

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: SHERATON SAN DIEGO
1380 HARBOR ISLAND DRIVE
BAY TOWER, BEL AIRE BALLROOM
SAN DIEGO, CALIFORNIA

DATE: TUESDAY, JANUARY 17, 2012
9 A.M.

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

BRS FILE NO.: 91094

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 SAN DIEGO, CALIFORNIA; TUESDAY, JANUARY 17, 2012

2 9 A.M.

3
4 CHAIRMAN THOMAS: GOOD MORNING, EVERYBODY.
5 WELCOME TO BEAUTIFUL SAN DIEGO. DUANE AND KRISTINA
6 AND WHO ELSE LIVES IN SAN DIEGO DID A WONDERFUL,
7 SCRIPTED JOB HERE OF ARRANGING A BEAUTIFUL DAY FOR
8 US TO START THE NEW YEAR. HAPPY NEW YEAR.

9 WE ARE UNDER WAY HERE AND HAVE A VERY
10 INTERESTING SCHEDULE FOR EVERYBODY TODAY. SO WE'RE
11 LOOKING FORWARD TO LOTS OF LIVELY DISCUSSION ON A
12 VARIETY OF TOPICS.

13 STARTING WITH THE CHAIR'S REPORT, I WANT
14 EVERYBODY TO KNOW THAT THIS COMING PERIOD IS A VERY
15 BUSY PERIOD FOR CIRM AND FOR OUR TERRIFIC STAFF.
16 AMONG OTHER THINGS, WE'RE GOING TO BE HAVING REVIEWS
17 OF THE DISEASE TEAM II APPLICATIONS, THE EARLY
18 TRANSLATION III APPLICATIONS, THE BASIC BIO IV.

19 SORRY. YIKES. CALL TO ORDER. SORRY.
20 I'M SO ENTHUSIASTIC ABOUT WHAT WE'VE GOT GOING ON,
21 I'M JUST SKIPPING AHEAD.

22 DR. PIZZO: TRYING TO MAKE UP TIME.

23 CHAIRMAN THOMAS: CALL THIS MEETING TO
24 ORDER. MARIA, PLEASE CALL THE ROLL.

25 MS. BONNEVILLE: ACTUALLY WE'RE GOING TO

BARRISTERS' REPORTING SERVICE

1 DO THE PLEDGE OF ALLEGIANCE FIRST.

2 (THE PLEDGE OF ALLEGIANCE.)

3 CHAIRMAN THOMAS: WELL DONE. THANK YOU,
4 MARIA. PLEASE CALL THE ROLL.

5 MS. BONNEVILLE: ROBERT PRICE.

6 DR. PRICE: HERE.

7 MS. BONNEVILLE: GARY FIRESTEIN.

8 DR. FIRESTEIN: HERE.

9 MS. BONNEVILLE: SUSAN BRYANT.

10 DR. BRYANT: HERE.

11 MS. BONNEVILLE: MARCY FEIT.

12 MS. FEIT: HERE.

13 MS. BONNEVILLE: MICHAEL FRIEDMAN.

14 DR. FRIEDMAN: HERE.

15 MS. BONNEVILLE: LEEZA GIBBONS. MICHAEL
16 GOLDBERG.

17 MR. GOLDBERG: HERE.

18 MS. BONNEVILLE: SAM HAWGOOD.

19 DR. HAWGOOD: HERE.

20 MS. BONNEVILLE: STEVE JUELSGAARD.

21 DR. JUELSGAARD: HERE.

22 MS. BONNEVILLE: SHERRY LANSING. TED
23 LOVE. BERT LUBIN.

24 DR. LUBIN: HERE.

25 MS. BONNEVILLE: SHLOMO MELMED.

BARRISTERS' REPORTING SERVICE

1 DR. MELMED: HERE.
2 MS. BONNEVILLE: PHIL PIZZO.
3 DR. PIZZO: HERE.
4 MS. BONNEVILLE: CLAIRE POMEROY.
5 DR. POMEROY: HERE.
6 MS. BONNEVILLE: FRANCISCO PRIETO.
7 DR. PRIETO: HERE.
8 MS. BONNEVILLE: ELIZABETH FINI.
9 DR. FINI: HERE.
10 MS. BONNEVILLE: ROBERT QUINT. DUANE
11 ROTH.
12 MR. ROTH: HERE.
13 MS. BONNEVILLE: JOAN SAMUELSON. DAVID
14 SERRANO-SEWELL. JEFF SHEEHY.
15 MR. SHEEHY: HERE.
16 MS. BONNEVILLE: JONATHAN SHESTACK.
17 OSWALD STEWARD.
18 DR. STEWARD: HERE.
19 MS. BONNEVILLE: JONATHAN THOMAS.
20 CHAIRMAN THOMAS: HERE.
21 MS. BONNEVILLE: ART TORRES.
22 MR. TORRES: HERE.
23 MS. BONNEVILLE: KRISTINA VUORI.
24 DR. VUORI: HERE.
25 MS. BONNEVILLE: JAMES ECONOMOU.

BARRISTERS' REPORTING SERVICE

1 DR. ECONOMOU: HERE.

2 CHAIRMAN THOMAS: THANK YOU. CLAIRE,
3 THANK YOU FOR POINTING THAT OUT. OKAY.

4 NOW, TO ENTHUSIASTICALLY GET BACK TO MY
5 RECITATION OF WHERE WE WERE, SO WE HAVE DISEASE TEAM
6 II, EARLY TRANSLATION III, BASIC BIO IV, ALL OF
7 WHICH ARE GOING TO KEEP THE STAFF AND THE GRANTS
8 WORKING GROUP VERY BUSY. WE CONTINUE TO HAVE
9 RESEARCH LEADERSHIP AWARD EVALUATIONS. WE HAVE THE
10 CONTINUING REVIEW AND PREPARATION OF A REPORT FOR
11 THE BOARD FROM THE CLINICAL DEVELOPMENT ADVISORY
12 PANEL. WE HAVE THE BEGINNING DIALOGUE WITH THE
13 DEPARTMENT OF FINANCE OVER THE ANTICIPATED SPRING
14 BOND ISSUE IN WHICH CIRM WILL PLAY A PART. AND ON
15 TOP OF THAT, WE HAVE, FOR GOOD MEASURE, THE IOM
16 REVIEW, THE LAST STAGES OF THE PERFORMANCE AUDIT,
17 AND PREPARATION FOR THE CFAOC MEETING LATER THIS
18 MONTH WITH THE CONTROLLER AND STAFF.

19 SO AS YOU CAN TELL, THERE IS A LOT GOING
20 ON THAT'S GOING TO BE TAKING THE CONTINUED GOOD WORK
21 OF THE MANY FOLKS HERE WHO WORK AT CIRM. IT'S A
22 VERY EXCITING TIME. WE'RE GREATLY LOOKING FORWARD
23 TO BEING ABLE TO AWARD NEW GRANTS FOR THESE UPCOMING
24 APPLICATIONS AND TRUST AND KNOW THAT THERE WILL BE
25 SOME EXTREMELY EXCITING PROJECTS INCLUDED IN ALL OF

BARRISTERS' REPORTING SERVICE

1 THOSE.

2 A FEW THOUGHTS. IOM, JUST TO LET YOU
3 KNOW, THE IOM MEETING WILL BE HELD ON TUESDAY,
4 JANUARY 24TH AT THE SAN FRANCISCO CONVENTION CENTER.
5 THIS WILL BE THE FULL IOM COMMITTEE OR AT LEAST MANY
6 OF THEM COMING OUT TO SIT DOWN WITH US TO CONTINUE
7 THE DIALOGUE THAT WE BEGAN LAST YEAR. THAT MEETING
8 DATE WILL BE PRECEDED BY VISITS TO UC DAVIS, UC SAN
9 FRANCISCO, AND STANFORD BY VARIOUS MEMBERS OF THE
10 IOM COMMITTEE.

11 AS YOU MAY RECALL, LAST YEAR WE HAD THE
12 CHAIR AND VICE CHAIR OF THAT COMMITTEE COME OUT ON
13 SORT OF A PREVIEW OF THE WORK THEY WERE GOING TO BE
14 DOING WITH US, AND THEY WENT AND, THANKS TO DEANS
15 HAWGOOD AND PIZZO, WENT TO UCSF AND TO STANFORD, MET
16 WITH A NUMBER OF FOLKS THERE. THEY VIEWED THAT DAY
17 AS SO SUCCESSFUL AND GIVING THEM SUCH INSIGHT INTO
18 OUR PROGRAMS, THAT THEY WANTED TO DUPLICATE THAT FOR
19 OTHER MEMBERS OF THE COMMITTEE. SO THAT'S THE
20 GENESIS OF THAT, AND WE'RE LOOKING FORWARD TO THE
21 24TH, WHICH IS THE PUBLIC MEETING THAT WE WILL HAVE.
22 AND THEN IOM WILL MEET IN CLOSED SESSION ON THE
23 25TH.

24 WE'RE GOING TO HAVE A NUMBER OF CIRM STAFF
25 AND BOARD MEMBERS PRESENTING ON THE 24TH. ALAN WILL

BARRISTERS' REPORTING SERVICE

1 GIVE AN UPDATE ON OUR SCIENCE PROGRAM. DUANE WILL
2 BE TALKING ABOUT OUR IP HISTORY. JEFF SHEEHY WILL
3 BE SPEAKING ON THE ROLE OF THE PATIENT ADVOCATES,
4 AND BERNIE LO WILL BE TALKING ABOUT STANDARDS.

5 SO WANT TO MAKE SURE THAT YOU UNDERSTAND
6 YOU'VE GOT MATERIALS ON THE IOM MEETING IN YOUR
7 BINDERS, SO YOU CAN SEE WHAT WILL BE DISCUSSED IN
8 MORE DETAIL. AND MOST NOTABLY, AS I SUGGESTED, IT
9 IS OPEN TO THE PUBLIC, AND ALL OF YOU ARE WELCOME TO
10 ATTEND IF YOU HAVE THE OPPORTUNITY.

11 SECOND THING I WANTED TO MENTION HERE IS,
12 AS YOU MAY RECALL, SB 1064 MANDATES THAT CIRM
13 PREPARE A TRANSITION PLAN, OBVIOUSLY PRELIMINARY,
14 WHICH IS TO BE COMPLETED BY THE END OF THIS MONTH
15 AND TRANSMITTED TO THE STATE WITHIN 30 DAYS
16 THEREAFTER. WE'RE GOING TO BE HEARING MORE ABOUT
17 THE TRANSITION PLAN AS IT'S CURRENTLY CONTEMPLATED
18 LATER IN THE MEETING HERE. MATT WILL PRESENT THAT
19 AND WILL BE TALKING MORE ABOUT THAT AS IT COMES UP.

20 WANTED TO SAY A FEW COMMENTS ABOUT THE
21 JUST CONCLUDED JP MORGAN HEALTHCARE CONFERENCE,
22 WHICH WAS THE FIRST THAT I'VE ATTENDED. MOST
23 INTERESTING, AS YOU KNOW, IT'S THE LARGEST INDUSTRY
24 INVESTOR CONFERENCE AND IT'S BEEN GOING ON FOR
25 NEARLY 30 YEARS. IT USED TO BE THE HAMBRECHT AND

BARRISTERS' REPORTING SERVICE

1 CHRIST HEALTHCARE CONFERENCE, NOW JP MORGAN.
2 OVER 10,000 EXECUTIVES, INVESTORS, AND
3 OTHERS WERE IN TOWN IN SAN FRANCISCO LAST WEEK
4 CREATING QUITE A SCENE AROUND THE FINANCIAL DISTRICT
5 AND THE MIDDLE OF DOWNTOWN. AND THERE WERE ALL
6 SORTS OF INTERESTING AND FRUITFUL MEETINGS THAT TOOK
7 PLACE AMONGST ALL MEMBERS OF THE CONFERENCE. I AND
8 ALAN, ELLEN, MATT, AND ELONA AND OTHERS ATTENDED
9 MEETINGS, PARTICIPATED IN MEETINGS. WE TALKED TO
10 LOTS OF DIFFERENT FOLKS THERE AND GOT SORT OF AN
11 INTERESTING TAKE ON THE CURRENT PSYCHE OF THE
12 INVESTOR COMMUNITY WHICH I THINK WE CAN SAY FROM
13 LAST YEAR, WHERE THINGS WERE CONSIDERED KIND OF
14 UNIFORMLY BLEAK, YOU'RE STARTING TO SEE SOME
15 INTERESTING DEVELOPMENTS PARTICULARLY WITH RESPECT
16 TO BIG PHARMA AND BIOTECH CONTEMPLATING POTENTIAL
17 RELATIONSHIPS WITH SOME OF THE EARLIER STAGE
18 COMPANIES THAT ARE OUT THERE.

19 THIS IS CERTAINLY NOT UNIFORM AND ACROSS
20 THE BOARD, BUT THERE ARE A NUMBER OF POSITIVE
21 DEVELOPMENTS IN THIS REGARD WHICH IS VERY IMPORTANT
22 BECAUSE WE'RE DEALING, AS YOU KNOW, WITH THE ONGOING
23 QUESTION OF HOW TO FUND THE VALLEY OF DEATH. AND
24 THESE BURGEONING RELATIONSHIPS ARE CRITICAL TO
25 GETTING FUNDING FOR THESE EARLY STAGE COMPANIES.

BARRISTERS' REPORTING SERVICE

1 AND AS THE MONTHS GO BY, WE'LL BE HEARING MORE AND
2 MORE ON THAT TOPIC.

3 ARM, AS IT DOES, TOOK ADVANTAGE OF THE
4 OPPORTUNITY IN THE MEETING OF SO MANY FOLKS TO HAVE
5 A CO-SPONSORED PARALLEL CONFERENCE WHICH THEY CALL
6 THE BIOTECH SHOWCASE. THIS YEAR THE SHOWCASE
7 FEATURED AN ENTIRE TRACK ON REGENERATIVE MEDICINE.
8 AND INTERESTING TO NOTE, THERE WERE SOME INVESTORS
9 WHO CAME THROUGH THE SPACE THERE, AGAIN, GETTING TO
10 THE POINT THAT YOU'RE STARTING TO SEE SOME
11 INCREASING INTEREST IN THAT FIELD.

12 WE'RE VERY, VERY PLEASED TO NOTE THAT
13 THERE'S CONTINUING AND ESCALATING INTEREST IN A
14 NUMBER OF THE CIRM-FUNDED PROJECTS, WHICH WAS THE
15 SUBJECT MATTER OF A NUMBER OF THE MEETINGS I
16 REFERRED TO BY THE MEMBERS OF THE STAFF. REGULATORY
17 CONCERNS AND PATH TO MARKET CONTINUE TO BE THE TWO
18 REAL ISSUES THAT LOOM OVER THE WHOLE ISSUE OF
19 INVESTOR INVOLVEMENT IN THE SPACE. AND AS WE'VE
20 SAID ON NUMEROUS OCCASIONS, WE HOPE THAT THERE'S
21 CONTINUED AND ONGOING CLARITY IN THOSE TWO ARENAS SO
22 AS TO GET PEOPLE MORE AND MORE COMFORTABLE TO COME
23 IN.

24 LASTLY, I'D NOTE THAT WE MET WITH A NUMBER
25 OF CALIFORNIA STEM CELL COMPANIES WHO WERE EITHER

BARRISTERS' REPORTING SERVICE

1 FUNDED BY CIRM OR HAVE TRIED TO BE FUNDED BY CIRM.
2 AND WE LISTENED TO THEIR ONGOING CONCERNS AND
3 SUGGESTIONS IN OUR CONTINUING EFFORT TO FURTHER
4 REFINE THE PROGRAM OF HOW WE DEAL WITH THE COMPANIES
5 IN THE SPACE. SO ALL IN ALL, IT WAS A VERY
6 INTERESTING EXPERIENCE. AND I THINK THERE WAS A LOT
7 OF VALUABLE INTERCHANGE THERE AND LOOK FORWARD TO
8 CONTINUING DIALOGUE WITH MANY OF THE FOLKS THAT WE
9 MET ALONG THE WAY.

10 SO THAT CONCLUDES THE CHAIR'S REPORT. NOW
11 LIKE TO TURN IT OVER TO ALAN FOR THE PRESIDENT'S
12 REPORT. ALAN.

13 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.
14 SO AS USUAL, I WANT TO START OFF WITH THE SCIENCE,
15 WHICH, AS YOU KNOW, ALWAYS IS UPPERMOST IN MY
16 THOUGHTS. THERE WAS A REPORT OUT IN JANUARY IN THE
17 JOURNAL *CELL* ON THE PRODUCTION OF CHIMERIC MONKEYS.
18 SO IT WAS FREQUENTLY REPORTED AS STEM CELLS ARE
19 GOING TO CLONE PEOPLE. SO I DON'T KNOW HOW THEY GOT
20 FROM ONE POSITION TO ANOTHER, BUT NEVERTHELESS, I
21 THOUGHT IT WOULD BE WORTH EXPLAINING THIS TO YOU.
22 PARTLY, IN ADDITION, I WAS INVOLVED IN THE PAPER AND
23 MADE A COMMENT OR WROTE AN ARTICLE IN *CELL* AT THEIR
24 INVITATION ABOUT IT.

25 SO REALLY THIS IS IN THE MONKEY. THOSE

BARRISTERS' REPORTING SERVICE

1 BEAUTIFUL LITTLE MONKEYS SHOWN THERE. THE ONE ON
2 THE RIGHT-HAND SIDE AS YOU LOOK AT THE SLIDE IS AN
3 ACTUAL CHIMERA. THAT IS, IT'S MADE UP OF CELLS FROM
4 TWO DIFFERENT INDIVIDUALS. SO ACTUALLY IT'S
5 DIFFERENT TO MOST ANIMALS IN THAT IT'S ACTUALLY
6 COMPOSED OF CELLS FROM TWO DIFFERENT INDIVIDUALS.

7 THE TWO ANIMALS ON THE LEFT-HAND SIDE ARE
8 TWINS. THEY'RE NOT IDENTICAL TWINS, BUT THEY WERE
9 BORN IN THE SAME EMBRYO. SO IT'S ACTUALLY VERY
10 INTERESTING SCIENCE THAT WAS PUBLISHED. THIS IS THE
11 FIGURE AND IT'S A BIT OF A COMPLEX FIGURE. MAYBE
12 YOU NEED TO LOOK AT THE BACK TO SEE IT. WHAT IT
13 REALLY DOES SHOW, THIS PAPER, IS THAT THE MONKEY AND
14 PRESUMABLY THE HUMAN PRIMATE IS DIFFERENT TO THE
15 MOUSE. OF COURSE, MANY OF US KNEW THAT.

16 ON THE TOP LEFT-HAND SIDE, IF YOU
17 INTRODUCED EMBRYONIC STEM CELLS INTO THE MOUSE
18 BLASTOCYST THERE ON THE TOP, YOU WILL FORM A
19 CHIMERA. THAT IS, THE CELLS THAT YOU INTRODUCE WILL
20 COMBINE WITH THE CELLS OF THE EMBRYO AND FORM A
21 MIXED-CELL INDIVIDUAL WITH CELLS FROM BOTH THE
22 NATIVE EMBRYONIC CELLS PLUS THE CELLS THAT YOU ADD
23 BY INJECTION.

24 ON THE RIGHT-HAND SIDE, YOU SEE THE
25 MONKEY. WHEN YOU DO THAT, YOU DON'T GET ANY

BARRISTERS' REPORTING SERVICE

1 CHIMERAS FORMED; BUT IF YOU ACTUALLY TAKE THE WHOLE
2 INNER CELL MASS AND PUT IT IN THAT EMBRYO, YOU CAN
3 FORM TWINS AND THEY'LL BE NONIDENTICAL TWINS. AND
4 THAT DOESN'T HAPPEN IN THE MOUSE. SO THERE'S A
5 DISTINCT DIFFERENCE HERE IN THE EARLY EMBRYOLOGY.

6 AND IF YOU THEN LOOK ACROSS THE NEXT
7 LAYER, IN THE MOUSE YOU CAN MAKE UP CHIMERAS MIXING
8 THE YELLOW CELLS. THESE ARE EMBRYOS, EIGHT-CELL
9 EMBRYOS, YOU MIX THEM TOGETHER, YOU WILL FORM A
10 CHIMERA. AND IN THIS STUDY IN THE MONKEY, THEY
11 SHOWED IF YOU MIXED FOUR CELL EMBRYOS TOGETHER, AND
12 THEY MIXED, I THINK, FOUR OR EIGHT EMBRYOS. SO YOU
13 CAN GET MIXED CHIMERA. SO YOU CAN ACTUALLY MAKE
14 THOSE MONKEY CHIMERAS USING FOUR CELL EMBRYOS, BUT
15 YOU CAN'T BY USING EMBRYONIC STEM CELLS.

16 AND EMBRYONIC STEM CELLS, THIS WAS THE WAY
17 IT WAS DEFINED IN THE BEGINNING, THAT THEY WOULD
18 ACTUALLY CHIMERIC INDIVIDUALS. AND, OF COURSE, YOU
19 CAN'T DO THAT EXPERIMENT IN THE HUMAN. THAT'S NOT
20 ETHICAL. BUT IN A MONKEY WHEN THEY TRIED TO DO
21 THAT, IT WOULDN'T WORK. AND IT LOOKS LIKE IN THE
22 MONKEY THAT IN THE PRIMATE THE CELLS OF THE INNER
23 CELL MASS, THAT AREA THAT WE ACTUALLY MAKE THE
24 EMBRYONIC STEM CELLS OF, HAS MOVED ON. IT'S MOVED
25 ON A DEGREE FROM THE MOUSE. SO IT'S THEN COMPOSED,

BARRISTERS' REPORTING SERVICE

1 RATHER THAN THE SINGLE SET OF CELLS, IT'S COMPOSED
2 OF TWO SETS OF DIFFERENT KINDS OF CELLS, THE
3 EMBRYONIC CELLS AND THE EPIBLAST CELLS. AND WHEN
4 THAT HAPPENS, YOU CAN'T GET A MIXTURE OF TWO WHEN
5 YOU INJECT IT INTO THE BLASTCYST.

6 SO SOME INTERESTING QUESTIONS ARISE FROM
7 ALL OF THESE STUDIES THAT HAS NOTHING TO DO WITH
8 CLONING ANYTHING, BUT IT GIVES YOU AN IDEA THAT
9 PERHAPS THE INFORMATION THAT YOU'RE DERIVING FROM
10 THE MOUSE WON'T BE EXACTLY THE SAME AS WHAT YOU
11 DERIVE FROM EMBRYONIC STEM CELLS IN THE MONKEY OR
12 THE HUMAN. AND SO IT GIVES ADDED EMPHASIS TO WHAT
13 WE'RE DOING BECAUSE WE'RE WORKING PRIMARILY IN THE
14 HUMAN. AND I THINK IT'S A GOOD LESSON THAT, YOU
15 KNOW, IF YOU IMAGINE THAT THE MOUSE EMBRYONIC STEM
16 CELLS WERE EQUIVALENT TO MONKEY, PRIMATE, HUMAN,
17 THEN I THINK YOU WOULD BE WRONG. THEY ARE
18 DISTINCTLY DIFFERENT, AND THEY HAVE DIFFERENT
19 PROPERTIES, ALTHOUGH THEY MAY BE ABLE TO BE USED
20 GENERALLY IN THE SAME KIND OF WAY. BUT BEWARE OF
21 THE CONCLUSIONS DRAWN FROM THE MOUSE BECAUSE THEY
22 MAY NOT BE ADEQUATELY REPRESENTED BY THE HUMAN.

23 AND I THINK, AGAIN, JUST TO EMPHASIZE, I
24 THINK THAT'S ONE VERY GOOD REASON WHY WE'VE ACTUALLY
25 PURSUED A PRIORITY OF WORKING IN THE HUMAN, AND THIS

BARRISTERS' REPORTING SERVICE

1 WORK UNDERPINS THAT.

2 THE SECOND PAPER THAT I WANTED TO DRAW
3 YOUR ATTENTION TO IS ONE PUBLISHED IN *NATURE* BY THE
4 GROUP IN PITTSBURGH IN PENNSYLVANIA, AND THEY'VE
5 BEEN LOOKING AT AGING. AND A LOT OF STEM CELL WORK
6 WAS PREDICATED ON WE WERE GOING TO ADDRESS AGING
7 REALLY BY THE USE OF EMBRYONIC STEM CELLS. WE KNOW
8 THAT AGING RESULTS IN THE LOSS OF STEM CELL
9 FUNCTION. THAT'S VERY WELL DEFINED. THE FUNCTION
10 OF OUR STEM CELLS DECREASES AS WE GET OLDER.

11 SO THIS GROUP EXAMINED MUSCLE PROGENITOR
12 CELLS IN A MOUSE MODEL, PROGERIA MOUSE MODEL, WHICH
13 IS A MUTANT MOUSE MODEL THAT RESULTS IN VERY RAPID
14 AGING OF THE MICE, VERY RAPID. AND THEY LOOKED AT
15 MUSCLE PROGENITORS FROM OLD AND PROGERIA MICE AND
16 FOUND THEY'RE DEFECTIVE IN BOTH THEIR ABILITY TO
17 PROLIFERATE, MULTIPLY, AND DIFFERENTIATE, PRODUCE
18 DIFFERENT KINDS OF CELLS. IN THE AGED AND IN THE
19 PROGERIA MOUSE, THERE'S A DEFECT THERE WHICH
20 UNDERPINS WHAT WE UNDERSTOOD.

21 BUT IF YOU INJECT INTRAPERITONEALLY THIS
22 INTO THE BODY CAVITY, MUSCLE PROGENITORS FROM YOUNG
23 MICE INTO PROGERIA MICE, IT SIGNIFICANTLY EXTENDS
24 THEIR HEALTH AND LIFE SPAN. SO SUDDENLY THERE'S AN
25 INFLUENCE OF YOUNG MUSCLE CELLS NOW IN THE AGING AND

BARRISTERS' REPORTING SERVICE

1 THE HEALTH OF THESE PROGERIA MICE, THESE MICE THAT
2 AGE RAPIDLY. THE TRANSPLANTED CELLS THAT THEY HAD
3 INJECTED IN THERE CONTRIBUTED TO SKELETAL MUSCLE,
4 BUT WERE NOT DETECTED IN ANY OF THE TISSUES THAT HAD
5 REDUCED DEGENERATIVE CHANGES AND INCREASED
6 VASCULARIZATION. SO THOSE TISSUES WHICH LOOK
7 HEALTHIER AND HAPPIER AND MORE ABLE DIDN'T HAVE ANY
8 OF THESE MUSCLE CELLS IN THEM, BUT THEY'RE
9 FUNCTIONALLY SOUNDER. THEY LOOKED YOUNGER, THEY
10 LOOK HEALTHIER.

11 AND IT ALSO RESCUED AGE MUSCLE PROGENITORS
12 IN CULTURE. SO IF YOU MIX THE TWO TOGETHER IN
13 CO-CULTURE, THE YOUNG MUSCLE CELLS RESCUE THE AGING
14 MUSCLE PROGENITORS IN THE LABORATORY. SO IT APPEARS
15 TO US FROM THIS WORK THAT SECRETED FACTORS APPEAR TO
16 BE MEDIATING AGING DEFECTS IN STEM CELLS AND CREATES
17 A THERAPEUTIC POTENTIAL BECAUSE IF THERE ARE
18 SECRETED FACTORS, WE MIGHT BE ABLE TO IDENTIFY WHAT
19 THEY ARE AND, THEREFORE, HELP BY NOT NECESSARILY
20 USING THE CELLS OR MIGHT USE THE CELLS, BUT WE COULD
21 ALSO USE THE SECRETED FACTORS. AND IT'S GOING TO
22 PRODUCE A RUSH TO LOOK INTO WHAT THESE SECRETED
23 FACTORS ARE.

24 AND WHEN I LOOK AT THE LITERATURE AT THE
25 MOMENT, A LOT OF THE WORK ON MSC'S, THE MESENCHYMAL

BARRISTERS' REPORTING SERVICE

1 STEM CELLS, THEY'RE ONLY PRESENT VERY BRIEFLY IN THE
2 BODY, BUT THEY HAVE QUITE IMPRESSIVE EFFECTS ON ALL
3 SORTS OF DIFFERENT FUNCTIONS, GRAFT VERSUS HOST
4 DISEASE, ON HEART FUNCTION, AND SO ON. SO THEY'RE
5 LEAVING SOMETHING BEHIND AS THEY DISAPPEAR, SOME
6 SORT OF SECRETED FACTOR OR SOME EFFECT. WE DON'T
7 REALLY KNOW WHAT THAT IS, AND THERE'S A LOSS OF
8 MECHANISM, AND KNOWING WHAT THAT IS IS PUZZLING, BUT
9 WE NEED TO UNDERSTAND THAT.

10 AND IF YOU REMEMBER DR. MARBAN'S TALK TO
11 US JUST A FEW MONTHS AGO, HE AGAIN USED HEART MUSCLE
12 CELLS, BUT WERE ONLY THERE VERY BRIEFLY, TWO WEEKS,
13 AND GONE, YET THE PATIENTS WERE RESPONDING UP TO SIX
14 AND 12 MONTHS. HOW DOES THIS WORK? WHAT'S
15 HAPPENING HERE? SO THERE'S A LOT OF SCIENCE DOWN
16 HERE THAT'S BENEATH US THAT WE NEED TO DRILL INTO.
17 SO I'M DRAWING YOUR ATTENTION TO THIS BECAUSE IF WE
18 DON'T UNDERSTAND THE MECHANISMS OF WHAT WE'RE
19 WORKING WITH, WE WON'T BE ABLE TO PREDICT THE
20 OUTCOMES. I'M SURE OF THAT. SO BETTER WE
21 UNDERSTAND THE MECHANISMS AND THE IMPORTANCE OF THE
22 BASIC BIOLOGY TO UNDERSTAND THESE MECHANISMS BETTER.

23 ANOTHER PAPER, AND I DIDN'T CHOOSE THIS IN
24 ANY PARTICULAR WAY, ONLY BECAUSE I THOUGHT ALL THESE
25 PAPERS WERE TERRIFIC. I LOVE THEM. THIS IS A PAPER

BARRISTERS' REPORTING SERVICE

1 FROM DR. HE WHO'S ACTUALLY MOVING TO BERKELEY. AND
2 IT'S A BEAUTIFUL PIECE OF WORK. IT'S, AGAIN,
3 PUBLISHED IN *NATURE* IN DECEMBER. IT LOOKS AT NEURAL
4 REPAIR IN THE CENTRAL NERVOUS SYSTEM. AND NEURAL
5 REPAIR IS INCREDIBLY HANDICAPPED BY THE DISTANCE THE
6 AXONS HAVE GOT TO GO. SO IF YOU EVEN THINK ABOUT
7 THE SPINAL COLUMN, YOU GOT TO GET A NEURON WITH AN
8 AXON THAT GOES AN ENORMOUS DISTANCE. IT'S GOT TO GO
9 FROM THE BRAIN RIGHT DOWN TO THE BASE OF THE SPINAL
10 COLUMN IN SOME CASES.

11 NOW, EVEN IF YOU ARE TRACKING INTO SMALL
12 DISTANCES INSIDE THE CENTRAL NERVOUS SYSTEM FOR
13 CELL, IT'S AN ENORMOUS DISTANCE TO GO EVEN A FEW
14 MICRONS. BUT IF YOU'RE ASKING IT TO GO CENTIMETERS
15 OR EVEN FURTHER, THAT'S A HUGE HANDICAP FOR
16 REGENERATION. SO THEY KNOW THAT THEY'VE BEEN
17 WORKING ON A RANGE OF DIFFERENT FACTORS, FACTORS
18 LIKE PTEN, MTOR, RAPAMYCIN, SOCS3. AND THESE HAVE
19 BEEN USED TO GET OPTIC NERVE REGENERATION. BUT WE
20 KNOW THAT EVEN IN THAT SITUATION, THESE NERVES ONLY
21 RESPOND WITHIN THE FIRST TWO WEEKS AFTER INJURY.
22 AFTER THAT THERE'S NO RESPONSE.

23 SO WHAT THEY SHOWED IN THIS PAPER WAS THAT
24 IF YOU SIMULTANEOUSLY DELETE TWO OF THOSE, PTEN AND
25 SOCS3, IT RESULTS IN ROBUST, REALLY ROBUST AND

BARRISTERS' REPORTING SERVICE

1 SUSTAINED LONG DISTANCE AXON REGENERATION. SO THIS
2 IS A VERY IMPORTANT FINDING, AND IT'S A COMBINATION
3 OF THE TWO. YOU WOULDN'T HAVE PREDICTED IT BECAUSE
4 THESE TWO WORK ON TOTALLY DIFFERENT PATHWAYS. SO
5 WHY SHOULD TWO PATHWAYS INTERACT TO GIVE SUCH A
6 BENEFIT?

7 WELL, I THINK, AGAIN, WE NEED TO
8 UNDERSTAND BETTER THESE PATHWAYS AND HOW THEY
9 INTERACT WITH ONE ANOTHER BECAUSE THEY APPEAR IN
10 MANY PUBLICATIONS TO BE TOTALLY DIFFERENT, THEY'RE
11 NOT INTERACTING, BUT THEY MUST BE IN ORDER TO DO
12 THIS. SO THESE OBSERVATIONS, I THINK, ARE
13 CLINICALLY CRITICAL FOR NEURON REGENERATION AFTER
14 INJURY. AND I THINK IT WILL TRANSLATE QUITE
15 RAPIDLY, I THINK, TO WORK WHICH WILL END UP IN THE
16 CLINIC.

17 SO THERE WERE THREE PAPERS THAT IMPRESSED
18 ME, AND JUST TURNS OUT ONE OF THOSE PEOPLE IS ONE OF
19 OUR LEADERSHIP AWARDEES THAT WE JUST RECENTLY MADE.

20 I WANTED TO UPDATE YOU ON GERON. GERON
21 WAS LOANED 25 MILLION FROM CIRM WITH A ONE-TO-ONE
22 MATCHING FOR A PROJECT FOR PHASE I CLINICAL TRIALS
23 FOR DIFFERENT COHORTS AND RELATED ACTIVITIES FOR THE
24 TREATMENT OF SPINAL CORD INJURY. THEY'VE BEEN A
25 PIONEER IN HUMAN EMBRYONIC STEM CELL SCIENCE, AND

BARRISTERS' REPORTING SERVICE

1 ITS ENTERING INTO THE CLINIC REPRESENTED A
2 CONSIDERABLE INVESTMENT IN TERMS OF YEARS IN
3 FUNDING. AND I THINK THE KIND OF QUANTUM OF FUNDING
4 THAT WAS INVESTED IN THIS COMPANY BROADLY IS AROUND
5 800 MILLION, SO IT'S A PRETTY BIG INVESTMENT.

6 WELL, NOVEMBER THE 14TH THEY ANNOUNCED
7 THAT FOR BUSINESS REASONS IT WAS DISCONTINUING
8 FURTHER DEVELOPMENT OF ALL ITS STEM CELL PROGRAMS
9 AND WAS SEEKING PARTNERS. I NOTICED JUST A COUPLE
10 OF DAYS AGO THAT THEY'VE HANDED THIS ON TO ANOTHER
11 COMPANY TO SELL THEIR INTEREST DOWN IN THIS PROJECT.
12 I THINK IT'S UNFORTUNATE, EXTREMELY UNFORTUNATE, AND
13 IT'S A BIT OF A PITY NOW THAT IT'S NOW GOING TO A
14 THIRD PARTY TO SELL OUT THE PRODUCT. I HAD A
15 REASONABLE RELATIONSHIP WITH THE COMPANY, AND I WAS
16 HOPING IT WOULD BE PASSED ON TO ANOTHER ENTITY, AND
17 WE'VE BEEN WORKING TOWARDS THAT END, BUT THEY'VE
18 DECIDED NOW TO DISTANCE THEMSELVES AND GIVE IT TO A
19 THIRD PARTY TO SELL OUT THEIR INTEREST IN THIS.

20 MS. LANSING: THIS HAS BEEN SUCH A
21 TRAGEDY. WE JUST KEEP READING ARTICLES NO MATTER
22 WHERE YOU GO. THERE WAS A VERY MOVING ARTICLE IN
23 THE CHICAGO PAPERS I JUST HAPPENED TO READ ABOUT A
24 PATIENT. I JUST WANT -- MAYBE I MISSED IT IN YOUR
25 OPENING REMARKS, AND I APOLOGIZE MY PLANE WAS

BARRISTERS' REPORTING SERVICE

1 DELAYED, BUT IF I'M ASKING A QUESTION THAT'S
2 REDUNDANT. CAN YOU JUST GIVE ME IDEA? IS THERE ANY
3 OTHER COMPANY THAT MIGHT BE INTERESTED IN DOING
4 THIS? IS THERE ANYTHING THAT WE AS BOARD MEMBERS
5 CAN DO TO HELP IN THIS WAY? CAN WE REACH OUT TO
6 SOMEBODY?

7 I JUST THINK THIS IS ONE OF THE -- I
8 UNDERSTAND BUSINESS. I UNDERSTAND WHAT GERON DID.
9 THIS IS NOT A REFLECTION ON THEIR BELIEF IN THE
10 IMPORTANCE OF STEM CELLS. IT'S A PURELY ECONOMIC
11 DECISION FROM WHAT I CAN READ. BUT IS THERE
12 ANYTHING THAT WE CAN DO TO HELP YOU IN REACHING OUT,
13 AND WHO SHOULD WE CALL, AND WHAT SHOULD WE DO? I
14 DON'T WANT TO ACCEPT THIS FACT, I GUESS, IS THE
15 BOTTOM LINE.

16 DR. TROUNSON: THERE WERE FOUR ENTITIES
17 INTERESTED IN TAKING OVER THIS PARTICULAR PROJECT.
18 I KNOW THAT THERE'S TWO ENTITIES INTERESTED, AND I
19 WAS VERY HOPEFUL THAT THOSE DISCUSSIONS WOULD
20 ACTUALLY RESULT IN A TRANSFER OF THE PROJECT TO
21 THESE NEW ENTITIES, ONE OF THESE NEW ENTITIES.

22 I'M LESS CERTAIN AFTER I READ WHAT WAS IN
23 THE NEWSPAPER. AND UNFORTUNATELY MY INTERACTIONS
24 WITH THE GROUP HAS KIND OF COOLED DOWN. SO I DON'T
25 HAVE THE KIND OF ACCESS THAT I USED TO. MAYBE

BARRISTERS' REPORTING SERVICE

1 SOMEONE ELSE DOES. MAYBE SOMEONE ON THE BOARD DOES.
2 IT'S KIND OF A NEW MANAGEMENT GROUP THERE. SO IT
3 MIGHT BE MORE DIFFICULT TO DO THAT, BUT IT SEEMS
4 LIKE -- WE WERE VERY HOPEFUL IN THE FIRST PLACE, AND
5 I THOUGHT THE MESSAGING THAT I WAS GETTING WAS VERY
6 STRONGLY POSITIVE. AND MAYBE IT WILL BE
7 TRANSFERRED. MAYBE THAT'S STILL GOING TO HAPPEN AND
8 I HOPE SO.

9 AND I ASKED THE GENERAL COUNSEL TO PREPARE
10 A DOCUMENT SAYING WHAT WERE THE MINIMUM REQUIREMENTS
11 FOR US TO CONTINUE THE LOAN AND SO FORTH SO THAT
12 WHOEVER WAS INTERESTED IN THAT AREA WOULD BE ABLE TO
13 KNOW EXACTLY FOR THEIR INVESTORS AND THEIR BACKERS
14 WHAT THE CONDITIONS WERE FOR THE LOAN.

15 SO WE PREPARED THE ENVIRONMENT, I THOUGHT,
16 PRETTY WELL. I HAVE TO SAY RIGHT AT THE MOMENT I
17 SUDDENLY FEEL RATHER DISTANCED FROM IT.

18 MS. LANDING: MY QUESTIONS ARE REALLY
19 SPECIFIC. I DON'T THINK THERE'S ANYTHING QUITE AT
20 THE MOMENT THAT'S MORE PRESSING OR MORE IMPORTANT TO
21 US THAN THIS BECAUSE THIS WAS OUR CLINICAL TRIALS.
22 THIS WAS REALLY SO MUCH ABOUT OUR MISSION AND
23 PROVING THAT IT WORKS. SO I GUESS WHAT I WOULD LIKE
24 TO ASK, AND YOU DON'T HAVE TO ANSWER IT NOW, AND
25 MAYBE WE CAN HAVE A PRESENTATION OR SOMETHING, HOW

BARRISTERS' REPORTING SERVICE

1 MUCH DOLLARS ARE INVOLVED, DO YOU KNOW, IN WHAT THEY
2 NEED? MAYBE THERE'S SOMETHING THAT WE CAN DO TO
3 HELP? WHAT ARE THE OTHER COMPANIES? BECAUSE THIS
4 IS SOMETHING WHERE PATIENT ADVOCATES CAN MOBILIZE
5 AND REALLY DRAW ATTENTION TO THIS.

6 AND WHAT CAN WE DO? I REALLY THINK AS
7 ADVOCATES, I SPEAK TO THE ADVOCATES, BUT REALLY I
8 SPEAK TO ALL OF US BECAUSE WE'RE ALL ADVOCATES.
9 WHAT DO TO GET THIS TRIAL BACK ON TRACK WITH GERON
10 OR WITHOUT GERON?

11 DR. TROUNSON: MAYBE WE SHOULD TAKE THIS
12 OFFLINE AND HAVE SOME MORE DISCUSSIONS OFFLINE
13 BECAUSE MAYBE GIVEN THIS JUST A FEW DAYS AGO, WE
14 SEEM SUDDENLY DISTANCED FROM IT. SEE IF WE CAN GET
15 BACK A LITTLE BIT CLOSER TO WHETHER THEY'RE LOOKING
16 FOR MAXIMIZING THEIR RETURN OR WHETHER THEY'RE
17 REALLY TRYING TO REALLY HELP WITH US CONTINUING THE
18 PROJECT. I THINK THOSE QUESTIONS WE NEED TO DRILL
19 INTO AND SEE IF WE CAN FIND OUT.

20 MS. LANSING: HOW MANY PEOPLE WERE IN THE
21 TRIALS?

22 DR. TROUNSON: THERE WERE FIVE PATIENTS
23 THAT WERE TREATED.

24 MR. LANSING: SO HOW MUCH DOES THAT COST?

25 DR. TROUNSON: I THINK THEY HAD A MINIMUM

BARRISTERS' REPORTING SERVICE

1 OF NINE PATIENTS FOR THE FIRST PHASE I STUDY. SO IT
2 WAS NOT FAR OFF BEING DONE, AT LEAST HALFWAY ANYWAY.

3 DR. BRYANT: THEY'RE GOING TO KEEP THE
4 FIVE MONITORED. THEY'VE COMMITTED TO FOLLOWING
5 THOSE FIVE FOR WHATEVER IT WAS THEY PROMISED IN THE
6 FIRST PLACE. SO THEY'RE NOT CUTTING OFF THE ONES
7 THAT HAVE BEEN, JUST NO NEW ONES.

8 DR. TROUNSON: THEY ARE REQUIRED TO DO
9 THAT.

10 MS. LANSING: I WOULD PERSONALLY
11 APPRECIATE AN OFFLINE THING, AND THEN WE COULD THINK
12 CREATIVELY ABOUT WHAT WE AS A BOARD CAN DO TO MOVE
13 THIS FORWARD.

14 DR. TROUNSON: SO I GUESS SOME OF THE --
15 THESE TO ME ARE NOT SUCH IMPORTANT DETAILS, BUT OUR
16 LOAN WAS PAID BACK WITH INTEREST AND THE WARRANTS
17 DELIVERED TO CIRM AS REQUIRED UNDER THE LOAN
18 AGREEMENT. THAT HAPPENED.

19 SO WHAT WE'RE DOING AT THE MOMENT IS
20 REMAINING OPEN TO THOSE ENTITIES THAT ARE CONTINUING
21 THEIR INTEREST. AND WE'RE TRYING TO HELP THOSE
22 ENTITIES MOVE FORWARD IN THEIR DESIRE TO TAKE UP THE
23 PROJECT. AND THAT'S REALLY THE EXTENT, I THINK,
24 THAT I CAN TALK ABOUT THAT STUDY. BUT I THINK YOU
25 RECOGNIZE, SHERRY, VERY IMPORTANT SUBJECT.

BARRISTERS' REPORTING SERVICE

1 AND OVERALL I'D SAY THIS HAS A VERY STRONG
2 NEGATIVE INFLUENCE INTERNATIONALLY ACTUALLY, THE
3 LOSS OF THIS PARTICULAR PROJECT. AND SO IT WOULD BE
4 VERY GOOD TO GET BACK TO THIS PROJECT OR ANOTHER
5 PROJECT WHICH IS MAKING GROUNDS IN THE CLINICAL
6 AREA, AND THAT'S REALLY IMPORTANT FOR US, WHICH WE
7 SHALL BE PURSUING WITH VIGOR.

8 UPCOMING RFA'S, CREATIVITY AWARDS, THE
9 GRANTS WORKING GROUP WILL REVIEW THOSE APPLICATIONS
10 IN FEBRUARY. EARLY TRANSLATIONAL III, THE GRANTS
11 WORKING GROUP WILL REVIEW THOSE APPLICATIONS IN
12 MARCH. DISEASE TEAM THERAPY DEVELOPMENT, PART 2,
13 THE RESEARCH AWARD, GRANTS WORKING GROUP REVIEW OF
14 APPLICATIONS WILL BE IN APRIL. AND THERE HAVE BEEN
15 A COUPLE OF THE TEAMS DROP OUT AS SOMETIMES THEY DO.
16 WE'VE BEEN ADVISED THAT THEY WON'T BE CONTINUING
17 THEIR INTEREST IN GOING FORWARD. BUT THERE STILL
18 REMAINS, I THINK, 23 PROPOSALS OR 25 PROPOSALS
19 COMING FORWARD, AS FAR AS I KNOW.

20 BASIC BIOLOGY IV, GRANTS WORKING GROUP
21 REVIEW OF APPLICATIONS WILL BE IN JUNE. JUST GIVE
22 YOU A BIT OF AN IDEA MOVING FORWARD.

23 NEW FACULTY PHYSICIAN SCIENTIST
24 TRANSLATIONAL RESEARCH AWARD, WE'RE GOING TO POST
25 THAT RFA IN APRIL. SO WE EXPECT A LOT OF INTEREST

BARRISTERS' REPORTING SERVICE

1 FROM THESE PH.D. PHYSICIANS WHO WILL BE STRONG, WE
2 HOPE, IN THE TRANSLATIONAL AREA, BUT ALSO HAVE
3 STRONG INTEREST IN THE BASIC SCIENCE. BUT WE'RE
4 LOOKING TO SEE THESE PEOPLE DRAW OUR INTEREST
5 THROUGH THAT CLINICAL PIPELINE OR AREA.

6 THE IPS CELL INITIATIVE WILL BE POSTED IN
7 MAY, THE RFA. AND THE GENOMICS CONCEPT PROPOSAL
8 WILL BE PRESENTED TO YOU AT THIS MEETING.

9 JUST A QUICK WORD ON THE COLLABORATIVE
10 FUNDING PARTNER PROGRAM. WE HAVE 18 PARTICIPANTS.
11 WE RECENTLY ADDED ARGENTINA AND BRAZIL, JUST
12 FIGURING OUT HOW TO DO THEIR PART OF THE SIGNATURE.
13 SO IT'S ABOUT COMPLETE. SO THE TWO SOUTH AMERICAN
14 COUNTRIES, THE STRONGEST IN SOUTH AMERICA, HAVE
15 JOINED WITH US AS COLLABORATIVE FUNDING PARTNERS.

16 AND THERE'S NOW SOME ADDITIONAL INTEREST
17 WHICH HAS REALLY BEEN HELPED BY MATT PLUNKETT GOING
18 BACK TO SOME OF THE FOUNDATIONS AND EXPLORING THEIR
19 INTEREST IN WORKING WITH US. THESE ARE THE DISEASE
20 FOUNDATIONS. I THINK THAT'S A GOOD STRONG MOVE. WE
21 HAD DISCUSSED WITH THEM IN THE PAST. THERE HADN'T
22 BEEN A STRONG INTEREST EXCEPT FROM THE JUNIOR
23 DIABETES RESEARCH FOUNDATION, BUT I THINK THERE'S
24 MORE INTEREST, IT WOULD BE FAIR TO SAY, MATT, FROM
25 THE FOUNDATIONS AT THE MOMENT.

BARRISTERS' REPORTING SERVICE

1 SO IT WOULD BE HELPFUL TO HAVE THEM WORK
2 WITH US FROM TIME TO TIME ON THE PROJECTS, AND SO WE
3 WILL CONTINUE TO ENCOURAGE THAT.

4 DR. LUBIN: AT THAT ALLIANCE FOR STEM CELL
5 MEETING THAT WAS HERE IN SAN DIEGO, A COMMENT WAS
6 MADE THAT THERE ARE MORE STEM CELL COMPANIES IN
7 ISRAEL THAN ANYWHERE ELSE IN THE WORLD. WAS THAT
8 TRUE?

9 DR. TROUNSON: WELL, I DON'T KNOW ABOUT
10 THE ACTUAL NUMBER, BERT, BUT THERE'S CERTAINLY
11 STRONG INTEREST IN ISRAEL FROM COMPANIES AND FROM
12 THE ACADEMIC SECTOR. THE PRIMARY PROBLEM WE HAVE
13 WITH ISRAEL IS THE ONLY AGREEMENT WE CAN GET AT THE
14 PRESENT TIME IS DIRECTLY WITH THE COMMERCIAL SECTOR.
15 SO THIS IS THE FUNDING FROM THE COMMERCIAL SECTOR.
16 THE PROBLEM FOR US, AND YOU WILL RECOGNIZE THAT, IS
17 THAT IF WE'RE ONLY GOING TO DO IT WITH COMPANIES IN
18 ISRAEL CONNECTED TO ACADEMICS IN CALIFORNIA, THIS IS
19 NOT THE BEST FIT.

20 SO AT THE MOMENT J.T. AND COLLEAGUES ARE
21 LOOKING AT WHETHER THERE'S ANOTHER WAY OF RAISING A
22 FUND THAT COULD INCLUDE THE ACADEMICS. I THINK IF
23 WE CAN SAY THAT IT'S INCLUSIVE, THEN IT'S FINE. I
24 THINK IF IT'S EXCLUSIVE OR VIA COMPANIES, THERE'S A
25 BIT OF A PR PROBLEM AT THE VERY LEAST, THAT THE IP

BARRISTERS' REPORTING SERVICE

1 TRANSITION TO ISRAEL INSTEAD OF TO CALIFORNIA. SO
2 WE'RE WORKING ON THAT, IT WOULD BE FAIR TO SAY.

3 CHAIRMAN THOMAS: YES. WE HAVE SOME
4 DIFFERENT THOUGHTS ON HOW TO PUT TOGETHER SOME SORT
5 OF CONSTRUCT THAT WOULD ALLOW US TO FUND EXACTLY
6 WHAT WE NEED. IT'S GOING TO TAKE A LITTLE BIT OF
7 TIME, BUT IT'S A VERY HIGH PRIORITY.

8 WE SAT AT THE TERRIFIC CONFERENCE AT CITY
9 OF HOPE AT WHICH A NUMBER OF THE ISRAELI STEM CELL
10 SCIENTISTS PRESENTED. THERE'S A GREAT DEAL OF WORK
11 BEING DONE OVER THERE, AND IT BEHOOVES US TO FIGURE
12 OUT SOME WAY TO GET A MORE FORMALIZED RELATIONSHIP.
13 SO WE ARE DEFINITELY WORKING ON THAT. IT'S A
14 FRONT-BURNER ISSUE. THANK YOU FOR BRINGING THAT UP.

15 DR. TROUNSON: THE OTHER, OF COURSE,
16 STAND-OUT IS IN CANADA. WE HAVE ARRANGEMENTS WITH
17 CANADA IN THE AREA OF CANCER STEM CELLS, BUT NOT THE
18 REST. SO THIS ALSO HAS BEEN A BIT OF A STONE IN MY
19 SHOE, THAT WE CAN'T GET AGREEMENT TO INCLUDE THE
20 REST, BUT WE'RE WORKING ON IT AND WE CONTINUE TO
21 WORK ON IT AT THIS STAGE, BUT WE HAVEN'T GOT --
22 THERE'S NO PROPOSAL IN PLACE, BUT WE CONTINUE TO DO
23 THAT.

24 SWEDEN OFFERS US ALSO SOME REAL INTEREST
25 IN THE AREA OF NEURODEGENERATION AND DIABETES, BUT

BARRISTERS' REPORTING SERVICE

1 FOR SOME REASON I CAN'T CONSUMMATE THAT
2 RELATIONSHIP, BUT I KEEP TRYING. I'VE BEEN THERE
3 SEVERAL TIMES. I HAVE EXTREMELY STRONG POSITIVE
4 RESPONSES WHEN I'M THERE AND VERY LITTLE SINCE I'VE
5 LEFT DESPITE MANY, MANY ATTEMPTS TO DO THAT.

6 BUT NEVERTHELESS THIS IS ONE OF THE
7 STRONGEST NETWORKS ACROSS MEDICINE IN THE WORLD.
8 AND IT'S VERY FUNCTIONAL. IT'S WORKING REALLY WELL.
9 AND IT WOULD BE NICE TO ADD SOME OF THESE OTHER
10 COMPONENTS TO IT. IT DOES INCLUDE CONNECTICUT, YOU
11 WILL NOTICE THERE. THEY'RE SO KEEN, THEY'RE WILLING
12 TO CHANGE TO ADD SOME LEGISLATION TO ENABLE US TO
13 WORK TOGETHER, AND WE EXPECT THAT TO HAPPEN
14 ACTUALLY. AND SO I FEEL THIS WOULD ENABLE US TO,
15 FOR EXAMPLE, CONNECT WITH THE YALE UNIVERSITY WHERE
16 WE'VE GOT SOME VERY STRONG COLLABORATIVE INTEREST.

17 SO THERE'S SOME VERY POSITIVE AND SOME A
18 LITTLE DIFFICULT, SO WE'VE WORKED THIS SPACE PRETTY
19 WELL, AND THAT'S WHERE WE ARE AT THE PRESENT TIME.

