

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

LOCATION: CEDARS-SINAI MEDICAL CENTER  
HARVEY MORSE CONFERENCE CENTER  
8700 BEVERLY BOULEVARD  
WEST HOLLYWOOD, CALIFORNIA

DATE: MARCH 15, 2007  
3:30 P.M.

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

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1 WELCOME DR. DAVID BRENNER, THE VICE CHANCELLOR AND DEAN  
2 OF THE UC SAN DIEGO MEDICAL SCHOOL, TO THE ICOC. IT IS  
3 AN EXTRAORDINARY MOMENT, AND THE HISTORICAL LINK IS  
4 QUITE INCREDIBLE BECAUSE IT WAS, IN FACT, I BELIEVE,  
5 DR. LEON THAL WHO CHAIRED THE COMMITTEE THAT DID THE  
6 SEARCH FOR DR. BRENNER. SO WE WELCOME YOU WITH GREAT  
7 REGARD AND GRATITUDE FOR SAN DIEGO'S CONTRIBUTION, AND  
8 WE LOOK FORWARD TO YOUR SERVICE WITH US.

9 AND I WOULD LIKE FOR THE RECORD FOR  
10 DR. BRENNER'S RESUME TO BE PUT INTO THE RECORD IN TEXT,  
11 WHICH WE WILL ARRANGE WITH YOU, DR. BRENNER. WOULD YOU  
12 LIKE TO MAKE ANY COMMENT, DR. BRENNER?

13 DR. BRENNER: THANK YOU.

14 CHAIRMAN KLEIN: WE HAVE AN EXTREMELY BUSY  
15 MEETING FOR TODAY AND TOMORROW FOR THE COMPREHENSIVE  
16 GRANT ROUND. AND AFTER TOMORROW'S MEETING, ASSUMING  
17 THAT THE BOARD AGREES WITH THE ADVICE OF THE SCIENTIFIC  
18 AND MEDICAL GRANT WORKING GROUP, WE WILL HAVE COMMITTED  
19 IN THE AGGREGATE MORE FUNDS TO EMBRYONIC STEM CELL  
20 RESEARCH IN THIS PERIOD OF TIME THAN ANY OTHER  
21 INSTITUTION IN THE WORLD. SO IT IS A TREMENDOUS  
22 OPPORTUNITY TO FUND APPROXIMATELY A HUNDRED LABS IN  
23 CALIFORNIA WITH TREMENDOUS SCIENTIFIC CAPACITY,  
24 AMBITION, AND DEDICATION.

25 WITH THAT, MELISSA, THE PLEDGE OF ALLEGIANCE

1 AND ROLL CALL.

2 MS. KING: THE FLAG IS LOCATED TO MY RIGHT.

3 PLEASE STAND IF YOU ARE ABLE.

4 (THE PLEDGE OF ALLEGIANCE.)

5 CHAIRMAN KLEIN: ROLL CALL.

6 MS. KING: RICARDO AZZIZ.

7 DR. AZZIZ: PRESENT.

8 MS. KING: DAVID BALTIMORE.

9 DR. BALTIMORE: PRESENT.

10 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

11 DR. PRICE: PRESENT.

12 MS. KING: DAVID BRENNER.

13 DR. BRENNER: PRESENT.

14 MS. KING: SUSAN BRYANT.

15 DR. BRYANT: PRESENT.

16 MS. KING: MARCY FEIT. MICHAEL FRIEDMAN.

17 MICHAEL GOLDBERG.

18 MR. GOLDBERG: PRESENT.

19 MS. KING: BRIAN HENDERSON.

20 DR. HENDERSON: PRESENT.

21 MS. KING: DAVID KESSLER. BOB KLEIN.

22 CHAIRMAN KLEIN: HERE.

23 MS. KING: SHERRY LANSING. GERALD LEVEY.

24 DR. LEVEY: PRESENT.

25 MS. KING: TED LOVE.

1 DR. LOVE: PRESENT.

2 MS. KING: RICHARD MURPHY. TINA NOVA. ED  
3 PENHOET.

4 DR. PENHOET: PRESENT.

5 MS. KING: PHIL PIZZO. CLAIRE POMEROY.

6 DR. POMEROY: HERE.

7 MS. KING: FRANCISCO PRIETO.

8 DR. PRIETO: PRESENT.

9 MS. KING: JEANNIE FONTANA FOR JOHN REED.

10 DR. FONTANA: PRESENT.

11 MS. KING: DUANE ROTH.

12 MR. ROTH: HERE.

13 MS. KING: JOAN SAMUELSON. DAVID  
14 SERRANO-SEWELL. JEFF SHEEHY.

15 MR. SHEEHY: HERE.

16 MS. KING: JONATHAN SHESTACK. OSWALD  
17 STEWARD. JANET WRIGHT.

18 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

19 OUR NEXT ITEM IS AGENDA ITEM NO. 4, THE FIRST  
20 ITEM -- OUR ADVICE FROM STAFF IS THAT WE'RE WAITING FOR  
21 A COUPLE OF MEMBERS FOR THE QUORUM SO THAT WE CAN GO  
22 FORWARD TO THE NUMEROUS ITEMS THAT DO NOT REQUIRE A  
23 QUORUM.

24 UNDER AGENDA ITEM 5, THE CHAIRMAN'S REPORT, I  
25 WOULD LIKE TO ANNOUNCE THAT THE ASSEMBLY SPEAKER NUNEZ

1 WILL BE HERE TOMORROW AT A PRESS CONFERENCE THAT WILL  
2 TAKE PLACE 9:30 IN THE MORNING. IT'S PARTICULARLY  
3 IMPORTANT THAT WE JOINTLY RECOGNIZE OUR PARTNERSHIP  
4 WITH THE STATE LEGISLATURE IN THIS ENTERPRISE, AND IT  
5 IS FITTING THAT SPEAKER NUNEZ, WHO ENDORSED THE  
6 INITIATIVE IN 2004 AT A TIME WHEN WE NEEDED TREMENDOUS  
7 BREADTH TO OUR POLITICAL SUPPORT AND THE STRENGTH OF  
8 THIS INITIATIVE WITH THE CALIFORNIA PUBLIC WASN'T  
9 APPARENT, IS GOING TO LEAD OFF OUR SESSION. CERTAINLY  
10 IT'S THE KIND OF POLITICAL COURAGE AND CONVICTION  
11 ATTACHED TO PRINCIPAL COMMITMENTS FOR THE ADVANCEMENT  
12 OF OUR SOCIETY THAT IT IS A PRIVILEGE TO HONOR IN  
13 HAVING HIS REMARKS LEAD OFF OUR SESSION.

14 THE MAYOR OF LOS ANGELES, MAYOR VILLARAIGOSA  
15 WILL ALSO BE HERE AT THE PRESS CONFERENCE TO MAKE HIS  
16 REMARKS, AND CERTAINLY HE HAS BEEN A STRONG ADVOCATE  
17 FOR THE LOS ANGELES METROPOLITAN AREA, HAS BECOME A  
18 LEADING PARTICIPANT IN THE STATE'S STEM CELL RESEARCH  
19 EFFORTS. SO WE'RE HONORED TO HAVE THE MAYOR WITH US AS  
20 WELL.

21 A VERY IMPORTANT TECHNICAL DISTINCTION SHOULD  
22 BE NOTED IN GOING THROUGH OUR SESSIONS, AND THAT IS  
23 DEALING WITH THE CONFLICTS OF INTEREST SUMMARY. THE  
24 STAFF HAS GONE THROUGH WITH ALL OF THE BOARD MEMBERS IN  
25 THEIR CONFLICTS TO MAKE CERTAIN THAT WE HAVE HIGHLY

1     ARTICULATED RECORDS IN OUR FILES.  IN ADDITION, AS WE  
2     GO THROUGH EACH VOTE, AS WE DID IN THE LAST SESSION,  
3     THERE WILL BE AN ANNOUNCEMENT OF WHO IS IN CONFLICT  
4     ACTUALLY BEFORE THE ITEM IS DISCUSSED TO MAKE SURE THAT  
5     THERE'S ABSTENTION FROM THE DISCUSSION AS WELL AS THE  
6     VOTE.

7                     BUT WE TOOK JOHN SIMPSON'S THOUGHTS ABOUT  
8     MAINTAINING A QUORUM VERY SERIOUSLY AND LOOKED ACUTELY  
9     AT THE POINT THAT WE WERE GOING FAR BEYOND THE  
10    REQUIREMENTS IN ESTABLISHING CONFLICTS.  MEMBERS NOT  
11    ONLY LOOKED AT THE LETTER OF THE LAW AND THE INTENT,  
12    BUT THOUGHT, WELL, THEY WANTED TO GO TO THE POINT WHERE  
13    THERE MIGHT BE AN APPEARANCE OF CONFLICT EVEN THOUGH IT  
14    WENT OUTSIDE OF OUR BROAD-RANGING CONFLICTS PROVISIONS.  
15    SO WITH THOSE SITUATIONS, WE ARE ASKING MEMBERS AT THIS  
16    POINT, AND I BELIEVE THEY'VE BEEN CONTACTED WHERE IT  
17    APPLIES, TO DISTINGUISH BETWEEN SOMETHING WHERE THERE  
18    MIGHT BE THE FRINGE OF AN APPEARANCE OF CONFLICT AND AN  
19    ACTUAL CONFLICT BY ABSTAINING BOTH FROM THE DISCUSSION  
20    AND THE VOTE RATHER THAN, IN FACT, DECLARING IT A  
21    CONFLICT.

22                    THE DIFFERENCE FOR US LEGALLY IS THAT IF YOU  
23    ABSTAIN, WE STILL HAVE A QUORUM PRESENT.  IF YOU ARE  
24    CONFLICTED OUT, YOU ARE DELETED FROM THE QUORUM.  SO  
25    IT'S IMPORTANT IN MAINTAINING THE QUORUM, AND IT'S ALSO



1       IMPORTANT TO GO BEYOND INTENT, PAST APPEARANCE TO MAKE  
2       CERTAIN THAT WE HAVE THE HIGHEST POSSIBLE STANDARD THAT  
3       WE ARE MAINTAINING.

4                               (BOARD MEMBER SHESTACK ARRIVES.)

5               CHAIRMAN KLEIN:   SO WE ARE CONTINUING TO MAKE  
6       THOSE DISTINCTIONS FAR BEYOND THE LETTER OF THE LAW AND  
7       THE INTENT, BUT WITH THIS PARTICULAR DISTINCTION.

8               IT IS IMPORTANT TO NOTE FOR THE RECORD THAT  
9       STAFF HAS REVIEWED THE STATEMENTS OF ECONOMIC INTEREST,  
10      FORM 700, OF EACH BOARD MEMBER TO IDENTIFY ANY  
11      ADDITIONAL CONFLICTS, SO THERE IS A SAFETY CHECK, A  
12      SECOND SYSTEM OF CHECKS AND BALANCES TO MAKE SURE THAT  
13      WE HAVE THOSE CONFLICTS ELIMINATED.   AND STAFF HAS  
14      PROVIDED EACH BOARD MEMBER WITH A LIST OF THE  
15      APPLICATIONS BY APPLICATION NUMBER IN WHICH THE BOARD  
16      MEMBER HAS A DISQUALIFYING CONFLICT OF INTEREST OR  
17      INTENDS TO ABSTAIN.   BOARD MEMBERS HAVE BEEN DIRECTED  
18      NOT TO PARTICIPATE IN THE DISCUSSION OR VOTE ON THESE  
19      APPLICATIONS.   ONCE A SPECIFIC APPLICATION OR  
20      APPLICATIONS ARE IDENTIFIED FOR DISCUSSION, STAFF WILL  
21      ANNOUNCE WHICH BOARD MEMBERS ARE DISQUALIFIED OR  
22      ABSTAINING FROM PARTICIPATING IN THE DISCUSSION AND THE  
23      VOTE.   AND IF YOU'RE ABSTAINING, PLEASE INDICATE  
24      ABSTAINING RATHER THAN YOU HAVE A CONFLICT.

25               STAFF WILL THEN MONITOR THE DISCUSSION AND

1 VOTE TO ENSURE THE DISQUALIFIED BOARD MEMBERS DO NOT  
2 PARTICIPATE. THAT WOULD BE THE DISQUALIFIED AND  
3 ABSTAINING BOARD MEMBERS. AND WHEN A ROLL CALL VOTE IS  
4 TAKEN ON SPECIFIC APPLICATIONS, THAT WRITTEN RECORD OF  
5 THE ABSTENTION WILL BE MAINTAINED AS WELL. BOARD  
6 MEMBERS AT THE END OF THE SESSION WILL BE ASKED TO  
7 CERTIFY THEY HAVE NOT PARTICIPATED IN THE VOTE OR  
8 DISCUSSION OF APPLICATIONS IN WHICH THEY HAVE A  
9 CONFLICT OF INTEREST OR HAVE ABSTAINED. AND SCOTT  
10 TOCHER, IN-HOUSE COUNSEL, WILL BE WORKING WITH MELISSA  
11 KING TO MAKE CERTAIN THAT THE BOARD HAS THE BENEFIT OF  
12 A SECOND CHECK IN CASE OF INADVERTENCE TO MAKE SURE  
13 THERE IS AN ABSTENTION OR SOMEONE HAS SEQUESTERED  
14 THEMSELVES FROM THE PROCESS.

15 DR. BALTIMORE: BOB, JUST MAYBE I CAN GET  
16 COUNSEL'S OPINION. ABSTAIN DOESN'T USUALLY INDICATE A  
17 CONFLICT. ABSTAIN USUALLY INDICATES AN UNCERTAINTY  
18 ABOUT WHICH SIDE OF THE FENCE YOU WANT TO COME DOWN  
19 UPON. AND SOMEBODY WHO ABSTAINS ISN'T NECESSARILY  
20 SOMEBODY WHO HAS NOT PARTICIPATED IN THE DISCUSSION.  
21 ARE WE CERTAIN THAT THIS DEALS WITH THE CONFLICT OF  
22 INTEREST?

23 CHAIRMAN KLEIN: FIRST OF ALL, LET'S HAVE  
24 COUNSEL ADDRESS THIS. BUT THIS IS A SPECIFIC CASE  
25 WHERE THERE IS NO CONFLICT OF INTEREST UNDER OUR

1 PROVISIONS; BUT IF SOMEONE IS ABSTAINING BECAUSE OF AN  
2 APPEARANCE, WE WILL ASK THEM TO ABSTAIN AS WELL FROM  
3 ANY PARTICIPATION IN THE DISCUSSIONS. THEY CAN ALSO  
4 ABSTAIN FROM A VOTE WHICH IS BECAUSE OF UNCERTAINTY,  
5 BUT THAT WILL BE A CASE WHERE THEY ARE DIFFERENTIATING  
6 THEMSELVES FROM THE APPEARANCE OF A CONFLICT, BUT  
7 MERELY ABSTAINING FOR THAT PARTICULAR REASON.

8 MR. HARRISON: AT THE OUTSET OF A DISCUSSION,  
9 ONCE AN APPLICATION IS IDENTIFIED, WE WILL ANNOUNCE  
10 THOSE BOARD MEMBERS WHO EITHER HAVE A DISQUALIFYING  
11 CONFLICT AND, THEREFORE, ARE NOT PERMITTED TO  
12 PARTICIPATE, AS WELL AS THOSE MEMBERS WHO, TO AVOID  
13 EVEN AN APPEARANCE, HAVE DECIDED TO ABSTAIN. AND WE  
14 WILL ASK THAT THEY REFRAIN FROM PARTICIPATING IN THE  
15 DISCUSSION UNDER EITHER SCENARIO.

16 IF A BOARD MEMBER HAS UNCERTAINTY,  
17 PARTICIPATES IN THE DISCUSSION, AND DECIDES TO ABSTAIN  
18 FROM THE VOTE, THAT'S PERFECTLY PERMISSIBLE AS WELL.  
19 THE REASON WE'RE MAKING THIS DISTINCTION IS BECAUSE  
20 PROPOSITION 71 SPECIFICALLY PROVIDES THAT IN  
21 DETERMINING WHETHER A QUORUM IS PRESENT, WE DO NOT  
22 COUNT THE PRESENCE OF INDIVIDUALS WHO ARE NOT ELIGIBLE  
23 TO VOTE; THAT IS, INDIVIDUALS WHO ARE TECHNICALLY  
24 DISQUALIFIED UNDER THE LAW. WHEREAS, THOSE INDIVIDUALS  
25 WHO DECIDED TO ABSTAIN TO AVOID AN APPEARANCE WOULD

1 COUNT TOWARDS A QUORUM. AND BECAUSE OF THE  
2 DIFFICULTIES WE'VE HAD IN MAINTAINING A QUORUM, WE WANT  
3 TO MAKE SURE THAT WE CALCULATE IT ACCURATELY. FOR THAT  
4 REASON WE HAVE INDIVIDUALLY DISCUSSED WITH THOSE  
5 MEMBERS WHO HAVE DECIDED TO ABSTAIN TO AVOID  
6 APPEARANCES TO INDICATE TO THEM WHAT THE PROCEDURE WILL  
7 BE.

8 CHAIRMAN KLEIN: DR. PRICE, DID YOU HAVE A  
9 QUESTION?

10 DR. PRICE: I'M JUST WONDERING HOW DO YOU  
11 KNOW THE DISTINCTION? GOOD INVESTIGATIVE POWERS.

12 CHAIRMAN KLEIN: THIS IS WHERE MEMBERS HAVE  
13 COME TO US AND SAID THEY HAVE A QUESTION. THEY WANT TO  
14 GO BEYOND THE LETTER OR THE INTENT. THEY JUST WANT TO  
15 MAKE SURE THERE'S NO APPEARANCE OF CONFLICT.

16 MR. HARRISON: AS WE GO FORWARD, WE INTEND TO  
17 PURSUE SOME FURTHER INVESTIGATION BECAUSE WE  
18 UNDERSTAND, IN LOOKING AT THE RECUSAL LIST, THAT  
19 MEMBERS MAY HAVE OTHER REASONS FOR HAVING IDENTIFIED AN  
20 INSTITUTION. SO WE WOULDN'T PRESUME THEY'VE IDENTIFIED  
21 THAT INSTITUTION BECAUSE THEY WANT TO AVOID AN  
22 APPEARANCE. WE'RE PRESUMING THAT THEY, IN FACT, HAVE A  
23 CONFLICT. CERTAIN CASES, HOWEVER, HAVE COME TO OUR  
24 ATTENTION WHICH HAVE MADE IT CLEAR THAT MEMBERS DID  
25 NOT, IN FACT, HAVE ANY CONFLICT, BUT RATHER WERE

1 RECUSING JUST TO AVOID AN APPEARANCE. WE WANT TO MAKE  
2 SURE WE CAPTURE THAT SO WE ACCURATELY DETERMINE OUR  
3 QUORUM.

4 CHAIRMAN KLEIN: OKAY.

5 DR. LOVE: WOULD IT BE USEFUL IF JAMES SIMPLY  
6 KIND OF REVIEWED THE DEFINITION OF A CONFLICT  
7 BECAUSE --

8 CHAIRMAN KLEIN: THAT'S GOOD. COUNSEL, WOULD  
9 YOU PLEASE REVIEW.

10 MR. HARRISON: YES. IT'S A RATHER COMPLEX  
11 QUESTION, BUT GENERALLY UNDER CALIFORNIA LAW, A MEMBER  
12 HAS A CONFLICT OF INTEREST IF A MEMBER HAS A FINANCIAL  
13 INTEREST THAT WOULD BE DIRECTLY AFFECTED BY A DECISION  
14 MADE BY THE BOARD. SO, FOR EXAMPLE, IF YOU RECEIVE  
15 INCOME FROM AN ENTITY THAT HAS SUBMITTED AN APPLICATION  
16 TO THE BOARD FOR REVIEW, YOU'RE DEEMED TO HAVE A  
17 CONFLICT OF INTEREST IN THAT APPLICATION BECAUSE THE  
18 ENTITY THAT SUBMITTED IT IS A SOURCE OF INCOME TO YOU.  
19 THERE CAN ALSO BE CERTAIN CIRCUMSTANCES WHERE THERE ARE  
20 LESS DIRECT CONFLICTS WHERE THE SOURCE OF INCOME, FOR  
21 EXAMPLE, IS NOT DIRECTLY INVOLVED IN THE DECISION; BUT  
22 BECAUSE OF THE NATURE OF THE DECISION, IT'S REASONABLY  
23 LIKELY THAT THE DECISION WILL HAVE A MATERIAL FINANCIAL  
24 EFFECT ON THAT SOURCE OF INCOME DISTINGUISHABLE FROM  
25 ITS EFFECT ON THE PUBLIC GENERALLY. AND IN THAT CASE

1 THE MEMBER WOULD HAVE TO RECUSE HIMSELF OR HERSELF AS  
2 WELL.

3 ONE OF THE THINGS WE HAVE DISCUSSED ACTUALLY  
4 IN LIGHT OF THE COMPLEXITY OF THE LAW AND THE UPCOMING  
5 GRANT REVIEWS IS HAVING A CONFLICT OF INTEREST  
6 REFRESHER AT OUR NEXT MEETING JUST TO MAKE SURE  
7 EVERYONE UNDERSTANDS WHAT THE RULES ARE AND THEY'RE AT  
8 THE FOREFRONT OF YOUR MINDS.

9 DR. LOVE: BUT IT SEEMS THAT IT TENDS TO COME  
10 BACK TO THE POTENTIAL FOR FINANCIAL GAIN?

11 MR. HARRISON: CORRECT. IN CALIFORNIA,  
12 EXCEPT FOR THE COMMON LAW, CONFLICTS OF INTEREST ARE  
13 BASED ONLY ON FINANCIAL INTEREST, NOT ON PERSONAL OR  
14 PROFESSIONAL RELATIONSHIPS, FOR EXAMPLE.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

16 I'D ALSO LIKE TO CALL TO THE ATTENTION OF THE  
17 MEMBERS THAT AS AN UPDATE ON AN ITEM UNDER  
18 CONSIDERATION AND STUDY, THAT OMB CIRCULAR A21 AND 110,  
19 WHICH CREATE LIMITATIONS ON ACCESS TO EQUIPMENT FUNDED  
20 BY THE FEDERAL GOVERNMENT, AND/OR BIOLOGICAL MATERIALS  
21 THAT HAVE BEEN PRODUCED THROUGH FEDERALLY FUNDED  
22 RESEARCH, AS WELL AS AFFECTING GRADUATE STUDENTS AND  
23 POST DOCS AND THEIR ACCESS TO LABS WHERE EMBRYONIC STEM  
24 CELL RESEARCH IS BEING CONDUCTED IS AN EXTREMELY  
25 COMPLICATED SUBJECT.

1                   AND AS RECENTLY AS A FEW DAYS AGO IN  
2 DISCUSSION WITH DR. BRYANT, I THINK THAT WE'VE REACHED  
3 A WORKING CONSENSUS, WHICH WILL STILL GO BACK TO THE  
4 LEGISLATIVE SUBCOMMITTEE BEFORE COMING HERE, THAT  
5 PERHAPS THE BEST AND MOST CONSTRUCTIVE POSITION THAT WE  
6 CAN TRY AND EXPLORE AT THIS TIME IS ONE WHERE WE TRY TO  
7 WORK WITH INSTITUTIONS IN CALIFORNIA TO CREATE A  
8 UNIFIED LEGAL POSITION AND PERSPECTIVE.

9                   ONE OF THE PROBLEMS IS THAT WITH INSTITUTIONS  
10 HAVING GROSSLY DIFFERENT POSITIONS, IT CREATES AN  
11 OPPORTUNITY FOR THOSE WHO WOULD SENSATIONALIZE THE AREA  
12 TO INDICATE THAT IF ONE INSTITUTION IS VERY  
13 CONSERVATIVE AND ANOTHER INSTITUTION IS TAKING A  
14 DIFFERENT POSITION THAT IS MORE AGGRESSIVE, BUT WITH  
15 ABSOLUTELY GOOD INTENT, TRYING TO GET THE RESEARCH  
16 DONE, AND FEELS THEY'RE WITHIN THE LAW, IT PUTS THOSE  
17 INSTITUTIONS THAT ARE TAKING THE MORE ADVANCED POSITION  
18 AT RISK.

19                   AND WHILE THE PUBLIC IS VERY MUCH WITH US IN  
20 TERMS OF EMBRYONIC STEM CELL RESEARCH AND THE  
21 IMPORTANCE OF ALLOWING MEDICAL SCIENCE TO ADVANCE, IF,  
22 IN FACT, INSTITUTIONS ARE ISOLATED OUT BECAUSE THEY'VE  
23 TAKEN A POSITION THAT IS WELL SUPPORTED BY COUNSEL OF  
24 THEIR OWN INSTITUTION, BUT DIFFERENT THAN OTHER  
25 INSTITUTIONS AND, THEREFORE, BY IMPLICATION THEY COULD

1 POTENTIALLY BE WRONG, IT WOULD BE INAPPROPRIATE FOR A  
2 SCANDAL TO BE INTRODUCED BY THE IMPLICATION THAT THESE  
3 INSTITUTIONS ARE DOING SOMETHING THAT'S INCONSISTENT  
4 WITH THE STANDARDS.

5 IF WE CAN HAVE A MORE UNIFIED LEGAL POSITION  
6 WITHIN THE STATE, ALL OF US CANNOT BE WRONG, AND  
7 THERE'S STRENGTH IN HAVING A UNIFIED POSITION OR TO THE  
8 EXTENT WE CAN GET CLOSER TO A UNIFIED POSITION. AND  
9 BRINGING THE COUNSEL TOGETHER TO TRY AND SEE WHAT  
10 PROGRESS WE CAN MAKE IN THAT AREA, AS I THINK OUR  
11 CURRENT FOCUS, ALL TO BE BROUGHT BACK TO THE  
12 LEGISLATIVE COMMITTEE FOR REPORT.

13 DR. BRYANT, I THINK THAT'S CONSISTENT WITH  
14 YOUR VIEW?

15 DR. BRYANT: YES. I THINK WHAT PRECIPITATED  
16 THIS RECENT EVENT WAS THE LEGISLATIVE COMMITTEE MEETING  
17 WHERE IRV WEISSMAN CAME TO REPORT THAT THE STANFORD  
18 LAWYERS WERE CONCERNED ABOUT THE USE OF REAGENTS  
19 PRODUCED ON NIH GRANTS. BUT, IN FACT, A21 -- NIH  
20 POLICY ACTUALLY ALLOWS AND ENCOURAGES PEOPLE TO  
21 DISTRIBUTE THE RESULTS OF THEIR RESEARCH. SO I THINK  
22 THAT WAS -- I DON'T KNOW WHERE THEIR LAWYERS ARE NOW,  
23 BUT THAT WAS BROUGHT TO US AS A LEGAL ISSUE. AND IT  
24 IS, IN FACT, SOMETHING THAT'S ALREADY IN NIH POLICY AS  
25 BEING PERMISSIBLE.



1                   CHAIRMAN KLEIN:  THE ISSUE IS THAT STANFORD  
2                   COUNSEL HAVE APPROACHED THE NIH, AND THE NIH CANNOT GET  
3                   AN ANSWER FROM OMB.  AND, IN FACT, THROUGHOUT THE STATE  
4                   THERE ARE RADICALLY DIFFERENT POSITIONS FROM OUR  
5                   DIFFERENT INSTITUTIONS.  PULLING THEM TOGETHER WITH  
6                   CONSISTENCY WILL HELP PROVIDE A SOLID BASIS TO PROTECT  
7                   ALL OF OUR INSTITUTIONS WITH A UNIFIED APPROACH.

8                   DR. BALTIMORE:  YOU GOING TO SPONSOR A  
9                   MEETING OF COUNSELS FROM THE UNIVERSITIES?

10                  CHAIRMAN KLEIN:  SO THE INTENT WOULD BE TO  
11                  PULL TOGETHER FIRST A WORKING GROUP TO GET A CORE THERE  
12                  MOVING TOWARDS CONSENSUS.  ONCE THERE'S BEEN MOVEMENT  
13                  DOWNSTREAM TOWARDS A CONSENSUS, HAVING A LARGER GROUP.  
14                  BEFORE WE GO TO THAT STEP, WE WILL BRING IT BACK TO THE  
15                  LEGISLATIVE COMMITTEE AND THIS BOARD FOR INPUT.

16                  ALL RIGHT.  WITH THAT, I'D LIKE TO TURN TO  
17                  DR. HALL FOR --

18                  DR. BALTIMORE:  BOB, I'D LIKE TO ASK A  
19                  QUESTION ABOUT THE BEGINNING OF YOUR COMMENTS.  YOU  
20                  SAID THAT AT 9:30 TOMORROW WE'RE GOING TO HAVE A PRESS  
21                  CONFERENCE.  PRESUME MEANS THAT WE'LL ALL BE INVOLVED  
22                  IN THAT PRESS CONFERENCE.  OUR MEETING IS SUPPOSED TO  
23                  START AT 8:30.  IS IT GOING TO START AT 8:30?

24                  CHAIRMAN KLEIN:  EVERYONE WHO IS CONTRIBUTING  
25                  TO THE QUORUM SHOULD BE HERE, SO WE SHOULD NOT HAVE A

1 QUORUM PROBLEM FIRST THING IN THE MORNING. SO THE  
2 INTENT IS TO START AT 8:30 BECAUSE WE NEED TO TAKE OUR  
3 FINAL VOTE IN THE MORNING BASED ON THE WORK TONIGHT ON  
4 THE FIRST TIER. WE WILL CONTINUE --

5 DR. BALTIMORE: I JUST WANTED TO BE SURE THAT  
6 WE AREN'T GOING TO SIT AROUND FOR ANOTHER HOUR.

7 CHAIRMAN KLEIN: VERY GOOD POINT TO  
8 EMPHASIZE. SO WE WILL CONTINUE THE MEETING TO LOOK AT  
9 SECOND TIER, IF FUNDS ARE AVAILABLE, RECOMMENDATIONS  
10 AND THEN GO BACK TO SEED MONEY GRANTS THAT WERE  
11 UNFUNDED GIVEN THE PEER REVIEW COMMITTEE'S  
12 RECOMMENDATION THAT IF THERE ARE ANY FUNDS LEFT OVER,  
13 WE SHOULD LOOK AT THE OUTSTANDING POOL OF SEED MONEY  
14 GRANT PROPOSALS.

15 DR. HENDERSON: DO YOU HAVE AN ESTIMATE, BOB,  
16 OF HOW LONG THE PRESS CONFERENCE AND EVERYTHING  
17 ATTENDANT TO IT MIGHT TAKE?

18 CHAIRMAN KLEIN: THE INTENT IS TO KEEP IT  
19 FAIRLY SHORT, BUT ONE WOULD EXPECT IT'S GOING TO TAKE  
20 ABOUT 45 MINUTES. OKAY.

21 DR. HALL, WOULD YOU LEAD US THROUGH THE  
22 PRESIDENT'S REPORT?

23 MR. SIMPSON: PUBLIC COMMENT FROM THE  
24 CHAIRMAN'S REPORT FROM THE PUBLIC?

25 CHAIRMAN KLEIN: IT'S NOT AN ITEM WHERE WE'RE

1 VOTING ON, BUT IF YOU WOULD LIKE TO MAKE A COMMENT.

2 MR. SIMPSON: THANK YOU VERY MUCH. JOHN  
3 SIMPSON FROM THE FOUNDATION FOR TAXPAYER AND CONSUMER  
4 RIGHTS. I JUST WANTED TO CLARIFY THE PROCEDURES THAT  
5 YOU ARE FOLLOWING ON THE RECUSAL AND ALSO THE  
6 ABSTENTIONS. IT SEEMS, AGAIN, THAT YOU ARE GOING TO  
7 HAVE ALL THAT INFORMATION AVAILABLE RIGHT NOW TO STAFF.  
8 IT WOULD SIMPLIFY THE PROCESS FOR ALL OF YOU AND FOR  
9 THE PUBLIC IF YOU MADE THOSE LISTS AVAILABLE NOW. IS  
10 THERE ANY POSSIBILITY OF DOING THAT?

11 CHAIRMAN KLEIN: DR. HALL, DO YOU WANT TO  
12 COMMENT?

13 DR. HALL: THIS IS FROM THE CHAIR'S OFFICE.

14 CHAIRMAN KLEIN: I UNDERSTAND THAT.

15 DR. HALL: WE DON'T HAVE THAT MATERIAL READY.

16 CHAIRMAN KLEIN: THAT'S THE QUESTION. BUT IT  
17 WILL BE RELEASED TO THE PUBLIC IN FULL AT THE END OF  
18 THE SESSION; IS THAT CORRECT?

19 MS. KING: TOMORROW AT THE END OF THE MEETING  
20 JUST LIKE WE DID LAST TIME.

21 CHAIRMAN KLEIN: ALL RIGHT.

22 DR. HALL: I SEE YOUR POINT, THE TIMING.

23 CHAIRMAN KLEIN: AND IF WE BETWEEN MEETINGS  
24 COULD HAVE A DISCUSSION ABOUT WHETHER WE CAN MOVE THAT  
25 UP, THAT WOULD BE GREAT.

1 ALL RIGHT. DR. HALL.

2 DR. HALL: THANK YOU. AS THE CHAIRMAN SAID,  
3 THIS IS AN EXCITING TIME FOR US. AND I WOULD SAY ON  
4 THE EVE OF THIS MEETING, WE WERE VERY CHEERED BY AN  
5 ARTICLE IN *NATURE*, WHICH WE SENT AROUND AND WHICH SOME  
6 OF YOU MAY OR MAY NOT HAVE SEEN, BUT A WONDERFUL  
7 ARTICLE, I THOUGHT, ON THE EFFORT IN CALIFORNIA. AND  
8 IT PARTICULARLY FOCUSED ON SOME OF THE WORK GOING ON AT  
9 THE BUCK INSTITUTE JUST OUTSIDE OF SAN FRANCISCO. I  
10 THINK THE WHOLE CALIFORNIA STEM CELL INITIATIVE, THIS  
11 WAS NEWS IN THE SCIENTIFIC WORLD AND I THINK WILL SEND  
12 OUT QUITE A MESSAGE IN THE WORLD ABOUT MEDICAL SCIENCE  
13 ABOUT THE VIGOR OF THE PROGRAM AND THE FACT THAT WE ARE  
14 UNDERWAY WITH NO QUESTION ABOUT IT.

15 THERE WAS ALSO AN EDITORIAL IN *NATURE*, WHICH  
16 SOME OF YOU MAY ALSO HAVE SEEN, ENTITLED "OPEN FOR  
17 BUSINESS," AND THE SUBHEAD IS "CALIFORNIA STEM CELL  
18 INSTITUTE IS ALREADY TRANSPARENT ENOUGH." AND, OF  
19 COURSE, WE'RE ALWAYS PLEASED TO HAVE PEOPLE BELIEVE  
20 THAT WHAT WE'RE DOING IS THE RIGHT THING. AT ANY RATE,  
21 THIS WAS ALSO INTERESTING.

22 AND THEN ONE FINAL ANNOUNCEMENT, WHICH I  
23 THINK WAS RELEASED YESTERDAY, AND THAT IS THE GLADSTONE  
24 INSTITUTE HAS ANNOUNCED OR WILL ANNOUNCE THAT ONE OF  
25 JAPAN'S LEADING STEM CELL RESEARCHERS, YAMANAKA, WILL

1 BE COMING TO THE GLADSTONE. AND THIS, AGAIN, IS A COUP  
2 FOR THE GLADSTONE AND FOR CALIFORNIA TO HAVE A  
3 SCIENTIST OF THIS STATURE WHO WILL BE COMING TO JOIN  
4 THE EFFORT HERE.

5 SO LET ME BEGIN, IF I MAY, WITH PERSONNEL AND  
6 JUST TALK BRIEFLY. WE HAVE, AS YOU KNOW, THROUGH THE  
7 PRESS RELEASE, WE WERE SUCCESSFUL IN RECRUITING TAMAR  
8 PACHTER, WHO IS OUR GENERAL COUNSEL. SHE HAS BEEN --  
9 SHE'S IN THE STATE ATTORNEY GENERAL'S OFFICE AND HAS  
10 BEEN THE LEAD ON THE LITIGATION THAT WE'VE HAD. SHE  
11 KNOWS THE INSTITUTE VERY WELL. SHE'S EXTRAORDINARILY  
12 SKILLED. SHE HAD SOME EXPERIENCE BEFORE IN THE PRIVATE  
13 SECTOR, AND WE ARE DELIGHTED THAT SHE WILL BE JOINING  
14 US. AND SHE STARTS ON MONDAY. SO WE ARE VERY, VERY  
15 PLEASED WITH THAT. WE THINK THAT HAVING IN-HOUSE  
16 COUNSEL WILL BE A VERY IMPORTANT ADDITION AND WILL  
17 SUPPLEMENT THE GOOD WORK THAT JAMES HARRISON HAS BEEN  
18 DOING.

19 WE ALSO HAVE BEEFED UP OUR TECHNOLOGY TEAM.  
20 ED DORRINGTON, WHO IS OUR TECHNOLOGY OFFICER, THE  
21 PERSON THAT WE HAVE HAD WORKING WITH US AND CONTINUES  
22 TO IS NOW OCCUPIED FULL TIME WORKING ON THE I.T. FOR  
23 THE GRANTS PROCESS. AND WITHOUT GOING INTO IT HERE, IF  
24 YOU REMEMBER, WE HAD STARTED WITH THE COMPANY CALLED  
25 EASY GRANTS. THEY WENT BROKE BASICALLY FOR REASONS

1 THAT WERE NOT PREDICTABLE, AND SO WE WERE LEFT HOLDING  
2 THE BAG. AND SO HAVE BEEN TRYING TO RECOUP EVER SINCE.  
3 ED HAS DONE A HEROIC JOB, BUT WHAT IT HAS MEANT IS THAT  
4 WE BADLY NEEDED SOMEBODY TO COME AND TAKE OVER THE SORT  
5 OF ROUTINE ASPECT OF THE JOB, WHICH IS TO MAKE SURE  
6 THAT THE OFFICE AND THE SHOP RUNS WELL AND THAT OUR  
7 SORT OF I.T. NEEDS ARE TAKEN CARE OF. THIS FREES HIM  
8 UP TO DO FULL-TIME PROGRAMMING, AT WHICH HE IS VERY  
9 GOOD.

10 WE ALSO HAVE DOUGLAS GUILLEN, WHO'S JOINING  
11 US AS OFFICE MANAGER. ERIN ROBBINS, AS YOU RECALL,  
12 LEFT. AND DOUGLAS HAS BEEN MOST RECENTLY WITH LASER  
13 PRO, WILL JOIN US MARCH 19TH. I DIDN'T MENTION, BUT  
14 DENNIS BUTLER HAS BEEN WITH AC TRANSIT AND WILL JOIN US  
15 IN APRIL. SO THESE ARE IMPORTANT ADDITIONS TO OUR  
16 TEAM.

17 NEXT SLIDE PLEASE. JUST TO TALK TO YOU A  
18 LITTLE BIT ABOUT THE SHARED FACILITIES RFA. THIS RFA  
19 WAS ISSUED ON JANUARY 10TH. WE RECEIVED 22  
20 APPLICATIONS. AS YOU RECALL, THIS RFA IS TO BE  
21 REVIEWED BOTH BY THE GRANTS WORKING GROUP AND THE  
22 FACILITIES WORKING GROUP, AND SO WE ACTUALLY DIVIDED  
23 THE APPLICATION UP INTO PART 1 AND PART 2. PART 1 FOR  
24 THE GRANTS WORKING GROUP DEALING WITH THE SCIENTIFIC  
25 NEED AND JUSTIFICATION FOR THE SPACE, AND THEN THE

1 TECHNICAL ASPECTS OF THE FACILITIES TO BE DEALT WITH  
2 THE FACILITIES WORKING GROUP.

3 PART 2 IS DUE TOMORROW. WE ASSUME THERE WILL  
4 BE 22 APPLICATIONS FOR PART 2 AS WELL, DEALING WITH THE  
5 TECHNICAL ASPECTS OF THE SPACE. THEY WILL BE REVIEWED  
6 BY THE TWO WORKING GROUPS IN EARLY APRIL AND EARLY MAY,  
7 AND WE PLAN FOR THOSE RECOMMENDATIONS TO BE PRESENTED  
8 TO THE ICOC AT THE JUNE MEETING FOR APPROVAL OF THE  
9 SHARED FACILITIES GRANTS. AND THAT RFA, ALONG WITH THE  
10 SEED GRANTS AND THE COMPREHENSIVE GRANTS, WILL BE THE  
11 THIRD LEG OF OUR INITIATIVE, WHICH WE BEGAN WITH THE  
12 MONEY LOANED TO US FROM THE STATE GENERAL FUND BY THE  
13 GOVERNOR.

14 WE ARE MANDATED BY STATE LAW TO HAVE AN  
15 ANNUAL FINANCIAL AUDIT. THIS IS NOW NOT THE  
16 PERFORMANCE AUDIT, WHICH I'LL TALK ABOUT IN JUST A  
17 MOMENT, BUT THIS IS THE ANNUAL FINANCIAL AUDIT. WE HAD  
18 ONE LAST YEAR. WE HAD ONE AGAIN THIS YEAR. IT WAS FOR  
19 FISCAL YEAR 2005-2006, ENDING JUNE 30TH, 2006. FOR  
20 VARIOUS REASONS, SORT OF TECHNICAL REASONS, WE WERE  
21 UNABLE TO GET THE AUDITOR SIGNED ON AND THE AUDIT  
22 COMPLETED UNTIL NOW, BUT IT IS NOW COMPLETE.

23 THE AUDITORS, WHICH WE ISSUED AN RFP, THIS  
24 WAS THE SUCCESSFUL GROUP, MACIAS, GINI & O'CONNELL. WE  
25 HAVE RECEIVED THE AUDIT. IT'S BEEN FORWARDED TO THE

1 STATE CONTROLLER'S OFFICE FOR REVIEW. AND ONCE AGAIN,  
2 AS LAST YEAR, WE RECEIVED AN UNQUALIFIED OPINION WITH  
3 SEVERAL ADMINISTRATIVE RECOMMENDATIONS.

4 LET ME THEN MOVE ON TO THE PERFORMANCE AUDIT.  
5 THE BUREAU OF STATE AUDITS, THIS IS AN AUDIT REPORT  
6 RELEASED ON FEBRUARY 27TH, THEY MADE 12 RECOMMENDATIONS  
7 TO WHICH WE MADE A WRITTEN RESPONSE. YOU SHOULD HAVE  
8 RECEIVED THE PUBLISHED REPORT ALONG WITH OUR RESPONSE.  
9 THEY CHOSE NOT TO RESPOND TO OUR RESPONSE, WHICH WE  
10 TOOK AS A GOOD SIGN. WE ARE REQUIRED TO, HOWEVER,  
11 RESPOND ON OUR PROGRESS WITH RESPECT TO THESE  
12 RECOMMENDATIONS 60 DAYS AFTER THE RELEASE, SIX MONTHS  
13 AFTER, AND ONE YEAR AFTER. AND WE WILL DO THAT.

14 I WOULD LIKE TO WALK YOU BRIEFLY THROUGH THE  
15 ITEMS THAT THEY MENTIONED JUST TO LET YOU KNOW WHERE WE  
16 STAND ON EACH ONE OF THEM. AND AS YOU WILL SEE, MOST  
17 OF THESE ARE IN PROGRESS OR THINGS THAT HAVE ALREADY  
18 BEEN DONE.

19 FIRST OF ALL, THEY SUGGESTED THAT WE DEVELOP  
20 A PROCESS TO TRACK THE PROGRESS TOWARD STRATEGIC GOALS,  
21 TO TRACK ON AN ANNUAL BASIS TO TRACK PROGRESS TOWARD  
22 OUR STRATEGIC GOALS. AND ALTHOUGH WE ARE JUST NOW  
23 SETTING UP A TRACKING SYSTEM, WE HAVE NOT MADE EXPLICIT  
24 PLANS OF HOW WE WOULD, NOT ONLY TRACK SCIENTIFIC  
25 PROGRESS, TRACK, FOR EXAMPLE, ANY DISCLOSURES THAT WERE



1 MADE FOR IP PURPOSES AND THE PATENTS THAT WERE TAKEN  
2 OUT, ALL OF THAT, THE FINANCIAL AUDIT, BUT ALSO TO USE  
3 THESE PROGRESS REPORTS IN SOME WAY TO SEE HOW WE WERE  
4 DOING TOWARD MEETING OUR STRATEGIC GOALS. AND WE WILL  
5 DO THAT.

