

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

VOLUME II

LOCATION: CROWNE PLAZA HOTEL
1177 AIRPORT BOULEVARD
BURLINGAME, CALIFORNIA

DATE: JANUARY 17, 2008
8:49 A.M.

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

BRS FILE NO. : 79810

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		3, 165
ROLL CALL		6, 165
CONSENT ITEMS:		89
	APPROVAL OF MINUTES - 12-12-07 STANDARDS WORKING GROUP ITEMS	
CHAIRMAN' S REPORT		7, 167
PRESIDENT' S REPORT		209
CONSIDERATION OF CONCEPT PLAN FOR NEW FACULTY AWARDS II RFA		239
CONSIDERATION OF RECOMMENDATIONS FROM GRANTS WORKING GROUP ON MAJOR FACILITIES PART 1 APPLICATIONS		14
CLOSED SESSION (NOT REPORTED)		36, 281
PUBLIC REPORT OF ACTION TAKEN, IF ANY		NONE
CONTINUATION OF CONSIDERATION OF RECOMMENDATIONS FROM GRANTS WORKING GROUP ON MAJOR FACILITIES PART 1 APPLICATIONS		171
2006-2007 FINANCIAL AUDIT PRESENTATION		226
CONSIDERATION OF CONCEPT PLAN FOR CONFERENCES AND MEETINGS		250
CONSIDERATION OF ICOC TRAVEL POLICY AND AMENDMENTS FOR STAFF MEMBERS, WORKING GROUP MEMBERS AND CANDIDATES		258
CONSIDERATION OF BUSINESS MEETING EXPENDITURE POLICY		268
CONSIDERATION OF AMENDMENTS TO INTERNAL GOVERNANCE POLICY		282

I N D E X (CONT'D.)

CONSIDERATION OF AMENDMENTS TO CIRM COMPENSATION PLAN	295
PUBLIC COMMENT	304
ADJOURNMENT	308

BARRISTERS' REPORTING SERVICE

1 SAN FRANCISCO, CALIFORNIA; THURSDAY, JANUARY 17, 2008

2 08:49 AM

3

4 CHAIRMAN KLEIN: ALL RIGHT. WELCOME, EVERYONE,
5 TO THE MEETING THIS MORNING. WE HAD A LATE NIGHT LAST
6 NIGHT. I WANT THE TAXPAYERS OF CALIFORNIA TO KNOW THAT
7 THIS GROUP WORKS RIGHT THROUGH THE NIGHT TO GET ITS JOB
8 ACCOMPLISHED. I WOULD LIKE, FOR THE BENEFIT OF BOARD
9 MEMBERS WHO WEREN'T HERE YESTERDAY AND FOR MEMBERS OF THE
10 PUBLIC THAT WEREN'T HERE YESTERDAY, TO OPEN THIS
11 MORNING'S MEETING BY SOME GENERAL COMMENTS AFTER WE HAVE
12 THE PLEDGE OF ALLEGIANCE AND THE ROLL CALL. SO, MELISSA
13 KING, WOULD YOU LEAD US IN THE PLEDGE OF ALLEGIANCE.

14 (THE PLEDGE OF ALLEGIANCE.)

15 MS. KING: DONALD DAFOE.

16 DR. DAFOE: HERE.

17 MS. KING: ROBERT PRICE.

18 DR. PRICE: HERE.

19 MS. KING: FLOYD BLOOM.

20 DR. BLOOM: HERE.

21 MS. KING: DAVID BRENNER.

22 DR. BRENNER: HERE.

23 MS. KING: SUSAN BRYANT.

24 DR. BRYANT: HERE.

25 MS. KING: MARSHA CHANDLER. MARCY FEIT.

BARRISTERS' REPORTING SERVICE

1 MI CHAEL FRI EDMAN.
2 DR. FRI EDMAN: HERE.
3 MS. KI NG: LEEZA GI BBONS.
4 MS. GI BBONS: HERE.
5 MS. KI NG: MI CHAEL GOLDBERG.
6 MR. GOLDBERG: HERE.
7 MS. KI NG: SAM HAWGOOD.
8 DR. HAWGOOD: HERE.
9 MS. KI NG: FRANK MARKLAND FOR BRIAN HENDERSON.
10 DR. MARKLAND: HERE.
11 MS. KI NG: BOB KLEI N.
12 CHAI RMAN KLEI N: HERE.
13 MS. KI NG: SHERRY LANSI NG. GERALD LEVEY.
14 DR. LEVEY: HERE.
15 MS. KI NG: TED LOVE.
16 DR. LOVE: HERE.
17 MS. KI NG: TI NA NOVA.
18 DR. NOVA: HERE.
19 MS. KI NG: ED PENHOET.
20 DR. PENHOET: HERE.
21 MS. KI NG: PHI L PI ZZO. CLAI RE POMEROY.
22 DR. POMEROY: HERE.
23 MS. KI NG: FRANCI SCO PRI ETO.
24 DR. PRI ETO: HERE.
25 MS. KI NG: JOHN REED. DUANE ROTH.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: HERE.

2 MS. KING: JOAN SAMUELSON. DAVID

3 SERRANO-SEWELL. JEFF SHEEHY. JONATHAN SHESTACK. OSWALD
4 STEWARD. JANET WRIGHT.

5 DR. WRIGHT: HERE.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IN
7 OPENING THE MEETING THIS MORNING, IT IS CRITICAL FOR US
8 TO NOTE THAT WHILE WE ARE VERY EXCITED ABOUT THE
9 SCIENTIFIC DEVELOPMENTS THAT KEEP FLOWING IN CALIFORNIA
10 AND AROUND THE WORLD IN THE STEM CELL AREA, THAT IN
11 PROPOSITION 71 WE SET A VERY CLEAR STANDARD UNDER ARTICLE
12 35 WHERE WE PROHIBITED ANY OF THE FUNDS OF THIS AGENCY
13 FROM EVER BEING USED FOR HUMAN REPRODUCTIVE CLONING. AS
14 AN ADDITIONAL CONTEXT, UNDER THE STATE OF CALIFORNIA'S
15 HEALTH AND SAFETY CODE 24185, THE ORTIZ BILL, THERE WAS A
16 SPECIFIC PROHIBITION THAT NO PERSON SHALL CLONE A HUMAN
17 BEING OR ENGAGE IN HUMAN REPRODUCTIVE CLONING.

18 SO WHEN EACH OF US IS INTERACTING WITH THE
19 PUBLIC AND THE MEDIA, IT IS IMPORTANT TO COMMUNICATE THAT
20 THERE ARE VERY STRICT RULES IN CALIFORNIA GOVERNING THIS
21 RESEARCH, AS EXCITING AS IT IS, THAT THOSE THAT
22 SENSATIONALIZE IT BY CLAIMING IT CAN BE MISUSED NEED TO
23 BE INFORMED THAT IN CALIFORNIA WE'VE CREATED SOME VERY
24 STRONG STANDARDS TO MAKE CERTAIN THAT, AS WITH
25 RECOMBINANT DNA, WHICH WAS STRICTLY USED IN A VERY

BARRISTERS' REPORTING SERVICE

1 DISCIPLINED WAY FOR THE LAST 35 YEARS, WE HAVE STARTED
2 OUT THIS FIELD WITH SOME VERY STRICT STANDARDS FOR STEM
3 CELL RESEARCH, AND IT WILL NOT BE ABUSED IN THIS STATE.

4 A SECOND ITEM TO BRIEF THE BOARD ON, FOR THOSE
5 MEMBERS WHO WERE NOT HERE YESTERDAY AND FOR MEMBERS OF
6 THE PUBLIC, IS THAT UNDER PROPOSITION 71 WE HAVE AN
7 OVERHEAD THAT'S CAPPED AT 5.91 PERCENT OPERATING COST
8 CAP. IN THIS PERIOD OF BUDGET SCRUTINY IN CALIFORNIA AND
9 AUSTERITY IN CALIFORNIA, IT IS IMPORTANT TO NOTE THAT
10 THIS IS ABOUT 50 PERCENT OF THE OPERATING COST PERCENTAGE
11 GENERALLY USED BY THE HIGHEST RANKED, MOST EFFICIENT, AND
12 PRESTIGIOUS NONPROFIT ORGANIZATIONS IN THE UNITED STATES.

13 SO ON THAT BASIS ALONE, WE STARTED OUT WITH A
14 VERY CONSERVATIVE STANDARD. BUT AS OF APRIL 2008, FOR
15 THE FISCAL YEARS 2004-2005, 2005-2006, 2006-2007, AND
16 2007-2008, WE HAVE AUTHORIZED OVERHEAD BASED UPON OUR
17 ACTUAL COMMITMENTS EXPECTED BY THAT DATE OF APPROXIMATELY
18 \$30,700,000. COMPARING THAT TO WHAT WE ACTUALLY WILL
19 HAVE EXPECTED TO SPEND BY JUNE 30TH, 2008, WE WILL HAVE
20 SPENT 20,550,000 OR IN THAT RANGE. THIS DOLLAR AMOUNT OF
21 20,500,000 IS ONLY 67 PERCENT OF THE AUTHORIZED AMOUNT.
22 SO THIS AGENCY HAS OPERATED HIGHLY EFFICIENTLY WITH A
23 GREAT DEAL OF DISCIPLINE THROUGH ITS PERIOD OF LIFE.

24 IT IS IMPORTANT TO NOTE AS WELL THAT WE'VE BEEN
25 OPERATING WITH ABOUT 26 EMPLOYEES; AND IF WE HAD HAD MORE

BARRISTERS' REPORTING SERVICE

1 FUNDS, WE WOULD HAVE HAD MORE MONEY OUT AND COMMITTED,
2 WHICH WOULD HAVE EVEN CREATED A HIGHER OVERHEAD OR
3 OPERATING COST ALLOWANCES THAN WHAT WE HAVE TO DATE.
4 DURING THIS TIME PERIOD THE STAFF, THROUGH HEROIC
5 EFFORTS, HAS HANDLED WELL OVER 500 GRANT PROPOSALS. BY
6 APRIL WE EXPECT TO HAVE APPROXIMATELY 530 MILLION, AS I
7 SAID, IN COMMITMENTS. IF YOU LOOK AT OUR SALARIES FOR
8 2008, WE'RE APPROXIMATELY \$3 MILLION; WHEREAS, FOR 2007
9 THE FIGURE IS 2.9 MILLION. THIS IS A 2-PERCENT
10 DIFFERENCE.

11 NOW, DURING THIS PERIOD OF THE LAST FOUR YEARS,
12 HOWEVER, WE HAVE REALLY TIGHTENED OUR BELT, PARTICULARLY
13 BECAUSE OF LITIGATION, AND HELD BACK SOME NORMAL SALARY
14 ADJUSTMENTS. IN ADDITION, WE HAVE INDIVIDUALS WHO HAVE
15 MOVED UP SUBSTANTIALLY WITHIN THEIR JOB RESPONSIBILITIES
16 AND YET THE SALARIES HAVEN'T BEEN INCREASED. SO THERE
17 WILL BE INCREASES BY THE END OF OUR FISCAL YEAR TO DEAL
18 WITH THESE INEQUITIES AND THE COMMITMENT AND SACRIFICES
19 OF STAFF, BUT IT IS CRITICAL TO NOTE THAT EVEN WITH THOSE
20 WE'LL BE SUBSTANTIALLY BELOW OUR AUTHORIZED OPERATING
21 EXPENSES. WE'VE BEEN MAKING SOME REALLY TIGHT BUDGETARY
22 DECISIONS FOR SEVERAL YEARS.

23 IT'S IN THAT CONTEXT TODAY THAT WE GO BACK TO
24 OUR POINT WHERE WE HAD PROGRESSED LAST NIGHT IN OUR GRANT
25 PROGRAM WITH THE LARGEST INDIVIDUAL GRANTS FOR

BARRISTERS' REPORTING SERVICE

1 INSTITUTIONS PROBABLY THAT WE WILL MAKE IN OUR HISTORY
2 WITH \$262 MILLION AT STAKE IN THIS ROUND FOR MAJOR
3 FACILITIES.

4 I'D LIKE FOR THE BENEFIT OF THE STAFF, FOR THE
5 BENEFIT OF THE PUBLIC, AND FOR THE BENEFIT OF THE BOARD
6 MEMBERS WHO WERE NOT HERE YESTERDAY, IF RICK KELLER COULD
7 QUICKLY REVIEW THE APPROACH WE TOOK IN SETTING SOME
8 INITIAL DOLLAR ALLOCATIONS TO DIFFERENT CATEGORIES IN THE
9 COMPETITION. AND I WOULD HOPE THAT EVERYONE REMEMBERS
10 THAT AFTER THE MAJOR FACILITIES RECOMMENDATIONS, WE'RE
11 GOING TO LOOK AT THOSE DOLLAR AMOUNTS AGAIN, AND THIS
12 BOARD WILL MAKE ADJUSTMENTS AT THAT TIME BASED UPON FINAL
13 DECISIONS THE BOARD MAKES. SO THESE ARE ONLY TO GIVE
14 PEOPLE A FRAMEWORK TO REVIEW THIS COMPETITION WITHIN.

15 ADDITIONALLY, AFTER THAT PRESENTATION, I'LL ASK
16 THE STAFF TO GO THROUGH AND JUST PUT UP ON THE SCREEN THE
17 RECOMMENDATIONS THAT WERE VOTED ON YESTERDAY. AND THEN
18 WE HAVE A MOTION THAT IS PENDING WHICH WE WILL ADDRESS.
19 AFTER THAT MOTION, I'M GOING TO ASK RICK KELLER TO COME
20 BACK AND TALK ABOUT MAJOR RESEARCH FACILITIES PART 2.

21 AND IN BEGINNING THIS NEXT STEP, WE HAVE ADDED
22 A MAJOR NEW ASSET TO THE BOARD THIS MORNING BECAUSE WE
23 HAVE DEAN SAM HAWGOOD WHO HAS JOINED US, AND I THINK IT
24 WOULD BE GREAT TO GIVE HIM A HAND OF APPLAUSE.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU, DEAN.

2 MS. KING: ACTUALLY CHAIRMAN KLEIN, I JUST
3 WANTED TO STATE FOR THE RECORD THAT SAM HAWGOOD AND
4 OSWALD STEWARD HAVE JOINED THE MEETING, AND WE DO HAVE A
5 QUORUM.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH. RICK
7 KELLER.

8 MR. KELLER: GOOD MORNING. I WANT TO JUST
9 BRIEFLY, AS THE CHAIRMAN INDICATED, REVIEW THE
10 INFORMATION WE PRESENTED LAST EVENING ABOUT THE FUNDING
11 PLAN OR STRATEGY FOR ESTABLISHING THE TARGETS FOR THE
12 THREE FUNDING CATEGORIES INCLUDED IN THE RFA AS IT WAS
13 PUBLISHED. FOR THE \$262 MILLION THAT IS AVAILABLE, THAT
14 IS DERIVED FROM THE FACT THAT YOU PREVIOUSLY APPROVED 227
15 MILLION FOR THIS RFA SPECIFIC TO THE CAPITAL FUNDING
16 LIMITATIONS THAT ARE ESTABLISHED IN PROP 71, WHICH
17 BASICALLY SAYS RESEARCH HAS TO BE 90 PERCENT. WE TAKE
18 THE OVERHEAD, AS THE CHAIRMAN JUST EXPLAINED; AND WHEN
19 YOU GO THROUGH THE CALCULATIONS AND RESERVE FUNDS FOR THE
20 FUTURE BANKS AND CORES, WE IDENTIFIED \$227 MILLION. TO
21 THAT YOU APPROVED AN ADDITIONAL 35 MILLION FROM EQUIPMENT
22 FUNDS, WHICH IS PART OF THE RESEARCH BUDGET.

23 SO FOR THAT 262 MILLION, WE WANTED TO ESTABLISH
24 AN AMOUNT OR TARGET AMOUNT IN EACH OF THE THREE
25 CATEGORIES THAT WOULD PROVIDE FOR UNIFORM COMPETITION

BARRISTERS' REPORTING SERVICE

1 AMONG THE THREE CATEGORIES. THE SLIDE INDICATES THE
2 RANGES THAT ARE INCLUDED THAT YOU APPROVED AT YOUR
3 MEETING, AND THEN WE ESTABLISHED THE MIDRANGE.

4 NEXT SLIDE. BASED ON THE ACTION, YOUR
5 TENTATIVE ACTION LAST NIGHT, THE SEVEN APPLICANTS
6 APPROVED FOR AN INSTITUTE, TWO FOR THE CENTERS OF
7 EXCELLENCE, AND THREE FOR SPECIAL PROGRAMS, WHEN WE APPLY
8 THE MIDPOINT NUMBERS, WE ESTABLISHED AN AMOUNT, A
9 THEORETICAL AMOUNT, THAT IF ALL APPLICANTS WERE AWARDED
10 THE MIDPOINT, IT WOULD BE \$320 MILLION. HOWEVER, THERE
11 ARE AVAILABLE FUNDS OF 262, REPRESENTING 81.9 PERCENT OF
12 THAT AMOUNT.

13 SO APPLYING THAT 81.9 PERCENT TO THOSE MIDPOINT
14 AMOUNTS, WE ARRIVED AT A SPECIFIC TARGET AMOUNT FOR EACH
15 OF THE THREE CATEGORIES AS INDICATED AND CONSISTENT WITH
16 YOUR DISCUSSION AND ACTIONS LAST EVENING.

17 I WANT TO POINT OUT THE ONE AMENDMENT TO THE
18 SLIDE AS A RESULT OF YOUR DISCUSSION IS THAT THESE
19 ORIGINAL RANGES WERE ESTABLISHED PRIOR TO US HAVING ANY
20 IDEA ABOUT HOW MANY APPLICANTS WOULD BE IN EACH CATEGORY.
21 AND WITH SEVEN APPLICANTS APPROVED IN THE TOP CATEGORY OF
22 CIRM INSTITUTES, IT WILL BE -- AS MENTIONED LAST EVENING,
23 THERE WILL HAVE TO BE SOME HARD DECISIONS MADE RELATIVE
24 TO THOSE SEVEN PROPOSALS. AND THE DISCUSSION LAST
25 EVENING WAS THAT THESE RANGES ARE UP TO THE TOP AMOUNT.

BARRISTERS' REPORTING SERVICE

1 SO FOR THE CIRM INSTITUTES, I WOULD AMEND THIS SLIDE TO
2 SAY UP TO 50 MILLION, FOR THE CENTERS OF EXCELLENCE UP TO
3 25 MILLION, AND FOR THE SPECIAL PROGRAMS UP TO \$10
4 MILLION. SO YOU HAVE THE FLEXIBILITY OF THE ENTIRE RANGE
5 FOR THOSE FOR EACH CATEGORY.

6 ARE THERE ANY QUESTIONS?

7 CHAIRMAN KLEIN: OKAY. THANK YOU. YES,
8 QUESTION.

9 DR. PRIETO: JUST ONE QUESTION, RICK. DO WE
10 KNOW THE AMOUNTS THAT EACH POTENTIAL GRANTEE IS
11 REQUESTING?

12 MR. KELLER: NO, WE DON'T. THAT WILL BE PART
13 OF THE PART 2 APPLICATION.

14 MR. ROTH: MR. CHAIRMAN, I HAVE A QUESTION
15 ABOUT THE 35 MILLION FOR EQUIPMENT BEING INCLUDED IN THIS
16 NUMBER. IT WAS MY UNDERSTANDING THE RFA'S DIDN'T ASK --
17 ACTUALLY THE RFA SAID EQUIPMENT WAS EXCLUDED.

18 CHAIRMAN KLEIN: NO. PART 2 OF THE APPLICATION
19 ASKED FOR AN OVERALL BUDGET FOR THE PROJECT, AND IT WILL
20 INCLUDE THE EQUIPMENT COST AS WELL AS THE BUILDING COST
21 ITSELF. IT'S THE COST TO CREATE AN OPERATING FACILITY.

22 MR. ROTH: OKAY. THAT WAS NOT MY
23 UNDERSTANDING. IF THAT HAS BEEN COMMUNICATED, THEN THEY
24 WILL APPLY AND ASK FOR FUNDS FOR EQUIPMENT.

25 CHAIRMAN KLEIN: THEY WILL APPLY AND DETAIL

BARRISTERS' REPORTING SERVICE

1 THAT COST. NOW, THIS BOARD CAN ALLOCATE -- COULD GIVE
2 SOME APPLICATIONS ALL EQUIPMENT MONEY -- I MEAN ALL
3 BUILDING MONEY AND OTHER ALLOCATION. THE KEY DECISION IS
4 THE TOTAL AMOUNT OF FUNDS THEY GET. WHETHER THEY USE
5 PART OF IT FOR EQUIPMENT, IT DID DEPEND ON THEIR SOURCES
6 AND USES. SOMEONE MAY COME IN AND HAVE A GRANT TO COVER
7 ALL THE EQUIPMENT, SO WE WOULDN'T GIVE THEM ANY EQUIPMENT
8 MONEY. WE'LL TRY AND MATCH IT UP TO THE SOURCES AND USES
9 THAT ARE UNCOVERED USES THAT THEY NEED THE FUNDING FOR.

10 MS. PACHTER: MR. CHAIR, IF I MAY INTERRUPT. I
11 JUST THOUGHT IT MIGHT BE WISE TO REMIND THE MEMBERS OF
12 WHO MAY PARTICIPATE IN THIS DISCUSSION OF ALLOCATION OF
13 FUNDS. IT IS A LIMITED NUMBER OF MEMBERS OF THE BOARD
14 WHO CAN PARTICIPATE. FRIEDMAN, GIBBONS, KLEIN, LOVE,
15 NOVA, ROTH, SAMUELSON, SERRANO-SEWELL, AND WRIGHT MAY
16 PARTICIPATE IN THIS DISCUSSION.

17 CHAIRMAN KLEIN: DOCTOR --

18 MR. ROTH: THANKS FOR THE PROMOTION.

19 CHAIRMAN KLEIN: DUANE WAS ONE OF THOSE I
20 THOUGHT I COULD RECOGNIZE. OKAY.

21 DR. PENHOET: CAN THE REST OF US ASK
22 INFORMATIONAL QUESTIONS?

23 MS. PACHTER: NOT REGARDING ALLOCATION OF
24 FUNDS.

25 CHAIRMAN KLEIN: OKAY. MAKES IT SIMPLER. WE

BARRISTERS' REPORTING SERVICE

1 WILL HAVE FULL INFORMATION FOR EVERYONE. AND THE DRAFT
2 RFA PART 2 IS ALREADY UP FOR COMMENT, AND WE CERTAINLY
3 WILL MAKE SURE THAT THAT INFORMATION IS CLEAR. OKAY.

4 SO AT THIS POINT WE HAVE A REQUEST TO SEE THE
5 SUMMARY OF THE ACTIONS FROM LAST NIGHT ON
6 RECOMMENDATIONS. IN THE PROCESS LAST NIGHT, WE WENT
7 THROUGH THE INSTITUTE CATEGORY, THE CENTERS OF EXCELLENCE
8 CATEGORY, AND THE SPECIAL PROJECTS CATEGORIES. WE'VE
9 TAKEN ACTION ON ALL OF THE SCIENTIFIC WORKING GROUP'S
10 RECOMMENDATION. THERE IS A PENDING MOTION, HOWEVER; AND
11 BEFORE WE COULD CLOSE OUT THAT PENDING MOTION, WE LOST
12 OUR QUORUM. SO WE HAVE A PENDING MOTION, WHICH IS AN
13 EXAMINATION OF ONE OF THOSE THAT WAS NOT RECOMMENDED. I
14 THINK THAT MOTION WAS PART OF A PROCESS TO PLACE THAT
15 INTO A FULL DISCUSSION FOR ANALYSIS. THAT DISCUSSION
16 TOOK PLACE.

17 WOULD YOU STATE THE MOTION SO YOU CAN REMIND
18 THE BOARD OF THE MATTER THAT'S PENDING.

19 MS. PACTER: THE MOTION MADE LAST NIGHT BY DR.
20 PENHOET AND SECONDED BY DR. WRIGHT WAS TO MOVE
21 APPLICATION 605 FORWARD TO PART 2 IN THE CATEGORY OF
22 SPECIAL PROGRAMS.

23 CHAIRMAN KLEIN: OKAY. AND THAT MOTION WAS
24 MADE BEFORE THE SCORES WERE SHOWN AND BEFORE THE FULL
25 DISCUSSION. THE SCORE WAS THEN SHOWN. THE SCORE IS 17

BARRISTERS' REPORTING SERVICE

1 POINTS BELOW THE LOWEST RECOMMENDED POSITION OR CANDIDATE
2 IN THIS CATEGORY.

3 AFTER THE DISCUSSION, DR. PENHOET, DO YOU HAVE
4 ANY COMMENTS YOU WANT TO MAKE AS REGARDS YOUR MOTION?

5 DR. PENHOET: NO. JUST TO REMIND EVERYONE THAT
6 WE DID HEAR FROM STAFF AN ANALYSIS OF THIS GRANT, AND WE
7 HEARD FROM A REPRESENTATIVE OF THE APPLICANT DURING THE
8 PUBLIC COMMENT PERIOD. SO I BELIEVE WE'RE NOW READY TO
9 VOTE ON THIS MATTER.

10 CHAIRMAN KLEIN: WELL, FOR THE BENEFIT OF
11 HAVING AN INFORMED VOTE, I THINK WE NEED TO HAVE A
12 SUMMARY FROM STAFF ON THE REASONS -- ON THE MERITS AND
13 RESERVATIONS THAT THE SCIENTIFIC AND MEDICAL GRANTS
14 WORKING GROUP HAD AS TO THIS APPLICATION.

15 DR. OLSON: MR. CHAIRMAN AND BOARD, THAT WOULD
16 BE DR. SAMBRANO.

17 DR. SAMBRANO: SO ONCE AGAIN, THIS IS AN
18 APPLICATION FOR A SPECIAL PROGRAM WITH A FOCUS ON
19 CREATING A DRUG DISCOVERY AND DEVELOPMENT FACILITY THAT
20 WOULD PERFORM LARGE-SCALE SCREENING OF DIVERSE CHEMICALS
21 ON HUMAN STEM CELLS AND SUBSEQUENTLY CHARACTERIZE
22 SELECTED COMPOUNDS.

23 OVERALL THIS FACILITY'S INTENT WOULD BE TO TAKE
24 SUCH COMPOUNDS AND ATTEMPT TO MAKE THEM MORE DRUGGABLE.
25 THE FACILITY AS PROPOSED WOULD HAVE SIX UNITS THAT WOULD

BARRISTERS' REPORTING SERVICE

1 INCLUDE CHEMISTRY, BIOANALYTICAL CHEMISTRY,
2 PHARMACOKINETICS AND PHARMACOLOGY, CELL BIOLOGY, ANIMAL
3 PRECLINICAL STUDIES, AND ADMINISTRATION. THE FACILITY
4 PROPOSES TO CONDUCT ITS OWN STEM CELL RESEARCH AS WELL AS
5 PROVIDE SERVICES TO OTHER INVESTIGATORS.

6 THE REVIEWERS AGREED THAT AFTER A DRUG
7 CANDIDATE HIT IS FOUND, A LOT OF WORK STILL NEEDS TO BE
8 DONE. AND MUCH OF THIS IS WHAT A TYPICAL PHARMACEUTICAL
9 COMPANY WOULD DO. ONE REVIEWER FELT THAT THIS WORK MIGHT
10 BEST BE DONE BY PHARMACEUTICAL COMPANIES AS THEY ARE MORE
11 FOCUSED ON THERAPEUTIC AIMS AND HAVE MUCH MORE
12 SUBSTANTIAL RESOURCES. OTHER REVIEWERS, HOWEVER, FELT
13 THAT THERE IS OR WILL BE A NEED FOR THIS TYPE OF CENTER
14 FOR ADVANCING PROJECTS THAT HAVE BEEN DEVELOPED IN
15 ACADEMIC LABS AND THAT NEED SMALLER SCALE MEDICINAL
16 CHEMISTRY IN ORDER TO CONDUCT PRECLINICAL WORK THAT WOULD
17 GARNER THE INTEREST OF PHARMACEUTICAL COMPANIES.

18 THE APPLICANTS PROPOSED SEVERAL COLLABORATIONS
19 WITH CIRM INVESTIGATORS. HOWEVER, THE REVIEWERS FELT
20 THAT THE CENTER WAS NOT JUSTIFIED IN THIS SENSE IN THAT
21 THERE WAS LITTLE DEMONSTRATED COLLABORATION WITH OTHERS.
22 THERE IS NOT MUCH IN TERMS OF DISCOVERY SCIENCE GOING ON
23 AT THE CENTER ITSELF AT THE MOMENT, AND IT IS UNCLEAR
24 WHAT STUDIES THE INTERNAL INVESTIGATORS WILL UNDERTAKE.
25 THAT WAS NOT SPECIFIED IN THE APPLICATION.

BARRISTERS' REPORTING SERVICE

1 THE RESEARCH TEAM WOULD BE DIRECTED BY A
2 SCIENTIST WHO HAS SUBSTANTIAL EXPERIENCE IN ACADEMIC DRUG
3 DEVELOPMENT. THE BUILDING WOULD BE APPROXIMATELY OR THE
4 SPACE WOULD BE 8500 SQUARE FEET ADJACENT TO A CURRENT
5 BUILDING IN WHICH THEY ARE HOUSED. THE APPLICANTS
6 SUGGEST HAVING AN OVERSIGHT COMMITTEE AND A SERIES OF
7 CORE MEETINGS, BUT NOT ENOUGH DETAIL WAS PROVIDED IN THE
8 APPLICATION ON HOW NEW PROJECTS WOULD BE SELECTED, WHERE
9 THEY WOULD COME FROM, AND THE CRITERIA FOR THEIR
10 PROGRESSION.

11 CHAIRMAN KLEIN: QUESTIONS FROM THE BOARD?
12 THANK YOU VERY MUCH, GIL. QUESTIONS OR THREE-MINUTE
13 COMMENTS FROM THE PUBLIC?

14 MR. CASHMAN: THANK YOU, MR. CHAIRMAN, AND GOOD
15 MORNING. EVERYONE LOOKS BRIGHT AND BUSHY-TAILED THIS
16 MORNING. I'M JOHN CASHMAN. I'M DIRECTOR OF THE HUMAN
17 BIOMOLECULAR RESEARCH INSTITUTE IN SAN DIEGO. WE
18 SUBMITTED THE APPLICATION 605, AND IT WAS REALLY IN
19 RESPONSE TO THE IDEA THAT IN A YEAR OR TWO YEARS OR EVEN
20 RIGHT NOW, THERE'S AN ENORMOUS NUMBER OF SMALL MOLECULES
21 THAT HAVE BEEN DISCOVERED BY CURRENTLY FUNDED CIRM
22 PROGRAMS. AS BOB INDICATED, BY JUNE WE'LL HAVE \$500
23 MILLION IN THIS GENERAL AREA, MOST OF WHICH GOES TO BASIC
24 RESEARCH THAT DOES SCREENING IN PART OR SMALL AMOUNT OF
25 CHEMICAL GENETICS TO IDENTIFY SMALL AND BIOMOLECULES TO

BARRISTERS' REPORTING SERVICE

1 EVENTUALLY FIND THEIR WAY INTO HUMAN DRUGS, WHICH IS THE
2 MANDATE FOR THE CIRM PROGRAM, THERAPEUTICS AND DRUGS FOR
3 THE PEOPLE OF CALIFORNIA.

4 SO THERE'S BEEN A SIGNIFICANT EFFORT IN
5 IDENTIFYING THESE SMALL MOLECULES, BUT THERE'S A HUGE GAP
6 BECAUSE THERE IS NO MECHANISM, THERE IS NO FACILITY TO
7 CONVERT THOSE ENTITIES OF WHAT I CALLED BRICK DUST LAST
8 NIGHT BECAUSE, IN FACT, WE DON'T KNOW WHETHER THEY WILL
9 TURN INTO DRUGS, BUT THERE'S AN ENORMOUS AMOUNT OF WORK
10 THAT NEEDS TO BE DONE TO TURN THESE ENTITIES INTO DRUGS
11 OR THERAPEUTICS.

12 THERE ARE MANY STEPS INVOLVED IN THAT PROCESS.
13 CHEMISTRY, AS GIL INDICATED, CHEMISTRY, BIOLOGY,
14 BIOCHEMISTRY, METABOLISM, TOXICOLOGY. AND THIS FACILITY
15 WOULD ADDRESS THAT NEED TO PROVIDE RESOURCES TO DEVELOP
16 THESE ENTITIES THAT CURRENTLY DON'T EXIST, TO MY
17 KNOWLEDGE, IN THE STATE OF CALIFORNIA IN ANY ACADEMIC
18 PROGRAM. THEY DO EXIST IN PHARMACEUTICAL AND BIOTECH
19 INDUSTRY TO A CERTAIN EXTENT, BUT THE PHARMACEUTICAL
20 INDUSTRY IS NOT GOING TO REACH DOWN LOW ENOUGH TO THIS
21 BRICK DUST AT THIS STAGE TO DEVELOP THESE ENTITIES.

22 SO OUR FACILITY WILL ADDRESS THIS GAP. OUR
23 FACILITY WILL -- CURRENTLY IN THE PROPOSAL WE CITED OVER
24 15 INVESTIGATORS THAT ARE CURRENTLY FUNDED THAT WE'VE
25 CONTACTED AND THEY HAVE ENTITIES THAT THEY'RE WILLING TO

BARRISTERS' REPORTING SERVICE

1 COLLABORATE WITH US TO DEVELOP FOR THE STATE'S PURPOSE.
2 LIKELY THAT NUMBER WILL AT LEAST DOUBLE, IF NOT TRIPLE
3 EVERY YEAR. SO IN THREE YEARS THERE WILL BE AT LEAST 75
4 ENTITIES THAT MAY HAVE SOME PROMISE, BUT CLEARLY ARE NOT
5 DRUGS AND CLEARLY ARE NOT DRUGLIKE AT THIS POINT TO GO
6 FORWARD FOR HUMAN MEDICATIONS. SO THERE'S A GAP, AND WE
7 HOPE TO ADDRESS THAT DEFICIENCY WITH THIS FACILITY.

8 THANK YOU, MR. CHAIRMAN.

9 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ARE
10 THERE QUESTIONS FROM THE BOARD? THANK YOU. ARE THERE
11 ADDITIONAL PUBLIC COMMENTS? SEEING NONE, COULD WE HAVE A
12 ROLL CALL AFTER RESTATEMENT OF THE MOTION.

13 MS. PACHTER: MR. CHAIR, I WANT TO RESTATE THE
14 CONFLICTS FOR THIS VOTE. BRENNER, HAWGOOD, POMEROY, AND
15 PRICE, AS WELL AS MARKLAND ARE RECUSED.

16 CHAIRMAN KLEIN: ALL RIGHT. AND DID YOU WANT
17 TO MAKE ANY STATEMENT HAVING HEARD THE PRESENTATIONS?

18 DR. PENHOET: YOU KNOW, I MADE THIS MOTION TO
19 ENSURE THE INTEGRITY OF THE PROCESS AND THAT WE
20 THOROUGHLY EVALUATED THIS. I INTEND TO VOTE NO ON THIS
21 PROPOSAL. I THINK THERE'S CLEARLY A NEED IN THE FUTURE
22 FOR THIS KIND OF FACILITY, BUT I THINK THERE WAS A
23 THOUGHTFUL REVIEW BY THE GRANTS WORKING GROUP. AND I
24 THINK THAT MY VOTE IS HIGHLY INFLUENCED BY THAT
25 PROFESSIONAL JOB DONE BY OUR REVIEWERS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: OKAY. CALL THE ROLL.
2 MS. KING: DONALD DAFOE.
3 DR. DAFOE: NO.
4 MS. KING: FLOYD BLOOM.
5 DR. BLOOM: NO.
6 MS. KING: SUSAN BRYANT.
7 DR. BRYANT: NO.
8 MS. KING: MICHAEL FRIEDMAN.
9 DR. FRIEDMAN: NO.
10 MS. KING: LEEZA GIBBONS.
11 MS. GIBBONS: NO.
12 MS. KING: MICHAEL GOLDBERG.
13 MR. GOLDBERG: NO.
14 MS. KING: BOB KLEIN.
15 CHAIRMAN KLEIN: NO.
16 MS. KING: GERALD LEVEY.
17 DR. LEVEY: NO.
18 MS. KING: TED LOVE.
19 DR. LOVE: NO.
20 MS. KING: TINA NOVA.
21 DR. NOVA: NO.
22 MS. KING: ED PENHOET.
23 DR. PENHOET: NO.
24 MS. KING: FRANCISCO PRIETO.
25 DR. PRIETO: NO.

BARRISTERS' REPORTING SERVICE

1 MS. KING: DUANE ROTH.

2 MR. ROTH: NO.

3 MS. KING: OSWALD STEWARD.

4 DR. STEWARD: NO.

5 MS. KING: JANET WRIGHT.

6 DR. WRIGHT: NO.

7 MS. KING: THAT MOTION FAILS.

8 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU VERY
9 MUCH. AND, COUNSEL, IN FOLLOWING OUR PROCEDURES, AT THIS
10 POINT I BELIEVE THAT WE NEED A MOTION INDICATING THAT
11 THOSE NOT RECOMMENDED GO FORWARD WILL NOT PROCEED.

12 MS. PACHTER: WE ACTUALLY NEED TWO, MR. CHAIR.
13 WE NEED ONE IN THE CATEGORY OF CIRM CENTERS OF EXCELLENCE
14 AND THEN A SECOND IN THE CATEGORY OF CIRM SPECIAL
15 PROGRAMS.

16 CHAIRMAN KLEIN: RIGHT. BUT THIS IS
17 SPECIFICALLY THE MOTION I JUST DESCRIBED.

18 MS. PACHTER: EXACTLY.

19 CHAIRMAN KLEIN: SO IS THERE A MOTION FOR THOSE
20 THAT HAVE NOT BEEN RECOMMENDED TO GO FORWARD TO SAY THAT
21 ALL OF THOSE THAT HAVE BEEN NOT INDIVIDUALLY ACTED UPON
22 WILL NOT GO FORWARD AT THIS TIME?

23 DR. LOVE: SO MOVED.

24 MS. GIBBONS: SECOND.

25 CHAIRMAN KLEIN: MOVED BY DR. LOVE. SECOND BY

BARRISTERS' REPORTING SERVICE

1 LEEZA GIBBONS. AND, COUNSEL, RESTATE THE MOTION.

2 MS. PACTHER: THE MOTION IS TO NOT MOVE FORWARD
3 TO PART 2 ANY APPLICATIONS IN THE SPECIAL PROGRAMS
4 CATEGORY WHICH HAVE NOT BEEN INDIVIDUALLY ACTED UPON.

