

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

LOCATION: HILTON SAN DIEGO AIRPORT  
HARBOR ISLAND MARINA BALLROOM  
1960 HARBOR ISLAND DRIVE  
SAN DIEGO, CALIFORNIA

DATE: WEDNESDAY, OCTOBER 3, 2007  
9:30 A.M.

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

BRS FILE NO.: 77062

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## BARRISTERS' REPORTING SERVICE

1 EXTRAORDINARILY EXCITING NEW CONCEPT PLANS FOR PROGRAMS  
2 IN THE DEVELOPMENT OF THE SCIENCE TEAM THAT THE SCIENCE  
3 STAFF WILL GO THROUGH.

4 TO BEGIN TODAY'S MEETING, WE HAD A SPECIAL  
5 REQUEST FROM THE HUNTINGTON DISEASE PATIENT ORGANIZATIONS  
6 HERE IN SAN DIEGO TO MAKE A SPECIAL PRESENTATION TO THE  
7 BOARD FOR FIVE MINUTES. WHAT I'D LIKE TO DO, THOUGH, IS  
8 HAVE THE PLEDGE OF ALLEGIANCE WITH MELISSA KING LEADING  
9 US IN THAT PLEDGE AND THE ROLL CALL. MELISSA.

10 MS. KING: PLEASE STAND IF YOU ARE ABLE. THE  
11 FLAG IS AT THE FRONT OF THE ROOM.

12 CHAIRMAN KLEIN: FOR THE HUNTINGTON DISEASE  
13 PATIENT ADVOCATES ORGANIZATION, IF KEN SERBIN WILL BE  
14 READY RIGHT AFTER THE ROLL CALL TO IMMEDIATELY PRESENT.

15 (THE PLEDGE OF ALLEGIANCE.)

16 MS. KING: DAVID MEYER FOR RICARDO AZZIZ.

17 DR. MEYER: HERE.

18 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

19 DR. PRICE: HERE.

20 MS. KING: DAVID BRENNER.

21 DR. BRENNER: HERE.

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: HERE.

24 MS. KING: MARSHA CHANDLER.

25 DR. CHANDLER: HERE.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: MARCY FEIT. ALEXANDRA LEVINE FOR  
2 MICHAEL FRIEDMAN.  
3 DR. LEVINE: HERE.  
4 MS. KING: MICHAEL GOLDBERG.  
5 MR. GOLDBERG: HERE.  
6 MS. KING: BRIAN HENDERSON.  
7 DR. HENDERSON: HERE.  
8 MS. KING: DAVID KESSLER. BOB KLEIN.  
9 CHAIRMAN KLEIN: HERE.  
10 MS. KING: SHERRY LANSING.  
11 MS. LANSING: HERE.  
12 MS. KING: GERALD LEVEY.  
13 DR. LEVY: HERE.  
14 MS. KING: MICHAEL LEVY FOR TED LOVE.  
15 DR. LEVY: HERE.  
16 MS. KING: TINA NOVA. ED PENHOET. PHIL PIZZO.  
17 DR. PIZZO: HERE.  
18 MS. KING: CLAIRE POMEROY.  
19 DR. POMEROY: HERE.  
20 MS. KING: FRANCISCO PRIETO.  
21 DR. PRIETO: HERE.  
22 MS. KING: JOHN REED. DUANE ROTH.  
23 MR. ROTH: HERE.  
24 MS. KING: JOAN SAMUELSON. DAVID  
25 SERRANO-SEWELL.

**BARRISTERS' REPORTING SERVICE**

1 MR. SERRANO-SEWELL: HERE.

2 MS. KING: JEFF SHEEHY. JONATHAN SHESTACK.

3 OSWALD STEWARD.

4 DR. STEWARD: HERE.

5 MS. KING: JANET WRIGHT.

6 DR. WRIGHT: HERE.

7 WE DO HAVE A QUORUM.

8 CHAIRMAN KLEIN: THANK YOU. KEN, AS A LEADER  
9 OF THE HUNTINGTON DISEASE SOCIETY OF AMERICA,  
10 REPRESENTING SAN DIEGO, WOULD YOU ADVANCE YOUR  
11 PRESENTATION, PLEASE?

