

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

VOLUME I

LOCATION: LUXE HOTEL
SUNSET BALLROOM
11461 SUNSET BOULEVARD
LOS ANGELES, CALIFORNIA

DATE: MAY 5 AND 6, 2008

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

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BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

PUBLIC COMMENT

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BARRISTERS' REPORTING SERVICE

1 LOS ANGELES CALIFORNIA; TUESDAY, MAY 6, 2008

2 04:45 P.M.

3
4 CHAIRMAN KLEIN: ALL RIGHT. IF WE CAN
5 CONVENE IN ABOUT TWO MORE MINUTES. IF I CAN HAVE
6 EVERYONE'S ATTENTION, WE'LL CONVENE THE MEETING. WE
7 HAVE A COUPLE OF MEMBERS ENJOYING LOS ANGELES
8 TRAFFIC. TRAFFIC IN LOS ANGELES, WE KNOW, IS NOT AS
9 GREAT AS THE LOS ANGELES WEATHER, WHICH IS
10 TREMENDOUS MOST OF THE TIME. BUT THANK YOU ALL FOR
11 JOINING US TODAY.

12 I WANT TO THANK JENNIFER PRYNE AND MELISSA
13 KING FOR PULLING THIS MEETING TOGETHER. I WANT TO
14 THANK MR. MONTES DE OCA HERE AT THE LUXE HOTEL AND
15 DON REED WHO HELPED IN THE LAST-MINUTE ADJUSTMENTS.
16 AND THERE'S AN AV TEAM OF DAVID ENTIN AND RANDY
17 MORRIS, ALONG WITH STEFAN BROADLEY, WHO HAVE BEEN
18 FLEXIBLE AND VERY SUPPORTIVE. THANK YOU AGAIN.

19 THERE HAVE BEEN A TREMENDOUS AMOUNT OF THE
20 DIFFERENT CONTRIBUTIONS LEADING UP TO THIS MEETING,
21 BUT JAMES HARRISON, AS FREQUENTLY IS TRUE, HAS MADE
22 A NUMBER OF DISTINGUISHED CONTRIBUTIONS, SO THANK
23 YOU, JAMES.

24 WE WOULD -- IN CALLING THIS MEETING TO
25 ORDER, I'D LIKE TO HAVE MELISSA KING LEAD THE PLEDGE

BARRISTERS' REPORTING SERVICE

1 OF ALLEGIANCE AND THEN FOLLOW WITH THE ROLL CALL.
2 (THE PLEDGE OF ALLEGIANCE.)
3 MS. KING: DONALD DAFOE FOR RICARDO AZZI Z.
4 DR. DAFOE: HERE.
5 MS. KING: ROBERT PRICE FOR ROBERT
6 BIRGENEAU.
7 DR. PRICE: HERE.
8 MS. KING: FLOYD BLOOM.
9 DR. BLOOM: HERE.
10 MS. KING: DAVID BRENNER.
11 DR. BRENNER: HERE.
12 MS. KING: SUSAN BRYANT.
13 DR. BRYANT: HERE.
14 MS. KING: MARSHA CHANDLER.
15 DR. CHANDLER: HERE.
16 MS. KING: MARCY FEIT. MICHAEL FRIEDMAN.
17 DR. FRIEDMAN: HERE.
18 MS. KING: LEEZA GIBBONS. MICHAEL
19 GOLDBERG. SAM HAWGOOD.
20 DR. HAWGOOD: HERE.
21 MS. KING: BOB KLEIN.
22 CHAIRMAN KLEIN: HERE.
23 MS. KING: SHERRY LANSING. GERALD LEVEY.
24 DR. LEVEY: HERE.
25 MS. KING: TED LOVE.

BARRISTERS' REPORTING SERVICE

1 DR. LOVE: HERE.

2 MS. KING: TINA NOVA. ED PENHOET. PHIL
3 PIZZO.

4 DR. PIZZO: HERE.

5 MS. KING: CLAIRE POMEROY.

6 DR. POMEROY: HERE.

7 MS. KING: FRANCISCO PRIETO.

8 DR. PRIETO: HERE.

9 MS. KING: JOHN REED. DUANE ROTH.

10 MR. ROTH: HERE.

11 MS. KING: JOAN SAMUELSON. DAVID
12 SERRANO-SEWELL. JEFF SHEEHY.

13 MR. SHEEHY: HERE.

14 MS. KING: JONATHAN SHESTACK. OSWALD
15 STEWARD.

16 DR. STEWARD: HERE.

17 MS. KING: JANET WRIGHT.

18 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

19 I'M GOING TO OPEN TODAY WITH THE
20 CHAIRMAN'S REPORT WHILE I POSTPONE THE CONSENT ITEMS
21 UNTIL WE HAVE THE LAST TWO OF OUR MEMBERS FOR THE
22 QUORUM. WE HAVE ADDITIONAL MEMBERS THAT ARE COMING
23 TOMORROW AS WELL.

24 IN MY OPENING TODAY I HAVE THE SPECIAL
25 PRIVILEGE OF COMPLIMENTING OUR DISTINGUISHED BOARD

BARRISTERS' REPORTING SERVICE

1 MEMBER SHERRY LANSING, WHO IS ON HER WAY, BUT NOT
2 OBVIOUSLY PRESENT. IF YOU'VE SEEN THE *NEW YORK*
3 *TIMES* TODAY, YOU'VE SEEN A FULL-PAGE AD WHERE SHERRY
4 AND HER FOUNDATION REMIND CALIFORNIANS ABOUT THE
5 TREMENDOUS VALUE OF THE UNIVERSITY OF CALIFORNIA
6 SYSTEM AND OUR OBLIGATION TO EXTEND ITS BENEFITS TO
7 FUTURE GENERATIONS.

8 SHERRY SPECIFICALLY REMINDS US THAT
9 GREATNESS HAS BEEN ACHIEVED THROUGH PRIVATE
10 DONATIONS, COMPLEMENTING STATE FUNDING, AND THAT
11 GREATNESS HAS BEEN SUSTAINED AND WILL CONTINUE TO BE
12 SUSTAINED ONLY TO THE EXTENT THAT PRIVATE DONATIONS
13 RISE AS STATE SUPPORT DROPS FROM 44 PERCENT TO
14 APPROXIMATELY 18 PERCENT.

15 OVER THE NEXT TWO DAYS, WE'LL CONSIDER THE
16 LARGEST BUILDING PROGRAM FOR A NEW AREA OF MEDICAL
17 RESEARCH IN THE HISTORY OF THE UNITED STATES. THIS
18 PROGRAM DERIVES FACILITIES AND NEW FACULTY EXPANSION
19 VALUED AT OVER 400 PERCENT OF THE STATE'S
20 CONTRIBUTION. IT CREATES GREAT LEVERAGE PROPELLED
21 BY PRIVATE DONORS AND INSTITUTIONAL COMMITMENTS FROM
22 THE GREAT RESEARCH AND ACADEMIC INSTITUTIONS OF
23 CALIFORNIA.

24 AS SHERRY SAID IN THE AD, "WHEN YOU NEED
25 TO GET FROM GOOD TO GREAT, IT, PRIVATE DONOR FUNDS,

BARRISTERS' REPORTING SERVICE

1 CAN BE THE FAST-FORWARD BUTTON." IN THIS CONTEXT WE
2 SHOULD REMIND THE PUBLIC THAT MANY OF THE
3 INSTITUTIONS' COMMITMENTS INEVITABLY HAVE BEEN MADE
4 IN A BELIEF THAT THE PRIVATE DONOR MOMENTUM WILL
5 INCREASE AS THE BUILDINGS RISE ON THE CAMPUSES OF
6 THE NONPROFIT INSTITUTIONS AROUND THE STATE.

7 ELI AND EDITH BROAD HAVE SHOWN TREMENDOUS
8 LEADERSHIP THROUGH MORE THAN \$50 MILLION IN
9 ANNOUNCED CONTRIBUTIONS TO THE STEM CELL PROGRAMS.
10 OTHER GREAT PATRONS OF THIS RESEARCH HAVE JOINED
11 THEM THROUGHOUT THE STATE IN THE HISTORIC LEADERSHIP
12 OF THIS MEDICAL RESEARCH AND CLINICAL FACILITY
13 DEVELOPMENT PROGRAM. THIS LEADERSHIP INCLUDES, FOR
14 EXAMPLE, EDWARD AND VIVIAN THORPE, DONORS AT UC
15 IRVINE; RAY AND DAGMAR DOLBY, DONORS TO UC SAN
16 FRANCISCO; LARRY LOKEY, DONORS TO STANFORD;
17 LIKA-SHING, DONOR TO UC BERKELEY; WING FAT FAMILY,
18 DONOR TO UC DAVIS; AND ANGELO TSAKAPOULOUS, ALSO
19 CONTRIBUTOR AT UC DAVIS.

20 OVER THE NEXT TWO DAYS, WE'LL BE
21 MENTIONING OTHER DONORS THAT HAVE REALLY SHOWN
22 TREMENDOUS LEADERSHIP, AND WE HOPE THEY GET THE
23 RIGHT RECOGNITION IN THE PRESS THAT WILL BE WITH US
24 OVER THIS TIME PERIOD BECAUSE IT IS, IN FACT, THEIR
25 EXAMPLE THAT WILL BE EXTREMELY IMPORTANT TO THESE

BARRISTERS' REPORTING SERVICE

1 INSTITUTIONS IN CARRYING FORWARD WITH THE PROMISE OF
2 THESE PROGRAMS.

3 THE PROGRAM THAT WE WILL GO THROUGH LATER
4 TODAY WILL CONSIDER REQUESTS FOR 288 MILLION OF
5 STATE OF CALIFORNIA FUNDS FROM PROPOSITION 71 WITH
6 APPROXIMATELY 540 MILLION IN DONOR AND INSTITUTIONAL
7 COMMITMENTS FOR THE BUILDING PROGRAM WITH AN
8 ADDITIONAL \$328 MILLION FOR NEW FACULTY START-UP
9 SUPPORT FOR A TOTAL OF JUST SHORT OF \$900 MILLION IN
10 LEVERAGE FROM DONOR AND INSTITUTIONAL FUNDS.

11 UNLESS WE ARE EXTREMELY CREATIVE AND
12 CAREFUL, CUTTING OUT 25 MILLION IN STATE FUNDS COULD
13 COST THE PROGRAM \$100 MILLION IN VALUE. OR IF THE
14 CUTS ARE DEEP ENOUGH, ENTIRE BUILDING PROGRAMS COULD
15 BE LOST BECAUSE THE INSTITUTIONAL CONTRIBUTIONS
16 BECOME TOO LARGE. SPEAKING ON BEHALF OF THIS BOARD,
17 I WOULD LIKE TO EXPRESS OUR SINCERE GRATITUDE TO THE
18 DONORS AND INSTITUTIONS FOR THEIR INCREDIBLE
19 COMMITMENT TO THIS CRITICAL STEM CELL FACILITIES
20 DEVELOPMENT PROGRAM. THEIR COMMITMENTS HAVE BEEN
21 EXTRAORDINARY, AND THE BENEFITS WILL ACCRUE TO
22 GENERATIONS OF CALIFORNIANS AND THEIR FAMILIES WITH
23 CHRONIC DISEASE AND INJURY.

24 THE MAJOR FACILITIES ITEMS CONSIDERATION
25 WILL COMMENCE TONIGHT WITH THE FINAL VOTES TOMORROW

BARRISTERS' REPORTING SERVICE

1 MORN ING.

2 ANOTHER MAJOR INITIATIVE THAT PROVIDES
3 LEVERAGE FOR OUR PROGRAM IS THE LOAN TASK FORCE.
4 THE LOAN TASK FORCE FINISHED THEIR RECOMMENDATIONS
5 TO THE FINANCE SUBCOMMITTEE EARLIER TODAY. THE
6 RECOMMENDATIONS WILL FIRST GO TO THE FINANCE
7 SUBCOMMITTEE OF THE BOARD. IT WILL CONSIDER
8 PORTFOLIO AND RESOURCE ALLOCATION OPTIONS BEFORE
9 BRINGING THE REPORT TO THE BOARD IN JUNE WITH
10 POTENTIAL FINAL ACTION IN AUGUST.

11 I BELIEVE WE SHOULD PROVIDE DUANE ROTH, AS
12 CHAIRMAN OF THAT TASK FORCE, A ROUND OF APPLAUSE FOR
13 HIS LEADERSHIP AND DRIVE IN MOVING THIS IMPORTANT
14 PROGRAM FORWARD.

15 (APPLAUSE.)

16 CHAIRMAN KLEIN: DUANE WILL PRESENT A
17 SUMMARY OF THOSE RECOMMENDATIONS LATER THIS EVENING.
18 HE WILL OUTLINE THE POTENTIAL FOR A SUSTAINABLE LOAN
19 PROGRAM THAT COULD PRESERVE CAPITAL AND POSSIBLY
20 INCREASE CAPITAL BY 500 MILLION OR MORE WITH A
21 HUNDRED PERCENT LEVERAGE EXPECTED FROM PRIVATE
22 FUNDS. FOR EXAMPLE, PART OF THE CONSIDERATION TODAY
23 DISCUSSED HOW A \$500 MILLION LOAN PORTFOLIO COULD BE
24 EXPECTED TO GENERATE A BILLION DOLLARS IN PROGRAM
25 ACTIVITY THROUGH MATCHING FUNDS FROM PRIVATE

BARRISTERS' REPORTING SERVICE

1 SOURCES.

2 THIS CRITICAL PROGRESS OF THE LOAN TASK
3 FORCE WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE
4 DEDICATED EFFORTS OF SCOTT TOCHER ON THE NARRATIVE
5 MATERIALS AND LYNN HARWELL ON THE OVERALL PROGRAM
6 DEVELOPMENT, DRIVING DAILY SUPPORT FOR DUANE, THE
7 CONSULTANTS, AND THE TASK FORCE MEMBERS.

8 I WOULD ALSO PERSONALLY LIKE TO EXPRESS MY
9 GRATITUDE TO LYNN FOR HER REMARKABLE COMMITMENT TO
10 THIS MISSION. OFTEN I WOULD TALK TO HER AT 7 OR 8
11 P.M. AT THE CIRM OFFICE AS WELL AS WEEKENDS AND
12 HOLIDAYS. SHE IS AN EXTREMELY TALENTED AND
13 COMMITTED INDIVIDUAL OF IMMENSE CHARACTER, EMPATHY,
14 AND IDENTIFICATION WITH OUR MISSION. IT IS,
15 THEREFORE, REGRETTABLE THAT THE ECONOMICS OF LIVING
16 IN SAN FRANCISCO HAVE DRIVEN HER TO ACCEPT ANOTHER
17 JOB OFFER AT A SUBSTANTIALLY HIGHER INCOME WITH
18 EXTREME FLEXIBILITY AND RADICALLY SHORTER HOURS.
19 WHEN WE LOSE SOMEONE LIKE LYNN, EVERY PATIENT, EVERY
20 SCIENTIST, EVERY CLINICIAN, EVERY CALIFORNIAN LOSES
21 A GREAT ADVOCATE, IN THIS CASE AN ADVOCATE WITH BOTH
22 A HARVARD MBA AND A HARVARD LAW DEGREE. I WOULD TO
23 SEE IF EVERYONE COULD STAND WITH ME AND APPLAUD LYNN
24 HARWELL'S CONTRIBUTION.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AS WE ENTER THE AGENDA
2 TODAY, THERE WILL BE A NUMBER OF ITEMS THAT WE HAVE
3 EXTREME SCRUTINY OF CONFLICTS AS WE RIGOROUSLY MAKE
4 CERTAIN THAT WE ARE ADVANCING THE PUBLIC'S INTEREST
5 WHILE AVOIDING ANY CONFLICTS. AS WE GO THROUGH
6 PARTICULAR ITEMS, I WILL ASK JAMES HARRISON TO LEAD
7 US THROUGH THE SPECIAL CONFLICTS PROVISIONS THAT
8 APPLY. IT IS IMPORTANT TO NOTE THAT IN THE CASE OF
9 MAJOR FACILITIES, THOSE VOTES ARE TAKEN FROM
10 INDIVIDUALS WITHOUT ANY CONFLICTS WITH ANY
11 INSTITUTIONS.

12 STAFF HAS PROVIDED EACH BOARD MEMBER WITH
13 A LIST OF INSTITUTIONS THAT HAVE SUBMITTED
14 APPLICATIONS, AND EACH BOARD MEMBER HAS LISTED AND
15 CERTIFIED THOSE INSTITUTIONS WITH WHICH THE MEMBER
16 HAS A CONFLICT OF INTEREST.

17 IN ADDITION, STAFF HAS REVIEWED THE
18 STATEMENTS OF ECONOMIC INTEREST, FORM 700, FOR EACH
19 BOARD MEMBER TO IDENTIFY ANY ADDITIONAL CONFLICTS OF
20 INTEREST.

21 AS WE GO THROUGH SPECIFIC ITEMS, I WILL,
22 AGAIN, AS I REFERENCED EARLIER, ASK FOR A SPECIFIC
23 REVIEW OF THOSE CONFLICTS PROVISIONS FOR THE BENEFIT
24 OF THE PUBLIC AND THE PRESS, AS WELL AS TO REMIND
25 BOARD MEMBERS OF THE EXTRAORDINARY MEASURES WE'RE

BARRISTERS' REPORTING SERVICE

1 TAKING.

2 I WOULD, SINCE WE NOW HAVE DAVID
3 SERRANO-SEWELL HERE, ALSO LIKE TO THANK DAVID VERY
4 SPECIFICALLY FOR HIS LEADERSHIP AS VICE CHAIR OF THE
5 MAJOR FACILITIES COMMITTEE. AND I THINK YOU WILL BE
6 EXTREMELY PLEASED WITH THE EXTRAORDINARY WORK OF
7 THAT COMMITTEE.

8 (APPLAUSE.)

9 CHAIRMAN KLEIN: AND SHERRY, AS ALWAYS,
10 THE MEDIA QUEEN HAS FOUND A WAY TO GET RECOGNIZED
11 TWICE BECAUSE, SHERRY, EARLIER TODAY I THANKED
12 EVERYONE FOR THE TREMENDOUS AD YOU DID IN THE *NEW*
13 *YORK TIMES* FOR THE UC SYSTEM AND THE RECOGNITION YOU
14 GAVE TO THE IMPORTANCE OF DONORS, WHICH, OF COURSE,
15 IS CENTRAL TO THE LEVERAGE WE'RE GETTING THROUGH THE
16 MAJOR FACILITIES PROGRAM. SO THANK YOU, SHERRY.

17 (APPLAUSE.)

18 CHAIRMAN KLEIN: WITH THAT, I WOULD LIKE
19 THE PRESIDENT, OUR PRESIDENT, ALAN TROUNSON, TO
20 PRESENT HIS REPORT. DR. TROUNSON.

21 DR. TROUNSON: THANK YOU, CHAIR AND
22 MEMBERS OF THE COMMITTEE. IT'S MY TRADITION TO
23 START THIS SESSION WITH SCIENCE, AND I'LL CONTINUE
24 TO DO THAT BECAUSE IT IS EXTRAORDINARY WHAT'S GOING
25 ON.

BARRISTERS' REPORTING SERVICE

1 NEXT SLIDE. SO I WANT TO PRESENT TO YOU
2 FOUR PAPERS, THE FIRST OF WHICH IS A STUDY WHICH HAS
3 JUST BEEN PUBLISHED IN *NATURE* IN APRIL BY THE GROUP
4 AT THE MCEWEN CENTER OF REGENERATIVE MEDICINE UNDER
5 GORDON KELLER'S LEADERSHIP AT TORONTO, BUT ALSO
6 NOTABLY INVOLVING THE VISTAGEN THERAPEUTICS COMPANY
7 HERE IN CALIFORNIA WHERE THEY HAVE DEVELOPED
8 CARDIOVASCULAR PROGENITORS, A CELL WHICH CAN
9 ACTUALLY PRODUCE CARDIOMYOCYTES, BUT ALSO VASCULAR
10 CELLS AND ENDOTHELIAL CELLS. THESE ARE REALLY
11 CRITICAL CELLS FOR THE CARDIOVASCULAR SYSTEM, AND
12 THEIR SYSTEM OF PRODUCING THIS IS ROBUST. IT LOOKS
13 COMPLETELY USEFUL. IT INVOLVES SOME PARTICULAR
14 GROWTH FACTORS WHICH WOULD BE RECOGNIZABLE TO MOST
15 SCIENTISTS IN A SEQUENCE THAT TAKES ABOUT 14 DAYS.
16 SO IT'S NOT A VERY LONG PERIOD.

17 THIS PROGENITOR POPULATION IS USED IN AN
18 ANIMAL MODEL OF INFARCT DAMAGE IN THE HEART, AND
19 THEY'RE ABLE TO SHOW THAT THESE HUMAN CELLS
20 TRANSPLANTED TO THESE ANIMALS IMPROVE BY 31 PERCENT
21 THE HEART EJECTION FRACTION, WHICH IS A REAL STRONG
22 MEASURE OF HEART FUNCTION. SO WE'RE ON THE WAY WITH
23 THE EMBRYONIC STEM CELLS TO, I THINK, WITH THIS WORK
24 TO ENVISAGE THAT THERE WILL BE A PROPOSAL COMING
25 DOWNSTREAM FOR CLINICAL TRIALS. INTERESTINGLY, IN

BARRISTERS' REPORTING SERVICE

1 THESE STUDIES THERE WAS NO ANY OBSERVATION OF
2 TERATOMAS OR UNWANTED CELL TYPES.

3 THE NEXT STUDY IS A VERY INTERESTING STUDY
4 THAT WAS REALLY LED BY CATRIONA JAMIESON FROM UCSD
5 AS A CIRM-FUNDED SCIENTIST. AND NOTABLY, THE FIRST
6 AUTHOR WAS A CIRM TRAINEE WHO RECEIVED MONEY IN THE
7 FIRST ROUND OF THE TRAINEESHIPS. AND WHAT THEY
8 SHOWED IS THAT THE JAK2 GENE IS VERY CRITICAL IN THE
9 PATHWAY FOR BLOOD PRODUCTION. AND INHIBITION OF
10 THAT JAK2 PATHWAY PREVENTS A MYELOPROLIFERATIVE
11 DISORDER KNOWN AS POLYCYTHEMIA VERA, PV, WHICH
12 ITSELF, THIS CONDITION CAUSES THROMBOSIS,
13 MYELOFIBROSIS, AND ACUTE LEUKEMIA.

14 SO IT'S A VERY DANGEROUS CONDITION. IT'S
15 ESTIMATED THERE'S ABOUT A HUNDRED THOUSAND PATIENTS
16 IN THE U.S. THEY'RE ABLE TO SHOW THAT BY
17 OVEREXPRESSING THE JAK2 GENE, THAT THEY CAN GET
18 THIS -- IN HUMAN CELLS THEY CAN GET THIS CONDITION
19 IN MOUSE MODELS. AND INTERESTINGLY, THEY FOUND A
20 COMPANY CALLED TARGEEN, A CALIFORNIA COMPANY, I
21 THINK, WHO HAD ON THE SHELF A SPECIFIC INHIBITOR FOR
22 THE JAK2 PATHWAY. AND THIS PREVENTED THE EXCESSIVE
23 MYLOID PRODUCTION, THE EXCESSIVE RED BLOOD CELL
24 PRODUCTION IN THESE ANIMALS. AND IT WAS VERY, VERY
25 EFFECTIVE.

BARRISTERS' REPORTING SERVICE

1 YOU WILL NOTICE THAT THIS STUDY HAS BEEN
2 DONE WITH A NUMBER OF GROUPS, AND I POINT THAT OUT
3 TO YOU, THAT I THINK THIS IS A VERY SIGNIFICANT TYPE
4 OF STUDY BECAUSE IT INVOLVED GROUPS AT STANFORD AS
5 WELL AS UCSD AND OTHERS IN THE SCIENTIFIC COMMUNITY.
6 SO THESE ARE GROUPS COMING TOGETHER TO ADD PART OF
7 THE SOLUTION TO A VERY SIGNIFICANT PAPER. AND I
8 GUESS THE OUTCOME OF THIS IS TWOFOLD, THAT IF YOU
9 CAN INHIBIT THIS MYELOPROLIFERATION OR EXCESSIVE
10 BLOOD CELL PRODUCTION AND THE SEQUELAE, WHICH IS
11 POSSIBLE LEUKEMIA FOR THE 10,000 CALIFORNIA PATIENTS
12 WITH THIS CONDITION, YOU HAVE A VERY GOOD CLINICAL
13 TRIAL WHICH IS NOW CURRENTLY UNDERWAY.

14 SO IN LESS THAN 18 MONTHS, HERE'S A STUDY
15 THAT'S GONE FROM THE BASIC SCIENCE TO THE CLINIC.
16 AND I THINK IT'S A FANTASTIC EXAMPLE OF WHAT CAN BE
17 DONE IN THIS SPACE. AND HATS OFF TO THE GROUP AND
18 PARTICULARLY TO CATRIONA JAMIESON, WHO I HAD THE
19 PLEASURE OF SPENDING AN EVENING TALKING TO HER ABOUT
20 HER WORK. IT WAS JUST WONDERFUL.

21 I THINK THE NEXT STUDY IS INTERESTING, AND
22 I'M BRINGING IT TO YOUR ATTENTION BECAUSE IT'S MORE
23 ABOUT ADULT STEM CELLS. AND THEY SHOWED IT IN MICE
24 IF YOU ACTUALLY BLOCK THREE PRIMARY GENES CALLED
25 P16, P19, AND TRP, YOU GET A MULTIPLICATION IN THE

BARRISTERS' REPORTING SERVICE

1 MULTI PROGENITOR CELLS OF THE HEMATOPOIETIC SYSTEM,
2 THAT IS THE BLOOD CELL. YOU WILL KNOW THAT IN THIS
3 AREA THAT ONE OF THE BIG PROBLEMS IS MULTIPLICATION
4 OF THE HEMATOPOIETIC PROGENITORS IN CULTURE. IF YOU
5 TAKE OUT A BLOOD STEM CELL, YOU CANNOT MULTIPLY IT.
6 SO THEY'VE REALLY IDENTIFIED THAT THESE THREE GENES
7 AND THEIR GENE PRODUCTS ARE REALLY QUITE CRITICAL IN
8 THE PROCESS. AND IN CANCERS, THE INHIBITION IN
9 THESE GENES IS LIFTED. SO CANCERS IN THIS AREA CAN
10 RELATE TO MUTATIONS IN THESE PARTICULAR GENES THAT
11 ARE CLUSTERED TOGETHER.

12 SO THESE STUDIES MAY PROVIDE DIRECTION FOR
13 THE DEVELOPMENT OF HEMATOPOIETIC CELL EXPANSION.
14 IT'S REALLY THE GOLD NUGGET THAT'S BEEN LOOKED AT
15 FOR A VERY LONG TIME. PHIL NOTTING (PHONETIC), OF
16 COURSE, AND MANY OF HIS SCIENTISTS IN HIS
17 INSTITUTION HAVE BEEN AFTER THIS. AND I THINK IT'S
18 TERRIFIC. IT'S MICHAEL CLARKE'S LAB AT STANFORD
19 TOGETHER WITH A GROUP OF SCIENTISTS AT MICHIGAN AND
20 PUBLISHED IN *NATURE* IN APRIL 2008.

21 THESE PROTEINS MAY ALSO BE USEFUL TARGETS
22 TO CONTROL EXCESSIVE EXPANSION OF BLOOD CELLS IN
23 CANCER. SO IT'S GOT TWO TALES TO IT, AND I THINK
24 IT'S A TERRIFIC TALE. I LOVED READING THIS PAPER.
25 I THINK IT'S SOMETHING THAT WE'VE BEEN LOOKING FOR

BARRISTERS' REPORTING SERVICE

1 FOR SOME TIME.

2 THERE' S ALSO AN EXTREMELY INTERESTING
3 PAPER THAT I HAD THE PRIVILEGE OF REVIEWING FOR
4 *NATURE MEDICINE* WHICH INVOLVED THE SCIENTISTS AT
5 LORENZ STUDER' S LABORATORY AT THE SLOAN-KETTERING
6 AND WAKAYAMA' S LABORATORY AT THE RIKEN IN KOBE.
7 THESE LABS ARE A LONG WAY APART, AS YOU RECOGNIZE.
8 WHAT THEY DID WAS THEY TOOK CELLS FROM MICE, INBRED
9 STRAIN OF MOUSE, THEY TOOK INDIVIDUAL MICE, TOOK THE
10 CELLS FROM THEM, SENT THE CELLS OVER TO WAKAYAMA IN
11 JAPAN, AND HE MADE BY NUCLEAR TRANSFER, BY
12 THERAPEUTIC CLONING, IF YOU LIKE, EMBRYONIC STEM
13 CELL LINES FOR THOSE INDIVIDUAL MICE.

14 SO BACK IN STUDER' S LABORATORY, THEY
15 TURNED THOSE MICE INTO PARKINSONIAN MICE
16 ARTIFICIALLY, AND THEN THEY BROUGHT THESE EMBRYONIC
17 STEM CELLS BACK, THEY DIFFERENTIATED THEM INTO THE
18 NEURAL PROGENITOR LINEAGE, AND THEN TRANSPLANTED
19 THEM BACK INTO THE BRAINS OF THE MICE, INDIVIDUAL
20 MICE OR ACROSS MICE.

21 WHAT HAPPENS IF THEY TAKE THESE CELLS AND
22 PUT THEM INTO DIFFERENT MICE, NOT THE MOUSE THEY GOT
23 THEM FROM AS THEY LOST THOSE CELLS, THE CELLS THAT
24 COULD POTENTIALLY REPAIR PARKINSON' S DISEASE, THEY
25 LOST THEM. THEY WERE THERE FOR A WHILE, BUT THEN

BARRISTERS' REPORTING SERVICE

1 THEY LOST THEM. THE CELLS, WHICH THEY GOT FROM THE
2 INDIVIDUAL MICE WHICH THEY TURNED INTO EMBRYONIC
3 STEM CELLS AND THEN INTO NEURAL PROGENITORS, THEY
4 WORKED BEAUTIFULLY FOR THE ENTIRE LENGTH OF THE
5 EXPERIMENT AND INCLUDING SOME OVERPROLIFERATION.
6 THAT IS, THEY PUT TOO MANY OF THESE CELLS IN THERE.

7 SO THIS IS TELLING YOU TWO THINGS IN MY
8 MIND. IT'S A DEMONSTRATION THAT THE GENOMIC
9 IDENTITY IS IMPORTANT. THAT IS, THE IMMUNE SYSTEM
10 IS LOOKING AROUND TO SEE WHETHER THERE'S FOREIGN
11 CELLS IN THERE AND I'LL SAY EVEN MINOR DIFFERENCES
12 AND REJECT THOSE CELLS. SO THERE'S AN IMPORTANT
13 ISSUE HERE THAT WE HAVE TO ADDRESS IN TERMS OF
14 IMMUNOLOGY, BUT ALSO THE IMPORTANCE MAYBE OF NUCLEAR
15 TRANSFER STILL ON OUR SCALE OF INTEREST. I WOULDN'T
16 LIKE TO TAKE THAT OFF THE TABLE AT THE PRESENT TIME.
17 I WOULDN'T LIKE TO TAKE THE NUCLEAR TRANSFER OFF THE
18 TABLE AT THE MOMENT, BUT IT ALSO MAY BE VERY
19 IMPORTANT IF WE'RE ABLE TO GET THE INDUCED
20 PLURIPOTENTIAL CELLS BECAUSE YOU TAKE THEM FROM
21 INDIVIDUAL PATIENTS. AND IN CASE OF PARKINSON'S
22 DISEASE, IN THIS PARTICULAR MODEL, IT MIGHT BE VERY,
23 VERY IMPORTANT. SO I THINK IT'S A KEY PAPER AND ONE
24 WHICH WILL BE REFLECTED UPON BY A LARGE NUMBER OF
25 THE INSTITUTIONS.

BARRISTERS' REPORTING SERVICE

1 I THINK I'M THROUGH WITH THOSE FIRST FEW
2 SLIDES. I THINK I'M WANTING TO INTRODUCE A COUPLE
3 OF PEOPLE TO YOU. MARIE CSETE, WHO IS NOT HERE WITH
4 US. I SENT HER TO AN NIH STEM CELL MEETING. I FELT
5 IT WAS IMPORTANT TO BE AT NIH, AND I'LL COME BACK TO
6 NIH SHORTLY. YOU SEE PART OF HER CV UP THERE.
7 SHE'S A MAGNIFICENT ADDITION TO THE GROUP, AND I
8 THANK THE BOARD FOR ENDORSING HER APPOINTMENT. IT'S
9 MADE A HUGE DIFFERENCE TO US TO HAVE HER CAPACITY
10 ALREADY, AND SHE IS FOCUSING ON THE CLINICAL END OF
11 THE SPECTRUM. AS WE GO DOWN THE PIPELINE TOWARDS
12 THE CLINIC, SHE'S GOING TO BE VERY, VERY IMPORTANT.
13 SHE HOLDS A TREMENDOUS RANGE OF APPOINTMENTS OR DID
14 WHEN SHE WAS IDENTIFIED, AND SHE'S MOVED OVER TO
15 WORK WITH US FULL TIME.

16 I THINK I WAS ALSO WANTING TO INTRODUCE TO
17 YOU ROSA CANET-AVILES, WHO IS HERE IN THE RED, OUR
18 WONDERFUL NEW APPOINTMENT AS ONE OF THE KEY
19 SCIENTISTS. AND WILL BE HEARING FROM HER AS WE GO
20 THROUGH THE MEETING. SHE'S REALLY ONE OF THE
21 BRIGHTEST OF THE BRIGHTEST JOINING US AS A YOUNG
22 SCIENTIST. ANYONE WHO IS YOUNGER THAN ME IS
23 INCREDIBLY YOUNG, AND I KNOW SHE'S VERY, VERY YOUNG.
24 BUT SHE'S JOINED US AFTER A VERY IMPRESSIVE CAREER,
25 AND I THINK IT'S A GREAT -- IT REALLY DOES SPEAK

BARRISTERS' REPORTING SERVICE

1 VERY LOUDLY FOR THE INITIATIVE TO BE ABLE TO ATTRACT
2 PEOPLE OF ROSA' S CALIBER.

3 THE GRANT REVIEWS THAT WE'VE BEEN THROUGH,
4 OF COURSE, MAJOR FACILITIES, YOU KNOW THAT THAT HAS
5 BEEN COMPLETED, AND THE PART 2 PART IS GOING TO BE
6 CONSIDERED HERE. WE'VE ALSO BEEN THROUGH THE
7 DISEASE TEAM PLANNING AWARDS AND THE NEW CELL LINE
8 AWARDS. WE'VE DONE THOSE REVIEWS, AND THEY'RE
9 COMING UP FOR YOUR CONSIDERATION IN JUNE. THERE'S
10 ALSO AN UPCOMING REVIEW ON THE CIRM NEW FACULTY
11 AWARDS II. SO THAT WE HAVE TO DO.

12 UPCOMING RFA'S, THE FIRST ONE, I THINK, IS
13 POSTED NOW, TOOLS AND TECHNOLOGY. IT'S BEEN THROUGH
14 CONCEPT STAGE HERE AT THE BOARD. AND THE NEXT
15 COUPLE YOU ARE GOING TO HEAR FROM DURING THIS
16 MEETING, THE TRAINING GRANTS II FOR CIRM SCHOLARS.
17 YOU WILL REMEMBER, OF COURSE, THEY WERE THE FIRST
18 GRANTS INITIATED HERE BY THE BOARD, AND THEY'RE
19 COMING TO AN END, IF YOU LIKE, THE THREE-YEAR PERIOD
20 AT MIDDLE OF NEXT YEAR. WE THINK IT'S BEEN A
21 FANTASTIC PROGRAM, AND WE'D LIKE TO DEMONSTRATE THAT
22 TO YOU REALLY WITH THE PRODUCTIVITY THAT WE'RE
23 GETTING FROM THESE YOUNG PEOPLE. IT'S JUST
24 ABSOLUTELY WONDERFUL. I PICKED UP A *SCIENCE* PAPER
25 AT IRVINE. I WAS JUST ABSOLUTELY THRILLED TO SEE

BARRISTERS' REPORTING SERVICE

1 ONE OF THESE TRAINEES AS LEAD AUTHOR ON A *SCIENCE*
2 PAPER. THE WORK THEY'RE DOING IS JUST FABULOUS.

3 AND THEN THE BRIDGES TO STEM CELL
4 RESEARCH, WHICH IS AN INTERNSHIP PROGRAM AIMED AT
5 THE CALIFORNIA STATE UNIVERSITY SYSTEM TO DRAW THOSE
6 PEOPLE INTO OUR AREA. AND I'LL ALLOW THE STAFF TO
7 SORT OF TALK YOU THROUGH THAT, BUT I THINK IT'S A
8 VERY, VERY IMPORTANT PROGRAM, WHICH I THINK I'M SURE
9 YOU WILL ENDORSE. AND I HOPE YOU SEE THE WAY WE'VE
10 TRIED TO FORMULATE THAT IS VERY MUCH IN THE
11 INTERESTS OF THESE YOUNG PEOPLE GETTING A CAREER IN
12 STEM CELLS.

13 EARLY TRANSLATIONAL RESEARCH, WE'RE
14 WORKING NOW ON THE CONCEPT CLEARANCE ON THE CONCEPT.
15 WE HOPE TO BRING YOU THE CONCEPT FOR CLEARANCE IN
16 THE JUNE MEETING. YOU WILL SEE THAT WE'RE COMING
17 DOWN THAT PIPELINE TOWARDS THE CLINIC.

18 I'M PROPOSING THAT WE HAVE A NUMBER OF
19 WORKSHOPS. I JUST WANT TO ALERT YOU TO THEM. ONE
20 IS IN PREDICTIVE TOXICOLOGY. YOU WILL BE AWARE NOW
21 THAT WE CAN MAKE LIVER CELLS, WE CAN MAKE HEART
22 CELLS. WE'VE BROUGHT THAT TO YOU IN THE PAST.
23 YOU'LL BE AWARE OF IT READING LITERATURE AND HEARING
24 ABOUT IT. IT IS AN OPPORTUNITY TO SEE WHETHER THESE
25 CELLS ARE USEFUL IN PREDICTIVE TOXICOLOGY, EITHER AS

BARRISTERS' REPORTING SERVICE

1 NEW DRUGS. REMEMBER, THERE ARE HUNDREDS OF
2 THOUSANDS OF ANIMALS USED FOR DRUG SCREENING AT THE
3 MOMENT. AND IF WE COULD REPLACE SOME OF THAT WITH
4 THESE CELL CULTURES, HUMAN CELLS WHICH MAY MORE
5 REFLECT WHAT WE'D EXPECT TO HAPPEN IN A HUMAN, IT
6 WOULD BE A REALLY EXCITING ENDEAVOR.

7 ALSO, THE ENVIRONMENTAL ISSUES THERE.
8 TOXICOLOGY AND THE ENVIRONMENT IS VERY IMPORTANT. I
9 REMEMBER WHEN I FIRST MET BOB AND MEMBERS OF THE
10 COMMITTEE WHEN THEY INVITED ME TO DINNER TO TALK TO
11 ME, I SPENT A LOT OF TIME TALKING ABOUT BISPHENOL A,
12 WHICH IS A PLASTIC THAT'S IN THE ENVIRONMENT. AND
13 THEY MAKE TRILLIONS OF POUNDS OR MILLIONS OF TONS OF
14 THIS STUFF A YEAR. IT'S AN ESTROGEN, AND YOU CAN
15 DETECT IT AS A BINDER TO THE ESTROGEN RECEPTOR. AND
16 IT HAS A FIX, IF YOU LOOK AT IT IN A TRADITIONAL
17 ENDOCRINE WAY, OF VERY SEVERE IMPACTS IN ANIMALS AND
18 IN CELLS AT LOW LEVELS, AND YOU DON'T SEE THE IMPACT
19 WHEN YOU RAISE THE LEVEL HIGH.