5 CHAIRMAN KLEIN: OKAY. DISCUSSION BY THE
6 BOARD? DISCUSSION BY THE PUBLIC?

7 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION
8 FOR TAXPAYER AND CONSUMER RIGHTS. GOOD MORNING. I JUST
9 WANT TO SAY, FIRST OF ALL, I WAS REALLY IMPRESSED WITH
10 THE DEDICATION AND DEVOTION LAST NIGHT. AS YOU ALL KNOW,
11 WE SOMETIMES HAVE OCCASIONALLY DIFFERENT POINTS OF VIEW,
12 BUT I THOUGHT THE PROCESS LAST NIGHT WAS EXCELLENT. AND
13 EVERYONE THERE SHOULD BE COMMENDED FOR THAT.

14 TO THIS SPECIFIC MOTION, THIS IS RELATED TO
15 THAT AND TO THE ENTIRE PROCESS IN THIS WAY. I UNDERSTAND
16 THE RATHER ARCANE METHOD OF RECUSALS AND SO ON AND SO
17 FORTH. WE WOULD EXPECT THAT THE MEMBERS OF THE BOARD WHO
18 ARE ASSOCIATED WITH A PARTICULAR INSTITUTION ARE OUT
19 THERE RAISING MONEY FOR THAT PARTICULAR PROJECT. THAT'S
20 WHAT DEANS DO. SO THAT WOULD BE PART OF WHY THEY WOULD
21 BE CONFLICTED IF THIS CAME BEFORE THIS.

22 CHAIRMAN KLEIN: ARE YOU SPEAKING TO THIS
23 PARTICULAR MOTION?

24 MR. SIMPSON: I THINK SO BECAUSE IT'S THE WHOLE
25 PROCESS. THIS MOTION IS PART OF THE PROCESS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THIS MOTION RIGHT NOW IS
2 SPECIFICALLY WHETHER WE'RE NOT GOING TO TAKE ACTION ON
3 THOSE ITEMS WE'VE NOT INDIVIDUALLY ACTED ON. THERE WILL
4 BE AN OPPORTUNITY TO SPEAK TO THE OVERALL.

5 MR. SIMPSON: FINE. IF YOU THINK IT'S
6 INAPPROPRIATE, I'LL COME BACK.

7 CHAIRMAN KLEIN: IF YOU'RE ADDRESSING THIS
8 MOTION.

9 MR. SIMPSON: I THOUGHT IT WAS RELATED, BUT I
10 THINK YOU THINK IT'S NOT AND THAT'S FINE. I'LL RAISE IT
11 AT ANOTHER POINT.

12 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL PUBLIC
13 COMMENT? COULD WE PLEASE CALL THE ROLL. WOULD YOU
14 RESTATE THE MOTION, COUNSEL.

15 MS. PACHTER: YES. THE MOTION IS TO NOT MOVE
16 FORWARD TO PART 2 APPLICATIONS NO. 605, 603, 608, AND 620
17 IN THE SPECIAL PROGRAMS CATEGORY.

18 MS. KING: DONALD DAFOE.

19 DR. DAFOE: YES.

20 MS. KING: FLOYD BLOOM.

21 DR. BLOOM: YES.

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: YES.

24 MS. KING: MICHAEL FRIEDMAN.

25 DR. FRIEDMAN: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: LEEZA GIBBONS.
2 MS. GIBBONS: YES.
3 MS. KING: MICHAEL GOLDBERG.
4 MR. GOLDBERG: YES.
5 MS. KING: BOB KLEIN.
6 CHAIRMAN KLEIN: YES.
7 MS. KING: GERALD LEVEY.
8 DR. LEVEY: YES.
9 MS. KING: TED LOVE.
10 DR. LOVE: YES.
11 MS. KING: TINA NOVA.
12 DR. NOVA: YES.
13 MS. KING: ED PENHOET.
14 DR. PENHOET: YES.
15 MS. KING: FRANCISCO PRIETO.
16 DR. PRIETO: YES.
17 MS. KING: DUANE ROTH.
18 MR. ROTH: YES.
19 MS. KING: OSWALD STEWARD.
20 DR. STEWARD: YES.
21 MS. KING: JANET WRIGHT.
22 DR. WRIGHT: YES.
23 MS. KING: AND THAT MOTION CARRIES.
24 CHAIRMAN KLEIN: AND IF WE CAN SEE THE DISPLAY
25 OF THE CENTERS FOR EXCELLENCE, PLEASE. NOW, COUNSEL, I

BARRISTERS' REPORTING SERVICE

1 BELIEVE THAT WE'VE CONSIDERED EACH OF THE ITEMS IN THIS
2 CATEGORY AND TAKEN ACTIONS THAT ADDRESS ALL THREE OF THE
3 ITEMS.

4 MS. PACHTER: I DON'T THINK SO. I THINK WE
5 NEED TO --

6 CHAIRMAN KLEIN: DIDN'T WE ADDRESS 615
7 INDIVIDUALLY?

8 MS. PACHTER: I DON'T THINK SO. WE ADDRESSED
9 IT TO NOT INCLUDE -- WE ADDRESSED IT IN TERMS OF AN
10 AFFIRMATIVE MOTION TO MOVE IT FORWARD WHICH FAILED, BUT
11 WE NEED TO TAKE AN AFFIRMATIVE MOTION NOT TO MOVE IT ON.

12 CHAIRMAN KLEIN: OKAY. POINT WELL TAKEN.

13 DR. WRIGHT: SO MOVED.

14 CHAIRMAN KLEIN: MOTION HAS BEEN MADE BY DR.
15 WRIGHT.

16 MS. PACHTER: LET ME JUST RESTATE THE RECUSALS
17 FOR CENTERS OF EXCELLENCE. THEY ARE PRICE, HAWGOOD,
18 PENHOET, AND POMEROY.

19 CHAIRMAN KLEIN: ALL RIGHT. THERE'S A MOTION
20 FROM DR. WRIGHT NOT TO MOVE FORWARD ON THAT APPLICATION.
21 IS THERE A SECOND?

22 DR. BRYANT: SECOND.

23 CHAIRMAN KLEIN: CAN DR. BRYANT VOTE ON THAT?

24 MS. PACHTER: YES.

25 CHAIRMAN KLEIN: THANK YOU, DR. BRYANT. IF WE

BARRISTERS' REPORTING SERVICE

1 HAVE ANY PUBLIC -- ANY BOARD COMMENT ON THIS MOTION? ANY
2 PUBLIC COMMENT ON THIS MOTION? SEEING NONE, WE WILL
3 SPECIFICALLY ASK THAT THE MOTION BE RESTATED AND A ROLL
4 CALL OCCUR.

5 MS. PACTER: THE MOTION IS TO NOT MOVE
6 APPLICATION NO. 615 FORWARD TO PART 2 IN THE CENTER OF
7 EXCELLENCE CATEGORY.

8 MS. KING: DONALD DAFOE.

9 DR. DAFOE: YES.

10 MS. KING: FLOYD BLOOM.

11 DR. BLOOM: YES.

12 MS. KING: DAVID BRENNER.

13 DR. BRENNER: YES.

14 MS. KING: SUSAN BRYANT.

15 DR. BRYANT: YES.

16 MS. KING: MICHAEL FRIEDMAN.

17 DR. FRIEDMAN: YES.

18 MS. KING: LEEZA GIBBONS.

19 MS. GIBBONS: YES.

20 MS. KING: MICHAEL GOLDBERG.

21 MR. GOLDBERG: YES.

22 MS. KING: FRANK MARKLAND.

23 DR. MARKLAND: YES.

24 MS. KING: BOB KLEIN.

25 CHAIRMAN KLEIN: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: GERALD LEVEY.

2 DR. LEVEY: YES.

3 MS. KING: TED LOVE.

4 DR. LOVE: YES.

5 MS. KING: TINA NOVA.

6 DR. NOVA: YES.

7 MS. KING: FRANCISCO PRIETO.

8 DR. PRIETO: YES.

9 MS. KING: DUANE ROTH.

10 MR. ROTH: YES.

11 MS. KING: OSWALD STEWARD.

12 DR. STEWARD: YES.

13 MS. KING: JANET WRIGHT.

14 DR. WRIGHT: YES.

15 MS. KING: THAT MOTION CARRIES.

16 CHAIRMAN KLEIN: THANK YOU. THANK YOU VERY
17 MUCH. SO, COUNSEL, DO WE NEED ANY OTHER PROCEDURAL
18 MOTIONS FOR MOVING FROM PART 1 OF THE APPLICATIONS TO THE
19 FORMAL INVITATION UNDER PART 2?

20 MS. PACTER: NO, MR. CHAIR. THE BOARD HAS
21 SUCCESSFULLY COMPLETED PART 1 OF THE PROCESS.

22 CHAIRMAN KLEIN: ALL RIGHT. SO WE ARE GOING TO
23 AT THIS POINT ASK RICK KELLER IF HE CAN DESCRIBE PART 2,
24 AND THEN WE'LL HAVE ANY PUBLIC COMMENT ON THAT ON THE
25 OVERALL PART 1, PART 2.

BARRISTERS' REPORTING SERVICE

1 MR. KELLER: I'VE JUST GOT A FEW SLIDES JUST TO
2 HELP TRANSITION HERE TO OUR WORK ON PART 2. WE'LL GO
3 OVER THE OBJECTIVES AND THE NEXT STEPS.

4 I WANT TO JUST BRIEFLY REVIEW THE OBJECTIVES OF
5 THE RFA, AS DR. OLSON MENTIONED LAST EVENING, PROVIDING
6 SPACE THAT'S FREE OF FEDERAL FUNDS, INCREASING OUR
7 CAPACITY AND CAPABILITY FOR STEM CELL RESEARCH IN
8 CALIFORNIA, AND ALSO PROMOTING COLLABORATION AND
9 PARTICULARLY CO-LOCATION OF RESEARCHERS. AND WE
10 MENTIONED THE AMOUNT OF FUNDS ARE UP TO \$262 MILLION.

11 THE CHECKMARK THAT LOOKS LIKE A CROSS IS THAT
12 YOU HAVE ALREADY ESTABLISHED THE TARGET AMOUNT. AND SO
13 WE'RE GOING TO PROCEED WITH THE APPLICATION BASED ON THAT
14 ACTION.

15 THE NEXT STEP FOR ME IS TO ISSUE THE
16 INSTRUCTIONS FOR THE PART 2 ON THE CIRM WEBSITE, AND WE
17 WILL THEN BEGIN PREPARING FOR THE FACILITIES WORKING
18 GROUP REVIEW OF THOSE APPLICATIONS. I LIKE TO THINK OF
19 THAT AS THE RICK KELLER FULL EMPLOYMENT ACT OF 2008.
20 I'LL BE BUSY FOR THE NEXT THREE MONTHS, I'M SURE.

21 AT THAT FACILITIES WORKING GROUP MEETING, IT
22 WILL BE OPEN TO THE PUBLIC. THE REVIEW WILL BE IN TWO
23 CATEGORIES, A TECHNICAL REVIEW AND A PROGRAMMATIC REVIEW.
24 AND I WANT TO MENTION THAT IN DISCUSSIONS AGAIN LAST
25 NIGHT, YOU HAD INDICATED THAT IT WOULD BE GOOD IF CIRM

BARRISTERS' REPORTING SERVICE

1 HAD THE -- IF APPLICANTS FOR CIRM GRANTS HAD THE
2 OPPORTUNITY TO COMMENT ON STAFF ANALYSES, AND I WANT TO
3 MENTION THAT IN OUR PROCESS WE WILL BE PREPARING A STAFF
4 ANALYSIS ON THE PART 2. AND WHEN THOSE ANALYSES ARE
5 COMPLETED, WE WILL ALLOW THE APPLICANTS THE OPPORTUNITY
6 TO REVIEW THOSE STAFF ANALYSES AND PROVIDE INPUT IN
7 WRITING AND VERBALLY AT THE FACILITIES WORKING GROUP
8 MEETING OF COMMENTS THEY MAY HAVE. I THINK THIS IS AN
9 IMPORTANT COMPONENT THAT ALIGNS VERY WELL WITH THE
10 SENTIMENTS THAT WERE EXPRESSED LAST EVENING.

11 THE TECHNICAL REVIEW DEALS WITH THE SIX
12 CATEGORIES THAT HAVE -- FIVE CATEGORIES THAT YOU HAD
13 APPROVED FOR THE FACILITIES WORKING GROUP PROCEDURES.
14 AND THE PROGRAMMATIC REVIEW FOCUSES ON HOW WELL, WHILE A
15 PROPOSAL MAY BE VERY TECHNICALLY COMPLETE, IT ALSO NEEDS
16 TO RESPOND TO OUR OVERALL PROGRAM GOALS. AND THAT WILL
17 BE THE PROGRAMMATIC REVIEW.

18 I WANT TO MENTION, BECAUSE WE HAD A DISCUSSION
19 OF THE TARGETS, THAT THE AMOUNT THAT YOU'VE SUGGESTED IS
20 EXACTLY THAT, A TARGET, AND THE FACILITIES WORKING GROUP
21 MAY RECOMMEND PROJECTS IN A PARTICULAR CATEGORY THAT
22 COULD TOTAL AT OR BELOW THE TARGET AMOUNT YOU'VE GIVEN
23 BECAUSE WE DON'T KNOW WHAT THE SPECIFIC REQUESTS ARE
24 GOING TO BE FROM THE APPLICANTS. AND GIVEN THE FACT THAT
25 IF WE HAD AWARDS THAT WERE BELOW THE TARGET IN ONE

BARRISTERS' REPORTING SERVICE

1 CATEGORY, THE FACILITIES WORKING GROUP COULD MAKE
2 RECOMMENDATIONS TO MOVE THAT MONEY AND APPLY IT TO A
3 DIFFERENT CATEGORY.

4 WE'LL BE SUBMITTING THOSE RECOMMENDATIONS TO
5 YOU AT THE APRIL 23D AND 24TH MEETING. AFTER YOU ACT ON
6 THOSE PART 2 APPLICATIONS, WE'LL WORK WITH EACH OF THE
7 SUCCESSFUL APPLICANTS TO ESTABLISH A BASIS FOR PAYMENT
8 SINCE THE GRANT ADMINISTRATION POLICY ALLOWS FOR SOME
9 OPTIONS THERE. AND WE WILL ALSO DETERMINE THAT, TO THE
10 EXTENT THAT CIRM'S AWARD AMOUNT MAY BE LESS THAN THE
11 APPLICANT'S REQUEST, THERE MAY BE IMPLICATIONS ASSOCIATED
12 WITH THE PROJECT THAT WE WOULD WANT TO WORK OUT WITH EACH
13 OF THE APPLICANTS VERY SPECIFICALLY IN TERMS OF ENSURING
14 THAT THE ENTIRE SCOPE OF WORK PRESENTED IN THE
15 APPLICATION IS INDEED TO BE DELIVERED BY THE APPLICANT
16 BASED ON THE AMOUNT OF FUNDS PROVIDED BY CIRM.

17 WE EXPECT AFTER THAT PROCESS TO BE ABLE TO
18 AWARD AND ISSUE THE NOTICE OF GRANT AWARDS ABOUT JULY
19 1ST. THAT'S IT. ANY QUESTIONS?

20 CHAIRMAN KLEIN: QUESTION FOR COUNSEL. AT THIS
21 POINT THE PART 2 APPLICATION IS NOT OUT, BUT THERE ARE
22 PART 1 APPLICATIONS PENDING. WHO IS IT ON THE BOARD THAT
23 CAN ASK QUESTIONS IN TERMS OF THIS INFORMATIONAL REVIEW?

24 MS. PACHTER: ANYONE WITH NO CONFLICTS AT ALL
25 IN THE MAJOR FACILITIES PROCESS. SO I WILL READ THAT

BARRISTERS' REPORTING SERVICE

1 LIST: FRIEDMAN, GIBBONS, KLEIN, LOVE, NOVA, ROTH,
2 SAMUELSON, SERRANO-SEWELL, AND WRIGHT.

3 DR. STEWARD: MR. CHAIRMAN, COULD I ASK A
4 QUESTION OF COUNSEL?

5 CHAIRMAN KLEIN: ABSOLUTELY.

6 DR. STEWARD: IS IT POSSIBLE TO ASK A QUESTION
7 ABOUT THE TOTAL AMOUNT AVAILABLE WITH RESPECT TO THE
8 PROPORTION RELATED TO EQUIPMENT VERSUS BRICKS AND MORTAR?

9 MS. PACHTER: YES.

10 DR. STEWARD: MAY I ASK THAT QUESTION NOW?

11 CHAIRMAN KLEIN: THE ANSWER TO THAT QUESTION IS
12 THAT THERE IS 227 MILLION FOR BUILDINGS AND 35 MILLION
13 FOR EQUIPMENT. IT IS NOT NECESSARY TO ALLOCATE THAT
14 PROPORTIONALLY BETWEEN APPLICATIONS.

15 DR. STEWARD: RIGHT.

16 CHAIRMAN KLEIN: IT'S A TOTAL OF 262 MILLION.

17 DR. STEWARD: MY QUESTION ACTUALLY IS THIS.
18 THE AMOUNT ALLOCATED TO BRICKS AND MORTAR IS LIMITED BY
19 STATUTE.

20 CHAIRMAN KLEIN: IT IS.

21 DR. STEWARD: AND SO I JUST WANT TO MAKE IT
22 CLEAR BECAUSE IT ACTUALLY FOLLOWS UP ON DUANE ROTH'S
23 QUESTION EARLIER ON, WHICH WOULD MEAN THAT ONE COULD NOT
24 USE, FOR EXAMPLE, SOME OF THE \$35,000 ALLOCATED TO
25 EQUIPMENT FOR BRICKS AND MORTAR UNDER ANY CIRCUMSTANCES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: YOU COULDN' T USE THE 35
2 MILLION EITHER.

3 DR. STEWARD: YES, RIGHT. SO REALLY WE'RE
4 TALKING ABOUT 227 FOR BRICKS AND MORTAR.

5 CHAIRMAN KLEIN: FOR A BUILDING, YEAH.

6 DR. STEWARD: THAT WAS MY QUESTION.

7 CHAIRMAN KLEIN: THANKS. ALL RIGHT. AND JUST
8 TO REEMPHASIZE FOR THE PUBLIC, THE CONCEPT HERE IS IF AN
9 INSTITUTION HAS A TOTAL BUDGET AND IT INCLUDES EQUIPMENT,
10 WE SHOULD BE ABLE, WITH CERTAIN CAVEATS, TO BE ABLE TO
11 GIVE THEM A MIX OF BUILDING AND EQUIPMENT FUNDS AS LONG
12 AS THERE IS APPROPRIATE EQUIPMENT IN THE BUDGET. THIS IS
13 CLASS II EQUIPMENT; THAT IS, MOVABLE EQUIPMENT. FIXED
14 EQUIPMENT, LIKE MAJOR AIR HANDLERS, ARE PART OF
15 STRUCTURES, SO IT IS CLASS II EQUIPMENT. BUT IF THEY
16 HAVE A TOTAL COST TO MAKE THIS BUILDING OPERATIONAL, WE
17 SHOULD BE ABLE TO GIVE THEM BUILDING DOLLARS AND MOVABLE
18 EQUIPMENT DOLLARS TO MEET THEIR OVERALL BUDGET SO THEY
19 USE LESS OF THEIR OTHER RESOURCES FOR MOVABLE EQUIPMENT.
20 THEY MAY THEN ALLOCATE SOME OF THOSE DOLLARS SAVED ON
21 EQUIPMENT INTO THE PHYSICAL BUILDING.

22 DR. LOVE: THE MONEY THAT THEY RAISE
23 INDEPENDENT OF US FOR BRICKS AND MORTAR IS PART OF THE
24 MATCHING FUNDS?

25 CHAIRMAN KLEIN: FOR THE TOTAL COST, SO IT CAN

BARRISTERS' REPORTING SERVICE

1 BE BRICKS AND MORTAR OR EQUIPMENT.

2 DR. LOVE: THAT'S WHAT I WANTED TO KNOW. THE
3 EQUIPMENT WOULD COUNT AS WELL?

4 CHAIRMAN KLEIN: YES. WHAT WE'RE LOOKING AT IS
5 THE TOTAL COST TO MAKING THIS OPERATIONAL.

6 MR. ROTH: MR. CHAIRMAN, I THINK -- I BELIEVE
7 EVERYBODY IS HERE THAT'S INVOLVED, BUT JUST TO BE
8 ABSOLUTELY SURE, WE SHOULD COMMUNICATE THAT 35 MILLION
9 PIECE BECAUSE FOR ME THAT'S NEW. I KNEW THAT WE HAD
10 APPROVED IT, BUT I DIDN'T KNOW IT WAS GOING TO BE PART OF
11 THIS PARTICULAR SECOND.

12 CHAIRMAN KLEIN: WHAT WE CAN MAKE CERTAIN THAT
13 WE DO IS FOR ALL THOSE THAT ARE RECOMMENDED TO GO FORWARD
14 IS THAT RICK KELLER CAN MAKE CERTAIN THAT IT'S
15 COMMUNICATED. ALMOST ALL OF THOSE INDIVIDUALS, HOPEFULLY
16 ALL OF THEM, HAVE PARTICIPATED IN THE WORKING GROUP
17 MEETINGS SO THAT THEY ARE FAMILIAR WITH THOSE
18 DISCUSSIONS, BUT IT NEVER HURTS TO DOUBLE-CHECK.

19 MR. ROTH: I JUST DON'T WANT ANYBODY TO BE
20 SURPRISED.

21 DR. LOVE: I THINK THAT IT IS IMPORTANT FOR THE
22 BOARD TO HAVE SOME PROCESS FOR CAREFULLY REVIEWING THE
23 FEEDBACK THAT RICK AND CIRM GETS FROM OUR REVIEW PROCESS.
24 AND THE REASON I THINK THAT'S IMPORTANT IS THAT I THINK
25 WE'VE SET UP A WONDERFUL PROCESS HERE FOR BRINGING IN

BARRISTERS' REPORTING SERVICE

1 WORLD LEADERS TO REVIEW THE SCIENTIFIC INTEGRITY OF OUR
2 GRANTS. WHEN THE GRANTS COME TO US FOR ULTIMATE
3 APPROVAL, OBVIOUSLY THERE IS PRESSURE ON US TO LOOK AT
4 THOSE. BUT AT THE END OF THE DAY, WE'VE SET UP A GOOD
5 PROCESS. AND I THINK OUR RESPONSIBILITY ULTIMATELY IS TO
6 MAKE SURE THAT THE PROCESS THAT WE'VE SET UP IS WORKING
7 WELL. AND I THINK THAT INFORMATION THAT COMES BACK TO US
8 REALLY SPEAKS TO THAT ISSUE.

9 ONE OTHER ISSUE I WAS THINKING ABOUT LAST NIGHT
10 IS THAT ONE OF THE REASONS THAT WE SET UP THIS PROCESS
11 WAS, IN FACT, SO THAT CALIFORNIANS, WHICH I THINK ALL OF
12 US ARE, AREN'T INVOLVED IN DECIDING WHO GETS GRANTS. SO
13 IN SOME WAYS, I THINK IF WE MAKE SURE THAT OUR PROCESS AS
14 WE'VE SET IT UP WORKS WELL, WE REALLY ARE DOING, I THINK,
15 THE MOST CONSISTENT ALL THE WAY THROUGH MANAGEMENT OF THE
16 STRATEGY THAT WE SET UP IN THE VERY BEGINNING.

17 CHAIRMAN KLEIN: LET ME TRY AND RESTATE THAT IN
18 STATUTORY TERMS, AS I UNDERSTAND IT, IS THAT, IN TERMS OF
19 THE ADVISORY GROUP RECOMMENDATIONS THAT ARE COMING OUT OF
20 THE FACILITIES WORKING GROUP, WHICH IS, OF COURSE, FOUR
21 REAL ESTATE SPECIALISTS AND THEN SIX MEMBERS OF THIS
22 BOARD, THOSE RECOMMENDATIONS THAT COME TO US ARE GOING TO
23 BE FULLY REVIEWED AT THE BOARD MEETING SIDE BY SIDE WITH
24 THE SCIENTIFIC CONCLUSIONS THAT WE'VE REACHED. BUT WE'LL
25 HAVE A FULL REPORT, INCLUDING TECHNICAL REPORTS, OUTSIDE

BARRISTERS' REPORTING SERVICE

1 TECHNICAL REPORTS, THAT THE STAFF IS RECEIVING FROM
2 OUTSIDE TECHNICAL EXPERTS THAT GO INTO THE PART 2
3 PHYSICALLY. BUT WE WILL MAKE ALL OF THOSE DECISIONS IN
4 OUR CHARGE WITH REEXAMINING ANY ELEMENTS, SO WE'RE MAKING
5 THE ACTUAL DECISION ON THAT.

6 WHAT'S IMPORTANT HERE IS THAT WE HAVE HAD A
7 VERY THOUGHTFUL AND FULL PROCESS; BUT IN THE FINAL
8 MEETING, THERE'S GOING TO BE A LOT OF TOUGH JUDGMENTS
9 MADE BY THIS BOARD. AS DUANE ROTH HAS SAID, A NUMBER OF
10 THESE GRANTS WITHIN A CATEGORY MAY, IN FACT, END UP LESS
11 THAN THE RANGE BECAUSE OF THE COMPETITION FOR FUNDS.

12 NOW, ONE OF OUR SPECIFIC CRITERIA AND VALUES OF
13 THIS BOARD IS LEVERAGE. ONE OF THE SPECIFIC CRITERIA IN
14 THE FACILITIES PART 2 REVIEW IS LEVERAGE. AND IF THE
15 INSTITUTIONS OR APPLICANTS REALLY SEIZE THE SPIRIT OF THE
16 LEVERAGE CONCEPT AND COME TO THIS BOARD WITH APPLICATIONS
17 WITH STRONG LEVERAGE, WE COULD BE IN A POSITION TO FUND
18 ALL 12 OF OUR RECOMMENDATIONS. IF THEY DON'T, WE WILL BE
19 SACRIFICING FUTURE CAPACITY TO DRAW BRILLIANT SCIENTISTS
20 INTO THIS STATE TO BUILD STRONG PROGRAMS, AND WE WILL NOT
21 BE ACHIEVING THE ULTIMATE MISSION TO THE MAXIMUM EXTENT
22 POSSIBLE. SO WE'RE GOING TO HAVE SOME TOUGH DECISIONS.

23 RICK, ANY ADDITIONAL COMMENTS?

24 MR. KELLER: I'D JUST LIKE TO ASSURE THE
25 COMMITTEE OF THE PROCESS AT A LEVEL OF DETAIL WHERE WHEN

BARRISTERS' REPORTING SERVICE

1 YOU COME TOGETHER TO MAKE YOUR DECISIONS ON THESE GRANTS,
2 I SEE YOU HAVING, IN THE PROJECT SUMMARIES THAT WE WILL
3 PRESENT TO YOU AFTER PART 2, FIVE IMPORTANT PIECES OF
4 INFORMATION. ON THAT DAY AND IN THAT PREPARATION FOR
5 THAT MEETING, YOU WILL HAVE THE STAFF ANALYSIS THAT I'LL
6 PREPARE, AN EXPERT OPINION BY A RENOWN NATIONAL EXPERT IN
7 LABORATORY DESIGN, YOU'LL HAVE ANY COMMENTS THAT WERE
8 MADE BY THE APPLICANT RELATIVE TO EITHER OF THOSE TWO
9 ANALYSES OR OPINION, YOU WILL HAVE THE FACILITIES WORKING
10 GROUP TECHNICAL SCORE AND THEIR ASSESSMENT SIMILAR AS YOU
11 HAD TODAY, AND YOU WILL HAVE THE FACILITIES WORKING GROUP
12 RECOMMENDATION FOR FUNDING OF EACH APPLICATION.

13 SO I THINK THAT COVERS THE GAMUT IN TERMS OF
14 OPPORTUNITY TO HAVE A THOROUGH DISCUSSION AND ANALYSIS OF
15 THIS IMPORTANT RFA.

16 DR. LOVE: MY COMMENT WAS REALLY PROBABLY A
17 LITTLE CONFUSING, BUT I WAS REALLY REFERRING TO MAKING
18 SURE THAT THE BOARD IS EXECUTING OUR FIDUCIARY OBLIGATION
19 TO FEEL COMFORTABLE THAT THE PROCESS WE SET UP IS WORKING
20 WELL. I THINK AN IMPORTANT ELEMENT OF THAT ANALYSIS
21 WOULD BE THE FEEDBACK FROM PEOPLE PARTICULARLY WHO HAVE
22 BEEN TURNED DOWN FOR GRANTS. WE WERE HEARING SOME OF
23 THAT FEEDBACK LAST NIGHT, BUT FOR YOU TO COLLECT THAT
24 INFORMATION AND FOR US TO REALLY THOROUGHLY CONSIDER
25 THAT, I THINK, IS AN IMPORTANT PART OF US ASSURING

BARRISTERS' REPORTING SERVICE

1 OURSELVES THAT THE PROCESS IS WORKING PROPERLY.

2 CHAIRMAN KLEIN: OKAY.

3 MR. ROTH: IF I COULD JUST FOLLOW UP ON THAT
4 COMMENT. I THINK A PROCESS THAT DOESN'T INVOLVE THE
5 BOARD RECEIVING MULTIPLE LETTERS IS, ONE, SOMEBODY NEEDS
6 TO SUMMARIZE THE CONCERNS AND BRING IT TO US INSTEAD OF
7 JUST A BLANKET LOBBY THE BOARD, SEND THEM LETTERS, HAVE
8 OTHER PEOPLE SEND THEM LETTERS ABOUT THE APPLICATION.
9 OTHERWISE I THINK WE LOSE SOME OF THAT INTEGRITY. IT
10 NEEDS TO BE FUNNELED AND THEN REDISTRIBUTED IN TERMS OF
11 WHAT THE FEEDBACK WAS.

12 CHAIRMAN KLEIN: I THINK IT'S A GOOD POINT. AS
13 PROTOCOL, WE PROBABLY MAKE VERY CLEAR THE BOARD DID NOT
14 HAVE CONTROL OVER THE FACT THAT LETTERS WENT DIRECTLY TO
15 THE BOARD. IT'S APPROPRIATE FOR THE LETTERS TO GO, IN
16 FACT, THROUGH THE STAFF THROUGH THE PRESIDENT'S OFFICE,
17 AND THEN THE PRESIDENT'S OFFICE NEEDS TO DECIDE HOW TO
18 SUMMARIZE THOSE AND COMMUNICATE THAT INFORMATION IN A
19 PROFESSIONAL WAY.

20 DR. PRICE: AM I ALLOWED TO ASK A QUESTION
21 HERE, POINT OF INFORMATION?

22 DR. FRIEDMAN: IF YOU USE THE MICROPHONE.

23 DR. PRICE: BOB, MY QUESTION IS THAT'S FINE,
24 BUT WE CAN'T STOP PEOPLE FROM INDIVIDUALLY SENDING US
25 LETTERS. ARE WE INSTRUCTED NOT TO READ THEM?

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: NO.

2 MR. ROTH: THAT WAS NOT MY POINT. I JUST WANT
3 TO DISCOURAGE THAT. I DON'T THINK THAT'S HELPFUL.

4 CHAIRMAN KLEIN: IF SOMEONE SENDS LETTERS
5 INDIVIDUALLY TO THE BOARD BECAUSE THEY HAPPEN TO KNOW THE
6 WAY TO ACCESS THE BOARD, THAT'S SOMETHING WE'RE NOT GOING
7 TO BE ABLE TO REALLY CONTROL. BUT THE POINT IS THAT
8 HAVING THEM GO TO THE PRESIDENT'S OFFICE WHERE THEY'RE
9 FORWARDED IN SOME REASONABLY SUMMARIZED MANNER WITH AN
10 EVALUATION GIVES YOU ALL THE INFORMATION WITH THE
11 PROFESSIONAL JUDGMENT OF THE STAFF CONCURRENTLY IN A
12 MANNER THAT'S ADEQUATE OR IN A MANNER THAT BENEFITS THE
13 BOARD'S ABILITY TO ASSIMILATE THE INFORMATION.

14 RICK, I THINK WE'VE COVERED ALL OF THOSE
15 QUESTIONS. ANY OTHER QUESTIONS FROM THE BOARD? ALL
16 RIGHT.

17 MS. GIBBONS: I DID HAVE ONE QUESTION, PLEASE.
18 WITH REGARD TO THE LETTERS, AND NOT TO BELABOR THIS
19 POINT, BUT AS PART OF THE OPEN PROCESS OF PEOPLE HAVING
20 ACCESS TO US, WOULD THE LETTERS BE POSTED IN SOME CENTRAL
21 PLACE? IS THAT --

22 CHAIRMAN KLEIN: VERY GOOD QUESTION. SINCE DR.
23 TROUNSON IS HERE AS HIS FIRST MEETING, MAYBE I COULD
24 DIRECT THAT QUESTION TO DR. MURPHY. WE ARE DEEPLY
25 APPRECIATIVE OF DR. TROUNSON BEING HERE, AND WE WANT TO

BARRISTERS' REPORTING SERVICE

1 GIVE HIM A LITTLE TIME FOR ADJUSTMENT. DR. MURPHY.

2 DR. MURPHY: YEAH. I DON'T THINK WE SHOULD
3 GIVE HIM THAT MUCH TIME TO ADJUST. LEEZA, I THINK IT'S
4 AN INTERESTING -- IT'S AN INTERESTING QUESTION. I THINK
5 WE WILL HAVE TO SIT AND REALLY DISCUSS THAT. ON THE ONE
6 HAND, WE DO HAVE VERY CLEAR POLICIES FOR HAVING THE BOARD
7 DO ITS FUNCTION RELATIVE TO RECOMMENDATIONS MADE BY
8 STAFF. LAST NIGHT WE HAD A VERY, I THOUGHT, CANDID
9 DISCUSSION ABOUT SOME OF THE ISSUES THAT HAPPEN WHEN
10 LETTERS COME TO THE BOARD IN A, I WILL CALL IT, AN
11 UNAUTHORIZED WAY. EVEN STAFF DIDN'T KNOW THAT THE BOARD
12 HAD RECEIVED THE SECOND LETTER THAT WAS DISCUSSED LAST
13 NIGHT. AND I THINK THAT'S AN UNHEALTHY SITUATION BECAUSE
14 IT CREATES IGNORANCE BETWEEN THE BOARD AND THE STAFF AND
15 WE'RE ALL PLAYING CATCH-UP.

16 BUT IF YOU GIVE US A LITTLE BIT OF TIME TO
17 THINK ABOUT THAT AND THE IMPLICATIONS OF THAT POLICY OF
18 MAKING THESE LETTERS PUBLIC, I THINK WE NEED TO TALK WITH
19 STAFF ABOUT THAT, AND HOPEFULLY WE'LL COME UP WITH A
20 RECOMMENDATION TO DISCUSS WITH THE BOARD FOR THE BOARD'S
21 FINAL DECISION.

22 MS. GIBBONS: FAIR ENOUGH.

23 CHAIRMAN KLEIN: SO AT THE NEXT MEETING WE'LL
24 LOOK FORWARD TO A RECOMMENDATION ON THAT. IT IS VERY
25 HELPFUL. THE BOARD WASN'T AWARE THAT THE STAFF HAD NOT

BARRISTERS' REPORTING SERVICE

1 RECEIVED THE SECOND LETTER. SO, OF COURSE, WHEN THE
2 BOARD ASKED THE STAFF TO COMMENT ON THE LETTER, THEY
3 HADN'T SEEN IT, IT JUST CREATES DISCONTINUITY IN
4 COMMUNICATIONS TO WHERE WE CAN'T HAVE A FULL EVALUATION.
5 SO IT'S VERY IMPORTANT TO HAVE COORDINATION ON THIS.

6 OKAY. SO PUBLIC COMMENT PART 1 AND PART 2?

7 MR. SIMPSON: I'M SORRY I TRIED TO SPEAK TO THE
8 POINT AT THE WRONG TIME EARLIER. I APOLOGIZE FOR THAT.
9 JOHN SIMPSON, FOUNDATION FOR TAXPAYER AND CONSUMER
10 RIGHTS.

11 I REALLY WANT TO EMPHASIZE HOW DELIGHTED WE ARE
12 WITH THE SECOND PART OF THE REVIEW PROCESS IN THAT IT
13 WILL BE DONE IN PUBLIC AND THAT'S GOOD. I THINK WE
14 LEARNED LAST NIGHT THAT IF THE SCIENTIFIC REVIEW HAD BEEN
15 DONE IN PUBLIC, IT WOULD HAVE BEEN SMOOTHER. THERE IS A
16 DIFFERENCE, IT SEEMS TO ME, BETWEEN PEER REVIEW OF
17 INDIVIDUAL APPLICATIONS FOR INDIVIDUAL SCIENTISTS AND
18 PI'S AND SCIENTIFIC REVIEW OF AN INSTITUTION. YOU WILL
19 HAVE THE OPPORTUNITY DOWN THE ROAD, WHEN YOU DO PERHAPS
20 ANOTHER 35 MILLION FOR STEM CELL BANKS AND THAT SORT OF
21 THING, TO ACTUALLY HAVE SCIENTIFIC REVIEW OPEN ABOUT
22 THOSE PROJECTS. I THINK IT WOULD BE HEALTHIER FOR THE
23 PROCESS, AND IT WOULD INDEED TEACH PEOPLE WHAT SCIENTIFIC
24 REVIEW IS ALL ABOUT, WHICH WOULD BE A WONDERFUL THING.

25 YOU SHOULD DEFINITELY COME UP WITH A WAY OF

BARRISTERS' REPORTING SERVICE

1 STANDARDIZING ALL PUBLIC COMMENTS THAT COME TO YOU AND
2 PUTTING THEM SO THEY CAN BE ACCESSIBLE TO THE PUBLIC.
3 THE BOARD OF REGENTS HAS A POLICY LIKE THAT WHERE THEY
4 MAKE LETTERS THAT COME INTO THE PRESIDENT'S OFFICE
5 AVAILABLE PUBLICLY. THAT WOULD JUST MAKE THINGS
6 TRANSPARENT AND BETTER.

