

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: AUGUST 6, 2009
1 P.M.

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

BRS FILE NO.: 85165

BARRISTERS' REPORTING SERVICE

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1.	CALL TO ORDER	3
2.	ROLL CALL	3
3.	CONSIDERATION OF RESPONSE TO LITTLE HOOVER COMMISSION REPORT ON CIRM, INCLUDING BUT NOT LIMITED TO ITEMS CONTINUED FROM MEETING ON JULY 16, 2009. (ITEMS # 6-15 IN MEMO CONSIDERED JULY 16, 2009).	4
	A. MANAGEMENT RESPONSE DRAFT FOR DISCUSSION	
	B. MEMO TO ART TORRES REGARDING TWO LHC RECOMMENDATIONS	
4.	CONSIDERATION OF ENDORSEMENT OF PUBLIC HEALTHCARE OPTION AS PART OF NATIONAL HEALTHCARE LEGISLATION CURRENTLY UNDER CONSIDERATION BY THE US CONGRESS.	72
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BARRISTERS' REPORTING SERVICE

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THURSDAY, AUGUST 6, 2009

1:00 P.M.

CHAIRMAN TORRES: IT SEEMS WE HAVE A QUORUM. I WOULD LIKE TO PROCEED, FIRST OF ALL, WITH THE CALL TO ORDER OF THE SUBCOMMITTEE ON LEGISLATION. MELISSA, WOULD YOU PLEASE CALL THE ROLL?

MS. KING: JACOB LEVIN FOR SUSAN BRYANT. MICHAEL GOLDBERG I WILL CIRCLE BACK TO. BOB KLEIN.

MR. KLEIN: HERE.

MS. KING: CLAIRE POMEROY.

DR. POMEROY: HERE.

MS. KING: FRANCISCO PRIETO. JOHN REED. DUANE ROTH.

MR. ROTH: HERE.

MS. KING: JOAN SAMUELSON.

MS. SAMUELSON: HERE.

MS. KING: JEFF SHEEHY. AND ART TORRES.

CHAIRMAN TORRES: HERE.

MS. KING: AS SOON AS MR. GOLDBERG JOINS US, WE WILL HAVE A QUORUM.

CHAIRMAN TORRES: A QUORUM OF THIS COMMITTEE IS SIX.

MS. KING: SEVEN.

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: WE NEED DR. PRIETO AS WELL.

2 MR. ROTH: AND MICHAEL GOLDBERG.

3 CHAIRMAN TORRES: THAT WILL BRING US TO
4 SIX.

5 MR. KLEIN: ART, AT THE END OF THE CALL,
6 IF I COULD JUST GET FIVE MINUTES OF YOUR TIME.

7 CHAIRMAN TORRES: YES, OF COURSE.

8 MS. KING: DR. POMEROY, YOU SAID YOU HEARD
9 FROM DR. PRIETO THAT HE WAS ON HIS WAY, RIGHT?

10 DR. POMEROY: HE CALLED EARLIER CONFIRMING
11 THE ROOM LOCATION AND SAID HE WOULD BE HERE, BUT I
12 DON'T KNOW THE EXACT TIMING.

13 MR. GOLDBERG: MICHAEL GOLDBERG IS ON.

14 CHAIRMAN TORRES: WELCOME, MICHAEL. I
15 THINK WE'RE GOING TO START JUST FOR THE PURPOSES OF
16 MOVING AHEAD. I WANT TO MAKE THIS AS QUICK AS
17 POSSIBLE BECAUSE I KNOW WHAT'S AHEAD AT 4 O'CLOCK AS
18 WELL IN TERMS OF THE ICOC MEETING.

19 THE PURPOSE OF THESE TWO LEGISLATIVE
20 COMMITTEE MEETINGS WAS TO REVIEW THE RECOMMENDATIONS
21 OF THE LITTLE HOOVER COMMISSION THAT WERE PRESENTED
22 TO THE MEMBERS OF THE LEGISLATURE A FEW MONTHS AGO.
23 AS WE UNDERSTAND IT NOW, THE PURVIEW OF THE REPORT
24 IS WITHIN THE LEGISLATURE, AND SO WE ARE RESPONDING
25 TO THESE RECOMMENDATIONS AND WILL RESPOND IN WRITING

BARRISTERS' REPORTING SERVICE

1 TO MEMBERS OF THE LEGISLATURE WITH RESPECT TO OUR
2 POSITION ON THESE RECOMMENDATIONS.

3 AT OUR LAST MEETING CHAIRMAN KLEIN MOVED
4 AND I SECONDED A MOTION TO REJECT THE
5 RECOMMENDATIONS ON THE GROUNDS THAT THEY WOULD
6 REQUIRE A NEW BALLOT MEASURE. AND, MOREOVER, MR.
7 KLEIN ARGUED THERE WERE SUBSTANTIVE REASONS. THE
8 MOTION WAS AMENDED BY DR. CLAIRE POMEROY TO SUGGEST
9 THAT THE MOTIVATION BEHIND REJECTING THESE
10 RECOMMENDATIONS WAS PREDICATED ON THE
11 UNCONSTITUTIONAL NATURE OF THE RECOMMENDATIONS AND
12 NOT NECESSARILY THE SUBSTANCE OF THEM. CHAIRMAN
13 KLEIN ACCEPTED THAT AMENDMENT AND THE MOTION WAS
14 PASSED EIGHT TO ZERO WITH ONE ABSTENTION, MR.
15 SHEEHY.

16 SO THAT'S WHAT WE HAVE DONE SO FAR. NOW
17 WE MOVE INTO THE SECOND AND THIRD CATEGORIES OF
18 RECOMMENDATIONS WHICH THE LITTLE HOOVER COMMISSION
19 PRESENTED TO THE LEGISLATURE. THE FIRST IS
20 REGARDING POLICY CHANGES THAT WE AS AN INSTITUTION
21 COULD IMPLEMENT. AND WE COME TO ITEM NO. 6, WHICH
22 IS MODIFY THE PREAPPLICATION REVIEW PROCESS. AND I
23 WOULD LIKE TO CALL ON OUR PRESIDENT, DR. ALAN
24 TROUNSON, TO RESPOND.

25 DR. TROUNSON: THANK YOU VERY MUCH, ART.

BARRISTERS' REPORTING SERVICE

1 THE ICOC HAD AGREED TO A TRIAL PERIOD FOR THE
2 PREAPPLICATION PROCESS OF THE THREE RFA'S. THESE
3 WERE THE BASIC BIOLOGY I, BASIC BIOLOGY II, AND
4 DISEASE TEAM RESEARCH AWARDS. SO THIS TRIAL PERIOD
5 IS STILL IN PROGRESS, AND THE INFORMATION COLLECTED
6 IS AT PRESENT INCOMPLETE AS TO THE ANALYSIS AND
7 EVALUATION. WE WILL COMPLETE THIS EXPERIMENT, HAVE
8 IT ANALYZED AND EVALUATED, AND PRESENT THAT TO THE
9 ICOC IN DECEMBER THIS YEAR. AND WE EXPECT TO
10 PROVIDE SOME RECOMMENDED MODIFICATIONS AT THAT TIME.

11 CHAIRMAN TORRES: ANY COMMENT FROM ANY
12 MEMBER OF THE COMMITTEE?

13 MS. SAMUELSON: ART, I NEED A LITTLE JUST
14 DIRECTION TO BE SURE OF WHAT IT IS I SHOULD BE
15 LOOKING AT AND THE COMBINATION OF WHICH IS WHAT'S
16 BEFORE US. I'M LOOKING AT THE DRAFT FOR DISCUSSION.

17 CHAIRMAN TORRES: YES.

18 MS. SAMUELSON: AND THEN I TAKE IT THERE'S
19 ONE OTHER ITEM ASIDE FROM THIS, ONE OTHER DOCUMENT
20 ASIDE FROM THIS.

21 MS. KING: YES. THAT WOULD BE LABELED
22 AGENDA ITEM NO. 3, AND IT'S A MEMO. SO IT SAYS
23 MEMORANDUM AT THE TOP. IT'S THE MEMO FROM ROBERT
24 KLEIN AND ART TORRES TO THE GOVERNING BOARD.

25 MS. SAMUELSON: RE LITTLE HOOVER

BARRISTERS' REPORTING SERVICE

1 COMMISSION REPORT ON CIRM.

2 MS. KING: THAT IS THE DOCUMENT THAT WILL
3 BE REFERRED TO THROUGHOUT THE CALL WHEN WE'RE
4 TALKING ABOUT PARTICULAR NUMBERS THAT WE'RE
5 RESPONDING TO. THIS IS NO. 6. NO. 7 IS THE NEXT
6 ONE. IT IS THIS DOCUMENT THAT IS THE MASTER
7 DOCUMENT.

8 CHAIRMAN TORRES: NOW, YOU HAVE THE DRAFT
9 FOR DISCUSSION WHICH CITES DR. TROUNSON'S RESPONSE
10 TO ITEM NO. 6, RIGHT, 6 THROUGH 13? IT'S A
11 ONE-PAGER.

12 MS. SAMUELSON: YES. AND I ALSO HAVE A
13 MEMORANDUM DATED JUNE 30.

14 MS. KING: THAT'S THE MASTER DOCUMENT IN
15 TERMS OF THE NUMBERS THAT WE'RE REFERRING TO.

16 CHAIRMAN TORRES: AND THE CATEGORIES BY
17 WHICH WE ARE REVIEWING THEM, JOAN.

18 ARE THERE ANY OTHER RESPONSES FROM MEMBERS
19 OF THE COMMITTEE ON DR. TROUNSON'S RESPONSE TO ITEM
20 NO. 6? IT'S PRETTY PERFUNCTORY.

21 DR. POMEROY: FIRST OFF, ALTHOUGH FROM
22 SACRAMENTO.

23 DR. PRIETO: FRANCISCO PRIETO. I'VE
24 JOINED THE MEETING.

25 MS. KING: DID ANYBODY ELSE JOIN?

BARRISTERS' REPORTING SERVICE

1 DR. LEVIN: YES. JACOB LEVIN FROM UC
2 IRVINE AND A MEMBER OF THE PUBLIC.

3 DR. POMEROY: WE ALSO HAVE ONE ADDITIONAL
4 MEMBER OF THE PUBLIC.

5 MR. ENGELHARDT: RITCHARD ENGELHARDT,
6 CALIFORNIA HEALTHCARE INSTITUTE.

7 CHAIRMAN TORRES: THANK YOU FOR BEING
8 HERE.

9 DR. POMEROY: ON THIS ONE CAN WE JUST
10 BRIEFLY GET A SUMMARY OF WHAT THE LITTLE HOOVER
11 COMMISSION RECOMMENDED FOR MODIFICATIONS AND WHAT
12 THE EXPERIMENT INCLUDES?

13 DR. TROUNSON: THE EXPERIMENT WAS REQUIRED
14 BY -- RECOMMENDED BY THE BOARD WHEN WE PUT THE
15 PREAPPLICATION REVIEW PROCESS FORWARD, THAT IT WOULD
16 BE AN EXPERIMENTAL PERIOD FOR WHICH WE WOULD REPORT
17 BACK TO THE BOARD AND AN EVALUATION OF HOW IT
18 PROGRESSED. SO WE ARE IN THAT TRIAL PROCESS,
19 EXPERIMENTAL PROCESS.

20 DR. POMEROY: I UNDERSTAND THAT. WHAT I'M
21 TRYING TO GET IS A LIST OF THE INTERVENTIONS THAT
22 WERE INVOLVED IN THE EXPERIMENT.

23 MR. KLEIN: ARE YOU SAYING -- YOU'RE
24 ASKING WHAT THE LITTLE HOOVER COMMISSION
25 RECOMMENDED?

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: AND THEN -- THAT'S THE FIRST
2 QUESTION, AND THE SECOND QUESTION WAS WHAT
3 MODIFICATIONS ARE WE DOING AN EXPERIMENT ON?

4 CHAIRMAN TORRES: WHY DON'T WE PROCEED
5 WITH THE LITTLE HOOVER COMMISSION TELLING US WHAT
6 THEY RECOMMENDED SINCE THEY'RE THERE?

7 DR. POMEROY: I JUST FEEL LIKE WE'RE
8 DISCUSSING RECOMMENDATIONS AND WE HAVEN'T SAID WHAT
9 THE RECOMMENDATION WAS, AND THEN WE'VE SORT OF
10 DISMISSED IT AS, WELL, WE'RE TRYING AN EXPERIMENT
11 AND WE HAVEN'T SAID WHAT THE EXPERIMENT IS. SO I'M
12 JUST TRYING TO GET THAT ON THE RECORD.

13 MR. KLEIN: AS AN INFORMATIONAL ITEM, IT'S
14 IMPORTANT TO NOTE THAT THE LITTLE HOOVER COMMISSION
15 IN THEIR REPORT INITIALLY BELIEVED THAT, IN FACT,
16 THIS PROCESS OF PREAPPLICATION REVIEW RELIED
17 COMPLETELY ON INTERNAL STAFF, WHICH WAS NOT CORRECT.
18 THERE ARE THREE OUTSIDE SPECIALISTS THAT WE UTILIZED
19 TO LOOK AT EACH GROUP OF APPLICATIONS, AND THEN
20 THOSE EVALUATIONS WERE BROUGHT IN-HOUSE WHERE THEN
21 THE STAFF LOOKED AT THE CRITERIA TO SEE IF THE
22 APPLICATIONS WERE RESPONSIVE TO THE RFA CRITERIA.
23 THE IN-HOUSE STAFF DID NOT DO A REVIEW. IN-HOUSE
24 STAFF, IN FACT, WAS LOOKING FOR RESPONSIVENESS TO
25 SPECIFIC CRITERIA AND INCORPORATING THE INFORMATION

BARRISTERS' REPORTING SERVICE

1 FROM THE OUTSIDE SPECIALISTS IN DETERMINING WHICH
2 APPLICATIONS WOULD BE DEFERRED AND WHICH WOULD BE
3 RECOMMENDED TO GO FORWARD AT THIS TIME.

4 DR. TROUNSON, THAT'S A SUMMARY. IS THAT
5 SUMMARY, YOU FEEL, ACCURATE?

6 DR. TROUNSON: WELL, ESSENTIALLY IT WAS A
7 TRIAL PERIOD THAT I'VE DESCRIBED AS AN EXPERIMENT, A
8 TRIAL PERIOD FOR WHICH WE WOULD REPORT BACK TO THE
9 BOARD ON HOW IT WORKED. AND YOU'VE BASICALLY
10 DESCRIBED THE PROCESS AS IT IS. WE HAVE TAKEN
11 SURVEYS FROM THE APPLICANTS OF EACH OF THE RFA'S,
12 AND WE WILL BE REPORTING THOSE SUMMARIES TO THE
13 BOARD IN DECEMBER.

14 THE SUBSTANCE OF THE LITTLE HOOVER
15 COMMISSION WAS TO MAKE A RECOMMENDATION TO MODIFY
16 THE PREAPPLICATION REVIEW PROCESS WITHOUT BEING
17 SPECIFIC TO WHAT THE MODIFICATION SHOULD BE. BUT
18 ESSENTIALLY WE WILL BE BRINGING FORWARD PROBABLY A
19 RECOMMENDATION TO MODIFY THE PROCESS AT THE
20 COMPLETION OF THE TRIAL PERIOD.

21 SO WHAT I'M BASICALLY SAYING IS THE
22 PROCESS IS UNDER WAY FOR EVALUATION, AND WE WILL
23 REPORT IT TO THE BOARD, WHICH WILL PROBABLY INCLUDE
24 SOME MODIFICATIONS ON THAT PROCEDURE.

25 CHAIRMAN TORRES: CLAIRE, IF YOU WOULD

BARRISTERS' REPORTING SERVICE

1 INDULGE ME, I WOULD LIKE TO CALL ON JAMES HARRISON
2 TO GIVE US THE RECOMMENDATION VERBATIM FROM THE
3 LITTLE HOOVER REPORT, AND THAT WAY WE HAVE IT ON THE
4 RECORD.

5 DR. POMEROY: THANK YOU.

6 MR. HARRISON: THE LITTLE HOOVER
7 COMMISSION DID ADDRESS WHAT THEY REFERRED TO AS THE
8 TRIAGE PROCESS, WHAT WE CALL THE PREAPPLICATION
9 PROCESS. IN THEIR REPORT THEY STATED THAT THEY
10 BELIEVED THAT IT DEVIATED FROM BEST PRACTICES AND
11 ADDED A LAYER OF OPACITY TO CIRM'S PROCESSES. AND
12 THEIR RECOMMENDATION STATES SIMPLY, "CIRM SHOULD
13 MODIFY ITS TRIAGE PLAN TO REVIEW GRANTS INTERNALLY."
14 SO THEY DID NOT OFFER ANY SPECIFICS AS TO HOW IT
15 SHOULD BE MODIFIED.

16 CHAIRMAN TORRES: OUR RESPONSE IS THAT WE
17 WILL PROVIDE MODIFICATIONS AFTER WE'VE REVIEWED IT
18 AND PRESENTED IT IN DECEMBER OF THIS YEAR, 2009.

19 ARE THERE ANY OTHER COMMENTS FROM
20 COMMITTEE MEMBERS ON THIS PARTICULAR ISSUE? ARE
21 THERE PUBLIC COMMENTS IN SACRAMENTO?

22 MR. JENSON: DAVID JENSON WITH CALIFORNIA
23 STEM CELL REPORT. A QUESTION HERE. WAS THERE ANY
24 DIFFERENCE IN THE TRIAGE THAT WAS PERFORMED ON THE
25 DISEASE TEAM GRANTS AND THE STEM CELL BIOLOGY?

BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: THERE WAS NO DIFFERENCE
2 ESSENTIALLY BETWEEN THOSE PROCESSES.

3 MR. JENSON: OKAY.

4 CHAIRMAN TORRES: ANY OTHER PUBLIC
5 COMMENTS IN SACRAMENTO? LET'S MOVE TO SAN DIEGO.
6 ANY PUBLIC COMMENTS THERE?

7 MR. ROTH: NO.

8 CHAIRMAN TORRES: IRVINE?

9 DR. LEVIN: NO.

10 CHAIRMAN TORRES: KFC?

11 MR. KLEIN: NO.

12 CHAIRMAN TORRES: MOUNTAIN VIEW?

13 MR. GOLDBERG: NO.

14 CHAIRMAN TORRES: HEALDSBURG?

15 MS. SAMUELSON: IT'S JOAN. JUST SO I
16 UNDERSTAND. SO THE LITTLE HOOVER COMMISSION DID NOT
17 MAKE A RECOMMENDATION OF A SPECIFIC PROCEDURAL
18 CHANGE?

19 CHAIRMAN TORRES: CORRECT.

20 MS. SAMUELSON: BUT THEY THOUGHT THE
21 PROCESS SHOULD BE LOOKED AT SOMEHOW?

22 CHAIRMAN TORRES: WHICH WE HAVE AGREED TO
23 DO.

24 MS. SAMUELSON: GOOD. GOT IT.

25 CHAIRMAN TORRES: SAN FRANCISCO, ANY

BARRISTERS' REPORTING SERVICE

1 PUBLIC COMMENT?

2 LET'S MOVE ON ITEM NO. 7, IDENTIFY ALL OF
3 THE APPLICANTS IN CONNECTION WITH AN RFA ON TRIAL
4 BASIS. CAN WE HEAR WHAT THE LITTLE HOOVER
5 COMMISSION RECOMMENDED, AND THEN OUR PRESIDENT WILL
6 RESPOND.

7 MR. HARRISON: THE LITTLE HOOVER
8 COMMISSION RECOMMENDATION RECOMMENDED, RATHER, THAT
9 CIRM SHOULD CONDUCT A TRIAL GRANT APPLICATION ROUND
10 THAT IDENTIFIES ALL APPLICANTS. AND THEY POINTED TO
11 CONNECTICUT AS A MODEL THAT CIRM MIGHT CONSIDER
12 FOLLOWING.

13 CHAIRMAN TORRES: ALL RIGHT. DR.
14 TROUNSON.

15 DR. TROUNSON: SO WE BELIEVE VERY STRONGLY
16 IN MANAGEMENT THIS IS INAPPROPRIATE BECAUSE THERE'S
17 NO GRANTING AGENCIES THAT WE'RE AWARE OF THAT FOLLOW
18 THIS PROCEDURE OTHER THAN CONNECTICUT. AND IT'S OUR
19 VIEW THAT IT'S NOT CONSIDERED BEST PRACTICE, NOR IS
20 IT COMMONLY USED. THERE IS A RECENT DOCUMENT FROM
21 THE NIH, IF YOU CARE TO READ THAT, ON THESE MATTERS
22 OF CONFIDENTIALITY, AND THERE IS NO SUCH
23 RECOMMENDATION THERE EITHER.