20 REALLY I THINK IT'S A GOOD VALUE
21 PROPOSITION FOR US. THE JOINT FUNDING NOW IS BEYOND
22 60 MILLION AND GROWING, AND THERE'S SOME UNIQUE
23 CONNECTIONS AND VERY STRONG POLITICAL REASONS THERE.
24 YOU WILL NOTICE IN SOME OF THESE COUNTRIES THAT WE
25 NETWORK WITH A CHANGE IN THE MEDICAL TOURISM ISSUES

BARRISTERS' REPORTING SERVICE

1 IN GERMANY AND IN CHINA PARTICULARLY HAVE CHANGED
2 AND MAY HAVE SOMETHING TO DO WITH OUR RELATIONSHIP
3 IN THE POINTS THAT WE'VE MADE FAIRLY FIRMLY AT THE
4 NEGOTIATING TABLE WITH THOSE COUNTRIES. I'LL
5 CONTINUE TO PUT THAT CASE, FOR EXAMPLE, WITH
6 COLLEAGUES, MEMBERS OF GOVERNMENT IN SOUTH AMERICA
7 AND OTHER PLACES, TO ENSURE THAT THAT IS MINIMIZED.
8 AND IT MIGHT BE OF INTEREST TO YOU THAT CALIFORNIA
9 STATE ATTORNEY GENERAL IS INTERESTED IN DOING
10 SOMETHING ABOUT MEDICAL TOURISM THAT IS EVOLVING OUT
11 OF CALIFORNIA, WHICH I THINK IS PARTICULARLY
12 INTERESTING TO THIS GROUP.

13 SO WE HAD A PARKINSON'S DISEASE
14 ROUNDTABLE. WHY? IN SEPTEMBER WE CREATED AN MOU
15 WITH THE NATIONAL INSTITUTE OF HEALTH AND IDENTIFIED
16 PARKINSON'S DISEASE AS THE AREA MOST WELL-SUITED FOR
17 IMMEDIATE CO-DEVELOPMENT. SO WE HAD GRANTEES FROM
18 CIRM AND FROM NIH RESEARCHERS, PROGRAM DIRECTORS OF
19 NIH, CORE RESOURCES ALL MET. THE NIH WERE ON THE
20 TELEPHONE AND THE CIRM PEOPLE GATHERED TOGETHER AT
21 HEADQUARTERS IN SAN FRANCISCO AS A KICKOFF
22 DISCUSSION TO EXPLORE COLLABORATIVE OPPORTUNITIES.
23 LOOKED AT IDENTIFYING OVERLAPPING INTEREST, TAKING
24 ADVANTAGE OF AVAILABLE RESOURCES IN BOTH PLACES, AND
25 HARMONIZING MATERIAL TRANSFER AGREEMENTS AND IC'S

BARRISTERS' REPORTING SERVICE

1 WERE ALL ON THE AGENDA. AND THERE ARE THINGS
2 EVOLVING OUT OF THAT DISCUSSION WHERE THE
3 PARTNERSHIPS WILL BE IN PLACE.

4 SO THERE ARE PRELIMINARY IDENTIFICATIONS
5 OF AREAS OF JOINT WORK. THERE'S MECHANISMS TO REACH
6 OUT AND FUND THIS RESEARCH THAT IS SET INTO PLACE
7 FROM BOTH SIDES NOW WITH OUR OPPORTUNITY FUND, BUT
8 ALSO THE NIH HAS IDENTIFIED WAYS TO DO THAT,
9 IDENTIFYING AREAS WHERE RESEARCHERS ARE INTERESTED
10 IN COLLABORATING, AND THAT'S CRITICAL. SOME OF
11 THESE PEOPLE HAVE ACTUALLY COLLABORATED IN THE PAST
12 OR CURRENTLY COLLABORATING AND THIS WILL ENHANCE
13 THAT. AND WE'VE SET UP THE FOLLOWING MEETINGS.

14 DR. MAHENDRA RAO, WHO'S THE NEW DIRECTOR
15 FOR NIH'S HIV INTRAMURAL CENTER FOR REGENERATIVE
16 MEDICINE, IS MEETING WITH US ON JANUARY 25TH, AND A
17 CIRM-NIH SESSION IS GOING TO HAPPEN AT THE STEM CELL
18 RESEARCH AND AGING MEETING AT THE BUCK INSTITUTE IN
19 MARCH, MARCH THE 1ST OR THE 11TH.

20 WE JUST HAD A TISSUE ENGINEERING WORKSHOP
21 LAST WEEK, TWO DAYS, LOOKING AT ENGINEERING
22 STRATEGY, OPPORTUNITIES, AND CHALLENGES FOR TISSUE
23 REPAIR AND REGENERATION. IT WAS REALLY THERE MEANT
24 TO UNCOVER OPPORTUNITIES FOR CIRM IN TISSUE
25 ENGINEERING THROUGH A SERIES OF SCIENTIFIC TALKS

BARRISTERS' REPORTING SERVICE

1 FROM OUR COLLEAGUES HERE IN CALIFORNIA, BUT FROM ALL
2 AROUND THE WORLD. SO WE HAD INTERNATIONALLY RENOWN
3 LEADERS OF THE FIELD THERE. WE HAD MOST OF THE
4 MAJOR LEADERS IN TISSUE ENGINEERING THERE. I THINK
5 EVERYONE EXCEPT ONE PERSON RESPONDED TO OUR
6 INVITATION TO ATTEND.

7 THE MEETING ISOLATED KEY TECHNOLOGY TRENDS
8 IN THE FIELD, LOOKED AT THE REAL TRANSLATIONAL
9 BOTTLENECKS FOR TISSUE ENGINEERING PRODUCTS, AND
10 THEY ARE SUBSTANTIAL. THEY WERE CONSIDERED AND
11 THERE WERE SOME RECOMMENDATIONS ABOUT HOW WE SHOULD
12 PROCEED THERE. AND I THOUGHT IT WAS AN EXTREMELY
13 PRODUCTIVE AND LIVELY DISCUSSION OF ALL MATTERS. SO
14 I'M ACTUALLY QUITE IMPRESSED WITH WHAT CALIFORNIA IS
15 DOING, BUT WE THINK IDENTIFIED WAYS IN WHICH WE
16 COULD ENHANCE THAT CONSIDERABLY. SO I THINK IT WAS
17 AN EXCELLENT WORKSHOP. IT'S BEING WRITTEN UP, AND
18 IT WILL BE AVAILABLE TO EVERYBODY IN THE NEXT MONTH
19 OR TWO.

20 THE JP MORGAN MEETING, AS THE CHAIR SPOKE
21 ABOUT, THERE WAS CLEAR INTEREST FROM LARGE BIOTECH
22 AND PHARMA IN REGENERATIVE MEDICINE GENERALLY AND IN
23 PARTICULAR ON OUR STRATEGIC PARTNERING INITIATIVE.
24 AND I THINK WE'RE GOING TO BE OVERWHELMED WITH SOME
25 VERY INTERESTING PROPOSALS. OVERWHELMED, I THINK

BARRISTERS' REPORTING SERVICE

1 WE'RE GOING TO OVERWHELM THE 30 MILLION THAT WE HAD
2 HAD IN PLACE THERE BECAUSE IT WAS VERY CLEAR TO ME
3 THAT THERE WAS A SUBSTANTIAL INTEREST AND PERHAPS
4 EVEN MORE INTEREST THAN WE MIGHT HAVE PREDICTED.

5 THE REGULATORY CONCERNS AND PATH TO
6 MARKET, THAT'S THE TOP OF THE LIST FOR INVESTORS.
7 INVESTORS ARE REALLY NOT IN THIS FIELD YET, NOT IN
8 ANY REALLY SIGNIFICANT WAY. SO IT IS VERY IMPORTANT
9 THAT WE REMAIN IN THIS SO-CALLED VALLEY OF DEATH TO
10 HELP THESE COMPANIES. BUT WE HEARD LOTS OF REASONS
11 WHY THESE COMPANIES ARE HAVING PROBLEMS. IN THIS
12 FIELD SOME OF THESE COMPANIES HAVE LOST UP TO 95
13 PERCENT OF THEIR VALUE IN THE LAST 12 MONTHS.
14 COMPANIES HAVE LOST 95 PERCENT OF THEIR VALUE AND
15 STILL JUST STRUGGLE ALONG. MICHAEL GOLDBERG HAS TO
16 EXPLAIN HOW THIS WORKS FOR ME. EVEN THE BEST
17 COMPANIES HAVE LOST 30 PERCENT. I WOULD HAVE
18 THOUGHT 30 PERCENT IS A HUGE SLUG.

19 NOW, THESE ARE THE COMPANIES WE'RE DEALING
20 WITH. THEY REALLY ARE STRUGGLING. AND I THINK IT'S
21 MUCH BIGGER THAN WHAT WE CAN SINGLY ADDRESS, THAT'S
22 FOR CERTAIN. THESE ARE COMPANIES, THERE ARE GOING
23 TO BE MORE DECISIONS LIKE THE GERON DECISION
24 UNFORTUNATELY RIGHT ACROSS THIS SPACE. I CAN'T SEE
25 ANY OTHER WAY OUT OF IT. THEY HAVE TO FOCUS, THEY

BARRISTERS' REPORTING SERVICE

1 HAVE TO FIND WAYS OF GETTING FINANCE, AND THEY HAVE
2 TO GET PRODUCTS MUCH CLOSER TO THE MARKETPLACE.
3 IT'S REALLY A TOUGH PLACE TO BE IN AT THE MOMENT.
4 IT WAS KIND OF SCARY AT TIMES JUST TO LISTEN TO SOME
5 OF THE STORIES. YET THERE'S SOME VERY STRONG
6 POSITIVES OUT THERE.

7 COMPANIES LIKE MESOBLAST WITH \$2.4 BILLION
8 MARKET CAP, STILL NOT A PRODUCT, BUT THEY'VE GOT A
9 MARKET CAP OF \$2.4 BILLION. IT'S INCREDIBLE. SO
10 THERE ARE SUCCESSES IN THE SPACE, BUT THERE'S ALSO
11 SOME REALLY LEAN AND DIFFICULT TIMES.

12 MR. GOLDBERG: AS MUCH AS VENTURE
13 CAPITALISTS DON'T LIKE TO ACKNOWLEDGE IT, THEY ARE
14 DEALING WITH CAPITAL. AND CAPITAL DESPISES
15 UNCERTAINTY. AND THE LEVEL OF UNCERTAINTY IN THE
16 U.S. HEALTHCARE SYSTEM TODAY IS AT THE HIGHEST
17 LEVELS IT'S BEEN IN RECENT MEMORY.

18 UNTIL THAT BEGINS TO RECEDE, I DON'T THINK
19 INVESTORS ARE PARTICULARLY INTERESTED IN TAKING ON
20 THE LEVELS OF BOTH REGULATORY AND HEALTH POLICY RISK
21 WHICH ENCOMPASSES REGENERATIVE MEDICINE.

22 DR. TROUNSON: SO IT'S SALUTARY, BUT I
23 THINK I SHOULD REPORT THOSE THINGS. IF YOU'RE NOT
24 WALKING AROUND IN THOSE CORRIDORS, YOU NEED TO SORT
25 OF UNDERSTAND THE FEELINGS WE GET WHEN WE DO. AND

BARRISTERS' REPORTING SERVICE

1 SO IT'S SALUTARY, BUT NEVERTHELESS THERE IS SOME
2 INCREDIBLY INTERESTING STORIES OF SUCCESS. SO WE
3 OUGHT TO LOOK TO WHERE THEY ARE AND SEE WHERE WE CAN
4 MODIFY THAT.

5 SO I THINK WE MADE PRESENTATIONS. WE HAD
6 TREMENDOUS INTERACTIONS. SOME INTERESTING
7 INTERACTION WITH THE NEW YORK STEM CELL FOUNDATION.
8 SO WE LOOK FORWARD TO A RATHER DIFFERENT
9 RELATIONSHIP MAYBE COMING UP IN THE FUTURE WITH THAT
10 ORGANIZATION. BUT I'D HAVE TO SAY I THOUGHT IT WAS
11 A WONDERFUL MEETING FOR US. I THINK WE GOT A LOT OF
12 POSITIVES FROM IT, IN PARTICULAR SOME OF THESE BIG
13 COMPANIES WANTING TO JOIN IN WITH US, REALLY BIG
14 COMPANIES. THEY'VE GOT A GOOD FINANCIAL STABLE
15 BASE, THESE PARTICULAR COMPANIES. SO THAT LOOKS
16 VERY HEALTHY FOR US. AND I THINK I'D LIKE TO TALK
17 TO OTHERS WHO ARE INTERESTED MORE ABOUT THAT AS WE
18 PROGRESS.

19 SO NOW I'M GOING TO, IF I MAY, TURN IT
20 OVER TO MY COLLEAGUE MATT ON THE FINANCIAL
21 HIGHLIGHTS. AND THEN MAYBE FOLLOWING THAT, THERE'S
22 THE TRANSITION PROGRAM. CHAIR, IF YOU WANT TO DEAL
23 WITH THAT, YOU SHOULD IDENTIFY TO MATT BECAUSE HE
24 CAN FOLLOW ON FROM THIS, IF YOU WISH.

25 CHAIRMAN THOMAS: I THINK WE'RE GOING TO

BARRISTERS' REPORTING SERVICE

1 FOLLOW ON THE STRATEGIC PLAN DISCUSSION, ALAN.

2 DR. PLUNKETT: GOOD MORNING, EVERYONE.

3 THIS IS, I GUESS, MY FIRST TIME HERE PRESENTING THE
4 FINANCIALS TO THE BOARD. SO I HAVE GOTTEN FEEDBACK
5 FROM A NUMBER OF THE BOARD MEMBERS AS TO THE KINDS
6 OF INFORMATION THAT YOU'D LIKE TO RECEIVE TO HELP
7 YOU DO YOUR JOB BETTER. SO ALWAYS EARS FOR MORE
8 FEEDBACK AFTER THE PRESENTATION THIS MORNING.

9 SO THE OPERATING EXPENSES FOR THE FIRST
10 FIVE MONTHS OF THE FISCAL YEAR WERE \$4.85 MILLION.
11 THIS COMPARES TO THE PRIOR PERIOD YEAR OF \$4.34
12 MILLION. THE GRANTS DISBURSEMENT YEAR TO DATE HAS
13 BEEN \$88.8 MILLION. THIS IS NET OF THE REPAYMENT
14 FROM GERON OF THEIR AWARD. THE PRIOR YEAR PERIOD
15 WAS \$84.8 MILLION FOR THE FIRST FIVE MONTHS OF THE
16 YEAR. THE AVAILABLE BOND CASH AT END OF NOVEMBER
17 WAS \$203 MILLION; AND, AGAIN, THIS IS ALSO NET OF
18 THE GERON REPAYMENT.

19 TO GO INTO SOME MORE DETAIL ON THE
20 OPERATING EXPENSE, WHAT I'M SHOWING YOU HERE IS THE
21 PRIOR YEAR PERIOD. FOR THOSE OF YOU THAT AREN'T
22 FAMILIAR WITH GOVERNMENT ACCOUNTING AND ARE REALLY
23 MORE FAMILIAR WITH THE PRIVATE SECTOR WAY OF DOING
24 THINGS, THE CONCEPT OF THE ACCRUAL DOESN'T REALLY
25 EXIST UNTIL FISCAL YEAR-END. SO IT'S REALLY HARD TO

BARRISTERS' REPORTING SERVICE

1 LOOK AT FIVE-TWELFTHS OF A BUDGET NUMBER, FOR
2 EXAMPLE, AND REALLY GET A GOOD IDEA OF WHERE WE ARE
3 VERSUS BUDGET JUST BASED ON THOSE NUMBERS.

4 WHAT I HAVE BEEN ABLE TO DO, THOUGH, AND I
5 HAVEN'T SHOWN YOU ALL THE DETAIL HERE, IS REALLY
6 LOOK THROUGH THE EXPENSES YEAR TO DATE, COMPARE THAT
7 TO OUR BUDGETED ITEMS ON A LINE-BY-LINE BASIS. AND
8 WHAT I CAN SHARE WITH YOU NOW IS WE DON'T HAVE ANY
9 REASON TO BE CONCERNED THAT WE'RE GOING TO BE OVER
10 BUDGET ON EXPENSES FOR THIS FISCAL YEAR.

11 SO JUST FLAG A COUPLE OF THE LARGER
12 VARIANCES FOR YOU AND THE REASONS FOR THEM. THE
13 EMPLOYEE EXPENSES WERE \$3.63 MILLION FOR THE FIRST
14 FIVE MONTHS OF THE YEAR. THIS IS 14 PERCENT HIGHER
15 THAN THE PRIOR YEAR PERIOD. THIS IS REALLY DUE TO
16 AN INCREASE IN FTE'S FROM 46 TO 50 AS WELL AS MERIT
17 ADJUSTMENTS.

18 THE CONTRACTING IS REALLY A LITTLE BIT
19 LOWER THAN THE PRIOR YEAR PERIOD. THIS APPEARS TO
20 BE DUE TO TIMING ISSUES AS MUCH AS ANYTHING. AND
21 THEN ON THE OPPOSITE SIDE OF THE LEDGER, YOU CAN SEE
22 THAT THE EXPENSES FOR SCIENTIFIC MEETINGS FOR THE
23 CURRENT PERIOD WERE SIGNIFICANTLY HIGHER. THIS IS
24 DUE TO THE GRANTEE MEETING WHICH WE HELD IN
25 SEPTEMBER OF 2011 AS WELL AS THE WORLD STEM CELL

BARRISTERS' REPORTING SERVICE

1 CONFERENCE IN PASADENA IN OCTOBER OF THIS PAST YEAR.

2 I'LL JUST PAUSE AND SEE IF THERE'S ANY
3 QUESTIONS.

4 DR. JUELSGAARD: MATT, WITH RESPECT TO THE
5 MERIT INCREASES, WHAT IS THE AVERAGE PERCENTAGE OF
6 INCREASE PER EMPLOYEE?

7 DR. PLUNKETT: IT WAS 3 PERCENT FOR THE
8 PRIOR FISCAL YEAR.

9 DR. JUELSGAARD: THANKS.

10 DR. POMEROY: COMMENTS ON THE TRAVEL.

11 DR. PLUNKETT: SO TRAVEL, I BELIEVE THERE
12 WAS ANOTHER SCIENTIFIC MEETING THAT WE DID ATTEND;
13 THAT IS, THE WORLD STEM CELL CONFERENCE. SO THERE'S
14 A PORTION IN THERE. I DON'T SEE ANY REASON TO THINK
15 THAT WE'RE GOING TO BE OVER BUDGET FOR THE YEAR, AND
16 WE SHOULD BE SIGNIFICANTLY UNDER BUDGET ON THE
17 CALENDAR YEAR BASIS BASED ON THE INFO THAT I HAVE
18 NOW.

19 OKAY. AND THEN THE LAST SLIDE ON THE
20 FINANCIAL PRESENTATION, I THINK EVERYBODY IS AWARE
21 THAT ACCORDING TO THE TERMS OF PROPOSITION 71, THE
22 INSTITUTE DOES HAVE A CAP ON EXPENSES. IT'S 3
23 PERCENT ON GRANTS ADMINISTRATION AS WELL AS 3
24 PERCENT ON GENERAL AND ADMINISTRATIVE, SO \$90
25 MILLION EACH OF THOSE TWO COST ITEMS. ONE CAN PUT

BARRISTERS' REPORTING SERVICE

1 TOGETHER A VIRTUALLY INFINITE SET OF PERMUTATIONS
2 THAT WILL SHOW OVER THE 15-YEAR LIFE OF THE
3 INSTITUTE BUDGET NUMBERS THAT ARE BELOW 90 MILLION
4 OR BUDGET NUMBERS THAT ARE ABOVE 90 MILLION. WHAT
5 I'M SHOWING YOU HERE IS ONE OF THAT VIRTUALLY
6 INFINITE SET OF PERMUTATIONS THAT SOLVES FOR BEING
7 UNDER \$90 MILLION.

8 LET ME JUST TELL YOU WHAT THE ASSUMPTIONS
9 THAT I MADE HERE ARE. THERE'S, AGAIN, ANY NUMBER OF
10 WAYS ONE CAN DO THIS. FOR FISCAL YEAR '11-'12, THE
11 ASSUMPTION IS THAT WE'RE \$1 MILLION UNDER BUDGET.
12 OVER THE PAST THREE YEARS, WE'VE BEEN ANYWHERE FROM
13 \$600,000 TO \$1.2 MILLION UNDER BUDGET. AND IN
14 ADDITION, IN FISCAL YEAR '12-'13, THE ACTUAL
15 EXPENSES ARE ONE MILLION LOWER THAN FISCAL YEAR
16 '11-'12. I THEN MODELED IN AN EXPENSE GROWTH OF 3
17 PERCENT PER ANNUM THROUGH THE SUMMER OF 2018 AND
18 THEN A GRADUAL DECLINE TO THE SUMMER OF CALENDAR
19 2021, FISCAL YEAR '20-'21.

20 COUPLE OF CONSIDERATIONS AND CAVEATS WITH
21 THESE PROJECTIONS. ONE IS THAT SMALL SAVINGS OR
22 EXPENSES COMPOUND TENFOLD OVER THE NEXT DECADE. SO
23 SAVING \$100,000 OR SPENDING \$100,000 ACTUALLY HAS A
24 MILLION-DOLLAR IMPACT OVER A TEN-YEAR SET OF
25 PROJECTIONS.

BARRISTERS' REPORTING SERVICE

1 THE SECOND CAVEAT IS THAT OUR HISTORICAL
2 EXPENSE GROWTH HAS BEEN GREATER THAN 3 PERCENT. AND
3 REALLY THE CONCLUSION THAT I MAKE HERE IS THAT AS WE
4 ENTER THE BUDGETING PROCESS FOR THE COMING FISCAL
5 YEAR, WE REALLY NEED TO FOCUS ON MUST-HAVE EXPENSES
6 FOR ACHIEVING OUR PRIMARY GOAL OF STEM CELL PROOF OF
7 CONCEPT IN THE NEXT HALF DECADE.

8 AS FAR AS PROCESS, THE PLAN IS THAT IN THE
9 NEXT FEW WEEKS WE'LL BE PROVIDING SOME BUDGET
10 INFORMATION AND PLANNING TEMPLATES TO THE DIRECTOR
11 AND SENIOR LEVEL FOLKS WITHIN THE INSTITUTE. WE'LL
12 THEN DO A FIRST PASS WITH SORT OF LOOKING AT THE BIG
13 PICTURE WITH ALAN AND J.T. AND MYSELF. WE'LL THEN
14 BRING THAT TO OUR FINANCE COMMITTEE CO-CHAIRS,
15 MICHAEL AND MARCY, AND TO THE BROADER FINANCE
16 COMMITTEE AND THEN TO THE ICOC IN KIND OF THE MARCH
17 AND MAY BOARD MEETING TIME FRAME.

18 ANY QUESTIONS? THANK YOU VERY MUCH.

19 MS. BONNEVILLE: I WANTED TO CONFIRM THAT
20 JOAN WAS ON THE LINE NOW, JOAN SAMUELSON. OKAY.

21 MS. SAMUELSON: I AM. LET ME JUST TELL
22 YOU IT'S VERY HARD TO HEAR MOST OF THE TIME. J.T.
23 IS LOUD AND CLEAR, BUT NO ONE ELSE IS. SO THE MORE
24 PEOPLE COULD SPEAK UP AND SPEAK CLOSE TO THE MIC,
25 THAT WOULD HELP A LOT. THANKS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: THANK YOU, JOAN. AND,
2 MATT, THANK YOU FOR YOUR INITIAL PRESENTATION. I'D
3 LIKE TO INFORM THE BOARD HOW DELIGHTED WE ARE TO
4 HAVE MATT ON BOARD AND WHAT A TERRIFIC ADD HE IS TO
5 CIRM IN ALL SORTS OF WAYS. AND WE ARE VERY, VERY
6 HAPPY TO HAVE HIM, AS YOU WILL CONTINUE TO SEE, WITH
7 MULTIPLE PRESENTATIONS DOWN THE ROAD TODAY AND IN
8 THE FUTURE. SO THANK YOU, MATT.

9 SO THAT CONCLUDES THE PRESIDENT'S AND
10 FINANCIAL PRESENTATION. WE'RE NOW GOING TO GO ON TO
11 ACTION ITEM, FIRST ITEM, WHICH IS CONSIDERATION OF
12 THE STRATEGIC PLAN, WHICH WILL BE PRESENTED BY DR.
13 FEIGAL.

14 DR. FEIGAL: GOOD MORNING. SO THIS IS A
15 WORK IN PROGRESS. I'VE BEEN TO YOU BACK IN AUGUST,
16 IN OCTOBER, LAST MONTH, AND NOW THIS MONTH, AND YOU
17 WILL BE ABLE TO SEE THE PROGRESSION.

18 WHAT I THOUGHT I'D DO IS GO OVER A BRIEF
19 OVERVIEW OF THE CURRENT SITUATION, TALK ABOUT THE
20 STRATEGIC PLAN ELEMENTS THAT WERE BROUGHT TO THE
21 STAKEHOLDERS, BRIEFLY REVIEW THE STAKEHOLDER INPUT,
22 AND THEN MOST OF OUR TIME TALKING ABOUT THE DRAFT
23 STRATEGIC PLAN, PARTICULARLY FOCUSING ON THE
24 STRATEGIES AND THE SINGLE MOST IMPORTANT KEY
25 OUTCOMES.

BARRISTERS' REPORTING SERVICE

1 YOUR PREREAD DOCUMENT THAT WAS PROVIDED,
2 AND I HOPE YOU HAD A CHANCE TO READ, WENT INTO MORE
3 OF THE FRAMEWORK FOR THE STRATEGIC PLAN, WENT
4 THROUGH THE STRATEGIC OBJECTIVES, OUR STRATEGIES IN
5 ADDITION TO THE TACTICS, BUT WHAT I'D LIKE US REALLY
6 TO PRIMARILY FOCUS ON ARE MORE OF THE HIGH LEVEL
7 ISSUES WITH THE STRATEGIES TO MEET OUR KEY OUTCOMES
8 AND STRATEGIC OBJECTIVES.

9 WITH THAT IN MIND, I THINK WE ALL KNOW
10 THIS STRATEGIC PLAN WAS INITIATED BACK IN 2006 WITH
11 THE GENESIS OF CIRM. IT WAS UPDATED IN '09-'10, AND
12 WE'RE NOW GETTING READY FOR THE UPDATE IN 2012.
13 WE'RE TAKING INTO ACCOUNT CHANGES IN THE FIELD AND
14 ALSO THE RECOMMENDATIONS FROM THE EXTERNAL REVIEW
15 PANEL WHICH WERE PROVIDED TO CIRM BACK IN OCTOBER OF
16 2010.

17 THE DISCUSSIONS TO DATE HAVE INCLUDED
18 TALKING WITH ALL OF YOU IN AUGUST, OCTOBER, AND THEN
19 MOST RECENTLY DECEMBER 8TH, HAVING THE INTERNAL
20 DISCUSSIONS THAT ARE ONGOING THAT BEGAN IN AUGUST,
21 MEETING WITH THE STEM CELL RESEARCH LEADERS IN
22 SEPTEMBER, AND THEN A SERIES OF STAKEHOLDER MEETINGS
23 AND TELECONS BETWEEN SEPTEMBER AND EARLY DECEMBER
24 WITH THE PUBLIC, INDUSTRY, PATIENT ADVOCATES,
25 COLLABORATIVE FUNDING PARTNERS, CLINICAL DEVELOPMENT

BARRISTERS' REPORTING SERVICE

1 ADVISORS, PROFESSIONAL SOCIETIES, AND THE ALLIANCE
2 FOR REGENERATIVE MEDICINE. IN ADDITION, WE HAVE
3 SHARED THE PREREAD THAT WAS PROVIDED TO YOU AT OUR
4 PREVIOUS MEETINGS WITH THE INSTITUTE OF MEDICINE
5 REVIEW COMMITTEE.

6 SO AS IN PRIOR YEARS, WE'RE REALLY SEEKING
7 YOUR PERSPECTIVES, SEEKING STAKEHOLDER INPUT INTO
8 THIS PLAN THAT WE'RE UPDATING.

9 OUR APPROACH REMAINS AS DEFINED BACK IN
10 DECEMBER. WE'RE DEFINING THE STRATEGIC PLAN. WE'RE
11 SEEKING INPUT FROM YOU AND FROM OUR EXTERNAL
12 STAKEHOLDERS, AND NOW WE'RE AT STEP 3(A) WHERE WE
13 HAVE PROVIDED YOU A DRAFT OF THE STRATEGIC PLAN FOR
14 CONSIDERATION AND THEN WILL UTILIZE THIS OVER THE
15 SUBSEQUENT FOUR TO EIGHT WEEKS TO BRING BACK A MORE
16 FINALIZED STRATEGIC PLAN FOR YOUR CONSIDERATION AT
17 THE MARCH BOARD MEETING.

18 OUR MISSION AND VISION REMAINS CONSTANT
19 BETWEEN 2009 AND 10 AND NOW. WE'RE HERE, REALLY WE
20 ASPIRE TO SUPPORT AND ADVANCE STEM CELL RESEARCH AND
21 REGENERATIVE MEDICINE UNDER THE HIGHEST ETHICAL AND
22 MEDICAL STANDARDS FOR THE DISCOVERY AND DEVELOPMENT
23 OF CURES, THERAPIES, DIAGNOSTICS, AND TECHNOLOGIES
24 TO RELIEVE HUMAN SUFFERING FROM CHRONIC DISEASE AND
25 INJURY.

BARRISTERS' REPORTING SERVICE

1 OUR VISION FOR THIS ENTIRE PERIOD OF THE
2 AGENCY HAS BEEN THE FIRST FIVE YEARS FOCUSED ON
3 EXPLORATION. IT'S PIONEERING. WE WERE TRYING TO
4 BRING IN THE SAFE HAVENS, THE STATE-OF-THE-ART
5 FACILITIES, THE SHARED LAB, THE RESEARCH
6 INTELLECTUAL CAPITAL, AND SEEDING THE FIELD WITH
7 DISCOVERY-TYPE RESEARCH ALL IN THE INTENT OF
8 ESTABLISHING A FOUNDATION FOR LEADERSHIP IN STEM
9 CELL RESEARCH WITHIN CALIFORNIA.

10 OUR NEXT FIVE YEARS ARE REALLY GOING TO
11 EMPHASIZE THE PRIORITIZATION OF PROJECTS AND
12 INVESTMENTS TO HELP DRIVE CLINICAL TRIALS FOR
13 PATIENTS TO GENERATE THAT PRELIMINARY EVIDENCE OF
14 THERAPEUTIC BENEFIT. IT'S ALSO GOING TO BE A TIME
15 OF DEVELOPING AND ENHANCING FURTHER PARTNERSHIPS
16 WITH PATIENTS, WITH ADVOCATE ORGANIZATIONS, WITH THE
17 COMMUNITY AT LARGE, WITH INDUSTRY TO ALLOW FOR
18 FOLLOW-ON FINANCING AND CONTINUED INVESTMENT SO THAT
19 THESE THERAPIES CAN ACTUALLY BE COMMERCIALIZED AND
20 WITH COLLABORATING PARTNERS, NOT JUST IN CALIFORNIA,
21 BUT ALSO INTERNATIONALLY. SO THAT BY THE TIME WE
22 GET TO 2016, WE WANT TO BE ABLE TO FACILITATE
23 COMMERCIALIZATION OF THERAPIES, TO ADVANCE THESE
24 INITIAL THERAPIES, AND MOVE THEM FORWARD INTO
25 PATIENTS IN THE CLINIC, AND TO STRENGTHEN AND ENABLE

BARRISTERS' REPORTING SERVICE

1 A BUSINESS MODEL SO THAT THESE STEM CELL-BASED
2 THERAPIES CAN THRIVE.

3 THESE ARE THE STRATEGIC OBJECTIVES THAT
4 WERE BROUGHT TO YOU AND THAT WERE BROUGHT TO THE
5 STAKEHOLDERS. JUST SO YOU KNOW, THESE ARE SLIDES
6 THAT YOU ACTUALLY HAVE SEEN BACK AT THE DECEMBER 8TH
7 ICOC BOARD MEETING, AND YOU'VE ACTUALLY RECEIVED A
8 DOCUMENT OF THIS BACK THEN. I'M JUST GOING TO
9 BRIEFLY REMIND, REVIEW WHAT ARE SOME OF THE THINGS
10 THAT WE'VE DISCUSSED.

11 SO THE OBJECTIVES THAT WE BROUGHT FORWARD
12 TO YOU AND TO OUR STAKEHOLDERS WERE FOUR: TO
13 ACCELERATE THE UNDERSTANDING OF STEM CELL SCIENCE
14 AND APPLICATIONS TOWARDS HUMAN DISEASE AND INJURY.
15 THE MEDICAL OBJECTIVE WAS TO ADVANCE SCIENCE INTO
16 CLINICAL TRIALS TO ACHIEVE PRELIMINARY EVIDENCE OF
17 THERAPEUTIC BENEFIT TO PATIENTS. THE ECONOMIC
18 OBJECTIVE, TO DRIVE ECONOMIC DEVELOPMENT FOR
19 CALIFORNIA FROM STEM CELL SCIENCE. AND THE SOCIAL
20 OBJECTIVE OR WHAT WE CALLED SOCIAL WAS TO INCREASE
21 AWARENESS OF CALIFORNIA AS THE LEADER IN STEM CELL
22 RESEARCH AND IN THERAPIES.

23 SO THAT'S WHAT WE BROUGHT TO THE
24 STAKEHOLDER MEETINGS WITH THE INTENT OF OBTAINING
25 PERSPECTIVES ON HEARING HOW WELL CIRM IS DOING OR

BARRISTERS' REPORTING SERVICE

1 NOT DOING IN ACHIEVING ITS GOALS AND DETERMINING
2 WHETHER THE PROPOSED REVISIONS TO CIRM'S STRATEGIC
3 OBJECTIVES AND STRATEGIES ARE APPROPRIATE AND TO
4 IDENTIFY ADDITIONAL AREAS OR ACTIVITIES FOR CIRM TO
5 CONSIDER OR FOCUS ON MOVING FORWARD.

6 JUST TO REMIND YOU, THESE WERE THE
7 STRATEGIC OBJECTIVES FROM '09-'10, AND UNDERNEATH IT
8 ARE THE PROPOSED STRATEGIC OBJECTIVES. WE BASICALLY
9 MORPHED THE ACCELERATION OF THERAPEUTIC DISCOVERY
10 OBJECTIVE INTO BOTH SCIENCE AND MEDICAL BENEFIT. WE
11 THOUGHT THAT THE OPERATIONAL EXCELLENCE STRATEGIC
12 OBJECTIVE REALLY UNDERPINNED ALL THE OBJECTIVES AND
13 SHOULDN'T BE BROUGHT OUT AS ITS OWN SEPARATE ENTITY.
14 WE THOUGHT TRYING TO OBTAIN MORE REGULATORY
15 CERTAINTY WAS A TACTIC, NOT A STRATEGIC OBJECTIVE.

16 WE MOVED PUBLIC EDUCATION INTO WHAT WE'RE
17 NOW CALLING SOCIAL BENEFIT, AND THE ECONOMIC BENEFIT
18 TO CALIFORNIA STRATEGIC OBJECTIVE REMAINS. WE THEN
19 HAD A SERIES OF PUBLIC MEETINGS, ICOC DISCUSSIONS TO
20 SEEK INPUT ON THESE STRATEGIC OBJECTIVES AND ON OUR
21 ACTIVITIES.

22 WHAT WE FOUND FROM THAT STAKEHOLDER
23 DISCUSSION AND INPUT WAS THAT THERE WERE ABOUT FIVE
24 COMMON THEMES THAT CAME ACROSS ACROSS ALL THE
25 MEETINGS. AND THOSE ARE AS FOLLOWS: ONE, THAT CIRM

BARRISTERS' REPORTING SERVICE

1 HAS ESTABLISHED A MOMENTUM. THAT CIRM HAS MADE
2 GREAT INITIAL PROGRESS IN ESTABLISHING AN EXTENSIVE
3 PROGRAM IN SUPPORT OF STEM CELL RESEARCH AND IN THE
4 ADVANCEMENT OF SCIENCE.

5 SUSTAINABILITY WAS THE THEME THAT WAS
6 PARTICULARLY BROUGHT OUT BY THE BOARD MEETING, THAT
7 CIRM NEEDS TO BE MORE AGGRESSIVE IN FINDING
8 ALTERNATIVE FUNDING RESOURCES AND TO IMPLEMENT
9 GREATER CREATIVITY IN IDENTIFYING THE TYPES OF
10 ORGANIZATIONS THAT MAY BE ABLE TO CONTRIBUTE TO THE
11 SUSTAINABILITY OF CIRM'S WORK. YOU WILL HEAR A
12 LITTLE BIT ABOUT THIS PART OF THE DISCUSSION FROM
13 OUR CHAIRMAN, J.T., AND FROM MATT LATER ON AFTER WE
14 HAVE A FULLER DISCUSSION OF THE STRATEGIC PLAN.

15 THE THIRD THEME WAS REALLY ABOUT
16 COMMUNICATION AND PUBLIC AWARENESS, THAT WE NEED TO
17 HAVE A MORE ROBUST PUBLIC AFFAIR TACTIC AND THAT WE
18 NEED TO BETTER COMMUNICATE THE ORGANIZATIONAL
19 INITIATIVES AS WELL AS EDUCATE THE PUBLIC MORE
20 BROADLY.

21 GLOBAL NETWORKING WAS THE FOURTH MAJOR
22 THEME, THAT WE NEED TO PROVIDE GREATER OPPORTUNITIES
23 FOR NETWORKING, TO BREED COLLABORATIVE PROJECTS THAT
24 UNITE ACADEMIA AND INDUSTRY AS WELL AS RESEARCHERS
25 ACROSS GEOGRAPHIC REGIONS.

BARRISTERS' REPORTING SERVICE

1 AND THE FIFTH THEME THAT WAS COMMON WAS
2 PROCESS OPTIMIZATION. CIRM NEEDS TO HAVE GREATER
3 TRANSPARENCY IN THE FUNDING PROCESS, AND THERE'S A
4 GREAT NEED FOR THE PROCESS TO BE LESS BUREAUCRATIC
5 AND EASIER TO NAVIGATE. WE PARTICULARLY HEARD THIS
6 FROM INDUSTRY.

7 THIS IS JUST A MATRIX SHOWING THE
8 DIFFERENT INPUTS FROM THE PUBLIC, FROM INDUSTRY, AND
9 FROM ICOC ON OUR DIFFERENT STRATEGIC OBJECTIVES. I
10 THINK WHAT YOU WILL FIND HERE ARE THE KEY THEMES AS
11 MENTIONED ABOVE, BUT ALSO THE KEY THEME OF SHARING
12 LESSONS LEARNED, DON'T REINVENT THE WHEEL, LEVERAGE
13 AS MUCH AS WE CAN, AND REALLY CREATE THOSE
14 COLLABORATIVE RESEARCH COMMUNITY OPPORTUNITIES SO
15 THAT WE CAN MOVE THE SCIENCE FORWARD. IN ADDITION,
16 REALLY FOCUS ON THE FOLLOW-ON TO OUR INVESTMENT, THE
17 FOLLOW-ON COLLABORATIONS AND INVESTMENT AND
18 FINANCING SO THAT THESE TREATMENTS CAN MOVE BEYOND
19 JUST BEING CLINICAL TRIALS, BUT MOVE INTO THE
20 COMMERCIAL SECTOR.

21 THIS IS JUST THE BACKDROP TO EACH OF THOSE
22 DIFFERENT MEETINGS THAT I SUMMARIZED IN THE TABLE
23 THAT YOU JUST SAW. SO I'M NOT GOING TO GO OVER THIS
24 IN ANY DETAIL, BUT AS MENTIONED, YOU HAVE THIS FROM
25 YOUR DECEMBER 8TH ICOC MEETING.

BARRISTERS' REPORTING SERVICE

1 WE ALSO HAD INPUT FROM A PANEL OF INDUSTRY
2 ADVISORS, ONCE AGAIN, FOCUSING ON THEIR THEME OF
3 GETTING THE BEST PROJECTS THROUGH EARLY CLINICAL
4 TRIALS, FOCUS ON PORTFOLIO MANAGEMENT TO ENSURE THAT
5 WE'RE INVESTING IN THE BEST PROGRAMS, AND THAT WE'RE
6 ENSURING THERE'S SOME KIND OF FOLLOW-ON FINANCING
7 THROUGH EARLY CLINICAL PROOF OF CONCEPT AND BEYOND.
8 THEY ALSO HIGHLY ENCOURAGED US TO CUT PROGRAMS THAT
9 ARE NOT PERFORMING, TO SIMPLIFY THE LOAN PROGRAM AND
10 MAKE IT FLEXIBLE, AND TO WORK ON DERISKING FOR CIRM
11 AND DERISKING FOR INDUSTRY TO CO-FUND AT EARLIER
12 STAGES OF DEVELOPMENT. AND IN ADDITION, THERE WAS
13 SUPPORT FOR CIRM HELPING TO HOST A PHARMA SUMMIT
14 WHERE WE TAKE MORE TIME TO LISTEN TO INPUT FROM A
15 VARIETY OF BIOTECH AND LARGE PHARMA.

16 WE HEARD FROM OUR COLLABORATIVE FUNDING
17 PARTNERS ABOUT THE NEED TO DEVELOP A CAPABILITY MAP
18 TO SHOW STRENGTHS, EXPERTISE ACROSS THE DIFFERENT
19 COLLABORATIVE FUNDING PARTNERS. THERE WAS A DESIRE
20 FOR MORE MULTICOLLABORATIVE FUNDING PARTNER
21 COLLABORATIONS WITH CIRM AS OPPOSED TO ONE-ON-ONE
22 COLLABORATIONS. THEY WANTED MORE INPUT INTO THE
23 DEVELOPMENT OF CONCEPTS. THEY WERE VERY INTERESTED
24 IN OUR HARMONIZATION AND MATERIAL TRANSFER
25 AGREEMENT, INFORMED CONSENTS WHERE POSSIBLE SO THAT

BARRISTERS' REPORTING SERVICE

1 IT WOULD LOWER THE ACTIVATION ENERGY TO WORK
2 TOGETHER. AND IN ADDITION, THEY WERE VERY
3 INTERESTED IN FORMING PARTNERSHIPS FOR INTERNATIONAL
4 CLINICAL TRIALS.

5 WE HEARD FROM PATIENT ADVOCATES ABOUT
6 DEVELOPING COMMUNICATIONS FOR THE LAY PUBLIC
7 PROVIDED IN UNDERSTANDABLE FORMAT AND IN A VENUE
8 WHERE QUESTIONS CAN BE ASKED. THEY WERE REALLY
9 ASKING FOR AN INTERACTIVE DIALOGUE THAT WAS
10 SUSTAINABLE AND THAT WAS MORE LONG TERM. THEY
11 REALLY ASKED US TO BUILD A COALITION OR COMMUNITY OF
12 PATIENT ADVOCATES AND TO SET UP A CORE GROUP OF
13 ADVOCATES TO MEET REGULARLY WITH CIRM WITH GOALS AND
14 OBJECTIVES THAT THEY COULD HELP PURSUE AS A GROUP.
15 AND THEY REALLY WANTED TO BE PART OF THE PROCESS TO
16 HELP PEOPLE UNDERSTAND ABOUT CLINICAL TRIALS AND
17 THEIR IMPORTANCE IN DEVELOPING THERAPIES.

18 WE HEARD FROM OUR CLINICAL DEVELOPMENT
19 ADVISORS, THE PANEL OF EXPERTS WHO ARE PROVIDING
20 ADVICE TO CIRM, AS WE MANAGE OUR DIFFERENT
21 CLINICALLY RELEVANT DISEASE PROJECTS THAT ARE
22 ALREADY FUNDED. HERE, ONCE AGAIN, THEY WERE
23 FOCUSING ON CIRM EMPHASIS ON PROGRAMS THAT COULD GO
24 INTO CLINICAL DEVELOPMENT, PARTICULARLY TO GENERATE
25 CLINICAL PROOF OF CONCEPT, TO STRIKE PARTNERSHIPS SO

BARRISTERS' REPORTING SERVICE

1 TEAMS COULD MOVE FORWARDS TOWARDS COMMERCIALIZATION,
2 FOR CIRM TO PROVIDE ACTIVE OVERSIGHT AND ACCESS TO
3 EXPERTISE IN TERMS OF BIOPROCESSING, ENGINEERING,
4 PRECLINICAL, CLINICAL, AND DEVELOPMENT, AND TO HELP
5 THE TEAMS EXECUTE.

6 THE WHOLE POINT IS THAT ONCE WE INVEST, WE
7 HAVE A REAL ROLE TO PLAY IN POSITIONING OUR TEAMS SO
8 THEY HAVE A HIGHER LIKELIHOOD OF BEING SUCCESSFUL.

9 WE HEARD FROM THE INTERNATIONAL SOCIETY
10 FOR CELLULAR THERAPY. THEIR BIG COMMENT TO US WAS
11 REALLY TO MANAGE EXPECTATIONS FOR THE FIELD,
12 PARTICULARLY FOR THE LAY PUBLIC AND FOR LEGISLATORS.
13 THEY DEFINE SUCCESS AS BEING A MAJOR BREAKTHROUGH IN
14 OUR UNDERSTANDING OF THE SCIENCE, FOR MEDICAL
15 SUCCESS IN PUTTING PRODUCTS INTO WELL-DESIGNED
16 CLINICAL TRIALS THAT ARE WELL EXECUTED, AND IN
17 MAKING CALIFORNIA A STEM CELL HUB. THEY THOUGHT IT
18 WAS ALSO IMPORTANT THAT WE CONTINUE TO SUPPORT THE
19 BASIC RESEARCH, THE ENGINE OF DISCOVERY. AND ON THE
20 CLINICAL SIDE, TO BE VERY CRITICAL ABOUT WHAT IT
21 TAKES TO GET INTO THESE EARLY PHASE TRIALS, NOT TO
22 BE AFRAID TO KILL PROJECTS, AND TO TRY AND FOCUS AS
23 MUCH AS POSSIBLE ON THOSE PROGRAMS THAT HAVE A
24 HIGHER PROBABILITY OF SUCCESS, AND ALSO TO SHARE
25 LESSONS LEARNED FROM OUR WORK WITH DISEASE TEAM I.

BARRISTERS' REPORTING SERVICE

1 FOR PRIVATE INDUSTRY, THEY REALLY WANTED
2 TO SEE CIRM INCREASE THEIR ENGAGEMENT WITH INDUSTRY,
3 TO SELECT REVIEWERS WITH INDUSTRY EXPERTISE TO HELP
4 US IDENTIFY THOSE PROGRAMS THAT COULD BE RECOMMENDED
5 TO MOVE FORWARD, TO HELP START-UPS, PARTICULARLY IN
6 TRYING TO CONNECT WITH VENTURE CAPITALISTS AND OTHER
7 SOURCES OF FUNDING.

8 AND FROM THE ALLIANCE FOR REGENERATIVE
9 MEDICINE WE REALLY HEARD FROM THEM THAT CIRM COULD
10 FOCUS ON A BROADER MESSAGE, SUCH AS THE VALUE OF
11 CIRM, THE VALUE OF REGENERATIVE MEDICINE, THE VALUE
12 OF THE REGENERATIVE MEDICINE THAT WE FUND, AND WORK
13 TOWARDS A NATIONAL STRATEGY, BE MORE EXPLICIT ABOUT
14 CIRM'S INTENT TO ENGAGE REGULATORS, PAYERS, AND
15 CONGRESS TO ADVANCE SCIENCE INTO THE CLINIC. ALSO
16 SUGGESTED ADDING FOLLOW-ON INVESTMENT AND FINANCIAL
17 SUPPORT FOR THE MOST PROMISING OF CIRM PROJECTS.
18 THEY ALSO SUGGESTED WE CHANGE OUR MEDICAL OBJECTIVE
19 TO A CLINICAL OBJECTIVE SO IT WOULD BE MORE EXPLICIT
20 THAT WE'RE MOVING INTO THE CLINIC.

21 WHAT I'D NOW LIKE TO DO IS MOVE INTO THE
22 DOCUMENT THAT YOU RECEIVED ON OUR DRAFT STRATEGIC
23 PLAN. AND PARTICULARLY WHAT WE'RE INTERESTED AND
24 WHAT WE THINK WOULD BE HELPFUL IS TO FOCUS ON THE
25 STRATEGIES AND THE KEY OUTCOMES. THERE'S MUCH MORE

BARRISTERS' REPORTING SERVICE

1 IN THE DOCUMENT, BUT WHAT I THINK WOULD BE A HELPFUL
2 APPROACH IS TO LOOK AT THE HIGH LEVEL STRATEGIES AND
3 OUTCOMES TO SEE IF WE'RE ON THE SAME PAGE REGARDING
4 THAT. AND THEN PERHAPS WE CAN GET INTO SOME OF THE
5 TACTICS THAT MIGHT HAVE BEEN -- THAT WERE OUTLINED.

6 THIS IS THE DRAFT TABLE OF CONTENTS FOR
7 THE STRATEGIC PLAN THAT WOULD PROVIDE AN
8 INTRODUCTION, PLACING THE CONTEXT OF HOW WE ARRIVED
9 AT THIS PLAN, PROVIDING AN EXECUTIVE SUMMARY WITH
10 THE REAL POINTS AND HIGHLIGHTS OF WHAT WE'RE TRYING
11 TO ACHIEVE, THEN PROCEED INTO THE MISSION AND
12 VISION, THE FOUR STRATEGIC OBJECTIVES AND KEY
13 OUTCOMES AS OUTLINED HERE, THE STRATEGIES AND
14 TACTICS TOWARDS SUCCESS, TO ACCELERATE STEM CELL
15 SCIENCE, TO ADVANCE THE SCIENCE INTO CLINICAL
16 TRIALS, TO DRIVE ECONOMIC DEVELOPMENT IN CALIFORNIA,
17 AND TO MAINTAIN SUPPORT FOR CALIFORNIA'S LEADERSHIP
18 IN THE FIELD.

19 WE WOULD THEN HAVE THE TARGET GOALS AND
20 METRICS, THE FINANCIAL PROJECTIONS. AND AFTER MY
21 PRESENTATION HERE, PAT OLSON IS GOING TO PROVIDE YOU
22 SOME STRATEGIES FOR RESEARCH FUNDING FOR YOUR
23 CONSIDERATION BECAUSE AT THE END OF THE DAY AS WE
24 LOOK AT THE MISSION, THE VISION, THE OBJECTIVES, THE
25 STRATEGIES, AND THE OUTCOMES, WE NEED TO HAVE THE

BARRISTERS' REPORTING SERVICE

1 RESOURCES, THE MONEY, THE PERSONNEL, THE INVESTMENT
2 SO THAT WE HAVE THE CAPABILITY TO MOVE FORWARD. SO
3 AFTER THIS PRESENTATION, SHE'S GOING TO COME TALK TO
4 YOU ABOUT THE FINANCIAL PROJECTIONS.

5 AND THE APPENDICES, WE'RE GOING TO HAVE A
6 SUMMARY OF THE EXTERNAL ADVISORY PANEL REPORT AND
7 LEADERSHIP RESPONSE, THE PROCESS FOR AND SUMMARY OF
8 STAKEHOLDER INPUTS, AND THE PROGRESS ON CIRM'S 2006
9 FIVE-YEAR AND TEN-YEAR GOALS.

10 SO THAT'S THE FRAMEWORK THAT WE'RE
11 THINKING OF RIGHT NOW FOR THE 2012 STRATEGIC PLAN.
12 THESE ARE HOW THE STRATEGIC OBJECTIVES FOR THE NEXT
13 FIVE YEARS HAVE EVOLVED LISTING TO STAKEHOLDER
14 INPUT. WE MADE SOME CHANGES BASED ON THE INPUT, BUT
15 I THINK THE SUBSTANCE OF IT REMAINS THE SAME. WE'VE
16 CHANGED A FEW OF THE TITLES.

17 SO UNDER SCIENTIFIC WE REMAIN A FOCUS ON
18 ACCELERATING UNDERSTANDING OF STEM CELL SCIENCE AND
19 ITS APPLICATIONS TOWARD HUMAN DISEASES AND INJURIES,
20 WITH A SINGLE MOST KEY IMPORTANT OUTCOME FROM THAT
21 SCIENTIFIC OBJECTIVE BEING TO ACHIEVE TRANSFORMATIVE
22 RESEARCH DISCOVERIES.

23 FOR THE CLINICAL STRATEGIC OBJECTIVE, WE
24 CHANGED IT TO CLINICAL FROM MEDICAL TO MAKE IT MORE
25 EXPLICIT THAT WE'RE GOING INTO THE CLINIC, IS TO

BARRISTERS' REPORTING SERVICE

1 ADVANCE THE SCIENCE INTO CLINICAL TRIALS TO ACHIEVE
2 EVIDENCE OF THERAPEUTIC BENEFIT TO PATIENTS WITH THE
3 SINGLE MOST IMPORTANT KEY OUTCOME BEING THAT OF
4 ACHIEVING CLINICAL PROOF OF CONCEPT FOR STEM CELL
5 THERAPIES.

6 FOR ECONOMIC IT'S TO DRIVE ECONOMIC
7 DEVELOPMENT FOR CALIFORNIA FROM STEM CELL SCIENCE
8 AND ITS THERAPIES WITH THE KEY OUTCOME BEING THAT OF
9 LEVERAGING CIRM'S INVESTMENT IN CALIFORNIA. WHETHER
10 IT BE WITHIN CALIFORNIA OR THOSE OUTSIDE COMING TO
11 CALIFORNIA, REALLY LEVERAGING THE INVESTMENT THAT
12 WE'VE MADE SO THAT WE REALLY ESTABLISH SOME
13 PLATFORMS FOR SUSTAINABILITY.

14 AND WE CHANGED SOCIAL TO COMMUNITY IS TO
15 MAINTAIN CALIFORNIA AS THE WORLD STEM CELL LEADER
16 WITH THE SINGLE MOST IMPORTANT KEY OUTCOME BEING
17 THAT CALIFORNIA WILL BE GLOBALLY RECOGNIZED AS THE
18 STEM CELL STATE.

19 WITH THOSE OBJECTIVES IN MIND, TAKING INTO
20 ACCOUNT YOUR INPUT, THE STAKEHOLDER INPUT, WE
21 DEVELOPED THESE KEY STRATEGIES. THERE'S THREE TO
22 SIX PER EACH OF THE FOUR STRATEGIC OBJECTIVES. AND
23 LET ME JUST GO THROUGH ONE BY ONE. AND THEN WHAT WE
24 COULD DO, I WOULD SUGGEST, IS OPEN IT UP FOR
25 QUESTIONS, DISCUSSION.

BARRISTERS' REPORTING SERVICE

1 THE STRATEGIES UNDER SCIENTIFIC, TO
2 ACCELERATE THAT UNDERSTANDING OF STEM CELL SCIENCE
3 AND ITS APPLICATIONS IS REALLY TO FOSTER AN ENGINE
4 OF THE DISCOVERY AND TRANSFORMATIVE RESEARCH.

5 THE SECOND STRATEGY IS TO CREATE A
6 COLLABORATIVE COMMUNITY THAT ENHANCES CALIFORNIA'S
7 LEADERSHIP AND ITS ABILITY TO BE COMPETITIVE.

8 AND THIRD, TO REALIGN FUNDING PROGRAMS,
9 REVIEW, AND DECISION-MAKING WITH THE CURRENT
10 STRATEGIC OBJECTIVES. SO IT'S VERY IMPORTANT THAT
11 WE THINK ABOUT REALIGNMENT AS WE'RE MOVING TOWARDS
12 THESE EVOLVING STRATEGIC OBJECTIVES.