6 THEY ALSO SUGGESTED THAT WE IDENTIFY A  
7 STANDARD FOR ACCESS TO THERAPIES FOR THE UNINSURED AND  
8 IDENTIFY BENCHMARKS FOR DISCOUNT PROPERTIES FOR  
9 THERAPIES, AND THIS IS IN PROGRESS UNDER THE LEADERSHIP  
10 OF ED AND HIS WORKING GROUP -- SUBCOMMITTEE RATHER.  
11 THEY WANTED US TO MONITOR THE EFFECTIVENESS OF OUR  
12 POLICY, OUR IP POLICY, WITH RESPECT TO RESEARCH  
13 EXEMPTIONS. THAT IS, TO COME BACK IN A YEAR OR TWO  
14 YEARS AND TO SAY HOW WAS THIS WORKING, HOW IS OUR  
15 CURRENT POLICY WORKING, AND IS THERE ANY WAY WE WISH TO  
16 CHANGE IT, AND WE PLAN CERTAINLY TO DO THAT.

17 THEY RECOMMENDED THAT WE COMPLETE THE  
18 DEVELOPMENT OF OUR GRANTS ADMINISTRATION POLICY FOR  
19 FOR-PROFIT ORGANIZATIONS. THIS IS NOW IN PROGRESS. IT  
20 WAS APPROVED BY THE ICOC AT THE MEETING BEFORE LAST OR  
21 LAST MEETING. I CAN'T REMEMBER. AT ANY RATE, IT JUST  
22 THIS LAST WEEK WAS SUBMITTED TO THE OFFICE OF  
23 ADMINISTRATIVE LAW, AND SO IT IS CERTAINLY GOING  
24 THROUGH THE PROCESS.

25 THEY WANTED TO ENSURE THAT OUR GRANTS WORKING

1 GROUP FOLLOWS THE NEW PROCEDURES FOR VOTING. I WON'T  
2 GO THROUGH THIS IN DETAIL EXCEPT THAT AFTER THE  
3 TRAINING GRANTS, THE AUDITORS POINTED OUT ACTUALLY WAYS  
4 IN WHICH WE COULD IMPROVE, NOT THE SCIENTIFIC SCORING,  
5 BUT THE WAY IN WHICH WE HANDLED THE PROGRAMMATIC REVIEW  
6 AND THE ACTUAL RECOMMENDATIONS THAT WERE MADE. BASED  
7 ON OUR DISCUSSIONS WITH THEM, WE CHANGED OUR  
8 PROCEDURES. WE BROUGHT IT TO YOU. THIS WAS VOTED ON,  
9 AND AT THE NOVEMBER WORKING GROUP MEETING AND AT THE  
10 JANUARY WORKING GROUP MEETING, WE USED THAT NEW  
11 PROCEDURE AND SO IT IS IN PLACE. SO THAT IS ALREADY  
12 DONE.

13           THEY ALSO SUGGESTED THAT WE SEEK AN OPINION  
14 FROM THE ATTORNEY GENERAL'S OFFICE ABOUT EXEMPTION OF  
15 WORKING GROUP MEMBERS FROM THE STATE CONFLICT OF  
16 INTEREST PROVISIONS. AND THE ISSUE HERE, AS YOU  
17 RECALL, IS WE DO NOT REQUIRE WORKING GROUP MEMBERS TO  
18 PUBLICLY DISCLOSE THEIR FINANCIAL HOLDINGS IN THEIR  
19 CONFLICTS OF INTEREST. THEY DISCLOSE THEM TO US. THEY  
20 ARE AVAILABLE TO THE AUDITORS. WE BELIEVE OUR LEGAL  
21 POSITION IS QUITE SOUND ON THIS MATTER BECAUSE OF  
22 PROPOSITION 71. AND, HOWEVER, BECAUSE OF A DISCUSSION,  
23 OR I DON'T KNOW WHAT THE TERM IS, BUT THE FPPC, BECAUSE  
24 OF AN INFORMAL OPINION BY THE FPPC, THE AUDITORS  
25 SUGGESTED THAT WE ACTUALLY GET AN OPINION FROM THE

1 ATTORNEY GENERAL'S OFFICE. AND WE WILL STRONGLY  
2 CONSIDER THAT.

3 CHAIRMAN KLEIN: DR. HALL, ON THAT ITEM, IT  
4 REALLY WAS A QUESTION FROM THE FPPC AS VERSUS AN  
5 OPINION. BUT IMPORTANTLY, WHEN YOU SAY THAT WE FEEL  
6 WE'RE OPERATING PROPERLY, I THINK YOU'RE REFLECTING ON  
7 THE FACT THAT WE HAVE BOTH A TRIAL COURT OPINION AND A  
8 COURT OF APPEALS OPINION THAT, IN FACT, WE'RE OPERATING  
9 PROPERLY AS TO THIS MATTER. AND WE'RE REPRESENTED IN  
10 THAT LITIGATION BY THE ATTORNEY GENERAL, WHO HAS TAKEN  
11 THE POSITION THAT WE'RE OPERATING PROPERLY. SO WE  
12 BELIEVE THAT WE ARE QUITE SOUND IN OUR APPROACH.

13 DR. HALL: LET ME MAKE A COMMENT. ARLENE HAS  
14 POINTED OUT QUITE CORRECTLY THAT I HAVE CONFUSED THREE  
15 THINGS HERE. PAY NO ATTENTION TO THE SLIDE.

16 FIRST OF ALL, OUR IP POLICY FOR NONPROFIT  
17 INSTITUTIONS HAS BEEN APPROVED BY THE ICOC, SUBMITTED  
18 TO OAL. IT'S GONE THROUGH ITS PERIOD OF PUBLIC  
19 COMMENT. YOU HAVE HEARD REVISIONS ON IT. IT HAS NOW  
20 BEEN RESUBMITTED FOR A FINAL 30-DAY PERIOD DURING WHICH  
21 OAL LOOKS IT OVER AND TRIES TO FIND IF THERE ARE ANY  
22 COMMAS THAT ARE MISPLACED. IT'S THE FINAL SORT OF  
23 COMBING THROUGH. AND, SCOTT, IF I'M CORRECT, THAT'S  
24 WHERE THAT POLICY IS.

25 THE IP POLICY FOR FOR-PROFIT INSTITUTIONS HAS

1 NOW BEEN APPROVED BY YOU, SUBMITTED TO THE OAL, AND  
2 WILL BEGIN A PERIOD OF PUBLIC COMMENT SHORTLY. THE  
3 GRANTS ADMINISTRATION POLICY FOR NONPROFIT  
4 INSTITUTIONS -- DON'T LOOK AT THE SLIDE -- IS COMPLETE  
5 AND IS NOW STATE REGULATIONS. WE ARE IN THE PROCESS OF  
6 DEVELOPING THE GRANTS ADMINISTRATION POLICY FOR  
7 FOR-PROFIT INSTITUTIONS. AND I THINK I THOROUGHLY  
8 GARBLED THIS. WHAT THE RECOMMENDATION WAS WAS THAT WE  
9 GO AHEAD AND DEVELOP THAT GRANTS ADMINISTRATION POLICY  
10 FOR FOR-PROFIT INSTITUTIONS AND WE ARE DOING IT.

11 DR. FRIEDMAN: ZACH, IS THIS GOING TO BE ON  
12 THE MIDTERM?

13 DR. HALL: YES. I MADE IT -- I COMPLETELY  
14 CONFUSED YOU. IT'S ALL IN HAND IS WHAT I WANT TO SAY.

15 LET'S LOOK AT THE NEXT SLIDE. NOW, THEY ALSO  
16 POINTED OUT THAT THIS IS AN IMPORTANT POINT, WHICH AT  
17 LEAST ONE NEWSPAPER GOT QUITE WRONG. THAT IS, WHEN WE  
18 REVIEW GRANTS, IN ADDITION TO OUR REGULAR WORKING GROUP  
19 MEMBERS AND OUR ALTERNATES OF THE SCIENTIFIC  
20 SPECIALISTS, WE ALSO BRING IN A GROUP OF SPECIALISTS.  
21 THESE ARE PEOPLE WHO DON'T VOTE AND WHO ARE BROUGHT IN  
22 FOR A FEW GRANTS ON THE PHONE AND THEY READ GRANTS IN  
23 THEIR AREA. THESE ARE USUALLY SPECIALIST AREAS THAT  
24 ARE NOT WELL REPRESENTED ON THE COMMITTEE. WE NEED  
25 THEIR EXPERTISE. AND THEY HAVE BEEN EXTREMELY VALUABLE

1 TO US.

2 IN THE SEED GRANTS, ARLENE, WE USED 32 OF  
3 THEM, AND IN THE COMPREHENSIVES WE USED 22. SO WE MAKE  
4 USE OF THESE, AND THEY'RE EXTREMELY IMPORTANT TO US IN  
5 GETTING -- THEY'RE FIRST-RATE PEOPLE WHO COME IN AND  
6 GIVE US OPINIONS. WE FOLLOW ALL THE CONFLICT OF  
7 INTEREST PROCEDURES FOR EACH OF THE SPECIALISTS THAT WE  
8 DO FOR THE WORKING GROUPS. HOWEVER, OUR POLICIES DON'T  
9 ACKNOWLEDGE THE SPECIALISTS, OUR FORMAL POLICIES. AND  
10 SO WE HAVE AN ITEM TODAY TO MAKE THAT CHANGE. SO IT IS  
11 A PROBLEM IN NAME ONLY. THE SUBSTANCE IS TAKEN CARE  
12 OF, AND WE DO FOLLOW OUR SAME CONFLICT OF INTEREST  
13 POLICIES FOR THE SPECIALISTS AS WE DO FOR THE WORKING  
14 GROUP MEMBERS.

15 THEY ALSO POINTED OUT THAT WE NEEDED TO  
16 REVIEW THE STATEMENT OF ECONOMIC INTEREST FOR ICOC  
17 MEMBERS BEFORE EACH GRANTS WORKING GROUP MEETING. THAT  
18 HAS NOW BEEN IMPLEMENTED.

19 THEY POINTED OUT THAT OUR TRAVEL  
20 REIMBURSEMENT POLICIES FOR WORKING GROUP MEMBERS, THAT  
21 WE NEEDED TO REVISE THE WAY THE CLAIM WAS DONE, AND  
22 WE'VE DONE THAT. THEY POINTED OUT THAT THE ICOC NEEDED  
23 TO ADOPT A REVISED TRAVEL POLICY. NOW, WHAT THEY SAID  
24 WAS THAT PROPOSITION 71 SAYS THAT WE NEED TO KEY OUR  
25 POLICIES TO THE UNIVERSITY OF CALIFORNIA. AND, IN

1 FACT, OUR POLICIES WERE NOT KEYED QUITE RIGHT. THEY  
2 WEREN'T CORRECT IN THAT MANNER. SO WE MADE GOOD ON  
3 THAT. WE WEREN'T ABLE TO SAY WE WERE DOING IT BECAUSE  
4 THE AUDITORS HAD BROUGHT THIS TO OUR ATTENTION AT THE  
5 TIME BECAUSE WE'RE NOT ALLOWED TO TALK ABOUT THE AUDIT  
6 BEFORE IT'S FINISHED, BUT IN ACTUAL FACT, AS SOON AS  
7 THEY BROUGHT IT TO OUR ATTENTION, WE IMMEDIATELY FIXED  
8 IT FOR CIRM EMPLOYEES AND FOR WORKING GROUP MEMBERS.  
9 HOWEVER, WE HAVE NOT DONE SO FOR THE ICOC. AND THAT IS  
10 A CHALLENGE THAT YOU NEED TO MEET; THAT IS, TO REVISE  
11 THE POLICY FOR YOU. THAT'S SOMETHING THAT WE WOULD NOT  
12 DO FOR YOU.

13 AND FINALLY, THEY POINTED OUT THAT FOR  
14 SEVERAL OF OUR POSITIONS, THAT THE SURVEYS WERE NOT  
15 ACCURATE IN TERMS OF THE POSITION COMPARISONS. AND  
16 AFTER LOOKING AT THE DATA, WE DECIDED THAT THEY WERE  
17 RIGHT. AND SO WE HAVE NOW BEGUN A PROCESS TO RESURVEY  
18 THE SALARY RANGES, AND WE WILL BRING BACK A MORE  
19 SUBSTANTIAL AND A BETTER -- WHAT'S THE WORD I'M LOOKING  
20 FOR?

21 CHAIRMAN KLEIN: CHARACTERIZATION OF SOME JOB  
22 POSITIONS.

23 DR. HALL: YES. WE'LL BRING BACK TO YOU A  
24 BETTER DOCUMENTED COMPARISON IS WHAT I'M TRYING TO SAY  
25 HERE WITH COMPARABLE POSITIONS. AND SO THAT WE WILL

1 DO.

2 SO THESE WERE THE RECOMMENDATIONS THEY MADE,  
3 AND AS YOU CAN SEE IN ALMOST EVERY CASE, WE HAVE TAKEN  
4 THEM. AND WE BELIEVE, AS I SAID AT THE TIME, THAT AS  
5 TEDIOUS AS IT WAS IN MANY WAYS AND AS DEMANDING ON THE  
6 TIME AND EFFORTS OF OUR STAFF, AND IT WAS CONSIDERABLE,  
7 THAT WITH ALL IN THE END, IT, IN FACT, STRENGTHENED OUR  
8 POLICIES AND STRENGTHENED OUR PROCEDURES AND WAS VERY  
9 HELPFUL TO US. IN FACT, AS WE CONTINUED TO CARRY OUT  
10 FUNCTIONS, THEY CONTINUED TO AUDIT. AND I FINALLY, IN  
11 EXASPERATION, SUGGESTED THAT THEY MIGHT CONSIDER JUST  
12 BECOMING OUR AUDITORS IN RESIDENCE, AND THEY COULD STAY  
13 WITH US THE WHOLE TIME. AND EVERY TIME WE DID  
14 SOMETHING, THEY COULD AUDIT IT IN REAL TIME. IN ANY  
15 CASE, I THINK IT WAS A GOOD PROCESS. I THINK IT WAS A  
16 FAIR AUDIT, AND I THINK WE'RE BETTER FOR IT. SO THAT,  
17 I THINK, CLOSES THE CHAPTER ON THAT EXCEPT THAT WE WILL  
18 BE SUBMITTING PROGRESS REPORTS TO THEM AS WE GO ALONG.

19 LET ME ALSO MENTION THERE IS, UNDER THE  
20 LEADERSHIP OF GEOFF LOMAX, WHO IS THE OFFICER FOR THE  
21 MEDICAL AND ETHICAL STANDARDS WORKING GROUP, HE HAS  
22 ORGANIZED TWO REGIONAL WORKSHOPS, ONE IN NORTHERN  
23 CALIFORNIA AND ONE IN SOUTHERN CALIFORNIA. AND THE  
24 PURPOSE OF THESE IS TO DISCUSS AND CLARIFY OUR  
25 REGULATIONS AND ALSO TO GET INFORMATION AND FEEDBACK

1 FROM WHAT THE EXPERIENCE OF THE INSTITUTIONS IS WITH  
2 THESE REGULATIONS.

3 AND I ATTENDED THE ONE AT STANFORD. THERE  
4 WERE ABOUT 27 PEOPLE THERE REPRESENTING, I CAN'T  
5 REMEMBER NOW, BUT MAYBE TEN OR MORE INSTITUTIONS. AND  
6 IT WAS TREMENDOUSLY VALUABLE. IT BROUGHT TOGETHER  
7 THOSE PEOPLE CONCERNED WITH THE SCRO COMMITTEES AND  
8 WITH COMPLIANCE, AND IT ACTUALLY SERVED AS A FORUM NOT  
9 ONLY FOR DISCUSSING HOW THE DIFFERENT INSTITUTIONS WERE  
10 MEETING THEIR OBLIGATIONS TO US AND SHARING INFORMATION  
11 ABOUT THAT, BUT ALSO AS A FORUM FOR DISCUSSING SOME  
12 UNCERTAINTIES IN OTHER STATE REGULATIONS THAT THEY WERE  
13 HAVING TROUBLE WITH.

14 SO IT WAS REALLY A VERY VALUABLE, I THINK,  
15 EXPERIENCE OVERALL. WE'RE LOOKING FORWARD TO THE ONE  
16 IN SOUTHERN CALIFORNIA, WHICH WILL BE COMING UP  
17 SHORTLY.

18 AND THEN, FINALLY, I WANT TO SAY THAT I WILL  
19 BE ON LEAVE STARTING MONDAY FOR ABOUT THREE WEEKS. I  
20 WILL BE TAKING SOME PERSONAL TIME OFF. I'M ACTUALLY  
21 GOING TREKKING IN NEPAL, AND SO LOOKING FORWARD TO  
22 THAT. WHILE I'M GONE, LORI HOFFMAN WILL BE THE ACTING  
23 PRESIDENT AND RESPONSIBLE FOR ALL ADMINISTRATIVE AND  
24 FINANCIAL DECISIONS. ARLENE CHIU WILL BE THE ACTING  
25 CHIEF SCIENTIFIC OFFICER AND ALL DECISIONS RELATED TO



1 SCIENCE AND GRANTS MANAGEMENT WILL MADE BY HER. SO I  
2 FEEL THAT FOR THAT SHORT PERIOD OF TIME, WE'RE LEAVING  
3 THE INSTITUTE IN VERY GOOD HANDS. AND I ASK YOUR  
4 SUPPORT IN HELPING THEM GET THROUGH THIS TIME AND LEAD  
5 THE INSTITUTE WHILE I'M GONE.

6 SO I WILL WELCOME ANY QUESTIONS THAT YOU MAY  
7 HAVE EXCEPT THOSE ABOUT THE PROFIT AND FOR PROFIT.

8 DR. HENDERSON: I REALLY THINK -- I REALLY  
9 WANT TO COMMEND YOU AND EVERYONE INVOLVED IN THE REVIEW  
10 PROCESS FOR THE SEED GRANTS, THE COMPREHENSIVE GRANTS,  
11 AND APPLAUD TOO THE UPCOMING GRANT FOR THE SHARED  
12 FACILITIES.

13 I WANT TO HEAR HOW WE'RE GOING TO MAINTAIN  
14 OUR MOMENTUM IN GRANTING, YOU KNOW, GETTING RFA'S OUT,  
15 CONTINUING TO MAKE NEW AWARDS. I KNOW AT OUR  
16 INSTITUTION A LOT OF SCIENTISTS HAVE BEEN ARRIVING OVER  
17 THE LAST YEAR, PEOPLE WHO WEREN'T EVEN ABLE TO COMPETE  
18 FOR THE FIRST TWO ROUNDS. I THINK WE HAVE THE EDGE IN  
19 THIS AREA INTERNATIONALLY. WE WANT TO KEEP IT. AND WE  
20 DON'T WANT TO SEE -- I DON'T WANT TO SEE US STOP AND  
21 THINK TOO MUCH AND CONGRATULATE OURSELVES TOO LONG.  
22 I'D LIKE TO SEE THE RFA'S COMING ALONG. WE MENTIONED  
23 AND HAVE IN THE STRATEGIC PLAN RFA'S ON EMBRYONIC CELL  
24 BIOLOGY, ON SETTING UP AT LEAST THE PLANNING GRANTS FOR  
25 DISEASE-SPECIFIC PATHWAYS, CAREER DEVELOPMENT AWARDS, I

1 THINK, WHICH ARE VITAL FOR NEW INVESTIGATORS THAT ARE  
2 ARRIVING IN BOTH THE CLINICAL AND IN THE BASIC SCIENCE  
3 SIDE. AND I'D LIKE TO HEAR HOW WE'RE GOING TO KEEP  
4 THINGS GOING, ZACH, IN DAYS AND WEEKS AHEAD.

5 DR. HALL: WELL, IF YOU RECALL FROM OUR  
6 DISCUSSION OF THE NEXT THOUSAND DAYS, THE SORT OF  
7 ROLL-OUT PLAN, IN THE CONTEXT OF THAT DISCUSSION, WE  
8 TALKED ABOUT WHAT WE WOULD DO IN THE SECOND HALF OF  
9 THIS YEAR. AND THAT WAS A VERY AMBITIOUS SCHEDULE WITH  
10 THE POSSIBILITY OF AS MANY AS SIX RFA'S COMING OUT.  
11 THAT WILL PUT -- WE WILL BE STRETCHED TO MAKE THAT.  
12 LET ME SAY THAT. AND THERE ARE SEVERAL CHALLENGES.

13 ONE IS THE CHALLENGE OF OUR OWN STAFF. WE  
14 ARE STILL CONTINUING TO STAFF. AND I DIDN'T MENTION,  
15 BUT WE ARE HIRING -- CONTINUING TO HIRE SCIENTIFIC  
16 PROGRAM OFFICERS, BUT THE NUMBERS ARE -- I SPOKE TO  
17 SOMEBODY FROM THE HI-Q FOUNDATION, ALLEN TOBIN, WHO  
18 MANY OF YOU KNOW. AND FOR A GRANTS PROGRAM THERE OF 50  
19 TO \$70 MILLION A YEAR, THEY HAVE 22 PH.D.'S ON BOARD.  
20 AND THIS IS A HIGHLY -- IF YOU REMEMBER, THOSE OF YOU,  
21 ETHAN SIGNER TALKED AT ONE OF OUR STRATEGIC PLANNING  
22 MEETINGS ABOUT HOW THEY DO THINGS. THEY ARE VERY  
23 ACTIVE IN MANAGING THE GRANTS; BUT JUST TO GIVE YOU A  
24 SORT OF BENCHMARK, THAT WE HAVE A STAFF THAT HAS MADE A  
25 HEROIC EFFORT TO GET THIS FIRST GROUP OF GRANTS OUT,

1 BUT WE ARE GOING TO HAVE TO CONTINUE TO BUILD UP THAT.  
2 THE SECOND ELEMENT, BRIAN, IS OUR SYSTEMS,  
3 WHICH IS NOW BECOMING ABSOLUTELY CRITICAL IN THAT WE  
4 HAD HOPED BY NOW WITH THE EASY GRANTS DEBACLE, BEFORE  
5 THAT WE HAD HOPED TO HAVE OUR INTEGRATED SYSTEMS IN  
6 PLACE, WEB-BASED SYSTEMS. AND WE HAVE BEEN SORT OF  
7 PUTTING TOGETHER AD HOC SYSTEMS ACTUALLY TO GET THROUGH  
8 THESE PROPOSALS. WHILE IT'S BEEN TERRIFIC, THAT WE  
9 CANNOT SUSTAIN THAT EFFORT. SO THAT WILL BE A  
10 CHALLENGE.

11 THE THIRD CHALLENGE, I THINK, WILL BE THERE  
12 IS GOING TO BE A TRANSITION IN THE LEADERSHIP TEAM.  
13 THAT ALWAYS MAKES FOR A PERIOD OF UNCERTAINTY AND  
14 UNEASE IN AN ORGANIZATION. AND MY HOPE IS THAT THAT  
15 WILL MOVE AS QUICKLY AND AS SEAMLESSLY AS POSSIBLE AND  
16 THAT THERE NOT BE A BOBBLE THERE. I THINK THAT IS  
17 EXTREMELY IMPORTANT.

18 AND THE FINAL ISSUE OR A FINAL -- ANOTHER  
19 ISSUE, AT ANY RATE, IS THAT GETTING THE HIGH QUALITY  
20 REVIEWERS TO MAN THAT LEVEL OF GRANT REVIEW IS GOING TO  
21 BE A CONTINUING CHALLENGE. AS OTHER STATES COME IN,  
22 THE POOL OF STEM CELL RESEARCHERS FIND THEY HAVE NOW  
23 MANY OPTIONS. I FEAR OUR NOVELTY MAY FADE. PEOPLE  
24 SAY, WELL, WE'RE WILLING TO DROP EVERYTHING AND COME  
25 OUT BECAUSE IT'S SO IMPORTANT TO GET THIS GOING. BUT

1 ONCE IT GETS GOING, WILL THEY CONTINUE TO BE THERE?  
2 SOME ALTERNATIVES ARE OFFERING LARGE SUMS OF MONEY, AND  
3 SO WE ARE GOING TO, I THINK, BE VERY STRETCHED IN ORDER  
4 TO GET PEOPLE TO CONTINUE TO COME HERE. AND I THINK IT  
5 WILL BE A CHALLENGE TO CONTINUE TO GET THE VERY HIGH  
6 QUALITY PEOPLE WE HAVE HAD. I SHOULD SAY IT'S BEEN  
7 EXTRAORDINARY SO FAR IN OUR FIRST THREE ROUNDS OF  
8 GRANTS THAT WE'VE GOTTEN VERY, VERY GOOD PEOPLE, AND I  
9 THINK THE QUALITY OF REVIEW HAS BEEN EXCELLENT. IT  
10 WILL BE A CHALLENGE TO MAINTAIN IT.

11 SO I SEE THAT AS A CHALLENGE. WE NOW, WITH  
12 OUR VERY STRONG COURT DECISION, MAY BE FACED WITH THE  
13 IDEA THAT WE WILL HAVE MONEY POSSIBLY AS EARLY AS THE  
14 SUMMER, BOND MONEY. WHEREAS, MY ORIGINAL PLAN,  
15 THINKING THAT IT WOULD BE DELAYED PROBABLY TILL THE END  
16 OF THIS YEAR, WAS THAT WE WOULD SORT OF HAVE WHAT I  
17 CALLED A RUNNING START; THAT IS, WE WOULD HAVE GRANTS  
18 REVIEWED AND APPROVED AND ALL TEED UP AND READY TO GO  
19 OUT. WE CERTAINLY, IF THE MONEY IS AVAILABLE THIS  
20 SUMMER, WILL NOT ABLE TO DO THAT.

21 SO I THINK THAT IS A BIG, BIG CHALLENGE GOING  
22 FORWARD IS HOW TO KEEP UP THE MOMENTUM AND HOW, IF I  
23 MAY USE THE PHRASE FROM DAVID JENSON, OUR FAITHFUL  
24 BLOGGER, HE SAID IN ONE OF HIS RECENT BLOGS THAT A  
25 SMALL GROUP HAS BEEN DOING HEROIC WORK TO GET THIS OUT.

1 AND HE HAD A VERY NICE WAY OF PUTTING IT. HE SAID THEY  
2 WILL HAVE TO DO ROUTINE THINGS ROUTINELY SO THAT THEY  
3 WILL THEN HAVE THE EXCESS CAPACITY FOR THE INEVITABLE  
4 EMERGENCIES THAT WILL COME ALONG. I COULDN'T HAVE PUT  
5 THAT BETTER MYSELF. I THINK THAT'S EXACTLY RIGHT, AND  
6 WE HAVE BEEN WORKING ALL OUT TO GET THE GOVERNOR'S  
7 MONEY OUT, BUT WE NEED NOW TO TRANSITION INTO A SMOOTH  
8 RUNNING, LARGE-SCALE GRANTING AGENCY IN WHICH THESE  
9 THINGS DON'T REQUIRE HEROIC MEASURES, BUT ARE ROUTINE  
10 IN WHICH WE HAVE THE MACHINERY IN PLACE. SO THAT IS  
11 THE CHALLENGE AND I THINK IS THE CHALLENGE FOR THE  
12 INSTITUTE AND WILL BE ONE OF THE CHALLENGES FOR THE  
13 NEXT PRESIDENT TO KEEP THAT GOING.

14 DR. HENDERSON: IT WOULD BE ENCOURAGING IN  
15 THE FACE OF ALL YOU SAY, AND I DON'T WANT TO DIMINISH  
16 IN ANY WAY THE CHALLENGES YOU POSE, BUT I THINK IT  
17 WOULD BE ENCOURAGING TO SEE THAT THESE ARE COMING ALONG  
18 IN SOME SEQUENCE EVEN IF EVENTUALLY THEY HAVE TO GET  
19 DELAYED BECAUSE OF INTERNAL LOGISTICAL ISSUES, BUT TO  
20 SEE THEY'RE COMING, TO LET THE NEW SCIENTISTS ARRIVING  
21 IN OUR COMMUNITY SEE THAT THERE ARE NEW OPPORTUNITIES  
22 SOONER RATHER THAN LATER. ALL THE PEOPLE WHO DIDN'T  
23 MAKE IT THE FIRST TIME AROUND GET A CHANCE SOONER  
24 RATHER THAN LATER SO THAT WE CAN KEEP THE MOMENTUM UP  
25 BECAUSE, AS YOU SAY, A LOT OF OTHER GROUPS WILL

1       EVENTUALLY COMPETE WITH US. WE HAVE AN EDGE. WE DON'T  
2       WANT TO LOSE IT.

3               DR. HALL: YES. AND I THINK YOU MAKE A VERY  
4       GOOD POINT JUST AS WE ARE ABOUT TO GO INTO A GRANTING  
5       SESSION. AND THAT IS, IT'S NOT AS IF THE SEED GRANTS  
6       IN THIS ARE THE LAST CHANCE FOR PEOPLE. THERE WILL BE  
7       AMPLE OPPORTUNITIES. AND FOR ALMOST ANY GRANT THAT YOU  
8       CAN THINK OF THERE WILL BE COVERAGE DOWN THE LINE IN  
9       NEW RFA'S. I QUITE AGREE. I THINK IT'S ESSENTIAL THAT  
10      IT MOVE AHEAD. I SIMPLY WANTED TO POINT OUT SOME OF  
11      THE CHALLENGES INVOLVED. AND I THINK IT'S PARTLY --  
12      I'M DEFENDING OUR STAFF HERE. I THINK WE CAN'T  
13      CONTINUE TO EXPECT THE IMPOSSIBLE FROM THEM, AND WE'RE  
14      GOING TO HAVE TO JUST BUILD UP AND BUILD THAT  
15      MACHINERY. IT'S BEEN A LITTLE BIT, AS SOMEBODY SAID,  
16      WE'RE BUILDING THE CAR AS WE'RE DRIVING DOWN THE  
17      RACETRACK. AND SO THAT'S BEEN A CHALLENGE.

18             CHAIRMAN KLEIN: DR. HALL, I THINK DR. LEVEY  
19      AND DR. BRYANT BOTH HAD COMMENTS.

20             DR. BRYANT: I JUST WANTED TO SAY THAT I'VE  
21      BEEN INCREDIBLY IMPRESSED BY WHAT'S BEEN HAPPENING WITH  
22      GETTING THESE GRANTS OUT. IT'S ACTUALLY UNPRECEDENTED  
23      FOR SUCH A SMALL TEAM TO BE ABLE TO DO SO MUCH. I JUST  
24      THINK YOU'VE BEEN SPRINTING, AND WE NEED TO HAVE ENOUGH  
25      PEOPLE SO THAT YOU CAN WALK A MORE LEISURELY PACE

1 BECAUSE OTHERWISE WE'RE GOING TO END UP WITH A  
2 COLLAPSED ORGANIZATION BECAUSE HOW CAN THIS PACE BE  
3 KEPT UP? I THINK YOU'RE RIGHT, THAT YOU HAVE DONE A  
4 TREMENDOUS -- THE STAFF AND ARLENE AND YOU AND ALL OF  
5 THE STAFF HAVE DONE A TREMENDOUS JOB, BUT IT'S TIME TO  
6 HIRE SOME MORE PEOPLE TO BE ABLE TO MAINTAIN IT SO THAT  
7 WE CAN DO WHAT WE NEED TO DO.

8 DR. HALL: I THINK ALSO I WOULD STRESS TO  
9 KEEP THIS TRANSITION. TRANSITION LEADERSHIP IS ALWAYS  
10 A TIME OF UNCERTAINTY AND STRAIN ON AN ORGANIZATION.  
11 THAT'S ABSOLUTELY THE CASE. I THINK ONE WANTS TO  
12 MINIMIZE THAT AND TO BE ABLE TO KEEP AS MUCH CONTINUITY  
13 AND KEEP THE MOMENTUM AND KEEP IT MOVING FORWARD AS  
14 MUCH AS POSSIBLE.

15 CHAIRMAN KLEIN: DR. LEVEY.

16 DR. LEVEY: FEW COMMENTS APROPOS OF WHAT  
17 BRIAN WAS SAYING. I REMEMBER WHEN WE WERE ON THE  
18 COMMITTEE AND TRYING TO IDENTIFY CANDIDATES, WE  
19 RECOGNIZED THAT DOWN THE ROAD WE WOULD HAVE PROBLEMS AS  
20 WE PICKED UP SPEED AND RECEIVED MONEY.

21 (BOARD MEMBER WRIGHT ARRIVES.)

22 DR. LEVEY: I WONDER IF YOU'VE BEGUN TO  
23 THINK, ZACH, OF SOME OF THE SOLUTIONS WE HAD THEN.  
24 ONE, OF COURSE, IN GETTING PEOPLE TO REVIEW GRANTS WAS  
25 TO INCREASE THE HONORARIUM. I REMEMBER WE HAD A

1 VIGOROUS DISCUSSION ABOUT \$500 VERSUS A \$1,000. I'M  
2 SURE WE CAN DO MUCH BETTER THAN THAT.

3 SECOND THING IS WE THOUGHT ABOUT IMPLEMENTING  
4 TELECONFERENCING AND NOT HAVING PEOPLE COME OUT TO  
5 CALIFORNIA. THE TECHNOLOGY IS THERE, AND WE SHOULD BE  
6 ABLE TO DO THAT. I THINK, INSTEAD OF SPENDING FOUR  
7 DAYS HERE, THEY COULD SPEND REALLY A DAY AND A HALF OR  
8 WHATEVER IT WOULD TAKE.

9 AND, THIRDLY, MAYBE WE SORT OF START  
10 REACTIVATING THE COMMITTEE. WE HAD A LIST OF ABOUT 600  
11 PEOPLE. AND I THINK WE'RE TRYING TO FOCUS ON PEOPLE  
12 WITH EXPERIENCE IN STEM CELLS, BUT WE MAY WANT TO JUST  
13 GET SOME FIRST-CLASS SCIENTISTS AND NOT WORRY SO MUCH  
14 ABOUT STEM CELLS.

15 DR. HALL: WE HAVE OF NECESSITY HAD TO EXPAND  
16 THAT GROUP, AND WE HAVE BROUGHT NAMES TO YOU. AND WE  
17 HAVE USED YOUR ORIGINAL WORK. BUT THE USEFUL AND  
18 HELPFUL THING TO US AT THIS POINT IS THAT WE'VE BEEN  
19 ABLE TO USE -- AS WE GET ESTABLISHED, WE'VE BEEN ABLE  
20 TO USE THE EXPERTISE OF THE WORKING GROUP. AND SO WE  
21 HAVE GOTTEN SUGGESTIONS FROM THEM FOR GOOD PEOPLE, AND  
22 THAT HAS BEEN TREMENDOUSLY HELPFUL. SO WE BUILT UP, IN  
23 ESSENCE, A NETWORK. AND I THINK IF YOU FEEL IT'S  
24 NECESSARY TO DO THIS THROUGH A SUBCOMMITTEE OF THE  
25 ICOC, I THINK YOU CAN DISCUSS THAT. MY OWN VIEW IS



1 THAT'S A CUMBERSOME PROCESS, AND WE NEED TO MOVE IN  
2 GENERAL MORE QUICKLY THAN THAT. ARLENE WILL BRING TO  
3 YOU AT THIS MEETING A REQUEST TO APPROVE SOME MORE  
4 ALTERNATES. THESE ARE CAREFULLY CHOSEN. YOU HAVE THE  
5 CV'S THERE. THESE ARE FIRST-RATE PEOPLE. AND I THINK  
6 IF WE COULD DO THAT AT THE CIRM LEVEL AND BRING TO YOU  
7 FOR APPROVAL EACH TIME, THAT WOULD BE A TREMENDOUS HELP  
8 TO US.

9 DR. LEVEY: I'M NOT PUSHING FOR MORE WORK FOR  
10 A SUBCOMMITTEE. WE HAVE ENOUGH OF THAT. BUT THE THING  
11 IS WHAT ABOUT TELECONFERENCING AND CHANGING THE  
12 HONORARIUM BECAUSE THESE ARE THINGS THAT DO MAKE A  
13 DIFFERENCE?

14 DR. HALL: WE CERTAINLY CAN CONSIDER THOSE.  
15 I WOULD ADD AT THIS POINT THAT AS WE REALIZE THE  
16 MAGNITUDE OF THE TASK, ALL THESE THINGS HAVE ECONOMIC  
17 CONSEQUENCES AS WELL. ONE OF THE THINGS THAT WE'VE  
18 BEEN WORKING ON WITH LORI HOFFMAN, OUR NEW FINANCIAL  
19 AND ADMINISTRATIVE OFFICER, IS ACTUALLY DEVELOPING A  
20 FINANCIAL PLAN OVER THE LIFETIME OF THE INSTITUTE BASED  
21 ON WHAT WE'LL HAVE COMING IN. AND THAT ACTUALLY HAS  
22 BEEN A VERY INTERESTING EXERCISE. AND AT SOME POINT WE  
23 WILL BRING THAT TO THE GOVERNANCE SUBCOMMITTEE AND TO  
24 THIS COMMITTEE, BUT WE CERTAINLY WILL LOOK AT THOSE  
25 OPTIONS AND THINK ABOUT THEM. THOSE ARE POSSIBLE.

1 ANOTHER ONE THAT WE HAD TALKED ABOUT WAS  
2 PERHAPS HAVING MEETINGS THAT WERE NOT HERE, BUT ON THE  
3 EAST COAST. THE PROBLEM IS THAT WHAT THAT DOES NOT  
4 TAKE INTO ACCOUNT IS THE PATIENT ADVOCATE MEMBERS FOR  
5 WHOM SUCH A TRIP IS DIFFICULT. SO THAT WE HAVE SORT OF  
6 PUT ON THE BACK BURNER. I THINK WE CERTAINLY CAN  
7 INVESTIGATE THE OTHERS. AND I AGREE WE WILL NEED TO  
8 THINK ABOUT THAT.

9 CHAIRMAN KLEIN: CLAIRE, DR. POMEROY.

10 DR. POMEROY: ONE QUICK QUESTION, ZACH. I  
11 ALWAYS GET NERVOUS WHEN THERE ARE TO-BE-DONE THINGS.  
12 AND ONE OF THE TO-BE-DONE THINGS IN THE AUDITOR'S  
13 REPORT WAS THE BOARD TRAVEL POLICIES. AND CAN YOU TELL  
14 US THE PROCESS FOR ADDRESSING THAT?

15 DR. HALL: WE HAVE NOT -- I PRESENT THAT FOR  
16 YOUR SOLUTION. I HAVE NOT -- WE HAVE NOT PRESUMED TO  
17 SAY THAT WE WOULD WRITE A TRAVEL POLICY FOR THE BOARD.  
18 THAT IS YOURS TO DO FOR YOURSELVES, AND I WOULD DEFER  
19 TO THE CHAIR TO TELL US WHAT THE PLANS ARE FOR THAT.

20 CHAIRMAN KLEIN: THE ACTUAL TECHNICAL  
21 LANGUAGE IN THE INITIATIVE SAYS REASONABLE AND  
22 NECESSARY EXPENSES. WE'VE BEEN USING THE UC SYSTEM AS  
23 A BENCHMARK, SO IT DOESN'T ACTUALLY SPECIFY THE UC  
24 SYSTEM. HOPEFULLY WE CAN GET INFORMATION FROM THE UC  
25 SYSTEM. AT THE MOMENT WE'RE HOPEFULLY GETTING A STAFF

1 AUGMENTATION. IT'S DIFFICULT JUST TO GET THE WORK DONE  
2 TO GET THE COMMITTEE STAFFED AND THE BOARD STAFFED AND  
3 HAVE THE MEETINGS AT THIS POINT WITH ONE SENIOR STAFF  
4 PERSON AND ONE EXECUTIVE ASSISTANT. BUT IT'S INTENDED  
5 THAT FOR THE APRIL MEETING WE BRING BACK FOR DISCUSSION  
6 A TRAVEL POLICY THAT, AS I SAID, HOPEFULLY LEARNS FROM  
7 THE AUDIT COMMENTS AS WELL AS LEARNS FROM THE UC  
8 SYSTEM.

9 AND AT THAT MEETING AS WELL, IT WOULD BE  
10 APPROPRIATE, I THINK, TO DISCUSS SOME RELATED ISSUES.  
11 IN THE AUDIT, FOR EXAMPLE, I THINK IT CALLED OUT A  
12 SCIENTIST, THAT THE SCIENTIFIC STAFF USE DONATED FUNDS  
13 TO BRING -- THERE WAS A SINGLE FIRST CLASS TICKET  
14 BECAUSE OF THIS PERSON HAVING A BACK PROBLEM, I  
15 BELIEVE. IT DIDN'T ALLOW THEM TO FLY AS A MAJOR  
16 SPEAKER FOR A CONFERENCE. BUT WE NEED TO DISCUSS THOSE  
17 ITEMS AND MAKE SURE WE HAVE TRANSPARENT POLICIES IN  
18 PLACE. SO IF THERE'S A MEDICAL NECESSITY, WE HAVE SOME  
19 OBJECTIVE STANDARDS FOR DEALING WITH THOSE ISSUES.

20 DR. HALL: LET ME JUST SAY, CLAIRE, THAT WHAT  
21 YOU HAVE APPROVED FOR CIRM IS NOW CONGRUENT WITH THE UC  
22 POLICY AS SPECIFIED IN PROPOSITION 71. AND THAT'S WHY  
23 WE CHANGED IT. THAT MIGHT BE A USEFUL STARTING PLACE.

24 DR. POMEROY: I WOULD LIKE THE BOARD TO BE  
25 ABLE TO SAY THE SAME.

1                   CHAIRMAN KLEIN: ALL RIGHT. THANK YOU VERY  
2 MUCH. AND WE WANT TO MOVE THE FIRST ACTION ITEM, AND I  
3 WANT TO MOVE ACTUALLY TO ITEM NO. 9, PASSING OVER ONE  
4 ITEM, TO THE CONSIDERATION OF AMENDMENT TO CONFLICTS OF  
5 INTEREST POLICY FOR THE GRANTS WORKING GROUP. AND,  
6 SCOTT TOCHER, COULD YOU ADDRESS THIS ITEM, WHICH IS TAB  
7 9 IN YOUR BINDERS.

8                   MR. TOCHER: GOOD AFTERNOON, CHAIRMAN.

9                   CHAIRMAN KLEIN: I'D LIKE TO ANNOUNCE WE DO  
10 HAVE A QUORUM, AND I ANNOUNCE THAT DR. WRIGHT HAS  
11 JOINED US.

12                  MS. KING: THIN BINDER.

13                  CHAIRMAN KLEIN: THE THIN BINDER, THE LARGE  
14 BINDER HAVING THE GRANT ABSTRACTS AND OTHER MATERIALS.  
15 THANK YOU. SCOTT TOCHER.

16                  MR. TOCHER: THE ICOC HAS ADOPTED CONFLICTS  
17 OF INTEREST POLICIES THAT GOVERN ALL OF THE WORKING  
18 GROUPS. AS PRESIDENT HALL MENTIONED EARLIER IN HIS  
19 REPORT, THE AUDITORS IDENTIFIED THAT ONE OF THE GROUPS,  
20 SPECIALISTS, WHO PROVIDE ASSISTANCE, BUT DO NOT VOTE,  
21 TO THE GRANTS WORKING GROUP MEMBERS ARE NOT EXPLICITLY  
22 IDENTIFIED IN OUR CONFLICT OF INTEREST POLICY. WHILE  
23 WE HAVE ALWAYS OPERATED AS IF THEY ARE INCLUDED IN THE  
24 POLICY, AND WHILE WE BELIEVE THE LANGUAGE IS SUFFICIENT  
25 TO INCLUDE THEM, WE AGREED TO GO AHEAD AND MAKE

1 EXPLICIT THAT THE SPECIALISTS ARE INCLUDED IN THE  
2 CONFLICT OF INTEREST POLICY.

3 BECAUSE THIS IS A DOCUMENT THAT IS CONSIDERED  
4 AND ADOPTED BY THE BOARD, WE HAVE BROUGHT IT BACK FOR  
5 YOUR CONSIDERATION TO INCLUDE EXPLICITLY THE  
6 SPECIALISTS IN THE GRANTS WORKING GROUP CONFLICT OF  
7 INTEREST POLICIES. AND THAT ADDITIONAL LANGUAGE IS, I  
8 BELIEVE, UNDERLINED AT THE LAST PAGE OF THE POLICY.

9 CHAIRMAN KLEIN: ALL RIGHT. AND THAT IS AN  
10 ITEM FOR CONSISTENCY. IT COMES WITH THE SCIENTIFIC  
11 STAFF'S RECOMMENDATION. DR. HENDERSON, I THINK WE'RE  
12 GOING TO HAVE A VOTE HERE VERY SHORTLY ON THIS ITEM IF  
13 WE COULD HAVE EVERYONE IN THE ROOM FOR THAT VOTE.

14 ARE THERE ADDITIONAL QUESTIONS ON THIS ITEM  
15 FROM THE BOARD? SEEING NONE, ARE THERE PUBLIC  
16 COMMENTS? THANK YOU. DR. PRICE.