20 SO I ACTUALLY GOT MY SON TO DO A STUDY FOR
21 HIS SCHOOL ON EARTHWORMS, AND WE FED THEM BISPHENOL
22 A. AND THE POPULATION -- WHAT WOULD HAPPEN IN AN
23 EARTHWORM IS THAT IT'S A HERMAPHRODITE, YOU SEE, SO
24 IF YOU FED THEM BISPHENOL, THE THEORY WAS THAT YOU'D
25 TURN THEM ALL INTO FEMALES. AND WE DIDN'T GET

BARRISTERS' REPORTING SERVICE

1 THROUGH THE SEXING COMPONENT BECAUSE BOB TOLD ME I
2 HAD TO GET HERE, BUT WE GOT A MUCH REDUCED
3 POPULATION SO THAT THE YOUNG WORMS DISAPPEARED. YOU
4 COULD SEE THIS AT THE LOW LEVELS, BUT NOT AT THE
5 HIGH LEVELS.

6 WELL, THE ANSWER TO THIS WHOLE STORY, YOU
7 MIGHT WONDER WHAT I'M GOING ON ABOUT, IS CANADA
8 BANNED BISPHENOL A ABOUT THREE WEEKS AGO, AND IT WAS
9 THE FIRST COUNTRY IN THE WORLD TO BAN IT. BUT WE
10 COULD BE LOOKING AT THOSE KIND OF SUBSTANCES IN OUR
11 TOXICOLOGY SCREENS. I THINK THE COMMUNITY WOULD
12 WELCOME THIS PART OF IT.

13 SO I'D LIKE TO SEE US HAVE A WORKSHOP.
14 WE'RE NOW WELL AND TRULY INTO THE PLANNING OF THAT,
15 AND I THINK IT WILL BE QUITE AN INTERESTING AND
16 EXCITING ENDEAVOR. MAYBE AN RFA MIGHT PROGRESS FROM
17 IT.

18 I'M ALSO INTERESTED IN GETTING INTO
19 IMMUNOLOGY, PARTICULARLY IMMUNOLOGICAL TOOLS, TOOLS
20 OF IMMUNOLOGY TO EXPLORE THE USE OF IMMUNOLOGY IN
21 THE LABORATORY. I THINK WE NEED IT. IT'S TIME. WE
22 NEED TO KNOW WHETHER OUR CELLS ARE IMMUNOGENIC, HOW
23 FAR THEY GO, WHAT ARE THE KIND OF REACTIONS THAT WE
24 SEE. WE'RE UNDERDONE IN THIS AREA. I THINK IT'S
25 TIME FOR US TO HAVE A WORKSHOP, TALK TO THE PEOPLE

BARRISTERS' REPORTING SERVICE

1 IN THIS AREA, AND START TO GET A BIT OF TRACTION ON
2 THAT AREA.

3 I THINK WE ALSO NEED TO LOOK AT CELL
4 PRODUCTION FACILITIES. I'M TALKING ABOUT FOR
5 THERAPEUTIC AND RESEARCH PURPOSES. THERE ARE NOW
6 PROPOSALS FOR CLINICAL TRIALS, PHASE 1 CLINICAL
7 TRIALS, COMING UP. I THINK SOME OF THEM WILL BEGIN
8 THIS YEAR, BUT THERE WILL BE AN INCREASING NEED FOR
9 CELLS IN THERAPEUTIC USAGE. I'M ALSO TOLD BY THE
10 SCIENTISTS THAT THEY'RE SPENDING A LOT OF TIME,
11 TECHNICIAN TIME, IN JUST MAKING CELLS FOR RESEARCH.
12 AND I THINK WE NEED TO GET EVERYBODY TOGETHER AND
13 SEE WHAT SORT OF PROGRAM WE OUGHT TO INITIATE IN
14 TERMS OF CELL PRODUCTION FACILITIES.

15 THERE'S A VERY IMPORTANT MEETING COMING UP
16 IN SEPTEMBER. WE'RE BRINGING ALL THE CIRM GRANTEES
17 TOGETHER AT A CONFERENCE. WE'RE GOING TO HAVE SPEED
18 DATING AT THIS CONFERENCE, NOT IN THE WAY YOU
19 NORMALLY THINK OF SPEED DATING, BUT SCIENCE DATING
20 WHERE THEY INTRODUCE ONE ANOTHER OF THEIR SCIENCE IN
21 A SPEED MECHANISM, SO YOU DON'T HAVE ENTRENCHED
22 GROUPS OF PEOPLE GOING TO A CONFERENCE AND THEN
23 GOING AWAY WITHOUT MEETING ANYONE, BUT TO GET ALL
24 MIXED UP, GET AN IDEA THAT SOMEBODY IS DOING
25 SOMETHING IN ANOTHER LAB, IN ONE OF OUR OTHER

BARRISTERS' REPORTING SERVICE

1 LABORATORIES, AND TO INCREASE THE CHANCES OF
2 COLLABORATION IN THE WHOLE SECTOR.

3 SO THIS IS A VERY INTERESTING MEETING.
4 PAT HAS HER COLLEAGUES WORKING ON THIS, AND WE'VE
5 HAD A TREMENDOUS RESPONSE. SO THAT'S GOING TO
6 HAPPEN IN SEPTEMBER, AND WE'RE ALL LOOKING FORWARD
7 TO THAT.

8 FEW OTHER UPDATES. I'VE PUT TO THE
9 EXECUTIVE OF THE MANAGEMENT THAT I'D LIKE TO UPDATE
10 OUR STRATEGIC PLAN. THERE'S A NEW GROUP OF PEOPLE
11 HERE. THE LAST TIME THE PLAN WAS DONE WAS IN MID TO
12 LATER PART OF 2006. I THINK THERE'S A LOT OF THINGS
13 HAPPENED. I THINK IT'S TIME FOR REVISION, AND WE
14 ARE GOING TO GO THROUGH THAT.

15 I'M INTERESTED, IN RESPONSE TO THE
16 REVIEWERS, THAT DO WE HAVE ANY VIEWS ON A CAP ON THE
17 NUMBER OF GRANT APPLICATIONS PER PI. WE STARTED TO
18 THINK ABOUT THAT IN RESPONSE TO THE REVIEWERS ASKING
19 US THOSE QUESTIONS, WANTING SOME KIND OF FEEDBACK.
20 WE HAVE A REPORT -- WE WERE ASKED TO REPORT ON THE
21 DIVERSITY OF THE GRANTS WORKING GROUP NUMBERS. AND
22 IN RESPONSE TO THAT REQUEST, WE'VE CONDUCTED A
23 SURVEY OF GRANT WORKING GROUP MEMBERS TO DETERMINE
24 THE OVERALL DIVERSITY OF THE GROUP. ABOUT
25 ONE-THIRD, IT'S A VERY LOW RESPONSE UNFORTUNATELY,

BARRISTERS' REPORTING SERVICE

1 HAVE RESPONDED TO THE SURVEY AT THIS POINT IN TIME.
2 SO WE NEED TO CONTINUE TO COMPILE AND MONITOR THIS
3 DATA. IT DOESN'T SEEM DIFFERENT AT THIS STAGE FROM
4 THE GENERAL POPULATIONS IN THE SCIENCE SECTOR, IN
5 OUR STEM CELL SECTOR, BUT I THINK WE NEED TO GET A
6 BIT BETTER IN THE THIRD RESPONSE, AND WE CAN'T
7 MANDATE THEIR RESPONSE. WE CAN ONLY ENCOURAGE IT.
8 SO WE'LL MAKE OUR BEST EFFORT AND PROVIDING IT'S
9 CONSISTENT WITH THE LAW TO ENCOURAGE THE RECRUITMENT
10 OF INDIVIDUALS WHO WILL ENHANCE THIS PARTICULAR
11 DIVERSITY.
12 SO I WANTED TO RESPOND TO ICOC MEMBERS WHO RAISED
13 THIS LAST TIME.

14 HAD A MEETING, PAT OLSON AND I WENT TO A
15 MEETING WITH CANADA/CALIFORNIA STEM CELL MEETING IN
16 TORONTO. THIS IS A CONSORTIUM OF CANADIANS, CANADA
17 GENOME, OTHER MEMBERS OF THE CANADIAN RESEARCH
18 COMMUNITY WHO'VE COME TOGETHER AND WANT TO FUND
19 CANCER STEM CELLS AND HAVE IDENTIFIED CALIFORNIA AS
20 A PARTNER IN THEIR FUNDING PROCESS. AND I THINK THE
21 CANADIANS HAVE GOT MUCH MORE ADVANCED IN THEIR
22 THINKING THAN WE HAD BECAUSE IT WAS CLEAR FROM THAT
23 MEETING THEY HAD A MODEL WHICH WOULDN'T WORK FOR US.
24 IT JUST WOULDN'T FIT IN THE WAY WE'RE ALLOWED TO
25 BECOME PART OF THAT KIND OF PROGRAM. BUT WE ARE

BARRISTERS' REPORTING SERVICE

1 GOING TO HAVE FURTHER MEETINGS WITH CANADA GENOME
2 WITH A VIEW TO EXCHANGING MOU'S IN THE AREA TO LOOK
3 FOR MAYBE WAYS TO ENHANCE A RELATIONSHIP BETWEEN
4 CANADA AND CALIFORNIA IN CANCER STEM CELLS.

5 I ALSO THINK THAT WE NEED TO GET INTO SOME
6 DIALOGUE WITH OUR KEY THOUGHT PEOPLE, SCIENTISTS
7 PARTICULARLY, IN THIS AREA BECAUSE CANCER IS A VERY
8 BIG SUBJECT. AND I'D LIKE SOME INPUT FROM THE KEY
9 CANCER RESEARCHERS ON HOW THEY SEE THIS. I DID
10 EXPRESS TO THE CANADIANS THAT I FELT IT WOULD ONLY
11 WORK IF WHAT WE'RE DOING TOGETHER IS SOMETHING THAT
12 WE COULDN'T DO INDIVIDUALLY. SO THERE'S NOT MUCH
13 POINT IN TRYING TO DO THIS UNLESS IT IS REALLY AN
14 INCREMENT ON WHAT WE CAN DO EITHER IN CALIFORNIA
15 ALONE OR IN CANADA. I THINK THEY'RE IMPORTANT
16 INITIATIVES.

17 I DID MEET WITH DR. ZERHOONI AT THE NIH,
18 THE DIRECTOR OF NIH. I HAVE TO SAY HE WAS
19 COMPLETELY CHARMING AND SUPPORTIVE AND WELCOMING,
20 AND SO IS HIS SENIOR STAFF. WE BELIEVE THAT WE'RE
21 NOT IN COMPETITION, AND WE WILL WORK TOWARDS
22 ENHANCING WHAT WE CAN DELIVER ACROSS THE SPECTRUM OF
23 BOTH NIH AND CALIFORNIA. WE REALIZE THAT IT WILL
24 TAKE SOME REVISION OF THE ADMINISTRATION'S ATTITUDE
25 THERE, BUT WE DO HAVE A LIKELY ALTERATION COMING UP

BARRISTERS' REPORTING SERVICE

1 IN THE PRESIDENTIAL ELECTION. SO I THINK THAT WOULD
2 BE PROBABLY SUPPORTIVE AS I READ IT. BUT THE IDEA
3 OF DOING THINGS TOGETHER WAS CERTAINLY SOMETHING
4 THAT APPEALED TO DR. ZERHOONI AND HIS SENIOR
5 COLLEAGUES. SO I THINK I WILL CONTINUE TO WORK
6 TOWARDS THAT AS A GENUINE LINKAGE TO FORM BENEFIT TO
7 OUR SCIENTISTS AND SORT OF MAKE SURE WE DON'T END UP
8 IN ANY KIND OF COMPETITIVE SITUATION.

9 I WANT TO JUST ASK A COUPLE OF MEMBERS OF
10 STAFF TO REPORT ON THREE THINGS IN ADDITION. THE
11 SCO AUDIT THAT YOU REMEMBER WAS REQUESTED FOR BY THE
12 CONTROLLER HAS BEEN COMPLETED. AND CAN I ASK TAMAR
13 TO ADDRESS THAT FOR US? WOULD YOU LIKE TO DO THAT,
14 TAMAR?

15 MS. PACTER: YES. ALTHOUGH THE STATE
16 CONTROLLER HAS NOT FORMALLY RELEASED THE AUDIT, THE
17 FINDINGS WERE EXTREMELY MINIMAL, WE'RE PLEASED TO
18 SAY. AND WE PARTICULARLY THANK AMY LEWIS, HEAD OF
19 OUR GRANTS MANAGEMENT OFFICE, WHO DID A FINE JOB
20 WALKING THE MEMBERS OF THE STATE AUDITOR'S TEAM
21 THROUGH OUR PROCESSES. WE EXPECT THAT REPORT TO BE
22 RELEASED SOMETIME BEFORE THE MEETING OF THE CITIZENS
23 FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE.

24 DR. TROUNSON: THANKS, TAMAR. AND THE
25 NEXT TWO POINTS, ONE OF THEM WAS, AGAIN, REQUESTED

BARRISTERS' REPORTING SERVICE

1 BY MEMBERS OF THE BOARD, THE COMMITTEE, ON FORECAST
2 OF CIRM PORTFOLIO, SO CAN I INVITE PAT TO SPEAK TO
3 THAT AND ALSO TO MAKE SOME COMMENTS ON THE RECENT
4 FDA CLINICAL TRIALS MEETING THAT WAS HELD.

5 DR. OLSON: OKAY. AT THE LAST BOARD
6 MEETING, THERE WAS A REQUEST FOR SOME INFORMATION ON
7 OUR PORTFOLIO. SO WHAT I'D LIKE TO DO IS JUST
8 REMIND YOU THAT THIS IS HOW WE LOOK AT OUR
9 PORTFOLIO, AS A PIPELINE, ESSENTIALLY, FROM THE
10 BASIC RESEARCH THROUGH DISCOVERY THROUGH EARLY
11 PRECLINICAL RESEARCH AND THEN INTO CLINICAL STUDIES.
12 AND AS YOU CAN SEE THERE, YOU CAN SEE THAT MANY OF
13 THE RFA'S THAT WE PUT OUT TO DATE TEND TO BE, I'D
14 SAY, MORE FIRMLY SET IN THE BASIC AND PERHAPS EARLY
15 TRANSLATIONAL.

16 I THINK WITH THE UPCOMING RFA'S, SO THE
17 DISEASE TEAM PLANNING IS STARTING TO MOVE ALONG THE
18 TRANSLATIONAL PIPELINE. TOOLS AND TECHNOLOGIES, WE
19 EXPECT TO SEE THINGS THAT ARE APPLICABLE TO BASIC
20 RESEARCH OR THAT COULD BE HELPFUL IN THE PRECLINICAL
21 AND TRANSLATIONAL AREAS. SO I THINK WHAT YOU CAN
22 SEE FROM THIS IS THAT NOT JUST IN THE -- WE'RE
23 MOVING ALONG THE PIPELINE. WE'RE MOVING FROM BASIC
24 RESEARCH, AND WE'RE MOVING INTO THE TRANSLATIONAL
25 PIPELINE WHILE, AGAIN, RECOGNIZING THAT WE NEED TO

BARRISTERS' REPORTING SERVICE

1 DO THAT.

2 SO IF WE LOOK AT THE NEXT, WE LOOK AT WHAT
3 WE PLAN TO HAVE UPCOMING, AS YOU CAN SEE, AGAIN, YOU
4 ALREADY HAVE OUT NEW FACULTY II. TOOLS AND
5 TECHNOLOGIES, THE RFA SHOULD BE POSTED, IF NOT
6 TODAY, THEN CERTAINLY BY TOMORROW, BUT I EXPECT IT
7 TO BE UP TODAY. YOU'RE GOING TO HEAR TODAY ABOUT
8 CONCEPT CLEARANCE FOR THE TWO NEW TRAINING AWARDS,
9 BOTH AT THE SCHOLAR LEVEL AND AT THE INTERNSHIP
10 LEVEL. AND I THINK THE RESEARCH THERE, I THINK YOU
11 CAN SAY, SPANS BOTH THE BASIC AND A LOT OF THE EARLY
12 PRECLINICAL.

13 WE HAVE EARLY TRANSLATIONAL RESEARCH
14 COMING UP, WHICH I EXPECT TO BE, IF YOU LOOK AT THE
15 PROCEEDINGS SLIDE, YOU CAN SEE IS PROBABLY WE'RE
16 TARGETING IT, THE IDEA THERE IS -- THE END GAME
17 THERE IS A DEVELOPMENT CANDIDATE OR SOMETHING OR A
18 MAJOR BOTTLENECK IN THE FIELD. SO THAT'S HOW, AT
19 LEAST, WE'RE STARTING TO THINK ABOUT THAT ONE.

20 THEN WE HAVE -- I THINK YOU ALL KNOW ABOUT
21 THE DISEASE TEAM RESEARCH AWARDS THAT ARE COMING UP
22 IN THE FALL. THEN I WANT TO REMIND YOU ABOUT THE
23 INNOVATION AWARDS THAT WE SEE COMING UP. AND THIS
24 IS WHAT WE HOPE TO PUT FORTH TO PROVIDE AN
25 OPPORTUNITY FOR PEOPLE WHO HAVE HAD SEED GRANTS TO

BARRISTERS' REPORTING SERVICE

1 COMPETE IN THE CONTEXT OF AN INNOVATION AWARD. SO
2 THAT WOULD BE ONE THING THERE.

3 WE ARE ALSO LOOKING AT THE POSSIBILITY NOW
4 OF STARTING TO PUT IN PLACE A CLINICAL PROGRAM, SO
5 THAT'S DOWN THERE AT THE BOTTOM AND MORE TO COME. I
6 MEAN, AS I SAY, OUR THINKING IS JUST BEGINNING ON
7 THIS. AND I THINK, YOU KNOW, HAVING A LOAN PROGRAM
8 IN PLACE WILL CERTAINLY PROBABLY BE AN IMPORTANT
9 ELEMENT BEFORE WE MOVE FORWARD ON THAT. THAT'S WHAT
10 I WANTED TO SAY ABOUT THE PIPELINE OF UPCOMING
11 RFA'S.

12 I ALSO THEN WANTED TO JUST TELL YOU A
13 LITTLE BIT ABOUT THE FDA ADVISORY COMMITTEE MEETING.
14 THIS MEETING WAS HELD ON APRIL 10TH, AND IT WAS A
15 MEETING OF THE CELL TISSUE AND GENE THERAPY ADVISORY
16 COMMITTEE, WHICH IS PART OF THE CENTER FOR BIOLOGICS
17 EVALUATION. WHAT IT WAS SPECIFICALLY CALLED TO
18 ADDRESS WAS THE SAFETY OF CELL THERAPIES DERIVED
19 FROM HUMAN EMBRYONIC STEM CELLS.

20 SO WHAT CBER IS DOING IS THEY ARE
21 ANTICIPATING, AND YOU CAN GO TO ANY MEETING NOW AND
22 YOU WILL HEAR SEVERAL COMPANIES TALKING ABOUT HOW
23 THEY'RE GOING TO BE COMING FORTH WITH THEIR HUMAN
24 EMBRYONIC-DERIVED STEM CELL THERAPIES IN VARIOUS
25 AREAS. SO I THINK THAT CBER IS TRYING TO GET AHEAD

BARRISTERS' REPORTING SERVICE

1 OF THE GAME, AND THEY WANTED SOME ADVICE FROM THEIR
2 COMMITTEE ON THESE POINTS.

3 IN PARTICULAR, THE TOPICS THAT THEY ASKED
4 THEM TO DISCUSS WERE INAPPROPRIATE DIFFERENTIATION
5 AND TUMORIGENICITY. SPECIFICALLY HOW DO WE LOOK AT
6 THIS IN PRECLINICAL MODELS? THEY WANTED TO KNOW
7 WHAT KIND OF CHARACTERIZATION SHOULD THEY BE LOOKING
8 FOR IN HESC-DERIVED CELLULAR POPULATIONS. WHAT DO
9 YOU DO -- HOW DO YOU CHARACTERIZE YOUR STARTING
10 POPULATION, PRESUMABLY THE EMBRYONIC STEM CELL
11 POPULATION? HOW DO YOU CHARACTERIZE YOUR PRODUCT
12 POPULATION? WHAT ARE ACCEPTABLE LIMITS OF DIFFERENT
13 CELL TYPES? WHAT KINDS OF MEASURES ARE YOU LOOKING
14 AT? AND THEN HOW DO YOU MONITOR PATIENTS FOR THESE
15 CELLS? AND WHAT KIND OF TRIAL DESIGN SHOULD YOU
16 THINK ABOUT?

17 SO DR. CSETE AND MYSELF BOTH ATTENDED THIS
18 MEETING, SO WE'LL JUST PROVIDE A LITTLE BIT OF A
19 HIGHLIGHT. THERE WERE PRESENTATIONS FROM FOUR
20 COMPANIES, FROM NOVOCELL, ACT, AND -- PARDON ME --
21 FROM THREE COMPANIES -- AND FROM GERON.

22 NOVOCELL FOCUSED ON THEIR HESC-DERIVED
23 INSULIN PRODUCING CELLS. AND I WOULD JUST MAKE THE
24 POINT THAT WHAT WAS REALLY EMPHASIZED DURING THE
25 PRESENTATION WAS CHARACTERIZATION OF THE CELLS, THE

BARRISTERS' REPORTING SERVICE

1 STARTING POPULATION THROUGHOUT DIFFERENTIATION, AND
2 THE FINAL PRODUCT. THE POINT WAS MADE ACTUALLY THAT
3 IN THEIR STARTING POPULATION, THEY DO SEE
4 PERIODICALLY ANEUPLOID POPULATIONS ARISING. SO NO
5 ONE HAS YET SAID WHAT DOES ANEUPLOIDY MEAN, AND IS
6 THERE AN ACCEPTABLE LIMIT OF ANEUPLOIDY? SO THAT
7 POINT WAS ACTUALLY RAISED.

8 ACT TALKED ABOUT HUMAN EMBRYONIC STEM CELL
9 DERIVED RETINAL CELLS, AND THE EMPHASIS THERE WAS
10 THAT EYE IS, IN FACT, UNIQUELY SUITED TO CLINICAL
11 APPLICATION OF CELL TRANSPLANT BECAUSE THE SITE CAN
12 BE READILY MONITORED. IT'S A CONTAINED SITE. YOU
13 HAVE LESS WORRIES ABOUT WHERE THE CELLS MIGHT GET
14 TO, AND YOU CAN ACTUALLY VISUALLY SEE WHAT'S GOING
15 ON IN IT.

16 GERON TALKED ABOUT HESC-DERIVED
17 OLIGODENDROCYTE PRECURSORS, AND THE EMPHASIS, OR AT
18 LEAST NOT AN EMPHASIS, BUT A POINT THAT WAS OF
19 INTEREST WAS THE TERATOMA FORMATION IS PROPORTIONAL
20 TO THE NUMBER OF UNDIFFERENTIATED HESC CELLS IN THE
21 FINAL POPULATION. SO THAT WAS ACTUALLY THEY'VE DONE
22 A NUMBER OF SPIKING EXPERIMENTS TO SHOW THAT THAT'S
23 THE CASE.

24 OF INTEREST TO BOTH MARIE AND I, BECAUSE I
25 GUESS WE HADN'T REALIZED THIS, WAS THAT ALL

BARRISTERS' REPORTING SERVICE

1 COMPANIES ARE RELYING ON THE EFFICIENCIES OF
2 DIFFERENTIATION. THERE ARE NO SEPARATION STEPS IN
3 THIS FROM STARTING MATERIAL TO FINAL PRODUCT. SO
4 THESE ARE MULTISTEP DIFFERENTIATION PROTOCOLS, AND
5 THE COMPANIES ARE REALLY RELYING ON HIGH EFFICIENCY
6 DIFFERENTIATION.

7 OTHER POINTS THAT WERE MADE IS THAT REALLY
8 THE RISK OF TUMORIGENESIS IS SIMPLY NOT KNOWN AT
9 THIS POINT. AND SO YOU HAVE TO DIFFERENTIATE
10 TERATOMA FORMATION FROM TUMORIGENESIS AND IT'S JUST
11 NOT KNOWN. THE POINT WAS MADE IS THERE ANY
12 ACCEPTABLE LEVEL OF TERATOMA FORMATION? WELL, AS
13 PEOPLE POINTED OUT IN THE CNS OR THE BRAIN, NO,
14 THERE IS NO ACCEPTABLE -- THERE IS NO ACCEPTABLE
15 RISK FOR TERATOMA FORMATION.

16 THE POINT WAS RAISED THAT ANIMALS DO NEED
17 TO BE FOLLOWED FOR LONG TIME HORIZONS FOR TUMOR
18 FORMATION. ACTUALLY THIS IS AN ISSUE BECAUSE IN
19 MANY CASES IT'S DIFFICULT TO FOLLOW ANIMALS FOR LONG
20 TIMES. IT'S HARD TO GET APPROVAL FOR THOSE KINDS OF
21 STUDIES. THERE IS NO QUESTION THAT THERE WILL BE
22 LONG-TERM PATIENT FOLLOW-UP. I MEAN THOSE OF YOU
23 WHO FOLLOW GENE THERAPY KNOW THAT THERE'S LONG-TERM
24 PATIENT FOLLOW-UP IN THAT TO, I THINK, UP TO 15
25 YEARS.

BARRISTERS' REPORTING SERVICE

1 CELL CHARACTERIZATION OF THE STARTING
2 HUMAN EMBRYONIC STEM CELL POPULATION AND THE PRODUCT
3 MUST BE ESTABLISHED UNDER MANUFACTURING CONDITIONS
4 USED FOR CLINICAL PRODUCTION. THOSE OF YOU WHO'VE
5 WORKED IN BIOLOGICS KNOW THAT THE PROCESS DEFINES
6 THE PRODUCT. THAT IS CLEARLY GOING TO BE TRUE IN
7 THIS CASE TOO. DON'T EVEN THINK ABOUT DOING YOUR
8 TOXICITY STUDIES WITH MATERIAL THAT YOU HAVEN'T
9 PREPARED UNDER THE CONDITIONS THAT YOU ARE GOING TO
10 USE TO TAKE INTO THE CLINIC.

11 I MEAN THESE POPULATIONS ARE NOT
12 HOMOGENEOUS POPULATIONS. THEY DO HAVE EARLIER STAGE
13 PROGENITORS IN THEM AND MAYBE EVEN A SMALL ABSOLUTE
14 LEVEL OF HUMAN EMBRYONIC STEM CELLS. IT'S NOT
15 CLEAR. BUT THE POINT WAS THAT IF YOUR CELL
16 POPULATION IS HETEROGENEOUS, YOU HAVE TO HAVE
17 DEFINED CRITERIA, AND IT HAS TO BE CONSISTENT. I
18 MEAN YOU HAVE TO HAVE A CONSISTENCY IN YOUR
19 HETEROGENEITY.

20 AGAIN, THE POINT WAS MADE, I THINK, TIME
21 AND TIME AGAIN THAT EVERY EFFORT MUST BE MADE TO
22 AVOID TRANSPLANTING ON DIFFERENTIATED HUMAN
23 EMBRYONIC STEM CELLS. AND THAT BECAUSE OF THE
24 NOVELTY OF THESE THERAPIES AND THE UNCERTAINTIES
25 AROUND THEM, THAT THEY WOULD LIKE A PHASE 1 STUDY

BARRISTERS' REPORTING SERVICE

1 DESIGN TO INCORPORATE EFFICACY AS WELL AS SAFETY.
2 SO NORMALLY, AS YOU ALL KNOW, PHASE 1 STUDIES
3 TYPICALLY ONLY HAVE A SAFETY END POINT, BUT I THINK
4 THEY' RE HOPI NG THAT THERE' LL BE SOME SORT OF
5 BIOMARKERS OR SOMETHING TO SUGGEST THAT AT LEAST
6 YOU' RE HAVING SOME OF THAT EFFECT. AGAIN, AS YOU
7 ALL KNOW, THE NUMBERS THAT ARE TYPICALLY IN A PHASE
8 1 STUDY CERTAINLY DON' T GIVE YOU ANY STATISTICAL
9 EVIDENCE OF EFFICACY WITH ANY REASONABLE CONFIDENCE
10 LEVELS. BUT, YOU KNOW, IF YOU CAN GET SIGNALS, THAT
11 MIGHT BE HELPFUL.

12 I THINK THE POINT WAS ALSO MADE THAT THERE
13 ARE CURRENTLY NO GOOD NONINVASIVE METHODS TO TRACK
14 INFUSED OR TRANSPLANTED CELLS, AND THAT DELIVERY
15 SHOULD BE OPTIMIZED IN THE PRECLINICAL MODEL AS MUCH
16 AS POSSIBLE BECAUSE THERE ARE VERY FEW APPROVED, I
17 THINK THERE' S ONLY ONE APPROVED, IRON OXIDE OR
18 DERIVATIVE FOR IMAGING, AND THERE ARE JUST VERY FEW
19 THINGS. ALSO THE SPONSORS WILL NEED TO DEMONSTRATE
20 AN ADEQUATE IMMUNOSUPPRESSIVE REGIMEN.

21 SO AS I SAY, THIS WAS THE FDA' S FIRST, I
22 THINK, FORAY INTO TRYING TO GET A SENSE OF, YOU
23 KNOW, HEAR FROM THEIR ADVISORS AND FROM CONSULTANTS
24 THAT THEY INVITED TO SIT ON THE PANEL OF HOW THEY
25 SHOULD APPROACH SOME OF THESE POINTS. NEEDLESS TO

BARRISTERS' REPORTING SERVICE

1 SAY, THERE WAS REQUESTS FOR A GUIDANCE DOCUMENT. I
2 SHOULD SAY THAT I STAYED THE NEXT DAY, AND THEY PUT
3 OUT A GUIDANCE DOCUMENT THAT HAD BEEN TWO YEARS IN
4 THE WORKING. SO, YOU KNOW, THIS IS GOING TO BE AN
5 ONGOING DIALOGUE, AND I THINK THAT'S SOMETHING THAT
6 WE ALL HAVE TO BE COGNIZANT OF AND WILLING TO WORK
7 WITH.

8 DR. TROUNSON: THANKS, PAT. I'D JUST LIKE
9 TO SAY THAT IT'S NOT ONLY A PLEASURE WORKING WITH
10 THE STAFF HERE, BUT IT'S ALSO WITH THE MEMBERS OF
11 THE BOARD WHO REALLY HELPED IN MANY OF THESE
12 DIFFERENT ASPECTS. AS I GO AROUND, I'M ACTUALLY
13 GETTING A LOT OF INPUT, BUT I'D HAVE TO SAY, YOU
14 KNOW, THAT SOME OF THE INPUTS HAVE BEEN JUST
15 ABSOLUTELY SUPERB. I WANT TO SAY MICHAEL GOLDBERG
16 HAS BEEN A GREAT HELP TO US IN FORMULATING BUDGETS
17 AND FINANCES. AND JEFF SHEEHY AND SHERRY LANSING
18 HAVE BEEN REALLY TERRIFIC AT HELPING US INTO SOME OF
19 THESE MORE COMPLEX SOCIAL ISSUES WHICH I'VE DARED TO
20 TREAD. BUT I THINK IMPORTANTLY TO, YOU KNOW, LOOK
21 AT WHAT IS GENUINELY THERE. AND, YOU KNOW, EVERY
22 ONE OF THE BOARD MEMBERS -- PHIL IS NODDING BECAUSE
23 WE'VE HAD SOME CONVERSATIONS, BUT THEY'RE HELPING US
24 TO MATURE OUR THINKING. AND WE REALLY DO APPRECIATE
25 IT. SO ALL OF THE CONVERSATIONS THAT I'VE HAD,

BARRISTERS' REPORTING SERVICE

1 PARTICULARLY WITH MEMBERS WHERE I GO OUT AND VISIT
2 THEM, HAS BEEN INCREDIBLY IMPORTANT. AND I SEE US
3 ALL SORT OF LIKE SALMON FACING IN THE RIGHT
4 DIRECTION, AND IT'S BEEN A REAL, REAL PLEASURE.

5 AND WE WOULD -- MR. CHAIRMAN, IF THERE WAS
6 ANYTHING THAT WE SAID THAT WAS TOO CONTROVERSIAL OR
7 NEEDED EXPLANATION, I'M SURE THAT WE WOULD ANSWER
8 ANYONE'S QUESTION.

9 CHAIRMAN KLEIN: ARE THERE ANY QUESTIONS
10 FOR THE PRESIDENT AT THIS TIME?

11 DR. PIZZO: JUST A COUPLE OF COMMENTS
12 MAYBE IN REVERSE ORDER. FIRST, STARTING WITH THE
13 VERY ILLUMINATING DISCUSSION ABOUT THE FDA, I THINK
14 THAT WAS A PRETTY REMARKABLE DISPLAY OF INFORMATION.
15 AND THANK YOU FOR SHARING THAT WITH US.

16 I THINK THAT THE ISSUES THAT YOU RAISED
17 ARE IMPORTANT AND A BIT DAUNTING, AND PARTICULARLY
18 THE DIFFERENTIATED VERSUS UNDIFFERENTIATED CELL
19 POPULATIONS IS GOING TO BE A KEY FACTOR. I THINK
20 ONE OF THE THINGS, DESPITE ALL OF OUR EAGERNESS TO
21 MOVE FORWARD, I THINK WE ALL OF US TOO HAVE TO BE
22 COGNIZANT OF HISTORY. AND YOU ALLUDED TO GENE
23 THERAPY. AS WE'VE WATCHED THAT FIELD GO TOO QUICKLY
24 IN SOME WAYS AND THEN FALL ON ITS FACE, I THINK WE
25 HAVE TO BE VERY SENSITIVE TO THAT ISSUE. IT'S GOING

BARRISTERS' REPORTING SERVICE

1 TO BE AN IMPORTANT DYNAMIC INDEED.

2 THE ISSUE ABOUT PHASE 1 STUDIES WAS ALSO
3 QUITE INTERESTING BECAUSE, IN FACT, THAT'S WHAT
4 HAPPENED IN THE EARLY DAYS OF HIV RESEARCH. THERE
5 BECAME A COMBINATION OF PHASE 1 STUDIES THAT
6 ACTUALLY EARLY SURROGATE MARKERS BEGAN TO PROVE
7 EFFICACY. AND THE ADVANTAGE TO THAT IS THAT IT
8 MEANS SMALLER POPULATIONS, WHICH IS GOING TO BE
9 IMPORTANT TO NOT CREATING TOO LARGE A RISK ISSUE.

10 SO NOW MOVING BACKWARD ONE STEP. I THINK
11 ALAN'S COMMENT ABOUT THE NIH WAS INTERESTING, AND I
12 WANT TO MAKE TWO OBSERVATIONS THERE. ONE OF THEM IS
13 THAT FROM ALL THAT I KNOW, AND I THINK EVERYONE IN
14 THIS ROOM HAS BASICALLY THE SAME ENLIGHTENMENT, THE
15 NIH BUDGET IS GOING TO BE VERY PROBLEMATIC, NOT JUST
16 IN THE PAST FIVE YEARS, BUT GOING FORWARD FOR A
17 NUMBER OF YEARS TO COME. AND EVEN IF THERE IS A
18 CHANGE OR THERE WILL BE A CHANGE OF ADMINISTRATION,
19 I THINK THE LIKELIHOOD THAT THERE'S GOING TO BE
20 SIGNIFICANT FUNDING FOR STEM CELL RESEARCH, JUST
21 BASED UPON THE ABSOLUTE DOLLARS, IS VERY LOW, WHICH
22 MAKES THE EFFORTS IN CALIFORNIA ALL THE MORE
23 IMPORTANT. THAT'S ONE POINT.

24 THE SECOND POINT IS THAT I'M SURE THAT
25 OTHER ACADEMIC CENTERS, INSTITUTES IN CALIFORNIA

BARRISTERS' REPORTING SERVICE

1 WILL ECHO THIS, BUT CIRM, WHEN IT STARTED, WAS
2 REALLY FOCUSED ON PROMOTING STEM CELL RESEARCH. AND
3 THANKFULLY IN THE LAST YEAR WE'RE NOW REALLY MOVING
4 IN THAT DIRECTION. BUT IT'S ACTUALLY SERVING
5 ANOTHER REALLY IMPORTANT ROLE THAT WOULDN'T HAVE
6 BEEN ANTICIPATED FOUR YEARS AGO, WHICH IS THAT IT'S
7 HELPING TO SUSTAIN OUR BIOMEDICAL RESEARCH ENGINE IN
8 CALIFORNIA DURING THIS TREMENDOUS CHANGE OF TIME. I
9 THINK THAT'S A REALLY KEY FACTOR FOR ALL OF US. I
10 THINK THIS IS SOMETHING SADLY THAT IS NOT GOING TO
11 BE AVAILABLE IN OTHER PARTS OF THE COUNTRY.

12 AND THEN THE LAST POINT I WANTED TO MAKE
13 WAS TO THANK ALAN. I THINK YOU STARTED OUT BY
14 PRESENTING DATA TO US, AND YOU DID THIS LAST TIME
15 TOO. AND I THINK THAT IT'S SUCH A WELCOME POINT
16 BECAUSE IT REALLY UNDERSCORES WHAT WE'RE ABOUT. AND
17 I KNOW THAT IN THE DISCUSSIONS ABOUT WHO WOULD SERVE
18 AS PRESIDENT, THERE WAS APPROPRIATE DIALOGUE ABOUT
19 WHAT WAS THE RIGHT CRITERIA, WHAT WERE THE RIGHT
20 CREDENTIALS FOR THE INDIVIDUAL. AND SHOULD IT BE
21 SOMEONE WHO HAD A STRONG SCIENCE BACKGROUND IN
22 ADDITION TO A MANAGEMENT BACKGROUND. AND I THINK,
23 ALAN, YOU'VE GOT BOTH, AND THE SCIENCE BACKGROUND
24 COMES VERY CLEAR BOTH IN TERMS OF THE WAY YOU
25 PRESENT THE DATA AND THE WAY THE INFORMATION IS

BARRISTERS' REPORTING SERVICE

1 BEING SHAPED IN THE AGENDA.

2 SO I THINK THESE ARE REALLY WONDERFUL
3 THINGS TO SEE HAPPENING. SO THANK YOU.

4 CHAIRMAN KLEIN: THANK YOU, DR. PIZZO.
5 OTHER POINTS, QUESTIONS, OR COMMENTS FROM THE BOARD?
6 SHERRY LANSING.

7 MS. LANSING: I JUST WANT TO SAY,
8 EMPHASIZE A LITTLE BIT BECAUSE I WAS GOING TO SAY
9 SOMETHING VERY SIMILAR, BUT I'LL PUT IT MORE FROM A
10 PATIENT ADVOCATE POINT OF VIEW. I THOUGHT THIS WAS
11 A GREAT REPORT, JUST EXTRAORDINARY, ONE OF THE BEST
12 WE'VE EVER HAD BECAUSE THOSE OF US, WHICH IS MOST OF
13 US, WHO HAVE BEEN HERE SINCE THE BEGINNING, IT'S
14 REALLY WONDERFUL TO BE ABLE TO SEE THAT THE SCIENCE
15 IS BEGINNING TO WORK AND THAT WE CAN SEE -- YOU
16 KNOW, WE SPENT AT LEAST TWO YEARS, AND I DON'T MEAN
17 THIS IN A NEGATIVE WAY, IN A BUREAUCRATIC SITUATION
18 WHERE OUR REPORTS WOULD BE THAT WAY. AND IT WAS
19 JUST THRILLING TO SAY, WELL, THIS IS HAPPENING, AND
20 THAT'S HAPPENING, AND WE'RE HELPING THIS, AND WE'RE
21 PARTNERING WITH THIS. SO I CAN'T THANK YOU ENOUGH
22 FOR THIS REPORT. IT WAS EXCEPTIONAL, AND I REALLY
23 LOOK FORWARD TO EVERY REPORT YOU GIVE US. WE'RE
24 VERY, VERY GRATEFUL AND HAPPY TO HAVE YOU.

