE MONEY AWAY FROM ANY  
20 OTHER PROGRAM. SO EFFECTIVELY, INSTEAD OF HAVING A  
21 \$200 MILLION GOAL HERE FOR OUR CONSERVATIVE CASE TO  
22 RAISE MONEY, THE EFFECT OF WHAT JOAN WOULD BE  
23 SUGGESTING IS THAT IF WE FOUND THE QUALITY WAS THERE  
24 IN APRIL, WE WOULD RAISE OUR FLOOR TO 211.7 MILLION.  
25 SO WE CAN'T BE IN A POSITION ONCE WE SET

## BARRISTERS' REPORTING SERVICE

1 THE FLOOR OF LOWERING THE FLOOR, BUT WE DON'T HAVE  
2 TO -- EVEN IF WE HAVE A FLOOR, IF THERE'S ONLY \$9  
3 MILLION OF EARLY TRANSLATION THAT WOULD BE HIGH  
4 QUALITY, WHICH I DON'T REALLY THINK IS REAL, BUT  
5 WE'RE NOT CONSTRAINED BECAUSE WE HAVE AN ALLOCATION  
6 FLOOR OF ACTUALLY APPROVING THAT. IT'S ALWAYS GOING  
7 TO BE BASED ON ONLY FUNDING THE BEST SCIENCE.

8 DR. POMEROY: I CAN'T COMMENT ON THE  
9 MERITS OF THE RECOMMENDATION, BUT CAN I ASK FOR A  
10 CLARIFICATION? SO I'M TRYING TO UNDERSTAND. WHAT I  
11 HEARD JOAN SAY AND WHAT I HEARD YOU SAY WERE TWO  
12 VERY DIFFERENT THINGS. I THOUGHT I HEARD JOAN SAY  
13 THAT NO. 12 SHOULD BE MOVED UP ABOVE THE BASIC  
14 BIOLOGY. AND I HEARD YOU SAY IT STAYS AS WE COULD  
15 ADD IF IT DIDN'T IMPACT BASIC BIOLOGY.

16 CHAIRMAN KLEIN: SO NO. I AM SAYING --

17 DR. POMEROY: WHAT ARE YOU GUYS DEBATING  
18 SINCE I'M NOT ALLOWED TO?

19 CHAIRMAN KLEIN: I WAS NOT MAKING A  
20 COMMENT ON WHETHER OR NOT WE MOVE IT ABOVE BASIC  
21 BIOLOGY. WHAT I WAS MAKING A COMMENT TO THE EXTENT  
22 WAS THAT IF WE WANT TO INCREASE THIS CATEGORY, AND I  
23 THANK YOU, CLAIRE, FOR POINTING OUT, WANT TO MAKE IT  
24 CLEAR THAT IF YOU WANT TO INCREASE THIS CATEGORY  
25 WITHOUT DECREASING SOMETHING ELSE IN THIS LIST AT

## BARRISTERS' REPORTING SERVICE

1 THIS POINT, YOUR OPTION IN APRIL WOULD BE TO  
2 INCREASE THE TOTAL CONSERVATIVE CASE FUNDING FROM  
3 200 TO 211.7 MILLION.

4 YOU DO HAVE THE OPTION IN A MOTION NOW TO  
5 ADDRESS BASIC BIOLOGY IF YOU WANTED TO REDUCE THAT  
6 AS AN OFFSET AND INCREASE THAT TOTAL NOW. I WOULD  
7 SAY THAT WHEN WE GET TO PASS THIS ITEM, ALL THE  
8 BOARD MEMBERS WOULD HAVE AN OPTION TO MAKE ANOTHER  
9 MOTION, WHICH WOULD BE TO RESTORE BASIC BIOLOGY AND  
10 REDUCE SOME OTHER CATEGORY THAT'S NOT IN THE FIRST  
11 THREE, IS NOT IN EARLY TRANSLATION, BRIDGES, OR  
12 TRAINING II.

13 I'M SORRY THIS IS SUCH A COMPLEX SUBJECT.

14 DR. POMEROY: WE'RE IN TROUBLE. JAMES IS  
15 LOOKING CONFUSED.

16 CHAIRMAN KLEIN: I THINK JAMES FOLLOWED  
17 THAT.

18 DR. HAWGOOD: I WILL ADMIT TO BE CONFUSED.  
19 YOU'RE SAYING WE BASICALLY JUST INCREASE THE TARGET  
20 THAT WE NEED TO RAISE IN THE BOND OFFERING.

21 CHAIRMAN KLEIN: TWO THINGS. ONE IS WE  
22 COULD TODAY INCREASE THE TARGET. WE COULD INCREASE  
23 THE TARGET IN APRIL AFTER WE SEE THOSE GRANTS AND  
24 UNDERSTAND THE QUALITY OF THE GRANTS. BUT WHAT I'M  
25 ALSO STATING IS THAT IF WE SET A TARGET TODAY THAT

**BARRISTERS' REPORTING SERVICE**

1 IS 36.5 MILLION UNDER THE RECOMMENDATION, WE COULD  
2 ALSO FUND LESS THAN THAT BASED ON QUALITY IF THAT'S  
3 APPROPRIATE IN APRIL.

4 SO THIS IS AN INITIAL OR PRELIMINARY  
5 PLANNING TARGET.

6 MR. SHEEHY: I'M JUST -- I GUESS WE  
7 ALREADY HAVE AN APPROVED NUMBER THAT IS, WHAT, 60  
8 MILLION, RIGHT. SO IF WE DO NOTHING, THAT STAYS THE  
9 WAY IT IS. AND AM I CORRECT, I'M JUST ASKING A  
10 CLARIFICATION QUESTION, THIS WOULD BE THE ONLY ONE  
11 OF THE THREE ITEMS WE'VE LOOKED AT WHERE WE ACTUALLY  
12 HAVEN'T SEEN THE GRANT REVIEWS --

13 CHAIRMAN KLEIN: THAT'S CORRECT.

14 MR. SHEEHY: -- AND THE GRANT  
15 APPLICATIONS? I CAN'T OFFER AN OPINION ABOUT THAT,  
16 RIGHT, OR WHETHER I THINK IT'S APPROPRIATE?

17 CHAIRMAN KLEIN: YOU'RE JUST MAKING A  
18 FACTUAL OBSERVATION.

19 MR. SHEEHY: JUST A FACTUAL OBSERVATION.

20 MR. HARRISON: JEFF IS CORRECT, THAT IF  
21 THE BOARD TOOK NO ACTION AT THIS POINT, THE \$60  
22 MILLION BUDGET THAT THE BOARD APPROVED IN THE  
23 CONCEPT PROPOSAL FOR EARLY TRANSLATION WOULD REMAIN.

24 THE POINT OF DETERMINING, IF THE BOARD SO  
25 DESIRES, A PARTICULAR PRIORITY FOR THIS PROGRAM IS

**BARRISTERS' REPORTING SERVICE**

1 REALLY TO CREATE THE POSSIBILITY FOR THE BOARD THEN  
2 TO HAVE A DISCUSSION ABOUT THE REMAINING PROGRAMS  
3 AND THEIR RELATIVE PRIORITY.

4 CHAIRMAN KLEIN: I WANT TO MAKE IT CLEAR  
5 WHAT JAMES JUST SAID. IF WE SET A PRELIMINARY  
6 NUMBER HERE, THEN THE CONFLICTS ARE ELIMINATED FOR  
7 DISCUSSION OF THE OVERALL PLAN FOR THE BOARD RELATED  
8 TO ALL THE OTHER ITEMS.

9 MR. ROTH: OR IF WE DO NOTHING, WE COULD  
10 THEN HAVE THAT CONVERSATION.

11 MR. HARRISON: RIGHT. IF YOU DID NOTHING,  
12 EFFECTIVELY WHAT YOU'D BE SAYING IS THAT 60 MILLION  
13 REMAINS.

14 MR. ROTH: I WOULD PERSONALLY JUST LIKE TO  
15 WAIT TILL APRIL.

16 MS. GIBBONS: I WOULD LIKE TO WAIT TILL  
17 APRIL.

18 DR. PRIETO: DO WE NEED TO SPECIFICALLY  
19 AGENDIZE THAT DISCUSSION FOR APRIL?

20 MR. HARRISON: WHAT WILL BE ON THE AGENDA  
21 IN APRIL IS THE CONSIDERATION OF THE ACTUAL  
22 APPLICATIONS. YOU WILL BE DEALING WITH A BUDGET OF  
23 \$60 MILLION, AND YOU CAN CONSIDER THE APPLICATIONS  
24 AND MAKE DECISIONS ON THEM BASED ON YOUR FEELING OF  
25 THE RELATIVE MERIT OF THEM.

## BARRISTERS' REPORTING SERVICE

1 DR. PRIETO: WITHOUT EXCLUSIONS BASED ON  
2 CONFLICTS?

3 MR. HARRISON: WITH EXCLUSIONS BY  
4 APPLICATION AS WE DO NORMALLY.

5 DR. PRIETO: WELL, THEN I WOULD LIKE TO  
6 REQUEST THAT WE AGENDIZE A GENERAL DISCUSSION OF THE  
7 PRIORITIES BEFORE WE ADDRESS INDIVIDUAL.

