TUESDAY, DECEMBER 6, 2005 ICOC MEETING MINUTES

City of Hope
Cooper Auditorium
1500 E. Duarte Road
Duarte, CA 91010

David Baltimore **Designee: Paul Jennings**	Present
Robert Birgeneau **Designee: Robert Price**	Present
Keith L. Black **Designee: David Meyer**	Present
Susan V. Bryant	Present
Marcy Feit	Present
Michael A. Friedman	Present
Michael Goldberg	Present
Brian E. Henderson	Present
Edward W. Holmes	Present
David A. Kessler	Absent
Robert Klein	Present
Sherry Lansing	Present
Gerald S. Levey	Present
Ted W. Love	Absent
Richard A. Murphy	Present
Tina S. Nova	Present
Ed Penhoet	Present
Philip A. Pizzo **Designee: Paul Berg**	Present
Claire Pomeroy	Present
Francisco J. Prieto	Present
John C. Reed **Designee: Jeannie Fontana**	Present
Joan Samuelson	Present
David Serrano Sewell	Present
Jeff Sheehy	Absent
Jonathan Shestack	Present
Oswald Steward	Present
Leon J. Thal	Present
Gayle Wilson	Present
Janet S. Wright	Present

CONSENT ITEMS

Agenda Item #5: Approval of minutes from November 2, 2005 ICOC meeting.

Motion:

- Dr. Pomeroy moved for approval of the minutes.
- Dr. Murphy seconded.

Ms. Samuelson: I'd just like to make one reference. There's a reference in the minutes to an approval of a recommendation by the Research Funding Working Group, and the documentation approved by the Working Group is not exactly word for word the same, and there could be some differences that could be important at some point. I'm not raising this to really get into it or discuss it now, just to make that point so that if at some point in the future when it becomes important, I'll just want to have made a record.

Chairman Klein: Thank you very much. So the minutes are standing as written. It was clarification of a prior history for purposes of later decisions. Thank you, Joan. Seeing no public comment, we'll take the vote.

Vote:

- All in favor; no opposition.
- Motion carried.

REGULAR ITEMS

Agenda Item #6: Chairman's Report.

Chairman Klein: As the public and the board have seen from this last week, there was an extraordinarily strong decision supportive of proposition 71 and the California Institute of Regenerative Medicine by Judge Sabraw from the Superior Court in Alameda County on November 29th. The Amicus Brief from 15 different national patient advocacy groups, including the Leukemia and Lymphoma Society who co-sponsored the spotlight earlier this morning, were very important, I'm certain, in the fact that Judge Sabraw, at the end of the decision, focused on the fact that it is a case that qualifies clearly for expedited treatment, and she mentioned that she would consider motions shortening time on discovery.

Today, December 6th, there is a case management conference going on at this very time in her court in Alameda County; and James Harrison, our attorney, is there with the Attorney General's office supporting our desire to move that forward at the earliest possible date.

We are pleased that Judge Sabraw has taken all five of the causes of action by the Family Bioethics council and dismissed all five, indicating they clearly had not met the burden of proof. And in addition, in numerous citations and her extensive narrative supporting proposition 71, she states that the Supreme Court has found that it is the Court's solemn duty to uphold an initiative resolving all doubts in its favor unless its unconstitutionality clearly, positively, and unmistakably appear. She repeats this theme later, I believe if you look, for example, at page 12, to say that all presumptions and intendments favor the validity of an act, and then goes on to rule in our favor in that case on the Family Bioethics Council's five grounds which, as I said, she refused to rule on, or ruled to the deny their claims. This provides us with a very strong basis for moving forward.

Given that one of the key citations she uses is the Prop 10 decision, also called the CART case because it was the Coalition of Tobacconists that had fought Prop 10 because Prop 10 was financed with the tobacco tax. She really analogizes that case and says that the opposition was, however, provided an additional hearing to see if they could provide some other basis to substantiate their claims, bearing in mind that for an entire year they were unable to bring to the court in their briefs the evidence that would be persuasive to the Judge.

We would like to also formally thank Munger, Tolles & Olson, which has committed the efforts of five partners to represent the Amicus Brief pro bono. This is a huge savings for the various charities and institutions that are supporting our case, and we would like to thank the 15 different institutions and the many other members of the board representing institutions that have stepped up and come to the amicus brief to support this case.

It is important to note that the strong opinions help us with the bond anticipation note bridge financing program, which is a private placement program with a full disclosure of the litigation. In addition, anyone buying a bond anticipation note must buy a million dollars minimum denomination to make sure only highly qualified financially astute individuals participate in the program and are required to have their own counsel represent them to make sure they're fully informed.

When counsel looks at an opinion with this kind of strength and this kind of repeated assertion of extraordinarily high bar the opposition will face, it helps us tremendously.

For California patients suffering from chronic disease and injury, every day counts in advancing our understanding of disease and our search for improved therapies to alleviate human suffering. We look forward to the institute funding the ban program to advance this research during the litigation.

We look forward to honoring the mandate of the public and making certain that it is a clear message, that despite litigation, California will honor the mandate of seven million voters and move this critical research forward. So as we move forward on the BAN program, we are very thankful for this strong decision.

Agenda Item #7: President's Report

Dr. Hall: Let me begin by introducing two new members of our team. Scott Tocher, who is sitting at the staff table here, is our Interim Associate Legal Counsel. He is on loan from the Fair Political Practices Commission and will be with us through the first six months of 2006. He has extensive experience in dealing with regulatory matters at the state level. As you know, as we work through a number of our items, which must go through the state procedures according to the APA, his expertise and advice and ability, among other things, to write regulatory language, we anticipate, will be invaluable to us. We're delighted to have him on board.

The second person, who is not able to be with us today, is Dan Bedford, who is our Interim Legal Counsel, and he is working with us on a pro bono basis through the end of February. He's with the firm of Orrick & Herrington, who you've heard about in connection with some of our bond matters. Dan has been helping us out in the interim since Christina Olsson left and has worked particularly on the grants administration policy, which we'll be hearing more about later in the meeting, and has been very helpful in that regard. So we're pleased to have him with us for the next couple of months. Other than that, all of our recruitments are currently deferred.

We've had some activity from our Working Groups. Since we last met in the last month, the Grants Group had a teleconference meeting on 11/28 to consider the Interim Grants Administration Policy for Training Grants. Our standards group continues

to meet. We had a meeting on the 1st of December to continue a public meeting to continue development of the draft ethical and medical standards which we will present to the ICOC in February as a draft ethical and medical standards. We actually had quite a lively and good meeting with lots of discussion on issues related to egg donation and on stem cell banks and other matters.