7 FINAL QUESTION, YOU HAVE EMPHASIZED THE
8 IMPORTANCE OF LEVERAGE IN THIS PROJECT. AND MY QUESTION
9 IS THIS. I WAS STARTING TO ALLUDE TO IT. CLEARLY THE
10 PEOPLE ASSOCIATED WITH PARTICULAR INSTITUTIONS ARE
11 FUND-RAISING FROM PRIVATE DONORS FOR THOSE INSTITUTIONS.
12 THAT'S THEIR JOB. MY QUESTION IS ARE OTHER MEMBERS OF
13 THE BOARD, SPECIFICALLY YOU, MR. CHAIRMAN, OR ANY OTHER
14 MEMBERS OF THE BOARD, RAISING FUNDS FROM PRIVATE DONORS
15 FOR THE PROJECTS THAT ARE COMING BEFORE YOU? AND THAT
16 WOULD, TO ME, SEEM TO BE INAPPROPRIATE IF YOU'RE GOING TO
17 BE SITTING IN JUDGMENT ON THOSE APPLICATIONS, AND
18 LEVERAGE IS A LARGE PART OF WHETHER THEY GET FUNDED OR
19 NOT.

20 SO MY QUESTION IS ARE ANY MEMBERS OF THE BOARD
21 FUND-RAISING FROM PRIVATE DONORS ON BEHALF OF ANY OF THE
22 17 PROJECTS THAT HAVE GONE FORWARD? THANK YOU.

23 CHAIRMAN KLEIN: MR. SIMPSON, TO RESPOND TO
24 YOU, AS YOU KNOW, AT A PUBLIC FACILITIES PUBLIC MEETING,
25 IN ORDER TO MAKE CERTAIN OF WHAT MY ROLE AS CHAIRMAN

BARRISTERS' REPORTING SERVICE

1 SHOULD BE AS TO INQUIRIES BY DONORS ABOUT INSTITUTIONS, I
2 SPECIFICALLY BROUGHT UP THIS QUESTION AS TO MY ROLE TO
3 GET DIRECTION FROM COUNSEL AND FROM THAT COMMITTEE. AND
4 IN THAT DISCUSSION IT WAS VERY CLEAR THAT I PROPOSED
5 THAT, WHILE I SHOULD NOT TALK ABOUT ANY APPLICATION OF
6 ANY INSTITUTION, THAT IF A DONOR CALLED AND ASKED ABOUT
7 AN INSTITUTION, THAT THE COMMITTEE FELT IT WOULD BE
8 APPROPRIATE FOR ME TO TALK ABOUT, AS A MATTER OF PUBLIC
9 RECORD, WHAT WE'VE ALREADY APPROVED, FOR EXAMPLE, IN CIRM
10 GRANTS, WHAT'S PUBLIC KNOWLEDGE ABOUT THE TREMENDOUS
11 SUCCESS OF THAT INSTITUTION.

12 AND, OF COURSE, I MADE IT -- I'VE MADE IT CLEAR
13 THAT FOR ANY INSTITUTION THAT HAS A DONOR THAT WANTS TO
14 TALK TO ME TO ASK IF I THINK THAT INSTITUTION IS
15 CONTRIBUTING TO THE RESEARCH EFFORT IN CALIFORNIA IN A
16 MEANINGFUL WAY, I'M HAPPY TO TALK TO THAT DONOR, BUT
17 THAT'S WITHOUT BIAS TO ANY INSTITUTION BECAUSE I THINK WE
18 HAVE SOME PHENOMENAL INSTITUTIONS IN THIS STATE, AND I AM
19 PREPARED TO ANSWER QUESTIONS OF DONORS.

20 BUT VERY SPECIFICALLY, IN ORDER TO REFINE AND
21 GET A CLARITY OF MY ROLE, THAT WAS BROUGHT UP IN PUBLIC
22 MEETING, CLARIFIED IN PUBLIC. I'D ALSO POINT OUT IN THE
23 INITIATIVE IT IS SPECIFICALLY THE RESPONSIBILITY OF THE
24 CHAIRMAN TO DEAL WITH AND ADDRESS LEVERAGE. IT IS ONE OF
25 MY SPECIFIC RESPONSIBILITIES TO SEE THAT THE MONEY OF THE

BARRISTERS' REPORTING SERVICE

1 STATE OF CALIFORNIA TAXPAYERS GOES AS FAR AS POSSIBLE TO
2 ADVANCE OUR MISSION.

3 AND AS I WAS CHARGED WITH THE LEAD IN OBTAINING
4 45 MILLION IN BOND ANTICIPATION NOTES TO MOVE THIS AGENCY
5 FORWARD WHILE WE WERE IN LITIGATION AND KEEP OUR PROGRAMS
6 MOVING FORWARD, IT IS, IN FACT, MY RESPONSIBILITY
7 INDIVIDUALLY TO COMMENT, ALTHOUGH A NUMBER OF PEOPLE ON
8 THE FACILITIES WORKING GROUP COMMENTED, ON THE NEED FOR
9 LEVERAGE, AND IT WAS INCORPORATED IN OUR PRINCIPAL VALUES
10 IN OUR STRATEGIC PLAN. SO LEVERAGE IS A RESPONSIBILITY
11 I'M SPECIFICALLY CHARGED WITH. IT IS A PRINCIPAL VALUE
12 IN OUR STRATEGIC PLAN, AND I HOPE THAT PUBLIC RECORD
13 CLARIFIES IT FOR ALL MEMBERS OF THE BOARD OR THE PUBLIC.
14 WE'RE HAPPY TO PROVIDE A CITATION TO THAT PUBLIC HEARING
15 SO IT CAN BE EXAMINED.

16 ADDITIONAL COMMENTS BY THE BOARD?

17 DR. LOVE: I THINK HE'S GENERALLY ASKING DO WE
18 HAVE CONFLICTS OF INTEREST. AND MY UNDERSTANDING IS THAT
19 WE HAVE PRETTY GOOD POLICIES IN PLACE THAT CONSTANTLY ARE
20 ASKING US ABOUT OUR CONFLICTS, AND WE'RE DIVULGING THAT,
21 AND THAT'S BEEN PLAYING OUT IN OUR PROCESS. I RESPECT --
22 YOU ASKED THE QUESTION, BUT I THINK IT'S A QUESTION THAT
23 WE'VE ALREADY RESPONDED TO IN WRITING.

24 CHAIRMAN KLEIN: OKAY. ADDITIONAL COMMENTS
25 FROM THE BOARD? OKAY. ADDITIONAL PUBLIC COMMENTS?

BARRISTERS' REPORTING SERVICE

1 MR. CASHMAN: JUST ANOTHER QUICK COMMENT. JOHN
2 CASHMAN, HUMAN BIOMOLECULAR. I RESPECTFULLY DISAGREE,
3 JOHN. I THINK THE PEER REVIEW PROCESS HAS TO BE CLOAKED
4 IN SOME ANONYMITY. IT HAS TO BE, JUST LIKE PEER REVIEW
5 OF MANUSCRIPTS, PEER REVIEW OF GRANTS HAS TO BE DONE IN
6 AN ENVIRONMENT THAT IS FREE OF FRANK DISCUSSION, SOME OF
7 WHICH, AS I LEARNED A FEW MINUTES AGO, ISN'T ALWAYS IN
8 YOUR FAVOR. BUT NEVERTHELESS, I'VE LEARNED WHAT AN
9 OPPOSING PLAYER, I GUESS, AFTER SHAO DUNKS ON YOU, WHAT
10 HE FEELS LIKE.

11 NEVERTHELESS, GETTING BACK TO MY POINT, I THINK
12 YOU NEED PRIVACY. I THINK YOU NEED TO FOLLOW THE NIH
13 MODEL FOR REVIEW. I THINK WHAT COULD BE HELPFUL,
14 NEVERTHELESS, IS TO IDENTIFY THE REVIEWERS. THAT'S FAIR
15 GAME BECAUSE IF THERE'S AN OBVIOUS CONFLICT OF THE REVIEW
16 PANEL AND THE PROPOSER, THAT SHOULD BE PRETTY OBVIOUS.
17 THE PROPOSER SHOULD HAVE AN OPPORTUNITY TO SAY, WELL,
18 THIS REVIEWER AND I HAVE HAD A BAD RELATIONSHIP IN THE
19 PAST, AND I REQUEST THAT REVIEWER TO BE EXCUSED FROM A
20 REVIEW OF MY GRANT, FOR EXAMPLE. SO THERE SHOULD BE
21 TRANSPARENCY ON THAT LEVEL, BUT I THINK THE REVIEW
22 PROCESS HAS TO BE PRIVATE. I THINK THE OUTCOME HAS TO BE
23 ANONYMIZED. I THINK, NOTWITHSTANDING THE RESULTS THAT I
24 JUST REPORTED FOR OUR GRANT, I THINK THE PROCESS HAS BEEN
25 PRETTY OUTSTANDING FOR CIRM THUS FAR.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

2 DR. PENHOET: WELL, YOU KNOW, I WOULD JUST LIKE
3 TO THANK THE TWO POTENTIAL GRANTEES WHO ACTUALLY TOOK THE
4 RISK OF COMING FORWARD TO PRESENT BOTH THEIR CASE AND THE
5 GENERAL ISSUE BEFORE US. I THINK THEY'VE ENRICHED OUR
6 CONVERSATIONS. AND IT DOES TAKE A CERTAIN AMOUNT OF
7 COURAGE TO STAND UP AND HAVE ALL THESE PEOPLE VOTE NO ON
8 YOUR GRANT, AND WE APPRECIATE THE FACT THAT YOU'RE
9 WILLING TO COME FORWARD IN PUBLIC AND HAVE AN OPEN
10 DISCUSSION OF THE ISSUE. AND I THINK IT ENRICHED OUR
11 PROCESS TREMENDOUSLY. THANK YOU AND DR. LUBEN BOTH FOR
12 COMING FORWARD.

13 MR. ROTH: MR. CHAIRMAN, I'D LIKE TO MAKE SURE
14 WE FOLLOW UP ON THAT LAST SUGGESTION. OUR REVIEWERS ARE
15 ALL PUBLICLY IDENTIFIED.

16 CHAIRMAN KLEIN: OUR REVIEW --

17 MR. ROTH: NOT SPECIFIC, THE GROUP OF
18 REVIEWERS.

19 CHAIRMAN KLEIN: DR. OLSON, COULD YOU
20 SPECIFICALLY ADDRESS THIS.

21 DR. OLSON: YES. OUR REVIEWERS ARE PUBLICLY
22 IDENTIFIED.

23 MR. ROTH: SO ONE POSSIBLE SUGGESTION WOULD BE
24 IF THE APPLICANT LOOKS AT THE REVIEW, THE ENTIRE REVIEW
25 LIST, AND SAY THESE PEOPLE, THEY BELIEVE, WOULD HAVE A

BARRISTERS' REPORTING SERVICE

1 CONFLICT, THAT COULD BE HELPFUL.

2 CHAIRMAN KLEIN: DR. OLSON, WOULD YOU LIKE TO
3 ADDRESS THAT?

4 DR. OLSON: I WOULD JUST LIKE TO COMMENT THAT
5 AS PART OF THE PROCESS BEFORE WE EVER ASSIGN APPLICATIONS
6 TO A SPECIFIC REVIEWER, WE GO THROUGH AND REQUEST THAT
7 THEY IDENTIFY ALL CONFLICTS IN ACCORDANCE WITH OUR POLICY
8 FOR REVIEWERS ON CONFLICT OF INTEREST, AND THEN WE ALSO,
9 STAFF, DOES SPOT-CHECKS ON PUBLICATIONS AND SUCH TO MAKE
10 SURE FOR COLLABORATIONS. SO IN POINT OF FACT, WE DO TRY
11 AND ENSURE THAT REVIEWERS IDENTIFY CONFLICTS.

12 MR. ROTH: I'M SPEAKING THE OTHER WAY AROUND.
13 I'M SUGGESTING THE OTHER WAY AROUND. THE APPLICANT CAN
14 IDENTIFY POTENTIAL REVIEWERS THAT THEY BELIEVE HAVE A
15 CONFLICT WITH THEIR PROPOSAL.

16 CHAIRMAN KLEIN: I THINK YOU'RE USING THE WORD
17 "CONFLICT" IN A BROADER CONTEXT --

18 MR. ROTH: I AM.

19 CHAIRMAN KLEIN: -- TO MEAN THOSE REVIEWERS
20 WITH WHOM THERE'S BEEN A PROFESSIONAL, SERIOUS
21 PROFESSIONAL DISAGREEMENT THAT GOES BEYOND NORMAL
22 PROFESSIONAL LIMITS. AND BECAUSE THERE'S A HISTORY OF
23 THAT, THERE'S A CONCERN OF WHETHER THERE'S A FAIR REVIEW.
24 SO HIS QUESTION IS --

25 DR. OLSON: THANK YOU FOR THE CLARIFICATION.

BARRISTERS' REPORTING SERVICE

1 IN OUR GRANTS ADMINISTRATION POLICY, THAT ACTUALLY IS THE
2 ONE CRITERIA FOR COMPLAINT ABOUT A REVIEW IS IF THEY
3 BELIEVE THAT A REVIEWER HAD A CONFLICT WITH THEIR
4 APPLICATION. SO I THINK THAT WE COULD PERHAPS PUT IN A
5 THING THAT ONCE THE REVIEWERS ARE IDENTIFIED, THEY COULD
6 SAY WERE ANY OF THESE REVIEWERS WHOM I KNOW HAS A
7 CONFLICT ON THE PART OF THE REVIEWERS. SO WE CAN LOOK
8 INTO THAT.

9 CHAIRMAN KLEIN: OKAY. VERY POTENTIALLY
10 IMPORTANT REFINEMENT.

11 OKAY. AT THIS POINT WE'RE PREPARED TO GO TO
12 THE PRESIDENT'S REPORT. AND WE SHOULD HAVE HAD THE MUSIC
13 START AS YOU WALKED BACK IN THE ROOM, DR. TROUNSON. BUT
14 WE ARE EXTRAORDINARILY PLEASED TO HAVE DR. TROUNSON JOIN
15 DR. MURPHY, WHO HAS BEEN A DISTINGUISHED INTERIM
16 PRESIDENT IN LEADING THIS INSTITUTION. IT IS CERTAINLY A
17 GREAT SACRIFICE AND EVIDENCE OF A HUGE PERSONAL
18 COMMITMENT TO THE MISSION OF PROPOSITION 71 FOR DR.
19 TROUNSON TO MOVE ACROSS FROM THE GREAT CONTINENT OF
20 AUSTRALIA TO CALIFORNIA. AND IT IS HOPEFULLY AN AIR
21 BRIDGE TO AUSTRALIA THAT WILL CONTINUE TO HAVE HIGH LEVEL
22 OF SCIENTIFIC INTERCHANGE.

23 AND CERTAINLY DR. TROUNSON HAS INTERNATIONAL
24 ROOTS THAT ARE EXTRAORDINARY THAT WILL ENRICH OUR
25 KNOWLEDGE OF THE ADVANCEMENT OF THE SCIENCE GLOBALLY EVEN

BARRISTERS' REPORTING SERVICE

1 BEFORE PUBLICATIONS OCCUR SO THAT WE CAN ANTICIPATE AREAS
2 OF CHANGE AND HOPEFULLY RESPOND QUICKLY WITH RFA'S THAT
3 MAY HELP ENHANCE OUR UNDERSTANDING OF THE FIELD AND THE
4 DIRECTION OF THE FIELD.

5 BUT, AGAIN, WHILE IT IS DR. TROUNSON'S FIRST
6 MEETING, IT IS, I THINK, THE LAST FORMAL MEETING PERHAPS
7 THAT WE HAVE DR. MURPHY PRESENTING, AND I THINK THAT WE
8 SHOULD STAND AND PROVIDE A ROUND OF APPLAUSE.

9 (APPLAUSE.)

10 CHAIRMAN KLEIN: SO, DR. MURPHY, IT HAS BEEN AN
11 EXTRAORDINARY PLEASURE FOR THIS AGENCY, AND WE ARE
12 GRATEFUL FOR YOUR TREMENDOUS SERVICE. AND WE ARE HOPEFUL
13 THAT WE CAN CONTINUE TO CAPTURE YOUR BRILLIANCE FOR SOME
14 TIME WHETHER AS AN INTERIM PRESIDENT OR AS A CONSULTANT,
15 BUT COULD YOU BEGIN WITH THE REPORT.

16 DR. MURPHY: MR. CHAIRMAN, THANK YOU VERY MUCH.
17 IT WAS A PLEASURE AND A PRIVILEGE FOR ME TO BE WITH THE
18 ICOC IN MANY DIFFERENT WAYS. AND I WILL WISH YOU NOTHING
19 BUT GOOD LUCK AS YOU PURSUE WHAT IS A VERY, VERY
20 IMPORTANT MISSION.

21 MR. CHAIRMAN, GIVEN THAT THIS IS DR. TROUNSON'S
22 FIRST ICOC MEETING AND EVERYONE WANTS TO HEAR FROM HIM
23 AND NOT ME, I WILL MAKE MY PRESIDENT'S REPORT EXTREMELY
24 BRIEF. SO IN CONCLUSION...

25 MR. CHAIRMAN, LET ME INTRODUCE DR. TROUNSON

BARRISTERS' REPORTING SERVICE

1 WITH A PERSONAL STORY. I HAD THE PLEASURE OF GROWING UP
2 IN BOSTON IN A FIRST-GENERATION ITALIAN FAMILY ON MY
3 MOTHER'S SIDE. A BIG ISSUE FOR US WAS THE TRANSFORMATION
4 OF THE FAMILY FROM SPEAKING ITALIAN TO SPEAKING ENGLISH.
5 I REMEMBER WITH GREAT FONDNESS DURING THOSE TIMES, WHEN
6 ANY OF US OF THE NEW GENERATION DID WELL IN SCHOOL OR WAS
7 SUCCESSFUL IN ATHLETICS OR WHATEVER, OUR GRANDPARENTS AND
8 PARENTS WOULD TEST THEIR NEW-FOUND LANGUAGE SKILLS BY
9 SAYING, AND I QUOTE, "YOU DID GOOD."

10 WELL, MR. CHAIRMAN, THOSE WORDS HAVE COME TO
11 MIND OFTEN WHEN I CONSIDER THE ICOC'S CHOICE OF ALAN
12 TROUNSON AS CIRM'S PERMANENT PRESIDENT. I HAVE
13 THOROUGHLY ENJOYED WORKING WITH ALAN OVER THE PAST FIVE
14 MONTHS ALTHOUGH WE HAVE BEEN A HALF A WORLD APART, EVEN
15 MORE SO OVER THE LAST THREE WEEKS WHEN WE HAVE WORKED
16 WITH CIRM'S TERRIFIC STAFF TOGETHER HERE IN SAN
17 FRANCISCO.

18 AS A BASIC SCIENTIST OF GREAT ACHIEVEMENT, ALAN
19 SEES THE TREES IN THE FOREST AND HE UNDERSTANDS THE
20 SCIENTIFIC ISSUES THAT NEED TO BE SOLVED FOR STEM CELL
21 BIOLOGY TO REACH MATURITY; HOWEVER, HE ALSO SEES THE
22 FOREST THAT THE TREES COMPOSE. FOR AS A PIONEER IN THE
23 FIELD OF IN VITRO FERTILIZATION AND STEM CELL SCIENCE, HE
24 SUPPORTS THE TRANSFER OF BASIC KNOWLEDGE INTO CLINICAL
25 CARE AND THE CREATION OF THERAPIES, WHICH IS WHY WE ARE

BARRISTERS' REPORTING SERVICE

1 ALL HERE. DR. TROUNSON HAS A TOWERING COMMITMENT TO
2 CIRM'S MISSION. AND NO DOUBT HIS ENERGY WILL BE MATERIAL
3 IN HELPING CIRM CREATE THE THERAPIES THAT WE ALL SEEK.

4 SO, MR. CHAIRMAN, THE HIGHEST COMPLIMENT I CAN
5 PAY YOU AND THE ICOC FOR APPOINTING DR. TROUNSON AS
6 CIRM'S PERMANENT PRESIDENT IS THAT YOU DID GOOD.

7 MR. CHAIRMAN AND THE ICOC, PLEASE JOIN ME IN
8 OFFICIALLY WELCOMING DR. TROUNSON TO CIRM AND HIS FIRST
9 ICOC MEETING.

10 (APPLAUSE.)

11 DR. TROUNSON: MR. CHAIRMAN, BOARD, G'DAY. I
12 THINK SOMEBODY HAD A DICTIONARY OF AUSTRALIAN-ISM AND
13 YOU MAY NEED IT FROM TIME TO TIME. I WAS ASKED SOON
14 AFTER BEING HERE WHAT SHOULD WE CALL YOU, AND I SAID,
15 "DON'T CALL ME LATE FOR DINNER." AND IT WENT RIGHT BY.
16 THERE'S COMMONALITIES AND BANALITIES THAT WE HAVE THAT
17 ARE PROBABLY LOST ON MANY PEOPLE. SO EXCUSE ME IF FROM
18 TIME TO TIME I DROP INTO THAT.

19 I WAS RAISED IN THE BUSH. AND I WAS -- IN THE
20 BUSH IN AUSTRALIA, IT'S WAY OUT ON THE FARMS. AND I WAS
21 GOING TO BE A FARMER, AND I DON'T REALLY KNOW HOW I ENDED
22 UP HERE. I DO KNOW HOW I ENDED UP HERE. IT WAS
23 BASICALLY BECAUSE BOB KLEIN TOOK A TELEPHONE CALL FOR ME
24 WHEN THE PREMIERE OF VICTORIA, EQUIVALENT TO THE
25 GOVERNOR, ASKED ME TO LOOK FOR SOMEBODY WHO WOULD HELP US

BARRISTERS' REPORTING SERVICE

1 ARGUE THE CASE FOR LIBERALIZING THE LAWS IN AUSTRALIA.
2 AND HE SAID, "DO YOU KNOW ANYONE THAT COULD DO THAT?" I
3 SAID, "I THINK THE MOST APPROPRIATE PERSON WOULD BE BOB
4 KLEIN." "DO YOU KNOW HIM?" "NO." "WELL, HOW DO WE GET
5 IN TOUCH WITH HIM?" I SAID, "WE' LL RING HIM UP."

6 AND I DID AND HE ANSWERED THE PHONE AND HE SAID
7 YES. AND HE CAME TO AUSTRALIA, AND THEREBY WE CREATED, I
8 THINK, A FRIENDSHIP GOOD ENOUGH FOR HIM TO GIVE A VERY
9 SPECIAL TALK ABOUT A YEAR LATER IN MELBOURNE, THE DEACON
10 LECTURE IN VICTORIA, WHICH IS A VERY PRESTIGIOUS TALK,
11 BUT ON HIS HONEYMOON. I THINK THAT IS WAY AND BEYOND THE
12 COMMITMENT THAT MOST OF US WOULD REALLY EVER GIVE.

13 AND JUST AN ASIDE IN THIS PROCESS. WHEN I CAME
14 TO VISIT SAN FRANCISCO BASICALLY TO SPEAK TO SOME
15 COLLEAGUES ABOUT CYSTIC FIBROSIS, I CALLED BOB. I SAID,
16 "WELL, I'M COMING. YOU KNOW, CAN WE HAVE A LUNCH OR I
17 JUST WANT TO SAY THANK YOU FOR ALL THE SUPPORT." AND HE
18 CAME AND PICKED ME UP AND HE TOOK ME FOR A TRIP AROUND
19 SCHOOLS. I'VE BEEN SHOWN ALL MUSEUMS AND WONDERFUL,
20 GORGEOUS, I'VE ACTUALLY BEEN OUT ON BOATS, BUT I'VE NEVER
21 BEEN SHOWN SCHOOLS. I THOUGHT TO MYSELF, WELL, THIS IS
22 SOME STRANGE GUY BECAUSE I HAD NO IDEA WHAT HE HAD IN
23 MIND AT ALL. BUT I'M KIND OF GLAD HE DIDN'T TAKE ME TO
24 THE ZOO.

25 SO I AM A SCIENTIST, AND I THINK IT'S AN

BARRISTERS' REPORTING SERVICE

1 INCREDIBLE HONOR TO BE IN THIS POSITION AND TO FOLLOW ON
2 BEHIND TWO DIRECTORS WHO I THINK HAVE DONE AN INCREDIBLE
3 JOB, AND THE STAFF THAT HAVE BEEN SUPPORTING THOSE
4 DIRECTORS HAVE JUST BEEN FANTASTIC. FROM WHAT I SEE AS
5 I'VE STEPPED IN, IT'S MADE MY JOB EASIER. AND
6 PARTICULARLY TO RICH MURPHY AND ALL OF THE PEOPLE
7 SUPPORTING HIM, IT REALLY HAS MADE MY ENTRY INTO THIS
8 ORGANIZATION VERY EASILY, VERY, VERY EASY. AND WHILE I
9 STILL THINK I'VE GOT A LONG WAY TO GO TO EVEN BE THOUGHT
10 OF AS AN AMERICAN COLLEAGUE, I THINK, FOR ME, IT'S A REAL
11 PRIVILEGE AND HONOR TO BE HERE.

12 SO I AM A SCIENTIST. SO AFTER THOSE
13 INTRODUCTIONS, I'D LIKE TO SHOW YOU SOME SLIDES, AND IT
14 WILL BE QUICK, AND REALLY ALWAYS ABOUT SCIENCE BECAUSE
15 THAT'S WHAT'S DRIVING ME. THE SCIENCE, AS RICH SAID, IS
16 WHAT IS GOOD SCIENCE? AND I THINK THIS PUBLICATION IN
17 *NATURE*, THIS PAPER ACTUALLY ISN'T STRONGLY QUOTED, BUT
18 DR. YAMANAKA PUBLISHED A WORK ON THIS INDUCED
19 PLURIPOTENTIALITY FIRST IN MICE AND THEN MORE RECENTLY IN
20 A HUMAN. AND JAMIE THOMPSON ALSO DID THIS. BUT THE
21 OTHER PAPER THAT CONFIRMED THIS WORK, THAT YOU COULD
22 ACTUALLY TAKE GENES AND INSERT THEM INTO A SKIN CELL
23 LINE, AN ADULT SOMATIC CELL, AND TURN THEM INTO WHAT
24 APPEAR TO BE PLURIPOTENTIAL CELLS, CELLS WITH THE SAME OR
25 ALMOST THE SAME CHARACTERISTICS AS EMBRYONIC STEM CELLS,

BARRISTERS' REPORTING SERVICE

1 HAS BEEN CONFIRMED.

2 AND THE CONFIRMATION OF NEW DEVELOPMENTS IS SO
3 IMPORTANT. IT IS ONE OF THE ISSUES THAT I'VE HAD WITH
4 *NATURE* AND *SCIENCE* AND THE OTHER MAJOR JOURNALS, THAT
5 THEY SHOULD ACCEPT THESE CONFIRMATORY PAPERS, AND THEY
6 ARE DOING THAT NOW. AND I THINK IT'S TERRIFIC BECAUSE IT
7 GIVES YOU CONFIDENCE THAT WHAT'S GOING ON IN THE FIELD IS
8 REAL AND YOU CAN RELY ON IT. SO I THINK THIS PAPER BY
9 GEORGE DALEY'S GROUP IS AN EXCELLENT CONFIRMATION OF
10 WHAT'S HAPPENED. SO WE'VE NOW GOT THREE OR MAYBE FOUR
11 REPORTS FROM INDEPENDENT GROUPS. I THINK WE CAN FEEL
12 VERY CONFIDENT THAT INDUCED PLURIPOTENTIALITY IS WITH US.
13 AND IT'S A NEW DEVELOPMENT CERTAINLY, BUT IT'S ONE WHICH
14 WE NEED TO EMBRACE AS AN ORGANIZATION.

15 AND VERY FORTUNATELY, IN THE NEW STEM CELLS
16 RFA, WE'VE ACTUALLY HAD SOME RESPONSES, SOME SIGNIFICANT
17 RESPONSES IN THIS AREA. AND FROM MY POINT OF VIEW, WE'RE
18 ON THE FRONT EDGE OF THE WAVE, AS WE SHOULD BE. AND
19 THANKS TO THE STAFF, BUT ALSO TO THE BOARD IN KEEPING
20 THESE KIND OF THINGS RIGHT IN THE FRONT OF YOUR MIND.

21 THE NEXT ONE I WANTED TO MENTION IS THERE'S
22 BEEN SOME DISCUSSION THAT THESE CELLS MAY NOT BE
23 FUNCTIONAL, THAT YOU CAN TURN THEM INTO BEING APPARENTLY
24 PLURIPOTENTIAL, BUT THEY PROBABLY DON'T HAVE WIDESPREAD
25 FUNCTION. WELL, THE GROUP AT THE WHITEHEAD UNDER RUDY

BARRISTERS' REPORTING SERVICE

1 JAENISCH PUBLISHED A VERY NICE PAPER SHOWING THAT IF YOU
2 TAKE THESE CELLS AND YOU DIFFERENTIATE THEM DOWN INTO THE
3 HEMATOPOETIC LINEAGE AND THEN YOU PUT THEM BACK IN MICE
4 AS A MODEL WITH SICKLE CELL ANEMIA, YOU CAN RECOVER THOSE
5 MICE, THEIR NORMAL FUNCTION.

6 SO CLEARLY, AT LEAST IN THIS RESPECT, THEY'RE
7 FUNCTIONAL AT THAT LEVEL, AND THAT'S AN ASTONISHING PIECE
8 OF WORK, I THINK, AND IT SHOULD ALSO GIVE US SOME
9 STRENGTH TO THINK THAT THESE CELLS WILL EVENTUALLY BE
10 FUNCTIONAL. NOT THAT I WOULD OR ANY SCIENTIST WOULD
11 SUPPORT THEIR CURRENT USE CLINICALLY BECAUSE THEY HAVE
12 ELEMENTS OF VIRAL DNA IN THERE BECAUSE THEY HAVE BEEN
13 INDUCED -- TRANSDUCED BY A VIRAL TRANSFECTION METHOD, AND
14 THEY ALSO INCLUDE LARGE COPIES OF THE GENES.

15 THE GENES THEMSELVES HAVE BEEN REALLY
16 IDENTIFIED BY WORK ON EMBRYONIC STEM CELLS, AND THESE
17 GENES REALLY HAVE A LOT TO DO WITH DEVELOPMENT. GENES
18 THAT ARE ASSOCIATED WITH EARLY DEVELOPMENT ARE OFTEN
19 ONCOGENES. AND SO HERE BE A LESSON. BE CAREFUL. DON'T
20 USE THESE CLINICALLY. AND YOU DON'T SEE ANY OF THE
21 SENIOR SCIENTISTS SUGGESTING THAT WE SHOULD. BUT I THINK
22 THAT THE RESEARCH THAT WE MAY DO HERE AND IN OTHER PLACES
23 WILL GIVE US A WAY TO LOOK AROUND THAT BECAUSE WHAT'S
24 INTERESTING ABOUT THIS WORK IS THESE GENES THAT THEY PUT
25 INTO THE CELLS GET SILENCED FAIRLY QUICKLY, WHICH TO ME

BARRISTERS' REPORTING SERVICE

1 SOUNDS LIKE IT'S A TURN-ON PROCESS, TURNING ON THE
2 ENDOGENOUS GENES, THE GENES THAT ARE PRESENT THERE. AND
3 WE MIGHT BE ABLE TO DO THAT IN SOME OTHER WAYS.

4 FOR EXAMPLE, BEING ABLE TO DRIVE PROTEINS INTO
5 THOSE CELLS AND GET THE TURN-ON OF THE ENDOGENOUS GENE,
6 AND THEN WE MAY NOT HAVE THE RESIDUAL PROBLEM WITH THE
7 ONCOGENE OR THE VIRAL ELEMENTS THAT ARE PRESENT THERE.
8 SO HERE IS SOME CHALLENGING AND INTERESTING WAYS OF
9 LOOKING AT THIS.

10 AND I THINK THIS IS A TREMENDOUS NEW
11 DEVELOPMENT, AND I THINK, YOU KNOW, DESPITE THE REPORT IN
12 THE PAPER THIS MORNING THAT THERE'S BEEN IMPORTANT
13 ADVANCES IN NUCLEAR TRANSFER, I THINK THE EVIDENCE HERE
14 IS GROWING, THAT THESE CELLS MAY BE ABLE TO EVENTUALLY
15 REPLACE THOSE NUCLEAR TRANSFER DERIVED CELLS, AT LEAST
16 FOR RESEARCH IN THE LABORATORY, AT LEAST FOR RESEARCH IN
17 THE LABORATORY, NOT CLINICALLY, BUT FOR THE LAB STUDIES.

18 WE NEED TO REACH OUT BEYOND CALIFORNIA VERY
19 CLEARLY. THIS COMMENT THAT WAS MADE BY PETER ANDREWS IN
20 HIS REPORT IN *NATURE REPORTS STEM CELLS* IS ABOUT THE
21 CONSORTIA THAT'S NEEDED TO WORK ON SOME OF THE QUESTIONS
22 WHICH ARE REALLY IMPORTANT FOR US. WE NEED TO UNDERSTAND
23 WHETHER EACH AND EVERY EMBRYONIC STEM CELL LINE IS
24 DIFFERENT OR IS IT THE SAME? ARE THEY THE SAME? ARE
25 THEY MERINO SHEEP, OR ARE THEY ALL WHAT WE'D EXPECT THEM

BARRISTERS' REPORTING SERVICE

1 TO BE, OR ARE THEY DIFFERENT? ARE SOME CELL LINES MORE
2 EASILY DRIVEN INTO PANCREATIC ISLET CELLS OR NEURONS OR
3 WHATEVER?

4 NOW, THE COLLABORATION THAT'S BEEN SET UP
5 WORLDWIDE BY ANDREWS AND HIS COLLEAGUES, WHICH IS REALLY
6 FUNDED INITIALLY BY THE MRC IN THE UK, IS A MEETING
7 THAT'S GOING TO OCCUR HERE IN SAN FRANCISCO IN THE NEXT
8 MONTH. AND WE WILL BE PARTICIPATING IN THAT AND
9 IMPORTANTLY PARTICIPATING IN THAT. BUT I THINK IT'S VERY
10 CLEAR THAT IT'S GOING TO BE COLLABORATION THAT'S NEEDED
11 TO ANSWER SOME OF THESE QUESTIONS. AND THAT'S WHY I
12 WOULD LIKE VERY MUCH TO SEE CIRM BE ABLE TO INTERACT WITH
13 COLLEAGUES OUTSIDE THE STATE WHEREVER THEY MAY BE. AND
14 THAT'S IF THAT'S INTERNATIONALLY, THEN I THINK WE NEED TO
15 DO THAT AS WELL.

16 AND SO I'M GOING TO TRY AND SEE WHERE THE
17 FLEXIBILITY EXISTS FOR CIRM TO DO THAT BECAUSE BEING
18 ISOLATED AND NOT BEING ABLE TO COLLABORATE AND WORK
19 TOGETHER WITH THE CAPACITY THAT WE HAVE, I THINK, IS NOT
20 WHAT WE REALLY WANT TO DO. I THINK WE WANT TO SHOW WORLD
21 LEADERSHIP. I THINK WE'RE SHOWING THAT. THE REST OF THE
22 WORLD SEES THAT. SO LET'S REALLY TURN INTO THAT GOLD BY
23 EXTENDING OUR CAPACITY TO LINK WITH OTHERS.

24 IN THE NEXT ONE I HAVE A VERY STRONG FEELING
25 THAT WE SHOULD CONNECT WITH ADULT STEM CELL CLINICAL

BARRISTERS' REPORTING SERVICE

1 WORK, WHICH IS GOING FANTASTICALLY WELL IN MY MIND. I
2 SEE THE USE OF MESENCHYMAL STEM CELLS AS BEING A VERY,
3 VERY IMPORTANT NEW DEVELOPMENT THAT'S ALREADY NOW IN
4 CLINICAL TRIALS THROUGHOUT THE WORLD. AND I THINK SOME
5 OF THE WORK THAT'S COMING OUT OF THE KAROLINSKA IS
6 ABSOLUTELY SUPERB. AND I THINK THERE'S AN OPPORTUNITY
7 FOR US HERE TO CREATE THE LINKAGES AND TO BRING BETTER
8 AND BETTER DEVELOPMENTS FROM THE CELLS AND THE STRATEGIES
9 THAT ARE EVOLVING HERE UNDER OUR CARE.

10 BUT HERE IS A VERY INTERESTING PAPER AND NOT
11 ONE THAT WOULD NECESSARILY BE WIDELY READ. FIRST OF ALL,
12 IT IS ASSOCIATED WITH CANCER, AND CANCER STEM CELLS IS AN
13 IMPORTANT PART OF WHAT WE SHOULD BE DOING. BUT THESE
14 CELLS, THESE MESENCHYMAL STEM CELLS, WHEN INJECTED INTO
15 ANIMALS WHERE THERE WAS A RESIDUAL CANCER, CANCER CELLS
16 THAT WERE JUST NOT REALLY DOING ANYTHING AT THE TIME,
17 SHOWED THAT THESE CELLS WILL READILY MOBILIZE THOSE
18 CANCER CELLS. AND SO WHEN WE'RE WORKING IN THESE AREAS,
19 BECAUSE WE MAY SEE THE SAME PROPERTIES FROM THE CELLS
20 THAT WE'RE GOING TO ADMINISTER, WE NEED TO BE CAREFUL
21 THAT WE'VE COVERED THE WHOLE SAFETY, THE WHOLE GAMUT OF
22 SAFETY AS BEST WE CAN.

23 AND SO I THINK IT'S AN INTERESTING PIECE OF
24 EVIDENCE IN THE WHOLE PLANE, IF YOU LIKE, OF DATA THAT
25 TELLS US THAT SAFETY SHOULD REMAIN ONE OF THE MOST

BARRISTERS' REPORTING SERVICE

1 IMPORTANT THINGS THAT WE HAVE BECAUSE I THINK ANY EXAMPLE
2 OF A PATIENT BECOMING SICK AS A RESULT OF WHAT WE DO
3 WOULD DAMPEN THE FIELD DRAMATICALLY. AND I THINK WE NEED
4 TO GIRN OUR LOINS, IF YOU LIKE, FROM THAT KIND OF THING.
5 SO I THINK WE NEED TO ENCOURAGE ALL OUR COLLEAGUES TO BE
6 CAREFUL IN APPROACHING THESE CLINICAL TRIALS.

7 SO OVER TO THE CIRM BUSINESS. AND WE WELCOME
8 SOME NEW PEOPLE, AND I NEED TO IDENTIFY MICHAEL YAFFE AS
9 THE NEW SCIENTIFIC OFFICER. HE'S FORMERLY FROM THE
10 UNIVERSITY OF CALIFORNIA SAN DIEGO, SO HE'LL BE
11 CONFLICTED ON THAT. DEREK CHIN AND ANDREW MCFARLAND JOIN
12 US AS GRANTS MANAGEMENT SPECIALISTS. AND THESE ARE VERY
13 IMPORTANT PEOPLE IN THE ORGANIZATION. THE SCIENCE GROUP
14 IS A GREAT GROUP, AND THESE ARE TREMENDOUS PEOPLE
15 JOINING. WE WELCOME THEM. THEY'RE NOT HERE. WE'VE SENT
16 MICHAEL OFF TO DO SOME WORK AT A CONFERENCE, AND THE
17 OTHERS ARE ON THEIR WAY TO JOIN US, BUT THEY'RE GOING TO
18 BE STRONGLY WELCOMED AND VERY BUSY.