13 UNDER CLINICAL WE HAVE SIX STRATEGIES.
14 THE FIRST IS TO FOSTER DISEASE-SPECIFIC RESEARCH
15 TOWARD CLINICAL PROOFS OF CONCEPT.

16 THE SECOND IS TO EXPAND MULTIDISCIPLINARY
17 COLLABORATIVE EFFORTS TO ENHANCE CLINICAL OUTCOME.

18 THE THIRD IS TO FOSTER DEVELOPING A
19 REGULATORY PATH AND IMPROVE ITS CERTAINTY AND
20 PREDICTABILITY FOR STEM CELL THERAPIES. WE KNOW
21 THIS IS PARTICULARLY IMPORTANT IF WE ARE GOING TO BE
22 ABLE TO ATTRACT INDUSTRY TO THIS FIELD AND STAY IN
23 THIS FIELD.

24 THE FOURTH IS TO ENABLE OPPORTUNITIES FOR
25 COMMERCIALIZATION.

BARRISTERS' REPORTING SERVICE

1 THE FIFTH IS TO FOCUS, PRIORITIZE, AND
2 EVALUATE PROJECTS TO MOVE THE MOST PROMISING
3 FORWARD.

4 AND THE SIXTH IS TO ENHANCE OUR
5 INTERACTIONS WITH PATIENTS AND ADVOCATES SO THAT
6 THEY PLAY A MORE CRITICAL ROLE IN THE CLINICAL
7 STRATEGIC OBJECTIVE.

8 UNDER ECONOMIC WE HAVE THREE STRATEGIES
9 WE'D LIKE YOU TO CONSIDER. THE FIRST IS TO ATTRACT
10 CO-FUNDING AND FOLLOW-ON FINANCING OF CIRM PROJECTS.

11 THE SECOND IS TO FOSTER GROWTH OF
12 CALIFORNIA STEM CELL INDUSTRY AND THE CREATION OF
13 STEM CELL CLUSTERS THAT ACCELERATE INVESTMENT.

14 AND THE THIRD, WHICH YOU WILL HEAR ABOUT
15 MORE FROM OUR CHAIRMAN AND FROM MATT, IS TO
16 ESTABLISH A PLATFORM TO ENABLE GRANTEES, DISEASE
17 FOUNDATIONS, VENTURE CAPITALISTS, AND OTHERS TO
18 PURSUE CIRM'S MISSION UPON EXPIRATION OF CIRM'S BOND
19 FUNDING.

20 UNDER COMMUNITY OUR THREE STRATEGIES ARE
21 TO COMMUNICATE THE VALUE PROPOSITION OF CIRM AND THE
22 STEM CELL FIELD.

23 THE SECOND IS TO ENGAGE WITH STAKEHOLDERS
24 ON WHY STEM CELL SCIENCE MATTERS TO THEM. IT'S A
25 TWO-WAY DISCUSSION, NOT A ONE-WAY.

BARRISTERS' REPORTING SERVICE

1 AND THE THIRD IS TO CREATE AN AWARENESS
2 AMONG STAKEHOLDERS OF CIRM'S ROLE IN MAKING
3 CALIFORNIA THE LEADER IN THE FIELD.

4 SO I THINK WHAT I'D LIKE TO DO IS REALLY
5 USE THAT SLIDE AS THE MAJOR PLATFORM FOR OUR
6 DISCUSSION, BUT ALSO LET YOU KNOW OUR NEXT STEPS ARE
7 TO COME BACK TO YOU IN MARCH WITH A FINALIZED
8 VERSION FOR ICOC BOARD CONSIDERATION. SO WITHIN THE
9 NEXT FOUR TO EIGHT WEEKS, WE'LL HAVE THE OPPORTUNITY
10 TO GET YOUR PERSPECTIVES, HEAR MORE OF YOUR INPUTS
11 SO THAT WE CAN TRY AND EMBED THOSE INTO THE
12 FINALIZED PLAN.

13 SO THANK YOU VERY MUCH. AND I THINK RIGHT
14 NOW WE'RE OPEN TO QUESTIONS AND DISCUSSION.

15 MR. ROTH: SO FIRST, THANK YOU, ELLEN, FOR
16 THE LEADERSHIP AND THE WHOLE TEAM THAT WORKED ON
17 PULLING THIS TOGETHER. I KNOW IT'S NOT EASY TO GET
18 SO MUCH INPUT AND THEN DRILL IT DOWN TO A FEW BULLET
19 POINTS, BUT I THINK YOU DID AN INCREDIBLE JOB OF
20 REACHING OUT, TOUCHING AS MANY PEOPLE AS POSSIBLE.

21 ONE THING THAT HIT ME, AND I'VE LOOKED AT
22 THIS MULTIPLE TIMES, THAT I THINK WE DROPPED OFF
23 UNINTENTIONALLY IS UNDER THE ECONOMIC HEADER. THERE
24 IS NOTHING MORE EXPENSIVE THAN DISEASE FOR THE
25 COUNTRY, AND WE NEED TO GET THAT CONCEPT IN THERE,

BARRISTERS' REPORTING SERVICE

1 THAT THE WHOLE GOAL HERE IS TO GET THERAPIES THAT
2 ACTUALLY CURE PATIENTS AS OPPOSED TO CHRONIC
3 TREATMENT, LIFETIME COSTS THAT ARE ASSOCIATED WITH
4 THAT.

5 IT HAS ANOTHER ECONOMIC IMPACT WHEN YOU
6 DISCOVER, DEVELOP, AND MARKET PRODUCTS DEVELOPED IN
7 CALIFORNIA BY CALIFORNIA COMPANIES THAT'S EXPORTED
8 ACROSS THE GLOBE AND THE MONEY RETURNS TO CALIFORNIA
9 AND EMPLOYS CALIFORNIANS. SO IT'S BOTH AN EXPENSE,
10 LOWER COST, BETTER QUALITY OF LIFE, BUT ALSO THE
11 REVENUE THAT COMES FROM EXPORTING PRODUCTS THAT WERE
12 DEVELOPED HERE. SO I THINK WE NEED TO GET A BULLET
13 BACK IN THERE, MAYBE THE FIRST ONE UNDER ECONOMIC
14 IMPACT.

15 CHAIRMAN THOMAS: SHERRY.

16 MS. LANSING: I AGREE TOTALLY WITH WHAT
17 DUANE SAID. I JUST WANT TO COMPLIMENT YOU. I THINK
18 YOU DID AN EXCELLENT JOB. AND I GUESS IT'S THERE
19 UNDER COMMUNITY, BUT I WOULD LIKE TO EMPHASIZE WHAT
20 WE WERE TALKING ABOUT A LITTLE EARLIER, THAT I THINK
21 THAT THESE ARE REALLY CRUCIAL TIMES, AND WE'RE GOING
22 TO BE GOING OUT AGAIN. AND I THINK IT'S ALMOST
23 LIKE -- NOT LIKE WE'RE STARTING OVER AGAIN. I DON'T
24 WANT TO SAY THAT. IN ORDER TO CONTINUE THE
25 MOMENTUM, AND I DO SEE IT UNDER COMMUNITY AND IT'S

BARRISTERS' REPORTING SERVICE

1 THERE, BUT I JUST WANT LIKE A LITTLE STAR OR
2 SOMETHING TO ENGAGE THE BOARD AS ACTIVISTS. AND I
3 THINK THIS IS REALLY SOMETHING THAT WE'RE GOING TO
4 NEED TO DO. DO YOU KNOW? WE REPRESENT THE
5 PATIENTS. IT'S HOW THIS INITIATIVE GOT THROUGH.

6 AND I THINK WE'RE GOING TO HAVE TO ENGAGE
7 AND WE ARE GOING TO HAVE TO BE THE ACTIVISTS THAT DO
8 THAT TO OUR OWN. WE REPRESENT ALL THE CITIZENS OF
9 CALIFORNIA. THE PATIENT ADVOCATES HERE HAVE GREAT
10 ACCESS AS DO THE DOCTORS, AS DO THE SCIENTISTS TO
11 THE COMMUNITY OF PEOPLE THAT HELPED TO PASS THIS
12 BILL. I THINK WE HAVE TO MAKE CLEAR THAT OUR JOB IS
13 JUST BEGINNING IN A SENSE.

14 CHAIRMAN THOMAS: BEFORE WE TAKE OTHER
15 COMMENTS IN THE ROOM, ARE THERE ANY COMMENTS BY
16 MEMBERS OF THE BOARD ON THE PHONE? DEAN PIZZO.

17 DR. PIZZO: I WANT TO ALSO ADD THE
18 CONGRATULATORY COMMENTS THAT YOU'VE HEARD FROM DUANE
19 AND SHERRY. I THINK THIS IS REALLY QUITE AN
20 ADVANCE, AND I AGREE WITH THE COMMENTS THAT HAVE
21 BEEN MADE ALREADY.

22 I DO THINK THAT FOR VISIBILITY, WE SHOULD
23 RECOMMEND CHANGING THE STATE FLAG AND GET RID OF THE
24 BEAR AND PUT A STEM CELL ON IT SO THAT WE CAN WAVE
25 THE BANNER MORE HIGHLY.

BARRISTERS' REPORTING SERVICE

1 BUT I ALSO WANT TO FOLLOW SHERRY'S COMMENT
2 IN A MORE PROACTIVE WAY, WHICH IS IN ANTICIPATION OF
3 WHERE WE'RE GOING TO BE, AND I'M REALLY FOCUSING ON
4 THE FINAL BULLET UNDER ECONOMIC WHERE WE TALK ABOUT
5 WHAT WE'RE GOING TO DO WHEN BOND FINANCING IS GONE.
6 WE HAVE THE HOPEFUL GOAL THAT IT WON'T BE GONE, BUT
7 WE HAVE A REALISTIC EXPECTATION AND SHOULD THAT IT
8 WILL BE.

9 AND THE QUESTION IS HOW TO BE PROACTIVELY
10 ENGAGED IN THAT SO THAT WE CAN BRING TOGETHER SOME
11 OF THESE CONSTITUENCIES. AND THIS MAY MEAN A SERIES
12 OF WORK GROUPS, TASK FORCES, MEETINGS TO BRING THE
13 COMMUNITY TOGETHER IN ANTICIPATION OF WHAT WE'RE
14 GOING TO DO WELL BEFORE IT BECOMES A REAL ISSUE.

15 THERE ARE TWO REASONS FOR THAT. ONE OF
16 THEM IS THAT DIALOGUE MAY REVEAL THINGS WE HAVEN'T
17 THOUGHT ABOUT IN ITS OWN RIGHT; BUT, SECONDLY, IT
18 WILL CREATE THAT BROADER COMMUNITY THAT SHERRY IS
19 TALKING ABOUT, WHICH WILL ENHANCE THE ADVOCACY ON
20 DUAL FRONTS, BOTH THE ECONOMIC AS WELL AS THE
21 POLITICAL OR GOVERNMENTAL ONES.

22 CHAIRMAN THOMAS: MR. JUELSGAARD.

23 DR. JUELSGAARD: SO, ELLEN, WITH RESPECT
24 TO BOTH THE SCIENTIFIC OBJECTIVE AND THE CLINICAL
25 OBJECTIVE, WE INTEND TO PRIORITIZE PROJECTS AND

BARRISTERS' REPORTING SERVICE

1 FOCUS, AS I UNDERSTAND THE LANGUAGE. SO HOW DO WE
2 INTEND TO GO ABOUT THAT? WHAT SORT OF FRAMEWORK DO
3 WE INTEND TO ESTABLISH TO MAKE THAT HAPPEN BECAUSE I
4 THINK IT'S ESSENTIAL THAT WE HAVE A FRAMEWORK FOR
5 PEOPLE TO OPERATE UNDER. SO THERE'S NOT REALLY
6 ANYTHING THAT ADDRESSES HOW WE INTEND TO GO ABOUT
7 IT, AND I'D LIKE TO HEAR A LITTLE BIT MORE ABOUT IT
8 BECAUSE I THINK THAT'S A VERY IMPORTANT PART OF ALL
9 OF THIS.

10 DR. FEIGAL: I THINK IT'S A VERY GOOD
11 QUESTION. AND I THINK THE FIRST THING I'D LIKE TO
12 SAY IS THIS STRATEGIC PLAN IS NOT SOMETHING TO PUT
13 ON THE SHELF. IT SHOULD BE GUIDING US. IT'S A PLAN
14 FOR THE FUTURE. AND SO WE NEED TO BE ON THE SAME
15 PAGE ABOUT WHERE WE ARE NOW, WHERE WE WANT TO GO,
16 AND HOW WE'RE GOING TO GET THERE.

17 SO I THINK THE FIRST STEP IS TO GET THIS
18 ENGAGEMENT ON WHERE IT IS WE WANT TO GO AND HOW
19 WE'RE GOING TO GET THERE. AND SO PART OF WHAT WE'RE
20 DOING TO HELP ESTABLISH THAT PROCESS IS TO BE VERY
21 TRANSPARENT ABOUT WHERE WE ARE AND WHERE OUR
22 POTENTIAL FUNDING OPPORTUNITIES MIGHT LIE. AND
23 GIVEN THE MYRIAD OF OPPORTUNITIES, WHERE DO WE
24 REALLY NEED TO FOCUS THAT REALLY TIES IN TO THE
25 MISSION AND VISION OF THIS AGENCY.

BARRISTERS' REPORTING SERVICE

1 SO RIGHT NOW I'M GIVING YOU A HIGH-LEVEL
2 ANSWER BECAUSE I THINK IT REQUIRES US TO BE ON THE
3 SAME PAGE ABOUT WHERE THIS AGENCY IS TRYING TO GO IN
4 TERMS OF ITS STRATEGIC OBJECTIVES AND ITS KEY
5 OUTCOMES.

6 SO I THINK THAT WHAT WE'D LIKE TO DO IS
7 SEE THIS PLAN GUIDE WHAT INITIATIVES WE PUT FORWARD,
8 TO GUIDE HOW RESEARCHERS SUBMIT PROPOSALS, TO GUIDE
9 REVIEWERS IN IDENTIFYING PROPOSALS AND RECOMMENDING
10 THEM TO THE BOARD, AND TO GUIDE THE BOARD IN TERMS
11 OF MAKING THAT ULTIMATE DECISION ABOUT WHAT TO FUND.
12 SO I THINK IT REALLY REQUIRES WHAT WE CALLED AN
13 ALIGNMENT ON OUR STRATEGIC OBJECTIVES TO TRY AND GET
14 THERE. IT'S GOING TO TAKE ALL PARTIES TO BE ON THE
15 PAGE TO MOVE US FORWARD.

16 DR. JUELSGAARD: JUST TO FOLLOW UP ON
17 THAT. SO AS YOU SAID, THAT'S A FAIRLY HIGH-LEVEL
18 ANSWER. I THINK WHAT WOULD BEHOVE US IS TO HAVE A
19 TIMELINE TO FOLLOW AND PARTICULAR STEPS THAT ARE
20 GOING TO COME WITH THAT TIMELINE TO GET TO THIS
21 OBJECTIVE OF ESTABLISHING A PRIORITY OR FOCUS
22 FRAMEWORK. AND SO I WOULD SUGGEST THAT WE DEVELOP
23 SUCH A THING AND SHARE IT WITH THIS GROUP SO THAT WE
24 KNOW WE'RE GOING TO TRY AND DO THAT. AND I THINK
25 THE SOONER THE BETTER.

BARRISTERS' REPORTING SERVICE

1 DR. FEIGAL: TO THAT POINT, THAT'S WHY
2 WE'RE HAVING A DISCUSSION TODAY ABOUT FINANCIAL
3 PROJECTIONS GIVEN IN THE CONTEXT OF OUR STRATEGIC
4 PLAN BECAUSE THE DECISIONS THAT ARE MADE TODAY ARE
5 GOING TO IMPACT HOW WE'RE ABLE TO MOVE FORWARD. SO
6 WHAT YOU'D LIKE TO SEE IS A TIMELINE AND SOME
7 OBJECTIVES AND GOALS PUT INTO THE STRATEGIC PLAN; IS
8 THAT CORRECT?

9 DR. JUELSGAARD: YES, THAT IS CORRECT. AS
10 I SAID, SORT OF THE VARIOUS STEPS THAT YOU SEE
11 GETTING TO THE END POINT. SO BY WHEN ARE WE GOING
12 TO DO WHAT? BY THE NEXT PERIOD OF TIME, WHAT'S THE
13 NEXT STEP, ETC.? SO ALL OF THOSE GETTING TO THE END
14 POINT OF HAVING A PRIORITIZATION FRAMEWORK THAT CAN
15 BE IMPLEMENTED BY WHOEVER WE WANT TO IMPLEMENT IT.

16 DR. TROUNSON: STEVE, WHAT YOU'RE
17 DESCRIBING, I THINK, IS THE OPERATIONS PLAN ABOUT
18 HOW WE'RE GOING TO ACHIEVE THESE THINGS. FIRST OF
19 ALL, WE NEEDED TO BE IN AGREEMENT THAT THIS IS WHAT
20 WE WANT TO DO, AND THEN WE NEED TO GET IN AGREEMENT
21 ABOUT HOW THAT OPERATION ENABLES THAT, AND IT
22 INCLUDES THE TIME FRAME.

23 SO FIRST, IF WE AGREE TO THIS, THEN I
24 THINK THERE'S FURTHER WORK TO BE DONE ON HOW TO GO
25 ABOUT THAT. AND THAT REALLY BECOMES AN OPERATIONAL

BARRISTERS' REPORTING SERVICE

1 PLAN THAT SORT OF UNDERPINS THE STRATEGIC PLAN.
2 OTHERWISE YOU CAN GET REALLY LOST IN A LOT OF
3 DETAIL. BUT IF YOU GET THE OPERATION PLAN SPEAKING
4 TO THE STRATEGIC PLAN, I THINK YOU GET AN
5 INTEGRATION OF HOW TO DO IT ONCE YOU'VE GOT AGREED
6 THAT'S WHAT WE SHOULD BE DOING.

7 DR. JUELSGAARD: I AGREE WITH YOU, ALAN.
8 I JUST WANT TO EMPHASIZE I THINK WE REALLY NEED TO
9 MOVE FORWARD IN THAT DIRECTION, AND SO THAT'S WHY
10 I'M PUSHING A LITTLE BIT.

11 DR. POMEROY: I TOO WOULD LIKE TO THANK
12 YOU FOR ALL YOUR WORK ON MOVING THIS FORWARD. TWO
13 QUICK COMMENTS. ONE, I THINK IF YOU ASK THE PUBLIC
14 WHAT THEY WOULD DEFINE AS SUCCESS, THEY WOULD SAY A
15 PATIENT BENEFITED IN SOME WAY. I HOPE THAT WE
16 CAPTURE SOMEWHERE IN THIS DOCUMENT A PATIENT
17 BENEFITING. AND WE WANT TO GUARD AGAINST THIS
18 APPEARING TO BE A DOCUMENT THAT PERPETUATES
19 OURSELVES EITHER AS ACADEMIC UNIVERSITIES OR AS AN
20 ORGANIZATION AND HIGHLIGHT THE FOCUS ON BENEFITING
21 PEOPLE.

22 TO THAT END IS MY SECOND COMMENT, WHICH IS
23 I KNOW YOU'RE GOING TO GET TO METRICS. I WOULD
24 STRONGLY URGE THAT WE HAVE A VERY SIMPLE TO
25 UNDERSTAND DASHBOARD THAT HAS A LIMITED NUMBER OF

BARRISTERS' REPORTING SERVICE

1 MEASURABLE METRICS IN IT THAT WE CAN REVIEW AT EVERY
2 ONE OF OUR BOARD MEETINGS AND THAT WE CAN SHARE WITH
3 THE PUBLIC.

4 CHAIRMAN THOMAS: THANK YOU. DR. LUBIN.

5 DR. LUBIN: SO I'M VERY PLEASED TO HEAR
6 THE COMMENTS, AND I AGREE WITH THE COMMENTS OF OTHER
7 BOARD MEMBERS. ONE OF THE THINGS TO EMPHASIZE IS
8 HEALTHCARE REFORM'S MANTRA OF BETTER CARE FOR LESS
9 MONEY. AND I THINK WHAT DUANE POINTED OUT IN TERMS
10 OF THE COST OF THESE ILLNESSES AND WHAT WE'RE TRYING
11 TO DO, A STATEMENT RELATED TO THAT OF ONE OF OUR
12 OBJECTIVES TO PROVIDE BETTER CARE AT REDUCED COST BY
13 CURING THESE DISEASES IS SOMETHING TO KEEP IN MIND.

14 I ALSO WOULD BE VERY INTERESTED IN SEEING
15 A PIE CHART OF WHERE WE ARE AND THE MONEY WE SPENT
16 RELATED TO TRANSLATIONAL RESEARCH VERSUS NOW WHERE
17 WE WANT TO GO. IS IT A SMALL SLOT OF THE PIE?

18 DR. TROUNSON: THAT'S COMING.

19 DR. LUBIN: AND THE OTHER IS I THINK THAT
20 IN TERMS OF TRANSLATION, IT'S IMPORTANT TO REALLY
21 SPECIFICALLY FOCUS ON THE OPPORTUNITIES THAT WE HAVE
22 IN THE STATE OF CALIFORNIA WITH ALL THESE
23 TRANSLATION INSTITUTES WITHIN VARIOUS UNIVERSITIES
24 AND HOW MANY OF THEM ARE INVOLVED RIGHT NOW AND WHAT
25 THE CHALLENGES ARE IN TERMS OF RELATIONSHIP BETWEEN

BARRISTERS' REPORTING SERVICE

1 THE BASIC SCIENTISTS AND TRYING TO GET A CLINICIAN
2 TO WORK WITH THEM TO BRING THESE ADVANCES FORWARD.
3 I KNOW THERE HAVE BEEN CHALLENGES HERE, AND I THINK
4 THAT'S WORTH TAKING A CAREFUL LOOK AT IN OUR
5 STRATEGIC PLAN IF WE WANT TO OVERCOME THAT.

6 AND PERHAPS, ALTHOUGH I'M NOT SAYING THAT
7 I AGREE WITH THE NIH'S NEW TRANSLATIONAL RESEARCH
8 INSTITUTE, LOOKING AT HOW THAT'S FORMED AND WHERE
9 WE'RE TRYING TO GO IN THE STATE OF CALIFORNIA.
10 THERE'S SOME LESSONS TO BE LEARNED THERE.

11 AND FINALLY, I THINK THE STRATEGIES FOR
12 PUBLIC AWARENESS DON'T HIT THE TARGET. AND I
13 THINK -- I HATE TO USE THIS TERM, BUT THIS IS A
14 MARKETING THING. WE'RE NOT GETTING OUT TO THE
15 COMMUNITY. WE'RE GETTING TO THE ACADEMIC CENTERS,
16 BUT NOT TO THE REST OF THE PEOPLE THAT VOTE IN THIS
17 STATE OR TO THE POLITICAL FIGURES. I THINK IT WOULD
18 BEHOOVE US TO THINK ABOUT TALKING TO SOME MARKETING
19 GURUS WHO CAN SAY WHAT DO YOU WANT TO DO? YOU WANT
20 TO GET OUT WHAT YOU'VE DONE AND WHERE YOU'RE HEADED
21 AND WHAT THE BENEFIT IS, AS CLAIRE SAID, TO
22 PATIENTS. I DON'T THINK WE DO THE BEST JOB ON THAT,
23 AND THAT'S A WHOLE SEPARATE APPROACH THAT I THINK IS
24 WORTH OUR CONSIDERING IN THE STRATEGIC PLAN.

25 DR. FEIGAL: THIS IS GOOD. AND IT'S ALSO,

BARRISTERS' REPORTING SERVICE

1 I THINK, IT CAN IMPACT -- AS YOU KNOW, RIGHT NOW
2 WE'RE LOOKING FOR A DIRECTOR OF PUBLIC COMMUNICATION
3 AND PATIENT ADVOCATE OUTREACH. SO I THINK THESE
4 TYPE OF COMMENTS ALSO HELP US THINK OF THE
5 ATTRIBUTES AND QUALIFICATIONS OF WHAT WE WANT.

6 DR. FIRESTEIN: I THINK YOU MADE A GREAT
7 POINT ABOUT LINKING UP WITH VARIOUS CTSA'S IN
8 CALIFORNIA IN ORDER TO LEVERAGE ESSENTIALLY NIH
9 RESOURCES TO TRANSLATE THESE INTO THE CLINIC. AND,
10 IN FACT, THERE'S A CTSA CONSORTIUM FOR THE
11 UNIVERSITY OF CALIFORNIA THAT WAS FORMED ABOUT A
12 YEAR OR TWO AGO AND IS NOW REALLY IN FULL STRIDE AND
13 HAS ALREADY BEGUN TO HAVE DISCUSSIONS WITH CIRM IN
14 ORDER TO DEVELOP IRB PROCESSES AND OUTLINE THE
15 CAPACITY THAT'S NEEDED IN ORDER TO MANAGE THE NEXT
16 PHASE OF THESE INTERACTIONS. SO THOSE DISCUSSIONS
17 DON'T MAKE IT IN THIS HIGH A LEVEL OF DOCUMENT, BUT
18 ARE DEFINITELY ONGOING.

19 DR. FEIGAL: I JUST WANT TO CLARIFY TOO.
20 SOME OF THE THINGS THAT PEOPLE HAVE MENTIONED ARE
21 ACTUALLY WHAT WE'VE PUT INTO TACTICS RATHER THAN
22 STRATEGIES.

23 MS. FEIT: I JUST WANT TO JUMP ON THE
24 BANDWAGON WITH DUANE'S COMMENT. RECENTLY WE HAD A
25 PRESENTATION AT CEDARS ON SOME PRETTY PROFOUND

BARRISTERS' REPORTING SERVICE

1 CARDIAC WORK THAT'S BEING DONE, AND THE
2 TRANSFORMATION OF THOSE PATIENTS' LIVES IS
3 TREMENDOUS. WHILE WE'RE NOT CURING CARDIAC DISEASE,
4 WE'RE RESTORING THESE PATIENTS BACK TO A VERY NORMAL
5 STATE WHERE THEY'RE FUNCTIONAL AND THEY'RE NOT GOING
6 TO BE UTILIZING THOSE HIGH RESOURCES FOR THE REST OF
7 THEIR LIVES BECAUSE THEY HAD HEART ATTACKS. I THINK
8 THE EMPHASIS ON THE ECONOMIC AND THEN THE
9 COMMUNICATING OF WHAT WE'VE ALREADY ACCOMPLISHED
10 BECAUSE CIRM HAS FUNDED THAT PROJECT.

11 IT WAS ONE OF THE BEST PRESENTATIONS SO
12 FAR THAT REALLY SHOWS THE PROGRESSION OF WHERE THE
13 STATE OF STEM CELL RESEARCH IS GOING, AND THESE
14 PATIENTS WERE JUST PROFOUNDLY AFFECTED, AND THE
15 PUBLIC CAN RELATE TO THAT.

16 THE LEGISLATORS CAN RELATE TO THE ECONOMIC
17 CHANGE IN HEALTHCARE, AND THAT'S THEY ALL WANT.
18 THEY WANT THE COST REDUCED. THAT'S THE MANTRA FOR
19 HEALTHCARE REFORM. I CAN'T THINK OF ANYTHING BETTER
20 THAN WHAT WE HEARD A MONTH AGO AT CEDARS.

21 MR. SHESTACK: CAN I MAKE A COMMENT ON THE
22 PHONE? I JUST WANTED TO ALSO CHIME IN PARTICULARLY
23 WITH WHAT CLAIRE SAID AND URGE THAT THE METRICS WE
24 USE BE TRULY SIMPLE. HAVE THEM REALLY BE FOR THE
25 LAY PUBLIC AND THE EDUCATED PRESS AND NOT FOR

BARRISTERS' REPORTING SERVICE

1 OURSELVES.

2 AND THE OTHER THING I URGE IS SPECIFICITY
3 AND DISEASE SPECIFICITY, TALKING ABOUT SPECIFIC
4 GOALS THAT YOU THINK MIGHT BE ACCOMPLISHED IN A
5 CERTAIN PERIOD OF TIME IN A SPECIFIC DISEASE. IF
6 THEY END UP NOT BEING ACCOMPLISHED, YOU CAN DEAL
7 WITH THAT THEN, BUT A SPECIFIC STORY THAT A PATIENT
8 CAN TELL TO ANOTHER PATIENT IS SO CRITICAL. AND WE
9 RARELY PRESENT IT THAT WAY. I AGREE WITH MARCY THAT
10 THE PRESENTATION AT CEDARS WAS EXCELLENT BECAUSE IT
11 REALLY ALLOWED MANY OF US TO GO HOME AND TALK ABOUT
12 THE POTENTIAL OF STEM CELLS IN A CONCRETE WAY THAT
13 WE OFTEN DON'T GET TO DO, AND IT MAKES A HUGE
14 DIFFERENCE.

15 CHAIRMAN THOMAS: THANK YOU, JON.

16 MR. SHEEHY: WELL, I AGREE WITH JON AND I
17 THINK ALSO WITH STEVE JUELSGAARD, AND I THINK THE
18 TWO ARE LINKED, THIS ISSUE OF PRIORITIZATION AND
19 GETTING SOME GRANULARITY IN WHAT WE'RE
20 ACCOMPLISHING. AND I ACCEPT, AND I THINK DR. FEIGAL
21 HAS DONE A GREAT JOB ON GIVING US A FRAMEWORK ON
22 WHICH TO START THE ANALYSIS, BUT THIS IS REALLY JUST
23 THE VERY FIRST STEP.

24 AND I THINK -- TO GO BACK TO WHAT SHERRY
25 WAS SAYING, IF WE'RE GOING TO ACTUALLY ENGAGE THE

BARRISTERS' REPORTING SERVICE

1 ADVOCACY COMMUNITY THAT PUT THIS ON THE BALLOT, THIS
2 PROCESS OF PRIORITIZATION AND GRANULARITY IN WHAT
3 WE'RE GOING TO ACCOMPLISH IS CRITICAL IN ORDER TO DO
4 THAT. AND THIS IS REALLY KIND OF STARK TO ME WHEN
5 WE LOOK AT OUR RESEARCH LEADERSHIP AWARD TODAY, I
6 DON'T KNOW HOW MANY PEOPLE HAVE LOOKED AT THAT, THAT
7 BRINGS IT SHARPLY INTO FOCUS. AND WE CAN'T START
8 THIS PROCESS OF WHERE WE SHOULD BE PUTTING OUR MONEY
9 AND WHAT WE SHOULD BE TRYING TO ACCOMPLISH, WHO
10 WE'RE TRYING TO DO IT FOR, WE CAN'T DO THIS TOO
11 SOON.

12 AND I FEEL LIKE WE'RE GOING TO BE VOTING
13 ON SOMETHING THIS AFTERNOON OR LATER THIS MORNING
14 THAT WE HAVEN'T REALLY GOT THE ANALYTIC FRAMEWORK IN
15 WHICH TO APPROACH, BUT WE'RE GOING TO KIND OF THROW
16 A DART AT IT. I KNOW THAT WE STRUGGLED WITH THAT AT
17 THE WORKING GROUP. BUT WHILE THIS IS A GREAT
18 FRAMEWORK TO START US DOWN THE ROAD, WE REALLY NEED
19 TO GET TO THAT GRANULARITY, THAT PROCESS FOR
20 PRIORITIZATION, AND THAT ENGAGEMENT OF THE COMMUNITY
21 IN ORDER TO REALLY HAVE SOMETHING THAT WILL RESONATE
22 WITH THE PEOPLE WHO PUT THIS ON THE BALLOT.

23 CHAIRMAN THOMAS: DUANE.

24 MR. ROTH: SO ONE OTHER IMPORTANT CONCEPT
25 HERE IS ON SUSTAINABILITY, AND THERE ARE TWO WAYS TO

BARRISTERS' REPORTING SERVICE

1 VIEW SUSTAINABILITY. ONE IS THE SUSTAINABILITY OF
2 THE SCIENCE TO GO ON WITHOUT US. THE 3 BILLION WAS
3 NEVER INTENDED TO ACCOMPLISH EVERYTHING. IT WAS
4 INTENDED, I THINK, TO GET THE FRAMEWORK, THE
5 FOUNDATION, AND SOME OF THE PILLARS IN PLACE SO THAT
6 IT COULD CONTINUE ON AFTER US REGARDLESS OF WHEN
7 THAT IS. IF WE GET MORE MONEY, WE CONTINUE TO DO
8 WHAT THE MISSION SAID. BUT IF WE DON'T, I AM
9 LOOKING BACKWARDS AT THIS STRATEGIC PLAN SAYING, MY
10 GOODNESS, LOOK WHAT WE'VE PUT IN PLACE, WHAT WE'VE
11 ENABLED. AND IT'S QUITE AN ACCOMPLISHMENT. WE'VE
12 GOT CENTERS, WE'VE GOT PEOPLE, WE'VE GOT SOME
13 INTEREST FROM THE COMMERCIAL SIDE. IT'S NOT WHERE
14 WE WANT IT TO BE, BUT LOOKING AT THOSE REMAINING
15 FUNDAMENTALS MIGHT HELP US GUIDE HOW WE APPROACH
16 WHERE TO SPEND THE REST OF OUR MONEY.

17 SO TO ME WE HAVE TO BE A LITTLE CAREFUL
18 THAT THIS DOESN'T COME ACROSS AS SUSTAINABILITY OF
19 THE AGENCY, BUT SUSTAINABILITY OF WHAT WE SET OUT TO
20 DO HERE AND WHAT WE WERE PROMPTED BY THE VOTERS TO
21 DO.

22 CHAIRMAN THOMAS: WELL SAID.

23 DR. PIZZO: I THINK THAT WAS WELL SAID,
24 BUT I JUST WANT TO, DUANE, JUST FOLLOW THE LOGIC OF
25 THAT ARGUMENT FOR A MOMENT BECAUSE THERE IS NO

BARRISTERS' REPORTING SERVICE

1 QUESTION THAT THE STATE OF CALIFORNIA AND ALL OF ITS
2 COMPONENTS HAVE BEEN BENEFITED FROM WHAT'S BEEN
3 ACCOMPLISHED. I THINK YOU SAID THAT VERY WELL. BUT
4 WITHOUT THERE BEING SUSTAINABILITY, EITHER FROM THE
5 PUBLIC AND/OR PRIVATE OR SOME CONVERGENCE OF THOSE
6 TOGETHER, THERE'S A HUGE LOST INVESTMENT. JUST AS
7 YOU BEGAN YOUR COMMENT BY SAYING THAT IT REALLY IS
8 ABOUT HOW ONE ALTERS DISEASE BECAUSE DISEASE IS SO
9 EXPENSIVE. THE SAD REALITY WOULD BE AN INVESTMENT
10 OF \$3 BILLION THAT ISN'T ABLE TO SUSTAIN ITSELF OVER
11 TIME THROUGH THESE VARIOUS ORGANIZATIONS WOULD BE A
12 HUGE LOST INVESTMENT FOR THE STATE AS WELL.

13 SO WE NEED TO JUST BE SURE THAT THAT
14 MESSAGE DOESN'T GET LOST.

15 MR. ROTH: I'M ABSOLUTELY IN AGREEMENT.
16 WHERE THAT SUSTAINABILITY FOLLOW-ON FINANCING COMES,
17 HOWEVER, MAY BE FROM MULTIPLE SOURCES. AND SO
18 PUTTING IN PLACE AND ATTRACTING THAT SEED THAT WILL
19 ALLOW SOMETHING TO GROW IS VERY IMPORTANT. WE'RE
20 TRYING TO DO THAT WITH OUR INDUSTRY PARTNERS. AND I
21 THINK FOR US THAT'S MONEY EXTREMELY WELL SPENT.

22 DR. PIZZO: TRUE. BUT I'M ALSO KEYING
23 INTO BOTH ALAN AND MICHAEL'S COMMENTS EARLIER. WE
24 ARE AT A TIME IN HISTORY WHEN THESE SHARED
25 INVESTMENTS ARE VERY, VERY DIFFICULT. AND I THINK

BARRISTERS' REPORTING SERVICE

1 WE OUGHT TO BE REMINDING IN PUBLIC RELATIONS WAYS
2 THAT OTHERS HAVE ARTICULATED WHY THIS IS SO
3 IMPORTANT. AND THAT DOES MEAN BRINGING THE PARTIES
4 TOGETHER EARLY ON FOR THESE DIALOGUES BECAUSE I
5 THINK IF WE WERE TO, AND I KNOW THIS IS WHAT OTHERS
6 ARE SAYING, IF OUR ONLY ARGUMENT IS THERE NEEDS TO
7 BE MORE PUBLIC FUNDING, IF THAT'S THE SOLE ARGUMENT,
8 I THINK WE LOSE OUR CREDIBILITY TO A SIGNIFICANT
9 DEGREE.

10 IF WE ARGUE FOR SHARED PUBLIC FUNDING WITH
11 PRIVATE FUNDING, I THINK WE GAIN; BUT WE NEED TO
12 BRING THE PRIVATE SOURCES TO THE TABLE TO BE
13 CREATIVE ABOUT HOW THAT'S GOING TO BE ACCOMPLISHED
14 IN THIS ECONOMIC REALITY.

15 MR. ROTH: JUST A QUICK FOLLOW-UP, IF I
16 COULD. I THINK WE NEED TO KEEP OUR HAND ON THE
17 THROTTLE AND KEEP MOVING FORWARD. THAT I DON'T
18 ARGUE WITH AT ALL.

19 I THINK I WANT TO REMIND YOU FROM SOME OF
20 THE COMMENTS MADE EARLIER THIS MORNING. I'VE BEEN
21 AROUND LONG ENOUGH TO LIVE THROUGH WHEN MONOCLONAL
22 ANTIBODIES WERE DISCARDED. THERE WOULD NEVER BE ANY
23 THERAPEUTIC BENEFIT FROM MONOCLONAL ANTIBODIES. IT
24 WAS ALL A BUNCH OF HYPE AND IDEAS. AND THAT TURNED
25 NOT TO BE THE CASE. SAME THING WITH GENE THERAPY.

BARRISTERS' REPORTING SERVICE

1 WE'VE GONE FROM, YOU KNOW, THE HIGHEST HIGH, THAT
2 IT'S GOING TO CURE EVERY DISEASE KNOWN TO MAN TO RAT
3 POISON I WOULDN'T FEED TO MY DOG. AND THEN SUDDENLY
4 IT STARTS TO REGENERATE AGAIN, AND YOU FIGURE OUT
5 HOW TO DO IT AND IT MOVES FORWARD.

6 SO IT'S IN TIMES LIKE THIS THAT WE'VE GOT
7 TO KEEP THE HAND ON THE THROTTLE. AS LONG AS THE
8 SCIENTISTS TELL US THE POTENTIAL IS THERE, AND I
9 BELIEVE THAT FROM EVERYTHING I'VE SEEN, DON'T GIVE
10 UP HOPE JUST BECAUSE PHARMA AND VENTURE CAPITAL
11 HASN'T YET JOINED ON. THEY JOIN LATE, AND THEY'RE
12 FEROCIOUS WHEN THEY GET GOING.

13 DR. LUBIN: I JUST WANTED TO ADD, AND THIS
14 MIGHT BE IN OPERATIONS, BUT IT WOULD BE VERY
15 INTERESTING TO KNOW HOW MANY JOBS HAVE BEEN CREATED
16 BY THE FUNDING WE HAVE THAT INVOLVED CONSTRUCTION,
17 INVOLVED EVERYTHING ELSE --

18 MR. TORRES: 25,000.

19 DR. LUBIN: IS THAT RIGHT? 25,000. DID
20 WE MAKE THAT KNOWN? DOES EVERYBODY KNOW THAT?

21 CHAIRMAN THOMAS: YES. WE MADE THAT
22 KNOWN. WE'VE REPORTED ON THAT DIRECTLY TO THE
23 STATE. WE'VE HAD THAT NUMBER IN A NUMBER OF
24 REFERENCES THAT WE'VE MADE. IT'S A VERY IMPORTANT
25 POINT BECAUSE THE JOBS ARE OBVIOUSLY A CRITICAL

BARRISTERS' REPORTING SERVICE

1 CONCERN FOR THE GOVERNOR AND THE LEGISLATURE, ETC.,
2 AND WE'RE KEENLY FOCUSED ON TRANSMITTING THAT
3 MESSAGE. THANK YOU.

4 OTHER COMMENTS?

5 DR. MELMED: I WOULD JOIN THE REST OF US
6 IN CONGRATULATING YOU ON A TERRIFIC PRESENTATION AND
7 A GREAT SYNTHESIS OF MANY COMPLEX IDEAS. I JUST
8 WANTED TO ADD ONE SMALL COMMENT, TECHNICAL COMMENT.

9 ALL GOOD STRATEGIC PLANS ARE REALLY
10 DYNAMIC, AND THEY'RE NOT STATIC DOCUMENTS. AND SO I
11 THINK THAT I WOULD LIKE TO SUGGEST TO THE BOARD IN
12 ADDITION TO ANNUALLY OR SEMIANNUALLY LOOKING AT THE
13 PLAN AND SEEING THAT WE'RE ON TARGET, ACTUALLY
14 RECONSIDER CHANGING THE PLAN. AND THAT PART OF OUR
15 ROLE SHOULD BE ON AN ANNUAL BASIS THAT WE REVISIT
16 THE PLAN AND CHANGE IT AND CHANGE COURSE BECAUSE
17 THIS IS NOT A DOGMATIC DOCUMENT.

18 CHAIRMAN THOMAS: THANK YOU. ANY OTHER
19 COMMENTS FOR DR. FEIGAL?

20 DR. TROUNSON: WELL, I THINK SOME OF THE
21 IMPORTANT ISSUES ARE REALLY HAVE WE GOT THE RIGHT
22 MAJOR KEYNOTE MESSAGE UNDER THOSE FOUR HEADINGS
23 BECAUSE WE WENT THROUGH A LOT OF THIS THROUGH ALL
24 THE STAKEHOLDERS. AND I THINK WHAT WE'RE HEARING IS
25 SOME OF THAT FROM YOU, THAT WE'VE ACTUALLY GOT TO

BARRISTERS' REPORTING SERVICE

1 GET PROOF OF CONCEPT IN SOME DISEASES. WE'VE GOT TO
2 GET IT THROUGH TO PHASE II IN SOME DISEASES WHERE WE
3 CAN SHOW THAT THERE'S A BENEFIT. THE PATIENTS --
4 IT'S NOT ONLY SAFE, BUT IT'S BENEFICIAL TO PATIENTS.

5 IF WE DO THAT, THAT'S A HUGE CHALLENGE,
6 IT'S STILL A HUGE CHALLENGE. WE'VE SORT OF LOST AT
7 THE MOMENT THE FRONT-RUNNING STUDY, SO WE'VE GOT IN
8 WHAT WE'RE CONCENTRATING ON TRYING TO BUILD OUR
9 ACTIVITIES THROUGH TO GET AT LEAST A NUMBER OF
10 STUDIES THAT ARE FOCUSING DOWN ON PHASE II BECAUSE
11 THEY WON'T ALL BE SUCCESSFUL.

12 IF THAT'S THE CASE, THAT'S REALLY, REALLY
13 IMPORTANT, AND IT'S GOING TO TAKE A LOT OF OUR
14 ENERGY TO GET THERE. IF THAT'S NOT RIGHT, THEN WE
15 NEED TO BE THOUGHTFUL ABOUT WHAT IS THE SUBSIDIARY
16 ISSUE. BECAUSE THAT, I THINK, WILL BE RECOGNIZED
17 MORE THAN ANYTHING AS A BENEFIT BY THE COMMUNITY,
18 AND BUILDING THE ECONOMICS WILL COME ALONG WITH
19 THAT, I'D SUGGEST, ANYWAY.

20 BUT THE OTHER THING IS IN THE SCIENCE
21 SIDE, TO SORT OF KEEP PRESSING ON MAKING
22 TRANSFORMATIONS BECAUSE THERE'S SOME THINGS HERE
23 THAT ARE HAPPENING WITH THE BASIC RESEARCH WHICH,
24 AGAIN, I THINK ARE GOING TO CHANGE THE WHOLE FIELD
25 IN THE NEXT DECADE OR TWO. SO IF WE PRESS ON WITH

BARRISTERS' REPORTING SERVICE

1 THOSE INITIATIVES AND WE PRESS ON GETTING THEM INTO
2 THE CLINIC BEING REALLY CRITICAL COMPONENTS OF WHAT
3 WE'RE ABOUT BECAUSE A LOT OF THE OTHER THINGS FLOW
4 FROM THAT IN MY MIND.

5 DR. FEIGAL: I JUST WANT TO SAY THIS IS AN
6 OPPORTUNITY TO ACTUALLY GIVE US YOUR THOUGHTS AND
7 YOUR INPUT BECAUSE WE ARE GOING TO GO AND START
8 EMBEDDING THIS MORE INTO A FINALIZED PLAN FOR YOUR
9 CONSIDERATION. AND I SAY FINALIZED IN A
10 SEMITANGIBLE SENSE IN THAT ALL THESE DOCUMENTS ARE
11 GOING TO BE DYNAMIC BASED UPON CHANGES IN THE FIELD
12 AND HOW THE DATA EMERGES. BUT THIS REALLY IS AN
13 OPPORTUNITY NOW TO TELL US WHAT YOU THINK SO THAT
14 WHEN WE DO COME BACK IN MARCH, THERE REALLY HAS
15 BEEN -- YOU CAN SEE THAT YOU CAN BE REALLY ENGAGED
16 IN THE PLAN THAT WE PUT TOGETHER, THAT THIS IS
17 SOMETHING -- THIS IS OUR AGENCY. AND SO WE WANT TO
18 MAKE SURE WE REALLY ARE ON THE SAGE PAGE ABOUT HOW
19 WE WANT TO MOVE FORWARD.

20 CHAIRMAN THOMAS: DR. POMEROY.

21 DR. POMEROY: SO THIS DISCUSSION OF WE
22 HAVEN'T HAD A SINGLE PROOF OF CONCEPT, ARE WE SAYING
23 THAT OUR SUCCESS IS DEFINED ONLY BY EMBRYONIC OR IPS
24 CELL STUDIES BECAUSE OF THE WORK THAT WE'VE
25 SUPPORTED HAS BEEN WITH MESENCHYMAL STEM CELLS OR

BARRISTERS' REPORTING SERVICE

1 ADULT STEM CELLS. AND AS MARCY HAS ALREADY POINTED
2 OUT, WE HAVE MADE PROGRESS ON THAT BECAUSE OF THIS
3 INVESTMENT. SO I THINK AS WE FIGURE OUT HOW WE WANT
4 TO ASSESS WHAT WE DEFINE AS SUCCESS, I WANT TO
5 CAUTION US. MY PERSONAL APPROACH WOULD BE TO TALK
6 ABOUT EVERYTHING THAT HAS BEEN FUNDED BY CIRM AND
7 NOT LIMIT OUR METRICS OR OUR DEFINITION OF OUTCOMES
8 TO EMBRYONIC OR IPS.

9 DR. FEIGAL: WE'VE ACTUALLY HEARD THAT
10 VERY STRONGLY FROM EXTERNAL STAKEHOLDERS, BUT WOULD
11 BE VERY INTERESTED IN GETTING THE BOARD PERSPECTIVE
12 ON WHAT YOU THINK ABOUT THAT.

13 DR. PIZZO: IPS IS A SUCCESS BECAUSE IT
14 DIDN'T EVEN EXIST WHEN THIS AGENCY STARTED.

15 MR. ROTH: I WANT TO JUMP ON HERE AND JUST
16 SAY THAT WHAT WE'RE TALKING ABOUT IS DON'T DEFINE
17 SUCCESS SO NARROW TO CALIFORNIA PROOF OF CONCEPT.
18 WHAT WE DID, WHAT THE VOTERS DID, WHAT THIS AGENCY,
19 BOB KLEIN, ALL THE PEOPLE THAT LED THIS IS CREATE A
20 WORLDWIDE FOCUS ON THIS TECHNOLOGY. WHEN I GO
21 PLACES AND TALK, THEY SAY, "BUT FOR CALIFORNIA, WE
22 WOULDN'T HAVE FUNDING IN OUR STATE." SO IT DOESN'T
23 HAVE TO HAPPEN BECAUSE WE FUNDED A SPECIFIC PROJECT.
24 IT HAS TO HAPPEN. AND IF IT HAPPENS IN CONNECTICUT
25 AND A PRODUCT COMES FORWARD, THE VENTURE CAPITAL

BARRISTERS' REPORTING SERVICE

1 COMMUNITY OPENS UP, HEY, CONNECTICUT WOULDN'T HAVE
2 HAD FUNDING IF WE HADN'T SET THE BAR VERY HIGH.

3 DR. FEIGAL: I THINK WE'RE HEARING ALSO
4 ANOTHER ISSUE, WHICH IS IN TERMS OF THE STEM
5 CELL-BASED PLATFORMS AND NOT NARROW IT THERE. WHAT
6 ARE PEOPLE'S THOUGHTS ON THAT?

7 CHAIRMAN THOMAS: I COMPLETELY AGREE WITH
8 THAT. THE FACT OF THE MATTER IS CIRM IS FUNDING
9 ACROSS THE PLATFORM. SO THE PLATFORM AS A WHOLE
10 SHOULD BE THE STANDARD THAT WE'RE LOOKING TO
11 EVALUATE BOTH HERE AND, AS DUANE CORRECTLY POINTS
12 OUT, GLOBALLY. SO WE DO NOT WANT TO RESTRICT THIS.
13 THERE ARE LOTS OF VERY INTERESTING THINGS HAPPENING
14 ACROSS THE CONTINUUM THAT WE WANT TO MAKE SURE THAT
15 WE FOCUS ON.

16 DR. BRYANT: I WAS JUST GOING TO SAY THE
17 SAME THING. I THINK IT'S IMPORTANT TO RECOGNIZE
18 THAT BY HAVING THE HIGH ASPIRATION FOR EMBRYONIC
19 STEM CELLS INITIALLY, IT ALSO FOLDED IN ALL THESE
20 OTHER THINGS. SO THE WHOLE FIELD HAS MOVED FORWARD
21 AS A RESULT, NOT JUST THROUGH CIRM FUNDING, BUT
22 BECAUSE OF CIRM.

23 DR. PIZZO: IF I CAN MAKE ONE MORE
24 COMMENT. I'M REFLECTING BECAUSE I'VE OFTEN HAD THE
25 SAME MODELS IN MIND THAT DUANE MENTIONED IN TERMS OF

BARRISTERS' REPORTING SERVICE

1 PAST HISTORY. AND, YOU KNOW, AS PART OF THE
2 ARGUMENT, I THINK WE SHOULD CONTINUE TO REFLECT THAT
3 OFTENTIMES IN SCIENCE THESE DISCOVERIES TAKE, IN
4 REALITY, DECADES BEFORE THEY ACTUALLY MAKE IT. AND
5 WE'VE ALL LIVED THROUGH THE VERY POINTS THAT YOU
6 JUST MADE. THE SCIENCE WAVE OF DEVELOPMENT IS VERY
7 SIGNIFICANT FROM OVEREXUBERANCE TO UNDER EXPECTATION
8 TO REALITY. AND AS WE CRAFT THAT MESSAGE WITHOUT
9 LOOKING LIKE WE'RE DUCKING THE ISSUE BY PRETENDING
10 THAT IT'S GOING TO BE BEYOND THE HORIZON, WE OUGHT
11 TO GIVE THESE PAST EXAMPLES OF INVESTMENTS THAT LEAD
12 TO SUCCESS.

13 CHAIRMAN THOMAS: OTHER COMMENTS? THANK
14 YOU VERY MUCH, DR. FEIGAL, FOR AN EXCELLENT
15 PRESENTATION. I GUESS WE'RE NOW GOING TO -- ANYBODY
16 ON THE PHONE HAVE CONCLUDING COMMENTS THEY'D LIKE TO
17 MAKE?

18 DR. TROUNSON: JON, WHAT WE REALLY WANTED
19 TO DO IS GET PAT OLSON.

20 CHAIRMAN THOMAS: YES, I WAS ABOUT TO.
21 TURNING IT OVER TO PAT NOW FOR THE SECOND PART OF
22 THIS PRESENTATION.

23 THERE'S BEEN A REQUEST TO DO A QUICK
24 FIVE-MINUTE BREAK. SO WE'LL RESUME IN FIVE MINUTES.
25 THANK YOU.

BARRISTERS' REPORTING SERVICE

1 (A RECESS WAS TAKEN.)

2 CHAIRMAN THOMAS: WE'RE ABOUT TO RESUME
3 HERE. OKAY. THE WEATHER CONDITIONS IN THE ROOM
4 SEEM TO ALTERNATE BETWEEN COLD AND HOT. OKAY.

5 SO ON TO PART 2 OF THE STRATEGIC PLAN
6 DISCUSSION, THE FINANCIAL PROJECTIONS. DR. OLSON.

7 DR. OLSON: THANK YOU. SO WE'VE ALL HEARD
8 NOW, WE'VE HAD A VERY GOOD DISCUSSION ON THE
9 ELEMENTS OF THE STRATEGIC PLAN. AND NOW I'D LIKE TO
10 BRING FORWARD FOR YOUR CONSIDERATION A DISCUSSION ON
11 STRATEGIC RESEARCH FUNDING. BECAUSE BASICALLY, YOU
12 KNOW, THE KINDS OF FUNDING DECISIONS WE MAKE ARE AN
13 IMPORTANT PART AS TO HOW WE IMPLEMENT OUR
14 STRATEGIES.

15 FIRST, I WOULD REALLY LIKE TO REMIND ALL
16 OF US, IN FACT, HOW WE HAVE ALLOCATED OUR MONEY TO
17 DATE WHICH HAS BROUGHT US THE SUCCESSES IT HAS. SO
18 THIS BOARD HAS MADE FUNDING DECISIONS AND AWARDED
19 \$1.3 BILLION TO DATE. AND FOR THE PURPOSES OF THIS
20 DISCUSSION, I'D JUST LIKE TO GO OVER THE
21 CLASSIFICATION. ROUGHLY 333 MILLION HAS GONE TO
22 PHYSICAL INFRASTRUCTURE. THESE ARE OUR MAJOR NEW
23 FACILITIES; THESE ARE THE SHARED LABS. ROUGHLY 290
24 MILLION HAS GONE TO WHAT I'LL DEFINE AS INTELLECTUAL
25 INFRASTRUCTURE. THIS IS OUR TRAINING PROGRAMS, THIS

BARRISTERS' REPORTING SERVICE

1 IS OUR BRIDGES PROGRAM, THIS IS OUR NEW FACULTY, AND
2 INCLUDES THE RESEARCH LEADERSHIP AWARDS THAT HAVE
3 BEEN MADE TO DATE.