8 MR. HARRISON: WE COULD DO THAT, AND THE  
9 NINE MEMBERS WHO DO NOT HAVE ANY INTEREST COULD  
10 PARTICIPATE IN THAT DISCUSSION.

11 DR. PRIETO: IF WE'RE NOT DISCUSSING  
12 INDIVIDUAL APPLICATIONS, WHY COULDN'T OTHER MEMBERS  
13 DISCUSS THAT?

14 MR. SHEEHY: CAN I OFFER A SUGGESTION,  
15 FRANCISCO? MAYBE THE BETTER WAY TO GO, IF THOSE WHO  
16 ARE NOT CONFLICTED CHOOSE TO DO SO, WOULD BE I DO  
17 THINK WE NEED TO HAVE AN AGENDIZED DISCUSSION ABOUT  
18 PRIORITIES, BUT WE COULD, WITH THAT IN MIND, GO  
19 AHEAD AND LOOK PRIOR TO THAT AT THE EARLY  
20 TRANSLATION ROUND AND LOOK AT APPLICATION BY  
21 APPLICATION WITH THE KNOWLEDGE IN OUR MINDS THAT,  
22 NO. 1, WE CAN'T VOTE ON THE ONES WE'RE CONFLICTED ON  
23 AND WE CAN'T MAKE ANY OPINIONS ABOUT THAT; TWO, THAT  
24 THAT'S GOING TO COME OUT OF SOMEWHERE ELSE.

25 WE'VE BEEN PRESENTED WITH THE INFORMATION

## BARRISTERS' REPORTING SERVICE

1 THAT -- WE'VE BEEN PRESENTED WITH THE PRIORITY LIST,  
2 WITH THE FUNDING SCHEDULE, AND SO WE WOULD KNOW THAT  
3 IF WE EXCEEDED 36.5 MILLION, THEN WE'RE GOING TO  
4 HAVE TO FIND THAT SOMEWHERE ELSE. WHERE WE FOUND  
5 IT, IF WE DECIDED TO EXCEED THAT, WOULD BE A CHOICE  
6 THAT WE CAN MAKE IN A DISCUSSION FOLLOWING THAT.

7 CHAIRMAN KLEIN: I THINK THAT -- YEAH.  
8 ALL RIGHT. FINE.

9 MR. HARRISON: MR. CHAIR, EXCUSE ME FOR  
10 JUST ONE MOMENT. THE OTHER CHALLENGE THAT WE WILL  
11 CONFRONT IN APRIL IS THAT WE WILL HAVE YET ANOTHER  
12 PROGRAM, BASIC BIOLOGY, WHERE AN INVITATION TO  
13 SUBMIT APPLICATIONS WILL HAVE GONE OUT. IN OTHER  
14 WORDS, WE'LL HAVE ANOTHER PROGRAM IN WHICH MEMBERS  
15 HAVE A POTENTIAL INTEREST THAT COULD BE AFFECTED BY  
16 THE DETERMINATION OF THE FUNDING LEVEL FOR EARLY  
17 TRANSLATION.

18 CHAIRMAN KLEIN: SO JUST LET ME MAKE A  
19 STATEMENT AGAIN. THERE'S TIMEFRAMES AND OVERLAPPING  
20 CRITICAL PATHS, AND THEN YOU TRY AND WORK THE LEGAL  
21 STRUCTURE TO CONSIDER ALL THESE INTERRELATED ITEMS.  
22 I DO THINK THAT EITHER WE EFFECTIVELY AMEND OUR  
23 FUNDING TO HAVE OUR FLOOR -- TO HAVE OUR FUNDING  
24 CONSERVATIVE CASE BE 211.7 MILLION, WHICH MEANS THAT  
25 EFFECTIVELY WE HAVEN'T AFFECTED ANY OF THE OTHER

**BARRISTERS' REPORTING SERVICE**

1 PROGRAMS. WE WOULD DO THAT IF WE LEAVE THE FIGURE  
2 CURRENTLY AT 60 MILLION. WE ARE NOT OBLIGATED TO  
3 APPROVE THAT MANY, BUT THAT WOULD THEN REMOVE OUR  
4 CONFLICTS; IS THAT CORRECT, MR. HARRISON?

5 MR. HARRISON: THAT'S RIGHT.

6 CHAIRMAN KLEIN: IT'S A CONJUNCTIVE ISSUE  
7 HERE. YOU SOLVE YOUR CONFLICTS IF YOU EFFECTIVELY  
8 ADJUST YOUR MINIMUM BUDGET TO AVOID A TRADE-OFF IF  
9 WE WERE TO ELECT TO MAXIMALLY APPROVE OUR CATEGORY.

10 DR. GILL: CAN I ASK A QUESTION OF  
11 CLARIFICATION.

12 CHAIRMAN KLEIN: YES. DR. GILL.

13 DR. GILL: WHY WITH THESE ARE WE  
14 CONSIDERING FUNDING BEFORE WE SEE THE GRANTS RATHER  
15 THAN ANY OTHER CATEGORY?

16 CHAIRMAN KLEIN: BECAUSE OF THE  
17 INTRICACIES OF THE POLITICAL REFORM ACT IN  
18 CALIFORNIA. AND IN WRITING THE INITIATIVE, TRIED TO  
19 BE ACUTELY FOCUSED IN ONLY CHANGING THOSE ESSENTIAL  
20 AREAS OF THE POLITICAL REFORM ACT THAT WE HAD TO  
21 CHANGE AND NOT UNDERSTANDING COMPLETELY THE DYNAMICS  
22 OF HOW THESE DISCUSSIONS WOULD WORK WHEN YOU HAD  
23 MULTIPLE PROGRAMS AT ONE TIME TO BE CONSIDERED. I  
24 DIDN'T WRITE AN EXCLUSION FOR THIS SITUATION, AND I  
25 HAD A VERY INTELLIGENT SET OF FIVE COUNSEL, SOME OF



## BARRISTERS' REPORTING SERVICE

1 WHOM ARE PRESENT, AND THEY DIDN'T THINK OF IT  
2 EITHER. SO WE JUST DIDN'T UNDERSTAND THAT WE NEEDED  
3 ADDITIONAL CHANGES TO THE POLITICAL REFORM ACT OTHER  
4 THAN WE KNEW THAT THERE'S A GREAT DEAL OF RESPECT  
5 FOR THE POLITICAL REFORM ACT, SO WE NEEDED TO  
6 MINIMALLY AFFECT THAT ACT IF WE'RE GOING TO GET  
7 PASSAGE OF THE WHOLE PROPOSITION.

8 MR. SWEEDLER: MAYBE I COULD GIVE IT A  
9 STAB BECAUSE I THINK I SEE WHERE SOME OF THE  
10 CONFUSION IS. IF YOU DO AN OVERALL PRIORITIES  
11 DISCUSSION WITH EARLY TRANSLATIONAL STILL ON THE  
12 TABLE, THEN THAT DISCUSSION WILL AFFECT EARLY  
13 TRANSLATIONAL, WHICH MEANS ANYONE WITH A CONFLICT  
14 FOR THAT ROUND HAS A CONFLICT WITH THE WHOLE  
15 DISCUSSION.

16 IF THE DECISION ABOUT EARLY TRANSLATIONAL  
17 OVERALL FUNDING LEVEL IS MADE, IT'S OFF THE TABLE  
18 AND IT'S NO LONGER PART OF THAT GENERAL DISCUSSION.  
19 SO PEOPLE WITH AN INTEREST IN EARLY TRANSLATIONAL  
20 ARE FREE TO PARTICIPATE. BUT POSTPONING IT DOESN'T  
21 RESOLVE THE CONFLICT BECAUSE THEN YOU'RE STILL LEFT  
22 KNOWING THAT OVERALL FUNDING DISCUSSIONS CONFLICT  
23 AFFECT IT.

24 CHAIRMAN KLEIN: SO LET ME MAKE A  
25 SUGGESTION THAT HOPEFULLY WILL HELP ADDRESS SOME OF

## BARRISTERS' REPORTING SERVICE

1 THESE ISSUES. WE UNDERSTAND THE NEED FOR  
2 DISCIPLINE, BUT IT'S ALSO CRITICAL IN ACTUALLY  
3 SELLING THESE BONDS THAT WE HAVE A STRONG MESSAGE.  
4 AND THAT STRONG MESSAGE IS THAT WE HAVE A VERY  
5 SPECIFIC ROLE THAT IS STRONGLY WEIGHTED TOWARDS  
6 TRANSLATIONAL MEDICINE. THAT INCLUDES DISEASE  
7 TEAMS. RIGHT NOW THERE'S 26 MILLION IN DISEASE  
8 TEAMS BELOW THE LINE. IF, IN FACT, WE ARE GOING TO  
9 SAY, LOOK, OUR MINIMUM CASE IS, INSTEAD OF RAISING  
10 200 MILLION, WE HAVE TO RAISE 240 MILLION, THEN WE  
11 WOULD HAVE THE ABILITY TO FUND BASED ON THE QUALITY  
12 OF THE SCIENCE AND THE IMPORTANCE OF THE THERAPY UP  
13 TO THE AMOUNTS WE PREVIOUSLY SET FOR THESE PROGRAMS.