25 CHAIRMAN KLEIN: IN FACT, HE'S BEEN SUCH A

BARRISTERS' REPORTING SERVICE

1 GOOD PRESIDENT, HE GOT VISITATION RIGHTS. HIS WIFE
2 WAS HERE FOR FOUR DAYS THIS LAST WEEK. IT IS A
3 REMARKABLE SACRIFICE PERSONALLY THAT HIS FAMILY IS
4 MAKING TO SERVE THE PATIENTS OF THIS STATE AND THE
5 WORLD, AND SO WE THANK YOU VERY MUCH, DR. TROUNSON.

6 (APPLAUSE.)

7 CHAIRMAN KLEIN: I'D ALSO LIKE AS A
8 POSTSCRIPT TO SAY THAT THE ISSUE THAT WAS RAISED AT
9 THE FDA HEARING WAS THE QUESTION OF WHETHER HUMAN
10 TRIALS SHOULD BE PERMITTED IF IT WASN'T A LIFE
11 THREATENING CONDITION. THAT I CAN TELL YOU HAS
12 GALVANIZED THE PATIENT ADVOCATES IN THE COUNTRY
13 BECAUSE WHILE WE WELCOME RIGOROUS STANDARDS FOR
14 SAFETY, IT IS VERY IMPORTANT TO RECOGNIZE PATIENTS'
15 PERSPECTIVE ON THEIR RIGHTS. IF THEY HAVE CHRONIC
16 CONDITIONS THAT COMPROMISE THEIR QUALITY OF LIFE,
17 COMPROMISE THEIR ABILITY TO CONTINUE THEIR FAMILIES,
18 TO CONTINUE LIFE AS THEY'VE KNOWN IT, WHETHER DUE TO
19 ACCIDENTS ENGENDERING SPINAL CORD INJURY OR WHETHER
20 IT'S CHRONIC CONDITIONS AS PARKINSON'S AND OTHER
21 DISEASES PROGRESS, IT IS VERY IMPORTANT TO THE
22 PATIENT COMMUNITY THAT THE VOICES BE HEARD IN A
23 RESPONSIBLE WAY FOR THE ABILITY TO HAVE HUMAN TRIALS
24 ON CHRONIC CONDITIONS THAT MATERIALLY UNDERMINE
25 THEIR QUALITY OF LIFE. AND I HOPE AT SOME POINT WE

BARRISTERS' REPORTING SERVICE

1 CAN HAVE A WORKSHOP THAT ADDRESSES THIS TOPIC.

2 I'D LIKE TO MOVE, IF WE CAN, TO THE AGENDA
3 ITEM 4, WHICH WE PAST AS WE WENT FORWARD WAITING FOR
4 THE LAST MEMBERS TO SHOW UP. AND I'M WONDERING IF
5 WE HAVE A MOTION TO APPROVE THE CONSENT CALENDAR,
6 WHICH ARE THE MINUTES FROM THE MARCH 12, 2008,
7 MEETING.

8 DR. BLOOM: SO MOVED.

9 CHAIRMAN KLEIN: SO MOVED BY DR. BLOOM.
10 IS THERE A SECOND?

11 DR. PRIETO: SECOND.

12 CHAIRMAN KLEIN: SECOND BY DR. PRIETO.

13 COMMENTS FROM THE BOARD? SEEING NO COMMENTS,
14 COMMENTS FROM THE PUBLIC? SEEING NO COMMENTS, ALL
15 IN FAVOR. MOTION PASSES.

16 IF WE CAN GO FORWARD, THEN, AT THIS POINT
17 WITH THE AGENDA. ITEM 7 IS NOT NECESSARY, SO WE'LL
18 NOT BE COVERING THAT THIS EVENING.

19 ITEM 8 ADDRESSES CONSIDERATION OF NEW
20 SCIENTIFIC MEMBERS FOR THE GRANTS WORKING GROUP.
21 DR. TROUNSON, WHO WOULD YOU LIKE TO PRESENT THIS
22 ITEM? DR. GIL SAMBRANO, IF YOU WOULD ADDRESS THE
23 BOARD AND THE PUBLIC.

24 DR. SAMBRANO: THANK YOU VERY MUCH, MR.
25 CHAIR AND BOARD MEMBERS. BEFORE I PRESENT THE

BARRISTERS' REPORTING SERVICE

1 NOMINEES, I JUST WANT TO REPORT TO YOU THAT ONE OF
2 OUR REGULAR GRANTS WORKING GROUP MEMBERS,
3 DR. JEFFREY MACKLIS, RESIGNED HIS POST AS A REGULAR
4 MEMBER OF THE WORKING GROUP. THE BOARD HAD
5 PREVIOUSLY APPROVED DR. IAN DUNCAN FROM THE
6 UNIVERSITY OF WISCONSIN AS THE FIRST ALTERNATE TO BE
7 APPOINTED TO FILL THE NEXT AVAILABLE POSITION. AND
8 AS SUCH, DR. DUNCAN HAS ASSUMED THE POSITION OF A
9 REGULAR GRANTS WORKING GROUP MEMBER.

10 WE WISH TO THANK DR. MACKLIS FOR HIS TIME
11 AND EFFORT HE PROVIDED OVER THE LAST TWO YEARS, AND
12 WE ALSO WISH TO CONGRATULATE DR. DUNCAN WHO HAS BEEN
13 VERY DEDICATED AND INVOLVED IN THE MISSION.

14 I ALSO WANT TO REPORT THAT TWO ALTERNATE
15 WORKING GROUP MEMBERS HAVE RESIGNED. DR. RAY
16 MACDONALD FROM UT SOUTHWESTERN AND DR. THOMAS RAY
17 FROM THE UNIVERSITY OF WASHINGTON.

18 SO TODAY WE'RE BRINGING FOR YOUR
19 CONSIDERATION NOMINEES FOR ALTERNATE GRANTS WORKING
20 GROUP MEMBERS WHO WILL EXPAND OUR OVERALL EXPERTISE
21 IN THE AREAS OF CANCER, MUSCULAR DYSTROPHY, TISSUE
22 ENGINEERING, LUNG AND LIVER DISEASE, BRAIN TUMOR, AS
23 WELL AS RETINAL NEUROGENESIS IN THE EYE.

24 AMONG THE GROUP ARE INDIVIDUALS WITH
25 CLINICAL EXPERTISE, INCLUDING EXPERTISE IN

BARRISTERS' REPORTING SERVICE

1 TRANSPLANTATION, THAT CAN MAKE IMPORTANT
2 CONTRIBUTIONS TO OUR REVIEWS OF APPLICATIONS IN THE
3 TRANSLATIONAL AND DISEASE TEAM AREAS. AMONG THEM
4 ARE ALSO AT LEAST TWO INDIVIDUALS WHO WILL VERY
5 LIKELY CONTRIBUTE TO OUR OVERALL ETHNIC DIVERSITY.

6 I WILL REMIND YOU THAT AS ALTERNATE GRANTS
7 WORKING GROUP MEMBERS, THESE INDIVIDUALS MAY BE
8 CALLED UPON TO PARTICIPATE IN A GRANTS WORKING GROUP
9 MEETING AS AN AD HOC REVIEWER OR ASKED TO BECOME A
10 REGULAR MEMBER OF THE GRANTS WORKING GROUP TO
11 REPLACE CURRENT MEMBERS AS NECESSARY. THE ALTERNATE
12 GRANTS WORKING GROUP MEMBERS ARE SUBJECT TO AND MUST
13 AGREE TO ABIDE BY THE SAME CONFLICT OF INTEREST AND
14 FINANCIAL DISCLOSURE POLICY AS REGULAR WORKING GROUP
15 MEMBERS.

16 THE NOMINEES ARE SHOWN AND LISTED WITH
17 THEIR BIOS IN YOUR TAB NO. 8. THESE INDIVIDUALS
18 INCLUDE DR. JUDY ANDERSON FROM THE UNIVERSITY OF
19 MANITOBA IN CANADA. DR. JONATHAN AUERBACH FROM
20 GLOBAL STEM, INC. DR. BARBARA BOYAN FROM EMORY
21 UNIVERSITY. DR. JOSE CIBELLI FROM MICHIGAN STATE
22 UNIVERSITY. DR. GARY GIBBONS FROM THE MOREHOUSE
23 SCHOOL OF MEDICINE. DR. BRIAN HARFE, UNIVERSITY OF
24 FLORIDA. DR. JOHN HASSELL, MCMASTER UNIVERSITY IN
25 CANADA. DR. JOHN LAKE FROM THE UNIVERSITY OF

BARRISTERS' REPORTING SERVICE

1 MINNESOTA. DR. GRACE PAVLATH, EMORY UNIVERSITY.
2 DR. PAMELA RAYMOND, UNIVERSITY OF MICHIGAN. DR.
3 MAURICIO ROJAS FROM EMORY UNIVERSITY. DR. JOSH
4 RUBIN FROM WASHINGTON UNIVERSITY.

5 CIRM REQUESTS YOUR APPROVAL AND
6 APPOINTMENT OF THESE NOMINEES AS ALTERNATE MEMBERS
7 OF THE GRANTS WORKING GROUP.

8 DR. LEVEY: THANK YOU VERY MUCH. I'M NOT
9 BOB KLEIN. BOB HAD TO STEP OUT FOR A MINUTE. SO
10 ARE THERE ANY COMMENTS FROM THE BOARD MEMBERS? ANY
11 COMMENTS FROM THE PUBLIC? CAN WE --

12 MS. KING: YOU ACTUALLY CAN'T TAKE A VOTE
13 UNTIL BOB IS BACK.

14 MR. HARRISON: WE NEED A QUORUM.

15 MR. ROTH: WHILE WE'RE WAITING, JUST A
16 QUESTION ABOUT ANTICIPATING THAT WE'RE GOING TO HAVE
17 PRODUCT LOANS IN THE FUTURE AS PART OF THESE
18 APPLICATIONS, PERHAPS IN THE DISEASE GRANT
19 APPLICATIONS. HAVE YOU THOUGHT ABOUT REVIEWERS THAT
20 CAN ACTUALLY LOOK AT CLINICAL TRIALS AND LOOK AT THE
21 SCOPE OF THE WORK THAT IS BEING PROPOSED? AS ONE
22 BIOTECH PERSON HERE.

23 DR. SAMBRANO: SURE. AS WE CONTINUE TO
24 MOVE FORWARD, I THINK, CERTAINLY INDIVIDUALS THAT
25 HAVE A BACKGROUND FROM INDUSTRY AND BIOTECH WILL BE

BARRISTERS' REPORTING SERVICE

1 IMPORTANT AS MEMBERS OF OUR GRANTS WORKING GROUP.
2 BUT I WILL ALSO REMIND YOU THAT WHENEVER WE HAVE A
3 GRANTS WORKING GROUP MEETING, WE ALSO RELY VERY MUCH
4 ON SPECIALISTS WHO ADD EXPERTISE TO THE ALREADY
5 EXISTING MEMBERS.

6 CHAIRMAN KLEIN: DR. LOVE.

7 DR. LOVE: I WAS GOING TO SAY, ONE, I
8 THINK IT'S A VERY IMPRESSIVE LIST OF CANDIDATES, AND
9 I WOULD MOVE THAT WE APPROVE THE LIST AS YOU
10 RECOMMENDED.

11 BUT I WANTED ASK AT THE BEGINNING OF YOUR
12 REPORT, YOU STARTED OUT WITH LISTING A NUMBER OF
13 RESIGNATIONS. SO I JUST WANTED TO ASK YOU TO
14 COMMENT ON WHETHER OR NOT THERE'S SOMETHING THERE
15 THAT WE SHOULD PONTIFICATE ON OR THINK ABOUT OR GET
16 IN FRONT OF.

17 DR. SAMBRANO: I THINK SERVING FOR THE
18 GRANTS WORKING GROUP IS A VERY CHALLENGING AND
19 TIME-CONSUMING TASK FOR ANYBODY WHO TAKES IT ON.
20 AND THE INDIVIDUALS THAT WE SEEK AND WHO AGREE TO
21 SERVE DO A VERY FINE JOB AND ARE OFTEN
22 OVERCOMMITTED. SO USUALLY THEY COME TO ME AND SAY,
23 "YOU KNOW, I LOVE DOING THIS, BUT I CAN'T DO IT
24 ANYMORE. SORRY I CAN'T HELP." AND SO I THINK, AS
25 AN ONGOING PROCESS, WE NEED TO JUST CONTINUE TO LOOK

BARRISTERS' REPORTING SERVICE

1 FOR OTHER INDIVIDUALS TO COME INTO THE GROUP.

2 DR. PIZZO: JUST TO FOLLOW UP ON THAT,
3 TED, BECAUSE I THINK IT'S AN IMPORTANT POINT. YOU
4 KNOW, IF YOU FRAME THIS ON A BROADER SCALE AND LOOK
5 AT THE PEER REVIEW SYSTEM AT THE NIH, WHICH IS UNDER
6 REVIEW NOW, ONE OF THE BIG PROBLEMS HAS BEEN THE
7 DETERIORATION OF THE QUALITY OF THE PEER REVIEWERS
8 AND THE FACT THAT SENIOR SCIENTISTS ARE NOT ENGAGED.
9 AND THERE'S A LOT OF THOUGHT BEING GIVEN TO HOW TO
10 REENGAGE THEM.

11 SO IN REALITY, WE ARE ACTUALLY DOING
12 AMAZINGLY WELL. WE HAVE A MUCH HIGHER QUALITY OF
13 CRITICAL REVIEWERS POUND FOR POUND THAN CERTAINLY
14 EXISTS ON STUDY SECTIONS THESE DAYS. I THINK IT'S
15 BECAUSE OF THE EXCITEMENT OF THE FIELD AND THE
16 IMPORTANCE OF IT. BUT I DO THINK THAT PEOPLE WILL
17 BURN OUT, AND WE NEED TO MAYBE THINK ABOUT
18 ANTICIPATING THAT SO THAT THEY HAVE CYCLES, AND THEN
19 WE MIGHT BE ABLE TO RECALL THEM AT SOME POINT IN
20 TIME RATHER THAN JUST LET THEM DISAPPEAR INTO THE
21 WILDERNESS.

22 CHAIRMAN KLEIN: PERHAPS -- DR. TROUNSON.

23 DR. TROUNSON: I THINK IT'S VERY IMPORTANT
24 POINT. I THINK IT IS ONE OF THE ISSUES THAT'S
25 CAUSING US THE BIGGEST HEADACHE, TO TRY AND KEEP UP

BARRISTERS' REPORTING SERVICE

1 WITH THIS. AND THERE IS A NEED TO ALLOW PEOPLE TO
2 COME OFF THE DEMANDS. BUT I'M TALKING TO THE ISSCR,
3 THE SOCIETY, THE INTERNATIONAL STEM CELL RESEARCH
4 SOCIETY, TO SEE THAT BEING A REFEREE GETS A HIGHER
5 RECOGNITION RATE THAN IT CURRENTLY DOES. AND SO,
6 PHIL, I THINK THAT MIGHT ALSO HELP IF YOU AND YOUR
7 COLLEAGUES, IN LOOKING AT PEOPLE'S CV'S FOR
8 PROMOTIONS AND SO ON, WOULD ACTUALLY GIVE SOME
9 WEIGHT TO THOSE THINGS, WHICH YOU PROBABLY DO, BUT
10 MAYBE NOT AS MUCH WEIGHT AS SOME OF THE OTHER
11 ACTIVITIES THAT THEY DO. IF WE COULD DO THAT, I
12 THINK THEY COULD SEE IT AS PART OF THEIR -- THE
13 SCIENTISTS AS PART OF THEIR TOOLS OF TRADE.

14 I THINK IT WILL BE A LITTLE EASIER, TO BE
15 HONEST. SO I THINK THERE'S A CHALLENGE HERE AMONGST
16 DEANS AND ACADEMICS TO RECOGNIZE THIS AS WELL AS
17 GETTING SOCIETIES TO REALLY RECOGNIZE THE BENEFITS
18 TO US ALL OF BEING INVOLVED.

19 DR. PIZZO: ABSOLUTELY. I THINK ONE OF
20 THE OTHER IMPORTANT THINGS WHICH WE SHOULDN'T LOSE
21 SIGHT OF IS THAT THOSE WHO ARE SERVING ON NATIONAL
22 STUDY SECTIONS ARE REALLY QUITE DISMAYED THESE DAYS,
23 RIGHT. SO THERE'S JUST A REVIEW OF THIS RECENTLY.
24 PEOPLE ARE FEELING DESPONDENT BECAUSE THEY'RE GOING
25 AND MOST OF THE GRANTS ARE BEING TURNED DOWN. SO

BARRISTERS' REPORTING SERVICE

1 ONE OF THE BIG DIFFERENCES HERE IS THAT THERE'S
2 ACTUALLY A CHANCE FOR SOMETHING TO HAPPEN. AND I
3 THINK EVEN THOUGH -- SUE AND I WERE WHISPERING ABOUT
4 THIS. EVEN THOUGH THESE INDIVIDUALS ARE NOT GOING
5 TO BENEFIT IN THEIR HOME INSTITUTIONS, I THINK
6 SCIENTISTS ARE INHERENTLY ALTRUISTIC AND WANT GOOD
7 SCIENCE TO GO FORWARD NO MATTER WHAT. THIS IS A
8 GOOD WAY OF THEM BEING ABLE TO PROMOTE THAT.

9 DR. LEVEY: I JUST WANT TO ASK TWO VERY
10 SHORT QUESTIONS. DID THE INCREASE IN HONORARIUM
11 THAT WE PROVIDED HELP IN RETAINING OR ATTRACTING
12 REVIEWERS.

13 AND SECOND QUESTION TO ASK, SEVERAL YEARS
14 AGO WE TALKED ABOUT MAKING IT POSSIBLE FOR THEM
15 SOMETIMES TO CONNECT USING TELECONFERENCING TO STOP
16 SOME OF THE TRAVEL. I WONDER IF WE'VE IMPLEMENTED
17 THAT. IF SO, IF IT'S BEEN HELPFUL.

18 DR. TROUNSON: I CAN ANSWER BOTH OF THOSE.
19 YES AND YES. I THINK THE PAYMENT CERTAINLY HELPS.
20 IT CERTAINLY OFFSET SOME OF THE ISSUES ASSOCIATED
21 WITH HAVING TO TRAVEL AND TO BE INVOLVED IN THE TIME
22 TAKEN TO REVIEW BECAUSE WE ASK THEM TO REVIEW A LOT
23 OF APPLICATIONS.

24 THE OTHER THING IS THAT WE'VE NOW GOT A
25 VIDEOCONFERENCING CAPACITY AT CIRM. AND WE'RE GOING

BARRISTERS' REPORTING SERVICE

1 TO ACTUALLY TRY FOR THE FIRST TIME COMING UP SOON AN
2 EAST COAST VENUE, AND WE' LL PROBABLY SEND SOMEBODY,
3 STAFF MEMBER, OVER THERE TO ENSURE THE RECLUSING AND
4 OTHER THINGS HAPPEN PROPERLY THERE. BUT WE HAVEN' T
5 TRIED THAT. I THINK WE CAN PROBABLY EXPAND THAT IN
6 DUE COURSE, BUT WE' RE NOW GOING TO TRY THAT COMING
7 UP SOON.

8 CHAIRMAN KLEIN: ADDITIONAL COMMENTS?
9 OKAY. WE HAVE A MOTION BY DR. LOVE. DO WE HAVE A
10 SECOND?

11 DR. LEVEY: SECOND.

12 CHAIRMAN KLEIN: SECOND BY DR. LEVEY. DO
13 WE HAVE PUBLIC COMMENT?

14 MR. REED: CAN WE HAVE PUBLIC COMMENT ON A
15 PREVIOUS MATTER THAT WASN' T ALLOWED AT THAT TIME,
16 THE FDA?

17 CHAIRMAN KLEIN: THE FDA? LET' S WAIT.
18 WE' RE GOING TO HAVE A LATER POINT FOR PUBLIC COMMENT
19 THAT' S GENERAL PUBLIC COMMENT, BUT IS THERE ANY
20 PUBLIC COMMENT ON THIS MOTION? ALL RIGHT. MOTION
21 HAS BEEN MADE AND SECONDED. WOULD THE COUNSEL
22 PLEASE REPEAT THE INTENT OF THE MOTION?

23 MR. HARRISON: THE MOTION IS TO APPROVE
24 THE LIST OF NEW MEMBERS OF THE GRANTS WORKING GROUP
25 TO SERVE AS ALTERNATES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU. WITH THAT ON
2 THE RECORD, ALL IN FAVOR. OPPOSED? MOTION PASSES.
3 THANK YOU, GIL.

4 CONSIDERATION OF CONCEPT PLAN FOR TRAINING
5 GRANTS II, THE SCHOLARS PROGRAM. AND, GIL, DR.
6 SAMBRANO, IF YOU WILL PLEASE LEAD US THROUGH THIS.
7 I'D LIKE TO REMIND EVERYONE THAT, AS I THINK
8 DR. TROUNSON ALLUDED TO, OUR FIRST TRAINING GRANT
9 ROUNDS WERE ACTUALLY APPROVED IN SEPTEMBER 2005. ON
10 APRIL 16TH OF 2006, WE APPROVED THE FIRST 16
11 PROGRAMS. THOSE 16 INSTITUTIONS HAVE HAD REMARKABLE
12 PRODUCTIVITY WITH A NUMBER OF OUR YOUNG SCHOLARS
13 HAVING PUBLISHED IN *SCIENCE* OR *NATURE* OR OTHER
14 FIRST- AND SECOND-TIER PUBLICATIONS.

15 AGAIN, WE HAVE TO BE FOCUSED ON THE FACT
16 THAT THE FIRST-TIME GRANTS FOR PI, AT THE NIH THE
17 AVERAGE AGE IS NOW 43 YEARS OLD, WHICH DEVASTATES AN
18 ENTIRE GENERATION OF CLINICIANS AND CLINICIAN
19 SCIENTISTS. AND OUR PROGRAM IS, THEREFORE,
20 EXTREMELY IMPORTANT FOR YOUNG SCIENTISTS IN THIS
21 COUNTRY AND IN THIS FIELD SPECIFICALLY.

22 I THINK WE HAVE A RESPONSIBILITY WITH A
23 NEW ADMINISTRATION COMING IN TO MAKE CERTAIN WE'RE
24 THERE PULLING OUR WEIGHT FOR THE BENEFIT OF EVERYONE
25 IN THIS COUNTRY FOR GETTING ADDITIONAL NIH FUNDS.

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO IS RIGHT. IT WILL BE EXTREMELY DIFFICULT.
2 I THINK THAT THERE'S SOME CREATIVE WAYS TO WORK WITH
3 THE PAY-AS-YOU-GO FUNDING SYSTEM AND REALLY ANALYZE
4 INVESTMENTS IN THIS FIELD WITH A PARADIGM SHIFT TO
5 FOCUS ON LONG-TERM FUNDING OF THESE DEVELOPMENTS
6 INSTEAD OF LOOKING AT SHORT-TERM FUNDING, REALLY
7 VIEWING THESE, AS WE SAID FROM THE VERY BEGINNING,
8 AS A CAPITAL INVESTMENT IN THE INTELLECTUAL
9 INFRASTRUCTURE OF THIS COUNTRY. I THINK WE'RE GOING
10 TO HAVE TO MAKE THIS SHIFT IMMEDIATELY. IT IS NOT
11 SUFFICIENT FOR CALIFORNIA TO BE THE ONLY PLACE WHERE
12 YOUNG SCIENTISTS CAN REALLY GET A CHANCE TO SHOW
13 THEIR BRILLIANCE.

14 DR. SAMBRANO.

15 DR. SAMBRANO: OKAY. THANK YOU VERY MUCH.
16 SO I'M VERY PLEASED TO BRING TO YOU A CONCEPT
17 PROPOSAL FOR THE CIRM RESEARCH TRAINING GRANTS II.
18 AND JUST TO REITERATE, YOU ARE ALL VERY FAMILIAR
19 WITH THE ORIGINAL TRAINING PROGRAM THAT IS CURRENTLY
20 FUNDING 16 INSTITUTIONS. THAT FUNDING BEGAN IN
21 APRIL OF 2006 AND WILL END THE LAST DAY OF MARCH IN
22 2009.

23 THAT PROGRAM CURRENTLY SUPPORTS 170
24 TRAINEES PER YEAR. AND YOU MAY RECALL THAT A FEW
25 MONTHS AGO I BROUGHT TO YOU A REPORT ON THE ANNUAL

BARRISTERS' REPORTING SERVICE

1 TRAINEE MEETING WHERE WE BROUGHT TOGETHER BOTH
2 TRAINEES AND THEIR MENTORS TOGETHER. WE HAD ABOUT
3 200 ATTENDEES OF THAT MEETING. IT RESULTED IN ABOUT
4 115 ABSTRACTS OR POSTERS THAT WERE PRESENTED. IT
5 WAS A GREAT OPPORTUNITY FOR US TO MEET THEM AND SEE
6 THE TYPES OF TRAINEES AND THE CALIBER OF TRAINEES
7 THAT ARE THERE. AND AS HAS BEEN NOTED EARLIER, WE
8 SEE OFTEN THEIR NAMES IN PUBLICATIONS.

9 THERE WAS ALSO A MEETING BOOKLET THAT WAS
10 DISTRIBUTED TO ALL OF YOU, AND THAT'S STILL
11 AVAILABLE IF ANYBODY WOULD LIKE A COPY.

12 SO TODAY WE WANT TO CONTINUE MOVING
13 FORWARD WITH THIS TYPE OF TRAINING INITIATIVE. THE
14 INITIATIVE GOALS, OF COURSE, ARE TO FOSTER AND
15 ENHANCE THE RESEARCH EXPERIENCE OF BOTH THE BASIC
16 AND CLINICAL SCIENCE IN STEM CELL BIOLOGY DURING THE
17 DOCTORAL AND IMMEDIATE POSTDOCTORAL STAGES OF THEIR
18 CAREER. AND, OF COURSE, ALSO TO ENCOURAGE TRAINEES
19 TO DEVELOP CAREERS IN STEM CELL SCIENCE AND
20 REGENERATIVE MEDICINE.

21 THE CONCEPT FEATURES MENTORED RESEARCH
22 WITH A FACULTY MEMBER AT THE HOST INSTITUTION DOING
23 WORK IN STEM CELL SCIENCE AND REGENERATIVE MEDICINE.
24 TRAINEES CAN BE AT ANY OF THE LEVELS OF PREDOCTORAL,
25 POSTDOCTORAL, OR CLINICAL FELLOW. ALL PROGRAMS MUST

BARRISTERS' REPORTING SERVICE

1 SPONSOR A COURSE IN STEM CELL BIOLOGY AS WELL AS
2 ETHICAL, LEGAL, AND SOCIAL ISSUES IN WHICH ALL
3 TRAINEES PARTICIPATE. AND, OF COURSE, ALREADY WE
4 HAVE OTHER RELEVANT POLICIES IN PLACE IN THE GRANTS
5 ADMINISTRATION POLICY.

6 THERE ARE THREE CATEGORIES IN WHICH
7 APPLICANTS MAY COMPETE IN. THESE ARE THE SAME AS
8 CURRENTLY EXIST. THE TYPE I IS THE COMPREHENSIVE
9 TRAINING PROGRAMS, WHICH PROVIDES AN ANNUAL BUDGET
10 OF 1.31 MILLION FOR TRAINING UP TO 16 TRAINEES AT
11 ALL TRAINEE LEVELS. SO THESE ARE FOR LARGER
12 PROGRAMS THAT HAVE EXTENSIVE STEM CELL RESEARCH
13 PROGRAMS THAT RANGE FROM PREDOCTORAL TRAINING
14 PROGRAMS THROUGH CLINICAL FELLOWS, SO THEY'LL
15 USUALLY HAVE MEDICAL SCHOOLS.

16 THE TYPE II ARE FOR INTERMEDIATE TRAINING
17 PROGRAMS. THESE ARE SLIGHTLY LESS EXTENSIVE
18 PROGRAMS. IT OFFERS 840,000 PER YEAR FOR UP TO TEN
19 TRAINEES, AND IT CAN HOST TWO TRAINEE LEVELS, EITHER
20 PREDOCTORAL AND POSTDOCTORAL, FOR EXAMPLE, OR A
21 CLINICAL FELLOW AND POSTDOCTORAL.

22 THE TYPE III ARE MORE SPECIALIZED AND MORE
23 FOCUSED TRAINING PROGRAMS THAT OFFER 125,000 PER
24 YEAR, CAN HOST UP TO SIX TRAINEES, AND ONE OR TWO
25 TRAINEE LEVELS, DEPENDING ON THE FOCUS OF THEIR

BARRISTERS' REPORTING SERVICE

1 PROGRAM. AND YOU WILL NOTE THAT THESE ANNUAL BUDGET
2 LEVELS REPRESENT A 5-PERCENT INCREASE OVER THE
3 PREVIOUS RFA.

4 THE AWARDS COVER TRAINEE-RELATED COSTS,
5 SUCH AS THE STIPENDS, TUITION AND FEES FOR
6 PREDOCTORAL FELLOWS, HEALTH INSURANCE, AN ALLOWANCE
7 FOR RESEARCH SUPPLIES, AND TRAVEL. IT ALSO COVERS
8 PROGRAM ADMINISTRATION COST, FOR EXAMPLE, FOR
9 PUTTING COURSES AND SEMINARS TOGETHER, AS WELL AS
10 PARTIAL COVERAGE OF THE PROGRAM DIRECTOR SALARY.

11 THE OVERALL SCOPE AND BUDGET, THESE
12 PROGRAMS ARE AVAILABLE TO NONPROFIT COLLEGES,
13 UNIVERSITIES, AND RESEARCH INSTITUTIONS IN
14 CALIFORNIA. CIRM WILL ACCEPT ONE APPLICATION PER
15 INSTITUTION. THE PROGRAMS ARE INTENDED TO BE FUNDED
16 FOR UP TO THREE YEARS AND TO HAVE UP TO 18 PROGRAMS
17 FUNDED. THE TOTAL PROGRAM COST WOULD BE ABOUT \$48
18 MILLION.

19 THE PROVISIONAL TIMETABLE IS AS FOLLOWS.
20 THE RFA WOULD BE ISSUED IN JUNE, GRANTS WORKING
21 GROUP REVIEW IN NOVEMBER OF THIS YEAR, AND APPROVAL
22 IN EARLY 2009 BEFORE THE TERMINATION OF THE CURRENT
23 AND EXISTING TRAINING PROGRAM.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
25 QUESTION, GIL. THERE IS ROOM FOR 18 AS PROPOSED BY

BARRISTERS' REPORTING SERVICE

1 THE STAFF AS VERSUS THE 16 WE PREVIOUSLY APPROVED.

2 DR. SAMBRANO: THAT'S CORRECT.

3 CHAIRMAN KLEIN: IF TWO NEW INSTITUTIONS
4 ARE APPROVED, UNLIKE THE OTHER 16, THEY WILL NOT
5 HAVE FUNDS AVAILABLE. THE OTHER 16 WILL HAVE FUNDS
6 THROUGH THE FOLLOWING JUNE. QUESTION FOR YOU IS IF
7 THERE ARE NEW PROGRAMS APPROVED, WOULD WE BE, AFTER
8 THE APPROVAL, IN EARLY 2009, COULD THEY BEGIN THEIR
9 PROGRAMS IMMEDIATELY WITH FUNDING THAT WOULD RELATE
10 TO THAT DATE OF THE APPROVAL, OR WOULD THEY HAVE TO
11 WAIT TILL JUNE TO BEGIN THEIR PROGRAM?

12 DR. SAMBRANO: SO IF WE HAVE A NEW
13 PROGRAM, THEY'RE NOT NECESSARILY SUBJECT TO
14 FOLLOWING ON A CONTINUATION FROM A PREVIOUS PROGRAM.
15 SO THIS IS A COMPLETELY NEW RFA. I THINK MOST OF
16 THE PROGRAMS WILL LIKELY START AT AROUND THE SAME
17 TIME, WHICH WOULD PROBABLY BE APRIL OF 2009.

18 CHAIRMAN KLEIN: GOOD. OKAY. ADDITIONAL
19 QUESTIONS FROM THE BOARD? I'LL ENTERTAIN A MOTION,
20 IF THERE'S A MOTION, AND THEN PUBLIC COMMENTS.

21 DR. FRIEDMAN: SO MOVED.

22 DR. LEVEY: SECOND.

23 CHAIRMAN KLEIN: DR. FRIEDMAN MOTION,
24 SECONDED BY DR. LEVEY. ANY ADDITIONAL BOARD
25 COMMENTS BEFORE I GET PUBLIC COMMENTS?

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: IT'S FANTASTIC.

2 CHAIRMAN KLEIN: THAT'S POIGNANT AND
3 TREMENDOUS. PUBLIC COMMENT, PLEASE.

4 MR. SIMPSON: JOHN SIMPSON FROM THE
5 ORGANIZATION THAT NOW CALLS ITSELF CONSUMER
6 WATCHDOG. THIS IS A FANTASTIC PROGRAM. IT'S GREAT.
7 I MEAN YOU JUST EXPLAINED THE VALUE OF IT WITH A SAD
8 STATISTIC ABOUT THE AVERAGE AGE OF AWARDS TO
9 SCIENTISTS. BUT THIS IS ALSO ANOTHER OPPORTUNITY.
10 AND THAT IS A PLACE WHERE YOU COULD OPEN UP YOUR
11 GRANTS REVIEW PROCESS A LITTLE BIT SO THAT PEER
12 REVIEW WOULD BE UNDERSTOOD BY THE PUBLIC. YOU'RE
13 NOT GOING TO BE TALKING HERE ABOUT INDIVIDUALS.
14 YOU'LL BE TALKING ABOUT INSTITUTIONS' PROGRAMS, SO I
15 WOULD SUGGEST THAT YOU CONSIDER AS PART OF THIS THAT
16 THIS PARTICULAR PEER REVIEW BE OPEN TO THE PUBLIC
17 JUST AS THE FACILITIES WORKING GROUP EXPERT REVIEW
18 WAS OPEN TO THE PUBLIC. I THINK PEOPLE WOULD BETTER
19 UNDERSTAND HOW PEER REVIEW IS DONE. THEY WOULD HAVE
20 A BETTER FAITH IN THE WHOLE PROCESS. AND, INDEED,
21 WE'RE NOT TALKING ABOUT INDIVIDUALS. WE'RE TALKING
22 ABOUT INSTITUTIONS. AND I THINK THAT THEY'RE ALL OF
23 THEM TOUGH ENOUGH TO BE ABLE TO WITHSTAND PUBLIC
24 REVIEW. SO I WOULD SUGGEST THAT YOU CONSIDER THAT
25 APPROACH IN THIS EXCELLENT PROGRAM. THANK YOU.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
2 ADDITIONAL PUBLIC COMMENT? SEEING NONE, CALL THE
3 QUESTION. ALL IN FAVOR. OPPOSED? MOTION PASSES.
4 THANK YOU VERY MUCH, DR. SAMBRANO.

5 IF WE CAN GO TO -- WELL, LET ME TAKE THE
6 TEMPERATURE OF THE BOARD HERE. ARE WE PREPARED FOR
7 A FIVE-MINUTE BREAK AT THIS POINT. FIVE-MINUTE
8 BREAK. AND I AM OPTIMISTIC THAT YOU CAN REALLY COME
9 BACK WITHIN FIVE MINUTES.

10 (A RECESS WAS TAKEN.)

11 CHAIRMAN KLEIN: IF WE COULD RECONVENE,
12 PLEASE. WE WILL RECONVENE. THANK YOU. ALL RIGHT.
13 THANK YOU VERY MUCH. WE ARE MOVING FORWARD, AND WE
14 WOULD LIKE TO GO INTO THE ITEM NO. 10, CONSIDERATION
15 OF CONCEPT, AND IT'S LISTED AS TECHNICAL TRAINING
16 AWARDS. THE ACTUAL NAME IS INTERNSHIP TRAINING
17 AWARDS. IT INVOLVES A PARTNERSHIP BETWEEN THE
18 RESEARCH INSTITUTIONS IN THE STATE WITH ESTABLISHED
19 PROGRAMS ALONG WITH THE STATE UNIVERSITY SYSTEM AND
20 THE COMMUNITY COLLEGES AS POTENTIAL PARTICIPANTS.

21 IF WE COULD ASK DR. YAFFE.

22 DR. YAFFE: MR. CHAIRMAN AND MEMBERS OF
23 THE BOARD, I PRESENT FOR YOUR CONSIDERATION A
24 CONCEPT PROPOSAL FOR A NEW CIRM INITIATIVE, THE
25 BRIDGES TO STEM CELL RESEARCH AWARDS. THE KEY GOAL,

BARRISTERS' REPORTING SERVICE

1 A CENTRAL GOAL OF THIS INITIATIVE IS TO EXPAND
2 CALIFORNIA'S WORKFORCE IN STEM CELL SCIENCE AND IN
3 REGENERATIVE MEDICINE. AN EQUALLY IMPORTANT GOAL IS
4 TO PROVIDE RESEARCH AND TRAINING OPPORTUNITIES FOR
5 STUDENTS REPRESENTING THE DIVERSITY OF CALIFORNIA'S
6 POPULATION. IN PARTICULAR, TO FACILITATE
7 INVOLVEMENT OF STUDENTS WHO DO NOT HAVE READY ACCESS
8 TO OPPORTUNITIES AND PARTICIPATION IN STEM CELL
9 RESEARCH.

10 A KEY FEATURE OF THIS PROGRAM IS A SERIES
11 OF RESEARCH INTERNSHIPS IN WHICH STUDENTS WILL
12 PARTICIPATE DIRECTLY IN BIOMEDICAL RESEARCH IN STEM
13 CELL LABORATORIES. THIS RESEARCH WILL BE AUGMENTED
14 WITH TECHNIQUES COURSES AT CIRM-FUNDED SHARED LAB
15 FACILITIES. AND THESE RESEARCH ACTIVITIES WILL BE
16 INTEGRATED WITH ESTABLISHED OR NEW UNDERGRADUATE AND
17 MASTER'S LEVEL EDUCATIONAL PROGRAMS AT THE HOME
18 APPLICANT INSTITUTIONS.

19 ADDITIONALLY, THE PROGRAMS WILL FEATURE
20 SUPPORTIVE AND COMPLEMENTARY EDUCATIONAL ACTIVITIES,
21 INCLUDING SEMINARS, AUXILIARY COURSES, MENTORING
22 ACTIVITIES, AND TRACKING OF STUDENT ACHIEVEMENT.
23 THIS PROGRAM WILL BE OPEN TO APPLICANT OR HOME
24 INSTITUTIONS WHICH ARE PUBLIC AND PRIVATE CALIFORNIA
25 EDUCATIONAL INSTITUTIONS WHICH DO NOT HAVE A

BARRISTERS' REPORTING SERVICE

1 CIRM-FUNDED SHARED LAB FACILITY. SUCH INSTITUTIONS
2 IN PARTICULAR AS CALIFORNIA STATE UNIVERSITY
3 CAMPUSES, CALIFORNIA COMMUNITY COLLEGES, AND PRIVATE
4 CALIFORNIA COLLEGES AND UNIVERSITIES WILL BE
5 ELIGIBLE TO PARTICIPATE IN THIS PROGRAM.

