

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

IN RE THE MATTER OF:            )  
  )  
REGULAR MEETING OF THE        )  
PRESIDENTIAL SEARCH            )  
SUBCOMMITTEE                    )  
  )  
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  )

DATE:                               MONDAY, FEBRUARY 28, 2005, 9 A.M.

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

BRS FILE NO.: 71847

LOCATIONS:                        UNIVERSITY OF CALIFORNIA, SAN FRANCISCO  
  LAUREL HEIGHTS CAMPUS  
  S-18, CHANCELLOR'S CONFERENCE ROOM  
  3333 CALIFORNIA STREET  
  SAN FRANCISCO, CALIFORNIA

NORRIS COMPREHENSIE CANCER center  
ROOM 7409  
NORRIS TOPPING TOWER, 7TH FLOOR  
1441 EASTLAKE AVENUE  
LOS ANGELES, CALIFORNIA

UNIVERSITY OF CALIFORNIA, BERKELEY  
CHANCELLOR'S CONFERENCE ROOM  
200 CALIFORNIA HALL  
BERKELEY, CALIFORNIA

UNIVERSITY OF CALIFORNIA, SAN DIEGO  
LEICHTAG BIOMEDICAL RESEARCH FACILITY  
ROOM 107  
LA JOLLA, CALIFORNIA

MEMBERS PRESENT:

DAVID KESSLER  
PHYLLIS PRECIADO  
JOAN SAMUELSON  
ROBERT KLEIN  
SUSAN BRYANT  
BRIAN HENDERSON  
ROBERT BIRGENEAU  
RICHARD MURPHY

I N D E X

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ROLL CALL		10
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CHAIRMAN KLEIN: WHILE WE'RE WAITING FOR  
THAT, JUST AS A GENERAL UPDATE ON SOMETHING THAT WE  
HAVE PUT ON OUR WEBSITE, BUT NOT EVERYONE MAY HAVE  
SEEN, IS THAT LAST WEEK WE HAD TWO PIECES OF LITIGATION  
FILED, ONE FOR A RIGHT TO LIFE GROUP HEADED BY TED

8 COSTA. AND THE CLAIM UNDER THAT LITIGATION WAS THAT  
9 THE ENTITY WAS NOT CONSTITUTIONAL, NOT PROPERLY  
10 CONSTITUTED AS UNDER STATE CONTROL. IT'S THE SAME  
11 CLAIM THAT WAS USED TO TRY AND DEFEAT PROP 10 AFTER IT  
12 WAS PASSED.

13 THE INITIATIVE WAS WRITTEN WITH THE BENEFIT  
14 OF THE PROP 10 DECISION, AND THE ELEMENTS IN THE PROP  
15 10 DECISION WERE COVERED IN THE INITIATIVE. SO WE  
16 SHOULD HAVE GONE THROUGH THE CHECKLIST IN WRITING THIS  
17 INITIATIVE. THAT WAS WHAT WE ATTEMPTED TO DO, IF  
18 PROPERLY DONE, AND ACCORDING TO THE FEEDBACK FROM  
19 COUNSEL, WE DO NOT EXPECT A PROBLEM WITH THIS PIECE OF  
20 LITIGATION OTHER THAN THE FACT IT IS LITIGATION, SO IT  
21 CAN HAVE AN EFFECT ON OUR TIMING.

22 ON THE SECOND PIECE OF LITIGATION, IT WAS  
23 FILED BY THE PRESIDENT OF THE ANTI-PROP 71 CAMPAIGN,  
24 VINCENT FORTANESCE. AND THE CLAIM WAS IT IS NOT A  
25 SINGLE-SUBJECT INITIATIVE. AND THAT WAS THE SAME CLAIM

3

2 EVERYONE MAY REMEMBER PROPOSITION 99 WAS AN ANTISMOKING  
3 INITIATIVE. IT ALSO FUNDED A WELFARE PROGRAM, AND  
4 FUNDED A WILDLIFE HABITAT PROGRAM.

5 THE COURT FOUND THAT THERE WAS SUFFICIENT  
6 CORE AROUND ONE SUBJECT IN PROP 99 TO SUSTAIN IT. THE  
7 RESEARCH FOR EMBRYONIC STEM CELL RESEARCH, THAT ADULT  
8 STEM CELL RESEARCH HAS A MUCH MORE UNIFIED PROGRAMMATIC  
9 CORE THAN PROP 99 BY A SIGNIFICANT MARGIN. IT'S

10 COUNSEL'S BELIEF THAT THAT DOES NOT, AGAIN, HAVE MERIT,  
11 ALTHOUGH AS LITIGATION DOES CREATE TIMING ISSUES THAT  
12 WE WILL NEED TO FACE.

13 IN EITHER CASE WE ARE WORKING WITH THE  
14 ATTORNEY GENERAL'S OFFICE. OUR COUNSEL, REMCHO,  
15 JOHANSEN, IS WORKING AS SUPPORT FOR THE ATTORNEY  
16 GENERAL'S OFFICE, BUT THE ATTORNEY GENERAL'S OFFICE IS  
17 THE ATTORNEY FOR THE INSTITUTE AND IS PREPARING THE  
18 RESPONSE TO BOTH OF THESE PIECES OF LITIGATION.

19 WHILE I WAS DOING THAT QUICK INFORMATIONAL  
20 UPDATE, ARE WE IN A POSITION WHERE WE HAVE ANY OTHERS  
21 THAT HAVE SHOWN UP AT UC SAN DIEGO?

22 DR. MURPHY: NO.

23 CHAIRMAN KLEIN: AND HAS DR. KEITH BLACK  
24 SHOWN UP AT USC?

25 DR. HENDERSON: NO.

4

2 ATTENDANCE, WHAT'S OUR TOTAL NUMBER ON THE COMMITTEE?

3 MS. DU ROSS: FOURTEEN AND WE NEED NINE. WE  
4 HAVE EIGHT.

5 CHAIRMAN KLEIN: LET ME ASK COUNSEL.  
6 COUNSEL, WE NEED NINE UNDER THIS OPERATING PROTOCOL?

7 MR. HARRISON: CORRECT.

8 DR. KESSLER: NINE TO DO WHAT?

9 MR. HARRISON: NINE TO HAVE A QUORUM. YOU  
10 CAN DISCUSS THINGS ON AN INFORMATIONAL BASIS WITHOUT  
11 TAKING ANY ACTION, BUT YOU CAN'T TAKE ANY ACTION

12 WITHOUT A QUORUM PRESENT.

13 CHAIRMAN KLEIN: LET'S DO THIS. IF STAFF  
14 COULD PUT SOME CALLS IN TO THESE AND FIND OUT WHERE ONE  
15 MEMBER WOULD BE. WE ONLY NEED ONE OUT OF THREE.

16 AND IN THE MEANTIME -- LET ME TURN UP THE  
17 VOLUME HERE. IS THAT HELPFUL?

18 WHAT WE'RE TALKING ABOUT DOING IS THAT  
19 INFORMATIONALLY WE CAN GO THROUGH THE SPENCER STUART  
20 INFORMATION.

21 DR. KESSLER: IN HIS DEFENSE, HE'S ABOUT AS  
22 CLOSE TO THE PHONE AS HUMANLY POSSIBLE, BUT WE'RE GOING  
23 TO ACTUALLY PUT THIS EVEN CLOSER TO HIM.

24 CHAIRMAN KLEIN: WHILE WE'RE WAITING FOR ROLL  
25 CALL, THE INTENT HERE WOULD BE THAT WE COULD GO THROUGH

5

2 SITES. THEN WE COULD GO THROUGH AND LOOK AT SOME OF  
3 THE SPENCER STUART INFORMATION, ALTHOUGH WHEN THE  
4 ADDITIONAL MEMBER ARRIVES, WE'LL GO THROUGH AND RECAP  
5 THAT INFORMATION FOR THEM SO THAT THEY WILL HAVE ALL  
6 THE INFORMATION AT THE TIME OF ACTION, ALTHOUGH THEY  
7 WILL HAVE A WRITTEN COPY OF THE INFORMATION THAT'S BEEN  
8 PREVIOUSLY DISTRIBUTED TO THEM AS WELL AS PRESENT.

9 SO ARE THERE ANY PUBLIC COMMENTS FROM THE  
10 INDIVIDUALS HERE AT UNIVERSITY OF CALIFORNIA SAN  
11 FRANCISCO? SEEING NONE, ARE THERE ANY PUBLIC COMMENTS  
12 FROM UC BERKELEY?

13 MR. HALPERN: YES, THERE IS, MR. CHAIRMAN.

14 THIS IS CHARLES HALPERN SPEAKING. CAN YOU HEAR ME?

15 CHAIRMAN KLEIN: I CAN.

16 MR. HALPERN: GOOD. I APPRECIATE THE  
17 OPPORTUNITY TO ADDRESS THE SPENCER STUART PROPOSAL, AND  
18 I'M VERY IMPRESSED WITH THE PROPOSAL IN MOST RESPECTS.  
19 BUT THERE ARE THREE POINTS WHICH I THINK NEED TO BE  
20 CLARIFIED OR AMENDED.

21 THE FIRST ONE HAS TO DO WITH COMPENSATION.  
22 THE FORMULATION HERE ON PAGE 5 OF THEIR PROPOSAL AT THE  
23 BOTTOM OF THE PAGE IS NOTABLY VAGUE AND WOULD PROVIDE  
24 VERY LITTLE GUIDANCE TO POTENTIAL APPLICANTS FOR THE  
25 JOB. AND I THINK, HAVING RUN A LARGE NUMBER OF

6

2 OF CLARITY IS HELPFUL IN DRAWING TOGETHER THE  
3 APPROPRIATE POOL. SIMPLY TO FIND OUT WHAT THE LEVELS  
4 OF COMPENSATION IN THE UC -- MEDICAL SCHOOLS IN THE UC  
5 SYSTEM AND THE RESEARCH INSTITUTIONS FROM WHICH ICOC  
6 MEMBERS ARE APPOINTED IS A VERY CONSIDERABLE TASK, AND  
7 NOT ONLY THAT, IT ALSO YIELDS A VERY WIDE SPREAD OF  
8 COMPENSATION.

9 ACCORDING TO MY CALCULATIONS, SOME OF THE  
10 MEDICAL SCHOOL DEANS ARE BEING PAID IN THE RANGE OF 290  
11 TO \$300,000, AND SOME OF THE HEADS OF RESEARCH  
12 INSTITUTES ARE BEING PAID WELL OVER 600,000, WHICH IS,  
13 TO MY WAY OF THINKING, TOO LARGE A SPREAD, BUT ALSO TOO  
14 HIGH A MINIMUM AND TOO HIGH A CEILING. AS YOU KNOW --

15 CHAIRMAN KLEIN: MR. HALPERN, IN DOING YOUR

16 REMARKS, I HOPE YOU WILL KEEP WITHIN THE THREE-MINUTE  
17 PROTOCOL WHICH IS ESTABLISHED AS THE STANDARD FOR THIS  
18 COMMITTEE.

19 MR. HALPERN: THREE MINUTES FOR ALL OF MY  
20 COMMENTS AND REMARKS?

21 CHAIRMAN KLEIN: YES. WE ARE HAPPY TO HAVE  
22 YOU SUBMIT ANY ADDITIONAL ONES IN WRITING, BUT THE  
23 PROTOCOL IS THREE MINUTES.

24 MR. HALPERN: CAN WE START WITH THAT THREE  
25 MINUTES NOW?

7

2 MR. HALPERN: AS YOU KNOW, DR. LEE AND I HAVE  
3 PROPOSED AS A CEILING FOR COMPENSATION FOR OFFICERS THE  
4 HIGHEST COMPENSATION LEVEL OFFERED AT THE NATIONAL  
5 INSTITUTES OF HEALTH, WHICH IS, AS I UNDERSTAND IT, AT  
6 THE PRESENT TIME \$290,000 FOR THE DIRECTOR OF THE EYE  
7 INSTITUTE. SO THAT'S THE FIRST POINT IS ON SALARY.

8 THE SECOND POINT IS THAT I THINK IT MAY BE  
9 ASSUMED, BUT I THINK IT SHOULD BE EXPLICITLY STATED,  
10 THAT THE CONFLICT OF INTEREST STANDARDS THAT THE NIH  
11 HAS RECENTLY ADOPTED WILL BE APPLIED TO THE PERSON WHO  
12 RECEIVES THIS JOB. SO THAT MEANS NO COMPENSATION FROM  
13 GRANTEE INSTITUTION OR ANY COMPANY DOING BUSINESS IN  
14 THE BIOMEDICAL FIELD AND NO INVESTMENT IN ANY COMPANY  
15 DOING BUSINESS IN THE BIOMEDICAL FIELD. OBVIOUSLY THIS  
16 PERSON, IF HE OR SHE WERE AN APPLICANT FOR A POSITION  
17 AT NIH, WOULD HAVE TO MEET THOSE STANDARDS, AND THIS

18 COMMITTEE SHOULD SET NO LOWER STANDARD.

19                   THIRD IS THE CHARACTERIZATION OF THIS PERSON  
20 AS CHIEF EXECUTIVE. THAT IS THE LANGUAGE THAT THE  
21 PROPOSITION USES, BUT THE REALITY, AS IS REFLECTED ON  
22 PAGES 6 AND 7, IS THAT THIS PERSON IS MUCH MORE AKIN TO  
23 A CHIEF OPERATING OFFICER. AND I THINK THE JOB  
24 DESCRIPTION SHOULD BE EXPLICIT ON THAT POINT.

25                   THE BOARD AGENDA AND THE BOARD WORK FLOW IS

8

2 OPTIMIZES THE INSTITUTE'S BOND FINANCING PLANS, AND THE  
3 PRESIDENT, OF COURSE, NEGOTIATES ANY INTELLECTUAL  
4 PROPERTY AGREEMENTS. AND THE PRESIDENT'S JOB IS TO DO  
5 DAY-TO-DAY LEADERSHIP, SUPERVISE STAFF, MANAGE AND  
6 EXECUTE INTELLECTUAL PROPERTY AGREEMENTS FOLLOWING THE  
7 TERMS THAT THE CHAIR HAS SET. AND, OF COURSE, THE  
8 CHAIR IS A MEMBER OF THE WORKING GROUPS. THE PRESIDENT  
9 IS NOT. SO THAT, I THINK, HIGHLIGHTS EVEN MORE THE  
10 PRESIDENT'S ROLE AS A COO, NOT A CEO.

11                   CHAIRMAN KLEIN: OKAY. I THINK THAT YOU'VE  
12 RUN YOUR THREE-MINUTE TIME PERIOD.

13                   MR. HALPERN: THANK YOU, MR. CHAIRMAN.

14                   CHAIRMAN KLEIN: THANK YOU VERY MUCH. ARE  
15 THERE ADDITIONAL PUBLIC COMMENTS FROM UC BERKELEY? ARE  
16 THERE ADDITIONAL PUBLIC COMMENTS FROM USC?

17                   DR. HENDERSON: NO.

18                   CHAIRMAN KLEIN: ARE THERE ADDITIONAL PUBLIC  
19 COMMENTS FROM UC SAN DIEGO?



20 DR. MURPHY: NO.

21 CHAIRMAN KLEIN: ALL RIGHT. I THINK IT IS  
22 IMPORTANT TO NOTE THAT SPENCER STUART WILL BE, IN THE  
23 COURSE OF THEIR WORK, COMING UP WITH ACTUAL  
24 RECOMMENDATIONS ON THE SALARY WITH DOCUMENTATION  
25 RELATED TO COMPARABILITY. AND WE WILL BENEFIT FROM

9

2 THE TIME THAT WE DEAL WITH THE SETTING OF THE SALARY.  
3 THE SETTING OF SALARY AS WE, I BELIEVE, ALL KNOW HAS TO  
4 HAPPEN AT THE BOARD LEVEL.