17 DR. PRICE: I HAVE A QUESTION. A MOMENT AGO  
18 WHEN WE TALKED ABOUT CONFLICT OF INTEREST FOR MEMBERS,  
19 I THOUGHT JAMES SAID THAT CALIFORNIA LAW CONFLICTS ARE  
20 FINANCIAL AND NOT PERSONAL OR PROFESSIONAL. I LOOK AT  
21 THE SECOND PARAGRAPH HERE, AND IT DEFINES CONFLICT OF  
22 INTEREST AS FINANCIAL, PROFESSIONAL, OR PERSONAL. WHAT  
23 IS THE STORY?

24 CHAIRMAN KLEIN: I'D LIKE DR. HALL TO ADDRESS  
25 THIS. THIS IS DEALING WITH THE WORKING GROUP. AND THE

1 INTENT IS THE SCIENTIFIC STAFF HAS TRIED TO CREATE A  
2 STANDARD THAT GOES BEYOND STATE LAW.

3 DR. HALL: EXACTLY RIGHT. SO FOR THE WORKING  
4 GROUP, WE GO BEYOND STATE LAW. WE DEFINED THOSE THREE  
5 KINDS OF FINANCIAL INTEREST -- AND THOSE THREE KINDS OF  
6 CONFLICT OF INTEREST. I'M SORRY. WE THINK IT'S VERY  
7 PERTINENT. ACTUALLY, AS MANY OF YOU KNOW, THE  
8 PROFESSIONAL CONFLICT OF INTEREST IS USUALLY MORE  
9 IMPORTANT THAN THE FINANCIAL AMONG SCIENTISTS. WE  
10 MONITOR THAT VERY CAREFULLY, SO THAT'S WHAT THAT IS.

11 MR. ROTH: MR. CHAIRMAN, I MOVE THAT WE  
12 ACCEPT THIS POLICY.

13 DR. POMEROY: SECOND.

14 CHAIRMAN KLEIN: MOVED BY DUANE ROTH AND  
15 SECONDED BY DR. POMEROY. ANY ADDITIONAL DISCUSSION? I  
16 SAW NO COMMENTS FROM THE PUBLIC. ANY ADDITIONAL  
17 COMMENTS FROM THE PUBLIC? ALL RIGHT. I'D LIKE TO ASK  
18 ALL IN FAVOR. OPPOSED? MOTION PASSES.

19 I WOULD LIKE AT THIS MOMENT TO GO DIRECTLY TO  
20 THE COMPREHENSIVE GRANTS.

21 DR. HALL: COULD WE DO NO. 7, BOB. THAT'S  
22 EXTREMELY IMPORTANT FOR US IF I MAY ASK, JUST FOR THE  
23 REASON I WAS TALKING ABOUT BECAUSE WE ARE HAVING TO  
24 WORK VERY HARD TO GET A QUORUM OF MEMBERS FOR OUR  
25 WORKING GROUPS COMING UP. AND WE BADLY NEED TO AUGMENT

1 THEM, AND THIS WAS DEFERRED FROM LAST TIME. WE JUST  
2 WANT TO BE SURE IT GETS DONE.

3 CHAIRMAN KLEIN: LET ME SAY, DR. HALL, JOAN  
4 SAMUELSON WAS SPECIFICALLY SUPPORTIVE OF PASSING IT,  
5 BUT HAD A COMMENT RELATED TO DR. LEVEY'S COMMENT ABOUT  
6 EXPANDING OUR CANDIDATE BASE THROUGH THE SEARCH  
7 COMMITTEE. I'D LIKE TO BE ABLE TO HAVE HER PARTICIPATE  
8 SINCE SHE ASKED SPECIFICALLY TO PARTICIPATE IN THAT  
9 ITEM. AND I BELIEVE THAT SHE IS ON HER WAY. I WILL  
10 COMMIT TO YOU THAT WE WILL ABSOLUTELY STOP TO MAKE SURE  
11 WE ACT ON IT.

12 DR. HALL: THANK YOU. THAT'S ALL I'M  
13 CONCERNED ABOUT, THAT WE ABSOLUTELY GET IT DONE.

14 CHAIRMAN KLEIN: SO IF WE CAN GO TO ITEM 11.  
15 NOW, THIS STARTS THE COMPREHENSIVE GRANTS. WE WILL  
16 RETURN TO THE SEED MONEY GRANTS WHERE WE LEFT OFF AFTER  
17 THE COMPREHENSIVE GRANTS. IF YOU CAN REMEMBER FROM THE  
18 LAST MEETING, FOR THOSE THAT WERE THERE, AND AS  
19 ADDITIONAL INFORMATION FOR THE MEMBERS WHO ARE PRESENT  
20 AT THIS MEETING, WE DO HAVE A SITUATION WHERE WE HAVE  
21 RECOMMENDATIONS FROM THE SEED MONEY GRANT WORKING  
22 GROUP, THAT THESE WERE EXTREMELY STRONG SEED MONEY  
23 GRANT PROPOSALS AND OUR RECOMMENDATION FROM THE  
24 COMPREHENSIVE GRANT WORKING GROUP THAT SHARES A NUMBER  
25 OF THE SCIENTIFIC MEMBERS, THAT THEY FELT THAT ON A

1 COMPARATIVE BASIS, IF WE HAD MONEY LEFT OVER AFTER  
2 GOING THROUGH THE COMPREHENSIVES, TO GO BACK TO THE  
3 SEED MONEY GRANT ROUND AND SEE IF WE COULD APPROVE A  
4 FEW OTHERS UNDER THE AVAILABLE FOR FUNDING CATEGORY OR  
5 OTHER GRANTS IDENTIFIED BY THE MEMBERS OF THIS BOARD.

6 SO GOING DIRECTLY AT THIS POINT TO THE  
7 COMPREHENSIVE GRANT APPLICATIONS, WHICH IS AGENDA ITEM  
8 NO. 11, WE WILL START WITH A TENTATIVE VOTE IN GOING  
9 THROUGH THIS PROCESS. SO WE'LL EXAMINE THE GRANTS AS  
10 THE BOARD WISHES WITH A TENTATIVE VOTE ON GRANTS.

11 I'M GOING TO HAVE JAMES EXPLAIN FOR THE  
12 BENEFIT OF EVERYONE HOW WE CAN GO THROUGH THIS. AND,  
13 JAMES, PARTICULARLY EXPLAIN HOW WE'RE HANDLING THE  
14 CONFLICTS ISSUES IF WE'RE GOING TO BE CONSIDERING MORE  
15 THAN ONE GRANT AT A TIME.

16 MR. HARRISON: SURE. WHAT YOU WILL DO THIS  
17 AFTERNOON AND THIS EVENING IS TO CONSIDER APPLICATIONS  
18 IN TIER 1 AND ENTERTAIN MOTIONS TO MOVE AN APPLICATION  
19 FROM TIER 1 TO TIER 2 FOR FURTHER CONSIDERATION. YOU  
20 WILL THEN MOVE ON TO TIER 3 TO ENTERTAIN MOTIONS TO  
21 MOVE AN APPLICATION FROM TIER 3 TO TIER 2, AGAIN, FOR  
22 FURTHER CONSIDERATION. AND THEN YOU WILL MOVE ON TO  
23 TIER 2 AND CONSIDER MOTIONS TO MOVE APPLICATIONS FROM  
24 TIER 2 TO TIER 1 OR TO TIER 3.

25 SO THAT TOMORROW MORNING WHEN YOU COME IN,



1 YOU WILL HAVE, AFTER DISCUSSION, CONSIDERATION, AND  
2 TENTATIVE VOTES, REARRANGED, IF NECESSARY, THE ORDER OF  
3 THE GRANTS IN THE THREE DIFFERENT CATEGORIES. YOU WILL  
4 THEN HAVE AN OPPORTUNITY TO SEE THE FULL EFFECT OF WHAT  
5 YOU'VE DONE WITH THE BUDGET INFORMATION FOR TIER 1, AND  
6 YOU WILL THEN TAKE A VOTE, AGAIN AFTER ENTERTAINING  
7 MOTIONS TO MOVE THINGS AROUND ONE LAST TIME, ON  
8 APPROVING THOSE RECOMMENDATIONS.

9 AS BOB SUGGESTED, WHEN WE DISCUSS SPECIFIC  
10 APPLICATIONS, STAFF WILL ANNOUNCE AT THE OUTSET THOSE  
11 MEMBERS WHO HAVE EITHER BEEN DISQUALIFIED FROM  
12 PARTICIPATING OR HAVE CHOSEN TO ABSTAIN SO THAT THEY  
13 REFRAIN FROM PARTICIPATING. AND THOSE MEMBERS WHO ARE  
14 DISQUALIFIED WILL NOT PARTICIPATE IN THE ROLL CALL  
15 VOTE. THOSE WHO HAVE CHOSEN TO ABSTAIN WILL JUST  
16 ANNOUNCE THAT THEY'VE ABSTAINED.

17 WHEN IT COMES TO A CONSIDERATION OF AN ENTIRE  
18 TIER, FOR EXAMPLE, TOMORROW WHEN YOU'RE ASKED TO VOTE  
19 ON THE RECOMMENDATIONS WITH RESPECT TO TIER 1, WHAT WE  
20 WILL ASK YOU TO DO IS TO LOOK AT THE SHEET IN FRONT OF  
21 YOU WHICH IDENTIFIES THOSE APPLICATIONS IN WHICH YOU  
22 EITHER HAVE A CONFLICT OF INTEREST OR HAVE CHOSEN TO  
23 ABSTAIN AND STATE FOR THE RECORD THAT YOU VOTE IN FAVOR  
24 OF THE RECOMMENDATION WITH RESPECT TO THE APPLICATIONS  
25 IN TIER 1 WITH THE EXCEPTIONS OF THOSE APPLICATIONS IN

1 WHICH YOU HAVE A CONFLICT OF INTEREST OR FOR WHICH  
2 YOU'VE DECIDED TO ABSTAIN AND ANY OTHERS IF YOU  
3 DISAGREE WITH THE RECOMMENDATION. THAT WAY WE WILL  
4 HAVE A RECORD OF WHAT YOU HAVE ABSTAINED OR RECUSED  
5 YOURSELF FROM, AND WE'LL HAVE A VOTE HOPEFULLY IN A  
6 MORE EFFICIENT MANNER ON A GROUP OF APPLICATIONS.

7 (BOARD MEMBER STEWARD ARRIVES.)

8 CHAIRMAN KLEIN: ALL RIGHT. I'D LIKE TO  
9 RECOGNIZE THAT FIGHTING AGAINST IMMOVABLE TRAFFIC  
10 LITERALLY, OS STEWARD HAS JOINED US. AS I HAD  
11 MENTIONED DR. WRIGHT HAS JOINED US, DR. STEWARD HAS  
12 JOINED US, AND JONATHAN SHESTACK SHOULD BE ON THE ROLL  
13 AS WELL. HE WASN'T HERE AT ROLL CALL, WAS HE? I JUST  
14 WANT MAKE SURE HE GOT INTO THE ROLL CALL.

15 ADDITIONALLY, IT IS VERY IMPORTANT, AS DR.  
16 BALTIMORE MENTIONED, THAT TOMORROW MORNING WE BEGIN  
17 PRECISELY AT 8:30 BECAUSE THE FIRST ITEM OF BUSINESS  
18 WILL BE A DEFINITIVE VOTE ON THE THEN ASSEMBLED TIER 1  
19 GRANTS, WHICH WE WANT TO GET ACCOMPLISHED BEFORE WE  
20 HAVE THE PRESS CONFERENCE. THIS IS EXCITING NEWS TO  
21 ANNOUNCE, AND IT IS VERY IMPORTANT THE STATE UNDERSTAND  
22 WE'RE HONORING THE MANDATE OF THE PUBLIC AND GETTING  
23 THE WORK OF THE PUBLIC DONE. THIS IS A CRITICAL  
24 MESSAGE. SO 8:30 PRECISELY.

25 AND AFTER THAT WE WILL CONTINUE, AS JAMES

1 HARRISON HAS INDICATED, TO LOOK AT OTHER GRANTS THAT  
2 COULD BE ADDED TO THE FUNDING, BUT WE NEED A DEFINITIVE  
3 VOTE ON THOSE THAT ARE SET UP FOR FUNDING IN TIER 1 AT  
4 THAT TIME.

5 MR. HARRISON: BOB, COULD I JUST REITERATE  
6 ONE THING FOR PURPOSES OF CLARITY. TODAY AS YOU'RE  
7 CONSIDERING INDIVIDUAL APPLICATIONS AND WHETHER TO MOVE  
8 THEM FROM ONE CATEGORY TO ANOTHER, AND TO THE EXTENT  
9 THAT YOU MOVE APPLICATIONS FROM CATEGORY 2 OR 3 TO  
10 CATEGORY 1, YOU WILL NOT SEE THE CUMULATIVE TOTAL  
11 BUDGET OF THOSE APPLICATIONS. AND THE PURPOSE OF  
12 WITHHOLDING THAT INFORMATION FROM YOU AT THIS POINT IN  
13 TIME IS TO PREVENT CONFLICTS OF INTEREST AND TO KEEP  
14 THE FOCUS OF YOUR DISCUSSION AND CONSIDERATION ON  
15 INDIVIDUAL APPLICATIONS, RATHER THAN LOOKING AT THINGS  
16 MORE GLOBALLY AND THUS IMPLICATING APPLICATIONS IN  
17 WHICH SOME OF YOU MAY HAVE DISQUALIFYING CONFLICTS.

18 AFTER YOU'VE MADE THOSE TENTATIVE DECISIONS,  
19 HOWEVER, TOMORROW MORNING, YOU WILL SEE THE  
20 APPLICATIONS AS YOU HAVE REARRANGED THEM, THOSE IN TIER  
21 1 ALONG WITH BUDGET INFORMATION CUMULATIVELY FOR THOSE  
22 APPLICATIONS, SO YOU KNOW WHAT YOU ARE BEING ASKED TO  
23 VOTE ON IN TERMS OF THE CUMULATIVE BUDGET.

24 DR. HALL: JUST TO SAY --

25 CHAIRMAN KLEIN: CAN WE DO DR. HALL AND THEN

1 DR. STEWARD.

2 DR. HALL: I JUST WANTED TO SAY WE WILL BE  
3 TALKING ABOUT INDIVIDUAL APPLICATIONS, BUT PART OF YOUR  
4 DECISION-MAKING HERE IS TO LOOK AT THE PORTFOLIO OF  
5 GRANTS THAT YOU INTEND TO FUND AND TO SEE HOW THEY  
6 BALANCE AND THAT HOW THAT WORKS AS WELL AS THE  
7 SCIENTIFIC SCORES. I THINK THE POINT THAT JAMES IS  
8 MAKING IS THAT AS YOU DECIDE WHETHER TO MOVE A  
9 PARTICULAR GRANT ABOVE OR BELOW THE LINE, IF YOU KNOW  
10 YOU'RE WORKING AGAINST A FINANCIAL DEADLINE HERE, THEN  
11 EACH DECISION TO MOVE A GRANT IMPACTS NOT ONLY THAT  
12 GRANT, BUT MAY IMPACT OTHERS AS WELL. SO THE CONFLICT  
13 OF INTEREST SITUATION BECOMES HOPELESSLY CONFUSED. TO  
14 KEEP THAT CLEAN, WE WILL KEEP THE MONEY, CUMULATIVE  
15 TOTALS. YOU WILL SEE WHAT THE WORKING GROUP  
16 RECOMMENDED BASED ON THE MONEY, BUT THEN THE CUMULATIVE  
17 DECISIONS WILL BE KEPT OUT UNTIL THE END, AND THEN YOU  
18 CAN COME BACK AND SAY, OKAY, HERE'S HOW THE FINANCES  
19 FIT IN, AND WE MAY NEED NOW TO DRAW THE LINE IN  
20 DIFFERENT PLACES BECAUSE OF THAT OR MAY CHOOSE TO.

21 CHAIRMAN KLEIN: ALL RIGHT. DR. STEWARD.

22 DR. STEWARD: FIRST OF ALL, LET ME APOLOGIZE  
23 TO EVERYONE FOR BEING LATE. I'M AFRAID I WAS FOLLOWING  
24 THE WRONG SET OF DIRECTIONS, MAPQUEST.

25 COULD I ASK A QUESTION RELATED TO CONFLICT OF

1 INTEREST? WE AT SEVERAL POINTS IN THE LAST MEETING  
2 DISCUSSED GROUPS OF GRANTS. I APOLOGIZE IF THIS HAS  
3 ALREADY COME UP. IF THAT OCCURS AND THERE IS ONE OF  
4 THAT GROUP ON WHICH WE ARE IN CONFLICT, AND WE WANT TO  
5 MAKE A GENERAL COMMENT RELATED TO THE GROUP, ARE WE IN  
6 CONFLICT IN DOING THAT?

7 MR. HARRISON: IN THAT CASE IT WOULD BE  
8 PREFERABLE FOR YOU TO AVOID A GENERAL COMMENT BECAUSE  
9 THAT COULD SUGGEST THAT YOU'RE PARTICIPATING IN THE  
10 DISCUSSION WITH RESPECT TO THE APPLICATION IN WHICH YOU  
11 HAVE A CONFLICT OF INTEREST. SO IF YOU WISH TO  
12 COMMENT, YOU SHOULD MAKE YOUR COMMENT SPECIFIC TO THOSE  
13 APPLICATIONS IN WHICH YOU'RE NOT DISQUALIFIED AND  
14 EXCLUDE THE OTHER ONE.

15 DR. STEWARD: OKAY. ALONG THOSE LINES THEN,  
16 I WOULD JUST ASK THAT WE NOT MAKE GROUPS THAT ARE TOO  
17 LARGE BECAUSE SOMETIMES THAT MAKES IT VERY DIFFICULT TO  
18 MAKE WHAT ONE THINKS IS A VERY IMPORTANT GENERAL  
19 COMMENT ABOUT THE WHOLE THING.

20 CHAIRMAN KLEIN: WHEN WE VOTE ON A GROUP, YOU  
21 CAN VOTE ON A GROUP IN WHICH YOU HAVE A CONFLICT,  
22 INDICATING THAT YOU ARE NOT VOTING FOR THE APPLICATION  
23 IN WHICH YOU HAVE A CONFLICT BECAUSE WE INDIVIDUALLY  
24 TALLY THE SCORES. SO WE INDIVIDUALLY TALLY TO MAKE  
25 SURE THAT EVERY INDIVIDUAL ONE WITHIN THE GROUP PASSES

1 WITH THE CONFLICTS ELIMINATED.

2 OKAY. MOVING FORWARD, I WOULD ALSO POINT OUT  
3 THAT, AS WE DID LAST TIME, IMMEDIATELY AFTER THE  
4 OVERVIEW, WE'RE GOING TO HAVE AN EXECUTIVE SESSION TO  
5 GO OVER PROPRIETARY INFORMATION THAT INVOLVES THE  
6 SCIENTIFIC UNIQUE IDEAS AND UNIQUE PROCESSES AND UNIQUE  
7 DATA THAT HAVE BEEN BROUGHT TO THESE GRANTS. I WILL  
8 SPECIFICALLY GO THROUGH THIS AND FORMALLY ANNOUNCE THAT  
9 EXECUTIVE SESSION AFTER WE HAVE GONE THROUGH THIS  
10 OVERVIEW.

11 IN LEADING US THROUGH THE COMPREHENSIVE  
12 GRANTS, JEFF SHEEHY, WORKING AS THE ALTERNATE CO-CHAIR  
13 OF THE GRANTS WORKING GROUP, COULD YOU GIVE US SOME  
14 OVERVIEW COMMENTS? I BELIEVE THAT JEFF HAS A SLIDE.

15 MR. SHEEHY: SO WE MET IN JANUARY, LOOKED  
16 OVER 70 APPLICATIONS, 22 OUTSIDE EXPERTS. THE FUNDING  
17 THAT WE HAD TO WORK WITH WAS \$80 MILLION. I WOULD SAY  
18 THAT, IN GENERAL, IN COMPARISON TO THE SEED GRANTS THAT  
19 WHEREAS THE SEED GRANT APPLICATIONS, THE WORKING GROUP  
20 MEMBERS FELT THAT THEY CLEARLY EXCEEDED THEIR  
21 EXPECTATIONS. I THINK THAT THEY FELT THAT THEY HAD  
22 EXPECTED MORE OUT OF THE COMPREHENSIVE GRANTS THAN THEY  
23 HAD ACTUALLY RECEIVED IN TERMS OF GRANTS.

24 SO THESE ARE THEIR RECOMMENDATIONS. THEY  
25 RECOMMENDED THAT WE FUND APPLICATIONS IN TIER 1. LET

1 ME SEE IF I CAN JUST GIVE YOU A RUNDOWN. DO WE HAVE A  
2 NUMBER? SO THERE'S 29 IN TIER 1, AND THAT IS -- IS  
3 THAT MINUS WITH OR WITHOUT? IT'S 25 MINUS THE FOUR FOR  
4 PROGRAMMATIC. SO 29 IN TIER 1, WHICH IS A FUNDING  
5 LEVEL OF 64 MILLION, I BELIEVE. AND THEN THEY  
6 RECOMMENDED FOUR ADDITIONAL GRANTS THROUGH PROGRAMMATIC  
7 REVIEW.

8 TO GIVE YOU A SENSE, I CAN SPEAK TO ONE OF  
9 THEM. IT WAS THE ONLY ONE THAT WAS A PRECLINICAL  
10 MODEL. IN LOOKING BACK AT IT, THEY ACTUALLY FELT THAT  
11 THEY HAD BEEN SLIGHTLY HYPERCRITICAL IN THEIR ANALYSIS  
12 OF IT. SO THOSE ARE SOME OF THE THINGS THAT CAME IN  
13 THE PROGRAMMATIC REVIEW.

14 BUT THERE WERE FOUR THAT THEY MOVED UP IN THE  
15 PROGRAMMATIC REVIEW. AND THE OVERALL FUNDING LEVEL  
16 WITH THE PROGRAMMATIC WAS 74.6 MILLION. SO AS YOU SEE,  
17 THEY EVEN DIDN'T FUND TO OUR PAYLINE. SO THEY  
18 RECOMMENDED FUNDING TIER 1. NOT FUND TIER 3, OF  
19 COURSE. WHAT THEY SUGGESTED WAS THAT WE GO BACK AND  
20 LOOK AT THE SEED GRANTS IN TIER 2, THE TIER 2 SEED  
21 GRANTS, BEFORE WE COME BACK TO THE TIER 2 COMPREHENSIVE  
22 GRANTS. THE OVERALL QUALITY LEVEL OF THE SEED GRANTS  
23 WAS HIGH ENOUGH THAT THAT WOULD JUSTIFY FUNDING MORE OF  
24 THOSE AT THE EXPENSE OF FUNDING PERHAPS MORE  
25 COMPREHENSIVE GRANTS THAT THEY WERE NOT QUITE AS HAPPY

1 WITH THE OVERALL SCIENCE.

2 SO THAT'S THE GENERAL. I WOULD NOTE THAT IF  
3 WE FUND ALL THE WAY WITH THE FOUR PROGRAMMATIC, THAT  
4 TAKES US TO ABOUT THE 41ST PERCENTILE IN TERMS OF THE  
5 GRANTS. SO I THINK -- ZACH, ARE YOU GOING TO TAKE US  
6 THROUGH THE ACTUAL SCORE DISTRIBUTIONS AND EVERYTHING?  
7 THIS WILL GIVE YOU KIND OF A -- I WAS GOING TO TURN IT  
8 OVER TO ZACH.

9 DR. BALTIMORE: IN THAT CASE I WILL ASK THE  
10 QUESTION. YOU AGGREGATE THE AMOUNT OF MONEY THAT IS  
11 IMPLIED BY THE TIER CUTOFFS.

12 DR. HALL: CAN WE WALK THROUGH THE NEXT STEP,  
13 AND I THINK THAT YOU WILL SEE. CAN WE COME BACK TO  
14 YOUR QUESTION?

15 DR. BALTIMORE: YES, YOU MAY.

16 DR. HALL: WHAT WE'RE GOING TO TELL YOU MAY  
17 HELP YOU UNDERSTAND.

18 DR. BALTIMORE: HE CAN SEE INTO MY HEAD AND  
19 HE KNOWS WHAT'S THERE.

20 DR. HALL: GIVE US A TRY, AND I THINK YOU  
21 WILL SEE THE WAY. IN ANY CASE --

22 CHAIRMAN KLEIN: DR. HALL.

23 DR. HALL: SO HERE IS ACTUALLY WHAT WE SCORED  
24 ALL THE GRANTS, AND WE PRESENTED THE WORKING GROUP WITH  
25 THE AGGREGATE -- IT'S A FREQUENCY DISTRIBUTION



1     BASICALLY.  IT IS THE NUMBER OF GRANTS THAT HAD THIS  
2     PARTICULAR SCORE AGAINST THE SCIENTIFIC SCORES.  AND IF  
3     YOU REMEMBER FROM LAST TIME, WE WENT THROUGH SOME OF  
4     OUR EXERCISE WITH THE SEED GRANTS.  AND SEVERAL POINTS,  
5     FIRST OF ALL, AS WE ASKED THEM TO DO AGAIN AND AGAIN,  
6     STUART ORKIN, OUR CHAIR, WAS VERY GOOD AT THIS.  IN  
7     FACT, THEY USED THE WHOLE RANGE, WHICH WAS VERY GOOD,  
8     SO THE SCORES ARE SPREAD OUT.

9             AND SO THE FIRST STEP, WITHOUT KNOWING WHICH  
10    GRANTS WERE WHICH AT THIS STAGE, WAS -- I THINK, DAVID,  
11    THIS GOES TO YOUR POINT.  AND THAT IS, WHAT WE SAID WAS  
12    THAT WE HAVE APPROVED 25 GRANTS WITH AN ESTIMATED TOTAL  
13    OF \$80 MILLION.  AND SO WE SAID WHAT THEN, IF YOU TAKE  
14    THESE AND RANK THEM RIGHT DOWN THE SCORE LINE, WHERE  
15    DOES THAT TAKE YOU?

16            DR. BALTIMORE:  NO, THAT WAS NOT MY QUESTION.  
17    SINCE YOU ASKED IT, WHY DON'T YOU ANSWER IT?

18            DR. HALL:  SO THIS THEN IS HOW TIER 1 WAS  
19    DEFINED, WHICH IS WHAT I THOUGHT YOU WERE GOING TO SAY.  
20    NOW, THEY HAD A CHOICE BETWEEN -- AMY, COULD YOU HIT  
21    THE NEXT?  THIS SHOWS US, THEN, THE TOP 25  
22    APPLICATIONS.  THEY HAD A CHOICE BETWEEN TAKING 25 OR  
23    80 MILLION, AND THE REASON IS THE AVERAGE GRANT SIZE  
24    WAS LESS THAN WE HAD ANTICIPATED.  OKAY.  SO IN THE  
25    SEED GRANTS THEY WENT TO THE DOLLAR FIGURE AND FUNDED

1 ALL THE WAY TO 25 MILLION HERE. THEY SAID IN TIER 1 WE  
2 WILL NOT USE THE ENTIRE FIGURE, BUT WE WILL TAKE THE  
3 TOP 25 TO DEFINE TIER 1. OKAY.

4 TIER 3 WAS DEFINED IN THE FOLLOWING WAY. AND  
5 THAT IS -- SORRY. THERE'S TIER 1. AND THEN, WELL,  
6 OKAY. AND THEN IN ADDITION THESE FOUR GRANTS WERE IN  
7 THE PROGRAMMATIC REVIEW IDENTIFIED AS BEING FOR  
8 FUNDING.

9 ACTUALLY AS WE DID IT, THE NEXT THING THAT  
10 HAPPENED BEFORE THESE FOUR WERE SPECIALED WAS THAT WE  
11 SAID, OKAY, WHERE WE WILL DEFINE THE TIER 3 BELOW WHICH  
12 WE DO NOT RECOMMEND FOR FUNDING? AND THE WORKING GROUP  
13 DID TWO THINGS. NO. 1, TO HAVE SOME SENSE OF ABSOLUTE  
14 SCALE; THAT IS, WHAT SCORE WOULD WE SAY WE REALLY DON'T  
15 WANT TO FUND BELOW THIS UNLESS THERE ARE UNUSUAL  
16 CIRCUMSTANCES. AND THE OTHER IS TO LOOK FOR A NATURAL  
17 SEPARATION IN THE CURVE BECAUSE YOU DON'T WANT TO SPLIT  
18 TWO CLOSELY RELATED GRANTS WITH A LINE. EVERYBODY  
19 KNOWS THAT'S ARBITRARY.

20 SO THE GROUP DECIDED THAT ANYTHING BELOW 60  
21 WOULD GO INTO TIER 3. AND THEN AT THAT POINT THE  
22 GRANTS -- AND THESE WERE SCORES BELOW OR EQUAL TO 60,  
23 AND MORE THAN HALF THE GRANTS WERE IN THIS CATEGORY,  
24 35, HALF.

25 SO THEN THE ONES IN TIER 2 -- AMY, IF WE

1 COULD GO BACK. THEN THEY LOOKED AT THE ONES IN TIER 2  
2 AND SAID ARE THERE ANY THAT WANT TO BE IDENTIFIED, AND  
3 THOSE FOUR STARRED ONES WERE THEN EACH IDENTIFIED AS  
4 BEING GRANTS THAT FOR PROGRAMMATIC REASONS THE ENTIRE  
5 WORKING GROUP FELT WOULD BE IMPORTANT TO FUND. AND WE  
6 CAN DISCUSS THOSE AND WHAT THE REASONS FOR THOSE WERE.

7 AND SO THEN IF YOU ADD THAT IN, THEN ALL THE  
8 APPLICATIONS, THEN, CONSIDERING THE ORIGINAL TIER 1  
9 PLUS THE FOUR STARRED ONES, COMES TO 74.6 MILLION,  
10 THERE ARE 29 APPLICATIONS IN THAT GROUP, AND AS NOTED  
11 THERE, FOUR WERE INCLUDED AS THE RESULT OF THE  
12 PROGRAMMATIC REVIEW. AND YOU CAN SEE FROM YOUR SHEETS  
13 THAT THE ABSOLUTE SCORE FOR TIER 1 AS IT WAS DEFINED AT  
14 THAT POINT WENT DOWN TO -- HELP ME HERE -- 73. IT WENT  
15 DOWN TO 73.

16 SO THE TIER 2 ONES, THEN, THE REMAINING ONES  
17 HAD SCORES FROM 64 TO 69. AND IF YOU WERE TO TAKE BOTH  
18 TIERS, IT WOULD BE ALMOST 90 MILLION. THERE'S SIX  
19 APPLICATIONS LEFT IN THAT. AND, AGAIN, HALF THE GRANTS  
20 ARE IN TIER 1 AND TIER 2 AND HALF ARE TIER 3.

21 SO THIS IS JUST THE SUMMARY THEN. NOW,  
22 DAVID, I OBVIOUSLY DIDN'T ANSWER YOUR QUESTION, BUT  
23 MAYBE --

24 CHAIRMAN KLEIN: DR. BALTIMORE, YOUR  
25 QUESTION.

1 DR. BALTIMORE: THE DECISIONS THAT SEEM TO  
2 HAVE BEEN MADE WERE ALL TO EITHER FUND OR NOT FUND AND  
3 TO TAKE THE ASSUMED LEVELS OF FUNDING THAT WERE APPLIED  
4 FOR IN THE GRANTS AND THE TIME OF GRANT, WHICH I  
5 BELIEVE IS FOUR YEARS FOR ALL OF THESE, AS FIXED.  
6 FIRST OF ALL, THE \$80 MILLION OR WHATEVER THE NUMBER IS  
7 IS HOW MANY YEARS OF FUNDING? THAT'S ALL FOUR.

8 DR. HALL: FOUR.

9 DR. BALTIMORE: SO THE COMMITMENT THAT WE'RE  
10 MAKING IS WE'RE COMMITTING 80 MILLION OF OUR \$150  
11 MILLION OR WHATEVER IT IS FOR OVER A FOUR-YEAR PERIOD.  
12 FULLY FUNDING THEM.

13 DR. HALL: YES.

14 DR. BALTIMORE: WHY ARE WE DOING THAT AS  
15 OPPOSED TO MAKING A DECISION ABOUT HOW MUCH MONEY MIGHT  
16 BE INVOLVED, PARTICULARLY FOR GRANTS THAT WERE SORT OF  
17 IN THE MIDDLE, AND MAKING DECISIONS ABOUT THE AMOUNT OF  
18 TIME THAT THE GRANT MAY BE VALID FOR?

19 DR. HALL: I THINK IT'S PERFECTLY  
20 REASONABLE -- I THINK WHAT YOU'RE DRIVING AT IS THE  
21 POSSIBILITY OF HAVING, LET'S SAY, A GROUP OF GRANTS  
22 LIKE TIER 2 GRANTS BE GIVEN EITHER REDUCED TIME OR  
23 REDUCED MONEY OR BOTH.

24 DR. BALTIMORE: UH-HUH.

25 DR. HALL: I THINK AS A WAY OF PROCEEDING, I

1 THINK THAT'S A REASONABLE WAY TO DO IT. IF WE DECIDE  
2 WE WANT TO DO THAT, THEN WE NEED TO DECIDE HOW THAT  
3 JUDGMENT IS GOING TO BE MADE, WHO'S GOING TO MAKE IT,  
4 AND HOW IT WILL BE --

5 DR. BALTIMORE: FIRST QUESTION I HAVE IS WHY  
6 DIDN'T THE WORKING GROUP MAKE IT?

7 DR. HALL: WELL, THE GROUND RULES WE GAVE  
8 THEM WAS JUST WE WANTED -- THEY HAD SO MANY GRANTS TO  
9 GO THROUGH. THERE'S ANOTHER POINT IN THAT THE SEED  
10 GRANTS IN PARTICULAR, WHICH ARE DIFFERENT, I GRANT YOU,  
11 BUT STILL THERE WERE 231 OF THOSE. THERE WERE 70 OF  
12 THESE. SO THE VARIABLE BUDGETS, WE TRIED TO KEEP --  
13 NOT HAVE PEOPLE DEAL WITH THE BUDGETS BECAUSE OF A  
14 COMPLICATION. THAT IS, OUR WAY OF CALCULATING BUDGETS  
15 IS VERY DIFFERENT FROM NIH. AND OUR SO-CALLED DIRECT  
16 COST INCLUDES THE DIRECT PROJECT COST PLUS A FACILITIES  
17 COST. AND THE FIRST THING PEOPLE FROM OUTSIDE WOULD  
18 SAY WOULD BE TO LOOK AT THIS AND SAY, MY GOD. THIS  
19 IS -- THEY DON'T DESERVE THIS MUCH MONEY. THIS IS AN  
20 OUTRAGEOUS AMOUNT OF MONEY. AND THEN WE'D HAVE TO GO  
21 BACK AND EXPLAIN.

22 IN THE END IT WAS TOO -- WE HAD TOO MUCH WORK  
23 TO DO, AND WE JUST SAID, LOOK, JUST VOTE IT ON THE  
24 SCIENCE AND LET'S LEAVE THE -- DON'T CONSIDER THE  
25 BUDGET AT ALL. DON'T GET INTO WHETHER THE BUDGET IS

1 ADEQUATE.

2 NOW, IN THE FUTURE, IF THIS GROUP DECIDES  
3 THAT THAT IS SOMETHING THAT THE WORKING GROUP SHOULD  
4 DO, WE CAN DO THAT, AND WE CAN INCORPORATE IT. MY  
5 SUGGESTION WOULD BE, IN A DISCUSSION EARLIER WITH THE  
6 CHAIR, WOULD BE I THINK IT WOULD BE USEFUL TO GO  
7 THROUGH THIS EXERCISE TODAY AS WE SET IT UP, AND THEN  
8 TO LOOK AT THE SEED GRANTS AND COMPREHENSIVE GRANTS  
9 TOGETHER AND SAY, OKAY, HOW DID ALL THIS WORK? DID WE  
10 GET OUT WHAT WE WANT AND HOW MIGHT WE CHANGE IT THE  
11 NEXT TIME? I'M A LITTLE WORRIED ABOUT TRYING TO  
12 RENEGOTIATE OR DECIDE, MAKE SOME OF THESE DECISIONS  
13 ABOUT THE GRANTS WITH THIS GROUP AND THEN INVOLVING OUR  
14 LIMITED STAFF ACTUALLY IN WORK THAT WE HAD NOT PLANNED  
15 ON; THAT IS, OF HAVING TO GO BACK AND RENEGOTIATE AND  
16 REWORK WITH THE BUDGETS FOR SOME NUMBER OF GRANTS.

17 SO I'M NOT OPPOSED TO IT, BUT I WOULD SUGGEST  
18 THAT WE NOT AT THIS POINT INTRODUCE THAT EXTRA  
19 COMPLICATION, IF POSSIBLE.

20 DR. BALTIMORE: FOR THE RECORD, I FIND IT  
21 REMARKABLE THAT THERE IS NO FORM OF NEGOTIATION ON THE  
22 COST OF THE GRANT WITH THE GRANTEE BECAUSE THAT MEANS  
23 THAT IT'S IN THE INTEREST OF THE GRANTEE TO JUST SIMPLY  
24 GIVE YOU THE LARGEST NUMBER THEY CAN IMAGINE, WHICH  
25 THEY MAY WELL HAVE DONE, AND THOSE WHO HAVEN'T NOW FEEL

1 STUPID, AND THAT THERE'S BEEN NO LOOK. BECAUSE I MUST  
2 SAY THE NUMBERS THAT I SEE, AND YOU'RE RIGHT, THOSE  
3 NUMBERS INCLUDE THINGS THAT I DON'T KNOW ABOUT, BUT THE  
4 NUMBERS THAT I SEE LOOK QUITE REMARKABLE FOR CERTAIN  
5 AMOUNTS OF SCIENCE THAT ARE DESCRIBED.

6 AND IN ANY CASE IT SEEMS TO ME IT'S ALMOST A  
7 NECESSARY PROCEDURE, THAT SOME LOOK AT THE BUDGET BE  
8 PART OF THE PROCESS OF EVALUATING THE GRANT.

9 DR. HALL: YES. YOU MEAN THE PROJECT BUDGET.  
10 EVERYTHING ELSE WE LOOK AT VERY CAREFULLY, BUT THE  
11 PROJECT BUDGET ITSELF, THAT IS, IS THIS THE AMOUNT OF  
12 MONEY REQUIRED TO DO THIS AMOUNT OF SCIENCE. I THINK  
13 IT'S LEGITIMATE. AND I THINK IF WE PLAN TO DO THAT  
14 NEXT TIME AND SET OUT TO DO IT IN THAT WAY AND ASK  
15 REVIEWERS TO DO IT, THEN I THINK IT WOULD WORK. WE  
16 WOULD HAVE TO PUT IN A LITTLE TIME EDUCATING THEM.

17 I SHOULD SAY ALSO THERE'S PROBABLY A  
18 CALIFORNIA ENVY FACTOR HERE THAT WE DID NOT WANT TO  
19 PLAY UP TOO MUCH. THAT IS, WE JUST KEPT IT OFF THE  
20 TABLE. THAT IS, YOU KNOW, IN SOME CASES THIS WAS AN  
21 ISSUE. LET ME JUST SAY THAT WE DID IT THE WAY WE DID  
22 IT. IT MAY BE THAT WE COULD DO IT A DIFFERENT WAY NEXT  
23 TIME, AND I WOULD WELCOME SUGGESTIONS FOR IT. WE COULD  
24 CERTAINLY BUILD THAT IN AND PLAN IT AND DO IT. BUT IN  
25 PART IT WAS JUST A MATTER OF TRYING TO MOVE THIS

1 FORWARD.

2 DR. BALTIMORE: I'M CERTAINLY NOT GOING TO  
3 SUGGEST WE GO BACK AND TRY TO DO IT IN THIS GROUP. THE  
4 ONE THING I DO THINK WE OUGHT TO THINK ABOUT IS FUNDING  
5 SOME OF THE APPLICATIONS FOR LESS THAN FOUR YEARS.

6 CHAIRMAN KLEIN: I THINK JEFF SHEEHY HAD A  
7 COMMENT AND THEN DR. PENHOET.

8 MR. SHEEHY: FIRST, I WOULD NOTE THAT THEY  
9 DID MAKE A COMMENT OR TWO AT CERTAIN TIMES ABOUT THE  
10 SIZE OF THE BUDGETS FOR SOME OF THESE AND THOUGHT THAT  
11 THEY WERE HEFTY. BUT I THINK THAT THE FOCUS WAS LESS  
12 ON THE MONEY. THEY WEREN'T REALLY BEING DRIVEN BY THE  
13 MONEY. AND I THINK THE REAL DEFECT, IF THERE IS ONE,  
14 IS INABILITY TO -- THEY'D LOOK AT A GRANT AND THERE  
15 WOULD BE A PROBLEM, A REMEDIAL PROBLEM, BUT A PROBLEM  
16 THAT ENDED UP IN A CERTAIN SENSE BEING FATAL. AND I  
17 THINK THAT THE HIGHER FRUSTRATION WAS NOT BEING ABLE TO  
18 SEND IT BACK, WHETHER IT'S ADDITIONAL PRELIMINARY DATA  
19 OR A QUESTION ABOUT AN EXPERIMENT, AND GET A RESPONSE  
20 AND THEN HAVE THAT KIND OF DYNAMIC. IT'S EITHER UP OR  
21 DOWN, ONE SHOT ONLY. I THINK THAT WAS MORE THE SEVERE  
22 DEFECT IN THIS PROCESS.

23 DR. BALTIMORE: AND I THINK WE'VE LEARNED  
24 FROM THE NIH PROCESS HOW VALUABLE THAT CAN BE TO GIVE  
25 FEEDBACK AND GET RESPONSES.



1 MR. SHEEHY: AND THERE WAS AN INTEREST IN  
2 HAVING THAT. I THINK PART OF IT IS OUR STAFFING LEVEL  
3 THAT MAKES IT DIFFICULT AT THIS TIME.

4 DR. BALTIMORE: I CAN UNDERSTAND THAT.

5 CHAIRMAN KLEIN: AND MAYBE I COULD CALL ON  
6 DR. CHIU AND THEN DR. PENHOET, IF THAT'S ACCEPTABLE.

7 DR. CHIU: ONE THOUGHT, AND THAT DOES HAPPEN  
8 IN MANY REVIEW PANELS THAT I'VE SEEN, IS THAT A  
9 REVIEWER MIGHT SAY I MIGHT HAVE A HIGHER LEVEL OF  
10 ENTHUSIASM IF WE HAD REDUCED THIS BY SUCH-AND-SUCH,  
11 ETC., AS I'M SURE MANY PEOPLE HAVE SEEN. AND SO  
12 EXPRESS A NEGOTIATION AND THEN SEE IF THE REST OF THE  
13 PANEL WILL FOLLOW SUIT AND VOTE IF THE BUDGET WAS  
14 REDUCED, IF THE TIME WAS REDUCED. WE DID NOT INTRODUCE  
15 THIS POSSIBILITY THIS TIME BECAUSE IT WAS A NEW SYSTEM  
16 FOR US, AND BECAUSE FOR THE SEED GRANTS, THERE WAS VERY  
17 LITTLE TO TRIM IN TIME OR MONEY, WE FELT. THIS AS AN N  
18 OF ONE IN TERMS OF THE LARGER GRANTS. WE CERTAINLY, IF  
19 THE BOARD FEELS THIS IS A GOOD PRACTICE, WE CERTAINLY  
20 MIGHT INTRODUCE IT IN ANOTHER ROUND, BUT THEN THE  
21 PROCESS DEFINITELY WILL TAKE LONGER BECAUSE NOT ONLY  
22 ARE THEY REVIEWING THE SCIENCE, BUT NOW THEY'RE  
23 NEGOTIATING NEW TERMS FOR THAT PARTICULAR LEVEL OF  
24 ENTHUSIASM.

25 DR. HALL: CAN I JUST MAKE A QUICK COMMENT TO

1 THAT COMMENT? AND THAT IS THAT IT'S AN OLD THING IN  
2 GRANTS, RIGHT, DO YOU REWRITE THE GRANT? THERE WERE  
3 CASES, AND YOU WILL SEE IT IN THE WRITE-UPS, PEOPLE  
4 SAID AIMS 1 AND 2 WERE GREAT, AND AIM 3 WAS TERRIBLE.  
5 I REALLY WOULD HAVE LIKED THIS IF THEY HAD -- WELL, DO  
6 YOU HOLD THEM RESPONSIBLE FOR PUTTING IN AIM 3 THAT  
7 WASN'T VERY GOOD, OR DO YOU THEN RENEGOTIATE IT? AND  
8 THE PROBLEM IS IT'S A BIT OPEN-ENDED. THEN SOMEBODY,  
9 STAFF, WHO DOES IT, HAS TO GO BACK AND DO ALL THIS  
10 WORK. AND, YOU KNOW, IT BECOMES A LITTLE BIT  
11 ARBITRARY, SO IT'S A FINE LINE.