6 THESE INSTITUTIONS, THESE HOME
7 INSTITUTIONS, WILL FORM PARTNERSHIPS WITH INTERNSHIP
8 HOST INSTITUTIONS. THESE ARE OUR RESEARCH INTENSIVE
9 UNIVERSITIES, RESEARCH INSTITUTES, AND PRIVATE
10 SECTOR COMPANIES IN CALIFORNIA ENGAGED IN STEM CELL
11 RESEARCH. THESE ORGANIZATIONS WILL PROVIDE THE
12 SETTING AND ENVIRONMENT FOR THE RESEARCH INTERNSHIP
13 THAT THE STUDENTS WILL PARTICIPATE IN.

14 THE CIRM AWARDS WILL FUND STUDENT
15 STIPENDS, EDUCATIONAL EXPENSES, AND RESEARCH
16 SUPPLIES DURING THE INTERNSHIP. ADDITIONALLY, THEY
17 WILL SUPPORT TRAINING COURSES AT THE SHARED LAB
18 FACILITIES AND PROVIDE PROGRAM ADMINISTRATION AND
19 EDUCATIONAL ENHANCEMENT ACTIVITIES AT THE HOME
20 INSTITUTIONS.

21 EACH AWARD WILL SUPPORT UP TO TEN INTERNS
22 PER YEAR, AND INTERNSHIPS WILL HAVE SIX TO 12 MONTHS
23 DURATION. PROGRAMS WILL BE FUNDED FOR UP TO THREE
24 YEARS, AND WE PLAN FOR CIRM TO FUND TEN SUCH
25 PROGRAMS.

BARRISTERS' REPORTING SERVICE

1 THE OVERALL PROGRAM COST IS UP TO \$18
2 MILLION. OUR PROVISIONAL TIMETABLE FOR THESE AWARDS
3 IS THAT THE RFA WILL BE POSTED IN JUNE, GRANTS
4 REVIEW WORKING GROUP REVIEW OF THE APPLICATIONS WILL
5 OCCUR IN NOVEMBER, AND WE WILL SEEK YOUR APPROVAL
6 FOR THE TOP APPLICATIONS TO BE FUNDED IN EARLY 2009.

7 WE BELIEVE THIS PROGRAM WILL ADDRESS A
8 VITAL NEED OF STEM CELL RESEARCH AND WILL PROVIDE
9 UNIQUE OPPORTUNITIES FOR PROMISING STUDENTS FROM
10 THROUGHOUT CALIFORNIA. AND WE REQUEST YOUR APPROVAL
11 OF THIS PROPOSAL. THANK YOU.

12 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IF
13 I COULD HAVE DR. CHANDLER, WHO WOULD LIKE TO MAKE A
14 COMMENT.

15 DR. CHANDLER: FOR THE RFA, THIS IS FOR
16 THE HOME INSTITUTIONS ARE THE ONES THAT APPLY?

17 DR. YAFFE: THE HOME INSTITUTIONS WILL BE
18 THE APPLICANTS.

19 DR. CHANDLER: SO THEN WHAT'S THE
20 MECHANISM FOR THE HOST INSTITUTION?

21 DR. YAFFE: THE HOME INSTITUTIONS WILL
22 HAVE A PROGRAM DIRECTOR AND A COMMITTEE THAT WILL
23 ESTABLISH PARTNERSHIPS WITH INDIVIDUAL RESEARCHERS
24 OR WITH PROGRAMS AT INTERNSHIP HOST INSTITUTIONS,
25 THE INSTITUTIONS THAT HAVE STEM CELL LABS. IN MANY

BARRISTERS' REPORTING SERVICE

1 CASES LIKELY APPLICANTS ALREADY HAVE SUCH
2 RELATIONSHIPS ESTABLISHED. FOR EXAMPLE, IF SAN
3 DIEGO STATE UNIVERSITY ESTABLISHED SUCH A PROGRAM,
4 ONE COULD ENVISION PLACEMENT OF STUDENTS AT UCSD, AT
5 THE SALK IF THEY WANT VERY GOOD TRAINING, AT THE
6 BURNHAM, OR AT OTHER INSTITUTIONS WITHIN SAN DIEGO.

7 DR. CHANDLER: SO ESSENTIALLY, THEN, THE
8 HOME INSTITUTIONS ARE THE ONES THAT ACTUALLY GATHER
9 THE HOSTS?

10 DR. YAFFE: THAT'S CORRECT. BUT OUR STAFF
11 WILL COOPERATE AND PARTICIPATE IN HELPING TO GET
12 HOST INSTITUTIONS AND HOME INSTITUTIONS CONNECTED TO
13 ONE ANOTHER.

14 DR. CHANDLER: THAT'S REALLY WHAT I WAS
15 INTERESTED IN.

16 CHAIRMAN KLEIN: DUANE ROTH.

17 MR. ROTH: SO THE THOUGHT I HAVE, I AGREE
18 WITH THE TEN TIMES TEN, A HUNDRED STUDENTS, BUT I'M
19 CONCERNED ABOUT THE DEPTH OF SOME INSTITUTIONS TO DO
20 TEN AND OTHER INSTITUTIONS WHO COULD CERTAINLY DO
21 DOUBLE THAT AMOUNT. AND I'D LIKE TO SUGGEST PERHAPS
22 THAT THERE BE A RANGE OF WHAT CAN BE APPLIED FOR
23 BECAUSE MAKING THAT MATCH, THE HOST INSTITUTIONS
24 HAVE GOT TO HAVE THE CAPACITY TO TAKE THE STUDENTS,
25 AND THE HOME INSTITUTIONS -- OR THE HOST

BARRISTERS' REPORTING SERVICE

1 INSTITUTIONS HAVE TO HAVE THE CAPACITY TO FIND
2 ENOUGH INTEREST TO DO THAT, AND THE HOME -- I'M
3 SAYING IT WRONG. YOU UNDERSTAND MY DRIFT. BUT I
4 THINK YOUR RANGE THAT YOU'RE GOING TO TREAT TEN OF
5 THESE EXACTLY THE SAME AS OPPOSED TO GIVING A RANGE,
6 THAT YOU COULD DO AS FEW AS FIVE, OR YOU COULD DO AS
7 MANY AS 20.

8 DR. YAFFE: WE ENVISION THAT YOU COULD DO
9 AS FEW AS A FEW. IN FACT, IT'S UP TO TEN. WE DREW
10 THE LINE AT TEN INITIALLY IN THE THOUGHT IN A SENSE
11 THIS IS A PILOT PROGRAM. WE WOULD LIKE, IF IT IS
12 SUCCESSFUL, TO COME BACK WITH ADDITIONAL PROGRAMS OF
13 THIS TYPE PERHAPS FINALLY ADJUSTED BY OUR EXPERIENCE
14 IN THE PROGRAM. SO I AGREE 100 IS A SOMEWHAT
15 ARBITRARY NUMBER. AND ESSENTIALLY THIS PROGRAM WILL
16 TRAIN 300 STUDENTS IN THREE YEARS, BUT --

17 CHAIRMAN KLEIN: IF I COULD DO A
18 CLARIFICATION, IT MAY BE HELPFUL, DUANE. MY
19 UNDERSTANDING IS YOU ARE GOING TO FUND AN EQUIVALENT
20 TO TEN, BUT MANY OF THESE INSTITUTIONS, STATE
21 UNIVERSITIES OR COMMUNITY COLLEGES, MAY, IN FACT,
22 HAVE THE RESOURCES FROM MATCHING FUNDS. SO THAT IF
23 THEY WERE TO PUT UP MATCHING FUNDS FROM STATE
24 UNIVERSITY ENDOWMENTS OR FROM INDIVIDUAL DONORS,
25 THAT THIS IS A VERY ATTRACTIVE PROGRAM. AS LONG AS

BARRISTERS' REPORTING SERVICE

1 THE HOME INSTITUTION CAN FIND A PLACE FOR THESE
2 STUDENTS, AS LONG AS THERE'S HIGH QUALITY, AND
3 THERE'S A -- THE HOST INSTITUTION OR MULTIPLE HOST
4 INSTITUTIONS ARE PREPARED TO ACCOMMODATE THEM, THEY
5 COULD, IN FACT, USE THE FUNDS THAT ARE EQUIVALENT TO
6 TEN TO DO 20 IF THEY HAD MATCHING FUNDS. IS THAT A
7 CORRECT UNDERSTANDING?

8 DR. YAFFE: ABSOLUTELY.

9 CHAIRMAN KLEIN: AND THE KEY HERE IS IF WE
10 CAN LOOK AT JUST THE INSTITUTIONS THAT ARE GOING TO
11 BE CONSIDERED FOR MAJOR FACILITIES AWARDS TONIGHT,
12 THERE'S RESEARCH CAPACITY FOR 2200 SCIENTISTS. AND
13 THAT DOESN'T INCLUDE INSTITUTIONS AND A NUMBER OF
14 OTHER FINE INSTITUTIONS THAT HAVE BUILDING PROGRAMS
15 AT ANOTHER STAGE, SOME COMPLETED, LIKE THE
16 GLADSTONE. SO THE TECHNICAL CAPACITY THAT WE NEED
17 MAY, IN FACT, BE SUBSTANTIALLY GREATER THAN WHAT
18 WE'RE FUNDING HERE. THESE INDIVIDUALS MAY REALLY BE
19 OF VALUE OVER THE NEXT TWO YEARS AS THESE NEW
20 FACILITIES COME ONLINE TO THE HOST INSTITUTIONS IN
21 SUPPORTING TECHNICALLY SOME OF THE EQUIPMENT WITH
22 REFINED TECHNICIANS AND SUPPORT INDIVIDUALS, AS WELL
23 AS UNDERSTANDING THAT SOME OF THESE INDIVIDUALS MAY
24 BE INSPIRED AND MOVE ON INTO A DOCTORAL PROGRAM AS A
25 FOLLOW-ON.

BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: THANK YOU, CHAIR. I ASKED
2 DR. RICH MURPHY TO REMAIN PART OF THIS PROGRAM. AND
3 HE HAS BEEN GUIDING THIS. AND I'VE REALLY
4 APPRECIATED THAT BECAUSE OF THE HISTORY, AS YOU WILL
5 KNOW BETTER THAN I, IN THIS AREA. HE HAD ALSO
6 TALKED TO SUE BAXTER, A PERSON WHO IS QUITE KEY TO
7 ALL THESE INSTITUTES, AND I SUPPOSE THE ONLY AREA
8 THAT WE WILL HAVE SOME DISAGREEMENT ON IS THAT WE
9 WANTED TO KEEP IT BIOLOGY RATHER THAN TO LAW AND
10 ARTS, SOME OTHER THINGS. WE WANTED TO TRY AND
11 RETAIN THE BIOLOGICAL COMPONENT HERE RATHER THAN
12 SPREAD IT TOO MUCH WIDER. YOU KNOW, THE SENSE --
13 THAT WAS THE ONLY KIND OF DISAGREEMENT WE HAD. I
14 THINK WE CAN GET A GENUINE LINKAGE HERE.

15 I WANTED TO BRING THIS -- HAVE THE STAFF
16 BRING THIS TO YOU FIRST, AND THEN GO TALK TO THE
17 VICE CHANCELLORS. HAVING MADE A CONNECTION AT LEAST
18 WITH SUE BAXTER, I FEEL THAT WE'RE PROBABLY IN THE
19 SPACE. I'VE HAD THE STAFF TALK TO THE PEOPLE WHO
20 DELIVER THE HOME PROGRAMS. THEY'RE VERY EXCITED.
21 THEY KIND OF THINK THE NUMBERS WE'RE TALKING ABOUT,
22 THEY CAN PROBABLY DO MORE, BUT, YOU KNOW, THERE WILL
23 BE PERHAPS SOME OF THE INSTITUTES THAT PROBABLY
24 WOULDN'T BE WISE TO DO MORE. BUT, OF COURSE, THAT
25 WILL COME THROUGH THE REVIEW, AND WE WOULD GET AN

BARRISTERS' REPORTING SERVICE

1 INDICATION, I THINK, AT THAT STAGE ABOUT THE
2 RELATIVE MERITS.

3 BUT I DO THINK YOU'VE HAD THIS ON YOUR
4 MIND FOR SOME TIME, I THINK, BECAUSE IT'S BEEN
5 BROUGHT TO YOU BEFORE, BUT I THINK WITH RICH
6 MURPHY'S HELP, I THINK WE'VE GOT SOMETHING THAT IS
7 PROBABLY A BIT CLOSER TO WHAT WE THINK WAS
8 PALATABLE.

9 MR. ROTH: IF I COULD JUST FOLLOW UP. MY
10 CONCERN ISN'T THE TOTAL NUMBER. IT'S DO WE HAVE TEN
11 QUALITY PROGRAMS OUT THERE TO FUND? AND MY INSTINCT
12 WOULD SAY THERE'S PROBABLY NOT TEN OF THE CALIBER
13 THAT WE'RE TALKING ABOUT, ESPECIALLY WITH A BIOLOGY
14 DEGREE. AND SUE AND OTHERS COULD CERTAINLY ANSWER
15 THAT QUESTION. IF THAT'S NOT TRUE AND THERE AREN'T
16 TEN QUALITY PROGRAMS, THEN I WOULD LIKE TO SEE THE
17 CAP LIFTED OR RAISED A BIT.

18 DR. TROUNSON: I THINK, DUANE, THAT'S WHY
19 WE HAVE THE REVIEW PROCESS. I AGREE WITH YOU. OF
20 COURSE, IF IT DOESN'T GET UP TO STANDARD, I THINK WE
21 WOULD HAVE TO SAY COME BACK TO THE BOARD AND SAY,
22 WELL, WE ONLY FOUND EIGHT OR SEVEN. BUT LET'S --
23 SUE WAS CONFIDENT THAT WE COULD DO TEN, BUT I THINK
24 WE HAVE TO WAIT AND SEE WHEN WE GET THE RESPONSE TO
25 OUR RFA.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND, DR. TROUNSON,
2 RESPONSE TO THE SUBPOINT THAT DUANE RAISED, THAT IF
3 THERE WERE FEWER THAN TEN, BUT THERE WERE SOME THAT
4 WERE VERY HIGH QUALITY, COULD WE EXPAND -- USE THE
5 FUNDS TO EXPAND THE HIGH QUALITY PROGRAM?

6 DR. TROUNSON: I WOULD BE PERSONALLY
7 COMFORTABLE. YOU KNOW, I'D ASK MURPHY AND THE GROUP
8 TO CONSIDER THAT. I CAN'T SEE WHY THAT WOULDN'T BE
9 THE CASE. AND THEN I THINK, OF COURSE, THE BOARD
10 WOULD HAVE A VIEW IN THE LONGER TERM. SO, YES, I
11 DON'T SEE THAT THERE'S REALLY ANY DIFFICULTY. I
12 THINK IF YOU COME TOO LOW, PERHAPS WE'RE NOT GOING
13 TO GET ENOUGH OF THE STUDENTS AS A SORT OF CORE
14 ENTITY TO MAKE WORTHWHILE TO LAY ON SOME SPECIAL
15 ACTIVITIES. THAT'S THE ONLY THING.

16 MR. ROTH: I CERTAINLY DON'T WANT TO HOLD
17 UP THE PROGRAM MOVING FORWARD. THIS GRANT'S BEEN
18 AROUND AND DISCUSSED MANY TIMES. BUT I THINK GIVING
19 OURSELVES A LITTLE CAP ROOM HERE SO WE DON'T HAVE TO
20 BRING IT BACK IS ALL I'M SUGGESTING. IF YOU FIND
21 TEN TIMES TEN, THAT'S GREAT, BUT LET'S NOT LOCK
22 OURSELVES IN THAT WE CAN'T ACCEPT MORE IF THE
23 QUALITY IS NOT THERE.

24 CHAIRMAN KLEIN: AND, DR. PIZZO, I THINK
25 YOU HAD A COMMENT.

BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: I DID. AND IT SORT OF FOLLOWS
2 THROUGH WITH SOME OF THE COMMENTS THAT HAVE ALREADY
3 BEEN MADE. THAT IS, IN TERMS OF THE METRICS, THE
4 OUTCOME METRICS THAT YOU'RE GOING TO LOOK TO ASSESS
5 HOW THIS PROGRAM IS WORKING, COULD YOU ELABORATE A
6 LITTLE BIT ON THAT?

7 DR. YAFFE: WE WOULD BE HAPPY TO SEE
8 STUDENTS WITH A JOB IN A LABORATORY ENTERING A
9 MASTER'S DEGREE PROGRAM, ENTERING A PH.D. PROGRAM,
10 AN M.D. PROGRAM, RUNNING A STEM CELL LAB EVENTUALLY,
11 AND BEING A CIRM GRANTEE. SO WE'RE NOT TRYING TO
12 FOCUS THIS LOW OR HIGH. WE WANT TO PROVIDE
13 OPPORTUNITIES FOR THE STUDENTS. I THINK THE
14 OUTCOMES WILL BE SUCCESSFUL IF STUDENTS ARE THEN
15 ABLE TO PARTICIPATE IN AND CONTRIBUTE TO THE STEM
16 CELL RESEARCH EFFORT.

17 DR. PIZZO: CRITICAL TO THAT, OBVIOUSLY,
18 IS MAKING SURE THAT INSTITUTIONS SUPPORTING STUDENTS
19 HAVE THE RIGHT MENTORING AND GUIDANCE PROGRAMS. AND
20 I'M SURE YOU'RE THINKING ABOUT THIS, BUT IT MAY BE
21 IMPORTANT TO BE A BIT MORE PROSCRIPTIVE IN TERMS OF
22 WHAT THE EXPECTATIONS ARE BECAUSE THESE ARE
23 REALLY -- THESE ARE IMPORTANT OPPORTUNITIES. THESE
24 ARE YOUNG PEOPLE WHO ARE GOING TO BE ENERGETIC,
25 EXCITED, READY TO GO, AND IT'S EASY FOR THEM -- I

BARRISTERS' REPORTING SERVICE

1 THINK THIS IS WHAT DUANE WAS ALLUDING TO -- TO
2 EITHER RISE TO A NEW LEVEL OR TO NOT HAVE THAT
3 OPPORTUNITY. AND I THINK IT'S INCUMBENT ON US TO
4 MAKE SURE THAT WE DO ALL WE CAN TO GET THROUGH AND
5 TO KIND OF RISE UP. AND THAT REQUIRES MORE THAN
6 JUST AN EXPOSURE TO A LAB OR A RESEARCH PROJECT. IT
7 MANDATES THAT WHOEVER IS GOING TO TAKE ON THESE
8 STUDENTS REALLY OWN RESPONSIBILITY FOR HELPING THEM
9 IN TERMS OF THEIR CAREER AND DEVELOPMENTAL ADVICE AS
10 WELL.

11 DR. YAFFE: ABSOLUTELY. WE COULD ENVISION
12 SOMETHING SUCH AS A MENTORING CONTRACT WHERE IT'S
13 LAID OUT VERY CLEARLY WHAT TYPE OF SUPPORT AND
14 ADVICE THE STUDENT WILL RECEIVE DURING THEIR
15 INTERNSHIP.

16 DR. PIZZO: AND I WOULD THINK THAT'S VERY
17 GOOD, AND I'M GLAD TO HEAR YOU'RE THINKING ABOUT
18 THAT. I THINK THAT THAT OUGHT TO BE THE KIND OF
19 THING THAT GETS ASSESSED SO THAT IN THE FUTURE,
20 BECAUSE THERE MAY BE AN OPPORTUNITY FOR THIS AGAIN,
21 PROGRAMS THAT DO THAT WELL DO IT. AND THOSE THAT
22 DIDN'T, EITHER GO THROUGH REMEDIATION OR DON'T GET
23 FUNDED BECAUSE YOU DON'T WANT TO REPEAT THAT.

24 CHAIRMAN KLEIN: MY UNDERSTANDING, DR.
25 TROUNSON, IS ALSO THAT WITHIN THE ADMINISTRATIVE

BARRISTERS' REPORTING SERVICE

1 BUDGET FOR THE HOME INSTITUTIONS, THERE'S SUFFICIENT
2 FUNDS FOR THEM TO CONDUCT A BASELINE INTRODUCTORY
3 STEM CELL COURSE TO CREATE KIND OF A CONSISTENT
4 FLOOR. AND THEY CAN DO THAT IN COLLABORATION WITH
5 THE HOST INSTITUTION; IS THAT CORRECT?

6 DR. TROUNSON: THAT'S CORRECT. THE MONEY
7 SET ASIDE IS CERTAINLY SUFFICIENT TO ACCOMMODATE
8 THAT. IT IS, WE THINK, REASONABLY GENEROUS. IT'S
9 CERTAINLY AT THE LEVEL THAT THE BIOLOGICAL TEACHERS
10 WOULD FIND VERY SUITABLE. I THINK THAT WAS, MIKE,
11 THAT WAS A RESPONSE THAT YOU GOT.

12 CHAIRMAN KLEIN: THANK YOU.

13 DR. POMEROY: I WOULD LIKE TO SPEAK IN
14 FAVOR OF APPROVING THIS PROPOSAL. THE FUNDS FOR
15 CIRM COME FROM ALL THE TAXPAYERS IN THIS STATE, AND
16 I THINK THE BENEFITS NEED TO RETURN TO ALL THE
17 TAXPAYERS IN THE STATE, AND THAT INCLUDES THE
18 EDUCATIONAL BENEFITS THAT WE PROVIDE. AND THERE'S A
19 GREAT NEED FOR TECHNICAL WORKERS IN THESE PROGRAMS.
20 THE STATE UNIVERSITIES AND THE COMMUNITY COLLEGES
21 HAVE A VERY STRONG TRACK RECORD IN THIS STATE OF
22 DOING THIS EXTRAORDINARILY WELL. THIS IS WHAT THEY
23 DO. AND I HAVE EVERY CONFIDENCE THAT WE WILL GET
24 SOME HIGH QUALITY APPLICATIONS. I DON'T THINK WE
25 NEED TO PREDETERMINE HOW MANY OF THEM WILL RISE TO

BARRISTERS' REPORTING SERVICE

1 THE LEVEL THAT WE WANT TO FUND. THAT'S WHAT THE
2 APPLICATION PROCESS IS FOR. SO I WOULD SUPPORT THE
3 PROPOSAL AS PRESENTED BY STAFF.

4 CHAIRMAN KLEIN: THANK YOU. DR. POMEROY,
5 WOULD THAT BE A MOTION?

6 DR. POMEROY: THAT COULD JUST VERY WELL
7 TURN INTO ONE, SO I SO MOVE.

8 CHAIRMAN KLEIN: AND A SECOND.

9 DR. PRIETO: I'LL SECOND.

10 CHAIRMAN KLEIN: DR. PRIETO.

11 DR. PRIETO: I'D LIKE TO MAKE A COMMENT
12 ALSO.

13 CHAIRMAN KLEIN: WOULD YOU LIKE TO ADDRESS
14 THE MOTION?

15 DR. PRIETO: YES. I JUST WOULD LIKE TO
16 SAY THAT IF WE HOPE TO EXTEND THE IMPACT OF THE
17 INITIATIVE BEYOND THE LIFE SPAN OF WHAT IT IS
18 PREDETERMINED TO INCLUDE, THAT I THINK THIS, FOR
19 VERY SMALL INVESTMENT, IS A REALLY POWERFUL WAY TO
20 DO THAT. AND THE IMPACT BOTH TO OUR EDUCATIONAL
21 INSTITUTIONS AND TO BIOMEDICAL INDUSTRY IN
22 CALIFORNIA IS GOING TO BE TREMENDOUS.

23 CHAIRMAN KLEIN: AND DR. LOVE.

24 DR. LOVE: I WAS JUST GOING TO MAKE ONE
25 POINT, AND THAT IS THAT I THINK IT IS IMPORTANT THAT

BARRISTERS' REPORTING SERVICE

1 WE TRACK WHAT THESE STUDENTS ULTIMATELY DO AND NOT
2 PREJUDGE WHAT IS A GOOD OUTCOME BECAUSE I WOULD
3 SUGGEST THAT THESE STUDENTS GOING ON TO BECOMING
4 REAL ESTATE MOGULS THAT SUPPORT STEM CELL RESEARCH
5 MAY BE VERY GOOD.

6 DR. PRIETO: THAT'S A POSITIVE OUTCOME.

7 DR. YAFFE: WE'LL HAVE A SPECIAL ALLOTMENT
8 OF TEN SLOTS FOR THAT.

9 CHAIRMAN KLEIN: THE BROAD AND INCLUSIVE
10 APPROACH TO THIS IS APPRECIATED BECAUSE I CAN ATTEST
11 TO THE FACT THAT SUCH A STRONG EARLY EDUCATION WOULD
12 BE VERY HELPFUL LATER.

13 IT'S IMPORTANT HERE TO HAVE AN OPPORTUNITY
14 TO SPEAK TO LEVERAGE, THAT WE REALIZE THAT IF THERE
15 IS AN OPPORTUNITY AMONG VERY HIGH QUALITY
16 APPLICATIONS, AND I WILL BE OPTIMISTIC THAT WE WILL
17 RECEIVE COMPETITIVE HIGH QUALITY APPLICATIONS, THAT
18 IN THE COMPETITIVE CRITERIA WE CAN CONSIDER NOT
19 BEING DISPOSITIVE, BUT AS AN ELEMENT THE LEVERAGE
20 THAT IS BROUGHT BY THESE HOME INSTITUTIONS, THAT
21 THAT REALLY COULD EXPAND THE OPPORTUNITY TO A
22 BROADER BASE, WHICH WOULD BENEFIT THE STEM CELL
23 PROGRAM AND OPPORTUNITY AMONG OUR STATE UNIVERSITIES
24 AND COMMUNITY COLLEGES.

25 IS THERE ANY ADDITIONAL BOARD COMMENT

BARRISTERS' REPORTING SERVICE

1 BEFORE I GO TO PUBLIC COMMENT?

2 MR. ROTH: BOB, I'D JUST FOLLOW THAT UP.
3 SOME OF THESE STATE AND COMMUNITY COLLEGES, THEY
4 DON'T KNOW WHAT AN ENDOWMENT LOOKS LIKE. THEY HAVE
5 ZERO FUNDS TO DO THIS. SO I WOULD HATE TO SEE US
6 PENALIZE THOSE AND MAKE THEM GO INTO --

7 CHAIRMAN KLEIN: I'VE SERVED ACTUALLY ON
8 COMMITTEES FOR INDIVIDUAL STATE UNIVERSITY. EVEN IN
9 THE CENTRAL VALLEY, THEY DO HAVE ENDOWMENTS. IT'S
10 PRETTY PERVASIVE. IT'S NOT A LOT OF MONEY, BUT FOR
11 PROGRAMS LIKE THIS, IT GIVES THEM AN OPPORTUNITY TO
12 MOTIVATE CONTRIBUTIONS. AND WITH COMMUNITY
13 COLLEGES, IT ALSO IS AN OPPORTUNITY TO REALLY
14 MOTIVATE ALUMNI INVOLVEMENT AND PATRON INVOLVEMENT
15 WITH THEIR INSTITUTIONS. ONCE THOSE PATRONS BECOME
16 INVOLVED WITH AN INSTITUTION, THEY'RE APT TO BE
17 FOLLOW-ON GIVERS IF IT'S A GOOD EXPERIENCE, AND THIS
18 IS A VERY HIGH PROFILE POPULAR DONOR TARGET.

19 ADDITIONAL COMMENTS? PUBLIC COMMENT?

20 MR. REICHARD: HOW DO YOU DO. MY NAME IS
21 GARY REICHARD. I'M THE EXECUTIVE VICE CHANCELLOR
22 AND CHIEF ACADEMIC OFFICER OF THE CALIFORNIA STATE
23 UNIVERSITIES.

24 ON BEHALF OF THE CSU, ITS FACULTY,
25 STUDENTS, STAFF, I WANT TO EXPRESS DEEP APPRECIATION

BARRISTERS' REPORTING SERVICE

1 FOR YOUR TAKING UP THE CONCEPT OF SUPPORTING
2 SPECIALIZED TRAINING ACTIVITIES THAT WILL HELP
3 STUDENTS IN A WIDE RANGE OF CALIFORNIA EDUCATIONAL
4 INSTITUTIONS SO THAT THEY CAN MOVE FORWARD TO ACTIVE
5 PARTICIPATION IN STEM CELL SCIENCE AND RESEARCH.

6 THE CSU IS COMMITTED TO PROVIDING STUDENTS
7 WITH OPPORTUNITIES FOR HANDS-ON LEARNING, AND WE'RE
8 ALSO COMMITTED TO PROVIDING ACADEMIC PROGRAMS THAT
9 WILL MEET THE NEEDS OF TOMORROW. THE SPECIALIZED
10 TRAINING PROGRAMS THAT ARE ENVISIONED HERE ARE
11 COMPLETELY CONSISTENT WITH THESE TWO COMMITMENTS.
12 AS YOU KNOW, CHANCELLOR REED IS VERY COMMITTED TO
13 SEEING THE CSU'S VERY DIVERSE STUDENTS HAVE
14 OPPORTUNITIES TO WORK AND SERVE IN THIS CRITICALLY
15 IMPORTANT FIELD.

16 WITH SUPPORT TO FUND AND PREPARE LARGE
17 NUMBERS OF STUDENTS FOR SUCH CAREERS AS PART OF OUR
18 UNDERGRADUATE MASTER'S AND CERTIFICATE PROGRAMS, NOT
19 ONLY CAN WE GIVE OUR STUDENTS THE OPPORTUNITIES THEY
20 NEED AND DESERVE, BUT WE CAN HELP TO IMPROVE THE
21 QUALIFICATIONS AND THE DIVERSITY OF CALIFORNIA'S
22 STEM CELL COMMUNITY.

23 WE'RE EXCITED ABOUT THIS DIRECTION CIRM IS
24 TAKING A LOOK AT, AND WE LOOK FORWARD TO
25 PARTICIPATING ACTIVELY AND AT A VERY HIGH

BARRISTERS' REPORTING SERVICE

1 QUALITATIVE LEVEL IF THIS PROGRAM IS ADOPTED. I
2 WANT TO ASSOCIATE MYSELF WITH THE PHRASES USED BY
3 ONE OF THE SPEAKERS HERE JUST A FEW MOMENTS AGO,
4 THAT FOR SUCH A SMALL INVESTMENT, WE CAN MAKE AN
5 ENORMOUSLY POWERFUL IMPACT FOR THE STATE AND FOR OUR
6 STUDENTS.

7 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

8 DR. BAXTER: I'D ALSO LIKE TO INTRODUCE
9 MYSELF. I AM THE INFAMOUS SUSAN BAXTER. I'M THE
10 EXECUTIVE DIRECTOR OF THE CSU PROGRAM FOR EDUCATION
11 AND RESEARCH IN BIOTECHNOLOGY. AND REALLY I JUST
12 WANT TO ADD MY THANKS TO THE CIRM STAFF FOR REALLY
13 RESPONDING TO A LOT OF THE IDEAS WE'VE HAD OVER THE
14 LAST COUPLE YEARS. AND WE ALSO REALLY WANT TO
15 APPLAUD THE CIRM STAFF FOR ENSURING THAT HOST
16 INSTITUTIONS ARE NOT REQUIRED TO HAVE CIRM FUNDING
17 IN HAND SO THAT STUDENTS MIGHT ALSO GAIN ACCESS TO
18 CLINICAL TRIAL SETTINGS OR GLP/GMP CELL PRODUCTION
19 SETTINGS AT PRIVATE OR PUBLIC COMPANIES.

20 AND SO WE'D REALLY LIKE TO GO FORWARD AND
21 WORK WITH YOU, AS GARY SAID, AND WE HOPE YOU CAN
22 MAKE ALLOWANCES IN THE RFA FOR HAVING THOSE BASIC
23 AND CLINICAL OPPORTUNITIES FOR THE STUDENTS AND
24 STUDENT INTERNSHIPS. THANK YOU AGAIN.

25 CHAIRMAN KLEIN: THANK YOU, DR. BAXTER.

BARRISTERS' REPORTING SERVICE

1 DR. JOHNSTON: I'M DR. WENDY JOHNSTON.
2 I'M A PROFESSOR OF BIOLOGY AT PASADENA CITY COLLEGE,
3 AND I'M THE DIRECTOR OF THE L. A. /ORANGE COUNTY
4 BIOTECHNOLOGY CENTER FUNDED BY THE CHANCELLOR'S
5 OFFICE.

6 ON BEHALF OF THE COMMUNITY COLLEGE FACULTY
7 AND STUDENTS, WE THANK YOU FOR RECOGNIZING OUR
8 POTENTIAL TO CREATE A TECHNICAL WORKFORCE AND OUR
9 RECORD OF PREPARING STUDENTS FOR ADVANCED RESEARCH
10 DEGREES ALL WITH THE STRENGTH OF OUR DIVERSITY.

11 YOU MAY NOT KNOW, PASADENA CITY COLLEGE IS
12 32,000 STUDENTS. PASADENA CITY COLLEGE AND CITY
13 COLLEGE OF SAN FRANCISCO EACH GIVE CERTIFICATE
14 PROGRAMS IN STEM CELL CULTURE. THE PROGRAMS ARE
15 EACH FOUR YEARS OLD, AND I WILL SAY THAT THEY DID IT
16 WITH GOVERNOR'S DISCRETIONARY MONEY. WE DID IT WITH
17 A \$2500 GRANT, AND WE'RE FURNISHED IN EARLY AMGEN AT
18 BOTH WORKS.

19 AT PASADENA CITY COLLEGE THE CERTIFICATE
20 REQUIRES 17 WEEKS OF MAMMALIAN CELL CULTURE,
21 FOLLOWED BY 17 WEEKS OF MOUSE EMBRYO STEM CELL
22 CULTURE. THE COURSES ARE CSU TRANSFERABLE, UC
23 TRANSFERABLE. WE CAP THE PROGRAM AT 12 STUDENTS.
24 MOST OF THOSE STUDENTS COME IN WITH BACHELOR'S
25 DEGREES, SO WE'RE A COMMUNITY COLLEGE DOING

BARRISTERS' REPORTING SERVICE

1 POSTBACCALAUREATE TRAINING. ALL OF OUR CERTIFICATE
2 STUDENTS ARE EMPLOYED. OUR STUDENTS GO FORWARD, IN
3 ADDITION, TO FURTHER TRAINING AT CIRM-SUPPORTED
4 RESEARCH LABS. WE HAVE EXISTING PARTNERSHIPS WITH
5 USC, WITH CHILDREN'S, WITH CALTECH, AND CITY OF HOPE
6 FOR INTERNSHIPS.

7 PARTNERING WITH OUR CSU COLLABORATORS WITH
8 WHOM WE HAVE A LONG HISTORY WILL ALLOW OUR TRAINING
9 PROGRAMS TO SHARE CURRICULUM, RESOURCES, VALUABLE
10 INDUSTRY PARTNERSHIPS, AND CONTRIBUTE OUR VERY
11 TALENTED AND VERY DIVERSE STUDENT POPULATIONS TO THE
12 STATE'S WORKFORCE. WE HOPE THE RFA WILL ALLOW THESE
13 EXISTING PARTNERSHIPS TO COLLABORATE IN APPLYING FOR
14 THIS FUNDING WHICH WILL INDEED BRIDGE OUR STUDENTS
15 TO THE WORKFORCE, WHICH CALIFORNIA NEEDS TO SUPPORT
16 THE RESEARCH THAT CIRM HAS PREVIOUSLY SUPPORTED.
17 THANK YOU.

18 CHAIRMAN KLEIN: THANK YOU, DR. JOHNSTON.
19 I'D LIKE TO SAY THAT IT'S COME TO OUR ATTENTION THAT
20 PASADENA HAS QUITE A GREAT REPUTATION ALONG WITH A
21 NUMBER OF THE STATE UNIVERSITIES FOR ADVANCEMENT IN
22 THIS FIELD. SO THANK YOU FOR YOUR CONTRIBUTION.

23 DR. AMBOSE: THANK YOU. MY NAME IS DR.
24 ELIZABETH AMBOSE. I'M AT THE CALIFORNIA STATE
25 UNIVERSITY AS ASSISTANT VICE CHANCELLOR FOR RESEARCH

BARRISTERS' REPORTING SERVICE

1 INITIATIVES AND PARTNERSHIPS. I'D LIKE TO JOIN MY
2 COLLEAGUES AND COLLABORATORS WHO HAVE SPOKEN OVER
3 THE LAST FEW MINUTES IN APPLAUDING AND THANKING THIS
4 BODY AND THE CIRM STAFF FOR THEIR DILIGENT WORK IN
5 PUTTING THIS RFA INTO A PROPOSAL FORMAT. WE ARE
6 VERY GRATEFUL FOR THE OPPORTUNITY TO CONTRIBUTE TO
7 THE WORKFORCE DEVELOPMENT, AND WE'RE VERY URGENTLY
8 INTERESTED IN BEING PARTNERS WITH ALL OF THE OTHER
9 ENTITIES THAT ARE CONTRIBUTING SO MUCH TO THIS
10 EFFORT.

11 WE HAVE REMARKED UPON OUR DIVERSITY.
12 AGAIN, WE HAVE GIVEN YOU EVIDENCE IN OUR PRIOR
13 TESTIMONY OF THE FACT THAT THE THREE MILLION
14 STUDENTS THAT OUR COLLECTIVE INSTITUTIONS REPRESENT
15 AND EDUCATE ARE THE FACE OF CALIFORNIA, THE
16 CALIFORNIA STATE UNIVERSITY, REPRESENTING MORE THAN
17 40 PERCENT OF THE BIOLOGY WORKFORCE IN TERMS OF OUR
18 DEGREE GRADUATES AND BACCALAUREATE MASTER'S
19 GRANTING.

20 TO ECHO MY COLLEAGUE, DR. WENDY JOHNSTON,
21 WE WOULD MERELY ASK ONE, PERHAPS, CHANGE IN THE
22 CONSIDERATION OF THE RFA. AND THAT IS TO ALLOW THE
23 REGIONAL PARTNERSHIPS GIVEN THAT OUR INDUSTRY
24 SEGMENTS TEND TO BE REGIONALLY BASED AND OUR
25 EXISTING PARTNERSHIPS BETWEEN CSU, CCC, AND DOCTORAL

BARRISTERS' REPORTING SERVICE

1 GRANTING INSTITUTIONS TEND TO BE SIMILARLY
2 FUNCTIONAL. THANK YOU VERY MUCH FOR THE OPPORTUNITY
3 TO SPEAK.

4 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.
5 AMBOSE. NOW, COULD WE GET A STAFF RESPONSE TO THIS
6 LAST REQUEST FOR REGIONAL PARTNERSHIPS. DR.
7 TROUNSON, IS THIS SOMETHING THAT WE CAN TAKE UNDER
8 SUBMISSION AS A PART OF THIS PROPOSAL TO SEE IF WE
9 CAN ACCOMMODATE THAT REQUEST?