5 IN ADDITION, WE ARE VERY MUCH COMMITTED AS AN  
6 INSTITUTION TO DEVELOPING A FULL CONFLICTS OF INTEREST  
7 STATEMENT AND POLICY. WE WILL BE TAKING SOME MAJOR  
8 STEPS ON THAT AT THE BOARD MEETING TOMORROW, AND WE'LL  
9 BE DEVELOPING ADDITIONAL CONFLICTS PROVISIONS AS WE GO  
10 FORWARD CONCURRENT WITH THIS PROCESS. BUT WE ARE VERY  
11 MUCH INTERESTED IN REVIEWING THE NIH'S MOST RECENT  
12 ADOPTED POLICIES AND WILL BE TAKING THOSE INTO ACCOUNT.

13 WE'RE ALSO TALKING TO THE NATIONAL ACADEMIES  
14 AND THEIR GENERAL COUNSEL, JAMES WRIGHT, ON THEIR  
15 RECOMMENDATIONS DEALING WITH CONFLICTS. IT'S A VERY  
16 IMPORTANT SUBJECT. AND, MR. HALPERN, WE APPRECIATE  
17 COMMENTS VERY MUCH.

18 WHILE WE ARE WORKING WITH STAFF, WHO'S  
19 COORDINATING WITH PEOPLE -- INDIVIDUAL MEMBERS IN  
20 TRAFFIC, IF WE COULD HAVE A ROLL CALL, THAT WOULD BE  
21 BENEFICIAL. AND IF WE START AT UC SAN FRANCISCO, IF

22 YOU WOULD PLEASE RESPOND BY INDICATING HERE, IF YOU ARE  
23 PRESENT.

24 DR. KESSLER.

25 DR. KESSLER: HERE.

10

2 DR. PRECIADO: HERE.

3 CHAIRMAN KLEIN: JOAN SAMUELSON.

4 MS. SAMUELSON: HERE.

5 CHAIRMAN KLEIN: ROBERT KLEIN IS HERE. AT

6 UNIVERSITY OF SOUTHERN CALIFORNIA, DR. SUSAN BRYANT.

7 DR. BRYANT: HERE.

8 CHAIRMAN KLEIN: DR. BRIAN HENDERSON.

9 DR. HENDERSON: HERE.

10 CHAIRMAN KLEIN: DR. KEITH BLACK STILL NOT

11 PRESENT.

12 AT THE UNIVERSITY OF CALIFORNIA BERKELEY, DR.

13 BIRGENEAU.

14 DR. BIRGENEAU: HERE.

15 CHAIRMAN KLEIN: AND AT UNIVERSITY OF

16 CALIFORNIA SAN DIEGO, DR. RICHARD MURPHY.

17 DR. MURPHY: HERE.

18 CHAIRMAN KLEIN: AND DR. TINA NOVA IS NOT

19 PRESENT.

20 THE ROLL CALL WILL REMAIN OPEN, AND WE WILL

21 PROCEED ON AN INFORMATIONAL BASIS UNTIL THE ONE OF THE

22 ADDITIONAL MEMBERS HAS PRESENTED THEMSELVES.

23 GOING TO THE SPENCER STUART MATERIALS THAT

24 ARE PRESENT AT EACH SITE AND THE MEMBERS HAVE, I'D LIKE  
25 TO HAVE GENERAL -- OPEN TO GENERAL COMMENTS OF THE

11

2 INPUT. I WOULD SPECIFICALLY LIKE TO SAY THAT, FROM MY  
3 PERSPECTIVE, THE PRESIDENT IS THE CHIEF EXECUTIVE  
4 OFFICER AND IS CERTAINLY THE DRIVING FORCE IN THE  
5 STRATEGIC PLAN OF THE INSTITUTE, IS THE CHIEF EXECUTIVE  
6 OFFICER REALLY GUIDING OUR SCIENTIFIC STRATEGY AND OUR  
7 OPERATIONS LONG TERM AND SHORT TERM. AND I DEFINITELY  
8 LOOK TO THIS INDIVIDUAL FOR TREMENDOUS LEADERSHIP.

9 ARE THERE BOARD COMMENTS ON THE SPENCER  
10 STUART WRITE-UP SPECIFICALLY?

11 DR. PRECIADO: DR. PRECIADO. I'M WONDERING  
12 IF, IN ORDER TO ADDRESS MR. HALPERN'S CONCERNS  
13 REGARDING THE DEFINITION OF THE PRESIDENT AND THE  
14 CHAIR, THAT WE MIGHT ASK THAT SPENCER STUART ACTUALLY  
15 DELINEATE THOSE CONCERNS AND REALLY MAKE A DEFINITION  
16 FOR CEO AND EXACTLY WHAT THAT MEANS AND CHAIRMAN,  
17 EXACTLY WHAT THAT MEANS BECAUSE IT APPEARS AS  
18 MR. HALPERN IS VERY CONCERNED. AND IF HE'S CONCERNED,  
19 THERE ARE MAYBE PUBLIC MEMBERS OUT THERE WHO WON'T  
20 SPEAK AS EASILY ABOUT THESE CONCERNS.

21 WHAT I HEARD IN THAT COMMENT WAS THAT, IN  
22 FACT, THE BOARD TURNS AND FOLLOWS THE CHAIRMAN. AND,  
23 IN FACT, WILL THE PRESIDENT HAVE ANY SAY IF THE BOARD  
24 ONLY FOLLOWS THE CHAIR.

25 CHAIRMAN KLEIN: WHAT IS THE NATURE OF THE

2 TO HIM FOR LEADERSHIP? I THINK THAT SPENCER STUART,  
3 WHEN THEY COME BACK TO US WITH THE LONG LIST, CAN HAVE  
4 A MORE COMPLETELY DEVELOPED NARRATIVE ABOUT THESE  
5 VARIOUS ROLES. BUT CERTAINLY, IF YOU LOOK AT THE ITEMS  
6 ON THE LIST OF RESPONSIBILITIES UNDER THE ROLE OF BOTH  
7 PERSONS, THERE IS A SUBSTANTIAL DIFFERENTIATION THERE  
8 IN PLACE, BUT THEY CAN CERTAINLY TRY AND REFINE THAT.

9 SPENCER STUART, DO YOU HAVE ANY COMMENTS  
10 YOU'D LIKE TO MAKE?

11 DR. PIEPER: THIS IS LISA PIEPER FROM SPENCER  
12 STUART.

13 CHAIRMAN KLEIN: LISA PIEPER IS APPROACHING  
14 THE MICROPHONE SO YOU CAN ALL HEAR HER.

15 DR. PIEPER: I THINK JUST AT A VERY HIGH  
16 LEVEL, BASED ON STANDARD SEARCH PRACTICE, THESE RULES  
17 ARE HIGHLY CUSTOMIZED AND REALLY DEPEND ON THE  
18 INDIVIDUAL CLIENT. I THINK MR. HALPERN DOES HAVE A  
19 POINT, THAT IN GENERAL THE CHAIRMAN AND THE CEO HAVE A  
20 RATHER STANDARD INTERACTION, SET OF DIVIDED  
21 RESPONSIBILITIES, BUT THAT COMPLETELY GETS DEFINED FOR  
22 EACH ORGANIZATION AT ANY GIVEN POINT IN TIME.

23 I THINK, FRANKLY, THE TITLE "PRESIDENT"  
24 PROPERLY REPRESENTS WHAT THIS IS EVEN FROM AN INDUSTRY  
25 STANDPOINT. AND SO I THINK THAT, AGAIN, PRESIDENTS

2 OPERATING RESPONSIBILITIES FOR AN ORGANIZATION; AND,  
3 THEREFORE, I DON'T KNOW THAT WE WOULD PERCEIVE WITH THE  
4 TITLE OF PRESIDENT ANY CONTRADICTION BASED ON INDUSTRY  
5 STANDARDS.

6 DR. PRECIADO: I THINK THE ISSUE IS THAT THE  
7 BOARD IS GOING TO BE TAKING RECOMMENDATIONS BASED --  
8 WHERE DOES THE PRESIDENT FALL IN MAKING HIS OR HER  
9 RECOMMENDATIONS TO US AS THE BOARD VERSUS THE CHAIRMAN?  
10 THAT'S WHAT I'M THINKING IS THE CONFUSION HERE IS WHO  
11 IS REALLY TAKING THE LEAD? IS IT THE CHAIRMAN OR IS IT  
12 THE PRESIDENT? WE KNOW WHAT IT IS, BUT IN TERMS OF  
13 TRANSPARENCY AND IN TERMS OF ANSWERING MR. HALPERN'S  
14 CONCERNS, WE MAY BE VERY, VERY EXPLICIT DURING THESE  
15 DECISION MAKING PROCESSES.

16 CHAIRMAN KLEIN: I THINK, DR. PRECIADO, ONE  
17 OF MR. HALPERN'S POINTS IS THAT THERE ARE SPECIFIC  
18 AREAS, LIKE BOND FINANCING, WHERE THE CHAIRMAN HAS  
19 RESPONSIBILITY WITH A SPECIFIC COMMITTEE THAT INCLUDES  
20 THE STATE DIRECTOR OF FINANCE, THE STATE TREASURER'S  
21 OFFICE WHERE THE CHAIRMAN SPECIFICALLY TAKES THE LEAD.  
22 THERE ARE OTHER AREAS IN THE SCIENTIFIC AREA, WHICH IS  
23 THE GREAT BULK OF THE RESPONSIBILITY, AND IT IS THE  
24 CORE OF THE MISSION OF THIS INSTITUTE WHERE IT'S THE  
25 PRESIDENT'S RECOMMENDATIONS THAT ARE GOING TO TAKE THE

2 THOSE LEADERSHIP ROLES AND SPELL THEM OUT WITH GREATER  
3 SPECIFICITY AS WE MOVE FORWARD. OKAY.

4 ARE THERE OTHER MEMBERS' COMMENTS FROM SAN  
5 FRANCISCO? DR. KESSLER.

6 DR. KESSLER: ON PAGE 4, AND I UNDERSTAND  
7 THIS IS IN SOME WAYS IT'S LISTED AS IDEAL EXPERIENCE,  
8 THAT PARAGRAPH, BUT THEN IT SAYS SUCCESSFUL CANDIDATE  
9 WILL HAVE. I'M CONCERNED WHEN YOU ADD UP THOSE  
10 BULLETS, NOBODY WILL QUALIFY. MY CONCERN IS THAT -- I  
11 UNDERSTAND IT'S A PREFERENCE. NO ONE IS GOING TO HAVE  
12 ALL OF THESE. WE WOULD RESTRICT OUR POOL WAY TOO  
13 SEVERELY.

14 I THINK WE HAVE TO RECOGNIZE THE FIELD OF  
15 STEM CELL RESEARCH IS STILL IN ITS INFANCY. AND I  
16 THINK THAT THE REQUIREMENT SHOULD BE EXCELLENCE IN  
17 SCIENTIFIC ACCOMPLISHMENTS AND PROFESSIONAL REPUTATION  
18 AND A COMMITMENT TO STEM CELL RESEARCH. BUT IF YOU  
19 LIMIT YOURSELF TO PEOPLE WHO HAVE ALREADY DEMONSTRATED  
20 SCIENTIFIC EXPERTISE IN THE AREA OF STEM CELL RESEARCH,  
21 WE WILL HAVE VERY FEW PEOPLE WHO REALLY QUALIFY IN  
22 THAT.

23 SECOND POINT, THERE ARE VERY FEW PEOPLE IN  
24 THIS COUNTRY ON THE THIRD BULLET WHO HAVE SUCCESSFULLY  
25 DRIVEN BIOMEDICAL RESEARCH EFFORTS INTO CLINICAL TRIALS

15

2 VERY SPECIALIZED TALENT. YOU COULD PROBABLY COUNT THE  
3 NUMBER OF PEOPLE WHO REALLY SAY THEY HAVE DONE THAT ON

4 TWO HANDS.

5 THIRD POINT, THIS IS NOT A RESEARCH  
6 ORGANIZATION. THIS IS A FUNDING ORGANIZATION, AS I  
7 UNDERSTAND IT. WE ARE MORE AKIN TO A FOUNDATION AND A  
8 SCIENTIFIC FOUNDATION. BUT THE PRESIDENT WILL NOT  
9 ACTUALLY DIRECT RESEARCH HANDS-ON AT THE INSTITUTE.

10 SO THOSE ARE SOME OF MY COMMENTS ON PAGE 4,  
11 AND I DON'T KNOW WHETHER SPENCER STUART WANTS TO  
12 RESPOND.

13 THE OTHER THING ON PAGE 5, I WOULD CHANGE THE  
14 WORD FROM AN OUTSTANDING PACKAGE UNDER COMPENSATION TO  
15 A COMPETITIVE PACKAGE. I THINK THAT'S PROBABLY MORE IN  
16 LINE WITH WHAT WE WILL BE DOING.

17 DR. SAMUELSON: I AGREE WITH THAT.

18 CHAIRMAN KLEIN: THAT WAS JOAN SAMUELSON WHO  
19 SAID SHE AGREED WITH THAT CHANGE. AND LET ME FIND OUT,  
20 DR. PRECIADO. IS DR. KESSLER FINISHED WITH YOUR  
21 COMMENTS?

22 DR. KESSLER: THOSE ARE MY GENERAL COMMENTS.

23 CHAIRMAN KLEIN: DR. PRECIADO.

24 DR. PRECIADO: I CAN APPRECIATE THOSE  
25 COMMENTS AS WELL. AND I WANT TO SUPPORT THE IDEA THAT

16

2 HARD-PRESSED TO FIND SOMEONE THAT CAN REALLY FILL THESE  
3 SHOES.

4 YOUR SECOND POINT, A FIRM COMMITMENT TO  
5 APPLIED RESEARCH, BECAUSE WE'RE NOT A RESEARCH

6 ORGANIZATION. WE'RE A FUNDING ORGANIZATION. I THINK  
7 IT'S IMPORTANT THAT, EVEN IF WE DON'T HAVE A FIRM  
8 COMMITMENT, WE DON'T WANT TO USE THOSE WORDS, WE NEED  
9 TO BE COGNIZANT OF THE IMPORTANCE OF APPLIED RESEARCH,  
10 TRANSLATIONAL RESEARCH.

11 DR. KESSLER: I HAVE NO PROBLEMS WITH THE  
12 FIRST PART OF THAT BULLET. IT'S THE SECOND PART OF  
13 THAT BULLET WHICH, I BELIEVE, TALKS ABOUT AN OBJECTIVE  
14 TRACK RECORD OF ACTUALLY HAVING SUCCESSFULLY DRIVEN  
15 BIOMEDICAL RESEARCH INTO CLINICAL TRIALS OR THE  
16 DEVELOPMENT OF THERAPIES. I HAVE NO PROBLEMS WITH THE  
17 FIRM --

18 DR. PRECIADO: OKAY.

19 DR. KESSLER: IF YOU PUT A PERIOD AFTER  
20 TRANSLATIONAL MEDICINE, I HAVE NO PROBLEMS. BUT I JUST  
21 THINK THAT IF YOU REALLY LOOK AT WHO HAS THAT OBJECTIVE  
22 TRACK RECORD OF DRIVING THAT, YOU WOULD REALLY RESTRICT  
23 THE POOL PRETTY CONSIDERABLY.