4 ANOTHER 250 MILLION HAS GONE TO WHAT I'LL
5 CALL FUNDAMENTAL RESEARCH. THESE ARE OUR BASIC
6 BIOLOGY PROGRAMS. THIS WAS THE COMPREHENSIVE
7 RESEARCH AWARD. THIS IS NEW CELL LINES. SO IF YOU
8 LOOK ROUGHLY, BECAUSE SINCE A LOT OF THE
9 INTELLECTUAL INFRASTRUCTURE IS SORT OF BASIC
10 RESEARCH AS WELL, ROUGHLY A HALF A BILLION DOLLARS
11 HAS GONE INTO THAT.

12 THEN THERE'S WHAT I'LL CALL TRANSLATIONAL
13 RESEARCH. FOR THE PURPOSES OF THIS DISCUSSION, THIS
14 IS THE EARLY TRANSLATIONAL PROGRAMS AS WELL AS THE
15 RECENT TOOLS AND TECHNOLOGIES FOR TRANSLATIONAL
16 RESEARCH. THAT'S AT 174 MILLION. AND THEN THERE'S
17 FINALLY WHAT I'M GOING TO CALL CLINICAL DEVELOPMENT
18 OFTEN SHORTENED TO DEVELOPMENT IN ENSUING
19 DISCUSSIONS. AND BY DEVELOPMENT I MEAN THOSE
20 PROGRAMS THAT WILL BE WITHIN THE REGULATED SPACE.
21 THEY'RE ON A PATH OR IN THE CLINIC. SO THIS
22 INCLUDES OUR DISEASE TEAM AWARD, OUR FIRST DISEASE
23 TEAM AWARD AND THE ASSOCIATED DISEASE TEAM PLANNING
24 AWARDS, AND THEN IT ALSO INCLUDED THE TARGETED
25 CLINICAL DEVELOPMENT PROGRAM. THE MONEY WHICH IS

BARRISTERS' REPORTING SERVICE

1 STILL IN THERE PENDING WE KNOW FOR SURE WHETHER IT'S
2 GOING TO BE PICKED UP, BUT SO THOSE ARE IN THERE.

3 AGAIN, WE HAVE TO DATE ROUGHLY 400 AND
4 SOME MILLION IN WHAT I'LL CALL BROADLY TRANSLATIONAL
5 RESEARCH. BUT AS YOU WILL RECALL FROM PREVIOUS
6 PRESENTATIONS THAT WE'VE MADE, WE REALLY DID JUST
7 START FUNDING OUR TRANSLATIONAL RESEARCH PROGRAM IN
8 2009.

9 SO THIS IS HOW OUR MONEY HAS GONE TO DATE.
10 THIS IS WHERE A LOT OF OUR ACHIEVEMENTS COME FROM TO
11 DATE, AND NOW WE NEED TO THINK ABOUT GOING FORWARD.

12 SO WE HAVE ROUGHLY 1.5 BILLION OF THE
13 CURRENT BOND ALLOCATION REMAINING TO ACHIEVE KEY
14 STRATEGIC OUTCOMES. AND OF THAT 1.5 BILLION, WE
15 HAVE ACTUALLY ALLOCATED THROUGH CONCEPT PLAN
16 APPROVALS, SO WE HAVEN'T AWARDED, THE BOARD HASN'T
17 MADE ANY FUNDING DECISIONS, BUT ROUGHLY 578 MILLION
18 OF THAT 1.5 BILLION HAS ACTUALLY BEEN ALLOCATED
19 THROUGH CONCEPT PROPOSALS. SO THAT LEAVES A LITTLE
20 UNDER OR ABOUT 900 MILLION IN SO-CALLED NEW FUNDING.

21 SO WHAT ARE WE TRYING TO DO WITH THAT?
22 YOU'VE JUST HEARD FROM ELLEN THE KEY OUTCOMES THAT
23 WE'RE TRYING TO ACHIEVE. ACHIEVE CLINICAL PROOF OF
24 CONCEPT FOR STEM CELL THERAPIES. TYPICALLY THAT
25 MEANS COMPLETE A SUCCESSFUL COMPLETION OF A PHASE II

BARRISTERS' REPORTING SERVICE

1 TRIAL, TYPICALLY. WE'VE TALKED ABOUT ACHIEVING
2 TRANSFORMATIVE RESEARCH DISCOVERIES. MULTIPLY
3 CIRM'S INVESTMENT IN CALIFORNIA AND ENSURE THAT
4 CALIFORNIA CONTINUES TO BE UNIVERSALLY RECOGNIZED AS
5 THE STEM CELL STATE.

6 I THINK I HEARD FROM THE DISCUSSION BEFORE
7 THAT IN POINT OF FACT SUCCESS IN ONE AND TWO
8 OBVIOUSLY HAS EFFECTS ON THREE AND FOUR, MULTIPLY
9 OUR INVESTMENT. THE ONE'S MADE EASIER BY THE OTHER.
10 WE HAVE MORE TO TALK ABOUT. ALL OF THOSE ARE
11 INTERPLAYING.

12 SO SOME KEY POINTS I'D LIKE TO MAKE ABOUT
13 A FUNDING SCENARIO I'D LIKE TO BRING TO YOUR
14 ATTENTION IS THAT, IN FACT, WE ARE ASSUMING A
15 DEVELOPMENT RESEARCH FUNDING FOCUS, SO DISEASE TEAM,
16 STRATEGIC PARTNERSHIPS, ALPHA CLINICS. WHY DO WE
17 NEED TO DO THAT? DEVELOPMENT PROJECTS ARE
18 EXPENSIVE, MORE SO THAN ANY BASIC RESEARCH FUNDING,
19 MORE SO THAN ANY SINGLE AWARD FOR TRAINING, MORE SO
20 THAN ANY EARLY TRANSLATIONAL. SO DEVELOPMENT
21 FUNDING DRIVES PLANNING.

22 SUBSTANTIAL INVESTMENT IS REQUIRED
23 ESPECIALLY IN MERITORIOUS PROJECTS IN THE CLINIC TO
24 ACHIEVE CLINICAL PROOF OF CONCEPT FOR STEM CELL
25 THERAPIES. ANY OF YOU -- I THINK ALL OF US REALIZE

BARRISTERS' REPORTING SERVICE

1 THAT PROJECTS THAT LOOK GOOD, THAT HAVE GOOD
2 UNDERPINNING SCIENCE, THAT ARE WELL-DESIGNED, THAT
3 ARE CARRIED OUT DON'T ALWAYS ACHIEVE THE RESULTS ONE
4 LIKES OR ONE WOULD HOPE. IT'S JUST A FACT OF LIFE.
5 PROBABILITY OF TECHNICAL SUCCESS FOR ANY ONE GIVEN
6 AREA IN THE CLINIC IS NOT A HUNDRED PERCENT. AND SO
7 WE NEED TO EXPECT FAILURES; THEREFORE, WE NEED TO
8 FUND IN ORDER TO ACHIEVE SUCCESS.

9 THE SCENARIO WE WOULD PROPOSE, THOUGH,
10 CONTINUES TO INCLUDE FUNDAMENTAL RESEARCH. I THINK
11 WE ALL RECOGNIZE THAT TRANSFORMATIVE RESEARCH
12 DISCOVERIES CAN COME NOT JUST IN THE CLINIC OR FROM
13 TRANSLATIONAL RESEARCH, BUT FROM FUNDAMENTAL
14 RESEARCH PROGRAMS. I'D SAY I WOULD ARGUE THAT THE
15 IPSC WORK OF SHINYA YAMANAKA, THE WORK OF HELEN BLAU
16 SHOWING THAT A TRANSCRIPTION FACTOR CAN ACTUALLY
17 TURN SOMETHING -- TURN BACK A REGENERATIVE PROGRAM,
18 TURN IT ON, THESE KINDS OF THINGS ARE VERY
19 TRANSFORMATIVE RESEARCH DISCOVERIES.

20 ALSO THE EXTERNAL REVIEW HAS ENCOURAGED US
21 THAT WE HAVE TO KEEP DOING THE FUNDAMENTAL RESEARCH
22 THAT LEADS TO THE DISCOVERIES. SO THESE ARE THINGS
23 LIKE BASIC BIOLOGY AWARDS, GENOMICS PROGRAM, AND A
24 REPEAT OF THE SHARED LAB BECAUSE AT THIS POINT THE
25 SHARED LABS IS NOT REALLY FACILITIES. IT'S FUNDING

BARRISTERS' REPORTING SERVICE

1 OF IPS DERIVATIONS, SAY -- IT'S FUNDING OF
2 ACTIVITIES. IT'S A CORE RESOURCE. WE HAVE INCLUDED
3 TRANSLATIONAL RESEARCH. WE WILL CONTINUE TO FUND
4 EARLY TRANSLATIONAL RESEARCH AND THINGS LIKE TOOLS
5 AND TECHNOLOGIES FOR TRANSLATION.

6 PEOPLE. WE ARE ASSUMING ANOTHER REPEAT OF
7 THE TRAINING AND BRIDGES PROGRAM. WE ARE NOT
8 CONTEMPLATING ANY FURTHER INVESTMENT ON FACILITIES.
9 SO THESE ARE THE ASSUMPTIONS THAT WE'RE WORKING ON.

10 IF YOU LOOK AT THIS SLIDE, WHAT IT SHOWS
11 YOU IS THE DOLLARS THAT HAVE ALREADY BEEN AWARDED IN
12 THESE DIFFERENT CATEGORIES PLUS THE DOLLARS WE WOULD
13 SUGGEST OR PROPOSE IN THE APPROVED AND NEW COLUMN.
14 SO APPROVED MEANS THOSE ARE THAT CONCEPT APPROVED,
15 AND NEW MEANS AWARDS NOT YET BROUGHT BEFORE THE
16 BOARD, BUT JUST TO GIVE YOU A SENSE OF CATEGORY.
17 AND THEN THE FINAL COLUMN HIGHLIGHTS HOW MUCH AT THE
18 END OF THIS CURRENT BOND FUNDING ALLOCATION WE WOULD
19 HAVE ALLOCATED INTO THE DIFFERENT AREAS.

20 SO I WOULD JUST LIKE TO MAKE THE POINT
21 THAT WE WOULD CONTINUE TO FUND IN PEOPLE. SO I
22 TALKED ABOUT, IN ADDITION TO THE PHYSICIAN SCIENTIST
23 AWARD, THE CONCEPT YOU'VE ALREADY APPROVED, WE WOULD
24 TALK ABOUT FUNDING A TRAINING AND A BRIDGES PROGRAM
25 AGAIN.

BARRISTERS' REPORTING SERVICE

1 IN THE FUNDAMENTAL RESEARCH, WE WOULD
2 CONTINUE TO FUND BASIC BIOLOGY. AND WE ARE BRINGING
3 FOR YOUR ATTENTION THE GENOMICS PROGRAM THIS
4 AFTERNOON, SO THAT WOULD BE ONE OF THE ONES
5 CONTEMPLATED. IN TRANSLATIONAL, IN ADDITION TO THE
6 EARLY TRANSLATIONAL III, WHICH IS ALREADY CONCEPT
7 APPROVED, BUT NOT AWARDED, AND WHICH WILL COME FOR
8 YOUR REVIEW LATER THIS YEAR, WE WOULD DO MORE OF
9 THOSE PLUS A COUPLE OF TOOLS AND TECHNOLOGIES-TYPE
10 AWARDS.

11 AND THEN IN DEVELOPMENT, WE WOULD HAVE AN
12 ADDITIONAL \$750 MILLION PREDOMINANTLY FOR ACTUALLY
13 DEVELOPMENT-TYPE PROJECTS FUNDED THROUGH DISEASE
14 TEAM, SHARED LAB, OR NOT SHARED LAB, SORRY,
15 STRATEGIC PARTNERSHIP PROGRAMS, SUCH THAT IF YOU
16 LOOK BY THE END OF THIS ROUGHLY \$3 BILLION
17 FUNDING -- RECALL THAT THIS DOESN'T INCLUDE
18 OPERATIONS EXPENSE FOR CIRM AND GRANTS MANAGEMENT
19 STAFF -- WE WOULD HAVE INVESTED ROUGHLY A BILLION
20 DOLLARS SORT OF IN PEOPLE FUNDAMENTAL RESEARCH.

21 YOU KNOW, I HEARD YOU TALK ABOUT WHAT HAVE
22 WE DONE TO MAKE AN IMPACT? WELL, WHEN YOU TRAIN 160
23 PEOPLE EVERY YEAR, YOU CREATE A COMMUNITY THAT HAS
24 AN IMPACT NOT JUST IN CALIFORNIA, EVEN THOUGH WE
25 HOPE A LOT OF THEM WILL STAY IN CALIFORNIA, BUT HAS

BARRISTERS' REPORTING SERVICE

1 AN IMPACT AROUND THE WORLD. WE CONTINUE THE
2 FUNDAMENTAL RESEARCH THAT PROVIDES THE BASIS FOR
3 CONTINUED NEW POSSIBLY CLINICAL DEVELOPMENTS AND AN
4 UNDERSTANDING OF WHY SOMETHING MIGHT WORK IN THE
5 CLINIC OR MIGHT NOT.

6 THE TRANSLATIONAL PROGRAMS THAT PROVIDE
7 INNOVATIVE APPROACHES FOR GOING FORWARD. BUT WE
8 REALLY NEED TO INVEST A LOT IN THE CLINICAL -- IN
9 THE RESEARCH IN THE CLINICAL DEVELOPMENT-TYPE END OF
10 THINGS. SO WE HAVE ROUGHLY A BILLION DOLLARS IN
11 WHAT I'LL CALL FUNDAMENTAL PEOPLE-TYPE RESEARCH.
12 WE'LL HAVE ROUGHLY \$1.4 BILLION IN OVERALL
13 TRANSLATIONAL RESEARCH WITH THE BULK OF THAT IN
14 ESSENTIALLY DEVELOPMENT ON THE WAY TO THE CLINIC.

15 DR. STEWARD: WHILE YOU HAVE THAT SLIDE UP
16 THERE, IS IT POSSIBLE TO BREAK OUT WHAT HAS BEEN
17 ALREADY APPROVED VERSUS WHAT IS THE --

18 DR. OLSON: I DID ANTICIPATE THIS
19 QUESTION. OKAY. SO IN THE ALREADY APPROVED, IN THE
20 APPROVED AND NEW, SO UNDER PEOPLE, 116 HAS ALREADY
21 BEEN APPROVED. SO MAYBE YOU CAN SUBTRACT FASTER
22 THAN I CAN WHILE I'M SITTING UP HERE. SO THAT
23 LEAVES ABOUT 85 MILLION IN ADDITIONAL. IN THE
24 CATEGORY FUNDAMENTAL RESEARCH, 70 MILLION HAS
25 ALREADY BEEN APPROVED. IN THE CATEGORY

BARRISTERS' REPORTING SERVICE

1 TRANSLATIONAL RESEARCH, A HUNDRED MILLION HAS
2 ALREADY BEEN APPROVED. IN THE CATEGORY DEVELOPMENT,
3 292 HAS ALREADY BEEN APPROVED.

4 AND LET ME TELL YOU WHAT THAT IS. THAT'S
5 240 MILLION FOR THE UPCOMING DISEASE TEAM THERAPY
6 DEVELOPMENT PROGRAM. THAT'S 30 MILLION FOR THE
7 CURRENTLY APPROVED STRATEGIC PARTNERSHIP PROGRAM.
8 THAT'S 12 MILLION IN THE BRIDGES FUNDING PROGRAM
9 BECAUSE THAT WOULD BE PARTICULARLY APPLIED TO THOSE
10 TYPES OF PROGRAMS, BRIDGE FUNDING WOULD. AND
11 ROUGHLY TEN OF THE 15 MILLION OF THE EXTERNAL
12 INNOVATION PROGRAM, I WOULD ANTICIPATE, WOULD GO TO
13 THAT. SO I HOPE THAT GIVES YOU A SENSE OF THAT.

14 I WANTED TO TALK A LITTLE BIT ABOUT THE
15 TIMING. THE SCENARIO -- AND THIS ADDRESSES ALSO THE
16 QUESTION THAT DR. STEWARD JUST RAISED. THE SCENARIO
17 FOR DEVELOPMENT FUNDING INCLUDES ROUGHLY 670 OUT OF
18 THAT 750 MILLION THAT IS SPECIFICALLY FOR NEW
19 DEVELOPMENT PROJECTS. I PICKED THAT NUMBER JUST BY
20 ASSUMING 20 MILLION EACH, RECOGNIZING THAT SOME OF
21 THE PROJECTS WILL BE LESS THAN THAT. THE STRATEGIC
22 PARTNERSHIP TALKS ABOUT THE 10 MILLION FUNDING PER
23 PROGRAM UNLESS IT COMES BACK TO THE IP SUBCOMMITTEE.

24 SO I'M JUST SAYING THERE WERE ROUGHLY 33
25 AT LEAST NEW PROJECTS THAT WE WOULD BE TALKING ABOUT

BARRISTERS' REPORTING SERVICE

1 ARE POSSIBLE UNDER THIS, AND THESE CAN BE -- THEY'RE
2 NOT NECESSARILY TOTALLY NEW. THEY MIGHT BE A
3 CONTINUATION OF A PROJECT THAT FILED AN IND AND WE
4 TAKE IT INTO PHASE I, BUT PROGRAMS THAT CONTINUE TO
5 MOVE IT FORWARD.

6 I WANT TO REMIND YOU THAT THE UPCOMING
7 DISEASE TEAM THERAPY DEVELOPMENT AWARDS, WE HAVE
8 ALLOCATED 240 MILLION FOR THAT. AND I WOULD JUST
9 PUT FORTH FOR THE CONSIDERATION OF EVERYBODY IS THE
10 FULL FUNDING OF THIS DESIRABLE? IT DOES REPRESENT
11 ABOUT A THIRD OF OUR TOTAL PROPOSED DEVELOPMENT
12 BUDGET. AND WE DO HAVE A PRIORITY FOR PHASE I AND
13 II CLINICAL PROGRAMS WITHIN THE NEXT TWO TO THREE
14 YEARS BECAUSE WE HAVE PUT UP THIS KEY STRATEGIC
15 OUTCOME OF CLINICAL PROOF OF CONCEPT.

16 NOW, I JUST WANT TO MAKE THE POINT THAT,
17 AT LEAST BASED UPON THE AWARDED DISEASE TEAM
18 PLANNING AWARDS, THE PREPONDERANCE OF THOSE AWARDS,
19 SO THESE ARE THE ONES THAT ARE IN CONJUNCTION WITH
20 THE ONES THAT CAME THROUGH THE EXCEPTION PATHWAY,
21 THE PREPONDERANCE OF THESE AWARDS ARE IN THE
22 IND-ENABLING STAGE. I THINK THIS REPRESENTS JUST TO
23 SOME EXTENT WHAT WE KNOW ABOUT THE FIELD, THAT IT IS
24 MATURING. SO I JUST WANT TO PUT THAT FORTH FOR YOUR
25 CONSIDERATION.

BARRISTERS' REPORTING SERVICE

1 SO I HAVE TWO SCENARIOS SHOWN HERE, AND
2 LET ME BE VERY CLEAR WHAT THIS GRAPH REPRESENTS. IN
3 EACH CASE IT IS WHEN WE START FUNDING. SO, FOR
4 EXAMPLE, IF EARLY TRANSLATION STARTS FUNDING IN
5 SEPTEMBER OF THIS YEAR, IT WILL SHOW UP THE WHOLE
6 AMOUNT IN FISCAL YEAR '12-'13. SO THIS IS HOW
7 AWARDS -- IT'S ESSENTIALLY AFTER THE BOARD HAS
8 APPROVED AND ROUGHLY WHEN WE START FUNDING. AND,
9 AGAIN, THE COLOR CODING IS AS YOU CAN SEE.

10 SO THE SCENARIO ON THE LEFT ASSUMES FULL
11 FUNDING OF THE 240 MILLION FOR THE DISEASE TEAM
12 THERAPY DEVELOPMENT AWARD, AND THE SCENARIO ON THE
13 RIGHT ASSUMES -- I JUST PICKED A NUMBER -- ROUGHLY
14 140 MILLION FOR DISEASE TEAM THERAPY DEVELOPMENT.
15 AND AS YOU CAN SEE, WHICH I THINK I ALREADY
16 MENTIONED, IS THAT A THIRD OF OUR DEVELOPMENT
17 FUNDING DOLLARS COULD END UP GOING TO THAT PROGRAM
18 IF WE FUNDED THE FULL 240 MILLION.

19 SO I THINK IT MAKES SENSE ON WHAT THE
20 PROJECTS ARE, WHAT THEY LOOK LIKE, WHAT THE BOARD
21 THINKS, WHAT THE REVIEWERS THINK. BUT I JUST WANTED
22 TO AT LEAST LAY OUT FOR YOU HOW IT PLAYED OUT IN
23 TERMS OF INVESTMENT.

24 AND THEN I JUST WANT TO END WITH THAT A
25 SUMMARY IS, I THINK, ONE OF THE THINGS THAT WE'RE

BARRISTERS' REPORTING SERVICE

1 TRYING TO DO THROUGH THIS PLAN IS REALIGN OUR
2 FUNDING PROGRAMS, OUR REVIEW, OUR GRANTS WORKING
3 GROUP REVIEW, AND OUR FUNDING DECISIONS TO ACHIEVE
4 OUR KEY STRATEGIC OUTCOMES. SO I'M HAPPY TO TAKE
5 ANY QUESTIONS AT THIS POINT.

6 MR. SHEEHY: I'LL ADMIT A BIAS BECAUSE I
7 ARGUED STRONGLY FOR A BIG DISEASE TEAM II ROUND.
8 BUT I JUST I GUESS -- MAYBE COULD WE ROLL THESE BACK
9 A COUPLE. THERE SEEMS TO BE A LOT OF ASSUMPTIONS
10 BUILT IN -- THIS SEEMS LIKE A GOOD START --
11 ASSUMPTIONS BUILT INTO THIS. I JUST WANT TO KIND OF
12 DECONSTRUCT SOME OF THE ASSUMPTIONS.

13 IF WE'VE ONLY ALLOCATED 70 IN FUNDAMENTAL
14 BIOLOGY, ARE YOU TALKING ABOUT, WHAT, ANOTHER -- HOW
15 MANY MORE BASIC BIOLOGY ROUNDS ARE WE TALKING ABOUT
16 DOING?

17 DR. OLSON: SO WHAT THERE WOULD BE WOULD
18 BE WE'RE CURRENTLY ON BASIC BIOLOGY IV. THE MODEL
19 ASSUMES BASIC BIOLOGY THROUGH TO A BASIC BIOLOGY
20 VII. SO THREE MORE BASIC BIOLOGY ROUNDS. IT
21 ASSUMES -- I MEAN IT ASSUMES A GENOMICS PROGRAM.
22 THOSE ARE, I THINK, THE KEY DRIVERS.

23 MR. SHEEHY: I GUESS, THEN, I'D TRY TO
24 HAVE THAT --

25 DR. OLSON: AND THE SHARED LABS.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: -- HAVE THAT KIND OF SQUARE
2 WITH WHAT WE WERE JUST TALKING ABOUT IN TERMS OF OUR
3 STRATEGIC PLAN WHERE WE'RE ACTUALLY TALKING ABOUT
4 TRYING TO SHIFT INTO A MORE CLINICAL FOCUS. IT
5 SEEMS LIKE WE'RE TALKING ABOUT CUTTING BACK ON OUR
6 DISEASE TEAM DEVELOPMENT, WHICH I THINK A LOT OF
7 FOLKS HAVE IDENTIFIED AS BEING ONE PARTICULAR NICHE
8 THAT WE AS A FUNDING AGENCY HAS ACHIEVED PARTICULAR
9 EXCELLENCE, BOTH IN DEVELOPMENT OF THE CONCEPT AND
10 THE EXECUTION.

11 SO I GUESS THIS IS LIKE THE STRATEGIC
12 PLAN. AND IT HAS EMBEDDED IN IT A WHOLE HOST OF
13 ASSUMPTIONS THAT WE HAVEN'T REALLY DISCUSSED OR
14 DECIDED. AND IT SEEMS LIKE WE'RE STARTING TO ROLL
15 BACK OUR CLINICAL DEVELOPMENT PROGRAM IN ORDER TO
16 ENSURE, WHICH, YOU KNOW, IF THAT'S WHAT PEOPLE WANT
17 TO DO, BUT I JUST WANT TO BE CLEAR WE KNOW WHAT
18 WE'RE DOING IN ORDER TO DO MORE BASIC DISCOVERY
19 RESEARCH. WE'RE ONLY GOING TO REPEAT -- THIS WILL
20 BE THE LAST EARLY TRANSLATION ROUND WE DO.

21 DR. OLSON: NO. THERE WOULD BE TWO MORE
22 REDUCED FUNDING EARLY TRANSLATION ROUNDS.

23 MR. SHEEHY: HOW MUCH DO WE HAVE LEFT IN
24 TRANSLATIONAL?

25 DR. OLSON: HOW MUCH IS LEFT IN EARLY

BARRISTERS' REPORTING SERVICE

1 TRANSLATIONAL?

2 MR. SHEEHY: YEAH. APPROVED AND NEW.

3 DR. OLSON: SO THERE'S ROUGHLY A HUNDRED
4 APPROVED, AND THEN WHAT'S BEEN ADDED IS TWO MORE
5 ROUNDS AT 65 MILLION EACH AS WELL AS A PROGRAM LIKE
6 ANOTHER TOOLS AND TRANSLATION. IN FACT, WE'VE
7 ALREADY TOLD OUR COLLABORATIVE FUNDING PARTNERS THAT
8 WE ANTICIPATE AN UPCOMING EARLY TOOLS AND
9 TECHNOLOGIES FOR EARLY TRANSLATION AND THEN MAYBE
10 ONE MORE LIKE THAT.

11 MR. SHEEHY: I GUESS IT SEEMS LIKE THERE
12 ARE A LOT OF -- I'M NOT DISAGREEING NECESSARILY WITH
13 THE DECISIONS, BUT THE DECISIONS ON THE RFA'S ARE
14 DRIVING THE STRATEGY. SO WE CAN THINK ABOUT THIS
15 STRATEGY, BUT WITHOUT HAVING -- WITH THE RFA'S
16 ALREADY KIND OF IN PLACE, THE STRATEGY JUST BECOMES
17 RHETORIC.

18 DR. OLSON: AS I SAID, YOU'VE ALREADY
19 ALLOCATED ROUGHLY 580 MILLION THROUGH A CONCEPT,
20 BUT --

21 MR. SHEEHY: IF I CAN FINISH. THERE SEEMS
22 TO BE PROJECTED OUT OF A CERTAIN NUMBER OF RFA'S AND
23 CERTAIN CATEGORIES THAT ARE GOING TO GO OUT, AND
24 THAT'S WHAT I WOULD LIKE TO SEE AND HAVE SOME
25 DECISION POINTS ON AS OPPOSED -- WHICH I THINK THIS

BARRISTERS' REPORTING SERVICE

1 IS A GREAT STRATEGIC OUTLINE HERE FOR WHAT WE WANT
2 TO ACCOMPLISH, BUT I DON'T NECESSARILY SEE IN THE
3 STRATEGIC OUTLINE WHICH WE JUST HAD DESCRIBED TO US
4 MESHING WITH THIS RFA SCHEDULE, WHICH SEEMS TO BE
5 NOT A TRAIN THAT'S LEFT THE STATION, CERTAINLY ONE
6 THAT'S GOT THE COAL ON AND THE STEAM RISING OUT THE
7 BACK.

8 SO I'D LIKE TO SEE SOME SORT OF -- I'D
9 LIKE TO HAVE SOME INFLUENCE ON IT IN THE FIRST
10 PLACE. I'VE BEEN VERY BLUNT ON THIS ALL ALONG.
11 WE'LL HEAR ABOUT THIS WHEN WE TALK ABOUT OUR
12 TRANSITION OR OUR FUTURE FUNDING. I WAS ALWAYS WITH
13 BOB. WE'VE GOT TO MOVE. WE'VE GOT TO GO FAST.
14 WE'VE GOT TO WORK IN THIS CLINICAL SPACE VERY
15 AGGRESSIVELY.

16 THE OTHER ASSUMPTION THAT I DON'T SEE
17 BUILT IN IS ANY RETURN ON THE DISEASE TEAMS. IT'S
18 NOT CLEAR TO ME THAT THE DISEASE TEAMS THAT WE'VE
19 DONE ALREADY ARE ALL GOING TO GO TO COMPLETE
20 FRUITION. SO SOME OF THAT IS GOING TO -- YOU KNOW,
21 THAT WAS THE ASSUMPTION THAT WAS BUILT INTO THE
22 DISEASE TEAM PROCESS. SO THAT'S JUST SOME COMMENTS.

23 DR. OLSON: THERE IS IN THE ACTUAL CASH
24 FLOW MODEL AN ATTRITION RATE BUILT IN FOR THE
25 DISEASE TEAMS. NO, WE HAVEN'T MADE ASSUMPTIONS ON

BARRISTERS' REPORTING SERVICE

1 EVEN -- I THINK WE'VE SAID THAT NOT ALL OF THEM WILL
2 MOVE TO THE NEXT STAGE, AND THAT'S WHY I THINK THAT
3 WE'RE PUTTING A LOT OF INVESTMENT IN THE DEVELOPMENT
4 END OF THINGS. I WOULD SUGGEST THAT THIS IS YOUR
5 OPPORTUNITY TO HAVE SOME INPUT ON THIS. I THINK THE
6 INVESTMENT INTO FUNDAMENTAL RESEARCH AND INTO
7 PEOPLE, INTO TRAINING, ALL OF THESE CAN BE SUBJECT
8 TO DISCUSSION.

9 WE WERE TRYING TO TAKE COMMENTS THAT WE'VE
10 HEARD FROM MULTIPLE STAKEHOLDERS, KEEP THE BASIC
11 RESEARCH GOING FROM THE EXTERNAL REVIEW, KEEP THE
12 BASIC RESEARCH GOING FROM PEOPLE ABOUT HOW IMPORTANT
13 TRAINING AND BRIDGES PROGRAMS ARE. SO THIS IS WHAT
14 WAS SOME OF THE DRIVER IN SUGGESTING TO US THAT WE
15 SHOULD DO ANOTHER ROUND OF TRAINING, ANOTHER ROUND
16 OF BRIDGES, THAT WE SHOULD FUND FUNDAMENTAL RESEARCH
17 FOR ANOTHER SEVERAL YEARS.

18 DR. PIZZO: WELL, I CERTAINLY RECOGNIZE,
19 AS JEFF WELL ARTICULATED, THE IMPORTANCE OF
20 FOLLOWING THROUGH ON THE UNIQUENESS OF THE DISEASE
21 TEAMS AND THE IMPACT THEY MIGHT HAVE, BUT IT WON'T
22 SURPRISE ANYONE IN THIS ROOM FOR ME TO ALSO SAY THAT
23 I THINK THE CONTINUED INVESTMENT IN BASIC RESEARCH
24 IS ESSENTIAL. WE NEED TO BE SURE THAT WE DON'T
25 SHIFT SO FAR TO ONE SIDE, AS THE NIH IS POTENTIALLY

BARRISTERS' REPORTING SERVICE

1 STARTING TO DO, THAT WE LOSE THE FUTURE FOR
2 POTENTIALLY SHORT-TERM GAINS.

3 NOW, BECAUSE THOSE GAINS MAY NOT BE
4 REALIZED, AND HERE'S THE ONE CAVEAT THAT I WOULD
5 OFFER, I'M GOING TO MAKE THE ASSUMPTION, BASED UPON
6 PAST EXPERIENCES AS AN INVESTIGATOR AND JUST AS
7 SOMEONE WHO'S BEEN PART OF SCIENCE AND MEDICINE FOR
8 A WHILE, THAT EVEN THE BEST IDEAS ARE NOT LIKELY TO
9 BE ACHIEVED. AND TO ME ONE OF THE THINGS THAT'S
10 MOST IMPORTANT IS TO UNDERSTAND WHY THINGS DON'T
11 WORK. WE TEND TO THINK, AND WE'VE HAD THE
12 DISCUSSION HERE ABOUT DISEASE TEAMS AS A VECTOR THAT
13 MOVES FROM THE LABORATORY TO THE CLINIC, BUT THE
14 REALITY IS THE MOST IMPORTANT RESEARCH IS TO ALSO GO
15 BACK AND TRY AND REFINE WHY THINGS DIDN'T WORK. AND
16 I HOPE THAT AS WE LOOK THROUGH THE WORK OF THE
17 DISEASE TEAMS AND DECIDE WHETHER OR NOT THEY'RE
18 MERITORIOUS, THAT WE'LL BUILD IN WAYS OF TRYING TO
19 UNDERSTAND WHERE THINGS MIGHT HAVE GONE AWRY OR
20 WHERE THEY MIGHT BE IMPROVED, WHICH MAY MEAN A
21 REINVESTMENT IN THE FUNDAMENTAL UNDERPINNINGS WHERE
22 APPROPRIATE TO TRY AND MOVE THAT PROCESS FORWARD.

23 AND IT'S THAT INTERACTIVE PROCESS THAT I
24 THINK IS SO IMPORTANT AND SO EASY TO MISS
25 PARTICULARLY WHEN WE GET TO POINTS LIKE THIS WHERE

BARRISTERS' REPORTING SERVICE

1 THE EMPHASIS IS EASILY SHIFTED ON WHAT'S THE
2 CLINICAL OUTCOME, AND YET LONG-TERM IMPACT MAY BE ON
3 REALLY REFINING WHY SOMETHING DIDN'T WORK AND NEEDS
4 THAT EXTRA STIMULUS TO WORK OVER TIME.

5 DR. BRYANT: YES. I'D JUST LIKE TO
6 SUPPORT THAT. I ALSO THINK THAT ONE OF THE REASONS
7 CALIFORNIA HAS BEEN SO SUCCESSFUL IN THIS AREA WITH
8 CIRM FUNDING IS THE BALANCED APPROACH. SO PEOPLE
9 COME HERE BECAUSE THEY CAN GET FACULTY JOBS IN BASIC
10 RESEARCH, BUT ALSO PARTICIPATE IN SOME OF THESE
11 OTHER VENTURES GOING FORWARD. IT'S AN EXCITING WAY
12 TO DO SCIENCE THAT'S NOT AVAILABLE IN MANY OTHER
13 PLACES. AND I THINK THAT TO SKEW IT TOO MUCH TO THE
14 TRANSLATIONAL SIDE COULD END UP LOSING US SOME OF
15 THE PEOPLE THAT HAVE COME TO CALIFORNIA BECAUSE OF
16 THAT ENVIRONMENT.

17 CHAIRMAN THOMAS: DR. OLSON.

18 DR. OLSON: I WAS JUST REMINDED TO MAKE
19 THE POINT THAT A BASIC BIOLOGY ROUND OF 35 MILLION
20 DOESN'T EVEN FUND TWO DISEASE TEAM PROJECTS
21 TYPICALLY. SO YOU FUND 20 INVESTIGATORS WHO ARE
22 LOOKING AT MECHANISM AND LOOKING AT TRYING TO
23 UNDERSTAND, AND SO YOU SPREAD THE OPPORTUNITY AND
24 YOU SPREAD THAT. AND I THINK THAT'S SOMETHING THAT
25 AT LEAST MANY PEOPLE CONSIDER AN IMPORTANT THING,

BARRISTERS' REPORTING SERVICE

1 WHICH IS NOT TO DISCOUNT THE IMPORTANCE OF THE
2 DISEASE TEAM.

3 AND ANOTHER POINT I JUST WANTED TO MAKE
4 ABOUT THE DISEASE TEAM. AND, AGAIN, THIS IS FOR
5 YOUR CONSIDERATION. IT'S TO INITIATE THE
6 DISCUSSION. IT REALLY IS THE FACT THAT IND-ENABLING
7 WORK IS VERY IMPORTANT. OBVIOUSLY YOU HAVE TO DO IT
8 TO GET INTO THE CLINIC. THE POINT IS THAT IT
9 TAKES -- AS YOU KNOW, OUR FIRST DISEASE TEAMS WERE
10 ROUGHLY FOUR YEARS DEPENDING ON THE PROJECT AND
11 WHERE THEY ARE IN THAT. IT TAKES THREE YEARS, THREE
12 TO FOUR YEARS TO ACTUALLY GET INTO THE CLINIC, UNDER
13 THE BEST CIRCUMSTANCES ONE YEAR IN A PHASE I. I
14 THINK FOR OUR PROJECTS OR MANY OF OUR PROJECTS IT'S
15 MORE LIKELY TO BE TWO YEARS, AND THEN YOU HAVE TO
16 GET INTO A PHASE II TRIAL OR YOU'RE DOING A PHASE
17 I-II.

18 I THINK WE'VE ALL HEARD ABOUT THE LONG
19 HAUL. IT'S JUST A MATTER OF CONSIDERING INVESTMENT
20 WHEN AND HOW MUCH. THAT'S ALL.

21 MR. SHEEHY: I THINK THIS IS -- I REALLY
22 WASN'T TRYING TO OPEN UP A DISCUSSION OF A CONFLICT
23 BETWEEN BASIC BIOLOGY AND CLINICAL RESEARCH. WHAT I
24 WAS SAYING IS THERE'S A DECISION POINT HERE. AND WE
25 HAVEN'T GOT THE INFORMATION IN FRONT US TO MAKE THE

BARRISTERS' REPORTING SERVICE

1 DECISION ADEQUATELY. I WOULD NOTE THAT THIS
2 PARTICULAR SLIDE PRESENTATION WAS NOT IN OUR BOOK,
3 WAS NOT PROVIDED TO US BEFORE THE MEETING. AND THIS
4 IS A CRITICAL DECISION THAT WE HAD ALREADY TAKEN IN
5 THE PAST, I WOULD NOTE. WE VOTED ORIGINALLY TO GO
6 TO \$240 MILLION FOR THE DISEASE TEAM ROUND. AND SO
7 WE'VE ISSUED THE RFA. WE DID PLANNING GRANTS.
8 PEOPLE ARE DOING THEIR FULL APPLICATIONS FOR A ROUND
9 THAT'S GOING TO BE JUDGED IN THE SPRING, AND NOW
10 WE'RE TALKING ABOUT CUTTING IT IN HALF.

11 IN TERMS OF PROCESS AND IN TERMS OF
12 STRATEGIC PLANNING, I DON'T THINK THIS IS HOW WE
13 SHOULD DO IT. WE SHOULD BE TALKING ABOUT THE RFA'S
14 WE'RE GOING TO BE DOING GOING FORWARD, THINK ABOUT
15 WHAT THE RIGHT MIX IS BETWEEN CLINICAL,
16 TRANSLATIONAL, AND BASIC. I'M NOT TRYING TO SAY
17 DON'T DO BASIC SCIENCE, AND I DON'T WANT TO HAVE US
18 ARGUING THE MERITS HERE WHEN THAT'S REALLY NOT THE
19 ISSUE.

20 THE ISSUE IS WHERE WE'RE GOING TO INVEST
21 OUR MONEY AND BEING DELIBERATE, THOUGHTFUL, HAVING A
22 DISCUSSION, AND LETTING PEOPLE TAKE POSITIONS AND
23 HAVE VOTES.

24 CHAIRMAN THOMAS: I HAVE A QUESTION FOR
25 DR. OLSON. POINT OF CLARIFICATION HERE. WHEN

BARRISTERS' REPORTING SERVICE

1 YOU'RE TALKING ABOUT 240 VERSUS 140, 140 IS NOT A
2 FIXED NUMBER. I THINK WE STILL HAVE UP TO 240, AND
3 WHAT WE'RE TALKING ABOUT IS PUTTING MONEY OUT TO
4 THOSE PROJECTS IN THIS PARTICULAR ROUND THAT WE
5 THINK ARE MOST PROMISING, WHICH COULD BE UP TO 240,
6 BUT IT MAY NOT BE. AND WE DON'T WANT TO GO UP TO
7 240 IF WE DON'T HAVE THE PROJECTS TO SUPPORT IT.

8 DR. OLSON: THAT IS CORRECT. IF WE ARE
9 WOWED BY THE PROJECTS THAT WE HAVE IN FRONT OF US
10 FOR DISEASE TEAM, PLEASE, LET'S FUND THE FULL 240.

11 CHAIRMAN THOMAS: SO I THINK, JEFF, THAT
12 GETS TO YOUR POINT, THAT WE'RE NOT TALKING ABOUT
13 CUTTING IT BACK.

14 MR. SHEEHY: YOU WEREN'T HERE FOR THE
15 FIRST DISCUSSION. WE DID HAVE THIS VERY SAME
16 DISCUSSION WHEN WE AUTHORIZED THIS ROUND, AND WE
17 FOUGHT VERY STRONGLY TO HAVE A LARGE ROUND. IT'S
18 JUST TAKEN US TWO YEARS TO GET TO THE ROUND. THERE
19 WAS A DISCUSSION OF DOING IT AT THE 140, 120 TO 140
20 RANGE. THE BOARD VOTED TO DO IT AT THE 240 RANGE.
21 I'M JUST VERY UNCOMFORTABLE WITH REVISITING THAT
22 DECISION IN THIS MANNER AT THIS TIME WHEN WE HAVE
23 MADE COMMITMENTS TO PEOPLE WITH THE EXPECTATION THAT
24 THEIR GRANT APPLICATION IS GOING TO BE JUDGED
25 AGAINST A POOL OF FUNDING OF \$240 MILLION.

BARRISTERS' REPORTING SERVICE

1 I WILL ALSO -- I DO ALSO WANT TO NOTE THAT
2 WE HAVE OPENED UP A WINDOW FOR INDUSTRY TO COME INTO
3 THIS ROUND, THAT THEY HAVE A SEPARATE APPLICATION
4 PROCESS THAT THE PRESIDENT CAN APPROVE THEIR
5 PARTICIPATION. AND SO WE HAVE APPARENTLY A NUMBER
6 OF ENTRANTS INTO THIS ROUND, AND I'M JUST KIND OF
7 SURPRISED THAT WE'RE TALKING ABOUT CUTTING BACK THE
8 AMOUNT OF MONEY THAT WE WANT TO ALLOCATE FOR IT. I
9 DON'T HAVE ANY IDEA WHO THE INDUSTRY PARTICIPANTS
10 ARE. I HAVE SEEN THE DISEASE PLANNING GRANT AWARDS
11 THAT WE DID, AND THEY SEEM TO BE FAIRLY STRONG IN MY
12 OPINION, AND OFFERED A LOT OF PROMISE TO A LOT OF
13 PEOPLE, A LOT OF ADVOCATES ACROSS A WHOLE RANGE OF
14 DISEASES THAT AREN'T NECESSARILY REPRESENTED IN OUR
15 DISEASE TEAM GRANTS RIGHT NOW. LIKE I SAID, I'M NOT
16 SURE WHAT WE'RE DOING HERE.

17 DR. TROUNSON: IT'S NONE OF MY INTENTIONS
18 TO SORT OF TRACK DOWN THIS DIRECTION. WHAT WE'RE
19 TRYING TO DO IS SORT OF SAY, OKAY, IF THE STRATEGIC
20 PLAN IS FOCUSED TOWARDS GETTING SOME CLINICAL
21 BENEFITS SHOWN IN PHASE II STUDIES, SHOULDN'T WE
22 SORT OF START TO THINK ABOUT HOW WE CAN POSE RFA'S,
23 FOR EXAMPLE, TO DO THAT. THE DRIVER TO GET TO THAT
24 END POINT WOULD BE THAT. IT'S MORE ABOUT -- IT WAS
25 TRYING TO BE MORE ABOUT NOW WE'VE GOT A STRATEGIC

BARRISTERS' REPORTING SERVICE

1 PLAN, AND I THINK THE ORIGINAL SUGGESTION BY MEMBERS
2 OF THE BOARD, THAT WE SORT OF TRY AND LOOK AT A
3 COMPOSITE OF OUR FUNDS MOVING FORWARD, A MATRIX, I
4 THINK, WAS THE SUGGESTION ABOUT HOW WE WOULD MOVE
5 FORWARD IN THE STRATEGIC PLAN. SO NOT ABOUT TRYING
6 TO MAKE DECISIONS ABOUT ANY ALLOCATED OR WHATEVER.
7 THAT'S NOT WHAT IT IS. IT'S ABOUT WE WANT TO DO THE
8 TRANSFORMATIVE RESEARCH, SO WE HAVE TO HAVE THE
9 BASIC SCIENCE. THAT'S A GIVEN. YOU CAN'T DO THE
10 TRANSFORMATIVE RESEARCH WITHOUT THE BASIC SCIENCE.

11 AND IF IT'S ABOUT THE CLINICAL WORK,
12 WHAT'S THE MOST IMPORTANT THING FOR US, I THINK, IS
13 TO TRY AND DEMONSTRATE SOME OF THE PROOF OF CONCEPT
14 IN PHASE II STUDIES, AND SHOULDN'T THAT BE ONE OF
15 OUR PRIORITIES. SO WHEN WE'RE LOOKING AT DISEASE
16 TEAMS AND TRANSLATION, SHOULD WE SORT OF TRY AND
17 FOCUS IT MORE TOWARDS GETTING SOME OF THEM TO OCCUR
18 BECAUSE THAT'S IN OUR STRATEGIC PLAN. HOWEVER YOU
19 DO IT, HOWEVER YOU WANT TO DO IT, THAT'S A DECISION
20 OF THE BOARD.

21 WHAT WE'RE TRYING TO DO IS SAY HOW DOES
22 THIS SORT OF MATRIX HELP FIT WITH THIS BECAUSE IF
23 YOU WANT TO MAKE SURE WE'VE GOT X NUMBER THAT GET TO
24 PHASE II THAT CAN SHOW BENEFIT, WE'RE PROBABLY
25 TALKING ABOUT TRYING TO GET SIX OR SEVEN OR

BARRISTERS' REPORTING SERVICE

1 SOMETHING TO PHASE II, TO GET SEVERAL TO SHOW SOME
2 BENEFIT BECAUSE IT'S ABOUT 30 PERCENT -- 30 OR 40
3 PERCENT WOULD BE THE UPPER SCALE OF THOSE PHASE
4 I-PHASE II STUDIES BEING SUCCESSFUL.

5 SO THIS IS REALLY MORE ABOUT WHAT I HOPED
6 THE DISCUSSION WOULD BE, NOT ABOUT WHETHER WE
7 REVISIT ANY DECISIONS THAT HAVE BEEN MADE OR EVEN
8 DEFINE WHAT THE FUNDING SHOULD BE, BUT MORE HOW DO
9 YOU GET THERE. HOW DO YOU MAKE SURE WE GET WHERE WE
10 WANTED TO GO REALLY AND MORE ABOUT WHAT MATRIX.

11 JEFF, DO WE MORE TRANSLATION TO GET THERE BECAUSE
12 THAT'S GOING TO TAKE US LONGER AND ALL THAT SORT OF
13 THING REALLY.

14 MR. SHEEHY: IN TERMS OF THE MATRIX, I WAS
15 LIKE THINKING MORE ABOUT OUR DIFFERENT DISEASE
16 APPROACHES AND CELL TYPES. FOR INSTANCE, I'M NOT
17 CONVINCED THAT IF WE GET A SMALL MOLECULE THAT
18 TARGETS A CANCER STEM CELL AND THAT HAS SUCCESS IN
19 PHASE I, THAT WE NEED TO HAVE ANY FURTHER
20 INVOLVEMENT WITH THAT PROJECT. I WOULD SUSPECT BIG
21 PHARMA WOULD GRAB THAT AND RUN. SO IT ALL DEPENDS.
22 HOWEVER, I THINK AN EMBRYONIC OR A PLURIPOTENT IPS
23 CELL APPROACH, WE PROBABLY WILL HAVE TO TAKE THAT
24 ALL THE WAY THROUGH PHASE II. SO THAT'S THE KIND OF
25 MATRIX I WAS TALKING ABOUT.

BARRISTERS' REPORTING SERVICE

1 AND SO LOOKING AT THE PROGRAMS WE FUNDED
2 AND LOOKING AT HOW WELL THEY'RE PROGRESSING WITHIN
3 OUR DISEASE TEAM AND OUR EARLY TRANSLATIONAL, THE
4 PORTFOLIO THAT DR. THOMAS HAS BEEN SHOWING, LOOKING
5 AT THOSE PROJECTS AND SEEING WHICH ONES OF THEM ARE
6 VERY PROMISING, HOW FAR WE'RE GOING TO HAVE TO
7 FOLLOW THOSE PROJECTS BEFORE WE CAN POSSIBLY HAND
8 THEM OFF, BUT IT'S GOING TO BE DIFFERENT DEPENDING
9 ON WHAT THE APPROACH IS, HOW WELL THE SCIENCE IS
10 PROGRESSING, AND WHAT THE CELL TYPE IS, WHAT WE'RE
11 TRYING TO DO WITH THE CELLS. THAT WAS KIND OF WHERE
12 I WAS GOING WITH THAT.

13 DR. VUORI: SO ALAN TOUCHED ON THIS
14 PIPELINE FROM BASIC SCIENCE THROUGH TRANSLATION TO
15 THE CLINIC. AND I WAS WONDERING IF YOU COULD
16 COMMENT ON THREE COMMENTS OR QUESTIONS THAT I HAVE.
17 ONE IS HAVE YOU LOOKED AT YOUR PIPELINE AS IT IS
18 WITHIN THE CIRM AND UNDERSTANDING, FOR EXAMPLE, HOW
19 FREQUENTLY EARLY TRANSLATION AWARDS MOVED TOWARDS
20 THE CLINIC? DO WE HAVE ENOUGH ESSENTIALLY PROJECTS
21 MOVING IN THAT VERY CRITICAL JUNCTURE RIGHT NOW? SO
22 THAT'S ONE QUESTION. WHAT DOES THE PIPELINE LOOK
23 LIKE?

24 SECOND IS ASSUMING THAT SOMETIMES THE
25 TRANSLATIONAL PIECE IS THE BOTTLENECK IN MOVING TO

BARRISTERS' REPORTING SERVICE

1 THE CLINIC, IT STRIKES ME THAT THE TRANSLATIONAL
2 FUNDING PIECE IN THIS MODEL LACKS A LITTLE BIT.
3 THERE IS A PAUCITY COMPARED TO THE OTHER FUNDING
4 MECHANISMS. IS THAT DELIBERATE, OR DO YOU THINK
5 THAT THERE IS REALLY ENOUGH THINGS GOING TO THE
6 CLINIC WITHOUT ENHANCING THE TRANSLATIONAL PIECE?

7 AND THE THIRD COMMENT IS COULD THERE BE
8 OPPORTUNITY TO LOOK AT SORT OF CREATIVELY HOW TO
9 MOVE THINGS REALLY FROM ALL THE WAY FROM BASIC TO
10 TRANSLATIONAL TO THE CLINIC? COUPLE OF MEMBERS
11 ALREADY SPOKE TO THE IMPORTANCE OF THE BASIC
12 SCIENCE. WOULD THERE BE A MERIT OF LOOKING AT
13 MECHANISMS WHERE WE COULD MIMIC, FOR EXAMPLE, WHAT
14 THE NIH IS DOING, SPORE FUNDING WHERE YOU BRING
15 BASIC SCIENTISTS, TRANSLATIONAL RESEARCH, CLINICAL
16 INDIVIDUALS TOGETHER TRULY IN A DISEASE TEAM, BUT
17 COVERING THE WHOLE SPECTRUM OF THE SCIENCE?

18 DR. OLSON: PERHAPS I COULD COMMENT. THE
19 FIRST EARLY TRANSLATIONAL AWARD PROGRAM THAT WE'RE
20 DOING IS IN ITS LAST YEAR. WE ACTUALLY HAVE REASON
21 TO BELIEVE THAT SOME OF THOSE MAY MOVE FORWARD. SO
22 THAT IS ONE THING INTO A DISEASE TEAM-TYPE PROJECT.
23 SO HOPEFULLY WE'LL HAVE SOME SUCCESSES THERE.

24 I WILL NOTE THAT THE TWO OR \$3 BILLION
25 THAT PEOPLE CITE WHAT IT TAKES TO GET AN APPROVED

BARRISTERS' REPORTING SERVICE

1 PRODUCT BASICALLY RECOGNIZES ALL THE FAILURES THAT
2 OCCUR ESPECIALLY IN THE RESEARCH EARLY TRANSLATIONAL
3 STAGE. SO IT WOULD BE GREAT TO BE ABLE TO MOVE SOME
4 OF THOSE FORWARD.

5 I BELIEVE YOUR SECOND COMMENT HAD TO DO
6 WITH IS TRANSLATIONAL A LITTLE UNDERFUNDED HERE
7 GOING FORWARD? I THINK THAT REPRESENTED, TO SOME
8 EXTENT -- I MEAN WE ARE ON OUR THIRD EARLY
9 TRANSLATIONAL AWARD NOW. WE ARE TALKING ABOUT
10 ANOTHER TWO. AND THEN I THINK IT RECOGNIZED THAT
11 THERE IS -- FOR SUCCESSFUL PROJECTS TO MOVE FORWARD,
12 IT'S A TIME ELEMENT. WHERE CAN THEY GET TO? THAT
13 DOESN'T MEAN THAT WE CAN'T GET SOMETHING TO A POINT
14 WHERE ANOTHER FUNDER MIGHT PICK IT UP, BUT IT DOES
15 PRETTY MUCH GET THROUGH AT THE SAME TIME FRAME. AT
16 SOME POINT BECAUSE, AT LEAST WITH THE CURRENT BOND
17 FUNDING, A PROJECT STARTED IN 2017 IN 2020 WILL HAVE
18 JUST ACHIEVED ITS DEVELOPMENT CANDIDATE, AND CIRM'S
19 FUNDING WOULD NOT BE AVAILABLE THEN TO TAKE IT
20 FORWARD.

21 DR. FEIGAL: IF I COULD ALSO JUST EXPAND
22 ON THAT. YOU ASKED ABOUT IN OUR OWN ENDOGENOUS
23 PIPELINE WHAT'S THE LIKELIHOOD OF MOVING
24 SEQUENTIALLY ALL THE WAY FROM IDENTIFYING PROOF OF
25 CONCEPT, THROUGH A CANDIDATE, THROUGH IND-ENABLING

BARRISTERS' REPORTING SERVICE

1 RESEARCH. THAT'S A VERY LONG PROCESS. SO IF WE
2 WERE ONLY DEPENDING ON A COMPLETELY ENDOGENOUS
3 PIPELINE THAT STARTED AT THE BEGINNING, THAT'S
4 PROBABLY NOT A GOOD STRATEGY. THERE MAY BE SOME
5 THAT GET THROUGH, BUT WE KNOW FROM OUR EXTERNAL
6 REVIEW PANEL WE NEED TO EMBRACE POROUS OPPORTUNITIES
7 AND BRING THINGS IN AND OUT JUST LIKE A COMPANY
8 WOULD. YOU IN-LICENSE, YOU MOVE THINGS AROUND, YOU
9 SORT OF BALANCE YOUR RISK.