10 DR. TROUNSON: MR. CHAIR, I THINK WE CAN
11 ACCOMMODATE THE REQUEST. I ALSO THINK, THOUGH,
12 MYSELF, AND IT'S REALLY A PERSONAL VIEW HERE, IS
13 THAT IT WOULD BE TERRIFIC FOR SOME OF THESE STUDENTS
14 TO MAKE THEIR WAY TO SOME OF OUR REALLY TOP-LINE
15 UNIVERSITIES, WHICH ARE NOT REGIONAL, NOT NEXT DOOR,
16 AND WE WOULD LIKE TO HELP THOSE STUDENTS IF THEY
17 HAVE TO LIVE AWAY FROM HOME IN ORDER TO DO THAT. SO
18 I'D LIKE TO ENCOMPASS THE POSSIBILITY THAT WE'LL NOT
19 ONLY WORK TOGETHER WITH THE REGIONAL UNIVERSITY OR
20 BUSINESS, BUT ALSO ALLOW, YOU KNOW, AN OPPORTUNITY
21 TO GO TO ONE OF OUR, YOU KNOW, VERY HIGH-RANKED
22 UNIVERSITIES THAT ARE WORKING WITH US ALREADY.

23 CHAIRMAN KLEIN: ALL RIGHT. DR. YAFFE,
24 DID YOU HAVE ANOTHER COMMENT BEFORE MR. SIMPSON?

25 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER

BARRISTERS' REPORTING SERVICE

1 WATCHDOG. THIS IS A TREMENDOUS PROGRAM. MY ONLY
2 SUGGESTION WOULD BE TO REITERATE WHAT I SAID BEFORE.
3 THIS IS ANOTHER FINE OPPORTUNITY FOR THE REVIEW
4 PROCESS TO BE COMPLETELY AS TRANSPARENT AS THE
5 WORKING GROUP PROCESS WAS. SO I FELT I SHOULD PUT
6 THAT IN, BUT THIS IS EXACTLY THE KIND OF PROGRAM
7 THAT'S NECESSARY TO PUT THE PEOPLE WHO ARE GOING TO
8 BE WORKING IN THOSE LABS THAT YOU'RE GOING TO BE
9 FUNDING. IF WE DIDN'T HAVE THIS PROGRAM, WE'D HAVE
10 EMPTY LABS. SO THIS IS FANTASTIC.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I'D
12 ALSO LIKE TO EXPRESS MY APPRECIATION TO STAFF, THE
13 UC SYSTEM, AND THE COMMUNITY COLLEGES, THEIR
14 CHANCELLORS AND STAFFS. AND MANY OF THE PEOPLE
15 BEFORE US TODAY CAME BEFORE THIS BODY 18 MONTHS AGO.
16 WE'VE HAD A DIFFICULT JOURNEY WITH GETTING OUR COURT
17 APPROVALS. AND NOW THAT WE HAVE ACCOMPLISHED OUR
18 THRESHOLD OBJECTIVES, IT IS GRATIFYING TO SEE THE
19 STAFF EMBRACE THIS REQUEST AND COME UP WITH SUCH AN
20 EFFECTIVE INITIAL RESPONSE TO THE NEEDS OF THESE
21 INSTITUTIONS AND THESE STUDENTS AS WELL AS TO THE
22 FIELD.

23 ANY ADDITIONAL COMMENTS? WE HAVE A MOTION
24 ON THE FLOOR. WOULD THE COUNSEL LIKE TO RESTATE THE
25 MOTION?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: THE MOTION TO IS APPROVE
2 THE CONCEPT PLAN FOR THE BRIDGES TO STEM CELL
3 RESEARCH INTERNSHIP PROGRAM.

4 CHAIRMAN KLEIN: ALL IN FAVOR. OPPOSED?
5 THANK YOU VERY MUCH. AND I'D LIKE TO THANK THE
6 INDIVIDUAL REPRESENTATIVES OF THE STATE UNIVERSITY
7 SYSTEM AS WELL AS THE COMMUNITY COLLEGES FOR BEING
8 HERE TONIGHT FOR THEIR PRESENTATION.

9 WE ARE GOING TO TAKE A DINNER BREAK. WE
10 HAVE THE CONSIDERATION OF FINAL ADOPTION OF THE
11 GRANTS ADMINISTRATION POLICY FOR FOR-PROFIT
12 ORGANIZATIONS. I DON'T EXPECT THIS TO BE A LONG
13 ITEM. SCOTT TOCHER OR DR. TROUNSON, COULD YOU
14 ADVISE ME ON HOW LONG YOU THINK THIS ITEM IS, ITEM
15 NO. 11?

16 MR. TOCHER: SHOULDN'T BE BUT JUST A
17 MOMENT.

18 CHAIRMAN KLEIN: SCOTT, ARE YOU MAKING THE
19 PRESENTATION?

20 MR. TOCHER: I WOULD BE HAPPY TO.

21 CHAIRMAN KLEIN: WOULD YOU TAKE THE FLOOR,
22 PLEASE.

23 MR. TOCHER: MR. CHAIRMAN AND BOARD
24 MEMBERS, IT'S BEHIND TAB NO. 11. THIS IS THE GRANTS
25 ADMINISTRATION POLICY FOR FOR-PROFIT ORGANIZATIONS.

BARRISTERS' REPORTING SERVICE

1 YOU HAVE ALREADY APPROVED THIS DOCUMENT AS IT'S
2 WRITTEN FOR ADOPTION FOR BEGINNING THE PROCESS OF
3 ADOPTION FORMALLY WITH THE OFFICE OF ADMINISTRATIVE
4 LAW. THIS IS THE LAST PROCEDURAL STEP FOR YOU
5 BEFORE IT GOES BACK TO THE OFFICE OF ADMINISTRATIVE
6 LAW FOR THEIR FINAL REVIEW. AND THERE HAVE BEEN NO
7 CHANGES TO THIS SINCE YOU INITIALLY APPROVED IT.
8 AND SO WE WOULD SEEK YOUR APPROVAL TO FINISH THE
9 PROCESS OF ADOPTION.

10 MR. ROTH: MOTION TO APPROVE.

11 CHAIRMAN KLEIN: MOVED BY DUANE ROTH.

12 DR. PRICE: SECOND.

13 CHAIRMAN KLEIN: SECONDED BY DR. PRICE.

14 ADDITIONAL COMMENTS? PUBLIC COMMENT? ALL IN FAVOR.
15 OPPOSED? MOTION PASSES. THANK YOU.

16 MELISSA KING, WILL YOU ADVISE US ON OUR
17 DINNER?

18 MS. KING: DINNER WILL BE IN THE ROOM
19 RIGHT NEXT DOOR WHERE THE LOAN TASK FORCE WAS
20 EARLIER TODAY. SO IF BOARD MEMBERS AND STAFF COULD
21 FOLLOW ME OVER THERE, THAT WOULD BE GREAT. AND
22 MEMBERS OF THE PUBLIC THAT ARE HERE WITH US TONIGHT,
23 OBVIOUSLY THERE'S A RESTAURANT HERE AT THE LUXE
24 HOTEL. AND IF YOU NEED ANY OTHER RECOMMENDATIONS, I
25 KNOW THE FRONT DESK WOULD BE HAPPY TO HELP YOU WITH

BARRISTERS' REPORTING SERVICE

1 THAT. THANK YOU.

2 CHAIRMAN KLEIN: ALL RIGHT. AND I'D LIKE
3 TO SAY FOR ALL OF YOU AFTER DINNER WE WILL HAVE A
4 PREVIEW AND THEN THE MAIN FEATURE. THE PREVIEW WILL
5 FOCUS ON THE LOAN TASK FORCE MEETING REPORT,
6 FOLLOWED BY WHAT IS A LONG MAIN FEATURE, WHICH WILL
7 NOT BE COMPLETED UNTIL TOMORROW MORNING, BUT WE WILL
8 GO INTO MAJOR FACILITIES. FIRST, THE FIRST PART OF
9 THE MAJOR FACILITIES PROCESS DISCUSSION UPON THE
10 RETURN. THANK YOU.

11 MS. KING: CHAIRMAN KLEIN, IF YOU COULD
12 JUST ADVISE APPROXIMATELY HOW LONG YOU THINK WE'LL
13 BE AT DINNER.

14 CHAIRMAN KLEIN: FORTY-FIVE TO 50 MINUTES,
15 DOES THE COMMITTEE THINK THAT'S APPROPRIATE? NO, 45
16 TO 50. I THINK IT'S 35 TO 45 MINUTES IS MY EXPERT
17 ADVICE.

18 WE'RE ADJOURNED FOR DINNER.

19 (A RECESS WAS TAKEN.)

20 CHAIRMAN KLEIN: ALL RIGHT. WE'RE GOING
21 TO RECONVENE HERE. ALL RIGHT. WE'RE GOING TO OPEN
22 THE MEETING. AND I THINK MOST OF THE PUBLIC IS
23 WAITING FOR ITEM 14. BUT, DUANE, IF YOU COULD GIVE
24 US AN UPDATE FROM THE LOAN TASK FORCE BECAUSE THIS
25 HAS TREMENDOUS POTENTIAL FOR OUR FUTURE. AND IT'S

BARRISTERS' REPORTING SERVICE

1 BEEN AN EXTRAORDINARY JOB YOU'VE DONE WITH THE TASK
2 FORCE.

3 MR. ROTH: SO THANK YOU, MR. CHAIRMAN.
4 BEFORE I BEGIN, LET ME POINT OUT THAT I THINK I'M
5 THE ONLY MEMBER OF THIS BOARD THAT HAS ABSOLUTELY NO
6 INTEREST IN THE INDIANA OR NORTH CAROLINA PRIMARY
7 TONIGHT. I'M FEELING VERY LONELY.

8 DR. PIZZO: AS YOU SHOULD. I HOPE THAT
9 IT'S THIS PLURALITY THAT EXISTS IN NOVEMBER.

10 CHAIRMAN KLEIN: I'D LIKE TO SAY THAT IT
11 IS ALWAYS IMPORTANT TO HAVE A FALLBACK STRATEGY, AND
12 THERE'S GREAT WEIGHT ON DUANE'S SHOULDER ON OUR
13 FALLBACK STRATEGY.

14 MR. ROTH: I FEEL THE PRESSURE. ANYWAY,
15 SO I'D LIKE TO BEGIN BY JUST QUICKLY THANKING THE
16 TASK FORCE. EVERYBODY CONTRIBUTED A GREAT DEAL TO
17 THE INPUT. WE SAT THROUGH MANY MEETINGS TOGETHER,
18 AND I THINK WE CAME UP WITH SOMETHING THAT IS QUITE
19 WORKABLE AND WILL HAVE A VERY POSITIVE IMPACT ON THE
20 ABILITY OF CIRM TO FUND PRODUCT LINES. AND THAT'S
21 WHAT WE WERE REALLY TALKING ABOUT.

22 THESE PRODUCT LOANS CAN COME FROM ONE OF
23 TWO PLACES. THEY CAN COME FROM INSTITUTIONS THAT
24 WANT TO ADVANCE A PRODUCT THAT'S IDENTIFIABLE, OR
25 THEY CAN COME FROM COMPANIES LARGE AND SMALL THAT

BARRISTERS' REPORTING SERVICE

1 ARE LOOKING FOR ASSISTANCE IN ADVANCING THE
2 PRODUCTS.

3 THE FOCUS, AS IT WAS IN THE STRATEGIC
4 PLAN, IS THAT WE WOULD FUND THE GAPS. THE GAPS MEAN
5 WHERE THERE'S NO AVAILABLE FINANCING OR VERY LITTLE
6 AVAILABLE FINANCING THAT WOULD ALLOW THE TECHNOLOGY
7 TO MOVE AHEAD. SO BY DEFINITION, THAT MEANS IT'S
8 FAIRLY HIGH RISK IN TERMS OF THE LOANS THAT WE'RE
9 GOING TO MAKE.

10 THERE ARE TWO PARTS THAT WE DEALT WITH.
11 ONE IS WHICH THINGS SHOULD REALLY BE PART OF THE RFA
12 PROCESS AND WHICH THINGS SHOULD BE PART OF THE
13 POLICY. AND IN THE RFA PROCESS WE LEFT OPEN HOW BIG
14 THE SCOPE OF THE TOTAL AMOUNT OF MONEY THAT WILL BE
15 INVESTED, WHETHER IT WILL BE 400, 500, OR A BILLION.
16 THAT WILL BE UP TO EACH INDIVIDUAL RFA, AND WE WILL
17 DETERMINE THOSE AS WE GO. THE SECOND PART THAT WILL
18 BE LEFT TO THE RFA IS THE SIZE OF THE INDIVIDUAL
19 GRANTS THAT WE GIVE. SO THAT WILL BE SPECIFIC TO
20 THE RFA -- I SAID GRANTS -- LOANS THAT WE GIVE. SO
21 THAT WILL BE SPECIFIC TO THE GIVEN RFA THAT ALLOWS
22 FOR A LOAN COMPONENT. SO IT COULD BE, AS WE USED
23 JUST FOR WORKING THROUGH THE NUMBERS, ONE MILLION TO
24 FIVE MILLION, BUT IT COULD EASILY GROW FROM THERE
25 AND BE LARGER, MAYBE UP TO 10 OR 15 OR EVEN LARGER,

BARRISTERS' REPORTING SERVICE

1 DEPENDING ON WHAT THIS BOARD DETERMINES THAT SHOULD
2 BE ON THE BASIS OF RECOMMENDATIONS FROM CIRM.
3 INTEREST RATES WOULD ALSO BE RFA SPECIFIC.

4 SO THEN THE THINGS THAT ACTUALLY WENT INTO
5 THE LOAN POLICY AFTER WE TOOK ALL THIS INPUT FROM
6 ALL THE CONSTITUENTS, THE FOLLOW-ON FUNDERS, THE
7 COMPANIES THEMSELVES, WE EVEN TALKED WITH THE
8 LEGISLATORS ABOUT THE PROGRAM. AND TAKING ALL THAT
9 INPUT, WE ENDED UP, AND I'M JUST GOING TO GIVE YOU
10 FOUR THINGS THAT ARE HIGHLIGHTS THAT ARE THINGS YOU
11 NEED TO KNOW OR WILL NEED TO KNOW AS WE GO AHEAD.
12 BUT THERE ARE TWO TYPES OF PRODUCT LINES. ONE CAN
13 BE ON THE PRODUCT ITSELF. YOU TAKE A LOAN ON THE
14 PRODUCT. AND THE OTHER IS YOU WOULD TAKE A LOAN ON
15 BEHALF OF THE COMPANY ON A GIVEN PRODUCT. SO ONE OF
16 THEM WOULD BE A RECOURSE LOAN, MEANING THAT IF THE
17 PRODUCT FAILS, YOU STILL OWE US THE PAYBACK. IF THE
18 PRODUCT FAILS, YOU STILL OWE US THE MONEY BACK.

19 AND THE SECOND IS A NONRECOURSE LOAN THAT
20 SAYS IF THE PRODUCT FAILS, YOU DON'T OWE US BACK THE
21 MONEY. NOW, TO MANAGE THE RISK THERE, BECAUSE THOSE
22 ARE VERY DIFFERENT RISK PROFILES, WE ASKED FOR
23 EQUITY AND WARRANT COVERAGE THAT'S GOING TO BE
24 DIFFERENT AS A RISK PREMIUM, AN INTEREST RATE
25 PREMIUM. AND THE INTEREST RATE PREMIUM FOR A

BARRISTERS' REPORTING SERVICE

1 NONRECOURSE LOAN, WHEREAS, IF IT FAILS, THEY DON'T
2 OWE US THE MONEY, IS WHAT WE CALL A HUNDRED PERCENT
3 WARRANT COVERAGE. THAT MEANS THAT WE GET AN AMOUNT
4 OF STOCK OR THE RIGHT TO BUY AN AMOUNT OF STOCK
5 EQUAL TO THE SIZE OF THEIR LOAN. AND THE BASIS OF
6 THAT PRICE IS THE LAST FUNDING THEY DID.

7 CHAIRMAN KLEIN: AND, DUANE, WOULD IT BE
8 APPROPRIATE TO SAY THAT THE WARRANT COVERAGE THAT
9 YOU ARE DESCRIBING IS IN LIEU OF EQUITY, SINCE WE
10 CAN'T TAKE EQUITY, THAT IT IS ESSENTIALLY A YIELD
11 PREMIUM ON THE INTEREST ON THE LOAN IN THE FORM OF A
12 WARRANT?

13 MR. ROTH: THAT'S CORRECT. SO IT IS A
14 YIELD PREMIUM. I USED A RISK PREMIUM, BUT IT IS
15 INTENDED FOR THAT. FOR THE COMPANIES THAT TAKE OR
16 THE INSTITUTIONS THAT TAKE A NONRECOURSE LOAN, THEY
17 WILL HAVE THE HUNDRED PERCENT WARRANT COVERAGE. THE
18 ONES THAT AGREE TO PAY IT BACK REGARDLESS IF THE
19 PRODUCT WORKS OR NOT, THEY'LL HAVE 10 PERCENT
20 WARRANT COVERAGE. SO IT'S VERY DIFFERENT WARRANT
21 COVERAGES.

22 THE TERMS OF LOAN VARY AS WELL. YOU CAN
23 MAKE A SELECTION FOR A SIX-YEAR TERM, AND IT HAS
24 ONLY TWO TRIGGERS FOR EARLY REPAYMENT IF YOU TAKE A
25 SIX-YEAR TERM. YOU MERGE WITH ANOTHER COMPANY AND

BARRISTERS' REPORTING SERVICE

1 THE VALUE OF THAT NEW COMPANY IS A HUNDRED MILLION
2 OR GREATER, THEN THE LOAN BECOMES DUE. OR IF YOU DO
3 AN INITIAL PUBLIC OFFERING, AN IPO, FOR AT LEAST \$20
4 MILLION, THE LOAN COMES DUE. FOR THE NONRECOURSE --
5 I'M SORRY. FOR THE TEN-YEAR LOAN PERIOD. SO YOU
6 HAVE A SIX-YEAR LOAN PERIOD, TWO TRIGGERS FOR EARLY
7 REPAYMENT.

8 FOR THE TEN-YEAR LOAN, THERE ARE THOSE TWO
9 TRIGGERS PLUS THREE MORE. AND THE FIRST ONE IS IF
10 THE COMPANY GOES THROUGH AT LEAST -- IF THE COMPANY
11 RAISES AN ADDITIONAL 20 TIMES THE AMOUNT WE LOAN
12 THEM, SO IF YOU LOAN THEM \$1 MILLION AND THEIR
13 SUBSEQUENT FINANCINGS REACH 20 MILLION CUMULATIVE,
14 THEN THE LOAN BECOMES DUE. SO THAT TAKES IT DOWN
15 FROM THE TEN-YEAR PERIOD IF THAT HAPPENS.

16 THE SECOND EARLY ONE IS DEALING WITH
17 MEDICAL DEVICES AND DIAGNOSTICS, IN WHICH CASE THEY
18 FILED WITH THE FOOD AND DRUG ADMINISTRATION ASKING
19 FOR APPROVAL. WITHIN 90 DAYS OF THAT FILING, THE
20 LOAN IS DUE. AND IF IT'S A THERAPEUTIC, IT'S WITHIN
21 SIX MONTHS, 180 DAYS, FROM THE COMMENCEMENT OF A
22 PIVOTAL CLINICAL TRIAL, WHICH MEANS A TRIAL THAT, IF
23 SUCCESSFUL, COULD BE SUBMITTED AS THE BASIS FOR
24 APPROVAL.

25 SO ON THE TEN-YEAR SELECTION, YOU HAVE

BARRISTERS' REPORTING SERVICE

1 FIVE EARLY REPAYMENTS. ON THE SIX-YEAR SELECTION,
2 YOU HAVE TWO.

3 AND I THINK THAT'S REALLY ALL THE THINGS
4 THAT ARE MATERIAL THAT WE NEED TO TALK ABOUT, BUT I
5 WANT TO REMIND YOU THAT ALL THE THINGS THAT WERE IN
6 THE IP POLICY IN TERMS OF PUBLICATION, IN TERMS OF
7 ACCESS PLANS, ALL OF THAT IS CARRIED OVER AS
8 COVENANTS IN THE LOAN POLICY. SO WITH THAT, THAT'S
9 A VERY QUICK RUN-THROUGH. YOU WILL SEE MORE OF THE
10 DETAILS HERE.

11 BUT I DO WANT TO JUST TAKE A MINUTE AND
12 THANK LYNN HARWELL AND SCOTT TOCHER. BOB DID AN
13 EXCELLENT JOB OF BRINGING THAT TO EVERYBODY'S
14 ATTENTION, BUT THEY DID FANTASTIC WORK. IT WAS
15 GREAT WORK. THANKS.

16 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
17 DUANE. COULD YOU GIVE THEM A LITTLE BIT MORE DETAIL
18 ON THE MILESTONE-DRIVEN NATURE OF THIS SO THAT THE
19 COMMITTEE -- THE BOARD UNDERSTANDS THAT THIS MONEY
20 DOESN'T GO OUT THE DOOR DAY ONE, THAT IT'S
21 PERFORMANCE DRIVEN?

22 MR. ROTH: IT WOULD BE VERY DIFFICULT FOR
23 US TO TIME RFA'S FOR WHEN THE COMPANIES ARE IN
24 POSITION AND NEED THE MONEY. SO THE SUGGESTION WE
25 MADE WAS THAT YOU COULD APPLY FOR A BROAD RANGE FROM

BARRISTERS' REPORTING SERVICE

1 PRECLINICAL ALL THE WAY THROUGH PHASE 2A IN AN RFA.
2 THERE WILL BE AN RFA, YOU MAY DECIDE YOU WANT TO GO
3 ALL FOR THE 2A BECAUSE THAT'S WHERE YOU ARE, BUT YOU
4 ALSO MAY BE IN THE PRECLINICAL PHASE, AND YOU DON'T
5 WANT TO FINISH THAT AND HAVE TO WAIT FOR THE NEXT
6 ROUND AND SO ON.

7 SO WE SUGGESTED YOU HAVE A BROAD
8 APPLICATION PROCESS THAT LET'S PEOPLE BE MILESTONE
9 DRIVEN. SO IF THE TOTAL SCOPE OF WHAT YOU ARE
10 ASKING FOR IS FIVE MILLION AND ONE MILLION OF THAT
11 IS FOR THE PRECLINICAL, WHEN THAT MILESTONE IS
12 ACHIEVED AND YOU FILE WITH THE FDA FOR AN IND, THEN
13 YOU'RE ELIGIBLE FOR THE SECOND TRANCHE OF THE TOTAL
14 LOAN SO THAT YOU DON'T HAVE TO COME BACK AS LONG AS
15 YOU CONTINUE TO MAKE PROGRESS THROUGH. AND THAT
16 ALLOWS US TO GIVE LOANS THAT CAN PROGRESS, IF YOU
17 WILL, THROUGH MULTIPLE MILESTONES.

18 AND THEN JUST A COUPLE OTHER THINGS WITH
19 THAT. THE ONE THING THAT I THINK IS VERY IMPORTANT
20 ABOUT ALLOWING THESE PROGRESSIONS TO TAKE PLACE IS
21 THAT IT REDUCES OUR RISK, BUT IT ALSO GIVES THE
22 COMPANIES AND THE SPONSORS BEHIND THESE PRODUCTS
23 FLEXIBILITY SO THAT THEY DON'T HAVE TO COME BACK
24 EACH TIME.

25 CHAIRMAN KLEIN: AND THE OTHER ITEM, I

BARRISTERS' REPORTING SERVICE

1 THINK, OR TWO ITEMS I THINK MIGHT BE VERY HELPFUL TO
2 EMPHASIZE A LITTLE FURTHER IS THE POTENTIAL AND
3 REQUIREMENTS FOR MATCHING FUNDS FROM THE PRIVATE
4 SECTOR SO THEY HAVE A MAJOR COMMITMENT TO ANY
5 PROGRAM THAT WE ARE PUTTING FUNDS AT RISK AT.

6 MR. ROTH: THE WAY WE'RE SUGGESTING,
7 THERE'S A BUSINESS REVIEW SECTION, WHICH IS TO BE
8 WRITTEN. THERE'S A TEMPLATE THAT WILL BE PART OF
9 THE APPLICATION PROCESS. AND IN THERE YOU WILL
10 DESCRIBE YOUR MILESTONES AND THE TOTAL AMOUNT OF
11 MONEY THAT'S NEEDED. AND IF IT'S A TRANCHED
12 PROGRAM, MULTIPLE MILESTONES, YOU WILL SHOW US THAT
13 YOU CAN SECURE THE FUNDS NECESSARY TO DO THE NEXT
14 PHASE OF THE WORK, WHICH INCLUDES OUR FUNDS. SO IF
15 THE NEXT PHASE COSTS FIVE MILLION AND YOU GET TWO
16 MILLION FROM US, YOU WILL HAVE TO SECURE THE THREE
17 MILLION BEFORE YOU MOVE TO THE NEXT PHASE.

18 AND THEN FINALLY, JUST IN TERMS OF
19 LEVERAGE, IT WILL BE VERY EASY TO CALCULATE THE
20 IMPACT THIS PROGRAM HAS BECAUSE WE'LL ASK EACH
21 COMPANY OR EACH SPONSOR TO PROVIDE US WITH THE
22 CONTINUATION OF THEIR FINANCING ALL THE WAY THROUGH
23 APPROVAL. AND YOU WILL SEE THAT WILL BECOME AN
24 ENORMOUS NUMBER AT SOME POINT IN THE FUTURE. SO OUR
25 FUNDING AT THIS EARLY STAGE WILL LEVERAGE A LOT OF

BARRISTERS' REPORTING SERVICE

1 FOLLOW-ON FUNDING IF IT'S MANAGED PROPERLY.

2 CHAIRMAN KLEIN: OKAY. AND IN TERMS OF
3 THE RISK PROFILE, THE DISTRIBUTION OF RISK BY
4 DIFFERENT LOAN TYPES, THERE'S A CONSERVATIVE
5 PROJECTION THAT PWC MADE. IF YOU'D MAYBE JUST
6 CAPTURE IN SUMMARY WHAT THE RISK LEVELS ARE THAT
7 WERE PROFILED AT EACH LEVEL AND THE POTENTIAL --
8 THEIR CONCLUSION AS TO THE POTENTIAL TO HAVE A
9 CAPITAL PRESERVATION PROGRAM THAT WOULD GO FORWARD.

10 MR. ROTH: SO I WON'T GO INTO ALL THOSE
11 DETAILS BECAUSE I DON'T HAVE THEM IN FRONT OF ME,
12 AND I THINK THE GROUP WILL PROBABLY LYNCH ME IF I
13 KEEP GOING ON. BUT LET ME JUST SAY THAT I THINK WE
14 WERE VERY COMFORTABLE WITH THE PROFILING THEY DID ON
15 THE VARIOUS SCENARIOS IN TERMS OF THE FAILURE RATE
16 AND HOW MUCH MONEY WOULD BE INVESTED IN EACH PHASE,
17 LIKE PRECLINICAL PHASE 1, PHASE 1B, PHASE 2A. SO
18 THEY CALCULATED THAT THE RISK GOES DOWN AS THE
19 PRODUCT ADVANCES FURTHER.

20 SO I THINK THAT CAPTURES IT, AND IT REALLY
21 SAYS THAT IN A VERY CONSERVATIVE ESTIMATE, AS YOU
22 MENTIONED AT THE BEGINNING OF THE MEETING, YOUR 500
23 MILLION, IF THAT'S WHAT YOU PUT INTO IT, WOULD COME
24 OUT TO BE MORE THAN A BILLION IN A STATIC MODEL.
25 THAT MEANS YOU DIDN'T TAKE THE NEW MONEY AS IT

BARRISTERS' REPORTING SERVICE

1 CYCLED IN AND BACK OUT. SO JUST IN A STATIC MODEL
2 IT DOUBLES IN THE PERIOD OF TIME WE'RE TALKING
3 ABOUT.

4 CHAIRMAN KLEIN: AND IN TERMS OF
5 CONSERVATISM, AT THE PRECLINICAL STAGE, YOU'RE
6 LOOKING AT A 50-PERCENT DEFAULT AND ZERO RECOVERY
7 RATE. AND AS YOU GO UP IN THE STAGES OF PROCESSING,
8 I THINK IT WENT TO A 40 PERCENT AT A 1A AND 30
9 PERCENT AT A 2A, BUT VERY HIGH PERCENTAGES OF
10 DEFAULT WITH A ZERO ASSUMPTION OF RECOVERY FROM
11 DEFAULTED LOANS OTHER THAN THE RECOURSE PORTION,
12 WHICH WAS RECOURSE LOANS WERE VERY SMALL, AND IT
13 STILL SHOWED NOT ONLY A CAPITAL RECOVERY AT THE
14 MINIMUM CASE, BUT WITH THE WARRANTS, IT SHOWED THAT
15 AT THE END OF A TEN-YEAR PERIOD, YOU HAD A BILLION
16 DOLLARS IN CAPITAL WHEN STARTING WITH 500 MILLION
17 BEFORE CONSIDERING THE LEVERAGE THAT YOU'D ACHIEVE.

18 SO I'D LIKE TO AGAIN THANK DUANE FOR HIS
19 LEADERSHIP, LYNN HARWELL, AND SCOTT TOCHER.

20 (APPLAUSE.)

21 MR. ROTH: BOB, I FAILED TO MENTION
22 PRICEWATERHOUSECOOPERS, AND I WANT TO DO THAT
23 PUBLICLY BECAUSE THEY DID A PHENOMENAL JOB ON THE
24 TASK WE GAVE THEM, THE TURNAROUND TIMES. I THINK
25 ALL THE TASK FORCE MEMBERS WOULD AGREE THAT WAS

BARRISTERS' REPORTING SERVICE

1 MONEY WELL SPENT.

2 CHAIRMAN KLEIN: IT WAS EXCELLENT
3 PERFORMANCE.

4 DR. TROUNSON: I WONDER, MR. CHAIR, IF I
5 COULD ASK DUANE ABOUT THIS AREA OF INTELLECTUAL
6 PROPERTY. IN THE AREA OF STEM CELLS, IT'S LITTERED
7 WITH INTELLECTUAL PROPERTY. WE CALL THEM WOMBAT
8 HOLES. AND THERE'S BEEN ALREADY SOME PRETTY MAJOR
9 PAYOUTS FOR NOT GETTING IT RIGHT. DID YOU CONSIDER
10 THE ISSUES IN DWELLING ON THIS, AND WHETHER WE WOULD
11 BE EXPOSED OURSELVES FURTHER THAN, SAY, WHAT WE'D
12 LOAN TO THE COMPANY? WOULD THERE BE ANY -- WHAT I'M
13 ASKING IS IS THERE SORT OF ANY FOLLOW-THROUGH TO THE
14 AGENCY OR THE STATE BECAUSE WE'VE MADE LOANS TO
15 COMPANIES THAT MIGHT BE IN A SITUATION WHERE THEY
16 TRANSGRESSED IN THIS AREA?

17 MR. ROTH: SO THAT'S SOMETHING THAT I
18 WOULD LEAVE TO THE COUNSEL PROBABLY TO ANSWER. WE
19 DIDN'T SPECIFICALLY LOOK AT THAT. AND I WOULD
20 HAVE -- I'D BE HARD-PRESSED TO THINK OF ANY SCENARIO
21 WHERE THAT, IN FACT, COULD HAPPEN SINCE WE'RE JUST
22 MAKING LOANS AND THEY'RE REPRESENTING TO US WHAT IT
23 IS THEY'RE ADVANCING.

24 WE DID DISCUSS OUR ABILITY TO REVIEW
25 INTELLECTUAL PROPERTY AND MAKE SOME JUDGMENT OUT OF

BARRISTERS' REPORTING SERVICE

1 THAT. AND WE'RE QUICKLY ADVISED THAT THAT'S NEARLY
2 IMPOSSIBLE. IT WOULD INVOLVE A LOT OF
3 ATTORNEY-CLIENT PRIVILEGE AND THINGS THAT WE SHOULD
4 JUST STAY AWAY FROM. I SUPPORT THAT. HAVING BEEN
5 IN THIS INDUSTRY FOR A LONG TIME, YOU'RE NOT GOING
6 TO KNOW WHAT THE TRUE IP POSITION IS UNTIL A PRODUCT
7 GETS COMMERCIALIZED. AND EVEN THEN, IF YOU STUDY,
8 IT TAKES DECADES IN SOME CASES TO RESOLVE ALL THAT,
9 SO I THINK WE'D BE LONG OUT OF IT BEFORE.

10 DR. TROUNSON: I GUESS THE AREA OF THE
11 WISCONSIN PATENTS, FOR EXAMPLE, IN THE EMBRYONIC
12 STEM CELLS AND THE JAPANESE PATENTS OF RIPE ES
13 CELLS, WHAT HAVE BECOME AN AREA OF INTEREST FOR US
14 IN THIS AREA, I'D SUGGEST, MR. CHAIRMAN, BECAUSE I
15 THINK IT'S GOING TO AFFECT A LOT OF THIS, WHETHER
16 IT'S THE LOANS OR CLINICAL PROGRAMS. AND I THINK WE
17 PROBABLY NEED TO HAVE AN UNDERSTANDING OF THAT, A
18 BETTER UNDERSTANDING THAN WE CURRENTLY HAVE. AND I
19 JUST WONDERED IF THAT'S NOT SOMETHING, THE FREEDOM
20 TO OPERATE OR FREEDOM TO GO FORWARD, MIGHT BE
21 SOMETHING THAT WE WOULD NEED TO AT LEAST HAVE AS AN
22 ITEM WHEN WE'RE APPROACHING CLINICAL APPLICATIONS OR
23 FUNDING OF COMMERCIAL.

24 MR. ROTH: ALAN, BECAUSE OF THE VERY ISSUE
25 YOU'RE RAISING, U.S. SOME YEARS AGO PASSED A SAFE

BARRISTERS' REPORTING SERVICE

1 HARBOR PROVISION WHERE YOU CAN'T REALLY BRING A SUIT
2 AGAINST SOMEBODY TRYING TO ADVANCE A PRODUCT UNTIL
3 IT IS TRIED TO BE COMMERCIALIZED. SO YOU CAN GO ALL
4 THE WAY UP THROUGH YOUR FDA APPROVAL, AND STILL THEY
5 CANNOT BRING THE SUIT UNTIL YOU TRY TO COMMERCIALIZE
6 IT. THAT STOPPED PEOPLE TRYING TO STOP COMPANIES
7 VERY EARLY, THREATENING THEM THAT THEY HAD PRIOR ART
8 OVER THEIR IP, AND SO THAT EXISTS TODAY.

9 DR. TROUNSON: THE VALLEY OF DEATH IS
10 AROUND THAT AREA, IS IT NOT? THE VALLEY OF DEATH IS
11 CLOSE AROUND THAT AREA?

12 CHAIRMAN KLEIN: I THINK, DUANE, ALAN,
13 CORRECT ME IF I'M WRONG, YOU'RE LOOKING AT IT, ALAN,
14 AS AN AREA OF RISK FOR ACTUALLY GETTING A PAYOFF ON
15 THE LOAN, FOR THEM ACTUALLY BEING ABLE TO
16 COMMERCIALIZE, EVEN THOUGH THEY MEET ALL THEIR
17 MILESTONES, WHETHER THERE WOULD BE A BLOCKAGE AND
18 THE ABILITY TO GET TO THE PATIENT AS A RISK AREA.
19 AND THAT'S NOT WITHIN THE LOAN TASK FORCE
20 PARAMETERS, BUT I THINK IT IS A VERY IMPORTANT AREA
21 THAT WE SHOULD SET UP A TASK FORCE TO LOOK AT WITH
22 THE STAFF BECAUSE WE HAVE TO ANTICIPATE THE RISK AND
23 HAVE A STRATEGY FOR DEALING WITH THIS AREA OF RISK.
24 IT'S GOING TO BE --

25 MR. ROTH: KEEP IN MIND THAT BOTH IN OUR

BARRISTERS' REPORTING SERVICE

1 SIX-YEAR AND TEN-YEAR LOANS, SIX-YEAR, IT'S NOT
2 LIKELY SOMEBODY IS GOING TO GET COMMERCIALIZATION IN
3 THAT TIMEFRAME. THE TEN-YEAR, ANY TIME YOU FILE,
4 WE'RE OUT BEFORE THAT PRODUCT GETS APPROVED.

5 CHAIRMAN KLEIN: I THINK ALAN IS FOCUSED
6 ON WE KNOW THERE ARE SOME CLINICAL TRIALS COMING UP
7 THAT MAY WELL COME TO THIS AGENCY FOR LOANS. AND
8 THOSE CLINICAL TRIALS MAY BE IN THE NEXT 24 TO 36
9 MONTHS. SO THE ISSUE IS WE NEED TO ANTICIPATE THIS
10 AND FOCUS ON IT, BUT IT'S NOT WITHIN THE SCOPE AND
11 THE TIME PARAMETERS THAT THIS PARTICULAR LOAN TASK
12 FORCE HAD FOR IT.

13 DR. TROUNSON: THANK YOU.

14 CHAIRMAN KLEIN: ALL RIGHT. MOVING
15 FORWARD THIS EVENING --

16 DR. POMEROY: DUANE, CAN YOU TELL US,
17 THEN, WHAT YOUR ANTICIPATED TIMELINE OF AN OFFICIAL
18 RECOMMENDATION COMING OUT OF THE -- WHAT ARE THE
19 NEXT STEPS?

20 MR. ROTH: SO THIS RECOMMENDATION THAT WE
21 VOTED ON TODAY IN THE TASK FORCE GOES TO THE FINANCE
22 COMMITTEE, AND THE FINANCE COMMITTEE WILL REVIEW IT,
23 AND THEN IT WILL COME TO THE ICOC FOR FINAL
24 APPROVAL. AND WE HOPE THAT IS IN AUGUST, AS BOB
25 SAID, AT THE LEAST, BUT THAT WOULD BE THE TIMEFRAME

BARRISTERS' REPORTING SERVICE

1 THAT WE'D LIKE. WE'D LOVE TO HAVE THIS IN PLACE FOR
2 THE DISEASE TEAM GRANTS THAT ARE COMING UP IN THE
3 FALL, THE BIG ONES, BECAUSE I THINK WE COULD EXPAND
4 THE SCOPE IF IT'S AVAILABLE AS PART OF THAT DISEASE
5 TEAM.

6 CHAIRMAN KLEIN: DR. PRIETO.

7 DR. PRIETO: FROM A QUESTION ABOUT OUR
8 RISK EXPOSURE, IF YOU COULD HELP ME UNDERSTAND THIS
9 BETTER. WHAT IS OUR EXPOSURE IF A COMPANY FAILS?
10 AND THEN A RELATED QUESTION IS IF YOU CAN EXPLAIN A
11 LITTLE BETTER TO ME WHAT THESE WARRANTS ARE AND HOW
12 THOSE PROTECT US.

13 MR. ROTH: SO IF THE COMPANY FAILS AND
14 THERE'S INTELLECTUAL PROPERTY THAT'S AVAILABLE, PART
15 OF THE REQUEST IS THAT THEY WILL HELP US FIND A HOME
16 FOR THAT, AND IT WOULD -- THE LOAN WOULD FOLLOW THE
17 INTELLECTUAL PROPERTY. IN THE EVENT THAT THERE'S NO
18 ONE TO TAKE IT OVER, EVERYBODY ABANDONS, THEN WE
19 WOULD HAVE THE RIGHT TO GET OUR HANDS ON THE IP AND
20 EITHER THROUGH A THIRD PARTY TRY TO WORK THE VALUE
21 OUT THAT WAY. SO THAT WOULD BE ONE IF IT'S A
22 PRODUCT FAILURE.

23 IF IT'S A COMPANY FAILURE, A BANKRUPTCY IS
24 GOING TO ENSUE, AND, AGAIN, WE WOULD, ASSUMING
25 THERE'S NO OTHER DEBT IN THE COMPANY, WE COULD

BARRISTERS' REPORTING SERVICE

1 INHERIT THE IP, WHICH WE WOULD, AGAIN, TRY TO PLACE
2 WITH SOMEONE.

3 DR. PRIETO: WHAT IF THERE WASN'T YET ANY
4 VIABLE IP?

5 MR. ROTH: THEN THAT WOULD BE THE 50
6 PERCENT THAT BOB TALKED ABOUT THAT WE ASSUME WE'LL
7 NEVER SEE A PENNY FROM. WE'LL HAVE THE WARRANTS,
8 BUT WE WON'T SEE A PENNY FROM IT.