14 BUT IT MEANS THAT EFFECTIVELY WE HAVE  
15 ASSUMED SLIGHTLY MORE RISK, IN FACT, 20 PERCENT MORE  
16 RISK, BECAUSE -- 20 PERCENT MORE RISK BECAUSE WE'VE  
17 INCREASED OUR CONSERVATIVE CASE FROM 200 MILLION TO  
18 240 MILLION.

19 SO I WOULD ALSO SAY, THOUGH, AGAIN, WHEN  
20 WE GO TO INDIVIDUAL ORGANIZATIONS TO SELL THESE  
21 BONDS, IF WE HAVE \$210 MILLION DISEASE TEAM  
22 PROPOSAL, PROGRAM, IT'S GOING TO BE EXTREMELY CLEAR  
23 THAT WE'RE TRYING TO DEVELOP A STRONG ROLE FOR US,  
24 FOR OURSELVES, BETWEEN DISCOVERY AND PHASE II  
25 CLINICAL TRIALS, WHICH WE'VE DISCUSSED BEFORE IN

## BARRISTERS' REPORTING SERVICE

1 THIS BOARD MANY TIMES. AND SO IT MAY BE  
2 COUNTERINTUITIVE, BUT IN PARTICULAR DISEASE TEAMS IS  
3 A UNIQUE PROGRAM OF GREAT MERIT, RECOGNIZED  
4 THROUGHOUT THIS COUNTRY AT THIS POINT, AND I WOULD  
5 SUGGEST THAT WE RAISE THAT ABOVE THE LINE AND ADJUST  
6 OUR CONSERVATIVE CASE.

7 IF WE DID THE SAME THING WITH TRANSLATION,  
8 WE WOULD HAVE A 200 -- IT'S ACTUALLY \$238 MILLION  
9 CONSERVATIVE CASE BECAUSE THERE'S 11.7 MILLION BELOW  
10 THE LINE FOR TRANSLATION, THERE'S 26.3 MILLION BELOW  
11 THE LINE FOR DISEASE TEAMS.

12 IN THIS PERIOD WHERE THE QUESTION IS HOW'S  
13 OUR ROLE RELATED TO ALL THE MONEY GOING THROUGH NIH,  
14 THEY HAVE 8 BILLION OF 18-MONTH TO 24-MONTH MONEY  
15 EXCEPT FOR THE PORTION THAT'S USED AS A SUPPLEMENT  
16 ON EXISTING LONG-TERM GRANTS. BUT FUNDAMENTALLY A  
17 LOT OF THAT MONEY IS GOING TO HAVE TO BE LOGICALLY,  
18 THERE MAY BE SOME EXCEPTIONS, FOCUSED ON BASIC AND  
19 APPLIED RESEARCH. SO TO THE EXTENT THAT WE HAVE  
20 HEAVY FOCUS ON DISEASE TEAMS AND TRANSLATION WITH  
21 LONGER TERMS WITH A GOAL OF GETTING TO A PHASE I  
22 HUMAN TRIAL, WE HAVE SHOWN OURSELVES TO BE A  
23 COMPLEMENTARY PARTNER TO THE NIH, AND WE'VE  
24 TELESCOPED DOWNSTREAM THAT WHEN ALL OF THIS BASIC  
25 AND APPLIED RESEARCH ROLLS OUT TWO YEARS FROM NOW

**BARRISTERS' REPORTING SERVICE**

1 FROM NIH, WE'RE GOING BE ONE OF THOSE PLAYERS THAT'S  
2 GOING TO PICK UP THE BEST RESEARCH AND CARRY IT  
3 DOWNSTREAM IN TRANSLATIONAL WORK.

4 SO MY SUGGESTION, AND I WAS TRYING TO WAIT  
5 FOR THE SUGGESTION TO GET TO WHERE WE GOT PAST  
6 TRANSLATION SO WE COULD HAVE EVERYBODY ELSE VOTE ON  
7 THIS, AND WE CAN DO THIS IN TWO PARTS, IS TO AMEND  
8 THE FIGURE SO THAT OUR CONSERVATIVE CASE HAS AT THIS  
9 POINT, SUBJECT TO THE QUALITY OF THE SCIENCE, IS  
10 SLIGHTLY HIGHER.

11 MR. SHEEHY: COULD I JUST ASK A POINT OF  
12 ORDER? I DON'T SEE ANY ITEM ON PRIORITIES AGENDIZED  
13 FOR THIS MEETING. SO REALLY YOU WOULD HAVE TO DO IT  
14 WITHIN THE CONTEXT OF EARLY TRANSLATION ANYWAY.

15 CHAIRMAN KLEIN: IT'S ITEM 15, JEFF. IT'S  
16 CONSIDERATION OF STAFF RECOMMENDATION ON RESEARCH  
17 FUNDING PRIORITIES.

18 MR. SHEEHY: SORRY.

19 MR. ROTH: IF I UNDERSTAND WHAT WAS JUST  
20 SAID, WE COULD, IN ORDER TO HAVE A DISCUSSION, LET'S  
21 INCREASE THE CAP THAT WE'VE PUT UP TO 238 OR 240  
22 MILLION, HAVE THE DISCUSSION IN APRIL; IS THAT  
23 CORRECT?

24 CHAIRMAN KLEIN: WELL, WE COULD HAVE A  
25 VOTE TODAY.

**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: HAVE A VOTE TODAY ON THE 238.

2 CHAIRMAN KLEIN: AND THEN IN APRIL WE' LL  
3 JUST GO THROUGH THE TRANSLATION AND LOOK AT ON THE  
4 MERITS AND FUND WHAT SHOULD BE FUNDED.

5 MR. ROTH: WHEN CAN WE HAVE THE DISCUSSION  
6 ABOUT THE REST OF THE PRIORITIES?

7 CHAIRMAN KLEIN: WE CAN HAVE A DISCUSSION  
8 IMMEDIATELY TODAY IF WE PASS THIS.

9 MS. SAMUELSON: WE' VE PUT NO CAP. THERE' S  
10 A PROPOSED STAFF RECOMMENDATION BEFORE US, RIGHT?

11 CHAIRMAN KLEIN: THE QUESTION IS ARE -- IN  
12 ORDER TO HAVE THE GENERAL DISCUSSION, WE WOULD ONLY  
13 NEED TO INCREASE THE CAP BY 11.7 MILLION. SO IF  
14 THERE' S A MOTION TO SAY TO MOVE THE CAP FROM 200 TO  
15 211.7, THEN WE COULD HAVE A GENERAL DISCUSSION.

16 MR. ROTH: I WILL MAKE THAT MOTION SO THAT  
17 WE CAN HAVE THE GENERAL DISCUSSION. I QUESTION  
18 WHETHER WE CAN CONCLUDE IT TODAY BEFORE EVERYBODY  
19 HAS TO LEAVE.

20 CHAIRMAN KLEIN: I WOULD SECOND THE  
21 MOTION. IS THERE A DISCUSSION? IS THERE PUBLIC  
22 DISCUSSION ON THAT MOTION? CALL THE QUESTION. ALL  
23 IN FAVOR. EXCUSE ME. WE HAVE TO DO A ROLL CALL  
24 BECAUSE OF -- MAKE SURE THAT THE ONLY PEOPLE THAT  
25 SAID AYE ARE THE PEOPLE WHO DO NOT HAVE A CONFLICT.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: LEEZA GIBBONS.

2 MS. GIBBONS: YES.

3 MS. KING: BOB KLEIN.

4 CHAIRMAN KLEIN: YES.

5 MS. KING: TED LOVE.

6 DR. LOVE: YES.

7 MS. KING: ROBERT QUINT.

8 DE. QUINT: YES.

9 MS. KING: DUANE ROTH.

10 MR. ROTH: YES.

11 MS. KING: JOAN SAMUELSON.

12 MS. SAMUELSON: AYE.

13 MS. KING: DAVID SERRANO-SEWELL.

14 MR. SERRANO-SEWELL: YES.

15 MS. KING: I DON'T BELIEVE JON SHESTACK IS  
16 ON THE LINE. ART TORRES.

17 MR. TORRES: AYE.

18 MS. KINGS: LOOKS LIKE THAT MOTION CARRIES  
19 FOR THE RECORD.

20 CHAIRMAN KLEIN: ALL RIGHT. SO AT THIS  
21 POINT MY UNDERSTANDING, MR. HARRISON, IS THAT THE  
22 ENTIRE BOARD CAN DISCUSS ALL THE REMAINING  
23 PRIORITIES.

24 MR. HARRISON: THAT'S RIGHT. THE ENTIRE  
25 BOARD IS NOW FREE TO DISCUSS ALL THE REMAINING GRANT

## BARRISTERS' REPORTING SERVICE

1 PROGRAMS AND THEIR RELATIVE PRIORITY.

2 DR. LEVIN: I WANT TO CLARIFY WHAT JUST  
3 GOT APPROVED. ARE YOU IMPLICITLY APPROVING THE  
4 STAFF FUNDING PRIORITIES BY THAT?