I also wanted to report to you on something I mentioned at our last meeting, and that is our wish to sponsor a short scientific meeting on the assessment of medical risk to egg donors. This would be a meeting that would focus on the scientific issues. What do we know? What are the gaps in our knowledge? Are there best practices that might reduce risk for egg donors for research?

We have been in very productive discussions with the institute of medicine and with the national academies' life sciences board about the possibility of having them put on the meeting. We would sponsor it; they would organize it in an independent way and would run the meeting. we are also in preliminary contact with a professional society who may also have some interest in participating in the meeting at some level. This will be a very important meeting. It's an issue that has been very much talked about, and it is sometimes confusing to know just what it is we actually know and what we don't know. As far as I know, there has not been a meeting exactly like this nationally, and so we think it will be very, very important.

As far as our scientific and strategic planning, I think that later this morning the chair of the ICOC plans to appoint a chair and vice-chairs for this committee. We have continued to be in contact with two consultants who we are talking to, and we hope that we can make some choice after the first of the year about those. We will work to develop a plan for how we will do the strategic plan, and I hope we will be able to hire additional scientific personnel for that process as it will be quite time consuming for us.

Finally, just a word about the budget. You will hear more in the meeting about the specifics of this, but I just want to give you a little preview now, and then Walter Barnes, our Chief Financial Administrative Officer, will present later. What you will hear from him is that now we have a budget that will carry us through June 30, 2006, the end of this fiscal year. And then beyond that period of time, we will depend on BAN's to provide money for administrative funding. In order to make this budget work, we have cut down on a number of activities, and you will hear more about this later.

We have removed the scientific activities from the CIRM budget, and there are three of those that are relevant. They are the scientific strategic planning you just heard about in terms of money for a consultant. They are the conference on assessment of medical risk, and the third is a project that we've been very interested in and are continuing discussions with and is a prospective possible project, and that is the possibility of a joint publishing enterprise with the public library of science. Our intent is to raise money separately for these and for administrative activities separate from the BAN's that would help fund these, and this will allow us, then, to get through the year on our current funds. Beyond that, implementation will depend on when the funds are available.

Mr. Shestack: These other activities that you want to raise money for, that's philanthropic dollars; is that right?

Dr. Hall: Yes.

Mr. Shestack: Can the CIRM actually raise that money, or does it have to form a 501©(3) in order to do it?

Dr. Hall: As you recall, we're existing now in part on money that the Dolbys have very

generously given to us for our administrative activities and scientific activities. And so that was given as a gift, and so we would proceed in exactly the same way.

Chairman Klein: In writing the initiative, we specifically addressed and included a provision that the Institute can receive charitable gifts, which is unlike other state agencies that do not have this ambiguity resolved. We directly addressed it.

Agenda Item # 8: Consideration of formation of Strategic Planning Subcommittee.

Chairman Klein: The next item is the formation of a strategic planning subcommittee. My recent discussions with the president on this item have led me to a two-step process. And my suggestion, if it is acceptable to the board, is to address today the history and the initiative's direction on the strategic plan to put before you the proposed membership and leadership of that committee, which I believe that the executive committee and the president have reviewed. and the president specifically, since this is a very collaborative process between the leadership of this committee and the President, would like to have an opportunity before we have a published mission statement and timetable to take the information that I worked out from this process and sit down with the leadership that the board decides on for this committee and refine that timetable as to possibilities.

Certainly with the budget that's going to be discussed today, we have some real constraints on our process. The president knows the limitations of staffing better than anyone, and he knows the scientific resources he can bring to bear, so it seems like a very appropriate process.

But we will go through this session today, and hopefully that is an acceptable process to the board. As a matter of history, I will tell you that at section 125281.07 Proposition 71 directs the ICOC to develop annual and long-term strategic research plans. It also directs us to develop annual and strategic financial plans, which we will separately address. The long-term plans and the interim plans will be significantly impacted by our success in the BAN private placement program. It is important to note, though, historically that this board has approved the BAN program, and the ban program has gone to the finance committee of the state as provided for under prop 71, and the state has authorized a $200 million program, and we are working within the context of that financial plan initiative.

As to the strategic research plan during the year 2005, the ICOC reached a strategic decision, given the litigation limitations on funding and the need to prioritize high medical and ethical standards in construction of the peer reviewed grant-making process, that the highest strategic priority after putting those structural elements of the proposition 71 in place would be to hold a competition among California's premiere research institutions to establish a leading scientific and clinical fellowship program to build the intellectual infrastructure and to conduct stem cell research in California. This competition culminated in the award to 16 institutions for the 170 postdoctoral, postdoctoral, post clinical, and predoctoral fellowships on September 9, 2005. The funding of this fellowship program will be in a position to proceed following today's meeting, if we successfully adopt an interim grants administration policy and an interim IP policy for training grants.

We have a remarkable outpouring of enthusiasm after more than 50 public meetings involving members of this board where we had 23 members of the board that volunteered for the strategic planning subcommittee. Given upcoming responsibilities and the burden on members already on this board, some of them being patient advocates that serve on two or three Working Groups, and realizing that if our BAN placement is successful at the level intended, we will have the opportunity to go into another grant cycle for seed money grants or whatever strategic objective

as decided by this board, with the possibility that we have over a thousand applications for seed money grants and will have some tremendous work to do in that area.

Dr. Henderson: As I understand your background, we're as a committee responsible for annual and long-term strategic planning as stated in the legislation. And I could imagine a process that could be largely driven by the president working with the scientific group he's got with the members on this committee that would bring reports to this committee as a whole. And I, for one, don't see how we gain much efficiency in having such a large subcommittee, another subcommittee that's so large, that duplicates most of the membership of the board, but, you know, is not exactly the board. I don't understand what its role is relative to the entire board. If there's an internal process, as there should be for strategic planning, there must be, can't we interact with that internal process as an entire board rather than set up a parallel strategic planning approach of our own? Do I totally misunderstand what's going on?

Dr. Hall: Let me just say that I see this very much, two things, as an effort, as I expressed in my earlier remarks to the board, as an effort that I would lead, no. 1. No. 2, I also see it very much as a collaborative effort between the President and staff and the board. And I think one of the issues will be how to sort out the roles, and I think in our preplanning process that will be an important part of it. And, in fact, we've had some interesting discussions with the consultants about just how this is done; that is, how do we decide who does what in all of this and how will it be apportioned.

I think the one issue that is important is that as we work, we need some smaller group to work with. And what that group is, whether it's the chair's group as suggested I think on a fairly regular basis, by that I mean people that we can call up during the week if something comes up and we can have meetings for a particular issue even by phone on a weekly basis. I really don't know. I haven't thought this out in detail, but we do need a relatively small group that can represent either the subcommittee or the board, however it's done, and I see at least the group, the chairs, that are listed here represent five individuals. And it seems to me that that would constitute a group that we could certainly work with. So in terms -- it is up to you whether you have a subcommittee or do it as an entire board, and I don't have an issue with that. I would ask for at least a small group that we could work with on a fairly regular basis, and then work with them to bring things to the subcommittee and then subsequently to the board or directly to the board.