12 CHAIRMAN KLEIN: DR. PENHOET.

13 DR. PENHOET: I JUST HAD A QUESTION ABOUT THE  
14 RECOMMENDATION ABOUT SEED BEFORE TIER 2. WAS THAT  
15 RECOMMENDATION MADE BEFORE OR AFTER OUR LAST MEETING  
16 WHERE WE DRAMATICALLY EXPANDED THE NUMBER OF SEED  
17 GRANTS THAT WE FIRST SAID WE WERE GOING TO FUND? THE  
18 FIRST WAS 25 MILLION, IF I REMEMBER CORRECTLY, AND WE  
19 WENT TO 45 MILLION. SO WAS THIS RECOMMENDATION HERE  
20 MADE IN KNOWLEDGE OF WHAT WE'VE ALREADY DONE WITH THE  
21 SEED GRANTS?

22 MR. SHEEHY: IT WAS MADE WITH THE KNOWLEDGE  
23 THAT THE WORKING GROUP HAD RECOMMENDED ALREADY AN  
24 ADDITIONAL \$20 MILLION IN SEED GRANTS. SO THE  
25 ADDITIONAL 5 MILLION THAT WE ADDED WAS NOT IN THEIR

1 MINDS, BUT THE ADDITIONAL 20 MILLION WAS IN THEIR  
2 MINDS.

3 DR. HALL: IN FAIRNESS, IT SEEMED TO ME WHAT  
4 THEY WERE SAYING WAS FUND THIS 25 MILLION THAT WE HAVE  
5 ALREADY DONE, YOU HAVE ALREADY DONE, BEFORE YOU DO THE  
6 OTHER. IT WAS WITH THE WHOLE TIER 2. THEY DID NOT  
7 KNOW WHAT YOU DID LAST TIME.

8 DR. PENHOET: I'M TRYING TO UNDERSTAND WHAT  
9 THIS RECOMMENDATION MEANS TO US TODAY.

10 MR. SHEEHY: PEOPLE ON THE WORKING GROUP, IF  
11 YOU REMEMBER, RECOMMENDED THAT WE FUND AN ADDITIONAL 20  
12 MILLION. SO THEY WERE WORKING OFF A SEED GRANT LEVEL  
13 OF ABOUT 45 MILLION. SO LOOKING AT THAT AND LOOKING AT  
14 WHAT THEY RECOLLECTED BEING THE REMAINING SEED GRANTS  
15 IN TIER 2 VERSUS THE TIER 2 APPLICATIONS IN THE  
16 COMPREHENSIVES, THEY FELT THAT WE WOULD BE BETTER  
17 SERVED BY CONTINUING DOWN THE LIST WITH THE ADDITIONAL,  
18 WHAT, ABOUT \$6 MILLION WE HAD LEFT. THAT'S, WHAT,  
19 MAYBE ANOTHER DOZEN SEED GRANTS IN TIER 2 BEYOND THE 45  
20 MILLION. SO THIS IS ALMOST INCLUSIVE OF WHAT WE DID  
21 BECAUSE THEY HAD RECOMMENDED THAT IN THE PREVIOUS.

22 DR. HALL: JEFF, I'M SORRY. WE HAVE A  
23 DIFFERENT RECOLLECTION, AND IT'S JUST UNFORTUNATE, BUT  
24 I THINK WE HAVE A DIFFERENT RECOLLECTION. MY  
25 UNDERSTANDING WAS WHAT THEY WERE SAYING WAS GO AHEAD

1 AND GO UP TO 45 MILLION BEFORE YOU DO THE TIER.  
2 ACTUALLY THEY DIDN'T KNOW. WHO MADE IT WERE THE  
3 COMPREHENSIVE GRANT PEOPLE. AND SO THE QUESTION IS HOW  
4 MANY OF THOSE HAD BEEN IN THE SEED GRANTS. AND I THINK  
5 MY SENSE OF IT WAS THAT IT WASN'T ADDRESSED EXPLICITLY,  
6 BUT WHAT THEY WERE SAYING IS YOU SHOULD FUND THAT 25  
7 MILLION RATHER THAN GOING INTO TIER 2 OF THE SEED  
8 GRANTS.

9 MR. SHEEHY: I HAVE A DIFFERENT RECOLLECTION.

10 DR. HALL: MY SENSE IS I THINK WE SHOULD TAKE  
11 THIS --

12 CHAIRMAN KLEIN: I THINK THE CONCEPT IS  
13 THERE, AND WE ARE GOING TO DEFINITELY GO THROUGH THE  
14 TIER 1 COMPREHENSIVES. THEN WE ARE GOING ACTUALLY  
15 THROUGH -- WE CAN DISCUSS THIS, BUT WHEN WE GET THROUGH  
16 TIER 1, AGAIN, BUT THE INTENT HAD BEEN TO GO THROUGH  
17 THE TIER 2 COMPREHENSIVES SO THAT THERE IS SOME CONTEXT  
18 FOR REVIEWING THE SEED MONEY GRANTS THAT ARE STILL  
19 OUTSTANDING. IT'S HARD TO REVIEW THOSE SEED MONEY  
20 GRANTS AGAIN AND APPROVE MORE OF THEM BEFORE YOU'VE  
21 BEEN ABLE TO LOOK AT THE TIER 2 COMPREHENSIVES.

22 SO WITH THAT SAID, I WOULD ALSO SAY THAT WE  
23 CERTAINLY HAVE AS A CLEAN OPTION THAT IS NOT STAFF  
24 INTENSIVE WHERE WE HAVE COMMENTARY, DR. BALTIMORE, AS  
25 YOU'VE RAISED, THAT SAYS THAT MAYBE THIS IS TOO

1     AMBITIOUS, CAN THEY REALLY GET THE MILESTONES  
2     ACCOMPLISHED, CAN THEY REALLY PERFORM.  WHEN WE GET TO  
3     THAT SECOND CATEGORY PARTICULARLY OF THE  
4     COMPREHENSIVES, TIER 2 COMPREHENSIVES, WE COULD APPROVE  
5     TWO YEARS OF FUNDING, HAVE THEM COME BACK AND SHOW THAT  
6     THEY PERFORMED, AND REQUIRE THEM TO COMPETITIVELY THEN  
7     DEMONSTRATE THAT THEY SHOULD GET THE OTHER TWO YEARS.  
8     THAT WOULD BE A REAL PUBLIC ACCOUNTABILITY STEP THAT,  
9     WHERE APPROPRIATE, THIS BOARD COULD IMPLEMENT IT TODAY  
10    WITHOUT ANY ADDITIONAL FRONT-END STAFF TIME WHEN WE'RE  
11    IN A SCARCE STAFF RESOURCE PERIOD.

12                 DR. FONTANA:  YOU MADE A COMMENT ABOUT  
13    REVIEWING THE FUNDING AFTER TWO YEARS.  ARE WE NOT  
14    REVIEWING THE PROGRESS ANNUALLY?

15                 CHAIRMAN KLEIN:  THERE ARE ANNUAL REPORTS  
16    THAT NEED TO BE FILED.  AND SO THE STAFF IS LOOKING FOR  
17    ANNUAL REPORTS IN TERMS OF ACCOUNTABILITY.  BUT THERE  
18    IS NOT AN EXISTING MECHANISM WITHIN SOME FAIRLY BROAD  
19    PARAMETERS TO TERMINATE A GRANT AT THIS POINT.  SO THIS  
20    WOULD CREATE AN ADDITIONAL POINT OF VERY POINTED  
21    ACCOUNTABILITY IF WE TOLD THEM THAT THEY HAD TWO YEARS  
22    OF APPROVED FUNDING AND THEY HAD TO ESSENTIALLY COME  
23    BACK AND SHOW THEIR PERFORMANCE.

24                 MR. ROTH:  THIS IS JUST A QUESTION MAYBE TO  
25    ZACH AND TO YOU.  BUT IF WE WERE TO END UP FUNDING ONLY

1 65 MILLION, JUST TO THROW OUT A NUMBER, AND THERE WAS A  
2 REMAINING 15 MILLION, COULD THOSE BE TURNED AROUND INTO  
3 A NEW SET OF SMALLER GRANTS OR DIFFERENT KINDS OF  
4 GRANTS?

5 CHAIRMAN KLEIN: THIS BOARD HAS THE ABILITY  
6 TO CUT OFF FUNDING WHERE WE THINK WE HAVE THE BEST  
7 SCIENCE AND TO MOVE THAT MONEY INTO, YOU KNOW, ANOTHER  
8 SET OF RFA'S IF YOU THINK IT'S APPROPRIATE.

9 MR. ROTH: I'M FOLLOWING UP ON THE COMMENT  
10 THAT BRIAN MADE, THAT THE MOMENTUM THING IS IMPORTANT  
11 AND ALWAYS HAVE PEOPLE BEING ABLE TO APPLY AS THEY MOVE  
12 INTO THE STATE OR THEY MISSED THE FIRST ROUND OR  
13 WHATEVER. IT JUST IT SEEMS TO ME IF WE HAD SOMETHING,  
14 EVEN IF IT'S SMALL.

15 CHAIRMAN KLEIN: I THINK THAT, AS DR. HALL  
16 SAID, THE STRATEGY WAS THAT WE GO THROUGH THE SHARED  
17 LAB SPACE GRANTS, WHICH ARE ABOUT 48 MILLION. WE WOULD  
18 STILL HAVE SOME REMAINING MONEY, BUT THE INTENT WAS WE  
19 COULD GO THROUGH A ROUND THAT EXCEEDED A GRANT REVIEW  
20 ROUND, WHICH WOULD TAKE US ABOUT 120 DAYS, THAT  
21 EXCEEDED THE SIZE OF THE REMAINING FUNDS AND  
22 CONDITIONALLY APPROVE THEM SUBJECT TO GETTING THE FUNDS  
23 BASED UPON THE CURRENT EXPECTATIONS. WITHOUT SUPREME  
24 COURT REVIEW, WE WOULD HAVE BONDS ISSUED TO FUND THOSE  
25 BEFORE WE FINISHED THE ROUND. THAT'S THE OPTIMISTIC

1 VIEW.

2 DR. HALL: WOULD YOU LIKE TO PUT UP THE  
3 OVERALL THING THAT LORI DREW UP? DO YOU THINK THAT  
4 WOULD BE USEFUL?

5 CHAIRMAN KLEIN: I THINK IT WOULD. LET ME  
6 GET DR. STEWARD'S COMMENTS AND THEN.

7 DR. STEWARD: I'D ACTUALLY LIKE TO FOLLOW UP  
8 ON REALLY DUANE'S COMMENT, BUT IT ALSO RELATES TO WHAT  
9 WAS SAID EARLIER. THE MECHANISM FOR COMING BACK AND  
10 DEALING WITH DEFICIENCIES IDENTIFIED IN THE FIRST ROUND  
11 IS OFTEN AN OPPORTUNITY FOR A SECOND ROUND OF  
12 SUBMISSION. THAT IS REALLY EXACTLY WHAT YOU'RE TALKING  
13 ABOUT HERE. IF WE SAVE BACK SOME MONEY, I REALIZE IT'S  
14 ANOTHER ROUND OF REVIEW, BUT THIS GIVES THE OPPORTUNITY  
15 TO THESE PEOPLE WHO MISSED THE PAYLINE THIS TIME TO  
16 COME BACK IN WITH A REVISED APPLICATION THAT MIGHT BE  
17 VERY POSITIVELY REVIEWED.

18 I OFFER THAT AS AN OPTION, AND THAT COULD BE  
19 DONE BEFORE THERE WAS ANY NEW MONEY AVAILABLE.

20 DR. HALL: WE ALREADY HAVE A PROMISE ACTUALLY  
21 TO COME BACK WITH TRAINING GRANTS.

22 DR. STEWARD: I UNDERSTAND THAT, BUT THIS  
23 WOULD BE WITH THE RESIDUAL.

24 DR. HALL: LET ME JUST ALSO SAY THAT WE HAVE  
25 FACILITIES GRANTS COMING UP, AND IT MAY BE THAT THAT

1 ALSO WILL -- YOU MAY WISH TO FUND MORE OR LESS THERE  
2 WHEN YOU SEE THEM.

3 (BOARD MEMBER KESSLER ARRIVES.)

4 DR. HALL: NONE OF THESE NUMBERS ARE HARD.  
5 WE MADE AN ESTIMATE TO START WITH ABOUT WHAT WE THOUGHT  
6 THE RESPONSE WOULD BE. WE WERE WILDLY OFF WITH THE  
7 SEED GRANTS, AND SO I THINK THE BOARD VERY PROPERLY  
8 EXPANDED IN A VERY SIGNIFICANT AND DRAMATIC WAY THE  
9 NUMBER OF GRANTS THAT WERE FUNDED. I THINK THAT WAS  
10 TERRIFIC. AND SO NONE OF THESE ESTIMATES, HOWEVER,  
11 WILL BE RIGHT ON; THAT IS, NEITHER THE ESTIMATED 80  
12 MILLION FOR THIS, NOR THE 45.5 MILLION FOR THE SHARED  
13 FACILITIES COMING UP. I THINK IT IS TO YOUR  
14 PREROGATIVE TO CHANGE IT AS YOU WISH.

15 CHAIRMAN KLEIN: THANK YOU, DR. HALL. YOU  
16 HAD A FOLLOW-ON QUESTION, DR. STEWARD.

17 DR. STEWARD: THIS IS FOLLOW-UP THAT IS MORE  
18 GENERIC IN NATURE. AND IT IS IF WE END UP CONSIDERING  
19 GRANTS IN TIER 3 OF EITHER THE SEEDS OR THE  
20 COMPREHENSIVES, I NOTE THAT THESE ARE LISTED IN  
21 NUMERICAL, NOT SCORE ORDER. IT WOULD BE, I THINK, VERY  
22 USEFUL FOR THE BOARD TO HAVE SOME INDICATION OF THE  
23 RELATIVE MERIT, SCIENTIFIC MERIT, OF THESE GRANTS IF WE  
24 END UP CONSIDERING ANY OF THEM AT ALL. IS IT POSSIBLE  
25 TO SEE THESE IN SCORE ORDER WITHOUT SEEING THEM SCORED?



1 MR. SHESTACK: THEY ARE IN SCORE ORDER. THE  
2 NUMERICAL ORDER IS THE SCORE.

3 DR. STEWARD: THEY ARE IN SCORE ORDER?  
4 THEY'RE IN SCORE ORDER FOR THE TIER 1 AND 2, BUT THEY  
5 ARE ALSO FOR TIER 3? THAT'S WHAT I'M ASKING, TIER 3.

6 DR. HALL: WE CHOSE NOT TO DO THAT FOR TIER 3  
7 BECAUSE, AS YOU REMEMBER, THE BOARD ASKED THAT WE NOT  
8 PUBLISH SCORES FOR TIER 3. WE ALSO DID NOT PUT THEM IN  
9 RANK ORDER. IF YOU HAVE AN INTEREST IN A GRANT IN TIER  
10 3 --

11 CHAIRMAN KLEIN: THE SCIENTIFIC STAFF WAS  
12 INTERESTED IN NOT DISCOURAGING SOMEONE WITH A UNIQUE  
13 NEW IDEA THAT MIGHT NOT SCORE FIRST IN THE FIRST  
14 SUBMISSION, AND BY BEING AT THE BOTTOM OF LIST, THEN IT  
15 WOULD RELATE.

16 DR. STEWARD: I UNDERSTAND THAT.

17 DR. HALL: YOU CAN CALL UP ANY GRANT THAT YOU  
18 WISH.

19 DR. STEWARD: I UNDERSTAND THAT. WE WOULD BE  
20 AT RISK OF CALLING UP A GRANT THAT WAS SCORED VERY  
21 BADLY.

22 DR. HALL: YOU COULD ASK BEFORE IF THE GRANT  
23 WAS CLOSE TO THE CUTOFF LINE. IF IT WAS NOT, YOU MIGHT  
24 CHOOSE TO WITHDRAW YOUR CONSIDERATION OF THAT GRANT.

25 DR. STEWARD: OKAY. THAT WILL WORK.

1 DR. HALL: LET ME SUGGEST, BOB, IF IT'S ALL  
2 RIGHT, LORI HOFFMAN, BECAUSE WE HAVE BEEN VERY CONFUSED  
3 ABOUT THIS OURSELVES, AND LORI HOFFMAN IN CONSULTATION  
4 WITH THE CHAIR DREW UP ACTUALLY WHAT I FOUND TO BE A  
5 VERY HELPFUL SUMMARY OF OUR OVERALL PICTURE FOR THE  
6 \$200 MILLION NOW THAT WE HAVE THE GOVERNOR'S MONEY PLUS  
7 THE 45 MILLION.

8 CHAIRMAN KLEIN: LORI, COULD YOU ADDRESS  
9 THIS, PLEASE?

10 MS. HOFFMAN: THANK YOU. SO IN ANTICIPATION  
11 OF THIS QUESTION, WE DID PREPARE THIS. AND ALLOW ME TO  
12 STATE SOME OF THE ASSUMPTIONS. FIRST OF ALL, THIS  
13 ASSUMES NO NEW MONEY. SO WHEN WE START WITH THE 195,  
14 THAT REPRESENTS THE \$150 MILLION GENERAL FUND LOAN FROM  
15 THE GOVERNOR AND \$45 MILLION OF BANS. AND THEN WE  
16 SUBTRACT OUT THE 6 PERCENT FOR ADMINISTRATION, WHICH IS  
17 IN DECEMBER CERTAINLY WE ESTABLISHED THAT THAT IS THE  
18 MAXIMUM AMOUNT THAT WE CAN TAKE FROM ANY FUNDS  
19 AVAILABLE TO US FOR GRANTS AND GENERAL ADMINISTRATION.  
20 THEN WE SUBTRACT OUT THE 37.49 MILLION FOR THE THREE  
21 YEARS OF TRAINING GRANTS. AGAIN, THIS IS NOT A CASH  
22 FLOW ANALYSIS, BUT THIS IS THE COMMITTED, APPROVED  
23 GRANTS.

24 NEXT WE TAKE OUT THE SEED GRANTS FOR BOTH  
25 YEARS. CURRENTLY IT'S 44.89 MILLION, I BELIEVE. THEN

1 WE'VE ANTICIPATED THE 48.5, WHICH IS WHAT IS PUBLISHED  
2 IN THE RFA. SO THAT ASSUMES NO ADDITIONAL FUNDS, ONLY  
3 THE 48.5, WHICH LEAVES US WITH A REMAINDER AT THIS  
4 POINT OF \$52.5 MILLION.

5 YOU WILL SEE THAT THERE'S TWO ADDITIONAL  
6 LINES HERE THAT WE'VE ALSO INCLUDED BECAUSE, AGAIN,  
7 THIS IS NOT A CASH FLOW ANALYSIS, NOR DOES IT ASSUME  
8 ANY NEW MONEY. YOU COULD MAKE THE AWARDS TODAY FOR THE  
9 COMPREHENSIVE GRANTS AND, AS IT WAS EARLIER SUGGESTED,  
10 ONLY FOR A TWO-YEAR COMMITTED PERIOD. WE COMMIT TO  
11 FOUR WITH A CONDITION OF APPROVAL OF FUNDS AVAILABLE  
12 FOR THE FOLLOWING THREE AND FOUR YEARS.

13 CHAIRMAN KLEIN: LET ME EXPLAIN TO THE BOARD  
14 SO THEY UNDERSTAND ON A CASH FLOW BASIS. THE 40  
15 MILLION REPRESENTING TWO OF FOUR YEARS IS THERE BECAUSE  
16 WE HAVE BUDGETED TO FUND THE FIRST TWO YEARS. THE  
17 GOVERNOR WANTED TO MAKE SURE WE USED THE MONEY TO FUND  
18 IN THE FIRST TWO YEARS BECAUSE CERTAINLY THE COURT CASE  
19 WOULDN'T TAKE US MORE THAN TWO YEARS. HE DIDN'T WANT  
20 US USING ON A CASH FLOW BASIS TO FUND YEARS THREE AND  
21 FOUR. HOWEVER, WHEN WE APPROVE A GRANT FOR FOUR YEARS,  
22 WE'RE MAKING A CONDITIONAL COMMITMENT SUBJECT TO US  
23 WINNING THE LAWSUIT, THAT THE OTHER TWO YEARS WILL BE  
24 FUNDED WITHOUT COMING BACK FOR ANOTHER REVIEW. SO  
25 THAT'S THE DISTINCTION HERE. WHEN WE MAKE A FOUR-YEAR

1 COMMITMENT, IT IS CONDITIONAL UPON THAT HAPPENING.

2 MR. SHESTACK: THE FUNDING IS ALSO  
3 CONDITIONAL, MIDCYCLE REPORTS AND PROGRESS.

4 CHAIRMAN KLEIN: YES. AND THERE ARE ANNUAL  
5 REPORTS AND ANNUAL MONITORING OF PERFORMANCE AS WELL.

6 LORI, WHY DON'T YOU CONTINUE.

7 MS. HOFFMAN: AND I DIDN'T -- WE DIDN'T MEAN  
8 TO PRESUME ON THE NEXT LINE, THE 1.128, THAT THAT WOULD  
9 BE APPROVED; BUT AS WE SAY IN THE SLIDE, IT'S PENDING,  
10 THESE TWO SEED GRANTS THAT WERE LEFT OVER FROM THE  
11 FEBRUARY MEETING. SO WHAT WE HAVE IS \$11.382 MILLION,  
12 WHICH WOULD REPRESENT POSSIBLE AUGMENTATIONS FOR THE  
13 FUTURE RFA'S.

14 CHAIRMAN KLEIN: ALL RIGHT. NOW, IN  
15 ADDITION, IF YOU CHOSE TO APPROVE MORE SEED GRANTS EVEN  
16 WITH THE \$80 MILLION IN COMPREHENSIVES, YOU COULD USE  
17 PART OF THIS 11 MILLION OR YOU COULD RESERVE IT FOR  
18 ANOTHER USE. I WOULD POINT OUT ONE BIG NUMBER THAT'S  
19 MISSING HERE, BECAUSE THIS IS SPECIFIC CURRENT USES,  
20 AND THAT'S THE \$55 MILLION. IF YOU REMEMBER, I WENT  
21 BACK, WITH THE HELP OF OUR DISTINGUISHED COLLEAGUES  
22 DR. LOVE AND MARCY FEIT, TO THE FINANCE COMMITTEE OF  
23 THE STATE AND GOT \$55 MILLION APPROVED IN ADDITIONAL  
24 BONDS TO COVER OUR CAPITALIZED INTEREST RESERVES. THAT  
25 WAY WE DIDN'T HAVE TO TAKE OUR CAPITALIZED INTEREST

1 RESERVES ON THESE BONDS FOR THE FIRST FIVE YEARS OUT OF  
2 OUR GRANT FUNDING AMOUNTS. THAT IS WHY YOU DON'T SEE A  
3 DEDUCTION FOR INTEREST BECAUSE WE HAVE ADDITIONAL BONDS  
4 THAT HAVE BEEN APPROVED BY THE STATE FOR THAT PURPOSE.

5 DR. HENDERSON: JUST BACK TO THIS PROBLEM  
6 THAT I SEEM TO BE OBSESSED WITH ABOUT HOW WE KEEP  
7 MOVING FORWARD GIVEN ALL THE DIFFICULTIES OF STAFFING.  
8 AND SO I RAISE ANOTHER POSSIBILITY JUST OUT OF INTEREST  
9 AND SOMETHING TO THINK ABOUT.

10 AN ENORMOUS AMOUNT OF EFFORT WENT INTO,  
11 FIRST, WRITING BOTH THE SEED AND COMPREHENSIVE GRANTS  
12 AND, SECONDLY, REVIEWING THEM. WE ALSO HAVE THE  
13 POSSIBILITY, WHICH HAS ALREADY BEEN SUGGESTED, OF  
14 GIVING A RESUBMISSION OPPORTUNITY TO THOSE NOT FUNDED  
15 THE FIRST TIME AROUND AS A WAY TO FUND SOME ADDITIONAL  
16 WORTHWHILE GRANTS THAT WE MIGHT HAVE MISSED IN THIS  
17 ONE-SHOT PROCESS, GIVEN WE ALL KNOW THE VAGARIES OF  
18 REVIEW, RATHER THAN WAITING FOR AN ENTIRELY NEW RFA AND  
19 ENTIRELY NEW CYCLE WHICH GENERATES A LOT OF STAFF WORK.  
20 IT SEEMS TO ME THIS WOULD GET MORE -- ASSUMING WE GOT  
21 BACK IMPROVED APPLICATIONS, WHICH MAYBE THAT'S A BIG  
22 ASSUMPTION, BUT I THINK IT'S SAFE WE'D GET SOME, AND  
23 SOME OF THE REVIEW WOULD HAVE ALREADY BEEN DONE. SO  
24 THESE WOULD BE REVISED APPLICATIONS TO REVIEW. THIS  
25 MIGHT BE A WAY OF GETTING ADDITIONAL GRANT SUPPORT AND

1 GET ADDITIONAL INDIVIDUALS INVOLVED IN A SHORTER TIME  
2 THAN IS OTHERWISE GOING TO HAPPEN.

3 DR. HALL: COULD BE. LET ME MAKE TWO QUICK  
4 COMMENTS ABOUT IT. ONE IS IT'S VERY HARD TO ASSURE  
5 THAT THEY'LL GET THE SAME REVIEWERS THE SECOND TIME.  
6 WE HAVE A GREAT DIFFICULTY IN GETTING, AS I INDICATED  
7 EARLIER, IT'S INCREASING NOW EACH TIME THE DIFFICULTY.

8 DR. HENDERSON: BUT THE REVIEWS ARE WRITTEN.

9 DR. HALL: WE COULD SEND IT OUT TO THOSE SAME  
10 REVIEWERS AND ASK FOR A WRITTEN REVIEW BACK. THAT'S A  
11 POSSIBLE WAY OF DOING IT.

12 THE OTHER THING I THINK THAT YOU WANT TO  
13 THINK ABOUT IS THE CUTS ARE PRETTY GENEROUS THE FIRST  
14 TIME AROUND. SO WHAT YOU'RE SAYING IS NOW YOU'RE GOING  
15 TO HAVE AN RFA FOR THE BOTTOM TWO-THIRDS OR THE BOTTOM  
16 WHATEVER IT IS, AND THAT ALMOST GUARANTEES. MY OWN  
17 VERSION, I WOULD SAY I'D RATHER COME IN WITH A WHOLE  
18 NEW RFA, WHICH NEW PEOPLE COULD COME IN, THEY COULD  
19 HAVE A CHANCE TO IMPROVE. THEY'VE HAD THE BENEFIT OF  
20 HAVING ONE ROUND OF CRITICISM. IN THAT SENSE THEY'VE  
21 GOT IT. I THINK YOUR POINT IS WE JUST NEED TO KEEP  
22 MOVING, WHICH I WOULD ENTIRELY AGREE WITH.

23 DR. BALTIMORE: I'M WORRIED ABOUT A DIFFERENT  
24 PROBLEM. YOU HAVE 6 PERCENT ADMINISTRATION THERE, AND  
25 WE'VE SAID ALL ALONG THAT THAT'S NOT VERY MUCH MONEY

1 FOR ADMINISTERING A PROGRAM, AS A PERCENTAGE, FOR  
2 ADMINISTERING A PROGRAM OF THIS COMPLEXITY. BUT IT  
3 SUDDENLY OCCURRED TO ME THAT 6 PERCENT FOR  
4 ADMINISTRATION, HAVE YOU BASICALLY SPENT IT ALL?

5 MS. HOFFMAN: NO.

6 CHAIRMAN KLEIN: LORI CAN ADDRESS THIS ISSUE  
7 BECAUSE SHE'S DONE A VERY FORWARD-LOOKING ANALYSIS FOR  
8 FULL STAFFING OF THE AGENCY. WOULD IT BE APPROPRIATE  
9 AND HELPFUL TO YOU IF SHE ADDRESSED THAT?

10 DR. BALTIMORE: YEAH, IN A SHORT MOMENT, IT  
11 WOULD.

12 CHAIRMAN KLEIN: OKAY.

13 MS. HOFFMAN: AS OF THIS FISCAL YEAR, AT YOUR  
14 DECEMBER '06 MEETING, YOU APPROVED AN AUGMENTATION OF  
15 THE CIRM BUDGET FOR 1.1 MILLION, WHICH BROUGHT THAT  
16 TOTAL FOR THE '06-'07 FISCAL YEAR TO 8.3 MILLION. IT  
17 IS LIKELY THAT WE WILL NOT SPEND ALL OF THAT MONEY.  
18 SO, IN FACT, THIS 11.7 GETS US AT LEAST SIX MONTHS INTO  
19 THE '07-'08 FISCAL YEAR. AT THAT POINT WE'VE  
20 ANTICIPATED NEW FUNDS AVAILABLE, AND WE WOULD TAKE THE  
21 ADDITIONAL 6 PERCENT FROM THOSE FUNDS.

22 DR. BALTIMORE: OKAY. THE ONLY -- I DON'T  
23 KNOW IF IT'S A POINT WORTH MAKING EVEN. IS THAT WE'RE  
24 COMMITTING MONIES FOR FORWARD SPENDING, BUT WE ARE NOT  
25 COMMITTING WITH IT ADMINISTRATIVE COSTS FOR MAINTAINING

1 IT. SO WE'RE GOING TO SEE A BULKING UP OF THE  
2 ADMINISTRATIVE NEEDS WITHOUT EQUIVALENT INCREASE IN THE  
3 AMOUNT OF MONEY.

4 MS. HOFFMAN: IT CERTAINLY IS A CHALLENGE,  
5 BUT THIS AT LEAST, AS I SAID, IT WILL GET US THROUGH  
6 THE MIDDLE OF THE FISCAL YEAR.

7 DR. BALTIMORE: FOR RIGHT NOW WE'RE ALL  
8 RIGHT.

9 MS. HOFFMAN: RIGHT. AND THEN WHEN THE CHAIR  
10 SELLS THE ADDITIONAL BONDS, WE WOULD TAKE THAT 6  
11 PERCENT. AND WE CONTINUE, SENIOR STAFF CONTINUES TO  
12 WORK IN AN EFFORT TO MAINTAIN THAT BALANCE.

13 CHAIRMAN KLEIN: ADDITIONALLY --

14 MR. SHESTACK: WHAT IS THE LAW, NO MORE THAN  
15 6 PERCENT BUDGET?

16 CHAIRMAN KLEIN: NO. NO. NO MORE THAN 6  
17 PERCENT OF THE TOTAL COMMITTED FUNDS CAN BE USED FOR  
18 OVERHEAD. NOW, ONE THING TO RECOGNIZE TOO IS THE MAJOR  
19 FACILITIES GRANTS WILL BE COMING UP IN THE NEXT 18  
20 MONTHS. THEY ARE LESS TASK INTENSIVE PER MILLION  
21 DOLLARS OF GRANT PROCEEDS BECAUSE THEY COME IN LARGER  
22 BLOCKS. I WOULD POINT OUT THAT LORI IS AN INCREDIBLE  
23 TALENT, AS IS RICK, WHO IS WORKING WITH HER, BUT THEY  
24 WILL NEED ADDITIONAL STAFF. NEVERTHELESS, BECAUSE OF  
25 THE SIZE OF THESE GRANTS, WE GET CERTAIN EFFICIENCIES



1 WHICH WILL HELP US DURING OUR FRONT-END STAFFING-UP  
2 PERIOD. THAT WAS THE CONCEPT THAT I HAD IN TERMS OF  
3 OVERLAPPING FRONT-END CASH FLOWS. SO WE DO HAVE SOME  
4 BENEFIT IN THOSE YEARS.

5 MR. SHESTACK: COMMITTED FUNDS IS DEFINED AS  
6 ONE-YEAR CASH FLOW COMMITTED OR FOUR YEARS?

7 CHAIRMAN KLEIN: THIS IS AN IMPORTANT  
8 DEFINITION. JAMES, DO YOU WANT TO SUMMARIZE THE BOTTOM  
9 LINE OF OUR TWO OR 300 HOURS OF DISCUSSION OF THIS  
10 POINT?

11 MR. HARRISON: COMMITTED REFERS TO THE  
12 BOARD'S VOTE TO APPROVE THE FUNDING FOR THE GRANTS.  
13 THAT'S WHEN THE FUNDS ARE COMMITTED. THEY MIGHT NOT BE  
14 ALLOCATED AT THAT POINT IN TIME, BUT THEY'RE COMMITTED  
15 AT THAT POINT IN TIME.

16 MR. SHESTACK: BASICALLY IT WOULD BE 6  
17 PERCENT OF --

18 CHAIRMAN KLEIN: SIX PERCENT OF 195 MILLION  
19 IF WE'VE COMMITTED THAT WHOLE 195 MILLION. NOW, IN  
20 ACTUAL FACT, WE HAVE MORE CONSERVATIVELY PRESENTED THIS  
21 BECAUSE, OF COURSE, WE'RE ONLY SHOWING THE 40 MILLION  
22 THAT WE HAVE FUNDING FOR. SO IF WE COMMIT 80 MILLION,  
23 WE HAVE NOT CONSIDERED THE 6 PERCENT ON THOSE FUNDS IN  
24 OUR OVERHEAD.

25 MR. SHESTACK: THAT'S WHAT I'M ASKING ABOUT.

1 THAT'S WHAT DR. BALTIMORE SEEMS TO WANT TO GET INTO THE  
2 POT.

3 CHAIRMAN KLEIN: OKAY.

4 DR. PRIETO: IT'S REALLY A QUESTION ABOUT THE  
5 BONDS GOING FORWARD. IS THERE A WORST-CASE SCENARIO IN  
6 WHICH ECONOMIC CIRCUMSTANCES OUTSIDE OUR CONTROL WOULD  
7 AFFECT OUR ABILITY OR THE STATE'S ABILITY TO SELL THE  
8 BONDS AT THE RATE WE ANTICIPATE AND CONTINUE MEETING  
9 OUR COMMITMENTS GOING INTO THE FUTURE?

10 CHAIRMAN KLEIN: WELL, A VERY PRESCIENT  
11 COMMENT. IN ORDER TO MAKE CERTAIN THAT WE HAVE A KNOWN  
12 AND PREDICTABLE CAPACITY TO SELL THOSE BONDS, THE  
13 INITIATIVE HAPPENS TO BE WRITTEN SUCH THAT OUR BONDS IN  
14 THE FIRST FIVE YEARS ARE SOLD WITH CREDIT ENHANCEMENT.  
15 SO WE BELIEVE THAT THE CREDIT OF THE STATE IS  
16 IMPROVING. NEVERTHELESS, AS A CONSERVATIVE MECHANISM,  
17 WE HAVE A PRIORITY WRITTEN INTO THE INITIATIVE FOR  
18 CREDIT ENHANCEMENT, WHICH WOULD PROVIDE US FOR THE  
19 FIVE-YEAR PERIOD THE ABILITY TO KNOW WE HAVE A DOUBLE A  
20 OR BETTER CREDIT ENHANCEMENT ON A FLOATING RATE DEBT  
21 ISSUE. IT'S CREDIT ALLOCATION WRITTEN INTO THE  
22 INITIATIVE.

23 BUT I APPRECIATE YOUR COMMENTS. VERY  
24 INSIGHTFUL. ALL RIGHT. THANK YOU, LORI. THANK YOU  
25 VERY MUCH. VERY HELPFUL. AND MAYBE YOU COULD SEND TO

1 THE BOARD AND MAKE AVAILABLE ON OUR PUBLIC SITE THIS  
2 SUMMARY. IT WOULD BE HELPFUL TO EVERYONE.

3 OKAY. SO I'D LIKE TO INTRODUCE THE EXECUTIVE  
4 SESSION SO THAT THE BOARD HAS AN ABILITY TO DRILL DOWN  
5 INTO PROPRIETARY INFORMATION. WE HAVE THE OPTION BY  
6 STATUTE TO ENTER INTO A CLOSED SESSION FOR CERTAIN  
7 CONFIDENTIAL MATTERS AS MANDATED BY SECTION  
8 125290.3(D)(3)(B) AND (C) OF PROPOSITION 71. WE WILL  
9 ATTEMPT TO DO THIS IN THE NEXT HOUR TO HOUR AND A HALF.  
10 IT DEPENDS ON THE LEVEL OF SCIENTIFIC REVIEW. PLEASE  
11 NOTE THAT IN THE SCIENTIFIC REVIEW OF PROPRIETARY  
12 MATTERS, NO BOARD MEMBER WITH A CONFLICT WILL  
13 PARTICIPATE IN ANY STUDY GROUP LOOKING AT ANY  
14 APPLICATION IN WHICH THEY HAVE A CONFLICT.

15 OKAY. OUR DISTINGUISHED PRESIDENT HAS MADE A  
16 SUGGESTION, THAT IF WE COULD, IT MIGHT EXPEDITE  
17 MATTERS, RATHER THAN MOVING EVERYONE, IF WE COULD ASK  
18 THE MEMBERS OF THE AUDIENCE TO TAKE A BREAK. THERE'S A  
19 VERY SUMPTUOUS LOBBY ON THIS FLOOR, AND I'LL NOTE THAT  
20 THERE'S A STARBUCKS AND OTHER AMENITIES ON THIS FLOOR  
21 AS WELL. I WOULD LIKE TO, IF POSSIBLE, IF THERE'S NO  
22 OBJECTION FROM THE PUBLIC, TO FOLLOW OUR PRESIDENT'S  
23 SUGGESTION.

24 (THE BOARD THEN WENT INTO CLOSED  
25 SESSION, NOT REPORTED, NOR HEREIN TRANSCRIBED.)

1                   CHAIRMAN KLEIN: WE HAVE A LOT OF TERRITORY  
2 TO COVER. WE'RE GREATLY APPRECIATIVE OF THE PATIENCE  
3 OF THE INDIVIDUALS IN THE AUDIENCE. WE'D LIKE TO  
4 REPORT OUT OF CLOSED SESSION. WE DIDN'T GIVE AWAY ANY  
5 MONEY. WE DIDN'T REACH ANY DECISIONS. IT WAS A STUDY  
6 SESSION. ALL MEMBERS OF THE BOARD WHO WERE CONFLICTED  
7 ON AN APPLICATION NEITHER PARTICIPATED IN THE  
8 DISCUSSION, NOR WERE PART OF THE DETAILED REVIEW OF ANY  
9 APPLICATION.

10                   WE ARE RECONVENED AT THIS POINT. JAMES, AT  
11 THIS POINT WE ARE PREPARED TO GO BACK INTO THE  
12 COMPREHENSIVE REVIEW. AND IT IS WITHIN THE DISCRETION  
13 OF THE BOARD TO MOVE ONE OR MORE APPLICATIONS AND/OR TO  
14 DEBATE ANY APPLICATION THAT IS BEFORE US. ANY MEMBER  
15 OF THE BOARD WOULD LIKE TO MOVE ANY OF THE APPLICATIONS  
16 UNDER TIER 1?

17                   WHAT IS UNDER CONSIDERATION, SO WE CAN STATE  
18 IT FOR THE BENEFIT OF THOSE WHO WERE IN THE PRIOR  
19 REVIEW SESSION TO REFRESH THEIR MEMORY AS WELL AS IN  
20 THIS SESSION, WHAT IS UNDER CONSIDERATION IS A  
21 TENTATIVE MOTION TO FUND. THE FINAL MOTION TO FUND  
22 WILL BE MADE AFTER WE HAVE ASSEMBLED A LARGE ENOUGH  
23 GROUP UNDER TIER 1 THAT WE'RE PREPARED FOR A FUNDING  
24 DECISION. BUT THIS IS A TENTATIVE MOTION. AND, JAMES  
25 HARRISON, WHY DON'T YOU WALK THE GROUP THROUGH THE

1 DISCUSSION HERE. BUT WE CAN PROCEED TO SEE IF THERE'S  
2 ANYTHING THAT ANYONE WANTS TO MOVE INTO TIER 1 OR IF  
3 THEY WANT TO MOVE ANY APPLICATION OUT OF TIER 1. JAMES  
4 HARRISON.

5 MR. HARRISON: I THINK THE WAY WE PROCEEDED  
6 LAST TIME PROBABLY MAKES SENSE HERE. IF WE START BY  
7 TRYING TO LOOK AT TIER 1 AND DETERMINE WHETHER THERE  
8 ARE ANY APPLICATIONS THAT A BOARD MEMBER BELIEVES  
9 DESERVE FURTHER CONSIDERATION AND SHOULD BE MOVED TO  
10 TIER 2, THEN THIS WOULD BE THE TIME TO MAKE THAT  
11 MOTION. THEN WE'D MOVE TO TIER 3 AND ASK WHETHER THERE  
12 ARE APPLICATIONS IN TIER 3 THAT MEMBERS THINK SHOULD  
13 EITHER BE MOVED TO TIER 2 FOR FURTHER CONSIDERATION OR  
14 ALL THE WAY UP TO TIER 1 IF A MEMBER SO WISHES.

15 CHAIRMAN KLEIN: AT THIS TIME WE'D LIKE TO,  
16 THOUGH, START BY FOCUSING ON TIER 1.

17 MR. HARRISON: RIGHT. BUT THE GOAL, AS I  
18 UNDERSTAND IT, IS TO TRY TO NARROW THE SCOPE OF TIER 1  
19 IF YOU THINK THERE ARE APPLICATIONS CURRENTLY IN TIER 1  
20 THAT SHOULD NOT BE.

21 CHAIRMAN KLEIN: IT IS IN ORDER TO EITHER  
22 DELETE OR ADD TO TIER 1, BUT WE WILL START WITH THE  
23 QUESTION WHETHER THERE'S ANYTHING IN TIER 1 THAT ANYONE  
24 WOULD LIKE TO MOVE OUT OF TIER 1. AND DR. BRYANT AND  
25 THEN DR. PRICE.

1 DR. BRYANT: I'D JUST LIKE CLARIFICATION OF  
2 WHERE TIER 1 ENDS. IS THAT THE TOP 25, OR IS IT THE 25  
3 PLUS FOUR?

4 CHAIRMAN KLEIN: TIER 1 ENDS WITH 144 WITH A  
5 SCORE OF 66. IT'S THE TOP OF PAGE 4.

6 DR. PENHOET: JUST SO EVERYONE IS CLEAR, THE  
7 PERCENTILES HERE ARE CAST IN THE RECIPROCAL WAY THAT  
8 YOU USUALLY SEE PERCENTILES. THE FIRST PERCENTILE  
9 GRANT IS THE HIGHEST SCORE GRANT. THE 99TH PERCENTILE  
10 IS THE LOWEST SCORING GRANT. SO IT'S FLIPPED AROUND.  
11 IT IS CONFUSING, BUT JUST TO BE SURE EVERYBODY  
12 UNDERSTANDS THAT. WHEN IT SAYS 40 PERCENTILE, IT MEANS  
13 WE'D BE FUNDING 60 PERCENT -- THAT'S THE 60TH  
14 PERCENTILE. IT'S 40 PERCENT OF THE GRANTS THAT WE'D BE  
15 FUNDING.

16 DR. HALL: FORTIETH PERCENTILE MEANS WE'RE  
17 FUNDING 40 PERCENT OF THE GRANTS.

18 DR. PRICE: CAN I RAISE A QUESTION WITHOUT  
19 HAVING TO MAKE A MOTION TO MOVE?

20 CHAIRMAN KLEIN: YES.

21 DR. PRICE: I WONDER IF WE COULD JUST FOR A  
22 MOMENT FOCUS ON THE SECOND HIGHEST RANKED PROPOSAL.  
23 THAT'S 346. AND I'M FRANKLY MYSTIFIED BY HOW THAT  
24 ENDED UP WHERE IT WAS BECAUSE IF WE LOOK AT THE REVIEWS  
25 THAT WE HAVE, THERE'S A VERY SHORT PASSAGE OF THREE

1 PARAGRAPHS, BRIEF PARAGRAPHS, IN STRENGTHS, AND THE  
2 MAJOR STRENGTH SEEMS TO BE THE REPUTATION OF THE  
3 INVESTIGATORS. IN FACT, THEY SAY THAT IN THE VERY  
4 FIRST SENTENCE. THEN IT'S FOLLOWED BY A LENGTHY AND  
5 DETAILED DISCUSSION OF WEAKNESSES, FAR MORE LENGTHY AND  
6 DETAILED THAN MOST OF THE PROPOSALS THAT ACTUALLY FALL  
7 IN THE NONFUNDABLE CATEGORY.

8 SO I WOULD JUST WONDER IF SOMEONE WOULD  
9 EXPLAIN THE STRENGTH OF THIS PROPOSAL OTHER THAN THE  
10 FACT THAT THE RESEARCHERS --

11 CHAIRMAN KLEIN: ALL RIGHT. BEFORE WE CAN  
12 HAVE ANY COMMENTS, WE NEED TO KNOW CONFLICTS.

13 MR. TOCHER: RECUSED FROM THE DISCUSSION AND  
14 VOTE, IF THERE IS ON THIS, ARE FEIT, KESSLER, LANSING,  
15 AND SHEEHY.