5 CHAIRMAN KLEIN: NO, WE DID NOT. WHAT WE  
6 DID IS WE APPROVED -- WE HAVE TO DATE APPROVED  
7 BRIDGES, WE HAVE APPROVED THE DEFERRAL OF TRAINING  
8 TO 12 MONTHS, AND IN THE LAST VOTE WHAT WE DID IS WE  
9 TOOK EARLY TRANSLATION AND RESTORED THE BUDGET TO 60  
10 MILLION WITH AN 11.7 MILLION MORE DOLLARS THAT WOULD  
11 BE INCURRED IN THE NEXT -- BEFORE THE END OF 2010  
12 SUBJECT TO AVAILABLE FUNDING IF WE APPROVE GRANTS  
13 FOR EARLY TRANSLATION UP TO THAT FIGURE IN APRIL.

14 DR. LEVIN: HOW IS THAT DIFFERENT FROM  
15 BEFORE THE VOTE WHEN THERE WAS \$60 MILLION ALREADY  
16 ALLOCATED?

17 CHAIRMAN KLEIN: UNDER THE POLITICAL  
18 REFORM ACT, WE ARE NOW FREE TO DISCUSS ALL THE REST  
19 OF THE PRIORITIES. THIS ACTION HAD TO BE TAKEN TO  
20 TAKE A POSITION TODAY TO SET THE ALLOCATIONS.  
21 BEFORE THE 60 MILLION WAS NOT PART OF ANY ALLOCATION  
22 SYSTEM. IT WAS AN INDEPENDENTLY ARRIVED DECISION.  
23 IT'S NOT BEEN INCORPORATED INTO OUR DECISIONS TO  
24 DATE FOR OUR ALLOCATIONS.

25 DR. LEVIN: I THOUGHT THAT'S WHAT WE HAD

**BARRISTERS' REPORTING SERVICE**

1 DONE WITH CONCEPT APPROVAL.

2 CHAIRMAN KLEIN: THAT WAS NOT -- AT THIS  
3 POINT WE'RE DOING RELATIVE PRIORITIES AND  
4 CHANGING -- WE HAD TO CONSIDER THE POTENTIAL CHANGE  
5 IN ALLOCATIONS.

6 ALL RIGHT. WE'RE OPEN. JEFF, DO YOU HAVE  
7 A COMMENT?

8 MR. SHEEHY: I DON'T KNOW IF YOU WANT TO  
9 START WORKING ON THE PRIORITIES, OR IF YOU WANT TO  
10 PUNT THEM BECAUSE WE COULD HAVE, LIKE, A TELEPHONIC  
11 MEETING AND PEOPLE COULD THINK ABOUT IT, BUT I  
12 PERSONALLY, IF I WERE GOING TO DO IT, I WOULD GO --  
13 I'D MOVE DISEASE TEAM UP FROM NO. 8 TO 4, AND I'D  
14 MOVE IMMUNOLOGY UP TO 5, AND THEN DO THE BASIC  
15 BIOLOGIES.

16 CHAIRMAN KLEIN: OKAY.

17 MR. SHEEHY: THAT WOULD BE MY DRUTHERS.  
18 GET THE CLINICAL OUT AND IMMUNOLOGY IS A VERY HIGHLY  
19 TARGETED OBSTACLE TO BEING IN THE CLINIC. I GUESS  
20 THAT'S MY ADVOCATE KIND OF ROLE. I THINK WE OUGHT  
21 TO BE IN THE CLINIC, AND THAT WOULD BE MY PRIORITY.

22 CHAIRMAN KLEIN: SO IF, FOR PURPOSES OF  
23 DISCUSSION, IF YOU WANT TO MAKE THAT A MOTION.

24 MR. SHEEHY: I WILL MAKE THAT MOTION.

25 CHAIRMAN KLEIN: I'LL SECOND THE MOTION TO



## BARRISTERS' REPORTING SERVICE

1 HAVE A DISCUSSION. AND I WOULD POINT OUT THAT SINCE  
2 THERE ARE APPLICATIONS SHORTLY DUE FOR DISEASE  
3 TEAMS, IT WOULD BE IMPORTANT TO GET A MESSAGE OUT  
4 THERE BEFORE OUR NEXT MEETING AS TO WHAT POTENTIAL  
5 PRIORITY THEY WILL HAVE. ARE WE WILLING TO FUND TO  
6 A HIGHER LEVEL OF 210 MILLION AND NOT A 105 MILLION  
7 IF THE QUALITY IS THERE BECAUSE WE COULD HURT OUR  
8 CYCLE UNDER THE RFA IF WE DON'T, IN FACT,  
9 COMMUNICATE HOW IMPORTANT THIS IS.

10 MR. SHEEHY: CAN I MAKE A POINT ABOUT  
11 DISEASE TEAMS BECAUSE THAT'S SUPPOSED TO BE A  
12 RECYCLABLE GRANT. SO THOSE HAVE VERY FIRMLY  
13 ENFORCED MILESTONES. WHILE WE'RE TALKING ABOUT A  
14 ROUND 210 MILLION, IT IS HIGHLY LIKELY THAT WE WILL  
15 NOT SPEND ALL OF THAT EVEN IF WE DO FUND TO THAT  
16 LIMIT BECAUSE A PERCENTAGE OF THOSE WILL NOT HIT  
17 THEIR MILESTONES, WE'LL STOP THE PROJECTS, AND THE  
18 MONEY WILL COME BACK TO BE RECYCLED, WHICH IS ONE OF  
19 THE REASONS WHY I THINK PERSONALLY IT'S SO IMPORTANT  
20 TO GET THIS CYCLE STARTED BECAUSE THIS IS SUPPOSED  
21 TO BE A CONTINUAL CHURN. AMBITIOUS PROJECTS, SOME  
22 SUCCEED, SOME FAIL. THE ONES THAT FAIL ARE CUT OFF  
23 AND THAT MONEY COMES BACK TO BE USED AGAIN.

24 DR. CSETE: THIS IS A VERY GOOD  
25 DISCUSSION, AND I REALLY APPRECIATE YOU HAVING IT.

## BARRISTERS' REPORTING SERVICE

1 YOU MIGHT IMAGINE THAT THERE WAS A LOT OF DISCUSSION  
2 THAT WENT INTO THIS LIST IN THE OFFICE. I WANT TO  
3 JUST REMIND PEOPLE THAT, FIRST OF ALL, THE BASIC  
4 BIOLOGY FUNDING UP THERE IS VERY SMALL. AND AT BOTH  
5 PUBLIC MEETINGS IN NORTHERN CALIFORNIA AND IN  
6 SOUTHERN CALIFORNIA, THE ONE CLEAR MESSAGE THAT CAME  
7 THROUGH FROM OUR SCIENTISTS IN THE AUDIENCE WAS THAT  
8 WE NOT ABANDON BASIC BIOLOGY. SO I THINK THAT GIVEN  
9 ITS RELATIVE IMPACT PER DOLLAR, WE SHOULD BE VERY  
10 CAREFUL ABOUT PRESERVING IT, AND IT'S ALREADY BEEN  
11 CUT. THOSE NUMBERS ARE A MUCH LOWER AMOUNT THAN THE  
12 ORIGINAL PROPOSAL THAT WE HAD PUT BEFORE YOU.

13 CHAIRMAN KLEIN: I THINK THAT'S AN  
14 IMPORTANT FRAMEWORK. TALKING ABOUT 5 MILLION BEFORE  
15 DECEMBER 2010, AND REALIZE IT'S 5 MILLION OUT OF 360  
16 MILLION WE'RE TALKING ABOUT SPENDING. SO WE'RE  
17 TALKING ABOUT KEEPING THAT PROGRAM GOING, BUT IT'S  
18 BEEN WEIGHTED IN DOLLAR AMOUNTS SO THAT CLEARLY  
19 THERE'S STILL THE EMPHASIS ON DISEASE TEAMS AND  
20 OTHER TRANSLATION.

21 DR. HAWGOOD: I WOULD MAKE TWO COMMENTS.  
22 ONE, I WOULD AGREE VERY MUCH WITH WHAT MARIE JUST  
23 SAID. I THINK WHILE EVERYONE HAS TREMENDOUS  
24 ENTHUSIASM TO MOVE TO THE CLINIC AS RAPIDLY AS  
25 POSSIBLE, I THINK THE REALITY CHECK IS THAT WE NEED

## BARRISTERS' REPORTING SERVICE

1 TO LEARN A LOT MORE ABOUT THE BASIC BIOLOGY BEFORE  
2 WE'RE GOING TO HAVE REAL SUCCESS. SO I THINK IT  
3 WOULD BE A MISTAKE AND SEND A WRONG SIGNAL DESPITE  
4 WHAT'S HAPPENING AT THE NIH TO GET OUT OF BASIC  
5 BIOLOGY ALTOGETHER.