10 SO I THINK IN TERMS OF WHAT PAT EXPLAINED
11 WITH THE EARLY TRANSLATION, RIGHT NOW WE HAVE AN
12 EXPERIMENT WITH 14 DISEASE TEAMS THAT WERE JUST
13 FUNDED IN THE SPRING OF 2010. SO THEY'RE ABOUT 18
14 MONTHS INTO THEIR FOUR-YEAR PROGRESSION THROUGH THE
15 REGULATORY PATHWAY. WE ARE ACTIVELY EVALUATING
16 THEM, NOT JUST INTERNALLY, BUT BRINGING IN PANELS OF
17 EXPERTS IN PRODUCT DEVELOPMENT, IN MANUFACTURING, IN
18 PRECLINICAL, IN CLINICAL, IN COMMERCIAL VIABILITY,
19 AND TAKING A VERY HARD LOOK AT THESE DISEASE TEAMS
20 TO TRY AND GIVE THEM ADVICE.

21 WHAT WE WERE TOLD BY OUR EXTERNAL
22 STAKEHOLDERS IS YOU MADE AN INITIAL INVESTMENT.
23 REALLY TEND TO IT AND SEE WHAT YOU CAN DO TO BETTER
24 POSITION THEM FOR SUCCESS.

25 SO WE ARE LOOKING AS WE'VE EVALUATED ALL

BARRISTERS' REPORTING SERVICE

1 14, AND I'LL COME TO YOU, I THINK, AT THE MARCH
2 BOARD TO TALK ABOUT WHERE WE ARE WITH THINGS. BUT
3 THE POINT IS THERE ARE SCIENTIFIC, THERE ARE
4 TECHNICAL, THERE ARE REGULATORY ISSUES THAT NEED TO
5 BE ADDRESSED, AND THERE ARE COMMON THEMES THAT ARE
6 ARISING ACROSS THESE DIFFERENT DISEASE TEAMS. WE'RE
7 LOOKING AT WAYS TO TRY AND PROVIDE THEM WITH MORE
8 EXPERTISE AND ADVICE TO MOVE THINGS FORWARD.

9 IN ADDITION, SOME OF THEM MAY SEGUE BACK
10 TO EARLY TRANSLATION. SOME OF THEM MAY NOT MAKE IT
11 BECAUSE THAT'S THE WAY SCIENCE IS. THEY DEFINED A
12 MILESTONE, THEY GOT THEIR ANSWER, IT'S NOT WHAT THEY
13 WANT, BUT IT'S AN ANSWER, AND SO IT MAY LEAD TO
14 TERMINATION.

15 SO ALL THOSE THINGS ARE OPEN TO THE REALM
16 OF POSSIBILITIES. SOME MAY PROGRESS, SOME MAY MORPH
17 BACK. WE NEED TO GO BACK TO THE TRANSLATION AND THE
18 BASIC SCIENCE TO HAVE A BETTER UNDERSTANDING OF HOW
19 TO DO THIS. AND SOME OF THEM MAY BE ABLE TO GO
20 FORWARD. SO I DO THINK WE NEED TO ADDRESS SOME OF
21 OUR FUNDING ON THE BOTTLENECKS TO MOVE THINGS
22 FORWARD AS WELL AS ON THE EXPERTISE TO HELP POSITION
23 THESE TEAMS TO BE MORE LIKELY TO BE SUCCESSFUL.

24 IN ADDITION, YOU TALKED ABOUT THE
25 OPPORTUNITY TO MOVE FROM THE BASIC TO THE CLINICAL

BARRISTERS' REPORTING SERVICE

1 PERHAPS IN A MORE COLLABORATIVE, INTEGRATIVE WAY.
2 YOU BRING UP THE SPORE'S, THE SPECIALIZED PROGRAMS
3 OF RESEARCH EXCELLENCE, THAT NIH SUPPORTS. IN OUR
4 EXTERNAL STAKEHOLDER DISCUSSIONS, WE HEARD ABOUT
5 SOMEHOW TRYING TO FUND SOME SORT OF TRANSLATIONAL
6 CENTER OF EXCELLENCE, SOME SORT OF PLATFORM TO GET
7 THESE GROUPS TO WORK TOGETHER. WE THINK WE'VE
8 CREATED THESE STATE-OF-THE-ART FACILITIES AND
9 RESEARCH LEADERS WHERE WE'RE HOPING THAT COULD BE
10 THE BASIS FOR SOME OF THIS COLLABORATIVE RESEARCH,
11 BUT DO WE NEED TO MAYBE REFINE OR RETHINK HOW SOME
12 OF THOSE PROJECTS ARE ABLE TO MOVE FORWARD WITH MORE
13 OF A DISEASE ORIENTATION?

14 SO I THINK ALL THESE GOOD POINTS, BUT
15 GETTING BACK TO, I THINK, THE INITIAL POINT, WE'RE
16 SHOWING YOU THIS BECAUSE WE'RE TRYING -- WE WANT TO
17 BE TRANSPARENT ABOUT WHAT THE THOUGHTS ARE RIGHT NOW
18 ABOUT THE PROPORTION OF FUNDING WITHOUT GIVING YOU A
19 LOT OF DETAILS OF WHAT THE FUTURE MAY LOOK LIKE. I
20 THINK IT IS IMPORTANT FOR YOU TO HAVE INPUT BECAUSE
21 AS WE TRY AND MEET THESE FOUR STRATEGIC OBJECTIVES,
22 THE DECISIONS YOU DO MAKE TODAY ARE GOING TO IMPACT
23 WHAT WE'RE ABLE TO DO.

24 I'M VERY EMPATHETIC TO THE THOUGHT THAT
25 WE'VE PUBLICIZED AMOUNTS OF DOLLARS FOR PARTICULAR

BARRISTERS' REPORTING SERVICE

1 INITIATIVES. BUT AT THE SAME TIME I GUESS WE ALWAYS
2 THINK OF IT, WHETHER IT'S DEVELOPMENTAL,
3 TRANSLATIONAL, FUNDAMENTAL, PEOPLE, OR FACILITIES,
4 THAT'S A CEILING. AND SO IT ALWAYS HAS THE CAVEAT
5 IF THERE'S MERITORIOUS PROPOSALS IN THERE. IF THERE
6 ARE, BY ALL MEANS REACH THE CEILING. BUT IF THERE
7 ARE NOT, I DON'T THINK ANYBODY THINKS WE SHOULD BE
8 COMPELLED TO UTILIZE ALL OF THE SET ASIDE BECAUSE
9 THAT WAS THE CEILING. IT SHOULD ALWAYS BE BASED, NO
10 MATTER WHAT WE'RE LOOKING AT, ON WHETHER OR NOT
11 THERE'S MERITORIOUS PROPOSALS TO MOVE FORWARD.

12 DR. STEWARD: JUST A COMMENT. I THINK
13 THIS KIND OF A VERY SIMPLE SUMMARY IS ACTUALLY VERY
14 USEFUL BECAUSE IT EMPHASIZES THAT WE REALLY DON'T
15 HAVE LIMITLESS FUNDS AND THAT WHEN WE MAKE DECISIONS
16 IN ONE AREA, IT DOES IMPACT OUR ABILITY TO FUND
17 OTHER AREAS. IN FACT, WHAT I'D REALLY RECOMMEND IS
18 THAT ALMOST EVERY BOARD MEETING WE TAKE A RUNNING
19 LOOK AT THIS AND SEE WHERE WE ARE. IT'S THE KIND OF
20 THING THAT THE PUBLIC CAN UNDERSTAND VERY EASILY AND
21 THAT WE SHOULD JUST BE KEEPING TRACK OF.

22 I HAVE A QUESTION, AND THAT IS WHAT ISN'T
23 LISTED HERE IS THE NEEDED FUNDING FOR THE AGENCY
24 ITSELF. TO CARRY THESE PROGRAMS FORWARD, YOU'RE
25 GOING TO HAVE TO CONTINUE REGULATORY THINGS LONG

BARRISTERS' REPORTING SERVICE

1 AFTER WE'VE STOPPED ACTUALLY SENDING DOLLARS OUT THE
2 DOOR. I WOULD ASK THAT THAT NUMBER BE PUT IN THERE
3 AND JUST ASK YOU HOW THAT FIGURES INTO THE
4 CALCULATIONS. WHAT IS THE PROJECTED, IF YOU WANT,
5 SET ASIDE FOR THAT?

6 DR. PLUNKETT: SO THE SHORT ANSWER IS THAT
7 IT NEEDS TO BE LESS THAN \$180 MILLION, AND WE'LL
8 MAKE THAT FIT. THE SCENARIO WHICH I SHOWED YOU A
9 LITTLE BIT EARLIER THIS MORNING HAD SIGNIFICANT
10 SPENDING OCCURRING THROUGH THE SUMMER OF 2021 WHEN
11 THE LAST ACTIVITY UNDER GRANT ACTIVITIES WOULD BE
12 COMPLETE, ACTUALLY A FEW MONTHS AFTER THAT. THERE
13 IS SOME TRAILING OBLIGATIONS IN TERMS OF MONITORING
14 THINGS LIKE INTELLECTUAL PROPERTY AND SO FORTH.

15 AND I'D ASK JAMES TO COMMENT ON THIS AS
16 WELL, BUT MY UNDERSTANDING IS THAT THE THINKING IS
17 THAT THOSE OBLIGATIONS WOULD BE TRANSFERRED TO
18 ANOTHER STATE AUTHORITY AND WOULD NOT BE UNDERTAKEN
19 BY CIRM PROPER AT THAT POINT.

20 DR. STEWARD: I WOULD JUST ACTUALLY ASK
21 THAT YOU ADD ANOTHER LINE TO THAT GRAPH AND SHOW
22 WHAT HAS BEEN SPENT, WHAT REMAINS TO BE SPENT. I
23 THINK IT'S REALLY VERY USEFUL TO SORT OF GIVE THESE
24 SNAPSHOTS IN TIME AND SEE WHERE WE ARE.

25 DR. PLUNKETT: JUST ONE COMMENT ON THE

BARRISTERS' REPORTING SERVICE

1 NUMBERS. YOU CAN SEE THAT THE TOTAL THERE IS 2.795
2 BILLION. THAT PLUS 180 MILLION IS A LITTLE LESS
3 THAN 3 BILLION. ACTUALLY THE REASON FOR THAT IS
4 THAT FOR THE FIRST FIVE YEARS OF THE INSTITUTE'S
5 EXISTENCE, WE WERE RESPONSIBLE FOR PAYING INTEREST
6 ON THE BONDS USED TO FUND CIRM. SO THAT NETS OUT
7 ABOUT \$50 MILLION RIGHT THERE. IF ANYBODY WAS
8 FOLLOWING THAT CLOSELY.

9 DR. PRICE: I'D LIKE TO -- I THINK IT'S A
10 VERY GOOD DISCUSSION. WITHOUT GETTING INTO THE
11 SPECIFIC POINTS JEFF IS MAKING, I THINK THE CRUCIAL
12 POINT, THE META POINT IS THAT A STRATEGIC PLAN
13 WITHOUT A FINANCIAL UNDERPINNING IS NO STRATEGIC
14 PLAN AT ALL. IT'S JUST A LOT OF VERBIAGE FOR PUBLIC
15 CONSUMPTION. IF A STRATEGIC PLAN IS REAL, IT'S
16 GOING TO REQUIRE TRADE-OFFS AND IT CANNOT, IT CANNOT
17 SATISFY ALL STAKEHOLDERS. A STRATEGIC PLAN, A REAL
18 ONE, MEANS THAT THERE ARE GOING TO BE UNHAPPY PEOPLE
19 AT THE END OF THE DAY.

20 AND WHEN I HEAR SAYING, WELL, WE BUILT
21 THIS IN HERE BECAUSE THIS IS WHAT WE HEARD FROM OUR
22 STAKEHOLDERS, I WORRY ABOUT THAT. SOME STAKEHOLDERS
23 ARE GOING TO BE UNHAPPY. SO HERE'S MY -- I WANT TO
24 INTRODUCE ANOTHER SORT OF QUESTION ABOUT THESE
25 ALLOCATIONS. AND IT'S THE ONE NOBODY HAS BEEN

BARRISTERS' REPORTING SERVICE

1 TALKING ABOUT, AND THAT'S THE SECOND LINE, PEOPLE.

2 IT SEEMS TO ME, AND HERE'S -- I JUST WANT
3 TO THROW SOME CONTROVERSIAL IDEA OUT HERE. WE'VE
4 BEEN FUNDING THE UNIVERSITY OF CALIFORNIA AND THE
5 COMMUNITY COLLEGES AND THE CSU SYSTEM IN THESE
6 VARIOUS TRAINING PROGRAMS, TRAINING PROGRAMS AND
7 BRIDGES, FOR HOW MANY YEARS NOW, FIVE YEARS OR
8 WHATEVER. AND WE HAVE BEEN SAYING -- SIX YEARS --
9 AND WE'VE BEEN SAYING THAT IT HAS DEVELOPED AN
10 ECOSYSTEM FOR STEM CELL WORK.

11 GIVEN BOTH OF THOSE THINGS, IS IT
12 UNREASONABLE TO THINK THAT THE UNIVERSITIES AND THE
13 STATE COLLEGES AND THE CSU'S SHOULD BE ADJUSTING
14 THEIR OWN CURRICULUM TO PICK UP THESE PROGRAMS?
15 SHOULD CIRM OR SOMEBODY BE FUNDING THESE PROGRAMS
16 FOREVER?

17 I THINK IT IS TIME TO SAY, OKAY, IT'S TIME
18 NOW FOR THOSE INSTITUTIONS TO ADJUST THEIR OWN
19 CURRICULUM, IF THIS IS REALLY AN IMPORTANT AREA, TO
20 RECOGNIZE ITS IMPORTANCE BY BUILDING IT INTO THEIR
21 CURRICULUM. AND THAT GIVES US \$200 MILLION ROUGHLY
22 TO REALLOCATE TO SCIENCE, WHICH IS ACTUALLY WHAT
23 WE'RE ALL ABOUT HERE.

24 DR. PIZZO: I MOVE THAT THAT START AT
25 BERKELEY.

BARRISTERS' REPORTING SERVICE

1 DR. PRICE: LISTEN, I HAVE NO PROBLEM WITH
2 THAT IF STANFORD WILL COME IN AS THE SECOND
3 INSTITUTION.

4 DR. PIZZO: WE'RE NOT A STATE INSTITUTION.

5 DR. OLSON: POINT IS WELL TAKEN. IT IS A
6 SERIES OF TRADE-OFFS.

7 DR. POMEROY: SO I THINK THAT THESE ISSUES
8 ARE EXACTLY THE ONES THAT WE SHOULD BE TALKING ABOUT
9 GOING FORWARD. WE IN RETROSPECT SHOULD HAVE BEEN
10 TALKING ABOUT THEM ALL ALONG. BUT I WANT TO ECHO
11 JEFF'S CONCERNS ABOUT THE MESSAGE THAT WE SEND WHEN
12 WE CUT IN HALF THE FUNDING FOR OR EVEN TALK ABOUT
13 CUTTING IN HALF THE AMOUNT OF FUNDING FOR A PROGRAM
14 THAT WE HAD AN EXTENSIVE DISCUSSION ABOUT AT THIS
15 BOARD. WE MADE A DECISION, AND WE CONVINCED PEOPLE
16 TO PUT IN PLANNING GRANTS AND SPEND THE LAST SIX
17 MONTHS OF THEIR LIVES ON THE BASIS OF THOSE PLANNING
18 GRANTS PREPARING THE FULL-BLOWN GRANTS THINKING THAT
19 THERE WAS A CERTAIN FUND OF MONEY AVAILABLE.

20 I THINK THAT CHANGING THAT AT THIS LATE
21 DATE RISKS A DISRUPTION OF THE TRUST THAT WE HAVE
22 WITH THE SCIENTISTS. AND SO I'M VERY MUCH IN FAVOR
23 OF THESE DISCUSSIONS GOING FORWARD, BUT I HAVE GRAVE
24 CONCERNS ABOUT BACKTRACKING ON SOMETHING THAT WE HAD
25 EXTENSIVE DISCUSSIONS ON.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: CAN I JUST ADD ONE LITTLE
2 POINT TO YOUR POINT, DR. POMEROY? IT'S NOT JUST THE
3 SCIENTISTS. IT'S THE COMMUNITY. DIFFERENT
4 COMMUNITIES OF PATIENT ADVOCATES ARE FOLLOWING THIS
5 SCIENCE. AND REALLY, AS DISAPPOINTING AS IT WOULD
6 BE TO BREAK THE TRUST WITH THE SCIENTISTS, WE JUST
7 HAD THIS WITH GERON. THE TRUST WITH THE PATIENTS
8 AND THEIR ADVOCATES WHO ARE REALLY LOOKING FOR THE
9 SCIENCE AS A SOURCE OF HOPE IS A BIGGER BREACH OF
10 TRUST IN MY MIND.

11 DR. POMEROY: WELL SAID.

12 MS. GIBBONS: COULD YOU NOT ARGUE IT,
13 THOUGH, THE OTHER WAY TOO, THAT RECIPROCALLY THAT
14 WE'RE HONORING THE TRUST THAT WE HAD WITH THE VOTERS
15 BY SAYING THAT THE STRATEGIC PLAN IS FLUID, IT IS
16 DYNAMIC, THE ONUS IS ON US TO ADJUST OURSELVES, AND
17 MAKE OUR DECISIONS BASED ON ALL THE INPUT THAT WE
18 GET FROM EXTERNAL REVIEW AND THE OTHER THINGS THAT
19 ARE PRESENTED OVER THE COURSE OF TIME? AND THIS IS
20 A PROPOSED FUNDING SCENARIO. MAYBE I'M MISSING
21 SOMETHING, BUT I DON'T FEEL THIS HEAVY BURDEN THAT
22 WE'RE BEING ASKED TO RETRACT ANYTHING.

23 WHAT I SEE IS A PROPOSITION THAT WE
24 CONSIDER TAKING INTO ACCOUNT THE INPUT THAT WE'VE
25 SEEN FROM THE STRATEGIC PLAN AND MAKE SURE THAT OUR

BARRISTERS' REPORTING SERVICE

1 FUNDING DECISIONS GOING FORWARD ARE REFLECTIVE OF
2 WHERE WE'VE DECIDED THAT WE WANT TO GO.

3 I THINK THAT IS BEING RESPONSIBLE. AND I
4 KNOW I DON'T HAVE THE NUANCE TO LOOK AT WHAT THE
5 SCIENTIFIC COMMUNITY IS DOING AND HAS DONE TO
6 PREPARE FOR THE RFA'S, BUT WE WOULD STILL HAVE TO
7 JUDGE THOSE BASED ON THEIR MERIT ANYWAY. SO THAT'S
8 KIND OF A -- THAT'S SOMETHING THAT HASN'T PRESENTED
9 ITSELF, SO AREN'T WE REALLY DOING THE RIGHT THING BY
10 HONORING TRUST ALL AROUND IN HAVING THIS DISCUSSION
11 RIGHT NOW?

12 MR. SHEEHY: I JUST, HAVING SAT THROUGH
13 THE REVIEW OF THE PLANNING GRANTS, I JUST FELT THAT
14 THERE WAS SOME STRENGTH THERE AND THERE WERE
15 DISEASES THAT WE HADN'T TACKLED WITH DISEASE TEAMS
16 OR WITH CLINICAL PROGRAMS. I THINK TO A LARGE
17 DEGREE, AND I THINK IT'S REFLECTED IN THE SIZE OF
18 OUR ACTUAL CLINICAL PROGRAM, THAT A LOT OF THE
19 SCIENCE IS IN THAT EARLY TRANSLATION DISEASE TEAM
20 SPACE. AND WHEN WE SET UP THE DISEASE TEAM
21 STRUCTURE, PART OF THE REASON WE DID THAT WAS
22 BECAUSE THE SCIENCE WASN'T REALLY -- THERE WEREN'T
23 VERY MANY PROJECTS THAT WERE REALLY READY FOR THE
24 CLINIC.

25 AND BY BRINGING TOGETHER INDUSTRY AND

BARRISTERS' REPORTING SERVICE

1 ACADEMIC RESEARCHERS AND PUTTING THEM TOGETHER AND
2 REGULATORY SPECIALISTS INTO A TEAM, WHICH WAS A BIG
3 INNOVATION FOR US TO KIND OF PULL TOGETHER THIS TEAM
4 CONCEPT, FAIRLY NOVEL CREATION BY CIRM, THAT WE CAN
5 MOVE THE SCIENCE FASTER THROUGH THIS SPACE. AND I
6 THINK -- AGAIN, I'M NOT CONVINCED THAT THE SCIENCE
7 DOESN'T JUSTIFY THE FULL FUNDING FOR THE ROUND. AND
8 MY SUSPICION IS IS THIS WILL LIKELY BE THE LAST
9 DISEASE TEAM ROUND WE DO.

10 YOU THINK ABOUT IT. IT TAKES A COUPLE OF
11 YEARS TO GET ONE OF THESE OFF THE GROUND. WE'LL DO
12 THIS THIS YEAR, 2012, AND THE PROGRAMS PROBABLY
13 WON'T START TILL 2013. WE WON'T START TALKING ABOUT
14 ANOTHER DISEASE TEAM ROUND TILL LATE 2013, 2014.
15 WE'RE NOT GOING TO START A DISEASE TEAM ROUND IN
16 2016 UNLESS WE HAVE ADDITIONAL FUNDING. SO THIS
17 WILL BE OUR LAST DISEASE TEAM ROUND.

18 AND SO WHAT WE'RE TALKING ABOUT IS TAKING
19 A SIGNIFICANT CHUNK OF MONEY OUT OF WHAT HAS BEEN
20 OUR FLAGSHIP INNOVATION. REMEMBER, WE ARE A FUNDING
21 AGENCY, AND THE MECHANISMS BY WHICH WE USE TO MOVE
22 SCIENCE FORWARD IS AS MUCH A BURDEN ON US AND OUR
23 MISSION AS ACTUALLY FUNDING SCIENCE. WHEN WE HAVE
24 MANAGED TO INNOVATE IN THE FUNDING ARENA, I THINK WE
25 SHOULD CONTINUE TO DO SO. AND THE IDEA HAS ALWAYS

BARRISTERS' REPORTING SERVICE

1 BEEN IN THE DISEASE TEAM ROUND THAT IF PEOPLE DON'T
2 HIT THEIR MILESTONES, THE FUNDING RETURNS TO CIRM.
3 SO IT WAS SUPPOSED TO BE A REPLENISHABLE POOL IN
4 WHICH WE DID TAKE SOME RISK AND WE DID TAKE SOME
5 CHANCES AND TRY TO MOVE THE SCIENCE FORWARD.

6 SO I ACTUALLY STILL BELIEVE IT WOULD BE A
7 HUGE BREACH OF FAITH. AND I DO THINK, AGREEING WITH
8 DR. PRICE, WE HAVEN'T GONE THROUGH LINE BY LINE AND
9 LOOKED AT THESE VARIOUS ALLOCATIONS AND COME AS A
10 BOARD STRATEGICALLY TO A DECISION ON HOW MUCH WE
11 WANT TO ALLOCATE EACH OF THESE CATEGORIES. SO WE
12 DID MAKE THE DECISION TO SPEND 240 MILLION ON THIS
13 ROUND. WE DID NOT MAKE A DECISION ABOUT THESE
14 ALLOCATIONS. SO I WOULD BE MORE COMFORTABLE LOOKING
15 AT THE ALLOCATIONS AND SEEING IF THOSE ARE RIGHT.
16 IF WE HAD GONE THROUGH THAT PROCESS AND THEN CAME
17 BACK AND SAID WE ONLY WANT TO SPEND 140 MILLION, I
18 MIGHT FEEL COMFORTABLE. BUT THESE A PRIORI KIND OF
19 ASSUMPTIONS THAT ARE BUILT INTO THIS SCHEME ARE NOT
20 ONES THAT WE'VE HAD ANY INPUT ON. THAT'S WHERE I
21 HAVE A PROBLEM.

22 MS. GIBBONS: I THINK THIS SPEAKS TO WHAT
23 WE'VE BEEN SAYING ALL ALONG, THOUGH, ABOUT OUR
24 ABILITY TO TELL A BETTER STORY BECAUSE YOU'RE BEING
25 ABLE TO COMMUNICATE WHERE THE VALUE OF THE DISEASE

BARRISTERS' REPORTING SERVICE

1 TEAM IS VIS-A-VIS GETTING TO THE CLINIC TO SHOW
2 BENEFIT TO PATIENTS, WHICH IS WHERE THIS WHOLE THING
3 STARTED, IT MAKES SO MUCH SENSE. I THINK THAT MAYBE
4 IT'S A LABELING ISSUE FOR THE LAY PUBLIC. LIKE IN
5 THIS ROOM EVERYBODY UNDERSTANDS WHAT IT MEANS WHEN
6 YOU GET TO TRANSLATIONAL AND CLINICAL, BUT I THINK
7 THE LAY PUBLIC JUST WANTS TO KNOW, AS YOU SAID,
8 CLAIRE, EARLIER ON SO SIMPLY, WHAT IS THE BENEFIT TO
9 PATIENTS. YOU CAN ARTICULATE THAT BY HEAVILY
10 INVESTING IN THE DISEASE TEAMS.

11 SO I THINK WE'RE ALL MAKING THE SAME
12 POINT, AND IT GETS DOWN TO WE HAVE TO TELL A BETTER
13 STORY TO DEMONSTRATE WHAT WE'RE DOING.

14 DR. PIZZO: I AGREE WITH THAT, BUT I THINK
15 AT THE END OF THE DAY IT'S GOING TO DEPEND ON
16 WHETHER OR NOT THOSE DISEASE TEAMS REACH THE
17 FRUITION THAT THEY HOPED FOR. AND I THINK WE HOPE
18 THAT THAT WILL BE VERY POSITIVE. WE NEED TO BE
19 PREPARED FOR THE FACT THAT IT MAY NOT BE. TO ME
20 AMONG THE SCENARIOS THAT WE NEED TO CONTINUE TO PLAY
21 OUT IS IF THE DISEASE TEAMS I THROUGH V OR V THROUGH
22 X DON'T REACH THE FRUITION WE HAVE HOPED FOR, IS
23 THERE A WAY OF RECOUPING SOME OF THAT THROUGH BETTER
24 UNDERSTANDING WHAT WENT AWRY. AND I WOULD HATE TO
25 SEE US MISS THAT OPPORTUNITY AS WELL.

BARRISTERS' REPORTING SERVICE

1 SO TO ME, JEFF, THE ISSUE IS, AS YOU BEGAN
2 THE DISCUSSION, IT'S AN ISSUE OF BALANCE AND
3 UNDERSTANDING PRIORITIES AND FUNDING EXCELLENCE
4 ABOVE ALL. MY WORRY IS IF WE SET THE THRESHOLD TOO
5 HIGH, WE MISS OPPORTUNITIES. IF WE SET THE
6 THRESHOLD TOO LOW, WE OVERFUND THINGS THAT ARE
7 UNLIKELY TO BE AS SUCCESSFUL AS WE'D LIKE. AND THAT
8 BECOMES MORE SO WHEN WE'RE BEGINNING TO REACH THE
9 END OF THE GAME, WHICH IS WHERE WE ARE. I'D LIKE TO
10 SEE EVERYTHING BE OPTIMIZED IN THAT SITUATION.

11 MS. BAUM: I JUST QUICKLY WANTED TO MAKE
12 SURE THAT WE DIDN'T LEAVE THE IMPRESSION THAT THE
13 WHOLE STRATEGIC PLANNING PROCESS WASN'T BASED ON A
14 FINANCIAL ANALYSIS. THERE WAS A FEW SESSIONS
15 INTERNALLY WHERE WE WORKED BACKWARDS FROM THE 2006
16 GOALS FIGURING WHAT NEEDED TO BE FUNDED THROUGH
17 PROOF OF CONCEPT, WORKED BACKWARDS TO FIGURE OUT HOW
18 MUCH FUNDING WE NEEDED TO ACCOMPLISH THAT BASED ON
19 LIKELIHOODS OF SUCCESSES AND DIFFERENT RATIOS, WHICH
20 I'M SURE PAT OR ELLEN COULD PROVIDE TO YOU, BUT IT
21 WASN'T DONE IN A VACUUM BASED ON WHAT WE HEARD
22 PEOPLE WANTED, MORE PEOPLE FUNDING IN THE PEOPLE
23 CATEGORY. IT WAS LOOKING AT THE GOALS, WORKING
24 BACKWARDS FROM A FINANCIAL BASIS.

25 THAT SAID, THE QUESTION REMAINS IS THAT

BARRISTERS' REPORTING SERVICE

1 THERE WILL BE A LOT OF PROJECTS THAT ARE SORT OF
2 LEFT IN MIDSTAGE. AND YOU CAN DIRECT ADDITIONAL
3 FUNDING TO MOVE THOSE FURTHER ALONG AND THEN FUND
4 LESS IN, FOR INSTANCE, THE FUNDAMENTAL OR THE PEOPLE
5 CATEGORY. AND I JUST WANTED TO LEAVE THAT
6 CLARIFICATION IN THE RECORD.

7 CHAIRMAN THOMAS: ARE THERE ANY OTHER
8 COMMENTS AT THIS STAGE?

9 DR. PLUNKETT: I'D JUST LIKE TO ADD ONE
10 MORE COMMENT ON HOW I'VE BEEN LOOKING AT THE BALANCE
11 OF FUNDING HERE, AND HOPEFULLY THIS MIGHT BE HELPFUL
12 FOR SOME OF THE BOARD MEMBERS. I'M REALLY
13 EYEBALLING WHAT'S BEEN AWARDED IN THE FIRST HALF
14 DOZEN YEARS OF THIS AGENCY'S EXISTENCE WITH WHAT
15 WE'RE PROPOSING THE BALANCE TO BE IN THE FUTURE.

16 SO SIMPLY PUT, IN TERMS OF SPENDING ON
17 PEOPLE, A LITTLE BIT LESS THAN WE HAVE HISTORICALLY.
18 ON FUNDAMENTAL RESEARCH FOR THE NEXT HALF DOZEN
19 YEARS, APPROXIMATELY THE SAME PACE AS IN OUR FIRST
20 HALF DOZEN YEARS. FOR TRANSLATIONAL RESEARCH, AN
21 INCREASE OF 60 PERCENT; AND FOR CLINICAL DEVELOPMENT
22 WORK, TRIPLE THE FUNDING THAT WE SPENT FOR THE LAST
23 HALF VERSUS THE FIRST HALF OF THE AGENCY'S
24 EXISTENCE.

25 JEFF, YOUR CONCERN ABOUT NO MORE DISEASE

BARRISTERS' REPORTING SERVICE

1 TEAM ROUNDS, I BELIEVE, PAT, WE ACTUALLY EXPLICITLY
2 HAVE IN THIS MODEL, AND I KNOW WE DIDN'T GET TOO FAR
3 DOWN INTO THE WEEDS ON THIS, BUT WE EXPLICITLY HAVE
4 A DISEASE TEAM III IN THE 2014 TIME FRAME AND A
5 DISEASE TEAM IV IN THE 2016 TIME FRAME, ALL OF
6 WHICH, THE III AND THE IV, PAT, I BELIEVE ARE THE
7 150 TO \$200 MILLION SIZE RANGE.

8 DR. OLSON: I THINK IT'S MORE LIKE A
9 HUNDRED OR 120. I MEAN WE ARE BUILDING INTO THE
10 PLAN WAYS TO BRING DEVELOPMENT PROJECTS FORWARD.

11 DR. FEIGAL: THE OTHER POINT I'D JUST LIKE
12 TO SAY IS DEVELOPMENT AS A CATEGORY IN THE DISEASE
13 TEAM THERAPY DEVELOPMENT AWARDS, ETC., WE'RE TALKING
14 ABOUT INITIATIVE. SO WE DO HAVE SOME NEW STRATEGIC
15 PARTNERSHIP FUNDING WHICH PRESUMABLY WILL HELP
16 ATTRACT DEVELOPMENT-TYPE RESEARCH MOVING FORWARD.
17 SO WE'RE JUST REALLY PUTTING THIS OUT, AS YOU SAID,
18 WHERE YOU WANT TO PLACE YOUR BETS. AND IT'S A
19 JUDGMENT. THERE'S NO RIGHT OR WRONG HERE. AND SO
20 WE JUST NEED TO FEEL ABOUT HOW MANY BETS DO YOU WANT
21 TO PLACE ON REALLY HIGH RISK POTENTIALLY
22 TRANSFORMATIVE VERSUS HOW MANY BETS DO YOU WANT TO
23 PLACE ON SOMETHING THAT HOPEFULLY IS MORE NEAR TERM.

24 SO IT IS ABOUT BALANCE AND HOW TO MAKE
25 THAT KIND OF JUDGMENT. SO THIS IS A JUDGMENT CALL,

BARRISTERS' REPORTING SERVICE

1 AND WE DO WANT YOUR INPUT, BUT IT'S JUST TO LAY IT
2 OUT ON THE TABLE TO BE TRANSPARENT. I THINK NONE OF
3 US WANT TO RENEGE ON THE PUBLIC TRUST IN TERMS OF WE
4 SENT OUT A SOLICITATION, WE PUT A CEILING AMOUNT OUT
5 THERE, PEOPLE HAVE SPENT A LOT OF TIME; BUT AT THE
6 END OF THE DAY, I THINK WHAT WE STILL WANT TO GET
7 CLEAR, AS I SAID BEFORE, WHETHER IT'S DEVELOPMENT,
8 TRANSLATIONAL, FUNDAMENTAL, PEOPLE, IT'S A CEILING.
9 AND SO IT HAS TO BE EVIDENCED BY GOOD PROPOSALS
10 COMING IN AND BEING REVIEWED AND RECOMMENDED AND THE
11 BOARD DECIDING TO FUND IT, BUT IT'S NOT AN
12 ENTITLEMENT.

13 I GUESS THAT'S TRUE FOR ANY INITIATIVE IS
14 TO THINK OF IT MORE AS IT'S AN OPPORTUNITY, BUT IT'S
15 NOT A PROMISE. AND SO AT LEAST THAT'S THE WAY WE
16 USED TO THINK ABOUT IT AT NIH IS WE DIDN'T HAVE TO
17 GO TO THE CEILING IF THERE WEREN'T ENOUGH PROPOSALS
18 THERE. WE HAVE EVERY REASON TO THINK THERE COULD
19 BE, BUT IT'S JUST TO KEEP THAT IN MIND WITH ANY
20 INITIATIVE WE PUT OUT THERE.

21 MR. SHEEHY: JUST TO RESPOND, NO ONE HAS
22 PROPOSED -- I ALMOST FEEL LIKE THIS IS THE BAD
23 SCIENCE ARGUMENT THAT WE ADVOCATES ALWAYS GET TAGGED
24 WITH. NO ONE IS PROPOSING NOT FUNDING MERITORIOUS
25 SCIENCE. BUT THE THING WAS IS THAT WE HAVE PUT OUT

BARRISTERS' REPORTING SERVICE

1 A NUMBER, AND I'M NOT SURE THAT I'M COMFORTABLE
2 ROLLING BACK THAT NUMBER. I'M NOT -- I'M KIND OF
3 SURPRISED THAT WE'RE TALKING ABOUT, FRANKLY, ROLLING
4 BACK THAT NUMBER. I REALLY WOULD LOVE TO HAVE THIS
5 DISCUSSION IN A MORE -- REALLY HAVE SOME KEY
6 DECISION POINTS ABOUT WHERE WE WANT TO ALLOCATE OUR
7 FUNDING OVER THE LAST 900 MILLION WE HAVE AVAILABLE
8 TO US AND ACTUALLY MAKING SOME DECISIONS.

9 LIKE I SAID, WE'VE GOT A GOOD BASIC
10 BIOLOGY CANDIDATE COMING UP IN RESEARCH LEADERSHIP.
11 AND THIS IS PRECISELY THE TYPE OF FRAME THAT WE
12 SHOULD HAVE BEEN LOOKING AT IN THE WORKING GROUP
13 WHEN WE'RE TRYING TO DECIDE WHETHER WE THINK --
14 THERE'S A MINORITY REPORT BECAUSE PEOPLE AREN'T SURE
15 WHETHER THIS IS SOMETHING THAT'S REALLY VALUABLE FOR
16 OUR PROGRAM. SO WE DON'T HAVE A LIMITLESS AMOUNT OF
17 MONEY, BUT WE DO NEED TO COME TO TERMS WITH OUR
18 PROGRAM.

19 BUT I WOULD SAY THIS TOO. YOU CANNOT
20 UNDERESTIMATE THE POWER OF THE ADVOCACY COMMUNITY.
21 AND WE HAVE TO GIVE THEM HOPE. I WANT HOPE. AND
22 THERE ARE PROJECTS IN HIV, AND I THINK THAT THEY
23 HAVE PAID OFF HUGE DIVIDENDS EVEN THOUGH THEY
24 HAVEN'T GOTTEN ANY CLINICAL SUCCESS AND JUST
25 CHANGING THE WHOLE DISCUSSION ABOUT WHETHER OR NOT A

BARRISTERS' REPORTING SERVICE

1 CURE IS POSSIBLE FOR HIV. WE'RE IN THE FOREFRONT OF
2 THAT DIALOGUE. THAT WOULDN'T BE THERE IF WE DIDN'T
3 STEP OUT ON A LIMB IN 2009 AND FUND A COUPLE OF
4 DISEASE TEAM PROJECTS THAT A LOT OF PEOPLE DIDN'T
5 THINK WERE EVEN NEEDED. AND YET PEOPLE ARE TALKING
6 ABOUT CIRM IN THE HIV COMMUNITY AS CUTTING A FRESH
7 PATH. AND WE'RE PUSHING NIH. AND NIH IS INCREASING
8 THE AMOUNT OF FUNDING THAT THEY'RE DOING FOR A CURE.
9 SO THIS IS DYNAMIC PROCESS THAT INVOLVES PATIENTS,
10 OTHER FUNDERS, A WHOLE COMMUNITY.

11 SO WHEN WE TALK ABOUT IMPACTING SCIENCE IN
12 THIS PARTICULAR AREA OF THE PIPELINE, WE'RE TALKING
13 ABOUT -- IT'S NOT JUST ABOUT AN INDIVIDUAL PROJECT
14 GETTING TO FRUITION. IT'S ABOUT A WHOLE CULTURE
15 THAT IS DEVELOPED IN CALIFORNIA BASED ON HOPE AND
16 BASED ON EXPECTATIONS FOR CIRM. AND I THINK WE NEED
17 TO BE VERY CAREFUL ABOUT HOW WE MANAGE THOSE
18 EXPECTATIONS AND HOW WE HANDLE THAT TRUST THAT'S
19 BEEN PLACED IN US.

20 CHAIRMAN THOMAS: DEAN HAWGOOD.

21 DR. HAWGOOD: I THINK THERE'S BEEN A VERY
22 RICH DISCUSSION, AND I WOULD SUGGEST MAYBE FOR THE
23 NEXT MEETING IF YOU COULD TAKE THIS TABLE AND LAY
24 OUT A TIMELINE SO THAT WE UNDERSTAND WHAT'S COMING.
25 IT SEEMS LIKE THAT'S THE INFORMATION THAT WE'RE

BARRISTERS' REPORTING SERVICE

1 MISSING HERE THAT YOU RIGHTLY HAVE AND CAN SEE, AND
2 WE'RE TENDING TO MAKE EACH RFA DECISION IN
3 ISOLATION. AND I THINK IT WOULD BE VERY HELPFUL TO
4 SEE IT LAID OUT ACROSS TIME TO UNDERSTAND WHERE THIS
5 FUNDING COMES AND GOES.

6 DR. PRICE: I'D JUST LIKE TO MAKE A VERY
7 SMALL SUGGESTION, THAT YOU SWAP OUT THE TERM
8 "PEOPLE" WITH TRAINING BECAUSE UNFORTUNATELY IT
9 SUGGESTS THAT NONE OF THESE OTHER THINGS HAVE ANY
10 IMPACT ON PEOPLE. SO LET'S LABEL THINGS ACCURATELY
11 FOR WHAT WE'RE TALKING ABOUT, AND WE ARE TALKING
12 ABOUT TRAINING PROGRAMS.

13 DR. OLSON: IT'S NOT JUST TRAINING. IT'S
14 ALSO CAREER DEVELOPMENT. IT'S RESEARCH LEADERS. SO
15 I'D PROBABLY CALL IT INTELLECTUAL INFRASTRUCTURE.

16 CHAIRMAN THOMAS: YOU CAN COME UP WITH A
17 SNAZZY ACRONYM THAT TAKES INTO ACCOUNT EVERYTHING.

18 DR. OLSON: YOU DON'T LIKE INTELLECTUAL
19 INFRASTRUCTURE?

20 CHAIRMAN THOMAS: OKAY.

21 DR. FRIEDMAN: COULD I MAKE JUST ONE
22 COMMENT, PLEASE? I DON'T MEAN TO PROLONG THE
23 DISCUSSION. I VERY MUCH VALUE THE THOUGHTFUL
24 APPROACH THAT EVERYBODY HAS TAKEN IN TERMS OF LAYING
25 OUT ON THE ONE HAND, ON THE OTHER HAND THE PROS AND

BARRISTERS' REPORTING SERVICE

1 CONS. EARLIER WE TALKED ABOUT THE VALUE -- THE
2 ESSENTIAL NEED FOR PRIORITIZING, AND THAT'S EASY TO
3 SAY, BUT I THINK IT'S GOING TO BE PAINFULLY
4 DIFFICULT BECAUSE THE OPTIONS THAT WE'RE LOOKING AT
5 ARE VERY ATTRACTIVE, AND THEY EACH COMPETE
6 POWERFULLY FOR OUR ATTENTION AND OUR SUPPORT.

7 I THINK WHEN WE DO HAVE THAT NEXT
8 DISCUSSION, AND I LIKE THE WAY PEOPLE ARE TALKING
9 ABOUT ORGANIZING IT, AND IT SOUNDS LIKE IT WILL BE A
10 VERY GOOD DISCUSSION, I THINK THE KEY THING FOR US
11 AS A BODY IS TO SAY WHAT OUR PRIORITIES ARE. AND
12 THE REALITY IS THAT WE CAN DO A LITTLE BIT OF
13 EVERYTHING, OR WE CAN DO A LOT OF SOMETHING. AND
14 I'M NOT ARGUING FOR BASIC SCIENCE OR CLINICAL
15 RESEARCH OR TRAINING. BUT EACH ARE IMPORTANT
16 TOPICS, AND IT'S A SHAME THAT WE CAN'T DO ALL OF
17 THEM TO THE EXTENT THAT THE COMMUNITY WOULD LIKE AND
18 THAT WOULD BE VERY SUPPORTABLE AND JUSTIFIABLE, BUT
19 WE REALLY ARE, IF WE ARE GOING TO DO OUR JOBS
20 PROPERLY, WE'RE GOING TO HAVE TO MAKE SOME REALLY
21 PAINFUL AND DIFFICULT DECISIONS THAT WILL BE, I
22 THINK, A STARK TENSION BETWEEN DIFFERENT PEOPLE,
23 EACH OF WHOM BELIEVES HIS OR HER OWN PERSPECTIVE IS
24 THE BEST WAY TO GET RESULTS. WE'LL BE BALANCING
25 SHORT-TERM GOALS WITH LONGER TERM GOALS.

BARRISTERS' REPORTING SERVICE

1 AGAIN, I'M NOT TALKING ABOUT WHAT MY
2 PARTICULAR POSITION IS. I'M JUST SAYING THAT THE
3 NEXT DISCUSSION ON THIS, IF IT ISN'T A WRENCHINGLY
4 DIFFICULT ONE, THEN WE'RE NOT DOING OUR JOB. I
5 THINK IT'S EXACTLY THE THING WE SHOULD DO AS WE
6 REACH THIS POINT IN THE FUNDING HISTORY OF THE
7 ORGANIZATION TO MEET OUR EXPECTATIONS AND THE
8 PATIENT EXPECTATIONS AND THE ADVOCACY EXPECTATIONS.
9 THANK YOU.

10 CHAIRMAN THOMAS: OKAY. THANK YOU, DR.
11 FRIEDMAN. I THINK THAT WAS VERY WELL STATED. SO
12 LOGISTICALLY I THROW THIS OUT TO STAFF BECAUSE THERE
13 OBVIOUSLY IS GOING TO BE FURTHER DISCUSSION ON
14 PRIORITIES AT THE NEXT MEETING. WE ALSO TYPICALLY
15 HAVE SET FORTH WE'RE GOING TO APPROVE THE STRATEGIC
16 PLAN AT THE NEXT MEETING. IS THAT AN ABSOLUTE MUST
17 OR NOT?

18 DR. FEIGAL: I MEAN THAT WAS THE TIME
19 FRAME IS THE CONSIDERATION OF THE FINAL PLAN.

20 CHAIRMAN THOMAS: SO THE QUESTION IS CAN
21 WE HAVE THIS DISCUSSION AND BE ABLE TO GET TO A
22 CONSIDERATION OF THE FINAL PLAN AT THE SAME MEETING?

23 DR. TROUNSON: CHAIR, I DON'T THINK
24 THERE'S ANY PARTICULAR REASON WHY WE HAVE TO DO IT
25 AT THAT MEETING. I THINK IT WAS PARTLY WE WANTED TO

BARRISTERS' REPORTING SERVICE

1 COMPLETE THE PROCESS FOR THE INSTITUTE OF MEDICINE.
2 SO IT WAS DRIVEN BY THAT, BUT THAT OUGHT NOT BE THE
3 DRIVER. IF IT TAKES US ANOTHER MEETING OR TWO
4 MEETINGS TO GET THE BOARD'S COMFORT AND ALL OUR
5 COMFORT AND WE'RE ALL SIGNED ONTO IT, THEN I'D
6 PROPOSE WE DO THAT.

7 THAT WILL MAYBE HAVE A -- YOU KNOW, THE
8 INSTITUTE OF MEDICINE WILL PROBABLY HAVE TO HAVE A
9 LOOK AT A DRAFT RATHER THAN THE COMPLETED DOCUMENT.

10 SO I THINK IT'S MORE ABOUT US BEING, THE
11 BOARD, THAT IS, BEING SATISFIED THAT WE'VE GOT THE
12 DOCUMENT THAT WE WANT RATHER THAN ANYTHING ELSE. I
13 THINK THAT SHOULD BE THE PRIORITY.

14 CHAIRMAN THOMAS: YES. I WOULD AGREE WITH
15 THAT, AS I'M SURE WOULD THE INSTITUTE OF MEDICINE.
16 SO I THINK WE WOULD ASK STAFF TO FACTOR IN THE
17 COMMENTS YOU'VE HEARD HERE TODAY AND TO COME BACK
18 PREPARED FOR SORT OF THE FINAL DISCUSSION ON
19 PRIORITIES BASED ON THE VARIOUS COMMENTS.

20 ANYBODY DISAGREE WITH THAT? WE'D BRING IT
21 BACK FOR FINAL APPROVAL AT THE FOLLOWING BOARD
22 MEETING? MR. JUELSGAARD.

23 DR. JUELSGAARD: MR. THOMAS, I WOULD JUST
24 MAKE ONE COMMENT. AND THAT IS WHILE I THINK THERE
25 HAVE BEEN A NUMBER OF USEFUL COMMENTS MADE, THEY'RE

BARRISTERS' REPORTING SERVICE

1 NOT ALL ALIGNED WITH EACH OTHER. THERE ARE SOME
2 DIFFERENCES. AND SO I THINK STAFF NEEDS TO USE
3 THEIR OWN DISCRETION IN COMING FORWARD WITH
4 RECOMMENDATIONS. SOMETIMES YOU JUST NEED TO MAKE
5 REALLY DIFFICULT DECISIONS IN SPITE OF WHAT YOU
6 MIGHT HAVE SAID IN THE PAST OR PROMISED IN THE PAST.
7 SOMETIMES CHANGES NEED TO BE MADE. AND PEOPLE WILL
8 BE DISAPPOINTED IN THAT, BUT THAT'S THE WAY IT GOES.
9 OUR RESPONSIBILITY IS TO SPEND THE CALIFORNIA
10 TAXPAYERS' MONEY IN THE BEST WAY THAT WE
11 COLLECTIVELY AS A GROUP THINK IT SHOULD BE SPENT.
12 AND IF THAT CHANGES FROM SOME DECISION WE MADE
13 PREVIOUSLY, THEN IT CHANGES, BUT THAT'S OUR JOB, AND
14 I THINK WE SHOULD APPROACH IT THAT WAY.

15 DR. POMEROY: I ENDORSE YOUR PROPOSAL,
16 J.T., BUT WITH ONE REQUEST. AND THAT IS IT WOULD BE
17 VERY HELPFUL IF WE GOT THIS INFORMATION IN ADVANCE,
18 FAR ENOUGH IN ADVANCE THAT WE COULD EXPECT ALL OF
19 THE BOARD MEMBERS TO READ IT OURSELVES SO THAT WE
20 DON'T HAVE TO SPEND OUR TIME HAVING IT READ TO US.
21 I THINK THEN WE COULD ACTUALLY HAVE A MORE FRUITFUL
22 DISCUSSION.

23 CHAIRMAN THOMAS: I'M SURE THAT CAN BE
24 ACCOMMODATED. ANY OTHER COMMENTS? OKAY. THANK YOU
25 VERY MUCH, DR. OLSON.

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON, HOW SHALL WE PROCEED HERE?

2 MR. HARRISON: WE HAVE A CLOSED SESSION --
3 EXCUSE ME -- A SPOTLIGHT SCHEDULED FOR THIS TIME.
4 SO WHAT WE WOULD ASK IS THAT BOARD MEMBERS GO TO THE
5 ROOM WHERE BREAKFAST WAS AVAILABLE TO PICK UP YOUR
6 LUNCH AND RETURN TO YOUR SEATS AS QUICKLY AS
7 POSSIBLE SO WE CAN BEGIN THE SPOTLIGHT; AND THEN
8 FOLLOWING THE SPOTLIGHT, WE WILL CONTINUE WITH
9 REGULAR BOARD BUSINESS.

10 CHAIRMAN THOMAS: SO WE WILL ADDRESS THE
11 TRANSITION PLAN FIRST THING AFTER LUNCH?

12 MR. HARRISON: CORRECT.

13 CHAIRMAN THOMAS: OKAY. THANK YOU.

14 (A RECESS WAS TAKEN.)

15 CHAIRMAN THOMAS: OKAY. WE'VE GOT TO GET
16 GOING HERE, FOLKS. OKAY. ACTUALLY WE HAVE INSTEAD
17 OF IMMEDIATELY TAKING UP THE TRANSITION PLAN, WHICH
18 IS NOT SOMETHING THAT REQUIRES A VOTE, WE HAVE THREE
19 ITEMS ON THE AGENDA WE WANT TO MAKE A HUNDRED
20 PERCENT SURE WE GET THROUGH AND GET VOTES WHILE WE
21 HAVE FOLKS AMASSED. SO WE'RE GOING TO DEVIATE A BIT
22 FROM THE AGENDA, AND WE'RE GOING TO PROCEED FIRST TO
23 THE RESEARCH LEADERSHIP AWARD, WHICH IS, AS YOU SEE
24 ON YOUR AGENDA, ITEM NO. 11. SO WE'LL TURN TO DR.
25 YAFFE FOR THE PRESENTATION ON THIS POINT. THANK

BARRISTERS' REPORTING SERVICE

1 YOU.

2 DR. YAFFE: THANK YOU. MR. CHAIR, MEMBERS
3 OF THE BOARD, AND THE PUBLIC, I BRING FOR YOUR
4 CONSIDERATION RECOMMENDATIONS FROM THE GRANTS
5 WORKING GROUP ON THE MOST RECENT ROUND OF RESEARCH
6 LEADERSHIP AWARDS. THIS IS AGENDA ITEM NO. 11.

7 AS WE'VE GONE THROUGH A NUMBER OF THESE
8 ROUNDS, I THINK YOU'RE ALL FAMILIAR WITH THE
9 PROGRAM. I'M GOING TO GO THROUGH THIS MATERIAL VERY
10 RAPIDLY JUST AS A BRIEF INTRODUCTION, AND PLEASE ASK
11 IF THERE ARE DETAILS THAT YOU WOULD LIKE ME TO
12 SUPPLY ABOUT THE PROGRAM THAT I'M OMITTING AT THIS
13 TIME.

14 THE GOALS ARE TO FACILITATE THE
15 RECRUITMENT TO CALIFORNIA OF THE MOST PRODUCTIVE AND
16 PROMISING EARLY TO MIDCAREER SCIENTISTS IN STEM CELL
17 BIOLOGY AND REGENERATIVE MEDICINE, AND TO SUPPORT
18 ROBUST AND INNOVATIVE RESEARCH PROGRAMS BY THESE
19 INDIVIDUALS ONCE THEY'RE RECRUITED TO CALIFORNIA,
20 PROGRAMS THAT ARE FOCUSED ON FUNDAMENTAL STUDIES OF
21 PLURIPOTENT AND PROGENITOR STEM CELL BIOLOGY AND/OR
22 TRANSLATIONAL STUDIES LEADING TO INNOVATIVE STEM
23 CELL-BASED THERAPIES FOR DISEASE AND INJURY.

24 THIS PROGRAM IS OPEN TO NONPROFIT
25 CALIFORNIA INSTITUTIONS. THE CANDIDATE OR PI MUST

BARRISTERS' REPORTING SERVICE

1 HOLD A POSITION OUTSIDE CALIFORNIA AT THE TIME OF
2 APPLICATION AND HAVE BEEN INDEPENDENT FOR AT LEAST
3 THREE YEARS. CANDIDATES MUST BE UNDER CONSIDERATION
4 FOR RECRUITMENT TO A FULL-TIME POSITION AT AN
5 ELIGIBLE CALIFORNIA INSTITUTION.

6 INDIVIDUAL INSTITUTIONS MAY RECEIVE ONLY
7 ONE AWARD. ORIGINALLY YOU AUTHORIZED EIGHT AWARDS.
8 THREE HAVE BEEN AWARDED TO DATE, ONE TO ROBERT
9 WECHSLER REYA AT SANFORD BURNHAM INSTITUTE, ONE
10 RECRUITED PETER COFFEY TO UC SANTA BARBARA, AND THE
11 THIRD, WHICH YOU AWARDED TO ZHIGANG HE TO UC
12 BERKELEY. AND PRESIDENT TROUNSON SPOKE THIS MORNING
13 IN HIS REPORT ABOUT A VERY EXCITING RESEARCH PAPER
14 THAT DR. HE AUTHORED. SO THIS IS CLEARLY A TERRIFIC
15 ADDITION TO CALIFORNIA SCIENTISTS.

16 THE AWARDS FEATURE RESEARCH SUPPORTED FOR
17 UP TO SIX YEARS WITH AWARDEES EXPECTED TO COMMIT AT
18 LEAST 75 PERCENT OF THEIR TIME TO STEM CELL OR
19 REGENERATIVE MEDICINE RESEARCH. ELIGIBLE COSTS
20 COVERED BY THESE AWARDS INCLUDE PI SALARY, LAB
21 OPERATIONS, LAB RELOCATION COSTS, EQUIPMENT, WHICH
22 NEEDS TO BE MATCHED BY THE INSTITUTION, AND
23 APPROPRIATE FACILITIES, AND INDIRECT COSTS.