9 THE WARRANTS ARE SIMPLY THE RIGHT TO
10 PURCHASE EQUITY IN A TEN-YEAR PERIOD AT A CERTAIN
11 STRIKE PRICE.

12 DR. PRIETO: WE CAN'T -- THE STATE CAN'T
13 ACTUALLY PURCHASE --

14 MR. ROTH: NO. SO WE ARE WORKING THROUGH
15 THAT. WE WILL NEVER OWN EQUITY. WE OWN THE RIGHT
16 TO OWN EQUITY. WE HAVE THE RIGHT TO OWN EQUITY AND
17 WE CAN SELL THAT RIGHT TO A THIRD PARTY WHO CAN THEN
18 EXERCISE. THAT'S STILL BEING LOOKED AT, BUT THAT'S
19 HOW WE BELIEVE IT WOULD BE HANDLED. THERE WOULD BE
20 A THIRD PARTY WHO WOULD BUY OUR WARRANTS AND
21 EXERCISE THEM, AND THEY PAY US. IT'S SORT OF A
22 SIMULTANEOUS TRANSACTION, AND THEY'RE GOING TO GET
23 PROFIT FOR DOING THAT.

24 THERE'S A MARKET -- THERE IS A MARKET FOR
25 WARRANTS IN THESE COMPANIES IF THEY'RE IN THE MONEY.

BARRISTERS' REPORTING SERVICE

1 SO SOMEBODY WILL PLAY TRIAGE, BUT THEY' LL WANT A
2 PROFIT FOR DOING THAT. THAT' S HOW WE CAN HANDLE THE
3 WARRANTS.

4 IF YOU TAKE THE WARRANTS OUT OF THIS
5 PROGRAM, IT' S NOT VERY INTERESTING. BUT KEEPING THE
6 WARRANTS IN MAKES IT' S VERY INTERESTING FOR US TO
7 RECYCLE MORE MONEY BACK IN. IT' S THE MOST SENSITIVE
8 PART OF THE ANALYSIS THAT WE DID IS THE WARRANT
9 COVERAGE. AND WE KNOW THAT JUST FROM VENTURE BANKS
10 AND OTHERS THAT DO THIS AS A BUSINESS, THAT THE
11 WARRANTS ARE TERRIBLY IMPORTANT.

12 DR. PRIETO: I GUESS MAYBE A RELATED
13 QUESTION. IF WE' RE LOOKING AT FUNDING THINGS THAT
14 OTHERWISE MIGHT HAVE DIFFICULTY FINDING FUNDING, CAN
15 WE REALLY GET THE MATCHING FUNDS OR THE LEVERAGE --
16 OR CAN COMPANIES GET THOSE MATCHING FUNDS THAT YOU
17 TALKED ABOUT?

18 MR. ROTH: SO THE LEVERAGE COMES IN THE
19 LATER MILESTONES. SO IF THE SCOPE OF THE PROGRAM
20 IS, LET' S SAY, PRECLINICAL THROUGH PHASE 1 AND THERE
21 ARE THREE TRANCHES, BUT WE' RE PUTTING UP \$5 MILLION,
22 BUT IT COST 15 TO DO THE WHOLE PROGRAM, WE WANT THE
23 COMPANIES TO TELL US, FIRST, WHEN THEY HIT THE
24 MILESTONE AND, SECOND, WHEN THEY HAVE THE ADDITIONAL
25 FUNDS ON TOP OF OURS THAT WILL BE NECESSARY. SO

BARRISTERS' REPORTING SERVICE

1 THEY CAN USE THAT TO GO TO THE MARKET AND SAY I HAVE
2 TWO MILLION OF THE FIVE MILLION WE NEED. IF YOU PUT
3 IN THREE, THE TWO MILLION IS NONDILUTIVE.

4 DR. PRIETO: WE'LL BE THE SEED MONEY.

5 MR. ROTH: WE'RE THE SEED MONEY, BUT WE'RE
6 ALSO LEVERAGING IN THE LATER PHASES OF THESE
7 MULTIPLE MILESTONE-DRIVEN GRANTS. AND THEN THE
8 OTHER LEVERAGE WE GET IS WHAT I DESCRIBED THAT WILL
9 BE ADDITIONAL FOLLOW-ON FINANCING WHICH WE'LL BE
10 ABLE TO TRACK.

11 CHAIRMAN KLEIN: OKAY. THANK YOU VERY
12 MUCH. MOVING THIS ALONG TONIGHT, WE'RE GOING TO
13 MOVE ITEM 13 TO TOMORROW AFTER OUR KEY VOTE ON THE
14 FINAL APPROVAL OF THE MAJOR FACILITIES. SO WE'RE
15 GOING TO ITEM 14, CONSIDERATION OF RECOMMENDATIONS
16 FROM THE FACILITIES WORKING GROUP AND GRANT WORKING
17 GROUP ON MAJOR FACILITIES APPLICATIONS. AND THIS IS
18 AN ITEM WE'RE GOING TO OPEN TONIGHT, BUT WE WON'T
19 FINISH TONIGHT.

20 IT'S IMPORTANT TO SEE IF BOARD MEMBERS
21 HAVE QUESTIONS FOR THE APPLICANTS THAT ARE HERE, OR
22 WE CAN RESPOND TO PUBLIC COMMENT TONIGHT BECAUSE
23 TOMORROW MORNING WE'RE GOING TO BE MOVING VERY
24 QUICKLY TO FINISH THIS AREA.

25 IN OPENING THIS, JAMES HARRISON, COULD YOU

BARRISTERS' REPORTING SERVICE

1 GO THROUGH WITH THE BOARD MEMBERS THE CONSERVATIVE
2 POSITION THAT HAS BEEN TAKEN TO ASSURE THE HIGHEST
3 DEGREE OF CONFLICT AVOIDANCE AND PUBLIC SCRUTINY.

4 MR. HARRISON: SURE. FOR THE BENEFIT OF
5 THE PUBLIC, LET ME TAKE A STEP BACK AND EXPLAIN WHAT
6 OUR CONFLICT PROCESSES INVOLVE. PRIOR TO THE
7 MEETING, EACH OF THE BOARD MEMBERS COMPLETED A
8 CONFLICT OF INTEREST FORM TO IDENTIFY CONFLICTS
9 ASSOCIATED WITH THE MAJOR FACILITIES GRANT
10 APPLICATIONS. STAFF THEN REVIEWED EACH OF THE BOARD
11 MEMBER STATEMENTS OF ECONOMIC INTEREST TO DETERMINE
12 WHETHER THERE WERE ANY ADDITIONAL CONFLICTS THAT
13 HADN' T BEEN CAPTURED.

14 WE HAVE PROVIDED EACH BOARD MEMBER WITH A
15 LIST OF THE APPLICATIONS IN WHICH THE MEMBER HAS AN
16 INTEREST. AND IF YOU HAVE AN INTEREST IN AN
17 APPLICATION, YOU WILL BE PROHIBITED FROM
18 PARTICIPATING IN THE DISCUSSION OF OR THE VOTE ON
19 THAT PARTICULAR APPLICATION. AND AS WE HAVE ALWAYS
20 DONE, WE WILL REMIND YOU AT THE OUTSET OF THE
21 DISCUSSION OF EACH ITEM WHICH OF YOU HAVE CONFLICTS
22 OF INTEREST AND NEED TO REFRAIN FROM PARTICIPATING
23 IN THE DISCUSSION.

24 SOME ITEMS THAT WE' LL DISCUSS, INCLUDING
25 THE DISCOUNT PROPOSAL THAT WE' LL DISCUSS LATER THIS

BARRISTERS' REPORTING SERVICE

1 EVENING, HAVE THE POTENTIAL TO AFFECT ALL OF THE
2 APPLICATIONS FOR CIRM MAJOR FACILITIES GRANTS. AS A
3 RESULT, MEMBERS WITH AN INTEREST IN ANY APPLICATION
4 WILL BE PRECLUDED FROM MAKING OR PARTICIPATING IN
5 MAKING A DECISION ON THESE ITEMS. THAT LEAVES THE
6 FOLLOWING MEMBERS WHO CAN PARTICIPATE IN THE
7 DISCUSSION REGARDING THE DISCOUNT PROPOSAL. THEY
8 ARE MEMBERS KLEIN, GIBBONS, LOVE, NOVA, ROTH,
9 SAMUELSON, SERRANO-SEWELL, SHESTACK, AND WRIGHT.

10 TO THE EXTENT THAT IT BECOMES NECESSARY TO
11 REVIEW INDIVIDUAL APPLICATIONS, WE'LL FOLLOW THE
12 SAME PROCEDURES THAT WE FOLLOWED WITH RESPECT TO
13 PART 1 OF THE MAJOR FACILITIES GRANT APPLICATIONS ON
14 JANUARY 16TH AND 17TH. AND, MR. CHAIR, IT MIGHT BE
15 BEST FOR ME TO DELAY DISCUSSING THOSE PROCEDURES
16 UNTIL SUCH TIME AS WE REACH THAT POINT SO THAT IT'S
17 FRESH IN THE BOARD MEMBERS' MINDS.

18 CHAIRMAN KLEIN: THAT'S FINE. THANK YOU,
19 COUNSEL.

20 I'D LIKE TO NOW TURN TO DAVE LICHTENGER,
21 WHO'S CHAIRMAN OF THE MAJOR FACILITIES WORKING
22 GROUP. AS REAL ESTATE EXPERT, HE WAS CHAIR; DAVID
23 SERRANO-SEWELL WAS THE VICE CHAIR OF THAT GROUP.
24 AND IT IS WITH GREAT APPRECIATION FOR DAVID
25 LICHTENGER AND DAVID SERRANO-SEWELL THAT WE ARE ABLE

BARRISTERS' REPORTING SERVICE

1 TO MOVE TONIGHT TO CONSIDER THEIR RECOMMENDATIONS.
2 IT'S TREMENDOUS THE AMOUNT OF WORK THAT HAS BEEN PUT
3 IN BY THIS COMMITTEE, AND WE THANK YOU BOTH.

4 MR. LICHTENGER: THANK YOU, BOB. IT'S A
5 PLEASURE TO BE HERE TODAY TO ADVISE THE ICOC OF THE
6 RECOMMENDATIONS OF THE FACILITIES WORKING GROUP AS A
7 RESULT OF THE REVIEW OF THE MAJOR RESEARCH
8 FACILITIES RFA.

9 PROP 71 INDICATES THE FUNCTION OF THE
10 FACILITIES WORKING GROUP INCLUDES MAKING
11 RECOMMENDATIONS TO THE ICOC ON INTERIM AND FINAL
12 CRITERIA, REQUIREMENTS, AND STANDARDS FOR
13 APPLICATIONS FOR AND THE AWARDING OF GRANTS AND
14 LOANS FOR BUILDINGS. THE FACILITIES WORKING GROUP
15 BEGAN WORK ON THIS RFA SHORTLY AFTER THE ICOC
16 CONCEPT APPROVAL OF THE MAJOR FACILITIES RFA IN
17 APRIL 2007.

18 WE SOON DECIDED THAT IT WOULD BE IMPORTANT
19 FOR THE FACILITIES WORKING GROUP TO SECURE PUBLIC
20 INPUT ON THE GOALS AND THE PROCESS THAT WE WOULD
21 FOLLOW IN MEETING OUR CHARGE. WITH THE LEADERSHIP
22 OF ICOC CHAIRMAN BOB KLEIN AND DAVID SERRANO-SEWELL,
23 THE VICE CHAIR OF THE FACILITIES WORKING GROUP, WE
24 DECIDED TO HOLD A SERIES OF PUBLIC MEETINGS TO
25 SOLICIT INPUT ON THIS RFA.

BARRISTERS' REPORTING SERVICE

1 FOUR PUBLIC MEETINGS WERE HELD IN THE
2 SUMMER OF 2007 TO PROVIDE THAT INPUT. OUR MEETINGS
3 IN SAN FRANCISCO, SACRAMENTO, LOS ANGELES, AND SAN
4 DIEGO PROVIDED THE OPPORTUNITY FOR POTENTIAL
5 APPLICANTS AND THE PUBLIC TO GIVE THE FACILITIES
6 WORKING GROUP INPUT. AFTER MANY HOURS OF TESTIMONY
7 AND DISCUSSION, WE SETTLED ON THE PROCEDURES AND THE
8 CRITERIA THAT WERE APPROVED BY THE ICOC IN AUGUST
9 2007.

10 THE PART 1 RFA WAS ISSUED SHORTLY AFTER
11 THAT MEETING WITH THE GRANTS WORKING GROUP HAVING
12 RESPONSIBILITY FOR THE INITIAL REVIEW FOR THE
13 SCIENTIFIC MERIT OF THE APPLICANTS IN THE PART 1
14 REVIEW PROCESS. IN JANUARY THE ICOC APPROVED 12 OF
15 THE 17 APPLICANTS FOR FURTHER CONSIDERATION BASED ON
16 THE GRANTS WORKING GROUP'S RECOMMENDATION.

17 SHORTLY THEREAFTER THE APPLICATION
18 INSTRUCTIONS FOR PART 2 OF THE RFA ADDRESSING THE
19 TECHNICAL AND FINANCIAL MERITS OF THE PROPOSALS WERE
20 ISSUED. APPLICATIONS WERE RECEIVED IN LATE FEBRUARY
21 THAT INCLUDED TOTAL REQUESTS OF \$336 MILLION IN CIRM
22 FUNDING. THIS EXCEEDED THE \$262 MILLION THAT HAD
23 BEEN DESIGNATED FOR THIS RFA BY 74 MILLION. CLEARLY
24 OUR WORK WAS CUT OUT FOR US IN THE FACILITIES
25 WORKING GROUP HOW TO BEST ALLOCATE OUR FUNDS.

BARRISTERS' REPORTING SERVICE

1 THE REVIEW OF THE APPLICATIONS OCCURRED ON
2 APRIL 4TH AND 45TH WITH THE REAL ESTATE MEMBERS OF
3 THE FACILITIES WORKING GROUP ACTING AS THE REVIEWERS
4 OF THE APPLICATIONS. I'M PLEASED TO TELL YOU THAT
5 THESE APPLICATIONS WERE INNOVATIVE AND VERY
6 RESPONSIVE TO THE RFA. THE RESULTS OF OUR MEETING
7 ARE CONTAINED IN THE BINDERS THAT HAVE BEEN
8 DISTRIBUTED TO ALL THE MEMBERS.

9 FOR EACH APPLICATION THE INFORMATION
10 PROVIDED IN EACH APPLICATION INCLUDES THE FOLLOWING:
11 THE SUMMARY REVIEW OF THE FACILITIES WORKING GROUP.
12 THAT'S ON THE GOLDENROD PAPER. SECOND IS THE
13 SUMMARY OF THE GRANTS WORKING GROUP, WHICH IS ON
14 WHITE PAPER. YOU PREVIOUSLY REVIEWED THIS IN THE
15 JANUARY MEETING. NEXT ARE THE EXECUTIVE SUMMARIES
16 OF THE APPLICATION AND THE STAFF ANALYSIS ON BLUE
17 PAPER. NEXT IS THE REVIEW BY CIRM'S LABORATORY
18 PLANNING EXPERT STEVEN COPENHAGEN OF COPENHAGEN AND
19 CANNON WHO WAS ENGAGED BY CIRM TO HELP IN THE
20 REVIEW PROCESS. FINALLY, THE APPLICANTS WERE
21 AFFORDED THE OPPORTUNITY TO REVIEW THE STAFF
22 ANALYSIS PRIOR TO THE REVIEW MEETING TO CONFIRM THE
23 ACCURACY OF THE ANALYSIS. THE RESPONSES FROM EACH
24 OF THE APPLICANTS ARE ALSO INCLUDED IN YOUR BINDER,
25 AND THEY'RE ON YELLOW PAPER.

BARRISTERS' REPORTING SERVICE

1 AFTER THE GRANTS WORKING GROUP
2 COMPLETED -- FACILITIES WORKING GROUP COMPLETED A
3 THOROUGH AND DETAILED TECHNICAL REVIEW OF EACH
4 APPLICATION, THE VICE CHAIR, DAVID SERRANO-SEWELL,
5 PRESIDED OVER THE PROGRAMMATIC REVIEW PORTION OF THE
6 EVALUATION. WITH SOME KEY ADVICE FROM CIRM
7 PRESIDENT ALAN TROUNSON, WE DECIDED THAT OUR
8 RECOMMENDATIONS TO THE ICOC ON FUNDING SHOULD MIRROR
9 OUR TECHNICAL REVIEW OF THE APPLICATIONS.
10 THEREFORE, WE APPLIED EACH APPLICANT'S SCORE TO THE
11 AMOUNT OF FUNDS REQUESTED TO ARRIVE AT A RECOMMENDED
12 FUNDING AMOUNT.

13 AS YOU CAN SEE FROM THE SLIDE, THIS
14 PROCESS RESULTED IN A RECOMMENDED AMOUNT OF \$288.6
15 MILLION, WHICH IS MUCH CLOSER TO THE TARGETED BUDGET
16 OF \$262 MILLION THAN THE TOTAL OF THE INITIAL
17 REQUESTS. RATHER THAN HAVING THE WORKING GROUP
18 CONSIDER FURTHER REDUCTION, WE ELECTED TO RECOMMEND
19 THAT AMOUNT THAT THE TECHNICAL REVIEW SCORE
20 INDICATED. THIS WAY THE ICOC COULD ADDRESS THE
21 REMAINING \$27 MILLION GAP BY CONSIDERING A VARIETY
22 OF OPTIONS, INCLUDING INCREASING THE TARGET BUDGET
23 FOR THIS RFA.

24 MR. CHAIRMAN, THIS CONCLUDES MY REPORT. I
25 HOPE THAT THE ICOC FINDS THE RECOMMENDATIONS OF THE

BARRISTERS' REPORTING SERVICE

1 FACILITIES WORKING GROUP USEFUL IN YOUR
2 DELIBERATIONS ON FUNDING. I'M VERY PLEASED TO BE
3 PART OF THIS REVIEW PROCESS, WHICH I FELT ALLOWED US
4 TO MAKE A COMPLETE, THOROUGH, AND FAIR EVALUATION OF
5 THE APPLICATIONS, AND I'D BE HAPPY TO ANSWER ANY
6 QUESTIONS.

7 CHAIRMAN KLEIN: BEFORE QUESTIONS, I'D
8 LIKE, DAVID SERRANO-SEWELL, WOULD YOU LIKE TO ADD
9 YOUR COMMENTS?

10 MR. SERRANO-SEWELL: I WOULD. JUST VERY
11 BRIEFLY, THIS WAS THE FIRST INSTANCE IN WHICH THE
12 ICOC REALLY HAD TO ROLL UP ITS SLEEVES AND GET INTO
13 DRAFTING OF THE RFA. NORMALLY WE DELEGATE TO STAFF
14 THAT AUTHORITY. THEY COME BACK TO US, AS THEY HAVE
15 TODAY, WITH SORT OF A VERY DETAILED OUTLINE. WE
16 GIVE THEM THE AUTHORIZATION AND WE ALL GO ON DOWN
17 THE ROAD. IT REALLY WAS 13 MONTHS AGO IN WHICH THE
18 FACILITIES WORKING GROUP THAT WAS ENDORSED BY THE
19 ICOC WE ASKED FOR THE TIME TO DO THE DUE DILIGENCE,
20 COME UP WITH THE CRITERIA, HAVE THE HEARINGS, AS
21 DAVID HAS REPORTED. AND IT'S EASY TO SAY THAT, BUT
22 THOSE WERE REAL MEETINGS WE HAD WITH SUPPORT FROM
23 STAFF. BUT IT WAS REALLY CRUCIAL, AND I WAS REALLY
24 PROUD THAT THE ICOC HAD DELEGATED TO THE FACILITIES
25 WORKING GROUP TO COME UP WITH THIS PROCESS.

BARRISTERS' REPORTING SERVICE

1 AND AS DAVID MENTIONED, EVERYBODY ON THAT
2 GROUP TOOK IT VERY SERIOUS, THE REAL ESTATE MEMBERS
3 OBVIOUSLY. BUT ALSO I WANT TO THANK AND ACKNOWLEDGE
4 THE ICOC AND PATIENT ADVOCATE MEMBERS THAT HAD TO GO
5 THROUGH THIS PROCESS AS WELL BECAUSE THEY ARE
6 MANDATED UNDER PROP 71 TO SERVE ON THAT WORKING
7 GROUP. AND IT WAS A LITTLE DIFFERENT -- I'LL SPEAK
8 FOR MYSELF -- FOR ME BECAUSE THROUGHOUT THIS
9 PROCESS, ONE, IT WAS IN PUBLIC, ABOUT 95 PERCENT OF
10 IT WAS IN PUBLIC, WHICH IS DIFFERENT THAN THE GRANTS
11 WORKING GROUP. AND THEN, TWO, THE PATIENT ADVOCATES
12 WERE ON EQUAL FOOTING WITH THE REAL ESTATE EXPERTS,
13 MEANING OUR VOTE HAD THE SAME WEIGHT AT THE WORKING
14 GROUP MEETINGS. THERE WAS SOME QUESTIONS. HOW
15 WOULD THAT WORK OUT EXACTLY? BUT IT WORKED OUT
16 REALLY VERY WELL.

17 SO THIS IS THE PROCESS WE CAME UP WITH,
18 COLLEAGUES, THROUGH WHATEVER AWARDS WE UNCOVER. I
19 THINK THE PROCESS REALLY DID WORK OUT AND IT WAS
20 EQUITABLE AND IT WAS TRANSPARENT AND IT WAS FAIR. I
21 NEVER THOUGHT FOR ONE MOMENT APRIL OF LAST YEAR WHEN
22 THIS DAY WOULD FINALLY COME. I HAD NO IDEA WHAT THE
23 OUTCOME MIGHT BE AND I STILL DON'T, BUT I KNEW WE
24 WOULD GET HERE. AND WE DID AND IT'S THROUGH THE
25 HARD WORK OF THIS ICOC THAT REALLY PUT THE EMPHASIS

BARRISTERS' REPORTING SERVICE

1 ON LET' S THINK ABOUT HOW WE WANT TO DO THIS AND
2 LET' S DO THIS IN SORT OF A THOUGHTFUL AND MEANINGFUL
3 WAY.

4 AND I DON' T WANT TO DO THAT FOR ALL THE
5 RFA' S, NOR SHOULD WE, BUT FOR THIS ONE IT WAS THE --
6 IT WAS REALLY THE RIGHT THING TO DO. AND SO I KNOW
7 THERE WILL BE TIME TOMORROW WITH THE PRESS
8 CONFERENCES AND PRESS RELEASES TO SAY WHAT A GREAT
9 JOB EVERYBODY DID, BUT I DID WANT TO REMIND EVERYONE
10 AND JUST EXPAND ON WHAT YOU SAY, DAVID, WHERE WE
11 STARTED FROM. THAT WAS A LONG 13 MONTHS.

12 CHAIRMAN KLEIN: I' D JUST LIKE TO FOLLOW
13 UP ON DAVID' S COMMENTS BY SAYING THAT THE BOARD
14 MEMBERS ARE EXTREMELY APPRECIATIVE OF RICK' S
15 COMMITMENT AND EXTRAORDINARY WORK EFFORT BECAUSE
16 WITHOUT ALL OF HIS TECHNICAL SUPPORT AND THE
17 CONSULTANTS HE BROUGHT INTO THE PROCESS
18 QUALITATIVELY, WE WOULD HAVE NOT HAD THE PROCESS
19 THAT ENDED UP HERE, WHICH WE' RE ALL VERY PROUD OF.
20 SO THANK YOU, RICK.

21 I' D LIKE TO SEE ARE THERE ANY QUESTIONS
22 FROM THE BOARD AT THIS POINT BEFORE WE HAVE
23 DR. TROUNSON' S PRESENTATION? WOULD YOU LIKE TO HOLD
24 YOUR QUESTIONS? OKAY. THANK YOU, DAVID.

25 DR. TROUNSON: THANK YOU, CHAIR. AND I

BARRISTERS' REPORTING SERVICE

1 CAME INTO THIS PROCESS RATHER LATE, BUT I WAS
2 PERSUADED TO COME OVER FOR THE SCIENCE DISCUSSIONS,
3 AND IT WAS A WAY OF INTRODUCING ME TO THE INCREDIBLE
4 POWER OF THE INSTITUTIONS THAT WERE PUTTING FORWARD
5 THESE PROGRAMS. AND IN MY DISCUSSIONS WITH THE
6 SCIENTISTS, IT'S VERY CLEAR FROM THESE INSTITUTIONS
7 THAT THEY'VE PUT IN AN ENORMOUS AMOUNT OF TIME. AND
8 I THINK THEY'VE HAD TO TAKE THAT AWAY FROM THEIR
9 RESEARCH TIME TO GET THIS DONE. AND I THINK WE NEED
10 TO ACKNOWLEDGE THAT FROM THE POINT OF VIEW OF THE
11 INSTITUTIONS. IT'S BEEN A REALLY HEAVY LOAD THAT
12 WAS IMPLIED, THAT YOU REALLY NEEDED TO PUT IN A VERY
13 STRONG APPLICATION TO MAKE IT SO.

14 SO HATS OFF TO ALL THE INSTITUTIONS FOR
15 PARTICULARLY THOSE SCIENTISTS WHO WERE SO CRITICAL
16 IN THE SCIENTIFIC PHASE IN PARTICULAR. AND THEN, OF
17 COURSE, AS DAVID SAYS, YOU KNOW, THE SPECIALISTS WHO
18 LOOKED AT THE BUILDINGS. AND I CAN ONLY SAY IF I
19 WAS A SCIENTIST STARTING OFF MY CAREER OR EVEN
20 CHANGING MY CAREER, TO GO INTO SOME OF THESE, ANY OF
21 THESE INSTITUTIONS, THEY'RE JUST SOME OF THEM
22 ABSOLUTELY PHENOMENAL. AND I THINK THEY INCLUDE
23 DESIGN ASPECTS THAT WILL REALLY ENHANCE THE WORKING
24 ENVIRONMENT AND THE COLLABORATION BETWEEN
25 SCIENTISTS.

BARRISTERS' REPORTING SERVICE

1 SO THE OBJECTIVE OF THIS RFA WAS REALLY TO
2 INCREASE THE CAPACITY OF STEM CELLS IN CALIFORNIA.
3 AND REALLY THE RESEARCH INITIATIVE WAS SET UP FOR
4 THIS PARTICULAR RFA BACK IN PROPOSITION 71. SO BACK
5 THEN THERE WERE ALREADY INSTITUTIONS THAT I VISITED
6 AS A SCIENTIST HERE WERE ALWAYS SWOLLEN WITH GOOD
7 PEOPLE. AND IT'S ALWAYS HARD TO FIND THOSE
8 ADDITIONAL SPACES IN A FAST GROWING FIELD. DEANS
9 AND OTHERS, VICE CHANCELLORS, GROUP LEADERS HAVE TO
10 WORK REALLY HARD TO SHOEHORN IN NEW SCIENTISTS IN AN
11 EXPANDING AREA. AND SO THERE WAS A NEED IDENTIFIED
12 THAT'S NOT GONE AWAY FOR THE NEED FOR THE RESEARCH
13 SPACE, BUT TO ACTUALLY DRAW IT TOGETHER SO THAT YOU
14 BROUGHT THE SCIENTISTS FROM THE WHOLE CAMPUS OR, IN
15 FACT, IN SOME OF THE APPLICATIONS TO DRAW THEM FROM
16 INSTITUTIONS AND REFORMAT THEM INTO ONE FACILITY IS
17 JUST AN EXTRAORDINARY ACCOMPLISHMENT.

18 AND THAT I KNOW BECAUSE I'VE SET UP
19 SEVERAL MAJOR INSTITUTES IN MY TIME. AND I JUST
20 KNOW HOW FANTASTICALLY THEY WORK WHEN YOU BRING
21 SCIENTISTS TOGETHER AND YOU ACTUALLY GET THEM TO
22 SUPPORT ONE ANOTHER, COMPETE WITH ONE ANOTHER,
23 CRITICIZE ONE ANOTHER, AND GENERALLY, YOU KNOW, WANT
24 TO TAKE THE FIELD WITH AN ACCELERANT FORWARD. THIS
25 IS WHAT THIS RFA IS ABOUT. SO IT'S PROMOTION OF

BARRISTERS' REPORTING SERVICE

1 COLLABORATION, IT'S MULTIDISCIPLINARY, THE SENSE
2 THAT WE WANTED TO HAVE THE BASIC CONNECTED TO
3 TRANSLATION CONNECTED TO THE CLINIC. I THINK THAT'S
4 THE PIPELINE; AND AS I'VE SAID TO YOU BEFORE, THAT'S
5 WHERE WE'VE GOT TO GO. AND IF YOU JOIN THESE PEOPLE
6 TOGETHER, YOU WILL GET THEM MOVING BETWEEN THESE
7 SPACES, IN FACT, PARTICULARLY WITH PHYSICIAN-BASED
8 RESEARCHERS, GOING DOWN THE PIPELINE RIGHT FROM THE
9 BASIC DISCOVERY RIGHT TO THE CLINIC.

10 THE AWARD OF \$262 MILLION REFLECTS, I
11 THINK, A CAP THAT WAS PUT ON BY THE DESIGNERS OF
12 PROPOSITION 71 SO AS NOT ALL THE MONEY THAT WAS
13 BEING RAISED WOULD BE SORT OF PUT INTO BRICKS AND
14 MORTAR. SO THERE WAS A CAP SET THERE, AND THAT'S A
15 CAP WHICH WE CAN'T REALLY DO MUCH ABOUT, NOR MAYBE
16 SHOULD WE BECAUSE I THINK THE DESIGNERS OF PROP 71
17 GOT IT RIGHT. AND IT WAS AT THAT TIME A NECESSITY
18 TO PROVIDE SPACE THAT WAS FREE OF FEDERAL FUNDING,
19 AND THE ISSUES OF DECONTAMINATION, IF YOU LIKE, OF
20 THE DEMANDS OF NIH FUNDING NOT BEING ABLE TO BE
21 COUNTED IN YOUR INFRASTRUCTURE WHEN YOU DID YOUR
22 GRANT RETURNS. IT'S A VERY COMPLICATED PROCESS. IF
23 THE NIH SAYS YOU ONLY CAN DO THIS ACTIVITY IN THIS
24 BUILDING, AND IF YOU HAVE, THEN, A NUMBER OF PEOPLE
25 WORKING IN THAT SPACE THAT ARE OUTSIDE THAT, THEN

BARRISTERS' REPORTING SERVICE

1 HOW THE HECK DO YOU DIVIDE THE ELECTRICITY, THE
2 WATER, EVERYTHING THROUGH IT. IT MAKES IT REALLY,
3 REALLY DIFFICULT, AND I'VE SEEN INSTITUTIONS
4 STRUGGLING IN THIS SPACE FROM MY TIME IN
5 REPRODUCTION AND ALSO THEN IN STEM CELL.

6 THE RECOMMENDED FUNDING CAME FROM
7 TENTATIVE CONTRIBUTIONS TO BUCKETS, SO-CALLED
8 BUCKETS, SO THAT CIRM INSTITUTES WHICH COULD GET UP
9 TO \$50 MILLION AS A CEILING, THE TENTATIVE VALUE
10 THERE RECOMMENDED BY THE ICOC AT 215 MILLION, AND
11 THEN THE NEXT CATEGORY 29 MILLION, AND THE LAST
12 CATEGORY 18 MILLION. AND YOU CAN SEE THAT THE
13 FACILITIES WORKING GROUP UNDER THE TWO DAVIDS CAME
14 UP WITH A RECOMMENDATION WHICH WAS A LITTLE
15 DIFFERENT, BUT, YOU KNOW, CLOSE, RELATIVELY CLOSE, I
16 THINK, TO THOSE ESTIMATES. AND I UNDERSTOOD THAT
17 THOSE ESTIMATES HAD BUILT-IN FLEXIBILITY OR A WAY IN
18 WHICH TO SORT OF HELP LEAD THE CONSTRUCTION PART OF
19 IT.

20 SO THE TOTAL WHICH WAS ON THE ICOC
21 TENTATIVE WAS \$262 MILLION, AND THE FACILITIES
22 WORKING GROUP 288.6 MILLION. SO YOU CAN SEE THERE'S
23 A DIFFERENCE THERE, THAT THERE WAS A LACK OF AN
24 ALLOCATION HERE OR AVAILABILITY OF 26.6 MILLION.

25 NOW, APPROVING THE FUNDING PLAN, THERE'S

BARRISTERS' REPORTING SERVICE

1 APPROVED CAPITAL FUNDS FROM THE ICOC OF 227 MILLION
2 AND A \$35 MILLION ADDITIONAL EQUIPMENT CONTRIBUTION
3 OF 35 MILLION THAT MADE UP THE \$262 MILLION. AGAIN,
4 JUST BEEN THROUGH THIS A COUPLE OF TIMES IN THE
5 FACILITIES WORKING GROUP, AND THE DIFFERENCE 26.6
6 MILLION.

7 WELL, YOU'VE GOT TO CLOSE THE GAP OR
8 YOU'VE GOT TO ASK THE INSTITUTES TO TAKE A FURTHER
9 CUT TO MAKE UP FOR THE 26.6 MILLION. THERE ARE
10 SEVERAL OPPORTUNITIES HERE FOR CLOSING THE GAP. SO
11 WE COULD, YOU KNOW, THE ICOC COULD SAY, WELL, LOOK,
12 YOU JUST CARVE OFF 26.6 MILLION FROM THOSE
13 INSTITUTES IN SOME SORT OF INDEX WAY AND WE'LL GET
14 TO THAT. BUT THROUGH SOME REALLY INNOVATIVE
15 FINANCIAL THINKING THAT GENUINELY DOESN'T COME FROM
16 ME, BUT YOU ALL KNOW WHERE IT COMES FROM, AND IT'S
17 CLEARLY ONE OF THE REASONS WHY WE LOVE TO HAVE THE
18 CHAIRMAN INVOLVED IN THESE THINGS, THE UP-FRONT
19 FUNDING DISCOUNTS THAT WE CAN NEGOTIATE ARE AROUND
20 17.6 MILLION. AND YOU CAN HAVE SOME FURTHER DETAILS
21 OF HOW THAT'S ARRIVED AT.

22 BUT IF THE INSTITUTES THAT HAVE THE
23 CAPACITY TO DO THAT AND THE INCLINATION, WHICH I'D
24 HAVE TO SAY IS JUST ABOUT ALL THE INSTITUTES THAT
25 COULD, GIVES A DISCOUNT, IF YOU LIKE, OF 17.6

BARRISTERS' REPORTING SERVICE

1 MILLION. SO THAT CLOSES THE GAP CONSIDERABLY. I
2 THINK IN THESE AWARDS THERE IS A SIGNIFICANT AMOUNT
3 OF VITAL EQUIPMENT IN THESE INSTITUTES, AND THIS
4 EQUIPMENT WE'VE LOOKED AT, AND IT IS ABSOLUTELY
5 NECESSARY IN A LARGE PROPORTION OF THE CASES AND
6 IT'S EXTREMELY INNOVATIVE AS WELL. SO I DON'T THINK
7 WE WOULD HAVE ANY REAL DIFFICULTY IN SAYING TO THE
8 ICOC THAT FROM THE MANAGEMENT'S POINT OF VIEW AN
9 ADDITIONAL NINE MILLION TO ADD TO THE 35 MILLION
10 WOULD CLOSE THE GAP TO 26.6 MILLION.

11 YOU CAN TAKE IT FROM ME THAT I'D RATHER
12 SEE US DO THAT THAN TO SHAVE ANYTHING OFF THE
13 INSTITUTES BECAUSE I THINK THEY'VE ALREADY TAKEN THE
14 TOUGH DOSE. I THINK THE DAVIDS DELIVERED THEM THE
15 TOUGH DOSE REALLY THROUGH THE FACILITIES WORKING
16 GROUP, AND I THINK, YOU KNOW, THEY RESPONDED IN A
17 MAGNIFICENT WAY TO THAT. I THINK WE, AS A
18 HUMANISTIC COMPONENT, THAT WE OUGHT TO CLOSE THE GAP
19 OUR WAY AND GET THESE INSTITUTES OFF AND START
20 BUILDING ALL OF THEM.

21 SO, MR. CHAIRMAN, I HOPE I DIDN'T GO TOO
22 FAR IN THAT REGARD, BUT I'M EXPRESSING THE VIEW OF
23 MANAGEMENT HERE, THAT THERE IS A WAY OF RESOLVING
24 THIS. AND THAT I'D HOPE THAT THE ICOC WOULD SEE A
25 WAY OF CLOSING THAT GAP TO ENABLE THE INSTITUTES TO

BARRISTERS' REPORTING SERVICE

1 GET UNDERWAY FIERCELY ALMOST IMMEDIATELY. THANKS
2 VERY MUCH.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.
4 TROUNSON. SO WE ARE GOING TO GO INTO THE FIRST OF
5 THESE ELEMENTS THAT WE LOOK AT FOR CLOSING THE GAP.
6 WE'RE GOING TO FIND HERE THAT THE OPTIONS IN CLOSING
7 THIS GAP VARIOUSLY RANGE FROM 23 MILLION TO 17
8 MILLION. AND THERE IS, OF COURSE, AS HAS BEEN
9 DISCUSSED BY SOME MEMBERS OF THE BOARD, THE OPTION
10 OF CUTTING THE \$27 MILLION RATHER THAN DOING
11 FRONT-END FUNDING, AND THERE IS THE OPTION OF, IN
12 FACT, ACCEPTING FRONT-END DISCOUNTS AND CUTTING NINE
13 MILLION WITHOUT ANY EQUIPMENT FUNDS GOING UP.

14 SO WITH THE BENEFIT OF DR. TROUNSON'S
15 RECOMMENDATION AS A CONTEXT FOR WHAT WE'RE ABOUT TO
16 REVIEW, WE HAVE HAD A VERY ROBUST DISCUSSION AT THE
17 BOARD OF THE SCIENCE SCORES WHICH LED TO CUTTING OUT
18 FIVE OF THE 17 DIFFERENT APPLICANT INSTITUTIONS. WE
19 HAD A IN-DEPTH AND ANIMATED AND HIGHLY, HIGHLY
20 DETAILED DISCUSSION AT THE FACILITIES WORKING GROUP
21 THAT LED TO THE SCORES AND THE \$47 MILLION BEING
22 CUT.

23 IN GOING INTO THIS NEXT ELEMENT, JAMES
24 HARRISON, IF YOU COULD DISCUSS THE BASIC CONTEXT IN
25 WHICH THE FRONT-END DISCOUNTS AROSE AND THE POSITION

BARRISTERS' REPORTING SERVICE

1 OF THE FACILITIES WORKING GROUP IN RECOMMENDING THAT
2 THAT BE PURSUED.

3 MR. HARRISON: AT THE FACILITIES WORKING
4 GROUP'S APRIL 4TH AND 5TH MEETING, THE FACILITIES
5 WORKING GROUP CONSIDERED THE FACILITIES GRANT
6 ADMINISTRATION POLICY WHICH YOU ALL WILL REVIEW
7 TOMORROW. ONE COMPONENT OF THAT POLICY AUTHORIZES
8 THE ICOC TO APPROVE THE UP-FRONT DISBURSEMENT OF
9 GRANT FUNDS IN EXCHANGE FOR THE APPLICANT'S
10 AGREEMENT TO ACCEPT A DISCOUNT ON THE AMOUNT OF THE
11 GRANT AWARD THAT IT HAS REQUESTED.