6 SECOND COMMENT IS THAT I'M A LITTLE  
7 CONFUSED ABOUT WHAT WE'RE DOING HERE, TO BE HONEST.  
8 I AM VERY SYMPATHETIC WITH WHAT JEFF SAID; BUT IF WE  
9 MOVE -- WE JUST MOVED 23 MILLION OF EARLY  
10 TRANSLATION ABOVE THE LINE. IF WE NOW MOVE 105 OF  
11 DISEASE TEAM ABOVE THE LINE, WE'RE JUST EXTENDING  
12 THE --

13 CHAIRMAN KLEIN: WHAT YOU NEED TO LOOK AT  
14 IS NOT THE 105 THAT'S OUR LONG-TERM COMMITMENT.  
15 IT'S THE 26.3 THAT'S DURING OUR CRITICAL PLANNING  
16 PERIOD.

17 DR. HAWGOOD: SURE. I UNDERSTAND. IN  
18 ESSENCE, WE'RE JUST INCREASING -- WE'RE NOT EXERTING  
19 A LOT OF DISCIPLINE. WE'RE JUST ADDING THINGS TO  
20 WHAT WE NEED TO FIND FUNDING FOR.

21 CHAIRMAN KLEIN: OUR OPTIMIZED SCHEDULE  
22 WAS ALMOST 400 MILLION. SO IF WE'RE AT 210 MILLION,  
23 INCLUDING MOVING DISEASE TEAMS ABOVE THE LINE, WE  
24 WOULD HAVE REDUCED OUR OPTIMIZED SCHEDULE BY 40  
25 PERCENT. SO THAT'S A SIGNIFICANT DISCIPLINE.

## BARRISTERS' REPORTING SERVICE

1 SO WHAT WE'RE LOOKING AT HERE IS OUR  
2 NUMBERS ALMOST EFFECTIVELY CUT OUR OPTIMIZED PROGRAM  
3 IN HALF, AND SO THE VARIATIONS THAT ARE BEING  
4 SUGGESTED WOULD BRING IT TO 60 PERCENT OF OUR  
5 OPTIMIZED PROGRAM.

6 DR. HAWGOOD: TO ME I THINK THE DISCUSSION  
7 WE SHOULD BE HAVING IS WHAT IS OUR BUDGET THAT WE'RE  
8 TRYING TO PRIORITIZE TO, AND NOT ADJUST OUR -- EVERY  
9 TIME WE CHANGE THE PRIORITY, WHAT WE'RE SIMPLY DOING  
10 IS CHANGING THE BUDGET. I'M JUST CONFUSED AS TO  
11 WHAT WE'RE DOING. IF WE HAVE A SET BUDGET OF 200  
12 MILLION, THEN WE CAN PRIORITIZE. IF THE BUDGET IS  
13 FLEXIBLE, THAT'S ANOTHER QUESTION.

14 CHAIRMAN KLEIN: WELL, PART OF THIS  
15 PROCESS IS EFFECTIVELY WE'RE IN A PROCESS OF  
16 TENTATIVELY, SUBJECT TO INFORMATION, ADOPTING A  
17 WORKING BUDGET. SO THAT IS WHAT WE'RE DOING IN THIS  
18 PROCESS. NOT A BUDGET WE CAN'T CHANGE. AND DR.  
19 GILL. EXCUSE ME. ART TORRES, YOU HAD A COMMENT,  
20 AND THEN I'M GOING TO GO TO DR. GILL.

21 MR. TORRES: TRUST THAT I WILL LEARN ALL  
22 OF YOUR NAMES SHORTLY, BUT, DOCTOR, I JUST WANTED TO  
23 ASK YOU A QUESTION. THE MOTION THAT JEFF PROPOSES  
24 IS TO CHANGE THE PRIORITY OF THE NUMBERS THAT ARE ON  
25 THE CHART. YOU OBVIOUSLY TOOK A LOT OF TIME AND

## BARRISTERS' REPORTING SERVICE

1 PUBLIC COMMENT TO COME UP WITH THIS LIST. WHAT  
2 WOULD YOU ARGUE AGAINST THE MOTION?

3 CHAIRMAN KLEIN: SO THAT EVERYBODY --

4 DR. CSETE: SO I THINK THAT I'M GOING TO  
5 ANSWER THIS IN A DIFFERENT WAY THAN YOU EXPECT.

6 CHAIRMAN KLEIN: DR. CSETE, COULD WE JUST  
7 RESTATE THE MOTION SO EVERYONE'S GOT IT IN MIND?

8 MR. HARRISON: I BELIEVE THE MOTION MADE  
9 BY MEMBER SHEEHY AND SECONDED BY CHAIRMAN KLEIN IS  
10 TO MOVE THE BALANCE OF THE DISEASE TEAM PROGRAM,  
11 WHICH IS CURRENTLY IDENTIFIED IN LINE 8, TO LINE 4  
12 AND TO MOVE THE IMMUNOLOGY PROGRAM, WHICH IS  
13 CURRENTLY AT LINE 6, TO LINE 5, AND THEREBY MOVE THE  
14 BASIC BIOLOGY PROGRAM DOWN.

15 CHAIRMAN KLEIN: A CONCURRENTLY, THOUGH,  
16 INCREASING THE TOTAL GOAL TO 240 MILLION SO THAT THE  
17 OTHER ITEMS THROUGH SEVEN WOULD REMAIN ABOVE THE  
18 LINE.

19 DR. CSETE: I THINK JOHN ROBSON WAS ABOUT  
20 TO ANSWER, AND WE CAN DO THIS TOGETHER, BUT WE WERE  
21 TASKED AT THE LAST BOARD MEETING WITH COMING UP WITH  
22 A BUDGET THAT WAS SCIENTIFICALLY OPTIMAL GIVEN THE  
23 CASH-FLOW CONSTRAINTS OF ABOUT \$200 MILLION IN  
24 BONDS. SO I THINK WHAT MR. KLEIN IS ASKING US TO DO  
25 IS TO CONSIDER A LARGER OVERALL BOND AVAILABILITY SO

**BARRISTERS' REPORTING SERVICE**

1 THAT WE WOULD NOT BE DITCHING SOMETHING IF WE MOVED  
2 THESE UP ABOVE THE LINE. SO I THINK THAT'S WHAT'S  
3 HAPPENING HERE, IF I UNDERSTAND IT CORRECTLY.

4 MR. TORRES: THANK YOU.

5 MS. SAMUELSON: BUT THAT'S NOT TAKING INTO  
6 CONSIDERATION THE EVENT OF THIS WEEK BECAUSE THE NIH  
7 FUNDS THAT WORK. THEY REALLY DON'T FUND NEARLY AS  
8 SIGNIFICANTLY TRANSLATIONAL WORK. AND THAT IS OUR  
9 MISSION.

10 DR. CSETE: AS I ANSWERED OUR SCIENTISTS  
11 WHO -- AND THIS CAME UP IN THE PUBLIC SESSIONS VERY  
12 MUCH. RIGHT NOW NIH DOES NOT HAVE PROGRAMS TO  
13 CAPTURE -- THEY DON'T HAVE RFA'S OUT TO CAPTURE THE  
14 KIND OF WORK THAT WE'RE FUNDING IN BASIC HUMAN  
15 EMBRYONIC STEM CELLS --

16 MS. SAMUELSON: WE JUST GOT AN EXECUTIVE  
17 ORDER COUPLE DAYS AGO.

18 DR. CSETE: YOU HAVE TO HAVE PROGRAMS. IT  
19 IS GOING DID TO TIME. THIS IS NOT AN INSTANTANEOUS  
20 SWITCH. ONE OF THE REASONS THAT I FEEL IT'S  
21 CRITICALLY IMPORTANT FOR US TO INVEST IN BASIC  
22 BIOLOGY IN A TIMELY WAY IS THAT WE GOT THOSE RFA'S  
23 OUT WITH CONSIDERABLE EFFORT ON THE PART OF STAFF TO  
24 CAPTURE THE INITIAL SEED GRANTS AS THEY WERE  
25 FINISHING UP TO REALLY TAKE THE BEST OF THE SCIENCE

## BARRISTERS' REPORTING SERVICE

1 THAT WE'VE SEEDED AND MOVE IT FORWARD. AND REALLY,  
2 FOR RIGHT NOW, THE BEST OF OUR SEED WORK DOES NOT  
3 HAVE A HOME AT THE NIH.

4 CHAIRMAN KLEIN: AND I WOULD REMIND  
5 EVERYONE THAT CATRIONA JAMIESON, WHO IS IN OUR FIRST  
6 HUMAN TRIAL, CAME OUT OF A SEED MONEY GRANT. SO IN  
7 TERMS OF THE RELATIVE RATIO OF TOTAL DOLLARS UP  
8 THERE, IN OUR TIMEFRAME THERE'S ONLY 5 MILLION,  
9 AGAIN, THAT'S IN THE TIMEFRAME WE'RE DEALING WITH.  
10 SO WE'RE PROVIDING CONTINUITY TO THE BASIC BIOLOGY,  
11 AND WE'RE NOT EFFECTIVELY DISPLACING ANY MAJOR  
12 PROGRAM.