Dr. Henderson: Creating a subcommittee that's more than half the board, I don't understand how that makes sense. If we're functioning as a board, why can't he contact any of us he needs, maybe three or four people as a subcommittee he can work with?

Chairman Klein: The board agendas are very full, and we're trying to go to board meetings every other month. And since there's a lot of intensity that's needed in the strategic plan process, in the long-term strategic plan in particular, that it's important that there be an ability to schedule those meetings and focus on this. Those meetings could be several hours in and of themselves. The board, however, in the process contemplated it would also receive in-depth reports and participate. Whether it's every four months or every six months, I frankly believe that if the president works out with the leadership of this committee, they'll come back, given the constraints in the budget being presented today, with the best schedule and have the best recommendations. But, Dr. Henderson, it's perfectly reasonable if the board decides that they want to do this as a board of the whole. So it's a very legitimate counter position to make it easier on me because I don't have to restrict the membership of some extraordinarily qualified people.

Mr. Serrano-Sewell: I think it's important to remember that at our scientific symposium that Zach and his staff put together, one of the outcomes from that was a discussion among committee members and participants, that we create such a strategic planning committee. The details

weren't discussed because it was still in its infancy, but the concept that we create such a strategic planning committee was put on the table. And I'm glad that our Chairman, on consulting informally with his colleagues, has come up and proposed this document.

I'm of the opinion that we should have a subcommittee and the subcommittee should be smaller than currently proposed. I think 14 is too large. I'd be comfortable with anywhere from nine to eleven, but I can appreciate in the Chairman's document before us that there are considerations, regional, institutional; and when you sort of add that up, you come up with 14. And so it's not the number that I think it should be at, but I'm comfortable with it. Zach is the chief scientific officer. He is the president, and this will not work unless it's a genuine collaboration between this subcommittee and the President's office. And Zach has to have the ability to contact members

Dr. Levey: I want to serve. I certainly want to help in any way I could possibly help; but, again, we've had this discussion in the past. I think that I feel as a board member that now that we have a fully organized CIRM and staff, I think as a board, I think the usual role of a board is to react to what the CIRM would actually put forth. And rather than generate the strategic plan from us, working with Zach in consultation, I think we have it a little bit reversed. I would feel -- every board that I sit on that has an organization below it that develops a strategic plan, and then you go ahead as a board member and react to that. That's our responsibility. That's why we're called an oversight committee. So I would urge some reconsideration because I do think we have it backwards, and I would feel more comfortable as a board member for this to come out of the CIRM and we reflect on what they generate.

Dr. Hall: Let me say, first of all, that we intend to consult -- the board represents extraordinary expertise, and we intend to consult with various members of the board and use that expertise however we do it. There is no question about that. Much of it, however, may be in the context of small, focused discussions on particular issues. If we do that out of CIRM, my understanding is we can call on two or three board members to join us in a particular meeting, focus on an issue, and that that would not necessarily be a Bagley-Keene meeting, but I would
defer to Mr. Tocher on that point.

Chairman Klein: Very specifically, if we were to go to three or four members or any two members at any time in a specific assignment to cover a specific issue, we have now created a Bagley Keene committee. Since we have to observe the intent of Bagley Keene as well as the explicit nature of Bagley-Keene, because certainly strategic decisions need to be in a public forum,
whether it's working with the staff, for example, or with the board, I'd like counsel to look at this issue because it's my understanding that if you have more than two board members who work on a specific subject with the staff, they are interpreted to create a committee. But clarification on that will be extremely helpful, and we could benefit from being educated at the next meeting by a formal review. We want to make certain we're observing every aspect of Bagley-Keene in intent and form.

Dr. Bryant: I'd just like to say thanks to Dr. Levey because I've been feeling that there is a little bit of a disconnect here, and the disconnect I'm feeling is that I feel like a scientific plan is the most important job that Zach Hall as president will have to do. And for it to be successful, I feel like he needs to be the one that suggests to us how he would like to proceed and in terms of who can help him the best. And although this is a great committee, it may not be the one that he would have picked. Therefore, I feel like before the scientific enterprise can go forward, we should ask Zach to make a recommendation on the committee.

Chairman Klein: I'd like to emphasize here that, regardless of who the committee is or whether

it's the whole board, it's very clear that the intent is the President is charged with the leadership role in developing the strategic scientific plan, and it's the President's scientific vision that is shaped into the President's recommended strategic scientific plan that is presented to the board whether through the committee process or directly with the board.

The important point for this board is in the May 2005 meeting, the board made it very clear they wanted to work through the committee system because they needed the opportunity to reduce the number of full board meetings, but I would be elated if the full board was willing to take on the additional burden of having all the strategic plan meetings as the complete board. On the other hand, we're going to have some challenges that we're going to face very shortly in terms of a new grant process, with a lot of thought going into that, in financial plans and modifications that relate to the ban private placement program.

We're going to be going through the administrative procedures act process on standards, and we're going to be discussing issues like the stem cell bank. We have our long-term intellectual property policy. So if the board is prepared as a full board to deal with additional meetings, this is an easier process for us all.

Dr. Meyer: I just would like something clarified. What would be the difference really between a subcommittee of this group devising a strategic plan and then bringing it to the full board or the office of the President of CIRM devising a strategic plan and bringing it to the full board? One way or the other, the full board is going to be involved in actually vetting the strategic plan of the CIRM. So, therefore, I think maybe the point that we should continue to discuss here and come to some kind of resolution is who would be generating the strategic plan that they bring to us unless there's some legal aspect I'm unaware of.

Chairman Klein: The intention of this proposal, as it's been conceived to date, and I'll take responsibility for this, is that the president will generate a strategic plan that will be presented to this committee, and all of the aspects will then be debated, periodically bringing it to this board. So it's the president who will generate the strategic plan that would be the focus of this effort.

Dr. Hall: I would like a clear resolution and direction on that point because I think it's an extremely important point. And I think this has been a very good discussion, but I think there has been some confusion. And I would hope that the board would view it as the job of the president. I feel that that's what I'm here to do in this next period of time. It is a job for the president to organize and develop this plan, drawing on the expertise of the board, consulting with the board, bringing -- working with the chairs of the committee, if you have one; if not, working with various members of the board, however you wish to do it, but we then at regular intervals bring to you and get response from you about what directions we're taking, what your thoughts are, and that you will then trust the president and staff to consult extensively with you as needed in developing it. I would appreciate that very much. I think that would clarify the role and would make things very much clearer for myself and the staff if we could get that.