24 CONFIDENTIALITY IS CRUCIAL TO ENSURING THE
25 INTEGRITY OF THE REVIEW PROCESS. NAMES OF

BARRISTERS' REPORTING SERVICE

1 SUBMITTING INSTITUTIONS AND INDIVIDUALS AS WELL AS
2 THE APPLICATION CONTENT AND PEER EVALUATIONS ARE
3 KEPT CONFIDENTIAL EXCEPT TO THOSE INVOLVED IN THE
4 REVIEW PROCESS TO THE EXTENT PERMITTED BY LAW.

5 DISCLOSURE OF SCIENTIST'S FAILURES IN
6 GRANT COMPETITION WOULD HAVE A NEGATIVE IMPACT ON
7 THEIR CAREERS AND MAKE THEM RELUCTANT TO PROPOSE
8 HIGHLY INNOVATIVE PROJECTS THAT OFTEN MOVE SCIENCE
9 FORWARD.

10 CIRM PLANS TO EXPAND ITS PARTNERSHIPS WITH
11 INDUSTRY, AND IT WILL BE COMPROMISED BY DISCLOSURE
12 OF UNSUCCESSFUL APPLICATIONS THAT COULD THWART A
13 COMPANY'S ABILITY TO RAISE FUNDS.

14 I'D ALSO JUST POINT OUT, MR. CHAIRMAN,
15 THAT YOU'RE NOT REQUIRED TO OR EXPECTED, NOR IS IT
16 NORMAL THAT YOU PUT ON YOUR CURRICULUM VITAE
17 PROJECTS WHICH ARE UNSUCCESSFUL, NOR DO I KNOW ANY
18 GRANT APPLICATION PROCESS THAT REQUIRES YOU TO
19 IDENTIFY APPLICATIONS TO ANY GRANT BODIES THAT WERE
20 UNSUCCESSFUL.

21 SO MY OWN VIEW AND THOSE OF MANAGEMENT IS
22 THAT THIS IS NOT A PRACTICE AND, IN FACT, IT WOULD
23 BE DETRIMENTAL TO OUR ABILITY TO MOVE.

24 CHAIRMAN TORRES: THANK YOU, MR.
25 PRESIDENT. COMMENTS FROM MEMBERS OF THE COMMITTEE?

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: THIS IS ONE WHERE I'M
2 INCLINED TO WANT TO PROBE A LITTLE FURTHER.

3 CHAIRMAN TORRES: PLEASE.

4 MS. SAMUELSON: I THINK MORE TRANSPARENCY
5 ABOUT THE APPLICANTS, ASSUMING IT DOESN'T HAVE SOME
6 KIND OF REALLY SIGNIFICANT DETRIMENTAL EFFECT ON
7 CAREERS OR ON THE PROCESS OF DEVELOPMENT OF
8 INNOVATIVE RESEARCH, COULD BE A GOOD THING. AND THE
9 FACT THAT SOME OF THESE OTHER RESEARCH ENTERPRISES,
10 LIKE THE NIH, DON'T DO IT ISN'T COMPELLING TO ME
11 BECAUSE I SEE WHAT WE'RE DOING AS HIGHLY INNOVATIVE
12 IN COMPARISON AND URGENT. AND THAT IT'S REALLY --
13 THERE ARE ENOUGH DIFFERENCES THAT I WOULDN'T ASSUME
14 THAT THAT WOULD BE A SOLID PRECEDENT.

15 MR. KLEIN: JOAN, THIS IS BOB. I KNOW HOW
16 IMPORTANT YOU THINK IT IS TO HAVE THE PRIVATE SECTOR
17 INVOLVED. AND I'D LIKE TO GET SOME MORE DEPTH ON A
18 VERY VALID POINT THAT WAS MADE BY ALAN, WHICH IS IF
19 YOU'RE NEGOTIATING AS A PRIVATE COMPANY TO GET A
20 CRITICAL ROUND OF VENTURE CAPITAL FUNDING AND YOU'RE
21 ADVOCATING THE IMPORTANCE OF A SPECIFIC MEDICAL
22 ADVANCE THAT IS IN YOUR PORTFOLIO, I WONDER IF DUANE
23 COULD COMMENT ON WHAT WOULD HAPPEN POTENTIALLY TO
24 THAT SENSITIVE NEGOTIATION IF THERE WERE A PUBLIC
25 DENIAL OF A GRANT FOR THAT AS NOT RECOMMENDED FOR

BARRISTERS' REPORTING SERVICE

1 FUNDING AT THE TIME THAT NEGOTIATION IS GOING ON.

2 MR. ROTH: I'D BE HAPPY TO COMMENT. LET
3 ME JUST MAKE A GENERAL COMMENT, JOAN, TO START OFF.
4 AS GOOD AS OUR REVIEW PROCESS IS AND AS MUCH
5 INTEGRITY AS I THINK IS IN IT, IT'S NOT PERFECT.
6 AND I THINK ANY OTHER REVIEW ORGANIZATION OR GRANT
7 ORGANIZATION WOULD TELL YOU THAT THEY OFTEN MISSED
8 SOME OF THE MORE INNOVATIVE THINGS BECAUSE THEY
9 DIDN'T FULLY APPRECIATE OR UNDERSTAND OR A
10 PARTICULAR REVIEWER JUST FELT IT WAS TOO FAR OUT FOR
11 ALL OF THOSE REASONS.

12 BUT I THINK IN THIS PARTICULAR CASE, FROM
13 AN INDUSTRY PERSPECTIVE, THEY COULD WELL SCORE VERY
14 LOW. IN FACT, AS YOU KNOW, WE'VE NOT AWARDED A LOT
15 OF INDUSTRY GRANTS. WE'RE CONCERNED ABOUT THE WAY
16 THEY WRITE THE GRANTS, AND PERHAPS THAT'S PART OF
17 THE CHALLENGE. BUT TO DISCLOSE SCORES THAT WOULD
18 CAUSE THEM -- THEY WOULD BE LOW, THEY WOULD BE
19 UNFUNDED, AND IT CAUSED THEM TO HAVE TO EXPLAIN WHY
20 THE REVIEWERS DIDN'T FULLY APPRECIATE WHAT IT IS
21 THEY WERE DOING, I THINK, WOULD CREATE A NEGATIVE
22 RELATIONSHIP BETWEEN US AND THE INDUSTRY. IF THEY
23 CHOOSE TO DISCLOSE IT, THAT'S THEIR BUSINESS.

24 MS. SAMUELSON: I HEAR YOU.

25 MR. ROTH: BUT I THINK WE HAVE TO BE VERY

BARRISTERS' REPORTING SERVICE

1 CAREFUL HERE ON THE INDUSTRY SIDE, PARTICULARLY
2 THOSE SMALL COMPANIES THAT ARE ALREADY PUBLIC,
3 BECAUSE THEY WOULD HAVE TO PUT THAT POTENTIALLY INTO
4 A RESPONSE IN A PRESS RELEASE. SO I WOULD LIKE TO
5 AVOID THAT.

6 MS. SAMUELSON: BUT I WOULDN'T THINK THAT
7 IF THEY HAVE THAT DISCLOSURE OBLIGATION, THAT THE
8 FACT THAT IT WASN'T DISCLOSED BY CIRM THAT THEY WERE
9 AN APPLICANT WOULD RELIEVE THEM OF THAT DISCLOSURE,
10 FOR ONE THING. AND I ALSO THINK THAT THE MORE
11 IMPORTANT POINT IS I THINK IT'S AWFULLY IMPORTANT
12 THAT WE GET RIGHT OUR PROCESS OF REVIEW SO THAT IT
13 DOESN'T -- GIVES DUE CREDIT TO PROJECTS THAT ARE
14 INNOVATIVE AND THEREFORE RISKY AND LACKING
15 VOLUMINOUS DATA AND SO ON. WE NEED TO GET THAT
16 RIGHT, AND I'M NOT SURE THAT TRANSPARENCY THERE
17 WOULDN'T MAYBE HELP US FOCUS ON IT. AND WE DON'T
18 WANT ANY UNWITTING VICTIMS OF THAT. I COMPLETELY
19 GET THAT.

20 MR. ROTH: I DON'T KNOW HOW DISCLOSURE OF
21 WHO THE GRANT APPLICANTS THAT WERE UNSUCCESSFUL
22 HELPS US ADDRESS THAT ISSUE. WE SHOULD REACH OUT TO
23 THEM, AND I THINK WE ARE MAKING AN ATTEMPT TO DO
24 THAT, BUT I DON'T THINK MAKING IT PUBLIC ADDS
25 ANYTHING TO THAT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: ALL RIGHT. ANY OTHER
2 COMMENTS FROM MEMBERS OF THE COMMITTEE? WE'LL GO TO
3 PUBLIC COMMENTS. SACRAMENTO?

4 MR. DROWN: THIS IS STUART DROWN. WE
5 LOOKED AT THIS NOT AS CIRM BEING AN INVESTMENT
6 BANKER OR VENTURE CAPITALIST. WE LOOKED AT THIS AS
7 CIRM BEING A PUBLIC AGENCY AND PEOPLE APPLYING FOR
8 GRANTS FROM A PUBLIC AGENCY. WE'RE ASKING FOR THE
9 IDENTITIES OF THE APPLICANTS, NOT THE SCORES. AND
10 THE IDENTITIES ARE -- TRYING TO SHIFT FROM AN INSIDE
11 VIEW TO AN OUTSIDE VIEW, THE WAY THAT THE ICOC SEES
12 ITS SCORING PROCESS AND THE RESULTS NATURALLY IS
13 INVESTED IN THE WAY YOU PUT TOGETHER THAT PROCESS.
14 BUT I THINK IT'S IMPORTANT TO INCREASE TRANSPARENCY
15 AND ACCOUNTABILITY FOR THE PUBLIC'S SAKE FOR THEM TO
16 BE ABLE TO SEE WHO THE APPLICANTS ARE AND HAVE AN
17 OUTSIDE OPPORTUNITY TO DISCERN WHETHER THERE IS A
18 TREND OR A BIAS, TO SEE WHETHER GRANTS ARE GOING ALL
19 IN ONE DIRECTION OR ALL IN ANOTHER, AND TO ALLOW
20 BOTH THE APPLICANT POOL OR THE POTENTIAL APPLICANT
21 POOL AS WELL AS THE GENERAL PUBLIC TO BE IN A
22 POSITION TO FAIRLY COMMENT ON THAT AS CIRM AS A
23 PUBLIC AGENCY.

24 THIS WOULD NOT PRECLUDE CIRM FROM WORKING
25 WITH THOSE APPLICANTS TO IMPROVE THEIR APPLICATIONS

BARRISTERS' REPORTING SERVICE

1 FOR LATER, AND IT WOULD NOT NECESSARILY -- DOESN'T
2 HAVE TO REFLECT BADLY DEPENDING ON HOW THEY DO IT.

3 THE THIRD THING IS I'M NOT SURE WHETHER
4 DAVID HAD A THOUGHT ABOUT SEC. IN ANY EVENT, THIS
5 IS DESIGNED AS A WAY TO BUILD CONFIDENCE IN YOUR
6 PROCESS TO GET BEYOND THE FACT THAT MANY OF THESE
7 APPLICANTS MAY BE -- IT WOULD TAKE AWAY ONE OF THE
8 LAYERS OF OPACITY.

9 CHAIRMAN TORRES: WHERE HAS THE LACK OF
10 CONFIDENCE BEEN DOCUMENTED?

11 MR. DROWN: I'M NOT ADDRESSING THAT. ALL
12 I'M ASKING -- WE'RE RECOMMENDING A WAY TO GIVE THE
13 PUBLIC A WAY TO JUDGE INDEPENDENTLY THIS PROCESS.

14 MR. KLEIN: ART.

15 CHAIRMAN TORRES: FIRST MR. SHEEHY HERE IN
16 SAN FRANCISCO AND THEN MR. KLEIN.

17 MR. SHEEHY: WITH RESPECT TO MR. DROWN, I
18 APPRECIATE ALL THE HARD WORK THEY'VE DONE. JUST
19 RIGHT OFF THE BAT, I DON'T THINK THAT ANY TYPE OF
20 ANALYSIS HAS BEEN DONE IN ORDER TO PREPARE US TO
21 RADICALLY CHANGE HOW PEER REVIEW IS DONE IN THIS
22 COUNTRY. WE'RE TALKING ABOUT A PROCESS THAT'S VERY
23 WELL RECEIVED, THAT IS THE GOLD STANDARD FOR
24 REVIEWING SCIENCE GLOBALLY, HOW THE NIH DOES IT, AND
25 THE CONFIDENTIALITY OF THE PEER REVIEW PROCESS.

BARRISTERS' REPORTING SERVICE

1 IF WE WERE GOING TO START TO ATTACK THAT
2 ISSUE, I THINK WE WOULD NEED A MUCH MORE EXHAUSTIVE
3 ANALYSIS OF WHAT THE IMPLICATIONS WOULD BE. WE
4 CAN'T JUST WILLY-NILLY SAY THAT WE WANT TO DO THIS
5 WHEN THIS IS HOW SCIENCE IS REVIEWED IN THIS
6 COUNTRY, AND IT'S THE STANDARD FOR SCIENTISTS AND
7 IT'S HOW PEOPLE EXPECT IT TO PROCEED.

8 MY SECOND POINT IS THAT THE REAL -- THOSE
9 WHO HAVE AN OBJECTION TO WHAT THE REVIEW PROCESS HAS
10 BEEN, WE PUT IN PLACE A PROCESS WHERE THEY CAN COME
11 TO THE BOARD, THEY CAN MAKE PUBLIC COMMENT, THEY CAN
12 WRITE FAIRLY WELL DOCUMENTED -- YOU KNOW, WE GIVE
13 THEM SPACE TO DELIVER A MESSAGE TO STAFF AND HAVE AN
14 ANALYSIS OF WHAT THE REVIEW WAS DONE.

15 SO I THINK THE SAFEGUARD FOR THE PUBLIC IS
16 ACTUALLY FOUND IN THE ACTIONS OF THE INDIVIDUAL
17 GRANT APPLICANTS AND HOW THEY RESPOND TO THEIR
18 SCORES TO THE REVIEWS. THEY ARE ABLE TO AFFORD
19 THEMSELVES OF ALL THE PROCESSES THAT A PUBLIC AGENCY
20 AFFORDS. THEY CAN COME TO APPEAL TO US.

21 WE HAVE PUT IN A VERY RIGOROUS REVIEW
22 PROCESS FOR THIS AND IT'S ALL VERY PUBLIC. BUT WE
23 ALSO HAVE TO RESPECT THE CONFIDENTIALITY AND THE
24 NECESSARY INTELLECTUAL PROPERTY THAT IS DISCLOSED IN
25 A GRANT APPLICATION BY THE APPLICANT. AND SO ANY

BARRISTERS' REPORTING SERVICE

1 INDIVIDUAL APPLICANT CAN BE AS PUBLIC AS THEY WANT
2 AT ANY POINT AND DISCLOSE AS MUCH AS THEY WANT TO
3 DISCLOSE IN THE PUBLIC COMMENT PERIOD AT AN ICOC
4 MEETING, AND THEY DO SO.

5 THOSE WHO ARE NOT WILLING OR INTERESTED IN
6 DOING SO I TEND TO THINK AGREE WITH THE REVIEWS THEY
7 GOT AND ARE HAPPY WITH THE PROCESS AND COME BACK
8 NEXT TIME AND TRY AGAIN. SO I DON'T THINK THAT THIS
9 REALLY DOES BENEFIT PUBLIC UNDERSTANDING FOR US TO
10 DISCLOSE INFORMATION THAT TAKES US RADICALLY OUTSIDE
11 THE REALM OF HOW SCIENCE IS TYPICALLY REVIEWED IN
12 THIS COUNTRY.

13 CHAIRMAN TORRES: THANK YOU, MR. SHEEHY.
14 MR. KLEIN.

15 MR. KLEIN: I'D LIKE TO ECHO JEFF'S
16 COMMENTS, THAT I THINK THAT THE APPLICANT IS IN THE
17 BEST POSITION TO JUDGE WHETHER THEY THINK THEY'VE
18 BEEN TREATED FAIRLY OR WHETHER CERTAIN ITEMS HAVE
19 BEEN OVERLOOKED. BY HAVING A PUBLIC FORUM FOR BOTH
20 WRITTEN COMMENTS THAT GO DIRECTLY TO THE BOARD AND
21 PUBLIC DISCUSSION WITH THE BOARD ON ANY ISSUE OF
22 FAIRNESS OR APPRECIATION OF THE SCIENCE, WHICH IS
23 REALLY MORE THE FOCUS OF EVERYTHING THAT WE RECEIVED
24 THUS FAR, I THINK THAT THE APPLICANTS THEMSELVES, AS
25 JEFF SAID, ACT AS THE SURROGATES FOR THE PUBLIC TO

BARRISTERS' REPORTING SERVICE

1 BRING TO OUR ATTENTION ANYTHING WHERE THEY THINK
2 THAT THE REVIEW HASN'T BEEN THOROUGH.

3 AND THERE HAVE BEEN OCCASIONS WHERE THE
4 BOARD, IN FACT, HAS LISTENED TO THE PUBLIC FORUM
5 PRESENTATIONS AND TAKEN ACTIONS THAT WERE DIFFERENT
6 THAN THE PEER REVIEW GROUP'S RECOMMENDATION AND/OR
7 STAFF RECOMMENDATION. SO WE DO HAVE A FAIL-SAFE
8 SYSTEM TO PROTECT THE PUBLIC AND THE SCIENCE AND
9 BRING TO THE BOARD'S ATTENTION AND THE PUBLIC'S
10 ATTENTION ANYTHING WHERE THERE IS A QUESTION.

11 THE OTHER ISSUE THAT I STILL BELIEVE IS
12 UNESTIMATED IS, JOAN, WHILE THE INDIVIDUAL COMPANY
13 MAY APPLY A NUMBER OF PLACES FOR GRANTS, INCLUDING
14 DISEASE ORGANIZATIONS, THEY DON'T HAVE AN
15 OBLIGATION, PARTICULARLY IF THEY FEEL THAT THE
16 EVALUATION DIDN'T UNDERSTAND THE MATURITY OF THEIR
17 SCIENCE OR HOW THEY WERE GOING TO OVERCOME CERTAIN
18 OBSTACLES, THEY DON'T HAVE AN OBLIGATION, IF THEY
19 CAN ANSWER THOSE QUESTIONS, TO DO A DISCLOSURE ON
20 IT. BUT IF YOU PUT IT INTO THE PUBLIC WHEN THEY'RE
21 TRYING TO DO AN IPO, INITIAL PUBLIC OFFERING, OR
22 WHEN THEY'RE PUBLICLY TRADED OR WHEN THEY'RE IN A
23 SENSITIVE VENTURE CAPITAL ROUND, YOU'VE NOW MADE IT
24 FRONT AND CENTER AN ISSUE THEY'RE GOING TO HAVE TO
25 EXPLAIN WHY OUR PEER REVIEW WAS WRONG, WHY OUR BOARD

BARRISTERS' REPORTING SERVICE

1 WAS WRONG. THAT PUTS A TREMENDOUS BURDEN ON THEM IN
2 AN ENVIRONMENT WHERE THEY'RE LIMITED BY ANY RFA TO A
3 CERTAIN NUMBER OF PAGES, AND THEY MAY HAVE BEEN ABLE
4 TO MARSHAL MUCH MORE DATA THAN THE APPLICATION
5 PROCESS ALLOWED.

6 SO WE CAN'T BELIEVE WE'RE PERFECT. WE
7 HAVE TO BELIEVE THAT WE GIVE EVERYONE THE
8 OPPORTUNITY AND WE DON'T WANT TO NEGATIVELY IMPACT
9 THEIR ABILITY TO RAISE CAPITAL FROM OTHER PLACES.
10 AND HAVING -- AND NOT CREATING NEGATIVE IMPACTS ON
11 COMPANIES APPLYING IS VERY IMPORTANT TO US.

12 CHAIRMAN TORRES: ANY OTHER PUBLIC
13 COMMENTS IN SACRAMENTO?

14 MR. JENSON: DAVE JENSON, THE CALIFORNIA
15 STEM CELL REPORT. I JUST WANTED TO NOTE HERE THAT,
16 IN FACT, THE STEM CELL AGENCY HAS NOT MAINTAINED
17 CONFIDENTIALITY ON NAMES OF APPLICANTS IN ALL CASES,
18 MOST NOTABLY IN THE FACILITIES GRANTS. SO WHERE
19 THEY RELEASED OF -- THE NAMES WERE RELEASED BY THE
20 AGENCY ITSELF WHILE IN THE PROCESS.