16 CHAIRMAN KLEIN: ALL RIGHT. DR. CHIU, COULD  
17 YOU ANSWER THE QUESTION?

18 DR. STEWARD: I'M SORRY. COULD YOU GIVE THE  
19 NUMBER AGAIN?

20 CHAIRMAN KLEIN: THIS IS NO. 346.

21 DR. CHIU: 346 WITH A SCORE OF 90. SO MY  
22 RECOLLECTION OF WHAT HAPPENED IS THAT THE INNOVATION --  
23 THE STRENGTHS WERE THE INNOVATION OF USING INHIBITORY  
24 NEURONS IN ORDER TO INTEGRATE THEM INTO CIRCUITS WHERE  
25 EXCESSIVE ACTIVITY IS CAUSING A DISEASE MANIFESTATION

1 IN EPILEPSY AND IN PARKINSON'S. SO AS OPPOSED TO THE  
2 NORMAL ROUTES FOR EPILEPSY AND PARKINSON'S, THIS WAS A  
3 VERY INNOVATIVE AND NOVEL WAY OF DOING BUSINESS.

4 IT WAS LED BY A TEAM THAT HAD A LOT OF  
5 EXPERIENCE IN DEVELOPMENT, NORMAL NEURONAL DEVELOPMENT,  
6 ESPECIALLY OF GABAERGIC INHIBITORY INTERNEURONS, AND  
7 THEY WERE APPLYING THIS INFORMATION IN THIS PARTICULAR  
8 STUDY. AND THE TEAM WAS DEEMED TO BE EXCEPTIONALLY  
9 STRONG AND A WORLD-CLASS TEAM THAT RANGED NOT JUST IN  
10 SAN FRANCISCO, BUT WITH VERY STRONG OUTSIDE  
11 COLLABORATORS.

12 AND I BELIEVE THE REVIEWERS FELT THAT THE  
13 STRENGTH WAS SO EVIDENT, THAT THEY DIDN'T DWELL ON IT.  
14 BUT THAT THE WEAKNESSES, THEY STARTED PICKING ON  
15 INDIVIDUAL WEAKNESSES BOTH LARGE AND SMALL, AND THEY  
16 WERE QUITE THOROUGH IN IDENTIFYING EVERY SINGLE  
17 WEAKNESS. AND I THINK THAT WAS CAPTURED IN THE REVIEW  
18 VERBATIM ESSENTIALLY. THAT WAS MY RECOLLECTION OF  
19 THIS.

20 CHAIRMAN KLEIN: ALL RIGHT. DR. PRICE, WOULD  
21 YOU LIKE ADDITIONAL?

22 DR. PRICE: NO.

23 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

24 DR. CHIU: ONE OTHER POINT IS THAT IN THE  
25 QUALITY OF THE RESEARCH PLAN, THIS IS A VERY LOGICAL,



1 WELL-DESIGNED RESEARCH PLAN WITH VERY CLEAR SPECIFIC  
2 GOALS, AND THEN IT GOES ON FROM THERE.

3 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.  
4 ADDITIONAL QUESTIONS, WITH NO NEED TO MAKE A MOTION,  
5 QUESTIONS ABOUT GRANTS IN TIER 1?

6 DR. BALTIMORE: I HAD SUGGESTED EARLIER THAT  
7 IT MIGHT BE WORTHWHILE THINKING ABOUT FUNDING SOME  
8 GRANTS FOR TWO YEARS RATHER THAN FOUR YEARS. IN  
9 SITUATIONS WHERE THERE'S SOME QUESTION ABOUT THE  
10 FEASIBILITY, AND ONE WANTS TO SEE EVIDENCE THAT THIS IS  
11 A FEASIBLE APPROACH, IT'S DIFFICULT TO GO THROUGH ALL  
12 THE GRANTS AND TO SAY WHICH ONES FALL INTO THAT  
13 CATEGORY. BUT FOUR GRANTS MIGHT BE SINGLED OUT, AND  
14 THOSE ARE THE FOUR GRANTS THAT WERE MOVED OUT OF THE  
15 GRAY AREA, OUT OF TIER 2 INTO TIER 1. BECAUSE IN ALL  
16 OF THOSE CASES, THERE WAS OBVIOUSLY SOME QUESTION ON  
17 THE PART OF THE REVIEWERS, AND YET THERE WERE REASONS  
18 IN EACH CASE WHY TO MOVE THEM UP.

19 AND SO I WOULD LIKE TO SUGGEST THAT THOSE  
20 FOUR BE FUNDED FOR TWO YEARS RATHER THAN FOUR YEARS.  
21 ANOTHER POSSIBLE SUGGESTION THAT OTHERS COULD CONSIDER,  
22 SINCE THERE ARE TWO GRANTS THAT HAD SCORES HIGHER THAN  
23 THE ONES THAT WERE MOVED, THAT THOSE GRANTS ALSO BE  
24 FUNDED FOR TWO YEARS. AND SO MAYBE WE COULD ASK SIX  
25 GRANTS. SO I PUT THAT -- I DON'T KNOW IF I SHOULD MAKE

1 A MOTION, OR I SHOULD JUST PUT IT ON THE TABLE AND SEE  
2 HOW IT FLIES.

3 CHAIRMAN KLEIN: YOU CAN MAKE A MOTION, THERE  
4 COULD BE A SECOND FOR PURPOSES OF DISCUSSION. IF  
5 THAT'S --

6 DR. BALTIMORE: FINE. I'LL MOVE THAT ALL  
7 THOSE SIX GRANTS BE FUNDED.

8 DR. KESSLER: YOU MAY WANT TO TELL US WHO HAS  
9 CONFLICTS ON THOSE SIX.

10 DR. BALTIMORE: FOR ALL I KNOW, I MAY HAVE  
11 CONFLICTS.

12 MR. TOCHER: FOR THE RECORD, WE'RE TALKING  
13 ABOUT GRANTS 142, 108, 345, 144, 107, AND 356.

14 CHAIRMAN KLEIN: I'M GOING TO ASK YOU TO  
15 REPEAT THOSE BECAUSE THERE'S MULTIPLE GRANTS.

16 MR. TOCHER: I'M LOOKING AT PAGE 3.

17 DR. KESSLER: IS THERE A WAY -- BEFORE WE GET  
18 TO INDIVIDUAL GRANTS, DAVID, COULD WE TALK A LITTLE  
19 ABOUT THE POLICY INDEPENDENT OF WHICH GRANTS WE'RE  
20 TALKING ABOUT?

21 DR. BALTIMORE: YES, WE COULD.

22 DR. KESSLER: THEN --

23 CHAIRMAN KLEIN: DR. KESSLER, YOU'RE ASKING  
24 FOR A FRIENDLY AMENDMENT TO CONSIDER THIS AS A POLICY  
25 THAT WE MIGHT APPLY TO SPECIFIC GRANTS; IS THAT

1 CORRECT?

2 DR. KESSLER: INDEPENDENT OF WHICH GRANTS  
3 THIS MIGHT APPLY TO, THIS MOTION OF GOING FROM FOUR  
4 TO -- I HAVE A QUESTION OF, FOR EXAMPLE, BUT I WILL  
5 HAVE A CONFLICT, AND I'LL GET TO THAT IN A SECOND ON A  
6 SPECIFIC GRANT. BUT THE ISSUE IS LEGALLY WE PUT OUT AN  
7 RFA. DO WE HAVE THE DISCRETION TO FUND FOR TWO YEARS?

8 CHAIRMAN KLEIN: I THINK THAT WHAT COUNSEL IS  
9 DEALING WITH HERE IS THAT WE SHOULD LIMIT THIS  
10 DISCUSSION TO THOSE. SINCE IT WAS ORIGINALLY RAISED IN  
11 THE CONTEXT OF THOSE SIX GRANTS, LET'S LIMIT THIS  
12 DISCUSSION TO THOSE WHO DO NOT HAVE A CONFLICT WITH ANY  
13 OF THE SIX. THAT'S THE MOST CONSERVATIVE POSITION; IS  
14 THAT CORRECT, COUNSEL?

15 DR. BALTIMORE: CAN I FACILITATE THINGS?

16 CHAIRMAN KLEIN: THIS IS A POLICY ISSUE.

17 DR. BALTIMORE: BOB, CAN I FACILITATE THINGS?

18 CHAIRMAN KLEIN: YES.

19 DR. BALTIMORE: I DIDN'T MAKE A MOTION THAT  
20 WAS SECONDED. I AM RAISING, AS A POLICY ISSUE, SHOULD  
21 WE CONSIDER FUNDING CERTAIN GRANTS -- WE'LL TALK ABOUT  
22 WHICH ONES LATER -- FOR TWO YEARS RATHER THAN FOUR.

23 CHAIRMAN KLEIN: LET ME HAVE A DISCUSSION AND  
24 THEN WE'LL DECIDE.

25 DR. BALTIMORE: THEN DAVID CAN DISCUSS THAT.

1                   CHAIRMAN KLEIN: ANYONE ELSE WANT TO ADDRESS  
2 THIS POLICY ISSUE? IS THIS A TOOL THAT WE WANT TO  
3 CONSIDER IN USING HERE?

4                   DR. BALTIMORE: DAVID ASKED FOR A  
5 CLARIFICATION WHETHER WE CAN CONSIDER THIS TOOL.

6                   DR. KESSLER: AFTER YOU PUT OUT AN RFA, YOU  
7 LET THE WORLD KNOW DID WE SAY WE MIGHT DO THIS TWO  
8 YEARS OR FOUR YEARS? DO WE HAVE THE DISCRETION? WHAT  
9 DID WE TELL THE WORLD TO EXPECT OF US?

10                  MR. HARRISON: PROJECT COST OF UP TO 400,000  
11 PER YEAR FOR UP TO FOUR YEARS.

12                  DR. KESSLER: YOU HAVE THE FULL DISCRETION,  
13 DAVID.

14                  CHAIRMAN KLEIN: OKAY.

15                  MR. ROTH: I THINK IT'S AN EXCELLENT IDEA. I  
16 THINK IT'S SOMETHING I WOULD CERTAINLY SUPPORT.

17                  CHAIRMAN KLEIN: THAT WAS DUANE ROTH. FOR  
18 THE TRANSCRIPT, IF EVERYONE COULD JUST REPEAT THEIR  
19 NAME IF I DON'T STATE THE NAME, PLEASE.

20                  IF WE COULD FOLLOW WITH JEFF SHEEHY AND THEN  
21 DR. STEWARD.

22                  MR. SHEEHY: I'D LIKE TO AGREE WITH MY  
23 COLLEAGUES. I THINK THIS IS A GREAT IDEA, AND I THINK,  
24 FRANKLY, IT MIGHT HELP IN THE REVIEW PROCESS IF  
25 REVIEWERS HAVE THIS SENSE. I THINK IN THEIR MINDS

1 THERE'S THIS SENSE THAT WE'RE GOING TO DO ANOTHER  
2 COMPREHENSIVE GRANT ROUND. AND SO THOSE DEFECTS THAT  
3 THEY'VE IDENTIFIED ARE GOING TO BE REMEDIED, THE GRANT  
4 IS GOING TO BE RESUBMITTED. BUT, IN FACT, IF YOU LOOK  
5 AT OUR SCHEDULE, THERE'S NOT ANOTHER COMPREHENSIVE  
6 GRANT ROUND I THINK ANYTIME IN THE NEAR TERM. SO THIS  
7 WOULD GIVE THEM THE FLEXIBILITY TO APPROVE INNOVATIVE  
8 GRANTS WITH A CURE IN PLACE FOR WHATEVER MAJOR DEFECT  
9 THAT THEY MAY SEE THAT MIGHT STILL BE FEASIBLE. SO I  
10 THINK IT'S A BRILLIANT IDEA.

11 DR. STEWARD: AND IT ACTUALLY RELATES TO  
12 JEFF'S COMMENT. I'M ALSO IN PRINCIPLE ALSO IN FAVOR OF  
13 THE IDEA. HOWEVER, SINCE WE ARE ONLY COMMITTING FUNDS  
14 FOR THE FIRST TWO YEARS OF A FOUR-YEAR PROJECT, IT  
15 DOESN'T REALLY CHANGE OUR FINANCIAL COMMITMENT.

16 CHAIRMAN KLEIN: WHAT IT DOES IS IT CHANGES  
17 OUR FINANCIAL COMMITMENT BECAUSE WE ARE COMMITTING, IF  
18 WE APPROVE FOUR YEARS, THAT IF FUNDS ARE AVAILABLE,  
19 THEY WILL BE FUNDED FOR THE NEXT TWO YEARS.

20 DR. STEWARD: IF WE LOOK AT OUR SPREADSHEET  
21 THAT WE LOOKED AT EARLIER, THE NUMBERS DON'T CHANGE.

22 CHAIRMAN KLEIN: IT DOESN'T CHANGE THE CASH  
23 FLOW, BUT IT DOES MEAN THESE GRANTS WOULD BE SUBJECT TO  
24 MILESTONE AND PERFORMANCE REVIEW AND FEASIBILITY REVIEW  
25 AT THE TWO-YEAR POINT TO SEE IF THEY'VE EARNED

1 ESSENTIALLY THE CREDIBILITY THAT THEY ASSERTED IN THE  
2 GRANT APPLICATIONS.

3 DR. HALL: THERE ARE TWO IDEAS FLOATING  
4 AROUND HERE. ONE IS THAT WE JUST DO IT TWO YEARS,  
5 PERIOD, AND THEY REAPPLY, AND OTHER IS THAT -- I JUST  
6 WANT TO BE SURE ABOUT THAT BECAUSE THAT'S A KEY  
7 ELEMENT. IF SOMEBODY HAS TO DECIDE DO THEY GET THE  
8 SECOND FOUR YEARS, THAT'S AN ISSUE -- A SECOND TWO  
9 YEARS, AN ISSUE. KEEP THOSE SEPARATE IDEAS IF WE  
10 COULD.

11 DR. STEWARD: JUST TO CLARIFY, IF WE PASS  
12 THIS, IT DOESN'T FREE UP ANY MORE CASH AT THIS POINT TO  
13 FUND ADDITIONAL GRANTS?

14 CHAIRMAN KLEIN: WELL, WE CAN ADDRESS THAT IN  
15 TWO DIFFERENT WAYS. ONE WAY IS THAT IF YOU LIMIT YOUR  
16 FINANCING COMMITMENT HERE TO TWO YEARS AND SOMEONE MUST  
17 REAPPLY TO EARN THE RIGHT TO CONTINUE, WE HAVE REALLY  
18 COMMITTED \$40 MILLION BECAUSE THE FIRST TWO YEARS OF  
19 ALL THE GRANTS WOULD STILL BE FUNDED. BUT THE KEY IS  
20 THAT IN TERMS OF A PROGRAMMATIC COMMITMENT TO  
21 COMPREHENSIVE GRANTS, WE WILL HAVE NOT COMMITTED THE  
22 OTHER \$40 MILLION; SO TO THE EXTENT THAT YOU EXTEND  
23 FUNDING NOW, IT IMPACTS CASH FLOW.

24 AND, SECONDLY, IT MEANS THAT YOU WOULD  
25 THEORETICALLY REDUCE A FUTURE ROUND IF YOU ENLARGE THE

1 GROUP THAT WAS BEING FUNDED BECAUSE YOU RECOGNIZE THAT  
2 YOU WERE LIMITING THE COMMITMENT ON THIS GROUP OF  
3 GRANTS. IT'S A LONG ANSWER.

4 MR. ROTH: SO I WOULD LIKE TO, IN LIGHT OF  
5 THIS DISCUSSION, TRY THIS AS A MOTION, THAT EVERYTHING  
6 BELOW SCORES 75, FROM 73 ON DOWN, BE MOVED INTO TIER 2,  
7 AND THAT WE DISCUSS THOSE GRANTS FROM 73 DOWN TO 64 OR  
8 THROUGH THE BOTTOM OF WHAT WAS RECOMMENDED, AND  
9 CONSIDER ANOTHER MOTION THAT DR. BALTIMORE STARTED TO  
10 MAKE THAT WOULD LOOK AT THOSE FOR TWO-YEAR FUNDING. SO  
11 EVERYTHING 75 AND UP WOULD STAY IN TIER 1, 73 AND DOWN,  
12 LOOK AT EACH ONE OR A GROUP OF THEM AND SEE IF WE  
13 SHOULD MOVE THEM BACK INTO TIER 1.

14 CHAIRMAN KLEIN: LET'S --

15 MR. ROTH: JUST FOR CLARIFICATION, I THINK WE  
16 SHOULD DISCUSS THOSE THAT ARE ON THE MARGIN THAT ARE  
17 72S AND THE NUMBERS START TO GO DOWN.

18 CHAIRMAN KLEIN: AS I UNDERSTAND THE MOTION,  
19 YOU'RE SUGGESTING THAT FROM 73 DOWN, THAT WE WOULD  
20 CONSIDER THOSE GRANTS, BUT CONSIDER THEM ONLY TO BE  
21 FUNDED FOR --

22 MR. ROTH: NO. THEY CAN BE FUNDED FOR TWO OR  
23 FOUR YEARS, BUT I THINK WE NEED TO GET A PLACE TO START  
24 LOOKING AT WHAT DR. BALTIMORE IS GETTING AT.

25 CHAIRMAN KLEIN: OKAY. SO YOU'RE SUGGESTING

1 A STARTING POINT. IT'S NOT A MOTION. YOU'RE  
2 SUGGESTING JUST A STARTING POINT FROM WHICH TO START  
3 REVIEWING THE INDIVIDUAL GRANTS.

4 DR. STEWARD: COULD I ASK FOR A READING OF  
5 THE FOLKS WHO WERE IN CONFLICT, AND MY POINT OF ASKING  
6 THAT IS I DON'T THINK THERE ARE GOING TO BE ENOUGH OF  
7 US LEFT TO DISCUSS ANYTHING.

8 DR. PRICE: WE'RE NOT DISCUSSING THEM ALL AT  
9 ONCE.

10 CHAIRMAN KLEIN: IF WE DISCRETELY SLICE UP  
11 THIS ISSUE, I THINK THERE WAS A CONSTRUCTIVE SUGGESTION  
12 BY DR. BALTIMORE TO FIRST LOOK AT THE POLICY. AND SO  
13 LET US LOOK AT THE POLICY PER SE SO THAT WE AVOID THIS  
14 LARGE BLOCK CONFLICT ISSUE THAT DR. STEWARD HAS RAISED.  
15 HAVE YOU MADE A MOTION AS TO THE POLICY?

16 DR. KESSLER: BEFORE THERE'S A MOTION, COULD  
17 I ASK A CLARIFICATION, DAVID?

18 DR. BALTIMORE: SO LET ME MAKE THE FOLLOWING  
19 MOTION, WHICH IS THAT WE CONSIDER AMONG OUR  
20 ALTERNATIVES THE ABILITY TO FUND GRANTS FOR TWO YEARS  
21 RATHER THAN FOUR.

22 NOW, LET ME DISCUSS THAT FOR ONE MINUTE  
23 BECAUSE ZACH RAISES A VERY IMPORTANT ISSUE. ARE WE  
24 FUNDING IT FOR TWO YEARS, OR ARE WE FUNDING IT FOR TWO  
25 YEARS PLUS A FURTHER COMMITMENT FOR TWO YEARS IF THEY



1 CAN SATISFY SOMETHING? AND I'VE PUT IT IN THE FORM OF  
2 JUST TWO YEARS OF FUNDING BECAUSE I DON'T THINK WE HAVE  
3 ANY PROCEDURE IN PLACE FOR DECIDING ABOUT ANOTHER TWO  
4 YEARS. I WOULD SAY TO THIS COMMITTEE WE SHOULD  
5 CONSIDER THIS A PROMISSORY NOTE TO GO BACK WITHIN TWO  
6 YEARS TO PROVIDE THE OPPORTUNITY FOR THESE PEOPLE IN  
7 SOME FORM OR ANOTHER, MAYBE A DIFFERENT RFA, MAYBE IN  
8 THE CONTEXT OF ANOTHER RENDITION OF THIS RFA, BUT I  
9 THINK TWO YEARS IS PROBABLY A REASONABLE TIME TO THINK  
10 ABOUT THAT. DOES THAT SEEM THE RIGHT WAY TO GO?

11 DR. KESSLER: SO, DAVID, JUST TO CLARIFY, IN  
12 TWO YEARS FROM NOW, YOU ENVISION, WHATEVER PROCESS,  
13 OTHERS BEING ABLE, NEW APPLICATIONS TO COME ON THAT  
14 COULD COMPETE WITH THESE?

15 DR. BALTIMORE: RIGHT. THESE PEOPLE SHOULD  
16 BE, IN PRINCIPLE, TWO YEARS AHEAD OF THE GAME.

17 DR. KESSLER: THAT'S WHAT YOU'RE PROPOSING.

18 DR. HALL: IF I UNDERSTAND IT --

19 DR. PENHOET: SECOND THE MOTION.

20 CHAIRMAN KLEIN: MOTION HAS BEEN MADE AND  
21 SECONDED.

22 DR. HALL: JUST TO COMMENT TO REITERATE  
23 SOMETHING BEFORE. THE SERIES OF RFA'S THAT WE HAVE  
24 PLANNED, EXTENSIVE SERIES, WILL BE REDUNDANT FOR ALMOST  
25 ALL OF THESE. THAT IS, EVERY GRANT HERE WILL HAVE A

1 CHANCE TO COME BACK UNDER A DIFFERENT RFA. SO WE DON'T  
2 NECESSARILY HAVE TO DO THAT. SO WHAT I WOULD ENVISAGE  
3 IS THESE PEOPLE WOULD HAVE A TWO-YEAR GRANT, THEN THEY  
4 MIGHT APPLY FOR THIS, THEY MIGHT APPLY FOR SOMETHING  
5 ELSE, BUT THE POINT IS THEY COULD COME IN AGAIN FOR  
6 SOMETHING. AND THEY WOULD HAVE HAD THESE TWO YEARS TO  
7 BUILD A CASE OR TO IMPROVE THEIR GAME OR TO DO WHATEVER  
8 THEY WANT TO DO.

9 DR. BALTIMORE: THAT'S EXACTLY RIGHT.

10 CHAIRMAN KLEIN: ALL RIGHT. DR. HENDERSON.

11 DR. HENDERSON: I'M NOT WILDLY IN FAVOR OF  
12 THIS IDEA RIGHT AT THIS MOMENT. I THINK IT'S A  
13 TERRIFIC POLICY DISCUSSION FOR FUTURE GRANT AWARDS, BUT  
14 IT SHOULD ONE OF THE GUIDELINES GIVEN TO REVIEWERS AT  
15 THE TIME THEY REVIEW THE GRANTS. OTHERWISE WE'RE  
16 MAKING POST HOC DECISIONS WITHOUT ALL THE INFORMATION  
17 THEY HAD. THERE MAY WELL BE GRANTS ABOVE OR BELOW THAT  
18 WOULD BE DIFFERENTLY RANKED IF THIS WERE AN OPTION AT  
19 THE TIME OF REVIEW. WE CAN'T GO BACK THROUGH THEM ALL.  
20 FOR INSTANCE, SOMEONE PICKED OUT THE SECOND ONE WHERE  
21 YOU MIGHT APPLY THE SAME STANDARD BASED ON WHAT WE  
22 KNOW, BUT WE CAN'T DO THAT TODAY, I DON'T THINK, NOT IN  
23 FAIRNESS TO THE REVIEW PROCESS AND THE APPLICANTS.

24 SO I THINK IT'S A GREAT IDEA GOING FORWARD,  
25 BUT I DON'T THINK IT'S A GOOD IDEA RIGHT NOW.

1                   CHAIRMAN KLEIN: DR. BRYANT AND THEN WE'RE  
2 GOING TO COME TO DR. AZZIZ AND DR. PENHOET.

3                   DR. BRYANT: I HAVE BEEN FEELING A LITTLE  
4 UNCOMFORTABLE ABOUT THIS ALSO. JUST FROM THE POINT OF  
5 VIEW THAT WE DIDN'T ASK THE REVIEWERS TO COMMENT ON THE  
6 SCOPE OF WORK AND THE AMOUNT OF TIME NEEDED. SO WE'RE  
7 APPLYING A FINANCIAL PENALTY BASED ON SOMETHING ELSE  
8 OTHER THAN THAT. AND I WOULD LIKE -- THERE'S THE  
9 SCIENTIFIC JUDGMENT AND THEN THERE'S HOW MUCH TIME DO  
10 YOU THINK THIS IS GOING TO TAKE AND SO FORTH. I  
11 HAVEN'T DECIDED WHETHER I'M IN FAVOR OR NOT. I JUST  
12 WANT TO SAY I'M UNCOMFORTABLE AND THAT I THINK IF WE DO  
13 DO THIS GOING FORWARD, IT SHOULD BE PART OF THE  
14 INSTRUCTIONS TO THE REVIEWERS TO MAKE A COMMENT ON THE  
15 AMOUNT OF TIME FOR THE WORK PROPOSED.

16                  DR. BALTIMORE: COULD I CLARIFY ONE THING?  
17 THE MOTION AS I MADE IT DOESN'T REQUIRE THAT ANY GRANTS  
18 ACTUALLY BE FUNDED FOR TWO YEARS. I'M SAYING WE SHOULD  
19 MAKE THIS AVAILABLE. AND SO THEN WE HAVE TO HAVE A  
20 DISCUSSION ABOUT PARTICULAR GRANTS, AND YOU MAY SAY,  
21 WELL, IT'S A NULL SET FOR THIS ROUND FOR THAT REASON.

22                  CHAIRMAN KLEIN: AS I UNDERSTAND IT, DR.  
23 BALTIMORE, YOU'RE ONLY IMPLYING THAT IN THE FIRST TWO  
24 YEARS THEY MEET THE MILESTONE THEY SAID THEY COULD MEET  
25 IN THAT TIME PERIOD, NOT THAT THEY FINISHED THE GRANT.

1 OKAY.

2 DR. AZZIZ: I HAVE TO ACTUALLY SUPPORT DR.  
3 BALTIMORE'S SUGGESTION BECAUSE THERE IS PLENTY OF  
4 PRECEDENT, AT LEAST AT THE NIH LEVEL, WHICH IS THE ONLY  
5 OTHER MODEL I KNOW, FOR BOTH REVIEWERS AND COUNCIL TO  
6 CHANGE FUNDING RATES. NOW, USUALLY IT'S NOT DRAMATIC.  
7 WE DON'T GO FROM FIVE TO TWO YEARS, BUT WE CERTAINLY DO  
8 FOUR YEARS OR FIVE YEARS -- I MEAN FOUR YEARS FOR A  
9 FIVE-YEAR GRANT OR THREE YEARS FOR A FOUR-YEAR GRANT.  
10 SO IT'S NOT OUT OF PROPORTION FOR US TO ACTUALLY MAKE  
11 THAT DECISION TODAY IN MY OPINION.

12 CHAIRMAN KLEIN: DR. PENHOET. ALL RIGHT. I  
13 WOULD LIKE TO SAY THAT I'D BE SUPPORTIVE OF DR.  
14 BALTIMORE'S MOTION ON SOME OF THESE GRANTS WHERE,  
15 PARTICULARLY IN THE CLASS 2 GROUP, IT'S CLEAR IN THE  
16 PUBLIC ABSTRACTS THAT THERE ARE GRANTS WHERE THEY  
17 THOUGHT THERE WAS SOME FEASIBILITY ISSUE OF  
18 ACCOMPLISHING IT, BUT THEY WANTED TO PRIORITIZE IT  
19 BECAUSE OF ITS IMPORTANCE, BUT THEY DID NOT KNOW REALLY  
20 IF THEY COULD MAKE A MAJOR CONTRIBUTION, WHETHER IT WAS  
21 JUST GOING TO END UP EARLY ON BEING DISCOVERED IT WOULD  
22 BE INFEASIBLE. THERE'S SOME COMMENTS THERE,  
23 PARTICULARLY AS AUGMENTED BY THE SCIENTIFIC STAFF WHEN  
24 WE GO THROUGH THOSE, THAT WE MIGHT WELL PICK OUT  
25 INDIVIDUAL GRANTS WHERE THIS WOULD BE QUITE APPROPRIATE

1       BASED UPON THE SCIENTIFIC EVIDENCE BEFORE US.

2                   DR. STEWARD:  THIS IS REALLY A QUESTION TO  
3       THE MAKER OF THE MOTION.  ARE WE ONLY TALKING ABOUT THE  
4       COMPREHENSIVE GRANTS HERE, OR DOES FLEXIBILITY IN  
5       TIMING APPLY ALSO TO THE THINGS THAT WE'LL CONSIDER  
6       LATER ON OF THE SEED GRANTS?

7                   DR. BALTIMORE:  THE SEED GRANTS, AS I  
8       UNDERSTAND, ARE ONLY TWO YEARS TO START OFF WITH.  YES,  
9       IT WOULD ONLY APPLY TO THE COMPREHENSIVE GRANTS.

10                  CHAIRMAN KLEIN:  ALL RIGHT.  ADDITIONAL  
11       COMMENTS?  OKAY.

12                  DR. LOVE:  I'M NOT SAYING ANYTHING THAT  
13       HASN'T BEEN SAID, BUT I TOO HAVE SOME DISCOMFORT ABOUT  
14       US DOING THIS AT THIS POINT WITHOUT HAVING THE CAPACITY  
15       OF ACTUALLY TO GO THROUGH THE GRANTS IN DETAIL.  IN  
16       FACT, I COULD EVEN ENVISION SOME OF THE GRANTS BEING IN  
17       TIER 2 BECAUSE OF THE CHALLENGE AND THE MAGNITUDE AND  
18       THE DIFFICULTY OF THE WORK.  AND TO NARROW THOSE GRANTS  
19       DOWN TO TWO YEARS OF FUNDING MIGHT ACTUALLY BE  
20       COUNTERINTUITIVE TO WHY THEY EVEN GOT INTO TIER 2.  I  
21       SEE IT CONCEPTUALLY AS BEING SOMETHING GOOD TO MAYBE  
22       ARM THE REVIEWERS WITH, BUT MAYBE NOT SOMETHING THAT WE  
23       WOULD WANT TO DO --

24                  CHAIRMAN KLEIN:  I THINK THE MOTION DOESN'T  
25       NECESSARILY APPLY IT TO ANY GRANT.  IT'S A QUESTION OF

1 WHETHER WE WANT IT AS A TOOL; AND AS WE REVIEW EACH  
2 GRANT, AN INDIVIDUAL DECISION COULD BE MADE.

3 ANY ADDITIONAL BOARD MEMBER'S COMMENTS? ANY  
4 PUBLIC COMMENT?

5 MR. REED: I'M A LITTLE CONCERNED BECAUSE I  
6 THINK THE NO. 1 NEED FOR SCIENTISTS IN THIS FIELD NOW  
7 IS STABILITY AND RELIABILITY. I HAPPEN TO KNOW ONE OF  
8 THE GRANTS INTIMATELY BECAUSE IT WAS ALSO FUNDED -- A  
9 VERY SMALL PORTION WAS FUNDED BY THE ROMAN REED GRANT.  
10 IT'S A BOLD PROJECT AND IT WILL TAKE TIME. FOR IT TO  
11 BE FOR ANY REASON CUT IN HALF FOR ITS TIME WOULD BE  
12 WEAKEN IT TREMENDOUSLY. SO IF THIS TOOL IS TO BE URGED  
13 TO BE APPLIED, I WOULD URGE THAT IT BE APPLIED VERY  
14 SPARINGLY AND CAREFULLY WITH THE TIME STABILITY NEEDS  
15 OF THE SCIENTISTS TAKEN INTO DEEP CONSIDERATION. I'M A  
16 LITTLE CONCERNED ABOUT THIS. THANK YOU.

17 CHAIRMAN KLEIN: THE CONVERSE, OF COURSE, OF  
18 THIS IS THAT IT MAY NOT BE FUNDED AT ALL OUT OF A  
19 CONCERN. BUT WE DON'T WANT TO ADDRESS ANY -- THIS IS A  
20 POLICY. WE'RE NOT ADDRESSING ANY GRANTS HERE.

21 MR. SIMPSON: JOHN SIMPSON FROM THE  
22 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. I SHARE  
23 SOME OF THE UNEASE THAT YOU ARE PERHAPS CHANGING THE  
24 RULES OF THE GAME MIDSTREAM, THAT THIS IS PERHAPS AN  
25 APPROPRIATE POLICY GOING FORWARD, BUT IT DOES SEEM THAT

1 YOU'RE CHANGING THINGS IN A WAY THAT MIGHT NOT BE FAIR  
2 TO THE APPLICANTS.

3 THE OTHER THING THAT I WOULD RAISE AT THIS  
4 POINT IS THAT IT DOES SEEM TO ME THAT THERE PERHAPS IS  
5 A TENDENCY TO BE DRIVEN BY THE FACT THAT YOU'VE  
6 PUBLICLY ANNOUNCED THAT YOU'RE GOING TO BE GIVING OUT  
7 ROUGHLY \$80 MILLION AND THAT YOU'VE SCHEDULED A PRESS  
8 CONFERENCE FOR TOMORROW MORNING AT 9:30. AND I WOULD  
9 HOPE THAT THAT NOT GET IN THE WAY OF THE SCIENTIFIC  
10 MERIT OF ALL OF THESE. IT'S QUITE POSSIBLE, IT SEEMS  
11 TO ME, AND IT SEEMS THAT THE REVIEWERS REFLECTED THIS,  
12 THAT SOME OF THE SCIENCE HERE JUST DOES NOT MEASURE UP.  
13 AND IF THAT'S THE CASE, AND IF YOU'RE INTERESTED IN THE  
14 BEST SCIENCE, THEN MAYBE YOU SHOULD BE QUITE HAPPY  
15 FUNDING ONLY \$50 MILLION WORTH RIGHT NOW.

16 CHAIRMAN KLEIN: AND, JOHN, IF WE'RE THROUGH  
17 40 MILLION BY THE MORNING OR 50 OR 60 OR WHATEVER IT  
18 IS, WE'RE GOING TO CONTINUE TO GO ON. SO THE PRESS  
19 CONFERENCE DOESN'T STOP THE REVIEW. IT'S A POINT IN  
20 THE DAY OF REVIEW.

21 CAN WE HAVE ANOTHER PUBLIC COMMENT? CAN ONE  
22 OF THE STAFF MEMBERS PLEASE ASSIST?

23 MS. MINER: THANK YOU VERY MUCH. TWO THINGS.  
24 ONE, I DON'T LIKE CHANGING MIDSTREAM. I THINK IT'S A  
25 GREAT IDEA, BUT I THINK IT SHOULD BE INCORPORATED WITH

1 THE REVIEWERS. I THINK THAT'S CRITICAL.

2 THE SECOND THING I'M A LITTLE CONFUSED.  
3 EXCUSE MY IGNORANCE. BUT IF SOMETHING IS FUNDED FOR  
4 TWO YEARS, DOES THAT -- THAT DOESN'T CHANGE THE AMOUNT,  
5 DOES IT?

6 CHAIRMAN KLEIN: IT DOESN'T CHANGE THE AMOUNT  
7 WE'RE GOING TO SPEND IN THE FIRST TWO YEARS, BUT IN  
8 TERMS OF COMMITMENT, WE'RE COMMITTING OUT FOUR YEARS  
9 UNLESS WE SPECIFICALLY AT THIS POINT SAY AT TWO YEARS  
10 THERE'S GOING TO BE A POINT THAT WE'RE GOING TO  
11 EVALUATE THE PROGRESS MADE ON MILESTONES AND THE  
12 FEASIBILITY OF THIS GRANT AND THE PERFORMANCE TO DATE.  
13 SO IT IS A REANALYSIS AT THAT POINT OF WHETHER ADEQUATE  
14 PROGRESS AND WHETHER THE INVESTMENT IN THIS RESEARCH IS  
15 BEING ACHIEVED.

16 MS. MINER: OKAY. SO BASICALLY THE CHECK  
17 GOING OUT, INSTEAD OF THREE MILLION ONE WOULD BE HALF  
18 OF THAT?

19 CHAIRMAN KLEIN: IT WOULD BE HALF OF THAT  
20 BEFORE THE DATE -- FIRST OF ALL, WE'RE AT A POLICY  
21 POINT HERE. WE HAVEN'T APPLIED IT TO ANY GRANT. IF WE  
22 WERE TO APPLY IT TO ANY GRANT, WE WOULD ONLY FUND HALF  
23 OF THAT BEFORE THEY WOULD BE ASKED TO BRING BACK THEIR  
24 RESULTS, SHOW US THEIR DATA, THEIR PERFORMANCE, AND  
25 PROVIDE US THE ASSURANCES THAT WOULD MERIT AN



1       ADDITIONAL TWO YEARS OR MORE.

2                   MS. MINER:  SO THESE WOULD GET PUT IN A  
3       SEPARATE SECTION KIND OF LIKE THE SEED MONEY DID ON OUR  
4       FIRST ONES, AND THEN -- I JUST SEE IT AS GETTING LOST  
5       SOMEHOW.  SO THANK YOU.

6                   CHAIRMAN KLEIN:  THANK YOU VERY MUCH FOR YOUR  
7       COMMENTS.  ANY ADDITIONAL PUBLIC COMMENT?  NO  
8       ADDITIONAL PUBLIC COMMENT.  WE NEED TO CALL THE ROLL  
9       BECAUSE OF -- WE DON'T HAVE CONFLICTS ON THIS.  I THINK  
10      IT MIGHT BE INSTRUCTIVE, TOUGH, TO CALL THE ROLL.

11                  MS. KING:  RICARDO AZZIZ.

12                  DR. HENDERSON:  EXCUSE ME.  CAN I ASK A  
13      QUESTION?  IT'S SOMEWHAT AMBIGUOUS TO ME AS IT'S  
14      CURRENTLY THE MOTION.  AS I UNDERSTAND IT, THERE'S ONE  
15      ISSUE AS A GENERAL PRINCIPLE IS THIS A GOOD THING TO  
16      DO.  AND I THINK WE ALL AGREE IT'S A GOOD OPTION.  BUT  
17      THE SECOND ISSUE IS ARE WE APPLYING IT TONIGHT, AND  
18      WHEN AND HOW ARE WE GOING TO DO THAT?

19                  CHAIRMAN KLEIN:  WELL, YOU WOULD HAVE -- IF  
20      THIS WERE TO PASS, IN FACT, WHETHER OR NOT THIS PASSED,  
21      YOU WOULD HAVE THE OPTION IN CONSIDERATION OF ANY  
22      INDIVIDUAL GRANT TO LIMIT THAT GRANT TO TWO YEARS.  
23      FOUR YEARS, TWO YEARS, OR ZERO.  EFFECTIVELY YOU'RE  
24      VOTING HERE ON THE PRINCIPLE, AND THEN YOU WILL LATER  
25      HAVE A DECISION AS TO WHETHER YOU WANT TO APPLY IT

1 TONIGHT OR ONLY HAVE IT BE A PRINCIPLE GOING FORWARD.  
2 BUT THAT WILL BE DISCUSSED IN THE INDIVIDUAL REVIEW OF  
3 EACH GRANT.

4 DR. LOVE: DID YOU JUST SAY, BOB, THAT WE  
5 HAVE THE POWER TO DO THIS ALREADY?

6 CHAIRMAN KLEIN: WE HAVE THE POWER TO DO  
7 THIS, YES.

8 DR. LOVE: SO WHY WOULD WE PASS A MOTION TO  
9 DO SOMETHING THAT WE ALREADY HAVE THE POWER TO DO?

10 CHAIRMAN KLEIN: THE POINT IS TO SEE WHETHER  
11 THIS IS A GENERAL PRINCIPLE THAT WE WANT TO, A,  
12 POTENTIALLY USE TONIGHT, BUT CONVEY TO THE REVIEWERS  
13 FOR FUTURE ROUNDS THAT THIS IS SOMETHING THAT THEY HAVE  
14 AS A TOOL TO USE IN THE REVIEW PROCESS.

15 DR. POMEROY: I GUESS I'M STILL CONFUSED  
16 ABOUT THE MOTION. ONE MOTION WOULD BE THAT THIS IS A  
17 TOOL THAT WE COULD USE TONIGHT. ANOTHER -- A DIFFERENT  
18 MOTION WOULD BE THIS IS A TOOL THAT WE'RE INTERESTED IN  
19 USING STARTING THE NEXT ROUND. AND SO WHICH MOTION ARE  
20 WE VOTING ON?

21 CHAIRMAN KLEIN: AS I UNDERSTAND THE MOTION  
22 CURRENTLY, AND DR. BALTIMORE WILL PLEASE CORRECT ME, IS  
23 THAT THE MOTION, AS IT'S STATED, IS GENERIC ENOUGH THAT  
24 IT CAN BE APPLIED TONIGHT OR IT CAN BE APPLIED IN THE  
25 FUTURE. IT IS NOT PREJUDGING WHETHER YOU APPLY IT

1 TONIGHT BECAUSE THAT WILL HAVE TO BE DIRECTED AT AN  
2 INDIVIDUAL GRANT.

3 DR. STEWARD: I'M SORRY. ONE MORE DETAIL.  
4 ARE WE TALKING CUTTING TO TWO YEARS ONLY, OR DO WE HAVE  
5 FULL FLEXIBILITY, ONE, TWO, OR THREE?

6 DR. BALTIMORE: THIS DISCUSSION HAS ACTUALLY  
7 OPENED UP AN INTERESTING FACT, WHICH IS THAT WE HAVE  
8 THE AUTHORITY ALREADY. AND SO I'M SURPRISED THAT THE  
9 CHAIRMAN HASN'T TURNED TO ME AND SAID YOUR MOTION IS  
10 MOOT. I THINK IT IS MOOT BECAUSE WE HAVE THE AUTHORITY  
11 ALREADY.

12 CHAIRMAN KLEIN: THE DISCUSSION -- THE VALUE  
13 OF PASSING IT, IF YOU WISH TO CONTINUE THE MOTION, IS  
14 THAT IT WOULD THEN BE COMMUNICATED TO REVIEWERS IT'S  
15 BEEN DISCUSSED IN THE CONTEXT OF THIS DEBATE.

16 DR. BALTIMORE: SO LET ME CHANGE THE MOTION,  
17 IF I MIGHT. I THINK ED SECONDED IT, SO HE CAN DECIDE  
18 WHETHER HE'LL ACCEPT THAT OR NOT. AND THAT IS, I MOVE  
19 THAT WE DISCUSS TONIGHT WHETHER WE WANT TO LIMIT THE  
20 TIME OF CERTAIN GRANTS.

21 CHAIRMAN KLEIN: IN THIS CASE THE CHAIRMAN  
22 WILL SAY THAT WE HAVE THAT POWER WITHOUT THE VOTE.

23 DR. BALTIMORE: WE HAVE IT. THE QUESTION IS  
24 DO WE WANT TO EXERCISE IT. AND FOR PEOPLE WHO WOULD  
25 VOTE NO WOULD SAY, AS A NUMBER OF PEOPLE HAVE AROUND

1 THE TABLE, NO, WE DON'T WANT TO EXERCISE IT TONIGHT  
2 EVEN THOUGH WE HAVE IT.

3 CHAIRMAN KLEIN: FINE.

4 DR. BALTIMORE: SO THEN IT ISN'T WORTH  
5 BRINGING IT UP ANY FURTHER. AND THE PEOPLE WHO VOTE  
6 YES WOULD SAY, YES, WE WANT TO GO INTO THIS PROCESS.

7 CHAIRMAN KLEIN: POINT WELL TAKEN.

8 DR. BALTIMORE: OKAY.

9 CHAIRMAN KLEIN: COUNSEL, YOU LOOK PUZZLED.

10 MR. HARRISON: JUST TO CLARIFY, IN THE EVENT  
11 THE MOTION FAILED, THEN THE BOARD WOULD NOT TONIGHT  
12 HAVE THE POWER TO EXERCISE OR TO USE THAT TOOL.

13 DR. BALTIMORE: THAT'S RIGHT.

14 CHAIRMAN KLEIN: THAT'S A CORRECT STATEMENT.

15 DR. KESSLER: SO THIS IS NOT A DETAIL POINT.  
16 THIS IS JUST A BROAD POINT FOR OUR PRESIDENT. IN THE  
17 AGGREGATE, AT THE END OF THE DAY, THE ABILITY TO DO  
18 THIS, TO RESTRICT TO TWO YEARS, WILL ON THE WHOLE, YOU  
19 THINK, IMPROVE THE OVERALL QUALITY OF WHAT WE FUND, NOT  
20 MAKE A DIFFERENCE IN THE OVERALL QUALITY, OR DECREASE  
21 THE QUALITY OF WHAT WE FUND BY LOOKING AT THE WORLD  
22 THIS WAY, INCLUDING TONIGHT?