I would like a very clear resolution that it would be the job of the president and staff to develop, in concert with members of the board, to develop a plan which would then be brought either to a subcommittee or to the board as a whole at regular intervals to report on the progress, to get feedback, and then to make changes in the plan, but that the process of developing a plan would be driven by the president and the staff.

Dr. Penhoet: Zach asked us for clear direction about the responsibility for generating this strategic plan. That was his request to this board. We are now getting mixed up in another issue, which is the board function in this model, which is to some degree a different issue than the

simple request that Zach made of this board, which is that we clearly define that the task of generating the strategic plan belongs to the staff of the CIRM and to the president.

Zach has indicated a great degree of willingness and flexibility To engage us in an appropriate way and hear a variety Of opinions beautifully articulated by dr. Friedman. We need to clearly empower Zach and his staff to be the Organization which generates the plan in consultation with the board.

Dr. Hall: Let's separate. There are two things. Ed is exactly right. The first issue, and let me just say what I'm asking for is clarity on whether the board charges the President and staff of CIRM to develop the plan, which will finally, by the way, be approved and adopted by the board. It's our job to develop it, and it's your job to tell us whether what we did is okay or to start over or to modify it or to change it, and then finally to say this is our strategic plan. I would suggest a second motion that would deal with the question of whether you do that through the board or with subcommittees.

Dr. Levey: I certainly would accept that. In fact, it was not my intent to et into that issue with it just that it logically streams from that, that the entire board should be involved in the consideration of and approval of the strategic plan that you generate. Our job as an entire board is to approve what you generate. How you go about generating that strategic plan in terms of it's all encompassing to get opinions and what have you, that will probably be reflected in whether we approve it or not.

Dr. Wright: people from small places have a grasp of the obvious, so I'm going to try to see if I can capture what is obvious after this enlightening discussion. One, I don't think there's any objection, in fact, I think there is strong support for the notion that the strategic plan should emanate from Dr. Hall and his staff. Secondly, that that plan should be discussed and approved, disapproved, modified by the entire board. Those are two obvious areas of almost unanimous agreement. The third, in my mind, is that, as evidenced by the number of volunteers to serve on the strategic planning subcommittee and as evidenced by the number of times that we have to consult with attorneys in just this meeting to make sure that we're doing this correctly, we are not your average board, not only in the level of expertise represented, but also in the engagement in the board and the desire to be part of the process.

As Jon (Shestack) points out, if you are not a part of the process as it develops, you risk minimizing the input of the board, capturing the input. We have to continue to do what's hard and what's difficult, and that's been the mark of this board. We have to do these things in public, we have to gather all these multiple opinions because they're all valuable. I think Jon's point is we gather those at a lower level, at an earlier level so that the final product reflects the opinions and the expertise of all the people who are willing to be involved.

Dr. Holmes: It seems like Janet has just said there's almost complete agreement that planning should take place in Zach's office. I heard Zach say something which made imminently good sense to me is your first step was to develop a plan for a plan. And maybe it would save us a lot of time at the next meeting if we simply charge Zach with coming forward. It seemed like the discussion has been tremendous today, we've all learned a lot, we've probably been informed of all the discussions that have taken place, is to come back with some revision of what's in front of us today that would suggest a plan you would undertake to develop the plan. And at that point we'd be set, it seems, to move forward. Rather than to try to work out the plan today, is to just charge Zach to come back with what is going to be your plan for the plan.

Dr. Fontana: I just also wanted to voice my sense of unease with what's unfolding here. I believe that this strategic planning process is probably one of the most important parts of the

whole implementation of Prop 71, thus the discussion here. Perhaps Zach could come back at the next meeting with a proposal addressing these issues. For instance, how will the advocacy groups' perspectives be there? How will the industry group's perspectives be there in addition to the primary academic perspective? Let that be something that the board reviews.

Mr. Serrano-Sewell: I'll be voting no on this matter. I want to explain why. The line of responsibility and duties are clearly outlined in Proposition 71. And the ICOC has a role in adopting this strategic plan. I would want, just beyond Zach's assurance that he will seek other points of view, the mechanics of how he would do that. I thought this proposal before us institutionalized that in some way by having the strategic planning committee, having members, and having a process. Let's direct Zach to come up with this plan for the plan.

Mr. Shestack: bob, maybe you could just clarify because in looking at the meetings, this proposal has been in the works for some time. And it was discussed at the last meeting, and then in the interim discussed, and clearly time is put together, 22 people volunteered, 14 people were culled down, and I have maybe mistakenly assumed that you were one of the chief advocates of doing it this way, of involving constituencies of the board in a much more sort of proactive active involvement in the strategic planning process. So I would ask you —now suddenly after it's been in the air for more than 30 days, many people are objecting to it. I'm not sure, but I came prepared to support it, and I still support it, and I also think there is a danger when all the positions, academic advocacy, industry are not talking to each other, talking only to a central person who then filters their needs. I think actually you need to have an active discussion between these constituencies.

Please explain to us what you were thinking when this was generated, and why now you seem not as passionately in favor of it.

Chairman Klein: Very simply, short of the whole board having numerous days all the way through the process committed to the strategic plan, the concept has been to have a major subcommittee that represented all the constituencies to provide the assurance of participation and full participation by all the constituencies with bringing back to the board for full discussion, but not having the entire board in all of these. Clearly there's never been any question that, and I believe that Ed Penhoet is absolutely right, they're completely separate issues. Whatever the plan is, the President creates the strategic plan and brings it to the board.

The only issue is how do we institutionally assure that there is a full participation by all the constituencies. What you and others have objected to quite clearly is that if there's only a process without any structure, where there is outreach, no one knows whether each constituency will have an ability in a public session to have a debate on its issues without taking the whole board through the process.

So I feel that given our calendar and the other challenges facing us, that creating the subcommittee is the most efficient solution. I absolutely feel the President has to create the strategic plan and bring it to the committee, but working with the constraints of Bagley-Keene, working with our schedules, this appeared to be the preferred outcome. But I want to be very clear that there's extraordinary ability here, and certainly if the whole board wants to go through those sessions and potentially drop back into monthly meetings, we can accomplish this along with our other objectives. I'm always going to defer to the whole board, and it is particularly when we have a situation with 23 members who want to participate.

Public Comment

Ms. DeLaurentis: Susan DeLaurentis from the Alliance for Stem Cell Research. I just want to say it's been great hearing everyone talk about this for so long today because from the patient community's perspective, this is what this group is about. And this is what the seven million voters voted for. It's about the promise of science. So this plan that you are talking about is

critical to all of these people who are looking at the hope that these treatments of the science will bring to them. And so we just encourage you to also think about the patient's perspective.