24 THE RESEARCH LEADERSHIP AWARDS ARE THE
25 APPLICATIONS ARE JUDGED BY THE GRANTS WORKING GROUP

BARRISTERS' REPORTING SERVICE

1 IN A STANDARD REVIEW PROCESS. THE KEY REVIEW
2 CRITERIA ARE RESEARCH VISION AND PLANS, PARTICULARLY
3 SIGNIFICANCE OF THE PROPOSED PROJECT, AND THE
4 INNOVATION INHERENT, THE PI'S ACCOMPLISHMENTS AND
5 POTENTIAL, RESEARCH ACHIEVEMENTS, THE IMPACT THAT
6 THE CANDIDATE HAS ALREADY HAD, AND ALSO THE
7 POTENTIAL IMPACT, THE LEADERSHIP DISPLAYED BY THE
8 CANDIDATE, AND THE POTENTIAL FOR LEADERSHIP, AND
9 PARTICULARLY UNDER CONSIDERATIONS AN ASSESSMENT BY
10 ACCOMPLISHMENTS AND POTENTIAL BY LEADERS IN THE
11 FIELD. HERE LETTERS OF RECOMMENDATION ARE EXAMINED.

12 THE THIRD KEY AREA OF REVIEW CRITERIA IS
13 THE INSTITUTIONAL COMMITMENT AND THE ENVIRONMENT.
14 WHAT WILL THE CANDIDATE BRING TO THE INSTITUTION
15 AND, OF COURSE, TO CALIFORNIA? WHAT KIND OF
16 ENVIRONMENT WILL THE INSTITUTION PROVIDE TO EXPAND
17 THE CANDIDATE'S RESEARCH?

18 SO THIS MOST RECENT CYCLE, AS YOU KNOW, WE
19 HAVE DEADLINES APPROXIMATELY EVERY THREE MONTHS FOR
20 THIS AWARD. THE LAST REVIEW CYCLE, THE APPLICATION
21 DEADLINE WAS THE 30TH OF NOVEMBER. A GRANTS WORKING
22 GROUP REVIEW MEETING WAS HELD TELEPHONICALLY ON
23 JANUARY 4TH. THIS CONSIDERED ONE APPLICATION. THE
24 TITLE OF THAT APPLICATION IS "MECHANISMS AND
25 CONSEQUENCES OF STEM CELL AGING."

BARRISTERS' REPORTING SERVICE

1 TOTAL FUNDS REQUESTED ARE \$6,347,138. THE
2 GRANTS WORKING GROUP VOTED A SCIENTIFIC SCORE OF 76
3 WITH A RECOMMENDATION FOR FUNDING. SHOULD NOTE
4 THERE WAS A MINORITY REPORT. IF THERE ARE MORE THAN
5 35 MEMBERS OF THE GRANTS WORKING GROUP WHO DISAGREE
6 WITH A RECOMMENDATION, THEN OUR GUIDELINES PROVIDE
7 FOR THE PROVISION OF A MINORITY REPORT. IN THIS
8 CASE THERE WERE MORE THAN 35 MEMBERS WHO HAD VOTED
9 NOT TO RECOMMEND.

10 CHAIRMAN THOMAS: I THINK YOU MEAN 35
11 PERCENT.

12 DR. YAFFE: 35 PERCENT. I'M SORRY.
13 ABSOLUTELY. THE BOARD IS BIG ENOUGH WITH 29. I'M
14 NOT SURE WE NEED 35 MEMBERS. IN THIS CASE THERE'S A
15 MINORITY REPORT. THAT MINORITY REPORT IS INCLUDED
16 IN THE MATERIALS THAT YOU'VE BEEN PROVIDED.

17 AT THIS POINT I WOULD WELCOME ANY
18 QUESTIONS, OR PERHAPS JEFF SHEEHY HAS SOME COMMENTS
19 AS ONE OF THE CO-CHAIRS.

20 MR. SHEEHY: I COULD. I HAVE TO ADMIT
21 THAT I WAS IN THE MINORITY, SO IT WOULD LEAD INTO A
22 DISCUSSION OF WHY. WELL, I THINK A COUPLE -- THE
23 MAIN POINT IS THAT THIS INDIVIDUAL WOULD NOT BE
24 ELIGIBLE FOR A CIRM GRANT BEYOND THIS ONE. SO WE
25 DON'T DO VERY MUCH MODEL SYSTEM WORK AT THIS POINT,

BARRISTERS' REPORTING SERVICE

1 AND WE ONLY REALLY FUND WORK THAT'S DONE IN HUMANS.
2 AND THE CHALLENGES FOR THIS INDIVIDUAL, WHO IS DOING
3 VERY GOOD WORK IN DROSOPHILA, IN FRUIT FLY, IS NOT
4 ONLY TO TRANSLATE THIS WORK INTO A MAMMALIAN SYSTEM,
5 BUT THEN TO TAKE IT FROM A MAMMALIAN SYSTEM INTO THE
6 HUMAN SYSTEM AND THEN EVENTUALLY TO SOME THERAPY.

7 SO I'M NOT SURE THAT COULD BE ACCOMPLISHED
8 WITHIN THE LIFETIME OF THIS AGENCY. BUT CERTAINLY
9 THEY WOULD NOT -- HE WOULD NOT BE ELIGIBLE FOR
10 FUNDING FOR THE TRANSLATION INTO THE MAMMALIAN
11 SYSTEM, AND HE WOULD -- BECAUSE WE HAVEN'T BEEN AT
12 CIRM FUNDING, IN MOST OF OUR ROUNDS, IN BASIC
13 BIOLOGY, ETC., ANYTHING BUT HUMAN WORK.

14 SO THIS WOULD LIKELY BE THE SOLE CIRM
15 GRANT THIS INDIVIDUAL WOULD GET. AND FROM MY
16 PERSPECTIVE, AS WE WERE TALKING ABOUT RESOURCE
17 ALLOCATION, I'D RATHER FUND DISEASE TEAMS. NOT TO
18 SAY I'M NOT FOR BASIC SCIENCE, BUT I'D LIKE IT TO BE
19 MORE TIGHTLY CONNECTED TO SOME SORT OF BARRIER OR
20 ROADBLOCK OR SOME DISCOVERY WE'VE MADE IN OUR
21 CLINICAL OR TRANSLATIONAL WORK THAT MIGHT MAKE A
22 DIFFERENCE AS OPPOSED TO JUST PURE DISCOVERY
23 RESEARCH THAT'S FUNDABLE BY NIH EASILY AND IS
24 PRODUCTIVELY ENGAGED IN THE INSTITUTE HE'S AT. SO
25 IT'S NOT LIKE THE WORK IS UNLIKELY TO CONTINUE TO BE

BARRISTERS' REPORTING SERVICE

1 GOING ON THAT HE'S DOING. IT'S JUST NOT GOING TO
2 HAPPEN IN CALIFORNIA IF WE DON'T FUND IT.

3 ACTUALLY, I HATE TO RAISE THIS, BUT I
4 DON'T THINK TECHNICALLY HE IS RECOMMENDED FOR
5 FUNDING BECAUSE THIS IS VERY MUCH AN NIH FUNDABLE
6 GRANT. DOESN'T IT REQUIRE A TWO-THIRDS MAJORITY OF
7 THE WORKING GROUP PER PROP 71, MR. HARRISON, IN
8 ORDER TO RECOMMENDED FOR FUNDING? AND IF IT'S GOT A
9 MINORITY REPORT, THAT AUTOMATICALLY SAYS IT DIDN'T
10 GET TWO-THIRDS. SORRY.

11 MR. HARRISON: I'LL TAKE A LOOK AT THAT
12 WHILE YOU CONTINUE YOUR DISCUSSION.

13 DR. JUELSGAARD: SO WHAT WAS THE
14 PERCENTAGE OF THE GRANTS WORKING GROUP THAT OPPOSED
15 MAKING THIS GRANT? I KNOW IT'S GREATER THAN 35, BUT
16 WHAT WAS THAT PERCENTAGE?

17 CHAIRMAN THOMAS: IT WAS AN 11 TO 6 VOTE.

18 DR. YAFFE: 37 PERCENT. 11 TO 6 WAS THE
19 VOTE.

20 MR. SHEEHY: TO BE CLEAR, THIS IS A FINE
21 SCIENTIST. THIS IS KIND OF THE DILEMMA. DOES IT
22 FIT IN OUR PORTFOLIO? IS THIS SOMETHING THAT WILL
23 MAKE AN IMPACT ON THE WORK WE'RE DOING? AND NOT TO
24 BE CRITICAL OF THE INDIVIDUAL AS A SCIENTIST, GREAT
25 SCIENTIST.

BARRISTERS' REPORTING SERVICE

1 DR. BRYANT: SO I'M A GREAT PROPONENT OF
2 BASIC SCIENCE, BUT I THINK THAT WITH OUR LIMITED
3 RESOURCES AND SO FORTH, BASIC SCIENCE THAT'S A
4 LITTLE BIT CLOSER TO WHAT WE'RE TRYING TO DO HERE
5 WOULD BE MORE APPROPRIATE. I ASSUME THAT'S WHY IT
6 GOT A MINORITY VOTE. I DON'T KNOW THAT, OF COURSE.
7 BUT I MEAN IT'S THE SAME KIND OF ISSUE THAT COMES UP
8 WHEN WE'RE HIRING STEM CELL BIOLOGISTS BECAUSE RIGHT
9 NOW THERE ARE MANY, MANY PEOPLE WORKING IN REALLY
10 GREAT MODEL SYSTEMS, BUT THEY ARE SO FAR FROM
11 APPLICATION. WE TEND TO HAVE A FEW OF THOSE, BUT WE
12 WANT TO EXPAND THIS MIDDLE GROUND THAT'S BEEN
13 NEGLECTED OVER THE YEARS, WHICH IS MORE MAMMALIAN
14 ORIENTED. THAT WOULD BE MY OPINION OF THIS. AND
15 I'M NOT SURE -- I DON'T KNOW HOW WE'RE GOING TO
16 DISCUSS IT, BUT THAT'S MY THOUGHT ABOUT IT.

17 DR. PRIETO: SO I WAS ON THIS GRANTS
18 WORKING GROUP AND VOTED WITH THE MAJORITY, BUT I'VE
19 THOUGHT ABOUT IT QUITE A BIT SINCE WE HAD OUR
20 MEETING. THIS IS CLEARLY AN OUTSTANDING SCIENTIST
21 DOING VERY GOOD WORK WITH THIS MODEL SYSTEM WHICH HE
22 SAYS HE NOW WANTS TO MOVE INTO A MAMMALIAN SYSTEM,
23 MICE. BUT I THINK I'M COMING DOWN NOW MORE ON THE
24 SIDE OF THE ARGUMENTS THAT JEFF HAS MADE, THAT THIS
25 IS SOMEBODY WHO REALLY DOES NOT FIT VERY WELL INTO

BARRISTERS' REPORTING SERVICE

1 OUR PORTFOLIO. HE'S AN OUTSTANDING SCIENTIST WHO'S
2 GOING TO DO TREMENDOUS WORK, BUT I'VE ASKED MYSELF
3 DOES THIS REALLY FIT WITH OUR MISSION AND OUR PLAN,
4 AND I THINK PROBABLY NOT.

5 MR. ROTH: SO I GUESS I'M A LITTLE
6 CONFUSED ABOUT THE PURPOSE OF WHY WE DID THIS IN THE
7 FIRST PLACE. I THINK IT WAS ABOUT GETTING REALLY
8 EXCEPTIONAL TALENT TO CALIFORNIA, PEOPLE WORKING IN
9 THE STEM CELL. SO I THINK THE GRANT ITSELF, WHICH
10 IS TITLED "RESEARCH LEADERSHIP," AT THE TIME WE DID
11 THAT, WE GAVE INSTRUCTIONS TO THE INSTITUTES TO TRY
12 TO FIND THE BEST AND BRIGHTEST, GET THEM HERE
13 BECAUSE THEY'LL STAY HERE FOR DECADES IN THIS CASE
14 PROBABLY PERFORMING RESEARCH.

15 SO WHILE I UNDERSTAND SOME OF THE
16 DISCUSSION GOING ON, IT FEELS A LITTLE TO ME LIKE WE
17 DECIDED TO DO THIS AND WE TOLD THEM TO GET OUT AND
18 RECRUIT, AND THEY BRING ONE IN AND THEN, YOU KNOW,
19 IT SOUNDS LIKE WE'RE SECOND-GUESSING OUR WHOLE
20 PREMISE.

21 MS. SAMUELSON: AND I'D LIKE TO MAKE A
22 COMMENT ALSO IN TURN.

23 CHAIRMAN THOMAS: DR. LUBIN, THEN DR.
24 STEWARD, THEN JOAN.

25 DR. LUBIN: SO I JUST WANTED SOME

BARRISTERS' REPORTING SERVICE

1 CLARIFICATION. YOU SAID THERE WILL BE EIGHT OF
2 THESE, AND THIS WOULD BE THE FIFTH OR FOURTH OR
3 FIFTH OR SOMETHING LIKE THAT.

4 DR. YAFFE: THE BOARD AUTHORIZED EIGHT.
5 THIS WOULD BE THE FOURTH.

6 DR. LUBIN: SO IT'S A SUBSTANTIAL PACKAGE
7 OF RECRUITMENT. AND I THINK IF WE'RE NOT REALLY
8 FEELING COMFORTABLE THAT WE HAVE SOMEBODY THAT'S A
9 LEADER IN THIS FIELD, AND THIS IS A FIELD THAT A LOT
10 OF PEOPLE ARE GETTING INTO, I'M FOR LET'S SEE
11 ANOTHER CANDIDATE THAT'S ACTUALLY DOING THE WORK
12 RIGHT NOW THAT WE WANT TO HAVE DONE IN EXPANDING
13 THAT WORK AND BEING A LEADER IN THAT. THAT'S WHAT
14 IT SOUNDS LIKE TO ME.

15 I DON'T LIKE TO SECOND-GUESS THE COMMITTEE
16 THAT SPENT A LOT OF WORK AND TIME ON THIS, SO I FEEL
17 UNCOMFORTABLE DOING THAT WITHOUT SEEING THE WHOLE
18 APPLICATION AND ALL THE REST OF THAT WHICH I GUESS
19 WE'RE NOT GOING TO SEE. BUT I THINK THAT THERE
20 ARE -- WE ONLY HAVE FIVE MORE. WITH THAT PACKAGE,
21 WE OUGHT TO BE ABLE TO GET SOMEBODY WHO'S RIGHT IN
22 LINE WITH WHAT WE WANT TO HAVE IN THIS STATE IN MY
23 VIEW.

24 CHAIRMAN THOMAS: I THINK, DR. LUBIN, THIS
25 IS A LEADER IN HIS FIELD. NO QUESTION. THE

BARRISTERS' REPORTING SERVICE

1 QUESTION IS SORT OF APPLICATION OF THE FIELD TO WHAT
2 WE'RE DOING.

3 DR. STEWARD: THANK YOU. I WAS ALSO
4 INVOLVED IN THE REVIEW, AND I ACTUALLY ABSTAINED ON
5 THE VOTE. AND THE REASON WAS THAT I FELT
6 UNCOMFORTABLE VOTING POSITIVELY, BUT I REALLY HADN'T
7 QUITE FORMULATED BY OPINIONS SUFFICIENTLY. THERE
8 WERE SEVERAL THINGS ABOUT THIS APPLICATION, I THINK,
9 THAT WERE ON THE NEGATIVE SIDE. I'D JUST LIKE TO
10 MENTION ONE IN ADDITION TO WHAT JEFF HAS ALREADY
11 TALKED ABOUT. I GUESS REALLY TWO.

12 SO THIS WAS AN APPLICATION BY A VERY, VERY
13 TALENTED YOUNG SCIENTIST WHO IS PROPOSING TO MOVE
14 INTO STEM CELLS, BUT HAS NOT YET. AND THE COMMITTEE
15 REALLY STRUGGLED WITH WHETHER THIS WAS A REAL
16 PROPOSITION TO MOVE INTO STEM CELLS OR A PROMISE
17 THAT WAS REALLY UNLIKELY TO BE REALIZED. AND I
18 THINK THERE WAS A DIFFERENTIAL WEIGHT ASSIGNED TO
19 THAT.

20 THE OTHER THING IS THAT THIS IS A PERSON
21 WHO HAS JUST FINISHED THEIR ASSISTANT PROFESSORSHIP,
22 IF YOU WANT. THE ISSUE WAS DISCUSSED QUITE A LOT.
23 WHAT DO WE MEAN BY A LEADER? AND WE DID DISCUSS
24 THAT. AND BY THAT WE DO MEAN THAT IT CAN BE AN UP
25 AND COMING SUPERSTAR OR IT CAN BE SOMEBODY WHO IS AN

BARRISTERS' REPORTING SERVICE

1 ESTABLISHED LEADER. BUT I CAME TO THE CONCLUSION
2 THAT THIS PERSON WAS JUST A LITTLE BIT ON THE YOUNG
3 SIDE TO BE IDENTIFIED AS A RESEARCH LEADER IN THE
4 WAY THAT WE HAD CONCEIVED OF IT. SO I ACTUALLY ALSO
5 VOTE WITH THE MINORITY IN THIS CASE.

6 DR. YAFFE: IF I MAY JUST CLARIFY, DR.
7 STEWARD. THE INDIVIDUAL IS WORKING IN STEM CELLS,
8 BUT THEY'RE DROSOPHILA STEM CELLS.

9 DR. STEWARD: THANK YOU.

10 DR. TROUNSON: JUST A COUPLE OF --

11 MS. SAMUELSON: I HAD A COMMENT.

12 CHAIRMAN THOMAS: LET JOAN GO FIRST. SHE
13 WAS NEXT AND THEN YOU, AND THEN JAMES WHEN HE HAS AN
14 ANSWER FOR US.

15 MS. SAMUELSON: THERE WERE A COUPLE
16 REASONS THAT I FELT WE SHOULD FUND THE GRANT. ONE
17 IS THAT THERE WAS SO MUCH SUPPORT FOR HIM AS AN
18 OUTSTANDING SCIENTIST. I HAVE A THEORY THAT I HAVE
19 TO ADMIT IS SOMEWHAT SPECULATION, BUT I THINK THAT
20 THEY EMPHASIZED HIS TERRIFIC RECORD IN BASIC SCIENCE
21 BECAUSE THE GRANTS WORKING GROUP OVER AND OVER HAS
22 REVIEWED GRANTS AND FOUND OUTSTANDING IDEAS; BUT
23 THEN WHEN THERE WAS ANY TRANSLATIONAL COMPONENT,
24 KICKED IT TO DEATH BECAUSE THERE WAS SO MUCH RISK
25 INVOLVED.

BARRISTERS' REPORTING SERVICE

1 NOW I THINK WE'RE TURNING THE CORNER ON
2 THAT AND GETTING MORE TRANSLATIONAL, BUT AT THE TIME
3 YOU COULDN'T GET ONE OF THOSE FUNDED. AND I THINK
4 BUCK SUFFERED WITH MANY OF THE OTHERS IN THAT
5 REGARD. AND SO I THINK THEY DECIDED TO EMPHASIZE
6 WHAT HE HAD A GREAT RECORD IN, THE BASIC SCIENCE.
7 BUT TO ME IT DIDN'T MEAN THAT HE DIDN'T HAVE AN
8 INTENTION TO MOVE TOWARDS THE TARGET DISEASES THAT
9 THEY'RE TRYING TO ATTACK; THAT IS, DISEASES OF AGING
10 AND NEURODEGENERATIVE. DISEASES OF THE BRAIN ARE
11 THE PRIMARY TARGETS, PARKINSON'S, ALZHEIMER'S, ETC.
12 I THINK IT'S AWFULLY IMPORTANT THAT BECAUSE BUCK
13 CHOSE THE SCIENTIST THAT IN THEIR JUDGMENT IN THAT
14 REGARD SHOULD BE GIVEN SOME MERIT. SO THAT'S THE
15 SECOND REASON. PUTTING THOSE TOGETHER, I FELT THAT
16 IT SHOULD BE FUNDED.

17 MAYBE -- AND I GUESS THE REMAINING
18 QUESTION IS WE'RE TOLD THAT THERE'S NO MECHANISM FOR
19 REDUCING THE FUNDING. THAT SEEMS TO BE THE CONCERN,
20 THAT THE BUDGET IS JUST TOO RICH WITH SOME OF THOSE
21 QUESTIONS. IF THAT'S THE CONCERN, I THINK WE SHOULD
22 NOT TURN DOWN THE CANDIDATE, BUT REDUCE THE BUDGET.
23 THAT'S IT.

24 CHAIRMAN THOMAS: JAMES, DO YOU HAVE A
25 READ ON THE QUESTION YET?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: I THINK SO. JEFF'S
2 QUESTION WAS WHETHER IT REQUIRED A TWO-THIRDS VOTE.
3 UNDER PROP 71 WHAT WE DENOMINATE VITAL RESEARCH
4 OPPORTUNITIES REQUIRE TWO-THIRDS VOTE OF THE GRANTS
5 WORKING GROUP FOR FUNDING PURPOSES. SO THE QUESTION
6 IS WHETHER THIS IS A VITAL RESEARCH OPPORTUNITY.

7 PROP 71 PLACES A PRIORITY ON FUNDING
8 PLURIPOTENT AND PROGENITOR CELL RESEARCH THAT DOES
9 NOT RECEIVE TIMELY OR SUFFICIENT FEDERAL FUNDING.
10 AS I UNDERSTAND IT, THIS IS PROGENITOR STEM CELL
11 RESEARCH, SO IT FALLS INTO THAT CATEGORY RATHER THAN
12 INTO THE VITAL RESEARCH OPPORTUNITY CATEGORY. IN
13 OTHER WORDS, IT WOULD NOT REQUIRE A TWO-THIRDS VOTE
14 OF THE GRANTS WORKING GROUP.

15 CHAIRMAN THOMAS: OKAY. THANK YOU. I
16 THINK SHERRY HAD A COMMENT, THEN ALAN.

17 MS. LANSING: I ACTUALLY -- MY QUESTION
18 HAS BEEN ANSWERED. I WANTED TO KNOW WHETHER WE
19 COULD VOTE ON IT. WE KEPT DISCUSSING IT.

20 DR. TROUNSON: JUST A COUPLE OF OTHER
21 PIECES OF INFORMATION THAT MIGHT HELP THE BOARD. I
22 THINK HE'S VERY STRONGLY SUPPORTED BY THE LEADERSHIP
23 OF THE BUCK INSTITUTE. SO THEY DO THINK THIS IS A
24 KEY PERSON FOR THEM ON ONE HAND.

25 ON THE OTHER HAND, THE REVIEWERS THOUGHT

BARRISTERS' REPORTING SERVICE

1 THAT THERE WAS NOT -- THERE'S NOT A LOT OF MAMMALIAN
2 STEM CELL, HUMAN STEM CELL PEOPLE AT THE BUCK AT THE
3 MOMENT. SO THE CHANCES OF HIM PERCOLATING AMONGST A
4 GROUP OF PEOPLE WHO WOULD REALLY DRAW THE BEST OUT
5 OF HIM IN TERMS OF COMING INTO MAMMALIAN OR HUMAN
6 STEM CELL BIOLOGY WASN'T AS HIGH AS MAYBE GOING TO
7 SOME OTHER INSTITUTIONS. AND THAT WAS ONE OF THE
8 VIEWS WHERE THEY HAD SOME CONCERNS. I JUST WANTED
9 TO MAKE SURE THAT YOU UNDERSTOOD BOTH THE POSITIVE
10 FROM THE LEADERSHIP OF THE BUCK, WHO'S REALLY VERY
11 SUPPORTIVE OF HIM.

12 ON THE OTHER HAND, SOME CONCERNS ABOUT
13 WHETHER THE ENVIRONMENT WAS REALLY THE BEST PLACE
14 FOR HIM TO EVOLVE INTO A HUMAN STEM CELL OR A STEM
15 CELL PERSON THAT WOULD ACTUALLY HAVE A BIG IMPACT IN
16 THE FIELD.

17 MS. SAMUELSON: I DON'T KNOW THAT IT'S
18 BEEN MENTIONED. I THINK THE VOTE ON SCIENTIFIC
19 MERIT WAS 12 TO 5. TWELVE IN FAVOR OF FUNDING.

20 DR. JUELSGAARD: SO, JAMES, YOU RECITED A
21 TWO-PART TEST AS TO WHETHER THIS WOULD BE ELIGIBLE.
22 THE SECOND PART OF THE TEST HAD TO DO WITH NIH
23 FUNDING. COULD YOU REPEAT THAT PART OF IT, PLEASE?

24 MR. HARRISON: YES. SO PROP 71 PLACES A
25 HIGH PRIORITY ON FUNDING FOR PROGENITOR AND

BARRISTERS' REPORTING SERVICE

1 PLURIPOTENT CELL RESEARCH THAT IS NOT RECEIVING
2 TIMELY OR ADEQUATE FEDERAL FUNDING.

3 DR. JUELSGAARD: HOW DO WE KNOW ABOUT THE
4 SECOND TIMELY AND ADEQUATE FEDERAL FUNDING HERE?

5 MR. HARRISON: I DON'T BELIEVE WE HAVE
6 THAT INFORMATION BEFORE US.

7 DR. JUELSGAARD: DO WE NEED THAT
8 INFORMATION TO MAKE A DECISION? DO WE KNOW THAT THE
9 NIH -- WE HAVE TO KNOW THAT THE NIH WON'T FUND THIS?

10 DR. YAFFE: WE COULD DISCUSS THE
11 CANDIDATE'S FUNDING IN CLOSED SESSION. THAT'S
12 PROPRIETARY INFORMATION.

13 DR. JUELSGAARD: OKAY.

14 MR. ROTH: JAMES, CAN YOU CLARIFY? I
15 THINK THAT'S THE TEST FOR GRANTS AS OPPOSED TO A
16 TEST FOR SOMETHING IN TERMS OF HIRING A SCIENTIST TO
17 DO THIS PARTICULAR --

18 MR. HARRISON: THIS IS A RESEARCH -- THIS
19 IS RESEARCH FUNDING EVEN IF IT IS A LEADERSHIP
20 AWARD. SO IT FALLS INTO THE SAME CATEGORY.

21 MR. ROTH: SO ALL THE TRAINING GRANTS AND
22 THE OTHER PEOPLE'S STUFF WE FUND ALL MEETS THE
23 CRITERIA THAT THIS -- WHAT IS IT?

24 MR. HARRISON: HIGH PRIORITY FOR
25 PLURIPOTENT AND PROGENITOR STEM CELL RESEARCH THAT

BARRISTERS' REPORTING SERVICE

1 DOES NOT RECEIVE TIMELY OR ADEQUATE FEDERAL FUNDING.

2 MR. SHEEHY: JUST TO BE CLEAR, THIS ONLY
3 RELATES TO THE RECOMMENDATION, WHETHER THE
4 RECOMMENDATION SHOULD BE CHANGED TO NO
5 RECOMMENDATION. THIS PERSON IS ELIGIBLE TO BE
6 FUNDED BY US. BUT IT JUST -- AND THAT'S THE ONLY
7 QUESTION IS WHETHER THE SUPER MAJORITY RULE IN PROP
8 71 FOR THE GRANTS WORKING GROUP IS INVOKED BECAUSE
9 THIS IS NOT WITHIN THE CONSTRUCT PROP 71 WAS
10 PRIMARILY FOCUSED TO FUND. HE'S STILL ELIGIBLE.
11 IT'S JUST WHETHER THE RECOMMENDATION CHANGES.

12 DR. JUELSGAARD: THAT'S WHAT I REALLY
13 WONDER ABOUT, WHETHER HE IS ELIGIBLE OR NOT BECAUSE
14 AS JAMES RECITED, THERE IS A SECOND PART TO THIS
15 TEST WHICH TALKS ABOUT RECEIVING FEDERAL FUNDING.
16 AND I'M JUST WONDERING ABOUT THE INTERPLAY OF THAT
17 AND THIS PARTICULAR SITUATION. SO I THINK THAT IS
18 AN ELIGIBILITY ISSUE.

19 DR. STEWARD: MAYBE JUST TO CLARIFY. I
20 THINK IN THE SENSE THIS GOES BACK TO THE TIME WHEN
21 NIH ACTUALLY EXPLICITLY COULD NOT FUND CERTAIN TYPES
22 OF RESEARCH AND MUCH OF THAT HAS GONE AWAY. SO AT
23 LEAST THEORETICALLY THIS COULD CERTAINLY BE FUNDED
24 BY NIH. THE QUESTION WE CAN'T ANSWER, OF COURSE, IS
25 WHETHER IT WOULD BE.

BARRISTERS' REPORTING SERVICE

1 DR. YAFFE: WITH REGARD TO ADEQUATE
2 FUNDING, I KNOW VERY FEW SCIENTISTS WHO WOULD SAY
3 THEIR FUNDING IS ADEQUATE.

4 DR. STEWARD: THANK YOU.

5 CHAIRMAN THOMAS: IS THERE ANYBODY WHO
6 WOULD LIKE TO PRESS THE PRO PART OF THE ARGUMENT
7 MORE VIGOROUSLY SINCE WE'VE HAD A NUMBER OF COMMENTS
8 ON THE NEGATIVE?

9 DR. MELMED: I JUST HAVE A POINT OF -- A
10 QUESTION OF CONTENT. IS THIS A THREE-YEAR OR A
11 FIVE-YEAR GRANT?

12 DR. YAFFE: THIS IS SIX YEARS OF FUNDING.

13 DR. MELMED: SIX YEARS. WE EXPECT THIS
14 INDIVIDUAL TO SPEND A MILLION DOLLARS A YEAR?

15 DR. YAFFE: THERE'S EQUIPMENT WHICH IS UP
16 TO A MILLION DOLLARS WHICH IS MATCHED BY -- NEEDS TO
17 BE MATCHED BY THE INSTITUTION. THERE'S SIGNIFICANT
18 OVERHEAD IN THAT TOTAL AMOUNT AND FACILITIES COSTS.

19 DR. MELMED: CAN YOU GIVE US MORE DETAIL
20 BECAUSE I FIND IT DIFFICULT TO IMAGINE HOW ONE
21 PERSON CAN SPEND A MILLION DOLLARS?

22 DR. YAFFE: THE OPERATING COST ON THESE
23 AWARDS ARE \$300,000 PER YEAR FOR THE LABORATORY.

24 DR. MELMED: SO THE DIRECT COSTS ARE 300.

25 DR. YAFFE: IN ADDITION TO THAT, THE

BARRISTERS' REPORTING SERVICE

1 CANDIDATE'S SALARY, 90 PERCENT OF THE CANDIDATE'S
2 SALARY. IN ADDITION TO THAT, UP TO ONE MILLION OVER
3 THE COURSE OF THE LIFE OF THE AWARD FOR EQUIPMENT
4 THAT NEEDS TO BE MATCHED ONE TO ONE BY THE
5 INSTITUTION.

6 DR. MELMED: THANK YOU.

7 MS. SAMUELSON: IF I'M NOT MISTAKEN, A LOT
8 OF IT IS BUILDING THE LAB, IS IT NOT, INCLUDING
9 STAFF? SO TO BRING IN SOMEBODY WHO'S HAD MORE
10 EXPERIENCE WITH THE MAMMALIAN END AND HAS BEEN
11 COLLABORATOR FOR THIS CANDIDATE, THAT HAS TO GET
12 PAID FOR, AND I THINK THAT WAS CONTEMPLATED IN THIS.

13 DR. YAFFE: 300,000 IN OPERATING COSTS
14 COULD BE SPENT IN A VARIETY OF WAYS, ON PERSONNEL,
15 ON SUPPLIES, ON SERVICES. AND PRESUMABLY THERE
16 WOULD BE SIGNIFICANT EXPENDITURE ON PERSONNEL.

17 MS. SAMUELSON: I THINK TO ANSWER YOUR
18 QUESTION, J.T., I THINK PART OF THIS IS A QUESTION
19 OF WHETHER WE AS A BOARD ARE IN SUPPORT OF THIS RFA,
20 THIS KIND OF RFA, BECAUSE AT THIS POINT WE ARE VERY
21 SELDOM AWARDED ANY OF THE CANDIDATES WHO HAVE BEEN
22 CHOSEN BY THE INSTITUTIONS THAT WE'RE FUNDING. SO
23 THEY'RE SAYING THIS IS A PIECE OF THEIR SCIENTIFIC
24 PORTFOLIO, FUNDING PORTFOLIO, TO GET A RESEARCH
25 LEADERSHIP AWARD AT EACH OF THE INSTITUTIONS. AND

BARRISTERS' REPORTING SERVICE

1 THE TIME IS NOW. IF THEY'RE EVER GOING TO BUILD A
2 BASE OF EXPERTISE, IT'S WITH THESE LEADERS. AND
3 PRESUMABLY THIS CANDIDATE WILL NOT COME TO
4 CALIFORNIA BUT FOR THIS AWARD. THAT'S IN THE NATURE
5 OF IT. AND WE SUPPORT THIS RFA AND THE RESULTS FROM
6 IT. ARE WE GOING TO SECOND-GUESS -- I THINK IT'S
7 SECOND-GUESSING BOTH THE RFA AND THE APPLICANT.

8 AND THAT IS NOT TO SAY THIS IS NECESSARILY
9 MY PERSONAL TOP CANDIDATE OF ALL THE CANDIDATES
10 WE'VE SEEN. THERE HAVE BEEN SOME THAT I THINK WE
11 HAVE DENIED OR, WELL, NEVER MIND. I'M NOT GOING TO
12 TALK ABOUT THAT ONE. BUT WE HAVE VERY FEW
13 CANDIDATES THAT WE HAVE AWARDED. AND I ALWAYS
14 THOUGHT OF THIS AS ONE OF THE SHINING STARS OF THE
15 RESEARCH PORTFOLIO, THE RESEARCH LEADERSHIP AWARD,
16 BECAUSE IT WOULD ACCOMPLISH SO MUCH IN BUILDING THE
17 EXPERTISE IN THE STATE. AND I THINK WE SHOULD GIVE
18 THE BENEFIT OF THE DOUBT AT TIMES TO ENABLE US TO DO
19 THAT.

20 CHAIRMAN THOMAS: THANK YOU, JOAN.

21 MS. SAMUELSON: ONE FINAL THING. AND THAT
22 IS I'M COMFORTABLE DOING THAT BECAUSE THERE WAS SO
23 MUCH PRAISE FOR THIS CANDIDATE AND HIS SCIENTIFIC
24 EXPERTISE. THAT'S IT. THANKS.

25 CHAIRMAN THOMAS: THANK YOU. DEAN PIZZO.

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: JUST I'M LOOKING FOR SOME
2 CLARITY ABOUT WHAT WE'RE BEING ASKED TO DO AT THIS
3 POINT. THIS HAS BEEN AN INTERESTING AND IMPORTANT
4 DISCUSSION. I APPRECIATE THE DIALOGUE. BUT I FEEL
5 SOMEWHAT VOYEURISTIC IN THAT I HAVEN'T SEEN THIS
6 PERSON'S CV. I DON'T KNOW WHO IT IS OR WHAT THE
7 QUALITY OF THE WORK IS. THIS IS A USUALLY IMPORTANT
8 AWARD THAT HAS AN INCREDIBLE AMOUNT OF MONEY AND AN
9 INCREDIBLE AMOUNT OF PROMISE. AND TALKING ABOUT IT
10 IN WHAT FEELS LIKE AN ABSTRACTION AT THIS JUNCTURE
11 TO ME IS A LITTLE CONCERNING.

12 SO I JUST THINK WE OUGHT -- YOU OUGHT TO
13 GIVE US SOME GUIDANCE ABOUT WHAT THE POINT IS.

14 CHAIRMAN THOMAS: I THINK WE'RE SORT OF
15 INEXORABLY BEING LED HERE TO A CLOSED SESSION ON
16 THIS SUBJECT WHERE WE CAN DISCUSS THIS TO ADDRESS
17 YOUR POINT, DEAN PIZZO. THERE ARE CERTAIN THINGS WE
18 JUST CAN'T DISCUSS IN OPEN SESSION. MR. HARRISON,
19 COULD YOU SPEAK TO THIS, PLEASE?

20 MR. HARRISON: THAT'S CORRECT. UNLESS,
21 CHAIR, THERE ARE ANY OTHER ADDITIONAL COMMENTS BY
22 THE BOARD, THAT CAN BE ADDRESSED IN CLOSED SESSION.
23 WE CAN DISCUSS PROPRIETARY AND CONFIDENTIAL
24 INFORMATION RELATING TO THE APPLICATION IN CLOSED
25 SESSION.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: THE QUESTION WE HAVE --
2 WE'VE GOT A COUPLE OTHER ITEMS WE'VE GOT TO VOTE ON.
3 SHOULD WE GO TO CLOSED SESSION NOW, OR SHOULD WE PUT
4 THIS -- MAKE IT NO. 3 AND DO THE OTHER?

5 MR. HARRISON: I WOULD RECOMMEND WE TRY TO
6 RESOLVE THIS NOW QUICKLY.

7 CHAIRMAN THOMAS: OKAY.

8 DR. PRICE: WE'RE JUST REFERRING TO HIS
9 CV. THAT'S NOT PROPRIETARY. IT'S PROBABLY ON THE
10 GUY'S WEBSITE. IF SOMEBODY WOULD LOOK IT UP, WE
11 MIGHT BE ABLE TO PROJECT IT RIGHT UP HERE. SOMEBODY
12 HERE KNOWS WHO IT IS.

13 DR. PIZZO: WE WANT TO PROTECT THE
14 IDENTITY.

15 DR. PRICE: I SEE. I'M SORRY. I STAND
16 CORRECTED.

17 CHAIRMAN THOMAS: OKAY. SO WE'RE GOING TO
18 START LOSING SOME PEOPLE HERE FAIRLY SHORTLY.
19 QUERY, LET ME ASK JAMES. IS THIS AN ITEM THAT
20 ABSOLUTELY HAS TO BE VOTED ON TODAY?

21 MS. FEIT: IS THERE ANY REASON WE CAN'T
22 JUST CALL THE QUESTION? IS THERE REAL OPPOSITION TO
23 NEEDING MORE INFORMATION, OR IS EVERYBODY READY TO
24 CALL THE QUESTION?

25 DR. PIZZO: WHAT IS THE QUESTION?

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: TO APPROVE OR NOT
2 APPROVE OF THE AWARD.

3 MS. LANSING: WHY DON'T YOU SEE WHAT
4 HAPPENS?

5 MR. TORRES: FOR THE PURPOSES OF
6 EXPEDIENCY I MOVE.

7 CHAIRMAN THOMAS: IS THERE A SECOND?

8 MS. FEIT: SECOND.

9 MS. SAMUELSON: I'LL SECOND IT. IS THAT A
10 MOTION FOR APPROVAL? I CAN'T HEAR VERY WELL. I'M
11 BACK TO THE STONE AGE IN COMMUNICATIONS.

12 CHAIRMAN THOMAS: THIS DEFINITELY REQUIRES
13 A VOTE. THE QUESTION IS DO WE FEEL WE HAVE ENOUGH
14 INFORMATION TO VOTE? I'M HEARING FROM SOME THAT WE
15 DON'T.

16 MS. SAMUELSON: IT'S FINE WITH ME TO DEFER
17 IT. I ALSO THOUGHT I HEARD A MOTION TO APPROVE, AND
18 I'M HAPPY TO SECOND IT.

19 CHAIRMAN THOMAS: IT SEEMS TO ME THAT
20 BECAUSE WE HAVE ENOUGH PEOPLE HERE WHO DON'T FEEL
21 THEY HAVE ENOUGH INFORMATION, WE SHOULD TABLE THIS.
22 WE SHOULD GO TO THE NEXT TWO ITEMS, SEE IF WE CAN
23 GET THROUGH THOSE QUICKLY, AND THEN COME BACK TO
24 THIS. HOPEFULLY WE STILL HAVE A QUORUM AT THAT
25 POINT, WHICH I BELIEVE WE WILL.

BARRISTERS' REPORTING SERVICE

1 DR. JUELSGAARD: I MOVE TO TABLE THE
2 MOTION.

3 MS. SAMUELSON: SECOND.

4 MS. FEIT: WE ALREADY HAVE A QUESTION ON
5 THE TABLE.

6 (OVERLAPPING DISCUSSION BY THE
7 BOARD.)

8 CHAIRMAN THOMAS: ALL RIGHT.

9 MS. LANSING: SEE WHERE YOU ARE. TAKE THE
10 VOTE. YOU'RE GOING TO GET A LOT OF ABSTAINS.

11 CHAIRMAN THOMAS: JAMES.

12 MR. HARRISON: SO I BELIEVE IF MR.
13 JUELSGAARD'S MOTION WAS SECONDED, WHICH I THINK IT
14 WAS, THAT THAT MOTION, THE MOTION TO TABLE, TAKES
15 PRECEDENCE OVER THE MAIN MOTION WHICH IS THE MOTION
16 TO FUND.

17 (INAUDIBLE OVERLAPPING DISCUSSION BY
18 THE BOARD.)

19 CHAIRMAN THOMAS: SO WE CAN VOTE. IF
20 THERE'S NOT ADEQUATE INTEREST IN TABLING, YOU CAN SO
21 VOTE.

22 MR. HARRISON: THAT'S RIGHT. CHAIR, THE
23 MOTION THAT'S PENDING BEFORE THE BOARD IS WHETHER TO
24 APPROVE THE MOTION TO TABLE THE MAIN MOTION, WHICH
25 IS TO APPROVE THE FUNDING OF THE RESEARCH LEADERSHIP

BARRISTERS' REPORTING SERVICE

1 AWARD APPLICATION.

2 CHAIRMAN THOMAS: DOES THAT REQUIRE ROLL
3 CALL OR JUST A RAISE OF HANDS?

4 MR. HARRISON: IT REQUIRES A ROLL CALL AS
5 TO THOSE MEMBERS PARTICIPATING BY TELEPHONE. YOU
6 CAN TRY A VOICE VOTE. IF IT APPEARS TO BE TOO
7 CLOSE, YOU MAY HAVE TO DO A ROLL CALL.

8 MS. FEIT: DO WE HAVE CONFLICTS?

9 (INAUDIBLE OVERLAPPING DISCUSSION BY
10 THE BOARD.)

11 MR. HARRISON: SO TO CLARIFY, THE MOTION
12 THAT YOU WILL BE ASKED TO VOTE ON CURRENTLY IS
13 WHETHER TO TABLE, THAT IS, NOT TO CONSIDER AT THIS
14 POINT IN TIME THE MAIN MOTION. THE MAIN MOTION WAS
15 A RECOMMENDATION TO APPROVE THE RESEARCH LEADERSHIP
16 AWARD. SO WHAT YOU ARE BEING ASKED TO CONSIDER IS
17 WHETHER YOU WANT TO CONSIDER THAT MOTION AT THIS
18 POINT IN TIME OR WHETHER YOU WANT TO TABLE IT. A
19 YES VOTE MEANS YOU WANT TO TABLE IT SO THAT IT WILL
20 BE CONSIDERED AT A LATER TIME.

21 DR. PIZZO: ARE WE IN WASHINGTON OR IN
22 CALIFORNIA?

23 CHAIRMAN THOMAS: WOULD LIKE TO DRIVE THIS
24 TOWARDS A VOTE ON THE MERITS AS SOON AS POSSIBLE.
25 SO LET'S HAVE, FIRST OF ALL, A SHOW OF HANDS ON

BARRISTERS' REPORTING SERVICE

1 WHETHER YOU WOULD LIKE TO TABLE THIS MOTION OR NOT.

2 MS. SAMUELSON: I'M HOLDING UP MY HAND.

3 CHAIRMAN THOMAS: OKAY. THAT LOOKS

4 LIKE -- THOSE OPPOSED TO TABLING THE MOTION PLEASE

5 HOLD UP YOUR HANDS.

6 CHAIRMAN THOMAS: OKAY. SO WE ARE TABLING

7 THIS MOTION. AND HOPEFULLY WE'LL BE ABLE TO GET

8 BACK TO THIS IN A VERY SHORT PERIOD AT THIS MEETING.

9 MR. ROTH: I'D LIKE TO MAKE A

10 RECOMMENDATION THAT IF THE TIMING IS CRITICAL AND

11 YOU DETERMINE THAT, THAT WE CONSIDER A BOARD CALL,

12 IF THAT'S POSSIBLE, A BOARD MEETING BY TELEPHONE TO

13 CONSIDER THIS ONE ITEM.

14 CHAIRMAN THOMAS: OKAY. THE MOTION IS

15 TABLED. LET'S QUICKLY MOVE ON TO THE NEXT.

16 HOPEFULLY WE'LL BE ABLE TO GET BACK TO THIS BEFORE

17 WE LOSE A QUORUM.

18 NEXT ITEM, THE GENOMICS INITIATIVE.

19 NATALIE AND -- MICHAEL, ARE YOU DOING THIS AS WELL?

20 DR. YAFFE: MR. CHAIRMAN, MEMBERS OF THE

21 BOARD, I BRING FOR YOUR CONSIDERATION CONCEPT

22 PROPOSAL CALLED CENTERS OF EXCELLENCE FOR STEM CELL

23 GENOMICS. THIS IS ITEM NO. 13. AND THERE WAS A

24 REVISED VERSION WHICH WAS DISTRIBUTED TO ALL OF YOU

25 OF THE CONCEPT PROPOSAL.

BARRISTERS' REPORTING SERVICE

1 I THINK YOU'VE ALREADY HEARD VERY
2 ELOQUENTLY AND IN GREAT DETAIL ABOUT THE AWESOME
3 POWER OF GENOMICS. AND DNA IS THE BLUEPRINT FOR RNA
4 IN PROTEINS WHICH CARRY OUT MOLECULAR PROCESSES
5 OCCURRING IN ALL CELLS, AND GENOMICS IS THE SCIENCE
6 OF STUDYING DNA SEQUENCE, DNA MODIFICATIONS IMPARTED
7 BY THE ENVIRONMENT, AND ASSOCIATED RNA MOLECULES AND
8 THEIR CHANGES. AND THESE COMPONENTS WORK TOGETHER
9 TO CONTROL CELL STATE, HUMAN TRAITS, AND DISEASE.

10 ADVANCES IN GENOMICS SHOULD LEAD TO
11 TRANSFORMATIVE INSIGHTS INTO CAUSES OF DISEASE,
12 IMPROVED DIAGNOSTICS, AND BIOMARKERS, NEW AND MORE
13 PERSONALIZED THERAPEUTICS -- WE HEARD A BEAUTIFUL
14 EXAMPLE -- AND HAVE INCREDIBLE POWER FOR MOVING BOTH
15 BASIC SCIENCE AND TRANSLATIONAL RESEARCH FORWARD.

16 WE ALSO HEARD ABOUT THE INCREDIBLE RATE OF
17 DECREASE IN THE COST OF GENOMICS TO THE POINT WHERE
18 THE ADVERTISEMENT LAST WEEK FOR A \$1,000 GENOME
19 COMMERCIALY AVAILABLE DONE IN A DAY IS READILY
20 AVAILABLE AND MAKES THIS TECHNOLOGY, THIS PROCESS
21 READILY AVAILABLE AND WITHIN REACH OF STEM CELL
22 RESEARCHERS AND SCIENTISTS WORKING IN A VARIETY OF
23 DIFFERENT SYSTEMS AND CELL TYPES.

24 GENOMICS CAN PROVIDE TECHNOLOGICAL
25 INFRASTRUCTURE TO ADVANCE A NUMBER OF IMPORTANT

BARRISTERS' REPORTING SERVICE

1 FUNDAMENTAL QUESTIONS IN BASIC RESEARCH THAT WILL
2 DRIVE THERAPEUTIC DEVELOPMENT. HERE ARE JUST A FEW
3 EXAMPLES, SUCH AS COMPREHENSIVE ANALYSIS OF DNA
4 MODIFICATIONS IN CELLS WHICH WILL UNDERLIE AN
5 UNDERSTANDING OF STEM CELL DIFFERENTIATION AND LEAD
6 TO IMPORTANT INFORMATION FOR TISSUE ENGINEERING, OR
7 GENOMIC INSTABILITY, THE STUDY OF GENOMIC
8 INSTABILITY AND UNDERSTANDING OF THE EXTENT AND
9 MECHANISMS INVOLVED IN THIS INSTABILITY WHICH COULD
10 LEAD TO NEW DESIGN OF CELL CULTURE CONDITIONS AND
11 INFORM STEM CELL MANUFACTURING PROCEDURES.

12 AND BECAUSE YOU'VE ALREADY HEARD QUITE A
13 BIT ABOUT GENOMICS IN THE HOUR, I WON'T GO THROUGH
14 ALL OF THESE, BUT THERE ARE NUMEROUS EXAMPLES WHERE
15 THE APPLICATION OF GENOMICS TECHNOLOGY AND THE
16 AVAILABILITY OF THAT TECHNOLOGY TO STEM CELL
17 RESEARCHERS WILL RAPIDLY ACCELERATE THEIR RESEARCH
18 AND LEAD TO PRACTICAL THERAPEUTIC ADVANCES.

19 WE ARE PROPOSING A PROGRAM TO ESTABLISH
20 ONE OR TWO CENTERS OF EXCELLENCE IN STEM CELL
21 GENOMICS. THE KEY GOALS OF THESE CENTERS WILL BE TO
22 PROVIDE ADVANCED GENOMICS AND BIOINFORMATICS
23 RESOURCES FOR CALIFORNIA STEM CELL RESEARCHERS TO
24 SUPPORT RESOURCE INTENSIVE GENOMICS PROJECTS THAT
25 WILL SUBSTANTIALLY ADVANCE STEM CELL BIOLOGY AND

BARRISTERS' REPORTING SERVICE

1 THERAPEUTICS AND TO FACILITATE THE STANDARDIZATION,
2 COORDINATION, HANDLING, AND ANALYSIS OF GENOMIC DATA
3 AND THE ADVANCE OF GENOMICS TECHNOLOGY APPLIED TO
4 STEM CELL RESEARCH.

5 THESE CENTERS WILL BE EXPECTED TO BE
6 ENGAGED IN A VARIETY OF ACTIVITIES WHICH WILL
7 SUPPORT, CONTRIBUTE, DRIVE, AND LEAD TO THE USE OF
8 GENOMIC APPROACHES FOR A VARIETY OF BENEFITS FOR THE
9 STEM CELL AND REGENERATIVE MEDICINE COMMUNITY.
10 BECAUSE OF THE RAPIDLY ADVANCING TECHNOLOGY, WHEN I
11 SAY TECHNOLOGY, I INCLUDE AND PERHAPS EVEN MORE
12 EMPHASIZE THE INFORMATION TECHNOLOGY AND THE DATA
13 INTENSIVE NATURE OF GENOMICS RESEARCH, CENTERS OF
14 EXCELLENCE CAN PROVIDE A COST-EFFECTIVE WAY TO
15 MAXIMIZE THE IMPACT OF STEM CELL GENOMICS.

16 THE DIAGRAM HERE REPRESENTS A PROCESS, A
17 PIPELINE, BY WHICH IDEAS AND QUESTIONS ARE ADDRESSED
18 THROUGH EXPERIMENTATION, THE GENERATION OF SAMPLES
19 SUBJECTED TO THE ANALYSIS AND THE CHARACTERIZATION
20 BY NEXT GENOME SEQUENCING, AND THEN THE DATA FROM
21 THAT INVOLVED BY INFORMATIC ANALYSIS TO PROVIDE NEW
22 INSIGHTS, IDENTIFY BIOMARKERS, PROVIDE A BASIS FOR
23 DRUG SCREENING, PROVIDE INFORMATION ABOUT
24 THERAPEUTIC CELL LINES, AND A HOST OF OTHER USES.

25 SO THE PROGRAM ACTIVITIES THAT WE WOULD

BARRISTERS' REPORTING SERVICE

1 EXPECT THESE CENTERS TO ENGAGE IN INCLUDE CORE
2 ACTIVITIES: STANDARDIZATION, DATA COORDINATION,
3 WHICH IS REALLY ABOUT MOVING, STORING, AND MANAGING
4 LARGE AMOUNTS OF DATA; DATA ANALYSIS, WHICH IS
5 LARGELY BIOINFORMATICS, THE USE OF THIS DATA TO
6 YIELD INFORMATION ABOUT THE BIOLOGICAL SYSTEMS.
7 THESE ARE CORE ACTIVITIES.

8 THE BULK OF MONEY IN THIS INITIATIVE WOULD
9 BE USED FOR RESEARCH ACTIVITIES PRIMARILY IN TWO
10 FORMS. ONE, COLLABORATIVE PROJECTS WHERE STEM CELL
11 RESEARCHERS FROM THROUGHOUT CALIFORNIA CAN
12 COLLABORATE WITH THESE CENTERS, OBTAIN EXPERTISE,
13 ASSISTANCE, DIRECTION, RECOMMENDATIONS ABOUT SAMPLE
14 PREPARATION, ASSISTANCE WITH DATA HANDLING AND DATA
15 ANALYSIS, AND WORK TOGETHER ON CRITICAL STEM CELL
16 PROJECTS.

17 FURTHER, THERE WOULD BE CENTER-INITIATED
18 PROJECTS. THESE WOULD BE DATA INTENSIVE ACTIVITIES
19 THAT COULD BE UNDERTAKEN BY THE CENTER STAFF, MIGHT
20 INVOLVE, FOR EXAMPLE, A CHARACTERIZATION OF GENETIC
21 AND GENOMIC CHANGES DURING THE DIFFERENTIATION OF
22 CELLS ALONG A PARTICULAR LINEAGE.

23 AND FINALLY, THE CENTERS WILL BE EXPECTED
24 TO ENGAGE IN PIPELINE IMPROVEMENT THROUGH TECHNOLOGY
25 DEVELOPMENT, PARTICULARLY, WE THINK, INFORMATION

BARRISTERS' REPORTING SERVICE

1 TECHNOLOGY, BIOINFORMATIC DEVELOPMENT, AND THE
2 DEVELOPMENT OF SPECIALIZED TECHNIQUES; FOR EXAMPLE,
3 THE ADVANCEMENT OF SINGLE CELL GENOMIC ANALYSIS.

4 WE PROPOSE THAT THIS PROGRAM WILL BE OPEN
5 TO BOTH FOR-PROFIT AND NONPROFIT ORGANIZATIONS. WE
6 WOULD ENCOURAGE MULTI-INSTITUTIONAL PROPOSALS. THE
7 PROPOSED CENTERS SHOULD AUGMENT AND INTERFACE WITH
8 EXISTING GENOMICS AND BIOINFORMATIC RESOURCES, TAKE
9 ADVANTAGE OF SIGNIFICANT INVESTMENT THAT MANY
10 INSTITUTIONS HAVE ALREADY MADE IN GENOMICS, AND WE
11 WOULD EXPECT SIGNIFICANT INSTITUTIONAL COMMITMENTS.