19 I THINK THE CURRENT RFA'S THAT ARE THERE ARE
20 INCREDIBLY EXCITING, THESE TWO. FIRST OF ALL, THE
21 DISEASE TEAM PLANNING AWARDS, WE'VE RECEIVED 56
22 APPLICATIONS FROM NONPROFIT ORGANIZATIONS AND TEN FROM
23 FOR-PROFIT COMPANIES. AND THIS STARTS TO MIX UP OUR
24 INTEREST WITH BOTH THE COMMERCIAL AND ACADEMIC AND
25 RESEARCH INSTITUTIONS. I THINK IT'S GREAT. BUT THE

BARRISTERS' REPORTING SERVICE

1 IMPORTANT PART IS IT GIVES US THE PIPELINE THAT WE NEED
2 FROM DISCOVERY THROUGH TO THE CLINIC. AND I THINK THIS
3 IS GOING TO BE AN EXTRAORDINARILY INTERESTING AREA, AND I
4 THINK IT'S PROBABLY ONE OF THE ONES THAT I'M GOING TO BE
5 MOST INTERESTED IN BECAUSE IF IT OPENS THE PIPELINE TO
6 THE CLINIC TO GET US THERE MORE QUICKLY, MORE
7 EFFICIENTLY, THEN I THINK THIS IS EXACTLY WHAT WE WANT.
8 SO I THINK IT'S A TREMENDOUS INITIATIVE. I'VE HAD A LOOK
9 GENERALLY AT WHAT'S COME IN, AND IT LOOKS INCREDIBLY
10 INTERESTING.

11 THE OTHER ONE, OF COURSE, IS THE NEW CELL LINE
12 AWARDS, AND THERE WERE 57 LETTERS OF INTENT RECEIVED BY
13 MANAGEMENT, 42 FROM NONPROFIT ORGANIZATIONS AND 15 FROM
14 THE FOR-PROFIT COMPANIES. SO, AGAIN, A MIXTURE COMING
15 HERE. SO THESE COMPANIES NOW JOINING, LINKING INTO THE
16 PROCESS ARE A REALLY IMPORTANT STEP IN THE RIGHT
17 DIRECTION.

18 I WANT TO JUST IDENTIFY MY PRIORITIES, AND I'LL
19 BE VERY BRIEF HERE BECAUSE PEOPLE WILL HAVE HEARD THEM
20 PERHAPS. BUT I WANT TO REITERATE THAT WHAT MY MAJOR
21 PRIORITY IS IS TO FOCUS ON THE DELIVERY OF OPPORTUNITIES
22 THROUGH COMPLETION AND INITIATION OF RFA'S. THAT'S THE
23 MOST IMPORTANT THING TO DO. I WANT TO INTEGRATE THAT
24 PIPELINE FROM DISCOVERY TO THE CLINIC. AND IN ORDER TO
25 DO THAT, IT'S VERY IMPORTANT FOR US TO GET THREE NEW

BARRISTERS' REPORTING SERVICE

1 APPOINTMENTS DONE SOON, AND YOU'VE ALREADY DISCUSSED
2 THOSE, A CFO BECAUSE WE NEED FINANCIAL CAPACITY IN THE
3 ORGANIZATION, AND WE CAN'T HAVE THAT AT THAT LEVEL; AND A
4 CHIEF OPERATIONS OFFICER IN ORDER TO ENSURE ALL OF THESE
5 PROCESSES THAT YOU ARE VERY MUCH INVOLVED WITH ARE DONE
6 AT THE HIGHEST LEVEL; AND A CHIEF SCIENCE OFFICER,
7 HOPEFULLY A CLINICALLY TRAINED PERSON, THAT WILL GIVE US
8 THAT EXTRA EDGE AS WE GO INTO THE TRANSLATION AND THE
9 CLINIC.

10 I WANT TO EDUCATE AND INFORM, AND IT'S A VERY
11 IMPORTANT PROCESS. WE'RE GETTING A NEW COMMUNICATIONS
12 OFFICER. I WANT TO OPEN THE WEBSITE TO MAKE IT MORE
13 INTERESTING, MORE INTERACTIVE, AND MORE INFORMATIVE. I
14 WANT TO ASK FOR VIDEOCONFERENCING IN CIRM. I WANT TO BE
15 ABLE TO TALK TO YOU AND THE REST OF THE WORLD IN A VERY
16 EASY WAY, AND I THINK THAT'S ALREADY AGREED. I'D LIKE
17 PEOPLE TO SPEAK UP ON BEHALF OF THE WHOLE STEM CELL AREA,
18 BUT PARTICULARLY CIRM, ALL OF THE PEOPLE IN THE
19 ORGANIZATION. I WANT YOUNG PEOPLE WHO WE FUND TO SPEAK
20 UP. I THINK YOUNG PEOPLE SPEAK BETTER TO YOUNGER PEOPLE
21 THAN OLDER PEOPLE LIKE ME SPEAKING TO YOUNG PEOPLE. I
22 THINK WE NEED THE RIGHT PEOPLE TALKING TO THE RIGHT
23 PEOPLE.

24 I THINK I'D LIKE ALSO TO CREATE AN ADVISORY
25 GROUP, SOME PEOPLE WHO CAN ADVISE ME IN MY NAIVETY OF

BARRISTERS' REPORTING SERVICE

1 SOME OF THESE AREAS. I'M GOING TO DEMAND THAT RICH
2 MURPHY BECOME PART OF THIS UNLESS YOU OBJECT TO THAT.
3 IT'S JUST THAT THERE'S SOME EXPERTISE, I THINK, AROUND
4 THAT IS REALLY IMPORTANT, AND RICH HAS BEEN BOTH ON THE
5 BOARD AND NOW AS INTERIM PRESIDENT, AND I DON'T WANT TO
6 LOSE THAT, BUT THERE ARE ALSO SEVERAL OTHER SPECIALISTS
7 WHO I WOULD LIKE TO BE ABLE TO TALK TO TO HELP ME IN THE
8 PROCESS OF INTERACTING WITH YOU. AND I WANT TO SET UP
9 BOTH INTERNATIONAL AND NATIONAL LINKAGES, AS I SAID
10 BEFORE.

11 SO THAT'S ALL FROM ME. I WANT TO RECOGNIZE THE
12 FANTASTIC WORK THAT'S GONE ON IN MANAGEMENT, BUT I'VE
13 ACTUALLY ENJOYED THESE TWO DAYS. I THINK BOB THOUGHT IT
14 MIGHT BE STRESSFUL FOR ME, BUT I'VE REALLY ENJOYED IT.
15 MURPHY CAN TAKE ALL THE HARD QUESTIONS. SO WHEN IT COMES
16 TO ORDER, THAT'S WHEN I NEED TO LEAVE THE STAGE.

17 MS. SAMUELSON: CAN I ASK A COUPLE QUICK
18 QUESTIONS AS A FOLLOW-UP TO THAT LAST PIECE?

19 CHAIRMAN KLEIN: GO AHEAD, JOAN.

20 MS. SAMUELSON: ON THE COMMUNICATIONS PERSON
21 AND VIDEOCONFERENCING, HAVE YOU THOUGHT ABOUT IT, IS IT
22 POSSIBLE TO REACH OUT LIKE IN SORT OF AN RFP MODE SEEKING
23 THAT THE BEST COMMUNICATIONS FIRMS IN THE STATE OR THE
24 COUNTRY RESPOND ABOUT WHAT THEY THINK WOULD BE THE BEST
25 PORTFOLIO OF SERVICES THEY COULD PROVIDE AND OUTSOURCE IT

BARRISTERS' REPORTING SERVICE

1 TO THE BEST AND BRIGHTEST? MAYBE THEY' LL PAY FOR IT OR
2 PART OF IT.

3 SAME THOUGHT WITH THE VIDEOCONFERENCING. HERE
4 WE' VE GOT MACWORLD THAT' S JUST UP THE STREET SPINNING
5 MAGIC. MAYBE THEY COULD ADVISE ON WHAT THEY THINK WOULD
6 BE THE MOST STELLAR INTERNATIONAL VIDEOCONFERENCING
7 SYSTEM, SO WE' RE REALLY TALKING TO EVERY SCIENTIST WE
8 NEED TO AND NOT WASTING TIME ON AIRPLANES, AND MAYBE
9 THEY' LL PICK IT UP. THEY CAN AFFORD TO.

10 DR. TROUNSON: I THINK THEY' RE GOOD IDEAS,
11 JOAN, AND I' LL TAKE THEM ON. THERE' S A CHIEF
12 COMMUNICATIONS OFFICER, WHO RICH AND I WILL ACTUALLY BE
13 MEETING WITH TONIGHT, AND HE WILL BE HERE IN FEBRUARY,
14 MID-FEBRUARY, WHO' S BEEN THE CHIEF COMMUNICATION OFFICER
15 AT HARVARD UNIVERSITY. SO WE THINK HE' LL BE TERRIFIC.
16 WE WANT TO GET HIM, YOU KNOW, IN-DEPTH IN THESE
17 COMMUNICATION ROLES. I WANT TO MAKE SURE THAT HE KNOWS
18 THAT I THINK IT' S THE MOST IMPORTANT THING WE CAN DO.

19 SO ADVICE IS ALWAYS GOOD. IN REACHING OUT TO
20 GET ADVICE AND TO GET IT CHEAPLY IS EVEN BETTER. SO I' M
21 ALL FOR THAT. I' LL TAKE THAT ADVICE, AND WE' LL PASS IT
22 ON.

23 IN THE SENSE OF VIDEOCONFERENCING, THE STAFF
24 HAVE BEEN LOOKING AT THAT FOR SOME TIME BECAUSE I WAS
25 BULLYING THEM ABOUT THAT IN DECEMBER. AND SO I' M NOT

BARRISTERS' REPORTING SERVICE

1 SURE WHETHER THEY'VE TALKED TO THE ORGANIZATION THAT YOU
2 JUST MENTIONED; BUT IF YOU GIVE ME A HEADS UP ON IT, I'LL
3 MAKE SURE THAT THEY DO THAT.

4 CHAIRMAN KLEIN: AS A SUPPLEMENTAL INFORMATION,
5 TO BE RESPONSIVE, JOAN, TO YOUR QUESTION, THERE'S A
6 REQUEST FOR PROPOSALS PUT OUT TO MEDIA CONSULTING FIRMS,
7 WHICH THEY'VE ALREADY RESPONDED TO. AND THOSE ARE
8 SITTING WAITING FOR THE COMMUNICATIONS OFFICER TO REVIEW
9 SO THAT WE ARE INTENDING TO BRING IN VERY HIGH LEVEL,
10 EXPERIENCED OUTSIDE COMMUNICATIONS EXPERTISE BECAUSE
11 CERTAINLY, PARTICULARLY IN AN ELECTION YEAR WHERE THERE'S
12 GOING TO BE A LOT OF DISINFORMATION, WE'RE GOING TO HAVE
13 A GREAT RESPONSIBILITY TO CARRY ACCURATE, PROFESSIONALLY
14 DELIVERED SCIENTIFIC MEDICAL INFORMATION AND
15 UNDERSTANDING FOR THE PUBLIC.

16 MS. SAMUELSON: RIGHT. RIGHT.

17 DR. TROUNSON: I THINK FROM TODAY'S LESSON,
18 JUST IN THE NEWSPAPER, IT WOULD BE A VERY GOOD IDEA THAT
19 WE GET CONNECTED VERY READILY AND RAPIDLY WITH EVERYBODY
20 IN THE WHOLE WORLD, BUT ALSO PARTICULARLY IN CALIFORNIA
21 SO THAT WE CAN BE 24-HOUR RESPONSIVE. I THINK SOMEBODY
22 TOLD ME THAT YESTERDAY, THAT UNIVERSITIES ARE 24-HOUR
23 RESPONSIVE THESE DAYS IN THESE KIND OF THINGS.

24 MR. ROTH: ALAN, I APPLAUD YOUR COMMENTS ON
25 COLLABORATION AND LINKAGES. AND ONE THING I WANTED TO

BARRISTERS' REPORTING SERVICE

1 JUST PUT ON THE AGENDA IS THE BIOINTERNATIONAL MEETING
2 WILL BE IN SAN DIEGO IN JUNE. TWENTY-FIVE THOUSAND
3 PEOPLE FROM AROUND THE WORLD IN STEM CELLS WILL BE ONE OF
4 THE FEATURED SUBJECTS. YOU'RE BEING INVITED AS WILL THE
5 CIRM AS A MODEL FOR STATES AND OTHER ORGANIZATIONS
6 FUNDING RESEARCH. SO I THINK WE SHOULD TAKE A LOOK AT
7 HAVING A REALLY IMPORTANT PRESENCE THERE. IT'S A WAY TO
8 RECRUIT COMPANIES, SCIENTISTS TO KNOW WHAT'S GOING ON
9 HERE IN TERMS OF THE FUNDING THAT'S AVAILABLE IN
10 CALIFORNIA.

11 DR. TROUNSON: WE ARE GOING TO BE THERE, AND
12 WE'VE AGREED TO DO THAT. AND THAT CAME TO US THROUGH
13 CORRESPONDENCE WITH RICH, AND WE'VE AGREED THAT THAT'S
14 THE PLACE WHERE WE'LL BE. AND I'LL BE THERE AND OTHER
15 MEMBERS OF STAFF.

16 CHAIRMAN KLEIN: I THINK IN RESPONSE TO DUANE'S
17 POINT, A NUMBER OF THE MEMBERS OF THIS BOARD MAY WELL BE
18 ATTENDING. IT WOULD BE GOOD IF MELISSA COULD GET THAT
19 INFORMATION AND COORDINATE IT FOR ALAN AND RICH SO WE CAN
20 HAVE A COORDINATED SET OF INFORMATION ON IF THERE'S
21 INFORMATIONAL BRIEFINGS OR IF THERE'S PANELS ON CIRM AND
22 THERE'S PREPARATORY SESSIONS THEY WANT TO CONTRIBUTE
23 IDEAS TO.

24 BUT IT WOULD BE GREAT TO HAVE A COORDINATED
25 AGENDA SO THAT THE MEMBERS OF THE BOARD COULD SUPPORT

BARRISTERS' REPORTING SERVICE

1 YOUR SPEAKING THERE, ALAN, AND OTHER ACTIVITIES THAT
2 INVOLVE QUALITY INFORMATION WITH PENETRATION OF THE
3 EXTRAORDINARILY LARGE GROUP OF PEOPLE THAT ARE GOING TO
4 BE PRESENT.

5 OKAY. THANK YOU VERY MUCH, DR. TROUNSON.

6 RICH, I KNOW WE'RE GOING TO GO NOW INTO THE
7 AUDIT; BUT BEFORE WE DO, TO HAVE REALLY FOCUSED
8 ATTENTION, I THINK I'LL GIVE EVERYONE A TEN-MINUTE BREAK.

9 (A RECESS WAS TAKEN.)

10 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD
11 RECONVENE. AND, DR. MURPHY, YOU HAVE THE FLOOR.

12 DR. MURPHY: YES, MR. CHAIRMAN, WE HAVE
13 RECENTLY, WITHIN THE PAST THREE WEEKS, COMPLETED THE
14 2006-2007 FINANCIAL AUDIT OF THE INSTITUTE. WE HAVE WITH
15 US TODAY MR. RICHARD GREEN AND MS. SHELLY WALKER-DAVIE
16 FROM MACIAS, GINI & O'CONNELL, MGO, WHO ARE OUR AUDITORS.
17 AND TODAY THEY WILL VERY BRIEFLY BE REPORTING ON THE
18 AUDIT REPORT IN FRONT OF YOU.

19 MR. GREEN: THANK YOU. YOU TALK ABOUT A
20 180-DEGREE CHANGE IN SUBJECT MATTER HERE, AND NOW WE CAN
21 TALK ABOUT A FINANCIAL AUDIT. ON BEHALF OF MACIAS, GINI
22 & O'CONNELL, I WANT TO THANK THE COMMITTEE FOR THE
23 OPPORTUNITY TO SPEAK TO YOU TODAY, BUT, MORE IMPORTANTLY,
24 THE OPPORTUNITY TO SERVE AS CIRM'S INDEPENDENT AUDITORS.
25 WE WERE ENGAGED TO PERFORM THE AUDIT OF CIRM'S FINANCIAL

BARRISTERS' REPORTING SERVICE

1 STATEMENTS FOR 6/30/07. AND AS A RESULT OF THAT EFFORT,
2 WE HAVE TWO PRODUCTS. I BELIEVE YOU HAVE THEM BEFORE
3 YOU. WE HAVE THE FINANCIAL STATEMENTS THEMSELVES AS WELL
4 AS A REPORT TO MANAGEMENT. BOTH DOCUMENTS, SHELLY, WHO
5 IS THE MANAGER ON THE ENGAGEMENT, WILL BRIEFLY GO OVER
6 THOSE IN A MOMENT.

7 I SHOULD SAY I AM THE PARTNER IN CHARGE OF NOT
8 ONLY THIS ENGAGEMENT, BUT OUR SACRAMENTO OFFICE AS WELL.

9 I WANT TO BRIEFLY DESCRIBE TO YOU THE ROLES AND
10 RESPONSIBILITIES BETWEEN AN INDEPENDENT AUDITOR AND THE
11 MANAGEMENT TEAM. MANAGEMENT HAS THE RESPONSIBILITY FOR
12 DESIGNING THE SET OF INTERNAL CONTROLS OVER FINANCIAL
13 REPORTING THAT WILL ENSURE THE INTEGRITY OF THAT
14 INFORMATION AS IT'S REFLECTED IN THESE FINANCIAL
15 STATEMENTS AND THE INTEGRITY IN RELATION TO THE GENERALLY
16 ACCEPTED ACCOUNTING PRINCIPLES. MANAGEMENT IS ALSO
17 RESPONSIBLE FOR DESIGNING INTERNAL CONTROLS TO ENSURE
18 COMPLIANCE WITH LAWS, REGULATIONS, AND SIGNIFICANT
19 CONTRACT PROVISIONS AS WELL.

20 OUR RESPONSIBILITY AS AN INDEPENDENT IS TO PLAN
21 AND PERFORM THE AUDIT, TO OBTAIN REASONABLE ASSURANCE
22 THAT THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL ERROR
23 AND ARE FAIRLY STATED IN ACCORDANCE WITH GENERALLY
24 ACCEPTED ACCOUNTINGS PRINCIPLES. AND THOSE PRINCIPLES
25 ARE SET FORTH BY THE GOVERNMENTAL ACCOUNTING STANDARDS

BARRISTERS' REPORTING SERVICE

1 BOARD.

2 I'M PLEASED TO PRESENT TO YOU THAT WE HAVE, IN
3 FACT, COMPLETED THE AUDIT, AND WE WERE ABLE TO OBTAIN
4 SUFFICIENT COMPETENT AUDIT EVIDENCE TO RENDER AN
5 UNQUALIFIED OPINION ON THE FINANCIAL STATEMENTS, WHICH
6 MEANS THAT THESE FINANCIAL STATEMENTS ARE, IN FACT,
7 FAIRLY STATED AND ARE PRESENTED IN ACCORDANCE WITH
8 UNDERLYING ACCOUNTING PRINCIPLES THAT I PREVIOUSLY
9 MENTIONED.

10 WE ARE GOING TO KEEP IT BRIEF. SO WITH THAT IN
11 MIND, I'M GOING TO HAVE SHELLY JUST QUICKLY SUMMARIZE
12 THESE TWO DOCUMENTS, AND WE'LL BE AVAILABLE FOR ANY
13 QUESTIONS THAT YOU MAY HAVE.

14 MS. WALKER-DAVIE: GOOD MORNING. I'M GOING TO
15 START WITH THE REPORT TO MANAGEMENT. THE REPORT TO
16 MANAGEMENT CONTAINS OUR REQUIRED COMMUNICATIONS TO THE
17 COMMITTEE AS WELL AS PRIOR RECOMMENDATIONS AND THE STATUS
18 IN THE PRIOR RECOMMENDATIONS. IN THE '06-'07 AUDIT, WE
19 DIDN'T HAVE ANY RECOMMENDATIONS, SO ONLY THE PRIOR ONE IS
20 REPORTED AS WELL AS THE UPDATE. SO YOU CAN LOOK AT THAT.
21 AND IF YOU HAVE ANY QUESTIONS, LET ME KNOW.

22 THE SECOND PRODUCT IS OUR AUDITED FINANCIAL
23 STATEMENTS. IT'S THE THICKER COPY IF YOU'RE LOOKING AT
24 IT. AND THE BASIC FINANCIAL STATEMENTS INCLUDE
25 STATEMENTS OF NET ASSETS AND GOVERNMENT FUND BALANCE

BARRISTERS' REPORTING SERVICE

1 SHEET. IT INCLUDES A STATEMENT OF ACTIVITIES,
2 GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGE IN
3 FUND BALANCE. THERE'S ALSO A STATEMENT OF EXPENDITURES
4 WHICH IS BASICALLY THE BUDGET TO ACTUAL FOR THE STEM CELL
5 FUND. AND THEN AFTER THAT COMES THE FINANCIAL FOOTNOTES.

6 THE PRESENTATION FOR THESE FINANCIAL STATEMENTS
7 ARE CONSISTENT AS THEY WERE FROM LAST YEAR. THE
8 SIGNIFICANT CHANGES IN TERMS OF TRANSACTION CYCLES THIS
9 YEAR WAS AN INCREASE IN CASH, AS WELL AS AN INCREASE IN
10 DEBT. IMPACT ON THE STATEMENT OF ACTIVITIES IS THAT
11 THERE'S AN INCREASE IN INTEREST EARNINGS BECAUSE THERE'S
12 AN INCREASE IN CASH AND ALSO AN INCREASE IN EXPENSE,
13 INTEREST EXPENSE RELATED TO DEBT.

14 SO THAT'S VERY, VERY BRIEF. I DON'T KNOW IF
15 ANYBODY HAS ANY QUESTIONS, BUT THAT'S THE SUMMARY OF
16 THESE AUDITED FINANCIAL STATEMENTS.

17 MR. SIMPSON: ARE COPIES AVAILABLE FOR THE
18 PUBLIC?

19 MS. WALKER-DAVIE: I HAVE SOME COPIES. I
20 BELIEVE IT'S ALSO GOING TO BE POSTED ON THE WEBSITE.

21 CHAIRMAN KLEIN: COULD YOU PLEASE USE A MIC,
22 MELISSA.

23 MS. KING: I GOT THIS DOCUMENT TODAY AS WELL,
24 AND WE'LL BE POSTING IT ON THE WEBSITE AS SOON AS I CAN
25 LATER TODAY.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ALL
2 RIGHT. ARE THERE ANY BOARD MEMBERS THAT HAVE ANY
3 QUESTIONS?

4 DR. PRIETO: JUST WOULD LIKE A LITTLE
5 CLARIFICATION ON WHAT EXACTLY WE'RE PAYING DEBT SERVICE
6 ON.

7 CHAIRMAN KLEIN: WE HAVE --

8 MS. WALKER-DAVIE: THE DEBT SERVICE RELATES TO
9 THE BAN'S, THE BOND ANTICIPATION NOTES, AS WELL AS THOSE
10 TWO LOANS FROM THE STATE GENERAL FUND. ONE WAS FOR 150
11 MILLION AND ONE WAS FOR ABOUT \$3 MILLION.

12 DR. PRIETO: THANK YOU.

13 CHAIRMAN KLEIN: THAT \$3 MILLION, MY
14 UNDERSTANDING, HAS NOW BEEN REPAYED.

15 MS. WALKER-DAVIE: YES. THERE'S A SUBSEQUENT
16 FOOTNOTE AS WELL, I THINK IT'S ON PAGE 18, THAT TALKS
17 ABOUT THE REPAYMENT OF MOST OF THE DEBT AS OF OCTOBER OF
18 '07.

19 MR. GOLDBERG: WAS THERE A SEPARATE MANAGEMENT
20 LETTER?

21 MS. WALKER-DAVIE: NO. THAT'S ACTUALLY WHAT
22 THIS REPORT TO MANAGEMENT WOULD BE. IT'S REQUIRED
23 COMMUNICATIONS. WE DIDN'T HAVE ANY FINDINGS OR ANY
24 RECOMMENDATIONS FOR THE CURRENT YEAR. SO AS WE ARE
25 PRESENTING, WE ALSO PRESENT LAST YEAR'S RECOMMENDATIONS

BARRISTERS' REPORTING SERVICE

1 AND THE UPDATED STATUS OF THAT. SO YOU CAN READ THAT IN
2 THIS REPORT TO MANAGEMENT.

3 CHAIRMAN KLEIN: AND WE WANT TO THANK YOU FOR
4 YOUR OUTSTANDING SERVICE. AND I'D ALSO LIKE TO POINT OUT
5 FOR THE BENEFIT OF THE BOARD THAT OUR GOAL HAS BEEN TO
6 GET TO THE POINT WHERE WE CAN HAVE OUR AUDITOR ENGAGED
7 EARLY ENOUGH THAT THEY CAN RESERVE TIME IN THEIR
8 SCHEDULE. SO WHEN WE FINISH A FISCAL YEAR IN JUNE 30TH,
9 THAT WE HAVE THE ABILITY TO GET A DRAFT AUDIT OUT FOR THE
10 CONTROLLER, WHO KEEPS OUR BOOKS AND PAYS OUR BILLS, TO
11 REVIEW AND GET INFORMATION BACK TO THE AUDITOR SO THAT WE
12 CAN HAVE A FINISHED AUDIT IN TIME ANNUALLY FOR THE
13 OVERSIGHT COMMITTEE'S REVIEW IN THE FALL. WE HAVE NOT
14 ACCOMPLISHED THAT IN THE PAST.

15 WE HAVE IN THIS CYCLE, WITH DR. MURPHY'S
16 LEADERSHIP, GONE THROUGH AN RFP. THIS FIRM HAS NOW BEEN
17 ALREADY ENGAGED AND RESERVED TIME FOR NEXT YEAR. SO WE
18 LOOK FORWARD TO PERFORMING ON OUR GOAL IN THIS NEXT
19 YEAR'S AUDIT. WE ARE EXTREMELY THANKFUL FOR YOUR SERVICE
20 AND LOOK FORWARD TO MEETING THAT GOAL IN THIS CYCLE.

21 OKAY. DR. MURPHY, ARE ANY OTHER OUTSTANDING
22 ITEMS WITHIN THE PRESIDENT'S REPORT OR, ALAN, ARE THERE
23 ANY OTHER ITEMS?

24 DR. MURPHY: NO, MR. CHAIRMAN.

25 CHAIRMAN KLEIN: ALL RIGHT. I'D LIKE TO MOVE

BARRISTERS' REPORTING SERVICE

1 FORWARD TO ITEM 8. UNDER ITEM 8, BEFORE WE START THE
2 FORMAL ITEM, I WOULD LIKE DR. ARLENE CHIU TO COME
3 FORWARD. AS MANY OF YOU WHO HAVE BEEN WITH THE BOARD AND
4 THE STAFF THROUGH FROM THE BEGINNING KNOW, DR. ARLENE
5 CHIU HAS BEEN A TREMENDOUS CONTRIBUTOR TO THIS
6 ORGANIZATION. ALTHOUGH SHE LEFT THIS ORGANIZATION THIS
7 LAST FALL, HER CONTRIBUTION WILL BE A TREMENDOUS LEGACY
8 AND OF HUGE BENEFIT TO THE PEOPLE OF CALIFORNIA, TO THE
9 PEOPLE ALL OVER THE WORLD IN THE THERAPIES THAT ARE
10 DEVELOPED FROM THIS RESEARCH.

11 HER SPIRIT IS, I THINK, BEST EMBODIED IN THE
12 FACT, AS I REPORTED BEFORE, THAT DURING THE CAMPAIGN
13 ITSELF, WHEN SHE WAS AT THE NIH, KNOWING THE FRUSTRATION
14 SHE HAD THERE OF SEEING THE NIH EFFORT STOPPED, SHE CALLS
15 THE CAMPAIGN OFFICE AND SAYS, "YOU KNOW, WHEN YOU PASS
16 THIS," NOT IF, "WHEN YOU PASS THIS, HIRE ME. I'LL GET IT
17 DONE FOR YOU." THAT IS A FABULOUS SPIRIT, A CAN-DO
18 SPIRIT THAT EMBODIES ARLENE AND HER INCREDIBLE ENERGY AND
19 COMMITMENT TO THIS AGENCY.

20 IN THAT ROLE, THIS LAST JUNE SHE CAME FORWARD
21 TO THE BOARD WITH A BRILLIANT CONCEPT OF DOING NEW
22 FACULTY AWARDS TO REALLY BUILD A FOUNDATION ACROSS THE
23 STATE OF THE BRILLIANT SCIENTISTS AND
24 PHYSICIAN/SCIENTISTS WHO COULD REALLY LEAD THIS NEXT
25 GENERATION THAT WILL DETERMINE THE LONG-TERM OUTCOMES OF

BARRISTERS' REPORTING SERVICE

1 THIS PIONEERING NEW FIELD. AND WE HAD SUCH A ROBUST
2 RESPONSE TO NEW FACULTY I, WE'RE ABOUT TO CONSIDER NEW
3 FACULTY II. IT IS A LEGACY THAT WILL REALLY BUILD THE
4 LEADERSHIP OF THE NEXT GENERATION IN STEM CELL RESEARCH
5 FOR THIS COUNTRY AND THE WORLD THAT WE ARE BUILDING
6 THROUGH HER INSIGHT AND VISION OF THIS BEING A CRITICAL
7 NEED.

8 SO I WOULD LIKE TO ASK ARLENE IF SHE WOULD LIKE
9 TO MAKE SOME COMMENTS AND WHETHER OTHER BOARD MEMBERS
10 WOULD LIKE TO MAKE SOME COMMENTS. ARLENE IS AN EXAMPLE
11 OF HOW AN INDIVIDUAL STAFF MEMBER CAN MAKE A HUGE
12 CONTRIBUTION TO THE FUTURE OF MEDICINE AND OUR MISSION.

13 DR. CHIU: THANK YOU, MR. CHAIR. AND IT IS
14 DELIGHTFUL FOR ME TO BE HERE TODAY AND TO SEE SO MANY
15 FAMILIAR AND DEAR FACES AND SO MANY NEW FACES AND TO
16 REFLECT THAT THE INSTITUTE IS NOW MOVING INTO A NEW
17 PHASE. I AM SO HAPPY TO BE HERE TO BE PRESENT FOR THE
18 NEW PRESIDENT'S PRESENTATION.

19 AND YESTERDAY I WENT AND SAW FOR THE FIRST TIME
20 THE PROTOTYPE OF THE FIRST ULTRA CENTRIFUGE THAT WAS
21 BUILT THE SIZE OF A TRUCK. NOW IN MOST EVERY LAB THAT
22 YOU GO, YOU GET ULTRA CENTRIFUGES WITH ALL THE BELLS AND
23 WHISTLES. AND IT GOT ME TO THINK THAT WHAT WE HAVE DONE
24 IN THE LAST TWO AND A HALF YEARS IS TO BUILD THE
25 PROTOTYPE THAT WAS CRUDE LOOKING, PERHAPS, THAT COULD BE

BARRISTERS' REPORTING SERVICE

1 REFINED, THAT HAD DINGS AND MADE MISTAKES THAT WERE
2 CORRECTED; BUT IN THE END, IT DID THE NECESSARY
3 FUNCTIONS. AND NOW THE INSTITUTE IS MOVING ON TO ITS
4 NEXT PHASE WHERE THE NEXT MACHINE IS GOING TO BE BETTER,
5 PRODUCE BETTER RESULTS, AND REFINED ON AN ORIGINAL
6 PROTOTYPE.

7 AS YOU EMBARK ON THIS GRAND NEW EXPERIMENT,
8 WORDS ESCAPE ME OF HOW FULFILLED AND HOW HAPPY I AM TO
9 HEAR THAT YOU'VE ALREADY APPROVED THE FIRST STAGE OF THE
10 MEGA FACILITIES PROJECT AND MOVING ON WITH NEW
11 INITIATIVES WITH MORE INTERESTING COLLABORATIONS AND
12 CONCEPTS. SO I LOOK FORWARD TO FOLLOWING ALL THE
13 EXCITING WORK THAT'S AHEAD. AND I CONGRATULATE
14 EVERYBODY, THE FANTASTIC STAFF THAT YOU ALL KNOW YOU
15 HAVE, AS WELL AS NEW LEADERSHIP, AS WELL AS NEW AND
16 SITTING BOARD MEMBERS. AND THANK YOU, MR. CHAIRMAN.

17 CHAIRMAN KLEIN: THANK YOU. AND WE WILL BE
18 PROVIDING ARLENE WITH AN AWARD, WHICH IS A TOKEN OF OUR
19 APPRECIATION, WHICH IS A PLAQUE WHICH WILL BE ENGRAVED
20 WITH THE NAMES OF THE WINNERS FROM THE FACULTY ROUND ONE
21 AND FACULTY ROUND TWO. OBVIOUSLY WE HAVE TO WAIT FOR
22 THAT PROCESS TO BE COMPLETED, BUT PLEASE REALIZE THAT WE
23 THINK YOU'VE GIVEN BIRTH TO A WHOLE NEW GENERATION OF
24 LEADERSHIP IN THE STEM CELL AREA, AND WE'RE DEEPLY
25 GRATEFUL.

BARRISTERS' REPORTING SERVICE

1 (APPLAUSE.)

2 CHAIRMAN KLEIN: ARE THERE OTHER BOARD MEMBERS
3 WHO WOULD LIKE TO MAKE COMMENTS?

4 MR. SHEEHY: I JUST WANT TO SAY, FROM MY
5 PERSPECTIVE, OF HOW GRATEFUL I AM PERSONALLY FOR ARLENE'S
6 SERVICE. YOU KNOW, HAVING WORKED WITH HER ON THE GRANTS
7 WORKING GROUP, I THINK IT'S INTERESTING SHE TALKED ABOUT
8 A TRUCK-SIZED SOMETHING. HER WILL, HER WILL IS THE SIZE
9 OF A TRUCK. FOR A LITTLE PERSON, HAVING SEEN HER ROUND
10 UP, HARANGUE REVIEWERS, NO ONE -- YOU CAN'T IMAGINE HOW
11 DIFFICULT IT IS TO GET REVIEWERS AND HOW DIFFICULT IT IS
12 KEEP THEM IN A ROOM THREE DAYS WORKING FROM EIGHT TO TEN
13 SUCH AS SHE DID ON THE SEED GRANTS.

14 CHAIRMAN KLEIN: JEFF, YOU MIGHT POINT OUT IT'S
15 NOT 8 A.M. TO 10 A.M. 8 A.M. TO 10 P.M.

16 MR. SHEEHY: 8 A.M. TO 10 P.M., EXACTLY.

17 MS. SAMUELSON: AND FIVE-MINUTE BATHROOM
18 BREAKS.

19 MR. SHEEHY: YOU KNOW, CERTAINLY WE OWE A LOT
20 TO THE REST OF THE STAFF AND ALL OF US. BUT IF ANY ONE
21 SINGLE PERSON'S ACTIVE WILL SINCE THE FOUNDING OF THIS
22 AGENCY HAS ENABLED US TO SUCCEED IN THE WAY THAT WE HAVE,
23 ARLENE CERTAINLY DESERVES THAT PLAUDIT. SO I AM SO
24 GRATEFUL WE'RE HONORING HER AND GRATEFUL FOR HER SERVICE.

25 DR. BRYANT: I'D JUST LIKE TO SAY A FEW WORDS

BARRISTERS' REPORTING SERVICE

1 ABOUT ARLENE BECAUSE I DO FEEL THAT SHE BUILT THE HEART
2 OF WHAT WE DO BY SHE HAS BOTH THE BROAD APPROACH AS WELL
3 AS THE ATTENTION TO DETAIL. THE ATTENTION TO DETAIL WAS
4 NEEDED TO SET UP ALL THE PROCESSES THAT ARE INVOLVED IN
5 SCIENTIFIC REVIEW. AND ACTUALLY I'M STILL AMAZED AT
6 WHERE WE'RE AT TODAY COMPARED TO WHERE WE STARTED IN
7 TERMS OF THIS WHOLE SCIENTIFIC REVIEW ENTERPRISE THAT WAS
8 CREATED FROM NOTHING. AND THE STAFF ARE FABULOUS, AND
9 ARLENE HIRED MOST OF THE SCIENTIFIC STAFF. IT'S HER
10 BABY. AND I REALLY -- I REALLY THINK THAT SHE WAS THE
11 RIGHT PERSON IN THE RIGHT TIME IN THE RIGHT PLACE, AND
12 I'M SO GLAD THAT WE HAD HER FOR THOSE COUPLE OF YEARS.

13 CHAIRMAN KLEIN: THANK YOU. DR. POMEROY AND
14 THEN WE'RE GOING TO GO TO DR. STEWARD.

15 DR. POMEROY: I WOULD LIKE TO ADD MY THANKS TO
16 YOU, ARLENE. YOU KNOW, WHEN YOU START A NEW
17 ORGANIZATION, THE PEOPLE WHO WERE THERE FROM THE
18 BEGINNING ARE THE ONES THAT SET THE STANDARDS, THAT SET
19 THE TONE, THAT SET THE ETHICS. AND YOU WERE THERE, AND
20 WE ARE SO FORTUNATE THAT YOU SET SUCH HIGH SCIENTIFIC
21 STANDARDS AND SUCH HIGH ETHICAL STANDARDS, AND YOU DID IT
22 IN A WAY THAT INSPIRED ALL OF US TO WANT TO BE AS GOOD AS
23 THE STANDARDS THAT YOU SET OUT FOR US.