I think that I liked hearing Dr. Hall talking to different patient groups, but I would like to encourage you to have patient advocates on every group, not just a group of patient advocates who will give you their input on global issues, but to have their perspective because they have such unique perspectives Because it's their lives that are really being impacted by this. And I would also just like to talk about the timeline for this because I like dr. Pomeroy's suggestion of a six-month task force potentially. I'm worried that this will drag out for months and months and months because of the enormous amount of work that you have. And you have accomplished a great deal in terms of the administrative and infrastructure issues, but that now I hope it can move on a much faster timeline.

Mr. Reed: When this began, I really wondered how it would be possible for 29 leaders to work together. And every step of the way has been kind of clunky because it's very inclusive, a little awkward, and magnificent because it has worked at every step of the way. I think that what you are doing is working. Everybody is included. It's awkward, it's clunky, and it's working fantastically. I would wonder if it's possible to structure a meeting around a date because everybody wants to be involved in this most crucial part. Why not just set up a date, and then Zach leads the meeting, and those who can come, and those that cannot wait. Whatever you decide, we have confidence in you. You were picked for a reason, and you're doing it. Thank you.

Motion:

- Dr. Levey moved that "the CIRM President and his staff will be charged with developing the strategic plan and, given that direction, has the availability of the entire board to use as consultants and will form a strategic plan that ultimately comes back to the entire board for discussion and approval. The motion does not address the separate issue of whether or not to have a subcommittee.
- Dr. Friedman seconded with a clarifying point that Dr. Hall would consult fairly with everyone.

Vote:

- Via roll call vote, this motion passed with 23 yes votes and 3 no votes.

Dr. Pomeroy: One other piece that we had talked about was that Zach would bring back to the next meeting a plan for the plan. And I would like to move that we ask Dr. Hall to bring us a plan for a plan at the next meeting.

Motion:

- Dr. Pomeroy moved that the ICOC ask Dr. Hall to bring a plan for a plan at the next meeting.
- Dr. Bryant seconded.

Dr. Prieto: I voted for the other motion somewhat reluctantly as I recognize that president and staff have to come up with the outline of a plan and that they are familiar with the structure of such a plan, but I'm also concerned that Proposition 71 was set up differently, is different and different for a reason.

This research, we all believe, has the potential to completely change the paradigm of chronic disease. I think this is why the disease communities and patient advocates were involved and

involved at this level, not just as part of the campaign and not just as supporters, but as an integral part of the board, almost half of the board. I know that the academic community is familiar with the process as it currently exists and with strategic plans, but my concern is how will the patient advocate community, how will the biotech community be involved from the beginning in developing this strategic plan in deciding what directions we take because I think that's our reason for being here.

I hope we'll come up with something whether it's a task force or the subcommittee structure that institutionalizes our participation at that very first level.

Dr. Steward: I actually want to amplify on that a bit also. I too was sensitized to many of the comments of individuals on the board who were the patient advocates, but it's not really the advocacy of a particular group that's important here. What we're talking about is a different point of view. And I Guess I would say I'm a little concerned about the plan to sample board opinion independently. I've learned a great deal from the discussions this morning, and I think we always learn a great deal from discussions with the group here because of the differences of points of view. So rather than sort of the individual sampling, I would hope that we actually as a board are willing to have additional meetings to discuss the basics of a strategic plan very, very early in the process and really long before there's a document available with specific points, really just a free-ranging, open discussion of what the basic elements of the plan ought to be.

Dr. Hall: Let me just say that I certainly didn't mean that to be exclusive of other board engagement, and I would hope that at many meetings, both focused meetings and larger meetings, that we would have an opportunity to hear this, but the expertise of the board can hardly be captured. What my hope is that we can give people a full hour or more to say what their thoughts were, and then that we would have an opportunity in that sense to hear out various people, and then that is information that comes into us, we get fresh ideas, we will collect information from a variety of sources.

It seems to me that in that format that board members would be absolutely in that group, and then we will, however, not confine ourselves. The intent is not to isolate and separate people in any way, but to give them a chance to have a full voice on these issues because it is clear from the discussion this morning this is an issue that many people feel very passionately about. This is an issue in which many of you have had experience with grant-giving organizations, particularly those in the patient advocacy community, so you've had experience so you know what has worked in those situations, and also we have expertise ranging all the way from those who have been active in clinical research, such as Dr. Thal, to Nobel Prize winning

Basic science research. I think we just want to get sort of the full depth of views from the very wide range of expertise and opinion on the board as a kind of starting material as we then go in to put things together. And I think there will be plenty of time, I would hope, and want there to be plenty of time for mutual discussion because I think we do learn from each other. I think that's been one of the lessons of CIRM. It's played out both at the ICOC meetings and the working groups, and I think it's very important.

Somebody mentioned an all-day meeting at some point. If that becomes necessary, I think that would be fine. That would be terrific.

Chairman Klein: I would specifically like to encourage Dr. Hall's last suggestion of an all-day meeting because it's very important and Proposition 71 anticipates a public discussion of all of these strategic plan objectives. And in order to make sure we're getting the intent of Bagley-Keene and the intent of the initiative to have the patient advocacy point of view, the biotech point of view, research institution, hospital point of view, all laid in public and discussed in public and worked out in public is extraordinarily important to the process. As Dr. Steward says and dr. Prieto says, I think it institutionalizes for the public a very healthy discussion for the public to see

how this plan develops with all of those opinions interplayed against each other and worked into a meaningful strategic plan.

Dr. Hall will have to take all of his great wisdom to lead us through the forest to a strategic plan that integrates these concepts, but the all-day meeting will be a great start to that process, if that's deemed appropriate by Dr. Hall after he analyzes the options.

Dr. Hall: The discussion has shown us this morning that what's at issue here is not just the plan, but I think also the process. And I think that's something that many people are very concerned with, so I actually think it would be a good idea. And I talked before about doing this, about presenting the board with a plan for a plan, just say look, here's how we are going to go about it. We may start some parts of it before then.

Our next meeting is not until February, so we may be taking some very early steps, but the idea would be as early as possible to say here's how we plan to do it. And then if there is concern or issues or suggestions or modifications, as they very well may be, we can take those into account. I do think it is a case where the process is going to be as important as the product almost. And if we go through it with a process that doesn't leave everybody feeling happy with the product and the way it was arrived at, I think we will not have been successful. So I'm quite happy to do that, abide by the suggestion.

Ms. Lansing: Call for the question.

Vote on Dr. Pomeroy's motion:

- All in favor; motioned carried.

Agenda Item #9: Consideration of report from IP Task Force including but not limited to consideration of Interim IP Policy for Training Grants.