21 ADDITIONALLY, THE GRANT SUMMARIES
22 OFTENTIMES, IN FACT PERHAPS MANY TIMES, CONTAIN
23 INFORMATION THAT IS SUFFICIENT TO IDENTIFY
24 APPLICANTS.

25 AND FINALLY, SOME OF THESE PUBLIC

BARRISTERS' REPORTING SERVICE

1 COMPANIES MAY HAVE TO REPORT THE REJECTION, AN
2 APPLICATION FOR A GRANT TO THE SEC IF IT IS A
3 SIGNIFICANT FINANCIAL EVENT.

4 CHAIRMAN TORRES: THEN WE'RE ALL COVERED.
5 ALL RIGHT. ANY OTHER PUBLIC COMMENTS IN SACRAMENTO?

6 DR. PRIETO: I JUST WOULD REMIND, I THINK,
7 SOME OF THE MEMBERS RECALL THAT WE HAD DISCUSSED AT
8 ONE POINT, BUT DIDN'T TAKE ACTION, ON IDENTIFYING
9 GRANTEE INSTITUTIONS, ALTHOUGH THIS WAS IN AN
10 EARLIER STAGE IN CIRM'S HISTORY. AND AS WE GET INTO
11 FUNDING PRIVATE COMPANIES, I CAN IMAGINE THAT THE
12 IMPACT ON PEOPLE'S CAREERS, I THINK, IS A REAL
13 CONCERN, AND SOME OF THESE, IF NOT MOST OF THESE
14 COMPANIES, THERE MAY ONLY BE ONE PRINCIPAL
15 RESEARCHER AND LAB WORKING ON STEM CELL ISSUES. AND
16 SO IDENTIFYING THE INSTITUTION WOULD IDENTIFY THE
17 RESEARCHER.

18 SO WE HAVE VISITED THIS ISSUE BEFORE. AND
19 I GUESS I DON'T SEE -- I UNDERSTAND THE NEED FOR
20 TRANSPARENCY OR I APPRECIATE AND WOULD LIKE TO SEE
21 MORE TRANSPARENCY; BUT I THINK, AS JEFF SAID, WE
22 WOULD HAVE TO LOOK AT THIS VERY CAREFULLY TO FIGURE
23 OUT A WAY TO DO IT WITHOUT HARMING PEOPLE'S CAREERS.

24 CHAIRMAN TORRES: ANY OTHER COMMENTS FROM
25 SACRAMENTO?

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: I THOUGHT ABOUT THIS ONE A
2 LOT BECAUSE I THINK THIS IS REALLY A MATTER OF
3 BALANCING TWO GOOD INTENTIONS. AND I THINK THE
4 INTENTION OF TRANSPARENCY IS A GOOD ONE. IT'S
5 IMPORTANT FOR BUILDING TRUST. BUT I THINK WE HAVE
6 TO BALANCE THAT AGAINST THE GOOD OF ENCOURAGING AS
7 MUCH INCLUSIVENESS AS WE CAN IN APPLICANTS. AND SO
8 I THINK THAT REVEALING THE FAILURES DOES LIE OUTSIDE
9 THE EXPERIENCE OF MOST ACADEMICIANS, MOST
10 INVESTIGATORS, AND I FEAR THAT TRYING SOMETHING LIKE
11 THIS COULD DISCOURAGE THE NUMBER AND VARIETY AND
12 DIVERSITY OF PEOPLE WHO APPLIED. AND, THEREFORE, WE
13 MIGHT NOT BE GETTING ALL THE GOOD IDEAS THAT WE
14 NEED.

15 AND I THINK THE NEGATIVE IMPACT THAT THAT
16 HAS ON THE MISSION OF ADVANCING THE SCIENCE, FOR ME,
17 ENDS UP OUTWEIGHING THE OTHER CONCERN IN THIS
18 BALANCE.

19 SO I THINK IT'S AN IMPORTANT DISCUSSION TO
20 HAVE, BUT I END UP COMING OUT ON THE SIDE OF
21 CONTINUING TO TRY TO EMULATE THE NIH PERSPECTIVE SO
22 THAT WE GET AS MUCH INVOLVEMENT AS WE CAN IN OUR
23 SCIENTIFIC PROGRAMS.

24 CHAIRMAN TORRES: THANK YOU, DR. POMEROY.
25 YOU WILL PROBABLY KNOW THAT'S MY POSITION AS WELL.

BARRISTERS' REPORTING SERVICE

1 ANY OTHER COMMENTS FROM SACRAMENTO? ANY COMMENTS IN
2 LA JOLLA?

3 MR. ROTH: NO.

4 CHAIRMAN TORRES: IRVINE?

5 DR. LEVIN: NO.

6 CHAIRMAN TORRES: SAN FRANCISCO?

7 MR. REED: MY FEELING IS THAT THERE'S
8 ISSUES OF PRIVACY INVOLVED. I SEE THIS LIKE A JOB
9 APPLICATION. IF I WAS TO TRY FOR A JOB AND WAS
10 REJECTED FROM IT, I REALLY WOULD NOT WANT THAT
11 PUBLICIZED. BUT IF I'M REJECTED THREE AND FOUR
12 TIMES, THEY'D SAY, "OH, THERE'S DON REED. BEEN
13 REJECTED EVERYWHERE ELSE. LOSER. FORGET HIM." SO
14 I WOULD BE INCLINED TO THINK THAT --

15 CHAIRMAN TORRES: YOU'RE NOT A LOSER, DON,
16 FOR THE RECORD. ANYONE ELSE IN SAN FRANCISCO?
17 MOUNTAIN VIEW? PALO ALTO?

18 MR. KLEIN: NO.

19 CHAIRMAN TORRES: ALL RIGHT. HEALDSBURG?

20 MS. SAMUELSON: IT'S A QUESTION FOR THE
21 LITTLE HOOVER FOLKS.

22 CHAIRMAN TORRES: STUART, ARE YOU STILL
23 THERE?

24 MR. DROWN: I'M STILL HERE.

25 MS. SAMUELSON: IN MAKING THIS REQUEST IN

BARRISTERS' REPORTING SERVICE

1 THIS PARTICULAR RECOMMENDATION, DID YOU HAVE ANY
2 EXPERTISE YOU WERE LOOKING TO BEYOND REGARDING US AS
3 THE CIRM AND SO AS A PUBLIC AGENCY?

4 MR. DROWN: PUBLIC AGENCY AND THE
5 EXPERIENCE OF CONNECTICUT AND THE FACT THAT, AS A
6 PUBLIC AGENCY, YOU WERE MOVING INTO A ZONE WHERE YOU
7 WOULD BE GIVING LOANS AND GRANTS TO PRIVATE
8 BUSINESSES.

9 CHAIRMAN TORRES: CONNECTICUT IS THE ONLY
10 STATE THAT HAS A PROGRAM THAT YOU FEEL WE SHOULD
11 IMPLEMENT HERE?

12 MR. DROWN: AT THIS POINT.

13 MR. ROTH: I HAVE A FOLLOW-UP QUESTION, IF
14 I COULD, ART. ON THAT POINT, WE DISCLOSED ALL THE
15 ONES THAT HAVE RECEIVED GRANTS.

16 MR. DROWN: CORRECT.

17 MR. ROTH: SO WHY DOES IT MATTER WHO
18 DIDN'T RECEIVE A GRANT?

19 MR. DROWN: I THINK IT MATTERS SO THAT
20 PARTICULARLY ONCE YOU GO INTO THE BUSINESS REALM OF
21 FUNDING WINNERS AND LOSERS, I THINK THE PUBLIC COULD
22 BENEFIT FROM THE OPPORTUNITY FROM SEEING THE TRENDS
23 AND TO SEE WHAT FLAVORS DIDN'T MAKE THE CUT. I
24 THINK IT ADDS A WAY FOR THE PUBLIC TO KEEP TRACK OF
25 HOW PUBLIC MONEY IS SPENT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: SO THE SUSPICION IS THE
2 FOUNDATION FOR THE QUESTION THEN, SUSPICION THAT
3 SOMETHING MAY NOT BE RIGHT?

4 MR. DROWN: NO. NO, NOT THE SUSPICION. I
5 THINK THAT'S LOADING IT UP. I THINK THE PRACTICE OF
6 PEOPLE APPLYING FOR CONTRACTS WITH PUBLIC AGENCIES,
7 EVERYBODY GETS TO SEE WHO THE APPLICANTS ARE AND
8 GETS TO SEE WHO THE BIDS ARE.

9 CHAIRMAN TORRES: JUST A QUESTION. I KNOW
10 YOU REVIEWED THE GENERAL SERVICES AGENCY. DO THEY
11 REVEAL APPLICANTS OR VENDORS THAT WERE NOT
12 SUCCESSFUL IN GETTING A CONTRACT WITH THE STATE?

13 MR. DROWN: I DON'T KNOW THAT.

14 CHAIRMAN TORRES: I THINK THE ANSWER IS
15 NO.

16 MR. ROTH: THAT'S WHY I WAS ASKING THE
17 QUESTION. AS LONG AS WE'RE DISCLOSING THE WINNERS,
18 I WOULD THINK FROM THAT YOU CAN DISCERN THE
19 PROPORTIONALITY OF THE MONEY THAT'S BEING GIVEN OUT,
20 WHERE IS IT GOING. I DON'T SEE HOW IT HELPS YOU TO
21 KNOW WHO DIDN'T RECEIVE THE MONEY. AND THAT'S
22 WHAT -- I THINK ART ASKED THE QUESTION VERY WELL AND
23 DON REED EARLIER. I CAN IMAGINE THAT YOU COULD SAY
24 IT'S A STATE AGENCY. WE'D LIKE TO KNOW EVERYBODY
25 THAT APPLIED FOR THE JOB AND WHO YOU REJECTED. I

BARRISTERS' REPORTING SERVICE

1 THINK, AGAIN, THAT WOULD BE INAPPROPRIATE.

2 CHAIRMAN TORRES: ALL RIGHT. MR. SHEEHY,
3 SAN FRANCISCO.

4 MR. SHEEHY: I JUST WANT TO MAKE A COMMENT
5 TO THE CONNECTICUT EXAMPLE BECAUSE I DON'T REALLY
6 THINK THAT'S A GOOD METRIC TO MEASURE. I HAVE
7 ENORMOUS RESPECT FOR THE GREAT STATE OF CONNECTICUT.
8 THAT'S WHERE MY HUSBAND IS FROM. JUST LOOK AT THE
9 NUMBER OF ACADEMIC INSTITUTIONS, RESEARCH
10 INSTITUTIONS THAT POTENTIALLY COULD COMPETE FOR
11 GRANTS. THE LEVEL OF CONFIDENTIALITY, I THINK
12 THERE'S ONLY TWO OR THREE IN THE STATE THAT WOULD
13 REALLY BE COMPETING. SO IT'S NOT LIKE REVEALING THE
14 NAMES OF INSTITUTIONS. I DON'T THINK THERE'S A LOT
15 OF MYSTERY THERE BECAUSE THERE'S JUST NOT THAT MANY
16 APPLICATIONS.

17 I THINK BECAUSE OF THE SCALE AND BECAUSE
18 OF THE NUMBER OF PLAYERS IN CONNECTICUT VERSUS WHAT
19 WE'RE DEALING WITH IN CALIFORNIA, I JUST DON'T THINK
20 THAT'S A VERY VALID EXAMPLE TO USE. I'M SURE
21 THEY'RE DOING GREAT SCIENCE AND THEIR PROCESS IS AN
22 INTERESTING EXPERIENCE, BUT IT JUST DOESN'T REALLY
23 MATCH THE SCALE OF WHAT WE'RE TRYING TO ACHIEVE.

24 CHAIRMAN TORRES: ANY OTHER COMMENTS
25 BEFORE WE MOVE TO ITEM NO. 8? ALL RIGHT.

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: LET ME JUST SAY QUICKLY, I
2 DON'T WANT TO BELABOR THIS, BUT I APPRECIATE --
3 CLAIRE HELPED ME ARTICULATE MY OWN INSTINCTS ON THIS
4 AND I APPRECIATE THAT. I AGREE THAT I SEE THIS AS A
5 BALANCE. AND I THINK THAT THE COMPETING DESIRE TO
6 HAVE TRANSPARENCY, GIVEN THAT THIS IS THE USE OF
7 PUBLIC DOLLARS, AND I THINK ESPECIALLY BECAUSE IT
8 WAS AN INITIATIVE WITH GREAT PUBLIC INTEREST, IS AN
9 IMPORTANT ONE. BUT I AM PERSUADED THAT THERE ARE
10 TOO MANY OPEN QUESTIONS ABOUT WHAT NEGATIVE IMPACTS
11 THIS COULD HAVE ON OUR DESIRE TO ATTRACT THE MOST
12 ENTREPRENEURIAL AND INNOVATIVE RESEARCHERS TO PUT
13 THEIR -- TO RISK THEIR PROFESSIONAL FUTURES ON VERY
14 AGGRESSIVE ATTEMPTS TO TACKLE OUR MISSION, THAT WE
15 HAVE TO BE REAL CAREFUL WITH THIS BALANCE. SO I'M
16 THINKING THAT WE SHOULD, UNLESS WE'RE SURE THAT
17 THERE ISN'T A SEVERE IMPACT, BE MORE PROTECTIVE OF
18 THAT INFORMATION.

19 CHAIRMAN TORRES: ALL RIGHT. ITEM NO. 8,
20 POLL PEER REVIEWERS TO DETERMINE WHETHER THEY WOULD
21 RESIGN IF THEY WERE REQUIRED TO PUBLICLY DISCLOSE
22 THEIR FINANCIAL INTERESTS. IS THAT ARTICULATION ALL
23 RIGHT, JAMES?

24 MR. HARRISON: YES. THE LITTLE HOOVER
25 COMMISSION RECOMMENDED THAT CIRM SHOULD POLL ITS

BARRISTERS' REPORTING SERVICE

1 REVIEWERS ANONYMOUSLY ABOUT THEIR WILLINGNESS TO
2 PARTICIPATE IN THE REVIEW PROCESS IF THEIR FINANCIAL
3 INTERESTS WERE DISCLOSED PUBLICLY.

4 DR. TROUNSON: WE'RE PROPOSING TO TAKE AN
5 INFORMAL POLL OF THE GRANTS WORKING GROUP MEMBERS
6 AND ALTERNATES ATTENDING THE NEXT GRANTS WORKING
7 GROUP MEETING TO FIND OUT WHETHER THEY WOULD BE
8 WILLING TO CONTINUE SERVING IF, NO. 1, THE FINANCIAL
9 DISCLOSURE DOCUMENTS THEY'RE CURRENTLY REQUIRED TO
10 COMPLETE WERE MADE PUBLIC OR, TWO, THEY'RE TO
11 COMPLETE AND MAKE PUBLIC THE FORM 700. SO WE
12 THOUGHT THAT THAT WOULD BE A REASONABLE TEST OF HOW
13 THE REST OF THE GROUP IS LIKELY TO RESPOND.

14 CHAIRMAN TORRES: THANK YOU, DOCTOR.
15 A DIRECT QUESTION TO STUART. MY QUESTION IS WAS IT
16 YOUR INTENT THAT WE REVIEW THE FORM 700 THAT THEY
17 SHOULD SIGN AND COMPLETE? WAS THAT THE INTENT OF
18 THE LITTLE HOOVER COMMISSION BECAUSE IT WAS NOT
19 CLEAR FROM THE REPORT?

20 MR. DROWN: I THINK YOU HAVE THE ABILITY
21 ALREADY TO REVIEW THEIR FORM 700, SO IT'S FILED WITH
22 YOU.

23 CHAIRMAN TORRES: NO. IT'S NOT THE CASE.
24 THEY'RE NOT REQUIRED TO BECAUSE THEY'RE NOT ELECTED
25 OR APPOINTED, STUART. THEY'RE NOT REQUIRED TO FILE

BARRISTERS' REPORTING SERVICE

1 FORM 700. THERE'S A DIFFERENT DISCLOSURE FORM.

2 DOCTOR, WOULD YOU ARTICULATE WHAT THAT
3 DISCLOSURE FORM IS PRESENTLY?

4 DR. TROUNSON: MAYBE I CAN ASK PAT OR
5 JAMES. MAYBE JAMES.

6 MR. HARRISON: THE GRANTS WORKING GROUP
7 MEMBERS ARE PRESENTLY REQUIRED TO DISCLOSE FINANCIAL
8 INTERESTS, INCLUDING INVESTMENTS, INCOME OF \$5,000
9 OR MORE. THEY'RE ALSO REQUIRED TO DISCLOSE PERSONAL
10 AND PROFESSIONAL AFFILIATIONS THAT COULD CREATE A
11 CONFLICT.

12 CHAIRMAN TORRES: AND YOU WANT THOSE
13 DOCUMENTS TO BE MADE PUBLIC, STUART. IS THAT YOUR
14 POSITION?

15 MR. STERN: THIS IS ERIC STERN, LITTLE
16 HOOVER COMMISSION STAFF. THE REASON WE INCLUDED
17 THAT RECOMMENDATION IN THERE WAS IT ADDRESSES AN
18 ONGOING CONCERN THAT'S BEEN OUT THERE SINCE THE
19 INCEPTION OF THE --

20 CHAIRMAN TORRES: WHO HAS EXPRESSED THIS
21 CONCERN? DO YOU KNOW? ORGANIZATIONS OR INDIVIDUAL
22 LEGISLATORS?

23 MR. STERN: IT WAS LITIGATED. AND IT'S
24 BEEN A SUBJECT OF STATE AUDIT REPORTS, THIS ISSUE OF
25 THE FINANCIAL DISCLOSURES OF THE PEER REVIEWERS. SO

BARRISTERS' REPORTING SERVICE

1 WHAT WE'RE NOT SAYING IS RELEASE THEIR INTERNAL
2 FINANCIAL DISCLOSURES THAT THEY HAVE TO FILE WITH
3 CIRM, BUT JUST POLL THEM. THE ARGUMENT IS MADE FROM
4 CIRM THAT YOU WOULD LOSE ALL OUR PEER REVIEWERS IF
5 THEY HAD TO -- IF THEIR FINANCIAL DISCLOSURES WERE
6 MADE PUBLIC. AND SO --

7 CHAIRMAN TORRES: YOU WANT US TO MAKE SURE
8 BY ASKING THEM.

9 MR. STERN: THE LITTLE HOOVER COMMISSION
10 SAID WE'RE GOING TO PUT THAT BURDEN ON YOU TO PROVE
11 THAT. ASK THEM IF THEY'RE ACTUALLY GOING TO BACK
12 OUT.

13 CHAIRMAN TORRES: THAT'S WHAT WE INTEND TO
14 DO, STUART. ALL RIGHT. JUST WANTED TO BE CLEAR.

15 MR. SHEEHY.

16 MR. SHEEHY: IF I CAN MAKE A QUICK POINT.
17 WE ACTUALLY HAD A DISCUSSION OF THIS EARLIER ON, AND
18 WE ACTUALLY DID LOSE A REVIEWER BECAUSE WE HAD THE
19 DISCUSSION. SO, YOU KNOW, WE CAN REVALIDATE WHAT WE
20 KNOW TO BE TRUE. THIS WAS BROUGHT UP IN A PUBLIC
21 MEETING PRIOR TO THE -- AS PART OF THE STRATEGIC
22 PLANNING PROCESS. ONE OF THE INDIVIDUALS THERE SAID
23 IF THIS CAME UP -- IF I HAD TO DO THIS, I'D RESIGN.
24 AND THAT INDIVIDUAL IS NO LONGER A REVIEWER. THE
25 DISCUSSION OF IT WAS ENOUGH TO DISINCENTIVIZE THAT

BARRISTERS' REPORTING SERVICE

1 REVIEWER. AND THE OTHER REVIEWERS IN THAT PUBLIC
2 MEETING AS PART OF THAT PROCESS ALL WERE FAIRLY
3 NEGATIVE ABOUT DOING THIS.

4 AND I DO THINK IT GOES TO THE POINT OF
5 WHAT THEIR ROLE IS. THEY ARE NOT DECISION MAKERS.
6 THEY MERELY MAKE RECOMMENDATIONS.

7 SO IT'S NOT INCONSISTENT WITH HOW THINGS
8 ARE DONE IN STATE GOVERNMENT TO NOT DISCLOSE ALL
9 THEIR FINANCIAL INTERESTS. AND, FRANKLY, THE
10 CONFLICT OF INTEREST POLICIES THAT THEY'RE HELD TO
11 ARE STRICTER THAN THOSE THAT WOULD BE REQUIRED BY A
12 FORM 700. AND TAKING INTO ACCOUNT THOSE KINDS OF
13 PROFESSIONAL RELATIONSHIPS THAT ACTUALLY WITHIN THE
14 ACADEMIC -- WITHIN THE RESEARCH WORLD MAY BE MORE
15 COMPELLING THAN THE ACTUAL FINANCIAL INCENTIVES THAT
16 TYPICALLY BECOME THE SOURCES OF CONFLICTS OF
17 INTEREST AND WHICH FORM 700 SPECIFICALLY TRY TO
18 ADDRESS.