24 DR. PRECIADO: OKAY. THAT CLEARS IT UP FOR  
25 ME.

17

2 BULLET, JUST TO BE CLARIFIED. DEMONSTRATED EXCELLENCE  
3 IN MANAGING OF GROWING RESEARCH-BASED ORGANIZATION IN  
4 ACADEMIA. I GUESS THAT'S FINE. I JUST TO MAKE SURE  
5 PEOPLE DON'T THINK WE'RE A RESEARCH ORGANIZATION.  
6 WE'RE A FUNDING ORGANIZATION, AS I UNDERSTAND IT, THAT  
7 HAS TO FUND RESEARCH ORGANIZATIONS IN ACADEMIA OR



8 INDUSTRY. AND THERE MAY BE CERTAIN PEOPLE WHO RUN  
9 FOUNDATIONS OR INSTITUTES AND NOT ACTUALLY RUN THE  
10 RESEARCH ORGANIZATION THEMSELVES.

11 DR. PRECIADO: THAT MAY BE TRUE. THE  
12 PRESIDENT, THOUGH, REALLY DOES NEED TO HAVE THAT. ARE  
13 YOU SUGGESTING THAT THE PERSON WHO FILLS THESE SHOES  
14 DOESN'T NEED TO BE SO -- HAVE THAT STRONG SCIENTIFIC  
15 BACKGROUND?

16 DR. KESSLER: I DIDN'T SAY SCIENTIFIC. I'M  
17 JUST SAYING THE ISSUE OF MANAGING A GROWING  
18 RESEARCH-BASED ORGANIZATION, THAT'S FINE. BUT WE'RE  
19 ALSO -- I JUST WANTED, WE'RE NOT A RESEARCH-BASED  
20 ORGANIZATION. WE'RE A FUNDING ORGANIZATION.

21 CHAIRMAN KLEIN: I THINK THAT SPENCER STUART  
22 WAS USING THAT AS AN INDEX OF THE INDIVIDUAL'S ABILITY  
23 TO MANAGE THE SCIENTIFIC EVALUATION AS A FUNDING  
24 ORGANIZATION. WHAT YOU WANT TO MAKE SURE IS THAT  
25 THAT'S WELL UNDERSTOOD BY THE PUBLIC AND SPENCER

18

2 DR. KESSLER: RIGHT. PERFECT.

3 DR. PRECIADO: SO MAYBE THE TERMINOLOGY NEEDS  
4 TO BE CHANGED A BIT.

5 DR. KESSLER: THE FIRST BULLET DOESN'T  
6 CONCERN ME AS MUCH AS THE STEM CELL PREFERENCE AND THE  
7 OBJECTIVE TRACK RECORD OF DRIVING THERAPIES. I JUST  
8 THINK THAT WOULD RESTRICT OUR POOL TOO MUCH.

9 CHAIRMAN KLEIN: WOULD IT HELP IF WHERE IT

10 SAYS IDEAL EXPERIENCE, WE SAID THE SUCCESSFUL CANDIDATE  
11 WILL HAVE SOME COMBINATION OF THE FOLLOWING.

12 DR. KESSLER: THAT'S FINE.

13 DR. PIEPER: AND THEN CHANGING IN THE SECOND  
14 BULLET --

15 CHAIRMAN KLEIN: IF YOU COULD APPROACH THE  
16 MICROPHONE. THIS IS SPENCER STUART. THIS IS LISA.

17 DR. PIEPER: ON THE SECOND BULLET, THEN,  
18 WOULD IT BE PREFERABLE TO PUT THERE IS A PREFERENCE FOR  
19 A COMMITMENT TO STEM CELL RESEARCH OR RELATED MEDICAL  
20 THERAPIES? DOES THAT ADDRESS YOUR CONCERN?

21 DR. KESSLER: SURE. I THINK THE COMMITMENT  
22 IS ESSENTIAL TO STEM CELL RESEARCH. I THINK IN THE  
23 LONG RUN IT MAY BE THAT THE IDEAL CANDIDATE WILL NOT  
24 HAVE BEEN IN THIS FIELD IN HIS OR HER OWN RESEARCH YET,  
25 BUT HAVE BROAD UNDERSTANDING OF OTHER BIOMEDICAL

19

2 DR. HANCOCK: THIS IS MIMI HANCOCK ALSO WITH  
3 SPENCER STUART. AND ONE OF THE SUGGESTIONS I WANTED TO  
4 MAKE ON YOUR COMMENTS, DR. KESSLER, ABOUT THE THIRD  
5 BULLET POINT, WOULD -- WE'RE TRYING TO BALANCE MAKING A  
6 STATEMENT ABOUT THE IMPORTANCE OF A COMMITMENT TO  
7 APPLIED RESEARCH, AND ULTIMATELY OUT OF ALL THE EFFORTS  
8 THAT WILL BE MADE, GENERATING SOMETHING THAT WILL BE  
9 HELPFUL TO PATIENTS ULTIMATELY. WOULD IT ADDRESS YOUR  
10 QUESTION IN THE LATTER PART, WE RECOGNIZE THAT THERE  
11 WOULD BE VERY FEW PEOPLE WITH AN OBJECTIVE TRACK

12 RECORD, BUT PERHAPS THEY WOULD HAVE A TRACK RECORD AT  
13 LEAST OF OVERSIGHT OF ORGANIZATIONS OR LABORATORIES  
14 THAT HAVE MOVED COMPOUNDS OR PRODUCTS INTO THE CLINIC?

15 CHAIRMAN KLEIN: AS ONE OF THE IDEAL  
16 CHARACTERISTICS IN THE ALTERNATIVE.

17 DR. PRECIADO: I THINK MY COMMENT TO THAT, I  
18 DON'T KNOW WHERE DR. KESSLER IS GOING TO GO WITH THIS,  
19 THAT IT IS STILL FAIRLY NEW. AND I THINK OVERSIGHT,  
20 THAT WOULD BE LIMITED AS WELL. I DON'T KNOW. DR.  
21 KESSLER.

22 DR. BRYANT: I'D LIKE TO MAKE A COMMENT.  
23 THIS IS SUSAN BRYANT. I WOULD HATE TO LOSE AN EMPHASIS  
24 ON BASIC RESEARCH HERE THE BECAUSE STEM CELL FIELD,  
25 BECAUSE IT IS SO YOUNG, WE NEED TO HAVE SOMEONE WHO CAN

20

2 SHOULDN'T BE FORGOTTEN, BUT EARLIER ON THERE'S GOT TO  
3 BE SOME REALLY SIGNIFICANT BASIC RESEARCH.

4 I WAS WONDERING IF AT THE HEADING OF THAT  
5 SECTION IT WOULD HELP IF INSTEAD OF -- HOW ABOUT  
6 DESIRABLE CHARACTERISTICS INSTEAD OF THE SUCCESSFUL  
7 CANDIDATE WILL HAVE? AND THEN IN THE FIRST BULLET,  
8 BACK TO THE COMMENT ABOUT THE RESEARCH-BASED  
9 ORGANIZATION, HOW ABOUT RESEARCH BASED OR RESEARCH  
10 FUNDING BASED ORGANIZATION SO THAT LINKS RESEARCH IN  
11 BOTH CASES, SO IT'S THE BACKGROUND THAT'S IMPORTANT.  
12 AND THOSE ARE MY COMMENTS SO FAR.

13 DR. HENDERSON: BRIAN HENDERSON AT USC. I'M

14 NOT SURE GROWING IS A HELPFUL ADJECTIVE. I DON'T KNOW  
15 HOW ONE WOULD DEFINE IT ANYWAY.

16 DR. KESSLER: I THINK THAT ON BULLET 3, JUST  
17 BRIAN'S POINT, A FIRM COMMITMENT TO BOTH BASIC AND  
18 APPLIED RESEARCH, I THINK, WOULD PROBABLY --

19 DR. HENDERSON: THAT HELPS A LOT.

20 DR. KESSLER: TRANSLATIONAL MEDICINE. AND I  
21 THINK IT'S FINE. SOME EXPERIENCE WITH CLINICAL TRIALS  
22 OR DEVELOPMENT OF THERAPIES, BUT JUST THE WORDING  
23 HAVING DRIVEN, THE NUMBER OF PEOPLE WHO HAVE DONE THAT  
24 IS VERY, VERY SMALL.

25 DR. BIRGENEAU: THIS IS BOB BIRGENEAU AT UC

21

2 HEARD. I GUESS I'D LIKE TO REEMPHASIZE SUSAN BRYANT'S  
3 POINT ABOUT BASIC AS WELL AS TRANSLATIONAL RESEARCH.

4 SECONDLY, I ACTUALLY HAVE FIRSTHAND  
5 EXPERIENCE AT TRYING TO HIRE A PERSON DESCRIBED BY  
6 BULLET 3 BECAUSE WE GOT A LARGE DONATION AT THE  
7 UNIVERSITY OF TORONTO TO SET UP A TRANSLATIONAL  
8 RESEARCH center, AND WE SPENT THREE YEARS SEARCHING FOR  
9 THE APPROPRIATE PERSON AND NEVER FOUND THEM, ULTIMATELY  
10 PUTTING AN INSIDE PERSON. SO I AGREE WITH DAVID  
11 KESSLER. THESE ARE FEW AND FAR BETWEEN AND ATTRACTING  
12 THEM WILL NOT BE TRIVIAL.

13 I THINK THERE IS AN INTERESTING ISSUE  
14 ABOUT -- YOU KNOW, I GUESS I DON'T A HUNDRED PERCENT  
15 AGREE WITH DAVID, ALTHOUGH MAYBE, DAVID KESSLER, THAT

16 WE'RE SIMPLY A FUNDING ORGANIZATION. TO THE EXTENT  
17 THAT MAY JUST BE A MATTER OF A SEMANTICS. BUT, OF  
18 COURSE, WE WILL NOT ACTUALLY DO THE RESEARCH. BUT I  
19 DON'T KNOW, DAVID. WOULD YOU CALL THE HOWARD HUGHES  
20 MEDICAL INSTITUTE JUST A FUNDING ORGANIZATION?

21 DR. KESSLER: I BELIEVE -- WELL, THEIR LEGAL  
22 STATUS, AS YOU KNOW, DR. BIRGENEAU, IS THEY ACTUALLY  
23 EMPLOY THEIR SCIENTISTS. IT'S SORT OF A -- IT'S AN IRS  
24 TWIST. SO THEIR SCIENTISTS AT UNIVERSITIES ACTUALLY  
25 WORK FOR HOWARD HUGHES. SO THEY ARE A RESEARCH -- THEY

22

2 MEDICAL RESEARCH ORGANIZATION.

3 THIS IS DIFFERENT. I WOULD ARGUE THAT IF  
4 SOMEBODY IS GREAT AT DOING TRANSLATIONAL WORK AND BEING  
5 ABLE TO DRIVE THERAPIES INTO PATIENTS WITH STEM CELL,  
6 THOSE ARE THE KIND OF PEOPLE WE WANT TO FUND. THOSE  
7 ARE THE PEOPLE WHO SHOULD BE OUT THERE DOING THAT KIND  
8 OF WORK AND NOT NECESSARILY RUNNING THE INSTITUTE. YOU  
9 WOULDN'T WANT TO TAKE THAT TALENT. IF SOMEONE REALLY  
10 KNOWS HOW TO DRIVE THERAPIES IN STEM CELL RESEARCH,  
11 LET'S FUND THOSE KIND OF PEOPLE.

12 SO I DON'T SEE US AS A RESEARCH ORGANIZATION.  
13 CORRECT ME IF I'M WRONG. WE'RE NOT ACTUALLY GOING TO  
14 BE DOING RESEARCH OURSELVES.

15 CHAIRMAN KLEIN: THAT'S CORRECT.

16 DR. KESSLER: NOW, THAT DOESN'T MEAN THAT THE  
17 PERSON WHO RUNS THE INSTITUTE SHOULD NOT HAVE THAT

18 EXPERIENCE, BUT I JUST DON'T WANT THE PUBLIC TO THINK  
19 THAT WE'RE A RESEARCH ORGANIZATION IN AND OF ITSELF.

20 DR. BIRGENEAU: I AGREE WITH THAT. BOB  
21 BIRGENEAU. BUT I WOULD SAY THAT NOT ONLY DO WE WANT A  
22 PERSON, RATHER THAN SHOULD HAVE, I GUESS I WOULD HAVE  
23 SAID MUST HAVE. I THINK THAT IN ORDER TO ENSURE THAT  
24 THESE RESOURCES ARE DISTRIBUTED APPROPRIATELY, THAT WE  
25 REALLY WILL NEED SOMEONE WHO'S HAD SOME EXPERIENCE IN

23

2 CHARACTERISTICS OF PEOPLE IN ORGANIZATIONS THAT DO THIS  
3 KIND OF RESEARCH WELL.

4 DR. KESSLER: THAT'S FINE. I DON'T DISAGREE  
5 WITH THAT.

6 CHAIRMAN KLEIN: WHERE WOULD THIS WORDING GO,  
7 DR. BIRGENEAU? WHAT WORDING WERE YOU MODIFYING?

8 DR. KESSLER: I THINK SPENCER STUART CAN TAKE  
9 THESE SUGGESTIONS AND WORDSMITH THIS. WE DON'T HAVE TO  
10 NECESSARILY WORDSMITH, DO WE?

11 DR. PIEPER: WOULD IT HELP EXPEDITE IF WE  
12 JUST QUICKLY PLAYED BACK WHAT WE HEAR, OR IS IT OKAY TO  
13 TAKE IT OFF LINE AND BRING IT BACK TO YOU?

14 CHAIRMAN KLEIN: IT'S THE COMMITTEE'S  
15 PREFERENCE. LET'S DO ONE THING BEFORE WE DO A RECAP.  
16 FROM SAN DIEGO, DR. MURPHY, DO YOU HAVE COMMENTS?

17 DR. MURPHY: I DO, BOB. ON THAT SAME PAGE,  
18 PAGE 4, UNDER THE PARAGRAPH FOLLOWING CRITICAL  
19 COMPETENCY FOR SUCCESS, I THINK IN THE SAME SPIRIT, IT

20 SAYS HERE THAT THE SUCCESSFUL CANDIDATE WILL HAVE A  
21 REPUTATION FOR SCIENTIFIC CREDIBILITY AS DEMONSTRATED  
22 BY PEER REVIEW PUBLICATIONS. PATENTS AND IP, I THINK  
23 THAT IS A LITTLE RESTRICTIVE. CONTRIBUTION TO THE  
24 CREATION OF SUCCESSFUL THERAPEUTIC PRODUCTS, THERE ARE  
25 MANY PEOPLE FROM THE BASIC SCIENCE WORLD WHO HAVE BEEN

24

2 PATENTS OR IP OR BEEN INVOLVED IN THERAPEUTICS. AGAIN,  
3 I THINK THE LANGUAGE SHOULD SAY SOMETHING MORE LIKE IS  
4 AWARE OF OR HAS OVERSEEN OR IS SUPPORTIVE OF RATHER  
5 THAN MAKING THAT LANGUAGE PART OF THE CRITERIA.