12 THE FACILITIES WORKING GROUP CONSIDERED
13 THE FACILITIES GRANT ADMINISTRATION POLICY, AND IN
14 THAT CONTEXT ENDORSED THE CONCEPT OF HAVING THE
15 CHAIR APPROACH THE INSTITUTIONS THAT HAD SUBMITTED
16 PART 2 APPLICATIONS TO EXPLORE WITH THEM THE
17 POSSIBILITY OF ACCEPTING AN UP-FRONT DISCOUNT IN
18 EXCHANGE FOR A REDUCTION IN THE GRANT AMOUNT AS A
19 WAY OF REDUCING THE \$26.6 MILLION GAP THAT REMAINED
20 AFTER THE FACILITIES WORKING GROUP MADE ITS
21 RECOMMENDATIONS. AND WITH THAT DIRECTION, AFTER THE
22 FACILITIES WORKING GROUP HAD CONCLUDED ALL OF ITS
23 WORK, THE CHAIR UNDERTOOK THE TASK OF COMMUNICATING
24 WITH THE APPLICANTS IN HIS CAPACITY AS CHAIRMAN OF
25 THE ICOC AND NOT AS A MEMBER OF THE FACILITIES

BARRISTERS' REPORTING SERVICE

1 WORKING GROUP TO EXPLORE THE POSSIBILITY OF THIS
2 DISCOUNT PROPOSAL.

3 CHAIRMAN KLEIN: THANK YOU, MR. HARRISON.
4 IN LOOKING AT THE POTENTIAL DISCOUNTS --

5 DR. LOVE: IN LOOKING OVER THE MATERIALS,
6 MY RECOLLECTION WAS THAT THIS DISCOUNT WAS ABOUT 9
7 PERCENT.

8 CHAIRMAN KLEIN: 9 PERCENT. WELL, WHAT
9 I'M ABOUT TO SHOW YOU IS THAT THERE WAS A RANGE OF
10 DISCOUNTS THAT RESPONDED TO THE PROPOSALS INITIALLY
11 MADE, REQUESTS FOR PROPOSALS, AND THEN TRYING TO
12 RECONCILE THAT RANGE. THAT'S HOW WE GOT TO A
13 9-PERCENT RECONCILED AMOUNT, WHICH IS WHAT
14 DR. TROUNSON IS SHOWING.

15 DR. LOVE: SO THE TWO QUESTIONS WERE
16 HOW -- I'M PRESUMING THAT THE DISCOUNT IS DERIVED
17 BECAUSE YOU GET THE MONEY EARLIER; THEREFORE, YOU
18 CAN INVEST THE MONEY AND GROW AND ESSENTIALLY
19 THROUGH YOUR ENDOWMENT OR WHATEVER CREATE THE
20 ADDITIONAL MONEY. SO I GUESS THAT QUESTION LEADS TO
21 HOW QUICKLY -- WHAT AMOUNT OF TIME ARE YOU GETTING
22 THIS MONEY IN ADVANCE? ARE YOU GETTING IT 12 MONTHS
23 OR 24 MONTHS?

24 THE OTHER QUESTION I HAD WAS IN KIND OF
25 GOING DOWN THIS LIST, I NOTICE THAT SOME OF THE

BARRISTERS' REPORTING SERVICE

1 AMOUNTS REQUESTED VERSUS AMOUNT RECOMMENDED ON A
2 PERCENTAGE BASIS WERE ACTUALLY PRETTY BIG. AND IT
3 JUST LEADS ME TO WONDER ABOUT ARE WE COMFORTABLE
4 THAT THE AMOUNT THAT WE'RE GIVING ACTUALLY WILL
5 ALLOW THE PROJECT TO ACTUALLY GO FORWARD IN THOSE
6 KIND OF CASES WHERE THE DELTA IS EIGHT OUT OF \$30
7 MILLION.

8 CHAIRMAN KLEIN: WELL, YOU HAVE TWO
9 QUESTIONS. FIRST, I WOULD LIKE TO ANSWER THE SECOND
10 QUESTION, WHICH IS WE'RE OPERATING AT THIS TIME,
11 BEFORE ADDITIONAL CUTS ARE MADE, UNDER LETTERS THAT
12 WE BELIEVE ARE STILL OPERATIONAL THAT SAYS THAT IF
13 OUR FUNDS ARE ACCEPTED, THEY WILL BUILD THE FULL
14 SCIENTIFIC MISSION THAT IS PROPOSED AT THE PROPOSED
15 QUALITY WITHOUT COMPROMISING THAT QUALITY.

16 NOW, ONE OF THE CONCERNS THAT I HAVE
17 PERSONALLY AND HAVE SAID PUBLICLY, WHICH WAS THE
18 REASON THAT I INITIALLY IN THE FACILITIES WORKING
19 GROUP PROCESS SUGGESTED THE FRONT-END DISCOUNTS, IS
20 TO TRY AND AVOID ADDITIONAL DEEP CUTS THAT MIGHT, IN
21 FACT, COMPLETELY DESTROY ONE OF THE APPLICANT'S OR
22 MULTIPLE APPLICANTS' ABILITY TO PERFORM.

23 SO WITHIN THE RANGES OF THE \$47 MILLION
24 CUTS, WE BELIEVE THESE PROJECTS AT THIS TIME ARE
25 STILL VIABLE. IN TERMS OF THE DISCOUNTS, IT'S

BARRISTERS' REPORTING SERVICE

1 IMPORTANT AND AS A PART OF OUR PROCESS I WANT TO
2 SHOW YOU THE ORIGINAL RESPONSE TO THE PROPOSAL, BUT
3 FIRST I WANT TO LAY OUT THE MOTIVATION, PART OF
4 WHICH YOU COVERED, FOR THESE DISCOUNTS BEING
5 OFFERED.

6 UNDER OUR STANDARD PROCESS, WE WOULD
7 PROVIDE THESE FUNDS AS THE LAST FUNDS IN QUARTERLY
8 IN ARREARS. IN ADDITION, WE WOULD HOLD BACK A
9 10-PERCENT RETAINAGE. IN ADDITION, THE GAP POLICY
10 PROVIDES THAT FOR EVERY MONTH THAT YOU GO BEYOND 24
11 MONTHS TO CREATE THE PRIORITY GRANTING, THERE'S A
12 1-PERCENT PENALTY POTENTIAL, AT THE DISCRETION OF
13 THE PRESIDENT, OF THE GRANT AMOUNT YOU RECEIVE.

14 SO AS WE GO THROUGH THESE TERMS, YOU WILL
15 SEE THERE'S A NUMBER OF MOTIVATIONS TO ACCEPT
16 THIS -- TO PROPOSE AND AGREE TO A VOLUNTARY
17 COOPERATIVE DISCOUNT. FROM A POLICY BASIS, THE
18 FACILITIES COMMITTEE DISCUSSION, I THINK, DAVID
19 SERRANO-SEWELL, WOULD BE APPROPRIATE TO SAY WAS ON
20 THE SIDE OF TRYING TO MAINTAIN THE PORTFOLIO OF
21 INSTITUTIONS BECAUSE THEY HAD ALL BEEN
22 SCIENTIFICALLY RECOMMENDED FROM SCIENTIFIC SCORES
23 AND FROM A PORTFOLIO BASIS. IF WE DEVELOP MORE
24 CAPACITY, OUR CHANCES OF HAVING A GREATER ARRAY OF
25 POSITIVE SUCCESSES IN THE SCIENTIFIC EXPLORATION

BARRISTERS' REPORTING SERVICE

1 WOULD BE ENHANCED. WE DON'T KNOW WHERE ANY
2 INDIVIDUAL SUCCESS IS GOING TO BE; BUT BY HAVING A
3 BROADER PORTFOLIO OF HIGH QUALITY, WE WOULD INCREASE
4 OUR CHANCES.

5 MR. SERRANO-SEWELL: YES, IT IS, BOB.
6 JUST TO AMPLIFY ON THAT, THE FACILITIES WORKING
7 GROUP TOOK VERY SERIOUSLY THE ICOC'S CHARGE TO LEAD
8 WITH THE SCIENCE. WE WERE LEFT TO FIGURE THAT OUT
9 EXACTLY. WE HAD THE RAW DATA AND INFORMATION FROM
10 THE GRANTS WORKING GROUP, SO THAT REALLY HELPED
11 GUIDE US IN OUR POLICY DISCUSSION. AND WE ALSO
12 LOOKED AT PROP 71'S MANDATE, WHICH IS, AS BOB SAID,
13 TO FUND AS MUCH AS POSSIBLE ON THE FACILITIES SIDE.
14 AND WE COULD HAVE GOTTEN INTO THE BUSINESS AND WE
15 STILL CAN OF TAKING THE KNIFE AND JUST START CUTTING
16 AND CUTTING AND CUTTING. WE DIDN'T WANT TO DO THAT.

17 THERE WAS A PROPOSAL TO TALK ABOUT THE
18 DISCOUNT OPTION, TO AUTHORIZE BOB IN HIS CAPACITY AS
19 CHAIR OF THE ICOC TO HAVE THOSE DISCUSSIONS WITH THE
20 APPLICANTS, AND SEE IF IT WOULD BEAR FRUIT. I THINK
21 IT DID. WE'LL HAVE THAT DISCUSSION NOW IF IT MAKES
22 GOOD SENSE. THAT'S UP FOR DEBATE. BUT I THINK
23 THAT'S WHAT REALLY DROVE THE WORKING GROUP.

24 CHAIRMAN KLEIN: THAT'S RIGHT. BUT AT THE
25 BOTTOM LINE, BY PROVIDING MONEY UP FRONT RATHER THAN

BARRISTERS' REPORTING SERVICE

1 DEPENDING UPON THE PROJECT 18 TO 22 MONTHS IN THE
2 FUTURE, NOT ONLY DO THEY HAVE THE ABILITY TO HOLD
3 CERTAIN FUNDS IN ENDOWMENT AT HIGHER YIELDS
4 DEPENDING UPON THE INSTITUTIONS. THE UC SYSTEMS
5 DON'T HAVE THAT OPTION FULLY. SOME OF THEM HAVE
6 LITTLE DIFFERENT PROCEDURES, BUT GENERALLY THEY
7 DON'T HAVE THAT OPTION. THE PRIVATE INSTITUTIONS
8 HAVE SOME OPTIONS IN THAT REGARD. BUT THEY ALSO
9 HAVE THE OPTION OF GETTING FUNDS EARLY, WHICH IN A
10 SOFT CONSTRUCTION MARKET MAY ENABLE THEM TO BUY DOWN
11 CERTAIN CONSTRUCTION COSTS. MONEY IS POWERFUL IN
12 THIS MARKET. AND IT MAY HELP THEM, IN FACT, TO
13 ACCELERATE THEIR CONSTRUCTION, WHICH SAVES CARRYING
14 COST AND PUTS SCIENCE FASTER.

15 WITH THAT, JAMES, COULD YOU GO THROUGH THE
16 TERMS, WHICH HAVE BEEN DISTRIBUTED TO THE PUBLIC, AS
17 DISCUSSED IN PRINCIPLE IN MY PROPOSAL TO THE WORKING
18 GROUP. AND THEN IF YOU COULD, AFTER WE GO THROUGH
19 THE TERMS, THEN WE WILL WALK THROUGH THE CHART THAT
20 SUMMARIZES THE FIRST AND SECOND ROUND OF THESE
21 DISCUSSIONS.

22 MR. HARRISON: SO YOU ALL SHOULD HAVE A
23 COPY OF THE PROPOSED TERMS OF THE DISCOUNT OFFER IN
24 YOUR BINDER, AND THERE ARE ALSO COPIES AVAILABLE FOR
25 THE PUBLIC ON THE BACK TABLE. SO WHAT YOU'RE SEEING

BARRISTERS' REPORTING SERVICE

1 ON THE SCREEN REFLECTS WHAT YOU HAVE IN FRONT OF
2 YOU. IT'S IN THE POCKET OF YOUR BINDERS IN THE
3 FRONT, AND IT'S LABELED "ITEM NO. 14 - PROPOSED
4 TERMS OF DISCOUNT OFFER."

5 CHAIRMAN KLEIN: WHAT JAMES HARRISON IS
6 ABOUT TO GO THROUGH ARE THE RECONCILED TERMS. TO
7 PROVIDE CLARITY TO ALL THE APPLICANTS, THE INITIAL
8 TERMS THAT WERE EXPLORED, AS WE'LL SEE LATER, LOOKED
9 AT A 10-PERCENT ANNUALIZED DISCOUNT WHICH PRODUCED
10 HIGHER NUMBERS IN SOME CASES AND LOWER IN SOME CASES
11 FOR REASONS WE'LL EXPLAIN YET LATER.

12 MR. HARRISON: SO AS BOB STATED, WHAT WE
13 HAVE PRESENTED TO THE APPLICANTS WHO ARE WILLING TO
14 PARTICIPATE IN THIS PROGRAM ARE THE FOLLOWING TERMS.
15 FIRST, THE APPLICANTS MUST AGREE TO ACCEPT A NOMINAL
16 OR ONE-TIME DISCOUNT OF 9 PERCENT. IF AN
17 APPLICANT'S DISCOUNT OFFER IS ACCEPTED BY THE ICOC,
18 THE APPLICANT WILL NOT BE SUBJECT TO ANY FURTHER
19 REDUCTION IN THE AMOUNT OF THE GRANT AWARD
20 RECOMMENDED BY THE FACILITIES WORKING GROUP OTHER
21 THAN THE DISCOUNT THAT IT HAS AGREED TO. IF THE
22 APPLICANT IS ABLE TO UTILIZE THE EARLY ADVANCE OF
23 GRANT FUNDS TO OBTAIN CONSTRUCTION SAVINGS THAT
24 DON'T REDUCE OR COMPROMISE THE SCIENTIFIC VALUE OF
25 THE FACILITY OR THE SCOPE AND SPECIFICATION OF THE

BARRISTERS' REPORTING SERVICE

1 FACILITY AS OUTLINED IN THE APPLICATION, THEN THE
2 SAVINGS BELONG TO THE APPLICANT. THEY WILL NOT BE
3 SUBJECT TO RECAPTURE BY CIRM.

4 LIKewise, ANY ADDITIONAL BENEFITS TO THE
5 APPLICANT FROM THE UP-FRONT DISBURSEMENT OF GRANT
6 FUNDS ACCRUE TO THE APPLICANT, NOT TO CIRM. AS BOB
7 MENTIONED A MOMENT AGO, UNDER THE OTHER DISBURSEMENT
8 OPTION, WHICH IS A LAST FUNDS IN PAYMENT, CIRM WOULD
9 WITHHOLD THE FINAL 10 PERCENT OF THE GRANT AWARD.
10 IN THE CASE OF APPLICANTS WHO ARE PARTICIPATING IN
11 THE UP-FRONT OR DISCOUNT PROGRAM, CIRM WOULD NOT
12 WITHHOLD THE FINAL 10 PERCENT OF THE GRANT AWARD,
13 BUT THE APPLICANT WOULD BE REQUIRED TO AGREE TO
14 OCCUPANCY AND COMPLETION GUARANTEES AS PART OF THE
15 NOTICE OF GRANT AWARD.

16 THE NEXT TERM IS THAT AS LONG AS THE
17 APPLICANT MAKES A GOOD-FAITH EFFORT TO COMPLETE THE
18 PROJECT ACCORDING TO THE PROPOSED SCHEDULE SET FORTH
19 IN THE APPLICATION AND UNDERTAKES ALL COMMERCIALY
20 REASONABLE EFFORTS TO COMPLETE ON THE PROPOSED
21 SCHEDULE, THEN ANY PENALTY FOR THE DELAY WOULD BE
22 OFFSET BY THE APPLICANT'S -- WOULD BE OFFSET UP TO
23 THE APPLICANT'S FRONT-END DISCOUNT AS LONG AS ANY
24 ADDITIONAL TIME TO COMPLETE DOES NOT EXCEED SIX
25 MONTHS. BOB MENTIONED A MOMENT AGO THAT UNDER A

BARRISTERS' REPORTING SERVICE

1 LAST FUNDS IN DISBURSEMENT, THE APPLICANT COULD BE
2 SUBJECT TO PENALTIES FOR DELAY OF 1 PERCENT A MONTH.

3 CHAIRMAN KLEIN: AND THE APPLICANT STILL
4 WOULD UNLESS THEY COULDN'T SHOW GOOD-FAITH
5 COMMITMENT TO MAKING THE ORIGINAL SCHEDULE.

6 MR. HARRISON: ANOTHER COMPONENT OF THE
7 UP-FRONT DISCOUNT PROPOSAL WOULD REQUIRE THE
8 APPLICANT TO SUBMIT A POSTCOMPLETION AUDIT CONDUCTED
9 AT THE APPLICANT'S EXPENSE OF PROJECT EXPENDITURES
10 TO ENSURE THAT ALL STATE FUNDS HAD BEEN SPENT ON
11 QUALIFIED COSTS. THE AUDIT WOULD HAVE TO BE
12 SUBMITTED WITHIN 120 DAYS OF PROJECT COMPLETION.

13 ALL THE OTHER TERMS OF THE FACILITIES
14 GRANT ADMINISTRATION POLICY WOULD APPLY TO THE
15 APPLICANT INCLUDING ANY AMENDMENTS THAT THE ICOC MAY
16 APPROVE TOMORROW TO IMPLEMENT THE PROVISIONS OF THIS
17 DISCOUNT PROGRAM.

18 FOR EVERY DAY OF DELAY BY CIRM IN
19 DISTRIBUTING FUNDS AFTER JUNE 30TH, THE APPLICANT'S
20 PROPOSED DISCOUNT WOULD BE ADJUSTED DOWNWARDS BY
21 $1/169$ TH, WHICH IS THE NUMBER OF DAYS IN 22 MONTHS AS
22 THE DENOMINATOR AND ONE IS THE NUMERATOR, 22 MONTHS
23 BEING THE LIKELY AVERAGE TIME OF DISBURSEMENT UNDER
24 THE LAST FUNDS IN OPTION. CIRM WOULD ONLY ADJUST
25 THE AMOUNT OF THE DISCOUNT FOR DELAYS CAUSED BY CIRM

BARRISTERS' REPORTING SERVICE

1 PURSUANT TO THIS PROVISION.

2 IF THE ICOC APPROVES THE DISCOUNT
3 PROPOSAL, CIRM WOULD EXECUTE A NOTICE OF GRANT AWARD
4 WHICH WOULD INCLUDE CERTAIN ADMINISTRATIVE
5 CONDITIONS SUBSEQUENT WITH COMPLIANCE OF THOSE
6 CONDITIONS TO BE COMPLETED WITHIN 90 DAYS
7 THEREAFTER. THESE CONDITIONS WOULD ADDRESS THE
8 REQUIREMENTS INCLUDED IN THE FACILITIES GRANT
9 ADMINISTRATION POLICY, INCLUDING THE REQUIREMENT
10 THAT NO ELEMENT OF THE DISCOUNT AGREEMENT, IN THE
11 OPINION OF THE PRESIDENT OF CIRM, WOULD BE
12 INTERPRETED TO COMPROMISE THE SCIENTIFIC VALUE OF
13 THE FACILITY OR THE SCOPE AND SPECIFICATIONS OF THE
14 FACILITY.

15 FINALLY, TO PARTICIPATE IN THE UP-FRONT
16 DISBURSEMENT PROGRAM, APPLICANTS HAD TO MEET A
17 CERTAIN CREDIT STANDARD. THEY EITHER HAD TO HAVE A
18 LONG-TERM MOODY'S OR S&P CREDIT RATING OF A OR
19 BETTER, BE A CAMPUS OF THE UNIVERSITY OF CALIFORNIA
20 SYSTEM, OR POST A GUARANTEE UNTIL THE DATE THAT THE
21 FUNDS WOULD HAVE BEEN DISBURSED UNDER THE LAST FUNDS
22 IN PROVISION BY AN ENTITY WITH A LONG-TERM MOODY'S
23 OR S&P CREDIT RATING OF A OR BETTER.

24 SO THAT SUMMARIZES THE ESSENTIAL TERMS OF
25 THE DISCOUNT PROPOSAL WHICH HAS BEEN ACCEPTED

BARRISTERS' REPORTING SERVICE

1 CONDITIONALLY BY EIGHT APPLICANTS.

2 CHAIRMAN KLEIN: OKAY. SO THE IMPORTANT
3 POINT HERE IN TERMS OF THIS LAST BULLET POINT IS
4 THAT WE COULDN'T BE IN A POSITION OF PROVIDING
5 UP-FRONT FUNDS UNLESS WE HAD AN EXTRAORDINARILY
6 DEFENSIBLE CASE ON THE CREDIT OF THE APPLICANT AND
7 THEIR ABILITY TO PERFORM. SO IF WE HAVE A
8 PERFORMANCE GUARANTEE AND AN A OR BETTER CREDIT
9 RATING, WE'RE IN A POSITION TO TAKE THAT RISK. OR
10 IF THEY ARE A PART OF THE STATE OF CALIFORNIA, WE
11 CAN TAKE THAT RISK, BUT WE COULD NOT TAKE THAT RISK
12 UNLESS AN INSTITUTION THAT DID NOT MEET THOSE
13 STANDARDS PUT UP A GUARANTEE FROM AN A OR BETTER
14 CREDIT SOURCE, LIKE A LETTER OF CREDIT FROM AN A OR
15 BETTER BANK.

16 IF WE CAN NOW GO TO THE CHART. SO THIS
17 FIRST CHART, IF YOU SEE IN THE FAR RIGHT COLUMN, THE
18 DISCOUNTS THAT WERE ORIGINALLY RECEIVED ON THE FIRST
19 ROUND WERE 22,856,000. THOSE REMAIN OUTSTANDING
20 OFFERS THAT ARE BINDING. IT IS NOT MY POSITION AS
21 THE BOARD CHAIR, NOR THE PRESIDENT'S POSITION TO
22 TAKE A FINAL POSITION ON THOSE DISCOUNT OFFERS
23 BECAUSE THAT IS A DECISION LEFT TO THE BOARD.

24 NOW, IN ANALYZING THIS, THERE ARE
25 INDIVIDUAL LETTERS THAT ARE IN THIS -- THAT ARE IN

BARRISTERS' REPORTING SERVICE

1 THIS OFFER THAT ARE CONDITIONAL UPON OTHER
2 INSTITUTIONS OFFERING THE SAME LEVEL OF DISCOUNT.
3 AND AS THESE DISCOUNTS, IF YOU WERE TO CALCULATE,
4 YOU' D SHOW PERCENTAGE DISCOUNTS FROM 5.71 PERCENT TO
5 20 PERCENT. NOW, PART OF THAT IS CAUSED BY THE FACT
6 THAT INDIVIDUAL INSTITUTIONS, BEING ENTREPRENEURIAL,
7 IMMEDIATELY REALIZED THAT THEY COULD MAKE A
8 COUNTEROFFER DIFFERENT THAN THE TERMS OF THE
9 PROPOSAL. AND OTHERS IN THIS SPIRIT OF TEAMWORK
10 WANTED TO RESPOND EXACTLY TO WHAT WAS REQUESTED.
11 ONE OF THE THINGS THAT YOU LOOK FOR AND REWARD IN
12 SCIENTIFIC DISCOVERY IS THAT SPIRIT OF ADVENTURE,
13 WHICH CERTAINLY WAS BROADLY DISTRIBUTED HERE SINCE
14 NO TWO DISCOUNT PERCENTAGES WERE EQUIVALENT.

15 LOOKING AT THIS AND TRYING TO BRING A
16 RESPONSIBLE AND EQUITABLE AND FAIR PROPOSAL TO THE
17 BOARD, IN MEETING WITH DR. TROUNSON AND RICK KELLER
18 AND IN DISCUSSIONS WITH DAVID LICHTENGER AND DAVID
19 SERRANO-SEWELL, THE PROPOSAL HERE WAS RECONCILED BY
20 PUTTING OUT ANOTHER COUNTEROFFER WITH THIS ONE
21 REMAINING A BINDING OPPORTUNITY OR OPTION FOR THE
22 BOARD. AND THAT COUNTEROFFER -- COULD WE SHOW THAT
23 SLIDE -- PRODUCED \$17,630,000.

24 NOW, NOTE THE SAN DIEGO CONSORTIUM IS A
25 NEW ENTITY, SO IT LACKED THE CREDIT TO MAKE A

BARRISTERS' REPORTING SERVICE

1 PROPOSAL. THE BUCK INSTITUTE IS A NEW, RELATIVELY
2 YOUNG ENTITY WHO LACKED THE CREDIT TO MAKE A
3 PROPOSAL. AND IN ADDITION, UC SANTA CRUZ AND THE
4 SAN DIEGO CONSORTIUM ARE TWO ENTITIES THAT FACE
5 COASTAL ZONE APPROVAL. SO THEY HAVE A CONTINGENT
6 PROVISION WHICH THEY PROVIDED EVIDENCE THAT SAYS
7 THEY'RE GOING TO BE SUCCESSFUL, YET IT'S DIFFICULT
8 TO RAISE MONEY ON A DEFINITIVE PROGRAM UNLESS YOU
9 KNOW WHETHER YOU'RE GOING TO GET PAST THE CALIFORNIA
10 COASTAL ZONE, WHICH IS NOT A HUNDRED PERCENT
11 PREDICTABLE.

12 THE ISSUE HERE, THEREFORE, WAS THAT YOU
13 HAVE A COUPLE OF ENTITIES THAT HAD TROUBLE PUTTING
14 TOGETHER A PROPOSAL BECAUSE THEY DIDN'T HAVE THE
15 CREDIT, AND GETTING A GUARANTEE WOULD BE A PROBLEM,
16 PARTICULARLY WITH THE SAN DIEGO CONSORTIUM'S
17 CONTINGENCY, IN FACT, GETTING DONOR SUPPORT UNTIL
18 THAT CONTINGENCY IS CONCLUDED.

19 NOW, IN ANY CASE, UNTIL THOSE
20 CONTINGENCIES ARE CONCLUDED, OUR GAP POLICY WOULD
21 INDICATE THERE ARE NO FUNDS, AS IN ZERO FUNDS, THAT
22 WILL BE ADVANCED. WE'RE NOT TAKING ANY RISK ON
23 WHETHER THAT IS ACCOMPLISHED.

24 SO WITH UC MERCED, WE HAVE A NEW ENTITY, A
25 BRAND-NEW ENTITY THAT IS NOT IN A POSITION TO MAKE

BARRISTERS' REPORTING SERVICE

1 AN INSTITUTIONAL COMMITMENT ON THE COME WITHOUT
2 HAVING ALL THE FUNDS IN HAND. AND IT SHOULD BE
3 DISCLOSED HERE THAT IN THE QUESTIONING OF THE MAJOR
4 FACILITIES WORKING GROUP, IT WAS PUT ON THE TABLE
5 THAT THEY PROBABLY HAVE AN EXTRA MILLION TWO BEYOND
6 THE FIGURES SHOWN THERE TO RAISE FOR ADDITIONAL
7 EQUIPMENT. THEY CAN BECOME OPERATIONAL WITH THIS
8 AMOUNT, BUT TO BECOME OPTIMALLY OPERATIONAL,
9 QUESTIONS RAISED BY DAVID SERRANO-SEWELL RESULTED IN
10 AN ANSWER THAT THEY ARE GOING TO COMMIT THEMSELVES
11 TO RAISING A MILLION TWO BEYOND WHAT IS SHOWN.

12 SO WE HAVE A COMPLICATED FACT PATTERN
13 HERE. FACING THAT FACT PATTERN, WE HAVE EIGHT OUT
14 OF THE 12 INSTITUTIONS, INCLUDING ALL THE
15 INSTITUTIONS IN THE INSTITUTE CATEGORY AND THE
16 CENTERS OF EXCELLENCE CATEGORY, WHO HAD THE CREDIT
17 TO MAKE PROPOSALS WHO DID MAKE PROPOSALS. AND THE
18 KEY QUESTION HERE FOR THE BOARD TO CONSIDER IS
19 WHETHER A 9-PERCENT DISCOUNT IS ACCEPTABLE, WHICH
20 WOULD YIELD 17,630,000, OR WHETHER THEY PREFER TO GO
21 WITH THE 23 MILLION, UNDERSTANDING THAT SOME OF
22 THOSE DISCOUNTS MAY BE DEEP ENOUGH AND THESE
23 INSTITUTIONS MAY HAVE STRETCHED FAR ENOUGH THAT IT
24 WOULD CREATE A REAL PROBLEM. AND THE OTHER ISSUE IS
25 HOW DO YOU APPLY DIFFERENTIAL RATES UNDER THE SAME

BARRISTERS' REPORTING SERVICE

1 PROGRAM TO SCIENTIFIC ORGANIZATIONS THAT ARE ALL
2 RECOMMENDED AND ARE ALL DOING THIS VOLUNTARILY TO
3 TRY AND MAKE THIS PROGRAM WORK? SO THERE WERE
4 EQUITY CONSIDERATIONS HERE AS WELL.

5 WITH THOSE FACTS BEING ON THE TABLE, WE
6 WANTED THE BOARD TO BE ABLE TO ASK ANY OF THE
7 APPLICANTS THAT ARE REPRESENTED IF THEY HAD ANY
8 SPECIFIC QUESTIONS. I'VE PUT ON THE TABLE, AS IS
9 REFLECTED IN THE PUBLIC TRANSCRIPT OF THE MAJOR
10 FACILITIES MEETING, SOME VERY SPECIFIC FACTS THAT
11 YOU MAY WANT TO ASK ABOUT. BUT IN ADDITION, YOU MAY
12 HAVE QUESTIONS ABOUT THE PROGRAM, REALIZING, OF
13 COURSE, AS I SAID, THAT WE HAD A ROBUST DISCUSSION
14 ON SCIENTIFIC SCORES BEFORE, AND THERE'S BEEN A VERY
15 VIBRANT DISCUSSION AT THE FACILITIES COMMITTEE.

16 ARE THERE ANY QUESTIONS THE BOARD WANTS TO
17 ADDRESS TO ANY OF THE APPLICANTS IN THE ROOM?
18 WELL --

19 DR. LOVE: I'M NOT SURE THIS IS A QUESTION
20 OF THE APPLICANTS, BUT IF WE'RE TRYING TO CLOSE THE
21 \$26.6 MILLION GAP, THE OTHER PROPOSAL LOOKED MORE
22 FAVORABLE. IT'S CLOSER. BUT THERE ARE ISSUES HERE
23 BECAUSE THERE ARE DIFFERENT RATES, SO THERE'S AN
24 EQUITY CONCERN, RIGHT?

25 AND YOU ALSO SAID THERE'S A CONCERN THAT

BARRISTERS' REPORTING SERVICE

1 SOME INSTITUTIONS MAY HAVE STRETCHED THEMSELVES TOO
2 FAR.

3 CHAIRMAN KLEIN: WELL, SOME OF THESE
4 INSTITUTIONS AS A PERCENTAGE HAVE PROVIDED A 15- TO
5 20-PERCENT DISCOUNT. OTHERS WERE AT 5.7 AND 6.19
6 PERCENT, SO OTHERS DIDN'T STRETCH VERY MUCH AT ALL.
7 BUT WE'RE TRYING TO COOPERATE IN A TEAM SPIRIT.
8 IT'S JUST THAT THE QUESTION HERE IS THAT, A, IS IT
9 EQUITABLE UNDER THE SAME PROGRAM WHERE IT'S A
10 VOLUNTARY PROGRAM WHERE PEOPLE ARE BEING TO ASKED TO
11 COLLABORATE TO HELP US FUND A PORTFOLIO OF SCIENCE
12 FOR THE WHOLE STATE; AND, B, IF YOU LOOK AT THE
13 PERCENTAGES, IT PUTS A LOT OF STRESS ON SOME OF THE
14 INSTITUTIONS.

15 IF YOU LOOK, SOME OF THOSE INSTITUTIONS
16 ALSO SUFFERED VERY LARGE CUTS, SO THERE ARE
17 INSTITUTIONS THAT HAD 7 OR \$8 MILLION CUTS AND HAVE
18 LARGE DISCOUNTS. RIGHT? AND SO THE ISSUE IS THE
19 COMPOUNDING EFFECT.

20 DR. LOVE: DID YOU SAY THIS IS THE
21 BINDING -- THIS IS WHAT THE --

22 CHAIRMAN KLEIN: THEY'RE BOTH BINDING.

23 DR. LOVE: THEY'RE BOTH BINDING.

24 CHAIRMAN KLEIN: WE HAVE AN IRREVOCABLE
25 BINDING CHOICE IN TAKING GROUP ONE OR GROUP TWO

BARRISTERS' REPORTING SERVICE

1 BECAUSE ONLY THE BOARD CAN MAKE THIS DECISION.

2 DR. LOVE: CAN WE MIX PART OF GROUPS?

3 MR. HARRISON: BOB, CAN I MAKE ONE

4 ADDITIONAL POINT, WHICH I THINK YOU ALREADY MADE,

5 WHICH IS THAT IN MAKING ITS ORIGINAL PROPOSAL AND

6 RESPONSE TO OUR OFFER, ONE OF THE APPLICANTS DID

7 MAKE ITS PROPOSAL CONDITIONAL UPON THE OTHER

8 APPLICANTS ALL ACCEPTING THE SAME RATE. SO THAT IS

9 STILL A CONDITION EVEN UNDER THE ORIGINAL PROPOSAL.

10 CHAIRMAN KLEIN: THAT'S RIGHT. AND IF YOU

11 KNOCK THAT APPLICANT OUT, YOU KNOCK OUT \$5 MILLION,

12 WHICH, INTERESTINGLY, BRINGS YOU TO 17 MILLION. SO

13 THAT IS THE POSITION THAT WE'RE GOING TO REVISIT THE

14 FIRST THING IN THE MORNING BECAUSE WE HAVE

15 ADDITIONAL NONCONFLICTED PATIENT ADVOCATES WHO ARE

16 COMING IN THE MORNING. WE WILL REVIEW A PORTION OF

17 THIS, BUT WE WANT A THOUGHTFUL CONSIDERATION FROM

18 THE BOARD OF THIS, AND WE WANTED TO MAKE SURE THAT

19 IF THE BOARD MEMBERS HAD QUESTIONS OF THE

20 APPLICANTS, THAT THEY ASK THEM TONIGHT. SO AGAIN --

21 MR. ROTH: MR. CHAIRMAN, WILL THERE BE

22 TIME TOMORROW -- WE'RE WAY DOWN INTO TRYING TO CLOSE

23 THE GAP. WILL THERE BE TIME TOMORROW JUST TO

24 DISCUSS HOW WE GOT HERE AND GO BACK UP INTO -- THIS

25 IS THE FIRST TIME WE'VE HAD A CHANCE TO TALK TO THE

BARRISTERS' REPORTING SERVICE

1 FACILITIES WORKING GROUP. AND I WANT TO AT LEAST
2 HAVE SOME CLARITY ON THE DECISION-MAKING PROCESS
3 THAT GOT US THERE. I DON'T WANT TO LOSE THE FOREST
4 FOR THE TREES HERE.

5 CHAIRMAN KLEIN: THERE WILL ABSOLUTELY BE
6 THAT TIME, BUT I WOULD SUGGEST IF YOU WANT TO ASK
7 THESE QUESTIONS TONIGHT, BECAUSE IN CASE THERE'S ANY
8 BACKGROUND RESEARCH OR TRANSCRIPT WE NEED TO PULL
9 UP, I WANT TO BE ABLE TO MAKE SURE THERE'S NO DELAY
10 TOMORROW MORNING. IF YOU'VE GOT SOME QUESTIONS
11 TONIGHT, LET'S --

12 MR. ROTH: MY QUESTIONS ARE MORE ON HOW WE
13 RECTIFIED THE SCORES FOR THE SCIENTIFIC PART WITH
14 THE FACILITIES WORKING GROUP PART AND HOW YOU MADE
15 THE CUTS ON THE BASIS OF THAT. SO I WILL GO INTO
16 THAT TOMORROW, BUT IT'S JUST -- IT SEEMS TO ME THAT
17 WE'RE MAYBE TRYING TO BE ALL THINGS TO ALL PEOPLE
18 HERE AND MAKE THE NUMBERS WORK REGARDLESS OF HOW
19 THEY DID ON THE SCIENTIFIC PART OF THAT. AND I
20 BELIEVE THAT SOME OF THE CENTERS ASKED FOR
21 REASONABLE AMOUNTS AND ARE BEING PENALIZED FOR
22 TRYING TO BE REASONABLE AND VICE VERSA. SO I JUST
23 WANT TO UNDERSTAND HOW YOU DEALT WITH THAT AND
24 WHETHER WE CAN SUPPORT THAT.

25 CHAIRMAN KLEIN: TWO THINGS. ONE, DAVID,

BARRISTERS' REPORTING SERVICE

1 WHY --

2 MR. SERRANO-SEWELL: I'M GLAD -- DUANE,
3 I'M GLAD YOU'RE BRINGING THIS UP BECAUSE SOMEONE
4 NEEDS TO ASK HOW DID THE FACILITIES WORK ARRIVE AT
5 OUR INITIAL SET OF RECOMMENDATIONS? AND IS NOW THE
6 TIME TO DO THAT? ARE WE DOING THAT TOMORROW?

7 CHAIRMAN KLEIN: IN REALITY, WE HAVE THREE
8 OR FOUR CRITICAL MEMBERS WHO WE'RE GOING TO HAVE TO
9 REPEAT PART OF THIS.

10 MR. SERRANO-SEWELL: PART OF WHAT?

11 CHAIRMAN KLEIN: HOWEVER, THOSE MEMBERS
12 HAVE BEEN ON THE MAJOR FACILITIES COMMITTEE. SO
13 IT'S IMPORTANT FOR THOSE MEMBERS WHO HAVE NOT BEEN
14 ON THE MAJOR FACILITIES COMMITTEE THAT WE ADDRESS
15 DUANE'S QUESTION NOW IF WE CAN.

16 MR. ROTH: I REALLY DON'T HAVE ANY
17 SPECIFIC INDIVIDUAL ONES, BUT I WOULD LIKE THE
18 MEMBERS OF THE BOARD THAT CAN HAVE THIS DISCUSSION
19 TO HAVE IT TOMORROW WHEN WE'RE ALL HERE SO THAT WE
20 DON'T HAVE TO GO THROUGH IT AGAIN.

21 CHAIRMAN KLEIN: OKAY.

22 DR. LOVE: AND TO THE EXTENT THAT YOU WERE
23 RAISING AN ISSUE ABOUT INSTITUTIONS, I WOULD BE
24 INTERESTED GENERICALLY, I THINK THE WHOLE BOARD
25 WOULD BE INTERESTED GENERICALLY, IF THERE ARE

BARRISTERS' REPORTING SERVICE

1 INSTITUTIONS THAT ARE IN THE AUDIENCE TONIGHT WHO
2 HAVE SOME PREVAILING VIEWS ON THIS AND THEY MAY NOT
3 BE HERE TOMORROW, THAT I THINK WE SHOULD TRY TO HEAR
4 WHAT THEY HAVE TO SAY BECAUSE I'M SURE THEY'VE BEEN
5 THINKING ABOUT THIS, AND I THINK IT WOULD BE
6 INSTRUCTIVE FOR US TO HEAR THEIR COMMENTS.