Dr. Penhoet provided a presentation on the work of the IP Task Force to date, including it's two meetings and participation in a legislative hearing on October 31st, 2005. The ICOC discussed the basic principles laid out in the draft Interim IP Policy for Training Grants, asked for clarification on several issues and came up with three amendments desired in order for the Interim policy was approved.

Motion:

- Dr. Berg moved for adoption of the Interim IP Policy for Training Grants with the following 3 amendments as discussed by the board:
    - All other things being equal, we have a preference for underserved companies with a plan for underserved populations.
    - Weave in somehow a preference for nonexclusive licensing unless it can be demonstrated that an exclusive license is the preferred way to commercialize the piece of technology
    - "Sharing" in place of "Tax"
- Dr. Friedman seconded

Vote:

- All in favor, motion carried.

Agenda Item #10: Consideration of Interim Grants Administration Policy for Training Grants.

Dr. Chiu: Today we bring back for your consideration the Interim CIRM Grants Administration Policy for Training Grants. At the time of the last ICOC meeting, we posted a draft of an Interim Grants Administration Policy for Training Grants on the CIRM website, and we also presented it to you so that board members and the public will have ample time to review the document and give us responses.

On November 28th we also presented this draft, the draft that you saw last time, to the Scientific and Medical Research Funding Working Group, which met by teleconference to discuss the document.

We're very pleased to report that of the 23 Working Group members, 18 were able to attend by calling in. The meeting was held in open session. The Working Group members voted unanimously to approve the document that you saw last month with the inclusion of two amendments which I shall point out to you.

This amended draft now of the Interim CIRM Grants Administration Policy for Training Grants is now posted on the CIRM website and can be found at tab 10 in your binders.

The Standards Working Group also saw the amended document at their meeting on December 1 so that we can have their input. And today we're presenting this amended document to you, the ICOC, for your comments, approval, and any other changes that you would like.

Multiple inputs are required in order to develop an Interim CIRM policy to move the grants, the Training Grants, forward. You just heard about the Interim IP Policy for training grants, and you approved the Interim Ethical Standards several meetings ago. And now we're talking about the Interim Grants Administration Policy for Training Grants, and that is all the procedures, roles, and responsibilities, etc., for grantees, and also this includes grantee organizations in order to know what are the terms and conditions of award.

This process that you're seeing now is the beginning and mirrors a parallel process that's shown in this slide where a final general IP policy and a final comprehensive ethical standards policy will feed into a comprehensive Grants Administration Policy that will apply for all research grants and not just the Training Grants.

So to summarize, this is the development that we're working on. Today we present for you the Interim CIRM Grants Administration Policy statement. We are in the process of developing a draft of an interim Grants Administration Policy for all awards in general. This document we will be working on closely with the Working Group in order to develop a much more polished and more final document for your consideration. And we hope to do that early in the next year, but we're still in the process.

From that document we will then develop the Interim Grants Administration Regulations which are the California regulations of which you all have been referring to which would be pursuant to the California Administrative procedures act. We're just in the first stage of this three-step process.

I'd like to point out a couple of things that are arising as we speak or have just arisen for your consideration, and there are three items.

The first item I want to bring to your attention are the two amendments recommended by the Scientific and Medical Research Funding Working Group. This deals with the specific issue of how to accommodate clinical fellows who are required by their home institutions to provide a certain amount of clinical service as part of the conditions of their employment. The Working Group members felt that it would be reasonable to expect clinical fellows to spend at least 75 percent of their time on stem cell research training and activities. To accommodate that point, we added the following statement so that up to 25 percent of a clinical trainee's time could be spent on clinical duties required by their home institution that are unrelated to or independent of the CIRM training program. That is the first amendment made by the Working group.

I would also like to point out that we added a statement to accommodate clinical fellows if shorter appointment periods are required. And that statement arose from a comment made by the ICOC board last time this document was presented. So that is the first amendment.

The second amendment recommended by the Working Group deals with the reporting and tracking of ethical research practices. The Working Group felt that when the trainee embarks on research, CIRM must track the institutional approvals where applicable for work done by the trainee. In general, what this means is that once the trainee has been appointed, then the institution must provide us with evidence that he or she is adequately covered by the mentor's approval forms for research. And this requirement is now spelled out in a whole new section entitled "Ethical Research Practices." So those are the two amendments for your consideration.

The next point is what we've just gone through, which is incorporation of the Interim IP

Policy for Training Grants. And we thought that since you discussed and considered what was just presented, that we might incorporate what you've just decided as an additional section into the current document that you have to cover IP policy for training grants. So we will be happy to change language. We've already adopted a little of the language and can change the language now as we go along.

But this is what we have prepared in anticipation; and that is, ownership, CIRM grantees, and I think we should change now to CIRM grantee organizations, own all rights to intellectual property created during the period supported by a CIRM grant. And that's a policy statement on ownership. The second statement on data, biomedical material sharing is a guideline. CIRM strongly supports a broad sharing policy. CIRM will expect grantees to share data and biomedical materials widely and beyond current practices.

The third, a research exemption, CIRM will create a research exemption to allow the use of patented CIRM-funded discoveries for research purposes by CIRM grantees.

The last two conditions we may want to wordsmith what we have up here. I want you to note that the offending word "tax" was removed by us earlier. So CIRM will encourage the commercialization of CIRM-funded discoveries. In licensing activities, CIRM will require that, all things being equal, preference will be given to companies with plans for access to resultant therapies for underserved patient populations. We will add that additional point as voted upon.

Next point, in the future CIRM may require that a portion of the grantee organization's share of licensing fees and royalties be returned to the state of California. That was what we originally had, and I'm happy to change the language as the ICOC sees fit.

Another point is as seen earlier about March-in rights. So that is for your consideration also.

And the last point is we received two public comments yesterday, and I think I'll hold off on those until the session is open for public comment.

Dr. Bryant: I was just going to suggest that, since the question's come up several times, that you insert nonprofit before grantee institution.

Dr. Chiu: Before grantee organization. OK. We shall do that.

Motion:

- Dr. Henderson moved for approval of the Interim Grant Administration Policy for Training Grants.
- Mr. Goldberg seconded.
- Dr. Steward suggested the amendment that the IP Policy for Training Grants not be combined with this document, but that the two be kept separate. The result is that the IP Policy will be referred to in the Interim Grants Administration Policy for Training Grants, but will not be part of it. It may be provided as an addendum once it is completed and approved by the ICOC.

Dr. Chiu: Then I will take the first two public comments to bring to your attention two comments we received yesterday from the public. So these are the two public comments to which I refer. The first is from the University of California, Office of the President. I left a document, a letter, that I received by e-mail yesterday with each ICOC member, and there are copies over there for public consideration. It has to do with an indemnification clause that we use in the document.