12 THIS PROPOSAL DOES NOT HAVE A FACILITIES
13 COMPONENT; THAT IS, WE'RE NOT GOING TO PAY FOR
14 BUILDINGS OR RENOVATION. WE EXPECT THOSE FACILITIES
15 TO BE PROVIDED BY THE APPLICANT INSTITUTIONS.

16 THESE AWARDS WILL SUPPORT OPERATING COSTS
17 FOR THESE CENTERS FOR UP TO FIVE YEARS. WE PROPOSE
18 ONE OR TWO AWARDS WITH TOTAL PROGRAM COSTS FOR THE
19 ENTIRE PROGRAM OF UP TO \$40 MILLION.

20 OUR PROVISIONAL TIMETABLE IS, SHOULD YOU
21 DECIDE TO APPROVE THIS PROGRAM, WE WOULD RELEASE THE
22 RFA IN MAY WITH LETTERS OF INTENT DUE IN JUNE,
23 APPLICATIONS DUE IN AUGUST, GRANTS WORKING GROUP
24 REVIEW OF APPLICATIONS IN THE FALL, AND WE WOULD
25 BRING THE RESULTS OF THAT REVIEW TO YOU IN WINTER OF

BARRISTERS' REPORTING SERVICE

1 2013, ABOUT A YEAR FROM NOW.

2 IN SUMMARY, WE REQUEST APPROVAL FOR
3 FUNDING OF ONE OR TWO CIRM GENOMICS CENTERS OF
4 EXCELLENCE WITH A TOTAL PROGRAM COST OF UP TO \$40
5 MILLION. AND I'D BE HAPPY TO TAKE ANY QUESTIONS,
6 AND NATALIE WILL ASSIST ME IF THERE'S INFORMATION
7 YOU WOULD LIKE TO HAVE.

8 CHAIRMAN THOMAS: THANK YOU, DR. YAFFE.
9 MR. SHEEHY, AS CHAIR OF THE SCIENCE SUBCOMMITTEE,
10 COULD YOU COMMENT, PLEASE?

11 MR. SHEEHY: YES. I THINK WE HAD A GOOD
12 DISCUSSION, AND I THINK -- I DON'T SEE DR. MELMED,
13 BUT I KNOW DR. PIZZO HAD SOME VERY SPECIFIC INPUT.
14 THE MAIN QUESTION IS IS THAT REFLECTED. IN GENERAL,
15 THE SCIENCE SUBCOMMITTEE WAS VERY POSITIVE ABOUT
16 THIS, BUT SOME OF US -- I CAN'T CLAIM THAT THIS IS A
17 SCIENCE THAT I NECESSARILY HAVE ANY GRASP OF. DR.
18 PIZZO AND DR. MELMED DID HAVE SOME CONSIDERATIONS
19 THAT THEY ASKED STAFF TO INCLUDE IN THE FINAL
20 PROPOSAL. THAT'S THE ONLY REAL QUESTION.

21 DR. PIZZO: WE HAD THE OPPORTUNITY TO HEAR
22 FROM CRAIG VENTER TODAY, SO I THINK THAT REALLY
23 UNDERSCORES THE IMPORTANCE AND THE ISSUES. I THINK
24 THE POINTS THAT I RAISED WERE TO FOCUS ON WHERE --
25 GIVEN THE FACT THAT THIS IS SUCH AN IMPORTANT AREA,

BARRISTERS' REPORTING SERVICE

1 WHAT'S THE RIGHT BALANCE OF THE INVESTMENT OF
2 TECHNOLOGY VERSUS POWER OF INFORMATICS IN COMPUTING?
3 AND I THINK THAT THE TECHNOLOGY IS CHANGING SO
4 DRAMATICALLY AND SO RAPIDLY, THAT IT PUTS AN
5 UNDERPINNING ON SOMETHING THAT I THINK UNIVERSITIES
6 AS WELL AS INDUSTRY CAN COLLABORATE ON IN VERY
7 SIGNIFICANT WAYS, WHICH IS THE POWER OF COMPUTING
8 AND DEVELOPING THE ALGORITHMS TO REALLY MOVE THIS
9 FIELD FORWARD.

10 I THINK THE SECOND PART OF THAT IS IF WE
11 THINK ABOUT THINGS THAT WILL ENGAGE COLLABORATIONS
12 WITHIN CALIFORNIA AND WITH PARTNERS AROUND THE
13 COUNTRY, THAT IS ANOTHER VERY POWERFUL WAY OF DOING
14 IT AND DISTINGUISHING. SO I THINK MANY IN THIS
15 FIELD WOULD BE QUICK TO ARGUE THAT THE HALF-LIFE OF
16 MUCH OF THIS HARDWARE IS MEASURED LITERALLY IN YEARS
17 OR LESS. IT'S SHORTENING. IT'S ALMOST IN CONCORD
18 WITH THE FALL OF COST OF SEQUENCING ONE'S GENOME,
19 BUT THE RATE-LIMITING STEP IS REALLY IN THE
20 INFORMATICS. SO THAT'S WHERE I WOULD FOCUS THE
21 ATTENTION.

22 DR. YAFFE: WE TRIED TO MAKE SOME
23 MODIFICATION TO THE CONCEPT PROPOSAL, WHICH WAS --
24 SO THE UPDATED VERSION THAT WAS DISTRIBUTED, TAKING
25 YOUR SUGGESTIONS VERY SERIOUSLY. AND I JUST WANT TO

BARRISTERS' REPORTING SERVICE

1 POINT OUT THAT THIS IS NOT ABOUT BUYING SEQUENCING
2 EQUIPMENT. WE ACTUALLY WOULD ENVISION THAT MUCH OF
3 THAT SEQUENCING IS PROBABLY GOING TO BE DONE AT
4 COMPANIES BY CONTRACT IN A FEE-FOR-SERVICE KIND OF
5 WAY. THIS IS REALLY ABOUT STEM CELL RESEARCHERS
6 HAVING THE EXPERTISE PROVIDED BY THESE CENTERS AND
7 THE ASSISTANCE IN THE ANALYSIS OF DATA.

8 MR. GOLDBERG: MOTION TO APPROVE.

9 CHAIRMAN THOMAS: IS THERE A SECOND?

10 MR. ROTH: SECOND.

11 CHAIRMAN THOMAS: MOVED AND SECONDED. I
12 WILL SAY THAT THE -- MR. JUELSGAARD.

13 DR. JUELSGAARD: JUST ONE QUICK QUESTION.
14 SO IN IMPLEMENTING THESE, HOW HAVE YOU THOUGHT ABOUT
15 THE AVAILABILITY OF THE INFORMATION THAT'S
16 GENERATED? SO I ASSUME SOME WILL BE PUBLIC AND
17 PERHAPS SOME WILL BE CONFIDENTIAL, AND HAVE WE
18 ESTABLISHED ANY THOUGHT OR GUIDELINE AROUND THAT
19 SORT OF THING?

20 DR. DEWITT: I DID A LOT OF THE RESEARCH
21 THAT THIS PROPOSAL WAS BASED ON. THE STANDARD FOR
22 GENOMIC INFORMATION IS TO MAKE THE INFORMATION
23 PUBLICLY AVAILABLE AS SOON AS POSSIBLE. AND THE
24 REASON FOR THAT IS TO GET THE MAXIMUM NUMBER OF EYES
25 ON THE DATA SO THAT IT CAN BE -- BIOLOGICAL RESEARCH

BARRISTERS' REPORTING SERVICE

1 CAN PROGRESS THROUGH THAT DATA.

2 SO HAVING SAID THAT, IT IS POSSIBLE THAT
3 DATA PRODUCED BY SUCH AN INITIATIVE WOULD BE OF
4 INTEREST TO PHARMACEUTICAL COMPANIES AND COULD
5 LICENSED AND THERE COULD BE BUSINESS MODELS BUILT
6 AROUND IT. SO THE ACADEMIC -- WELL, THE ACADEMIC
7 STANDARD IS PUBLIC RELEASE. I THINK IT WOULD HAVE
8 TO BE BASED ON WHAT THE PARTICULAR MODELS WERE THAT
9 THE DIFFERENT ENTITIES THAT APPLIED WOULD PUT
10 FORWARD.

11 MS. SAMUELSON: ONE MORE QUESTION. I'M
12 WONDERING, GIVEN SOME OF THE CONCERNS THAT SOME OF
13 US WERE CONCERNED WITH, AND I MENTIONED PARKINSON'S
14 DURING THE SPOTLIGHT, THAT THERE IS A REAL EMPHASIS
15 ON THE COMBINATION OF GENETIC AND ENVIRONMENTAL
16 CAUSES. I WOULD THINK THAT THOSE KINDS OF
17 COLLABORATIONS WITH PEOPLE STUDYING THAT GENE
18 ENVIRONMENT INTERACTIONS COULD BE IMPORTANT
19 COLLABORATIONS. IS THAT THE KIND OF THING THAT'S
20 ANTICIPATED, OR IS THAT OUTSIDE THIS RFA? AND IF
21 SO, IS THERE MONEY FOR THAT KIND OF THING ELSEWHERE?
22 I'M WONDERING IF WE HAVE COMPETITION FOR THE SAME
23 DOLLARS BECAUSE THIS IS A VERY IMPORTANT FIELD.

24 DR. YAFFE: PROJECTS THAT CONSIDER THOSE
25 KINDS OF ENVIRONMENTAL GENETIC INTERACTION WOULD

BARRISTERS' REPORTING SERVICE

1 CERTAINLY BE AMONG THE TYPES OF PROJECTS THAT COULD
2 BE DONE COLLABORATIVELY WITH THESE CENTERS.

3 MS. SAMUELSON: GREAT. AT ONE POINT IN
4 THE LANGUAGE, I SAW REFERENCES TO STEM CELL
5 SCIENTISTS. SOME OF THESE ARE NEUROSCIENTISTS, FOR
6 EXAMPLE, WHO WOULD HAVE IMPORTANT EXPERTISE TO BRING
7 TO IT. WOULD THEY BE EXCLUDED, OR WOULD THEY BE
8 INCLUDED BECAUSE THEY WOULDN'T NECESSARILY ALSO
9 BRING A BIG HISTORY OF STEM CELL WORK?

10 DR. YAFFE: I DON'T THINK THERE'S ANY
11 ANTICIPATION TO SPECIFICALLY EXCLUDE SCIENTISTS,
12 ALTHOUGH THE ACTIVITIES OF THESE CENTERS WOULD BE
13 FOCUSED ON STEM CELL RESEARCH. THERE ARE OTHER
14 GENOMICS RESOURCES AVAILABLE NATIONALLY. AND WE
15 CERTAINLY WANT TO USE THIS INITIATIVE TO BRING
16 CUTTING-EDGE GENOMICS TECHNOLOGY TO STEM CELL. BUT,
17 REMEMBER, WE ALSO CONSIDER ANYTHING IN REGENERATIVE
18 MEDICINE TO BE SOMETHING IN THE PURVIEW OF THE
19 INSTITUTE.

20 MS. SAMUELSON: I WOULD THINK A LOT OF
21 THIS WORK WOULD APPLY TO THAT, WOULD BE WITHIN THAT
22 AREA. OKAY. THANK YOU.

23 CHAIRMAN THOMAS: NATALIE, THEN DR. LUBIN.

24 DR. DEWITT: I JUST WANTED TO COMMENT THAT
25 THIS INITIATIVE ALSO BUILDS ON THE IPS CELL BANKING

BARRISTERS' REPORTING SERVICE

1 INITIATIVE, WHICH IS A VERY IMPORTANT CONNECTION TO
2 MAKE. AND SO CLINICIANS WHO ARE GENERATING IPS CELL
3 LINES, WHETHER THEY'RE WITH NEURODEGENERATIVE
4 DISEASES OR ANY OF THE OTHER DISEASES THAT WE'RE
5 INTERESTED IN, WOULD POTENTIALLY HAVE ACCESS TO
6 HAVING GENOMIC INFORMATION ABOUT THESE CELL LINES
7 AND ALSO HOW THE GENOMES INTERACT WITH ENVIRONMENTAL
8 CONDITIONS.

9 SO THIS IS A VERY POWERFUL COMBINATION OF
10 TECHNOLOGIES RIGHT NOW THAT WE HOPE WE'LL BE ABLE TO
11 ENGAGE IN AS A STATE.

12 DR. LUBIN: SO MY QUESTION AT THE
13 SCIENTIFIC SUBCOMMITTEE MEETING WAS IS THIS A CORE
14 FACILITY FOR ALL CIRM INVESTIGATORS, AND WILL THERE
15 BE A RECHARGE, AND HOW WILL THEY GET ACCESS? HOW
16 WILL PRIORITIZATION TAKE PLACE? THAT WAS ONE.

17 AND, TWO, INFORMATICS IS NOT IN THERE. SO
18 YOU CAN GET RESULTS BACK, BUT YOU CAN'T INTERPRET
19 THEM UNLESS THAT'S PART OF IT. IS THAT PART OF THE
20 FUNDING?

21 DR. YAFFE: SO THE SECOND PART OF THE
22 QUESTION, ABSOLUTELY THAT'S PART OF THE FUNDING.
23 WHEN WE SAY GENOMICS, WE DON'T JUST MEAN SEQUENCING
24 OF DNA, BUT, IN FACT, WE MEAN THE ENTIRE PROCESS
25 INVOLVING DATA HANDLING AND INFORMATICS AND

BARRISTERS' REPORTING SERVICE

1 CHARACTERIZATION AND LOOKING BACKWARDS, DESIGN OF
2 EXPERIMENTS.

3 DR. LUBIN: THEY HAVE TO HAVE THAT
4 CAPABILITY TO APPLY FOR THIS. THAT CAPABILITY HAS
5 TO EXIST IN THE APPLICATION?

6 DR. YAFFE: THAT'S RIGHT. AND THAT IS ONE
7 OF THE REASONS WE'RE SUGGESTING OR ENCOURAGING
8 MULTI-INSTITUTIONAL PROPOSALS BECAUSE NOT ALL OF
9 THOSE TALENTS AND EXPERTISE MAY RESIDE IN ONE PLACE.

10 THE FIRST PART OF THE QUESTION WAS HOW
11 PEOPLE WILL ACCESS THIS?

12 DR. LUBIN: IS IT A CORE FACILITY FOR ALL
13 CIRM INVESTIGATORS?

14 DR. YAFFE: IT IS A CORE FACILITY. AND AS
15 WITH OUR OTHER CORE FACILITIES, WE WOULD ASK THEM TO
16 SUBMIT WITH THEIR APPLICATION A PLAN TO BECOME
17 FINANCIALLY INDEPENDENT AT THE END OF CIRM FUNDING.
18 SO AS WITH MANY OF OUR OTHER CORE LABS, OUR SHARED
19 LABS, THEY START OUT WITH A HEAVY DOSE OF SUPPORTED
20 FUNDING AND THEN THEY MOVE IN THE DIRECTION OF
21 RECHARGE.

22 DR. PRICE: CALL THE QUESTION.

23 CHAIRMAN THOMAS: I BELIEVE WE HAVE
24 COMMENTS FROM A MEMBER OR MEMBERS OF THE PUBLIC.

25 DR. LORING.

BARRISTERS' REPORTING SERVICE

1 DR. LORING: THANK YOU. SO I WAS GOING TO
2 SAY SEVERAL THINGS, BUT NOW THAT I'VE HEARD YOU
3 TALK, I'LL TRY TO KEEP IT REALLY BRIEF.

4 AS YOU KNOW, CALIFORNIA IS WHERE GENOMICS
5 HAS -- REALLY THE TECHNOLOGY OF GENOMICS WAS REALLY
6 BORN. THERE'S A COMPANY CALLED ILLUMINA WHO IS
7 RIGHT HERE IN SAN DIEGO AND IS THE COMPANY THAT'S
8 PROVIDED THE SEQUENCERS THAT BOTH CRAIG VENTER USES
9 AND ALSO THE GROUP THAT WE TALKED ABOUT, THE BEIJING
10 RESEARCH INSTITUTE, WHO DOES MORE SEQUENCING THAN
11 ANYONE ELSE ON EARTH.

12 SO I AGREE THAT I THINK TO BE
13 COST-EFFECTIVE, IT MAKES A LOT OF SENSE TO LEVERAGE
14 THE STRENGTHS OF THE COMMERCIAL SECTOR. I KNOW THAT
15 CIRM WANTS TO DO THIS. I THINK IN THIS PARTICULAR
16 CASE THERE'S A HUGE OPPORTUNITY TO PARTNER WITH
17 COMPANIES WHO HAVE THIS EXPERTISE AND WHO CAN DO A
18 LOT OF THIS WORK AND HAVE ALREADY INVESTED THEIR OWN
19 VENTURE CAPITAL OR THEIR OWN INVESTORS' MONEY IN
20 SOME OF THE MOST CUTTING-EDGE APPROACHES IN
21 GENOMICS.

22 I WANTED TO INTRODUCE SOMEBODY THAT I HAVE
23 WORKED WITH, A COLLEAGUE, A COLLABORATOR, WHO IS
24 FROM A COMPANY CALLED NEXTBIO, WHICH DOES
25 BIOINFORMATICS. SHE CAN TELL YOU A LITTLE BIT ABOUT

BARRISTERS' REPORTING SERVICE

1 WHAT THEY DO.

2 DR. VERMA-ALAG: GOOD AFTERNOON. THANK
3 YOU FOR THE OPPORTUNITY TO SPEAK HERE TODAY. JUST
4 WANT TO TAKE A FEW MINUTES AND TELL YOU ABOUT
5 NEXTBIO. WE'RE A SILICON VALLEY, SEVEN-YEAR-OLD
6 START-UP COMPANY WHO IS WELL ESTABLISHED IN THE
7 FIELD OF BIOINFORMATICS. WE HAVE A NUMBER OF
8 CLIENTS ACROSS THE WORLD. WE ARE ABLE TO AGGREGATE,
9 ANALYZE, AND INTERPRET GENOMIC DATA IN ALL FORM OR
10 FASHION.

11 ACTUALLY CONNECTED WITH CRAIG RIGHT AFTER
12 HIS TALK AND SHARED WITH HIM THAT WE CAN DO WHAT HE
13 SAID CANNOT BE DONE OR HASN'T BEEN DONE YET.

14 SO THIS IS A GREAT OPPORTUNITY FOR US TO
15 LOOK AT GENOMIC DATA IN THE STEM CELL CONTEXT, AND
16 NOT ONLY BE ABLE TO INTERPRET THAT DATA, BUT ALSO TO
17 BE ABLE TO MAKE IT AVAILABLE WHETHER PUBLICLY OR IN
18 A PRIVATE WAY TO PEOPLE WHO COULD BENEFIT FROM IT
19 MOST.

20 NEXTBIO IS USED ACROSS 200 COUNTRIES BY AT
21 LEAST 30,000 PEOPLE. THIS IS JUST THE PUBLICLY
22 AVAILABLE FREE APPLICATION. SO ANY AMOUNTS -- ANY
23 KIND OF DATA THAT WOULD GO IN WOULD NOT ONLY BE
24 INTERPRETED TO A FORM OR FASHION THAT WOULD BE
25 USEFUL FOR RESEARCHERS AND CLINICIANS WORLDWIDE, BUT

BARRISTERS' REPORTING SERVICE

1 ALSO WOULD BE AVAILABLE EASILY TO PEOPLE WORLDWIDE,
2 AND THAT WOULD BE A REALLY POWERFUL THING. SO JUST
3 WANTED TO STAND UP HERE AND VOICE MY SUPPORT FOR
4 THIS INITIATIVE AND HOPE IT'S VERY SUCCESSFUL.

5 MY NAME IS ALPANA VERMA-ALAG. I AM A
6 PHYSICIAN IN INTERNAL MEDICINE. AND THE NAME OF MY
7 COMPANY IS NEXTBIO, N-E-X-T-B-I-O, AND THE WEBSITE
8 IS NEXTBIO.COM. I DO HAVE QUITE A FEW CARDS WITH
9 ME, SO I'M HAPPY TO PASS THEM OUT.

10 CHAIRMAN THOMAS: THANK YOU. ANY OTHER
11 COMMENTS BY MEMBERS OF THE PUBLIC? HEARING NONE,
12 WE'VE HEARD -- MOTION HAS BEEN CALLED. DO WE NEED A
13 ROLL CALL VOTE ON THIS, MR. HARRISON?

14 MR. HARRISON: JUST THE MEMBERS
15 PARTICIPATING BY TELEPHONE.

16 CHAIRMAN THOMAS: MEMBERS PARTICIPATING BY
17 TELEPHONE, WHAT IS YOUR VOTE ON THIS MATTER?

18 MS. SAMUELSON: YES.

19 DR. FRIEDMAN: YES.

20 CHAIRMAN THOMAS: IS MR. SHESTACK STILL ON
21 THE LINE?

22 IN THE ROOM, ALL THOSE IN FAVOR PLEASE
23 RAISE YOUR HAND. OPPOSED? MOTION CARRIES. THANK
24 YOU VERY MUCH, DR. YAFFE. THANK YOU, DR. DEWITT,
25 FOR ALL YOUR HELP IN PUTTING THIS TOGETHER.

BARRISTERS' REPORTING SERVICE

1 WE ARE NEXT GOING TO ITEM NO. 14,
2 CONSIDERATION OF THE AMENDMENTS TO CIRM'S IP
3 REGULATIONS TO IMPLEMENT SB 1064. SCOTT TOCHER WILL
4 BE DOING THE PRESENTATION.

5 MR. TOCHER: THANK YOU. GOOD AFTERNOON,
6 CHAIRMAN AND MEMBERS. IN LIGHT OF YOUR OTHER ISSUES
7 ON THE AGENDA, I'LL TRY TO MAKE THIS AS QUICK AS I
8 CAN.

9 THE PURPOSE HERE WITH THIS ITEM TODAY IS
10 JUST TO CONCLUDE OUR PROCESS THAT WAS INITIATED BY
11 THE BOARD A YEAR AGO TO AMEND OUR IP REGULATIONS TO
12 CONFORM WITH CERTAIN CLARIFICATIONS AND
13 CODIFICATIONS MADE IN THE LEGISLATION IN 2010, SB
14 1064, THAT TOOK EFFECT IN 2011.

15 IT ADDRESSED MANY DIFFERENT AREAS OF
16 CIRM'S OPERATIONS, BUT WITH RESPECT TO OUR IP
17 REGULATIONS REALLY CODIFIED IN ONE FORM OR ANOTHER
18 FOUR PARTICULAR AREAS OF OUR IP REGULATIONS. ABOUT
19 A YEAR AGO THE ICOC REVIEWED PROPOSED LANGUAGE AND
20 AUTHORIZED THAT LANGUAGE TO INITIATE THE OAL PROCESS
21 TO CONFORM OUR REGULATIONS.

22 SO IN TWO OF THE FOUR AREAS, THE ICOC HAS
23 ALREADY REVIEWED AND APPROVED THE LANGUAGE. WE HAVE
24 CIRCULATED THAT FOR PUBLIC COMMENT ACCORDING TO THE
25 APA, THE ADMINISTRATIVE PROCEDURE ACT. WE HAVE

BARRISTERS' REPORTING SERVICE

1 RECEIVED NO ADDITIONAL INPUT, AND WE ARE NOT
2 PROPOSING ANY LANGUAGE TO CHANGE FROM THAT WHICH THE
3 ICOC HAS ALREADY APPROVED. SO I WILL NOT GO INTO
4 THOSE AMENDMENTS TODAY.

5 HOWEVER, THEY ADDRESS THE TIMELINE FOR
6 SUBMISSION OF OUR ACCESS PLANS AND, SECONDLY, A
7 RECALIBRATION OF OUR REVENUE SHARING CALCULATIONS.
8 THOSE ARE ISSUES, I BELIEVE 2 AND 4, IN THE MEMO;
9 BUT, AGAIN, UNLESS THERE ARE SPECIFIC QUESTIONS, I
10 WON'T GO BACK INTO THEM.

11 THE OTHER TWO AREAS FOR YOUR CONSIDERATION
12 THAT YOU HAVEN'T SEEN BEFORE, BUT WERE REVIEWED BY
13 THE INTELLECTUAL PROPERTY AND INDUSTRY SUBCOMMITTEE,
14 AND IT WAS A CONSENSUS OF THAT COMMITTEE THAT YOU
15 APPROVE THE LANGUAGE AS WELL, CONCERNED OUR ACCESS
16 PLANS AND CONCERN THE TIMELINE AND PROCESS FOR
17 WAIVER OF THE ACCESS PLANS.

18 SO VERY QUICKLY, THE FIRST SET OF
19 AMENDMENTS THERE CONCERN THE AGENCY'S REQUIREMENT
20 THAT PRIOR TO COMMERCIALIZATION IN CALIFORNIA OF A
21 DRUG RESULTING FROM CIRM FUNDING, THAT THE COMPANY
22 PROVIDE AN ACCESS PLAN TO ADDRESS A CERTAIN
23 POPULATION. IN OUR PRIOR VERSION OF OUR IP REGS,
24 THAT POPULATION WAS DEFINED AS UNINSURED
25 CALIFORNIANS. SB 1064 MODIFIED THAT SLIGHTLY AND

BARRISTERS' REPORTING SERVICE

1 DELETED THE REQUIREMENT OF UNINSURED AND CHANGED IT
2 TO CALIFORNIANS WITH NO OTHER MEANS TO PURCHASE THE
3 DRUG.

4 SO WHAT WE'VE HAD TO DO IS RECALIBRATE OUR
5 REGULATIONS. AND WHAT WE HAVE DONE IS TO DEFINE
6 THAT TERM "CALIFORNIANS WITH NO OTHER MEANS" TO
7 INCLUDE A TWO-PART TEST. CALIFORNIANS, FIRST, WHO
8 DO NOT HAVE PRESCRIPTION DRUG COVERAGE THAT COVERS
9 THEIR PARTICULAR DRUG AND, TWO, WHOSE FAMILY INCOMES
10 FALL BELOW 300 PERCENT OF THE FEDERAL POVERTY LEVEL.
11 THE POINT OF THAT STANDARD IS TO, FIRST OF ALL,
12 HARMONIZE WITH THE REFERENCE TO THE POVERTY LEVEL
13 OUR REGULATION WITH THE EXISTING STATE QUALIFICATION
14 FOR ITS CALRX PROGRAM, WHICH IS THE STATE'S DISCOUNT
15 PRESCRIPTION DRUG PROGRAM; AND, SECONDLY, TO ENSURE
16 THAT THOSE CALIFORNIANS WHO ARE WEALTHY ENOUGH TO
17 AFFORD COVERAGE, BUT WHO ELECT NOT TO PURCHASE
18 COVERAGE, ARE NOT COVERED BY THE ACCESS PLANS.

19 THAT LANGUAGE WAS CIRCULATED FOR PUBLIC
20 COMMENT. THAT PERIOD HAS CONCLUDED, AND THERE WAS
21 NO PUBLIC COMMENT RECEIVED.

22 THE SECOND ISSUE THAT IS ADDRESSED IN THE
23 MOST RECENT SET OF AMENDMENTS CONCERNS THE PROCESS
24 FOR WAIVER OF THE ACCESS PLAN, THAT CONSIDERATION BY
25 THE ICOC. THE REGULATIONS AND NOW THE STATUTE

BARRISTERS' REPORTING SERVICE

1 REQUIRE COMPANIES TO SUBMIT AN ACCESS PLAN, BUT THE
2 LEGISLATION ALLOWED THE ICOC TO CONSIDER
3 CIRCUMSTANCES WHERE A COMPANY WOULD BE RELIEVED OF
4 THAT OBLIGATION. AND IT SET THE STANDARD TO DO SO
5 BASED UPON A SHOWING THAT THE DEVELOPMENT OR BROAD
6 DELIVERY OF THE DRUG WOULD BE UNREASONABLY HINDERED
7 BY THE REQUIREMENT OF THE ACCESS PLAN; OR, SECONDLY,
8 THAT WAIVER OF THE ACCESS PLAN WOULD LEAD TO
9 SIGNIFICANT BENEFITS THAT EQUAL OR EXCEED THE
10 BENEFITS THAT OTHERWISE WOULD FLOW BY PROVISION OF
11 THE ACCESS PLAN.

12 SO THAT'S THE STANDARD. AND OUR
13 REGULATION INCORPORATES THAT STANDARD AND JUST
14 BRIEFLY DESCRIBES THE PROCESS BY WHICH A COMPANY
15 WILL COME TO THE ICOC IF IT SEEKS TO TAKE ADVANTAGE
16 OF THIS WAIVER PROVISION, INDICATES THAT THE REQUEST
17 WOULD BE A PUBLIC REQUEST THAT WOULD BE AGENDIZED ON
18 AN ICOC AGENDA, THAT THE REQUEST WOULD BE PUBLIC AND
19 POSTED ON THE WEBSITE, THAT THE APPLICANT FOR THE
20 WAIVER WOULD BE OBLIGED TO PROVIDE DOCUMENTATION
21 ESTABLISHING HOW THE STANDARD WOULD BE MET, AND,
22 FINALLY, THE REGULATION JUST PRESERVES THE ABILITY
23 OF THE ICOC AND THE APPLICANT TO KEEP CONFIDENTIAL
24 THAT MATERIAL WHICH PROPOSITION 71 ALREADY PROVIDES
25 FOR CONFIDENTIALITY PURPOSES.

BARRISTERS' REPORTING SERVICE

1 SO THOSE ARE THE TWO ADDITIONAL AMENDMENTS
2 THAT THE ICOC DID NOT SEE LAST YEAR WHEN IT
3 INITIATED THE PROCESS; BUT, AGAIN, THESE AMENDMENTS
4 HAVE ALL BEEN REVIEWED BY THE INTELLECTUAL PROPERTY
5 AND INDUSTRY SUBCOMMITTEE. THEY'VE ALL BEEN
6 CIRCULATED FOR PUBLIC COMMENT. THERE IS NO
7 ADDITIONAL PUBLIC COMMENT THAT WAS RECEIVED. AND
8 I'M HAPPY TO TAKE YOUR QUESTIONS OR ENTERTAIN A
9 MOTION.

10 CHAIRMAN THOMAS: MR. JUELSGAARD, DO YOU
11 HAVE ANY COMMENT?

12 DR. JUELSGAARD: NO. I VIEW THIS LARGELY
13 AS MINISTERIAL IN NATURE; IN OTHER WORDS, JUST
14 FOLLOWING ON FROM WHAT THE LEGISLATURE INDICATED
15 THAT WE NEEDED TO DO. I THINK THERE ARE SOME
16 AMBIGUITIES, AS I'VE DISCUSSED WITH SCOTT AND JAMES,
17 IN THIS REGARD. FOR EXAMPLE, WHO'S A CALIFORNIAN
18 AND WHO ISN'T. BUT WE CAN GET TO THAT SUBSEQUENTLY.
19 THAT'S NOT ANYTHING WE NEED TO WORRY ABOUT RIGHT
20 NOW.

21 MR. ROTH: MOTION TO APPROVE THE AMENDMENT
22 AS SUBMITTED.

23 CHAIRMAN THOMAS: IS THERE A SECOND?

24 DR. STEWARD: SECOND.

25 CHAIRMAN THOMAS: SECONDED BY DR. STEWARD.

BARRISTERS' REPORTING SERVICE

1 ANY FURTHER DISCUSSION?

2 DR. STEWARD: QUESTION HERE. SO THAT
3 GIVEN THAT WE'RE SEEING SOME MODIFICATIONS IN THE
4 VARIOUS STATE REGULATIONS, I JUST WAS CURIOUS. IS
5 THERE A WAY TO SORT OF ANTICIPATE BY SAYING THAT WE
6 WILL BE CONSISTENT WITH THE CALIFORNIA RX, FOR
7 EXAMPLE, MOVING FORWARD? I'M ACTUALLY ASKING THIS,
8 AGAIN, LOOKING FORWARD TO THE TIME WHEN MAYBE THE
9 ICOC WON'T BE MEETING REGULARLY, FOR EXAMPLE, AND
10 THERE WOULD NOT BE A WAY TO MODIFY REGULATIONS THAT
11 BECAME OUT OF DATE DURING THE TIME THAT THEY
12 ACTUALLY WOULD BECOME IMPORTANT FOR A COMPANY. SO
13 IS THERE A WAY TO DO THAT, OR DO WE HAVE TO ACTUALLY
14 CONTINUE TO AMEND THE REGULATIONS GOING FORWARD?

15 MR. TOCHER: THAT'S INTERESTING. I THINK
16 THAT THERE ARE CERTAIN COMPONENTS. BROADLY
17 SPEAKING, THE ACCESS PLAN, IN GENERAL, HAS A
18 STANDARD WHICH IS AT THE TIME OF COMMERCIALIZATION,
19 WHICH IN A WAY SORT OF PRESERVES THAT ABILITY TO
20 MAKE THAT FINAL DETERMINATION DOWN THE ROAD.

21 WITH RESPECT TO THE ADOPTION OF THE
22 SPECIFIC STANDARDS IN CALRX, AGAIN, I THINK THAT
23 BECAUSE OUR REGULATIONS SORT OF REQUIRE SIMPLY THAT
24 THEY FOLLOW CALRX, TO THE EXTENT CALRX IS CHANGED OR
25 AMENDED OR MODIFIED, I THINK THAT THOSE CHANGES ARE

BARRISTERS' REPORTING SERVICE

1 INHERENTLY INCORPORATED.

2 CHAIRMAN THOMAS: ANY FURTHER BOARD
3 COMMENT OR QUESTION? ANY COMMENT BY MEMBERS OF THE
4 PUBLIC? ANY COMMENT BY MEMBERS ON THE PHONE?

5 HEARING NONE, ALL THOSE IN FAVOR OF THIS
6 MOTION PLEASE, FIRST, THE BOARD HERE AT THE HOTEL,
7 RAISE YOUR HAND. ANY OPPOSED? MEMBERS ON THE
8 PHONE?

9 MS. SAMUELSON: YES.

10 DR. FRIEDMAN: YES.

11 CHAIRMAN THOMAS: MOTION APPROVED. THANK
12 YOU. THANK YOU, MR. TOCHER.

13 OKAY. WE ARE GOING TO ADJOURN FOR --
14 WE'RE GOING TO ADJOURN MOMENTARILY FOR WHAT WE HOPE
15 WILL BE A BRIEF CLOSED SESSION TO RESOLVE ANY
16 OUTSTANDING MATTERS ON THE RESEARCH LEADERSHIP
17 AWARD. BEFORE WE GO, I KNOW WE HAVE A COUPLE OF
18 QUICK RESOLUTIONS. AND, SHERRY, WHY DON'T YOU BEGIN
19 BY ONE TO JANET ROWLEY. THESE ARE IN CONNECTION
20 WITH SERVICE PROVIDED ON THE STANDARDS WORKING
21 GROUP.

22 MS. LANSING: IT'S REALLY -- THIS WILL BE
23 JUST A SECOND, BUT I REALLY WANT TO TAKE THE TIME TO
24 ACKNOWLEDGE HOW GRATEFUL WE ARE TO JANET ROWLEY FOR
25 SERVING ON THE STANDARDS WORKING GROUP.

BARRISTERS' REPORTING SERVICE

1 I'VE ALWAYS HAD A PERSONAL HISTORY WITH
2 JANET BECAUSE WHEN I WAS A HIGH SCHOOL STUDENT AT
3 THE UNIVERSITY OF CHICAGO, JANET WAS SOMEBODY THAT I
4 ALWAYS HEARD ABOUT BECAUSE SHE HAD A RESEARCH LAB
5 THERE. SHE HAD WON THE LASKER AWARD. EQUALLY AS
6 AMAZING TO ME OR, YES, EQUALLY AMAZING, WAS THAT SHE
7 HAD DONE THIS WHEN SHE WORKED PART TIME AND WAS
8 RAISING FOUR CHILDREN.

9 AND THE STORY THAT I HEARD, WHICH SO
10 INSPIRED ME, WAS THAT WHILE JANET WAS HOLDING ONE OF
11 HER CHILDREN, SHE WAS ARRANGING BLOCKS THAT WERE
12 LITERALLY CHROMOSOMES ON HER KITCHEN TABLE. AND
13 THIS IS A TRUE STORY. AND THIS ARRANGEMENT OF THE
14 CHROMOSOMES LED HER TO THE DISCOVERY THAT SPECIFIC
15 TYPES OF CANCER ARE CAUSED BY THESE ALTERATIONS IN
16 THE CHROMOSOMES.

17 THAT IS MULTITASKING IN A WAY THAT I CAN
18 ONLY IMAGINE. AND THIS REALLY, AND IT'S FITTING TO
19 SAY TODAY, OPENED UP THE WHOLE FIELD OF CANCER
20 GENETICS. WHEN JANET SERVED ON THE BOARD OF THE
21 STANDARDS GROUP, AND I THINK JEFF CAN ATTEST TO THAT
22 AND ALL OF US WHO ARE ON THE STANDARDS GROUP CAN
23 ATTEST TO IT, SHE BROUGHT THIS SAME KIND OF
24 INSPIRATION TO EVERY SINGLE MEETING SHE ATTENDED.
25 AND SHE ALSO BROUGHT AN INCREDIBLY PRAGMATIC AND

BARRISTERS' REPORTING SERVICE

1 OPEN AND HUMBLE APPROACH.

2 SHE'S WARM AND SHE'S BEYOND HIGHLY
3 INTELLIGENT. AND SO FOR ALL OF US WHO WORKED WITH
4 HER, I JUST WANT TO SAY IT WAS A PRIVILEGE AND AN
5 HONOR TO GET TO KNOW HER AND THAT WE WILL MISS HER,
6 BUT WE ARE EXTREMELY GRATEFUL FOR HER SERVICE ON
7 THIS BOARD. SO THANK YOU, JANET.

8 (APPLAUSE.)

9 MR. TORRES: SO MOVED.

10 DR. STEWARD: SECOND.

11 CHAIRMAN THOMAS: ANY FURTHER DISCUSSION?
12 COMMENTS BY MEMBERS OF THE PUBLIC? OKAY. IN THE
13 ROOM, ALL THOSE IN FAVOR PLEASE RAISE YOUR HAND.
14 THOSE OPPOSED? ON THE PHONE, PLEASE VOICE YOUR
15 VOTES.

16 DR. FRIEDMAN: AYE.

17 CHAIRMAN THOMAS: UNANIMOUSLY APPROVED.
18 THANK YOU VERY MUCH.

19 WHILE ON THE SUBJECT -- THANK YOU,
20 SHERRY -- JEFF SHEEHY HAS A FEW COMMENTS ABOUT KEVIN
21 EGGAN AND HIS SERVICE ON THE STANDARDS WORKING
22 GROUP.

23 MR. SHEEHY: I WOULD LIKE TO ECHO SHERRY'S
24 WORDS ABOUT JANET ROWLEY. IT WAS AN INCREDIBLE
25 EXPERIENCE BEING ABLE TO SERVE WITH HER. VERY

BARRISTERS' REPORTING SERVICE

1 GRATEFUL FOR HER SHARING HER TIME WITH US. IT WAS
2 VERY HELPFUL FOR US.

3 I THINK KEVIN -- I THINK.

4 MS. SAMUELSON: AYE.

5 MR. SHEEHY: KEVIN EGGAN IS STILL WITH US,
6 IS STILL A SPECIALIST, AND MAYBE WE STILL HAVE HIM
7 IN THE GRANTS WORKING GROUP FROM TIME TO TIME, WAS
8 ONE OF THE MORE OUTSTANDING YOUNG, JUNIOR -- WELL,
9 ONE OF THE MORE OUTSTANDING SCIENTISTS WORKING IN
10 THE FIELD TODAY AND HIS CONTRIBUTION TO THE
11 STANDARDS WORKING GROUP. HE WAS A MACARTHUR
12 FELLOWSHIP WINNER, ONE OF THE KEY PEOPLE DERIVING
13 STEM CELLS, WORKING ON SCNT. AND THE EXPERTISE HE
14 BROUGHT TO BEAR IN WHAT WAS PRIMARILY AN ETHICAL AND
15 STANDARD EXERCISE, THE PERSPECTIVE OF A WORKING
16 SCIENTIST AT THE VERY CUTTING-EDGE OF THE SCIENCE
17 WAS SO INFORMATIVE FOR US AND SO HELPFUL AS WE'RE
18 DOING -- AS SHERRY SAID AT THE TIME, WE WEREN'T
19 TRYING TO MAKE STANDARDS THAT WERE CREATED IN STONE,
20 BUT VERY FLEXIBLE STANDARDS THAT WOULD ADAPT AS THE
21 SCIENCE WAS MOVING. AND WE HAVE THE PERSON WHO'S
22 SITTING THERE MOVING THE SCIENCE HELPING TO ADVISE
23 US AS WE GO ALONG. WE WERE VERY FORTUNATE TO HAVE
24 HIS CONTRIBUTIONS.

25 AND JUST A LOT OF PEOPLE IN SCIENCE, AND I

BARRISTERS' REPORTING SERVICE

1 DON'T WANT TO BE CRITICAL OF SCIENTISTS, BUT THIS
2 REALLY WASN'T CONNECTED TO BEING IN THE LAB. THIS
3 WAS REAL ALTRUISM, I THINK, TO OUR EFFORT TO COME
4 AND WORK WITH US ON OUR MEDICAL AND ETHICAL
5 STANDARDS, WHICH WHEN THEY COME IN THERE ON THE
6 WORKING GROUP, THEY'RE KIND OF PICKING UP WHAT OTHER
7 SCIENTISTS ARE GETTING OR THERE'S A LITTLE
8 INTELLECTUAL STIMULATION THAT'S A LITTLE BIT
9 DIFFERENT FROM BEING ON THE STANDARDS WORKING GROUP.
10 AND I WAS SO IMPRESSED WITH BEING ABLE TO WORK WITH
11 HIM. IT WAS SO HELPFUL FOR US TO HAVE HIS
12 CONTRIBUTION. I DON'T THINK OUR STANDARDS WOULD
13 HAVE BEEN NEAR AS WORKABLE, AS WORKABLE AND FEASIBLE
14 FOR THE SCIENTISTS WHO HAVE HAD TO WORK WITHIN THAT
15 SCHEME.

16 SO VERY GRATEFUL FOR KEVIN FOR HELPING US
17 OUT AND LOOK FORWARD TO CONTINUED CONTRIBUTIONS ON
18 THE GRANTS WORKING GROUP. BUT WE SHOULD ALL BE VERY
19 THANKFUL TO HIM FOR THE STANDARDS WORKING GROUP.

20 MS. LANSING: I SECOND THAT WITH GREAT
21 ENTHUSIASM.

22 CHAIRMAN THOMAS: MOVED AND SECONDED WITH
23 GREAT ENTHUSIASM. ANY FURTHER COMMENT BY MEMBERS OF
24 THE BOARD? COMMENTS BY MEMBERS OF THE PUBLIC?

25 ALL THOSE BOARD MEMBERS IN THE ROOM WHO

BARRISTERS' REPORTING SERVICE

1 APPROVE, PLEASE RAISE YOUR HANDS. OPPOSED? MEMBERS
2 ON THE PHONE?

3 MS. SAMUELSON: YES.

4 DR. FRIEDMAN: YES.

5 CHAIRMAN THOMAS: UNANIMOUSLY AND
6 ENTHUSIASTICALLY APPROVED FOR BOTH.

7 WE HAVE ONE MORE RESOLUTION THAT WE WOULD
8 LIKE TO VOTE ON HERE, ALSO VERY IMPORTANT, FOR DR.
9 FLOYD BLOOM. I'VE ASKED DUANE TO SAY A FEW WORDS.

10 MR. ROTH: YES. I REMEMBER THE DAY I
11 CALLED FLOYD AND ENCOURAGED HIM TO PUT HIS NAME IN
12 CONSIDERATION TO SERVE ON THIS BOARD FOR THE SCRIPPS
13 RESEARCH INSTITUTE, AND HOW PLEASED I WAS WHEN HE
14 IMMEDIATELY SAID HE WOULD INDEED CONSIDER IT AN
15 HONOR TO SERVE.

16 FOR THOSE OF YOU THAT HAVE HAD THE
17 PLEASURE OF KNOWING AND WORKING WITH FLOYD, HE'S NOT
18 ONLY A VERY ACHIEVED SCIENTIST, BUT A PERSON THAT'S
19 DEDICATED SO MUCH OF HIS LIFE TO OTHER CAUSES OF
20 SCIENCE, INCLUDING AS AN EDITOR, INCLUDING IN SO
21 MANY, MANY, MANY DIFFERENT WAYS. HE IS, IN MY
22 OPINION, A LEADER AMONG HIS PEERS.

23 WE'VE WORKED WITH SOME WONDERFUL PEOPLE ON
24 THIS BOARD. WE'VE GOTTEN TO KNOW EACH OTHER. MANY
25 FINE HUMAN BEINGS, MOST OF YOU ANYWAY. LET ME JUST

BARRISTERS' REPORTING SERVICE

1 SAY THAT I DON'T THINK WE'VE WORKED WITH A FINER
2 INDIVIDUAL THAN FLOYD BLOOM. HE WILL BE MISSED.

3 CHAIRMAN THOMAS: SO MOTION TO APPROVE THE
4 RESOLUTION, WHICH, BY THE WAY, IS IN YOUR BOOK. IS
5 THERE A SECOND?

6 DR. PRIETO: SO MOVED.

7 MR. TORRES: SECOND.

8 CHAIRMAN THOMAS: MOVED BY DR. PRIETO,
9 SECONDED BY SENATOR TORRES. ANY FURTHER DISCUSSION?
10 ANY COMMENTS BY MEMBERS OF THE PUBLIC?

11 DR. TROUNSON: JUST LIKE TO RECOGNIZE THAT
12 FLOYD BLOOM WAS REALLY FANTASTIC HELP TO ME AND TO
13 MEMBERS OF STAFF. WHENEVER WE NEEDED SOME ADVICE,
14 SOME GUIDANCE, HE WAS ALWAYS WILLING TO STOP
15 WHATEVER HE WAS DOING AND GIVE US THE TIME. HE'S
16 JUST AN EXTRAORDINARY INDIVIDUAL. AND I THINK IT
17 WAS A REAL PRIVILEGE FOR ME AND MY COLLEAGUES IN
18 MANAGEMENT TO HAVE BEEN ABLE TO WORK WITH FLOYD FOR
19 THE TIME HE WAS ON THE BOARD. AND I'LL ALWAYS
20 CONSIDER HIM A VERY SPECIAL MEMBER AND VERY DEAR
21 FRIEND BECAUSE HE GAVE ME SOME PRETTY IMPORTANT
22 ADVICE FROM TIME TO TIME AND SHOWED THE WAY, WHICH
23 WAS REALLY VERY, VERY HELPFUL.

24 CHAIRMAN THOMAS: THANK YOU, DR. TROUNSON.
25 DR. LORING.

BARRISTERS' REPORTING SERVICE

1 DR. LORING: YES. THIS IS JEAN LORING
2 FROM SCRIPPS. I WISH I HAD A VOTE TOO BECAUSE I
3 WOULD LOVE TO VOTE TO THANK FLOYD FOR WHAT HE'S
4 DONE. HE'S MY COLLEAGUE AT THE SCRIPPS RESEARCH
5 INSTITUTE, AND HE HAS SERVED AS A MENTOR TO ME SINCE
6 I ARRIVED THERE FIVE YEARS AGO. AND I SECOND
7 EVERYTHING THAT ALAN JUST SAID ABOUT WHAT AN AMAZING
8 INDIVIDUAL HE IS AND HOW HELPFUL. AND REALLY HE HAS
9 A REALLY GOOD WORLD VIEW OF SCIENCE THAT I THINK YOU
10 MAY MISS AFTER HE LEAVES. THANK YOU.

11 CHAIRMAN THOMAS: THANK YOU. IT'S BEEN
12 MOVED AND SECONDED TO APPROVE THIS RESOLUTION. ALL
13 THOSE IN THE ROOM WHO APPROVE, PLEASE RAISE YOUR
14 HANDS. OPPOSED? ON THE PHONE?

15 DR. FRIEDMAN: YES.

16 MS. SAMUELSON: YES.

17 CHAIRMAN THOMAS: ANOTHER UNANIMOUS AND
18 HIGHLY ENTHUSIASTIC RESOLUTION APPROVAL. SO THANK
19 YOU, EVERYBODY.

20 BEFORE WE NOW GO, WE HAVE THE VERY
21 COMPLICATED AND DEBATE INSPIRING ITEM NO. 15,
22 APPROVAL OF THE DECEMBER MINUTES. DO I HEAR A
23 MOTION TO APPROVE?

24 MS. LANSING: MOVE APPROVAL.

25 CHAIRMAN THOMAS: SECOND.

BARRISTERS' REPORTING SERVICE

1 ALL THOSE IN FAVOR RAISE YOUR HAND.

2 OPPOSED? PHONE, PLEASE.

3 DR. FRIEDMAN: I WANT TO ABSTAIN ON THIS
4 ONE.

5 CHAIRMAN THOMAS: THANK YOU, MICHAEL. WE
6 APPRECIATE THAT.

7 MR. HARRISON: CHAIR, COULD WE ASK FOR THE
8 SECOND ON THAT MOTION FOR THE RECORD?

9 CHAIRMAN THOMAS: THERE WERE LOTS OF
10 SECONDS. WHO WOULD LIKE TO BE A SECOND? SHERRY.

11 MR. HARRISON: SHE'S THE MAKER.

12 MS. FEIT: SECOND.

13 CHAIRMAN THOMAS: WE'VE ALWAYS KNOWN
14 SHERRY CAN DO IT ALL. MOVED BY SHERRY. SECONDED BY
15 MARCY. OKAY. I THINK EVERYBODY HAS APPROVED. THAT
16 MOTION IS APPROVED AS WELL.

17 SO WE ARE GOING TO PROCEED OVER TO THE
18 FOOD ROOM, FOR LACK OF A BETTER LABEL. MR.
19 HARRISON, DO YOU HAVE A COMMENT TO MAKE BEFORE WE
20 GO?

21 MR. HARRISON: FOR THE RECORD, THE BOARD
22 WILL BE CONVENING IN CLOSED SESSION TO DISCUSS
23 CONFIDENTIAL AND PROPRIETARY INFORMATION RELATING TO
24 THE RESEARCH LEADERSHIP AWARD APPLICATION PURSUANT
25 TO HEALTH AND SAFETY CODE SECTION 125290.30(F)(3)(B)

BARRISTERS' REPORTING SERVICE

1 AND (C).

2 DR. STEWARD: IN THE INTEREST OF TIME, CAN
3 WE STAY HERE AND ASK THE PUBLIC TO LEAVE?

4 CHAIRMAN THOMAS: WE CAN, YES. WE CAN DO
5 THAT.

6 DR. STEWARD: SORRY, PUBLIC. I APOLOGIZE.

7 CHAIRMAN THOMAS: THAT'S A GOOD IDEA
8 BECAUSE OTHERWISE WE'LL END UP WITH BREAKS AND
9 EVERYTHING ELSE. IN THE INTEREST OF MOVING THIS
10 ALONG.

11 DR. PARSONS: IS THERE PUBLIC COMMENTS
12 AFTER YOUR CLOSED SESSION?

13 CHAIRMAN THOMAS: THERE IS A PUBLIC
14 COMMENT, YES.

15 DR. PARSONS: I CAN WAIT.

16 CHAIRMAN THOMAS: IN THE INTEREST OF YOU
17 NOT HAVING TO WAIT AROUND, IF YOU'D LIKE TO MAKE A
18 PUBLIC COMMENT RIGHT NOW.

19 DR. PARSONS: THAT WOULD BE GREAT.

20 CHAIRMAN THOMAS: YOU HAVE THREE MINUTES,
21 BY THE WAY.

22 DR. PARSONS: I CAME HERE TRY TO BRING
23 BOARD'S ATTENTION TO FUND HUMAN EMBRYONIC STEM CELL
24 RESEARCH AND LEADERS IN CALIFORNIA. CIRM WAS
25 CREATED BY PROPOSITION 71, WHICH IS SUPPOSED TO FUND

BARRISTERS' REPORTING SERVICE

1 HUMAN EMBRYONIC STEM CELL RESEARCH, AND HUMAN ES
2 CELL IS THE MOST POTENTIAL CELLS. NOBODY CAN BE
3 CURED BY DROSOPHILA OR MESENCHYMAL STEM CELLS, BUT
4 THE TOTAL FUNDING STATISTICS FOR HUMAN ES CELL FROM
5 CIRM FUNDING IS VERY, VERY LOW, ESPECIALLY DISEASE
6 TEAM. YOU UNDERSTAND THERE WAS VERY, VERY FEW
7 DISEASE TEAM ACTUALLY TRY TO BRING HUMAN ES CELL
8 THERAPY TO CLINICS.

9 WE ACTUALLY HAVE DEVELOPED GROUNDBREAKING
10 TECHNIQUES TO TURN HUMAN ES CELLS INTO NEURONS AND
11 HEART MUSCLES FOR CELL THERAPY DEVELOPMENT, CRITICAL
12 TO BRING CURE TO MANY INCURABLE DISEASE. ACTUALLY
13 WE ARE THE LEADERS IN HUMAN ES CELL RESEARCH, DOING
14 EXACTLY WHAT CALIFORNIA'S STEM CELL RESEARCH AND
15 CURE BOND ACT SUPPOSED TO DO. SUPPOSED TO BE
16 PRIORITIZED BY CIRM, BUT SO FAR WE HAVE NOT BEEN
17 ABLE TO GET ANY SUPPORT FUNDING FROM CIRM.

18 SO WE HAVE QUESTIONS AND SUGGESTIONS I
19 HOPE THE BOARD WILL CONSIDER. FIRST, I HAVE SOME
20 QUESTIONS REGARDING CIRM'S STEM CELL RESEARCH AND
21 LEADERSHIP AWARDS.

22 THE QUESTION NO. 1 IS WHY IS THE REASON
23 CIRM ACTUALLY EXCLUDE STEM CELL SCIENTISTS IN
24 CALIFORNIA FROM THE LEADERSHIP AWARDS? ONLY
25 SCIENTISTS OUTSIDE OF STATE IS ELIGIBLE. THIS BOND

BARRISTERS' REPORTING SERVICE

1 IS IN CALIFORNIA.

2 SECOND IS PROPOSITION 71 ACTUALLY REQUIRES
3 THE PI HAVE A DEMONSTRATED RECORD OF ACHIEVEMENT IN
4 THE AREA OF PLURIPOTENT STEM, PROGENITOR CELL
5 BIOLOGY AND MEDICINE. WHY CIRM GAVE THE LEADERSHIP
6 AWARD TO A SCIENTIST THAT DON'T HAVE ANY STEM CELL
7 RESEARCH EXPERIENCE? IT WOULD BE MUCH HELPFUL IF
8 CIRM LIST THEIR ACHIEVEMENTS OF THOSE LEADERS IN
9 STEM CELL RESEARCH AND WHAT KIND OF THERAPY THEY
10 DERIVE, WHAT KIND OF GROUNDBREAKING RESEARCH THEY
11 DID AND CONTRIBUTE TO THE STEM CELL RESEARCH SO WE
12 CAN UNDERSTAND MORE WHY THEY DESERVE THE LEADERSHIP
13 AWARD.