12 MR. SERBIN: I WANT TO INTRODUCE BILL JOHNSTON  
13 AND RAMONA JOHNSTON. BILL IS THE PRESIDENT OF THE SAN  
14 DIEGO CHAPTER OF THE HUNTINGTON'S DISEASE SOCIETY OF  
15 AMERICA.

16 MR. JOHNSTON: THANK YOU VERY MUCH FOR GIVING  
17 US A FEW MINUTES OF YOUR TIME, AND I'LL TRY TO BE  
18 EXPEDITIOUS FOR YOUR MEETING HERE.

19 I WANTED TO BRING MY WIFE WITH ME TODAY,  
20 RAMONA, WHO WE'VE BEEN -- KNOWN EACH OTHER SINCE HIGH  
21 SCHOOL, AND IT'S REALLY THE REASON THAT I'M HERE AND THAT  
22 THERE'S SEVERAL OTHER PEOPLE HERE REPRESENTING THE  
23 HUNTINGTON'S DISEASE SOCIETY.

24 I KNOW YOU ARE GOING TO HEAR A PRESENTATION ON  
25 HD IN DECEMBER AS WELL. I BELIEVE IT'S A SPOTLIGHT

## BARRISTERS' REPORTING SERVICE

1 YOU'VE AFFORDED OUR ORGANIZATION. I APPRECIATE THAT VERY  
2 MUCH. THANK YOU. BUT I THINK IT'S JUST FIVE MINUTES OF  
3 YOUR TIME TO GIVE YOU AN IDEA OF HD, THE PROJECTS THAT WE  
4 HAVE GOING, AND THE OPTIMISM THAT WE FEEL IN OUR  
5 ORGANIZATION, AND THE WAYS THAT YOUR ORGANIZATION CAN, WE  
6 FEEL, PLAY A ROLE IN FINDING A CURE FOR HD.

7 LIKE KEN SAID, I'M THE PRESIDENT OF THE HDSA  
8 HERE IN SAN DIEGO. I JOINED THE ORGANIZATION -- REALLY I  
9 BECAME A PART OF IT, IT BECAME PART OF MY LIFE WHEN MY  
10 WIFE WAS DIAGNOSED IN 1999, ABOUT EIGHT YEARS AGO, WITH  
11 HUNTINGTON'S DISEASE. WE HAVE TWO CHILDREN WHO ARE AT  
12 RISK. KIDS OF AN HD PATIENT OR A PARENT HAVE A 50-50  
13 CHANCE OF INHERITING THE DISEASE. IT'S A GENETIC  
14 NEUROLOGICAL DISEASE. AND I APOLOGIZE IF -- I KNOW I'M  
15 PROBABLY SPEAKING WAY UNDER YOUR LEVEL, BUT THIS IS ALL  
16 INFORMATION I'M SURE YOU'RE WELL AWARE OF.

17 BUT WHEN SHE -- WE MET IN HIGH SCHOOL. SHE  
18 GRADUATED FROM COLLEGE SUMMA CUM LAUDE, WENT ON TO BECOME  
19 AN EXTRAORDINARY TEACHER. AND THIS IS -- SINCE HD HAS  
20 TAKEN OVER HER LIFE, IT HAS NOW BECOME MY LIFE, AND SO WE  
21 ARE IN THE -- WE ARE FACED WITH THE TASK OF FINDING A  
22 CURE FOR HD.

23 SO IN MY OTHER JOB, MY OTHER LIFE, I'M THE PR  
24 DIRECTOR FOR THE SAN DIEGO CHARGERS. SO, AGAIN, THIS  
25 IS -- I'M SPEAKING IN A LANGUAGE OR YOU GUYS PROBABLY



## BARRISTERS' REPORTING SERVICE

1 SPEAK IN A LANGUAGE MUCH OVER MY HEAD, SO I'LL TRY TO DO  
2 THE BEST I CAN HERE. BUT I'LL TRY TO SHARE WITH YOU THE  
3 INFORMATION THAT I HAVE ABOUT HD THAT'S CONVINCED ME THAT  
4 RESEARCH PROJECTS -- THAT OUR RESEARCH PROJECTS DESERVE  
5 YOUR ATTENTION OR SHOULD BE CONSIDERED HIGHLY FOR YOUR  
6 ATTENTION.