The UC Office of the President suggests that there's a difference in their policy, and they're suggesting a different clause. Since I just saw it and I'm not a legal expert, I'd like to refer to Scott Tocher to explain this difference and perhaps with a suggestion.

Mr. Tocher: There's a provision in the stem cell act that requires standards to be adopted by the agency to ensure that the institute is indemnified by grantees for claims that arise against the institute as a result of research that is conducted by the grantees.

The e-mail identifies several issues that the UC system has with the draft on page 6. I think that most of the points are well taken and some may actually arise due to perhaps a misunderstanding. The comments that Ms. Auriti wanted to pass along were initial comments from her colleagues for your consideration. I think that for the most part, they can all be resolved sort of at the staff level in the future if we could sit down with them and discuss them with them on a more detailed level and perhaps bring back an amended and agreed to version perhaps at a future meeting, if this is coming back, with the results of those discussions, if that would please the board.

Dr. Hall: Actually let me ask if you: would -- if there's an opportunity to get these grants out and we can reach agreement on this clause at the staff level, I would ask authority that we could go ahead and incorporate this into our policy and send it out.

Chairman Klein: So in our motion we would be asking that the president and counsel be authorized to work out these items with the UC system to make certain that it works for them as well, if that's an acceptable amendment.

And the first and the second have accepted it as a friendly amendment.

Dr. Chiu: So the next issue is a letter, I believe, that was sent to each member of the ICOC that I only saw this morning from Greenlining. And I quote something that I received… I didn't get the

whole document at the time: "to stress the need for stronger diversity language in the Interim Grants Administration Policy for training grants." and then it goes on to say later, "by reviewing each research institute's own diversity report as part of every consequent RFA, the CIRM may more effectively persuade grant applicants to embrace measurable diversity commitments."

just wanted to note two things. First, in the Interim Grants Administration Policy Document for Training Grants that you have at hand, on page 8 under trainee policy appointment, the very first sentence reads, "the program director should appoint trainees giving appropriate consideration to the level of training, academic qualifications, and the inclusion of women and minorities." So this is the current standing statement that we have. But in addition, in our last RFA, for the CIRM Training Program, on page 2, we state, "because of the diversity of the California population, CIRM is particularly interested in training a diverse pool of investigators. We encourage institutions to make special efforts consistent with the law to recruit and retain individuals from many backgrounds, including underrepresented minorities, as trainees and as mentors."

And further on page 9 of the RFA, in the selection process, we specifically state, "describe efforts that will be made to ensure a diverse group of trainees and to encourage and train underrepresented minorities."

So we believe we've addressed these issues, and we leave it to the board to decide how we should proceed with this request.

Dr. Bryant: I thought that the statements that were in the RFA were very effective and appropriate. And I also think that diversity is -- excellence in science is about diversity because you can't know where the next -- what particular attributes somebody brings to the table when they're doing science. So having a more diverse population is part of scientific excellence, and I think we should continue to include statements like that.

Dr. Levey: I agree. I think the statement Arlene read is perfect. This is what we deal with all the time from NIH This is not unusual. It's a very effective and appropriate statement.

Chairman Klein: Dr. Forman also made a very important statement this morning reminding us that the genetic diversity of many minorities is much more complicated than the average person in the population. And whether it is for sickle cell anemia or leukemia and bone marrow stem cell matches, we have a great challenge with a number of the minorities in getting the right major histocompatibility match. Because of that diversity, embryonic stem cells hold a particular promise and opportunity for those groups to develop stem cells that don't have those histocompatibility barriers. So it's critical for us in our dedication to serve those parts of the population with medical therapies that we focus on advancing science for -- the embryonic stem cell science that we are committed to as our core mission.

Dr. Chiu: Those are all the public comments that I have to relay.

Mr. Reed: I would strongly support the inclusion of that language. I think it's also valuable to remind the public that we are fighting for everybody. This is not for the few rich. This is for everybody. Also on a personal note, today is a very special day because when you're fighting against Cancer, you're fighting to help my personal family. Many of you were kind enough to sign the card for my sister. I've told her that California is fighting for her. Today you're here. That's my beloved sister Barbara right over there. And you guys are fighting for real people, so thank you very much.

(applause.)

Chairman Klein: Barbara, we encourage you and support your fight with cancer.

Vote:

- All in favor; motion carries as amended.

Chairman Klein: Item passes. Thank you very much. Excellent presentation, Dr. Chiu.

We will now combined agenda items # 13 and 15, led by Tina Nova/Vice Chair and Acting Chair of Governance Subcommittee, and Walter Barnes.

Agenda Item #13: Consideration of report from Governance Subcommittee.

Agenda Item # 15: Consideration of CIRM budget.

Dr. Nova: The governance subcommittee met yesterday, December 5th. Sherry Lansing, who is the Chair, was unable to attend yesterday, so therefore, in my role as vice chair, I presided over the meeting and will be delivering the update for you today.

We focused on three categories of topics at yesterday's meeting. One, we reviewed a revised budget for fiscal year 2005 to 2006. We heard a report on contracts and interagency agreements, recommending a contract extension for Remcho, Johansen & Purcell, our outside legal counsel, and we reviewed and are recommending, an out-of-state travel policy for CIRM employees and a recruitment policy for CIRM.

I'd now like to turn the microphone over to Walter Barnes to walk us through the key points of the CIRM budget with special emphasis on relevant contracts and interagency agreements. Since they comprise such a significant portion of our budget, also we will wait to treat the recommendation regarding the Remcho contract for a separate vote. Walter, please take us through the budget. Thank you.

Mr. Barnes: The presentation consists of two pages of narrative and then two attachments. One of the attachments is a variation of one that you've seen on several other presentations. It's a reflection of the budget under a funding alternative That basically limits our funds to the general fund loan of $3 million and the Dolby grant of $5 million.

This shows the comparison between the year-end financial statements for the previous year through June 30, '05, and the proposed budget for 2005-06.

A new document that has also been attached is one that breaks the expenditures down into four cost categories. This is something that Dr. Hall had mentioned that he wanted to do in a previous meeting.

There are four cost centers. The first one is the science office, and the responsible officer is Arlene Chiu. This is where all grant management activities, including the grants working group, are performed. Also the office is responsible for any scientific meetings.

The office of administration, with me as the responsible officer, provides a variety of support services, including financial, human resources, procurement, facilities, etc.

The office of the president, with obviously the responsible officer being Zach Hall, includes the President and his staff, but it also includes information technology, communications, legal services, and the standards and facilities work groups.

And then finally the Office of the Chair with Robert Klein. This office is responsible for all activities related to the meetings and activities of the ICOC and to those specific activities assigned to the chair by proposition 71, such as the bond and funding issues, or assigned to the vice chair by the chair, such as the IP Task Force.