6 CHAIRMAN KLEIN: DR. MURPHY, IF IT SAID AS  
7 DEMONSTRATED, IN THE ALTERNATIVE BY, AND THEN PROVIDED  
8 THIS LIST, HOW WOULD YOU FEEL ABOUT THAT?

9 DR. MURPHY: SAY AGAIN, PLEASE.

10 CHAIRMAN KLEIN: AS DEMONSTRATED, IN THE  
11 ALTERNATIVE, AND THEN IT WENT BY PEER REVIEW  
12 PUBLICATIONS, PATENTS, IP, CONTRIBUTION OF SUCCESSFUL  
13 THERAPEUTIC PRODUCTS, ETC.

14 DR. HENDERSON: BRIAN HENDERSON HERE. I  
15 AGREE WITH RICHARD MURPHY. I DON'T SEE WHY THOSE TWO  
16 PHRASES EVEN HAVE TO BE THERE.

17 DR. SAMUELSON: IT IS THE ALTERNATIVE, I  
18 THINK.

19 DR. BIRGENEAU: I DON'T THINK ALTERNATIVE  
20 WORKS, BOB.

21 CHAIRMAN KLEIN: OKAY.

22 DR. HENDERSON: I WOULD SCRATCH PATENTS, IP,  
23 AND CONTRIBUTIONS TO THE CREATION OF SUCCESSFUL  
24 THERAPEUTIC PRODUCTS. I DON'T THINK WE NEED THOSE IN  
25 THE SCIENTIFIC CREDIBILITY. THEY DON'T PROVE

25

2 CHAIRMAN KLEIN: WELL, THEY DO, IN THE  
3 ALTERNATIVE, PROVIDE EVIDENCE OF LEADERSHIP IN TAKING  
4 APPLIED SCIENCE AND GETTING IT TO A MEDICAL  
5 APPLICATION. AND THERE HAS PREVIOUSLY BEEN SUBSTANTIAL  
6 DISCUSSION AT THE BOARD LEVEL OF A DESIRE TO SEE  
7 SOMEONE WHO'S REALLY GOING TO DEMONSTRATE LEADERSHIP  
8 AND HAS, AS A PREFERENCE ITEM, NOT AS A REQUIREMENT,  
9 SOMEONE WHO POTENTIALLY BELONGED TO AN ORGANIZATION  
10 WHERE THEY'VE AT LEAST HAD THE OVERSIGHT OR LEADERSHIP  
11 RELATED TO THAT PROCESS.

12 DR. BIRGENEAU: THAT I'M COMFORTABLE WITH,  
13 BOB. MOST OF US HAVE OFFICES OF INTELLECTUAL PROPERTY  
14 THAT ACTUALLY HANDLE ALL OF THIS. SO OVERSIGHT OR  
15 AWARENESS, I THINK, IS ABSOLUTELY AN ACCEPTABLE  
16 TERMINOLOGY. BUT FOR, ONE, REPUTATION FOR SCIENTIFIC  
17 CREDIBILITY, WHICH IS WHAT IT SAYS HERE, HAVING  
18 HANDS-ON DOING THAT I DON'T THINK IS NECESSARY.

19 CHAIRMAN KLEIN: SO IT WOULD OVERSIGHT OF  
20 PATENTS, IP, OR CONTRIBUTIONS TO CREATE -- OR OVERSIGHT  
21 TO THE CONTRIBUTION TO THE CREATION.

22 DR. BRYANT: NO. COULD I JUST SAY ONE THING.  
23 IF WE ISOLATE THE FIRST COMMENT, MAKE THIS SENTENCE AND



24 AFTER PEER REVIEWED PUBLICATIONS, THEN START OTHER  
25 RELEVANT EXPERIENCE MIGHT INCLUDE.

26

2 DR. PIEPER: THAT WOULD HELP. THAT'S FAIR.  
3 THAT'S GOOD.

4 CHAIRMAN KLEIN: BEFORE WE LEAVE THIS, OTHER  
5 RELEVANT EXPERIENCE, BUT WE WOULD ALSO, AS I UNDERSTAND  
6 THE THOUGHT HERE, MODIFY WHAT FOLLOWS BY DESCRIBING IT  
7 AS OVERSIGHT.

8 DR. BRYANT: NOT NECESSARILY OVERSIGHT  
9 BECAUSE YOU COULD HAVE INDULGED IN IT YOURSELF OR YOU  
10 COULD HAVE KNOWN ABOUT IT FROM OTHER WAYS. YOU COULD  
11 HAVE HAD EXPERIENCE, BUT NOT NECESSARILY. OVERSIGHT OR  
12 EXPERIENCE.

13 CHAIRMAN KLEIN: OVERSIGHT OR EXPERIENCE.

14 DR. KESSLER: WHAT WE'RE REALLY LOOKING FOR  
15 IS AN APPRECIATION OF EXCELLENCE.

16 DR. PRECIADO: THEN WE SHOULD SAY THAT.

17 DR. KESSLER: IT'S HOW TO RECOGNIZE. IT'S  
18 THE TASTE --

19 DR. PRECIADO: BEING COGNIZANT OF.

20 DR. KESSLER: -- OF WHAT IT TAKES TO DO SOLID  
21 TRANSLATIONAL RESEARCH AND TO RECOGNIZE THAT QUALITY OF  
22 THAT RESEARCH. THAT'S WHAT WE'RE REALLY LOOKING FOR.

23 DR. HANCOCK: AND THIS LIST WAS IN PART TO  
24 HELP DEFINE FOR US SOME OF THE CRITERIA THAT WE WILL  
25 LOOK AT AS WE ARE EVALUATING PEOPLE.

2 LIST IS TO GIVE SPENCER STUART GUIDANCE TO WHERE TO  
3 LOOK FOR BENCHMARKS IN RELEVANT EXPERIENCE.

4 DR. HANCOCK: IT'S SOME, NOT NECESSARILY ALL,  
5 OF THOSE -- OF THESE ITEMS.

6 CHAIRMAN KLEIN: ALL RIGHT. DR. MURPHY, HAVE  
7 YOU FINISHED YOUR COMMENT?

8 DR. MURPHY: NO, I HAVEN'T. ON PAGE 3 ON THE  
9 TOP PARAGRAPH. SAYS DEANS OF LEADING MEDICAL SCHOOLS  
10 IN CALIFORNIA, CHANCELLORS, AND EXPERIENCED EXECUTIVES  
11 FROM INDUSTRY; THAT IS, SHERRY LANSING. I THINK -- I  
12 DON'T THINK WE WANT TO USE SHERRY'S NAME AS A THAT IS.  
13 I THINK WE RUN THE RISK OF OFFENDING OTHERS ON THE  
14 COMMITTEE.

15 I ALSO WONDER IF IN THAT SAME PARAGRAPH THERE  
16 NEEDS TO BE SOME REFERENCE TO THE PRESIDENT ALSO  
17 REPORTING TO THE CHAIRMAN AND THE VICE CHAIR.

18 CHAIRMAN KLEIN: OKAY.

19 DR. KESSLER: IS THAT THE WAY IT WORKS?

20 DR. HENDERSON: I THINK THAT'S ONE OF THE BIG  
21 QUESTIONS. BRIAN HENDERSON. WHO IS THIS PERSON  
22 REPORTING TO? I THOUGHT THEY WERE REPORTING TO THE  
23 BOARD.

24 CHAIRMAN KLEIN: THEY DO, IN FACT, REPORT TO  
25 THE BOARD, DR. HENDERSON. I THINK THAT THE ISSUE IS WE

2 BECAUSE, OF COURSE, IN ORDER FOR THE CHAIR TO MANAGE  
3 THE BOARD CALENDAR AND AGENDA AND RESOLUTIONS, AS THE  
4 INITIATIVE STATES, THE BOARD HAS TO MANAGE THAT WORK  
5 FLOW. SO THAT IN TERMS OF BRINGING ITEMS TO THE BOARD,  
6 THE PRESIDENT REPORTS THROUGH THE CHAIRMAN'S OFFICE TO  
7 THE BOARD SO THAT THE WORK FLOW CAN BE MANAGED  
8 EFFECTIVELY.

9 BUT THE PRESIDENT IS HIRED BY THE BOARD, CAN  
10 ONLY BE FIRED BY THE BOARD, AND EFFECTIVELY REPORTS TO  
11 THE BOARD IN TERMS OF RESPONSIBILITY. IN TERMS OF THE  
12 WORK FLOW OF THE ORGANIZATION, THE COORDINATION IS  
13 THROUGH THE OFFICE OF THE CHAIRMAN.

14 DR. HENDERSON: ARE YOU AND ED PART OF THE 29  
15 OR IN ADDITION TO THE 29?

16 CHAIRMAN KLEIN: WE ARE PART OF THE 29.  
17 THAT WAS DR. BRIAN HENDERSON. IF EVERYONE COULD PLEASE  
18 IDENTIFY THEMSELVES PRIOR TO SPEAKING, IT'S VERY  
19 HELPFUL IN THE FORMATION OF THE TRANSCRIPT.

20 YES. SO, DR. MURPHY, DOES THAT COMPLETE YOUR  
21 COMMENT?

22 DR. MURPHY: ONE MORE COMMENT, BOB. I MAY BE  
23 OUT OF LINE HERE, BUT IT RELATES TO THE TIME LINE  
24 THAT'S USED TO SUPPORT THIS. CAN I MAKE A COMMENT ON  
25 THAT?

2 DR. MURPHY: I WAS PLEASED TO SEE THAT  
3 SPENCER STUART THINKS THAT WE CAN HAVE SOMEONE  
4 BASICALLY CHOSEN AND IN PLACE BY THE BEGINNING OF JUNE,  
5 WHICH I THINK IS AGGRESSIVE, BUT THAT'S TERRIFIC. IT  
6 RAISES QUESTIONS, HOWEVER, THAT IF WE'RE GOING TO HAVE  
7 A PERMANENT PRESIDENT IN THE NEXT FOUR OR FIVE MONTHS,  
8 IS IT WISE FOR US TO CONTINUE THE IDEA OF AN INTERIM  
9 PRESIDENT, OR SHOULD WE RETHINK THAT?

10 MY UNDERSTANDING INITIALLY, AND I MAY BE  
11 WRONG ON THIS, WAS WE THOUGHT THAT A PRESIDENT,  
12 PERMANENT PRESIDENT, PROBABLY WOULDN'T BE IN PLACE  
13 UNTIL THE END OF THE YEAR. NOW IT LOOKS LIKE JUNE, AND  
14 WONDER IF THERE'S BEEN ANY DISCUSSION TO RETHINK THE  
15 IDEA OF AN INTERIM PRESIDENT.

16 CHAIRMAN KLEIN: THERE HASN'T BEEN ANY  
17 DISCUSSION ON RETHINKING IT. THE ORIGINAL CONCEPT WAS  
18 ACTUALLY THAT IT WAS AN EXPECTATION THAT THE PERMANENT  
19 PRESIDENT COULD BE IN PLACE SOMEWHERE BETWEEN JUNE AND  
20 THE END OF THE YEAR, HOPEFULLY THE EARLIER TIME FRAME;  
21 BUT GIVEN THE NUMBER OF VARIABLES, THAT TIME FRAME  
22 COULD BE STRETCHED OUT.

23 THERE ARE, I ASSURE YOU, A TREMENDOUS NUMBER  
24 OF VERY IMPORTANT ITEMS THAT THE INTERIM PRESIDENT  
25 NEEDS TO BE INVOLVED, INCLUDING ASSISTING WITH THE

30

2 WHICH IS, IN FACT, ONE OF THE ROLES SPECIFIED IN THE  
3 INITIATIVE ITSELF. SO TO OPERATE PURSUANT TO THE

4 INITIATIVE, WE ACTUALLY DO NEED THE INTERIM PRESIDENT  
5 JUST TO FULFILL FUNCTIONALLY THE ROLES DESCRIBED IN THE  
6 INITIATIVE.

7 DR. MURPHY: OKAY. THANK YOU.

8 CHAIRMAN KLEIN: IN TERMS OF TIME LINE, JUST  
9 AS A COMMENT ON THAT, I'D LIKE SPENCER STUART TO, IF  
10 THEY COULD, TO ADDRESS THE ISSUE OF WHY IT WOULD BE  
11 BENEFICIAL IF WE COULD BE SO SUCCESSFUL AS TO MEET THE  
12 MORE AGGRESSIVE TIME LINE THAT IS OUTLINED HERE IN  
13 TERMS OF EFFECTIVE RECRUITING TIMES. JOAN, WOULD YOU  
14 LIKE TO SPEAK BEFORE OR AFTER SPENCER STUART?

15 DR. SAMUELSON: WELL, MAYBE FIRST. MY  
16 QUESTION IS MORE GENERAL, I THINK. IT'S TAKING A STEP  
17 BACK. BECAUSE I SEE OUR MISSION AND THE ROLE OF THE  
18 PRESIDENT IN HELPING DRIVE THAT MISSION TO CONDUCT THIS  
19 RESEARCH, STEM CELL RESEARCH AND VITAL RESEARCH  
20 OPPORTUNITIES AND THE LIKE, TO MAXIMIZE THE POSSIBILITY  
21 THAT WE WILL GET THERAPEUTIC BREAKTHROUGHS AND CURES  
22 WITHIN THE TIME FRAME THAT WE'RE LOOKING AT. AND  
23 THAT'S AN IMMENSELY DIFFICULT JOB.

24 WE HAVEN'T REALLY TALKED ABOUT THAT IN TERMS  
25 OF STRATEGIC PLANNING, FOR EXAMPLE, YET AS A COMMITTEE.

31

2 COMMENTS ABOUT THE FACT THAT WE WOULD NEED TO BE ABOUT  
3 INNOVATION AND LOOKING AT NOVEL WAYS OF CONDUCTING  
4 BUSINESS, THAT THIS ENTERPRISE IS A BIT NOVEL IN AND OF  
5 ITSELF. AND I'M WONDERING HOW THAT REFLECTS ON THE JOB

6 DESCRIPTION OF THE PRESIDENT AND WHETHER YOU HAVE  
7 ADVICE ABOUT THAT OR HAVE ANY THOUGHT OF WHO WE MIGHT  
8 SOLICIT ADVICE FROM.

9 CHAIRMAN KLEIN: LET'S DO THIS. JOAN  
10 COMPLETED HER QUESTION. IF LISA OR MIMI OR BOTH,  
11 WHICHEVER ONE OR BOTH WOULD LIKE TO ADDRESS JOAN'S  
12 QUESTION AND THE TIMETABLE. APPROACH THE MICROPHONE SO  
13 EVERYONE CAN HEAR WELL AND IDENTIFY YOURSELF.

14 DR. PIEPER: LISA PIEPER. WITH RESPECT TO  
15 YOUR COMMENTS, WHEN WE DO THIS INITIAL OUTREACH, WHICH  
16 IS REFLECTED IN THE SORT OF YELLOW BAR HERE, IN OUR  
17 VERNACULAR, WE SOURCE INDIVIDUALS FOR IDEAS OF  
18 CANDIDATES. OBVIOUSLY WE DO A VOICE OVER IN THAT  
19 COMMUNICATION.