19 CHAIRMAN TORRES: I THINK THAT IS AN
20 EXCELLENT POINT, MR. SHEEHY. AND I THINK THAT OUGHT
21 TO BE PART OF OUR RESPONSE TO THE LEGISLATURE, TO
22 LET THEM KNOW WE GO BEYOND COMMON PRACTICE IN
23 RESPECT TO ASKING FOR FINANCIAL DISCLOSURES IN ORDER
24 TO AVOID EVEN THE PERCEPTION OF CONFLICT. SO I
25 THINK THAT NEEDS TO BE PART OF OUR RESPONSE TO THIS

BARRISTERS' REPORTING SERVICE

1 QUESTION.

2 BE THAT AS IT MAY, WE ARE GOING TO CONDUCT
3 A POLL, AND IT WILL BE DONE APPROPRIATELY, AND WE
4 WILL RELEASE THE RESULTS PUBLICLY TO THE
5 LEGISLATURE.

6 ANY OTHER COMMENTS ON ITEM NO. 8?

7 MR. JENSON: ON THIS POLLING, IS IT GOING
8 TO BE DONE ANONYMOUSLY?

9 DR. TROUNSON: YES.

10 MR. JENSON: WHAT'S THE DIFFERENCE BETWEEN
11 AN INFORMAL POLL AND A FORMAL POLL?

12 DR. TROUNSON: IT WILL BE DONE DURING THE
13 GRANTS WORKING GROUP MEETING. IT WON'T BE DONE IN
14 PUBLIC, LET ME SAY, BUT WILL BE DONE ANONYMOUSLY
15 WITHIN THAT GRANTS WORKING GROUP MEETING, THE NEXT
16 ONE WE'RE HAVING.

17 MR. JENSON: OKAY.

18 MR. KLEIN: MAY I MAKE A MEMBER'S COMMENT.
19 I'D LIKE TO POINT OUT THAT SEPARATE FROM MEMBERS OF
20 THIS BOARD, THE CONTROLLER'S AUDIT FROM 2009 POINTS
21 OUT THAT OUR THREE LEVELS OF CONFLICTS CLEARANCES GO
22 SIGNIFICANTLY BEYOND THE NIH.

23 CHAIRMAN TORRES: THAT WAS MY POINT, BOB,
24 THAT WE'RE GOING TO INCLUDE THAT IN OUR RESPONSE TO
25 THE LEGISLATURE.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: BUT SECONDLY, WE HAVE A
2 PROCESS WHERE THE MONITORING OF THESE CONFLICTS, IF
3 THEY EXIST, FOR EXAMPLE, PROFESSIONAL CONFLICTS, AND
4 THE RECUSALS FROM THE PEER REVIEW WORKING GROUP ARE,
5 IN FACT, MONITORED INDIVIDUALLY ONE ON ONE BY STAFF
6 DURING THE PEER REVIEW PROCESS TO MAKE SURE IT TAKES
7 PLACE. THERE ARE RECORDS KEPT OF IT. AND THERE IS
8 A PROCESS FOR THE STATE AUDITING FUNCTION THROUGH
9 THE LEGISLATURE TO INSPECT THEM AND MAKE CERTAIN
10 THAT RECUSALS HAPPEN PROPERLY WITH A PROVISION FOR
11 REPORTS TO THE LEGISLATURE IF THEY DO NOT.

12 CHAIRMAN TORRES: ALL RIGHT.

13 MR. KLEIN: THE OVERSIGHT FUNCTION ON TOP
14 OF THE THOROUGHNESS OF THE CONFLICTS PROVISIONS WE
15 HAVE IN PLACE NOW.

16 CHAIRMAN TORRES: ANY OTHER COMMENTS FROM
17 MEMBERS OF THE COMMITTEE?

18 MS. SAMUELSON: AS WITH THE PREVIOUS
19 ISSUE, THERE'S AN IMPORTANT INTEREST THAT HAS TO BE
20 BALANCED WITH FINANCIAL DISCLOSURE. AND I FEEL WE
21 HAVE GONE, I REALLY FEEL PERSONALLY STRONGLY, GONE
22 WAY OVER IN THE DIRECTION OF EXTREME FINANCIAL
23 DISCLOSURE AND TO THE HARM OF OUR ABILITY TO GET THE
24 BEST AND THE BRIGHTEST SCIENTISTS FROM AROUND THE
25 WORLD TO PARTICIPATE IN OUR PEER REVIEW DISCUSSIONS

BARRISTERS' REPORTING SERVICE

1 SO THAT WE GET THE VERY BEST WORK PRODUCT OUT OF
2 THAT PROCESS. THEY WORK EXTREMELY HARD, LONG HOURS.
3 IT'S VERY DIFFICULT TO GET HERE AND TAKE THE TIME
4 AWAY FROM THEIR OWN CAREERS. AND I WOULD BE VERY
5 CONCERNED IF, AS JEFF SAID, THERE'S ANY KIND OF
6 HISTORY THAT THIS SORT OF THING COULD DISCOURAGE
7 THEM FROM EVEN BEING INVOLVED IN THE FUTURE.

8 CHAIRMAN TORRES: ALL RIGHT.

9 DR. PRIETO: QUESTION ABOUT BOB'S COMMENT
10 REGARDING THE AUDIT. DO THOSE AUDITORS HAVE ACCESS
11 TO THE ORIGINAL DATA, THE DOCUMENTS SUBMITTED BY THE
12 REVIEWERS?

13 CHAIRMAN TORRES: YES.

14 DR. PRIETO: THANK YOU.

15 CHAIRMAN TORRES: ANY OTHER PUBLIC
16 COMMENTS FROM SACRAMENTO? WE'RE GOING TO MOVE ON.
17 LA JOLLA?

18 MR. ROTH: NO.

19 CHAIRMAN TORRES: IRVINE?

20 DR. LEVIN: NO.

21 CHAIRMAN TORRES: HEALDSBURG? WE JUST
22 HEARD FROM JOAN. MOUNTAIN VIEW?

23 MR. GOLDBERG: NO.

24 CHAIRMAN TORRES: PALO ALTO? I THINK
25 WE'VE HEARD FROM PALO ALTO JUST RECENTLY. ALL

BARRISTERS' REPORTING SERVICE

1 RIGHT. SAN FRANCISCO, ANY PUBLIC COMMENTS HERE.

2 THERE BEING NONE, WE'LL MOVE ON TO THE
3 NEXT ITEM, WHICH IS ITEM NO. 9, AMEND THE MINUTES OF
4 BOARD MEETINGS TO DISCLOSE VOTE TALLIES AND
5 RECUSALS. AND MR. JAMES HARRISON HAS A RESPONSE.
6 AND I BELIEVE ALL THE MEMBERS, YOU SHOULD HAVE A
7 DOCUMENT THAT WAS E-MAILED TO YOU OUTLINING THE VERY
8 ARTICULATE STATEMENT OF MR. HARRISON ON THIS MATTER
9 AND THE FOLLOWING MATTER, WHICH IS, AND I THINK WE
10 OUGHT TO TAKE THEM TOGETHER, IF YOU DON'T MIND,
11 MEMBERS, ITEMS NO. 9 AND 10 AND LET JAMES ADDRESS
12 THOSE AND WE'LL TAKE QUESTIONS.

13 MR. HARRISON: THANK YOU, CHAIRMAN TORRES.
14 AS ART STATED, THE LITTLE HOOVER COMMISSION HAS
15 RECOMMENDED THAT WE AMEND OUR MEETING MINUTES, WHICH
16 CURRENTLY IDENTIFY THE MOTIONS AND THE VOTES ON
17 THOSE MOTIONS FOR ALL GRANT ROUNDS. THE LITTLE
18 HOOVER COMMISSION HAS RECOMMENDED THAT WE INCLUDE
19 GREATER DETAIL BY ACTUALLY INCLUDING THE TALLIES AS
20 WELL AS THE RECUSALS FOR VOTES ON GRANT
21 APPLICATIONS.

22 SO IN LIGHT OF THAT RECOMMENDATION, WE
23 HAVE GONE BACK TO JANUARY 1, 2008, AND PRODUCED
24 SUMMARIES OF THE TALLIES AND RECUSALS FOR EACH VOTE
25 ON A GRANT APPLICATION AT EACH MEETING THAT HAS

BARRISTERS' REPORTING SERVICE

1 OCCURRED. AND WE'D RECOMMEND THAT GOING FORWARD WE
2 INCLUDE IN THE MINUTES VOTE TALLIES AND RECUSALS AS
3 A MATTER OF COURSE.

4 CHAIRMAN TORRES: ALL RIGHT. COMMENTS ON
5 THAT ISSUE?

6 MR. KLEIN: AS CHAIRMAN OF THE BOARD, ART,
7 I'D LIKE THE MEMBERS TO KNOW THAT IN THE INTEREST OF
8 DISCLOSURE AND TRANSPARENCY, I FELT THIS WAS A VERY
9 GOOD RECOMMENDATION, BROUGHT IT UP AT THE EXECUTIVE
10 COMMITTEE, THE EXECUTIVE COMMITTEE SUPPORTED IT, AND
11 ASKED JAMES HARRISON AND INTERNAL COUNSEL TO REVIEW
12 LEGAL QUESTIONS. THERE WERE NONE. SO I ASKED FOR
13 IT TO BE IMPLEMENTED, AND IT IS, AS JAMES HAS SAID,
14 BEING IMPLEMENTED CURRENTLY.

15 CHAIRMAN TORRES: ALL RIGHT. ANY OTHER
16 RESPONSE ON THIS ONE? I THINK WE'VE RESPONDED
17 PRETTY POSITIVELY.

18 DR. PRIETO: QUESTION, MR. CHAIRMAN.
19 AREN'T THE TRANSCRIPTS OF ALL OUR PREVIOUS MEETINGS
20 THAT HAVE BEEN KEPT AVAILABLE SOMEWHERE?

21 MS. KING: THEY'RE AVAILABLE ON THE
22 WEBSITE. THEY'RE AVAILABLE ON THE WEBSITE, AND THEY
23 HAVE BEEN SINCE JANUARY OF 2005. EVERY TIME THERE'S
24 A MEETING, THE TRANSCRIPT OF THAT MEETING, INCLUDING
25 ALL OF THE ROLL CALL VOTES AND THE NOTATION OF VOICE

BARRISTERS' REPORTING SERVICE

1 VOTES, ARE AVAILABLE ON THE WEBSITE WITHIN, I'D SAY,
2 AT MOST A MONTH AFTER THE MEETING, OFTEN MUCH SOONER
3 THAN THAT, AND THEY'VE BEEN ON THE WEBSITE SINCE
4 JANUARY OF 2005.

5 CHAIRMAN TORRES: EVERY MINUTES OF BOARD
6 MEETINGS SINCE 2005.

7 MS. KING: TRANSCRIPTS, ACTUALLY VERBATIM.

8 CHAIRMAN TORRES: VERBATIM TRANSCRIPTS FOR
9 THOSE WHO WANT TO READ ARE AVAILABLE ON THE WEBSITE.

10 MS. KING: THAT'S RIGHT.

11 CHAIRMAN TORRES: EVERY LITTLE NUANCE BY
12 EVERY BOARD MEMBER IS NOW IN THAT -- THAT'S A
13 WARNING TO ALL OF US TO KEEP OUR COMMENTS BRIEF AND
14 TO THE POINT.

15 MR. HARRISON: INCLUDING WHAT YOU SAID
16 JUST NOW, CHAIRMAN TORRES.

17 CHAIRMAN TORRES: ALL RIGHT. IF THERE ARE
18 NO OTHER COMMENTS, WE'LL MOVE ON --

19 DR. POMEROY: ONE MORE COMMENT.

20 MR. JENSON: WE HAVE A COMMENT HERE. DAVE
21 JENSON WITH THE CALIFORNIA STEM CELL REPORT AGAIN.
22 WE SHOULD NOTE THAT THE TRANSCRIPTS DO NOT CONTAIN
23 VOTE TALLIES IN MANY CASES, AND IT IS OFTEN
24 IMPOSSIBLE TO DETERMINE AN INDIVIDUAL MEMBER'S VOTE
25 FROM THE TRANSCRIPTS AND/OR THE MINUTES OR ANY

BARRISTERS' REPORTING SERVICE

1 PUBLIC RECORDS THAT ARE AVAILABLE ON THE CIRM
2 WEBSITE. SO THAT SHOULD BE PERFECTLY CLEAR. AND
3 PERHAPS --

4 CHAIRMAN TORRES: BUT IT IS CLEAR, WHICH
5 IS WHY WE --

6 MR. JENSON: IT IS NOT CLEAR.

7 CHAIRMAN TORRES: IT IS CLEAR BECAUSE
8 WE'VE ADOPTED A MOTION IN EXECUTIVE COMMITTEE TO DO
9 JUST THAT, TO MAKE SURE THERE'S NO QUESTION ABOUT
10 THE FACT THAT WE ARE PROVIDING THE TALLIES AND THE
11 RECUSALS.

12 MR. JENSON: THIS WILL BE A FIRST BECAUSE
13 YOU HAVEN'T DONE THAT IN THE PAST.

14 CHAIRMAN TORRES: I JUST SAID THAT.

15 MR. JENSON: YOU UNDERSTAND NOT EVERY
16 LITTLE NUANCE IS AVAILABLE VIA THE TRANSCRIPTS
17 AND/OR THE MINUTES.

18 CHAIRMAN TORRES: I UNDERSTAND THAT, WHICH
19 IS WHY WE'RE MOVING AHEAD IN IMPLEMENTING THIS
20 RECOMMENDATION PER THE COMMENTS OF MR. KLEIN
21 EARLIER.

22 MR. JENSON: AND PERHAPS JAMES COULD
23 EXPLAIN HOW HE HAPPENED TO MAKE A TALLY OF THE VOTES
24 AND RECUSALS FROM JANUARY 1, 2008.

25 MR. HARRISON: WE GOT A VERY HELPFUL

BARRISTERS' REPORTING SERVICE

1 PUBLIC RECORDS ACT REQUEST FROM A MEMBER OF THE
2 PUBLIC.

3 CHAIRMAN TORRES: WHO WAS IT?

4 MR. HARRISON: DAVE JENSON.

5 CHAIRMAN TORRES: WE WANT TO GIVE YOU
6 CREDIT, BUDDY.

7 MR. JENSON: OKAY.

8 CHAIRMAN TORRES: ANY OTHER COMMENTS FROM
9 SACRAMENTO BEFORE WE CLOSE THE LINE THERE? LA
10 JOLLA?

11 MR. ROTH: NO.

12 CHAIRMAN TORRES: IRVINE?

13 DR. LEVIN: NO.

14 CHAIRMAN TORRES: SAN FRANCISCO, ANY
15 PUBLIC COMMENT ON THIS ISSUE? NONE. HEALDSBURG?
16 JOAN, DID YOU HAVE ANYTHING ELSE TO ADD?

17 MS. SAMUELSON: NOTHING.

18 CHAIRMAN TORRES: MOUNTAIN VIEW? PALO
19 ALTO, WE'VE HEARD OUR CHAIRMAN, MR. KLEIN.

20 WE'LL MOVE ON TO ITEM NO. 10, WHICH IS ADD
21 A PROVISION TO THE BOARD BYLAWS AUTHORIZING THE
22 REMOVAL OF MEMBERS FOR CAUSE. MR. HARRISON.

23 MR. HARRISON: THAT'S AN ACCURATE SUMMARY
24 OF THE LITTLE HOOVER COMMISSION'S RECOMMENDATION.
25 THE PROBLEM WITH THIS PARTICULAR RECOMMENDATION IS

BARRISTERS' REPORTING SERVICE

1 THAT THE BOARD DOES NOT HAVE THE POWER THROUGH ITS
2 BYLAWS TO ADOPT A REMOVAL PROVISION. UNDER PROP 71
3 MEMBERS SERVE FIXED TERMS. AND THE COURT OF
4 APPEALS, IN UPHOLDING PROP 71 AGAINST A
5 CONSTITUTIONAL CHALLENGE, CONSTRUED THIS PROVISION,
6 CONSISTENT WITH CALIFORNIA LAW, TO MEAN THAT MEMBERS
7 ARE NOT SUBJECT TO REMOVAL BY THEIR APPOINTING
8 AUTHORITY. AND THAT READING IS CONSISTENT WITH
9 CALIFORNIA LAW, WHICH SPECIFIES THAT A MEMBER IS
10 SUBJECT TO REMOVAL BY THE APPOINTING AUTHORITY ONLY
11 WHEN THE MEMBER'S TERM IS NOT PRESCRIBED BY LAW.

12 WELL, PROP 71 VERY EXPLICITLY SETS THE
13 TERMS OF MEMBERS, SO THERE'S NO POWER OF REMOVAL
14 EXCEPT THROUGH A QUO WARRANTO ACTION INITIATED BY
15 THE ATTORNEY GENERAL. NOR DOES PROP 71 PROVIDE THE
16 ICOC WITH THE POWER TO REMOVE MEMBERS. IN FACT, IF
17 THE ICOC WERE TO INCLUDE SUCH A PROVISION IN ITS
18 BYLAWS, IT WOULD BE INTRUDING UPON THE AUTHORITY OF
19 THE APPOINTING POWERS TO DESIGNATE WHOM THEY WISH TO
20 SERVE ON THEIR BEHALF.

21 SO AS A MATTER OF LAW, THE BOARD SIMPLY
22 DOESN'T HAVE AUTHORITY TO ADD SUCH A PROVISION TO
23 ITS BYLAWS; OR IF IT DID, IT WOULDN'T BE
24 ENFORCEABLE.

25 CHAIRMAN TORRES: THEREFORE, IN REALITY IT

BARRISTERS' REPORTING SERVICE

1 WOULD BE UP TO THE APPOINTING POWER TO SUGGEST TO
2 THE MEMBER, IF THEY DIDN'T FEEL THEY'RE PERFORMING
3 THEIR DUTIES PROPERLY, TO PLEASE SUBMIT THEIR LETTER
4 OF RESIGNATION.

5 MR. HARRISON: THAT'S CORRECT. THE POWER
6 OF PERSUASION.

7 CHAIRMAN TORRES: THE POWER OF PERSUASION.
8 ALL RIGHT. ANY COMMENTS FROM SACRAMENTO ON THAT
9 POINT?

10 DR. PRIETO: DOES ANYONE HAVE THE POWER?
11 I THINK YOU ALLUDED TO THE ATTORNEY GENERAL.

12 MR. HARRISON: THE ATTORNEY GENERAL HAS
13 THE POWER UNDER A PROCEDURE THAT'S KNOWN AS QUO
14 WARRANTO.

15 DR. POMEROY: I JUST WANT TO SAY THAT I
16 THINK IT'S WORRISOME THAT WE CAN'T REMOVE MEMBERS
17 FOR CAUSE. AND I RESPECT THE LEGAL INTERPRETATION.
18 AND, YOU KNOW, WHAT IS IS. BUT I THINK THAT THIS IS
19 A LESSON LEARNED FOR US FOR THE FUTURE, WHICH IS
20 THAT AS A BOARD, MAKING SURE THAT WE ARE ALL DOING
21 OUR JOB IN A RESPONSIBLE, ETHICAL WAY IS A BIG PART
22 OF IT. AND SO I JUST WANT TO BE ON THE RECORD AS
23 SAYING I THINK IT'S VERY UNFORTUNATE THAT THE LEGAL
24 INTERPRETATION IS THAT WE'RE NOT ABLE TO DO
25 SOMETHING ABOUT THIS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: THAT PROMPTS A QUESTION,
2 MR. HARRISON. WHAT IF THE MAJORITY OF THE BOARD
3 DECIDED TO SOLICIT THE ATTORNEY GENERAL IN AN
4 ACTION?

5 MR. HARRISON: THE BOARD COULD CERTAINLY
6 DO SO, AND IT WOULD BE UP TO THE ATTORNEY GENERAL TO
7 DECIDE WHETHER TO INITIATE AN ACTION DIRECTLY OR TO
8 LET THE BOARD INITIATE ITS OWN ACTION TO REMOVE A
9 MEMBER.

10 CHAIRMAN TORRES: SO AT THE END OF THE
11 DAY, THERE IS NO SOLID CONCRETE BARRIER FOR US
12 SEEKING REDRESS IN THE REMOVAL OF A MEMBER?