24 YOU WERE ALWAYS THERE WHEN WE HAD QUESTIONS,
25 AND YOU WERE ALWAYS THERE FIGURING OUT THE ANSWERS BEFORE

BARRISTERS' REPORTING SERVICE

1 WE EVEN KNEW WE HAD QUESTIONS. SO THANK YOU VERY MUCH
2 FOR MAKING CIRM WHAT IT IS TODAY. WE ARE SO, SO
3 GRATEFUL.

4 DR. STEWARD: I JUST HAVE TO ADD TO THE
5 ACCOLADES. I'M LOOKING AROUND, AND I THINK PROBABLY I ON
6 THE BOARD HAVE KNOWN ARLENE LONGER THAN ANYONE. WHAT I
7 HAVE TO ADD IS THE EXTRAORDINARY ACCOMPLISHMENTS THAT SHE
8 DID BEFORE SHE ACTUALLY CAME TO CIRM. WHAT MANY OF YOU
9 MAY NOT KNOW IS THAT ARLENE WAS REALLY THE FIRST PROGRAM
10 OFFICER AT NIH THAT TOOK HUMAN EMBRYONIC STEM CELLS ON AS
11 A TASK, AND ALMOST SINGLEHANDEDLY SHE DID SUCH REMARKABLE
12 THINGS IN EDUCATING US. I WAS AT THAT TIME THE CHAIR OF
13 A STUDY SECTION. AND SHE WAS ADVOCATING FOR THE STEM
14 CELL PROGRAM IN A WAY THAT WAS JUST EXTRAORDINARY. WE
15 OWE SO MUCH OF THE FOUNDATION OF PROP 71 TO WHAT SHE DID
16 IN THOSE VERY, VERY EARLY DAYS RECOGNIZING THE
17 EXTRAORDINARY POTENTIAL FOR STEM CELLS. SO THANK YOU FOR
18 THE EARLIER STUFF TOO, ARLENE.

19 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL
20 COMMENTS?

21 MS. SAMUELSON: JUST QUICKLY. IT AMAZED ME
22 THAT, ARLENE, IN YOUR BRIEF LITTLE REMARKS, YOU
23 DEMONSTRATED ALL THE QUALITIES, I THINK MUCH LIKE JEFF
24 SAID, THAT I FOUND SO REMARKABLE AND THAT WE HAVE SO MUCH
25 TO BE GRATEFUL FOR. FIRST OF ALL, IT'S YOUR SUNNY

BARRISTERS' REPORTING SERVICE

1 DISPOSITION. I DON'T KNOW HOW YOU DID IT, BUT EVERY DAY
2 YOU CAME TO THE OFFICE, AND YOU WERE THERE LONGER HOURS
3 THAN PROBABLY ANYBODY, AND YOU WOULD DEAL WITH ALL OF US
4 IN THIS DISARMING WAY WHERE WE COULDN'T EVER ULTIMATELY
5 RESIST ANYTHING YOU WANTED TO ACCOMPLISH WITH THAT
6 DRIVING WILL. I WAS THINKING OF A BULLET TRAIN MYSELF.

7 AND THE OTHER THING THAT MADE IT POSSIBLE, OF
8 COURSE, IS YOU ALWAYS HAD A VISION. AND YOU PUT THOSE
9 THREE THINGS TOGETHER, AND EVERY OBSTACLE IN YOUR WAY YOU
10 WERE ABLE TO SURMOUNT. IT WAS SIMPLY REMARKABLE, AND
11 I'LL BE GRATEFUL FOREVER FOR WHAT YOU PUT INTO THIS
12 ORGANIZATION AT ITS BEGINNING. THANK YOU.

13 CHAIRMAN KLEIN: DR. MURPHY.

14 DR. MURPHY: MR. CHAIRMAN, I CANNOT ADD
15 ANYTHING THAT HASN'T BEEN ELOQUENTLY ALREADY SAID, BUT
16 JUST TO SAY FROM MANAGEMENT'S POINT OF VIEW, I THINK ON
17 BEHALF OF BOTH ALAN AND MYSELF, WE INHERITED A SMOOTHLY
18 RUNNING ORGANIZATION AS A RESULT OF ALL OF THE MECHANISMS
19 AND PEOPLE AND PROCESSES THAT ARLENE PUT IN PLACE. AND
20 WHEN YOU COME INTO A NEW ORGANIZATION AND FIND OUT THAT
21 IT'S RUNNING BEAUTIFULLY FROM THAT POINT OF VIEW, YOU
22 JUST SAY, "WOW, WHAT A GREAT DEAL I GOT."

23 WE ALL LOOK BACK TO ARLENE AS EXACTLY WHAT
24 YOU'VE SAID, ONE OF THE PIVOTAL INFLUENCES IN THE
25 FORMATION OF THIS INSTITUTION. AND HER INFLUENCE WILL

BARRISTERS' REPORTING SERVICE

1 LIVE ON, I THINK, WELL BEYOND THE TEN OR TWELVE YEARS OR
2 FOURTEEN THAT THE INSTITUTE GOES FORWARD.

3 DR. PENHOET: IF I MIGHT, ARLENE, JUST IN
4 ADDITION TO THANKING YOU FOR MAKING THE TRAINS RUN ON
5 TIME AND YOUR EXTRAORDINARY DEDICATION, ARLENE, YOU HAVE
6 ALSO CONTRIBUTED TREMENDOUSLY TO THE INTELLECTUAL BASIS
7 ON THIS ENTERPRISE. IT WAS YOU, WITH HELP FROM PATRICIA
8 AND A NUMBER OF OTHERS, WHO DROVE THE WHOLE PROCESS OF
9 DEFINING THE STRATEGIC PLAN. AND THAT PLAN HAS GUIDED US
10 AND WILL GUIDE US FOR THE FORESEEABLE FUTURE.

11 IN ADDITION TO YOUR STRONG MANAGEMENT AND YOUR
12 DEDICATION, YOU ALSO MADE AN ENORMOUS CONTRIBUTION TO THE
13 INTELLECTUAL UNDERPINNING OF OUR ENTERPRISE FOR WHICH I'M
14 SURE WE'RE ALL GRATEFUL. THANK YOU, ARLENE.

15 CHAIRMAN KLEIN: I'D LIKE TO SAY, IN ENDING,
16 THAT WHEN YOU HAVE A DYNAMIC SCIENTIFIC LEADER OF THE
17 PEER REVIEW PROCESS AND THE RFA PROCESS, THE LEADERSHIP
18 THAT ARLENE PROVIDED CAN ONLY BE SUCCESSFUL IF YOU HAVE
19 HEROIC EFFORTS BY THE STAFF, THE SCIENTIFIC STAFF IN
20 PARTICULAR. AND DR. PATRICIA OLSON AND GIL SAMBRANO AND
21 THE REST OF THE SCIENTIFIC STAFF PERFORMED HEROICS IN
22 FOLLOWING THIS BULLET TRAIN. I THINK WE SHOULD GIVE THEM
23 A ROUND OF APPLAUSE AS WELL.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: WITH THAT, I'D LIKE TO ASK DR.

BARRISTERS' REPORTING SERVICE

1 PATRICIA OLSON TO LEAD US THROUGH ITEM 8.

2 DR. OLSON: THANK YOU, MR. CHAIRMAN. SO AT THE
3 LAST MEETING THE BOARD HAD REQUESTED THAT WE COME BACK
4 WITH A NEW FACULTY PROPOSAL II. SO I'D LIKE TO PRESENT
5 THAT TO YOU NOW.

6 AS YOU MAY RECALL, THE INITIATIVE GOALS ARE TO
7 SUPPORT THE INNOVATIVE RESEARCH PROGRAMS OF NEWLY
8 INDEPENDENT SCIENTISTS AND PHYSICIAN/SCIENTISTS AT
9 CRUCIAL EARLY STAGES OF THEIR CAREER AND TO RECRUIT THE
10 TOP YOUNG SCIENTISTS AND PHYSICIAN/SCIENTISTS INTO THE
11 STEM CELL RESEARCH. WE WANT TO BUILD OUR CAPACITY AND
12 OUR CAPABILITY IN THIS AREA, AND HAVING THESE PEOPLE ON
13 BOARD IS ACTUALLY CRITICAL.

14 IN NEW FACULTY AWARDS I, WE FUNDED 22
15 OUTSTANDING YOUNG SCIENTISTS AND PHYSICIAN/SCIENTISTS.
16 IN NEW FACULTY AWARDS II, THE RATIONALE FOR THIS IS THAT
17 WE DO NEED MORE INVESTIGATORS TO REACH THAT CRITICAL MASS
18 OF NEXT GENERATION STEM CELL RESEARCHERS, AND WE NEED TO
19 INCREASE THE NUMBER OF PHYSICIAN/SCIENTISTS IN STEM CELL
20 RESEARCH. PARTICULARLY AS WE'RE TALKING ABOUT MOVING
21 INTO THE TRANSLATIONAL AND CLINICAL RESEARCH FIELDS, THE
22 INPUT OF THESE PEOPLE WILL BE INVALUABLE AND IMPORTANT.

23 THE CRITERIA THAT WE'RE PROPOSING FOR NEW
24 FACULTY AWARDS II ARE VERY COMPARABLE TO THAT OF NEW
25 FACULTY AWARDS I. THAT IS, A FULL-TIME FACULTY LEVEL

BARRISTERS' REPORTING SERVICE

1 APPOINTMENT AT AN ACADEMIC OR NOT-FOR-PROFIT INSTITUTION.
2 WE WANT INVESTIGATORS WITHIN SEVEN YEARS OF THEIR
3 BEGINNING FIRST INDEPENDENT POSITION. IN THE SAME WAY
4 THAT YOU'VE HEARD ABOUT THE VALLEY OF DEATH IN DRUG
5 DEVELOPMENT, THIS IS THE TIME THAT IS MOST CRITICAL FOR A
6 NEW INVESTIGATOR.

7 THE CRITERIA FOR INSTITUTIONAL NOMINATION OF
8 APPLICANTS FROM MEDICAL SCHOOLS OR FROM THOSE
9 INSTITUTIONS THAT HAVE AN ACCREDITED MEDICAL SCHOOL, WE
10 WILL ACCEPT UP TO FIVE APPLICATIONS LESS THE NUMBER OF
11 AWARDS THAT THEY RECEIVED IN NEW FACULTY AWARD I AND
12 SUBJECT ALSO TO THE PROVISION THAT IF THEY HAVE ALREADY
13 RECEIVED TWO AWARDS FOR SCIENTISTS AS OPPOSED TO
14 PHYSICIAN/SCIENTISTS, THEN THEY CANNOT SUBMIT ANY MORE IN
15 THAT CATEGORY.

16 FOR THOSE INSTITUTIONS THAT DO NOT HAVE AN
17 ACCREDITED MEDICAL SCHOOL, AGAIN, TWO APPLICATIONS LESS
18 THE NUMBER AWARDED IN NEW FACULTY AWARDS I. AND, AGAIN,
19 THIS CAN BE IN THAT CASE FOR EITHER PHYSICIAN/SCIENTISTS
20 OR SCIENTISTS, AGAIN, SUBJECT TO THE UP TO TWO.

21 THE AWARDS ARE SALARY AND RESEARCH SUPPORT FOR
22 UP TO FIVE YEARS. SO WE ARE MAKING A CONCERTED EFFORT TO
23 FREE THESE PEOPLE FROM HAVING TO WRITE MULTIPLE GRANTS
24 EVERY YEAR. WE, AS IN NEW FACULTY I, PLAN TO SUPPORT
25 RESEARCH USING A BROAD SPECTRUM OF CELL TYPES, STEM CELL

BARRISTERS' REPORTING SERVICE

1 TYPES, AND APPROACHES INCLUDING MODEL SYSTEMS. SO THIS
2 IS AN OPPORTUNITY TO DO STEM CELL RESEARCH IN A NUMBER OF
3 DIFFERENT AREAS. WE WOULD LIKE TO SUPPORT UP TO 14
4 PHYSICIAN/SCIENTISTS AND SCIENTISTS IN THE CONTEXT OF
5 THIS AWARD.

6 ANOTHER THING THAT I WANT TO BRING TO YOUR
7 ATTENTION IS THAT WE HAD STATED IN THE FIRST RFA, AND
8 ACTUALLY WE INTEND TO INCLUDE IN THIS, THAT AS PART OF AN
9 INCENTIVE FOR HELPING PHYSICIAN/SCIENTISTS, THAT WE WOULD
10 LIKE TO OFFER A LOAN REPAYMENT PROGRAM. AGAIN, SO THE
11 IDEA IS TO HELP PHYSICIAN/SCIENTISTS WITH OUTSTANDING
12 MEDICAL SCHOOL DEBT. AS YOU KNOW, THIS CAN BE AN AMAZING
13 FINANCIAL BURDEN THAT THEY CARRY FORWARD FOR MANY YEARS.

14 OUR MODEL FOR THIS IS NIH, WHO DOES HAVE THIS
15 KIND OF PROGRAM FOR PHYSICIAN/SCIENTISTS. THE ESTIMATED
16 COST OF THIS PROGRAM FOR NEW FACULTY I AND II IS UP TO
17 FOUR MILLION, POSSIBLY MORE LIKELY IN THE \$3 MILLION
18 RANGE.

19 SO I JUST WANT TO GO OVER THE PROGRAM COSTS FOR
20 YOU. IN NEW FACULTY AWARDS I YOU HAVE APPROVED AWARDS OF
21 UP TO \$54 MILLION. IN THE FACULTY AWARDS II, IT'S UP TO
22 \$41 MILLION. THE LOAN REPAYMENT PROGRAM WOULD COST US UP
23 TO \$4 MILLION. THEREFORE, THE TOTAL IS UP TO \$99
24 MILLION. YOU HAVE PREVIOUSLY APPROVED FOR THIS PROGRAM
25 \$85 MILLION, SO I WOULD LIKE TO REQUEST ADDITIONAL

BARRISTERS' REPORTING SERVICE

1 FUNDING OF UP TO \$14 MILLION.

2 THE PROVISIONAL TIMETABLE FOR NEW FACULTY
3 AWARDS II IS WE WOULD ISSUE THE RFA IN EARLY FEBRUARY.
4 WE ARE WORKING HARD TO GET A GRANTS WORKING REVIEW
5 MEETING SCHEDULED IN THE JUNE TIME PERIOD, AND THEN WE
6 WOULD COME BACK TO YOU IN AUGUST FOR APPROVAL.

7 SO I WOULD LIKE TO SUGGEST WE'RE REQUESTING
8 APPROVAL FOR THE NEW FACULTY AWARDS II CONCEPT -- I
9 APOLOGIZE. I DIDN'T CORRECT THIS -- AN ADDITIONAL 14
10 MILLION IN FUNDING WHICH WOULD INCLUDE AN APPROVAL FOR
11 THE LOAN REPAYMENT PROGRAM. THANK YOU FOR YOUR
12 ATTENTION.

13 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.
14 OLSON. QUESTIONS FROM THE BOARD? YES, DR. PRICE.

15 DR. PRICE: I PRESUME THAT INVESTIGATORS WHO
16 APPLIED BUT WERE TURNED DOWN FOR THE NEW INVESTIGATOR ONE
17 CYCLE CAN REAPPLY FOR THIS ONE; IS THAT CORRECT?

18 DR. OLSON: AS BEFORE, IT IS THE INSTITUTION'S
19 DECISION AS TO WHO THEY NOMINATE TO PARTICIPATE IN THESE
20 AWARDS. SO IF THE INSTITUTION NOMINATES THAT PERSON, OF
21 COURSE.

22 CHAIRMAN KLEIN: ADDITIONAL QUESTIONS? DR.
23 STEWARD.

24 DR. STEWARD: THIS IS WITH REGARD TO THE PERIOD
25 OF ELIGIBILITY, AND ACTUALLY I HAVE TO BRING UP THE

BARRISTERS' REPORTING SERVICE

1 MISSING TEN, I GUESS, AND JUST WHETHER THERE ARE ANY OF
2 THE MISSING TEN THAT FELL OFF THE ELIGIBILITY CRITERION
3 AS A RESULT OF THE SHIFT OF THE TIMEFRAME? AND IF SO, IS
4 THERE A WAY THAT THAT CAN BE ACCOUNTED FOR?

5 DR. OLSON: WE WERE VERY COGNIZANT OF THAT. IN
6 FACT, THE SEVEN YEARS ADDRESSES THAT. IT WAS SIX YEARS
7 IN THE PREVIOUS AWARD.

8 DR. STEWARD: OKAY. THANK YOU.

9 CHAIRMAN KLEIN: ADDITIONAL QUESTIONS? YES,
10 DR. LEVEY.

11 DR. LEVEY: JUST SOME CLARIFICATION. THE FIRST
12 TIME THERE WERE 22 FUNDED?

13 DR. OLSON: THAT IS CORRECT.

14 DR. LEVEY: NOW YOU'RE LOOKING TO FUND 14 MORE?

15 DR. OLSON: YES. THAT IS THE PROPOSAL. THE
16 BOARD OBVIOUSLY HAS THE OPTION OF FUNDING MORE.

17 DR. LEVEY: I'M JUST WONDERING HOW YOU WORKED
18 THROUGH THE MATHEMATICS OF THAT GIVEN THE UNFORTUNATE
19 EXPERIENCE WITH NINE WHO HAD BEEN APPROVED UNDER -- WOULD
20 HAVE BEEN FUNDED UNDER THE PREVIOUS RFA.

21 DR. OLSON: WE HAVE LOOKED AT THAT.

22 CHAIRMAN KLEIN: DR. LEVEY, IT IS ALSO THE
23 BOARD'S OPTION, IF WE GET VERY HIGH QUALITY CANDIDATES,
24 TO RECONSIDER THE NUMBER AT THE TIME OF FINAL FUNDING AND
25 RECONSIDER THE AMOUNT AT THE TIME OF FINAL FUNDING.

BARRISTERS' REPORTING SERVICE

1 DR. OLSON: THAT IS CORRECT.

2 DR. PRIETO: JUST A QUESTION ABOUT OUR FUNDING
3 ABILITIES WITH WHAT WE FUNDED ON THE FACILITIES TODAY.
4 DO WE RUN ANY RISK OF APPROVING WITHIN THIS CALENDAR YEAR
5 MORE THAN WE ARE ABLE TO DO WITHIN A YEAR, OR WILL SOME
6 OF THESE EXPENSES SPREAD OUT LIKE THE FACILITIES OVER
7 SEVERAL YEARS?

8 CHAIRMAN KLEIN: THERE'S TWO RELEVANT GAUGES
9 HERE. ONE IS THAT WE CANNOT SELL MORE THAN 350 MILLION
10 IN BONDS IN ANY ONE YEAR, BUT THE AMOUNT OF A GRANT THAT
11 GOES OUT IN ANY ONE YEAR IS NOT THE FACE AMOUNT OF THE
12 TOTAL COMMITMENT.

13 THE SECOND POINT IS THAT BECAUSE WE DID NOT
14 ISSUE IN 2005-2006 OUR FULL AMOUNT, WE HAVE ACCRUED A
15 GREAT BACKLOG OF FLEXIBILITY.

16 DR. WRIGHT: MR. CHAIRMAN, I MOVE APPROVAL.

17 CHAIRMAN KLEIN: IS THERE A SECOND?

18 MR. ROTH: SECOND.

19 CHAIRMAN KLEIN: SECOND BY DUANE ROTH. I STILL
20 WANT TO KEEP MAKING HIM DR. ROTH. COULD I HAVE DR.
21 MURPHY.

22 MS. SAMUELSON: I DON'T WANT TO REALLY DELAY
23 THIS. I'M A LITTLE UNCLEAR ABOUT HOW YOU ARRIVED AT THE
24 ADDITIONAL 14. IF YOU COULD JUST SPEAK TO THAT DIRECTLY
25 JUST FOR A SECOND.

BARRISTERS' REPORTING SERVICE

1 DR. OLSON: IT IS A NEW COMPETITION. WE LOOKED
2 AT THE FACT THAT THERE WERE, AS YOU KNOW, SOME
3 APPLICATIONS THAT WE WERE NOT ABLE TO CONSIDER LAST TIME.
4 WE LOOKED AT THE SCOPE OF THE PROGRAM, AND WE WANTED TO
5 ENCOURAGE PERHAPS APPLICATIONS BY MORE
6 PHYSICIAN/SCIENTISTS, SO WE INCREASED THE NUMBERS. YOU
7 KNOW, WE WANTED TO BE WITHIN THE RANGE OF WHAT THE BOARD
8 HAD FUNDED BEFORE, BUT WE -- SO WE TOOK ALL THESE FACTORS
9 INTO CONSIDERATION AND CAME UP WITH THIS NUMBER. IT
10 WOULD ALLOW, I THINK, APPROXIMATELY DOUBLE THE NUMBER OF
11 WHAT HAD BEEN RECOMMENDED FOR APPROVAL PREVIOUSLY IN
12 TERMS OF IT'S APPROXIMATELY TWICE.

13 MS. SAMUELSON: THEN WHEN WE GET A RESPONSE TO
14 THE RFA, WE'LL SEE THAT POT OF MONEY. GREAT.

15 CHAIRMAN KLEIN: IT MAY BE THAT BECAUSE OF THIS
16 INNOVATIVE FEATURE, WHICH I'M SURE WILL GO THROUGH LEGAL
17 REVIEW IN THE PROCESS, THAT INNOVATIVE FEATURE RELATED TO
18 INCENTIVIZING THE RESEARCHERS BY DEALING WITH THEIR DEBT
19 THAT MAY ALLOW THEM TO DO THIS RESEARCH THAT OTHERWISE
20 WOULD NOT BE POSSIBLE OR ALLOW THEM TO DEPART FROM THEIR
21 CLINICAL PRACTICE AND PUT A LOT OF TIME INTO RESEARCH,
22 THAT WE GET A MUCH LARGER RESPONSE BECAUSE OF PEOPLE NOW
23 BEING ABLE TO DO IT SINCE WE CAN GIVE THEM SOME RELIEF
24 FROM THIS DEBT. DR. MURPHY.

25 DR. MURPHY: JUST ONE POINT. PATRICIA, THE

BARRISTERS' REPORTING SERVICE

1 LOAN REPAYMENT PROGRAM WILL NOT ONLY BE AVAILABLE FOR
2 PEOPLE IN COMPETITION TWO, BUT ALSO IN COMPETITION ONE.

3 DR. OLSON: THAT IS CORRECT.

4 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL COMMENTS
5 FROM THE BOARD? COMMENTS FROM THE PUBLIC?

6 MR. REED: ON THE REQUIREMENT THAT THE PERSON
7 BE A FULL-TIME EMPLOYEE OF THE INSTITUTE, DOES THAT MEAN
8 FINANCIALLY COMPENSATED? OR WHAT IF THEY BRING THEIR OWN
9 FUNDING AND THEY ARE NOT PAID FOR BY THE INSTITUTE,
10 NOMINATING INSTITUTION?

11 CHAIRMAN KLEIN: WELL, YOU MEAN BY THE
12 NOMINATING INSTITUTION?

13 MR. REED: YES.

14 CHAIRMAN KLEIN: LET'S TRY AND REFINE THE
15 QUESTION HERE. YOU'RE SAYING THAT IF SOMEONE HAS
16 FINANCIAL SUPPORT FROM ANOTHER GRANT, AN OUTSIDE GRANT,
17 FOR EXAMPLE, IS THAT WHAT YOU'RE SAYING?

18 MR. REED: RIGHT.

19 CHAIRMAN KLEIN: DR. OLSON, COULD YOU ADDRESS
20 THIS ISSUE? I THINK THE POINT IS THAT IF SOMEONE HAS
21 FRACTIONAL PORTIONS OF THEIR COMPENSATION COMING FROM
22 GRANTS FROM DISEASE GROUPS OR NIH, DOES THAT MEAN THEY'RE
23 NOT A FULL-TIME FACULTY MEMBER?

24 DR. OLSON: NO. THAT DOESN'T. LET ME REMIND
25 YOU THAT IN NEW FACULTY I, WE REQUIRED A 33-PERCENT TIME

BARRISTERS' REPORTING SERVICE

1 COMMITMENT SO THAT ONE OF THE THINGS THAT WE DO LOOK AT
2 IN ADMINISTRATIVE REVIEW IS THAT WE LOOK AT THE SUM TOTAL
3 OF ALL THEIR COMMITMENTS TO THE VARIOUS GRANTS THAT THEY
4 HAVE. AND THAT WAS A REQUIREMENT OF NEW FACULTY I AND
5 WILL LIKELY BE A REQUIREMENT OF THIS GRANT AS WELL, BUT
6 IT DOES NOT MEAN THAT THEY CANNOT RECEIVE SUPPORT FROM
7 OTHER FUNDING AGENCIES, BUT A REQUIREMENT OF THE PREVIOUS
8 RFA AND LIKELY OF THIS ONE AS WELL IS THAT THEY BE A
9 FULL-TIME FACULTY MEMBER OF THE INSTITUTION.

10 MR. SIMPSON: I NOTICE YOU DIDN'T PROMOTE ME TO
11 DOCTOR. I'M NOT SURPRISED. I JUST WANTED TO SAY THAT IF
12 THERE WERE A SILVER LINING IN THE MISSING TEN, AS
13 DR. STEWARD REFERRED TO THEM, IS THAT IT IN SOME SMALL
14 WAY THAT WAS, I THINK, THE IMPETUS FOR THIS VERY
15 IMPORTANT GRANT. FROM EVERYTHING I UNDERSTAND -- I
16 SHOULD SAY RFA -- THIS IS A HUGE PROBLEM WITH NIH
17 FUNDING. THERE'S NOT ADEQUATE FUNDING GOING TO PROMISING
18 YOUNG SCIENTISTS. THIS IS VERY IMPORTANT, MUCH MORE
19 IMPORTANT, PERHAPS, EVEN THAN BRICKS AND MORTAR BECAUSE
20 IT'S HUMAN CAPITAL. AND THAT, IF ANYTHING, YOU SHOULD
21 CONSIDER DOING A THIRD ROUND, AND THIS IS A TREMENDOUSLY
22 IMPORTANT THING, SO I HEARTILY ENDORSE IT.

23 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
24 ADDITIONAL PUBLIC COMMENT?

25 I BELIEVE THE MOTION IS IN ORDER. COULD YOU

BARRISTERS' REPORTING SERVICE

1 RESTATE THE MOTION, COUNSEL.

2 MS. PACHTER: THE MOTION IS TO APPROVE THE
3 CONCEPT PLAN FOR NEW FACULTY AWARDS II WITH \$10 MILLION
4 FOR GRANTS AND UP TO \$4 MILLION IN A LOAN FORGIVENESS
5 PROGRAM THAT WILL BE APPLICABLE BOTH TO GRANTEES IN NEW
6 FACULTY I AND NEW FACULTY II.

7 CHAIRMAN KLEIN: AND I TAKE IT THAT THIS MOTION
8 IS WITHOUT IMPAIRING THE BOARD'S ABILITY TO CHANGE THE
9 DOLLAR AMOUNT IF, IN FACT, THE RESPONSE WAS OF A QUALITY
10 THE BOARD FELT IT WAS MERITED.

11 MS. PACHTER: YES. THE BOARD ALWAYS THAT HAS
12 OPTION, MR. CHAIR.

13 CHAIRMAN KLEIN: JUST WANTED TO PROVIDE THE
14 CLARIFICATION FOR DR. PRIETO. OKAY.

15 SO I WOULD CALL FOR THE QUESTION. ALL IN
16 FAVOR? OPPOSED? BE SHOWN THAT THE MOTION PASSES
17 UNANIMOUSLY. AND, AGAIN, DR. CHIU, THANK YOU FOR YOUR
18 INSPIRATION AND LEADERSHIP.

19 (APPLAUSE.)

20 CHAIRMAN KLEIN: ALL RIGHT. WE WILL GO
21 FORWARD. QUESTION. IS THIS THE APPROPRIATE TIME TO DO A
22 BREAK FOR --

23 MS. KING: COULD YOU DO ITEM 13 FIRST?

24 CHAIRMAN KLEIN: WHY DON'T WE MOVE TO LOOK AT
25 ITEM 13 AT THIS POINT. SO WE'LL TRY AND ALIGN OUR CLOSED

BARRISTERS' REPORTING SERVICE

1 SESSION WITH LUNCH TO GET EFFECTIVE USE OF TIME AND
2 MINIMIZE THE TIME WE'RE OUT FOR THE BENEFIT OF THE PUBLIC
3 AND THE BOARD.

4 ITEM 13, DR. OLSON.

5 DR. OLSON: FOLLOWING ON YET AGAIN ANOTHER
6 CONCEPT THAT WAS PIONEERED BY DR. CHIU. SO LET ME TALK
7 TO YOU ABOUT A PROGRAM AND A CONCEPT PROPOSAL FOR A
8 PROGRAM ANNOUNCEMENT FOR CONFERENCE GRANTS. AND THE
9 PURPOSE HERE IS TO ENABLE ORGANIZED FORMAL MEETINGS IN
10 CALIFORNIA THAT ARE RELEVANT TO CIRM'S SCIENTIFIC MISSION
11 TO COORDINATE, EXCHANGE, OR DISSEMINATE INFORMATION AND
12 TO EXPLORE OR CLARIFY A DEFINED SUBJECT, PROBLEM, OR AREA
13 OF KNOWLEDGE.

14 WE WOULD LIKE TO PROPOSE TWO TYPES OF FUNDING
15 OPPORTUNITIES UNDER THIS CONFERENCE GRANT PROPOSAL, ONE
16 WHERE THE APPLICANT WOULD BE SOLELY RESPONSIBLE FOR
17 RUNNING THE CONFERENCE AND FOR THE CONTENT OF THE
18 CONFERENCE WITH, AGAIN, A POTENTIAL FOR UP TO THREE YEARS
19 OF SUPPORT. THAT IS, THEY WOULDN'T NEED TO COME TO US
20 EVERY YEAR FOR AN ANNUAL MEETING THAT WAS HELD IN
21 CALIFORNIA AND THAT WE DEEMED RELEVANT TO OUR MISSION.

22 THE OTHER TYPE OF CONFERENCE WOULD BE WHERE THE
23 APPLICANT HAS PRIMARY RESPONSIBILITY FOR THE CONFERENCE,
24 BUT THAT CIRM WOULD PARTICIPATE IN DESIGNING OR IN THE
25 CONTENT OF THE CONFERENCE. THE IDEA HERE IS TO

BARRISTERS' REPORTING SERVICE

1 SUPPORT -- IT WOULD SUPPORT CALIFORNIA NONPROFIT
2 ORGANIZATIONS HOLDING CONFERENCES AND SCIENTIFIC MEETINGS
3 IN THIS STATE.

4 WE WOULD PROPOSE A TOTAL POOL OF \$300,000
5 ANNUALLY TO COME FROM THE RESEARCH FUNDING BUDGET.
6 APPLICATIONS WOULD BE ACCEPTED, REVIEWED, AND APPROVED ON
7 AN ONGOING BASIS, SO THIS WOULD NOT HAVE A REVIEW
8 MEETING. IN POINT OF FACT, WHAT WE'D LIKE TO REQUEST OF
9 YOU IS THAT THE PRESIDENT HAS THE AUTHORITY FOR REVIEW
10 AND FOR DECISION-MAKING ON AWARDS UP TO \$50,000. THAT
11 IS, THE PRESIDENT WOULD NOT NEED TO COME TO THE BOARD
12 EXCEPT FOR THOSE AWARDS THAT HE FELT WERE MERITORIOUS
13 ENOUGH TO REQUEST APPROVAL ABOVE THAT.

14 CONSIDERATIONS THAT WOULD BE TAKEN INTO
15 CONSIDERATION BY THE PRESIDENT ON HIS DECISION WOULD BE
16 THE MERIT AND RELEVANCE TO CIRM'S STRATEGIC GOALS AND
17 MISSION AND THE FUNDING REQUESTED AND THE FUNDS
18 AVAILABILITY. THE PRESIDENT WOULD REPORT SEMI ANNUALLY TO
19 THE BOARD ON THE TYPES OF CONFERENCE GRANTS THAT ARE
20 APPROVED.

21 THE DRAFT TIMELINE FOR THIS WOULD BE WE WOULD
22 NEED TO GET THE GRANTS WORKING GROUP TO AGREE TO THIS
23 PROPOSAL, AND WE WOULD HOPE THAT WE COULD DO IN -- WELL,
24 WE'RE RAPIDLY APPROACHING SPRING OF THIS YEAR. WE WOULD
25 COME TO THE ICOC JUST FOR APPROVAL OF THAT IN SPRING,

BARRISTERS' REPORTING SERVICE

1 AGAIN, OF THIS YEAR, AND WE WOULD RELEASE THE PROGRAM
2 ANNOUNCEMENT IN SPRING.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

4 MS. SAMUELSON: MAY I ASK A QUESTION? THE
5 CALIFORNIA IDENTIFICATION, TO WHAT EXTENT IS THAT? IT
6 NEEDS TO BE SPONSORED BY CALIFORNIANS? IT WOULD ONLY BE
7 ATTENDED BY CALIFORNIANS, AND WHY?

8 DR. OLSON: OKAY. BECAUSE WE ARE ASKING FOR
9 THIS FUNDING OUT OF RESEARCH FUNDS, THE MEETING WOULD
10 HAVE TO BE HELD IN CALIFORNIA. THERE IS NO REQUIREMENT
11 THAT SAYS THE PARTICIPANTS IN THE MEETING OR THE
12 ATTENDEES AT THE MEETING OR THE SPEAKERS AT THE MEETING
13 ONLY NEED TO COME FROM CALIFORNIA, JUST THAT THE MEETING
14 WILL BE HELD IN CALIFORNIA.

15 ALSO, AGAIN, BECAUSE IT'S OUT OF RESEARCH
16 FUNDING, IN THE SAME WAY THAT WE REQUIRE AN APPLICANT
17 ORGANIZATION TO HAVE A CALIFORNIA BASE, THAT IS WHY WE
18 WOULD ALSO NEED TO REQUIRE THAT THE ORGANIZATION
19 SPONSORING THE CONFERENCE HAVE A CALIFORNIA BASE.

20 MS. SAMUELSON: AND I WOULD PUT TO TAMAR AND
21 JAMES, ARE THOSE LEGAL RESTRICTIONS, OR IS IT A POLICY
22 DECISION OR WHAT?

23 MS. PACTER: THESE ARE LEGAL RESTRICTIONS IN
24 PROP 71 FOR THE EXPENDITURE OF RESEARCH FUNDS.

25 CHAIRMAN KLEIN: LET'S CLARIFY THAT AND EXTEND

BARRISTERS' REPORTING SERVICE

1 IT A LITTLE BIT. SINCE WE ALSO HAVE DONOR FUNDS, COULD
2 YOU COMMENT ON OUR ABILITY TO AUTHORIZE AND USE DONOR
3 FUNDS TO DEAL WITH CONFERENCES THAT ARE APPLICABLE TO OUR
4 MISSION OUTSIDE OF CALIFORNIA?

5 MS. PACHTER: WE HAVE FUNDS AVAILABLE, FOR
6 INSTANCE, AS THE CHAIR HAS POINTED OUT, IN GIFT FUNDS
7 THAT WE CAN TREAT AS ADMINISTRATIVE FUNDS. AND THOSE
8 FUNDS DO NOT HAVE TO NECESSARILY BE SPENT IN CALIFORNIA.
9 THEY'RE NOT SUBJECT TO THE SAME STATUTORY RESTRICTION.

10 MS. SAMUELSON: SO THERE WOULD BE SOME SEAMLESS
11 OPPORTUNITY BECAUSE OBVIOUSLY WE WANT TO ACCESS THE
12 GLOBAL WISDOM, RIGHT. AND DR. TROUNSON WAS TALKING ABOUT
13 THE GLOBAL ASPECTS OF HIS VISION. I JUST WANT TO BE SURE
14 THAT WE'RE -- WE HAVE LIMITLESS OPPORTUNITIES THERE.

15 CHAIRMAN KLEIN: WELL, LIMITLESS IS A GREAT
16 VISION, BUT WE DO HAVE SOME CAPACITY.

17 MS. SAMUELSON: SUFFICIENT.

18 MS. PACHTER: MS. SAMUELSON, I ALSO WANT TO
19 POINT OUT THAT ONE OF THE GREAT BENEFITS OF PROPOSITION
20 71 HAS BEEN TO HAVE ENTITIES FROM OUTSIDE THE STATE COME
21 AND MAKE A BEACH HEAD IN THE STATE IN ORDER TO PURSUE
22 THEIR WORK HERE AND HAVE ACCESS TO OUR FUNDING. AND THAT
23 HAS HAPPENED WITH RESPECT TO RESEARCH ORGANIZATIONS BOTH
24 FOR-PROFIT AND NONPROFIT, AND I EXPECT IT WILL HAPPEN
25 WITH RESPECT TO THIS PROGRAM ANNOUNCEMENT AS WELL.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WE CAN AND DO SEND OUR
2 SCIENTIFIC STAFF AND OUR DELEGATIONS WHERE WE HAVE
3 SPEAKING OPPORTUNITIES AND WHERE WE HAVE SPECIFIC MISSION
4 OBJECTIVES WITH CONFERENCES IN OTHER PARTS OF THE UNITED
5 STATES OR THE WORLD SO THAT WE'RE PAYING STAFF. THOSE
6 STAFF ARE HOUSED IN CALIFORNIA, BUT WE CAN USE OUR FUNDS,
7 OUR ADMINISTRATIVE FUNDS, TO SEND THEM TO THOSE
8 CONFERENCES.

9 MS. SAMUELSON: RIGHT. I EXPECT THAT WE WILL
10 BECOME A GLOBAL LEADER IN THIS WHOLE ENTERPRISE AND
11 SHOULD, AND PEOPLE ARE EXPECTING IT, SO WE WOULDN'T WANT
12 TO NOT BE ABLE TO PARTNER, I GUESS.

13 CHAIRMAN KLEIN: I THINK IT'S PARTICULARLY
14 RELEVANT SINCE WE ARE HOSTING -- AS PART OF THE
15 INTERNATIONAL STEM CELL FORUM, WE'RE HOSTING 21 NATIONS
16 IN FEBRUARY. CALIFORNIA, AS THE BOARD KNOWS, AS A STATE
17 IS ON EQUAL FOOTINGS WITH THE REST OF THE COUNTRIES, THE
18 21 COUNTRIES, IN THAT INTERNATIONAL STEM CELL FORUM, AND
19 WE ARE THE HOST IN SAN FRANCISCO IN FEBRUARY. WE WILL BE
20 COMMUNICATING WITH THE BOARD FURTHER ABOUT THAT.

21 I'M GOING TO GO TO DR. MURPHY AND THEN GO TO
22 THE OTHER BOARD MEMBERS.

23 DR. MURPHY: MR. CHAIRMAN, I THINK THE POINTS
24 HAVE BEEN MADE, BUT LET ME JUST ADD ONE MORE. AND THAT
25 IS AS DR. TROUNSON LOOKS AT THE WORLD AROUND US AND

BARRISTERS' REPORTING SERVICE

1 REALIZES THAT THERE ARE MOMENTS AND ISSUES THAT
2 CALIFORNIA NEEDS GUIDANCE ON TO CREATE OUR NEW RFA'S OR
3 TO SEEK ADVICE FROM WORLD LEADERS, THIS FUND WILL GIVE
4 HIM THE OPPORTUNITY TO ACTUALLY CALL MEETINGS IN
5 CALIFORNIA WITH OTHERS TO BRING THESE EXPERTS TO THE
6 STATE. SO IT REALLY PROVIDES US AN OUTLET FOR BRINGING
7 IN PEOPLE TO THE STATE TO ADVISE US AND TO ADVISE THE
8 BOARD.