13 MS. SAMUELSON: OUR BUDGET IS HARDLY  
14 ABANDONING BASIC BIOLOGY. IT'S A ROBUST PROGRAM,  
15 AND THE EARLY TRANSLATION DOESN'T EXIST YET A THIRD  
16 OF THE WAY INTO OUR ENTIRE LIFE.

17 MR. SHEEHY: MAKE THE POINT, I AGREE WITH  
18 JOAN. WE'RE NOT ABANDONING BASIC BIOLOGY. WE'RE  
19 JUST SAYING THAT WITH THE LIMITED AMOUNT OF MONEY,  
20 THE FIRST THING WE'RE GOING TO FUND, WE CAN STILL DO  
21 GRANT REVIEW AND APPROVE GRANTS PENDING MONEY BEING  
22 AVAILABLE LIKE WE DID WITH TRAINING II. BUT I DON'T  
23 WANT TO HAMSTRING THE DISEASE TEAMS, WHICH HAS BEEN  
24 REALLY THE BIG INNOVATION OF OUR STRATEGIC PLAN THAT  
25 WE'VE BEEN WORKING ON FOR ALMOST TWO YEARS NOW

## BARRISTERS' REPORTING SERVICE

1 THAT'S ALREADY ALMOST A YEAR BEHIND SCHEDULE. I'M  
2 NOT CONVINCED THAT WE'RE GOING TO HAVE NECESSARILY  
3 10 APPLICATIONS OR 15 APPLICATIONS THAT MAY BE  
4 MERITORIOUS. BUT I WANT TO START OFF SAYING THAT  
5 THE MOST IMPORTANT PLACE TO BE IS HEADED TOWARDS THE  
6 CLINIC. I'M AWARE THAT THERE'S SOME, DR. HAWGOOD,  
7 THAT SOME STUFF IS NOT GOING TO BE READY. THEY'RE  
8 NOT GOING TO GET GOOD SCORES. I DON'T THINK WE HAVE  
9 A RECKLESS REVIEW GROUP. AND IF THE PROJECTS AREN'T  
10 READY TO GO TO THAT PHASE, WE WON'T APPROVE THEM.

11 BUT I THINK IF WE DON'T SIGNAL THAT WE'RE  
12 REALLY SERIOUS ABOUT DOING THIS, THEN I THINK WE  
13 LOSE SOME OF THE MOMENTUM WE CREATED AS AN AGENCY  
14 BECAUSE IF YOU LOOK, A LOT OF WORK THAT WE'RE DOING  
15 IS FAIRLY NIH-LIKE. THIS WAS THE REAL THING THAT WE  
16 CAME TO THAT WAS REALLY INNOVATIVE AS A FUNDING  
17 MECHANISM. AND I JUST WOULD HATE TO SEE US PULLING  
18 BACK ON THAT. AND IT'S NOT LIKE WE'RE NOT GOING TO  
19 FUND BASIC BIOLOGY. WE WILL.

20 CHAIRMAN KLEIN: YOU'VE GOT ABOVE THE LINE  
21 THE BASIC BIOLOGY THEY RECOMMENDED BEING ABOVE THE  
22 LINE. LET ME ASK, BASIC BIOLOGY I, WHEN DOES IT GO  
23 TO THE BOARD? IN AUGUST? IS THAT CORRECT, AUGUST?

24 DR. CSETE: NO. WE'VE RECEIVED THE  
25 PREAPPLICATIONS. IT WILL BE JUNE -- IT WILL BE A



## BARRISTERS' REPORTING SERVICE

1 JUNE REVIEW MEETING, SO WHATEVER FOLLOWS, AUGUST.

2 CHAIRMAN KLEIN: SO DISEASE TEAMS ARE  
3 AUGUST. WELL, I'M NOT SURE THEY'RE OCTOBER.

4 DR. CSETE: THE REVIEW IS IN SEPTEMBER.

5 CHAIRMAN KLEIN: I UNDERSTAND. WE HAVE  
6 DISCUSSED POTENTIALLY TAKING THE TOP LEVEL DISEASE  
7 TEAMS, IF THERE'S FUNDING AVAILABLE, AND HAVING A  
8 MEETING AT -- A SPECIAL MEETING AT THE END OF  
9 SEPTEMBER. SO I'M NOT SURE THAT IT'S OCTOBER. BUT  
10 WITH THAT CAVEAT, WE SHOULD HAVE A FAIRLY GOOD READ  
11 BY AUGUST OF WHERE WE ARE ON OUR ABILITY TO RAISE  
12 FUNDS. SO WE'LL BE ABLE TO MAKE SOME DECISIONS.  
13 BUT WHAT WE'VE DONE IS KEPT THESE ALL ABOVE THE  
14 LINE, INCLUDING WHAT THEY RECOMMENDED FOR BIOLOGY.  
15 AND I WOULD REMIND EVERYONE UNTIL THE DICKEY WICKER  
16 AMENDMENT IS PASSED, THE FEDERAL GOVERNMENT CANNOT  
17 CREATE NEW CELL LINES, INCLUDING DISEASE-SPECIFIC  
18 LINES THAT MAY BE IMPORTANT THAT MIGHT BE FUNDED BY  
19 BASIC BIOLOGY.

20 SO THERE ARE A NUMBER OF CONSIDERATIONS,  
21 BUT THE LEVEL OF CONTINUITY THAT'S ABOVE THE LINE IN  
22 BASIC BIOLOGY IS NOT PROVIDING ANY SIGNIFICANT  
23 OFFSET TO THE OTHER PROGRAMS THAT ARE IN THE  
24 PRIORITIES THAT JEFF RECOMMENDED. AND THEY'RE ALL  
25 ABOVE THE LINE.

**BARRISTERS' REPORTING SERVICE**

1 MS. SAMUELSON: ALL OF THAT IS GOING TO  
2 COME UP AT THE SAME TIME. IF WE'RE REVIEWING THE  
3 BASIC BIOLOGY GRANTS IN AUGUST, THAT'S THE SAME TIME  
4 THAT APPROPRIATIONS IS BEFORE THE CONGRESS. AND  
5 DICKEY WICKER WILL BE CAST AS AN AMENDMENT ON AN  
6 APPROPRIATIONS BILL. THAT'S HOW THAT STUFF ALWAYS  
7 GETS RESOLVED, AND THAT'S THE SAME TIMEFRAME. SO  
8 THE BOTTOM LINE IS THAT THERE ARE GOING TO BE  
9 OTHER -- ANOTHER BIG POOL OF MONEY FOR THE SAME  
10 WORK, NOT THAT WE DON'T DO IT. OF COURSE, WE DO.  
11 WE DON'T HAVE TO FUND HUNDRED CENTS ON THE DOLLAR TO  
12 GET THAT ENTIRE PORTFOLIO FUNDED; WHEREAS, WITH  
13 EARLY TRANSLATION, WE DON'T HAVE THAT BACKUP.

14 CHAIRMAN KLEIN: WE'RE GOING TO NEED TO  
15 MOVE TO A VOTE BECAUSE WE'RE GOING TO LOSE OUR  
16 QUORUM HERE. AND WHAT I'D LIKE TO DO IS DR. GILL  
17 HAD A POINT AND, MARCY, DID YOU HAVE A POINT? DID  
18 YOU WANT TO COMMENT?

19 MS. FEIT: NO.

20 CHAIRMAN KLEIN: SO DR. GILL AND DR.  
21 PRICE. THEN MAYBE WE CAN HAVE PUBLIC COMMENT, AND  
22 THEN WE CAN HAVE A VOTE.

23 DR. GILL: I'LL TRY AND KEEP IT BRIEF.  
24 USED TO BE DEAN OF TRANSLATIONAL RESEARCH, SO I AM  
25 STRONGLY AN ADVOCATE OF THIS. HOWEVER, I'VE ALSO

## BARRISTERS' REPORTING SERVICE

1 SAT ON A NUMBER OF PANELS, INCLUDING THE ARMY BREAST  
2 CANCER REVIEW PANEL. AND THE PEOPLE WHO ARE NOT  
3 ACTUALLY DOING THE WORK ALWAYS EXPECT THAT THEY'RE  
4 FURTHER ALONG THAN THEY ARE WHEN IT COMES TO REALLY  
5 APPLYING THE BASIC BIOLOGY. THEY DON'T HAVE AS MUCH  
6 BASIC BIOLOGY AS THEY THINK THEY DO, AND SO MANY  
7 THINGS FAIL.

8 SO I THINK THAT THE PUBLIC COMMENT THAT  
9 YOU GOT REFLECTED THAT. AND I WOULD BE VERY  
10 CAUTIOUS OF DOWNGRADING BASIC BIOLOGY BECAUSE I CAN  
11 ASSURE YOU IN A NEW FIELD LIKE THIS, WE DON'T HAVE  
12 IT YET. WE JUST GOT INDUCED PLURIPOTENT CELLS. I  
13 MEAN WHAT AN AMAZING BREAKTHROUGH, BUT TWO YEARS AGO  
14 WE DID NOT HAVE THAT. SO I WOULD BE VERY CAUTIOUS  
15 ABOUT DOWNGRADING BASIC BIOLOGY. WE ARE NOT THERE  
16 YET, AND TO THINK SOMEONE ELSE WILL DO IT FOR US,  
17 I'D BE CAUTIOUS ABOUT THAT.