7 FIRST, AS YOU KNOW, ABOUT 20 YEARS AGO, I  
8 BELIEVE IT WAS, THE GENE THAT CAUSES HUNTINGTON DISEASE  
9 WAS DISCOVERED, WHICH WAS A HUGE, HUGE STEP AHEAD FOR OUR  
10 ORGANIZATION AND FOR THE SEARCH FOR A TREATMENT OR A  
11 CURE. ONCE YOU FOUND THE GENE, THAT GIVES THE  
12 RESEARCHERS AND SCIENTISTS A HUGE STEP AHEAD OR AT LEAST  
13 A HUGE FOCUS ON WHAT THEY'RE DOING.

14 AND WITH THAT, THERE NOW IS A DEFINITIVE TEST  
15 TO DETERMINE IF SOMEONE HAS HD, WHICH IS THE SAME TEST  
16 THAT MY WIFE TOOK, SAME TEST THAT --

17 MS. JOHNSTON: OUR SON.

18 MR. JOHNSTON: -- OUR SON TOOK. AND THANKS TO  
19 GOD HE WAS NEGATIVE. OUR DAUGHTER IS 19 AND HAS CHOSEN  
20 NOT TO BE TESTED AT THIS POINT YET. BUT IT'S ALSO THE  
21 SAME TEST THAT SHARON SHAEFFER HAS TAKEN, AND SHE WAS  
22 POSITIVE IN THE TEST. SHE HAS A DAUGHTER HERE, ALEXA,  
23 WHO IS AN AMAZING LITTLE GIRL AND REPRESENTATIVE OF OUR  
24 ORGANIZATION. SHE IS LIKE MY DAUGHTER, 50-50 CHANCE OF  
25 INHERITING THE DISEASE.

## BARRISTERS' REPORTING SERVICE

1                   SO WE HAVE -- WITH THAT TEST NOW, THEY HAVE THE  
2 FOCUS WHICH WE FEEL THAT WITH HD, THE RESEARCH THAT CAN  
3 BE DONE ON HD OR TO CURE HD CAN BENEFIT DISEASES LIKE  
4 PARKINSON'S AND ALZHEIMER'S AND SEVERAL OTHERS THAT DON'T  
5 HAVE -- HAVEN'T DISCOVERED THAT INITIAL CAUSE, THAT  
6 SINGLE MUTATION THAT CAUSES THE DISEASE. SO THAT'S WHY  
7 WE FEEL THAT OUR DISEASE CAN BE A ROSETTA STONE, SO TO  
8 SPEAK, FOR OTHER DISEASES. AND IT CAN LEAD TO A  
9 TREATMENT AND A CURE WITH THE RIGHT FUNDING AND WITH THE  
10 RIGHT STEM CELL RESEARCH AVAILABILITY.

11                   IT IS, LIKE I SAID, A PART OF OUR LIFE, AND WE  
12 FEEL THAT WITH YOUR SUPPORT, YOUR KNOWLEDGE OF WHAT THE  
13 HUNTINGTON'S DISEASE COMMUNITY IS GOING THROUGH, AND  
14 THERE ARE THOUSANDS OF PEOPLE IN CALIFORNIA, 3,000 IS THE  
15 ESTIMATE, 30,000 IN THE UNITED STATES JUST KNOWN, ANOTHER  
16 200,000 WHO ARE AT RISK OF INHERITING THE DISEASE, THAT  
17 IT CAN MAKE A HUGE DIFFERENCE IN SO MANY LIVES.