23 DR. HALL: WELL, IT DEPENDS ON HOW IT'S USED  
24 AND I THINK WHAT THE ALTERNATIVE IS. SO IF THE IDEA IS  
25 THAT YOU WOULD FUND MORE GRANTS BY HAVING -- I MEAN, IN

1 ESSENCE, WHAT YOU ARE DOING IS ADDING A SORT OF  
2 SUBCLASS. YOU'RE SAYING HERE'S OUR A-1 GRANTS, AND  
3 WE'RE GOING TO GIVE YOU FULL EVERYTHING. AND HERE'S  
4 SORT OF OUR SUBCLASS, A MINUS GRANTS, AND WE'RE GOING  
5 TO GIVE YOU LESS. AND IF THE POINT IS TO USE THAT TO  
6 GIVE MORE GRANTS, THEN YOU WILL CERTAINLY GET MORE  
7 PEOPLE. I THINK WHAT YOU KNOW IS, AS YOU GO DOWN THIS  
8 LINE, THIS IS AT 50 PERCENT NOW. WE'RE GOING TO FUND  
9 HALF THE APPLICATIONS THAT COME IN. AS YOU GO DOWN,  
10 AND WE SAW THIS IN SPADES A MONTH AGO, AS YOU GO DOWN  
11 THE LIST, THE BALANCE BETWEEN THE PROBLEMS AND THE  
12 STRENGTHS SHIFTS, AND AT SOME POINT YOU DECIDE. AND  
13 WHETHER YOU WANT TO USE THIS AS A TOOL TO EXTEND THAT  
14 LINE BY SAYING WE GIVE PARTIAL SUPPORT OR LIMITED  
15 SUPPORT TO A LARGER GROUP OF PEOPLE OR NOT, THE OTHER  
16 ALTERNATIVE IS TO SAY THAT YOU THEN CUT IT OFF.

17 DR. KESSLER: WHEN YOU GO BACK AND LOOK AT  
18 THE END OF THE DAY, BY HAVING THIS TOOL AND UTILIZING  
19 THIS TOOL, YOU THINK ON AGGREGATE, OVERALL WE WILL  
20 IMPACT THE QUALITY OF THE APPLICATIONS OF WHAT WE FUND?  
21 THEY WILL BE BETTER, IT WON'T MAKE ANY DIFFERENCE, OR  
22 DO YOU THINK IT WILL BE WORSE?

23 DR. HALL: IT'S VERY HARD TO ANSWER, DAVID.  
24 I REALLY DON'T KNOW. IF THIS IS A DEVICE TO GET MORE  
25 GRANTS, THOSE GRANTS ARE GOING TO BE OF LOWER QUALITY

1 BY DEFINITION THAN THE ONES IN THE A CLASS. THERE IS  
2 NO QUESTION ABOUT THAT.

3 DR. KESSLER: A MINUS.

4 DR. HALL: A MINUS OR IN A LOWER CLASS.

5 DR. KESSLER: BUT YOU ALSO HAVE A GREATER  
6 OPPORTUNITY THEN WHEN YOU COME BACK, YOU MIGHT HAVE  
7 MORE MONEY TO FUND A'S IF THOSE A MINUSES STAY A  
8 MINUSES. SO IT MAY IMPROVE THE QUALITY.

9 DR. HALL: IN THAT SENSE, ABSOLUTELY. OVER  
10 THE LONG HAUL THAT --

11 CHAIRMAN KLEIN: DR. HALL, I THINK IT'S ALSO  
12 APPROPRIATE TO SAY THERE MAY BE GRANTS IN THE TIER 2  
13 THAT PEOPLE MIGHT BE MORE WILLING TO VOTE FOR FUNDING  
14 IF THEY COULD VOTE FOR TWO YEARS VERSUS FOUR YEARS. SO  
15 YOU MIGHT GET MORE GRANTS FUNDED THAT WAY IF YOU HAVE  
16 THIS OPTION.

17 DR. PRIETO: THE BOTTOM LINE, IT SEEMS TO ME,  
18 IS THAT THIS MOTION IS JUST A STATEMENT BY THIS BOARD  
19 OF OUR WILLINGNESS TO EXERCISE THE DISCRETION THAT WE  
20 HAVE UNDER THE INITIATIVE AND NOT SIMPLY FOLLOW  
21 WHATEVER THE REVIEWERS TELL US TO DO. I THINK THAT'S A  
22 WORTHWHILE STATEMENT TO MAKE.

23 CHAIRMAN KLEIN: OKAY.

24 DR. HENDERSON: BUT JUST JEFF AND OTHERS WHO  
25 HAVE ACTUALLY BEEN AT THE REVIEW, JUST TO RESTATE, THIS

1 ISSUE OF GIVING LESS THAN FOUR YEARS' SUPPORT, WAS THAT  
2 MENTIONED IN A WAY THAT THE REVIEWERS KNEW THAT AS AN  
3 OPTION THEY COULD TAKE? SO WE'RE BASICALLY -- SO THAT  
4 WASN'T DISCUSSED?

5 MR. SHEEHY: IT WASN'T DISCUSSED, SO I THINK  
6 IT WOULD BE A USEFUL TOOL GOING FORWARD.

7 DR. HENDERSON: DID THEY KNOW THAT WE HAD THE  
8 OPTION? DID YOU DISCUSS WITH THEM THE FACT THAT WE  
9 COULD FUND THAT WAY?

10 MR. SHEEHY: NO. I'M STARTING TO SHARE YOUR  
11 CONCERN, BY THE WAY.

12 DR. WRIGHT: I AGREE THAT THEY WEREN'T AWARE  
13 THAT WE HAD THAT OPTION.

14 DR. HALL: WE HAVE ANOTHER COMPLICATION HERE  
15 BECAUSE, IN EFFECT, WHAT YOU'RE DOING IS MAKING THESE  
16 SORT OF SEED GRANT PLUS. SO NOW SINCE WE HAVE TIER 2S  
17 FROM THE SEED GRANTS, YOU'RE BASICALLY GOING TO PUT  
18 THESE IN COMPETITION IN A WAY WITH THOSE. AND SO IT  
19 GETS -- OR FUND THEM ALL. THAT'S THE OTHER  
20 ALTERNATIVE. BUT --

21 CHAIRMAN KLEIN: WELL, YOU WOULD BE PROVIDING  
22 A MUCH HIGHER LEVEL OF SUPPORT IN THE FIRST TWO YEARS  
23 THAN THE SEED GRANTS.

24 DR. HALL: IT IS A HIGHER LEVEL OF SUPPORT,  
25 YES.

1 DR. HENDERSON: FOR WHAT APPEAR TO BE BETTER  
2 QUALITY SEED GRANTS AT THIS LEVEL THAT AREN'T  
3 SUPPORTED, WE'RE GOING TO SUPPORT GRANTS FOR THE SAME  
4 DURATION WITH MORE MONEY THAT MAY NOT HAVE THE SAME  
5 SCIENTIFIC QUALITY.

6 DR. HALL: LET ME COME BACK TO THE THING THAT  
7 DAVID ASKED. I DO THINK THAT IT IS AT THIS STAGE OF  
8 THE GAME WHERE WE ARE STARTING OUT, AND WE'RE STARTING  
9 OUT BEHIND, IN A SENSE; THAT IS, WE'RE TRYING TO PLAY  
10 CATCH-UP HERE A LITTLE BIT. AND IT SEEMS TO ME THAT  
11 THERE IS SOME VALUE IN EXTENDING THIS MONEY TO PEOPLE  
12 AT THIS RANGE, SOME OF WHOM ARE POISED TO ENTER THE  
13 FIELD IN A BIGGER WAY, SOME OF WHOM ARE PEOPLE WHO HAVE  
14 BEEN WORKING IN IT ALREADY. AND I THINK THAT, GIVEN  
15 THE PECULIAR PROPERTY OF HUMAN EMBRYONIC STEM CELL  
16 RESEARCH IN THE UNITED STATES, AND SOME OF THESE  
17 PEOPLE, I KNOW, HAVE BEEN STRUGGLING, BUT WE KNOW THAT  
18 AMONG THIS GROUP, FOR EXAMPLE, ARE PEOPLE WHO HAVE BEEN  
19 DOING VERY CLOSELY RELATED WORK ALREADY. WE KNOW THAT  
20 THERE ARE OUTSTANDING PEOPLE FROM OTHER FIELDS WHO ARE  
21 INTERESTED IN COMING IN. AND MY SENSE IS IF IT WERE A  
22 QUESTION OF NOT FUNDING OR GIVING TWO YEARS, I WOULD  
23 SUPPORT TWO YEARS. I THINK IT'S A BETTER THING.

24 I WOULD MAKE IT TWO YEARS FLAT, PERIOD. THAT  
25 WOULD BE MY RECOMMENDATION AND NOT TWO YEARS AND YOU



1 CAN GET THE NEXT TWO IF.

2 DR. BALTIMORE: THAT IS WHAT WE'RE  
3 DISCUSSING.

4 DR. HALL: TWO YEARS AND THEN YOU CAN COME  
5 BACK IN. THAT WOULD BE MY SUGGESTION. I THINK IT'S A  
6 WORTHWHILE IDEA. AS JAMES SAYS, I GUESS WHAT'S EMERGED  
7 DOING THIS IS YOU HAVE THE POWER TO DO THIS. IT'S  
8 WRITTEN IN THE RFA VERY CLEARLY, AND IT'S ALWAYS BEEN  
9 THAT THE ICOC CAN GIVE MORE OR LESS. I MEAN THAT IS  
10 YOUR PREROGATIVE. I DON'T THINK THERE'S ANY QUESTION  
11 ABOUT THAT.

12 CHAIRMAN KLEIN: IF WE COULD HAVE DR. LEVEY  
13 AND THEN DR. BALTIMORE.

14 DR. LEVEY: I DON'T THINK YOU CAN GENERALIZE  
15 AS TO WHICH GROUP OF GRANTS WAS BETTER AT THIS LEVEL.  
16 I THINK THE DISCUSSION THAT WE HAD IN SAN FRANCISCO  
17 WITH THE SEED GRANTS, AND I THINK THAT CAUSED  
18 CONSIDERABLE MOVEMENT ON THE PART OF THE BOARD, WHICH  
19 WENT FROM TRYING TO FUND ALMOST TOO FEW OF THE GRANTS  
20 TO A POINT WHERE WE REALIZED THAT ONE OF OUR MISSIONS  
21 IS ACTUALLY TO STIMULATE STEM CELL RESEARCH IN  
22 CALIFORNIA AND THE NATION THROUGH THAT. AND I THINK WE  
23 CAME DOWN QUITE CLEARLY ON THE SIDE OF TRYING TO FUND  
24 AS MANY GRANTS AS WE COULD WHILE STILL MAINTAINING GOOD  
25 SCIENTIFIC STANDARDS.

1                   AND I THINK THAT'S WHAT WE'RE TRYING TO DO,  
2                   AT LEAST I THINK I UNDERSTAND WHAT DAVID IS TRYING TO  
3                   DO. THESE PROPOSALS, AS YOU READ THROUGH THE VARIOUS  
4                   CRITIQUES, YOU KNOW, ALL OF THE ONES WE'RE TALKING  
5                   ABOUT HAVE SOME VERY FINE THINGS SAID ABOUT THEM. AND  
6                   I THINK ANYTHING THAT WE CAN DO, WHETHER IT BE FOR TWO  
7                   YEARS OR THREE YEARS OR WHAT HAVE YOU, TO TRY TO  
8                   CHALLENGE THESE RESEARCHERS TO SHOW US THAT THEY CAN  
9                   PRODUCE SOMETHING, I THINK, IS A REALLY GOOD YIELD. I  
10                  CERTAINLY WOULD SUPPORT TRYING TO DO THAT WITH THIS  
11                  GROUP OF GRANTS.

12                  CHAIRMAN KLEIN: ALL RIGHT. DR. PENHOET.

13                  DR. PENHOET: ONE QUICK COMMENT. IT IS  
14                  RIGHT. WE DID EXPAND THE POOL OF WHAT WE FUNDED LAST  
15                  TIME FOR THE SEED GRANTS, BUT I RECOLLECT QUITE  
16                  STRONGLY THAT MANY OF US FELT WE HAD RUN OUT OF GOOD  
17                  QUALITY GRANTS, THAT WE FUNDED DOWN TO THE POINT WHERE  
18                  WE WOULD HAVE STARTED TO FUND WHAT MANY OF US  
19                  CONSIDERED TO BE POOR QUALITY GRANTS. I BELIEVE THAT  
20                  WAS YOUR VIEW, AS A MATTER OF FACT.

21                  DR. LEVEY: IT'S CORRECT, BUT AS I TRIED  
22                  TO -- THE POINT WAS THAT THE BOARD SIGNIFICANTLY  
23                  MODIFIED ITS POSITION AS WE THOUGHT ABOUT WHAT ONE OF  
24                  OUR CHARGES WAS. AND THAT WAS TO TRY TO STIMULATE STEM  
25                  CELL RESEARCH, SO WE WENT FROM REALLY ONE PART OF THE

1 SPECTRUM TO THE OTHER PART OF THE SPECTRUM.

2 CHAIRMAN KLEIN: AND I THINK WE HAD A COUPLE  
3 OF SEED GRANTS AT THE END WHICH WE'LL REVISIT THAT HAD  
4 A STRAW VOTE IN FAVOR, BUT WE DIDN'T HAVE A QUORUM TO  
5 MOVE THOSE.

6 SO DISCUSSION. I THINK WE'VE CONCLUDED. I  
7 WANT TO AGAIN ASK, BECAUSE WE HAD SOME EXTENDED  
8 DISCUSSION, IS THERE ANY ADDITIONAL PUBLIC COMMENT?  
9 SEEING NO PUBLIC COMMENT, COULD YOU CALL THE ROLL,  
10 PLEASE.

11 MS. KING: RICARDO AZZIZ.

12 DR. AZZIZ: FOR.

13 MS. KING: DAVID BALTIMORE.

14 DR. BALTIMORE: FOR.

15 MS. KING: ROBERT PRICE.

16 DR. PRICE: YES.

17 MS. KING: DAVID BRENNER.

18 DR. BRENNER: FOR.

19 MS. KING: SUSAN BRYANT.

20 DR. BRYANT: YES.

21 MS. KING: MICHAEL FRIEDMAN.

22 DR. FRIEDMAN: YES.

23 MS. KING: MICHAEL GOLDBERG.

24 MR. GOLDBERG: YES.

25 MS. KING: BRIAN HENDERSON.

1 DR. HENDERSON: ABSTAIN.  
2 MS. KING: DAVID KESSLER.  
3 DR. KESSLER: YES.  
4 MS. KING: BOB KLEIN.  
5 CHAIRMAN KLEIN: YES.  
6 MS. KING: GERALD LEVEY.  
7 DR. LEVEY: YES.  
8 MS. KING: TED LOVE.  
9 DR. LOVE: YES.  
10 MS. KING: ED PENHOET.  
11 DR. PENHOET: YES.  
12 MS. KING: CLAIRE POMEROY.  
13 DR. POMEROY: NO.  
14 MS. KING: FRANCISCO PRIETO.  
15 DR. PRIETO: YES.  
16 MS. KING: JEANNIE FONTANA.  
17 DR. FONTANA: YES.  
18 MS. KING: DUANE ROTH.  
19 MR. ROTH: YES.  
20 MS. KING: JEFF SHEEHY.  
21 MR. SHEEHY: NO.  
22 MS. KING: JONATHAN SHESTACK.  
23 MR. SHESTACK: ABSTAIN.  
24 MS. KING: OSWALD STEWARD.  
25 DR. STEWARD: YES.

1 MS. KING: JANET WRIGHT.

2 DR. WRIGHT: NO.

3 CHAIRMAN KLEIN: I BELIEVE THE MOTION PASSES.  
4 AND IF WE CAN NOW GO TO THE -- WOULD YOU LIKE TO  
5 ANNOUNCE THE VOTE?

6 MR. HARRISON: SURE. FOR THE RECORD 16 YES  
7 VOTES, TWO ABSTENTIONS, AND THREE NO VOTES.

8 CHAIRMAN KLEIN: THANK YOU. IF WE COULD NOW  
9 GO TO THE TIER 1 GRANTS. IS THERE ANY GRANT IN TIER 1  
10 THAT ANYONE WOULD LIKE TO REMOVE FROM TIER 1 OR WOULD  
11 LIKE TO REDUCE THE FUNDING ON THAT GRANT, OR WOULD LIKE  
12 TO MOVE TO TIER 3?

13 MR. HARRISON: BOB, IF I COULD JUST MAKE ONE  
14 SUGGESTION. TO THE EXTENT THAT WE CAN TRY TO FOCUS ON  
15 ONE OR TWO GRANTS AT A TIME RATHER THAN A BLOCK OF  
16 GRANTS, I THINK IT WILL ASSIST US IN ENSURING WE DON'T  
17 HAVE ANY CONFLICT OF INTEREST ISSUES.

18 CHAIRMAN KLEIN: DR. KESSLER.

19 DR. KESSLER: CAN I JUST FOR THE RECORD,  
20 BEFORE YOU DO THAT, ONE CONFLICT OF INTEREST QUESTION  
21 THAT I'D JUST LIKE TO PUT ON THE RECORD. MAYBE COUNSEL  
22 CAN HELP ME.

23 AFTER OUR MEETING IN SAN FRANCISCO WHERE WE  
24 DID THE SEED GRANTS, WHAT BECAME CLEAR TO ME PERSONALLY  
25 WAS WHILE I RECUSED MYSELF FROM ALL FACULTY AND ALL

1 GRANTS THAT CAME OUT OF FACULTY THAT WERE FUNDED AT  
2 UCSF, WHAT I REALIZE, ACTUALLY BY READING THE  
3 NEWSPAPERS THAT IT DAWNED ON ME, WAS THAT THERE A LOT  
4 OF INSTITUTIONS WITH WHICH WE HAVE, QUOTE,  
5 AFFILIATIONS. WE HAVE GLADSTONE. WE HAVE BUCK. WE  
6 HAVE CHILDREN'S HOSPITAL OF OAKLAND. THE LIST GOES ON.  
7 I MEAN THERE'S LITERALLY A WHOLE LIST. WE HAVE  
8 AFFILIATIONS ALL AROUND THE WORLD.

9 SO THE LINE THAT I'VE DRAWN, AND, COUNSEL,  
10 CORRECT ME, IS THAT WHILE WE'RE LEGALLY RESPONSIBLE TO  
11 RECUSE OURSELVES FROM ANY GRANTEE FOR WHICH WE HAVE A  
12 FINANCIAL CONFLICT OF INTEREST; I.E., IF ANYONE IS AN  
13 EMPLOYEE OF OURS, AND IN THESE CASES IN THE AFFILIATED  
14 INSTITUTIONS, THEY'RE NOT EMPLOYEES, I'VE DECIDED TO  
15 DRAW THE LINE. IF ANYONE HAS A UCSF FACULTY  
16 APPOINTMENT, EVEN IF THEY DON'T HAVE ANY FINANCIAL  
17 INTEREST, I'VE INSTRUCTED STAFF TO RECUSE ME FROM  
18 THOSE. THAT DOESN'T MEAN -- YOU MAY BE AT AN  
19 INSTITUTION LIKE CHILDREN'S OAKLAND, BUT NOT HAVE A  
20 UCSF FACULTY. I'M NOT RECUSING MYSELF ON THOSE.

21 I PUT THIS OUT, AGAIN, AS I UNDERSTAND IT,  
22 THE REQUEST FROM STAFF IS THAT I ABSTAIN, NOT TO RECUSE  
23 MYSELF, ON THOSE SO THERE'S NO QUORUM ISSUES. BUT IF  
24 THE PUBLIC OR ANYONE THINKS I'VE NOT DRAWN THE LINE  
25 CORRECTLY HERE, LET ME KNOW, AND WE'LL TRY TO CHANGE IT

1 APPROPRIATELY. THANK YOU FOR THE INDULGENCE.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ALL  
3 RIGHT. WE'RE ON TIER 1. AND WOULD ANYONE LIKE TO MAKE  
4 A MOTION TO PUT ANY GRANT INTO CONSIDERATION OR TO  
5 DISCUSS ANY GRANT BECAUSE THE SCIENTIFIC STAFF CAN  
6 ANSWER QUESTIONS ON ANY GRANT IF THAT'S WHAT THE CHOICE  
7 WOULD BE.

8 DR. BALTIMORE: I GUESS I SHOULD DO THAT.  
9 I'M TRYING TO FIGURE OUT HOW TO DO THIS WITHIN THE  
10 PRECEPTS THAT WERE LAID DOWN FOR US.

11 CHAIRMAN KLEIN: YOU MIGHT WANT TO TEST IT ON  
12 AN INDIVIDUAL GRANT BASIS.

13 DR. BALTIMORE: THAT'S PROBABLY THE BEST  
14 THING TO DO. SO THE LOWEST CUMULATIVE AVERAGE IS 66 IN  
15 TIER 1. AND THOSE TWO GRANTS WERE MOVED UP AHEAD OF  
16 OTHERS. SO I WOULD JUST -- IT'S PROBABLY EASY IF I  
17 JUST TAKE ONE.

18 CHAIRMAN KLEIN: YES.

19 DR. BALTIMORE: I DON'T KNOW HOW MANY VOTES  
20 WE WANT TO HAVE, BUT I'LL TAKE, SINCE IT'S THE BOTTOM  
21 ONE THERE, GRANT 144, AND SUGGEST THAT IT BE FUNDED FOR  
22 TWO YEARS.

23 CHAIRMAN KLEIN: FOR TWO YEARS.

24 DR. BALTIMORE: YES.

25 CHAIRMAN KLEIN: OKAY.

1                   MR. TOCHER:   AND THE CONFLICTS FOR THAT ARE  
2   LANSING AND POMEROY.

3                   CHAIRMAN KLEIN:   LANSING AND POMEROY ARE  
4   CONFLICTS.   IS THERE A SECOND?

5                   DR. HENDERSON:   I SECOND.

6                   CHAIRMAN KLEIN:   SECOND BY DR. HENDERSON.  
7   DISCUSSION?   WOULD WE HAVE A SCIENTIFIC --  
8   PROCEDURALLY, IF IT'S CONSISTENT WITH THE BOARD'S  
9   WISHES, PREVIOUSLY WHEN WE PUT SOMETHING INTO QUESTION,  
10   WE THEN HAVE A SCIENTIFIC PRESENTATION TO GIVE EVERYONE  
11   A LEVEL PLAYING FIELD OF INFORMATION.   COULD WE HAVE A  
12   SCIENTIFIC PRESENTATION?

13                  DR. SAMBRANO:   THIS IS A PROPOSAL FROM AN  
14   INVESTIGATOR WHO IS NOT NEW, BUT NEW TO THE HUMAN  
15   EMBRYONIC STEM CELL FIELD.   IT ADDRESSES A SPECIFIC  
16   DISEASE MODEL THAT IS RENAL DISEASE.   THE PROPOSAL IS  
17   TO DEVELOP A PRECLINICAL MODEL FOR TESTING SPECIFICALLY  
18   SAFETY OF HUMAN EMBRYONIC STEM CELL TRANSPLANTS AND TO  
19   REPAIR FETAL KIDNEY OBSTRUCTION.

20                  THESE CELLS WILL BE FOLLOWED IN VIVO USING  
21   SEVERAL IMAGING TECHNIQUES.   AND PART OF THE PROPOSAL  
22   IS TO DEVELOP THESE IMAGING TECHNIQUES.

23                  IN TERMS OF GENERAL STRENGTHS, VARIOUS  
24   STRENGTHS WERE CITED, INCLUDING THE EXPERIENCE OF THE  
25   TEAM, WHO INCLUDES A VERY PRODUCTIVE SET OF



1 INVESTIGATORS, WITH A LONG LIST OF RELEVANT  
2 PUBLICATIONS. THERE IS A CENTER-BASED COMPREHENSIVE  
3 APPROACH. THERE IS THE GOAL, OF COURSE, OF DEVELOPING  
4 THIS TRANSLATIONAL RESEARCH TO SET THE STAGE FOR HUMAN  
5 APPLICATION. AND IT DOES PRESENT PRELIMINARY DATA  
6 WHICH SUGGEST THAT THIS IS POTENTIALLY FEASIBLE.

7 THE PI ALSO HAS OUTSTANDING FACILITIES AND AN  
8 ENVIRONMENT TO PERFORM THESE EXPERIMENTS. I THINK THAT  
9 WAS CITED AS A UNIQUE OPPORTUNITY, BOTH THE COMBINATION  
10 OF THE PI AND THE FACILITIES THAT ARE PROVIDED. AND,  
11 OF COURSE, THE OVERALL GOAL, AGAIN, IS TO TEST EFFICACY  
12 AND SAFETY OF TRANSPLANTATION WHICH IS CONSIDERED TO  
13 BE, CERTAINLY BY THE REVIEWERS, VITAL TO THE FIELD OF  
14 STEM CELL BIOLOGY AND ITS TRANSLATION TOWARDS  
15 THERAPIES.

16 THE MAIN WEAKNESS PERHAPS WAS THE INADEQUATE  
17 DEVELOPMENT OF THE MODEL FOR TESTING THAT EFFICACY AND  
18 SAFETY. AND ONE OF THE THINGS THAT WAS CITED, FOR  
19 EXAMPLE, WAS THAT THEY MIGHT NOT BE ABLE TO GLEAN A  
20 GOOD IDEA OF WHETHER THE CELLS THAT ARE TRANSPLANTED  
21 WOULD BE FUNCTIONALLY DIFFERENTIATED WITHIN THE TISSUE  
22 THAT IT'S INTRODUCED INTO.

23 OTHER WEAKNESSES INCLUDE AREAS WHERE THE  
24 PROPOSAL WAS PERHAPS UNCLEAR AND MIGHT HAVE REQUIRED  
25 LENGTHIER DISCUSSION. ONE OF THOSE WAS THE

1       CONSIDERATION OF ALLOREJECTION OR IMMUNE ISSUES.  AND  
2       IN CONCLUSION, PRELIMINARY DATA WOULD HAVE HELPED IN  
3       THAT, ALTHOUGH THE INVESTIGATOR DID POINT OUT THAT THE  
4       USE OF THE MODEL, BEING WHAT IT IS, MAY NOT BE PRONE TO  
5       IMMUNE ISSUES.  SO THAT WAS STATED BY THE PI.

6                AND DURING PROGRAMMATIC REVIEW A MOTION WAS  
7       MADE TO BRING THIS PARTICULAR APPLICATION UP MOSTLY  
8       BECAUSE THE REVIEWERS FELT THAT THEY MIGHT HAVE ERRED  
9       ON THE SIDE OF BEING A BIT HYPERCRITICAL.  I THINK THEY  
10      FELT THAT, IN GENERAL, THIS WAS A VERY GOOD PRECLINICAL  
11      MODEL IN TERMS OF ITS DEVELOPMENT, BUT PERHAPS IN TERMS  
12      OF THE DISEASE ASPECT, IN TERMS OF THE ABILITY TO  
13      DETERMINE, FOR EXAMPLE, WHETHER CELLS ONCE TRANSPLANTED  
14      WOULD BE BECOME FUNCTIONAL WAS AN AREA WHERE IT MIGHT  
15      BE WEAK.  IN GENERAL, IT WAS THOUGHT THAT IT HAS SOME  
16      ISSUES, BUT IN GENERAL WAS VERY GOOD SCIENCE.

17               MR. SHEEHY:  I ACTUALLY WOULD -- I THINK WE  
18      SHOULD FULLY FUND THIS.  IS THERE ANY OTHER -- I'M NOT  
19      AWARE OF ANY OTHER GRANT LOOKING AT A NONHUMAN PRIMATE  
20      MODEL.  I THINK THAT THIS WAS THE ONLY PRECLINICAL  
21      MODEL.  AND WAS THERE A RENAL EXPERT ON THE REVIEW  
22      PANEL THAT ACTUALLY HAD EXPERIENCE WITH KIDNEY?

23               DR. WRIGHT:  THAT QUESTION CAME UP, JEFF.  I  
24      REMEMBER THAT QUESTION CAME UP, AND THEY FELT IT WAS  
25      DIFFICULT TO FIND SOMEONE WITH THAT LEVEL OF EXPERTISE.

1           MR. SHEEHY: I JUST COME BACK TO THE COMMENT  
2           THAT THEY FELT THAT THEY WERE HYPERCRITICAL. IF WE'RE  
3           GOING TO START CUTTING TO TWO YEARS, I'M NOT SURE THIS  
4           IS THE ONE WE WOULD WANT. IF WE DON'T HAVE NONHUMAN  
5           PRIMATE MODELS, WE'RE NOT GOING TO GET ANYWHERE NEAR  
6           THE CLINIC, I THINK.

7           DR. LOVE: I JUST WANT TO ASK WAS THERE  
8           ANYTHING IN THE REVIEW THAT SUGGESTED THAT THE MAJOR  
9           OBJECTIVES OF THE WORK COULD BE ACHIEVED IN A SHORTER  
10          PERIOD OF TIME?

11          DR. SAMBRANO: NO.

12          DR. FONTANA: I'M BOTHERED BY THE PROCESS OF  
13          WHAT WE'RE DOING HERE. I'M NOT BOTHERED BY THE IDEA  
14          THAT GOING FORWARD WE WOULD DECIDE TO FUND SOMETHING  
15          FOR TWO YEARS. BUT TO THINK THAT WE'RE GOING TO MAKE A  
16          DECISION HERE BASED ON VERY LIMITED INFORMATION, I EVEN  
17          SAT ON THIS COMMITTEE WHERE WE REVIEWED THIS PROCEDURE,  
18          BUT TO HAVE A SET OF REVIEWERS, WHO WE ALL REGARD, NOT  
19          THINK IN ADVANCE THAT MAYBE THIS WOULD BE A TWO-YEAR  
20          FUNDED GRANT MAKES ME UNEASY IN CHANGING THE PROCESS AS  
21          WE SPEAK.

22          SO I'M BOTHERED BY THAT. I THINK WE EITHER  
23          FUND IT ALL THE WAY OR NOT. AND THEN IN THE FUTURE WE  
24          CAN DECIDE SOME OF THOSE GRANTS WILL BE TWO-YEAR  
25          FUNDINGS.

1                   CHAIRMAN KLEIN: ALL RIGHT. WE'RE GOING HAVE  
2 DR. STEWARD AND THEN WE'RE GOING TO GO TO DR. PRICE.

3                   DR. STEWARD: I THINK THAT ACTUALLY IN THIS  
4 CASE THERE IS DIRECT EVIDENCE IN THE REVIEW THAT FAVORS  
5 THE LONGER PERIOD OF FUNDING. ONE OF THE CRITICISMS,  
6 ONE OF THE WEAKNESSES, IF YOU LOOK ON THE NEXT TO THE  
7 LAST SENTENCE, IS A MUCH LONGER OBSERVATION PERIOD  
8 MIGHT BE NECESSARY TO GAIN CONFIDENCE. AND THAT IS  
9 WITH REGARD TO REJECTION. ANY GOOD INVESTIGATOR IS  
10 GOING TO TAKE THE COMMENTS OF THE REVIEWERS TO HEART  
11 AND MODIFY THEIR PROPOSAL ACCORDINGLY AND TRY TO DO THE  
12 BEST SCIENCE POSSIBLE. I THINK IN THIS CASE THE LONGER  
13 FUNDING PERIOD IS ACTUALLY IN A SENSE BEING RECOMMENDED  
14 BY THE REVIEWERS, IF ANYTHING.

15                  CHAIRMAN KLEIN: I THINK THAT'S CONSISTENT  
16 WITH WHAT I DREW OUT OF THE PEER REVIEW SESSION. AND  
17 IT MIGHT TAKE, IN FACT, A LONGER PERIOD OF TIME TO GET  
18 THE RESULTS THAT YOU NEED TO MAKE A FINAL JUDGMENT. IT  
19 WOULD BE DIFFICULT TO GET SHORTER MILESTONES.

20                  ANY OTHER POINTS?

21                  DR. PENHOET: IN THAT LAST REGARD, IF I  
22 REMEMBER CORRECTLY, THOUGH, THERE WERE SHORTER-TERM  
23 MILESTONES AND QUESTIONS AROUND THE IMAGING PART OF  
24 THIS, THAT IT WASN'T CLEAR THAT YOU COULD IMAGE THESE  
25 THINGS IN SITU, ETC. AND THAT PROBABLY COULD BE DONE,

1 THE IMAGING PIECE, IF IT'S DOABLE, COULD PROBABLY BE  
2 DONE. BUT I THINK THERE ARE SOME ASPECTS OF LONGER  
3 TERM AND SHORTER TERM, BUT THE IMAGING PART WAS  
4 SOMETHING THAT WAS A QUESTION ABOUT WHETHER IT WAS  
5 FEASIBLE AND PROBABLY COULD BE ADDRESSED WITHIN A  
6 TWO-YEAR PERIOD.

7 MR. TOCHER: JUST FOR THE RECORD, WE'VE BEEN  
8 ASKED TO REPEAT THAT THE CONFLICTS ARE LANSING AND  
9 POMEROY ON THIS.

10 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL  
11 COMMENTS? PUBLIC COMMENT. SEEING NO PUBLIC COMMENT,  
12 I'D LIKE TO CALL THE ROLL.

13 DR. FRIEDMAN: COULD YOU RESTATE THE MOTION,  
14 PLEASE?

15 CHAIRMAN KLEIN: WELL, THE MOTION WAS JUST TO  
16 FUND IT FOR TWO YEARS. SO IF YOU VOTE NO, THERE WOULD  
17 HAVE TO BE ANOTHER MOTION IF YOU CHOOSE TO FUND IT FOR  
18 FOUR YEARS.

19 DR. BALTIMORE: NO.

20 CHAIRMAN KLEIN: WELL, WHY DON'T, JAMES, YOU  
21 EXPLAIN WHAT WE HAVE TO GO THROUGH TO GET IT FUNDED.  
22 WELL, THE POINT -- I THINK DR. BALTIMORE'S IS A FAIR  
23 ONE BECAUSE IF WE DO NOT REMOVE IT FROM THE FOUR-YEAR  
24 LIST, IT WILL REMAIN ON THE FOUR-YEAR PENDING THE FINAL  
25 FUNDING VOTE TOMORROW.

1 MR. HARRISON: CORRECT. THE MOTION DOES NOT  
2 ENTAIL MOVING IT FROM TIER 1 TO TIER 2. IT'S ONLY THE  
3 EXTENT OF FUNDING. SO IF THIS MOTION IS REJECTED, THEN  
4 IT WILL REMAIN IN TIER 1 FOR FUNDING AT THE FULL LEVEL.

5 MR. SHESTACK: SOME OF THIS IS INAPPROPRIATE,  
6 BUT IS THIS -- IS IT THIS PARTICULAR GRANT, OR IS THIS  
7 THE FIRST OF SEVERAL THAT WE WILL HAVE THIS DISCUSSION  
8 ON?

9 CHAIRMAN KLEIN: THAT'S UP TO ALL THE  
10 MEMBERS.

11 MR. SHESTACK: I'M ASKING.

12 CHAIRMAN KLEIN: YOU CAN'T -- YOU WOULD HAVE  
13 TO POLL EVERY MEMBER ON THE BOARD TO FIND OUT, BUT THE  
14 ANSWER IS THAT ANY GRANT --

15 MR. SHESTACK: I'D LIKE TO DO THAT. BECAUSE  
16 IT ACTUALLY GOES BACK TO THE QUESTION, WHICH IS IT MAY  
17 BE THAT DR. BALTIMORE JUST HATES THIS GRANT AND JUST  
18 THINKS FOUR YEARS IS A WASTE OF TIME AND HE'S CHARGED  
19 WITH THE ICOC TO DO IT. OR IT MAY BE THAT HE'S GOING  
20 TO DO IT FOR ALL OF THEM, IN WHICH CASE THEN WHAT DR.  
21 FONTANA SAYS, WHAT DR. WRIGHT SAYS IS IS THIS REALLY --  
22 I KNOW IT'S LEGALLY OUR RIGHT, BUT IS IT OUR ROLE? I  
23 FEEL WE'RE HERE TO SORT OF -- I FEEL I'M HERE TO RESCUE  
24 GRANTS. I'M NOT HERE, SINCE I WASN'T ONE OF THE  
25 PRIMARY REVIEWERS, TO NECESSARILY BE PUNITIVE IN ANY

1 WAY. I DON'T FEEL LIKE -- AND WE'RE SITTING WITH A  
2 SHIRT FULL OF MONEY.

3 SO IT GOES BACK ALSO TO WHAT DR. LEVEY SAID,  
4 WHAT YOUR CHARGE IS. I FEEL THE CHARGE IS TO LOOK  
5 AT -- IT'S PORTFOLIO MANAGEMENT AND TO LOOK AT DO WE  
6 HAVE WAY TOO MUCH NEURO? THERE WAS NO DIABETES. IS  
7 THERE A POSSIBLE DIABETES THAT COME UP? NOT  
8 NECESSARILY TO DO THIS ON EVERY SPECIFIC GRANT,  
9 PARTICULARLY WHEN THE REVIEWERS WEREN'T GIVEN IT AS  
10 THEIR CHARGE. WHEN THERE WAS AN IN-DEPTH REVIEW, HAD  
11 THE REVIEWERS COME BACK TO US AND SAID WE RECOMMEND  
12 THIS GRANT --

13 CHAIRMAN KLEIN: JON, I DON'T THINK THE  
14 INTENT IS TO REVIEW EVERY GRANT. THAT'S NOT BEEN  
15 IMPLIED IN THE DISCUSSION. BUT I THINK THERE WAS  
16 INTENT TO DISCUSS SOME OF THE GRANTS. AND DR. PRIETO.

17 DR. PRIETO: I JUST HAD A QUESTION FOR DR.  
18 AZZIZ AND PERHAPS OTHER MEMBERS WHO ARE FAMILIAR WITH  
19 THE NIH PROCESS. BUT IN THAT ANALOGOUS SYSTEM, WOULD  
20 THERE ANY BE GREAT SURPRISE FOR A GRANT APPLICANT TO  
21 DISCOVER THAT HIS GRANT FOR FOUR YEARS HAD BEEN FUNDED  
22 FOR ONLY TWO?

23 DR. AZZIZ: I CAN ANSWER THAT HAVING  
24 EXPERIENCED THAT. NOT OFTEN. NOT OFTEN. THE ANSWER  
25 IS IN TODAY'S ENVIRONMENT, ACTUALLY IN TODAY'S

1 ENVIRONMENT, IT'S ACTUALLY NOT UNCOMMON TO GET CUT A  
2 YEAR, WHICH IS UNFORTUNATE BECAUSE ACTUALLY TIME IS  
3 WHAT YOU NEED. NOW, IT IS NOT COMMON, TO BE FAIR, TO  
4 HAVE A GRANT CUT FROM FOUR TO TWO YEARS. THAT ACTUALLY  
5 CUTS THE PROCESS IN HALF, BUT IT IS NOT UNCOMMON TO  
6 HAVE A YEAR TAKEN OFF YOUR GRANT, SOMETIMES TWO, MORE  
7 OFTEN ONE.

8 DR. PRICE: YOU KNOW, I JUST DON'T THINK THE  
9 ANALOGY IS APPROPRIATE BECAUSE IN THE CASE OF THE NIH  
10 PANELS, THESE ARE THE PRIMARY REVIEWERS WHO'VE DONE A  
11 DEEP DIVE INTO THE STUDY AND ARE REASONING FROM THAT.  
12 I DON'T THINK WE ACTUALLY HAVE THE INFORMATION BEFORE  
13 US IN EACH OF THESE CASES TO MAKE A REASONED --

14 CHAIRMAN KLEIN: I ASSURE YOU  
15 CONSTITUTIONALLY WE HAVE SUFFICIENT INFORMATION.

16 DR. PRICE: WELL, THEN, YOU KNOW, IT COULD  
17 VERY WELL BE IF YOU LOOKED AT THE TIMEFRAME AND THE  
18 WORK PLAN, THAT THE TOP-RATED PROPOSAL COULD BE DONE IN  
19 TWO YEARS.

20 CHAIRMAN KLEIN: NO ONE IS SUGGESTING THAT  
21 YOU DO THE WORK IN TWO YEARS. IT'S THAT THEY REACH  
22 MILESTONES THAT THEY PROPOSE TO REACH DURING THAT TIME  
23 PERIOD.

24 DR. PRICE: ALL RIGHT. NEVER MIND.

25 DR. AZZIZ: JUST TO CLARIFY, AND THERE'S LOTS



1 OF PEOPLE WITH EXPERIENCE AROUND THE TABLE, BUT COUNCIL  
2 ROUTINELY DOES FUNDING DECISIONS. TO BE FAIR, THEY  
3 GENERALLY DEAL WITH BORDERLINE. EVERYTHING THAT FALLS  
4 ON THE PAYLINE, THEY WILL MAKE DECISIONS, AND THEY'RE  
5 DOING WHAT WE DO, WHICH IS TO PULL SOME UP AND THEY  
6 PULL SOME DOWN, AND THEY MAKE FUNDING DECISIONS. MY  
7 YOUNG FACULTY TWO MONTHS AGO GOT A CALL AND SAID, YOU  
8 KNOW, WE HAVE THIS GRANT. WE HAVE SOME MONEY. WOULD  
9 YOU MIND TAKING TWO YEARS OUT OF YOUR FIVE-YEAR GRANT,  
10 AND AT LEAST YOU CAN TAKE OFF. AND THE ANSWER WAS, OF  
11 COURSE, WE'LL TAKE THE MONEY. I'LL GO HOME AND CRY,  
12 BUT I'LL TAKE THE MONEY. SO THAT ACTUALLY HAPPENS  
13 ROUTINELY EVEN AT COUNCIL LEVEL.

14 DR. FONTANA: DO THE REVIEWERS WHO ARE DOING  
15 THAT KNOW THAT AHEAD OF TIME?

16 DR. AZZIZ: THE REVIEWERS GENERALLY MAKE  
17 RECOMMENDATIONS BASED ON THE MERIT, AND COUNCIL, WHO  
18 ULTIMATELY HAS TO MAKE THE DECISIONS FOR FUNDING, WHICH  
19 IS WHAT WE DO, MAKE THE DECISIONS FOR FUNDING. THE  
20 REVIEWERS DO NOT. AND, IN FACT, WE ARE INSTRUCTED VERY  
21 STRICTLY THAT WE DO NOT MAKE FUNDING DECISIONS, PERIOD.

22 MR. SHESTACK: COUNCIL, IF YOU'RE COMPARING  
23 THE COUNCIL, COUNCIL IS DEALING WITH NO NEW MONEY.  
24 IT'S ACTUALLY DEALING WITH FLAT FINANCIAL SITUATIONS.  
25 SO THE PARALLEL ISN'T EXACT. YOU'RE SITTING HERE WITH

1 11 MILLION EXTRA DOLLARS IF YOU WANT TO USE THEM JUST  
2 ON THIS ROUND. IF YOU'RE GOING TO MAKE THE ANALOGY,  
3 THAT IS NOT EXACTLY CORRECT. THEY REALLY HAVE -- THEY  
4 DO IT, BUT THEY ALSO HAVE FINANCIAL REASONS TO DO IT  
5 THAT AREN'T NECESSARILY OURS.

6 DR. AZZIZ: TO BE FAIR, DURING THE CLINTON  
7 ADMINISTRATION THERE WAS INCREASING MONEY. SO THEY HAD  
8 TO DEAL WITH MORE MONEY THAN THEY ACTUALLY PROJECTED.  
9 AND THEN, OF COURSE, MORE RECENT TIMES THEY'RE DEALING  
10 WITH LESS MONEY, BUT THEY DO DEAL WITH MONEY. THAT'S  
11 PART OF THEIR JOB IS TO DEAL WITH THE PORTFOLIO.

12 DR. BRYANT: THAT LINE GOES UP AND DOWN  
13 DEPENDING ON THE AMOUNT OF MONEY.

14 CHAIRMAN KLEIN: RIGHT. OKAY. WE'VE HAD, I  
15 THINK, A FAIR DISCUSSION. WE'VE CALLED FOR PUBLIC  
16 COMMENT PREVIOUSLY ON THIS TWICE, SO I THINK IT'S  
17 APPROPRIATE, UNLESS I SEE A MEMBER OF THE PUBLIC STAND,  
18 TO ASK TO ALL THE ROLL.

19 MS. KING: RICARDO AZZIZ.

20 DR. AZZIZ: YES.

21 MS. KING: DAVID BALTIMORE.

22 DR. BALTIMORE: YES.

23 MS. KING: ROBERT PRICE.

24 DR. PRICE: NO.

25 MS. KING: DAVID BRENNER.

1 DR. BRENNER: NO.  
2 MS. KING: SUSAN BRYANT.  
3 DR. BRYANT: NO.  
4 MS. KING: MICHAEL FRIEDMAN.  
5 DR. FRIEDMAN: YES.  
6 MS. KING: MICHAEL GOLDBERG.  
7 MR. GOLDBERG: YES.  
8 MS. KING: BRIAN HENDERSON.  
9 DR. HENDERSON: YES.  
10 MS. KING: DAVID KESSLER.  
11 DR. KESSLER: NO.  
12 MS. KING: BOB KLEIN.  
13 CHAIRMAN KLEIN: NO.  
14 MS. KING: GERALD LEVEY.  
15 DR. LEVEY: YES.  
16 MS. KING: TED LOVE.  
17 DR. LOVE: NO.  
18 MS. KING: ED PENHOET.  
19 DR. PENHOET: YES.  
20 MS. KING: FRANCISCO PRIETO.  
21 DR. PRIETO: YES.  
22 MS. KING: JEANNIE FONTANA.  
23 DR. FONTANA: NO.  
24 MS. KING: DUANE ROTH.  
25 MR. ROTH: NO.