18 CHAIRMAN KLEIN: IN KEEPING IT ABOVE THE  
19 LINE FOR FUNDING, I COMPLETELY AGREE WITH YOUR  
20 COMMENT. DR. PRICE.

21 DR. PRICE: I WAS GOING TO SAY ESSENTIALLY  
22 THE SAME THING, BUT IN MUCH MORE LAY TERMS. THERE'S  
23 A SIMPLE LOGIC HERE, I THINK, WHICH IS THAT  
24 ULTIMATELY AT THE END OF THE DAY, THE SUCCESS AND  
25 THE POWER OF CURES AND THERAPIES ARE CLOSELY RELATED

## BARRISTERS' REPORTING SERVICE

1 TO THE ROBUSTNESS OF OUR UNDERSTANDING OF THE  
2 SCIENCE OF STEM CELLS, THE BASIC SCIENCE OF STEM  
3 CELLS, BASIC BIOLOGY OF STEM CELLS. SO TO ARGUE  
4 THAT SOMEHOW YOU PUT THE TRANSLATIONAL AND THE  
5 DISEASE AHEAD OF THE UNDERSTANDING OF WHAT'S GOING  
6 ON THAT YOU'RE TRYING TO USE JUST DEFIES LOGIC, I  
7 THINK. AND SO TRANSLATION AND THE DISEASE CURES  
8 ARE -- THE BASIC BIOLOGY IS THE PLATFORM FROM WHICH  
9 THOSE THINGS ARE BUILT.

10 CHAIRMAN KLEIN: DR. LOVE HAD A POINT AND  
11 THEN SHERRY LANSING.

12 DR. LOVE: WELL, I THINK MY POINT WAS A  
13 SIMILAR ONE TO THE POINTS THAT HAVE BEEN MADE. THAT  
14 IS, THAT I THINK IT IS IMPORTANT THAT WE CONTINUE TO  
15 SUPPORT BASIC BIOLOGY BECAUSE, IN FACT, WHAT I THINK  
16 MARIE SAID IS THAT THEY WERE ASKED TO BASICALLY COME  
17 UP WITH A PORTFOLIO STRATEGY OF HOW YOU'D ALLOCATE  
18 RESOURCES IN A CONSTRAINED ENVIRONMENT. AND THIS IS  
19 THE PORTFOLIO THEY CAME UP WITH.

20 WHAT WE'VE BEEN TALKING ABOUT IS A VERY  
21 SIMILAR -- A VERY DIFFERENT ISSUE, AND THAT IS KIND  
22 OF A NUMERICAL ORDER. AT THE END OF THE DAY, IT  
23 SEEMS LIKE THE RATIONAL APPROACH HERE IS THE  
24 PORTFOLIO APPROACH. SO REALLY THE DISCUSSION, AT  
25 LEAST TO ME, THAT MAKES THE MOST SENSE IS WHAT'S

## BARRISTERS' REPORTING SERVICE

1 ABOVE AND WHAT'S BELOW THE LINE, NOT THE RANK ORDER.

2 CHAIRMAN KLEIN: AS THE MAKER OF THE  
3 SECOND, I TOTALLY AGREE WITH THAT. AND I WOULD  
4 INDICATE THAT IT'S HARD FOR ME TO ANTICIPATE, SINCE  
5 THIS IS A \$5 MILLION EXPENDITURE OVER TWO YEARS,  
6 THAT WE WOULD CUT THIS OUT OF FUNDING. WE'RE EITHER  
7 GOING TO HAVE SOME MORE MAJOR MOMENTUM HERE OR WE'RE  
8 NOT. FIVE MILLION IS NOT GOING TO MAKE THE  
9 DIFFERENCE. SO IF IT'S ABOVE THE LINE, I'M COUNTING  
10 ON MAKING SURE THAT IT'S FUNDED.

11 MS. LANSING: I THINK WHAT YOU'RE HEARING  
12 FROM A GREAT MANY OF US IS OUR DESIRE TO MAKE SURE  
13 THAT IF THERE ARE VALID DISEASE TEAMS, SINCE THAT  
14 WILL HELP US SO MUCH IN MOVING TO CLINICAL TRIALS IF  
15 THERE ARE VALID ONES, THAT WE HAVE THE MONEY. SO  
16 I'M A LITTLE CONFUSED AS TO HOW -- I GUESS, I'M SO  
17 RESPECTFUL OF WHAT JEFF AND JOAN AND OTHERS ARE  
18 SAYING, BUT THE QUESTION IS WE CAN'T ALL PARTICIPATE  
19 IN THE DISCUSSION UNLESS WE MOVE FOR A BIGGER BUDGET  
20 TODAY. WE ALREADY DID THAT.

21 CHAIRMAN KLEIN: WE DON'T HAVE TO FURTHER  
22 INCREASE THE BUDGET IF YOU DON'T WANT TO. BUT IF  
23 YOU WANT TO MOVE DISEASE TEAMS ABOVE THE LINE,  
24 THERE'S 26 MILLION THAT YOU'D HAVE TO INCREASE  
25 THE --

## BARRISTERS' REPORTING SERVICE

1 MS. LANSING: I UNDERSTAND THAT. SO WHAT  
2 I'M REALLY TRYING TO GET TO IS IF YOU GET THE -- I'M  
3 TURNING TO YOU. IF YOU GET THE SENSE THAT WE DON'T  
4 WANT TO HAVE A DISEASE TEAM AND NOT FUND IT, I GUESS  
5 WHAT I WOULD SAY IS IF YOU COULD COME BACK TO US  
6 WITH WHAT NUMBER WE WOULD NEED WHEN WE EVALUATE  
7 THOSE GRANTS, WHICH IS 200.

8 CHAIRMAN KLEIN: WHAT I WOULD LIKE TO SAY  
9 AS WELL IS THAT IF WE RESTORE DISEASE TEAMS TO THE  
10 \$210 MILLION BUDGET, IT'S ACTUALLY, I THINK, GOING  
11 TO HELP US SELL THESE BONDS.

12 MS. LANSING: THAT'S VERY IMPORTANT.

13 CHAIRMAN KLEIN: BECAUSE THIS IS A GOAL  
14 THAT'S A UNIQUE CONTRIBUTION. WE'RE IN A  
15 TRANSLATIONAL SPACE. IT'S CLEARLY COMPLEMENTARY TO  
16 THE NIH. I THINK IT WILL BENEFIT US SUBSTANTIALLY.

17 MS. LANSING: SO I WOULD LIKE TO MAKE A  
18 FRIENDLY AMENDMENT. CAN WE JUST DEAL WITH DISEASE  
19 TEAMS AND NOT DEAL WITH --

20 MR. SHEEHY: THAT'S A GOOD IDEA.

21 CHAIRMAN KLEIN: SO WE'RE TALKING ABOUT  
22 MOVING DISEASE TEAMS ABOVE THE LINE AND RESTORING IT  
23 TO ITS FULL --

24 MS. LANSING: IT'S ALREADY ABOVE THE LINE.  
25 WE'RE TALKING ABOUT ADDING.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN KLEIN: WE'RE RESTORING IT TO  
2 FULL AMOUNT, SO WE'RE INCREASING THE BUDGET BY 26.2.  
3 WE'RE INCREASING THE TOTAL FUNDING FLOOR FROM 211.7  
4 MILLION TO 238 MILLION, AND WE'RE JUST RESTORING  
5 DISEASE TEAMS TO THE FULL BUDGET.

6 MS. LANSING: SHOULD THERE BE SUFFICIENT  
7 SCIENTIFIC MERIT. WE'RE NOT GOING TO SPEND IT --

8 CHAIRMAN KLEIN: WE'RE NOT GOING TO SPEND  
9 IT UNLESS WE'VE GOT THE MERIT.

10 DR. LOVE: ARE WE JUST MOVING 8 BEFORE THE  
11 LINE?

12 CHAIRMAN KLEIN: BUT WE HAVE TO INCREASE  
13 THE TOTAL BUDGET TO 200 --

14 DR. HAWGOOD: AT THIS POINT ALL WE'VE DONE  
15 IS LEFT 10 MILLION BELOW THE LINE.

16 MS. LANSING: SO THAT'S MY FRIENDLY  
17 AMENDMENT.

18 CHAIRMAN KLEIN: I WOULD REMIND US THAT IN  
19 THE LAST SESSION WE WERE AT, AGAIN, IT WAS \$376  
20 MILLION, WHICH WAS ACTUALLY THE AMOUNT CONSIDERED  
21 FOR THE BUDGET, AND WE ARE NOW LOOKING AT A  
22 CONSERVATIVE CASE, IF WE PASS THIS AMENDMENT, OF 238  
23 MILLION INSTEAD 376 MILLION, SO THERE'S BEEN A  
24 SUBSTANTIAL REDUCTION.