18                   THEY HAVE IN A LAB IN CANADA. IT IS OUR  
19 UNDERSTANDING AND THEIR UNDERSTANDING THEY HAVE CURED THE  
20 DISEASE IN MICE MODELS. AND WITH YOUR SUPPORT, IT IS OUR  
21 BELIEF AND RESEARCHERS' BELIEF THAT STEM CELLS, HUMAN  
22 EMBRYONIC STEM CELLS, AND HUMAN MODELS, PRODUCE HUMAN  
23 MODELS WHICH CAN THEN TAKE THE NEXT STEP FOR THIS  
24 RESEARCH. SO WE FEEL THAT OUR RESEARCH PROJECTS, AND  
25 MANY OF THOSE ARE SOME OF THE GREATEST AROUND, ARE IN

## BARRISTERS' REPORTING SERVICE

1 CALIFORNIA, CAN TAKE THAT NEXT STEP AND TO CURE THE  
2 DISEASE THAT AFFECTS OUR FAMILIES.

3 IF YOU'RE IN SAN DIEGO THERE ARE RESEARCH  
4 PROJECTS, HERE IN IRVINE, L.A., SAN FRANCISCO, THERE ARE  
5 SOME OF THE BEST FROM OUR ORGANIZATIONS THAT ARE DOING  
6 RESEARCH TO CURE THIS DISEASE. THERE ARE TWO  
7 ORGANIZATIONS THAT ARE HEADQUARTERED IN CALIFORNIA, THE  
8 HEREDITARY DISEASE FOUNDATION AND THE CURE HUNTINGTON'S  
9 DISEASE INITIATIVE ARE ALSO HERE IN CALIFORNIA.

10 SO, AGAIN, I APPRECIATE THE TIME THAT YOU'VE  
11 GIVEN US ON BEHALF OF MY WIFE, AND THAT'S WHY I'M HERE,  
12 AND ON BEHALF OF OUR FAMILIES WHO ARE HERE AND OTHER  
13 PEOPLE WHO ARE AFFECTED BY THIS DISEASE. THERE ARE  
14 THOUSANDS OF PEOPLE OUT THERE THAT WE FEEL CAN BENEFIT  
15 FROM THE OPPORTUNITY THAT YOU CAN PROVIDE THE RESEARCHERS  
16 THAT ARE DOING WORK WITH HUNTINGTON'S DISEASE RESEARCH.  
17 THANK YOU FOR LISTENING. IF YOU HAVE ANY QUESTIONS.

18 (APPLAUSE.)

19 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR YOUR  
20 ADVOCACY AND YOUR PRESENTATION. WE'RE GOING TO LOOK  
21 FORWARD TO YOUR SPOTLIGHT PRESENTATION. AND IT MAKES A  
22 GREAT DIFFERENCE TO HEAR YOUR MESSAGE PERSONALLY.

23 MR. JOHNSTON: THANK YOU VERY MUCH.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: WE NEED TO MOVE TO AGENDA ITEM

## BARRISTERS' REPORTING SERVICE

1 NO. 4, WHICH IS THE CONSENT CALENDAR. IT'S JUST ONE ITEM  
2 THIS TIME BEHIND TAB 4 IN YOUR BINDERS. IT'S  
3 CONSIDERATION OF THE ICOC MEETING MINUTES FROM JUNE, TWO  
4 FROM JULY, AND ONE FROM AUGUST. THE BOARD HAS BEEN VERY  
5 BUSY. IS THERE A MOTION TO APPROVE THESE MINUTES?

6 MR. SERRANO-SEWELL: SO MOVED.

7 DR. WRIGHT: SECOND.

8 CHAIRMAN KLEIN: MOVED AND SECONDED. MOVED BY  
9 DAVID SERRANO-SEWELL, SECONDED BY DR. WRIGHT. IS THERE  
10 DISCUSSION? SEEING NO DISCUSSION, I WOULD CALL THE  
11 QUESTION. ALL IN FAVOR. OPPOSED? MOTION PASSES.