1 MS. KING: JEFF SHEEHY.  
2 MR. SHEEHY: NO.  
3 MS. KING: JON SHESTACK.  
4 MR. SHESTACK: NO.  
5 MS. KING: OS STEWARD.  
6 DR. STEWARD: NO.  
7 MS. KING: JANET WRIGHT.  
8 DR. WRIGHT: NO.  
9 CHAIRMAN KLEIN: WHAT IS THE RESULTS,  
10 COUNSEL?  
11 MR. HARRISON: THE MOTION FAILED 12 NO VOTES  
12 AND EIGHT YES VOTES.  
13 CHAIRMAN KLEIN: OKAY. THANK YOU. WELL,  
14 CERTAINLY WE ARE REALLY HELPING REFINE OUR POLICY WITH  
15 A POLICY WHERE WE CAN USE THIS TOOL. WE'VE CERTAINLY  
16 DIFFERENTIATED WITH A THOUGHTFUL DISCUSSION.  
17 ADDITIONAL GRANTS FOR REVIEW. ANY ADDITIONAL  
18 GRANTS IN TIER 1 THAT ANYONE WOULD LIKE TO EXAMINE IN  
19 TERMS OF HAVING IT DISCUSSED BY THE SCIENTIFIC STAFF OR  
20 WOULD LIKE TO MAKE A MOTION?  
21 MICHAEL GOLDBERG.  
22 MR. GOLDBERG: ANYBODY WANT TO SECOND THAT  
23 MOTION?  
24 CHAIRMAN KLEIN: NO. OKAY. I THINK IT WOULD  
25 BE VALUABLE -- I BELIEVE IT WOULD BE VALUABLE TO

1 EXAMINE THE OTHER GRANT THAT IS AT 66 BECAUSE WHEN WE  
2 GO THROUGH TIER 2, THERE'S HIGHER RANKED GRANTS, SO IT  
3 WOULD BE HELPFUL IN CONTEXT IF THE SCIENTIFIC STAFF  
4 COULD EXPLAIN THE STRENGTHS AND WEAKNESSES OF THE OTHER  
5 GRANT SO THAT WE COULD HAVE THE BACKGROUND WHEN WE GO  
6 LOOK AT TIER 2 OF HIGHER RANKED GRANTS AS TO WHY THIS  
7 ONE WAS MOVED UP PROGRAMMATICALLY.

8 MR. SHEEHY: CAN WE START WITH A MOTION JUST  
9 SO WE HAVE A FRAMEWORK? I'LL JUST MOVE TO KEEP THIS  
10 ONE WHERE IT IS AT FOUR YEARS. THE OTHER ONE AT 66.

11 MR. TOCHER: 345.

12 CHAIRMAN KLEIN: YOU DON'T HAVE TO HAVE A  
13 MOTION TO KEEP IT THERE BECAUSE, UNLESS SOMEONE MAKES A  
14 MOTION TO REMOVE IT, IT WILL STAY.

15 DR. FRIEDMAN: MR. CHAIRMAN, MAY I JUST ASK  
16 FOR CLARIFICATION. WHICH ARE THE FOUR GRANTS THAT WERE  
17 STARRED TO BE MOVED UP FROM TIER 2 TO TIER 1, PLEASE?  
18 I'M SORRY.

19 CHAIRMAN KLEIN: DR. CHIU.

20 DR. FRIEDMAN: OKAY.

21 CHAIRMAN KLEIN: DR. CHIU, IF YOU COULD  
22 ADDRESS 345, PLEASE.

23 MR. TOCHER: JUST FOR A MOMENT IF I COULD  
24 INTERRUPT.

25 CHAIRMAN KLEIN: THIS IS INFORMATIONAL SO

1 THAT WHEN WE GO THROUGH THE TIER 2, SOMEONE UNDERSTANDS  
2 THE REASONS THAT THIS WAS MOVED UP PROGRAMMATICALLY  
3 BECAUSE THERE ARE HIGHER SCORES IN TIER 2.

4 DR. CHIU: SIMPLY PUT, THIS IS AN APPLICATION  
5 TO GENERATE LARGE QUANTITIES OF PURIFIED HUMAN MOTOR  
6 NEURONS FROM HUMAN EMBRYONIC STEM CELLS FOR  
7 TRANSPLANTATION IN BOTH ACUTE AND CHRONIC MODELS OF  
8 SPINAL CORD INJURY WITH ALSO POSSIBILITIES FOR USE FOR  
9 TREATMENT FOR ALS AS WELL AS SMA.

10 THERE ARE FIVE AIMS ACTUALLY IN THIS  
11 APPLICATION. THE FIRST AIM IS A STRAIGHTFORWARD  
12 CHARACTERIZATION OF SYNAPTOGENESIS BY HUMAN EMBRYONIC  
13 STEM CELL-DERIVED MOTOR NEURONS WITH SKELETAL MYOTUBES  
14 IN CULTURE.

15 THE SECOND AIM IS BASED ON OBSERVATIONS THAT  
16 INCREASED CYCLIC AMP LEVELS ENABLE NEURONS IN A HOSTILE  
17 ENVIRONMENT TO TRAVERSE INHIBITORY SUBSTRATES. AND SO  
18 THE INVESTIGATOR PROPOSES TO USE INDUCIBLE EXPRESSION  
19 OF THE APPROPRIATE ENZYME WITHIN THESE HUMAN EMBRYONIC  
20 STEM CELL-DERIVED MOTOR NEURONS TO ELEVATE CYCLIC AMP  
21 LEVELS AND THEREBY PROMOTE AXONAL OUTGROWTH. AIM 2  
22 WILL ALSO BE DONE IN CULTURE.

23 IN AIM 3, THESE HUMAN EMBRYONIC STEM  
24 CELL-DERIVED MOTOR NEURONS EXPRESSING UP REGULATION OF  
25 CYCLIC AMP WILL BE TRANSPLANTED INTO REGIONS OF THE

1 SPINAL CORD WHERE THE INVESTIGATOR HAD ORIGINALLY  
2 KILLED OFF SPECIFICALLY THE MOTOR NEURONS. AND THE  
3 IDEA IS TO SEE WHETHER THEY COULD REPLACE THE LOST  
4 MOTOR NEURONS AND THEN WHETHER THESE NEWLY GENERATED  
5 HUMAN MOTOR NEURONS WOULD EXTEND AXONS INTO THE  
6 PERIPHERAL NERVE, TRAVERSE THAT, AND GO TOWARD SKELETAL  
7 MUSCLE, WHICH IS THE NORMAL TARGETS IN THE PERIPHERY,  
8 AND INNERVATE SKELETAL MUSCLE.

9 AND I SHOULD ADD THAT THERE'S ONE MORE  
10 INNOVATION IN THIS GRANT. THEY ARE TRANSFECTING THE  
11 SKELETAL MUSCLES WITH A TROPHIC FACTOR THAT RENDERS  
12 THEM VERY ATTRACTIVE TO AXONS. SO IN A WAY THEY HAVE  
13 THE -- OVERCOMING THE INHIBITIONS SO THAT THE AXONS  
14 WILL MIGRATE THROUGH HOSTILE ENVIRONMENT, AND THEN THE  
15 MUSCLE WILL PRODUCE A TROPHIC FACTOR TO ATTRACT THESE  
16 AXONS TO FORM SYNAPSIS ON THEM.

17 I SHOULD SAY THAT ALL THREE AIMS HAVE BEEN  
18 PUBLISHED BY SOMEBODY ELSE AND DEMONSTRATED TO WORK.  
19 SO THERE IS FEASIBILITY, BUT NOT BY THIS INVESTIGATOR.

20 THE NOVEL PART IS THAT IN THE FOURTH AIM THE  
21 INVESTIGATOR WILL NOW USE THIS METHODOLOGY THAT HE OR  
22 SHE HAS DEMONSTRATED TO WORK IN THIS MODEL AND NOW USE  
23 IT IN CHRONIC AND ACUTE MODEL OF SPINAL CORD INJURY,  
24 AND THIS HAS NEVER BEEN DONE BEFORE. SO THE  
25 INVESTIGATOR IS AN EXPERT IN SPINAL CORD INJURY AND HAS

1 BACKGROUND IN THE USE OF HUMAN EMBRYONIC STEM CELLS AND  
2 GENERATING HIGH PURITY POPULATIONS OF DIFFERENTIATED  
3 CELLS FROM HUMAN EMBRYONIC STEM CELLS. WHAT'S NEW FOR  
4 THIS INVESTIGATOR IS THAT HE OR SHE HAS TO ACQUIRE  
5 EXPERTISE TO GENERATE LARGE NUMBERS OF MOTOR NEURONS,  
6 SOMETHING THAT THEY'RE NOT NORMALLY DOING, ALTHOUGH  
7 SOMEBODY ELSE HAS DONE THIS, AND THEN TO TRANSPLANT  
8 THEM TO SEE IF THEY WOULD DO ALL THE STEPS TO  
9 REINNERVATE MUSCLE AND, THEREFORE, DEVELOP WORK TOWARD  
10 A THERAPY FOR SPINAL CORD INJURY.

11 AND THE FINAL AIM, WHICH IS VERY IMPORTANT,  
12 IS THAT IT IS PROPOSED TO -- ALL THE STUDIES WILL BE  
13 DONE TO BE FDA COMPLIANT. IN OTHER WORDS, CELLS, ETC.,  
14 WOULD BE GENERATED SO THAT SHOULD THEY BECOME USEFUL,  
15 THEY ALREADY HAVE FDA COMPLIANT BACKGROUND INFORMATION  
16 ON THE CELLS.

17 THE STRENGTHS IS THAT GENERATING LARGE  
18 NUMBERS OF HUMAN-DERIVED MOTOR NEURONS WOULD BE A GREAT  
19 BENEFIT TO THE FIELD, NOT ONLY FOR SPINAL CORD INJURY,  
20 BUT FOR PEOPLE WHO STUDY ALS AND SMA.

21 THE INVESTIGATOR HAS A STRONG BACKGROUND IN  
22 SPINAL CORD INJURY AND CLEARLY COMPETENT TO DO MANY OF  
23 THESE EXPERIMENTS. THE WEAKNESSES CITED WAS THAT THE  
24 INVESTIGATOR -- THIS IS NOT PARTICULARLY NOVEL IN THAT  
25 THE FIRST THREE AIMS HAVE ALREADY BEEN DONE BY A



1 POTENTIAL COLLABORATOR THAT'S NOT IN THE STATE. AND  
2 THERE WAS -- ONLY FOR SPECIFIC AIM ONE WAS THERE ANY  
3 PRELIMINARY DATA. THERE WAS NO PRELIMINARY DATA FOR  
4 ANY OF THE OTHER PARTS. BUT THE PROGRAMMATIC REVIEW  
5 FELT THAT ALTHOUGH THE PROPOSAL HAS ISSUES, THIS IS  
6 VERY DISEASE-ORIENTED APPLICATION AND IT MOVES IN THE  
7 RIGHT DIRECTION OF RESEARCH FROM A THERAPEUTIC  
8 STANDPOINT.

9 PROGRAMMATICALLY SPINAL CORD INJURY IS  
10 ALREADY REPRESENTED AS ARE OTHER NEURONAL PROJECTS.  
11 AND SOME REVIEWERS FELT THAT WHILE THE SCIENTIFIC  
12 ASPECTS OF THE PROPOSAL ARE SOMEWHAT THIN, PARTICULARLY  
13 IN THAT IT SEEMS A BIT OF A STRETCH TO ONE OF THE  
14 REVIEWERS THAT THIS COULD ACTUALLY BE A TREATMENT FOR  
15 SPINAL CORD INJURY PER SE, NEVERTHELESS  
16 PROGRAMMATICALLY THIS WOULD BE THE ONLY MOTOR NEURON  
17 REPLACEMENT RESEARCH WITH THERAPEUTIC POTENTIAL FOR  
18 THESE OTHER DISEASES LIKE ALS AND SMA. ALS IS NOT  
19 REPRESENTED IN THE APPLICATIONS CURRENTLY RECOMMENDED  
20 FOR FUNDING. AND ALTHOUGH THERE IS AN SCNT ALS  
21 PROPOSAL IN THAT MIX, THAT PROPOSAL DOES NOT DIRECTLY  
22 LEAD TO THERAPY; WHEREAS, THIS IS THE STRENGTH OF THIS  
23 PARTICULAR APPLICATION.

24 SO THE DISCUSSION CENTERED AROUND THE POINTS  
25 WHERE THE PROPOSAL WAS DEEMED SOMEWHAT THIN, BUT

1 PROGRAMMATICALLY VERY STRONG. AND THE MOTION WAS  
2 CARRIED BY THE GROUP TO VOTE IN FAVOR OF MOVING IT  
3 RECOMMENDED FOR FUNDING.

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
5 EXCELLENT SUMMARY. ANY QUESTIONS?

6 MR. TOCHER: CONFLICTS: BRYANT, LANSING, AND  
7 STEWARD.

8 CHAIRMAN KLEIN: THERE'S NO MOTION ON THE  
9 FLOOR.

10 DR. LOVE: I WAS JUST GOING TO SAY I THINK  
11 SOME OF THE THINGS THAT WE HEARD ACTUALLY MAKE ME THINK  
12 THIS IS A GRANT YOU REALLY WANT TO SUPPORT FOR FOUR  
13 YEARS. I THINK IT WAS PICKED OUT, IN FACT, BECAUSE  
14 IT'S SOMEONE WHO'S REALLY TRYING TO MOVE FROM THE  
15 LABORATORY TO THE CLINIC WITH GREAT HASTE. AT THE END  
16 OF THE DAY, IT REALLY IS OUR CENTRAL MISSION TO GET  
17 THERAPIES TO THE CLINIC. SO I ACTUALLY THINK THE  
18 REASON THAT HE GOT MOVED FROM TIER 2 TO TIER 1, IN  
19 FACT, IS, IN FACT, ONE OF THE REASON I THINK WE REALLY  
20 WANT TO BE SUPPORTING HIM.

21 CHAIRMAN KLEIN: ALL RIGHT. ANY ADDITIONAL  
22 COMMENTS? THERE IS NO MOTION ON THE TABLE. OKAY.  
23 THANK YOU VERY MUCH.

24 I THINK WITH THAT, WE CAN MOVE TO SEE IF,  
25 WITH COUNSEL'S LEAVE, THAT WE COULD SEE IF THERE'S ANY

1 TIER 2 THAT INDIVIDUALS WOULD LIKE TO MOVE TO TIER 1,  
2 UNLESS THERE'S OTHER COMMENTS ON TIER 1.

3 MR. HARRISON: THE ONLY QUESTION I WOULD ASK  
4 IS WHETHER YOU'D LIKE TO DEAL WITH TIER 3 FIRST, AGAIN,  
5 TO NARROW THE FOCUS ULTIMATELY ON THOSE APPLICATIONS ON  
6 TIER 2 THAT YOU WANT TO SPEND THE MOST TIME ON?

7 CHAIRMAN KLEIN: WE CAN CERTAINLY APPROVE  
8 TIER 1 WITHOUT ADDRESSING TIER 3. AND SO WHILE THIS IS  
9 FRESH IN OUR MIND, I THINK IF WE CAN MOVE TO TIER 2, IT  
10 WOULD BE APPROPRIATE. ARE THERE ANY IN TIER 2 THAT  
11 ANYONE WOULD LIKE TO MOVE TO TIER 1?

12 MR. SHEEHY: JUST FOR THE SAKE TO MOVE THINGS  
13 FORWARD, I THINK WE DID THIS WITH THE SEEDS, AND I  
14 THINK IT'S A USEFUL EXERCISE. I'M GOING START AT THE  
15 TOP AND MAKE A MOTION TO MOVE, EVEN THOUGH I MAY NOT  
16 VOTE FOR IT, BUT TO PROVIDE A BASIS FOR DISCUSSION, I'M  
17 GOING TO MOVE -- I'M ASSUMING I DON'T HAVE A CONFLICT.  
18 LET ME MAKE SURE.

19 CHAIRMAN KLEIN: 107.

20 MR. SHEEHY: I DO. SKIP THAT ONE.

21 DR. STEWARD: TELL YOU WHAT. I'LL MAKE YOUR  
22 MOTION; AND THAT IS TO MOVE THIS TO TIER 1.

23 CHAIRMAN KLEIN: WHO HAS CONFLICTS?

24 MR. TOCHER: I ASSUME WE'RE TALKING ABOUT  
25 107? THAT WOULD BE FEIT, FONTANA, KESSLER, LANSING,

1 MURPHY, PRICE, AND SHEEHY.

2 CHAIRMAN KLEIN: OKAY. SO THERE'S A MOTION.  
3 IS THERE A SECOND?

4 MR. ROTH: SECOND.

5 DR. PRICE: POINT OF ORDER. I'M NOT  
6 COMMENTING ON THIS PARTICULAR. POINT OF ORDER ABOUT  
7 THE EXERCISE WE'RE ENGAGED IN. DO NO VOTES TO ANY OF  
8 THESE KINDS OF MOTIONS MEAN THESE ARE NOT FUNDED?

9 CHAIRMAN KLEIN: IT MEANS IF WE'RE NOT GOING  
10 TO MOVE IT TO TIER 1, IT DOESN'T MEAN WE WON'T COME  
11 BACK AND FUND IT, BUT IT DOES MEAN WE'RE NOT MOVING IT  
12 INTO FUNDING.

13 DR. LEVEY: WOULDN'T IT BE APPROPRIATE, SINCE  
14 THIS IS IN A GRAY ZONE, WHERE FUNDING WAS RECOMMENDED  
15 ONLY IF AVAILABLE, THAT WE CONSIDER THESE EITHER NOT TO  
16 BE FUNDED, MOVED DOWN, OR TWO YEARS OR FOUR YEARS? HOW  
17 DO YOU WANT TO HANDLE THAT?

18 CHAIRMAN KLEIN: WELL, THE MOTION RIGHT NOW  
19 IS TO MOVE IT UP INTO TIER 1 FOR FOUR YEARS OF FUNDING,  
20 BUT THE MOTION COULD BE AMENDED. IT'S UP TO THE  
21 DISCRETION OF THE MAKER OF THE MOTION AND THE SECOND.

22 DR. BALTIMORE: WHICH GRANT ARE WE TALKING  
23 ABOUT? WHAT'S HIGHLIGHTED THERE IS THE OTHER ONE.

24 CHAIRMAN KLEIN: IT'S 107. THANK YOU. SO  
25 THERE'S A MOTION ON THE FLOOR. AND DR. LEVEY HAS

1 RAISED FOR DISCUSSION PURPOSES A QUESTION, AND THE  
2 ANSWER WAS RIGHT NOW THE MOTION IS FOR FOUR YEARS OF  
3 FUNDING.

4 DR. HENDERSON: I'VE PARTICIPATED IN THE  
5 REVIEW OF THIS, YOU KNOW, THE LIMITED REVIEW WE MADE OF  
6 THIS GRANT DURING THE CLOSED SESSION. AND BOTH THE  
7 SENSE OF THE REVIEWERS AS WRITTEN AND MY SENSE  
8 LISTENING AND READING BITS OF IT WITH THE INVESTIGATORS  
9 BLINDED AND THE INSTITUTION BLINDED WAS THAT THIS WAS  
10 NOT DEVELOPED WELL ENOUGH AS A SCIENTIFIC PROPOSAL TO  
11 RECEIVE FULL FUNDING. I QUESTION WHETHER IT COULD  
12 ACTUALLY EVEN RECEIVE PARTIAL FUNDING GIVEN THE NATURE  
13 OF THE GRANT.

14 CHAIRMAN KLEIN: ALL RIGHT.

15 DR. PENHOET: IT'S A VERY DIFFUSE APPROACH TO  
16 NOT ONLY ASSESSING THE ROLE OF COMPOUNDS WHICH ACT ON  
17 THIS CLASS OF RECEPTORS, BUT ALSO WADES INTO TRYING TO  
18 DEFINE ALL THE DOWNSTREAM EFFECTS OF THOSE  
19 INTERACTIONS. YOU KNOW, THAT'S A HUGE FIELD OF SCIENCE  
20 ALL IN ITSELF. I FOUND IT VERY DIFFUSE, SO I WOULD  
21 HAVE A HARD TIME SUPPORTING THIS ONE AT ANY LEVEL OF  
22 FUNDING, I THINK.

23 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.  
24 ADDITIONAL DISCUSSION? OKAY. REPEAT THE RECUSALS.

25 MR. TOCHER: FEIT, FONTANA, KESSLER, LANSING,

1 MURPHY, PRICE, AND SHEEHY.

2 CHAIRMAN KLEIN: OKAY. THE RECUSALS INCLUDED  
3 SHEEHY?

4 MS. KING: YES, THEY INCLUDE SHEEHY.

5 CHAIRMAN KLEIN: OKAY. SO WAIT. WE SKIPPED  
6 107. STEWARD MADE THE MOTION. OKAY. GREAT. I GOT TO  
7 GET SOME COFFEE. ALL RIGHT. FINE. ANY PUBLIC  
8 DISCUSSION? NO PUBLIC DISCUSSION. COULD WE CALL THE  
9 ROLL, PLEASE.

10 MOTION IS TO MOVE IT UP. YES MEANS TO MOVE  
11 IT INTO FUNDING.

12 MS. KING: RICARDO AZZIZ.

13 DR. AZZIZ: NO.

14 MS. KING: DAVID BALTIMORE.

15 DR. BALTIMORE: NO.

16 MS. KING: DAVID BRENNER.

17 DR. BRENNER: NO.

18 MS. KING: SUSAN BRYANT.

19 DR. BRYANT: NO.

20 MS. KING: MICHAEL FRIEDMAN.

21 DR. FRIEDMAN: NO.

22 MS. KING: MICHAEL GOLDBERG.

23 MR. GOLDBERG: NO.

24 MS. KING: BRIAN HENDERSON.

25 DR. HENDERSON: NO.

1 MS. KING: BOB KLEIN.  
2 CHAIRMAN KLEIN: NO.  
3 MS. KING: GERALD LEVEY.  
4 DR. LEVEY: NO.  
5 MS. KING: TED LOVE.  
6 DR. LOVE: NO.  
7 MS. KING: ED PENHOET.  
8 DR. PENHOET: NO.  
9 MS. KING: CLAIRE POMEROY.  
10 DR. POMEROY: NO.  
11 MS. KING: FRANCISCO PRIETO.  
12 DR. PRIETO: NO.  
13 MS. KING: DUANE ROTH.  
14 MR. ROTH: NO.  
15 MS. KING: JONATHAN SHESTACK.  
16 MR. SHESTACK: ABSTAIN.  
17 MS. KING: OSWALD STEWARD.  
18 DR. STEWARD: NO.  
19 MS. KING: JANET WRIGHT.  
20 DR. WRIGHT: NO.  
21 CHAIRMAN KLEIN: ALL RIGHT. MOTION FAILS.  
22 MR. SHEEHY: IT OCCURRED TO ME THAT MANY OF  
23 THESE WERE LOOKED AT FOR PROPRIETARY INFORMATION WHILE  
24 WE WERE IN CLOSED SESSION. I WONDER IF A MEMBER OF  
25 THAT TEAM COULD MAKE A RELEVANT MOTION TO SOME OF THESE

1 BECAUSE NONE OF THESE WERE ONES THAT I HAD A CHANCE TO  
2 LOOK AT. AND I THINK GIVEN THAT THEY HAD A CHANCE,  
3 THEY MIGHT HAVE A BETTER SENSE OF YES, NO, TWO YEARS OR  
4 SOMETHING. I KNOW 114, I THINK SOMEBODY LOOKED AT.  
5 MAYBE THAT MIGHT HELP US.

6 CHAIRMAN KLEIN: JEFF SHEEHY'S POINT, I  
7 THINK, IS WELL TAKEN. IS THERE ANYONE ON ANY OF THE  
8 IN-DEPTH STUDY TEAMS THAT WOULD LIKE TO MAKE A MOTION  
9 TO MOVE ANY OF THESE UP FOR FULL OR PARTIAL FUNDING  
10 THAT ARE IN THIS IF AVAILABLE FOR FUNDING GROUP?

11 DR. STEWARD: SO, AGAIN, I WILL JUST MOVE TO  
12 MOVE THINGS FORWARD. AND THIS IS PRIMARILY WITH  
13 RESPECT TO THE NEXT ONE THAT IS SCORED ABOVE THE TWO  
14 THAT WERE AT THE BOTTOM OF TIER 1. THAT WOULD BE GRANT  
15 NO. 356.

16 CHAIRMAN KLEIN: WHO ARE THE CONFLICTS ON  
17 356?

18 MR. TOCHER: AZZIZ, LEVEY, AND LANSING.

19 CHAIRMAN KLEIN: THANK YOU. YOU'RE MAKING A  
20 MOTION TO MOVE IT INTO TIER 1?

21 DR. STEWARD: MOVE IT TO TIER 1.

22 CHAIRMAN KLEIN: IS THERE A SECOND?

23 DR. WRIGHT: SECOND.

24 CHAIRMAN KLEIN: SECOND BY DR. WRIGHT.

25 DISCUSSION? COULD WE HAVE A SCIENTIFIC PRESENTATION ON



1 356, PLEASE?

2 DR. HARI: THIS IS AN APPLICATION TO STUDY A  
3 WELL-KNOWN CELL CYCLE REGULATOR PTEN AND ADDRESS ITS  
4 ROLE IN THE SELF-RENEWAL AND NEUROGENIC POTENTIAL OF  
5 HUMAN EMBRYONIC STEM CELL-DERIVED CELLS AS THEY BECOME  
6 NEURAL STEM CELLS.

7 THE PRINCIPAL INVESTIGATOR WILL NOT ONLY  
8 ADDRESS THE ROLE OF PTEN, BUT HE OR SHE WILL ALSO LOOK  
9 AT MOLECULES IN TEN OTHER MOLECULAR PATHWAYS. THE  
10 APPLICANT WILL IDENTIFY FACTORS THAT PROMOTE SURVIVAL  
11 AND INTEGRATION OF TRANSPLANTED HUMAN NEURAL STEM CELLS  
12 IN THE POST STROKE BRAIN AND IN ATROPHIC NEURAL  
13 CIRCUITS.

14 EARLIER THIS PARTICULAR INVESTIGATOR HAD  
15 FOUND THAT PTEN, THE FOCUS OF THIS PARTICULAR  
16 APPLICATION FOR THE FIRST TWO AIMS, PLAYS AN IMPORTANT  
17 ROLE IN THE ABILITY OF NEURAL STEM CELLS TO INTEGRATE  
18 INTO NEURAL CIRCUITS, AND THAT WAS IN A MOUSE MODEL.

19 THE IMPACT AND SIGNIFICANCE OF THE STUDY IS  
20 THAT IT'S ORIGINAL AND POTENTIALLY HIGHLY  
21 TRANSLATIONAL. THE UNDERSTANDING OF FACTORS THAT  
22 CONTROL THE SELF-RENEWAL OF NEURAL STEM CELLS IS AN  
23 IMPORTANT RESEARCH GOAL; AND, OF COURSE, THE PI HAD  
24 DEMONSTRATED THAT THIS PARTICULAR MOLECULE PTEN WAS  
25 EFFECTIVE IN CERTAIN ASPECTS OF THIS FUNCTION IN THE

1 MOUSE MODEL .

2           HERE THE INVESTIGATOR PLANS TO LOOK AT PTEN  
3 KNOCK DOWN AND OTHER FACTORS IN SELF-RENEWAL EFFECTS  
4 WITH HUMAN EMBRYONIC STEM CELLS, AND THE STUDIES WILL  
5 LIKELY CONFIRM OR EXTEND THE EARLIER FINDINGS, AT LEAST  
6 WITH RESPECT TO THE POTENTIAL IMPACT OF THE STUDY.

7           THERE WAS ONLY A LIMITED DISCUSSION ON WHY  
8 IMPROVING NEURAL STEM CELL SELF-RENEWAL IS CRITICAL FOR  
9 THE APPLICATIONS THE PRINCIPAL INVESTIGATOR MENTIONED,  
10 BUT GAINING AN UNDERSTANDING OF THE BASIC MECHANISMS IS  
11 OF OBVIOUS IMPORTANCE.

12           THERE WAS ONE COMMENT MADE THAT THE USE OF  
13 KNOCKING DOWN THIS PARTICULAR FACTOR PTEN MAY CAUSE  
14 SAFETY CONCERNS IN THESE CELLS. WITH THOSE LIMITATIONS  
15 ASIDE, THE APPLICANT IS REMARKABLY A WELL-SUPPORTED  
16 INVESTIGATOR WITH MANY COLLABORATORS, AND THERE ARE A  
17 NUMBER OF INTERESTING AND INNOVATIVE APPROACHES IN THE  
18 PROPOSAL .

19           WITH RESPECT TO THE QUALITY, WHILE THE  
20 APPLICATION IS WELL WRITTEN AND WELL STRUCTURED AND  
21 FOLLOWS UP ON EARLIER STUDIES, THE MAIN CONCERN IN THE  
22 PLAN IS THAT THERE'S A LACK OF DETAIL ON THE  
23 DESCRIPTION OF THE HUMAN EMBRYONIC STEM CELLS  
24 DERIVED -- THE HUMAN NEURAL STEM CELLS DERIVED FROM  
25 HUMAN EMBRYONIC STEM CELLS TO BE USED IN THE STUDY.

1 AND WHILE THE PI DESCRIBES SOME VARIABLE RESULTS IN THE  
2 PRELIMINARY DATA, IT DOES APPEAR UNCLEAR THAT THE  
3 SYSTEM -- WHICH SYSTEM IS GOING TO BE USED IN THIS  
4 PARTICULAR STUDY.

5 ONE REVIEWER ALSO NOTES THAT WITH RESPECT TO  
6 EACH AIM OF THE RESEARCH PLAN, THERE'S JUST OFTEN  
7 LIMITED DETAIL REGARDING PRECISELY WHAT THE APPLICANTS  
8 PROPOSE TO DO.

9 ANOTHER COMMENT ABOUT THE QUALITY OF THE PLAN  
10 IS THAT THE SEVERAL AIMS TO TEST OTHER PATHWAYS, THE  
11 PATHWAYS THEMSELVES ARE CHOSEN FAIRLY ARBITRARILY FOR  
12 INTERACTION AND FUNCTION IN HUMAN EMBRYONIC STEM CELLS,  
13 BUT AGAIN EXACTLY WHAT THEY PLAN TO DO AND WHY THEY  
14 CHOSE PARTICULAR PATHWAYS IS UNCLEAR.

15 THE STRENGTHS, HOWEVER, ARE THAT THE  
16 PRINCIPAL INVESTIGATOR IS VERY PRODUCTIVE AND  
17 ACCOMPLISHED IN WORKING IN THE FIELD OF CANCER. AND  
18 HERE IS BRANCHED OUT INTO THE FIELD OF NEUROSCIENCE AND  
19 NOW INTO HUMAN EMBRYONIC STEM CELLS. THE DISCOVERY  
20 THAT THIS PARTICULAR PATHWAY MAY PLAY A ROLE IN  
21 NEUROGENESIS IS VERY IMPORTANT, AND ALTHOUGH THE MOUSE  
22 DATA ON PTEN AND SELF-RENEWAL ARE NOW DATED, REVIEWERS  
23 FELT THAT THE WORK NEEDS TO BE FOLLOWED UP IN HUMAN  
24 EMBRYONIC STEM CELLS.

25 AND THERE ARE A NUMBER OF INNOVATIVE

1 APPROACHES, AGAIN, PROPOSED IN THIS PARTICULAR STUDY,  
2 PARTICULARLY IN TERMS OF ELIMINATING GRAFTED NEURAL  
3 STEM CELLS WITHIN THE STUDY AND THE USE OF A MUTANT  
4 MOUSE MODEL WITH THE HUMAN NEURAL STEM CELLS SEEMS TO  
5 EXHIBIT -- TO BE AN INNOVATIVE ASPECT OF THE PROPOSAL.

6 THE WEAKNESSES, AGAIN, BECAUSE THERE'S  
7 LIMITED DETAIL IN THE EXPERIMENTAL PLAN, THERE'S A  
8 RELATIVE LACK OF MECHANISTIC DETAIL, AND ULTIMATELY  
9 THAT MAY LIMIT THE UTILITY OF THE WORK. IN ADDITION,  
10 IT'S UNCLEAR WHICH CELLS ARE GOING TO BE USED IN TERMS  
11 OF STUDYING THE NEURAL STEM CELLS IN THE SPINAL CORD  
12 INJURY MODEL, AND THAT MAY REFLECT A LACK OF  
13 SOPHISTICATION OF THIS PARTICULAR INVESTIGATOR IN HUMAN  
14 EMBRYONIC STEM CELL RESEARCH AND IN THE STUDY OF  
15 NEUROGENESIS.

16 JUST TO FOLLOW ON THAT POINT, WITH RESPECT TO  
17 MODELS IN STROKE AND REPAIR, ONE REVIEWER POINTED OUT  
18 THAT THERE ARE COMPLEXITIES REGARDING THE REGIONAL  
19 ISSUES AND CELL FATE THAT ARE SIMPLY NOT DISCUSSED IN  
20 THE APPLICATION.

21 CHAIRMAN KLEIN: I THINK THAT PROBABLY GIVES  
22 YOU US THE KEY POINTS. AND, AGAIN, WHAT WAS THE  
23 QUALITY OF THE TEAM HERE?

24 DR. HARI: THE PRINCIPAL INVESTIGATOR, HIM OR  
25 HERSELF, WAS WELL ACCOMPLISHED IN THE FIELD OF CANCER

1 BIOLOGY. AND THE SENSE WAS THAT WHILE THIS PARTICULAR  
2 INVESTIGATOR IS QUITE ACCOMPLISHED, AGAIN, THE  
3 SOPHISTICATION IN HUMAN EMBRYONIC STEM CELL STUDIES  
4 JUST WASN'T THERE IN THIS APPLICATION.

5 CHAIRMAN KLEIN: OKAY. SO WE HAVE A MOTION,  
6 I THINK, AND A SECOND HERE. ANY COMMENT FROM THE  
7 BOARD? NO COMMENT FROM THE BOARD. COMMENT FROM THE  
8 PUBLIC? REPEAT THE CONFLICTS.

9 MR. TOCHER: THAT'S AZZIZ, LEVEY, AND  
10 LANSING.

11 CHAIRMAN KLEIN: OKAY. CALL FOR THE ROLL.

12 MS. KING: DAVID BALTIMORE.

13 DR. BALTIMORE: NO.

14 MS. KING: ROBERT PRICE.

15 DR. PRICE: NO.

16 MS. KING: DAVID BRENNER.

17 DR. BRENNER: NO.

18 MS. KING: SUSAN BRYANT.

19 DR. BRYANT: NO.

20 MS. KING: MICHAEL FRIEDMAN.

21 DR. FRIEDMAN: NO.

22 MS. KING: MICHAEL GOLDBERG.

23 MR. GOLDBERG: NO.

24 MS. KING: BRIAN HENDERSON.

25 DR. HENDERSON: NO.

1 MS. KING: BOB KLEIN.  
2 CHAIRMAN KLEIN: NO.  
3 MS. KING: TED LOVE.  
4 DR. LOVE: NO.  
5 MS. KING: ED PENHOET.  
6 DR. PENHOET: NO.  
7 MS. KING: CLAIRE POMEROY.  
8 DR. POMEROY: NO.  
9 MS. KING: FRANCISCO PRIETO.  
10 DR. PRIETO: NO.  
11 MS. KING: JEANNIE FONTANA.  
12 DR. FONTANA: NO.  
13 MS. KING: DUANE ROTH.  
14 MR. ROTH: NO.  
15 MS. KING: JEFF SHEEHY.  
16 MR. SHEEHY: NO.  
17 MS. KING: JONATHAN SHESTACK. OSWALD  
18 STEWARD.  
19 DR. STEWARD: NO.  
20 MS. KING: JANET WRIGHT.  
21 DR. WRIGHT: NO.  
22 CHAIRMAN KLEIN: OKAY. MOTION FAILS.  
23 ANY ADDITIONAL MOTIONS AS TO ANYTHING IN TIER  
24 2?  
25 MR. SHEEHY: I THINK IT MIGHT BE INTERESTING

1 TO FUND 114. I'D LIKE TO MOVE TO FUND THAT FOR TWO  
2 YEARS. AND THE REASON IS I DO LOOK AT THIS ALMOST AS  
3 AN AUGMENTED SEED GRANT. YOU HAVE SOMEONE WHO'S AN  
4 EXPERT IN THIS FIELD OF LESCH NYHAN DISEASE. IT'S KIND  
5 OF RISKY, BUT IT GETS HIM INTO EMBRYONIC STEM CELL  
6 RESEARCH. AND IT COULD SERVE, I'M JUST QUOTING, IT  
7 COULD SERVE AS A PROTOTYPE CNS DISORDER TO BE STUDIED  
8 USING AN EMBRYONIC STEM CELL APPROACH. SO IT SEEMS  
9 LIKE WE'RE NOT AT OUR PAYLINE FOR A COUPLE OF YEARS.  
10 TO GET A RECOGNIZED EXPERT IN ANY FIELD TO USE  
11 EMBRYONIC STEM CELLS IF THE IMPLICATION OF THE RESEARCH  
12 WOULD BE THAT YOU WOULD HAVE A WORKING MODEL THAT WOULD  
13 CUT ACROSS SEVERAL DISEASES, IT SEEMS TO ME LIKE A  
14 WORTHWHILE BET TO MAKE.

15 CHAIRMAN KLEIN: IS THERE A SECOND?

16 DR. PRIETO: SECOND.

17 MR. TOCHER: CONFLICTS FOR 114 ARE BRENNER,  
18 FONTANA, LANSING, AND DR. MURPHY ABSTAINING.

19 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL  
20 COMMENTS FROM THE BOARD?

21 I'D JUST LIKE TO ADD THAT THE PEER REVIEW  
22 SCIENTISTS SEEM TO BE FAIRLY IMPRESSED BY THE POTENTIAL  
23 VALUE OF THIS AS A DISEASE MODEL WHERE SOME OF THE CELL  
24 LINES AND PARTICULAR WORK THAT HAD BEEN DONE COULD BE A  
25 GOOD BUILDING BLOCK TO REALLY MOVE THIS MODEL FORWARD.

1 AND THEY EMPHASIZED OTHER APPLICATIONS OF THE WORK.

2 DR. HALL: WANT TO HAVE A SCIENTIFIC SUMMARY  
3 OF IT? MIGHT BE USEFUL.

4 CHAIRMAN KLEIN: YES, PLEASE.

5 MR. ROTH: IF I COULD ASK, WHEN YOU DO THE  
6 SUMMARY, INSTEAD OF GOING THROUGH EVERYTHING THAT'S  
7 ALREADY IN THE BOOK, IF YOU COULD FOCUS ON THE TWO-YEAR  
8 VERSUS FOUR-YEAR, IF THERE'S ANYTHING IN THERE THAT  
9 TALKS ABOUT MILESTONES, THAT MIGHT BE HELPFUL IN THE  
10 MOTION AS IT WAS MADE.

11 CHAIRMAN KLEIN: AND, DUANE, I THINK IT MIGHT  
12 BE APPROPRIATE FOR THEM TO SPECIFICALLY FOCUS ON THE  
13 STRENGTHS AND WEAKNESSES.

14 MR. ROTH: IN ADDITION TO THE TWO YEARS.

15 DR. OLSON: OKAY. SO AS YOU'RE AWARE, THIS  
16 IS A PROPOSAL TO DEVELOP A CELL CULTURE MODEL USING  
17 HUMAN EMBRYONIC STEM CELLS FOR LESCH NYHAN DISEASE.

18 CHAIRMAN KLEIN: PATRICIA, IF YOU COULD GET A  
19 LITTLE CLOSER TO THAT MIC, THAT WOULD BE GREAT.

20 DR. OLSON: I'LL TRY AND SPEAK LOUDLY. THIS  
21 IS A PROPOSAL TO DEVELOP A CELL CULTURE MODEL FOR LESCH  
22 NYHAN DISEASE BY KNOCKING OUT THE GENE HPRT THAT HAS  
23 BEEN SHOWN TO BE RESPONSIBLE FOR THAT DISEASE. I THINK  
24 WHAT I'LL DO, IN KEEPING WITH HIS RECOMMENDATION, IS  
25 LET ME JUST REMIND YOU WHAT THE AIMS OF IT ARE.



1                   SO, FIRST, THEY WILL USE A LINE THAT THEY  
2                   ALREADY HAVE WHERE THE GENE HAS BEEN KNOCKED DOWN BY  
3                   ESSENTIALLY USING AN INHIBITORY RNA MOLECULE, AND THEY  
4                   WILL ALSO TRY AND CONSTRUCT A LINE BY HOMOLOGOUS  
5                   RECOMBINATION TO KNOCK DOWN THE LINE.

6                   HAVING DONE THAT, WHAT THEY WILL DO IS THEN  
7                   COMPARE THE GENE AND PROTEOMIC PROPERTIES OF THE  
8                   WILD-TYPE ESC LINE VERSUS THE MUTANT LINE, SO THE  
9                   KNOCKOUT LINE. SO THEY'LL DO THAT. AND THEN THE  
10                  SECOND AIM IS TO DIFFERENTIATE BOTH THE WILD-TYPE HUMAN  
11                  EMBRYONIC STEM CELLS IN THE KNOCKOUT LINE ALONG A  
12                  PATHWAY LEADING TO DOPAMINERGIC NEURONS AND AGAIN  
13                  CHARACTERIZE THE GENOMIC AND PROTEOMIC EXPRESSION  
14                  PATTERNS.

15                 AND THE REASON I MENTION THESE IS BECAUSE THE  
16                 BULK OF THE -- ACCORDING TO THE TIMELINE, THEY PLAN TO  
17                 DEVOTE THE BULK OF THE FIRST TWO YEARS TO ACCUMULATING  
18                 GENE EXPRESSION DATA ON THE WILD TYPE AND THE  
19                 HPRT-DEFICIENT EMBRYONIC AND NEURAL STEM CELLS. AND  
20                 THEN ANALYSIS OF HOW THESE PATTERNS CHANGE DURING IN  
21                 VITRO DIFFERENTIATION. SO THAT IS WHAT THEY WOULD  
22                 PREDOMINANTLY DO DURING THIS FIRST COUPLE OF YEARS IN  
23                 ACCORDANCE WITH THEIR PROPOSED TIMELINE.

24                 THE THIRD AIM WAS TO DO GENE EXPRESSION  
25                 STUDIES OF HUMAN NEURAL STEM CELLS, SO CELLS THAT ARE

1 NOT DIFFERENTIATED FROM EMBRYONIC STEM CELLS, BUT ARE  
2 DERIVED FROM ABORTED FETUSES, AND COMPARE THOSE TO THE  
3 HPRT. SO, AGAIN, THIS IS JUST A COMPARISON. AND,  
4 AGAIN, DO THE DIFFERENTIATION AND COMPARE THE GENOMIC  
5 AND PROTEOMIC EXPRESSION PATTERNS.

6 AND THEN AIM FOUR SEEKS TO TAKE THE KNOWLEDGE  
7 THAT THEY OBTAINED AS TO SPECIFIC GENES OR PROTEINS  
8 THAT ARE AFFECTED IN THESE DIFFERENT COMPARISONS AND  
9 THEN DO RESCUE EXPERIMENTS. SO THEY'RE TRYING TO  
10 UNDERSTAND THE PATHWAYS THAT ESSENTIALLY LEAD FROM THE  
11 SINGLE GENE MUTATION TO THE DEVELOPMENTAL DEFECTS IN  
12 DOPAMINE NEURONS AND THE USE OF THESE. SO THAT'S WHAT  
13 THEY'RE TRYING TO DO.

14 THE LATTER PORTION OF THE GRANT PERIOD WOULD  
15 MOVE AS QUICKLY AS POSSIBLE TO STUDIES OF THE  
16 BIOLOGICAL PROPERTIES AND FUNCTIONS. SO THEY HOPE TO  
17 IDENTIFY THE GENES IN FIRST COUPLE OF YEARS, AND THEN  
18 THEY HOPE TO DO THE RESCUE EXPERIMENTS IN THE SECOND  
19 TWO YEARS.

20 ARE YOU INTERESTED IN STRENGTHS AND  
21 WEAKNESSES? IS THAT THE PREDOMINANT FOCUS? STRENGTHS  
22 ARE THE INVESTIGATOR.