13 MR. HARRISON: THAT'S RIGHT. IT'S JUST
14 THAT THE BOARD COULDN'T DO SO UNILATERALLY. IT
15 WOULD HAVE TO ASK THE ATTORNEY GENERAL TO INTERVENE
16 ON ITS BEHALF.

17 I SHOULD ALSO POINT OUT, JUST SO THE
18 RECORD IS CLEAR, THIS FEATURE, WHETHER IT'S A WISE
19 POLICY OR NOT, IS NOT UNIQUE TO THIS BOARD. THERE
20 ARE MANY BOARDS IN STATE GOVERNMENT WHOSE MEMBERS
21 SERVE FIXED TERMS AND WHO ARE NOT SUBJECT TO
22 REMOVAL. THE CALIFORNIA MEDICAL ASSISTANCE
23 COMMISSION, FOR EXAMPLE, THE FIRST FIVE COMMISSIONS,
24 I BELIEVE EVEN THE LITTLE HOOVER COMMISSION.

25 MR. DROWN: YOU CAN BE REMOVED FOR CAUSE

BARRISTERS' REPORTING SERVICE

1 FROM THE LITTLE HOOVER COMMISSION.

2 CHAIRMAN TORRES: OH, THE LITTLE HOOVER
3 COMMISSION MEMBER CAN BE REMOVED FOR CAUSE?

4 MR. DROWN: YES. AND THEY CAN BE REMOVED
5 FOR MISSING THREE MEETINGS.

6 MR. HARRISON: STUART, I BELIEVE THAT'S A
7 PROVISION THAT'S IN THE BOARD'S BYLAWS AND IS NOT BY
8 STATUTE. IF I'M NOT CORRECT, MEMBERS SERVE FIXED
9 TERMS; IS THAT RIGHT?

10 MR. DROWN: CORRECT.

11 MR. KLEIN: WE BELIEVE THAT THAT PROVISION
12 IS NOT CONSTITUTIONAL.

13 CHAIRMAN TORRES: SO THERE'S NEVER BEEN A
14 LITTLE HOOVER COMMISSION MEMBER THAT I RECALL IN 30
15 YEARS OF PUBLIC SERVICE BEING REMOVED OR EVEN
16 QUESTIONED. THE ONLY QUESTION IS WHY DO THEY WANT
17 TO SERVE ON THIS COMMITTEE. THAT'S THE ONLY
18 QUESTION THAT'S BEEN POSED TO PEOPLE BECAUSE OF THE
19 LENGTH OF TIME THAT IT REQUIRES. MY KUDOS TO THE
20 STAFF FOR PUTTING UP WITH THE TIME THAT'S REQUIRED.

21 DR. POMEROY: JAMES, I'D JUST LIKE TO
22 THANK YOU FOR THAT CLARIFICATION BECAUSE I ACTUALLY
23 DO FIND IT REASSURING THAT THERE IS A PATH, ALBEIT
24 PERHAPS A CIRCUITOUS ONE, BUT IT IS IMPORTANT TO
25 KNOW THAT THERE IS A PATH. THANK YOU.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: DR. POMEROY, THE BALANCING OF
2 THIS IS THAT BY HAVING AN OBJECTIVE THIRD PARTY, THE
3 ATTORNEY GENERAL, WHO HAS TO DECIDE WHETHER THERE'S
4 APPROPRIATE CAUSE, PROTECTS THE ABILITY TO HAVE
5 APPOINTMENTS TO THE BOARD THAT REPRESENT THE
6 APPOINTING AUTHORITY PERSPECTIVE WITHOUT HAVING TO
7 BE UNDERMINED BECAUSE THE MAJORITY OF THE BOARD MAY
8 DISAGREE WITH THAT POINT OF VIEW. SO IT GIVES AN
9 OBJECTIVE PROTECTION TO THE VOTERS AND TO THE AGENCY
10 THAT CAUSE WILL REALLY MEAN CAUSE.

11 CHAIRMAN TORRES: ANY OTHER COMMENTS?

12 MR. JENSON: DAVE JENSON. PERHAPS JAMES
13 COULD ANSWER THIS. AND THE QUESTION IS IS THERE
14 ANYTHING TO PREVENT THE BOARD FROM VOTING TO ASK A
15 MEMBER TO RESIGN FOR CAUSE OR WITHOUT CAUSE?

16 MR. HARRISON: NO. THERE'S NOTHING THAT
17 WOULD PREVENT THE BOARD FROM TAKING UP A MOTION TO
18 ASK A MEMBER TO RESIGN.

19 CHAIRMAN TORRES: ALL RIGHT. I THINK
20 WE'RE READY TO MOVE ON TO THE NEXT ITEM IF WE CAN.

21 MS. SAMUELSON: I'D SAY THAT CLAIRE
22 ARTICULATED MY VIEW ON THIS PRECISELY.

23 CHAIRMAN TORRES: THANK YOU. ITEM NO. 11,
24 ADOPT A SUCCESSION PLAN FOR LEADERSHIP AND A
25 TRANSITION PLAN FOR THE EVENTUAL EXPIRATION OF BOND

BARRISTERS' REPORTING SERVICE

1 FUNDING. IS THAT AN ACCURATE STATEMENT? THAT IS AN
2 ACCURATE STATEMENT. I BELIEVE MR. KLEIN HAS A
3 RESPONSE.

4 MR. KLEIN: SO THE INTENTION HERE IS TO
5 HAVE A, FIRST OF ALL, IN TERMS OF BOND FUNDING,
6 STRATEGIC FINANCIAL PLAN THAT WILL BE ISSUED THIS
7 FALL TO THE BOARD FOR DISCUSSION AND DRAFT AND THEN
8 RECONSIDERED IN THE WINTER PERIOD.

9 THERE ARE A NUMBER OF OPTIONS THAT WILL
10 HINGE ON THE PERFORMANCE OF THE AGENCY BECAUSE
11 CERTAINLY IF THE AGENCY HAS PERFORMED, I BELIEVE THE
12 PUBLIC, LIKE THE CALIFORNIA HOUSING FINANCE AGENCY,
13 WILL SEE THE OPPORTUNITY AND THE VALUE OF PROVIDING
14 GREATER BOND AUTHORITY SO THIS AGENCY CAN CONTINUE
15 ITS GOOD WORK. IF THE AGENCY HASN'T PERFORMED, IT'S
16 A GOOD OPPORTUNITY FOR THE PUBLIC TO HOLD IT
17 ACCOUNTABLE AND NOT CONTINUE THE CHARTER BY NOT
18 PROVIDING MORE FUNDING.

19 AS TO THE LEADERSHIP, BY ANNOUNCING EARLY,
20 18 MONTHS BEFORE THE END OF MY TERM, MY INTENTION
21 NOT TO SEEK REAPPOINTMENT, IT PROVIDES SUBSTANTIAL
22 TIME TO WORK WITH THE BOARD POTENTIALLY HAVING A
23 SEARCH COMMITTEE FOR THE CHAIR WHICH COULD MAKE
24 RECOMMENDATIONS TO THE APPOINTING AUTHORITIES. THEY
25 WOULD BE FREE IN THEIR SOLE DISCRETION TO CONSIDER

BARRISTERS' REPORTING SERVICE

1 THOSE RECOMMENDATIONS OR NOT. BUT WE HAVE THE TIME
2 AND WE ARE IN THE PROCESS OF THINKING THROUGH THE
3 SUCCESSION PLAN. WE'LL BRING SUCH A SUCCESSION PLAN
4 TO THE BOARD. AND THAT IS THE CURRENT STATUS.

5 CHAIRMAN TORRES: ANY COMMENTS FROM
6 MEMBERS OF THE COMMITTEE? ANY PUBLIC COMMENTS IN LA
7 JOLLA?

8 MR. ROTH: NO.

9 CHAIRMAN TORRES: IRVINE?

10 DR. LEVIN: NO.

11 CHAIRMAN TORRES: PALO ALTO WE'VE HEARD.
12 MOUNTAIN VIEW? JOAN SAMUELSON?

13 MS. SAMUELSON: I THINK THIS IS ONE
14 INSTANCE WHERE WE REALLY ARE DIFFERENT FROM IF
15 THERE'S ANY SUCH THING AS A CONVENTIONAL STATE
16 AGENCY. BUT MANY SOURCES OF FUNDING THAT WE'VE BEEN
17 ABLE TO ATTRACT, LARGELY WITH THE HARD WORK OF
18 CHAIRMAN KLEIN, MAKES US DIFFERENT.

19 CHAIRMAN TORRES: THANK YOU, JOAN. ANYONE
20 ELSE IN SACRAMENTO?

21 DR. POMEROY: I JUST WANT TO SAY I THINK
22 IT'S THE BOARD'S RESPONSIBILITY TO HAVE A SUCCESSION
23 PLAN FOR LEADERSHIP, AND I THINK THAT'S WHAT BOB
24 JUST SAID. AND I THINK IT'S THE BOARD'S
25 RESPONSIBILITY TO HAVE A TRANSITION PLAN OR AT LEAST

BARRISTERS' REPORTING SERVICE

1 A DEFINITION OF WHAT WE'LL DO AFTER THERE'S NO
2 MONEY. AND THAT'S KIND OF THE DEFINITION OF THE
3 ROLE OF THIS BOARD.

4 CHAIRMAN TORRES: EXACTLY. WELL PUT,
5 CLAIRE. ANY COMMENTS HERE IN SAN FRANCISCO FROM THE
6 PUBLIC? ANY MEMBERS? ALL RIGHT. WE'LL PROCEED TO
7 ITEM NO. 12. CAN YOU READ THAT FOR US, MR.
8 HARRISON?

9 MR. HARRISON: THE LITTLE HOOVER
10 COMMISSION HAS RECOMMENDED THAT THE LEGISLATURE
11 SHOULD AMEND PROP 71 TO REMOVE THE 50-PERSON CAP ON
12 CIRM STAFFING.

13 CHAIRMAN TORRES: MR. PRESIDENT.

14 DR. TROUNSON: CURRENTLY CIRM IS
15 CHALLENGED BY THE 50-EMPLOYEE CAP, AND WE'RE
16 CURRENTLY REVIEWING THIS MATTER, BUT REMAIN
17 COMMITTED TO KEEPING WITHIN THE 6-PERCENT CAP ON USE
18 OF BOND FUNDS FOR ADMINISTERING THE EXPENDITURES.

19 CHAIRMAN TORRES: ANY COMMENTS FROM
20 MEMBERS OF THE COMMITTEE? PUBLIC COMMENTS IN
21 SACRAMENTO?

22 DR. POMEROY: THIS IS CLAIRE. YOU KNOW, I
23 THINK THIS IS POTENTIALLY AN OPPORTUNITY FOR US TO
24 BE A LITTLE MORE PROACTIVE PERHAPS IN THIS RESPONSE.
25 YES, OF COURSE, WE NEED TO REVIEW THIS. BUT HAVEN'T

BARRISTERS' REPORTING SERVICE

1 WE KIND OF REVIEWED THE IMPACT OF THE 50-EMPLOYEE
2 CAP FOR LIKE SINCE THE BEGINNING OF OUR EXISTENCE?
3 AND HERE'S AN EXAMPLE, I THINK, OF A PLACE WHERE
4 WE'RE VERY ALIGNED WITH THE LITTLE HOOVER COMMISSION
5 RECOMMENDATION OR SUGGESTION.

6 SO I WOULD BE VERY INTERESTED IN US AS A
7 BOARD, YOU KNOW, AS SOON AS WE'RE DONE WITH THE
8 REVIEW, ENDORSING THE CONCEPT THAT IT'S GOOD TO
9 LIMIT YOUR ADMINISTRATIVE EXPENSES.

10 CHAIRMAN TORRES: RIGHT.

11 DR. POMEROY: AND WE AGREE WITH THAT CAP,
12 BUT AN ARTIFICIAL NUMBER ON THE NUMBER OF EMPLOYEES
13 SEEMS UNHELPFUL. SO IF THERE'S SOME WAY TO
14 ELIMINATE THAT, I'D LIKE US TO PROACTIVELY
15 INVESTIGATE THAT.

16 CHAIRMAN TORRES: WELL, THE ONLY
17 ALTERNATIVE TO DOING THAT IS TO INTRODUCE
18 LEGISLATION, WHICH RESULTS IN ITS OWN PRECARIOUS
19 IMPACTS.

20 MR. KLEIN: I WOULD ALSO LIKE TO SAY THAT
21 PAYING FOR EMPLOYEES OUTSIDE OF STATE FUNDS IS A
22 POSSIBILITY THAT WE'RE LOOKING AT, WHETHER IT'S
23 DONATIONS OR OTHER SOURCES. WHAT'S VERY IMPORTANT
24 IS TO MAKE SURE THE TAXPAYERS' MONEY IS GOING TO
25 RESEARCH AND THAT 94 CENTS OUT OF EVERY DOLLAR GOES

BARRISTERS' REPORTING SERVICE

1 TO RESEARCH. BUT IT'S VERY IMPORTANT WITH TAXPAYER
2 FUNDS TO STAY WITHIN THAT 50-PERSON CAP, I THINK,
3 BUT I THINK THERE ARE SOME OPPORTUNITIES THAT WE'LL
4 REPORT BACK TO THE BOARD ON. IT IS A CHALLENGE, AS
5 CLAIRE POINTS OUT, BUT I THINK WE MAY HAVE MORE
6 PATHWAYS TO ADDRESS THAT.

7 CHAIRMAN TORRES: ALL RIGHT. ANY OTHER
8 COMMENTS FROM SACRAMENTO? DR. POMEROY, DID YOU HAVE
9 A REBUTTAL FOR THAT?

10 DR. POMEROY: NO. I THINK THERE'S NO NEED
11 TO REBUT. WE AGREE.

12 CHAIRMAN TORRES: ALL RIGHT. ANYONE ELSE
13 IN SACRAMENTO?

14 MR. JENSON: I HAVE A COMMENT.

15 CHAIRMAN TORRES: WHO IS I?

16 MR. JENSON: I'M SORRY. DAVE JENSON. THE
17 50-PERSON CAP HAS BEEN A PROBLEM FOR A LONG TIME,
18 AND I THINK YOU GUYS ALL KNOW IT. IT REALLY HAS
19 BEEN A BIT OF A STRANGLE ON THE AGENCY, AND IT WOULD
20 BE A GOOD THING TO REMOVE IT. BUT AS YOU SAY,
21 LEGISLATION IS PRECARIOUS.

22 CHAIRMAN TORRES: YOU KNOW THAT BETTER
23 THAN ANYBODY. ANY OTHER COMMENTS FROM LA JOLLA?

24 MR. ROTH: NO.

25 CHAIRMAN TORRES: IRVINE?

BARRISTERS' REPORTING SERVICE

1 DR. LEVIN: NO.

2 CHAIRMAN TORRES: PALO ALTO WE'VE HEARD.
3 MOUNTAIN VIEW?

4 MR. GOLDBERG: NO.

5 CHAIRMAN TORRES: HEALDSBURG?

6 MS. SAMUELSON: I AGREE WITH DAVE JENSON.

7 CHAIRMAN TORRES: ALL RIGHT. IN SAN
8 FRANCISCO, ANY PUBLIC COMMENTS HERE? THERE BEING
9 NONE, WE'LL PROCEED TO THE NEXT ITEM THEN.

10 ITEM NO. 13, WHICH WAS TO ELIMINATE THE
11 15-SCIENTIST CAP ON THE GWG. MR. PRESIDENT.

12 MR. HARRISON: I THINK THAT'S AN ADEQUATE
13 SUMMARY OF THE LITTLE HOOVER COMMITTEE'S
14 RECOMMENDATION.

15 DR. TROUNSON: WE'VE CONSIDERED THIS VERY
16 CAREFULLY AND FOR QUITE A LONG TIME. I THINK THE
17 IMPORT OF IT WAS TO BE ABLE TO UNRESTRICT US IN
18 DOING A MUCH LARGER NUMBER OF GRANT REVIEWS IN THE
19 NORMAL WAY WE DO IT, BUT THERE'S A REAL PROBLEM IN
20 DWELLING IN IT. IF YOU ELIMINATE A CAP OF 15
21 MEMBERS AND ALTERNATES PARTICIPATING IN A WORKING
22 GROUP MEETING, YOU WILL ACTUALLY NOT SIGNIFICANTLY
23 AFFECT THE GRANTS WORKING GROUP CAPACITY TO REVIEW
24 MORE GRANT APPLICATIONS, IN OUR VIEW. THE REAL
25 LIMITING FACTOR FOR REVIEW IS TIME.

BARRISTERS' REPORTING SERVICE

1 AT A REVIEW MEETING, THE GRANTS WORKING
2 GROUP CAN ONLY DISCUSS AND SCORE ABOUT 50 TOTAL
3 APPLICATIONS PER DAY FOR REGULAR RESEARCH GRANTS AND
4 PERHAPS 15 OR 20 FOR LARGER PROPOSALS, SUCH AS THE
5 DISEASE TEAMS OR TRAINING GRANTS.

6 AND IT'S JUST THAT WE REQUIRE A REASONABLE
7 IN-DEPTH DISCUSSION TO REALLY GET AT THE CORE OF THE
8 ISSUES IN THESE GRANTS. IF WE INCREASE THE NUMBER
9 OF GRANTS WORKING GROUP MEMBERS AT THE REVIEW,
10 YOU'LL NOT SPEED UP THE RATE WHICH THE APPLICATIONS
11 ARE REVIEWED. YOU'LL ACTUALLY SLOW IT BECAUSE YOU
12 NEED -- MORE PEOPLE WILL NEED TO DISCUSS IT
13 INDIVIDUALLY. IN FACT, IT MAY INCREASE THE REVIEW
14 TIME TO ACCOMMODATE DISCUSSION BY ALL ADDITIONAL
15 MEMBERS.

16 REGARDLESS OF THE NUMBER OF PARTICIPATING
17 GRANTS WORKING GROUP MEMBERS, REVIEW OF ADDITIONAL
18 APPLICATIONS WILL REQUIRE ADDITIONAL MEETING DAYS
19 AND INCREASE IN STAFF TIME TO MANAGE THE REVIEWS AND
20 THE WRITE-UPS OF THE SUMMARIES. WE BELIEVE, BASED
21 ON COMMENTS FROM REVIEWERS, THAT A LARGER GROUP
22 WOULD BE LESS FOCUSED AND ENGAGED AND THE LONGER
23 MEETINGS LEAD TO REDUCED WILLINGNESS TO ATTEND.

24 SO DESPITE WHAT I THINK WAS INTENTIONALLY
25 MEANT TO BE HELPFUL, IN OUR OWN ANALYSIS OF THE

BARRISTERS' REPORTING SERVICE

1 SITUATION, WE THINK IT'S UNLIKELY TO ACTUALLY BE
2 HELPFUL. AND THAT, INTERESTINGLY, THE NUMBER OF
3 ABOUT 15 REVIEWERS, WE CAN ACCOMMODATE AND IT IS, AS
4 I JUDGE IT, AND I THINK MOST PEOPLE WHO ARE INVOLVED
5 IN THE GRANTS WORKING GROUP WOULD JUDGE IT TO BE A
6 FAIR AND REASONABLE PROCESS, AND THE TIME COMMITMENT
7 IS NOT UNREASONABLE.

8 CHAIRMAN TORRES: THANK YOU, MR.
9 PRESIDENT. MR. SHEEHY HERE IN SAN FRANCISCO, AND
10 THEN WE'LL MOVE TO SACRAMENTO.

11 MR. SHEEHY: I REALLY THINK THIS IS AN
12 INSTANCE OF IF IT'S NOT BROKE, WE DON'T NEED TO FIX
13 IT. AND I THINK THE PRESIDENT IS BEING UNDULY
14 MODEST ABOUT THE WAY THE PROCESS IS RUN AND ABOUT
15 THE EXTRAORDINARY EFFORTS OF STAFF. I SAT IN EVERY
16 REVIEW SESSION. THE QUALITY OF THE REVIEWS, THE
17 QUALITY AND THE DILIGENCE OF THE REVIEWERS, THE WORK
18 OF STAFF HAS BEEN TREMENDOUS. SO IF THEY SEE NO --
19 THIS IS REALLY A MECHANICAL ISSUE. IF THIS WORKS
20 FOR THEM, I THINK WE SHOULD NOT INTERFERE WITH IT AT
21 ALL BECAUSE THE PRODUCT HAS BEEN SUPERB. I CAN'T
22 IMAGINE IT BEING DONE IN A BETTER WAY WITH MORE
23 INTEGRITY, WITH MORE DILIGENCE.