14 THE SECOND QUESTION IS REGARDING CIRM
15 PREAPPLICATION. WE THINK MIGHT BE NEED MORE
16 TRANSPARENCY REGARDING TO WHY OUR GRANT FOR A
17 CUTTING-EDGE TECHNIQUE TO TURN HUMAN ES CELL INTO
18 HEART MUSCLES. SO FAR THERE'S NOT THERAPY FOR HEART
19 DISEASE. WE UNDERSTAND THERE'S NO STILL IN OUR
20 COUNTRY BECOME HEART MUSCLE CELLS. ENDOGENOUS CELL
21 ACTUALLY CAN HELP HEART MUSCLE THROUGH THEM DYING,
22 BUT THEY CANNOT TURN INTO MUSCLE CELLS. SO THE
23 TECHNOLOGY IS VERY, VERY NEW. WE ARE INTERESTED AND
24 THE POTENTIAL IS GREAT, BUT OUR PREAPPLICATION WAS
25 TURNED DOWN BY CIRM FOR THE REASON WHICH I THOUGHT

BARRISTERS' REPORTING SERVICE

1 WAS KIND OF VERY, VERY RIDICULOUS.

2 ONE REASON SAYS THE PI HAS NO DRUG
3 DEVELOPMENT EXPERIENCE. WE UNDERSTAND CIRM IS FOR
4 STEM CELL THERAPY, NOT FOR DRUG DEVELOPMENT COMPANY.
5 AND I HAVE VERY, VERY GOOD STEM CELL EXPERIENCE, NOT
6 SO THE THERAPY PRODUCTS. AND ALSO SAY WE HAVE NOT
7 ADDRESSED IMMUNOGENICITY. WE ALSO UNDERSTAND HUMAN
8 ES CELL IS MUCH IMMUNOGENIC AS ANY ADULT CELL OR
9 STEM CELLS. SO IT'S NOT A MAJOR ISSUE FOR US TO
10 ADDRESS, BESIDES THE APPLICATION HAS NO -- DID NOT
11 SPECIFY HOW TO ADDRESS THAT.

12 CHAIRMAN THOMAS: COULD YOU PLEASE WRAP
13 THIS UP, PLEASE?

14 DR. PARSONS: SO IT'S OUR UNDERSTANDING
15 THAT IT'S CIRM JOB TO ENSURE CALIFORNIA'S POTENTIAL
16 STEM CELL RESEARCH AND THERAPY DEVELOPMENT TO BE
17 FUNDED TO BE ABLE TO PROVIDE A CURE TO THOSE
18 PATIENTS CIRM REALLY CARED. SO WE HOPE CIRM CAN
19 MAKE THE PREAPPLICATION PROCESS IS MORE TRANSPARENT
20 AND PROCEDURES SUCH LIKE NEED APPLICANT TO HAVE A
21 FORMAL APPEAL OR PETITION FOR THE PREAPPLICATION FOR
22 THOSE PROPOSAL WHICH IS VERY, VERY CRITICAL TO
23 CIRM'S MISSION.

24 THE THIRD IS WE ACTUALLY ALSO DEVELOP
25 GROUNDBREAKING TECHNIQUE TO TURN HUMAN ES INTO

BARRISTERS' REPORTING SERVICE

1 NEURONS FOR SPINAL CORD INJURE. OUR PROPOSAL IS
2 MUCH BETTER THAN GERON'S PROPOSAL. I'M SURE -- WE
3 ACTUALLY ARE CURED AND THE CHRONIC PATIENT WHICH IS
4 MUCH BROADER POPULATION, THE MECHANISMS IS FOR NERVE
5 REGENERATION, NOT JUST HELP GROW. BUT OUR PROPOSAL
6 WHICH FOR SOME REASON HAVE NOT BEEN CONSIDERED
7 NORMALLY BY NORMAL PROCEDURE, BUT BY THE CIRM, AND
8 ALSO REQUIRES THE PRESIDENTIAL EXCEPTION TWICE.

9 SO I HOPE CIRM -- ACTUALLY I HAVE MAKE
10 THIS SHORT -- CONSIDER OUR EXCEPTION, CONSIDER HOW
11 CRITICAL THIS PROPOSAL TO CIRM'S MISSION AND TO ALL
12 THOSE PATIENTS FOR SPINAL CORD INJURED. THEY NEED
13 THOSE KIND OF THERAPY.

14 FOR MORE QUESTIONS YOU CAN GO TO
15 WWW.SDRMI.ORG TO FIND MORE INFORMATION. WE HAVE
16 STARTED A STEM CELL FORUM, STEM CELL RESEARCH BLOGS,
17 SO THERE IS DISCUSSIONS, AND YOU CAN PUT YOUR
18 OPINION THERE. THANK YOU FOR YOUR PATIENCE.

19 MR. TORRES: CAN WE GET A COPY OF HER
20 REMARKS?

21 CHAIRMAN THOMAS: THANK YOU VERY MUCH FOR
22 YOUR COMMENTS. I WOULD DIRECT YOU TO TALK TO DR.
23 FEIGAL OFFLINE HERE IF YOU WOULD LIKE AT THE
24 CONCLUSION OF THIS MEETING OR SOME POINT DOWN THE
25 LINE. THANK YOU.

BARRISTERS' REPORTING SERVICE

1 OKAY. WE WILL NOW ADJOURN INTO CLOSED
2 SESSION. WE'RE GOING TO STAY HERE. SO FOR THOSE
3 THAT SHOULD NOT BE IN CLOSED SESSION, IF YOU COULD
4 STEP OUT FOR A FEW MOMENTS. THANK YOU.

5 (THE BOARD THEN MET IN CLOSED
6 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. AT
7 THE CONCLUSION OF THE CLOSED SESSION, THE BOARD WAS
8 THEN HEARD AS FOLLOWS:)

9 MR. TORRES: MR. CHAIRMAN, I MOVE TO
10 REMOVE THE ITEM FROM THE TABLE.

11 CHAIRMAN THOMAS: IT'S BEEN MOVED AND
12 SECONDED WE REMOVE THE ITEM FROM THE TABLE. ALL
13 THOSE IN FAVOR PLEASE RAISE YOUR HANDS. THOSE ON --
14 ALL THOSE OPPOSED? NO OPPOSED. ON THE PHONE,
15 PLEASE.

16 WE LOSE OUR --

17 CHAIRMAN THOMAS: JOAN AND MICHAEL, ARE
18 YOU STILL ON?

19 MR. HARRISON: DR. PIZZO CAN BE INVITED
20 BACK INTO THE ROOM, BUT HE'S ELECTED TO ABSTAIN FROM
21 PARTICIPATION IN THIS MOTION. HE DOES NOT HAVE A
22 CONFLICT. HE'S ELECTED TO ABSTAIN.

23 CHAIRMAN THOMAS: OKAY. SO THE MOTION IS
24 BACK ON THE TABLE. SO DO WE HEAR A MOTION TO
25 APPROVE THE AWARD?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: THERE IS SUCH A MOTION ON
2 THE TABLE.

3 CHAIRMAN THOMAS: THANK YOU FOR
4 CLARIFYING. IS THERE ANY FURTHER DISCUSSION ON THE
5 MOTION? WE MAY NEED A ROLL CALL VOTE ON THIS,
6 MARIA, SINCE WE'VE GOT SOME DIFFERENCE OF OPINION
7 HERE. MR. HARRISON, CAN YOU RESTATE THE MOTION,
8 PLEASE?

9 MR. HARRISON: YES. THE MOTION WAS TO
10 APPROVE THE RESEARCH LEADERSHIP AWARD APPLICATION
11 THAT'S PENDING BEFORE THE BOARD.

12 CHAIRMAN THOMAS: MARIA, CAN YOU CALL THE
13 ROLL ON THIS, PLEASE?

14 MS. BONNEVILLE: ROBERT PRICE.

15 DR. PRICE: NO.

16 MS. BONNEVILLE: GARY FIRESTEIN. SUE
17 BRYANT.

18 DR. BRYANT: NO.

19 MS. BONNEVILLE: MARCY FEIT.

20 MS. FEIT: NO.

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

23 MS. GIBBONS: NO.

24 MS. BONNEVILLE: MICHAEL GOLDBERG.

25 MR. GOLDBERG: NO.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: SAM HAWGOOD.
2 DR. HAWGOOD: NO.
3 MS. BONNEVILLE: STEVE JUELSGAARD.
4 MR. JUELSGAARD: NO.
5 MS. BONNEVILLE: SHERRY LANSING.
6 MS. LANSING: ABSTAIN.
7 MS. BONNEVILLE: TED LOVE. BERT LUBIN.
8 SHLOMO MELMED.
9 DR. MELMED: NO.
10 MS. BONNEVILLE: PHIL PIZZO. CLAIRE
11 POMEROY.
12 DR. POMEROY: NO.
13 MS. BONNEVILLE: FRANCISCO PRIETO.
14 DR. PRIETO: NO.
15 MS. BONNEVILLE: ELIZABETH FINI.
16 DR. FINI: NO.
17 MS. BONNEVILLE: ROBERT QUINT. DUANE
18 ROTH.
19 MR. ROTH: YES.
20 MS. BONNEVILLE: JOAN SAMUELSON. DAVID
21 SERRANO-SEWELL. JEFF SHEEHY.
22 MR. SHEEHY: NO.
23 MS. BONNEVILLE: JONATHAN SHESTACK. OS
24 STEWARD.
25 DR. STEWARD: NO.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: JONATHAN THOMAS.
2 CHAIRMAN THOMAS: NO.
3 MS. BONNEVILLE: ART TORRES.
4 MR. TORRES: NO.
5 MS. BONNEVILLE: KRISTINA VUORI.
6 DR. VUORI: YES.
7 MS. BONNEVILLE: JAMES ECONOMOU.
8 DR. ECONOMOU: NO.
9 CHAIRMAN THOMAS: THE MOTION IS DEFEATED.
10 DO WE HAVE ANY FURTHER PUBLIC COMMENT ON
11 ANY OTHER MATTERS? HEARING NONE, I BELIEVE WE ARE
12 THROUGH OUR AGENDA. DO I HEAR A MOTION TO ADJOURN?
13 MS. LANSING: I MOVE THE MOTION TO
14 ADJOURN.
15 DR. JUELSGAARD: SECOND.
16 CHAIRMAN THOMAS: ALL THOSE IN FAVOR --
17 NO. NO. NO. SORRY. JUST KIDDING. FORGOT.
18 SORRY. THOSE WHO HAVE TO GO ARE FREE TO GO NOW. WE
19 HAVE ONE OTHER ITEM WHICH WE SKIPPED OVER WE DO NEED
20 TO ADDRESS -- CLAIRE, I THINK YOU'RE STILL LOOKING
21 GOOD -- WHICH IS THE TRANSITION PLAN.
22 SO LET ME JUST SET THE TABLE ON THIS. AS
23 YOU RECALL, SB 1064 MANDATED THAT WE DEVELOP A
24 TRANSITION PLAN CONTEMPLATING WHAT WE WOULD DO WITH
25 THE EXPIRATION OF FUNDING. THAT PLAN NEEDS TO BE

BARRISTERS' REPORTING SERVICE

1 FINALIZED BY THE END OF THIS MONTH AND TRANSMITTED
2 TO THE LEGISLATURE NO LATER THAN 30 DAYS FOLLOWING
3 THAT PERIOD.

4 TELEPHONE OPERATOR: THIS IS THE OPERATOR.
5 I'M LETTING YOU KNOW THAT JOAN SAMUELSON IS
6 REJOINING.

7 CHAIRMAN THOMAS: THANK YOU, OPERATOR.

8 AS YOU HEARD FROM EARLIER PRESENTATIONS
9 WITH RESPECT TO OUR CURRENT FUNDING STATUS OF THE \$3
10 BILLION THAT WAS AUTHORIZED BY PROP 71, WE HAVE SO
11 FAR COMMITTED ABOUT A BILLION THREE. WITH THE RFA'S
12 THAT ARE OUTSTANDING AND THE AMOUNTS THAT WILL BE
13 AWARDED, WE BELIEVE WITH RESPECT TO ALL OF THOSE
14 WE'LL BE ABOUT A BILLION EIGHT, PAT; IS THAT
15 CORRECT?

16 DR. OLSON: OUTSTANDING, ABOUT A BILLION
17 FIVE.

18 CHAIRMAN THOMAS: AFTER THE UPCOMING
19 AWARDS, WE'LL BE ABOUT A BILLION EIGHT APPROXIMATELY
20 COMMITTED AND/OR APPROVED. SO WE HAVE ROUGHLY A
21 BILLION OR SO, 900 MILLION OR A BILLION OR SO STILL
22 TO BE AWARDED, AND THAT IS THE CENTRAL FOCUS OF THE
23 TRANSITION PLAN.

24 DUANE, I THINK, ELOQUENTLY NOTED THAT WE
25 WANT TO BE IN A POSITION WHERE THE PROJECTS WE HAVE

BARRISTERS' REPORTING SERVICE

1 FUNDED ARE FAR ENOUGH ALONG THAT WE HAVE ENTICED
2 INDUSTRY, WHETHER PHARMA OR BIOTECH OR VENTURE
3 CAPITAL, TO STEP INTO THE BREACH TO FUND PROJECTS
4 GOING FORWARD AT SUCH TIME AS CIRM MAY BE FINISHED
5 WITH ITS WORK. AND WE BELIEVE THAT IF WE ARE ABLE
6 TO DO THAT, AT AN ABSOLUTE MINIMUM, THAT WILL HAVE
7 BEEN A HUGE SUCCESS FOR THE INSTITUTE TO HAVE BEEN
8 ABLE TO HAVE TEED UP MANY VERY PROMISING PROJECTS TO
9 BE CARRIED ON BY OTHERS.

10 AT THIS TIME, AS WE'VE SAID, WE ARE
11 CONSIDERING FUNDING OPTIONS ON THE ISSUE OF
12 SUSTAINABILITY OF THE INSTITUTE. THOSE ARE BEING
13 CONTEMPLATED AT THIS POINT. WE'VE MADE NO DECISION
14 ON THE QUESTION OF WHETHER OR NOT TO GO FORWARD WITH
15 A SUBSEQUENT BOND MEASURE. WE SAY THAT NOW BECAUSE
16 THE TIMING IS PREMATURE. THAT'S AN ISSUE THAT IS
17 LEFT FOR DECISION FURTHER DOWN THE ROAD.

18 SO I WOULD ASK THAT WE NOT GET INTO ANY
19 DISCUSSION ON THAT PARTICULAR TOPIC AT THIS MEETING.

20 TELEPHONE OPERATOR: EXCUSE THE
21 INTERRUPTION. MICHAEL FRIEDMAN REJOINING THE
22 CONFERENCE.

23 CHAIRMAN THOMAS: THANK YOU.

24 WE'RE THINKING OF A NUMBER OF OTHER
25 OPTIONS THAT ARE IN THE MIDST OF DEVELOPMENT AT THIS

BARRISTERS' REPORTING SERVICE

1 POINT WHICH WE PLAN TO COME BACK TO THE BOARD ON
2 DOWN THE ROAD WHEN THOSE NOTIONS ARE FULLY BAKED AND
3 READY FOR PRESENTATION.

4 SO THE OBJECT OF THIS PARTICULAR
5 DISCUSSION IS TO TAKE A LOOK AT WHERE WE ARE,
6 UNDERSTAND WE DO HAVE A LOT OF BOND FUNDS TO GO.
7 THOSE BOND FUNDS WILL BE THE OBJECT WITH THE GOOD
8 GRACES OF THE DEPARTMENT OF FINANCE AND THE STATE
9 TREASURER'S OFFICE OF FUTURE BOND ISSUES THAT WILL
10 PROVIDE US WITH OUR FUNDING. AND OUR TASK AT THE
11 MOMENT IS TO ASSUME FOR THE SAKE OF ARGUMENT THAT
12 THAT IS THE SUM TOTAL OF FUNDING WE'LL HAVE
13 AVAILABLE AND, GIVEN THAT, WHAT WE WILL DO TO
14 TRANSITION DOWN THE ROAD.

15 I'LL JUST NOTE ONE LAST PRELIMINARY
16 STATEMENT IS OBVIOUSLY THIS IS JANUARY 2012. WE
17 ANTICIPATE HAVING FUNDS TO COMMIT FOR ANOTHER FOUR
18 TO FIVE YEARS, MANY OF WHICH WILL BE MULTIYEAR
19 AWARDS TO TAKE US TO ROUGHLY 2020 BEFORE THE FUNDING
20 WE HAVE ACTUALLY EXPIRES. SO IT IS A LITTLE
21 DIFFICULT GIVEN THAT TO ARTICULATE ANY SORT OF
22 DEFINITIVE TRANSITION PLAN AS WE SIT HERE TODAY.
23 BUT WE'RE CHARGED TO DEVELOP WHAT WE COULD AT THIS
24 POINT PRUDENTLY, AND WE BELIEVE WE HAVE DONE SO.

25 SO WITH THAT, LET ME TURN IT OVER -- THIS

BARRISTERS' REPORTING SERVICE

1 IS NOT SOMETHING THAT REQUIRES ANY VOTE. THIS IS
2 SORT OF FOR POINT OF INFORMATION. LET ME TURN IT
3 OVER NOW TO MATT WHO WILL DO A BRIEF PRESENTATION ON
4 THIS TOPIC.

5 DR. PLUNKETT: GOOD AFTERNOON. SO I'VE
6 BROKEN THIS PRESENTATION INTO THREE PARTS. THIS IS
7 THE SAME AS WHAT WAS IN THE BOARD BINDERS, BOARD
8 MATERIALS WHICH YOU HAVE PREVIOUSLY RECEIVED. THE
9 THREE PARTS ARE JUST TO REMIND EVERYBODY OF THE
10 RELEVANT TEXT OF SB 1064, TO TALK ABOUT THE
11 OVERARCHING GOAL OF PUTTING TOGETHER A TRANSITION
12 PLAN, AND TO FOCUS THEREAFTER ON SEVEN
13 TRANSITION-DIRECTED ACTIVITIES AT THE INSTITUTE.

14 I HOPE AND EXPECT THAT THERE WILL BE SOME
15 FULSOME DISCUSSION AFTER EACH OF THOSE POINTS, AND I
16 WILL PAUSE AFTER EACH SECTION TO GET SOME INPUT FROM
17 THE ICOC.

18 ONE COMMON THREAD, THOUGH, THAT I DO WANT
19 TO EMPHASIZE HERE IS THAT I REALLY DO HOPE THAT ALL
20 OF US ARE GOING TO BE FOCUSED ON THIS CONCEPT OF
21 CLINICAL PROOF OF CONCEPT. AS DR. POMEROY POINTED
22 OUT SO CORRECTLY EARLIER THIS MORNING, SHOULD WE
23 ACHIEVE SOMETHING THAT IS MEANINGFUL TO PATIENTS, I
24 STRONGLY BELIEVE PERSONALLY, THIS ISN'T A BELIEF OF
25 THE AGENCY, BUT I PERSONALLY BELIEVE THAT OUR

BARRISTERS' REPORTING SERVICE

1 FUNDING QUESTION WILL TAKE CARE OF ITSELF THROUGH A
2 VARIETY OF DIFFERENT SOURCES. HOWEVER, HOPE IS NOT
3 A STRATEGY. AND, THEREFORE, WE PUT TOGETHER THIS
4 TRANSITION PLAN HERE.

5 SO THE RELEVANT TEXT OF SB 1064 IS ON THIS
6 PAGE. UNDER THE GUIDANCE OF THE ICOC, THE INSTITUTE
7 SHALL CREATE A TRANSITION PLAN ADDRESSING THE
8 EXPIRATION OF CURRENT BOND FUNDING. AND REALLY, AS
9 I UNDERSTAND IT, THE DRIVER FOR THIS IN THE TEXT OF
10 THE LAW IS WE'RE FUNDING SEVERAL HUNDRED MILLION
11 DOLLARS A YEAR OF BASIC AND CLINICAL RESEARCH IN THE
12 STATE OF CALIFORNIA. THE GOAL IS TO HAVE, WHEN THAT
13 FUNDING ENDS, THE GOAL IS NOT TO HAVE ALL OF THE
14 SCIENTISTS AND RESEARCH INSTITUTES AND UNIVERSITIES
15 AND COMPANIES ALL OF A SUDDEN BE HIGH AND DRY ON THE
16 BEACH. IT'S TO REALLY PLAN AHEAD FOR A POTENTIAL
17 HIATUS OF THAT FUNDING AND THEREBY HAVE THE
18 OPPORTUNITY FOR THE GOOD WORK THAT WE'RE DOING HERE
19 TO BE CONTINUED IN THE FUTURE.

20 SO AS A GOAL FOR THE TRANSITION PLAN, WHAT
21 WE PUT TOGETHER IS TO ESTABLISH A PLATFORM TO ENABLE
22 GRANTEES, INDUSTRY, OTHER GOVERNMENT AGENCIES,
23 DISEASE FOUNDATIONS, VENTURE CAPITAL, AND OTHERS TO
24 CONTINUE TO PURSUE CIRM'S MISSION UPON THE
25 EXPIRATION OF CIRM'S BOND FUNDING. AS J.T.

BARRISTERS' REPORTING SERVICE

1 MENTIONED, THAT'S NOT UNTIL THE 2020 OR 2021 TIME
2 FRAME.

3 SO THERE'S SOME MORE TEXT DOWN HERE BELOW
4 THAT GOES INTO MORE DETAIL. I WON'T READ THROUGH
5 THAT, BUT I'LL JUST TAKE THE OPPORTUNITY RIGHT NOW
6 TO JUST PAUSE AND ASK FOR DISCUSSION OR INPUT FROM
7 THE BOARD ON THE OVERARCHING GOAL OF OUR TRANSITION
8 PLAN HERE.

9 MS. GIBBONS: YOU WERE WRONG ABOUT THAT
10 ROBUST DISCUSSION.

11 CHAIRMAN THOMAS: I THINK THE ISSUE IS
12 DUANE WAS SO EXCEPTIONALLY ARTICULATE ON THIS POINT,
13 THAT IT DOESN'T MERIT ANY FURTHER DISCUSSION.

14 DR. PLUNKETT: I'M SURPRISED. AND THEN
15 THERE ARE SEVEN POINTS JUST BROKEN ACROSS TWO
16 DIFFERENT PAGES. THERE'S REALLY NO ORDERING
17 WHATSOEVER HERE, SO PLEASE DON'T TAKE THE ORDER OF
18 THESE POINTS IN ANY WAY AS TO THEIR SIGNIFICANCE OR
19 NOT. BUT THE FIRST POINT IS TO FACILITATE THE
20 CREATION OF ALPHA STEM CELL CLINICS. THIS IS
21 SOMETHING WHICH ALAN HAS TALKED ABOUT A NUMBER OF
22 POINTS IN THE PAST. THIS IS SOMETHING WHICH WOULD
23 ALLOW THE DELIVERY OF STEM CELL-BASED THERAPIES TO
24 PATIENTS. AND IT'S A MODEL THAT WE COULD
25 POTENTIALLY SPREAD BOTH ACROSS THE COUNTRY AND

BARRISTERS' REPORTING SERVICE

1 INTERNATIONALLY.

2 THE SECOND POINT IS TO CONTINUE TO PURSUE
3 AND STRENGTHEN JOINT FUNDING EFFORTS WITH THE \$100
4 MILLION IN COMMITTED CAPITAL FROM STATE AND
5 INTERNATIONAL PARTNERS SO FAR, TREMENDOUS POTENTIAL
6 FROM THE RECENTLY SIGNED COLLABORATIVE AGREEMENT
7 WITH THE NIH. ONE OF THE THINGS WE'LL BE FOCUSING
8 ON IN 2012 IS TO GET GREATER INVOLVEMENT WITH
9 DISEASE FOUNDATIONS, INDUSTRY, AND VENTURE
10 CAPITALISTS IN CIRM-FUNDED STEM CELL RESEARCH IN
11 CALIFORNIA AND, THEREBY, PROVIDE AN OPPORTUNITY FOR
12 FOLLOW-ON FUNDING SUCH THAT -- I THINK JEFF HAD THE
13 POINT -- WHERE IF WE HAVE SOME VERY PROMISING CANCER
14 STEM CELL THERAPIES, THEY'LL GET PICKED UP EARLIER
15 INSTEAD OF LATER. AND OUR HOPE AND GOAL IS TO
16 REALLY GET THE WHOLE PORTFOLIO PROGRAMS TO SUCH A
17 POINT THAT ADDITIONAL FUNDING CAN COME EARLIER AND
18 EARLIER IN THE PROCESS.

19 THIRD POINT ON THE TRANSITION PLAN IS TO
20 WORK TO BRING NEW BIOTECHNOLOGY COMPANIES TO
21 CALIFORNIA, CONTINUE TO FOCUS ON STEM CELL CLUSTERS
22 TO CREATE COLLABORATIONS WITH CALIFORNIA
23 RESEARCHERS, AND TO PROVIDE A VEHICLE TO TRANSLATE
24 THESE STEM CELL DISCOVERIES INTO CLINICAL
25 APPLICATIONS.

BARRISTERS' REPORTING SERVICE

1 I'LL JUST MOVE ON TO THE SECOND PAGE OF
2 FOUR AND THEN OPEN IT UP AGAIN FOR DISCUSSION.
3 ANOTHER THING THAT WE'LL BE FOCUSING ON THIS YEAR IS
4 SOME PRELIMINARY EXPLORATION AROUND THE CREATION OF
5 A NONPROFIT VENTURE PHILANTHROPY FUND TO PROVIDE
6 FUNDING FOR STEM CELL RESEARCH PROJECTS FROM
7 IND-ENABLING STUDIES THROUGH PHASE II CLINICAL
8 TRIALS.

9 WE'VE ALREADY TALKED ABOUT THE CREATION OF
10 AN IPSC BANK, AND THAT'S BEEN APPROVED IN CONCEPT
11 RFA FORM BY THE BOARD. THIS IS A RESOURCE WHICH
12 WILL BE AVAILABLE TO RESEARCHERS THROUGHOUT THE
13 STATE FOR MANY YEARS TO COME.

14 WE WILL LOOK TO PROVIDE REGULATORY AND
15 PRODUCT DEVELOPMENT GUIDANCE TO OUR GRANTEES. THIS
16 IS ONE THING THAT I THINK WHERE WE CAN ACTUALLY HAVE
17 ONE OF THE BROADER IMPACTS THAT'S NOT TIED TO A
18 SPECIFIC PROGRAM, BUT THE WHOLE REGULATORY QUESTION
19 IS SOMETHING THAT WE ALL KNOW. TO MICHAEL'S POINT
20 EARLIER IN THE DAY, UNCERTAINTY IS BAD WHEN YOU'RE
21 INVESTING. SO TO TRY AND GET SOME MORE GUIDANCE
22 HERE AND HARMONY WILL BE OF GREAT BENEFIT.

23 AND THEN FINALLY, TO SUPPORT EFFORTS BY
24 GRANTEES TO PROTECT THE CIRM-FUNDED IP IN ORDER TO
25 PROTECT THE INVESTMENT OF THE STATE OF CALIFORNIA AS

BARRISTERS' REPORTING SERVICE

1 WELL AS PROVIDE THE OPPORTUNITY FOR
2 COMMERCIALIZATION OF CIRM-FUNDED THERAPIES.

3 SO I GUESS I'LL END THIS WITH A QUESTION.
4 IT'S ALWAYS HARDEST WHEN COMING UP WITH LISTS LIKE
5 THIS TO ASK WHAT'S MISSING AS OPPOSED TO TALKING
6 ABOUT WHAT'S THERE. I'LL FIRST ASK IF THERE'S
7 ANYTHING MISSING, AND THEN WE CAN MAYBE GO ON AND
8 TALK ABOUT THE THINGS WHICH ARE ALREADY ON THE PAGE
9 AS WELL.

10 DR. STEWARD: IT'S NOT ABOUT WHAT'S
11 MISSING. IT SEEMS TO ME THAT THERE'S SORT OF TWO
12 SETS OF ACTIVITIES HERE. I GUESS I WOULD ENCOURAGE
13 YOU TO THINK ABOUT THE DIFFERENCE BETWEEN THE TWO.

14 IN THINKING ABOUT THIS TRANSITION PLAN,
15 YOU SAID IT VERY WELL, YOU DON'T WANT TO LEAVE
16 INSTITUTIONS AND INVESTIGATORS IN THIS WHOLE
17 ENTERPRISE HIGH AND DRY. THAT'S ONE SET OF THINGS,
18 MAKING SURE THAT THINGS GO FORWARD AND FINISH AND SO
19 FORTH AND THERE BE PROPER REGULATORY CONTINUATION
20 AND SO FORTH.

21 BUT THERE'S ANOTHER SET OF THINGS IN HERE,
22 AND ACTUALLY THE FIRST BULLET HERE IS AN EXAMPLE OF
23 THAT, WHICH IS SOMETHING NEW. SOMETHING THAT GOES
24 IN A SENSE BEYOND THE THINGS THAT WE'VE ALREADY
25 TALKED ABOUT AS IN THE STRATEGIC PLAN. AND IT'S NOT

BARRISTERS' REPORTING SERVICE

1 THAT I AM OPPOSED TO THAT, BUT IT'S A DIFFERENT TYPE
2 OF THING THAN THE REALLY CONTINUATION AND PROTECTION
3 THINGS.

4 THE OTHER ONE LIKE THAT IS THE SECOND --
5 I'M JUST SORT OF SCORING THESE, THE SECOND BULLET ON
6 THE SECOND PAGE. SO THAT'S CREATING SOMETHING, AN
7 IPSC CELL BANK. THAT MAY BE VERY LAUDABLE. I'M NOT
8 ARGUING THE MERIT OF THAT, BUT, AGAIN, IT'S
9 SOMETHING THAT IT'S DIFFERENT THAN THIS SORT OF
10 LET'S PROTECT THE ENTERPRISE KIND OF THING GOING
11 FORWARD. SO I WOULD JUST ENCOURAGE SOME SEPARATION
12 THERE IN THOSE TWO KINDS OF ACTIVITIES.

13 DR. PLUNKETT: THANK YOU.

14 CHAIRMAN THOMAS: OTHER COMMENTS?

15 MS. SAMUELSON: THIS, I GUESS, IS
16 SOMETHING NEW. I THINK WE NEED TO, AS A FIRST ORDER
17 OF BUSINESS, RENAME THIS ENDEAVOR. TRANSITION
18 SOUNDS LIKE WINDING DOWN. AND WE CERTAINLY WOULDN'T
19 WANT TO CONVEY THAT IMPRESSION TO THE PEOPLE OF
20 CALIFORNIA WHO SAID WE COULD HAVE THIS MONEY IF WE
21 DRIVE UNCEASINGLY FOR CURES. OF COURSE, THAT'S WHAT
22 WE'RE DOING, AND WE WOULD WANT THIS PIECE TO CONVEY
23 THAT AS WELL. I'M NOT SURE WHAT THAT NAME IS, BUT I
24 THINK IT NEEDS TO BE DIFFERENT.

25 DR. PLUNKETT: JOAN, I THINK WE SIMPLY

BARRISTERS' REPORTING SERVICE

1 TOOK THE NAME OF THIS FROM THE LANGUAGE OF 1064.

2 MS. SAMUELSON: I KNOW. I KNOW. IT'S
3 TAKING ON A LIFE OF ITS OWN IS MY SENSE, AND WE
4 CERTAINLY WOULDN'T WANT IT TO BE MISINTERPRETED.

5 DR. PLUNKETT: LET ME SEE IF I CAN COME UP
6 WITH SOMETHING.

7 MS. SAMUELSON: AT LEAST AT OUR END OF IT.
8 WE CAN'T DO ANYTHING ABOUT THE LEGISLATURE. THANK
9 YOU.

10 DR. STEWARD: ACTUALLY JUST IN RESPONSE TO
11 THAT, JOAN, I THINK WE ALMOST HAVE TO KEEP THE NAME
12 TO BE RESPONSIVE TO THE BILL. WE CAN THINK ABOUT IT
13 IN WHATEVER WAY, BUT WE'RE GOING TO NEED TO PRODUCE
14 SOMETHING THAT WILL MEET THIS REQUIREMENT.

15 MS. SAMUELSON: ENTIRELY I AGREE. WE NEED
16 TO BE RESPONSIVE TO THEM, BUT I THINK WE NEED TO
17 LOOK AT LANGUAGE BECAUSE IT ALWAYS MATTERS.

18 MR. ROTH: VERY QUICKLY. MY RECOLLECTION,
19 AND, ART CORRECT ME OR, JAMES, IF I'M WRONG. IN
20 THESE DISCUSSIONS ON 1064 WITH THE LEGISLATORS, I
21 THINK WHAT THEY'RE ASKING US TO DO IS TO THINK AHEAD
22 THAT THE MONEY IS GOING TO RUN OUT. YOU HAVE TO --
23 WHEN THE BOND FUNDING IS THROUGH, WE DON'T WANT TO
24 BE LEFT WITH A BIG PROBLEM DUMPED IN OUR LAP, THAT
25 YOU SPENT ALL THE MONEY AND WE DON'T HAVE ANY WAY TO

BARRISTERS' REPORTING SERVICE

1 DISCONTINUE THE AGENCY OR TO TRANSITION TO THE END.

2 SO THAT'S WHAT WE'RE BEING ASKED TO DO.

3 IT DOESN'T MEAN THAT'S GOING TO HAPPEN, BUT THAT'S
4 WHAT THEY WANT US TO DO, NOT LEAVE THEM WITH A MESS
5 AND HAND IT TO THEM AND SAY HERE YOU GO. TAKE IT.

6 CHAIRMAN THOMAS: MR. JUELSGAARD.

7 DR. JUELSGAARD: SO JUST A COUPLE OF
8 POINTS FOLLOWING UP ON THAT. SO WE'VE TALKED A
9 LITTLE BIT ABOUT THIS TODAY, TOUCHED ON IT, BUT WHAT
10 BECOMES OF THIS SPECIFIC AGENCY? WHAT'S THE
11 TRANSITION PLAN? DOES IT REMAIN IN PLACE? DOES IT
12 NOT REMAIN IN PLACE? IF IT DOESN'T REMAIN IN PLACE,
13 THEN WHERE DO THE RESPONSIBILITIES THAT CONTINUE
14 WITH THIS, WHERE SHOULD THEY GO TO? THINGS LIKE
15 THAT, WHICH I'M NOT SURE ARE IDENTIFIED IN WHAT'S
16 BEEN PRESENTED TODAY. I THINK WE OUGHT TO BE
17 THINKING ABOUT THAT STUFF. HOW'S THE HANDOFF GOING
18 TO WORK DOWN THE ROAD?

19 AND THEN JUST ONE MORE POINT. WITH
20 RESPECT TO RUNNING OUT OF MONEY, ASSUMING THAT
21 HAPPENS, THERE WILL BE A LOT OF THINGS THAT ARE
22 OUTSIDE OF OUR CONTROL. AND THE THINGS THAT ARE
23 IN -- SOME OF THE THINGS THAT ARE IN PROCESS TODAY
24 SIMPLY WON'T CONTINUE BECAUSE THERE WON'T BE ANYBODY
25 AROUND TO PICK THE BALL UP WITH RESPECT TO THOSE

BARRISTERS' REPORTING SERVICE

1 THINGS. PEOPLE MAKE DIFFERENT DECISIONS IN SOME
2 CASE THAN WE MIGHT MAKE. IT'S JUST THE NATURE OF
3 HOW THESE THINGS WORK.

4 I THINK IT'S IMPORTANT FOR THE PEOPLE THAT
5 ARE APPLYING FOR FUNDING AND CARRYING FORWARD THESE
6 PROJECTS TO UNDERSTAND THAT, AS WE GO FORWARD, THERE
7 WILL COME A POINT IN TIME WHEN WE WILL NOT HAVE
8 FUNDING ANYMORE, AND THAT MAY AFFECT HOW THEY THINK
9 ABOUT APPLYING FOR FUNDING IF THERE'S UNCERTAINTY
10 ABOUT HOW FAR THIS CAN BE CARRIED OUT IN THE NEXT
11 STEP AFTER THE ONE THEY ARE CURRENTLY ON. SO
12 PERHAPS PART OF THIS IS JUST MAKING SURE THAT THE
13 PEOPLE THAT WE PROVIDE FUNDING TO WHO MAY HAVE
14 EXPECTATIONS OF COMING BACK YEARS DOWN THE ROAD ARE
15 AWARE THAT THAT MAY NOT BE POSSIBLE.

16 MS. SAMUELSON: IF I COULD RESPOND, J.T.
17 IF WE ARE AN EFFECTIVE GLOBAL LEADER AND WE ARE
18 DRIVING ACTUAL THERAPEUTIC BREAKTHROUGHS THAT ARE
19 MOVING TOWARD OR INCLUDING TRULY LIFESAVING
20 THERAPIES, WE WILL NOT NEED TO SHUT DOWN OUR DOORS
21 BECAUSE CHECKS WILL BE COMING TO US FROM AROUND THE
22 WORLD. I DON'T THINK I'M JUST BEING CRAZY IN SAYING
23 THAT. I THINK THAT IS THE PERSPECTIVE WE SHOULD
24 CARRY. I DON'T THINK IT'S IRRESPONSIBLE. I THINK
25 IT WOULD BE IRRESPONSIBLE TO NOT TAKE THAT POINT OF

BARRISTERS' REPORTING SERVICE

1 VIEW.

2 CHAIRMAN THOMAS: I HEAR WHAT YOU'RE
3 SAYING, JOAN, AND THAT WOULD BE A GREAT PROBLEM TO
4 HAVE. I THINK WE JUST -- THE POINT IS AT THE MOMENT
5 THAT WE NEED TO TAKE THE MOST CONSERVATIVE VIEW HERE
6 FOR THE PURPOSES OF THIS REPORT. AND, AGAIN,
7 REMEMBER THIS IS EIGHT YEARS IN ADVANCE OF WHAT
8 ACTUALLY HAPPENS. AND ALL SORTS OF THINGS ARE GOING
9 TO BE HAPPENING IN THAT PERIOD. SO WHERE THINGS
10 ACTUALLY END UP DOWN THE ROAD IS VERY DIFFICULT TO
11 PREDICT, BUT WE JUST NEED TO HAVE A CONSERVATIVE
12 POSITION AS OF THIS MOMENT.

13 MS. SAMUELSON: AS LONG AS THAT ISN'T
14 DETERMINATIVE, AND I FEAR IT COULD BE.

15 CHAIRMAN THOMAS: I DON'T THINK IT WILL
16 BE. AS I SAY, THERE'S A LOT OF WATER LEFT TO GO
17 UNDER THE BRIDGE BEFORE WE KNOW WHERE WE ARE YEARS
18 DOWN THE ROAD. BUT WE'RE JUST TAKING OUR BEST
19 CONSERVATIVE SHOT AT THIS POINT.

20 DR. BRYANT: I DON'T KNOW IF THIS IS THE
21 RIGHT WAY TO -- RIGHT TIME OR PLACE TO EVEN BRING
22 THIS UP, BUT I WOULD THINK THAT AT SOME POINT WE
23 NEED A STATEMENT TO GO ON ALL RFA'S THAT SAYS TO THE
24 BEST OF OUR KNOWLEDGE AS OF X DATE, WHATEVER IS
25 GOING TO HAPPEN IS GOING TO HAPPEN SO THAT PEOPLE

BARRISTERS' REPORTING SERVICE

1 CAN'T COME BACK AFTERWARDS AND SAY, WELL, I DIDN'T
2 KNOW THERE WASN'T GOING TO BE CIRM, SOMETHING LIKE
3 THAT.

4 CHAIRMAN THOMAS: ABSOLUTELY. WE WANT TO
5 MAKE SURE -- WE WON'T HAVE ANY RFA'S THAT GO OUT
6 THERE THAT OUTLIVE THE LIFE OF THE FUNDING IN ANY
7 EVENT. I THINK THAT'S DEFINITELY A GOOD SUGGESTION.

8 DR. POMEROY: SO THIS LOOKS LIKE A VERY
9 APPROPRIATE SCIENTIFIC TRANSITION PLAN, BUT I DON'T
10 SEE THE ADMINISTRATIVE TRANSITION PLAN. WHAT
11 HAPPENS TO THE PEOPLE? WHAT HAPPENS TO THE
12 RESOURCES? MAYBE I'M ECHOING WHAT'S ALREADY BEEN
13 SAID, BUT I THINK IF WE PARSE IT OUT THAT WAY, IT
14 WILL WORK BETTER.

15 CHAIRMAN THOMAS: THANK YOU. THAT ECHOES
16 MR. JUELSGAARD'S VERY GOOD SUGGESTION.

17 MR. ROTH: I JUST -- THAT'S WHAT I WAS
18 GETTING AT. THIS IS A LEGAL EXERCISE WE'RE REQUIRED
19 TO DO. IT DOESN'T MEAN ANYTHING MORE THAN THAT, AND
20 IT GETS TO OS' QUESTIONS. WE HAVE TO DEAL WITH ALL
21 THIS. THEY'RE ASKING US TO PRESENT A PLAN AS IF AT
22 THE END OF THE FUNDING CYCLE, HOW DO YOU WIND IT
23 DOWN? AND SO I WOULDN'T CONTAMINATE THE NEW. I'D
24 MAKE THIS A PRETTY STRAIGHTFORWARD LEGAL EXERCISE.
25 THIS IS WHERE IT WOULD BE TRANSFERRED, THIS IS HOW

BARRISTERS' REPORTING SERVICE

1 THE INTELLECTUAL PROPERTY THAT REMAINS WOULD BE
2 COLLECTED, WHAT AGENCIES WOULD BE INVOLVED. THAT'S
3 WHAT WE'LL HAVE TO DO. I THINK IT'S MUCH MORE A
4 REQUIREMENT FOR THE LEGALISTIC PART OF IT, NOT FOR
5 WHAT WE HOPE WE MIGHT BE ABLE TO DO. THAT'S A
6 DIFFERENT PLAN, BUT I WOULDN'T CONFUSE THE TWO.

7 AND I THINK THAT'S WHERE YOU'RE GETTING A
8 LITTLE FEEDBACK, MATT. THERE'S THINGS IN THERE THAT
9 DON'T DEAL WITH THE LEGALISTIC SHUTDOWN OF THE
10 AGENCY, BUT DEAL WITH HOW WE MIGHT CONTINUE.

11 DR. POMEROY: FOR EXAMPLE, PEOPLE WILL BE
12 NOTIFIED X NUMBER OF DAYS BEFORE THEIR JOBS WILL BE
13 TERMINATED, THE BOARD WILL BE DISBANDED.

14 MR. ROTH: THE LEASES WILL BE TAKEN CARE
15 OF, JUST ALL THE PAPERWORK.

16 DR. PIZZO: IF I COULD SEPARATE MY
17 COMMENTS FROM THE ISSUE THAT WE'RE DISCUSSING,
18 UNDERSTANDING THE COMPLEXITY OF THE ISSUE, BUT JUST
19 TO GIVE AN EXAMPLE OF HOW THIS COULD BE CONVEYED.
20 AT ANOTHER UNIVERSITY IN BOSTON, HARVARD, IF YOU GET
21 APPOINTED PROFESSOR, YOU GET ONE OF TWO KINDS OF
22 LETTERS. YOU CAN HAVE A LETTER THAT SAYS YOU'VE
23 BEEN APPOINTED, DR. BRYANT, AS PROFESSOR WITHOUT
24 LIMIT OF TIME OR OF INDEFINITE DURATION. AND, OF
25 COURSE, WE COULD TAKE ON THAT MANTRA AS WELL IN A

BARRISTERS' REPORTING SERVICE

1 PUBLIC WAY. WE CAN USE ONE OF THE TWO.

2 WITHOUT LIMIT OF TIME MEANS THAT YOU GO ON
3 FOREVER. OF INDEFINITE DURATION MEANS UNTIL YOUR
4 FUNDS ARE OUT. SO WE COULD PUT SOMETHING ON HERE
5 THAT SAYS ALL OF YOUR FUNDING IS OF INDEFINITE
6 DURATION, AND IT WOULD BE CONSISTENT WITH AN OLD
7 UNIVERSITY RULE. SORRY. JUST A JOKE.

8 MS. FEIT: I'VE HAD THE OPPORTUNITY, I
9 GUESS YOU COULD CALL IT, TO CLOSE AN ORGANIZATION.
10 AND ONE OF THE THINGS YOU WANT TO DO IS ENSURE THAT
11 YOU CAN MEET THE COMMITMENT. IF YOU SAY BY THIS
12 DATE, REGARDING RESOURCES, AND THAT INCLUDES HUMAN
13 RESOURCES, YOU HAVE TO ENSURE THAT THEY REMAIN IN
14 PLACE. SO THERE HAS TO BE A PLAN TO KEEP THEM IN
15 PLACE, ACTUALLY THE REVERSE, UNTIL THE AGENCY IS
16 LEGALLY ALLOWED TO CLOSE. SO I JUST WANT TO BRING
17 THAT UP, THAT THAT PLAN HAS TO ADDRESS IT THAT WAY
18 INSTEAD OF EVERYBODY JUST GOES. YOU HAVE TO ENSURE
19 THAT THERE'S RESOURCES THERE UNTIL IT'S LEGALLY
20 CLOSED.

21 CHAIRMAN THOMAS: THANK YOU. THAT'S A
22 VERY IMPORTANT POINT.

23 MR. TORRES: I'VE BEEN QUIET ALL DAY, BUT
24 I HAVE TO MAKE A POINT HERE. LET'S BE PREPARED THAT
25 A LEGISLATIVE COMMITTEE WILL WANT TO HEAR THIS

BARRISTERS' REPORTING SERVICE

1 TRANSITION PLAN AND GET INTO THE DETAILS. THAT'S
2 ALL. THAT WOULD NOT BE INAPPROPRIATE FOR THE HEALTH
3 COMMITTEE IN THE SENATE OR THE HEALTH COMMITTEE IN
4 THE ASSEMBLY OR JOINT COMMITTEES TO HOLD A HEARING
5 ON THIS TRANSITION PLAN ONCE IT'S PRESENTED BECAUSE
6 IT'S THEIR DUTY. THERE'S FIDUCIARY DUTY ON THE PART
7 OF THE LEGISLATURE AS WELL.

8 CHAIRMAN THOMAS: ABSOLUTELY. THANK YOU.
9 ANY OTHER COMMENTS?

10 DR. POMEROY: ARE WE GOING TO SEE THIS
11 AGAIN?

12 CHAIRMAN THOMAS: YES. LET'S SEE. SO THE
13 ISSUE IS THIS HAS TO BE DONE BY THE END OF THE
14 MONTH.

15 MR. HARRISON: IT HAS TO BE SUBMITTED TO
16 THE LEGISLATURE BY MARCH 1ST.

17 CHAIRMAN THOMAS: ISN'T THERE LANGUAGE,
18 WHICH I'VE NEVER UNDERSTOOD, WHICH SAYS IT HAS TO BE
19 COMPLETE BY JANUARY 31ST, BUT YOU HAVE A MONTH TO
20 SUBMIT IT?

21 MR. HARRISON: CORRECT.

22 DR. PARSONS: CAN I MAKE SOME MORE
23 COMMENTS?

24 CHAIRMAN THOMAS: YES.

25 DR. PARSONS: I'M JUST WONDERING. THERE'S

BARRISTERS' REPORTING SERVICE

1 NO STUDY SHOW IPS CELL IS BETTER THAN HUMAN ES CELL.
2 SO WHY IS CIRM ONLY MAKE A IPS BANK AND NOT A HUMAN
3 ES CELL BANK?

4 CHAIRMAN THOMAS: I'M SORRY. WE CAN'T
5 ENTERTAIN THAT QUESTION AT THIS TIME. THANK YOU.

6 OKAY. SO, JAMES, THE QUESTION IS WHEN DO
7 WE NEED TO HAVE THIS, AND WILL THE BOARD SEE THIS
8 AGAIN? MATT'S GOT A LITTLE WORK TO DO HERE TO FLESH
9 OUT PER THE COMMENTS.

10 MR. HARRISON: WE CURRENTLY DO NOT HAVE
11 ANOTHER BOARD MEETING SCHEDULED BEFORE IT'S DUE. SO
12 WE COULD SCHEDULE A TELEPHONIC MEETING IF MEMBERS
13 ARE INTERESTED IN PERUSING THE DRAFT BEFORE WE
14 SUBMIT IT.

15 CHAIRMAN THOMAS: WHEN DOES THAT CALL HAVE
16 TO BE DONE BY?

17 MR. HARRISON: I THINK WE CAN LOOK AT THAT
18 A LITTLE BIT MORE CLOSELY.

19 CHAIRMAN THOMAS: OKAY. BUT IT MAY BE,
20 MEMBERS, THAT WE NEED TO HAVE THIS CALL BEFORE
21 JANUARY 31ST, WHICH GIVES US TWO WEEKS. AND SO
22 WE'LL --

23 DR. POMEROY: BECAUSE YOU HAVE TO POST IT
24 TEN DAYS IN ADVANCE.

25 CHAIRMAN THOMAS: OH, YES. THAT'S

BARRISTERS' REPORTING SERVICE

1 CORRECT. THANK YOU, DR. POMEROY.

2 DR. PRIETO: IS IT A REQUIREMENT THAT WE
3 ACTUALLY VOTE ON THE SPECIFICS OF THIS TRANSITION
4 PLAN RATHER THAN EXPRESS OUR FEELINGS TO THE
5 PRESIDENT AND ASK HIM AND STAFF TO FINALIZE THIS AND
6 SUBMIT IT?

7 MR. HARRISON: NO. THE BOARD IS NOT
8 REQUIRED TO APPROVE IT. THE LAW REQUIRES US TO
9 CONSULT WITH THE BOARD AND GET YOUR INPUT REGARDING
10 THE TRANSITION PLAN.

11 DR. PRIETO: AS WE'RE DOING NOW.

12 MR. HARRISON: CORRECT.

13 MR. ROTH: WELL, I WAS GOING TO ASK WHAT
14 ARE THE CONSEQUENCES OF BEING LATE?

15 CHAIRMAN THOMAS: WE DON'T WANT TO BE
16 LATE.

17 MR. ROTH: THIS --

18 DR. PRIETO: UNHAPPY LEGISLATORS.

19 DR. FRIEDMAN: MAY I ASK A QUESTION? I'M
20 SORRY IF I MISSED IT IN THE EARLIER DESCRIPTION. IS
21 THIS TO BE A DEFINITIVE FINAL PLAN, OR IS THIS AN
22 INTERIM PLAN?

23 CHAIRMAN THOMAS: NO. IT'S BY
24 DEFINITION -- BECAUSE OF THE TIMING OF THIS, IT HAS
25 TO BE AN INTERIM PLAN, BUT IT'S OUR BEST ESTIMATE

BARRISTERS' REPORTING SERVICE

1 AND FEELING, BEING CONSERVATIVE, ABOUT AVAILABLE
2 FUNDS AS TO --

3 DR. FRIEDMAN: I GUESS, THEN, MY
4 RECOMMENDATION WOULD BE TO GIVE THE STAFF BROAD
5 LEEWAY TO DRAFT A RESPONSIBLE, THOUGHTFUL DOCUMENT
6 BASED UPON THE CONVERSATION THAT WE'VE HAD TODAY,
7 BUT TO BRING IT BACK AT SOME FUTURE POINT TO LOOK AT
8 IT AGAIN. THINGS WILL CHANGE, IDEAS WILL MORPH, AND
9 WE DON'T NEED TO WRITE THE DEFINITIVE PLAN NOW. SO
10 WHILE I KNOW WE ALL LOVE MEETINGS, I'M NOT SURE THAT
11 WE NEED ANOTHER MEETING ON THIS GIVEN THE WAY IT'S
12 RESPONSIBLY THOUGHT ABOUT HERE.

13 CHAIRMAN THOMAS: I SEE A LOT OF HEADS
14 NODDING IN APPROVAL IN THE ROOM ON THAT SUGGESTION.
15 DOES ANYBODY WANT TO FURTHER COMMENT ON THAT?

16 MR. ROTH: JUST A SUGGESTION, THAT IN THIS
17 KIND OF A PLAN, I DON'T THINK YOU HAVE TO BE SO
18 DEFINITIVE OTHER THAN SAY THE AGENCY WILL DEVELOP A
19 PLAN FOR THE, AND THEN LIST ALL THE ITEMS THAT OS
20 MENTIONED. LIST ALL THE ITEMS FOR WHICH A PLAN WILL
21 BE DEVELOPED ALONG THE LINES OF, AND THAT WAY I
22 DON'T THINK THIS HAS TO BE OVERLY COMPLETE. IT
23 WOULD BE REALLY PREMATURE EIGHT YEARS OUT TO DO
24 SOMETHING THAT THAT'S DEFINITIVE, BUT TO SAY HOW
25 INTELLECTUAL PROPERTY WILL BE HANDLED, HOW GRANTS

BARRISTERS' REPORTING SERVICE

1 WILL BE WOUND DOWN, HOW YOU WILL TRANSFER THE
2 INFORMATION SYSTEM, ALL OF THOSE THINGS. I THINK
3 YOU JUST NEED TO MAKE SURE YOU CATCH ALL OF THOSE
4 AND SAY THAT BY SUCH AND SUCH A DATE A PLAN WOULD
5 BE.

6 CHAIRMAN THOMAS: SO MICHAEL HAS
7 SUGGESTED, WHICH I DO THINK IS A VERY GOOD
8 SUGGESTION, THAT BASED ON THE COMMENTS HERE, STAFF
9 BE PERMITTED TO PUT TOGETHER SORT OF THE FINAL OF
10 THIS WITHOUT NEED TO COME BACK TO THE BOARD FOR
11 FURTHER DISCUSSION. IS THERE ANYBODY WHO DISAGREES
12 WITH THAT? HEARING NO DISAGREEMENT, I THINK THAT
13 CONCLUDES THE DISCUSSION ON THIS TOPIC. THANK YOU.
14 AND THIS, I ASSURE YOU, WILL BE ONE, THAT AS DUANE
15 SUGGESTS, WILL BE REVISITED ON NUMEROUS OCCASIONS AS
16 THINGS PLAY OUT.

17 OKAY. NOW, WHERE WERE WE? DO I HEAR A
18 MOTION TO ADJOURN?

19 MR. ROTH: SO MOVED.

20 MR. TORRES: SECOND.

21 CHAIRMAN THOMAS: MOVED BY MR. ROTH,
22 SECOND BY MR. SENATOR. ALL THOSE IN FAVOR.
23 OPPOSED? WE ARE ADJOURNED. WE WILL SEE YOU IN
24 MARCH. THANK YOU, EVERYBODY.

25 (THE MEETING WAS THEN CONCLUDED AT 03:45 P.M.)

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

SHERATON SAN DIEGO
1380 HARBOR ISLAND DRIVE
BAY TOWER, BEL AIRE BALLROOM
SAN DIEGO, CALIFORNIA

ON
JANUARY 17, 2012

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

BETH C. DRAIN, CSR 7152
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