7 CHAIRMAN KLEIN: SO ARE THERE INSTITUTIONS
8 THAT ARE HERE TONIGHT THAT WILL NOT HAVE A
9 REPRESENTATIVE HERE TOMORROW? HOWEVER, WE'RE GOING
10 TO TRY AND MOVE THROUGH THIS EXPEDITIOUSLY TOMORROW
11 BECAUSE THE MEMBERS COMING TOMORROW HAVE BEEN
12 THROUGH THE MAJOR FACILITIES MEETING. SO IF THERE'S
13 SPECIFIC INSTITUTIONS YOU'D LIKE TO ASK QUESTIONS
14 OF, GETTING THAT OUT ON THE RECORD TONIGHT WOULD BE
15 HELPFUL.

16 I WOULD LIKE -- DAVID AND ALAN, JUST TO
17 CREATE A FOUNDATION, MAYBE WE SHOULD ADDRESS DUANE'S
18 QUESTION.

19 MR. LICHTENGER: CERTAINLY. I'D BE HAPPY
20 TO. SO I THINK ALAN ACTUALLY WAS THE ONE THAT CAME
21 UP WITH THE ELOQUENT SOLUTION THAT WORKED OUT SO
22 NICELY WHERE WE ACTUALLY DIDN'T HAVE TO REALLY
23 CONSIDER THE SCIENCE SCORES DURING THE PROGRAMMATIC
24 REVIEW PROCESS BECAUSE IT SEEMED TO HAVE AN
25 EQUITABLE, FAIR COMPONENT WHEN WE APPLIED ALAN'S

BARRISTERS' REPORTING SERVICE

1 PROPOSED SOLUTION TO ALL THE APPLICANTS WHERE WE
2 GOT, WE FELT, CLOSE ENOUGH TO THE \$262 MILLION. I
3 KNOW WE WERE SHORT BY \$26.6 MILLION, BUT IT SEEMED
4 TO BE THE FAIR AND EQUITABLE AND RIGHT SOLUTION
5 GIVEN THAT ALL THE APPLICANTS DID ACTUALLY MAKE THE
6 GRANTS WORKING GROUP CUT TO BE THERE TO BE IN THE
7 PART 2 APPLICATION.

8 SO, YOU KNOW, THAT WAS KIND OF THE
9 CONSENSUS OF THE FACILITIES WORKING GROUP. MY
10 PERSONAL RECOMMENDATION WOULD BE TO THE ICOC TO TRY
11 TO FIND A WAY TO FUND THE GAP. AND, YOU KNOW, I'M
12 SOMEWHAT AGNOSTIC ABOUT HOW IT'S DONE, BUT AS LONG
13 AS THERE'S A WAY TO FIND THAT ADDITIONAL FUNDS, THAT
14 WOULD BE MY PERSONAL RECOMMENDATION.

15 I THINK SOME OF THE INSTITUTIONS HAVE BEEN
16 CUT SUBSTANTIALLY. WE DID CONSIDER POTENTIALLY
17 DURING THE PROGRAMMATIC REVIEW HAVING AN ADDITIONAL
18 PROCESS WHERE, AS THE VICE CHAIR POINTED OUT, OF
19 HAVING ADDITIONAL CUTS INVOLVING THE SCIENCE SCORE,
20 BUT WE ELECTED NOT TO GO THERE AT THE PRESIDENT'S
21 SUGGESTION.

22 MR. SERRANO-SEWELL: ALAN, BEFORE YOU
23 START AND IN PART IN LAYING THE FOUNDATION, MAYBE,
24 RICK, AFTERWARDS YOU CAN GIVE A VERY BRIEF SUMMATION
25 OF OUR PROCESS, THE FACILITIES WORKING GROUP. WE

BARRISTERS' REPORTING SERVICE

1 MET, WE SCORED, WE HAD A DISCUSSION, THOSE SCORES
2 WERE TALLIED -- I'M DOING IT. THOSE SCORES WERE
3 TALLIED BY STAFF. WE FOLLOWED THE SAME PROCESS THAT
4 THE GRANTS WORKING GROUP FOLLOWS EXCEPT IT WAS IN
5 PUBLIC. AND I WANT YOU TO ELABORATE MORE ON IT
6 BECAUSE YOU WERE INTIMATELY INVOLVED. AND THEN WE
7 HAD THAT DISCUSSION. THAT WAS SORT OF THE FIRST
8 PIECE OF IT, WHICH WAS LONG, AND THEN DR. TROUNSON
9 CAME IN WITH SOMETHING THAT MADE A LOT OF SENSE.

10 AND PART OF OUR PROGRAMMATIC REVIEW THAT
11 WAS BROUGHT UP BY DEBBIE HYSEN WAS THAT WE HAD TO
12 TAKE INTO CONSIDERATION THE SCIENTIFIC Y SCORE -- U
13 SCORE, WHICH I THINK TIED IT ALTOGETHER REALLY
14 NEATLY BECAUSE THERE WAS SOME CORRELATION. I'LL
15 STOP THERE. IF YOU COULD ADDRESS THAT AS PART OF
16 RESPONDING TO DUANE AND LAYING THE FOUNDATION, IT
17 WOULD BE HELPFUL.

18 MR. ROTH: SO MY CRITICISM IS NOT OF THE
19 WORK THAT YOU DID IN THE FACILITIES WORKING GROUP AT
20 ALL. THE ONE CRITICISM I DO HAVE IS I THINK YOU
21 DOUBLE PENALIZE WHEN YOU HAVE A SCORE THAT DEALS
22 WITH URGENCY AND A PENALTY ON THE BACK END THAT
23 DEALS WITH IT TOO. SO YOU HAVE A DOUBLE COUNTING.
24 SET THAT ASIDE.

25 MR. SERRANO-SEWELL: THAT'S FINE. NOT SO

BARRISTERS' REPORTING SERVICE

1 MUCH -- I THINK FOR EVERYONE'S EDIFICATION, IT WOULD
2 BE HELPFUL JUST TO REPEAT BRIEFLY WHAT WE DID THAT
3 DAY, HOW IT ENDED UP WITH THE U SCORE. EVERYONE IS
4 SAYING ALAN'S RECOMMENDATION WAS SO EQUITABLE.
5 GREAT. JUST ELABORATE ON IT JUST A LITTLE BIT. YOU
6 MAY DISAGREE.

7 CHAIRMAN KLEIN: DAVID, I THINK YOU'RE
8 THINKING TOO, WE HAVE A CHART THAT SHOWS HOW THESE
9 NUMBERS ALIGN WITH THE U SCORE, WHICH WAS THE
10 SCIENTIFIC GROUP'S ANALYSIS OF THE POTENTIAL
11 CONTRIBUTION OF THESE FACILITIES TO THE FUTURE
12 CAPACITY OF THESE INSTITUTIONS TO DELIVER ON THE
13 MISSION. NOW, THEY'RE NOT GOING TO BE EXACT, BUT
14 THEY PROVIDE YOU WITH A RELATIVE CONTRIBUTION VALUE
15 FROM A SCIENTIFIC PERSPECTIVE. AND REMEMBER, WE
16 WENT INTO THIS SESSION WITH FIVE DIFFERENT
17 APPLICANTS BEING TOTALLY ELIMINATED BASED ON SCIENCE
18 SCORES. SO THERE WAS AN INTENT TO DEAL WITH THE
19 REMAINING 12 INSTITUTIONS AS ALL PART OF A QUALITY
20 PORTFOLIO OF RESEARCH CAPACITY.

21 BUT DO WE HAVE THAT CHART, RICK, WITH THE
22 U SCORE?

23 MR. KELLER: IT'S THE FIRST PAGE IN YOUR
24 BINDER IS THE CHART THAT I THINK YOU'RE REFERRING
25 TO.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THAT'S NOT THE CHART --
2 DOES IT SHOW IT --

3 MR. KELLER: IT SHOWS THE X, Y, Z, AND THE
4 U SCORE IN THE BLUE. USE AND CONTRIBUTION SCORE.

5 CHAIRMAN KLEIN: USE AND CONTRIBUTION
6 SCORE, BUT WE HAD A CHART THAT HAD THE DOLLAR AMOUNT
7 RIGHT NEXT TO THE U SCORE. WHAT DAVID
8 SERRANO-SEWELL WAS COMMENTING ON, IF YOU LOOK AT THE
9 U SCORE AND THE DOLLARS AMOUNTS, THEY FOLLOWED
10 RELATIVELY WELL IN DESCENDING ORDER THE U SCORES.

11 THE USE AND CONTRIBUTION SCORES, SO YOU
12 GOT AN X SCORE FOR BASIC SCIENCE, A Y SCORE FOR
13 APPLIED, A Z FOR CLINICAL, AND THEN A U SCORE WAS
14 THE OVERALL SCORE FROM THE SCIENTIFIC PEER REVIEW
15 SESSION. AND ONLY THE QUALIFIED APPLICANTS CAN
16 DISCUSS THIS. ONLY THE QUALIFIED BOARD MEMBERS CAN
17 DISCUSS THIS.

18 MR. ROTH: ANYWAY, THAT U SCORE WAS ADDED.
19 IT WAS X, Y, Z, THEN WE ADDED A U SCORE. THAT
20 WASN'T ORIGINALLY PART OF THAT SCORING, AND SOMEBODY
21 DECIDED WE SHOULD DO THAT.

22 CHAIRMAN KLEIN: NO. NO. THE PEER REVIEW
23 GROUP --

24 MR. ROTH: THEY DECIDED TO DO THAT. IF I
25 REMEMBER RIGHT, THAT WASN'T PART OF THE --

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THE SCIENTIFIC PEER
2 REVIEW PROVIDED THE U SCORE BECAUSE WE ASKED THEM IN
3 THEIR MANDATE TO PULL TOGETHER THE OVERALL ANALYSIS
4 OF WHAT THIS FACILITY WOULD CONTRIBUTE TO THEIR
5 MISSION.

6 MR. LICHTENGER: MR. CHAIRMAN, I WANT TO
7 POINT OUT ONE FACT ABOUT THIS U SCORE AND HOW WE
8 ARRIVED AT THIS. THE TECHNICAL ANALYSIS AND THE
9 SCORING, ACCORDING TO THE PRESIDENT'S SUGGESTION,
10 ACTUALLY CORRELATED VERY HIGHLY TO THE U SCORES
11 WITHOUT US ACTUALLY APPLYING A DIFFERENT SCIENTIFIC
12 CUT TO THE PROCESS. SO IT WAS INTERESTING THAT BY
13 JUST EVALUATING THE FACILITIES ON THE TECHNICAL
14 CRITERIA DEFINITIONS THAT WE HAD, THAT WE FOUND NOT
15 A PERFECT CORRELATION, BUT A VERY CLOSE CORRELATION
16 TO THE U SCORE. THEREFORE, WE DIDN'T HAVE TO GO, WE
17 FELT, INTO A FURTHER ANALYSIS DURING THE
18 PROGRAMMATIC REVIEW LED BY THE VICE CHAIR BECAUSE IT
19 ALREADY ACTUALLY -- WE ALREADY ARRIVED AT WHERE WE
20 WANTED TO BE WHERE IT CLOSELY CORRELATED TO IT.

21 SO IT'S IMPORTANT THAT YOU UNDERSTAND THAT
22 THE FACILITIES WORKING GROUP MEMBERS DIDN'T -- WE
23 DIDN'T ACTUALLY HAVE TO GO THAT NEXT STEP DURING THE
24 PROGRAMMATIC REVIEW BECAUSE THE TECHNICAL ANALYSIS
25 ACTUALLY LED US TO THE PLACE WE WANTED TO BE WITHOUT

BARRISTERS' REPORTING SERVICE

1 HAVING TO GO THROUGH THAT ADDITIONAL STEP.

2 MR. ROTH: ANYWAY, THIS IS GETTING A
3 LITTLE BIT AT WHAT I'M TALKING ABOUT. JUST STEPPING
4 WAY BACK FROM IT, WHERE WE STARTED, WE WERE GOING TO
5 HAVE TWO CENTERS OF EXCELLENCE ONCE UPON A TIME.
6 THAT WAS THE SORT OF PLACE WE STARTED. AND THEN WE
7 GOT THE STRATEGIC PLAN, AND WE SAID WE WOULD FUND
8 FIVE OR MORE AT TENS OF MILLIONS, AND WE'D FUND MUCH
9 LOWER LEVELS AT 5 TO 10 MILLION, AND THAT WAS IN THE
10 STRATEGIC PLAN. THEN WE GOT TO WE SORT OF TOOK
11 EVERYBODY AND WE PUT THEM TOGETHER, AND WE'RE TRYING
12 NOW TO RATIONALIZE HOW WE CAN GET THERE.

13 HERE ARE MY SIMPLE QUESTIONS. HOW CAN
14 STANFORD NOT GET A PERFECT SCORE AND FULLY FUND?
15 HOW CAN STANFORD NOT GET \$50 MILLION? THAT TO ME
16 SEEMS STRANGE. I GO DOWN, IF YOU LOOK AT THE TOP
17 SCORING ONES ON THE SCIENTIFIC REVIEW, AND TED YOU
18 BROUGHT THIS UP, THE PERCENTAGES OF THE ASK VERSUS
19 THE GRANT JUST DON'T MAKE MUCH SENSE, INCLUDING THIS
20 LAST CONVERSATION WE HAD. YOU KNOW, I CAN LOOK DOWN
21 HERE AT THE BOTTOM AND SAY THAT SANTA BARBARA, WHICH
22 GOT A 70 ON THAT U SCORE, GOT 74 PERCENT, AND A 71
23 AT MERCED GOT AN 84 PERCENT OF THE ASK. SO THOSE
24 ARE JUST THINGS THAT I THINK WE NEED TO UNDERSTAND.

25 I THINK OTHER INSTITUTIONS, DAVIS, UCLA,

BARRISTERS' REPORTING SERVICE

1 IRVINE, ALL DID REMARKABLE ON THE SCORES, AND SAN
2 FRANCISCO AND OTHERS. MANY THAT DID VERY WELL, IF
3 YOU LOOK AT THESE SCORES JUST IN ISOLATION, AND YOU
4 GO OVER TO THE RIGHT, AND I UNDERSTAND YOU WENT
5 THROUGH A PROCESS AND WERE THERE --

6 MR. SERRANO-SEWELL: APPROVED BY THE ICOC.
7 APPROVED BY THE ICOC, JUST FOR THE RECORD.

8 MR. ROTH: ON SCIENTIFIC SCORES, THAT'S
9 ALL I'M TALKING ABOUT, AND SAYING THAT THERE SEEMS
10 TO ME TO BE A DISCONNECT, AND THE DISCONNECT IS THAT
11 WE REALLY ARE TRYING TO ACCOMMODATE EVERYONE. AND
12 THAT, I THINK, MOST OF US KNOW ALWAYS ENDS UP IN A
13 SITUATION LIKE THIS.

14 THE FINAL ONE, AND I DON'T SAY THIS
15 BECAUSE I'M FROM SAN DIEGO, BUT THEY MUST BE
16 FEELING, IF I WERE THEM, LIKE, GEE, IF WE HAD EACH
17 COME ON OUR OWN, WE'D PROBABLY HAVE A HUNDRED
18 MILLION UP ON THE BOARD, NOT 50 OR 40. SO THAT'S
19 THE POINT THAT I THINK THERE'S A LOT OF THINGS THAT
20 SCORED WELL SCIENTIFICALLY THAT IN THE END PROBABLY
21 GET US TO WHAT WE REALLY SET OUT TO DO, WHICH IS
22 EXCELLENCE, SCIENTIFIC EXCELLENCE, REWARD THE BEST
23 OF THE BEST.

24 MR. SERRANO-SEWELL: I'M GLAD WE'RE HAVING
25 THIS CONVERSATION, DUANE. WE COULD HAVE IT TODAY,

BARRISTERS' REPORTING SERVICE

1 WE COULD HAVE IT TOMORROW, WE COULD HAVE IT ANY
2 TIME. BECAUSE THAT WAS SOMETHING THAT I THINK EVERY
3 ICOC MEMBER, ESPECIALLY -- I'LL SPEAK FOR MYSELF --
4 WAS REALLY TRYING TO STRUGGLE WITH, A BASIC
5 FUNDAMENTAL QUESTION. I DO RECALL AT OUR LAST ICOC
6 MEETING, YOU DID RAISE THE ISSUE, AND YOU MADE IT
7 VERY CLEAR. AS WE GO THROUGH THIS PROCESS AND THE
8 END GAME, WHICH IS TODAY AND TOMORROW, WOULD THERE
9 BE AN INSTANCE IN WHICH AN APPLICANT GOT ZERO? WE
10 TOLD YOU YES. WE SAID ABSOLUTELY THERE CAN BE AN
11 INSTANCE WHEN SOMEBODY WHO ASKS FOR 50 MILLION GOT
12 ZERO DOLLARS OR 20 MILLION OR SOME FRACTION OR SOME
13 DISCOUNT.

14 BUT I HAVE TO SAY, YOU KNOW, AGAIN I'LL
15 SPEAK FOR MYSELF, I THINK THE SENTIMENT'S REFLECTED
16 IN THE RECOMMENDATION, THE GOAL WAS TO FUND AS MUCH
17 AS POSSIBLE THAT MET THE SCIENTIFIC THRESHOLD OF
18 QUALITY. NOW, THERE'S VARYING SCORES. THEY'RE NOT
19 ONLY THE TOP TIER. THEY ARE SPREAD OUT, AND WE
20 THINK THE FUNDING REFLECTS THAT AS WELL. YOU KNOW,
21 THERE WERE SOME ISSUES WITH SOME APPLICANTS IN THEIR
22 FACILITIES APPLICATIONS. NOT EVERYBODY GOT GREAT
23 SCORES. SOME PEOPLE DID. MY POINT IS, I GUESS, MY
24 BROADER POINT TO YOUR POINT IS WE TRIED TO FUND AS
25 MUCH AS POSSIBLE. THAT WAS OUR -- THAT WAS MY

BARRISTERS' REPORTING SERVICE

1 BASI S.

2 NOW, IF THAT'S WRONG, IF COLLECTIVELY WE
3 THINK THAT'S NOT A GOOD IDEA, OKAY. WE CAN GET THE
4 SCALPEL OUT TOMORROW. WE CAN START SAYING, YOU KNOW
5 WHAT, UC MERCED, ALL THINGS BEING EQUAL, THE
6 SCIENTIFIC SCORE, NO, WE DON'T THINK YOU SHOULD GET
7 AS MUCH. YOU THINK STANFORD SHOULD HAVE GOT A
8 PERFECT SCORE. OKAY, FINE. WE'LL GIVE THEM MORE
9 MONEY. THEN WE'LL JUST GO ON DOWN THE LINE, ON DOWN
10 THE LINE, ON DOWN THE LINE, AND THAT, I THINK, WOULD
11 NOT BE FAIR. IT DOESN'T TAKE INTO ACCOUNT THE
12 COMPLEXITIES OF THIS PROCESS, AND THIS PROCESS WAS
13 VERY COMPLEX BECAUSE WE ASKED OURSELVES TO FUND ALL
14 THESE CENTERS IN ONE SHOT INSTEAD OF DIVIDING IT UP
15 INTO THREE RFA'S. WE COULD HAVE DONE THAT. AS
16 GROUP A YEAR AGO, WE SAID NO. WE WANT TO GET THIS
17 ALL DONE IN ONE SHOT.

18 SO I THINK IT'S NOT A PERFECT WORK
19 PRODUCT, BUT IT'S CLOSE BECAUSE IT DOES ADDRESS THE
20 BROADER ISSUES THAT WE ATTEMPTED TO DO. THAT WAS
21 OUR GOAL. THAT WAS OUR CHARGE.

22 CHAIRMAN KLEIN: OKAY.

23 DR. TROUNSON: MR. CHAIRMAN, I JUST WANT
24 TO CLARIFY WHAT THE PROCESS WAS BECAUSE I THINK IT
25 DOES SOUND A BIT CONFUSING TO ME AS WELL. I KNOW

BARRISTERS' REPORTING SERVICE

1 CLEARLY WHAT THE SITUATION HAS BEEN. FIRST OF ALL,
2 THE SCIENCE CATEGORIES, AS YOU SAID, WENT THROUGH
3 AND GAVE A RANKING ON SCIENCE. THOSE THAT DIDN' T
4 MAKE THAT CUTOFF WERE NOT INVITED TO THE SECOND
5 ROUND. SO THAT WAS THE SCIENCE SCORES. THE SCIENCE
6 SCORES ARE GENERALLY PRETTY HIGH. I THINK MOST OF
7 THE ESTABLISHMENTS ARE UP IN THE 90S, 80S, AND THERE
8 WERE SOME THAT CAME DOWN IN THE 70S. SO ESSENTIALLY
9 THEY REALLY DID SCORE VERY WELL.

10 YOU KNOW, WHEN WE REVIEWED THAT IN THE
11 SCIENCE SENSE, WE SAID THESE INSTITUTIONS, YOU KNOW,
12 HAVE GOT VERY GOOD PERFORMING PROGRAMS. WE DIDN' T
13 HAVE THE KIND OF DETAIL ON EACH PROJECT THAT YOU
14 WOULD HAVE IN A GRANTS WORKING GROUP BECAUSE IT WAS
15 DONE REALLY AS AN OVERALL SUMMARY OF WHAT THOSE
16 FACILITIES WERE REALLY CONCENTRATING ON AND THEIR
17 CAPACITY AND SO ON. SO THERE WAS A GOOD BROAD LOOK,
18 A THOUSAND-FOOT LOOK, IF YOU LIKE, AT THESE
19 INSTITUTIONS. AND I THINK THEY CAME OUT VERY MUCH
20 AS I WOULD HAVE EXPECTED THOSE INSTITUTIONS IN THEIR
21 SUBMISSIONS. THEY' RE FANTASTIC, ALL OF THEM. I
22 JUST SAY THE REST THAT DIDN' T MAKE IT ARE PRETTY
23 GOOD TOO, BUT THEY JUST DIDN' T MAKE IT. WE WENT
24 THROUGH THAT.

25 NOW, THE SECOND PART OF IT WAS DIVORCED

BARRISTERS' REPORTING SERVICE

1 FROM THE SCIENCE SIDE. NOTE SCIENCE MARKS COMING
2 INTO THE NEXT PART OF IT, BUT YOU AGREED THAT THERE
3 WAS A SCORE TO BE SET UP BY THE FACILITIES WORKING
4 GROUP THAT CONSISTED OF VALUE, LEVERAGE, URGENCY,
5 SHARED RESEARCH, FUNCTIONALITY TO GIVE YOU A TOTAL
6 POINTAGE OUT OF A HUNDRED. AND THE ALLOCATION TO
7 WHAT THOSE PARTICULAR POINTS WERE GIVEN A SCORE OF
8 FROM 15 TO 25 PERCENT. SO LEVERAGE WAS PRETTY HIGH.
9 IT WAS UP AT 25. VALUE WAS AT 25. FUNCTIONALITY
10 WAS AT 15. SHARED FACILITIES WERE AT 15.

11 NOW, THAT CAME THROUGH WITH A MARK OUT OF
12 A HUNDRED, RIGHT, YOU ADDED THOSE THROUGH. ALL WE
13 SAID WAS THAT GAVE A PERCENTAGE, IF YOU LIKE,
14 BECAUSE IT'S OUT OF ONE HUNDRED. WE SAID WHY DON'T
15 WE APPLY THAT TO THE GRANTS THAT WERE REQUESTED. SO
16 IN THE CASE OF STANFORD, THEY DID PRETTY WELL
17 BECAUSE THEY REQUESTED 50 MILLION, AND THEY GOT 90
18 PERCENT OF 50 MILLION. WHATEVER THAT SCORE WAS,
19 THEY GOT IT. SO THERE WAS A REDUCTION OF WHATEVER
20 IT WAS, 8 PERCENT OF THE 50 MILLION, BECAUSE THEY
21 GOT THAT 90-PERCENT SCORE. THERE ARE OTHER
22 INSTITUTES THAT GOT ON THAT COMPOSITE SCORE 73, AND
23 THAT MIGHT HAVE BEEN A BIT DIFFERENT IN SOME CASES
24 BECAUSE OF THE ADVANTAGE APPLIED FOR LEVERAGE OR
25 URGENCY. THOSE FIGURES WHERE THERE WAS SOME

BARRISTERS' REPORTING SERVICE

1 VARIANCES THERE, THAT THOSE ONES CONTRIBUTED TO SOME
2 DIFFERENCES. SO, AGAIN, THEY'RE A PERCENTAGE OF
3 WHAT THOSE INSTITUTIONS REQUESTED.

4 NOW, WHEN I LOOKED AT ALL THE OTHER WAYS
5 OF INDEXING, IN KIND OF INDEXING, THOSE ARE VERY
6 MINOR CHANGES REALLY FROM ONE THING TO ANOTHER. BUT
7 IF YOU APPLIED THOSE SCORES, YOU COULD REDUCE THE
8 REQUESTED AMOUNT BY 47 MILLION, AND THAT WOULD BRING
9 IT THROUGH TO THE ICOC WITH A DEFICIT OF 26.6
10 MILLION. SO THE ICOC HAS STILL GOT TO DEAL WITH THE
11 26.6 MILLION.

12 NOW, I KNOW THOSE INSTITUTES THAT HAVE HAD
13 THAT CUT, WHATEVER IT IS, THE PERCENTAGE ON
14 STANFORD, THE PERCENTAGE ON THE BUCK INSTITUTE, AND
15 THE VARIOUS, ALL HURT, THEY ALL HURT, BUT SOMETHING
16 HAD TO BRING IT DOWN FROM THE 72 MILLION BECAUSE WE
17 WEREN'T GOING TO ADD 72 MILLION FROM TO THE INITIAL
18 REQUESTED. SO NOW YOU'VE GOT 26.6 MILLION TO DEAL
19 WITH. I THINK THE UP-FRONT -- THE OFFER FOR THE
20 UP-FRONT FUNDING DEALS WITH 17 PERCENT, 17 MILLION
21 OF THAT, AND THERE'S STILL ANOTHER NINE MILLION TO
22 DEAL WITH.

23 NOW, THAT WOULD ALLOW YOU TO MAKE NO
24 CHANGE. ESSENTIALLY I ARGUE TO YOU THAT YOU
25 SHOULDN'T PENALIZE THESE EMERGING INSTITUTES ANY

BARRISTERS' REPORTING SERVICE

1 MORE THAN THEY'VE CURRENTLY BEEN PENALIZED BECAUSE
2 THEY'RE THE ONES WHICH WILL TAKE THE PENALTY IF
3 THERE IS A CUT BECAUSE THEY TEND TO BE DOWN ON BOTH
4 SCORES. SO THE EMERGING INSTITUTES ARE THE ONES
5 THAT ARE GOING TO RECEIVE THE CUTS DEEPEST BECAUSE
6 THEY ARE LOW ON BOTH THOSE SCORES. I SAY TO YOU
7 DON'T DO IT BECAUSE THOSE GUYS -- JUST IT'S FAIR
8 GAME IN AUSTRALIA TO SAY GIVE THEM A FAIR GAME.

9 MR. ROTH: SO IT'S FAIR GAME FOR ME TO
10 PUSH BACK A LITTLE BIT TOO. SO I'LL PUSH BACK.
11 TELL ME, UC IRVINE, 29 MILLION; USC, 29 MILLION,
12 SCORES DRAMATICALLY DIFFERENT IN ALL CASES. SO
13 HOW --

14 CHAIRMAN KLEIN: LET'S TALK ABOUT THIS
15 ISSUE BECAUSE ONE OF THE BASIC PARAMETERS IS
16 LEVERAGE BECAUSE IF NO ONE PUT UP LEVERAGE, WE'D BE
17 FUNDING TWO OR THREE INSTITUTIONS. AND IF WE DON'T
18 HAVE A BROAD-BASED PROGRAM, IT'S GOING TO RADICALLY
19 REDUCE OUR SCIENTIFIC POTENTIAL.

20 MR. ROTH: BOB, JUST ANSWER -- TELL ME THE
21 29 MILLION, HOW YOU GOT THERE. ONE'S 80 PERCENT AND
22 ONE'S 84 PERCENT.

23 CHAIRMAN KLEIN: WE'LL PUT OUT THE
24 SCORES -- CAN WE PUT UP THE SPECIFIC COLUMN THAT
25 SHOWS THE FACILITIES SCORE NEXT TO THE AMOUNT

BARRISTERS' REPORTING SERVICE

1 REQUESTED, AND IT SHOWS THE RESULTING SCORE. AND IN
2 TERMS OF YOUR POINT, DUANE, ON SAN DIEGO CONSORTIUM
3 MEMBERS, IF THEY'D APPLIED INDIVIDUALLY GETTING A
4 HUNDRED MILLION, THAT'S FANTASY. IF YOU LOOK AT THE
5 CRITERIA ADOPTED BY THIS BOARD AND ADOPTED BY THE
6 FACILITIES GROUP, THEY DIDN'T HAVE THE LEVERAGE TO
7 ACCOMPLISH THAT BECAUSE THEY WOULD HAVE HAD TO HAVE
8 \$200 MILLION OF LEVERAGE TO GET \$100 MILLION.

9 MR. ROTH: THEY'D HAVE HAD 40 MILLION TO
10 GET -- IT'S A 20-PERCENT MATCH.

11 CHAIRMAN KLEIN: NO. NO. MATCH DIDN'T
12 GET YOU ANYWHERE. IF YOU CAME IN WITH MATCH, THAT
13 WAS A STATUTORY REQUIREMENT.

14 MR. ROTH: I'M NOT GOING TO ARGUE WITH YOU
15 ABOUT SAN DIEGO BECAUSE THAT'S NOT MY POINT. I'M
16 TRYING TO UNDERSTAND HOW SOME OF THESE OTHER
17 INSTITUTIONS -- THE SAN DIEGO CONSORTIUM, THEY WILL
18 TELL YOU, I WOULD IMAGINE, THEY SHOULDN'T HAVE DONE
19 IT. THEY SHOULD NOT HAVE DONE IT. THEY SHOULD NOT
20 HAVE PUT THE CONSORTIUM TOGETHER. THEY SHOULD HAVE
21 GONE DIFFERENT, BUT THAT'S A SIDE ISSUE. WE CAN
22 DEBATE THAT. IT'S WATER OVER THE DAM.

23 GO BACK NOW AND TELL ME HOW, WHEN YOU HAVE
24 THESE DRAMATICALLY DIFFERENT SCORES UP HERE FOR UC
25 IRVINE, 94, 94, AND 90, 92 ON USE, AND 80 ON THE

BARRISTERS' REPORTING SERVICE

1 FACILITIES WORKING GROUP. 29 MILLION, WHICH IS 80
2 PERCENT OF THEIR ASK.

3 DR. TROUNSON: SORRY. IT'S NOT GOT
4 ANYTHING TO DO WITH THE SCIENCE SCORES THE WAY IT
5 CAME OUT. AS I SAID, THE FACILITIES WORKING GROUP
6 WORKED OFF THIS OTHER SET OF PARAMETERS THAT I READ
7 TO YOU. IT'S NOT GOT TO DO WITH THE SCIENCE. THE
8 SCIENCE WAS NOT CONFIGURED INTO THOSE CALCULATIONS
9 AT ALL. THERE WAS NO --

10 MR. ROTH: IT'S THE DIFFERENCE BETWEEN A
11 SCORE OF 80 AND SCORE OF 84.

12 DR. TROUNSON: IT'S NOT THE SCIENCE SIDE
13 OF IT.

14 MR. ROTH: I'M TALKING ABOUT THE
15 FACILITIES WORKING GROUP. IRVINE GOT AN 80; USC GOT
16 AN 84.

17 CHAIRMAN KLEIN: YOU THINK THOSE ARE
18 STATISTICALLY DIFFERENT?

19 MR. ROTH: NO, I DON'T.

20 MR. SERRANO-SEWELL: YOU WANT TO KNOW WHY
21 IRVINE GOT AN 80?

22 MR. ROTH: SO WHY DID ONE GET 84 PERCENT
23 OF THEIR ASK AND THE OTHER --

24 CHAIRMAN KLEIN: COULD WE PLEASE HAVE THE
25 CHART UP THAT SHOWS THE RELATIONSHIP OF THE AMOUNT

BARRISTERS' REPORTING SERVICE

1 REQUESTED WITH THE SCORE? THERE'S A SIMPLER --

2 MR. LICHTENGER: MR. CHAIRMAN, I THINK WE
3 WANT TO SEE THE BREAKDOWN OF THE FACILITIES WORKING
4 GROUP SCORE, HOW WE ARRIVED AT THOSE NUMBERS, THE
5 VARIOUS COMPONENTS.

6 CHAIRMAN KLEIN: I WANT TO SHOW -- WE HAD
7 A VERY SIMPLE CHART. IF WE CAN'T BRING THAT CHART
8 UP QUICKLY, WHAT I'M GOING TO DO IS I THINK WE'VE
9 EXPLORED THESE TOPICS TONIGHT. WHAT I'M GOING TO DO
10 IS ASK FOR AN ADJOURNMENT UNTIL TOMORROW. BUT, YOU
11 KNOW, DUANE, IT IS A GOOD, HEALTHY DISCUSSION.

12 MR. ROTH: WE NEED TO HAVE IT.

13 CHAIRMAN KLEIN: WE NEED TO HAVE IT. AND
14 WHAT'S IMPORTANT, AS WE DRILL DOWN IN THIS, I THINK
15 YOU'RE GOING TO FIND THAT THERE ARE REAL SUBSTANTIVE
16 REASONS THESE NUMBERS CAME OUT THE WAY THEY DID.

17 MR. ROTH: WE NEED TO GET THOSE IN THE
18 RECORD.

19 MR. SERRANO-SEWELL: WAIT. WAIT. LET ME
20 SUGGEST SOMETHING, AND LET'S FOLLOW WHAT WE'VE DONE
21 BEFORE WITH STAFF. AND, DUANE, LET'S SEE IF YOU'RE
22 OKAY WITH THIS, THE FULL COMMITTEE IS OKAY WITH
23 THIS, AND MAYBE IT'S A BAD IDEA. BUT WHEN WE'VE HAD
24 DISCUSSIONS ON SCIENTIFIC GRANTS, WE'VE HAD A STAFF
25 MEMBER COME UP AND ANSWER -- WELL, THEY'VE GIVEN A

BARRISTERS' REPORTING SERVICE

1 BRIEF SORT OF SUMMARY OF THE DISCUSSION AND HOW THE
2 WORKING GROUP CAME TO THE SCORE. AND IF ANY OF THE
3 ICOC MEMBERS HAD QUESTIONS, THEY'D ASK QUESTIONS.
4 THIS PROCESS SHOULD SOUND FAMILIAR. WE'VE DONE IT
5 MANY TIMES.

6 SO MAYBE IF, ALAN, YOU THINK, AND BOB
7 THINK IT'S A GOOD IDEA, IF DUANE OR ANY OTHER MEMBER
8 SAYS, HEY, FACILITIES WORKING GROUP, HOW THE HECK
9 DID YOU GET AN 80 OR 84 OR WHATEVER THE NUMBER WAS,
10 HAVE RICK SPEAK TO THOSE ISSUES AND SAY, YOU KNOW,
11 THIS IS WHAT HAPPENED. THEY CAME UP WITH THIS
12 SCORE. HERE'S WHERE THE DEFICIENCIES WERE. THERE
13 WERE DEFICIENCIES WITH THE UC IRVINE APPLICATION.
14 I'M HAPPY TO TALK ABOUT IT. THERE WERE ISSUES WITH
15 IT. THERE WAS A REASON WHY THEY GOT THAT SCORE.
16 LET'S HAVE RICK TALK ABOUT IT.

17 CHAIRMAN KLEIN: AND I WOULD SAY TOO, WITH
18 WHAT DAVID IS SAYING, THERE ARE EXTRAORDINARILY GOOD
19 ARGUMENTS FOR EVERY ONE OF THESE INSTITUTIONS,
20 TREMENDOUS CONTRIBUTIONS. LOOK AT THE SYSTEMS
21 BIOLOGY CONTRIBUTIONS OF SANTA CRUZ. THEY'RE NOT A
22 CENTER OF EXCELLENCE, THEY'RE NOT AN INSTITUTE, BUT
23 THEY MAKE A VERY SPECIFIC, VERY STRONG, AND
24 WELL-DOCUMENTED CONTRIBUTION TO SYSTEMS BIOLOGY. SO
25 WHAT WE NEED TO DO THOUGH IS WE SCHEDULED THIS TILL

BARRISTERS' REPORTING SERVICE

1 NINE. IT'S 9:30. I THINK WE'VE GOT THE ISSUES ON
2 THE TABLE. DUANE AND TED AND OTHERS HAVE RAISED
3 GOOD QUESTIONS. WE'RE GOING TO BRING THE -- WE'LL
4 FIND THE BEST CHARTS THAT ARE THE LEAST CONFUSING
5 AND GO THROUGH THEM TOMORROW MORNING. BUT A HEALTHY
6 DISCUSSION IS IN THE GREAT TRADITION OF THIS WHOLE
7 PROCESS.

8 MR. LICHTENGER: MR. CHAIRMAN, I WOULD
9 SUGGEST THAT THERE'S A PARTICULAR CHART THAT I THINK
10 WOULD ADDRESS DUANE'S QUESTIONS VERY DIRECTLY, AND
11 POTENTIALLY WE CAN PRINT IT OUT AND HAND IT OUT TO
12 THE ICOC MEMBERS. I THINK THIS WILL SHOW HOW WE
13 ARRIVED AT THE FACILITIES SCORE FOR EACH OF THE
14 APPLICANTS.

15 CHAIRMAN KLEIN: THAT WOULD BE GREAT. SO
16 WE'LL DO THAT IN THE MORNING; IS THAT RIGHT, DAVID?
17 IN ORDER TO GET DISTRIBUTION, WE'LL DO THAT IN THE
18 MORNING. AND ANY ICOC MEMBER THAT WANTS A COPY OF
19 THAT CHART TONIGHT, LET'S PROVIDE IT, AND LET'S
20 BRING SOME FOR THE PUBLIC SO THEY CAN HAVE IT AS
21 WELL.

22 DR. PIZZO: NOT ANY MEMBER, JUST THE ONES
23 WHO CAN.

24 CHAIRMAN KLEIN: ONLY THE BOARD MEMBERS
25 WHO HAVE NO CONFLICTS HAVE ACCESS TO THIS DOCUMENT,

BARRISTERS' REPORTING SERVICE

1 ZERO CONFLICTS.

2 DR. PIZZO: JUST WANTED TO BE SURE THAT
3 THAT WAS CLEAR TO EVERYBODY.

4 CHAIRMAN KLEIN: THANK YOU, DR. PIZZO. WE
5 START AT 8:15. WE HAVE A SPOTLIGHT TOMORROW
6 MORNING, MELISSA KING, AT 8:15?

7 MS. KING: YES. THE SPOTLIGHT IS AT 8:15
8 IN THIS ROOM. THE ICOC MEETING STARTS AT NINE. AND
9 ICOC MEMBERS, YOU MAY LEAVE YOUR MATERIALS HERE. I
10 DON'T RECOMMEND LEAVING YOUR ELECTRONIC EQUIPMENT,
11 BUT YOU CAN LEAVE YOUR BINDERS.

12 CHAIRMAN KLEIN: AND THE SPOTLIGHT IS ON
13 PARKINSON'S DISEASE. THERE ARE SOME GREAT
14 PRESENTATIONS. WE STAND ADJOURNED. THANK YOU.

15 (THE MEETING WAS THEN ADJOURNED AT
16 9:36 P.M. TO RECONVENE AT 8:15 A.M. MAY 7TH, 2008.)

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BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

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

LUXE HOTEL
SUNSET BALLROOM
11461 SUNSET BOULEVARD
LOS ANGELES, CALIFORNIA
ON
MAY 5 AND 6, 2008

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



BETH C. DRAIN, CSR 7152
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