12 I WOULD LIKE TO GO ON TO THE AGENDA ITEM NO. 5,  
13 THE CHAIRMAN'S REPORT AT THIS TIME.

14 TODAY IS ANOTHER HISTORIC DAY FOR PROPOSITION  
15 71. CALIFORNIA'S INSTITUTE FOR REGENERATIVE MEDICINE IS  
16 TRAILBLAZING ON THE FRONTIER OF MEDICAL FUNDING. THE  
17 PRICING STARTS TODAY FOR \$250 MILLION OF STEM CELL  
18 RESEARCH AND CURES BONDS. FIRST TIME IN THE HISTORY OF  
19 THIS NATION OR OF THE WORLD, TO OUR KNOWLEDGE, LONG-TERM  
20 STATE GOVERNMENT BONDS OR GOVERNMENT BONDS ARE BEING USED  
21 TO FINANCE INTELLECTUAL CAPITAL, THE INTELLECTUAL CAPITAL  
22 HOPEFULLY THAT WILL DRIVE THE 21ST CENTURY JUST AS THE  
23 FINANCING OF PHYSICAL CAPITAL, BRIDGES, ROADS, HARBORS,  
24 DROVE THE PROSPERITY OF THE 19TH AND 20TH CENTURIES.

25 I WOULD CALL TO EVERYONE'S ATTENTION THAT THE

## BARRISTERS' REPORTING SERVICE

1     ROCKEFELLER INSTITUTE DEMONSTRATES THAT THE MODEL  
2     FUNCTION, THE MODEL LEADERSHIP FUNCTION OF THIS INSTITUTE  
3     HAS HAD A TREMENDOUS EFFECT IN THIS COUNTRY WITH \$3  
4     BILLION IN INITIATIVES FROM OTHER STATES FOLLOWING THE  
5     CALIFORNIA MODEL AND RELYING PRINCIPALLY ON BONDS TO  
6     FINANCE THE LONG-TERM BENEFITS FOR THE SOCIETY OF THE  
7     INTELLECTUAL CAPITAL.

8             THE THEORY BEHIND THE FUNDING IS, OF COURSE,  
9     THAT THE INTELLECTUAL BREAKTHROUGHS THAT OCCUR IN MEDICAL  
10    SCIENCE WILL BENEFIT GENERATIONS, THAT IT IS  
11    INAPPROPRIATE TO TAX THE CURRENT GENERATION FOR THE  
12    BENEFITS OF MANY GENERATIONS; AND BY SPREADING THE COST,  
13    AMORTIZING IT OVER LONG-TERM BONDS, YOU HAVE THE ABILITY  
14    TO RAISE MORE FUNDS UP FRONT TO ADVANCE SCIENCE AT A MUCH  
15    FASTER PACE THAN AN APPROACH TRADITIONALLY TAKEN WITH  
16    YEAR-TO-YEAR APPROPRIATIONS.

17            IT IS ALSO CRITICAL TO NOTE THAT BY USING  
18    LONG-TERM BONDS AND FOCUSING ON THIS AS INTELLECTUAL  
19    CAPITAL AND NOT AN OPERATING COST OF GOVERNMENT, THAT  
20    RESEARCH IS NO LONGER COMPETING AT THE STATE LEVEL WITH  
21    THE YEAR-TO-YEAR DEMANDS OF A HEALTH SYSTEM, WHICH ARE IN  
22    MANY CASES DESPERATE. COUNTY HOSPITALS NEED THOSE  
23    APPROPRIATIONS. THE CLINICS NEED THOSE APPROPRIATIONS.  
24    BY HAVING LONG-TERM BONDS, A CAPITAL INSTRUMENT, FINANCE  
25    THIS RESEARCH, WE ARE NO LONGER CONTESTING OR FIGHTING

## BARRISTERS' REPORTING SERVICE

1 OVER THE SAME FUNDS BECAUSE, IN FACT, THEY'RE TWO  
2 DIFFERENT KIND OF EXPENDITURES. SO THE CAPITAL STRUCTURE  
3 HERE IS ALIGNED WITH THE NATURE OF THE EXPENDITURE, WHICH  
4 IS ONE OF INVESTMENT, NOT AN OPERATING COST.