24 AND WE REALLY OWE STAFF AND THOSE
25 REVIEWERS A TREMENDOUS -- AND THE PEOPLE OF

BARRISTERS' REPORTING SERVICE

1 CALIFORNIA OWE THEM A TREMENDOUS VOTE OF THANKS
2 BECAUSE THEY'VE RUN A PRISTINE PROCESS.

3 CHAIRMAN KLEIN: THANK YOU, MR. SHEEHY.
4 SACRAMENTO? DR. POMEROY? DR. PRIETO?

5 DR. PRIETO: NO. I AGREE WITH JEFF.

6 CHAIRMAN TORRES: ALL RIGHT. ANY PUBLIC
7 COMMENTS THERE? LA JOLLA?

8 MR. ROTH: NO.

9 CHAIRMAN TORRES: IRVINE?

10 DR. LEVIN: THIS IS JACOB LEVIN FROM
11 IRVINE. I ACTUALLY HAVE TWO QUICK QUESTIONS. ONE
12 IS IF WE WERE TO CHANGE THE 15-MEMBER CAP OF THE
13 GRANTS WORKING GROUP, WOULD THAT HAVE TO BE DONE BY
14 A BALLOT INITIATIVE?

15 DR. TROUNSON: IT WOULD HAVE TO BE BY
16 LEGISLATURE, AND IT WOULD HAVE TO BE ARGUED TO BE OF
17 BENEFIT TO THE WHOLE PROCESS. SO, NO. 1, WE'D HAVE
18 TO ARGUE THAT IT WOULD BE STRONGLY BENEFICIAL AND
19 THEN, B, IT WOULD HAVE TO BE THEN INCORPORATED
20 WITHIN NEW LEGISLATION.

21 CHAIRMAN TORRES: ALL RIGHT. ANY OTHER
22 COMMENTS FROM SACRAMENTO? PALO ALTO?

23 MR. KLEIN: FIRST OF ALL, FOR JACOB. IT'S
24 A MATTER OF DEGREE AS TO WHETHER IT CAN BE DONE BY
25 LEGISLATION. IF IT'S A SLIGHT ADJUSTMENT AND IS AN

BARRISTERS' REPORTING SERVICE

1 ENHANCEMENT, THAT'S ONE THING. IF IT WAS A MAJOR
2 CHANGE, IT MIGHT BE MORE SIGNIFICANTLY IN QUESTION.
3 BUT REALIZE THAT ON TOOLS AND TECHNOLOGIES, WE HAD
4 BACK-TO-BACK 15-MEMBER PANELS. SO WHEN THERE WAS A
5 LARGE NUMBER OF GRANTS AND WE WERE CONSTRAINED IN
6 TIME THAT REVIEWERS WOULD SERVE, WE CREATED A PANEL
7 THAT DID GROUP A AND THEN A PANEL THAT DID GROUP B,
8 AND THE BOARD CONSIDERED BOTH PANELS'
9 RECOMMENDATIONS TOGETHER.

10 SO THERE IS FLEXIBILITY TO ADD ADDITIONAL
11 PANELS WITH EACH LIMITED TO 15 PERSONS SERVING AT
12 ONE TIME.

13 THE OTHER POINT I'D LIKE TO MAKE IS THAT
14 THERE'S SEVEN PATIENT ADVOCATES THAT SERVE ON THE
15 PEER REVIEW PROCESS. IF FOUR OR FIVE ARE PRESENT IN
16 REVIEWS, THAT MEANS THERE'S 19 TO 20 INDIVIDUALS
17 THAT ARE PARTICIPATING IN THE PROGRAMMATIC REVIEW OF
18 THE GRANTS. AND YOU HAVE TO CONSIDER THE INPUT OF
19 THAT NUMBER OF PEOPLE IN DETERMINING WHETHER YOU
20 HAVE ADEQUATE TIME FOR MEANINGFUL PARTICIPATION.

21 SO I AGREE WITH JEFF. I'VE BEEN AT EVERY
22 PEER REVIEW FROM THE BEGINNING. IT'S EXTRAORDINARY
23 WHAT THE STAFF HAS ACCOMPLISHED AND WHAT REVIEWERS
24 AROUND THE COUNTRY HAVE ACCOMPLISHED, PARTICULARLY
25 BECAUSE, UNLIKE ANY OTHER REVIEW GROUP IN THE WORLD,

BARRISTERS' REPORTING SERVICE

1 THESE REVIEWERS, WE MUST REMEMBER, ARE ALL FROM
2 OUTSIDE OF CALIFORNIA. UNLIKE THE NIH, THESE
3 REVIEWERS CANNOT QUALIFY FOR A GRANT FROM THE SAME
4 PANEL THEY SIT ON. AND SO THEIR COMMITMENT TO TIME
5 ON THESE PANELS IS SOMETHING THAT IS A REAL
6 SACRIFICE WITHOUT ANY OF THE UPSIDES OF DEVELOPING
7 RELATIONSHIPS ON PANELS THAT EXIST AT THE NIH AND
8 OTHER INSTITUTIONS.

9 DR. LEVIN: YOU SPOKE TO, I GUESS, MY
10 OTHER QUESTION, WHICH IS COULD YOU SET UP SEVERAL
11 PARALLEL GRANTS WORKING GROUPS TO POTENTIALLY HAVE A
12 HIGHER THROUGHPUT OF GRANTS REVIEWED OR RECRUIT A
13 BROAD ENOUGH EXPERTISE TO COVER EVERYTHING IN A
14 GIVEN SET OF GRANTS BECAUSE SOMETIMES THE CALLS CAN
15 BE VERY WIDE-RANGING IN TERMS OF SCIENTIFIC OR EVEN
16 TECHNICAL OR BUSINESS EXPERTISE NEEDED TO REVIEW
17 THEM FROM START TO FINISH. BUT SOUNDS LIKE THAT
18 WITHIN THE RULES AS THEY ARE NOW WE CAN DO THAT.

19 MR. KLEIN: WE CERTAINLY CAN. AND THE
20 PANEL IS SUPPLEMENTED BY SPECIALISTS WHO CALL IN.
21 THEY'RE NOT SITTING MEMBERS. THEY DON'T VOTE THEIR
22 SCORES, BUT THEY DO PROVIDE OUTSIDE EXPERTISE AND
23 SPECIALIZED EXPERTISE. AS YOU POINT OUT, WHEN YOU
24 HAVE TWO PANELS BACK TO BACK, YOU CAN HAVE A GREATER
25 DISTRIBUTION OF EXPERTISE ON EACH PANEL RELATED TO

BARRISTERS' REPORTING SERVICE

1 THE GRANTS THAT THEY'LL REVIEW.

2 CHAIRMAN TORRES: INCLUDING THE PATIENT
3 ADVOCATES WHO SERVE ON THOSE PANELS.

4 DR. TROUNSON: THERE ARE OTHER THINGS
5 WHICH IMPACT ON THAT. NO. 1, YOU'VE GOT TO EXPECT
6 THAT THE PATIENT ADVOCATES HAVE GOT TO GIVE UP QUITE
7 AN AMOUNT OF TIME, AND IT'S NOT THAT THEY GET
8 REALLY, IN MY VIEW, ADEQUATELY COMPENSATED FOR DOING
9 THAT. YOU HAVE TO GET THEM TO GIVE UP CONSIDERABLE
10 TIME AND THAT'S A DEMAND. YOU'VE ALSO THEN GOT TO
11 MULTIPLY THE NUMBER OF IN-HOUSE REVIEWS AND REPORTS
12 THAT YOU DO BY STAFF, AND THEN YOU'VE GOT TO LOOK AT
13 THE REVIEW PANEL. IF IT'S FOR THE ONE RFA, IT'S
14 VERY DIFFICULT TO COMPOSE THE REVIEWS BY EQUIVALENT
15 PEOPLE, PEOPLE WITH EQUIVALENT CAPACITY. SO YOU DO
16 GET A DIFFERENCE. YOU WILL ALWAYS GET A DIFFERENCE
17 ACROSS THOSE THINGS.

18 SO I THINK IT'S -- WE TRY TO BE MINDFUL OF
19 BEING ABLE TO KEEP IT WITHIN OUR ABILITIES TO DO IT
20 IN A WAY WHICH IS TIMELY, EFFECTIVE, AND EFFICIENT
21 AS POSSIBLE, BUT ALSO DOESN'T SORT OF STRIP THE TIME
22 OF A NUMBER OF OUR PEOPLE, INCLUDING THE IN-HOUSE
23 PEOPLE AND THE PATIENT ADVOCATES AND OTHERS THAT ARE
24 REQUIRED TO GIVE UP TIME FOR THE PROCESS.

25 CHAIRMAN TORRES: THANK YOU, MR.

BARRISTERS' REPORTING SERVICE

1 PRESIDENT. ANY COMMENTS, FURTHER COMMENTS IN
2 SACRAMENTO?

3 MR. JENSON: I FIND IT INTERESTING HERE
4 THAT THE ARGUMENTS ARE THAT A SMALLER GROUP IS MORE
5 EFFICIENT AND PROVIDES A HIGHER QUALITY PRODUCT IN
6 THE CASE OF THESE GRANT REVIEW GROUPS. HOWEVER,
7 THAT ARGUMENT DOESN'T SEEM TO BE APPLYING TO THE
8 29-MEMBER BOARD OF DIRECTORS.

9 CHAIRMAN TORRES: I ALWAYS THOUGHT WE
10 NEEDED A UNICAMERAL LEGISLATURE, BUT NO ONE WOULD
11 EVER LISTEN TO ME. ANY OTHER COMMENTS IN
12 SACRAMENTO? LA JOLLA?

13 MR. ROTH: NO.

14 CHAIRMAN TORRES: IRVINE?

15 DR. LEVIN: NO.

16 CHAIRMAN TORRES: PALO ALTO, WE'VE HEARD
17 FROM OUR CHAIRMAN. MOUNTAIN VIEW?

18 MR. GOLDBERG: NO.

19 CHAIRMAN TORRES: HEALDSBURG?

20 MS. SAMUELSON: I'D LIKE TO ECHO THE
21 COMMENTS OF MR. SHEEHY, MR. KLEIN, DR. TROUNSON.
22 THE PROCESS HAS BEEN WORKING QUITE WELL, I THINK.

23 I'D JUST LIKE TO RESPOND TO DAVE JENSON.
24 I THINK THEY ARE DIFFERENT SIZES BECAUSE THEY ARE
25 SERVING DIFFERENT PROCESSES AND OUTCOMES. THE

BARRISTERS' REPORTING SERVICE

1 WORKING GROUP IS DOING PEER REVIEW AND PROGRAMMATIC
2 REVIEW AND NEEDS AN ELABORATE DISCUSSION OF A VERY
3 COMPLICATED SUBJECT MATTER AND REAL GIVE-AND-TAKE
4 AND INVOLVEMENT BY THE WHOLE GROUP. AND IF THE
5 GROUP ITSELF WERE 50 PEOPLE, I THINK IT WOULD BE
6 IMPOSSIBLE TO REALLY BENEFIT FROM ALL OF THEIR
7 EXPERTISE. THE SIZE WE HAVE WORKS QUITE WELL, I
8 THINK.

9 I ALSO HAPPEN TO THINK THAT THE ICOC SIZE
10 WORKS WELL ALBEIT IT'S A DIFFICULT THING TO DO
11 BECAUSE WE WANT THE PARTICIPATION OF PEOPLE FROM
12 VERY DIVERSE BACKGROUNDS. AND I THINK THAT'S
13 ESSENTIAL TO THE PROCESS. I THINK THAT'S ONE VERY
14 IMPORTANT PIECE OF PROP 71, THE DEFINITION OF
15 BACKGROUND OF THE SEVERAL DIFFERENT KINDS OF
16 MEMBERS. AND I THINK THAT IT ADVANTAGES OUR PROCESS
17 TREMENDOUSLY.

18 CHAIRMAN TORRES: THANK YOU, JOAN.
19 COMMENTS FROM SAN FRANCISCO, PUBLIC OR OTHERWISE?
20 THERE BEING NONE, WE'LL MOVE TO ITEM 14. MR.
21 HARRISON.

22 MR. HARRISON: THIS IS A RECOMMENDATION
23 FROM THE LITTLE HOOVER COMMISSION THAT THE CITIZENS
24 FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE, WHICH
25 WAS ESTABLISHED AS PART OF PROP 71 AND WHICH IS

BARRISTERS' REPORTING SERVICE

1 CHAIRED BY THE CONTROLLER AND WHICH CURRENTLY HAS
2 AUTHORITY TO REVIEW THE FINANCIAL PRACTICES OF CIRM,
3 ALSO BE AUTHORIZED TO CONDUCT A PERFORMANCE REVIEW
4 OF THE AGENCY.

5 CHAIRMAN TORRES: UNDER CURRENT LAW AND
6 PRACTICE, THE CIRM AGENCY IS SUBJECT TO YEARLY
7 INDEPENDENT FINANCIAL AUDITS. OUR CURRENT
8 CONTRACTOR IS MACIAS, GINI & O'CONNELL, MGO, WHO
9 PRESENTS ITS REPORT AS WELL TO THE CONTROLLER'S
10 COMMITTEE. THE STATE CONTROLLER HAS JURISDICTION
11 OVER US, AS INDICATED BY MR. HARRISON, FOR AN ANNUAL
12 AUDIT REVIEW OF THE INDEPENDENT FINANCIAL AUDIT
13 PERFORMED BY MGO, OUR PRIVATE PROVIDER. THE STATE
14 CONTROLLER'S OFFICE ALSO PERFORMS AN AUDIT REVIEW TO
15 DETERMINE WHETHER CIRM COMPLIED WITH THE
16 REQUIREMENTS OF PROP 71, AS WE'VE JUST HEARD, AS IT
17 RELATED TO CIRM'S CONFLICT OF INTEREST, GRANT
18 ADMINISTRATION, ADMINISTRATIVE EXPENSES AND
19 EXPENDITURES.

20 WE ALSO ARE SUBJECT, AND I HAVE ALL THESE
21 REPORTS HERE IN FRONT OF ME, AND THEY'RE QUITE
22 LENGTHY AND I'M SURE ALL OF US HAVE READ EVERY PAGE
23 OF THEM BECAUSE WE DID RESPOND TO THEM AS WELL. AND
24 THE BUREAU OF STATE AUDITS ALSO HAS JURISDICTION
25 OVER THIS AGENCY IN RESPECT TO ITS FINANCIAL

BARRISTERS' REPORTING SERVICE

1 STABILITY AND REVIEW AS WELL AS ITS PERFORMANCE IN
2 TERMS OF ITS MISSION AND ITS GOALS.

3 THIS BOARD WILL REVIEW A STRATEGIC PLAN AT
4 OUR BOARD MEETING VERY SHORTLY IN A COUPLE OF WEEKS,
5 AGAIN ARTICULATING HOW SERIOUSLY WE TAKE THE
6 PERFORMANCE OF THIS AGENCY. I WILL ALSO ARGUE TO
7 MEMBERS OF THIS COMMITTEE THAT THE ASSEMBLY HEALTH
8 COMMITTEE, THE SENATE HEALTH COMMITTEE, THE BUDGET
9 SUBCOMMITTEES OF BOTH THE SENATE AND THE ASSEMBLY, I
10 HAVING BEEN CHAIR OF ONE WHEN I WAS IN THE WAYS AND
11 MEANS COMMITTEE, AS WELL AS THE LITTLE HOOVER
12 COMMISSION, AS WELL AS THE BIPARTISAN LEGISLATIVE
13 ANALYST ALL REVIEW EVERY STATE AGENCY, AND EVERY
14 STATE AGENCY IS REVIEWED IN TERMS OF ITS
15 APPLICABILITY, WHETHER OR NOT WE WISH TO BE. THE
16 JURISDICTION IS THEREIN FROM THE LEGISLATURE IN
17 REVIEWING OUR CAPACITY, OUR ADHERENCE TO MISSION,
18 ETC.

19 SO I THINK WHAT THE LITTLE HOOVER
20 COMMISSION IS RECOMMENDING HERE IS ALREADY TAKING
21 PLACE IN CALIFORNIA BY MORE THAN JUST ONE AGENCY AND
22 MORE THAN JUST BY THE EXECUTIVE BRANCH, BUT BY BOTH
23 HOUSES IN THE LEGISLATURE, AND CLEARLY BY THE
24 EXECUTIVE BRANCH AS WELL. COMMENTS IN SACRAMENTO?

25 DR. POMEROY: NONE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: LA JOLLA?

2 MR. ROTH: NO.

3 CHAIRMAN TORRES: IRVINE?

4 DR. LEVIN: NO.

5 CHAIRMAN TORRES: PALO ALTO?

6 MR. KLEIN: WELL STATED.

7 CHAIRMAN TORRES: MOUNTAIN VIEW?

8 MR. GOLDBERG: NO.

9 CHAIRMAN TORRES: HEALDSBURG?

10 MS. SAMUELSON: I THINK WE SHOULD BE OPEN
11 TO ANY RESOURCES THAT CAN HELP US ACHIEVE OUR
12 MISSION FASTER AND MORE EFFECTIVELY. HAVING SAID
13 THAT, I DON'T SEE HOW THE CITIZENS FINANCIAL
14 ACCOUNTABILITY OVERSIGHT COMMITTEE COULD ASSIST US
15 WITH ACHIEVING OUR MISSION, WHICH IS ESSENTIALLY
16 WHAT I WOULD UNDERSTAND THE PERFORMANCE REVIEW TO BE
17 SEEKING, AS I WOULD UNDERSTAND IT. LET'S SAY WE
18 RAISE A \$1,000,000,000,000 AND WE THROW IT ALL OVER
19 THE PLACE, AND WE SURE CAN, DID WE SPEND OUR MONEY
20 WELL? THEY ARE NOT GOING TO BE IN A POSITION TO
21 ANSWER THAT QUESTION. AND I THINK THAT IS THE
22 POINT, AND SO I DON'T THINK THIS WOULD BE HELPFUL.

23 CHAIRMAN TORRES: ALL RIGHT. MOVING TO
24 SAN FRANCISCO. MR. SHEEHY.

25 MR. SHEEHY: THIS PROPOSAL I THINK IN A

BARRISTERS' REPORTING SERVICE

1 WAY KIND OF MISSES THE BOAT BECAUSE I DON'T REALLY
2 THINK -- I WOULD LIKE TO SEE US HAVE SOME SORT OF
3 PERFORMANCE AUDIT, BUT REALLY FROM A SCIENTIFIC
4 POINT OF VIEW. AND I THINK THAT I'M SURE THAT
5 THEY'RE THINKING ABOUT THIS INTERNALLY, BUT AT SOME
6 POINT WE ARE GOING TO HAVE TO GET A REALLY IN-DEPTH
7 LOOK AT WHERE WE'VE GONE, LOOK AT OUR STRATEGIC
8 PLAN, REALLY LOOK AT HOW CLOSE WE ARE TO MEETING THE
9 GOALS THAT WE MET, LOOK AT HOW THE SCIENCE HAS
10 CHANGED, DO SOME OF THE CONVENINGS THAT WE DID VERY
11 EARLY ON WHERE WE BRING IN -- I KNOW DR. HALL HAD
12 CONVENED THIS HUGE THREE-DAY WORKSHOP THAT BROUGHT
13 IN SCIENTISTS FROM AROUND THE WORLD. MAYBE WITH THE
14 ISSCR NEXT YEAR BEING IN SAN FRANCISCO.

15 BUT I THINK IT WOULD BE INTERESTING AT
16 SOME POINT TO KIND OF AUDIT THE STATE OF THE
17 SCIENCE, AUDIT WHAT WE'VE DONE, SEE HOW THEY MATCH
18 UP, LOOK AT OUR GOALS AS WE PROJECTED THEM. I THINK
19 THAT THIS SHOULD BE REALLY BOARD, STAFF, STRATEGIC
20 PLANNING, NOT SOMETHING THAT WE CAN KICK OUT TO THE
21 CFAOC. AND I THINK THIS SHOULD REALLY BE A HIGH
22 LEVEL SCIENTIFIC EXERCISE THAT REALLY LOOKS AND SEES
23 WHAT WE'VE DONE.

24 I WILL, THOUGH -- I DO HAVE TO GIVE KUDOS
25 TO STAFF. THE ANNUAL MEETING OF THE GRANTEES AND

BARRISTERS' REPORTING SERVICE

1 THE REPORTS THAT COME FROM THAT IS A PRETTY GOOD
2 AUDIT OF WHAT WE'VE ACCOMPLISHED. WE ARE IN MANY
3 WAYS GETTING OUT THERE WHAT WE'VE ACHIEVED. THE
4 PRESIDENT'S REPORTS BEFORE EVERY MEETING BRING US UP
5 TO DATE ON THE SCIENCE AND WHAT SCIENCE WE HAVE BEEN
6 ABLE TO MOVE FORWARD WITH OUR FUNDING. BUT I THINK
7 THE IDEA THAT WE WOULD SYSTEMATICALLY ANALYZE WHERE
8 WE'VE BEEN AND WHERE WE WANT TO GO AND WHERE THE
9 SCIENCE IS AT SOME POINT IN THE NEXT COUPLE OF YEARS
10 IS ACTUALLY A GOOD IDEA. THIS PARTICULAR PROPOSAL
11 IS PROBABLY NOT HOW I WOULD DO IT.