Each of these cost centers have been given a sufficient amount of money to take care of their operations through June 30th. And if you recall, previously we actually gave you three budget plans. We gave you a budget plan that was based on the $3 million loan and the $5 million Dolby grant. We also gave you a budget based upon supplementing that with $21.5 million in BAN's. And we also gave you a third alternative, which is to supplement that money by a hundred million in bond proceeds.

At that time, when we made that presentation to you, the first alternative had a deficit of a little over $400,000. What we said at that time was that if there was no additional funding by January 1st, we would take some actions to actually reduce down the level of expenditures -- expected expenditures to ensure that we could continue operations through the end of this fiscal year, which ends on June 30th, 2006.

Since there's no ICOC meeting in January, Zach asked us to actually begin that process and present the revised budget to you. As you can see, this budget is balanced.

Some of the highlights in this budget are that there are currently 19 employees, and no additional hires are expected to be made. To answer a couple of questions that came up at the Governance Subcommittee Meeting, these 19 positions are divided between the four cost centers in terms of three for the science office, two for the office of administration, six for the president, and eight for the chair. I should tell you also that two positions that are in the office of the chair are actually on full-time loan, one to the office of president to assist with the Standards Working Group and one to the office of the administration to help with the recent move and with a number of procurement activities that we have.

In addition, this budget fully funds the October scientific meeting that we had in San Francisco, for which I think Dr.. Chiu and Mary Maxon should be commended for coming in nearly $75,000 under budget.

In addition, there's funding for two smaller scientific meetings, the purpose of which are to be determined. We have a full group of standards meetings, six meetings during the year; one facilities meeting; and one meeting for the grants program, which has already been held, and two teleconference meetings.

For the ICOC, we have eight full ICOC meetings, this is the fifth of the year, four legislative subcommittee meetings, five Governance meetings, four IP Task Force meetings, and one Standards Search Subcommittee meeting.

Finally, we have legal services through Remcho and Department of Justice which are sufficient to meet the litigation and other needs for this year.

Just a few comments about the litigation activities: one of the things that's built into this budget is an amendment to the Remcho contract to add an additional $252,000 to the contract to ensure that we have sufficient funds to carry us through the end of the year. I should say that Remcho until the last few months, about 25 percent of their funds have been devoted to litigation activities while almost all of the department of justice funds, which is about 270,000, is almost exclusively devoted to litigation.

As has been mentioned, now that the litigation is ready to move into the trial phase, most of Remcho's cost will be litigation. And so to cover the nonlitigation work, which is mostly related to

regulations and our grants management policies and things like that, we've acquired Scott Tocher from the FPPC on a temporary loan, and we have Dan Bedford from Orrick through a pro bono agreement. Funding for the temporary hire is in this budget. With that, that's what the current budget looks like. In the past we have talked about increased funding either going to raise our level of activities this year. Given that we're so close to almost halfway through the year, we are going to start working on the 2006-2007 budget with certainly a focus on the first six months of the year and will basically be trying to deal with how far we can continue our current activities through that point.

In addition, one of the other balls that's in play, as Zach has mentioned, has to do with getting additional funding to fund some of the additional science activities that he would like to start working on this year.

That's the end of my report, and I think the recommendation is to approve this budget as our operating budget for the rest of the year.

Dr. Nova: That was the recommendation from the subcommittee. Are there any questions from members of the board on the budget?

Dr. Friedman: Walter, you may have clarified this and I missed it. In looking at the contracts, the external contracts, I understand that a significant portion of that is the litigation. Are there other contracts in there as well?

Mr. Barnes: Yes. The three largest contracts, There's the Remcho contract, there is the Edelman contract, which is projected at about $283,000 this year. There's also the career resources contract, which is a contract that provides some temporary help for our receptionist, things like that. This budget assumes that it will expend about a $100,000 this year. And then they start dropping off. And actually a listing of all of the contracts and their encumbrances and that kind of thing is given in the contracts portion in your report. We also have, I think, about $190,000 in contracts for grants management assistance to Arlene. And beyond that, they start dropping off.

Motion:

- Dr. Henderson moved approval of the budget.
- Dr. Levey seconded

Chairman Klein: will need additional scientific staff to meet challenge of new grant cycle and review.

Vote:

- All in favor
- Motion carries

Mr. Barnes: Focusing on the Remcho contract extension: this presentation contains a number of updates to the status of our contracts and interagency agreements, which is attached to the narrative. By and large most of this is information for you. There are two items that require approval either by the Governance Subcommittee or the full ICOC

The Governance Subcommittee took on the Career Resources Contract, which we indicated that we needed some additional funding for the current year to take it to March 31st of 2006.

In addition, the most important one, Remcho, Johansen & Purcell, current contract expires on June 30th, began on January 6th of 2005. Based on our analysis of expenditure patterns, it

appears that an additional $252,200 is necessary to cover the anticipated cost through June 30th. This will bring the contract to a total of $772,200.

During the first nine months, the invoices have been coming in at an average of a little over $44,000. During the next nine months, the average per month is expected to be about 41,000. I already talked to you about the fact that almost exclusively these amounts are going to be related to litigation for the foreseeable future and that basically we're expecting to use Scott Tocher and Dan Bedford to try to cover the nonlitigation issues.

So we'd like your permission to go ahead. Both of the amounts for both the career resources as well as the Remcho contract extension and increase, both of those amounts are built into the budget that you just approved.

Dr. Nova: Any board comments or questions?

Dr. Pomeroy: I support both of these, but I just would like to express, I think, the frustration that many of us feel that this large amount of money to go for the litigation and the legal fees is money that's not going for science, it's not going for research, it's not finding a cure, and I think the public should be aware of the impact that this litigation is having on our ability to accomplish our mission.

Dr. Murphy: I think we should make that point very carefully and aggressively to Edelman, who we are paying for public relation services. And I think during the litigation period and beyond, I think that the public really does need to know, and we need to be aggressive in getting that message out.

Motion:

- Dr. Levey moved for approval of increase of Remcho contract.
- Dr. Holmes seconded

Vote:

- All in favor
- Motion passes

Mr. Barnes gave a brief presentation on modifications to the travel policy with regard to contracted meals, business meeting meals and out-of-state travel.

Motion:

- Dr. Steward moved for approval of the CIRM out-of-state travel policy and CIRM recruitment policy.
- Dr. Bryant seconded.

Vote:

- All in favor
- Motion passes

Public Comment

John Simpson: Very quickly. John Simpson from the foundation for taxpayer and consumer rights. This is the first time I've been at one of your board meetings, and I just wanted to say that I'm genuinely impressed with the commitment on everybody's part. And while we occasionally have disagreements about various policy aspects, it is delightful to see such a responsible group of people acting in the public's interest.

Adjournment.