5 I WOULD POINT OUT AS WELL THAT AS THIS SPREADS  
6 ACROSS THE COUNTRY, WE SEE ANOTHER LEVEL OF FUNDING BEING  
7 RAISED EVEN TO THE LEVEL OF POTENTIALLY MATCHING  
8 CALIFORNIA'S INVESTMENT EVEN THOUGH ON A NARROWER SCALE.  
9 GOVERNOR PERRY IS NOW SEEKING \$3 BILLION FOR CANCER STEM  
10 CELL RESEARCH IN TEXAS. OF COURSE, THEY'VE NARROWED  
11 THEIR SCOPE BECAUSE THEY'RE AVOIDING THE POLITICAL  
12 QUESTION ABOUT ADDRESSING THE WHOLE RANGE OF STEM CELLS,  
13 BUT I WOULD LIKE TO DISTINGUISH WHAT THEY'RE DOING FROM  
14 WHAT WE ARE DOING HERE IN CALIFORNIA BECAUSE ON A  
15 HISTORICAL BASIS THE BENEFITS OF AN INVESTMENT IN MEDICAL  
16 RESEARCH HAS BEEN MOST PRODUCTIVE BY, IN FACT -- I'D LIKE  
17 TO POINT OUT THAT IN TEXAS BY FOCUSING ON ONE DISEASE  
18 AREA, THEY ARE DEPARTING FROM THE CALIFORNIA APPROACH OF  
19 ADDRESSING THE ENTIRE SPECTRUM OF MEDICINE.

20 HISTORICALLY THE NIH HAS BEEN VERY EFFECTIVE,  
21 BUT IT HAS ADDRESSED A PORTFOLIO OF MEDICINE. SEVERAL  
22 YEARS AGO THERE WAS A MAJOR INVESTMENT, THAT I'VE ALLUDED  
23 TO BEFORE, FOR PANCREATIC CANCER. THERE WAS NO BENEFIT  
24 FOR PANCREATIC CANCER, BUT THERE WAS A GREAT DISCOVERY  
25 FOR JUVENILE DIABETES. IT IS IMPORTANT TO NOTE THAT WE

## BARRISTERS' REPORTING SERVICE

1 HAVE AN ORGANIC RELATIONSHIP IN OUR SPECTRUM AND SCOPE OF  
2 SUBJECT MATTER IN CALIFORNIA IN THAT WE CAN FOLLOW THE  
3 BEST SCIENCE AND THE LEADS, WHETHER THEY ARE IN CANCER,  
4 HEART DISEASE, DIABETES, ALS, ALZHEIMER'S. WE ARE NOT  
5 TIED TO A SINGLE AREA OF RESEARCH. FORTUNATELY, CANCER  
6 IS A BROAD TARGET AND THERE IS THE BENEFIT WITH THAT  
7 BROAD TARGET OF HAVING A SUBSTANTIAL SCOPE TO RESEARCH  
8 FUNDING, BUT THEY MIGHT FIND THAT IF THEIR CANCER  
9 RESEARCH LEADS TO GREAT BREAKTHROUGHS FOR HEART DISEASE  
10 OR ALZHEIMER'S, THEY MAY HAVE TO SHIP THE RESEARCH  
11 REQUEST TO CALIFORNIA.

12 IT IS ALSO IMPORTANT TO NOTE AS A MATTER OF OUR  
13 SCIENTIFIC LEGACY ON THIS DAY WHEN \$250 MILLION OF BONDS  
14 ARE BEING PRICED THAT CALIFORNIA LED THE EFFORT WITH  
15 RECOMBINANT DNA. THIS IS THE CALIFORNIA LEGACY. IT WAS  
16 THE UNIVERSITY OF CALIFORNIA SAN FRANCISCO AND CITY OF  
17 HOPE THAT CREATED THE FIRST COMMERCIAL PRODUCT FROM THAT  
18 RESEARCH, ARTIFICIAL HUMAN INSULIN. AND, IN FACT, LED,  
19 THEN, IN THE NEXT DECADE TO A HUNDRED CRITICAL HEART AND  
20 CANCER DRUGS THAT HAVE SAVED MILLIONS OF LIVES.