12 CHAIRMAN TORRES: ANY OTHER COMMENTS
13 FROM -- DR. TROUNSON.

14 DR. TROUNSON: JUST TO ADD ON THAT WE'RE
15 REQUIRED TO ACTUALLY HAVE A SCIENTIFIC REVIEW WHICH
16 IS TIMED FOR NEXT YEAR. SO PERHAPS THE SECOND HALF
17 OF NEXT YEAR, WHICH WE WILL BRING A GROUP OF
18 SCIENTISTS, INTERNATIONAL SCIENTISTS, TO ADDRESS
19 THOSE ISSUES THAT YOU RAISED HERE. THAT'S REQUIRED
20 UNDER OUR ORIGINAL STRATEGIC PLAN.

21 CHAIRMAN TORRES: NO PUBLIC COMMENTS HERE.
22 IT'S MY UNDERSTANDING NOW, I DON'T KNOW HOW YOU ALL
23 HAVE DONE IT BEFORE, BUT IT'S MY UNDERSTANDING THAT
24 THE CHAIR WILL NOW ENTERTAIN A MOTION TO MAKE THESE
25 RECOMMENDATIONS TO THE BOARD SUBJECT TO THEIR

BARRISTERS' REPORTING SERVICE

1 APPROVAL, SO THAT DOESN'T PRECLUDE ANY FURTHER
2 AMENDMENTS OTHER THAN WHAT WE'VE TALKED ABOUT TODAY
3 TO BE BROUGHT TO THE BOARD AS A WHOLE. AND I INTEND
4 TO MAKE THIS REPORT ON AUGUST 20TH TO THE FULL
5 BOARD, AND THEY'RE OBVIOUSLY SUBJECT TO ANY CHANGES
6 OR AMENDMENTS BEFORE WE DRAFT THE FINAL DOCUMENT
7 WITH THE APPROVAL OF THE BOARD THEN TO BE SENT AND
8 PRESENTED TO MEMBERS OF THE LEGISLATURE. IS THAT
9 OKAY WITH EVERYONE?

10 MR. KLEIN: IS IT MY UNDERSTANDING THAT
11 YOU'RE SEEKING A MOTION THAT WOULD --

12 CHAIRMAN TORRES: ALLOW ME TO MAKE THESE
13 RECOMMENDATIONS TO THE FULL BOARD AUGUST 20TH.

14 MR. KLEIN: ENDORSING THOSE
15 RECOMMENDATIONS YOU'RE REFERRING TO WOULD BE
16 ENDORSING THE RECOMMENDATIONS FROM THE PRESIDENT AS
17 PRESENTED?

18 CHAIRMAN TORRES: RIGHT. WITH THE
19 INJECTION OF ANY COMMENTS THAT WERE MADE BY BOARD
20 MEMBERS. AND, OF COURSE, THOSE MEMBERS COULD MAKE
21 THOSE COMMENTS AS WERE ARTICULATED THROUGHOUT THIS
22 HEARING AT THE BOARD MEETING ON AUGUST 20TH WHEN I
23 PRESENT THE REPORT.

24 MR. ROTH: ART, IT'S DUANE ROTH. I WOULD
25 MAKE THAT MOTION.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: MOVED BY MR. ROTH.

2 SECONDED BY?

3 MR. KLEIN: I WILL SECOND IT.

4 CHAIRMAN TORRES: SECONDED BY MR. KLEIN.

5 DISCUSSION?

6 MR. ROTH: IN THE DISCUSSION, IN ADDITION
7 TO OUR COMMENTS THAT ARE GOING TO BE INCORPORATED IN
8 TODAY, I'D SUGGEST FOR THE BOARD, TO MAKE IT SIMPLE,
9 THAT WE INCLUDE THE LITTLE HOOVER RECOMMENDATION AND
10 THEN OUR RESPONSE, SO IT'S EASY TO FOLLOW.

11 CHAIRMAN TORRES: WELL PUT. ANY OTHER
12 COMMENTS ON OR DISCUSSION ON THE MOTION BEFORE US?

13 MR. KLEIN: AND I, AS THE SECOND ON THE
14 MOTION, IT'S MY UNDERSTANDING THAT MR. HARRISON'S
15 MEMO ON THE TWO ITEMS --

16 CHAIRMAN TORRES: THAT IS CORRECT. THAT'S
17 WHY I SAID EVERYTHING THAT WE DISCUSSED TODAY WILL
18 BE INCLUDED AND INCORPORATED IN MY RECOMMENDATION,
19 OF COURSE, SUBJECT TO THE BOARD MEMBERS ARTICULATING
20 MORE RECOMMENDATIONS OR DIFFERENT APPROACHES AT THE
21 BOARD MEETING ITSELF.

22 MR. KLEIN: THANK YOU VERY MUCH.

23 CHAIRMAN TORRES: ANY OTHER COMMENTS?

24 PUBLIC COMMENTS?

25 MS. SAMUELSON: IT SEEMS TO ME THAT WE

BARRISTERS' REPORTING SERVICE

1 HAVE A CONSENSUS VIEW ABOUT EVERY ITEM, BUT I'M NOT
2 CERTAIN ABOUT THAT. I'M JUST INQUIRING.

3 CHAIRMAN TORRES: THAT WAS MY FEELING.

4 MS. SAMUELSON: SO WE DON'T NEED A FORMAL
5 VOTE BECAUSE IT DOES SEEM THAT THAT WOULD BE MORE
6 EFFECTIVE THAN JUST IF WE DIDN'T HAVE TO VOTE.

7 CHAIRMAN TORRES: MR. HARRISON.

8 MR. HARRISON: AS I UNDERSTAND IT, A
9 MOTION HAS BEEN MADE, SO WE WILL INDEED TAKE A ROLL
10 CALL VOTE. IF I COULD JUST TRY TO RESTATE THE
11 MOTION TO MAKE SURE IT'S CLEAR TO EVERYONE. THE
12 MOTION WOULD BE TO RECOMMENDED THE BOARD ACCEPT THE
13 STAFF RECOMMENDATIONS DESCRIBED TODAY ON WHAT ARE
14 IDENTIFIED AS ITEMS 6 THROUGH 14 IN THE JUNE 30,
15 2009, MEMO FROM BOB KLEIN AND ART TORRES TO THE
16 BOARD. THEY WOULD RECOMMEND THOSE POSITIONS TO THE
17 ICOC AT THE MEETING ON THE 20TH.

18 CHAIRMAN TORRES: INCLUDING THE MEMOS THAT
19 WE RECEIVED FROM YOU AS PER MR. KLEIN.

20 MR. HARRISON: CORRECT.

21 MR. KLEIN: AS A QUESTION, IT'S MY
22 UNDERSTANDING THAT SINCE WE'RE FORWARDING A MOTION
23 TO THE BOARD, WOULD THERE BE -- WAS THE VOTE AT THE
24 LAST MEETING OF THIS COMMITTEE ON ITEMS 1 THROUGH 5,
25 WAS THAT AN INTERIM VOTE, OR SHOULD THAT ALSO BE --

BARRISTERS' REPORTING SERVICE

1 IF IT WAS AN INTERIM VOTE --

2 CHAIRMAN TORRES: NO, IT'S NOT AN INTERIM
3 VOTE. IT WAS A VOTE THAT WAS DONE IN RESPONSE TO
4 THE CONSTITUTIONAL ISSUES, WHICH WAS A SEPARATE
5 ITEM, AND I WILL REPORT TO THE BOARD THAT WAS THE
6 CASE AS I DID AT THE OUTSET OF THIS HEARING.

7 MR. KLEIN: THANK YOU VERY MUCH.

8 MS. SAMUELSON: DID THE STAFF
9 RECOMMENDATIONS IN EVERY CASE ECHO THE CONSENSUS
10 VIEW OF THE LEGISLATIVE SUBCOMMITTEE MEMBERS?

11 CHAIRMAN TORRES: YES. ALL RIGHT. WE'RE
12 READY FOR A VOTE?

13 DR. POMEROY: I HAVE A QUESTION ABOUT
14 THAT. IS THE MOTION TO HAVE YOU, ART, SUMMARIZE THE
15 RECOMMENDATIONS AND DISCUSSION OR JUST TO PRESENT
16 THE STAFF RECOMMENDATIONS? I'M SOMEWHAT CONFUSED.

17 CHAIRMAN TORRES: MY INTENT IS TO PRESENT
18 THE RECOMMENDATIONS THAT WE HAVE RECEIVED A
19 CONSENSUS ON, INCLUDING THE DOCUMENTS THAT WERE
20 REFERENCED AND I BELIEVE EACH OF US HAVE A COPY BY
21 MR. HARRISON, AND ALSO AT THAT POINT I THINK IT'S
22 INCUMBENT UPON MEMBERS OF THE LEGISLATIVE COMMITTEE
23 TO ADD THEIR COMMENTS TO THAT DISCUSSION.

24 DR. POMEROY: SO YOU'LL PREPARE, IN
25 ESSENCE, A SUMMARY OF WHAT'S HAPPENED TODAY AND

BARRISTERS' REPORTING SERVICE

1 PRESENT THAT.

2 CHAIRMAN TORRES: THAT IS CORRECT. THAT'S
3 MY INTENT SUBJECT TO APPROVAL BY THE BOARD. SO THIS
4 IS A VOTE OF OUR SUBCOMMITTEE TO THE BOARD THAT WE
5 HAVE A CONSENSUS ON THESE ISSUES, BUT THAT DOESN'T
6 PRECLUDE THAT CONSENSUS BEING CHANGED AT THE BOARD
7 MEETING. ALL RIGHT. I'M GOING TO CALL FOR THE
8 ROLL.

9 MS. KING: JACOB LEVIN.

10 DR. LEVIN: YES.

11 MS. KING: MICHAEL GOLDBERG.

12 MR. GOLDBERG: YES.

13 MS. KING: BOB KLEIN.

14 MR. KLEIN: YES.

15 MS. KING: CLAIRE POMEROY.

16 DR. POMEROY: YES.

17 MS. KING: FRANCISCO PRIETO.

18 DR. PRIETO: YES.

19 MS. KING: DUANE ROTH.

20 MR. ROTH: YES.

21 MS. KING: JOAN SAMUELSON.

22 MS. SAMUELSON: YES.

23 MS. KING: JEFF SHEEHY.

24 MR. SHEEHY: YES.

25 MS. KING: ART TORRES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: YES.

2 MS. KING: AND THAT MOTION CARRIES WITH
3 NINE YES VOTES AND NO OTHER VOTES.

4 CHAIRMAN TORRES: NINE YES VOTES AND NO
5 OTHER VOTES. THE MOTION CARRIES.

6 ALL RIGHT. WE'LL MOVE TO THE SECOND ITEM
7 AND OUR LAST ITEM ON OUR AGENDA, WHICH IS SOMETHING
8 WE APPROVED TO BE PUT ON THE AGENDA AT OUR LAST
9 LEGISLATIVE SUBCOMMITTEE AT THE REQUEST OF MR.
10 SHEEHY AND MYSELF, WHICH IS CONSIDERATION OF
11 ENDORSEMENT OF THE PUBLIC HEALTHCARE OPTION AS PART
12 OF THE NATIONAL HEALTHCARE LEGISLATION CURRENTLY
13 UNDER CONSIDERATION BY THE U.S. CONGRESS.

14 I WANTED TO MAKE SURE THAT EACH OF THE
15 MEMBERS OF THE COMMITTEE RECEIVED BOTH A REVIEW OF
16 THOSE POSITIONS IN SUPPORT OF THIS OPTION AS WELL AS
17 THOSE POSITIONS IN OPPOSITION TO THIS OPTION. AND
18 YOU HAVE A DOCUMENT CALLED AGENDA ITEM NO. 4,
19 DOCUMENTS, TWO ARTICLES IN FAVOR OF PUBLIC OPTION
20 AND THREE ARTICLES IN OPPOSITION, AS WELL AS THE
21 CONGRESSIONAL BUDGET OFFICE MATERIALS, AS WELL AS
22 THE HEALTHCARE LEGISLATION OVERVIEW THAT WE PROVIDED
23 YOU, AS WELL AS SOME OF THE -- SUMMARIZING SOME OF
24 THE COMMENTS FOLKS HAVE MADE ON THIS ISSUE. I NOW
25 TURN THE FLOOR TO MR. SHEEHY.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: YES. I THOUGHT THAT THIS --
2 I WOULDN'T HAVE WADED INTO THIS BILL EXCEPT WE'VE
3 ALREADY TAKEN A POSITION ON ONE ITEM WITHIN THE
4 HEALTHCARE REFORM ACT. AND I WOULD NOTE THAT ACCESS
5 TO THERAPY HAS BEEN AN ISSUE THAT WE'VE DEALT WITH
6 IN THE IP TASK FORCE EXTENSIVELY BOTH FOR
7 NOT-FOR-PROFIT AND FOR-PROFIT FIRMS AND THAT,
8 FRANKLY, SUCCESSFUL HEALTHCARE REFORM ACT PASSAGE
9 WOULD ELIMINATE ONE OF THE BIGGEST PERCEIVED
10 OBSTACLES BY INDUSTRY PARTICIPATING WITH US, WHICH
11 IS THE NEED TO HAVE ACCESS PLANS FOR UNINSURED
12 CALIFORNIANS.

13 SO IF THE HEALTHCARE REFORM ACT DOES PASS
14 AND DOES INDEED COVER 97 PERCENT OF ALL AMERICANS,
15 WHICH I THINK IS ONE OF THE MORE FAVORED BILLS WE
16 DO, WE WOULD GREATLY DIMINISH THE NEED FOR HAVING TO
17 MAKE SPECIAL ARRANGEMENTS TO MAKE SURE THAT
18 CALIFORNIANS GET ACCESS TO THERAPIES THAT THEY'RE
19 PAYING TO DEVELOP.

20 SO THOSE ARE THE TWO REASONS THAT I
21 THOUGHT IT WAS OKAY TO WADE INTO THIS. THE SPECIFIC
22 ISSUE IN FRONT OF US IS TO ENDORSE A PUBLIC
23 INSURANCE OPTION WITHIN THE HEALTHCARE REFORM ACT.
24 AND THIS WOULD BE AN INSURANCE OPTION THAT WOULD BE
25 RUN BY THE SECRETARY OF HEALTH AND HUMAN SERVICES

BARRISTERS' REPORTING SERVICE

1 THROUGH THE DEPARTMENT OF HEALTH AND HUMAN SERVICE
2 AND WOULD PROVIDE INSURANCE THAT WOULD CREATE A
3 BASELINE INSURANCE PLAN THAT PEOPLE WITHOUT
4 INSURANCE OR COMPANIES THAT WEREN'T PROVIDING
5 INSURANCE COULD ACCESS AMONGST ALL THE OTHER PLANS
6 THAT ARE GOING TO BE PUT INTO THIS POTENTIAL
7 INSURANCE POOL THAT WOULD ALLOW SUBSIDIZED PURCHASE.

8 THE PUBLIC PLAN PLAYS A VERY IMPORTANT
9 ROLE IN THAT IT SETS A BASELINE SO THAT NO ONE CAN
10 BE DENIED COVERAGE FOR PREEXISTING CONDITIONS, FOR
11 INSTANCE, THAT PREMIUMS DO NOT GET SO EXCESSIVE THAT
12 PEOPLE CAN'T AFFORD TO PAY THEM AND MAINTAIN
13 COVERAGE. BUT THERE AREN'T THESE RESCISSIONS WHICH
14 WE SEE SO MUCH OF WHERE SOMEONE FAILS TO REPORT
15 SOMETHING IN THEIR HEALTHCARE WHEN THEY FIRST ENROLL
16 WITH THE COMPANY AND THEN THEY HAVE A PROBLEM DOWN
17 THE LINE AND SUDDENLY THEIR HEALTHCARE IS JERKED
18 RIGHT OUT FROM UNDER THEM WHEN THEY MOST NEED IT.

19 SO THE IDEA BETWEEN A PUBLIC INSURANCE
20 OPTION IS TO PROVIDE AN INSURANCE OPTION THROUGH THE
21 FEDERAL GOVERNMENT THAT WILL PROVIDE A BASELINE
22 COVERAGE FOR ALL AMERICANS. NOW, THERE'S SOME
23 ISSUES WITHIN IT THAT ARE DEBATABLE. I THINK MOST
24 OF US WOULD BE SUPPORTIVE OF A PLAN THAT IS NOT
25 UNDULY SUBSIDIZED BY THE FEDERAL GOVERNMENT THAT

BARRISTERS' REPORTING SERVICE

1 COMPETES UNFAIRLY, EVEN PLAYING FIELD.

2 THERE IS SOME DEBATE ON THE ISSUE OF
3 WHETHER THEY WOULD PURCHASE -- WOULD NEGOTIATE
4 PURCHASING ARRANGEMENTS WITH MEDICARE. I PERSONALLY
5 WOULD HAVE SUPPORTED PURCHASING WITH MEDICARE, BUT
6 I'M ALSO VERY COMFORTABLE WITH THE COMPROMISE THAT
7 WAS WORKED OUT IN HOUSE COMMERCE, SCIENCE &
8 TECHNOLOGY WHERE THEY DIRECT THE SECRETARY TO
9 NEGOTIATE SEPARATELY. I THINK A LOT OF THE DOCTORS
10 GROUPS IN THE COUNTRY ARE MORE SUPPORTIVE OF THAT
11 OPTION.

12 BUT I WOULD HOPE THAT WE AS A BOARD COULD
13 SUPPORT A STRONG PUBLIC INSURANCE OPTION AS PART OF
14 THE HEALTHCARE REFORM ACT GOING FORWARD.

15 CHAIRMAN TORRES: IS THAT A MOTION, MR.
16 SHEEHY?

17 MR. SHEEHY: THAT IS A MOTION.

18 CHAIRMAN TORRES: SO MOVED BY MR. SHEEHY.
19 IS THERE A SECOND?

20 DR. PRIETO: SECOND.

21 CHAIRMAN TORRES: DISCUSSION? WHO WAS THE
22 SECOND? DR. PRIETO SECONDS MR. SHEEHY'S MOTION.
23 ALL RIGHT.

24 MR. KLEIN: ASK MR. SHEEHY A QUESTION.
25 SO, JEFF, YOU AND I HAVE DISCUSSED THE FACT THAT TO

BARRISTERS' REPORTING SERVICE

1 HAVE REAL ACCESS TO A PROGRAM FOR A PUBLIC OPTION,
2 IT IS VERY IMPORTANT TO HAVE HIGH RATES OF
3 PARTICIPATION BY PHYSICIANS IN THIS COUNTRY. AND IN
4 THE HOUSE THERE WAS A COMPROMISE WHERE THEY
5 SPECIFICALLY AGREED TO INCREASE PHYSICIAN
6 REIMBURSEMENT RATES AND HOSPITAL REIMBURSEMENT RATES
7 ABOVE THE MEDICARE LEVEL TO MAKE CERTAIN THAT THERE
8 WAS ADEQUATE PATIENT LEVEL AND THAT, IN FACT, WE
9 WEREN'T OVERBURDENING AN ALREADY TROUBLED FINANCIAL
10 SYSTEM FOR HOSPITALS AND PHYSICIANS WHO ARE BEING
11 PUSHED OUT OF SERVING THE PEOPLE IN GREATEST NEED IN
12 THIS COUNTRY.

13 SO IN YOUR MOTION WOULD YOU BE WILLING TO
14 SAY THAT THE MOTION WOULD INCLUDE REIMBURSEMENT
15 RATES THAT WERE SIGNIFICANT IMPROVEMENTS ON MEDICARE
16 TO ENHANCE THE LEVELS OF PARTICIPATION OF PHYSICIANS
17 AND TO MAKE IT MORE ECONOMICALLY FEASIBLE FOR
18 HOSPITALS TO HAVE A BROADER PARTICIPATION?

19 MR. SHEEHY: MAYBE THE BEST WAY AND MAYBE
20 THIS WILL MAKE YOU COMFORTABLE IF WE PERHAPS TIE IT
21 TO THAT SPECIFIC BILL.