25 DR. ROBSON: IF I COULD JUST KIND OF

## BARRISTERS' REPORTING SERVICE

1 REMIND YOU OF THE EXERCISE WE DID. WE WENT -- ALL  
2 OF THESE THINGS ARE IF WE HAVE THE MONEY, WE WOULD  
3 LIKE TO FUND EVERYTHING ON THAT LIST. YOU'VE  
4 ALREADY APPROVED THAT. WE SUPPORT THAT.

5 THE LINE WAS REALLY A LINE DRAWN BASED ON  
6 OUR EXPECTATION THAT WE COULD RAISE \$200 MILLION.  
7 IT WASN'T REALLY TO SET PRIORITIES. IT WAS BASED  
8 ON -- THE LINE FLOATS. SO TO SAY SOMETHING IS ABOVE  
9 THE LINE OR BELOW THE LINE IS NOT A VALUE JUDGMENT.  
10 IT'S A JUDGMENT BASED ON HOW CONFIDENT YOU ARE IN  
11 HOW MUCH MONEY YOU CAN RAISE. THAT'S, I THINK, THE  
12 WAY YOU SHOULD BE LOOKING AT THIS.

13 CHAIRMAN KLEIN: WE'RE EFFECTIVELY SAYING  
14 THAT OUR GOAL --

15 DR. ROBSON: SO BY THE CHANGES YOU'VE  
16 MADE, YOU'RE GOING FROM WE'RE CONFIDENT WE CAN RAISE  
17 200 MILLION TO WE'RE CONFIDENT WE CAN RAISE 240.

18 CHAIRMAN KLEIN: IT'S AN ARTIFICIAL  
19 NUMBER. 200 DIDN'T HAVE A BASIS. 240 IS CLOSE  
20 ENOUGH TO 200, THAT IF WE CAN -- I'M NOT ABOUT TO  
21 DIFFERENTIATE ON THAT BASIS. I THINK WE HAVE  
22 PROGRAM PRIORITIES, WHICH, IN FACT, THIS REFLECTS,  
23 AND IT PROVIDES A MESSAGE THAT WE ARE PROVIDING A  
24 SPECIFIC EMPHASIS AND CONTRIBUTION WITH  
25 TRANSLATIONAL MEDICINE AND A UNIQUE DISEASE TEAM



**BARRISTERS' REPORTING SERVICE**

1 PROGRAM.

2 SO WE HAVE PUBLIC COMMENT, PLEASE.

3 MS. ROBERSON: I'M JUDY ROBERSON. MY  
4 FAMILY HAS BEEN AFFECTED BY HUNTINGTON'S DISEASE.  
5 I'M THE PRESIDENT OF THE NORTHERN CALIFORNIA CHAPTER  
6 OF HDSA. AND I WANTED TO MAKE A COMMENT. I TOTALLY  
7 AGREE WITH JOAN.

8 FOR US, FOR PATIENTS, 15,000 PEOPLE IN  
9 CALIFORNIA AFFECTED WITH HUNTINGTON'S, WE'RE WAITING  
10 FOR SOMETHING TO HAPPEN IN THE CLINICS. SO WE CAN  
11 ACTUALLY BELIEVE WHAT WE'VE BEEN READING ABOUT STEM  
12 CELLS IS ACTUALLY GOING TO WORK.

13 I KNOW A MULTIMILLIONAIRE WHO'S WAITING.  
14 HE HAS TWO CHILDREN WITH HUNTINGTON'S DISEASE, BUT  
15 HE'S WAITING TO POUR HIS MONEY INTO SOMETHING THAT'S  
16 ACTUALLY GOING TO HELP. SO I THINK THERE'S -- I  
17 THINK WHEN THINGS START HAPPENING IN THE CLINICS,  
18 PEOPLE WILL START WRITING CHECKS.

19 SO, AGAIN, I AGREE WITH JOAN. THANK YOU  
20 SO MUCH.

21 CHAIRMAN KLEIN: JOHN SIMPSON.

22 MS. SAMUELSON: THANK YOU.

23 MR. SIMPSON: JOHN SIMPSON, CONSUMER  
24 WATCHDOG. IN A LARGE SENSE I THINK THIS IS AN  
25 ACADEMIC DISCUSSION TODAY. YOU NEED TO BE HAVING

## BARRISTERS' REPORTING SERVICE

1 IT, BUT WHAT YOU ESSENTIALLY, I UNDERSTAND THIS IS  
2 DOING, IS COMMITTING TO RAISING \$240 MILLION. AND  
3 THAT IS A TREMENDOUSLY DIFFICULT AND COMMENDABLE  
4 GOAL, BUT IT'S GOING TO BE AWHILE BEFORE WE KNOW  
5 WHETHER THAT'S DOABLE. SOME OF THIS WITH THE 200,  
6 240, I THINK THE MOST IMPORTANT THING IS TO GET OUT  
7 THERE AND GET A SENSE OF WHETHER THESE THINGS CAN BE  
8 PLACED. I FOR ONE THINK THE ECONOMY IS GOING TO GET  
9 WORSE BEFORE IT GETS BETTER, AND I GENERALLY LIKE TO  
10 THINK OF MYSELF AS AN OPTIMIST. AND THAT'S MY  
11 OPTIMISTIC LOOK RIGHT NOW.

12 THE ONLY OTHER THING I WOULD ADD TO THE  
13 BOND RAISING QUESTION, ONE OF THE THINGS THAT MADE  
14 THE FIRST OFFERING SO SUCCESSFUL WAS THE ABILITY TO  
15 OFFER IT TO AVERAGE PEOPLE. I THINK YOU PLACED A  
16 HUNDRED MILLION OR SO BONDS THAT PEOPLE JUST BOUGHT  
17 THEMSELVES. IS THERE ANY WAY TO TAP INTO THAT  
18 POPULAR BOND PLACEMENT SUPPORT?

19 CHAIRMAN KLEIN: JOHN, WE CAN REACH OUT IN  
20 A PUBLIC OFFERING, BUT NOT AT THIS TIME BECAUSE WHAT  
21 WE'RE REALLY DOING IS BRINGING A NEW GROUP OF  
22 PURCHASERS IN TO BENEFIT THE STATE. THERE ARE A  
23 GREAT NUMBER OF DEMANDS ON WHAT CAN BE RAISED IN  
24 PUBLIC OFFERINGS, WHICH IS VERY LIMITED. AND  
25 THERE'S SOME PRIORITY REQUIREMENTS THAT COMMITMENTS

**BARRISTERS' REPORTING SERVICE**

1 HAVE BEEN MADE BY THE STATE THAT ARE ALREADY OUT  
2 THERE.

3 WE WILL HAVE REAL-TIME INFORMATION BY THE  
4 TIME WE GET TO AUGUST AND SEPTEMBER TO REEVALUATE  
5 WHAT WE CAN APPROVE, SO WE CAN READJUST THESE  
6 FIGURES. IT IS A TOUGH GOAL. IT IS GOING TO GET  
7 TOUGHER. AND WE'RE JUST MAKING A COMMITMENT TO GO  
8 AFTER THAT GOAL AND TRY AND DELIVER.

9 WITH THAT, I'D LIKE TO CALL THE QUESTION.  
10 AND MY UNDERSTANDING, MR. HARRISON, IS THAT EVERYONE  
11 CAN VOTE. SO OF THOSE PRESENT, ALL IN FAVOR.  
12 OPPOSED?

13 DR. GILL: OPPOSED.

14 CHAIRMAN KLEIN: GORDON GILL IS OPPOSED.  
15 IS THERE ANYONE ELSE OPPOSED? AND TELEPHONICALLY?

16 MS. KING: MICHAEL FRIEDMAN.

17 DR. FRIEDMAN: YES.

18 MS. KING: ED PENHOET.

19 DR. PENHOET: YES.

20 MS. KING: JUST CHECKING, GERALD LEVEY OR  
21 JON SHESTACK.

22 CHAIRMAN KLEIN: OKAY. THANK YOU. THE  
23 MOTION PASSES.

24 CAN I ASK STAFF HAVE WE COVERED EVERYTHING  
25 WE NEED TO COVER TODAY? THANK YOU. THANK ALL THE

**BARRISTERS' REPORTING SERVICE**

1 BOARD MEMBERS AND THANK THE PUBLIC FOR BEING HERE.

2 I WOULD LIKE TO END THIS BY HAVING A ROUND OF  
3 APPLAUSE FOR THE TWO HIGHLY TALENTED, WONDERFUL,  
4 DEDICATED VICE CHAIRS.

5 (APPLAUSE. )

6 MR. TORRES: I FORGOT TO ANNOUNCE THAT I'M  
7 WORKING PRO BONO UNTIL MAY 1ST.

8 (THE MEETING WAS THEN ADJOURNED AT  
9 03:42 P.M. )

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**BARRISTERS' REPORTING SERVICE**

REPORTER' S CERTIFICATE

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

SACRAMENTO CONVENTION CENTER  
3D FLOOR  
SACRAMENTO, CALI FORNIA  
ON  
MARCH 12, 2009

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



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