9 CHAIRMAN KLEIN: ADDITIONAL BOARD?
10 DR. STEWARD.

11 DR. STEWARD: FIRST, LET ME JUST SAY I THINK
12 THIS IS AN EXTRAORDINARILY IMPORTANT PROGRAM, AND I
13 CONGRATULATE YOU ON THE PLAN. MY QUESTION ACTUALLY IS
14 I'M NOT -- PERHAPS YOU CAN COMMENT ON THE RATIONALE FOR
15 REVIEW BY THE GRANTS WORKING GROUP. THERE'S NOT REALLY
16 ANY SCIENCE INVOLVED IN THE PA. AND I GUESS I WOULD JUST
17 SAY I'M PERFECTLY COMFORTABLE IN MAKING A DECISION
18 WITHOUT THAT EXTRA LEVEL OF INPUT.

19 CHAIRMAN KLEIN: I THINK THAT MIGHT NOT BE ON.

20 MS. PACHTER: MY FRIEND OVER THERE MAKES SURE
21 MY MIC COMES ON. THE REASON WE'RE DOING IT THAT WAY IS
22 BECAUSE WE ARE, AGAIN, TRYING TO USE RESEARCH FUNDS TO DO
23 THIS AS OPPOSED TO ADMINISTRATIVE FUNDS. AND UNDER PROP
24 71 IT HAS TO GO THROUGH THE GRANTS WORKING GROUP IN ORDER
25 FOR THE ICOC TO APPROVE IT. SO WE'RE JUST JUMPING

BARRISTERS' REPORTING SERVICE

1 THROUGH THE APPROPRIATE STATUTORY HOOPS TO DO THIS
2 PROPERLY.

3 DR. OLSON: THE IDEA IS JUST TO TAKE THE
4 300,000 ANNUAL TO THE GRANTS WORKING GROUP AND GET THEIR
5 APPROVAL FOR THAT, SO ESSENTIALLY THIS PLAN.

6 CHAIRMAN KLEIN: DR. PRICE.

7 DR. PRICE: SO LET'S SAY A CALIFORNIA
8 INSTITUTION SPONSORS A CONFERENCE, INVITES OUT-OF-STATE
9 PARTICIPANTS. CAN IT USE THE RESEARCH FUNDS TO PAY THEIR
10 TRAVEL EXPENSES, HONORARIA, AND SO ON?

11 MS. PACHTER: YES.

12 CHAIRMAN KLEIN: OKAY. ADDITIONAL BOARD
13 COMMENT? FROM THE PUBLIC, COMMENT? OKAY. SEEING NO
14 PUBLIC COMMENT, I'LL CALL THE QUESTION. ALL IN FAVOR.

15 MS. KING: WE NEED A MOTION.

16 CHAIRMAN KLEIN: WE WILL NEED A MOTION.

17 MR. GOLDBERG: I'D LIKE TO PROPOSE THE MOTION
18 TO APPROVE THE CONCEPT PROPOSAL FOR CONFERENCE GRANTS.

19 MS. SAMUELSON: SECOND.

20 CHAIRMAN KLEIN: SECOND BY JOAN SAMUELSON.
21 WOULD COUNSEL RESTATE THE MOTION BEFORE.

22 MS. PACHTER: THE MOTION IS TO APPROVE THE
23 CONCEPT PLAN FOR A PROGRAM ANNOUNCEMENT FOR CONFERENCE
24 GRANTS IN THE AMOUNT OF \$300,000 ANNUALLY FROM RESEARCH
25 FUNDING.

BARRISTERS' REPORTING SERVICE

1 MR. GOLDBERG: IS THERE ANYONE WHO MUST BE
2 RECUSED ON THIS VOTE?

3 MS. PACHTER: NO.

4 CHAIRMAN KLEIN: ALL RIGHT. NO MORE BOARD
5 COMMENTS. NO OTHER PUBLIC COMMENTS. I CALL THE
6 QUESTION. ALL IN FAVOR? OPPOSED? UNANIMOUS. THANK YOU
7 VERY MUCH.

8 SO SINCE WE'VE EFFICIENTLY MOVED THROUGH THIS
9 ITEM, IN TERMS OF OUR TIMING, DO WE NEED TO TAKE ON AN
10 ANOTHER ITEM? YES.

11 MS. KING: LUNCH WILL BE READY IN ABOUT 20
12 MINUTES, SO WE COULD DO THE COMBINATION OF ITEM 14 AND
13 15.

14 CHAIRMAN KLEIN: OKAY. THIS PRESENTATION, DR.
15 MURPHY, OF ITEM 14.

16 DR. MURPHY: MR. CHAIRMAN, THERE ARE A NUMBER
17 OF ITEMS UPCOMING THAT WE NEED ICOC APPROVAL FOR, AND
18 THESE ARE A NUMBER OF ADMINISTRATIVE POLICIES THAT ARE
19 MUCH NEEDED BY THE INSTITUTE. SOME OF THE POLICIES WERE
20 REQUESTED TO BE PUT IN PLACE AS A RESULT OF THE AUDITS
21 THAT WERE DONE ON THE INSTITUTE, REALIZING THAT THE
22 INSTITUTE IN ITS VERY EARLY STAGES JUST DOESN'T HAVE THE
23 POLICIES TO COVER MANY OF OUR NEEDS. AND SOME OF THE
24 POLICIES ARE NEEDED TO PROVIDE GUIDANCE TO US FOR THE
25 SMOOTH RUNNING OF THE INSTITUTE.

BARRISTERS' REPORTING SERVICE

1 NOW, RATHER THAN DESIGN THE -- REDESIGN THE
2 WHEEL AND COME UP WITH ENTIRELY NEW POLICIES, MOST OF THE
3 POLICIES THAT WE PRESENT TO YOU NOW ARE BASED UPON
4 POLICIES THAT ARE CURRENTLY IN USE IN THE UNIVERSITY OF
5 CALIFORNIA SYSTEM. AND WHAT WE HAVE DONE IS TO HOPEFULLY
6 APPROPRIATELY ADAPT THESE TO THE NEEDS OF CIRM.

7 AND I'VE ASKED JAMES HARRISON, WHO WAS
8 INSTRUMENTAL IN ADOPTING THE LANGUAGE OF THESE POLICIES,
9 TO PRESENT THEM TO YOU. JAMES.

10 MR. HARRISON: THANKS, RICH. AS RICH POINTED
11 OUT, WE HAVE AN EXISTING TRAVEL POLICY IN PLACE THAT
12 COVERS CIRM EMPLOYEES, WORKING GROUP MEMBERS, BUT NOT THE
13 ICOC ITSELF. THE ICOC HAS BEEN VOLUNTARILY COMPLYING
14 WITH THIS POLICY.

15 DURING THE AUDIT BY THE BUREAU OF STATE AUDITS,
16 ONE OF THE THINGS THAT AUDITORS COMMENTED UPON WAS THAT
17 WE HAD A MULTITUDE OF POLICIES THAT OFTEN CREATED
18 UNNECESSARY CONFUSION. SO WHAT WE'VE TRIED TO DO AND
19 WHAT WE WILL PRESENT TO YOU TODAY IS A POLICY THAT COVERS
20 ALL CIRM TRAVEL, SO THAT INCLUDES ICOC MEMBERS, STAFF,
21 WORKING GROUP MEMBERS, AND PROSPECTIVE CANDIDATES FOR
22 CIRM EMPLOYMENT.

23 THIS POLICY IS MODELED ON THE UC TRAVEL POLICY
24 WITH CERTAIN EXCEPTIONS. IN REVIEWING THE POLICY, WE
25 ENGAGED IN A TWO-STEP PROCESS. FIRST, WE WENT THROUGH

BARRISTERS' REPORTING SERVICE

1 THE UC POLICY WITH A FINE-TOOTHED COMB TO IDENTIFY THOSE
2 SUBSTANTIVE PROVISIONS THAT HAD BEEN OMITTED FROM THE
3 ORIGINAL STAFF TRAVEL POLICY. SECOND, WE THEN REVIEWED
4 THE POLICY AND MADE MODIFICATIONS TO IT WHERE WE FOUND IT
5 CONFUSING, ILLOGICAL, OR INCONSISTENT WITH CIRM'S ABILITY
6 TO SATISFY ITS MISSION.

7 WE PRESENTED THIS IN CONCEPT FORM TO THE
8 GOVERNANCE SUBCOMMITTEE AND BRING IT TO YOU TODAY. YOU
9 SHOULD HAVE TWO COPIES OF THE POLICY IN YOUR BINDER, ONE
10 A REDLINE VERSION THAT REFLECTS ALL OF THE CHANGES WE
11 MADE TO THE UC POLICY, AND SECOND A CLEAN VERSION. AND I
12 APOLOGIZE. WE COULD NOT DIFFERENTIATE BETWEEN THE
13 CHANGES THAT WE MADE WHERE WE WERE SIMPLY ADDING THE
14 SUBSTANTIVE PROVISIONS FROM THE UC POLICY THAT HAVE BEEN
15 OMITTED AND THE CHANGES WHERE WE WERE DEPARTING FROM UC
16 POLICY.

17 SO WHAT I'D LIKE TO DO IS BRIEFLY TAKE YOU
18 THROUGH SOME OF THE EXAMPLES OF THE DIFFERENCES BETWEEN
19 THE CIRM TRAVEL POLICY AND THE UC POLICY.

20 IN SECTION 3(B) AT PAGE 2 OF THE POLICY, UC HAD
21 A PROVISION THAT PROHIBITED COSTS ASSOCIATED WITH A
22 SPONSORED TRIP FROM BEING BILLED TO UC. CIRM POLICY
23 RECOGNIZES THAT FREQUENTLY, GIVEN A SPONSOR'S BILLING
24 PROCEDURES OR PROTOCOLS, IT'S NECESSARY FOR CIRM TO PAY
25 THE CHARGES UP FRONT AND THEN SEEK REIMBURSEMENT FROM THE

BARRISTERS' REPORTING SERVICE

1 SPONSOR. SO WE'VE MODIFIED THE POLICY TO PERMIT CIRM TO
2 DO THAT.

3 IN SECTION 4 OF THE POLICY AT PAGE 2, UC POLICY
4 PROHIBITS A PERSON FROM APPROVING HIS OR HER OWN TRAVEL
5 OR THAT OF A SUPERIOR. WE RECOGNIZE THAT THAT WOULD
6 CREATE SOME DIFFICULTY FOR US AT CIRM GIVEN OUR
7 STRUCTURE. SO WHAT WE HAVE DONE IS TO MODIFY THAT POLICY
8 TO PERMIT THE CHIEF OPERATING OFFICER, WHO REPORTS TO THE
9 PRESIDENT, TO APPROVE THE PRESIDENT'S TRAVEL AND TO
10 PERMIT THE PRESIDENT OR THE CHIEF OPERATING OFFICER TO
11 APPROVE THE CHAIR'S TRAVEL.

12 IN SECTION 7 AT PAGE 4, UC POLICY PROVIDES FOR
13 REIMBURSEMENT BASED ON THE MOST ECONOMIC MODE OF
14 TRANSPORTATION AND THE MOST COMMONLY TRAVELED DIRECT
15 ROUTE. WE'VE ENCOUNTERED PARTICULAR DIFFICULTIES WITH
16 MEMBERS OF THE WORKING GROUP WHO OFTEN HAVE TO TRAVEL
17 FROM THE EAST COAST AND ARE OFTEN BOOKED ON FLIGHTS THAT,
18 THOUGH THEY ARE DIRECT, ARE NOT NONSTOP. SO THEY MIGHT
19 COME ACROSS THE COUNTRY AND HAVE TO MAKE TWO OR THREE
20 STOPS ALONG THE WAY, THUS EATING UP VERY VALUABLE TIME
21 AND MAKING IT VERY DIFFICULT FOR US TO ENSURE THAT WE
22 HAVE AN ADEQUATE NUMBER OF REVIEWERS WHO ARE ABLE TO DO
23 THE VERY IMPORTANT WORK ON BEHALF OF THE BOARD.

24 SO WHAT WE'VE PROPOSED IS A MODIFICATION THAT
25 WOULD PERMIT REIMBURSEMENT FOR THE MOST REASONABLE

BARRISTERS' REPORTING SERVICE

1 ECONOMIC MODE AND FOR THE MOST DIRECT NONSTOP ROUTE.

2 IN SECTION 7(D) AT PAGE 9, UC HAS A POLICY THAT
3 PERMITS THE USE OF A LIMOUSINE FROM THE AIRPORT. WE HAVE
4 MODIFIED THIS POLICY TO PERMIT USE OF A SEDAN CAR SERVICE
5 ONLY UNDER VERY LIMITED CIRCUMSTANCES. WHERE, FOR
6 EXAMPLE, THE COST OF THE SEDAN SERVICES ARE COMPARABLE TO
7 THE COST OF A TAXI OR WHERE BUSINESS NEEDS DICTATE THE
8 USE OF A CAR SERVICE, AS WOULD BE THE CASE, FOR EXAMPLE,
9 IF THERE ARE SIMPLY NO TAXIS AVAILABLE OR WHERE THE USE
10 OF A TAXI, BECAUSE OF THE LONG LINE OR WAIT, WOULD
11 INTERFERE WITH A SCHEDULED MEETING.

12 CHAIRMAN KLEIN: AND I THINK, JAMES, ON A
13 PREDICTIVE BASIS, THE EXAMPLE IN GOVERNANCE COMMITTEE WAS
14 THAT IF SOMEONE WAS GOING TO FLY INTO NEW YORK LATE AT
15 NIGHT AND IT WAS HEAVY RAIN, WHERE YOU COULD PREDICT
16 THERE'S GOING TO BE A SHORTAGE OF TAXIS, THAT IT WOULD BE
17 APPROPRIATE, OR IF SOMEONE HAD A VERY CLOSE CONNECTION IN
18 TERMS OF GETTING TO THEIR BUSINESS MEETING ON TIME.

19 MR. HARRISON: THAT'S CORRECT.

20 THE NEXT DEPARTURE FROM THE UC POLICY INVOLVES
21 REIMBURSEMENT FOR EXPENSES FOR PARTIAL DAY. UC DEFINES A
22 WORKDAY, IN ESSENCE, AS 24 HOURS. SO WE HAVE MODIFIED
23 THAT POLICY TO REDEFINE IT SO A WORKDAY IS BASED ON
24 ESSENTIALLY A NINE-HOUR DAY. SO IN OTHER WORDS, CIRM
25 POLICY WOULD LOOK AT A THREE- TO FOUR-HOUR PERIOD AS

BARRISTERS' REPORTING SERVICE

1 BEING HALF A DAY; A FOUR- TO FIVE-HOUR PERIOD -- THREE-
2 TO FOUR-HOUR PERIOD AS BEING A QUARTER OF A DAY; A FOUR-
3 TO FIVE-HOUR PERIOD AS BEING HALF A DAY; A FIVE- TO
4 SIX-HOUR PERIOD AS BEING THREE-QUARTERS OF A DAY; AND A
5 SIX- TO 24-HOUR PERIOD AS COMPENSATING A FULL DAY FOR
6 PURPOSES OF REIMBURSEMENT.

7 CHAIRMAN KLEIN: JUST SO THE BOARD UNDERSTANDS
8 THAT, THE EXISTING POLICY IS VERY DIFFICULT TO UNDERSTAND
9 BECAUSE IT WAS THE ULTIMATE JENNY CRAIG DIET IN TERMS OF
10 REIMBURSEMENT FOR LUNCH. SINCE A QUARTER OF A DAY WAS
11 DEFINED AS NINE HOURS, THERE WOULDN'T BE ANY MEALS FOR
12 ANY EMPLOYEES FOR NINE HOURS, AND A HALF DAY WAS 15
13 HOURS. YOU WERE BASICALLY WAITING FOR BREAKFAST THE NEXT
14 DAY. WE CAN'T HAVE PEOPLE WORKING UNDER THOSE
15 CONDITIONS. WE HAVE TO PROVIDE ADEQUATE MEALS AND
16 SUPPORT FOR STAFF AND PEOPLE WORKING ON OUR MISSION.

17 MR. HARRISON: THE NEXT CHANGE IS ALONG THE
18 SAME LINES. IN SECTION 8(C) AT PAGE 12, UC PROHIBITS ANY
19 REIMBURSEMENT FOR MEALS IF THE TRAVEL LASTS LESS THAN 12
20 HOURS. WE RECOGNIZE THAT OFTENTIMES, FOR EXAMPLE, CIRM
21 EMPLOYEES HAVE TO GO TO SACRAMENTO AND SPEND AN ENTIRE
22 DAY THERE, BUT IT MAY TAKE NINE OR TEN HOURS INSTEAD OF
23 12 HOURS AND THEY DO NEED TO EAT. SO WHAT WE'VE PROPOSED
24 IS THAT WE PERMIT REIMBURSEMENT FOR A MEAL IF THE TRAVEL
25 LASTS AT LEAST FIVE HOURS.

BARRISTERS' REPORTING SERVICE

1 FINALLY, THERE IS ONE CORRECTION I'D LIKE TO
2 PROPOSE. IN MAKING THE MODIFICATIONS, UC POLICY
3 PROHIBITS REIMBURSEMENT FOR ACTUAL EXPENSES FOR ONE
4 PORTION OF A TRIP AND PER DIEM FOR THE OTHER. WE WANTED
5 TO PERMIT BOTH OPTIONS. AND, THEREFORE, TO ACCOMPLISH
6 THAT, WE WOULD PROPOSE DELETING IN SECTION 3(B)(3) AT
7 PAGE 11 THE SENTENCE THAT READS, "THE METHOD SELECTED
8 MUST BE USED FOR THE ENTIRE TRIP."

9 THOSE ARE THE PRIMARY EXAMPLES OF THE CHANGES
10 AND DEPARTURES THAT WE'VE MADE FROM UC POLICY. I'D BE
11 HAPPY TO ANSWER ANY QUESTIONS.

12 CHAIRMAN KLEIN: ANY QUESTIONS FROM THE BOARD?

13 DR. LEVEY: IS IT APPROPRIATE TO MAKE A MOTION
14 TO SEND TO THIS THE UNIVERSITY OF CALIFORNIA?

15 MR. HARRISON: WE'D BE HAPPY TO SHARE OUR WORK.

16 CHAIRMAN KLEIN: DR. PRICE.

17 DR. PRICE: I SECOND THAT. WHEN YOU SAID THE
18 MODEL FOR THIS WAS THE UC TRAVEL POLICY, WE DIDN'T
19 CONSIDER THAT A VERY HIGH RECOMMENDATION.

20 I DO HAVE ONE SORT OF QUESTION, SOMETHING TO
21 RAISE WITH YOU. ON THE SECTION 7, THE PHRASE "BASED ON
22 THE MOST REASONABLE ECONOMIC MODE OF TRANSPORTATION," THE
23 WORD "REASONABLE," OF COURSE, IS SUBJECT TO MUCH
24 INTERPRETATION. AND LET ME GIVE YOU ONE EXAMPLE FROM THE
25 UC SYSTEM. WE HAVE TRAVEL MANAGERS NOW AT BERKELEY WHO

BARRISTERS' REPORTING SERVICE

1 WILL DISALLOW AIRPORT TAXI EXPENSES IF THEY CAN FIND OUT,
2 USING THE WEB, THAT THERE'S A SHUTTLE BUS THAT COMES FROM
3 THE AIRPORT BECAUSE THEY INTERPRET REASONABLE ECONOMIC
4 AS, WELL, IT'S AVAILABLE TO YOU. EVEN IF YOU HAVE TO GO
5 FROM OAKLAND AIRPORT TO BERKELEY BY WAY OF CONCORD, THAT
6 OFTEN HAPPENS IF YOU TAKE SHUTTLE BUSES, THEY DISALLOW
7 IT. SO I JUST WORRY ABOUT TERMS WHICH ARE IN THE EYE OF
8 THE BEHOLDER.

9 MR. HARRISON: I UNDERSTAND THAT. UC POLICY
10 ACTUALLY SPECIFIES THAT IT HAS TO BE THE MOST ECONOMIC.
11 THAT'S WHY WE ADDED THE WORD "REASONABLE" SO THAT WE
12 COULD TAKE INTO ACCOUNT FACTORS JUST LIKE THAT.

13 CHAIRMAN KLEIN: WHAT'S IMPORTANT HERE IS THAT
14 WE ARE CRITICALLY SHORT ON STAFF. WHEN YOU LIMIT YOUR
15 STAFF TO 50 STAFF MEMBERS, YOU HAVE TO HAVE THEM BE
16 EFFICIENT. IF YOU TAKE A SHUTTLE AND YOU LOSE TWO HOURS
17 OF STAFF TIME, YOU MAY BE LOSING \$100 IN THE PROCESS. SO
18 IT HAS TO BE REASONABLE BECAUSE SAVING THAT TIME IS
19 CRITICAL WHEN YOU HAVE A VERY SMALL STAFF. SO WE NEED TO
20 BE COST-EFFECTIVE IN THE UTILIZATION OF OUR RESOURCES AND
21 RESPECT THE VALUE OF THOSE RESOURCES IN MAKING THESE
22 REASONABLE DECISIONS.

23 DR. STEWARD: QUESTION. DO THESE RULES APPLY
24 TO THE MEALS THAT ARE PART OF THE ICOC MEETING? AND THE
25 REASON I'M ASKING IS THAT YOU WOULDN'T WANT TO GET IN THE

BARRISTERS' REPORTING SERVICE

1 SITUATION, FOR EXAMPLE, WE WANTED TO HAVE A THREE-HOUR
2 DINNER MEETING THE NIGHT BEFORE THE ICOC WHICH WOULD
3 UNDER THE RULES BE DISALLOWED BECAUSE IT WASN'T ENOUGH
4 TIME.

5 MR. HARRISON: THERE ACTUALLY IS AN EXCEPTION
6 IN THE POLICY THAT SPECIFIES THAT FOR OCCASIONS LIKE
7 THAT, THEY WILL BE COVERED BY A BUSINESS MEETING POLICY,
8 WHICH WE PLAN TO PRESENT TO YOU NEXT.

9 CHAIRMAN KLEIN: YES, JOAN.

10 MS. SAMUELSON: JAMES, IS IT CLEAR IN THAT
11 REASONABLENESS CONCEPT THAT THIS WON'T FLAG TO, SAY, A
12 WORKING GROUP MEMBER, ONE OF THE SCIENTISTS, TRAVELING
13 BACK AND FORTH, THAT THEY NEED TO EVER TRY TO FIND SOME
14 OTHER MODE OF TRAVEL FROM THE AIRPORT OTHER THAN A TAXI?
15 AND I ASK THAT BECAUSE WE'RE HAVING A REAL PROBLEM WITH
16 ATTRITION. WE JUST FLOG THAT GROUP OF TALENTED PEOPLE,
17 AND WE CERTAINLY WOULDN'T WANT THIS TO GIVE THEM -- ANY
18 PIECE OF THIS POLICY TO GIVE THEM ANY FURTHER BURDEN
19 BEYOND WHAT THEY'RE ALREADY GIVING US.

20 MR. HARRISON: WE'VE GONE THROUGH THIS POLICY
21 WITH THAT IN MIND AND TRIED TO ADJUST IT WHERE WE FELT IT
22 WAS NECESSARY TO ACCOMPLISH THAT GOAL. BUT, OF COURSE,
23 IF WE ENCOUNTER FUTURE PROBLEMS WITH THE POLICY, IF WE
24 FIND THAT IT'S UNWORKABLE, WE ALWAYS HAVE THE
25 DISCRETION -- YOU ALWAYS HAVE THE DISCRETION TO MODIFY IT

BARRISTERS' REPORTING SERVICE

1 TO MAKE SURE THAT WE CAN ACCOMPLISH OUR GOALS.

2 MS. SAMUELSON: MAYBE WE SHOULD BE SURE IN THE
3 WORKING GROUP TO AGENDIZE, INQUIRING IF ANYBODY HAS HAD
4 ANY PROBLEMS.

5 CHAIRMAN KLEIN: WE KNOW THAT HISTORICALLY
6 THERE WERE INDIVIDUAL REVIEWERS WHO TURNED US DOWN ON A
7 REVIEW BECAUSE THEY HAD BEEN SENT ON A DIRECT, BUT
8 MULTIPLE STOP FLIGHT ACROSS THE COUNTRY WHERE THEY HAD
9 TWO OR THREE LAYOVERS AND LOST AN ENTIRE DAY IN SOMETHING
10 THAT COULD HAVE BEEN DONE MUCH FASTER. THEIR POSITION IS
11 THEY CAN'T CONTRIBUTE THEIR TIME TO OUR MISSION IF THAT'S
12 WHAT THEY'RE FACED WITH. SO THE NONSTOP ADDITION TO THIS
13 LANGUAGE WILL MAKE IT CLEAR THAT THIS IS A CRITICAL
14 RESOURCE, AND THEY HAVE TO GET HERE IN AN EFFICIENT TIME.
15 TO BE WILLING TO CONTRIBUTE THEIR TIME IS A VERY
16 IMPORTANT CHANGE.

17 MR. HARRISON: BY THE WAY, JOAN, TAXI SERVICE
18 IS AVAILABLE UNDER THE POLICY WHEN USE OF A SHUTTLE
19 SERVICE WOULD BE IMPRACTICAL, TO RESPOND TO DR. PRICE'S
20 CONCERN.

21 MS. SAMUELSON: I GUESS THAT'S THE KIND OF
22 SITUATION WHERE I WOULDN'T WANT THAT TO BE
23 MISINTERPRETED. BY DEFINITION IT'S IMPRACTICAL WHEN YOU
24 WORK AS HARD AS THEY DO, AS WE DO. EVERY MINUTE IS --
25 WE'RE EITHER GOING TO WASTE IT OR WE'RE GOING TO SPEND IT

BARRISTERS' REPORTING SERVICE

1 PUSHING AGGRESSIVELY TOWARD A CURE, AND I THINK THAT'S
2 THE MIND-SET WE HAVE TO BE IN WHEN WE DELVE INTO POLICIES
3 LIKE THIS.

4 CHAIRMAN KLEIN: OKAY. I THINK IT'S VERY
5 HELPFUL TO IT HAVE ON THE TRANSCRIPT SO THAT PEOPLE
6 UNDERSTAND THE PHILOSOPHY BEHIND IT AND THE FACT WE'RE
7 FOCUSED ON ACCOMPLISHING THE MISSION, AND THAT'S WHAT
8 DRIVES THESE POLICIES WE'RE ADOPTING.

9 ALL RIGHT. ADDITIONAL POINTS FROM THE BOARD?
10 COMMENTS FROM THE PUBLIC? I NEED -- SEEING NONE, A
11 MOTION TO APPROVE.

12 DR. PRIETO: SO MOVED.

13 CHAIRMAN KLEIN: DR. PRIETO. SECOND?

14 DR. LEVEY: SECOND.

15 CHAIRMAN KLEIN: SECOND WAS BY DR. LEVEY.
16 COULD YOU HAVE THE COUNSEL RESTATE THE MOTION, PLEASE.

17 MS. PACHTER: MOTION IS TO APPROVE AMENDMENTS
18 TO THE CIRM TRAVEL POLICY AS PRESENTED AND ADOPTION OF
19 THE POLICY FOR THE ICOC.

20 CHAIRMAN KLEIN: GREAT. AS A TEAM, WE ARE VERY
21 COMPLETE. THAT IS THE MOTION. CALL THE QUESTION. ALL
22 IN FAVOR? OPPOSED? PASSES UNANIMOUSLY.

23 WHAT I'D LIKE TO DO, WE HAVE A FEW MINUTES, IS
24 GO ON TO ITEM 16, IF WE COULD, PLEASE. DR. MURPHY, HOW
25 WOULD YOU LIKE TO PROCEED ON THAT ITEM?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: ANTICIPATING THIS POLICY, DR.
2 STEWARD ASKED ABOUT BUSINESS MEETINGS. WE HAVE FORMERLY
3 HAD A POLICY WHICH PROVIDED FOR REIMBURSEMENT FOR LIGHT
4 MEALS AND REFRESHMENTS IN MEETING SETTINGS, BUT IT WAS
5 NOT FORMALIZED WITH THE ACTUAL PROTOCOLS FOR ITS
6 APPLICATION. SO WHAT WE HAVE DONE IS TO, AGAIN, LOOK TO
7 THE UC POLICY AS A MODEL.

8 AND WHAT WE ARE PROPOSING TO YOU TODAY IS A NEW
9 POLICY THAT WOULD COVER ALL CIRM BUSINESS MEETING
10 FUNCTIONS. THAT WOULD INCLUDE MEETINGS OF THE BOARD,
11 BOARD SUBCOMMITTEES, THE WORKING GROUPS, APPLICANTS,
12 GRANTEES, SCIENTIFIC AND GOVERNMENTAL DELEGATIONS FROM
13 OTHER STATES OR COUNTRIES, AND MEETINGS OF CIRM
14 EMPLOYEES.

15 AND AS I MENTIONED, IT IS MODELED ON THE UC
16 BUSINESS MEETING BULLETIN 79 WITH CERTAIN EXCEPTIONS,
17 AGAIN, THAT ARE EITHER REQUIRED BY LAW OR WHERE WE
18 THOUGHT THAT THE POLICY WAS UNWORKABLE.

19 SO THE MAJOR FEATURES OF THIS POLICY ARE AS
20 FOLLOWS: IT CONTAINS THE RULES AND PROCEDURES GOVERNING
21 THE REIMBURSEMENT OF EXPENDITURES FOR BUSINESS MEETINGS.
22 IT MAINTAINS THE EXISTING CAPS THAT YOU HAD APPROVED IN
23 THE PAST ON REIMBURSEMENT RATES AND PROVIDES FOR AN
24 AUTOMATIC ADJUSTMENT WHEN UC ADJUSTS ITS RATES. IT
25 COVERS BUSINESS MEETINGS, PROGRAMMATIC ACTIVITIES, SUCH

BARRISTERS' REPORTING SERVICE

1 AS MEETINGS OF GRANTEES, RECRUITMENT, ON-THE-JOB MEALS,
2 AND ENTERTAINMENT EXPENSES PROVIDED THAT THERE IS AN
3 UNDERLYING BUSINESS PURPOSE TO THE ENTERTAINMENT EVENT.
4 IT ALSO ESTABLISHES AN APPROVAL PROCESS AND DELEGATES
5 RESPONSIBILITY TO THE CHIEF OPERATING OFFICER AND THE
6 CHIEF FINANCE OFFICER TO ENSURE COMPLIANCE WITH THE
7 POLICY.

8 THE REDLINED VERSION OF THE POLICY THAT'S IN
9 YOUR BINDER REFLECTS THE CHANGES FROM THE UC POLICY. YOU
10 ALSO HAVE A CLEAN VERSION OF THE CIRM POLICY. THE UC
11 POLICY, IT'S IMPORTANT TO RECOGNIZE, PROVIDES FOR
12 REIMBURSEMENT OF CERTAIN EXPENSES THAT ARE NOT COVERED IN
13 THE CIRM POLICY. AND THIS INCLUDES ALCOHOL, MEALS FOR
14 SPOUSES, AND TICKETS TO ENTERTAINMENT EVENTS AND SPORTING
15 EVENTS. AND THE REASON THAT UC HAS A POLICY THAT PERMITS
16 REIMBURSEMENT OF THESE EXPENDITURES IS THAT THEY HAVE
17 NONSTATE FUND SOURCES THAT THEY USE TO PAY FOR THESE
18 EXPENSES. WE DON'T AT PRESENT HAVE A NONSTATE FUND
19 SOURCE. SO WE HAVE SIMPLY EXCLUDED THESE ITEMS FROM THE
20 POLICY. IF SUCH A FUNDING SOURCE WERE TO BECOME
21 AVAILABLE IN THE FUTURE, WE COULD, OF COURSE, MODIFY THIS
22 POLICY.

23 CHAIRMAN KLEIN: JAMES, IF WE CAN CLARIFY THAT.
24 WHILE WE DO HAVE NONSTATE DONOR FUNDS, WE'VE TAKEN A
25 CONSERVATIVE POSITION THAT WE NOT USE THOSE FUNDS FOR

BARRISTERS' REPORTING SERVICE

1 THESE PURPOSES. IF THERE WERE A FOUNDATION OR SOMETHING
2 THAT COULD PAY THESE, THAT WOULD BE A DIFFERENT ISSUE,
3 BUT THAT IS NOT AVAILABLE TO US.

4 MR. HARRISON: THAT'S EXACTLY RIGHT. WE DO
5 HAVE NONSTATE FUNDS IN THE SENSE THAT WE HAVE DONOR
6 FUNDS; BUT AS THE CHAIR SAID, WE'VE TAKEN THE POSITION
7 THAT THEY WILL BE USED CONSISTENT WITH THE STATUTORY
8 REQUIREMENTS UNDER THE LAW. IF A FOUNDATION OR OTHER
9 ENTITY WERE TO EMERGE THAT COULD HELP COVER SOME OF THESE
10 EXPENSES, WE WOULD BRING BACK TO YOU A PROPOSED
11 MODIFICATION THAT WOULD PERMIT THAT.

12 LET ME MAKE A COUPLE OF OTHER POINTS, EXAMPLES
13 OF DIFFERENCES BETWEEN THE UC POLICY AND THE CIRM POLICY.
14 THE UC POLICY PERMITS EXPENDITURES IN EXCESS OF 200
15 PERCENT OF THE MAXIMUM PER-PERSON RATES. WE'VE MODIFIED
16 THE POLICY TO PERMIT THE PER-PERSON MAXIMUM RATES TO BE
17 EXCEEDED ONLY WHERE THERE IS APPROVAL BY THE PRESIDENT,
18 THE COO, OR THE CHAIR. AND IN NO EVENT MAY THOSE
19 EXPENSES EXCEED 135 PERCENT OF THE MAXIMUM RATE. SO
20 WE'VE BEEN A LITTLE BIT MORE CONSERVATIVE THAN UC WITH
21 RESPECT TO THIS PARTICULAR ITEM.

22 CHAIRMAN KLEIN: AND MY UNDERSTANDING THERE IS
23 IF YOU'RE IN A VENUE WHERE YOU HAVE A RESTRICTED HOTEL OR
24 WHERE YOU HAVE TO HAVE THIS MEETING OR SOME OTHER FACT
25 PATTERN THAT DOESN'T REALLY ALLOW TO YOU PERFORM WITHIN

BARRISTERS' REPORTING SERVICE

1 OUR GOAL OF STAYING WITHIN THE MAXIMUM RATES, THAT THE
2 ISSUE IS -- THE GOAL IS NOT TO CANCEL THE MEETING, BUT,
3 IN FACT, YOU MAY HAVE A NUMBER OF EMINENT SCIENTISTS
4 THERE THAT MAY BE PART OF A CONFERENCE. THEY CAN ONLY
5 HAVE TIME TO MEET AT THE CONFERENCE HOTEL. IF IT'S
6 EXPENSIVE, BASED ON THE FACTS AND THE MISSION, THE
7 PRESIDENT MAY APPROVE THAT.

8 MR. HARRISON: FINALLY, AS WITH THE TRAVEL
9 POLICY, THE UC POLICY PROHIBITS AN INDIVIDUAL FROM
10 APPROVING EXPENDITURES THAT HE OR SHE INCURS AS WELL AS
11 EXPENDITURES OF A SUPERIOR. UNDER OUR POLICY WE WOULD
12 PROPOSE TO PERMIT THE COO, ONCE AGAIN, TO APPROVE THE
13 PRESIDENT'S EXPENDITURES, AND THE PRESIDENT OR THE COO TO
14 APPROVE THE CHAIR'S EXPENDITURES WITHIN THE TRAVEL AND
15 MEETING BUDGET APPROVED FOR THE OFFICE OF THE CHAIR.

16 AND I'D BE HAPPY TO ANSWER ANY QUESTIONS YOU
17 HAVE ABOUT THE POLICY.

18 MR. ROTH: JAMES, COULD YOU GO BACK ONE SLIDE
19 AND EXPLAIN AGAIN THAT RESTRICTION OF 135 PERCENT OF THE
20 MAXIMUM RATE? WHY DO WE WANT TO BOX OURSELVES IN THERE?

21 MR. HARRISON: WELL, OUR THOUGHT WAS THAT WE
22 WERE BEING MORE CONSERVATIVE THAN UC, TRYING TO PERMIT
23 SOME FLEXIBILITY, BUT RECOGNIZING THAT WE WANT TO CAREFUL
24 SHEPHERDS OF THE STATE FUNDS AND PERMIT SOME VARIATION,
25 BUT ONLY WITHIN A CERTAIN RANGE.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: SO, YOU KNOW, MY BIAS WOULD BE TO
2 LEAVE THAT IN THE HANDS OF AN APPROVAL PROCESS AS OPPOSED
3 TO HAVING SOME MAXIMUM CAP THAT INEVITABLY THERE WILL BE
4 AN EXCEPTION THAT COMES UP, AND IT'S GOING TO CREATE
5 PROBLEMS. SO I WOULD, ESPECIALLY IF UC IS AT 200
6 PERCENT, WHY DO WE EVEN WANT TO RESTRICT DOWN TO 135?

7 CHAIRMAN KLEIN: IS YOUR POINT THAT IT'S TOO
8 RESTRICTIVE, THAT IT SHOULD BE AT 150, FOR EXAMPLE?

9 MR. ROTH: OR 200. I DON'T THINK YOU NEED --
10 THE GOAL IS CLEAR. YOU HAVE TO GET APPROVAL FOR ANYTHING
11 OVER THE MAXIMUM RATE, BUT PUTTING A CAP, AN ARTIFICIAL
12 CAP, THERE IS, TO ME, UNNECESSARY AND SOMETHING YOU HAVE
13 TO COME BACK AND CHANGE EVENTUALLY. IT REQUIRES APPROVAL
14 RIGHT NOW. ANYTHING OVER THE PER DIEM REQUIRES APPROVAL,
15 THEN YOU PUT AN APPROVAL ON TOP OF THE PRESIDENT OR THE
16 CHIEF OPERATING OFFICER WHICH IS HARD STOP. I DON'T SEE
17 THE NEED FOR THAT.