20 DR. SAMUELSON: WHAT DOES SOURCE INDIVIDUALS  
21 MEAN?

22 DR. PIEPER: SO A SOURCE IS SOMEBODY WHO  
23 WOULD BE A SOURCE OF IDEAS FOR PROSPECTIVE CANDIDATES  
24 FOR THE ROLE. IN THAT PROCESS, THEN, OBVIOUSLY WE CAN  
25 ADD OUR OWN QUESTIONS AND COMMENTARIES TO GET AT SOME

32

2 INITIAL REPRESENTATION OF WHAT WE'RE LOOKING FOR AND  
3 NOT AN EXHAUSTIVE LIST, BUT A SET OF DESIRED TRAITS AND  
4 EXPERIENCES. SO OBVIOUSLY WE CAN REFLECT THAT. AND  
5 IRONICALLY, THE GROWING COMMENT, GROWING RESEARCH  
6 ENTERPRISE THAT WAS REFLECTED IN THAT FIRST BULLET,  
7 IDEAL EXPERIENCE WAS A VERY PROBABLY INDIRECT REFERENCE

8 TO THE FACT THAT WE RECOGNIZE THAT THIS IS VERY UNIQUE.  
9 THIS HAS SOME ATTRIBUTES OF A START-UP ENVIRONMENT. SO  
10 SOMEBODY THAT'S HAD TO ACTUALLY COME IN AND GROW A  
11 RESEARCH-RELATED ENTITY IS SOMETHING THAT WE THINK  
12 LOOMS LARGE IN TERMS OF AN INDIVIDUAL BEING SUCCESSFUL  
13 IN THE ROLE.

14 CHAIRMAN KLEIN: LISA, IF YOU COULD ADDRESS  
15 JOAN'S COMMENT ABOUT THE NEED FOR FINDING PEOPLE THAT  
16 CAN REALLY INNOVATE IN THEIR APPLICATIONS OF RESEARCH  
17 PROGRAMS.

18 DR. PIEPER: WELL, I GUESS I'LL TAKE IT BACK  
19 MAYBE TO DR. KESSLER'S INITIAL COMMENTS. IF WE PUT TOO  
20 MANY CONSTRAINTS ON OUR SEARCH, WE'RE GOING TO END UP  
21 WITH A TINY POOL. I THINK MOST INDIVIDUALS WHO COME UP  
22 THROUGH SCIENCE AND MEDICINE LEARN TO INNOVATE IN  
23 CERTAIN DIMENSIONS THAT ARE PROBABLY MORE RELATED TO  
24 BASIC RESEARCH AND CLINICAL MEDICINE AND NOT AROUND  
25 ORGANIZATIONAL DESIGN AND BUSINESS. AS WE GO OUT AND

33

2 SCIENCE ROOT, WE ARE GOING TO SPECIFICALLY SEEK THOSE  
3 PEOPLE WHO HAVE BEEN CREATIVE. AND WE EXPECT THAT  
4 PEOPLE WHO WILL BE ATTRACTED TO THIS ROLE WILL BE THOSE  
5 WHO BY THEIR EXPERIENCE TO DATE HAVE SHOWN THAT THEY  
6 ARE COMFORTABLE IN A DYNAMIC, CHANGING, ENTREPRENEURIAL  
7 ENVIRONMENT.

8 BUT THOSE ARE SOME OF THINGS WE'LL HAVE TO  
9 BRING TO YOU IN THE LONG LIST ARE PEOPLE WHO ARE

10       WEIGHTED MORE HEAVILY PERHAPS ON THE SCIENCE SIDE  
11       VERSUS THE ORGANIZATIONAL ENTREPRENEURSHIP DIMENSIONS.  
12       SO AT YOUR REVIEW OF THIS LONG LIST, WE HOPE YOU WILL  
13       THEN HAVE MATERIALS TO SIFT THROUGH AND DECIDE WHAT'S  
14       IMPORTANT TO YOU AS A BOARD IN THE PERSON THAT YOU  
15       BRING INTO THIS ROLE.

16                 DR. SAMUELSON:   AND I GUESS I'M ASKING FOR  
17       INPUT THERE, AND NOT NECESSARILY JUST FROM YOU.   BUT I  
18       THINK MY THINKING ON IT WOULD BENEFIT.   SO, FOR  
19       EXAMPLE, PERHAPS I'VE BEEN THINKING OF OUR NEEDING  
20       QUALITIES OF A VISION, A DRIVING FORCE, AN  
21       ENTREPRENEUR, BUT IT MAY BE THAT THOSE QUALITIES NEED  
22       TO COME FROM THE COMMITTEE AND THE CHAIR WITH THE  
23       PRESIDENT BEING THE SORT OF SOUND SOLID BRAKES ON THE  
24       PROCESS TO KEEP SCIENTIFIC EXCELLENCE.   I DON'T KNOW IF  
25       THAT'S THE WAY THE PROCESS OPTIMALLY WOULD WORK.   I

34

2       THAT AND EVOLVE OUR OWN VIEW OF THAT, BUT THERE'S A LOT  
3       OF EXPERTISE ON THE COMMITTEE AS WELL AS YOURS IN  
4       SEARCHING.

5                 DR. KESSLER:   I THINK JOAN'S POINT IS WELL  
6       TAKEN BECAUSE I THINK WHAT -- WE'RE CERTAINLY LOOKING  
7       FOR SOMEBODY WHO HAS AN IN-DEPTH UNDERSTANDING OF  
8       EXCELLENCE IN BASIC SCIENCE AND TRANSLATIONAL MEDICINE,  
9       WHAT IT TAKES TO GROW THE NEXT GENERATION OF SCIENTISTS  
10       WHO ARE COMMITTED TO AN AREA OF RESEARCH, WHAT IT MEANS  
11       TO CREATE AN INFRASTRUCTURE FOR THAT RESEARCH TO



12 HAPPEN. BUT I THINK WE ARE ALSO LOOKING FOR SOMEONE  
13 WHO IS ABLE TO THINK CREATIVELY ABOUT NEW MECHANISMS TO  
14 ADVANCE SCIENCE AND TRANSLATIONAL MEDICINE.

15 SO I THINK THAT'S ONE OF THE APPEALING PARTS  
16 OF THIS JOB. WE WANT ALL THE STRENGTHS OF SOMEONE WHO  
17 UNDERSTANDS THE TRADITIONAL ORGANIZATIONS. BUT THERE  
18 IS AN OPPORTUNITY HERE TO PROPOSE THAT WE EXPERIMENT  
19 WITH CERTAIN NOVEL MECHANISMS TO TRY TO ADVANCE OUR  
20 UNDERSTANDING AND PUSH TRANSLATIONAL MEDICINE. IT MAY  
21 NOT BE BAD TO CAPTURE THAT SOMEWHERE IN HERE.

22 DR. PRECIADO: I AGREE.

23 CHAIRMAN KLEIN: DR. PRECIADO IS SPEAKING.  
24 AFTER DR. PRECIADO, I'D LIKE TO GO TO DR. BIRGENEAU AND  
25 THEN TO USC ONCE WE HAVE THE ADVANTAGE OF ALSO HAVING

35

2 DR. PRECIADO: I THINK I APPRECIATE WHAT DR.  
3 KESSLER SAID. WE DO HAVE TO HAVE SOMEONE WHO CAN THINK  
4 CREATIVELY BECAUSE A LOT OF THE SUBTASKS IN TERMS OF  
5 LOOKING AT THE RESPONSIBILITIES CAN BE DELEGATED. I  
6 THINK WHEN WE'RE -- I DON'T KNOW, JOAN, IF YOU SAID  
7 THIS. WE ARE JUST ENTERING THIS WHOLE NEW FIELD, AND  
8 IT'S WONDERFUL AND EXCITING, EXCEPT THAT WHENEVER YOU  
9 LOOK AT INNOVATION, YOU HAVE TO LOOK AT THE PROCESS AND  
10 LOOK AT THERE ARE EARLY ADAPTERS, THERE'S LATE  
11 ADAPTERS, THERE'S A MECHANISM OR THERE'S A SEQUENCE OF  
12 EVENTS THAT OCCURS. AND THIS ISSUE IN AND OF ITSELF IS  
13 SO CONTROVERSIAL, WE REALLY DO NEED TO PAY HOMAGE TO

14 THAT. AND WE NEED TO HAVE SOMEONE WHO UNDERSTANDS THAT  
15 AND REALIZES THE IMPORTANCE OF BUY-IN FROM THE  
16 COMMUNITY. IT'S NOT JUST THE BOARD. THERE HAS TO BE A  
17 BUY-IN. I THINK IF WE PREVENT SOME OF THE, YOU KNOW,  
18 GROUPS COMING OUT AGAINST THIS, THAT'S HAPPENING  
19 ALREADY, BY ADDRESSING THIS ISSUE AND HAVING SOMEONE  
20 WHO KNOWS HOW TO ADDRESS ISSUES OF INNOVATION, WE MIGHT  
21 BE ABLE TO REALLY MOVE FORWARD.

22 CHAIRMAN KLEIN: OKAY. BEFORE TAKING  
23 COMMENTS, FURTHER COMMENTS, IF, LISA, IF YOU COULD  
24 EXPLAIN THE SIGNIFICANCE AND BENEFITS STRATEGICALLY OF  
25 TRYING TO COMPLETE THIS SEARCH BY LATE MAY, EARLY JUNE,

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2 DR. PIEPER: CERTAINLY. ONE OF THE  
3 PECULIARITIES OF THE SEARCH PROFESSION IS THAT THERE  
4 ARE SEASONS TO OUR WORK. AND IT IS OPTIMAL IF ONE CAN  
5 GO OUT AND CONDUCT A SEARCH AT THIS TIME IN THE YEAR  
6 BECAUSE MANY CANDIDATES WHO HAVE FAMILIES, SPECIFICALLY  
7 WITH CHILDREN, WILL FIND IT MOST CONVENIENT TO MAKE A  
8 DECISION ABOUT A JOB CHANGE AND RELOCATE THE FAMILY  
9 OVER THE SUMMER. SO ONE OF THE REASONS WE PEGGED THIS  
10 PARTICULAR DATE WAS IN ORDER TO ENABLE THAT. THAT'S  
11 BALANCED ON THE OPPOSITE SIDE BY THE COMPLEXITY OF THE  
12 SITE SELECTION DISCUSSIONS THAT ARE GOING ON, WHICH  
13 OBVIOUSLY WILL ALSO BE A MAJOR FACTOR IN AN INDIVIDUAL  
14 AND THEIR FAMILY AND THEIR CHILDREN'S DECISIONS ABOUT  
15 WHERE THEY WILL LOCATE.

16                   ON THE INDIVIDUAL'S PROFESSIONAL SIDE, THERE  
17                   IS THE QUESTION ABOUT WHETHER THEY WILL BE MOVING, IF  
18                   THEY ARE FORCED TO RELOCATE, TO A COMMUNITY WHERE THERE  
19                   IS A PROFESSIONAL SAFETY NET, IF YOU WILL, A COMMUNITY  
20                   OF PEOPLE DEDICATED TO WORK SIMILAR TO WHAT THEY HAVE  
21                   DONE HISTORICALLY IN THEIR OWN PROFESSIONAL CAREERS,  
22                   SUCH THAT IF FOR ANY REASON THEY CHOSE TO MOVE ON OVER  
23                   TIME OR THIS OPPORTUNITY DIDN'T WORK OUT FOR THEM,  
24                   THEY'D FEEL COMFORTABLE THAT HAVING MOVED TO A NEW  
25                   AREA, THEY COULD SEEK OTHER PROFESSIONAL OPPORTUNITIES.

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2                   OF SCHOOLS, COST OF LIVING, AND THOSE DIMENSIONS. SO  
3                   THOSE ARE SORT OF THE BOUNDS ON HAVING CRAFTED THE  
4                   CALENDAR THE WAY WE DID.

5                   CHAIRMAN KLEIN: AND CERTAINLY THE CRITERIA  
6                   WE HAVE MAY REQUIRE SOMEONE TO BE OLDER, FURTHER ALONG  
7                   IN THEIR CAREER, BUT WE DON'T WANT TO CUT OUT  
8                   INDIVIDUALS THAT MAY STILL HAVE CHILDREN WHO ARE A  
9                   CONSIDERATION. THAT GIVES US THE LARGEST POOL OF  
10                  POTENTIAL CANDIDATES.

11                  GOING TO DR. BIRGENEAU, DO YOU HAVE  
12                  ADDITIONAL COMMENTS?

13                  DR. BIRGENEAU: YES. WHY DON'T I JUST RUN  
14                  THROUGH THEM QUICKLY. I ALREADY MADE SOME. FIRST OF  
15                  ALL, THIS IS A REALLY PICAYUNE POINT, BUT IN THE  
16                  REPORTS, TECHNICALLY THERE'S ONLY ONE CHANCELLOR OF THE  
17                  UC SYSTEM; NAMELY, ME, AND ONE PRESIDENT OF A

18 CALIFORNIA UNIVERSITY; NAMELY, DAVID BALTIMORE. SO  
19 PROBABLY WE WANT TO GET THAT STRAIGHT.

20 SECONDLY, FOLLOWING UP WHAT WAS JUST SAID,  
21 THIS IS THE PART I'VE EMPHASIZED SEVERAL TIMES AND  
22 AGAIN DOESN'T QUITE APPEAR IN THE JOB DESCRIPTION. OF  
23 COURSE, FIRST OF ALL, LET ME MOVE BACK ONE STEP. JOB  
24 DESCRIPTIONS ALWAYS DESCRIBE A HUMAN BEING WHO DOESN'T  
25 ACTUALLY EXIST. I'M LESS WORRIED ABOUT THE VARIOUS

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2 PROBABLY JUST PREFER TO ADD TO IT. THERE ARE A SET OF  
3 IDEAL CHARACTERISTICS, BUT IT'S ALWAYS A COMPROMISE IN  
4 TERMS OF THE PERSON YOU ACTUALLY HIRE. I THINK WE  
5 SHOULDN'T WORRY TOO MUCH ABOUT THAT.

6 LET ME COME BACK TO THE FACT, AND WE'VE JUST  
7 SEEN IT WITH THE RIGHT TO LIFE LAWSUIT. WE SEE IT WITH  
8 SOME OF THE PUBLIC COMMENTS THAT EVEN RELATIVE TO BEING  
9 A CHANCELLOR OF A UC UNIVERSITY, I THINK THIS JOB WILL  
10 BE EVEN MORE POLITICALLY DIFFICULT AND WILL REQUIRE  
11 MORE SENSITIVITY TO WHY THESE VARYING OPINIONS. I  
12 THINK, YOU KNOW, I MADE A JOKE ABOUT A PARTICULAR  
13 UNIVERSITY PRESIDENT ON THE NORTHEAST LAST TIME I  
14 TALKED ABOUT THAT. WE REALLY CANNOT HAVE THAT KIND OF  
15 PERSON. I THINK THAT'S REALLY QUITE IMPORTANT IN THE  
16 CRITERIA, THAT WE HAVE SOMEONE WHO'S TOLERANT OF  
17 STRONGLY DIVERGING VIEWS AND WHO'S WILLING TO STAND UP  
18 IN PUBLIC AND DEFEND WHAT THE STEM CELL -- WHAT CIRM IS  
19 DOING. I THINK THAT'S VERY IMPORTANT.