23 CHAIRMAN KLEIN: OKAY. DO WE WANT TO GO  
24 THROUGH ADDITIONAL STRENGTHS AND WEAKNESSES? WHAT'S  
25 THE PLEASURE OF THE BOARD? I THINK WE HAVE ENOUGH

1 INFORMATION.

2 DR. WRIGHT: I HAVE A COMMENT. I WOULD BE  
3 VOTING AGAINST THIS MOTION, NOT BECAUSE OF ITS MERIT TO  
4 MOVE INTO TIER 1, BUT BECAUSE OF THE TWO-YEAR,  
5 FOUR-YEAR ISSUE. HAVING THOUGHT ABOUT THIS AWHILE, I  
6 REMEMBER SEEING, BOTH IN THE SEED GRANT REVIEW PROCESS  
7 AND THE COMPREHENSIVE GRANT REVIEW, THE REVIEWERS  
8 WANTING TO GIVE US SOME GUIDANCE ABOUT EITHER THE  
9 DURATION OF THE RESEARCH OR THE FUNDING, THAT THEY FELT  
10 THERE WAS A MISMATCH IN TERMS OF THE FUNDS THAT HAD  
11 BEEN REQUESTED. AND TO PARAPHRASE, WE TOLD THEM  
12 THEY'RE THERE. DON'T WORRY ABOUT THAT. WE'LL DEAL  
13 WITH THAT LATER. THAT'S REALLY NOT YOUR ISSUE. WE'RE  
14 NOT ASKING FOR GUIDANCE IN THAT AREA.

15 I FEEL BY CHANGING THE RULES AND OPENING UP  
16 SOMETHING THAT I THINK IS A VERY USEFUL TOOL FOR US IN  
17 LATER DELIBERATIONS, USING THAT NOW MAKES ME  
18 UNCOMFORTABLE BECAUSE I THINK WE'RE NOT TRULY MINING  
19 THE RESOURCES THAT WE HAD FROM THE REVIEWERS. IF THEY  
20 HAD KNOWN WE WERE GOING TO EXERCISE THAT, THEY MIGHT  
21 HAVE GUIDED US IN A LITTLE BIT DIFFERENT DIRECTION. I  
22 REALIZE WE HAVE THE LATITUDE TO CHANGE IT, BUT I JUST  
23 FEEL LIKE I'M NOT TAKING FULL ADVANTAGE OF THEIR  
24 ADVICE.

25 CHAIRMAN KLEIN: OKAY. WE HAVE THE OPTION,

1 JANET, IS THAT IF THIS WERE TO PASS, YOU COULD ALSO  
2 THEN HAVE ANOTHER MOTION TO GO TO FOUR YEARS. SO YOU  
3 CAN GAUGE FROM THE TWO YEARS WHAT THE STRENGTH MIGHT  
4 BE, BUT THIS MIGHT BE AN OPPORTUNITY TO SEE IF IT HAS  
5 ENOUGH STRENGTH TO GAIN THE TWO YEARS OF FUNDING. DOES  
6 NOT RULE OUT THEN MOVING TO A FOUR-YEAR MOTION FOR YOUR  
7 CONSIDERATION. YES. ANY ADDITIONAL COMMENTS?

8 DR. BALTIMORE: WELL, I WASN'T GOING TO SAY  
9 ANYTHING. WELL, I COULD SAY SOMETHING.

10 AS LONG AS YOU'RE NOT LOCKING THE GARAGES,  
11 EVERYTHING IS ALL RIGHT.

12 THE LITANY OF STRENGTHS HERE RUNS A FULL FIVE  
13 SENTENCES. THE LITANY OF WEAKNESSES RUNS ON A PAGE.  
14 AND THE WEAKNESSES START OFF BY SAYING THE WEAKNESSES  
15 IN THE PROPOSAL ARE EXTENSIVE, AND THEN PROVES IT. IT  
16 DOES NOT STRIKE ME THAT THIS IS THE KIND OF REVIEW THAT  
17 WE WANT TO CONSIDER FOR FUNDING.

18 CHAIRMAN KLEIN: OKAY. DR. POMEROY.

19 DR. POMEROY: JUST AS A POINT OF  
20 CLARIFICATION, IF WE VOTE NO ON THIS, IT WILL REMAIN IN  
21 TIER 2. AND WE HAVEN'T FINISHED OUR DISCUSSIONS WHAT  
22 TO DO WITH THE TIER 2S, EITHER COMPREHENSIVE OR SEED,  
23 CORRECT?

24 CHAIRMAN KLEIN: THAT'S RIGHT. OKAY. PUBLIC  
25 COMMENT?

1                   MR. SIMPSON: JOHN SIMPSON, FOUNDATION FOR  
2 TAXPAYER AND CONSUMER RIGHTS. THERE COMES A TIME IN  
3 EVERYTHING LIKE THIS WHERE YOU'VE REACHED THE POINT  
4 BELOW WHICH YOU SHOULD NOT GO. AND I AM GLAD DR.  
5 BALTIMORE RAISED THE EXACT POINTS I WAS GOING TO. IT  
6 ALSO IN THE SUMMARY SUGGESTS THAT RECOMMENDATIONS TO  
7 IMPROVE THE PROPOSAL WERE OFFERED. IT WOULD SEEM ME  
8 THAT THEY SHOULD BE TAKEN, AND THIS PERSON SHOULD  
9 REAPPLY, AND YOU SHOULD REJECT THIS.

10                   CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL PUBLIC  
11 COMMENT? ANY ADDITIONAL BOARD COMMENT? CALL THE ROLL.

12                   MS. KING: RICARDO AZZIZ.

13                   DR. AZZIZ: NO.

14                   MS. KING: DAVID BALTIMORE.

15                   DR. BALTIMORE: NO.

16                   MS. KING: ROBERT PRICE.

17                   DR. PRICE: NO.

18                   MS. KING: SUSAN BRYANT.

19                   DR. BRYANT: NO.

20                   MS. KING: MICHAEL FRIEDMAN.

21                   DR. FRIEDMAN: NO.

22                   MS. KING: MICHAEL GOLDBERG.

23                   MR. GOLDBERG: NO.

24                   MS. KING: BRIAN HENDERSON.

25                   DR. HENDERSON: NO.

1 MS. KING: BOB KLEIN.  
2 CHAIRMAN KLEIN: NO.  
3 MS. KING: GERALD LEVEY.  
4 DR. LEVEY: NO.  
5 MS. KING: TED LOVE.  
6 DR. LOVE: NO.  
7 MS. KING: ED PENHOET.  
8 DR. PENHOET: NO.  
9 MS. KING: CLAIRE POMEROY.  
10 DR. POMEROY: NO.  
11 MS. KING: FRANCISCO PRIETO.  
12 DR. PRIETO: NO.  
13 MS. KING: DUANE ROTH.  
14 MR. ROTH: NO.  
15 MS. KING: JEFF SHEEHY.  
16 MR. SHEEHY: NO.  
17 MS. KING: JONATHAN SHESTACK.  
18 MR. SHESTACK: YES.  
19 MS. KING: OSWALD STEWARD.  
20 DR. STEWARD: NO.  
21 MS. KING: JANET WRIGHT.  
22 DR. WRIGHT: NO.  
23 CHAIRMAN KLEIN: OKAY. THANK YOU.  
24 ANY ADDITIONAL GRANTS THAT WE WANT TO LOOK AT  
25 INDIVIDUALLY IN TIER 2? SEEING NO MOTIONS ON TIER 2,

1 IS IT, COUNSEL, APPROPRIATE AT THIS POINT TO GO TO TIER  
2 3 AND SEE IF THERE'S A MOTION NOT TO FUND TIER 3?

3 MR. HARRISON: YES, THAT WOULD BE  
4 APPROPRIATE. JUST SO THAT THE AUDITORS DON'T TELL US  
5 WE NEED TO BE MORE DILIGENT ON THE MOTIONS, THE LAST  
6 MOTION FAILED.

7 CHAIRMAN KLEIN: THANK YOU. CLARIFICATION IS  
8 EXCELLENT. ALL RIGHT.

9 SO TIER 3, WOULD ANYONE LIKE TO MOVE ANYTHING  
10 FROM TIER 3 TO CONSIDER MOVING IT INTO TIER 1 OR TIER  
11 2, OR IS THERE A MOTION TO DECLINE TO FUND TIER 3?

12 DR. HENDERSON: SO MOVED.

13 DR. LEVEY: SECOND.

14 CHAIRMAN KLEIN: SECOND BY DR. LEVEY. THAT,  
15 I TAKE IT, IS A MOTION NOT TO FUND TIER 3?

16 MS. KING: WE NEED A FEW MOMENTS TO DETERMINE  
17 CONFLICTS.

18 CHAIRMAN KLEIN: WE'RE GOING TO DISCUSS.  
19 COUNSEL, WOULD IT BE -- HOW WOULD YOU LIKE US TO  
20 ADDRESS THIS, COUNSEL?

21 MR. HARRISON: I THINK IT'S GOING TO TAKE US  
22 AWHILE TO DETERMINE WHETHER THE MAKER OF THE MOTION AND  
23 THE SECOND ARE EVEN IN A POSITION TO MAKE THE MOTION  
24 BECAUSE TIER 3 INVOLVES SO MANY APPLICATIONS, SO WE  
25 NEED A MOMENT TO CHECK.

1 DR. FRIEDMAN: WHAT WE'RE VOTING ON IS NOT TO  
2 FUND THEM.

3 CHAIRMAN KLEIN: THE MAKER OF THE MOTION IS  
4 THE ISSUE.

5 MR. HARRISON: RIGHT.

6 CHAIRMAN KLEIN: IF THE MAKERS OF THE MOTIONS  
7 WITHDRAW THEIR MOTIONS, THERE ARE INDIVIDUALS ON THE  
8 BOARD WHO CAN MAKE THE MOTION WITH NO CONFLICTS. AND I  
9 WOULD -- IS IT ACCEPTABLE TO WITHDRAW THE MOTION?

10 DR. HENDERSON: OH, YES.

11 CHAIRMAN KLEIN: ACCEPTABLE TO THE SECOND?

12 DR. LEVEY: OH, I WITHDRAW.

13 CHAIRMAN KLEIN: IS THERE SOMEONE ON THE  
14 BOARD WITH NO CONFLICTS WHO WOULD LIKE TO MAKE THE  
15 MOTION?

16 DR. LOVE: I'LL MOVE THAT WE NOT FUND TIER 3.

17 DR. WRIGHT: SECOND.

18 CHAIRMAN KLEIN: OKAY. DR. LOVE MOVES WE  
19 DON'T FUND TIER 3. NONE OF THOSE HAVE CONFLICTS.  
20 REMEMBER, WHEN YOU VOTE ON THIS, YOU'RE VOTING WITH A  
21 STATEMENT THAT YOU ARE VOTING -- YOU ARE NOT VOTING ON  
22 ANYTHING IN WHICH YOU HAVE A CONFLICT. WELL, YOU'VE  
23 EITHER ABSTAINED OR YOU HAVE NOT VOTED ON ANYTHING YOU  
24 HAVE A CONFLICT.

25 DR. PRICE: IS THERE ANY REASON WHY THE GRAY



1 BARS HAVE NOT TURNED TO YELLOW? YOU HAVEN'T MOVED THE  
2 GRAY INTO THE THIRD TIER?

3 CHAIRMAN KLEIN: NO ONE HAS SURREPTITIOUSLY  
4 MOVED THE GRAY. SO WE HAVE A MOTION. ANY DISCUSSION  
5 ON THIS MOTION? I THINK --

6 DR. HENDERSON: TEN MINUTES OF VISITING TIME.

7 CHAIRMAN KLEIN: PUBLIC, ANY MOTION BY THE  
8 PUBLIC -- ANY DISCUSSION BY THE PUBLIC? NO DISCUSSION  
9 BY THE PUBLIC. WE WOULD CALL THE ROLL.

10 MS. KING: RICARDO AZZIZ.

11 DR. AZZIZ: YES.

12 MS. KING: DAVID BALTIMORE.

13 CHAIRMAN KLEIN: WAIT. YOU WANT TO MAKE A  
14 STATEMENT THAT YOU'RE VOTING FOR EVERYTHING IN WHICH  
15 YOU DO NOT HAVE A CONFLICT OR ON WHICH YOU'RE  
16 ABSTAINING.

17 DR. AZZIZ: JUST TO BE SURE THAT THIS IS TO  
18 NOT FUND TIER 3.

19 CHAIRMAN KLEIN: THAT'S RIGHT.

20 DR. AZZIZ: YES, EXCEPT FOR THOSE THAT I HAVE  
21 A CONFLICT IN.

22 MS. KING: DAVID BALTIMORE.

23 DR. BALTIMORE: YES, EXCEPT FOR THOSE IN  
24 WHICH I HAVE A CONFLICT.

25 MS. KING: ROBERT PRICE.

1 DR. PRICE: YES, EXCEPT FOR THOSE IN WHICH I  
2 HAVE A CONFLICT.

3 MS. KING: DAVID BRENNER.

4 DR. BRENNER: YES, EXCEPT FOR THOSE IN WHICH  
5 I HAVE A CONFLICT.

6 MS. KING: SUSAN BRYANT.

7 DR. BRYANT: YES, EXCEPT FOR THOSE THAT I  
8 HAVE A CONFLICT WITH.

9 MS. KING: MICHAEL FRIEDMAN.

10 DR. FRIEDMAN: YES, EXCEPT FOR CONFLICTS.

11 MS. KING: MICHAEL GOLDBERG.

12 MR. GOLDBERG: YES, EXCEPT FOR THOSE IN WHICH  
13 I HAVE A CONFLICT.

14 MS. KING: BRIAN HENDERSON.

15 DR. HENDERSON: YES, EXCEPT FOR THOSE FOR  
16 WHICH I HAVE A CONFLICT.

17 MS. KING: BOB KLEIN.

18 CHAIRMAN KLEIN: YES.

19 MS. KING: GERALD LEVEY.

20 DR. LEVEY: YES, EXCEPT FOR THOSE I HAVE A  
21 CONFLICT IN.

22 MS. KING: TED LOVE.

23 DR. LOVE: YES.

24 MS. KING: ED PENHOET.

25 DR. PENHOET: YES, EXCEPT FOR THOSE WHICH I

1 HAVE A CONFLICT.

2 MS. KING: CLAIRE POMEROY.

3 DR. POMEROY: YES, EXCEPT FOR THOSE FOR WHICH

4 I HAVE A CONFLICT.

5 MS. KING: FRANCISCO PRIETO.

6 DR. PRIETO: YES.

7 MS. KING: JEANNIE FONTANA.

8 DR. FONTANA: YES, EXCEPT FOR THOSE IN WHICH

9 I HAVE A CONFLICT.

10 MS. KING: DUANE ROTH.

11 MR. ROTH: YES.

12 MS. KING: JEFF SHEEHY.

13 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH WHICH

14 I HAVE A CONFLICT.

15 MS. KING: JONATHAN SHESTACK.

16 MR. SHESTACK: YES.

17 MS. KING: OSWALD STEWARD.

18 DR. STEWARD: YES, EXCEPT FOR THOSE ON WHICH

19 I HAVE A CONFLICT.

20 MS. KING: JANET WRIGHT.

21 DR. WRIGHT: YES.

22 CHAIRMAN KLEIN: MY UNDERSTANDING IS THAT

23 WHEN THE STATEMENT WAS MADE "FOR WHICH I HAVE A

24 CONFLICT," IF ANYONE HAS ON RECORD THE DESIRE TO

25 ABSTAIN, THEY'RE ALSO INCORPORATING THE STATEMENT AND

1 INCLUDING THEY'RE ABSTAINING ON THOSE ON WHICH THEY  
2 WISH TO ABSTAIN. UNLESS I SEE A BOARD MEMBER OBJECTING  
3 TO THAT, I WOULD LIKE THAT TO BE ADDED TO THE RECORD.  
4 THAT APPEARS TO BE THE INTENT. THANK YOU. THAT MOTION  
5 CARRIES, COUNSEL?

6 MR. HARRISON: YES.

7 CHAIRMAN KLEIN: ALL RIGHT. SO AT THIS POINT  
8 I STILL HAVE SOME MINUTES LEFT THAT DR. HENDERSON HAS  
9 GIVEN ME. IN TERMS OF WHERE WE ARE, CAN WE HAVE A  
10 FIGURE, COUNSEL, AT THIS POINT ON THE ONES THAT HAVE  
11 BEEN MOVED INTO OR REMAIN IN TIER 1?

12 MR. HARRISON: YES. TO THE EXTENT WE CAN  
13 DETERMINE SUCH A FIGURE AT THIS TIME.

14 CHAIRMAN KLEIN: FOR THE RECORD IF YOU COULD  
15 JUST STATE THE NUMBER, PLEASE.

16 MS. KING: \$74,587,642.

17 CHAIRMAN KLEIN: THANK YOU.

18 MS. KING: FOR TIER 1, JUST TO BE CLEAR.

19 CHAIRMAN KLEIN: IT'S THE INTENT TO BEGIN  
20 TOMORROW MORNING WITH A DISCUSSION ON A MOTION TO FUND.  
21 IT WILL BE ANOTHER ISSUE HERE AS TO WHETHER WE WANT TO  
22 USE THE FUNDS WE HAVE NOT YET COMMITTED.

23 DR. FRIEDMAN: MR. CHAIR, MAY I JUST ASK A  
24 QUESTION? WHAT PREVENTS US FROM ACTING IN THAT WAY  
25 THIS EVENING, PLEASE?

1                   CHAIRMAN KLEIN:  THERE ARE CONSIDERATIONS  
2   RELATED TO THE SEED MONEY GRANTS AND TO OTHER  
3   CATEGORIES WE MIGHT WANT TO DEAL WITH IN THE MINUTES WE  
4   HAVE LEFT THIS EVENING, BUT IT ALSO MIGHT BE  
5   APPROPRIATE IF WE TOOK A FIVE-MINUTE BREAK AT THIS  
6   POINT.

7                   DR. FRIEDMAN:  WE HAVE A QUORUM.  WE'RE FRESH  
8   FROM THE DISCUSSION.

9                   DR. HENDERSON:  WHY CAN'T WE JUST VOTE?

10                  MR. GOLDBERG:  SECOND.

11                  CHAIRMAN KLEIN:  IF WE COULD HAVE FIVE  
12   MINUTES, I'D LIKE TO CONFER WITH COUNSEL.

13                  DR. FRIEDMAN:  OF COURSE.

14                                 (A RECESS WAS TAKEN.)

15                  CHAIRMAN KLEIN:  COUNSEL HAS INFORMED ME THAT  
16   WE DO HAVE A QUORUM HERE, INCLUDING THE ABSTENTIONS AND  
17   THE CONFLICTS.  SO WE HAVE CLEARED THE LEGAL QUESTION,  
18   AND WE HAVE CLEARED A SECONDARY QUESTION.  SO WE ARE  
19   GOING TO ASSEMBLE FOR A VOTE.

20                  DR. AZZIZ:  AFTER MUCH DISCUSSION THOUGH THAT  
21   MAY CARRY US WELL INTO THE NIGHT.

22                  CHAIRMAN KLEIN:  OKAY.  COUNSEL, YOU'RE STILL  
23   LOOKING PUZZLED.  I TAKE IT YOU HAVEN'T CHANGED YOUR  
24   OPINION?

25                  MR. HARRISON:  I HAVE NOT.

1           CHAIRMAN KLEIN:  SO, JENNA, COULD YOU RESCUE  
2 THE OTHER MEMBERS, PLEASE.  TELL THEM WE NEED TO HAVE A  
3 VOTE.  WE DO HAVE A QUORUM, AND WE DO HAVE THE ABILITY  
4 FOR THIS VOTE, INCLUDING AND COUNTING AND ADJUSTING FOR  
5 THE ABSTENTIONS AND THE CONFLICTS.

6           IN THIS CASE WE'RE VOTING ON THE ENTIRE  
7 BLOCK, SO IT IS A COMPLICATED ISSUE, BUT COUNSEL HAS  
8 REVIEWED THE ISSUE, INCLUDING THE CONFLICTS.  YOU DON'T  
9 ADD GREAT CONFIDENCE BY CONTINUING TO COUNT, COUNSEL.

10          MR. HARRISON:  WE'RE ONE SHY.

11          CHAIRMAN KLEIN:  THE RESTROOMS ARE NOT A  
12 PRIVILEGED EXECUTIVE MEETING ROOM.  OKAY.  VOTES ARE  
13 COMING BACK TO THE TABLE.  THE NEWEST MEMBER AND AT  
14 THIS MOMENT THE MOST IMPORTANT MEMBER ON THE BOARD.  
15 YOU ARE THE QUORUM, DR. BRENNER.  ALL RIGHT.

16          IS THERE A MOTION TO APPROVE?

17          DR. HENDERSON:  SO MOVED.

18          CHAIRMAN KLEIN:  DR. HENDERSON MOVES.  IS  
19 THERE A SECOND?

20          DR. FONTANA:  SECOND.

21          CHAIRMAN KLEIN:  SECOND, DR. FONTANA.  THAT  
22 IS AN IMPORTANT POINT.  AND WE WILL -- IF THE MEMBERS  
23 WHO HAVE CONFLICTS WOULD WITHDRAW THEIR MOTIONS, AND  
24 WE'LL SEE IF WE CAN HAVE MEMBERS WITHOUT CONFLICTS.

25          DR. WRIGHT:  I MOVE.

1 DR. LOVE: SECOND.

2 CHAIRMAN KLEIN: DR. WRIGHT MOVES; DR. LOVE  
3 SECONDS.

4 MR. HARRISON: JUST TO BE CLEAR, THIS MOTION  
5 IS TO APPROVE THE FUNDING OF APPLICATIONS IN TIER 1.

6 CHAIRMAN KLEIN: THIS IS TO APPROVE  
7 \$74,587,000. AND PLEASE REMEMBER THAT THE SCIENTIFIC  
8 STAFF MAY MAKE MINOR ADJUSTMENTS TO THIS TO MAKE SURE  
9 IT IS CONSISTENT WITH THE GAP POLICY BECAUSE NOTHING  
10 WILL BE FUNDED THAT IS NOT CONSISTENT WITH THE GAP  
11 POLICY. SO THIS IS AN APPROXIMATE NUMBER. RIGHT.

12 ANY DISCUSSION? SEEING NO DISCUSSION OF THE  
13 BOARD, ANY DISCUSSION OF THE PUBLIC? SEEING NO  
14 DISCUSSION OF THE PUBLIC, WE'RE READY TO CALL THE ROLL.  
15 WILL YOU PLEASE STATE THAT IF YOU HAVE CONFLICTS OR  
16 ABSTENTIONS, THAT YOU ARE VOTING YES, EXCEPT FOR ANY  
17 CONFLICTS OR ABSTENTIONS ON THE RECORD. ALL RIGHT.  
18 THE ROLL, PLEASE.

19 MS. KING: RICARDO AZZIZ.

20 DR. AZZIZ: YES, EXCEPT FOR THOSE THAT I HAVE  
21 A CONFLICT, PLEASE.

22 MS. KING: DAVID BALTIMORE.

23 DR. BALTIMORE: YES, EXCEPT WHERE I HAVE A  
24 CONFLICT.

25 MS. KING: ROBERT PRICE.

1 DR. PRICE: YES, EXCEPT FOR WHERE I HAVE A  
2 CONFLICT.

3 MS. KING: DAVID BRENNER.

4 DR. BRENNER: YES, EXCEPT FOR I HAVE A  
5 CONFLICT.

6 MS. KING: SUSAN BRYANT.

7 DR. BRYANT: YES, EXCEPT FOR CONFLICTS.

8 MS. KING: MICHAEL FRIEDMAN.

9 DR. FRIEDMAN: YES, EXCEPT FOR CONFLICTS.

10 MS. KING: MICHAEL GOLDBERG.

11 MR. GOLDBERG: YES, EXCEPT FOR THOSE FOR  
12 WHICH I HAVE A CONFLICT.

13 MS. KING: BRIAN HENDERSON.

14 DR. HENDERSON: YES, EXCEPT WHERE I HAVE A  
15 CONFLICT.

16 MS. KING: BOB KLEIN.

17 CHAIRMAN KLEIN: YES.

18 MS. KING: GERALD LEVEY.

19 DR. LEVEY: YES, EXCEPT WHERE I HAVE A  
20 CONFLICT.

21 MS. KING: TED LOVE.

22 DR. LOVE: YES.

23 MS. KING: ED PENHOET.

24 DR. PENHOET: YES. UNFORTUNATELY I HAVE NO  
25 CONFLICTS.



1 MS. KING: CLAIRE POMEROY.  
2 DR. POMEROY: YES, EXCEPT FOR THOSE FOR WHICH  
3 I HAVE A CONFLICT.  
4 MS. KING: FRANCISCO PRIETO.  
5 DR. PRIETO: YES.  
6 MS. KING: JEANNIE FONTANA.  
7 DR. FONTANA: YES, EXCEPT FOR THOSE IN WHICH  
8 I HAVE A CONFLICT.  
9 MS. KING: DUANE ROTH.  
10 MR. ROTH: YES.  
11 MS. KING: JEFF SHEEHY.  
12 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH WHICH  
13 I HAVE A CONFLICT OR AN ABSTENTION.  
14 MS. KING: JON SHESTACK.  
15 MR. SHESTACK: YES.  
16 MS. KING: OSWALD STEWARD.  
17 DR. STEWARD: YES, EXCEPT FOR THOSE ON WHICH  
18 I HAVE A CONFLICT.  
19 MS. KING: JANET WRIGHT.  
20 DR. WRIGHT: YES.  
21 CHAIRMAN KLEIN: COUNSEL?  
22 MR. HARRISON: MOTION CARRIES.  
23 CHAIRMAN KLEIN: THE MOTION CARRIES.  
24 (APPLAUSE.)  
25 CHAIRMAN KLEIN: MEMBERS OF THE BOARD, I

1 WOULD LIKE TO SAY THAT, IN ADDITION TO THE TREMENDOUS  
2 CONTRIBUTIONS AND DEDICATION OF THE BOARD, WHICH HAS  
3 GONE THROUGH MORE THAN 80 PUBLIC MEETINGS TO GET TO  
4 THIS POINT WHERE WE ARE NOW, THE HIGHEST FUNDER OF  
5 EMBRYONIC STEM CELL RESEARCH IN THE WORLD, I WOULD LIKE  
6 TO SAY THAT WE GET THERE, IN ADDITION, WITH THE HELP OF  
7 BRILLIANT STAFF, AND THE STAFF NEEDS TO BE RECOGNIZED.

8 (APPLAUSE.)

9 CHAIRMAN KLEIN: I'D LIKE TO HAVE, FIRST OF  
10 ALL, ALL THE SCIENTIFIC STAFF PLEASE STAND FOR SPECIAL  
11 RECOGNITION.

12 (APPLAUSE.)

13 CHAIRMAN KLEIN: IF THE SCIENTIFIC STAFF  
14 COULD REMAIN STANDING. AND, DR. HALL, COULD YOU JOIN  
15 THEM, PLEASE?

16 (APPLAUSE.)

17 CHAIRMAN KLEIN: IN ADDITION, FOR THE WORK OF  
18 THIS GREAT BOARD AND ITS COMMITTEES, I'D LIKE YOU TO  
19 KNOW THAT MELISSA KING WAS UP TILL 4 O'CLOCK THIS  
20 MORNING PULLING ALL OF THIS TOGETHER. SCOTT TOCHER,  
21 JAMES HARRISON, AS OUTSIDE COUNSEL, JENNA PRYNE WORKED  
22 WEEKENDS AND EVENINGS FOR A COUPLE OF WEEKS NOW AND  
23 MONTHS BEFORE THAT TO GET TO THIS POINT. AND I'D LIKE,  
24 IN ADDITION, PAT BECKER AND THE OTHER ADMINISTRATIVE  
25 STAFF AND SUPPORT STAFF TO STAND. DALE CARLSON. IS

1 LORI HOFFMAN STILL HERE?

2 (APPLAUSE.)

3 CHAIRMAN KLEIN: THANK YOU VERY, VERY MUCH  
4 FOR YOUR DEDICATED WORK. IT NEVER WOULD HAVE HAPPENED  
5 WITHOUT YOUR HEROIC EFFORTS. I THINK THE MOTTO IN THIS  
6 ORGANIZATION IS "A MIRACLE A DAY," AND CERTAINLY IT  
7 TOOK MANY OF THOSE DAYS OF MIRACLES TO GET TO THIS  
8 POINT.

9 AT THIS POINT I HAVE USED TEN MORE MINUTES  
10 THAN DR. HENDERSON GAVE ME, BUT I THINK IF THE BOARD IS  
11 WILLING AND WITH THE LEAVE OF THE PRESIDENT, I BELIEVE  
12 WE HAVE ENOUGH TIME TOMORROW TO GET THROUGH THE REST OF  
13 OUR AGENDA WITHOUT CONTINUING FOR ANOTHER 50 MINUTES  
14 TONIGHT. OKAY. MELISSA.

15 DR. FONTANA: YOU PROMISED THAT WE WOULD VOTE  
16 ON HIS AGENDA NO. 7 OR 8.

17 CHAIRMAN KLEIN: OKAY.

18 DR. FRIEDMAN: LET'S DO NO. 7.

19 CHAIRMAN KLEIN: I THINK THAT WE HAVE HAD  
20 APPROPRIATE TIME. DOES ANYONE KNOW IF JOAN IS GOING TO  
21 BE HERE TOMORROW?

22 MS. KING: I DON'T THINK SO. SHE WAS  
23 SUPPOSED TO BE HERE TODAY.

24 CHAIRMAN KLEIN: OKAY. LET'S TAKE THE  
25 SUGGESTION, IF WE CAN, FOR JUST A MOMENT AND QUICKLY

1 ADDRESS THAT ITEM.

2 MS. KING: BACK TO THE THIN BINDER, TAB NO.  
3 7, PLEASE.

4 DR. CHIU: I GREATLY APPRECIATE YOUR  
5 ADDITIONAL TIME TONIGHT. ITEM 7 ON YOUR AGENDA HAS TO  
6 DO WITH POPULATING AND REPOPULATING THE GRANTS WORKING  
7 GROUP MEMBERS. AS YOU KNOW, IN THE BEGINNING THE BOARD  
8 IDENTIFIED 30 HIGHLY RECOGNIZED AND WELL-ESTABLISHED  
9 STEM CELL SCIENTISTS TO SERVE EITHER AS SITTING MEMBERS  
10 OF THE WORKING GROUP OR AS ALTERNATES. AND THESE WERE  
11 EQUIVALENT PEOPLE, BUT WE NEED 15 TO BE SITTING  
12 MEMBERS. OF THAT ORIGINAL 30 MEMBERS, FIVE HAVE  
13 ALREADY RESIGNED, AND SEVERAL -- AT LEAST ABOUT FOUR OF  
14 THE ADDITIONAL ONES ARE FROM ABROAD, SO IT'S VERY HARD  
15 TO BRING THEM TO REVIEW GRANTS AND DO OUR FUNCTIONS  
16 THAT WE DESPERATELY NEED THEM TO DO.

17 SO THE FIRST ITEM IS THAT OF THE PEOPLE THAT  
18 HAVE DROPPED OUT, WE NOW HAVE THREE PEOPLE WHO HAVE  
19 RESIGNED WHO ARE SITTING MEMBERS OF THE WORKING GROUP,  
20 AND WE NEED TO REPOPULATE THE FULL MEMBERS OF THE  
21 WORKING GROUP. AND ON THE AGENDA ITEM 7(A), WE HAVE  
22 IDENTIFIED TWO OF THE ALTERNATES THAT YOU HAVE CHOSEN  
23 RIGHT FROM THE BEGINNING: DR. ARTHUR NIENHUIS AND DR.  
24 JIM ROBERTS. AND WE ARE ASKING YOU TO NOW APPROVE  
25 THEIR PROMOTION, IF YOU WOULD, TO BE SITTING MEMBERS OF

1 THE WORKING GROUP.

2 BOTH MEMBERS HAVE ATTENDED TWO OUT OF OUR  
3 LAST THREE REVIEWS AND HAVE REALLY DONE DUE DILIGENCE  
4 IN REVIEWING A LOT OF APPLICATIONS FOR US.  
5 UNFORTUNATELY YESTERDAY I RECEIVED A LETTER FROM  
6 DR. NIENHUIS RESIGNING FROM THE WORKING GROUP BECAUSE  
7 OF ADDITIONAL WORK THAT HE HAS TO DO. HE'S NOW CHAIR  
8 OF HIS HOSPITAL'S IRB, AND HE IS ALSO PI ON A NUMBER OF  
9 CLINICAL STUDIES. SO HE IS REALLY TOO BUSY TO HELP US.

10 SO SADLY I BRING BEFORE YOU ONLY ONE MEMBER,  
11 DR. JIM ROBERTS, TO BE MADE A FULL MEMBER OF THE  
12 WORKING GROUP. WE STILL HAVE ONE VACANCY THAT WE'LL  
13 HAVE TO BRING TO YOUR ATTENTION NEXT TIME.

14 SO I ASK YOU TO NAME DR. JIM ROBERTS, WHOSE  
15 BIOSKETCH IS IN YOUR BINDERS, TO BE A FULL MEMBER OF  
16 OUR GRANTS WORKING GROUP. THAT'S THE FIRST ITEM OF  
17 BUSINESS.

18 DR. BALTIMORE: SO MOVED.

19 DR. WRIGHT: SECOND.

20 CHAIRMAN KLEIN: MOVED BY DR. BALTIMORE;  
21 SECOND BY DR. WRIGHT. IS THERE DISCUSSION AMONG THE  
22 MEMBERS? IS THERE DISCUSSION FROM THE PUBLIC? ALL IN  
23 FAVOR. OPPOSED? THE AYES HAVE IT.

24 DR. CHIU: THANK YOU. OUR SECOND EFFORT, YOU  
25 MAY REMEMBER LAST YEAR WE BROUGHT BEFORE YOU A SLATE OF

1 16 OUTSTANDING STEM CELL SCIENTISTS TO BE APPROVED BY  
2 YOU TO BE MADE ALTERNATE WORKING GROUP MEMBERS. WE'RE  
3 VERY HAPPY THAT YOU APPROVED THOSE 16 SO THAT WE HAVE  
4 MORE PEOPLE TO DRAW UPON AS WE REVIEW MORE  
5 APPLICATIONS.

6 AS YOU CAN ALSO SEE, IT'S KIND OF A REVOLVING  
7 DOOR IN GETTING SO MANY PEOPLE LEAVING OUR RANKS. SO  
8 TODAY I PRESENT BEFORE YOU ANOTHER SEVEN PEOPLE. THEIR  
9 CV'S ARE IN YOUR BINDER UNDER TAB 7(B), AND THEY ARE  
10 HIGHLY -- THEY COME HIGHLY RECOMMENDED, AS WELL AS  
11 WE'VE FOUND THEM AT MEETINGS GIVING OUTSTANDING,  
12 CUTTING EDGE REPORTS OF WORK THAT THEY'RE CURRENTLY  
13 DOING IN STEM CELL RESEARCH, IMAGING, BANKING, ETC.  
14 AND SO WE PRESENT THESE TO YOU AND ASK FOR YOUR  
15 APPROVAL SO THAT THEY COULD BE ALTERNATE WORKING GROUP  
16 MEMBERS, AND THAT WE CAN ASK THEM TO HELP US REVIEW  
17 GRANTS AND SERVE AT STUDY SECTIONS.

18 DR. LEVEY: ASK A QUESTION. ARLENE, IT SEEMS  
19 TO ME, IF I REMEMBER, FROM THE SEED GRANT SESSION,  
20 THERE WERE A NUMBER OF GRANTS THAT HAD SOMETHING TO DO  
21 WITH SOME ASPECT OF BIOENGINEERING. AND IT SEEMS TO ME  
22 THAT -- I DON'T REMEMBER THE DISCUSSION, BUT IT SEEMED  
23 TO ME SOMEBODY HAD SAID SOMETHING ABOUT ADDING SOMEBODY  
24 WITH BIOENGINEERING BACKGROUND. DR. BULTE LOOKS  
25 TERRIFIC. IS THERE ANY WAY WE COULD ASK HIM TO SIT ON

1 THE COMMITTEE SINCE YOU OPENED A SLOT?

2 DR. CHIU: WE COULD. FIRST WE HAVE TO MAKE  
3 HIM ALSO A MEMBER FIRST. IF YOU WANT TO MAKE HIM A  
4 FULL MEMBER, YOU COULD ALSO DO THAT. DR. BULTE COULD  
5 BE CERTAINLY A CANDIDATE.

6 WE'RE JUST SIMPLY ASKING AT THIS POINT FOR  
7 HIM TO BE ALTERNATE MEMBER. IF YOU WANT TO FIRST  
8 ACCEPT HIM AS AN ALTERNATE MEMBER AND THEN IMMEDIATELY  
9 ELECT HIM TO FILL THE ADDITIONAL SLOT, THAT WOULD BE  
10 FINE AS WELL.

11 DR. LEVEY: AM I REMEMBERING CORRECTLY?

12 CHAIRMAN KLEIN: YOU'RE RIGHT. IT'S A  
13 DEFICIT WE HAVE.

14 DR. CHIU: DR. BULTE IS A BIOENGINEER, BUT  
15 ALSO A GREAT IMAGER.

16 CHAIRMAN KLEIN: OKAY. DO WE HAVE A MOTION?

17 DR. HENDERSON: SO MOVED.

18 MR. ROTH: SECOND.

19 CHAIRMAN KLEIN: MOVED DR. HENDERSON, SECOND  
20 BY DUANE ROTH TO ADOPT THIS SET OF ALTERNATES.

21 DR. CHIU: THE SLATE OF ALTERNATES. THANK  
22 YOU.

23 CHAIRMAN KLEIN: THE SLATE OF ALTERNATES.  
24 OKAY. ANY DISCUSSION? ANY PUBLIC DISCUSSION? ALL IN  
25 FAVOR? OPPOSED? MOTION CARRIES.

1                   WOULD YOU LIKE TO MAKE A SUPPLEMENTAL MOTION  
2   AT THIS POINT TO NOMINATE HIM?  
3                   DR. LEVEY:   SO MOVED.  
4                   DR. BRYANT:   SECOND.  
5                   CHAIRMAN KLEIN:  THIS IS A MOTION TO MAKE DR.  
6   BULTE A FULL MEMBER OF THE PEER REVIEW COMMITTEE.  
7                   DR. CHIU:   SO WE HAVE A FULL 15-MEMBER SET  
8   AGAIN.  
9                   CHAIRMAN KLEIN:  WHO WAS THE SECOND?  DR.  
10   BRYANT IS THE SECOND.  DISCUSSION?  
11                   DR. BALTIMORE:  ISN'T IT NECESSARY TO ASK HIM  
12   FIRST?  
13                   DR. CHIU:   WE HAVE ASKED HIM.  ALL OF THESE  
14   PEOPLE WE FIRST VETTED TO SEE IF THEY'RE WILLING TO  
15   SERVE.  
16                   DR. BALTIMORE:  AS A FULL MEMBER?  
17                   DR. CHIU:   AS A MEMBER, YES.  I HAVE NOT  
18   ASKED WHETHER TO BE A FULL MEMBER OR AN ALTERNATE  
19   MEMBER, BUT WE HAVE -- THERE HAVE BEEN MANY WHO HAVE  
20   DECLINED AND WE HAVEN'T BROUGHT THEM.  
21                   DR. HALL:   OPERATIONALLY IT'S --  
22                   DR. BALTIMORE:  DOESN'T MATTER.  FINE.  
23                   CHAIRMAN KLEIN:  ANY OTHER QUESTIONS?  PUBLIC  
24   COMMENT?  ALL IN FAVOR.  OPPOSED?  MOTION CARRIES.  
25                   DR. CHIU:   THANK YOU VERY MUCH.



1                   CHAIRMAN KLEIN:  THANK YOU.  I WOULD ALSO SAY  
2    THAT I THINK AN ISSUE THAT'S BEEN RAISED, AND I THINK  
3    IT WAS JOAN'S ISSUE, WAS TO PUT UP FOR DISCUSSION, AND  
4    I'LL PUT IT ON THE NEXT AGENDA, WHETHER WE NEED TO  
5    RECONVENE THE SEARCH COMMITTEE TO LOOK STRATEGICALLY AT  
6    WHETHER, AS WE MOVE DOWNSTREAM HERE TO PRECLINICAL  
7    TRIALS IN OTHER AREAS, WHETHER WE HAVE ADEQUATE  
8    REPRESENTATION, INCLUDING ADEQUATE REPRESENTATION OF  
9    INDIVIDUALS WITH PRIVATE BIOTECH EXPERIENCE, FOR  
10   EXAMPLE, THAT WE DON'T HAVE REPRESENTED.  SO WE'LL HAVE  
11   THAT DISCUSSION ON THE NEXT AGENDA.

12                   MR. SHEEHY:  I JUST WONDER IF WE MIGHT, YOU  
13   KNOW, STAFF COULD TAKE A LOOK, AND WE MIGHT HAVE  
14   CONSIDERATION OF WHETHER OUR STIPEND IS ADEQUATE TO THE  
15   TASK.

16                   CHAIRMAN KLEIN:  AND IN THAT REVIEW I THINK,  
17   JEFF, IT WOULD BE APPROPRIATE TO EMPHASIZE IN ANY  
18   WRITE-UP HOW MANY DAYS OF REAL WORK THESE PEOPLE HAVE  
19   TO PUT FORTH.  THEY'RE NOT REALLY JUST BEING PAID FOR  
20   ONE DAY OF WORK.  IT'S IMPORTANT TO RECOGNIZE THE DEPTH  
21   OF WORK THAT THEY ARE PERFORMING, SO THAT WE WANT TO  
22   DISABUSE ANYONE OF THE IDEA THAT \$500 IS FOR A DAY'S  
23   WORK.  OKAY.  THANK YOU.

24                   DR. POMEROY:  ON A FUTURE AGENDA COULD WE  
25   ALSO PUT THE ISSUE THAT DR. LEVEY BROUGHT UP EARLIER

1 ABOUT THE POSSIBILITY OF TELECOMMUNICATED REVIEW  
2 SESSIONS? BECAUSE I THINK THAT THAT MIGHT HELP ADDRESS  
3 THE BURDEN OF THESE PEOPLE. SO IF WE COULD AGENDIZE  
4 THAT, I WOULD APPRECIATE IT.

5 CHAIRMAN KLEIN: THAT'S AN IMPORTANT POINT,  
6 AND I BELIEVE WE HAVE VIDEOCONFERENCING ACTUALLY  
7 AVAILABLE THROUGH PART OF THE PROPOSALS THAT WERE GIVEN  
8 TO US BY THE CITY OF SAN FRANCISCO, SO WE ACTUALLY HAVE  
9 A VIDEOCONFERENCING FACILITY.

10 MS. KING: FOUR QUICK THINGS AS I SEE PEOPLE  
11 STARTING TO LEAVE. ONE, YOU CAN LEAVE YOUR BINDERS AT  
12 YOUR SEATS FOR TOMORROW. TWO, IF YOU GAVE ME A PARKING  
13 TICKET OR ONE TO PAT BECKER, SHE HAS GRACIOUSLY STAMPED  
14 THEM FOR ALL OF YOU. PAT, WOULD YOU MIND STANDING UP  
15 SO THEY KNOW WHERE TO GO FOR THOSE. SHE HAS THEM IN  
16 HER HANDS. PLEASE SEE HER. THREE, THESE FORMS, THIS  
17 IS CONFIDENTIAL INFORMATION, SO PLEASE BRING THOSE TO  
18 ME. I'LL KEEP THEM TONIGHT AND BRING THEM BACK FOR YOU  
19 TOMORROW, THE FORMS LISTING YOUR CONFLICTS. AND WHAT  
20 WAS THE FOURTH? CABS, JENNA IS CALLING FOR CABS RIGHT  
21 NOW. THANK YOU.

22 CHAIRMAN KLEIN: I'D REMIND EVERYONE WE NEED  
23 A QUORUM TOMORROW MORNING. WE'RE GOING TO GO BACK AND  
24 LOOK AT SEED GRANTS. THERE ARE A COUPLE OF SEED GRANTS  
25 THAT PASSED BY A STRAW POLL. WE DIDN'T HAVE A QUORUM.

1 BUT WE WILL BACK AT THIS FIRST THING IN THE MORNING.

2 THANK YOU SO MUCH. 8:30 IN THE MORNING.

3 (THE MEETING WAS THEN RECESSED AT 9:20

4 P.M.)

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REPORTER'S CERTIFICATE

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1 I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND  
2 FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE  
3 FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE  
4 INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE  
5 CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE  
6 MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION  
7 INDICATED BELOW

5

6

CEDARS-SINAI MEDICAL CENTER  
HARVEY MORSE CONFERENCE CENTER  
8700 BEVERLY BOULEVARD  
WEST HOLLYWOOD, CALIFORNIA  
ON  
MARCH 15, 2007

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9

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

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