22 MR. KLEIN: THAT WOULD BE FINE.

23 MR. SHEEHY: LET'S SET THAT AS THE
24 BASELINE. OBVIOUSLY THINGS ARE GOING TO CHANGE, BUT
25 I THINK AT LEAST FOR THE HOUSE THAT THIS IS GOING TO

BARRISTERS' REPORTING SERVICE

1 BE FAIRLY DEFINITIVE AND SEEMS TO BE A PRETTY STRONG
2 COMPROMISE. WE MAY SEE SOMETHING DIFFERENT FROM THE
3 SENATE, BUT AT THIS POINT IF WE WANT TO REFERENCE
4 THAT PARTICULAR BILL THAT'S PASSED THROUGH THE HOUSE
5 COMMERCE, SCIENCE & TECHNOLOGY, I THINK WHAT WOULD
6 ACCOMPLISH WHAT YOU WANT TO DO, AND I WOULD BE VERY
7 COMFORTABLE WITH ACCEPTING THAT AS A FRIENDLY
8 AMENDMENT.

9 CHAIRMAN TORRES: ALL RIGHT. SO MOVED.
10 DISCUSSION FROM SACRAMENTO?

11 DR. POMEROY: NO COMMENT.

12 CHAIRMAN TORRES: LA JOLLA?

13 MR. ROTH: SO, YOU KNOW, I SHARE THE
14 PRINCIPLES OF WHAT JEFF JUST WENT THROUGH, BUT I
15 DON'T UNDERSTAND QUITE WHY THE PUBLIC OPTION HAS TO
16 BE PART OF THAT. AND I'LL TELL YOU MY BIAS HERE IS
17 HAVING TO DEAL WITH FOREIGN COUNTRIES THAT HAVE ONLY
18 A PUBLIC OPTION. THAT'S WHERE ACCESS GETS REALLY
19 CONFOUNDED, AND PRODUCTS ARE WITHHELD BECAUSE OF
20 REQUESTS FOR ADDITIONAL STUDIES THAT TAKE TWO TO
21 THREE YEARS LONGER. THEY'RE WITHHELD BECAUSE THEY
22 DON'T BELIEVE COST BENEFIT HAS BEEN DEMONSTRATED.

23 SO I THINK THERE ARE SOME PROS AND CONS TO
24 THAT. WHILE I DON'T WANT TO GET INTO THE POLITICS
25 OF IT, I'M NOT SURE WHY THE PRINCIPLES THAT WERE

BARRISTERS' REPORTING SERVICE

1 EXPRESSED BY JEFF SHOULDN'T BE WHAT THIS GROUP WOULD
2 RECOMMEND, ACCESS, THE PORTABILITY OF INSURANCE, THE
3 NONDENIALS AND THINGS LIKE THAT, WITHOUT HAVING TO
4 SPECIFICALLY SAY PUBLIC ACCESS PLAN, WHICH I THINK
5 IS ONLY POTENTIALLY A PART OF THAT. BUT THE REST OF
6 THIS I THINK WE COULD ALL AGREE ON.

7 THOSE ARE MY THOUGHTS, THAT I WOULD NOT BE
8 IN FAVOR OF JUST SINGLING OUT AND SAYING THAT WE
9 SUPPORT A PUBLIC OPTION. I WOULD SUPPORT THE
10 PRINCIPLES OF WHAT WE THINK SHOULD BE IN ANY
11 HEALTHCARE PACKAGE.

12 MR. SHEEHY: I GUESS I JUST COME BACK TO
13 THE DISCUSSION WE HAD AROUND BIOSIMILARS. WE WENT
14 DOWN THE SAME ROAD, AND WE DECIDED THAT IT WAS
15 IMPORTANT TO SUPPORT A SPECIFIC BILL RATHER THAN
16 PRINCIPLES, THAT WE WOULD NOT BE LISTENED TO IF WE
17 DID NOT SUPPORT A SPECIFIC BILL. AND I WOULD NOTE.
18 I DO THINK IT'S RATHER DISINGENUOUS. I'M NOT
19 ACCUSING YOU OF THIS, MR. ROTH, BUT SOME OPPONENTS
20 OF THE PUBLIC INSURANCE OPTION IMMEDIATELY ANALOGIZE
21 THAT TO SINGLE PAYER SYSTEMS.

22 THIS IS JUST ONE OPTION OF MANY OPTIONS
23 THAT WILL BE AVAILABLE TO PEOPLE, INCLUDING PRIVATE
24 HEALTHPLANS, PRIVATELY OFFERED INSURANCE PLANS. SO
25 TO SUDDENLY CONFLATE A PUBLIC OPTION, WHICH THE CBO

BARRISTERS' REPORTING SERVICE

1 DOESN'T ANTICIPATE BEING TAKEN UP BY MORE THAN 10
2 PERCENT OF THE POPULATION, TO SUDDENLY BEING SINGLE
3 PAYER AND THEN BRINGING ALL THE PROBLEMS THAT PEOPLE
4 PERCEIVE ABOUT SINGLE PAYER SYSTEMS INTO THIS
5 DISCUSSION IS NOT REALLY A FAIR ARGUMENT.

6 AND WE ONLY HAVE TO NOTE SOME OF THE
7 ABUSES OF THE INSURANCE COMPANIES. I MEAN IT IS A
8 FACT THAT ON CERTAIN PROCEDURES, AND I HAVE SEEN
9 THIS WITH PEOPLE WITH HIV WHERE THE COMPANIES HAVE
10 SET UP POLICIES WITH AUTOMATIC DENIAL FOR ACCESS TO
11 CERTAIN THERAPIES, AND THAT THEY RECOGNIZE AT THE
12 END OF THE DAY A CERTAIN NUMBER OF PEOPLE WILL HAVE
13 DIED OR PROGRESSED TO A POINT WHERE THEY NO LONGER
14 NEED THE THERAPY. CERTAIN AMOUNT OF PEOPLE WILL
15 HAVE GIVEN UP APPEALING THE DENIAL AND THEIR
16 PHYSICIANS -- INDIVIDUAL PATIENTS OR THEIR
17 PHYSICIANS OR, YOU KNOW, SOME SMALL SUBSET WILL
18 ACTUALLY GET THE THERAPY THAT THEY NEED TO SUCCEED
19 IN MAINTAINING THEIR HEALTH OR ATTAINING HEALTH
20 THROUGH ENORMOUS AMOUNTS OF EFFORT, THROUGH ENORMOUS
21 AMOUNTS OF WORK. AND THE COMPANY HAS DONE COST
22 BENEFIT ANALYSIS TO KIND OF COME UP WITH THE FACT
23 THAT THIS DENIAL -- THIS GRUDGING -- THIS DENIAL AND
24 GRUDGING PROVISION OF BENEFITS THAT THEY'RE LEGALLY
25 OBLIGATED TO PROVIDE, THAT THIS ACTUALLY, EVEN WITH

BARRISTERS' REPORTING SERVICE

1 LITIGATION COST BUILT IN, COMES TO MAKE MORE MONEY
2 FOR THEM THAN ACTUALLY PROVIDING THE BENEFITS
3 THEY'RE SUPPOSED TO PROVIDE.

4 SO IT'S NOT AS IF THE INSURANCE COMPANIES
5 HAVE BEEN GOOD PLAYERS IN THIS BOTH THROUGH THE
6 RESCISSIONS, THROUGH THE DENIAL, THROUGH PREEXISTING
7 CONDITIONS, ETC., ETC. SO I THINK A PUBLIC OPTION
8 THAT WE LOOK AT BEING TAKEN UP PROBABLY, IF WE TAKE
9 THE CBO ESTIMATES, BY ABOUT 10 PERCENT OF AMERICANS
10 IS A GOOD WAY TO MAKE SURE THAT WE HAVE A FAIR
11 PLAYING FIELD AND THAT INDUSTRY IS -- THAT THE
12 INSURANCE INDUSTRY IS HELD ACCOUNTABLE AND THAT
13 THERE'S AT LEAST ONE PLAYER IN THE GAME WHO'S
14 SETTING A BASELINE.

15 SO I THINK THIS IS RELATIVELY -- I THINK
16 THIS WOULD BE VERY GOOD TO GO FORWARD WITH IN FACT.

17 DR. PRIETO: I'D ALSO LIKE TO RESPOND TO
18 DUANE'S COMMENTS. I PRACTICED MEDICINE FOR THE LAST
19 25 YEARS UNDER OUR DOMINANT PRIVATE OPTION. AND
20 MANY OF THE REFORMS THAT HAVE BEEN PROMISED NOW OR
21 SUGGESTED BY THOSE WHO ARE OPPOSING A PUBLIC OPTION
22 ALSO CAME UP THE LAST TIME THAT HEALTHCARE REFORM
23 WAS ON THE NATIONAL AGENDA. AS SOON AS THAT EFFORT
24 IN THE EARLY '90S WAS DEFEATED, ALL OF THOSE REFORMS
25 SIMPLY WENT AWAY.

BARRISTERS' REPORTING SERVICE

1 SO I THINK I HAVE VERY LITTLE CONFIDENCE
2 WITHOUT A PUBLIC GUARANTEED OPTION AVAILABLE TO
3 PEOPLE THAT WE WILL HAVE THESE ABUSES AND THEY ARE
4 ABUSES REMOVED FROM OUR SYSTEM. IT IS NOT -- A
5 PUBLIC OPTION DOES NOT MEAN THE END OF PRIVATE
6 INSURANCE. AND, IN FACT, VIRTUALLY ALL OF THE OTHER
7 COUNTRIES THAT HAVE PUBLIC INSURANCE SYSTEMS ALSO
8 MAINTAIN PRIVATE INSURANCE SYSTEMS IN ONE FORM OR
9 ANOTHER, AND THAT VARIES CONSIDERABLY. IF YOU GO TO
10 GERMANY, IF YOU GO TO FRANCE, EVEN IF YOU GO TO
11 ENGLAND, THE MOST SOCIALIZED SYSTEM OF ALL, THERE
12 ARE PRIVATE INSURANCE COMPANIES THAT CONTINUE TO
13 OPERATE AND PROVIDE THEIR SERVICES, BUT THEY DO IT
14 WITHIN A FRAMEWORK WHERE THE GOLD STANDARD IS SET BY
15 THE PUBLIC OPTION. AND THAT'S SOMETHING THAT CANNOT
16 BE TAKEN AWAY FROM THEIR CITIZENS. I THINK WE
17 DESERVE THE SAME.

18 CHAIRMAN TORRES: THANK YOU, DR. PRIETO.
19 ANY OTHER COMMENTS FROM SACRAMENTO? LA JOLLA?
20 DUANE, DID YOU WANT TO ADD ANYTHING?

21 MR. ROTH: NO. THAT'S FINE.

22 CHAIRMAN TORRES: IRVINE?

23 DR. LEVIN: NO.

24 CHAIRMAN TORRES: PALO ALTO?

25 MR. KLEIN: NO.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: MOUNTAIN VIEW?

2 MR. GOLDBERG: I THINK WE SHOULDN'T WEIGH
3 IN ON THIS PERSONALLY.

4 CHAIRMAN TORRES: THANK YOU, MR. GOLDBERG.
5 HOW YOU DOING, MICHAEL?

6 MR. GOLDBERG: VERY WELL THANK YOU. I
7 HAVE TREMENDOUS RESPECT FOR THE OPINIONS OF MY OTHER
8 COLLEAGUES.

9 CHAIRMAN TORRES: JOAN SAMUELSON IN
10 HEALDSBURG?

11 MS. SAMUELSON: I AGREE WITH MICHAEL. I'M
12 FOLLOWING THIS CLOSELY AND CARE A GREAT DEAL ABOUT
13 IT, BUT I DON'T FEEL EXPERT ENOUGH AT THIS POINT TO
14 WEIGH IN. IT'S AT LEAST PREMATURE ON MY PART, AND
15 I'M NOT SURE THAT THAT LEGISLATION IS CLOSE ENOUGH
16 TO WHAT WE NEED TO BE FOLLOWING FOR OUR SPECIFIC
17 MISSION. IT MAY BE, BUT THE IMPACT IT MAY HAVE MAY
18 NOT BE KNOWN FOR A VERY LONG TIME TO SEE IF IT WORKS
19 OR NOT, AMONG OTHER QUESTIONS. I'D RATHER WE WAIT.

20 DR. PRIETO: I'D LIKE TO RESPOND TO JOAN
21 BECAUSE I'VE THOUGHT ABOUT THIS A LOT ALSO FROM THE
22 PERSPECTIVE OF BEING A PATIENT ADVOCATE. AND ALL
23 THE DISCUSSIONS WE HAD IN THE IP TASK FORCE ABOUT
24 ACCESS AND AFFORDABILITY, AND I CERTAINLY ARGUED FOR
25 AND SUPPORTED THE POSITIONS WE ENDED UP TAKING THAT

BARRISTERS' REPORTING SERVICE

1 GUARANTEED THAT ANYONE BRINGING THE FRUITS OF THEIR
2 CIRM-FUNDED RESEARCH TO MARKET HAD TO HAVE AN ACCESS
3 PLAN. BUT EVEN IF WE HAD A HOME RAN, A GRAND SLAM,
4 IF WE CURE CANCER WITH CIRM-FUNDED RESEARCH AND MAKE
5 THAT AVAILABLE AT A DOLLAR A POP TO EVERYONE IN
6 CALIFORNIA, WE WILL HAVE DONE NOTHING FOR PEOPLE
7 WITH DIABETES, WITH PARKINSON'S, WITH MS, WITH
8 ALZHEIMER'S, ANY OTHER CHRONIC DISEASE. AND THE
9 ONLY WAY YOU ADDRESS ALL OF THIS IS WITH AN
10 INCLUSIVE SYSTEM, AND WE ALSO THEN REMOVE THAT
11 BARRIER THAT JEFF REFERRED TO THAT ANY DISINCENTIVE
12 OF PRIVATE COMPANIES TO PARTICIPATE IN OUR PROGRAM,
13 AND WE WANT TO REMOVE THOSE BARRIERS.

14 CHAIRMAN TORRES: ALL RIGHT. ANY OTHER
15 COMMENTS FROM SACRAMENTO?

16 DR. POMEROY: WE'VE HAD DISCUSSIONS HERE
17 ABOUT WHAT OUR ROLE IS, AND WE DECIDED THAT OUR ROLE
18 IS TO MAKE SURE THAT THERE WILL BE ACCESS TO THESE
19 DISCOVERIES FOR ALL, AND THAT INCLUDES EQUAL ACCESS.
20 AND THAT WAS THE REASON I ACTUALLY SUPPORTED THE
21 MOTION THAT WE MADE ON THE BIOSIMILARS BECAUSE I
22 THINK IT REALLY IS IMPERATIVE THAT WE LINK OUR
23 SCIENCE TO POLICY. I THINK THAT, UNLIKE DR. PRIETO,
24 WHO DOES PRACTICE IN PREDOMINANTLY A PRIVATE WORLD,
25 MY PRACTICE IS VERY MUCH A PUBLICLY FUNDED PRACTICE

BARRISTERS' REPORTING SERVICE

1 BECAUSE WE HAVE MANY PUBLIC OPTIONS IN THIS COUNTRY
2 ALREADY. WE HAVE MEDICARE. WE HAVE MEDI-CAL. AND
3 I THINK THAT IT IS IMPERATIVE THAT WE NOT DEFINE
4 CERTAIN CLASSES OF PEOPLE WHO HAVE THE ACCESS TO
5 BASIC HEALTHCARE.

6 SO A PUBLIC OPTION THAT GIVES THOSE PEOPLE
7 WHO FALL BETWEEN THE CRACKS OF MEDICARE AND MEDI-CAL
8 AND HEALTHY FAMILIES, ETC., PICKS UP THOSE FEW
9 REMAINING PEOPLE IS CONSISTENT WITH OUR MISSION OF
10 ENSURING ACCESS TO THE DISCOVERIES THAT WE MAKE, SO
11 I WILL BE VOTING IN FAVOR OF THE MOTION.

12 CHAIRMAN TORRES: WELL SAID, DR. POMEROY.
13 ANY OTHER COMMENTS IN SACRAMENTO? ALL RIGHT.
14 IRVINE?

15 DR. LEVIN: NO.

16 CHAIRMAN TORRES: PALO ALTO I THINK WE'VE
17 HEARD. MOUNTAIN VIEW WE'VE HEARD. AND NOW SAN
18 FRANCISCO, ANY PUBLIC COMMENT? MR. REED.

19 MR. REED: FIRST OFF, I THINK THAT THIS IS
20 NOT AN EXTREME POSITION, BUT THIS IS A MIDDLE
21 POSITION. A SINGLE PAYER WOULD BE ONE EXTREME,
22 TOTAL PRIVATE THE OTHER EXTREME. THIS IS THE
23 MIDDLE. THIS IS JUST AN OPTION. IT GIVES US A
24 CHOICE, WHICH MOST PEOPLE IN AMERICA ARE IN FAVOR OF
25 CHOICE.

BARRISTERS' REPORTING SERVICE

1 ALSO I'D ECHO DR. POMEROY'S COMMENTS.
2 AGAIN AND AGAIN WHEN I HEAR ABOUT THE ACCESS AND
3 NEED FOR THIS, WE ARE NOT JUST FOR CURE. WE'RE ALSO
4 FOR CARE. THIS COMBINES BOTH. THIS IS WHAT DRIVES
5 US ALL. I THINK THIS IS AN EXCELLENT THING AND WE
6 SHOULD BE PART OF IT.

7 CHAIRMAN TORRES: ALL RIGHT. NO FURTHER
8 DISCUSSION, THE CHAIR -- DR. TROUNSON.

9 DR. TROUNSON: JUST A COMMENT BECAUSE I'VE
10 LIVED UNDER TWO SYSTEMS, THE AMERICAN SYSTEM FOR THE
11 LAST TWO YEARS AND A SYSTEM WHICH OFFERED EVERYBODY
12 PUBLIC HEALTH SYSTEM THAT YOU COULD THEN CHOOSE
13 PRIVATE HEALTH INSURANCE TO GIVE YOU A BROADER
14 CHOICE AND MORE SPECIALIZED CHOICE. YOU COULD
15 CHOOSE YOUR DOCTOR AND HOSPITAL AS A PRIVATE
16 HOSPITAL. YOU COULD MAKE CHOICES, BUT EVERYBODY IN
17 THE WHOLE COMMUNITY WAS COVERED AND COVERED VERY
18 ADEQUATELY.

19 HAVING LIVED IN THE TWO SYSTEMS, I DO HOPE
20 YOU CHOOSE A SYSTEM LIKE AUSTRALIA.

21 CHAIRMAN TORRES: I HOPE YOU FILED YOUR
22 CONFLICT OF INTEREST STATEMENT ON THAT. ALL RIGHT.
23 LET THE RECORD SHOW THAT AUSTRALIA SHOULD RULE HERE.
24 ALL RIGHT. THE MOTION IS BEFORE US. WE'LL CALL THE
25 ROLL.

BARRISTERS' REPORTING SERVICE

1 MS. KING: JACOB LEVIN.
2 DR. LEVIN: YES.
3 MS. KING: MICHAEL GOLDBERG.
4 MR. GOLDBERG: NO.
5 MS. KING: BOB KLEIN.
6 MR. KLEIN: YES.
7 MS. KING: CLAIRE POMEROY.
8 DR. POMEROY: YES.
9 MS. KING: FRANCISCO PRIETO.
10 DR. PRIETO: YES.
11 MS. KING: DUANE ROTH.
12 MR. ROTH: NO.
13 MS. KING: JOAN SAMUELSON.
14 MS. SAMUELSON: NO.
15 MS. KING: JEFF SHEEHY.
16 MR. SHEEHY: YES.
17 MS. KING: ART TORRES.
18 CHAIRMAN TORRES: AYE. MOTION CARRIES.
19 ALL RIGHT. I THINK WE'VE REACHED THE END
20 OF OUR ROPE HERE OR RATHER THE END OF THE MEETING.
21 I JUST WANT TO TELL YOU THAT THIS HAS BEEN THE MOST
22 DELIGHTFUL COMMITTEE I HAVE EVER CHAIRED BECAUSE OF
23 THE THOUGHTFUL PRESENTATIONS AND COMMENTS BY BOTH
24 OUR BOARD MEMBERS AND THE PUBLIC THAT HAS
25 PARTICIPATED IN THIS HEARING. AND WE WILL CONTINUE

BARRISTERS' REPORTING SERVICE

1 THIS DISCUSSION AUGUST 20TH. THE MEETING IS
2 ADJOURNED.

3 (THE MEETING WAS THEN ADJOURNED AT
4 02:48 P.M.)

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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 TELEPHONIC PROCEEDINGS BEFORE THE LEGISLATIVE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON AUGUST 6, 2009, 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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