20 IN TERMS OF SALARY, EVEN THOUGH I HAVE  
21 MR. HALPERN ACROSS FROM ME HERE IN BERKELEY, I MUST SAY  
22 IF I PERSONALIZED MY OWN MOVE TO CALIFORNIA, TAKING A  
23 SALARY CUT AND WITH SALARIES NEVERTHELESS A PUBLIC  
24 NUMBER, SO MUCH HIGHER THAN HE GAVE AS HIS DESIRED  
25 UPPER LIMIT. AND I AGREE THAT WE'RE GOING TO HAVE

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2 RIGHT PERSON. AND I THINK THAT IT WOULD BE SHAMEFUL IF  
3 WE FOUND THE RIGHT PERSON AND WERE NOT ABLE TO RECRUIT  
4 THAT PERSON TO THAT VERY IMPORTANT JOB BECAUSE OF  
5 \$100,000 A YEAR OR SOMETHING LIKE THAT.

6 AT THE SAME TIME, HAVING READ SOME OF THE  
7 PUSH-BACK IN THE NEWSPAPERS AND LETTERS TO THE EDITOR,  
8 I THINK WE DO HAVE TO BE, AGAIN, CONSCIOUS OF THE FACT  
9 THAT LET'S SAY THIS ENDED UP BEING HIGHER THAN ANY OF  
10 OUR DEANS OF MEDICINE IN THE SYSTEM, THAT THAT WOULD  
11 HAVE POLITICAL CONSEQUENCES, WHICH I THINK WOULD BE  
12 UNFORTUNATE. SO I THINK WE DO HAVE TO BE CAUTIOUS OF  
13 THE ATTENTION THAT THE SALARY WILL GET. I GUESS I MADE  
14 MY OTHER COMMENTS ALREADY.

15 ALSO, I WAS GOING TO SAY ON THE CEO-COO  
16 ISSUE, I THINK FOR THIS PERSON, LIKE MANY OF US, WILL  
17 HAVE RESPONSIBILITY THAT REALLY INVOLVE BOTH THOSE OF A  
18 CEO, BUT ALSO THOSE OF A COO. I THINK WE SHOULD LEAVE  
19 THE TITLE AS CEO. IN THE LIST OF RESPONSIBILITIES ALSO  
20 IMPLIES TELL THE PERSON WHAT OPERATIONALLY THEY'LL BE  
21 RESPONSIBLE FOR.

22 CHAIRMAN KLEIN: THANK YOU, DR. BIRGENEAU.  
23 AND I WOULD LIKE TO SAY, TAKING MR. HALPERN'S COMMENTS  
24 AND OTHER COMMENTS IN VERY SERIOUSLY, I'VE ASKED  
25 SPENCER STUART TO DO A SALARY STUDY ON THE OTHER KEY

40

2 OFFICER, GENERAL COUNSEL, THE OTHER KEY OFFICERS, WE  
3 SHOULD HAVE A VERY COMPLETE SALARY STUDY, WHICH THEY  
4 ARE UNDERTAKING AND COMMISSIONED TO PREPARE SO WE HAVE  
5 EXTENSIVE AND APPROPRIATE DOCUMENTATION.

6 BUT I DO VERY FIRMLY BELIEVE THAT IN THE  
7 SEARCH FOR EFFECTIVELY FOCUSING OUR DOLLARS, THE  
8 TAXPAYER DOLLARS, ON DEVELOPING THERAPIES AND OVER A  
9 PORTFOLIO OF 70 DIFFERENT AREAS, ADVANCING AT LEAST  
10 TOWARDS CURES IN CERTAIN OF THESE DISEASES BY  
11 DEVELOPING KNOWLEDGE OVER A LONG PERIOD OF TIME, WE  
12 NEED REAL BRILLIANCE. THE PUBLIC WANTS THE BEST AND  
13 BRIGHTEST MINDS. THEY'RE NOT LOOKING FOR AN AVERAGE  
14 CANDIDATE. AND IT WOULD BE A TRAGEDY, AS YOU SAY, TO  
15 SACRIFICE THE BEST AND BRIGHTEST CANDIDATE OVER A  
16 RELATIVELY SMALL AMOUNT OF MONEY WHEN COMPARED TO THE  
17 SCOPE OF THE RESPONSIBILITIES UNDERTAKEN HERE.  
18 ALTHOUGH SIGNIFICANT AND ABSOLUTE DOLLARS, RELATIVE TO  
19 THE SCOPE, IT IS NOT AS WELL.

20 WE ARE WAITING FOR DR. KEITH BLACK TO ATTEND.  
21 HE IS APPARENTLY ON HIS WAY, ACCORDING TO HIS  
22 SECRETARY. AND WE WILL CONTINUE THIS DISCUSSION WHILE  
23 WE'RE WAITING FOR HIM.

24 DR. KESSLER: WHAT ARE THE VOTES? WHAT ARE  
25 THE ACTUAL DECISIONS THAT WE HAVE TO MAKE TODAY?

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2 WE ARE LOOKING TO RECOMMEND TO THE BOARD A FORMAL  
3 RECOMMENDATION ON THE INTERIM PRESIDENT IN THE  
4 EXECUTIVE SESSION.

5 AS TO COUNSEL, LET ME ASK THE COUNSEL, IS IT  
6 POSSIBLE FOR THE COMMITTEE, AS VERSUS A FORMAL ACTION,  
7 TO HAVE AN EXECUTIVE SESSION, ADDRESS THE ISSUE, AND  
8 HAVE A SENSE OF THE COMMITTEE WITHOUT IT BEING A  
9 RESOLUTION ANNOUNCED IN THE PUBLIC FORUM? THE BOARD  
10 WILL HAVE TO MAKE ITS INDEPENDENT DECISION, BUT KNOWING  
11 THAT IT WOULD NOT BE A FORMAL RESOLUTION IF DR. BLACK  
12 IS FURTHER DETAINED IN L.A. I UNDERSTAND THEY MAY HAVE  
13 VERY SUBSTANTIAL RAIN AND L.A. TRAFFIC IS NOT KNOWN TO  
14 WORK VERY WELL. HOW IS THE WEATHER DOWN THERE?

15 DR. BRYANT: BEAUTIFUL.

16 CHAIRMAN KLEIN: DR. BLACK, HOPEFULLY, THAT  
17 IS NOT GOING TO BE IN TROUBLE. I UNDERSTAND YOU'VE HAD  
18 SOME SUBSTANTIAL RAIN LAST FEW DAYS.

19 DR. HENDERSON: CAN WE JUST COMMENT A LITTLE  
20 BIT MORE ON THE DOCUMENT BEFORE WE MOVE ON? BRIAN  
21 HENDERSON HERE. I WANTED TO JUST CLARIFY FOR MY OWN  
22 INFORMATION AND MAYBE OTHERS TOO. WHEN THIS PRESIDENT  
23 TAKES OFFICE WITH STAFF IN SOME PHYSICAL LOCATION, I'M  
24 ASSUMING THAT THE PRESIDENT, THE STAFF, AND THE  
25 PHYSICAL LOCATION ARE NOT NECESSARILY CONTIGUOUS WITH

2 STAFF AND THEIR LOCATION. AM I CORRECT IN THAT?

3 CHAIRMAN KLEIN: IT'S UP TO THE BOARD TO  
4 DECIDE WHETHER THOSE ARE THE SAME LOCATION OR SEPARATE  
5 LOCATIONS.

6 DR. HENDERSON: MY OWN COMMENT AT THIS POINT  
7 IS THAT IT IS GOING TO BE CHALLENGING, I THINK, TO KEEP  
8 THE ROLES SUFFICIENTLY SEPARATE SO THAT THE PROCESS OF  
9 GRANTING REMAINS AS INDEPENDENT AS POSSIBLE OF ALL THE  
10 PRESSURES THAT ALL OF US ARE GOING TO FEEL ON THIS  
11 BOARD. AND SO I THINK IT IS, AT LEAST, GOOD TO KEEP  
12 OPEN THAT POSSIBILITY.

13 CHAIRMAN KLEIN: ALL RIGHT.

14 DR. BRYANT: COULD I COMMENT? THIS IS SUE  
15 BRYANT.

16 CHAIRMAN KLEIN: YES, DR. BRYANT.

17 DR. BRYANT: ONE OF THEM IS I HAVE FORGOTTEN  
18 WHETHER THIS -- WHETHER THE APPOINTMENT OF A PRESIDENT  
19 HAS BEEN ANNOUNCED, AN RFP ON THE WEBSITE, BECAUSE IN  
20 ADDITION TO THE SEARCH FIRM, I THINK -- I REALIZE THAT  
21 THIS IS NOT THE KIND OF POSITION PEOPLE APPLY FOR, BUT  
22 KNOWING THAT IT'S OUT THERE IN A PUBLIC WAY MIGHT BE  
23 IMPORTANT TO PEOPLE WHO MIGHT NOT OTHERWISE THINK OF  
24 THEMSELVES AS MOBILE RIGHT NOW. I WAS THINKING  
25 PARTICULARLY OF SCIENTISTS IN OTHER COUNTRIES BECAUSE I



2       THERE IS A MAJOR EXODUS BEGINNING AGAIN OVER THERE  
3       BECAUSE OF THE RESEARCH.  AND THAT'S A VERY LIKELY  
4       PLACE FOR TO US TO PICK UP STEM CELL SCIENTISTS, NOT  
5       THAT THAT HAS TO BE A CRITERIA IN HERE.  I'M JUST  
6       SAYING THAT IF THE SCOPE OF THE SEARCH FIRMS, I REALIZE  
7       IT'S EXCELLENT, BUT THERE MAY ALWAYS BE THE PERSON THAT  
8       NOBODY THOUGHT WAS MOBILE THAT MIGHT BE.

9               CHAIRMAN KLEIN:  SPENCER STUART, IF YOU COULD  
10       COMMENT ON THIS POINT ABOUT WEBSITE ANNOUNCEMENTS.

11               DR. HANCOCK:  THIS IS MIMI HANCOCK.  AND WE  
12       HAVE PUT TOGETHER A PLAN TO DEMONSTRATE THAT WE'RE  
13       REACHING OUT TO AS BROAD AND INTERNATIONAL SET OF  
14       INDIVIDUALS AS POSSIBLE AND ORGANIZATIONS.  WE HAVE SET  
15       UP A WEBSITE ON OUR WEBSITE.  AND WE'VE DISCUSSED WITH  
16       AMY ALSO CONNECTING OUR WEBSITE TO THE CIRM WEBSITE,  
17       AND THAT'S IN PROCESS.

18               MS. DU ROSS:  YES, IT IS.

19               DR. HANCOCK:  SO IN ADDITION TO THAT, WE ARE,  
20       AS SOON AS THE SPECIFICATION IS APPROVED, WE WILL BE  
21       DOING AN EXTENSIVE MAILING AND OUTREACH ON AN  
22       INTERNATIONAL BASIS TO VERY LARGE TARGETED INSTITUTIONS  
23       AS WELL AS INDIVIDUALS WHO MIGHT HAVE BEEN INVOLVED IN  
24       THE STEM CELL SCIENCE ON AN INTERNATIONAL BASIS.

25               SO I THINK WE'RE DOING AS MUCH AS HUMANLY

2 DOESN'T PRECLUDE THAT THERE MIGHT BE SOMEONE OUT THERE,  
3 THOUGH, THAT WE MISS, AND WE CERTAINLY HOPE NOT TO.

4 DR. BRYANT: THAT SOUNDS FINE. I THINK IF  
5 THERE'S A LINK ON THE WEBSITE TO ANNOUNCE THE SEARCH,  
6 THAT WOULD SUFFICE.

7 I JUST HAD ONE OTHER COMMENT, MINOR COMMENT,  
8 BUT ON THE FIRST PARAGRAPH ON PAGE 3, NOT ALL THE DEANS  
9 ON THE ICOC ARE DEANS OF MEDICAL SCHOOLS. I'M NOT, FOR  
10 INSTANCE.

11 CHAIRMAN KLEIN: EXCELLENT POINT. ALL RIGHT.  
12 AND IN SAN DIEGO, DR. MURPHY, ARE THERE ADDITIONAL  
13 COMMENTS THAT YOU HAVE ON THE TEXT?

14 DR. MURPHY: ONLY IN THAT SAME PARAGRAPH THAT  
15 SUE JUST MENTIONED. IT ALSO DOESN'T MENTION PRESIDENTS  
16 OF RESEARCH INSTITUTES.

17 CHAIRMAN KLEIN: THAT WOULD BE VERY GOOD. IN  
18 THAT CASE IT IS PLURAL.

19 MY INFORMATION IS THAT DR. KEITH BLACK WAS  
20 CALLED BACK BY A PATIENT EMERGENCY THAT HE HAD TO  
21 ATTEND TO. AND, THEREFORE, WHAT I BELIEVE WOULD BE THE  
22 BEST COURSE OF ACTION HERE IS THAT WE -- I'D LIKE TO  
23 GET PUBLIC COMMENT NOW FROM EACH OF THESE SITES ON THE  
24 COMMENTS THAT HAVE BEEN MADE. WITH THAT PUBLIC  
25 COMMENT, I THINK SPENCER STUART WILL HAVE PLENTY OF

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2 THAT WE WOULD GO TO A VERY SHORT EXECUTIVE SESSION. WE  
3 COULD REPORT OUT OF THE EXECUTIVE SESSION, IF THERE IS

4 A CONSENSUS, THE INTENT -- THE SENSE OF THE COMMITTEE  
5 WITHOUT TAKING A RESOLUTION, AND THEN WE WILL ADJOURN  
6 OTHER THAN NEW BUSINESS BEING PRESENTED.

7 I WOULD LIKE TO GO TO SAN DIEGO FOR PUBLIC  
8 COMMENT.

9 DR. MURPHY: THERE ARE NONE, BOB.

10 CHAIRMAN KLEIN: AND TO USC FOR PUBLIC  
11 COMMENT.

12 DR. HENDERSON: NONE.

13 CHAIRMAN KLEIN: AND TO BERKELEY FOR PUBLIC  
14 COMMENT.

15 MR. HALPERN: THANK YOU, MR. CHAIRMAN. THIS  
16 IS CHARLES HALPERN. AS I'VE LISTENED TO THIS  
17 CONVERSATION ABOUT THE ROLE OF THE PRESIDENT AND THE  
18 ROLE OF THE CHAIR, I THINK THERE'S A SUBSTANTIVE ISSUE  
19 HERE. IT'S NOT JUST A QUESTION OF LABELING COO OR CEO.  
20 WE ARE TALKING ABOUT A GRANT MAKING INSTITUTION IN  
21 WHICH THE PRESIDENT IS REALLY NOT PART OF THE LOOP ON  
22 THE GRANT MAKING PROCESS AND THE CHAIRMAN IS. THE  
23 CHAIRMAN SITS ON THE WORKING GROUP THAT IS GOING TO  
24 ACTUALLY RECOMMEND RECOMMENDATIONS.

25 AND IF YOU READ THE FIRST PARAGRAPH, THE

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2 CHAIRPERSON'S RESPONSIBILITIES. HE HAS PLENARY  
3 RESPONSIBILITY FOR THE CORE WORK OF THIS INSTITUTION.  
4 AND AS I -- I SERVED AS PRESIDENT OF A GRANT MAKING  
5 INSTITUTION, THIS WAS MUCH SMALLER, OF COURSE, BUT IT

6 STILL HAD \$350 MILLION IN ASSETS. AND FOR THE  
7 PRESIDENT TO HAVE THE RESPONSIBILITIES LISTED HERE AND  
8 THE CHAIR TO HAVE THE RESPONSIBILITIES LISTED HERE  
9 WOULD HAVE MADE THE JOB BEING PRESIDENT OF THAT PRIVATE  
10 FOUNDATION, WHICH I HEADED, EXTREMELY UNATTRACTIVE.  
11 EXTREMELY UNATTRACTIVE.