18 MS. SAMUELSON: COULD I GIVE A MISSION-SPECIFIC
19 EXAMPLE OF JUST THAT FOR THE RECORD AND THE PUBLIC. OUR
20 HEADQUARTERS IS IN AN EXPENSIVE CITY WITH SOME OF THE
21 FINEST RESTAURANTS IN THE WORLD. LET'S SAY OUR WORKING
22 GROUP MEMBERS OR SCIENTISTS ARE IN TOWN, AND THERE'S SOME
23 EXTRA TIME TO GO OUT TO DINNER, WHICH THERE NEVER IS, BUT
24 IT'S POSSIBLE. AND TO TAKE THEM OUT TO A FABULOUS SAN
25 FRANCISCO RESTAURANT COULD BE JUST THE KIND OF REWARD

BARRISTERS' REPORTING SERVICE

1 THAT COULD BE BIGGER WAY BEYOND THE AMOUNT OF MONEY
2 EXPENDED AND MAKE THEM FEEL APPRECIATED AND CHARGED TO
3 MOVE AHEAD WITH THE MISSION. AND WE WOULDN' T WANT THAT
4 TO NOT BE AN OPPORTUNITY THAT WE COULD TAKE, I WOULD
5 THINK.

6 MR. ROTH: JOAN, JUST IN RESPONSE, MY BIAS
7 THERE WOULD BE TO LOOK FOR OUTSIDE FUNDS FOR THAT, AND I
8 THINK WE SHOULD.

9 MS. SAMUELSON: I THOUGHT I HEARD THE SAME CAPS
10 WOULD BE APPLIED IN PROCEDURES TO OUTSIDE FUNDS. THAT
11 WOULD BE FINE. I JUST DON' T WANT THAT TO NOT BE
12 POSSIBLE.

13 CHAIRMAN KLEIN: LET ME ASK THE QUESTION FOR
14 JOAN SO THAT WE CAN GET CLARIFICATION. JAMES OR TAMAR,
15 THE QUESTION THAT WAS POSED, LET' S BREAK IT INTO TWO
16 PARTS. ONE, WE HAVE SOME NONSTATE FUNDS THAT ARE
17 AVAI LABLE TO US. COULD THOSE NONSTATE -- EXCUSE ME.
18 THERE ARE FUNDS THAT ARE DERIVED FROM THE BONDS. THEN
19 THERE ARE FUNDS THAT ARE DONOR FUNDS.

20 QUESTION, FIRST QUESTION IS COULD OUR DONOR
21 FUNDS BE USED FOR THE EXCESS OVER 135?

22 MR. HARRISON: I WOULD ADVISE THAT WE CONTINUE
23 TO TAKE THE CONSERVATIVE POSITION WITH RESPECT TO THOSE
24 DONOR FUNDS AND TREAT THEM LIKE THE OTHER FUNDS AND MAKE
25 THE CHANGE TO THE POLICY IF WE' RE LOOKING FOR GREATER

BARRISTERS' REPORTING SERVICE

1 FLEXIBILITY RATHER THAN RECHARACTERIZING THE FUNDS.

2 CHAIRMAN KLEIN: FINE. SO THEN AS A QUESTION
3 TO YOU, IN TERMS OF THE PUBLIC UNDERSTANDING, COULD WE
4 HAVE A POLICY THAT SAID WE CAN GO UP TO 200 PERCENT, BUT
5 THE AMOUNT OVER THE 135 WOULD COME FROM DONOR FUNDS? NO.

6 MS. PACHTER: IT WOULD BE THE SAME QUESTION.
7 THEY'RE STILL ALL CONSIDERED FUNDS OF THE STATE AS
8 DONATIONS TO CIRM. AND SO WHAT WE'RE TALKING ABOUT, WHAT
9 I THINK JAMES IS REFERRING TO WHEN HE REFERS TO NONSTATE
10 FUNDS, IS THIS IDEA THAT AT SOME POINT IN THE FUTURE,
11 THERE MAY BE FUNDS THAT REALLY DON'T BELONG TO THE STATE,
12 THAT BELONG TO A FOUNDATION THAT WOULD HELP US FUND THESE
13 KINDS OF THINGS THAT WE CAN'T FUND WITH STATE MONEY.

14 CHAIRMAN KLEIN: I'M VERY WELL AWARE OF THAT
15 DISTINCTION, BUT WHAT I'M TRYING TO GET TO IN TERMS OF
16 INFORMING THE PUBLIC, WE COULD KEEP OUR ACCOUNTING SO WE
17 ONLY PAY FOR THE DIFFERENCE FOR THE EXCESS OUT OF FUNDS
18 THAT ARE COMING FROM DONOR FUNDS. SO WE COULD KEEP AN
19 INTERNAL ACCOUNTING. IT JUST ACTS AS A --

20 MS. PACHTER: ABSOLUTELY. WE DO THAT ALL THE
21 TIME. THERE ARE CERTAIN THINGS THAT WE CHOOSE TO PAY FOR
22 OUT OF GIFT FUNDS RATHER THAN FUNDS THAT ARE FINANCED
23 THROUGH THE BONDS.

24 CHAIRMAN KLEIN: SO COULD WE ADOPT A POLICY
25 THAT SAYS THAT WE'LL GO TO 200 PERCENT, BUT WE'LL

BARRISTERS' REPORTING SERVICE

1 INTERNALLY ACCOUNT TO MAKE SURE THE AMOUNT ABOVE 135 IS
2 ACCOUNTED FOR OUT OF OUR DONOR FUNDS?

3 MR. HARRISON: WE CAN DO THAT.

4 MS. PACHTER: WE CAN CERTAINLY DO THAT.

5 MR. ROTH: I THINK THAT'S COMPLICATING THE
6 ISSUE. I WOULD JUST MAKE IT 200 PERCENT, LEAVE IT WHERE
7 THE UC POLICY IS. YOU'RE ON SOUND FOOTING THERE. AND
8 LET MANAGEMENT MAKE THE DECISIONS ON THAT. I DON'T
9 UNDERSTAND TRYING TO SQUEEZE THIS ONE DOWN.

10 DR. LOVE: IF YOU WERE TRYING TO ACTUALLY PUT
11 SOMETHING IN THAT TRIES TO DISCOURAGE GOING ABOVE 135
12 PERCENT, THERE COULD BE AN EXTRA LEVEL OF APPROVAL
13 INTERNALLY, LIKE TWO PEOPLE HAVE TO APPROVE IT. BUT I
14 AGREE WITH DUANE. I THINK TO PUT A POLICY IN PLACE THAT
15 WE RUN THE RISK OF VIOLATING OCCASIONALLY IS THE WORST
16 POSSIBLE SCENARIO FOR US. I THINK HAVING THE
17 FLEXIBILITY. AND IF YOU WANT TO DO SOMETHING INTERNALLY
18 THAT GIVES YOU THE CAPACITY TO MAKE PEOPLE KNOW THAT IF
19 YOU GO ABOVE 135, TWO PEOPLE WILL LOOK AT THAT. THAT MAY
20 BE A BETTER MANAGEMENT STRATEGY.

21 CHAIRMAN KLEIN: OKAY. THE OTHER
22 CONSIDERATION, TOO, IS THAT THESE EXPENDITURES RIGHT NOW
23 COME OUT OF OUR OVERHEAD LIMITATION. AND TO THE EXTENT
24 THAT THE AMOUNT OVER 135 COMES OUT OF DONOR FUNDS, IT
25 DOES NOT COME OUT OF OUR OVERHEAD LIMITATION FOR BASIC

BARRISTERS' REPORTING SERVICE

1 STAFF AND OPERATING EXPENDITURES. IT'S JUST HELPFUL TO
2 BE A STEWARD OF THE LIMITED OVERHEAD EXPENDITURES EVEN ON
3 AN INFORMAL ACCOUNTING OR FORMAL INTERNAL ACCOUNTING
4 BASIS. BUT WHAT IS THE PLEASURE OF THE BOARD?

5 DR. PENHOET: IF I MAY, IF WE CAN SEPARATE
6 THOSE TWO ISSUES, BOB, IT WOULD BE SIMPLER. I THINK IF
7 WE JUST VOTE FOR A POLICY, AND I'M IN FAVOR OF THE 200
8 PERCENT RECOMMENDED BY DUANE, AND SIMPLY GIVE GUIDANCE TO
9 MANAGEMENT ABOUT THEIR USE OF FUNDS WHICH IS NOT EMBEDDED
10 IN THE POLICY, I THINK IT WOULD MAKE IT A LOT EASIER TO
11 MANAGE.

12 DR. TROUNSON: I'D LIKE TO SPEAK IN SUPPORT OF
13 THAT. IF WE CAN MAKE POLICIES SIMPLE AND WELL UNDERSTOOD
14 AND MULTIPLYING BY 200 TO 200 PERCENT IS A LOT EASIER
15 THAN 135. THE SIMPLER IT IS, THE MORE LIKELY EVERYBODY
16 IS NOT TO CREATE A PROBLEM, AND THEN CREATE A LOT MORE
17 PAPERWORK, SO I WOULD ENDORSE WHAT THE DEPUTY CHAIRMAN
18 SAID. IF YOU CAN MAKE IT SIMPLE, WE'LL ENSURE THAT, YOU
19 KNOW, THAT THERE ARE NOT EXCESSES IN THIS REGARD.

20 CHAIRMAN KLEIN: OKAY.

21 DR. STEWARD: JUST FOR THE RECORD AND TO TRY TO
22 MAKE IT CLEAR WHY THE 200 PERCENT IS IMPORTANT, I GUESS I
23 WOULD LIKE TO EMPHASIZE THAT WHERE OUR EXPERIENCE IS THAT
24 YOU RUN INTO PROBLEMS IS NOT THE SORT OF DINNERS THAT YOU
25 GO OUT TO AT RESTAURANTS, BUT WHEN YOU ARE TRYING TO

BARRISTERS' REPORTING SERVICE

1 ORGANIZE AN EVENT. AND IN MOST HOTELS TRYING TO ORGANIZE
2 AN EVENT, A DINNER, FOR EXAMPLE, WITHIN THE CONSTRAINTS
3 IMPOSED BY THE LIMITS OF THE UNIVERSITY OF CALIFORNIA IS
4 ESSENTIALLY IMPOSSIBLE. YOU'RE TALKING ABOUT BOILED
5 CHICKEN WITH A WHITE SAUCE, AND ALREADY YOU'RE OVER THE
6 LIMIT. SO I THINK IT'S REALLY IMPORTANT FOR THE PUBLIC
7 TO UNDERSTAND THAT THIS IS A KEY THING IN CARRYING OUT
8 THE MISSION, AND ESPECIALLY THE MISSION OF ORGANIZING
9 VERY CRITICAL SCIENTIFIC MEETINGS THAT INVOLVE AN
10 INTERNATIONAL PARTICIPATION HERE.

11 CHAIRMAN KLEIN: ALL RIGHT. ANY ADDITIONAL
12 COMMENTS?

13 MS. GIBBONS: ONE MORE QUESTION. THIS DOESN'T
14 RELATE TO THE MAXIMUM RATE. CAN WE MOVE PAST THAT FOR A
15 SECOND?

16 CHAIRMAN KLEIN: I THINK WE CAN BECAUSE --

17 MS. GIBBONS: IS THERE A MOTION? THERE'S NO
18 MOTION ON THE FLOOR, IS THERE?

19 MR. ROTH: THERE'S NO MOTION ON THE FLOOR YET.
20 WHY DON'T YOU GO AHEAD, AND THEN WE CAN MAKE ONE MOTION.

21 MS. GIBBONS: I SWEAR THIS WILL NOT TAKE US TOO
22 FAR FROM THAT, BUT JUST A QUICK CLARIFICATION BEFORE I
23 FORGET. WITH REGARD TO THE ENTERTAINMENT BUDGET AND THE
24 REIMBURSEMENTS, THERE WAS A POLICY THAT SPORTING EVENTS
25 AND ENTERTAINMENT IS NOT REIMBURSED EXCEPT IN THE CASE OF

BARRISTERS' REPORTING SERVICE

1 A BUSINESS MEETING ENTERTAINMENT. COULD YOU JUST CLARIFY
2 THAT QUICKLY? I'M SURE IT'S SOMETHING EASY.

3 MR. HARRISON: YES. FOR EXAMPLE, THE UC POLICY
4 PERMITS THE USE OF NONSTATE FUNDS TO REIMBURSE FOR THINGS
5 LIKE ENTERTAINMENT EVENTS THAT INVOLVE THE SPOUSES OF
6 OFFICIALS, ALCOHOL, AND TICKETS TO SPORTING EVENTS OR
7 ENTERTAINMENT EVENTS. THE POLICY THAT WE WOULD PROPOSE,
8 WHICH IS ALSO CONSISTENT WITH UC'S POLICY, ALSO PERMITS
9 USE OF STATE FUNDS FOR ENTERTAINMENT EVENTS THAT SERVE AN
10 UNDERLYING BUSINESS PURPOSE.

11 FOR EXAMPLE, IF CIRM IS COHOSTING A MEETING OF
12 THE INTERNATIONAL STEM CELL FORUM AND WANTS TO HOST A
13 RECEPTION AT CIRM OFFICES SO THAT PEOPLE WHO ARE COMING
14 FROM OUT OF STATE OR OUT OF COUNTRY CAN COME AND MEET
15 STAFF, THAT'S THE KIND OF EVENT THAT WOULD QUALIFY.

16 MS. GIBBONS: OKAY.

17 CHAIRMAN KLEIN: OKAY.

18 MS. SAMUELSON: THAT WOULD NOT MEAN THAT AT
19 EVERY MEAL WE HAD TO BE WORKING THROUGH A BUSINESS
20 AGENDA?

21 MR. HARRISON: CORRECT.

22 MS. SAMUELSON: WE ALWAYS ARE. IT'D BE NICE
23 NOT TO.

24 CHAIRMAN KLEIN: OKAY. GOING TO GO TO DUANE
25 ROTH, AND THEN SEE IF WE CAN GET PUBLIC COMMENT.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: SO I'LL MAKE A MOTION THAT WE
2 APPROVE THE POLICY WITH THE CHANGE FROM 135 TO 200
3 PERCENT OF THE MAXIMUM RATE.

4 DR. WRIGHT: SECOND.

5 CHAIRMAN KLEIN: SECOND FROM DR. WRIGHT.
6 ADDITIONAL BOARD COMMENTS? PUBLIC COMMENTS? AND THEN
7 WE'RE GOING TO GO BACK TO DR. MURPHY.

8 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION
9 FOR TAXPAYER AND CONSUMER RIGHTS. IT MAY SURPRISE YOU,
10 BUT I THINK THE UC POLICY OF 200 PERCENT IS FINE, BUT I
11 WOULD GO FARTHER THAN THAT AND SAY THAT I REALLY HAVE
12 GREAT FAITH IN YOUR PRESIDENT AND YOUR COO, AND ALL YOU
13 NEED TO HAVE IS LET THEM EXERCISE THEIR GOOD, SENSIBLE
14 JUDGMENT. I DON'T EVEN THINK YOU NEED TO PUT A
15 200-PERCENT CAP ON IT. I MEAN IF IT BECOMES AN OBVIOUS
16 ABUSE, IT WOULD BE POINTED TO AND BROUGHT OUT, BUT IT
17 WOULDN'T. AND I THINK YOU ARE GETTING YOURSELVES DOWN TO
18 A LEVEL OF ALMOST TRIVIA THAT I ONCE COMPARED TO SEEING
19 ONLY THE TEST TUBES AND NOT THE LABORATORY.

20 REALLY THIS IS, AS JOAN WAS SAYING, YOU KNOW, I
21 MEAN IT'S NOT GOING TO BREAK THE TAXPAYERS IF YOU SPRING
22 AN EXTRA 50 BUCKS ON SOME SCIENTIST WHO'S IN TOWN. I
23 THINK THIS IS GREAT IF YOU GO WITH THE UC, BUT YOU COULD
24 JUST LEAVE IT IN THE HANDS OF YOUR EXECUTIVES.

25 CHAIRMAN KLEIN: OKAY.

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: THANK YOU.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

3 ADDITIONAL COMMENT? DR. MURPHY.

4 DR. MURPHY: MR. CHAIRMAN, AS YOU KNOW, FOR THE
5 BOARD'S INFORMATION, DR. PENHOET, JAMES, AND I HAVE BEGUN
6 DISCUSSIONS ABOUT PUTTING TOGETHER A PROPOSAL FOR
7 ESTABLISHING A CIRM FOUNDATION. IT WOULD HAVE TO COME
8 FROM OUTSIDE OF CIRM, BUT AT LEAST WE'RE BEGINNING TO
9 THINK ABOUT DOING THAT FOR ALL OF THE REASONS THAT HAVE
10 BEEN COVERED HERE.

11 CHAIRMAN KLEIN: OKAY. THANK YOU. WOULD THE
12 COUNSEL RESTATE THE MOTION.

13 MS. PACTER: MOTION IS TO ADOPT THE BUSINESS
14 MEETING EXPENDITURE POLICY AS PROPOSED WITH THE EXCEPTION
15 THAT THE PRESIDENT'S AUTHORITY, CONSISTENT WITH UC
16 POLICY, WILL BE UP TO 200 PERCENT OF MAXIMUM RATES.

17 CHAIRMAN KLEIN: I THINK IT'S THE AUTHORITY OF
18 THE APPROVAL OF THE PERSON LISTED, INCLUDING THE COO.

19 MS. PACTER: THAT'S RIGHT.

20 CHAIRMAN KLEIN: AND THE CHAIR. SO I'D LIKE TO
21 CALL THE QUESTION. ALL IN FAVOR? OPPOSED? MOTION
22 PASSES.

23 THANK YOU VERY MUCH. AT THIS POINT THE BOARD,
24 HAVING EARNED THIS MEAL, WE WILL ADJOURN TO -- CAN YOU
25 TELL US WHERE TO ADJOURN TO? BEFORE WE ADJOURN, WE WILL

BARRISTERS' REPORTING SERVICE

1 CONDUCT A CLOSED SESSION. AND WOULD THE COUNSEL READ THE
2 STATUTORY PROVISIONS AUTHORIZING THE CLOSED SESSION?

3 MS. PACHTER: WE'RE ADJOURNING TO CLOSED
4 SESSION FOR DISCUSSION OF PERSONNEL MATTERS PURSUANT TO
5 GOVERNMENT CODE SECTION 11126(A) AND HEALTH AND SAFETY
6 CODE SECTION 125290.30(D)(3)(D).

7 MR. SIMPSON: WOULD THAT COVER DISCUSSION OF
8 THE MERCER COMPARISON SALARY REPORT?

9 CHAIRMAN KLEIN: THE QUESTION FROM JOHN SIMPSON
10 IS DOES THAT PERSONNEL POLICY COVER DISCUSSION OF THE
11 MERCER REPORT?

12 MS. PACHTER: AS I DISCUSSED WITH MR. SIMPSON,
13 IT WOULD BE POSSIBLE FOR THE BOARD TO CONSIDER IN
14 DISCUSSION OF A PARTICULAR EMPLOYEE RESULTS OF THE SALARY
15 SURVEY, BUT A GENERAL DISCUSSION OF THE SURVEY WOULD HAVE
16 TO TAKE PLACE IN OPEN SESSION.

17 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH.

18 (THE BOARD THEN RECESSED TO CLOSED
19 SESSION, NOT REPORTED, NOR HEREIN TRANSCRIBED.)

20 CHAIRMAN KLEIN: I THINK WE HAD A LONG ENOUGH
21 RESTROOM BREAK. WE'RE PREPARED TO RECONVENE HERE. IF
22 THE STAFF COULD HELP WITH THE BOARD MEMBERS THAT ARE OUT
23 IN THE HALLS, IT WOULD BE GREAT.

24 WE ARE ON ITEM NO. 17 UNLESS STAFF HAS AN ITEM
25 THAT THEY THINK SHOULD PRECEDE THAT. BUT ITEM 17, AND,

BARRISTERS' REPORTING SERVICE

1 JAMES HARRISON, WOULD YOU LEAD US THROUGH THIS ITEM.

2 MR. HARRISON: YES. THANK YOU. IF YOU WOULD
3 TURN TO TAB 17 IN YOUR BINDERS, PLEASE. WHAT YOU HAVE IN
4 FRONT OF YOU ARE PROPOSED AMENDMENTS TO THE GOVERNANCE
5 SUBCOMMITTEE. YOU WILL FIND THEY ARE NOT VERY EXTENSIVE.
6 THEY'RE ON PAGE 5.

7 THESE AMENDMENTS ARE INTENDED TO PROVIDE
8 GREATER OPERATIONAL FLEXIBILITY TO THE PRESIDENT.
9 BECAUSE OF THE SMALL STAFF, CIRM HAS SEVERAL HYBRID
10 POSITIONS WHERE INDIVIDUALS PERFORM MULTIPLE
11 RESPONSIBILITIES THAT MAY CROSS POSITIONS IN OTHER
12 COMPARABLE ORGANIZATIONS. THE AMENDMENT THAT WE'RE
13 PROPOSING TO YOU WOULD PERMIT THE PRESIDENT TO RECLASSIFY
14 A POSITION FROM ONE SALARY RANGE TO ANOTHER SALARY RANGE
15 BASED ON HIS ASSESSMENT OF THE RESPONSIBILITIES OF THE
16 POSITION. ONCE A POSITION WAS RECLASSIFIED FROM ONE
17 SALARY RANGE TO ANOTHER SALARY RANGE, THE SALARY WOULD BE
18 DETERMINED BASED ON AVAILABLE SALARY DATA, EQUITY, AND
19 THE EXISTING RULES. BY WHICH I MEAN IF THE SALARY THE
20 PRESIDENT WANTED TO SET FOR THAT INDIVIDUAL WAS 80
21 PERCENT OR MORE OF THE MINIMUM SALARY LEVEL FOR THAT
22 RANGE, IT WOULD REQUIRE A GOVERNANCE SUBCOMMITTEE
23 APPROVAL. IF IT WAS ABOUT A HUNDRED PERCENT OF THE
24 RANGE, IT WOULD REQUIRE BOARD APPROVAL.

25 SO ALL OF THE EXISTING RULES WOULD APPLY. WE

BARRISTERS' REPORTING SERVICE

1 WOULD JUST BE GIVING THE PRESIDENT ADDITIONAL OPERATIONAL
2 FLEXIBILITY TO MOVE A POSITION FROM ONE SALARY RANGE TO
3 ANOTHER SALARY RANGE BASED ON CHANGE IN RESPONSIBILITIES
4 OR THE PRESIDENT'S ASSESSMENT OF THE RESPONSIBILITIES.

5 CHAIRMAN KLEIN: ALL RIGHT.

6 DR. POMEROY: QUESTION. SO, JAMES, ON PAGE 5
7 UNDER SECTION E, DOES THIS MEAN THAT IF AN EXISTING
8 EMPLOYEE IS RECLASSIFIED INTO LEVEL SIX THROUGH TEN, THAT IT
9 DOES NOT NEED TO COME -- THEIR SALARY DOES NOT NEED TO
10 COME TO THE GOVERNANCE SUBCOMMITTEE FOR APPROVAL?

11 MR. HARRISON: IF THEIR SALARY WAS WITHIN 80
12 PERCENT OF THE RANGE WITHIN THAT CLASSIFICATION, THAT'S
13 CORRECT.

14 DR. POMEROY: SO WE WOULD BE TREATING NEW
15 EMPLOYEES AT LEVEL SIX THROUGH TEN DIFFERENTLY THAN
16 PEOPLE WHO WERE RECLASSIFIED EMPLOYEES? AM I UNDERSTANDING
17 THE PROPOSAL CORRECTLY?

18 MR. HARRISON: NO. THEY WOULD BE THE SAME
19 BECAUSE FOR NEW EMPLOYEES AS WELL YOU HAVE TO GET -- I
20 THINK I UNDERSTAND WHAT YOU'RE ASKING ABOUT.

21 DR. POMEROY: WHY DID YOU NEED TO INSERT NEW?

22 MR. HARRISON: THAT ACTUALLY WAS INTENDED TO
23 CLARIFY WHAT HAS BEEN THE EXISTING PRACTICE, THAT WITH
24 RESPECT TO EXISTING EMPLOYEES, WHEN AN EMPLOYEE IS WITHIN
25 A SALARY RANGE, AND THE PRESIDENT MAKES A DECISION TO

BARRISTERS' REPORTING SERVICE

1 AUGMENT THE EMPLOYEE'S SALARY SUCH THAT IT INCREASES THE
2 EMPLOYEE'S COMPENSATION ABOVE 80 PERCENT, THE PRACTICE
3 HAS BEEN NOT TO REQUIRE GOVERNANCE SUBCOMMITTEE APPROVAL
4 UNDER THOSE CIRCUMSTANCES. AND THAT'S CONSISTENT WITH
5 THE COMPENSATION PROGRAM THAT'S IN THE NEXT DOCUMENT THAT
6 WE'LL ADDRESS. SO THE ADDITION OF NEW WAS JUST TO
7 CLARIFY WHAT HAS BEEN THE PRACTICE.

8 CHAIRMAN KLEIN: THIS IS TO GIVE THE PRESIDENT
9 THE ABILITY TO REALLY MANAGE THE STAFF AND TO, AS STAFF
10 FUNCTIONS CHANGE, TO ELEVATE THEM FROM ONE RANGE TO
11 ANOTHER, NOT CHANGING THE RANGE, BUT MOVE THEM FROM ONE
12 RANGE TO ANOTHER IF THE DUTIES DICTATE THAT. SO WE LOOK
13 TO HOLD THE PRESIDENT ACCOUNTABLE. WE HAVE TO GIVE HIM
14 THE MANAGEMENT TOOLS TO REALLY WORK WITH INDIVIDUALS AS
15 THEIR RESPONSIBILITIES CHANGE.

16 DR. POMEROY: I GUESS WHAT I'M CONFUSED ABOUT
17 IS WE SAID FOR CERTAIN LEVELS, THAT THOSE PEOPLE HAD TO
18 COME IN FRONT OF THE GOVERNANCE SUBCOMMITTEE. SO IF
19 SOMEONE IS RECLASSIFIED INTO ONE OF THE LEVELS THAT HAS TO
20 COME BEFORE THE GOVERNANCE SUBCOMMITTEE, DO THEY STILL
21 HAVE TO COME BEFORE THE GOVERNANCE SUBCOMMITTEE?

22 MR. HARRISON: IF THE SALARY THAT THE PRESIDENT
23 SETS IS 80 PERCENT OF THE MINIMUM IN THAT RANGE, MY
24 UNDERSTANDING IS THAT IT WOULD REQUIRE GOVERNANCE
25 SUBCOMMITTEE APPROVAL.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: LET ME UNDERSTAND THIS. YOU
2 MEAN OVER 80 PERCENT?

3 MR. HARRISON: OVER 80 PERCENT OF THE MINIMUM.

4 CHAIRMAN KLEIN: THE ANSWER IS NO. IF SOMEONE
5 IS PROMOTED WITHIN THE ORGANIZATION OR THEIR JOB IS
6 RECLASSIFIED OR JOBS ARE COMBINED, THE PRESIDENT WOULD
7 NOT NEED TO GO TO GOVERNANCE SUBCOMMITTEE. WE'RE NOT
8 HIRING A NEW PERSON. SO THERE WOULD BE, AS I UNDERSTAND
9 IT, A DIFFERENCE. DR. MURPHY, WOULD YOU LIKE TO COMMENT?

10 DR. MURPHY: THE INTENT HERE, CLAIRE, WAS THAT
11 IF SOMEONE WAS WITHIN A RANGE, THAT THE PRESIDENT WOULD
12 HAVE THE ABILITY TO MOVE THAT PERSON ANYWHERE WITHIN THE
13 RANGE WITHOUT COMING TO THE GOVERNANCE SUBCOMMITTEE.
14 WE'RE NOW ASKING IF THE PERSON NEEDS TO BE GONE FROM ONE
15 LEVEL TO THE OTHER LEVEL, THAT THAT BE DONE ALSO BY THE
16 PRESIDENT WITHOUT BOARD APPROVAL.

17 CHAIRMAN KLEIN: THAT'S RIGHT. WE'RE TRYING TO
18 GIVE THE PRESIDENT THE MANAGEMENT CAPACITY PARTICULARLY
19 BECAUSE THERE ARE JOBS THAT HAVEN'T BEEN RECLASSIFIED FOR
20 SOME TIME BECAUSE OF FINANCIAL AND OTHER CONSTRAINTS
21 WHERE THE WORK EFFORT AND THE ACTUAL JOB THAT HAS BEEN
22 DONE NEEDS TO BE RECOGNIZED AS BEING WITHIN ANOTHER
23 RANGE.

24 DR. POMEROY: SO I'D JUST LIKE TO STATE THAT I
25 THINK THE GOVERNANCE SUBCOMMITTEE FELT THAT JOBS AT THOSE

BARRISTERS' REPORTING SERVICE

1 HIGHER LEVELS SHOULD BE REVIEWED BY THE GOVERNANCE
2 SUBCOMMITTEE. THAT WAS MY IMPRESSION OF WHY WE ASKED
3 THOSE HIGHER LEVEL JOBS TO BE REVIEWED IN THE COMMITTEE.
4 AND WHETHER THE PERSON GETS INTO THAT LEVEL BECAUSE
5 THEY'RE A NEW HIRE OR THEY'RE RECLASSIFIED INTO THAT LEVEL,
6 AS A MEMBER OF THE GOVERNANCE SUBCOMMITTEE, I MAY WELL BE
7 IN THE MINORITY, I THINK THAT THAT'S MY RESPONSIBILITY TO
8 REVIEW JOBS AT THAT LEVEL REGARDLESS OF HOW THE PERSON
9 GOT THERE, AS A NEW PERSON OR AS A RECLASSIFIED PERSON. IN
10 ESSENCE, YOU'RE CREATING A NEW JOB IF YOU SAY THAT IT WAS
11 CLASSIFIED INAPPROPRIATELY.

12 CHAIRMAN KLEIN: OR THEY'VE ALREADY BEEN IN A
13 NEW JOB.

14 DR. POMEROY: RIGHT. IF THEY HAD BEEN HIRED
15 CORRECTLY, FOR THE SAKE OF ARGUMENT, IF THEY HAD BEEN
16 HIRED INTO THE CORRECT LEVEL, IT WOULD HAVE BEEN REVIEWED
17 BY THE GOVERNANCE SUBCOMMITTEE. AS WE MAKE THE
18 CORRECTION, MY PERSONAL OPINION IS THE GOVERNANCE
19 SUBCOMMITTEE SHOULD REVIEW THAT.

20 CHAIRMAN KLEIN: I WOULD SUGGEST --

21 DR. POMEROY: I'M JUST EXPRESSING MY PERSONAL
22 OPINION ON THIS ITEM.

23 CHAIRMAN KLEIN: ADDITIONAL COMMENTS HERE?

24 DR. LOVE: WHAT CLAIRE IS SUGGESTING MAKES A
25 LOT OF OBVIOUS SENSE. I'M CURIOUS TO FIND OUT IF THERE'S

BARRISTERS' REPORTING SERVICE

1 A FLIP SIDE BECAUSE IT'S NOT APPARENT TO ME THAT THERE
2 IS.

3 CHAIRMAN KLEIN: I THINK THAT, FIRST OF ALL,
4 SEVEN AND ABOVE, I THINK, IS TOO LOW. YOU KNOW, THE
5 SENIOR JOBS ARE LEVELS EIGHT, NINE, TEN IN THIS
6 ORGANIZATION. THE COO, THE CSO, THE PRESIDENT, AND THE
7 TOP, THOSE TOP CATEGORIES, THE CHIEF COMMUNICATIONS
8 OFFICER, THOSE ARE ALL AT LEVELS EIGHT, NINE, AND TEN.
9 SO MAYBE THE PROBLEM IS THE LEVEL.

10 BUT THE SECOND ISSUE HERE IS TO MAKE CERTAIN
11 THAT INTERNALLY THE PRESIDENT HAS AS MUCH ABILITY TO WORK
12 WITH DEALING EQUITABLY WITH PEOPLE WHO FOR SOME TIME HAVE
13 BEEN DOING JOBS WHERE MAYBE THEY'RE DOING TWO JOBS. AND
14 IN AN ORGANIZATIONAL RESTRUCTURING WHICH WE PASSED AS A
15 BOARD, THERE IS AN INTEGRATION OF JOBS, AND THERE WON'T
16 BE TWO JOBS FOR THE POSITION ANY LONGER. IN OTHER WORDS,
17 NOT ONLY ARE WE CONSTRAINED AT 50, WE ONLY HAVE 26
18 PEOPLE.

19 MR. ROTH: CAN I ASK, RICH, HOW ONEROUS IS THE
20 PROCEDURE NOW? DOES IT REALLY IMPEDE YOUR ABILITY TO
21 MANAGE ON A DAY-TO-DAY BASIS?

22 DR. MURPHY: WELL, WE'RE VERY BELATEDLY LOOKING
23 AT THE CHANGES WE NEED TO MAKE, DUANE. AND BECAUSE OF
24 FINANCIAL RESTRICTIONS AND BECAUSE OF ALL THE OTHER
25 THINGS THAT WERE HAPPENING, WE'RE JUST TAKING THIS ON.

BARRISTERS' REPORTING SERVICE

1 AND I THINK THE IDEA OF GOING TO THE GOVERNANCE COMMITTEE
2 TO MAKE CHANGES OF LEVELS FOR EXISTING PEOPLE SEEMS --
3 IT'S NOT ONEROUS, BUT IT SEEMS LIKE A WASTE OF TIME OF
4 THE GOVERNANCE COMMITTEE. AND IT CERTAINLY IS ONE OF THE
5 THINGS THAT DELAYS THE CHANGES THAT WE NEED TO MAKE
6 IN-HOUSE.

7 BUT I DO AGREE WITH CLAIRE THAT, AS PRESIDENT,
8 I WOULD NOT WANT TO MAKE AN APPOINTMENT AT THE TOP LEVELS
9 OF THE INSTITUTE, CSO, CFO, COO, WITHOUT BOARD'S BUY-IN
10 AND BOARD'S ADVICE. I THINK THAT WOULD BE -- I THINK
11 THAT WOULD NOT ONLY NOT SERVE THE BOARD, IT WOULDN'T
12 SERVE THE INSTITUTE. SO I WONDER IF WE CAN TALK ABOUT
13 THOSE. YOU'VE ALL SEEN THE NEW ORGANIC STRUCTURE OF THE
14 INSTITUTE. CAN WE IN SOME WAY INSTITUTIONALIZE THE FACT
15 THAT THE BOARD WOULD BE INVOLVED IN VETTING THOSE THREE
16 OR FOUR TOP POSITIONS? AND THEN IF THERE WERE CHANGES IN
17 LEVELS BELOW THOSE TOP POSITIONS, I THINK I CERTAINLY
18 WOULD BE COMFORTABLE WITH GIVING THE PRESIDENT THE
19 ABILITY TO DO THAT. AND, FRANKLY, I DON'T THINK THAT
20 THAT RISES TO THE LEVEL OF BOARD ACTION.

21 DR. PENHOET: WOULD YOU REMIND US ABOUT WHAT'S
22 IN CATEGORY 6, 7, 8, 9, 10?

23 DR. MURPHY: I WOULD IF I KNEW, ED.

24 CHAIRMAN KLEIN: THE OTHER SIDE YOU CAN
25 CERTAINLY ADDRESS, DR. MURPHY, WHICH YOU HAVE BEEN

BARRISTERS' REPORTING SERVICE

1 ADDRESSING, WHICH IS WHO IS AT 8, 9, AND 10. I BELIEVE
2 IT'S COMMUNICATIONS, THE COO, THE CSO, AND THE PRESIDENT.

3 DR. MURPHY: THAT'S RIGHT. CFO, IS THAT STILL
4 UP THERE, ALEX?

5 MS. CAMPE: YES. I'M JUST GOING TO CLARIFY.
6 CURRENTLY IT'S 6 THROUGH 10 THAT REQUIRE THE GOVERNANCE
7 SUBCOMMITTEE APPROVAL FOR. CURRENTLY IT IS LEVEL SIX
8 THROUGH TEN THAT REQUIRES GOVERNANCE SUBCOMMITTEE
9 APPROVAL FOR NEW HIRES. AND SIX STARTS WITH OUR
10 SCIENTIFIC OFFICER II'S, I.T. PERSON, OR SENIOR OFFICERS
11 FOR ETHICAL STANDARDS AND FACILITIES, AND THEN IT MOVES
12 UP TO THE CHIEF COMMUNICATIONS OFFICER, CHIEF FINANCIAL
13 OFFICER, DIRECTOR OF SCIENTIFIC ACTIVITIES, GENERAL
14 COUNSEL, OUR CHIEF SCIENTIFIC OFFICER, AND OUR PRESIDENT.

15 DR. PENHOET: IF WE WERE TO TRY TO FIND ANOTHER
16 BREAK POINT HIGHER THAN THE FIRST POINT YOU MENTIONED,
17 WHAT WOULD IN YOUR VIEW --

18 MS. CAMPE: WELL, THEN WE COULD DO SEVEN
19 THROUGH TEN, WHICH WOULD BE -- SEVEN WOULD BE THE CHIEF
20 COMMUNICATIONS OFFICER. RIGHT NOW WE HAVE THE DEPUTY TO
21 THE VICE CHAIR IN THAT CATEGORY. AND THEN EIGHT WOULD BE
22 THE DIRECTOR OF SCIENTIFIC ACTIVITIES, THE CFO; NINE,
23 GENERAL COUNSEL AND CHIEF SCIENTIFIC OFFICER. IF YOU
24 WANTED TO GO ONE NOTCH ABOVE THAT, IT WOULD JUST START AT
25 EIGHT, AND IT WOULD BE YOUR CFO AND YOUR DIRECTOR OF

BARRISTERS' REPORTING SERVICE

1 SCIENTIFIC ACTIVITIES.

2 MS. PACTER: UNDERSTAND THAT NOW THE PRESIDENT
3 HAS THE AUTHORITY TO HIRE ALL THOSE POSITIONS WITHOUT
4 COMING TO THE BOARD. IT'S ONLY IF HE WANTS TO PAY A
5 SALARY IN EXCESS OF 80 PERCENT OF THE RANGE THAT HE NEEDS
6 TO GO TO THE GOVERNANCE SUBCOMMITTEE FOR THE APPROVAL,
7 AND HE NEEDS TO COME TO THE ICOC IF HE WANTS TO PAY IN
8 EXCESS OF THE RANGE.

9 SO I THINK WHAT CLAIRE IS SAYING IS IF YOU CAN
10 HIRE SOMEBODY IN EXCESS OF 80 PERCENT OF THE RANGE AS A
11 NEW HIRE, AND YOU WANT TO MOVE SOMEBODY FROM RANGE FIVE
12 TO RANGE SEVEN, AND YOU WANT TO PAY THEM IN EXCESS OF 80
13 PERCENT OF THE RANGE, WHY SHOULDN'T YOU HAVE TO GO TO
14 GOVERNANCE SUBCOMMITTEE TO DO THAT? WHY SHOULDN'T YOU
15 HAVE TO TREAT THAT LIKE A NEW HIRE?