12 AND I THINK THE SUBSTANTIVE QUESTION TO THIS  
13 COMMITTEE AND ULTIMATELY THE ICOC HAS TO DISCUSS  
14 WHETHER THE INTENTION OF THE CHAIR TO CEDE LEADERSHIP  
15 TO THE PRESIDENT IS SUFFICIENT OR WHETHER THE COMMITTEE  
16 ITSELF OUGHT NOT TO REDEFINE THE PRESIDENCY AND THE  
17 PRESIDENT'S ROLES AND RESPONSIBILITIES IN A WAY THAT  
18 WHICH WILL MAKE THE JOB MORE ATTRACTIVE. BECAUSE AS  
19 THE SPENCER STUART PEOPLE KNOW, BEFORE SOMEBODY REALLY  
20 IS COMMITTED TO TAKING THE JOB AS PRESIDENT, THERE WILL  
21 BE A LONG -- THERE WILL BE A LONG AND PAINSTAKING  
22 REVIEW OF THESE WRITE-UPS ON PAGE 6 AND 7.

23 AND THAT PERSON WHO IS THINKING ABOUT LEAVING  
24 SOME OTHER EXTREMELY ATTRACTIVE JOB TO TAKE THIS EVEN  
25 MORE ATTRACTIVE JOB WILL REALLY WANT TO KNOW WHETHER

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2 WORK IS REALLY SUFFICIENT.

3 AN EXAMPLE OF WHAT MIGHT BE DONE, PUT THE  
4 PRESIDENT ON THE -- PUT HIM ON ALL THE THREE WORKING  
5 GROUPS. OR HER, OF COURSE.

6 ANOTHER IDEA IS NOT TO HAVE THE PRESIDENT'S  
7 ONLY ACCESS TO THE BOARD THROUGH THE CHAIR'S OFFICE,

8 BUT GIVE THE PRESIDENT SOME RESPONSIBILITY FOR MANAGING  
9 THE CORE WORK OF THE INSTITUTION, WHICH AS DR. KESSLER  
10 HAS POINTED OUT, IS GRANT MAKING.

11 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH,  
12 MR. HALPERN. I'LL WAIT TO COMMENT ON YOUR POINTS UNTIL  
13 THE REST OF THE PUBLIC COMMENT.

14 ANY ADDITIONAL PUBLIC COMMENT AT BERKELEY?  
15 ANY ADDITIONAL PUBLIC COMMENT AT USC?

16 DR. HENDERSON: NO.

17 CHAIRMAN KLEIN: ANY ADDITIONAL PUBLIC  
18 COMMENT AT UC SAN FRANCISCO? MR. REED.

19 DR. REED: I'M DON REED. I HAVE TWO  
20 COMMENTS. FIRST OF ALL, I WONDERED IF IT WOULD BE  
21 APPROPRIATE FOR SPENCER STUART TO POLL THE MEMBERS OF  
22 THE ICOC THEMSELVES SINCE MANY OF THEM HAVE EXPERTISE  
23 IN FINDING SCIENTISTS AND EXECUTIVES.

24 SECOND POINT IS THAT I THINK THAT WE MAY MAKE  
25 A MISTAKE IF WE CONFINE -- IF WE MAKE THE EDUCATIONAL

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2 VETERAN OF THE PUBLIC SCHOOL SYSTEM, I FEEL I'M  
3 CONSIDERABLY UNDERPAID, AND I THINK THAT MOST PEOPLE IN  
4 EDUCATION SYSTEM FEEL THEY'RE UNDERPAID. I WOULD THINK  
5 THAT A CORPORATION WITH A \$3 BILLION BUDGET WOULD LAUGH  
6 AT A \$300,000 CEILING. I THINK THIS IS SOMETHING BRAND  
7 NEW. AND AS LINCOLN SAID, AS OUR CAUSE IS NEW, SO MUST  
8 WE THINK ANEW AND ACT ANEW. THIS MUST BE THE BEST  
9 POSSIBLE PERSON, AND WE MUST ATTRACT HIM OR HER BY

10 EVERY MEANS AT OUR DISPOSAL. THANK YOU.

11 CHAIRMAN KLEIN: ADDITIONAL COMMENTS FROM SAN  
12 FRANCISCO, UC SAN FRANCISCO ANY?

13 HEARING NONE, I WOULD LIKE TO ADDRESS  
14 GENERALLY MR. HALPERN'S COMMENTS. IT IS INTENDED THAT  
15 THE PRESIDENT AND THE PRESIDENT'S STAFF WOULD RUN THE  
16 WORK FLOW ON THE WORKING -- EACH OF THE WORKING GROUPS.  
17 THE CHAIRMAN SERVES EX OFFICIO ON THE GRANT COMMITTEE  
18 FOR PURPOSES OF UNDERSTANDING WHAT'S HAPPENING THERE,  
19 AND THE WORK FLOW AS WELL AS THE BUDGETARY REQUIREMENTS  
20 THAT WILL BE PROCEEDING, AND SERVES ON THE STANDARDS  
21 COMMITTEE AS WELL AS THE FACILITIES COMMITTEE. BUT  
22 IT'S INTENDED THAT THE WORK OF THOSE COMMITTEES BE RUN  
23 BY THE PRESIDENT'S OFFICE, NOT BY THE CHAIRMAN.

24 IT IS IMPORTANT TO UNDERSTAND THAT IN THE  
25 DESCRIPTION OF THE PRESIDENT'S ROLE, THAT THE PRESIDENT

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2 THE SUBSTANTIVE SCIENTIFIC CONTENT AND MISSION OF THIS  
3 INSTITUTE.

4 I THINK THAT WITH THE CONCLUSION OF THE  
5 PUBLIC COMMENT, WE CANNOT HAVE A RESOLUTION, BUT WE  
6 HAVE HAD A VERY EXCELLENT RANGE OF VOICES FROM THE  
7 BOARD AND FROM THE PUBLIC. AND SPENCER STUART HAS  
8 INFORMATION TO DO THE REFINEMENTS, TO BRING THE REFINED  
9 TEXT TO THE BOARD OF THE ICOC.

10 SECONDLY, I BELIEVE THAT IT'S APPROPRIATE IF  
11 WE ADJOURN INTO A SHORT EXECUTIVE SESSION. WE'LL TRY

12 AND KEEP THIS VERY SHORT. I THINK THAT WE CAN PROBABLY  
13 DO THIS IN A VERY FEW MINUTES.

14 I WOULD INDICATE THAT IN THE NATURAL COURSE  
15 OF EVENTS HERE, WITH SPENCER STUART GOING THROUGH THIS  
16 SEARCH FOR THE PRESIDENT, THEY ARE LIKELY TO COME UP  
17 WITH CANDIDATES FOR A CHIEF SCIENTIFIC OFFICER AS A  
18 FALLBACK POSITION FOR INDIVIDUALS THAT MAY NOT HAVE ALL  
19 THE QUALIFICATIONS TO BE PRESIDENT, BUT WHO ARE  
20 INTERESTED IN THE MISSION OF THIS INSTITUTE. AND IT  
21 WOULD PROBABLY BE AN EFFICIENT MECHANISM, EVEN THOUGH  
22 IT WOULD BE A TRAILING SELECTION, TO HAVE THEM ALSO  
23 LOOK AT THAT ROLE.

24 THEY DO HAVE A PROVISION IN THEIR CONTRACT  
25 THAT THEY'VE PRESENTED TO US WHERE THEY WOULD NORMALLY

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2 SELECTED FOR PRESIDENT AND FALL BACK INTO ANOTHER  
3 POSITION OF CHIEF SCIENTIFIC OFFICER, GET A  
4 COMPENSATION FOR THAT POSITION. GIVEN THAT PROVISION,  
5 I THINK IT'S IN THE INTEREST OF THE INSTITUTE TO  
6 CONSIDER HAVING THEM CONDUCT THE FALLBACK SEARCH FOR  
7 CHIEF SCIENTIFIC OFFICER SO WE GET THE VALUE OUT OF  
8 THOSE SERVICES.

9 BUT IF WE COULD ADJOURN INTO AN EXECUTIVE  
10 SESSION TO SPECIFICALLY ADDRESS THE INTERIM PRESIDENT  
11 VERY QUICKLY, THAT WOULD BE HELPFUL.

12 MR. HALPERN: MR. CHAIRMAN, THIS IS CHARLES  
13 HALPERN. I WONDER IF I COULD HAVE MY THREE MINUTES TO

14 ADDRESS THE SUBJECT OF ACTING PRESIDENT?

15 CHAIRMAN KLEIN: WELL, YOU HAVE HAD TWO  
16 COMMENTS, BUT WE WILL CERTAINLY LET YOU ADDRESS THE  
17 QUESTION OF ACTING PRESIDENT. WHY DON'T YOU PROCEED.

18 MR. HALPERN: THANK YOU, MR. CHAIRMAN. I  
19 WOULD JUST BRIEFLY LIKE TO STATE THAT IN TERMS OF  
20 SALARY, THE RECOMMENDATION OF OUR PETITION OF A  
21 \$290,000 CEILING COULD BE TAKEN, OF COURSE, ON A  
22 PRORATED BASIS WITH REGARD TO THE ACTING PRESIDENT  
23 WHERE YOU'VE GOT SOMEONE WHO'S DOING KIND OF THE  
24 INTERIM TASK WHICH DOESN'T REQUIRE THE EXCEPTIONAL  
25 QUALITIES THAT THE PRESIDENT IS SUPPOSED TO HAVE. I

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2 NIH STANDARD IS EVEN LESS APPROPRIATE.

3 TO THE BEST OF MY KNOWLEDGE, THE NIH HAS  
4 NEVER HAD TROUBLE RECRUITING TRULY EXCEPTIONAL  
5 LEADERSHIP AT ITS SALARIES IN THE 200,000 TO \$300,000  
6 RANGE, WHICH MOST PEOPLE DO NOT CONSIDER HARDSHIP  
7 SALARIES.

8 AND SECONDLY, WITH REGARD TO THE ACTING  
9 PRESIDENT, I THINK IT IS ACUTELY IMPORTANT HERE TOO  
10 THAT THE SELECTION TAKE INTO ACCOUNT THE NIH STANDARDS,  
11 AND THAT THE ACTING PRESIDENT RECEIVE NO COMPENSATION  
12 FROM ANY BIOMEDICAL COMPANY AND HAVE NO SIGNIFICANT  
13 INVESTMENT IN A BIOMEDICAL COMPANY. THOSE ARE THE  
14 NECESSARY QUALIFICATIONS FOR HIRING AT NIH. AGAIN, IT  
15 WOULD BE INCONGRUOUS FOR ICOC TO HIRE LEADERSHIP THAT



16 COULD NOT EVEN BE HIRED AT THE NIH.

17 CHAIRMAN KLEIN: THANK YOU FOR YOUR COMMENTS,  
18 MR. HALPERN. I'M SURE, AS YOU ARE AWARE, MR. HALPERN,  
19 THERE ARE MANY FOUNDATIONS IN THIS COUNTRY THAT ARE  
20 RESEARCH FUNDING OPERATIONS THAT HAVE SUBSTANTIALLY  
21 HIGHER SALARIES. AND I WOULD BRING TO YOUR ATTENTION  
22 AND THE PUBLIC'S ATTENTION THE FACT THAT THE COST OF  
23 LIVING IN MARYLAND AND VIRGINIA IS SUBSTANTIALLY  
24 DIFFERENT THAN THE BAY AREA. ONE COULD EVEN SAY IT IS  
25 RADICALLY DIFFERENT THAN THE BAY AREA. BUT IN ANY

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2 AND I'D LIKE TO MOVE FORWARD TO AN EXECUTIVE  
3 SESSION. IF THE MEMBERS IN THE ROOMS WHERE THESE  
4 OFFICES ARE CONDUCTING THIS PUBLIC HEARING WHO ARE  
5 PUBLIC MEMBERS COULD ADJOURN FROM THESE ROOMS, WE WILL  
6 TRY AND KEEP THIS VERY SHORT.

7 (THE MEETING WAS THEN ADJOURNED TO EXECUTIVE  
8 SESSION AT 10:23 AM. AT THE CONCLUSION OF THE  
9 EXECUTIVE SESSION, THE PUBLIC MEETING WAS THE  
10 RECONVENED AT 10:52 A.M. AND REPORTED AS FOLLOWS:)

11 CHAIRMAN KLEIN: DO WE HAVE BERKELEY?

12 DR. MURPHY: WE HAVE PUBLIC HERE AT BERKELEY,  
13 WHERE ELSE?

14 CHAIRMAN KLEIN: WE HAVE SAN DIEGO?

15 DR. MURPHY: SAN DIEGO IS HERE.

16 CHAIRMAN KLEIN: ALL RIGHT. IT'S IMPORTANT  
17 TO NOTE HERE THAT THE PUBLIC IS BACK AT ALL LOCATIONS.

18 WE'RE BACK IN A PUBLIC MEETING. AND TO REPORT OUT OF  
19 THE EXECUTIVE SESSION, WITH DR. KEITH BLACK NOT BEING  
20 ABLE TO ATTEND BECAUSE OF AN EMERGENCY AND ANOTHER  
21 BOARD MEMBER WHO HAD CONFIRMED NOT BEING ABLE TO ATTEND  
22 BECAUSE OF AN EMERGENCY, WE'RE NOT DOING A RESOLUTION  
23 THIS MORNING, BUT WE ARE GOING TO JUST EXPRESS THE FACT  
24 THAT OF ALL THE MEMBERS PRESENT, WE HAVE THE SENSE THAT  
25 ZACK HALL IS AN OUTSTANDING CANDIDATE FOR INTERIM

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2 TOMORROW AS TO THIS CANDIDACY.

3 HE CERTAINLY HAS AN EXTREMELY HIGHLY  
4 CREDENTIALLED CAREER WITH LEADERSHIP AND EXEMPLARY  
5 EXPERIENCE. AND THE COMMITTEE MEMBERS, I THINK I SPEAK  
6 FOR ALL OF US, LOOK FORWARD TO THE BOARD ACTION  
7 TOMORROW. AND THAT BOARD HAS THE BENEFIT OF THEIR  
8 PRIOR DISCUSSION FROM A MONTH AGO AS WELL AS THE SENSE  
9 OF THE MEMBERS THAT ARE PRESENT TODAY AND WILL PROVIDE  
10 THEM WITH A ROLL CALL OF WHO WAS PRESENT TODAY, BUT WE  
11 CANNOT PROVIDE THEM WITH A FORMAL RESOLUTION.

12 SO THE QUESTION THEN BECOMES WHETHER THERE  
13 ARE ANY BOARD COMMENTS THAT WE WOULD LIKE TO MAKE IN  
14 THIS PUBLIC SESSION. SAN DIEGO?

15 DR. MURPHY: ONLY THAT I THINK ZACK HALL IS  
16 AN EXCELLENT CANDIDATE FOR THIS POSITION.

17 CHAIRMAN KLEIN: USC.

18 DR. BRYANT: I AGREE. I THINK HE WOULD BE  
19 EXCELLENT.

20 DR. HENDERSON: I AGREE. BRIAN HENDERSON. I  
21 THINK HE'S AN EXCELLENT CANDIDATE.

22 CHAIRMAN KLEIN: BRIAN HENDERSON WAS THE  
23 IMMEDIATE LAST SPEAKER. THE PRIOR SPEAKER TO THAT IS  
24 DR. SUSAN BRYANT. AND THE SPEAKER BEFORE THAT IS DR.  
25 RICHARD MURPHY.

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2 ADDITIONAL COMMENTS FROM UC SAN FRANCISCO. ARE THERE  
3 PUBLIC COMMENTS FROM SAN DIEGO?

4 DR. MURPHY: NO.

5 CHAIRMAN KLEIN: FROM USC?

6 DR. BRYANT: NO.

7 CHAIRMAN KLEIN: FROM BERKELEY?

8 MR. HALPERN: I'M JUST WONDERING WHETHER THE  
9 COMMITTEE HAS EXPRESSED ITS SENSE ABOUT EITHER THE  
10 CONFLICT OF INTEREST QUESTION OR THE SALARY ISSUE.

11 CHAIRMAN KLEIN: WHO MADE THIS COMMENT?

12 MR. HALPERN: CHARLES HALPERN, PUBLIC.

13 CHAIRMAN KLEIN: THE COMMITTEE PREVIOUSLY --  
14 THE COMMITTEE PREVIOUSLY IN THE PUBLIC SESSION  
15 ADDRESSED THE FACT THAT WE ARE LOOKING FORWARD TO  
16 ADOPTING A CONFLICTS CODE TOMORROW. AND I CAN TELL YOU  
17 THAT IN THE CONFLICTS CODE, THE PRESIDENT IS PUT IN  
18 CATEGORY ONE, WHICH MEANS TOTAL DISCLOSURE REQUIRED ON  
19 FORM 700. AND THE INTERIM PRESIDENT WILL HAVE TO  
20 CONFORM TO THE SAME DISCLOSURE STATEMENT AND LEVEL OF  
21 DISCLOSURE AS THE BOARD HAS. UNDER THE CONFLICT OF

22 INTEREST CODE WE'RE ADOPTING, WERE ALSO ADOPTING  
23 SEVERAL OTHER PARTS TO THAT CONFLICTS POLICY AS WELL AS  
24 WE'RE ADOPTING PROVISIONS THAT RELATE TO INCOMPATIBLE  
25 ACTIVITIES, WHICH ARE REQUIRED UNDER STATE LAW.

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2 CONTINUING PROCESS. PREVIOUSLY CALLED TO YOUR  
3 ATTENTION THAT WE HAVE BEEN DISCUSSING WITH DR. JAMES  
4 WRIGHT, GENERAL COUNSEL OF THE NATIONAL ACADEMIES, THE  
5 QUESTION OF DIRECTION ON CONFLICTS AND WILL CONTINUE TO  
6 DO THAT, AS WELL AS LOOKING AT THE MOST RECENT NIH  
7 PROCEDURES FOR CONSIDERATION OF ADOPTING THOSE POLICIES  
8 IN THE NEAR TERM.

9 BUT THIS AGENDA DOES NOT PROVIDE FOR US TO  
10 TAKE ACTION ON THOSE ITEMS AT THIS TIME. WE HAVE TO,  
11 PURSUANT TO STATE LAW, GO THROUGH AGENDIZED ITEMS IN  
12 THE ORDER THAT THEY ARE AGENDIZED AND GO THROUGH DUE  
13 DILIGENCE IN OUR PROPER COMMITTEE PROCESS TO GET TO THE  
14 POINT WHERE WE CAN DO AN ADOPTION WITH FULL PUBLIC  
15 COMMENT.

16 MR. HALPERN: SALARY, MR. CHAIRMAN?

17 CHAIRMAN KLEIN: THE SALARY WILL BE SET BY  
18 THE BOARD TOMORROW.

19 ANY ADDITIONAL PUBLIC COMMENT? FINDING NO  
20 ADDITIONAL PUBLIC COMMENT, I'D LIKE TO CLOSE THE  
21 MEETING AND THANK --

22 DR. PRECIADO: COULD I JUST MAKE A COMMENT?  
23 THIS DOESN'T HAVE TO DO WITH THE PRESIDENT SEARCH OR

24 INTERIM PRESIDENT.

25 I'M -- I HAVE A CONCERN ABOUT THE LACK OF

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2 THAT WE ARE HAVING -- WE HAVE FIVE COMMITTEES,  
3 SUBCOMMITTEE MEETINGS, WE HAVE MONTHLY ICOC MEETINGS --  
4 CHAIRMAN KLEIN: DR. PRECIADO, CAN I ASK YOU  
5 THIS QUESTION? BECAUSE WE HAVE TO HOLD THE PUBLIC AND  
6 THE BOARD TO THE SAME STANDARDS, AND BECAUSE WE HAVEN'T  
7 AGENDIZED THIS ITEM, I'D BE HAPPY TO SEE IF WE CAN  
8 AGENDIZE THIS FOR THE BOARD MEETING TOMORROW, OR SEE  
9 WHETHER IT FITS WITH ANY CURRENT BOARD ITEM THAT IS  
10 AGENDIZED. BUT I CAN'T DEVIATE FROM THE STANDARDS THAT  
11 I HOLD THE PUBLIC TO.

12 DR. PRECIADO: CAN I JUST SUGGEST THAT I  
13 BROUGHT THIS UP BEFORE, AND BEFORE WE'VE SAID LET'S  
14 AGENDIZE IT. SO I AM FEELING A LITTLE, NOT HURT. I  
15 WOULD LIKE IT TO BE AGENDIZED AT SOME POINT SO THAT WE  
16 CAN DISCUSS IT.

17 CHAIRMAN KLEIN: I WOULD LIKE TO CALL  
18 EVERYONE'S ATTENTION TOO THE NEW BOARD AGENDA HAS  
19 ADOPTED A MEETING IN FRESNO AS WELL AS IN IRVINE, AND  
20 THAT IS A MATTER OF PUBLIC RECORD, SO I CAN ADDRESS IT.  
21 BUT WE DO UNDERSTAND THAT WE NEED TO REACH FURTHER.

22 BUT -- AND, DR. PRECIADO, ARE YOU  
23 SPECIFICALLY ADDRESSING GETTING, ON THESE CONFERENCE  
24 CALLS, GETTING A REMOTE SITE?

25 DR. PRECIADO: YES.

2 UNDERSTAND THAT BECAUSE I THINK WE CAN ADDRESS THAT.  
3 AND I WOULD SUGGEST THAT EVEN TODAY WE HAD SOME  
4 TECHNICAL DIFFICULTIES BECAUSE WE DIDN'T HAVE  
5 SUFFICIENT STAFF TO GET A STAFF MEMBER ALL THE WAY DOWN  
6 TO SAN DIEGO. BUT AT THE BOARD TOMORROW, WE WOULD  
7 POTENTIALLY BE ABLE TO DISCUSS, REVIEW IT WITH COUNSEL,  
8 THE ISSUE THAT IF WE CAN GET INSTITUTIONS, FOR EXAMPLE,  
9 IN FRESNO, THERE IS CHILDREN'S HOSPITAL, TO AGREE TO  
10 SPONSOR THE MEETING -- A PUBLIC HEARING WHERE THEY WILL  
11 VOLUNTEER THE STAFF FOR THE MEETING SO THAT THEY HAVE  
12 SOMEONE TO SUPERVISE THE MEETING AND REPORT ON THE  
13 MEETING AS A STAFF PERSON, THAT THAT WOULD OPEN UP MORE  
14 LOCATIONS, INCLUDING ONE THAT WILL HELP JOAN SAMUELSON.

15 RIGHT NOW THE STAFF IS STRETCHED VERY THIN,  
16 AND IT WOULD BE VERY HELPFUL IF THE VARIOUS  
17 INSTITUTIONS WOULD BE ABLE TO VOLUNTEER THEIR OWN STAFF  
18 SO THAT IT WOULD ALLOW US TO REALLY HAVE MORE REMOTE  
19 SITES TO PROMOTE PARTICIPATION. AND AS YOU'VE SEEN  
20 TODAY, FOR DR. KEITH BLACK, HE MIGHT HAVE BEEN ABLE TO  
21 ATTEND IF WE HAD A SITE AT CEDARS.

22 DR. BRYANT: THIS IS SUSAN BRYANT. I THINK  
23 THAT'S AN EXCELLENT IDEA. IN MOST CASES AN ARRANGEMENT  
24 LIKE THAT COULD BE MADE.

25 CHAIRMAN KLEIN: OKAY. ANY OTHER COMMENTS

2 DR. SAMUELSON: JOAN SAMUELSON. I THANK THE  
3 CHAIR FOR ADDRESSING THAT AND TRYING TO MOVE FORWARD --

4 CHAIRMAN KLEIN: OKAY.

5 DR. SAMUELSON: -- AND GETTING MORE SITES.

6 CHAIRMAN KLEIN: I CONSIDER THAT TO BE AN  
7 ADMINISTRATIVE DISCUSSION SPECIFICALLY DEALING WITH THE  
8 WORK OF THIS COMMITTEE, SO IT IS OF ORDER. I THOUGHT  
9 IT WAS GOING TO BE A BROADER RANGING DISCUSSION, WHICH  
10 PROBABLY NEEDS TO HAPPEN AS WELL. BUT SPECIFICALLY, WE  
11 CAN ADDRESS THAT TO THE EXTENT THAT IT DEALS WITH  
12 ADMINISTRATION OF THIS COMMITTEE ITSELF.

13 ANY OTHER BOARD COMMENTS? ANY PUBLIC  
14 COMMENTS ON THIS ITEM?

15 MR. HALL: I'M CARL HALL WITH THE SAN  
16 FRANCISCO CHRONICLE. AND I JUST WANTED TO ADDRESS THIS  
17 QUESTION ABOUT THE REMOTE SITES ON THE TELECONFERENCE  
18 MEETINGS. I'VE TRIED TO RESEARCH THIS MYSELF AND STILL  
19 DO NOT UNDERSTAND WHY IT COULD BE CONSIDERED A BEST  
20 PRACTICE TO LIMIT -- TO MAKE A DECISION THAT, IN  
21 EFFECT, LIMITS PUBLIC PARTICIPATION. YOU HAVE PEOPLE  
22 WITH MOBILITY LIMITATIONS WHO ARE VERY INTERESTED IN  
23 THIS, BUSY PEOPLE, DOCTORS, MEDIA PEOPLE. I CAN SEE  
24 WHERE YOU MIGHT HAVE TO HAVE A BEST PRACTICE  
25 ARRANGEMENT TO HAVE FULL ACCESS WITH ALL THE VARIOUS

2 SUPPLEMENTAL ABILITY TO SIGN ON TO THE MEETING FROM  
3 YOUR PHONE IN YOUR OFFICE OR YOUR HOME IN ADDITION TO  
4 THE REMOTE SITES? AND IF SOME LAWYER TELLS YOU THAT'S  
5 NOT POSSIBLE, I THINK YOU SHOULD GET ANOTHER LAWYER.

6 CHAIRMAN KLEIN: WELL, WE GREATLY APPRECIATE  
7 THAT COMMENT. WE'VE HAD SOME VERY LIVELY DISCUSSIONS  
8 WITH THE ATTORNEY GENERAL'S OFFICE. I THINK THAT THEIR  
9 INTENT IS TO TRY AND HELP US THROUGH THIS. THERE IS --  
10 BECAUSE OF THE LITIGATION THAT'S BEEN FILED AND THE  
11 OTHER ISSUES, THE ATTORNEY GENERAL IS QUITE POSSIBLY  
12 PRUDENT IN ASKING US TO HAVE A BEST PRACTICE TO ALWAYS  
13 HAVE A STAFF MEMBER PRESENT. BUT IN ORDER TO HAVE A  
14 HEARING AT YOUR HOME, THEY FEEL THAT THE LAW QUITE  
15 CLEARLY PROVIDES THAT YOU HAVE TO BE ABLE TO  
16 ACCOMMODATE 50 PERSONS. THAT'S NOT REALLY A STANDARD  
17 THAT I UNDERSTAND, AND MAYBE WE CAN GET THAT STANDARD  
18 MODIFIED. WE ARE CONTINUING TO TRY AND ADVANCE THINGS.

19 BUT I THINK THIS PROPOSAL OF HAVING  
20 INSTITUTIONS VOLUNTEER A STAFF PERSON TO FOLLOW THAT  
21 BEST PRACTICE WILL SUBSTANTIALLY BROADEN THE NUMBER OF  
22 SITES WE CAN HAVE. I KNOW THAT YOU ARE INTERESTED IN  
23 BEING ABLE TO CALL IN FROM YOUR OFFICES, AS WOULD A  
24 NUMBER OF MEMBERS OF THE PRESS, WHICH WOULD BE VERY  
25 BENEFICIAL.

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2 HAS BEEN RAISED AND SINCE I HAVE RAISED IT SO OFTEN  
3 MYSELF, IF WE'RE ABOUT TRYING TO LOOK TO INNOVATIVE,



4 NOVEL WAYS OF DOING BUSINESS TO ACCOMPLISH OUR MISSION  
5 THE BEST, I HAVE BEEN ON CONFERENCE CALLS OF 70 PEOPLE,  
6 AND IT'S BEEN A VERY EFFECTIVE COMMUNICATION TOOL AND  
7 EFFICIENT FOR ALL INVOLVED. I'M TOLD THAT THAT MAY NOT  
8 BE POSSIBLE PER THE ATTORNEY GENERAL'S INTERPRETATION,  
9 BUT I THINK IT'S WORTH REALLY INVESTIGATING WHAT THE  
10 LAW REALLY SAYS AND WHAT OUR FULL RANGE OF OPTIONS ARE,  
11 NOT NECESSARILY WITHIN THE NEXT WEEK, BUT AS SOON AS WE  
12 CAN.

13 CHAIRMAN KLEIN: I WOULD REQUEST THAT OUR  
14 COUNSEL SEEK A WRITTEN DIRECTION FROM THE ATTORNEY  
15 GENERAL'S OFFICE ON THIS SO THAT THE PUBLIC AND THE  
16 MEMBERS OF THE COMMITTEE CAN BENEFIT. I PERSONALLY  
17 HAVE BEEN PARTY TO AT LEAST FIVE CALLS ADDRESSING THE  
18 SUBJECT. AND I DO BELIEVE THAT THE ATTORNEY GENERAL'S  
19 OFFICE IS TRYING TO ASSIST US. I THINK IT MAY BE  
20 HELPFUL TO THEM TO PUT IT INTO A WRITTEN STATEMENT  
21 BECAUSE THEY MAY IN THAT VERY FORMAL RESEARCH DEVELOP  
22 OTHER OPPORTUNITIES.

23 DR. SAMUELSON: I'VE ASKED FOR THAT AS WELL.

24 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH.  
25 ANY OTHER PUBLIC COMMENT? I'D LIKE TO CLOSE THIS

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2 ATTENDING, MEMBERS OF THE PUBLIC, FOR ATTENDING. AND  
3 WE ARE VERY EXCITED ABOUT THE POSSIBILITY THAT ZACK  
4 HALL MIGHT BE CONFIRMED TOMORROW AS THE FIRST INTERIM  
5 PRESIDENT OF THE INSTITUTE FOR REGENERATIVE MEDICINE.

6 HE IS CERTAINLY AN OUTSTANDING INDIVIDUAL. THANK YOU  
7 VERY MUCH.

8 (THE MEETING WAS THEN ADJOURNED AT 11:06  
9 A.M.)

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