16 DR. POMEROY: THIS IS WHY WE NEED LAWYERS TO
17 TRANSLATE OUR THOUGHTS LIKE THIS BECAUSE THAT WAS THE
18 POINT.

19 CHAIRMAN KLEIN: LET'S UNDERSTAND BECAUSE I
20 THINK THAT WILL ELIMINATE THE ISSUE HERE BECAUSE THERE IS
21 NOT A REQUEST AT THIS POINT TO CHANGE THAT POLICY. IF
22 IT'S OVER 80 PERCENT, THEY HAVE TO COME HERE ANYWAY,
23 CLAIRE. BUT RIGHT NOW THE PRESIDENT HAS THE AUTHORITY TO
24 HIRE PEOPLE IN THESE RANGES, JUST THEY CAN'T DO IT
25 WITHOUT -- IF THEY'RE GOING TO HIRE SOMEBODY ABOVE 80

BARRISTERS' REPORTING SERVICE

1 PERCENT.

2 DR. POMEROY: AM I MISUNDERSTANDING THIS? I
3 THINK IT SAYS FOR NEW EMPLOYEES AT SIX THROUGH TEN, THEY
4 HAVE TO COME TO THE SUBCOMMITTEE IF THE PRESIDENT
5 WANTS -- IF THE INSTITUTE WANTS TO PAY THEM MORE THAN 80
6 PERCENT.

7 CHAIRMAN KLEIN: WE AGREE WITH THAT.

8 DR. POMEROY: SO A RECLASSIFIED EMPLOYEE AT LEVEL
9 6 THROUGH 10 WHO WANTS TO BE PAID MORE THAN 80 PERCENT
10 WOULD NOT HAVE TO GO TO THE GOVERNANCE SUBCOMMITTEE.

11 CHAIRMAN KLEIN: NO, THAT'S NOT WHAT'S BEING --

12 DR. POMEROY: THAT'S WHAT'S WRITTEN HERE.

13 MS. PACTER: I THINK WHAT MAY HAVE HAPPENED IS
14 WE WERE TRYING TO DO TWO THINGS, AND YOU ARE QUITE
15 RIGHTLY NOTING THAT IN DOING THAT, WE MAY HAVE CREATED AN
16 EXCEPTION WE DIDN'T INTEND TO MAKE.

17 WHAT WE WERE TRYING TO DO WAS TO CLARIFY THAT
18 FOR THOSE EMPLOYEES HIRED WITHIN THE RANGE IN LEVELS 6
19 THROUGH 10, IF THE PRESIDENT IN A YEAR DECIDES THAT HE
20 WANTS TO GIVE THEM A RAISE WHICH WOULD PUT THEM AT A
21 SALARY IN EXCESS OF 80 PERCENT OF THE RANGE, THAT HE
22 WOULDN'T HAVE TO GO BACK TO THE GOVERNANCE SUBCOMMITTEE
23 TO GIVE THAT KIND OF RAISE BECAUSE UNDER THE POLICY THAT
24 YOU APPROVED EARLIER THIS YEAR, I THINK IT WAS IN APRIL,
25 THERE ARE A SERIES OF MERIT AND NON-BASE BUILDING

BARRISTERS' REPORTING SERVICE

1 INCREASES THAT THE PRESIDENT IS AUTHORIZED TO GIVE ON
2 THIS AUTHORITY THAT MIGHT PUT ANYBODY ABOVE 80 PERCENT IF
3 THEY WERE HIRED AT JUST BELOW 80 PERCENT, AND WE DIDN'T
4 WANT TO HAVE TO GO BACK TO THE GOVERNANCE SUBCOMMITTEE IN
5 ORDER TO DO THOSE. SO THAT WAS ONE CLARIFICATION WE WERE
6 TRYING TO MAKE.

7 THE OTHER ONE WAS TO CLARIFY THAT THE PRESIDENT
8 COULD HAVE THE AUTHORITY TO MOVE A POSITION THAT FORMERLY
9 WAS CLASSIFIED, FOR EXAMPLE, AT RANGE FIVE TO RANGE SEVEN
10 WITHOUT HAVING TO GO TO THE GOVERNANCE SUBCOMMITTEE. BUT
11 IT WAS NOT INTENDED TO ALLOW THE PRESIDENT TO RECLASSIFY
12 THE POSITION BECAUSE WHEN YOU'RE TALKING ABOUT
13 RECLASSIFYING THE POSITION, YOU'RE JUST TALKING ABOUT
14 MOVING IT FROM A RANGE FIVE POSITION TO A RANGE SEVEN
15 POSITION. IT'S NOT ABOUT WHAT SALARY THE PERSON IS BEING
16 PAID. SO IF YOU'RE RECLASSIFYING THE POSITION, I THINK
17 YOU'RE RIGHT THAT WE SHOULD CLARIFY THAT IF SOMEBODY IS
18 IN A POSITION THAT'S BEING RECLASSIFIED AND THE PRESIDENT
19 WANTS TO PAY THEM IN EXCESS OF 80 PERCENT OF THE RANGE
20 FOR THE NEW RANGE, THAT THAT WOULD AS WELL REQUIRE
21 GOVERNANCE SUBCOMMITTEE APPROVAL.

22 DR. POMEROY: THAT'S ALL I'M SAYING. SO YOU
23 COULD CHANGE E TO SAY FOR NEW EMPLOYEES IN LEVEL SIX
24 THROUGH TEN AND FOR EMPLOYEES RECLASSIFIED TO LEVEL SIX
25 THROUGH TEN GOVERNANCE SUBCOMMITTEE IF IT'S GREATER THAN

BARRISTERS' REPORTING SERVICE

1 80 PERCENT OF THE MINIMUM IN THAT NEW RANGE.

2 MS. PACHTER: NOW YOU CAN BE A LAWYER, DR.

3 POMEROY.

4 CHAIRMAN KLEIN: DR. POMEROY, WOULD YOU LIKE TO

5 MAKE THAT A MOTION?

6 DR. POMEROY: THAT WAS A MOTION.

7 MR. ROTH: SECOND.

8 CHAIRMAN KLEIN: THERE'S A MOTION AND A SECOND.

9 SO --

10 MS. PACHTER: SO IS THE MOTION, DR. POMEROY, TO

11 ADOPT THE POLICY AMENDMENTS AS YOU HAVE PROPOSED THAT

12 THEY BE AMENDED?

13 DR. POMEROY: ACTUALLY I WAS JUST GOING TO MAKE

14 THE AMENDMENT AND LET THE GROUP TALK ABOUT THE OVERALL

15 MOTION.

16 CHAIRMAN KLEIN: SO THE AMENDMENT IS THE

17 MOTION.

18 MS. PACHTER: THE MOTION IS TO AMEND THE

19 POLICY. DO YOU HAVE THE LANGUAGE THAT DR. POMEROY

20 PROPOSED? THE PRESIDENT SHALL HAVE THE DISCRETION TO

21 MAKE -- SO UNDER SUBSECTION E, IT WILL READ FOR NEW

22 EMPLOYEES AND EMPLOYEES RECLASSIFIED AT LEVELS SIX

23 THROUGH TEN.

24 DR. POMEROY: RIGHT. THAT'S ALL.

25 CHAIRMAN KLEIN: THAT IF THE PRESIDENT REQUESTS

BARRISTERS' REPORTING SERVICE

1 A SALARY ABOVE 80 PERCENT, THEN IT MUST COME TO
2 GOVERNANCE SUBCOMMITTEE?

3 DR. POMEROY: RIGHT.

4 MR. ROTH: JUST WOULD THE -- SINCE THIS IS THE
5 ONLY CHANGE IN THE DOCUMENT, RIGHT?

6 CHAIRMAN KLEIN: THAT'S RIGHT.

7 MR. ROTH: WOULD YOU CONSIDER APPROVING AS
8 AMENDED AND APPROVE THE WHOLE DOCUMENT? WE DON'T HAVE TO
9 VOTE TWICE.

10 CHAIRMAN KLEIN: DOES THE SECOND ACCEPT THAT?

11 MR. ROTH: I DO.

12 CHAIRMAN KLEIN: SO THE MOTION IS NOW TO AMEND
13 AND ADOPT. TO ADOPT AS AMENDED IS ACUTELY PHRASED.

14 THANK YOU. ADDITIONAL DISCUSSION? PUBLIC DISCUSSION?

15 MR. SIMPSON: JUST THAT I THINK THE GOVERNANCE
16 COMMITTEE HAS ALWAYS EXERCISED AN EXCELLENT OVERSIGHT
17 ROLE, AND I WAS DELIGHTED TO SEE THAT IT CONTINUES TO DO
18 SO.

19 CHAIRMAN KLEIN: THANK YOU.

20 DR. FRIEDMAN: THANK YOU.

21 CHAIRMAN KLEIN: NOW WE HAVE ANOTHER LAWYER ON
22 THE GOVERNANCE COMMITTEE. THANK YOU VERY MUCH FOR YOUR
23 ACUTE READING OF THAT.

24 SO I'D LIKE TO CALL THE QUESTION. ALL IN
25 FAVOR? OPPOSED? THANK YOU. COULD WE MOVE TO THE NEXT

BARRISTERS' REPORTING SERVICE

1 ITEM?

2 MR. HARRISON: SINCE WE'RE ON COMPENSATION, THE
3 NEXT ITEM ARE PROPOSED AMENDMENTS TO THE COMPENSATION
4 PROGRAM FOR CIRM STAFF. AND LET ME JUST BRIEFLY DESCRIBE
5 TO YOU WHAT THE AMENDMENTS ARE AND THE RATIONALE.

6 FIRST, WE WOULD PROPOSE TO SEPARATE THE COLA
7 ADJUSTMENT FROM MERIT PAY. CURRENTLY THE COLA IS PART OF
8 MERIT PAY. AND OBVIOUSLY COST OF LIVING INCREASES AREN'T
9 REALLY DEPENDENT UPON HOW AN EMPLOYEE PERFORMS, SO WE
10 THOUGHT THAT IT MADE MORE SENSE TO SEPARATE THE COLA
11 ADJUSTMENT OUT FROM THE MERIT PAY PROGRAM.

12 THE MERIT PAY WOULD CONTINUE TO BE CAPPED AT 5
13 PERCENT AS IT IS CURRENTLY. AND BOTH THE COLA ADJUSTMENT
14 AND THE MERIT PAY PROGRAM WOULD CONTINUE TO BE WITHIN THE
15 PRESIDENT'S DISCRETION.

16 SECONDLY, PER CLAIRE'S POINT IN OUR LAST
17 DISCUSSION, WE COULD CLARIFY THAT THE PRESIDENT HAS THE
18 AUTHORITY TO INCREASE AN EXISTING EMPLOYEES' S SALARY IN
19 RANGES SIX THROUGH TEN ABOVE 80 PERCENT WITHOUT
20 GOVERNANCE SUBCOMMITTEE APPROVAL UNLESS THAT POSITION IS
21 ONE THAT'S BEEN RECLASSIFIED, IN WHICH CASE THE PERSON
22 WOULD BE TREATED LIKE A NEW EMPLOYEE FOR THOSE PURPOSES.
23 BUT IF WE'RE TALKING ABOUT, FOR EXAMPLE, A MERIT PAY THAT
24 WOULD TAKE AN EMPLOYEE OVER 80 PERCENT, THE PRESIDENT
25 WOULD NOT HAVE TO COME TO THE GOVERNANCE SUBCOMMITTEE FOR

BARRISTERS' REPORTING SERVICE

1 APPROVAL. THAT HAS BEEN THE PRACTICE. WE JUST WANT TO
2 CLARIFY THAT SINCE THERE'S OBVIOUSLY BEEN SOME CONFUSION
3 ABOUT IT.

4 CHAIRMAN KLEIN: THAT'S CAPPED AT 5 PERCENT?

5 MR. HARRISON: MERIT PAY IS CAPPED AT 5
6 PERCENT.

7 SALARY FOR NEW EMPLOYEES AND FOR RECLASSIFIED
8 EMPLOYEES ABOVE 80 PERCENT WOULD REQUIRE GOVERNANCE
9 SUBCOMMITTEE APPROVAL. AND FOR ALL EMPLOYEES SALARY IN
10 EXCESS OF 100 PERCENT WOULD CONTINUE TO REQUIRE BOARD
11 APPROVAL.

12 THE FINAL CHANGE WE'VE PROPOSED IN THE
13 COMPENSATION PROGRAM WOULD BE TO INCREASE THE
14 PROFESSIONAL DEVELOPMENT BUDGET FROM 1 PERCENT TO 2
15 PERCENT, A RELATIVELY MODEST CHANGE, BUT ONE THAT GIVES
16 THE PRESIDENT SOME ADDITIONAL DISCRETION TO ENSURE THAT
17 STAFF HAVE ADEQUATE PROFESSIONAL DEVELOPMENT
18 OPPORTUNITIES.

19 THAT'S THE SUM OF THE CHANGES THAT WE PROPOSE
20 TO YOU TODAY.

21 CHAIRMAN KLEIN: QUESTIONS?

22 MR. ROTH: SO JUST I REALLY DON'T HAVE A
23 QUESTION, MORE A COMMENT, THAT I THINK WE REALLY NEED TO
24 GIVE SOME FLEXIBILITY IN COMPENSATION. GIVEN THE NATURE
25 OF THIS INSTITUTE AND THE FACT THAT WE'RE GOING TO BE

BARRISTERS' REPORTING SERVICE

1 RECRUITING PEOPLE AND TRYING TO RETAIN PEOPLE, THERE HAS
2 TO BE REASONABILITY BUILT INTO THE PLAN SO THAT
3 MANAGEMENT CAN ACT AND ATTRACT AND RETAIN PEOPLE. SO I
4 SUPPORT.

5 CHAIRMAN KLEIN: OKAY. I THINK IT HAS BEEN
6 DISCUSSED AS WELL, JUST TO REITERATE SOME KEY CONCERNS,
7 THAT WITHOUT THE LONG CAREER -- WITHOUT A CAREER PATH IN
8 THIS ORGANIZATION THAT HAS MULTIPLE STEPS FOR
9 ADVANCEMENT, GIVEN THAT YOU DON'T HAVE THE ABILITY TO
10 HAVE LONG-TERM PENSION VESTING IN THIS ORGANIZATION,
11 THAT'S IT'S NOT GOING TO BE THERE, YOU CAN'T HAVE A
12 20-YEAR CAREER HERE, GIVEN THAT WE HAVE SOME VERY STRICT
13 DIVESTMENT PROVISIONS THAT ARE NOT COMMON IN SOME OTHER
14 INSTITUTIONS, IF YOU LINE UP ALL THESE VARIOUS ISSUES AND
15 THE FACT WE HAVE VERY SMALL STAFF THAT WORKS UNDER
16 INTENSE PRESSURE, WE REALLY DO NEED, AS DUANE SAID, TO
17 GIVE THE PRESIDENT SOME FLEXIBILITY HERE TO AWARD SPECIAL
18 ACHIEVEMENT AND TO PROPERLY COMPENSATE STAFF.

19 ANY ADDITIONAL COMMENTS?

20 MR. ROTH: SO I MAKE A MOTION TO APPROVE AS
21 OUTLINED IN THE DOCUMENT.

22 CHAIRMAN KLEIN: MOTION IS TO APPROVE. IS
23 THERE A SECOND?

24 MS. GIBBONS: SECOND.

25 CHAIRMAN KLEIN: SECOND FROM LEEZA GIBBONS. IS

BARRISTERS' REPORTING SERVICE

1 THERE PUBLIC COMMENT?

2 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION
3 FOR TAXPAYER AND CONSUMER RIGHTS. I DON'T THINK ANYONE
4 BELIEVES THAT THE STAFF OF CIRM WORKS HARDER THAN I
5 BELIEVE. THEY ARE TRULY HARD WORKERS. IT'S DIFFICULT,
6 HOWEVER, TO UNDERSTAND A PHILOSOPHICAL SORT OF
7 COMPENSATION PLAN WHICH YOU'VE BEEN REFERRING TO HERE ON
8 A NUMBER OF OCCASIONS WITHOUT HAVING SPECIFIC FACTS. IN
9 THE WORLD YOU DO HAVE CONDUCTED AT THE BSA'S REQUEST A
10 SALARY SURVEY, THE MERCER SURVEY, AND I WOULD THINK
11 BEFORE YOU ENACTED ANY OF THESE KINDS OF THINGS, IT WOULD
12 BE USEFUL TO DISCUSS THAT SURVEY. FOR ALL I KNOW, IT
13 SHOWS THAT THEY SHOULD HAVE DOUBLE THE SALARIES AND THE
14 RANGES. I THINK THAT WOULD BE USEFUL.

15 THE OTHER THING THAT I WOULD SUGGEST TO YOU IS
16 THAT A 1-PERCENT TO 2-PERCENT INCREASE, A ONE PERCENTAGE
17 POINT INCREASE, IN OTHER WORDS, FOR PROFESSIONAL STAFF
18 DEVELOPMENT IS WOEFULLY INADEQUATE. EVERY OUTFIT THAT
19 I'VE WORKED FOR, THE FIRST THING THEY DO IS CUT TRAINING
20 BUDGETS WHENEVER YOU GET INTO HARD TIMES. AND WHILE IT'S
21 THE CASE THE STATE FACES HARD TIMES, I WOULD SUGGEST THAT
22 AT A MINIMUM YOU SHOULD PUT 5 PERCENT FOR PROFESSIONAL
23 STAFF DEVELOPMENT IN RECOGNITION OF THE KIND OF WORK THAT
24 THEY DO AND AN INVESTMENT IN THE HUMAN CAPITAL OF YOUR
25 OWN PEOPLE. SO I WOULD SUGGEST THAT.

BARRISTERS' REPORTING SERVICE

1 BUT IN TERMS OF BROADER THINGS, I THINK YOU
2 NEED TO DISCUSS THE MERCER REPORT IN PUBLIC SO YOU CAN
3 GET SOME BENCHMARKS.

4 MR. ROTH: MR. CHAIRMAN, CAN I RESPOND TO THAT?
5 I THINK THIS DOCUMENT IS THE POLICY TO OPERATE UNDER.
6 THE MERCER REPORT DEALS WITH WHAT THE COMPENSATION LEVELS
7 SHOULD BE, AND THAT SHOULD BE A SEPARATE CONSIDERATION.
8 THIS DOCUMENT SIMPLY SAYS ONCE THOSE DETERMINATIONS ARE
9 MADE, THE AUTHORITY AND POLICY TO MOVE FORWARD ON THOSE
10 IS EMBEDDED HERE. I DON'T SEE THEM AS CONNECTED AT ALL.

11 CHAIRMAN KLEIN: THANK YOU. AND WOULD DR.
12 TROUNSON OR DR. MURPHY LIKE TO COMMENT ON THE SUGGESTION
13 RELATED TO THE PRESIDENTIAL DISCRETION FOR CAREER
14 DEVELOPMENT, PROFESSIONAL DEVELOPMENT? DO YOU WANT MORE
15 FLEXIBILITY IN THAT CATEGORY?

16 DR. TROUNSON: WELL, I THINK, CHAIR, THE 1
17 PERCENT HASN'T BEEN EXPENDED TO DATE, AND I ASK FOR IT TO
18 BE INCREMENTED TO 2 PERCENT. I THINK I CAN COME BACK TO
19 YOU IF IT NEEDS TO BE FURTHER INCREMENTED, BUT I THINK AT
20 THIS STAGE I'D BE HAPPY TO ACCOMMODATE THE STAFF WHO WE
21 THINK CAN GET SOME PROFESSIONAL IMPROVEMENTS THROUGH
22 WHATEVER TRAINING, WHATEVER COURSES THAT ARE AVAILABLE.
23 AND IF THAT IS AN ISSUE, I'M HAPPY TO COME BACK TO THE
24 BOARD ABOUT IT. AND I THANK JOHN SMITH FOR RAISING IT AS
25 AN ISSUE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: SIMPSON. THANK YOU, JOHN
2 SIMPSON, FOR THE SUGGESTION. I THINK THAT IT IS A VERY
3 IMPORTANT AREA TO MAKE SURE WE'RE KEEPING PEOPLE
4 ADVANCING AS QUICKLY AS POSSIBLE IN THEIR KNOWLEDGE AND
5 CAPACITY TO DELIVER ON THIS MISSION.

6 MS. SAMUELSON: MR. CHAIRMAN, MAY I ASK THAT
7 YOU ALSO AT THE SAME TIME CONSIDER REVIEWING THE
8 PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR THE PATIENT
9 ADVOCATE MEMBERS OF THE WORKING GROUPS AND MEMBERS OF THE
10 ICOC?

11 DR. TROUNSON: I CAN'T HEAR.

12 MS. SAMUELSON: SORRY. AT THE SAME TIME I'D
13 ASK THAT YOU CONSIDER THE PROFESSIONAL DEVELOPMENT
14 OPPORTUNITIES FOR THE PATIENT ADVOCATE MEMBERS OF THE
15 ICOC AND THE WORKING GROUPS. I KNOW THERE ARE PENDING
16 REQUESTS FOR FINANCIAL SUPPORT FOR ATTENDANCE AT
17 SCIENTIFIC MEETINGS AND TRAINING AND THE LIKE.

18 CHAIRMAN KLEIN: I THINK THAT'S A VERY GOOD
19 DISCUSSION. AND ALMOST IN REAL-TIME THERE ARE CONCURRENT
20 DISCUSSIONS WHERE ALAN, DR. TROUNSON, HAS EMBRACED THE
21 CONCEPT THAT POTENTIALLY THERE WOULD BE INFORMAL
22 BRIEFINGS FOR THE PATIENT ADVOCATES, FOR EXAMPLE, ON THE
23 GRANTS WORKING GROUP ON SCIENTIFIC ROUNDS THAT ARE COMING
24 UP AT THE REQUEST OF THE VICE CHAIRS OF THE SCIENTIFIC
25 AND MEDICAL GRANTS WORKING GROUP SO THAT THE PATIENT

BARRISTERS' REPORTING SERVICE

1 ADVOCATES WOULD HAVE A STRONG SCIENTIFIC BASE FOR FULL
2 PARTICIPATION IN THOSE CYCLES.

3 MS. SAMUELSON: THAT'S AN ADDITIONAL ITEM IN MY
4 MIND.

5 CHAIRMAN KLEIN: AND I THINK AS WELL, DR.
6 TROUNSON, THERE IS A RESIDUAL UNFILLED ITEM DEALING WITH
7 STAFF SUPPORT WHEN NECESSARY FOR PATIENT ADVOCATES WHO
8 ARE TRYING TO FULFILL MULTIPLE WORKING GROUP
9 RESPONSIBILITIES AND ICOC COMMITTEE RESPONSIBILITIES
10 WITHOUT SUFFICIENT STAFF SUPPORT TO REALLY HANDLE A HUGE
11 VOLUME OF DOCUMENTS, INFORMATION, AND LOGISTICS.

12 MS. SAMUELSON: THAT'S AN ADDITIONAL ITEM.

13 CHAIRMAN KLEIN: WE'LL TRY AND REPORT BACK.

14 MS. SAMUELSON: THAT'S AN ADDITIONAL ITEM IN
15 ADDITION TO ALL THE OTHERS THAT WE JUST TALKED ABOUT.

16 CHAIRMAN KLEIN: WELL, YOU CAN SEE WE'RE FULLY
17 ENGAGED. THERE IS A PENDING ITEM, A PENDING MOTION. IS
18 THAT A CORRECT STATEMENT?

19 MS. PACHTER: YES.

20 CHAIRMAN KLEIN: COULD YOU RESTATE THE MOTION.

21 MS. PACHTER: THE MOTION IS TO APPROVE THE
22 AMENDMENTS TO THE CIRM COMPENSATION PROGRAM AS PRESENTED.

23 CHAIRMAN KLEIN: ADOPT.

24 MS. PACHTER: TO ADOPT THE AMENDMENTS.

25 CHAIRMAN KLEIN: ADOPT THE AMENDMENTS AND TO

BARRISTERS' REPORTING SERVICE

1 ADOPT THE PROGRAM AS AMENDED.

2 MS. PACHTER: YES.

3 CHAIRMAN KLEIN: OKAY. THANK YOU. SO IS THERE
4 ANY FURTHER BOARD COMMENT? NO. PUBLIC COMMENT?

5 DR. LOVE: ONE I'LL MAKE. I KNOW THAT ONE OF
6 THE ISSUES THAT WE'VE OCCASIONALLY HAD IN THE INSTITUTE
7 HAS BEEN SOME TURNOVER WITH OUR STAFF. AND IN ADDITION
8 TO THE KIND OF FLEXIBILITY THAT WE'VE TALKING ABOUT,
9 ACCORDING TO RICHARD AND ALAN, I THINK IT WOULD BE
10 IMPORTANT FOR THE BOARD TO, NO. 1, RECOGNIZE HOW MUCH WE
11 APPRECIATE AND VALUE THE INCREDIBLE STAFF THAT WE HAVE.

12 NO. 2, TO ENCOURAGE YOU ALL TO THINK BROADLY
13 AND FLEXIBLY ABOUT HOW TO MAKE SURE THAT THE STAFF THAT
14 WE HAVE ON HAND IS, NO. 1, PROPERLY AWARDED AND PROPERLY
15 COMPENSATED AND INCENTIVIZED WITH REGARD TO THE
16 RECOGNITION OF THE WORK THEY DO. I THINK IT'S VERY
17 IMPORTANT THAT THE BOARD BE EXTREMELY CLEAR AND
18 AGGRESSIVE ABOUT COMMUNICATING THAT TO YOU AND ALSO,
19 QUITE FRANKLY, DIRECTLY TO THE STAFF.

20 DR. POMEROY: JUST TO PICK UP ON TED'S
21 COMMENTS, I DON'T KNOW IF THE STAFF REALIZE THAT THE
22 BOARD MEMBERS SIT AROUND AND TALK ABOUT YOU GUYS A LOT.
23 AND THE THINGS WE TALK ABOUT ARE THE INCREDIBLE JOB THAT
24 YOU'RE DOING. AND WE KNOW THAT EVERYTHING IS GOING TO BE
25 THERE, AND IT MAY MEAN YOU ARE WORKING AT 9 O'CLOCK AT

BARRISTERS' REPORTING SERVICE

1 NIGHT, IT MAY MEAN YOU'RE WORKING AT 6 O'CLOCK IN THE
2 MORNING, AND I KNOW MANY OF YOU ARE, BUT I HAVE TO SAY
3 THE QUALITY OF THE WORK THAT HAS BEEN DONE ON ORGANIZING
4 THE MEETINGS, DOING THE GRANT REVIEWS, RUNNING THE
5 WORKING GROUPS IS JUST SUPERB AND JUST SIMPLY
6 OUTSTANDING. AND SOMETIMES WE GET CAUGHT UP IN THE
7 DETAILS, AND WE FORGET TO TELL YOU THANK YOU. I THINK
8 THIS IS AN APPROPRIATE TIME TO DO THAT.

9 (APPLAUSE.)

10 CHAIRMAN KLEIN: THANK YOU VERY MUCH. SO IN
11 TERMS OF WHERE WE ARE HERE ON THIS ITEM, WE HAVE NO
12 OUTSTANDING ITEMS. PUBLIC HAS COMMENTED. AND AFTER THE
13 BOARD COMMENT, IS THERE ANY OTHER BOARD COMMENT?

14 MR. SHEEHY: YOU ASKED ME TO REMIND YOU OF
15 SOMETHING.

16 CHAIRMAN KLEIN: I'LL DO THAT AS SOON AS WE
17 TAKE THIS VOTE. CALL FOR THE QUESTION. ALL IN FAVOR?
18 OPPOSED? PASSES UNANIMOUSLY.

19 IN TERMS OF COORDINATING WITH STAFF, THANK YOU,
20 JEFF, BASED UPON ALL THESE MEETINGS THAT ARE COMING
21 TOGETHER, APRIL IS TURNING OUT TO BE A VERY INTENSE TIME.
22 AND WITH THE TURNAROUND FOR STAFF AND FOR PATIENT
23 ADVOCATES THAT ARE ON MULTIPLE WORKING GROUPS, AND WITH
24 THE MAJOR FACILITIES COMING DOWNSTREAM, WE NEED TO MAKE
25 SURE WE'RE DOING THIS CORRECTLY. AND WE'RE GOING TO LOOK

BARRISTERS' REPORTING SERVICE

1 TO SEE IF WE CAN MAINTAIN A QUORUM BY MOVING THE BOARD
2 MEETING TO THE BEGINNING OF MAY, WHICH ADDS A COUPLE OF
3 WEEKS TO THE SCHEDULE. BUT WE WILL BE CHECKING WITH YOU
4 ON YOUR CALENDARS VERY SOON TO DO THAT.

5 ANY ADDITIONAL ITEMS THAT THE STAFF WOULD LIKE
6 TO BRING TO OUR ATTENTION? ANY ADDITIONAL ITEMS IN
7 GENERAL PUBLIC COMMENT?

8 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION
9 FOR TAXPAYER AND CONSUMER RIGHTS. I WOULD BE REMISS IF I
10 DID NOT THANK ALL OF YOU FOR THE JOB THAT YOU DO, FOR
11 SHOWING UP, FOR WORKING SO HARD, FOR LISTENING TO ME
12 SOMETIMES WHEN YOU DON'T WANT TO, BUT I WANT TO MAKE IT
13 CLEAR THAT I GREATLY BELIEVE IN THE WORK OF THIS
14 ORGANIZATION, ITS STAFF, AND THE BOARD. AND WHEN I RAISE
15 QUESTIONS, I'M TRYING TO RAISE THEM FOR THE GREATER GOOD
16 OF EVERYONE. AND I'D LIKE TO THINK THAT I HAVE GOOD,
17 WARM, HEALTHY PERSONAL RELATIONSHIPS WITH ALL OF YOU.
18 AND SOMETIMES I SAY THINGS THAT I WISH I DIDN'T THINK I
19 HAD TO SAY, BUT I DO HAVE TO SAY THEM.

20 SOME FOLKS HAVE WONDERED A LITTLE BIT ABOUT
21 PERHAPS HOW I GET TO DO THIS. AND I JUST WANTED TO
22 REMIND YOU THAT THIS IS THE FOUNDATION FOR TAXPAYER AND
23 CONSUMER RIGHTS STEM CELL OVERSIGHT AND ACCOUNTABILITY
24 PROJECT. IT'S FUNDED OR HAS BEEN FUNDED FOR EACH OF THE
25 LAST TWO YEARS BY THE NATHAN CUMMINGS FOUNDATION TO THE

BARRISTERS' REPORTING SERVICE

1 TUNE OF \$100,000 A YEAR. THAT IS NOT MY SALARY. IN
2 FACT, SINCE I ASK EVERYBODY ELSE'S, THE FIRST YEAR I GOT
3 \$50,000, THE SECOND YEAR THEY RAISED IT TO 55, AND I'M
4 NOW AT 62 STARTING THIS YEAR. SO THAT'S PUBLIC RECORD.

5 THE OTHER THING IS WE HAVE FUNDED THE LAST TWO
6 YEARS PROJECT. WE HAVE AN APPLICATION IN FOR A THIRD.
7 WE DON'T KNOW HOW THAT'S GOING TO COME OUT. WE'D BE
8 DELIGHTED IF SOME FOLKS SAID FUND THEM. BUT IN ANY
9 EVENT, WE'RE HOPING, BECAUSE WE THINK WE'VE HAD SOME
10 IMPACT IN SOME AREAS HERE, THAT WE MIGHT TAKE SOME OF OUR
11 ISSUES FURTHER NATIONALLY AND USE THE CALIFORNIA MODEL AS
12 A BASIS TO BUILD ON. SO I JUST WANTED TO UPDATE YOU ON
13 US AND OUR ORGANIZATION. AND, AGAIN, I BELIEVE IN TOTAL
14 DISCLOSURE, AND I THINK I JUST GAVE YOU THAT. THANK YOU
15 VERY MUCH.

16 CHAIRMAN KLEIN: JOHN, AND I'D LIKE TO SAY
17 THAT, JOHN, IF YOU APPLY TO US FOR A GRANT, YOU WON'T GET
18 FOUR TIMES THREE MINUTES AT THE MIC.

19 MS. SAMUELSON: I'D LIKE TO SAY AS ONE MEMBER
20 OF THE ICOC, I'M GLAD YOU'RE HERE. THANK YOU FOR YOUR
21 HARD WORK. I'M GLAD THAT JOHN SIMPSON IS HERE. I THANK
22 HIM FOR HIS HARD WORK AND CONTRIBUTION TO WHAT WE'RE
23 DOING TOWARD THE MISSION. I THINK YOU'RE AN IMPORTANT
24 ELEMENT. WE NEED THE OVERSIGHT.

25 MS. GHI O: GOOD AFTERNOON. I JUST WANT TO

BARRISTERS' REPORTING SERVICE

1 THANK YOU, MR. CHAIRMAN, AND MEMBERS OF THIS
2 DISTINGUISHED BOARD FOR YOUR CONTRIBUTIONS AND YOUR
3 COMMITMENT TO STEM CELL RESEARCH. MY NAME IS TERESE
4 GHIO, AND I'M HERE REPRESENTING INVITROGEN CORPORATION
5 BASED IN CARLSBAD, CALIFORNIA.

6 MY PURPOSE TODAY IS TO BRIEFLY FOLLOW UP ON THE
7 ACTIONS TAKEN AT THE DECEMBER 12TH, 2007, MEETING OF THIS
8 BOARD ON THE APPROVAL OF THE INTERIM GRANTS
9 ADMINISTRATION POLICY FOR FOR-PROFIT ORGANIZATIONS. I
10 WANT TO THANK YOU FOR TAKING THAT FORWARD. AT THAT
11 MEETING I REPRESENTED SUPPORT FOR THE MOVING FORWARD WITH
12 THE INTERIM POLICY PROVIDED THAT STAFF COULD ADDRESS OUR
13 CONCERNS WITH DEFINITIONS WITHIN SIX MONTHS.

14 AT THAT TIME STAFF INDICATED THAT THAT WAS
15 POSSIBLE. TODAY I'M HERE TO SHARE WITH YOU A PETITION
16 THAT WAS SUBMITTED TO STAFF AT THE SUPPORT OF INVITROGEN
17 TO KEEP THE MOMENTUM MOVING FORWARD ON THIS ISSUE AND ON
18 THE DEVELOPMENT OF A NEEDED CLEAR AND OBJECTIVE PARAMETER
19 FOR GRANTEES ON THE DEFINITION OF CALIFORNIA SUPPLIER.
20 OUR HOPE IS TO ASSIST THEM WITH THEIR WORK AND TO DEFINE
21 A CALIFORNIA SUPPLIER CONSISTENT WITH THE VOTER-APPROVED
22 MANDATE AT THE NOVEMBER 2004 GENERAL ELECTION AND ON
23 BEHALF OF ALL SUPPLIERS IN CALIFORNIA.

24 AND SO I BROUGHT A COPY OF THAT WITH ME. IT'S
25 JUST FOR YOUR INFORMATION, AND WE JUST WANT TO THANK YOU

BARRISTERS' REPORTING SERVICE

1 AGAIN FOR EVERYTHING THAT YOU DO.

2 CHAIRMAN KLEIN: THANK YOU FOR YOUR ENGAGEMENT.
3 CERTAINLY THE BIOTECH SECTOR IS CRITICAL TO OUR KNOWLEDGE
4 AND TO AN EFFECTIVE IMPLEMENTATION OF THERAPY DEVELOPMENT
5 AND DIAGNOSTIC TOOL DEVELOPMENT FOR THIS PIONEERING
6 FIELD.

7 ANY ADDITIONAL PUBLIC COMMENT? SEEING NONE,
8 AND MR. PRESIDENT, MR. INTERIM PRESIDENT, ARE THERE ANY
9 OTHER PENDING ITEMS?

10 DR. TROUNSON: WELL, MR. CHAIRMAN, BEFORE WE
11 FINISH, IF WE MAY, I'D LIKE ON BEHALF OF THE PRESIDENTS
12 AND THE STAFF TO THANK YOU AND ALL THE MEMBERS OF THE
13 COMMITTEE FOR THE INCREDIBLE TIME THAT YOU ACTUALLY PUT
14 INTO THIS PROCESS AND THE DILIGENCE THAT YOU GO ABOUT IT.
15 I THINK IT'S REFLECTED IN THE DECISIONS THAT YOU'VE MADE.
16 I'VE BEEN TERRIBLY IMPRESSED WITH THIS PROCESS, AND I
17 HOPE THIS MODEL DOES GET TRANSLATED, AS JOHN SIMPSON
18 SAYS, NOT ONLY THROUGHOUT THE U.S., BUT MAYBE THROUGHOUT
19 THE WORLD. I THINK IT'S GOT A LOT OF GOOD STUFF GOING
20 FOR IT. AND I THINK IT'S BEEN UPLIFTING TO BE HERE.

21 AND I WAS A BIT NERVOUS WHEN MY COLLEAGUE TOLD
22 ME HOW TOUGH IT WAS TO COME IN FRONT OF YOU. SINCE HE
23 USED TO BE ON THE COMMITTEE, I GUESS HE CAN SAY THAT.
24 BUT IT'S BEEN A REAL PLEASURE, AND I THANK YOU FOR
25 RUNNING A VERY SMOOTH AND PRODUCTIVE MEETING. BUT FOR

BARRISTERS' REPORTING SERVICE

1 ALL OF THE MEMBERS OF THE COMMITTEE, YOU HAVE ALL OF OUR
2 THANKS. AND I EXPRESS THAT FROM ALL MANAGEMENT. THANK
3 YOU VERY, VERY MUCH.

4 (APPLAUSE.)

5 CHAIRMAN KLEIN: AGAIN, IN ENDING THIS MEETING,
6 SINCE THIS IS DR. MURPHY'S LAST OFFICIAL MEETING,
7 HOPEFULLY WE'LL PULL HIM BACK FOR MANY OTHER MEETINGS FOR
8 SPECIAL PROJECTS, LET US GIVE ONE CLOSING HAND OF
9 APPLAUSE.

10 (APPLAUSE.)

11 CHAIRMAN KLEIN: MEETING IS ADJOURNED. THANK
12 YOU ALL.

13 (THE MEETING WAS THEN ADJOURNED AT 02: 51
14 P. M.)

15

16

17

18

19

20

21

22

23

24

25

BARRISTERS' REPORTING SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER' S CERTI F I C A T E

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

CROWNE PLAZA HOTEL
1177 AIRPORT BOULEVARD
BURLINGAME, CALI FORN I A
ON
JANUARY 17, 2008

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



BETH C. DRAIN, CSR 7152
BARRI STER' S REPORTING SERVICE
1072 BRISTOL STREET
SUITE 100
COSTA MESA, CALI FORN I A
(714) 444-4100