21 WE HOPE THAT WE ARE AT LEAST PARTIALLY AS  
22 SUCCESSFUL, ALTHOUGH DR. PAUL BERG, WHO RECEIVED THE  
23 NOBEL PRIZE FOR RECOMBINANT DNA, AS DID DR. BALTIMORE,  
24 BOTH MEMBERS OF THIS BOARD AT DIFFERENT TIMES, HAVE SAID  
25 ON OCCASION THAT THE POTENTIAL OF STEM CELL RESEARCH MAY,

## BARRISTERS' REPORTING SERVICE

1 IN FACT, BE MUCH BROADER THAN FROM RECOMBINANT DNA.

2 FINALLY, THERE'S A SPECIAL MESSAGE FROM OUR NEW  
3 PRESIDENT, DR. ALAN TROUNSON, FROM AUSTRALIA. IN TALKING  
4 WITH HIM LAST NIGHT, HE WANTED THE BOARD TO KNOW THAT HE  
5 HAS TREMENDOUS APPRECIATION FOR THE COMMUNICATIONS  
6 BETWEEN THIS BOARD AND HIS OFFICE AND IN PARTICULAR FOR  
7 THE TREMENDOUS JOB THAT OUR INTERIM PRESIDENT, DR.  
8 RICHARD MURPHY, IS DOING IN REALLY LIFTING THIS  
9 ORGANIZATION TO THE NEXT LEVEL OF DEVELOPMENT FOR THE  
10 IMPLEMENTATION OF OUR MISSION. HE TELLS ME THAT HE IS  
11 EXCITED, HE IS THRILLED WITH THE CONSTANT COMMUNICATION  
12 AND UPDATES FROM DR. MURPHY, AND THE PARTNERSHIP IN WHICH  
13 OUR MISSION IS BEING ADVANCED BY THIS TREMENDOUS DUAL  
14 TEAM THAT WE HAVE.

15 I WOULD LIKE AT THIS TIME, THEREFORE, TO GO TO  
16 DR. MURPHY, AND I THINK IT WOULD BE APPROPRIATE FOR SOME  
17 APPLAUSE FOR HIS PERFORMANCE.

18 (APPLAUSE.)

19 DR. MURPHY: THANK YOU VERY MUCH AND THANK YOU,  
20 CHAIRMAN KLEIN. FIRST, LET ME THANK ALL THE MEMBERS OF  
21 THE ICOC FOR GIVING ME THE PRIVILEGE TO SERVE AS INTERIM  
22 PRESIDENT. I ACCEPTED YOUR VERY KIND OFFER BECAUSE I  
23 THINK THIS IS A VERY IMPORTANT TIME IN THE HISTORY OF  
24 CIRM. WE HAVE BYPASSED ALL OF THE LEGAL HURDLES THAT  
25 FACED US, AND NOW WE ARE REALLY READY TO RELEASE THE



## BARRISTERS' REPORTING SERVICE

1 MONEY THAT WILL BE NECESSARY TO DO THE RESEARCH THAT  
2 CALIFORNIANS REQUESTED OF US. AND I'M VERY HAPPY TO SIT  
3 ON THIS SIDE OF THE ICOC TABLE TO HELP IN THAT PROCESS,  
4 HAVING SERVED FOR THREE YEARS ON THAT SIDE OF THE TABLE.

5 I'M REMINDED OF BILL GATES' COMMENTS TO A  
6 GRADUATING CLASS OF STUDENTS. HE ONCE SAID, "ALWAYS BE  
7 NICE TO NERDS BECAUSE YOU COULD BE WORKING FOR THEM."  
8 YOU ARE NOT NERDS, BUT I HOPE I WAS NICE TO YOU.

9 I WOULD LIKE VERY BRIEFLY TO PRESENT TO YOU  
10 FOUR GOALS THAT I HAVE OVER THE BRIEF TIME I'M GOING TO  
11 BE SERVING AS INTERIM PRESIDENT. THOSE GOALS ARE TO  
12 TRANSITION THE PRESIDENCY FOR DR. TROUNSON, TO IMPROVE  
13 OPERATIONS, TO PROMOTE OUR SCIENTIFIC PROGRAMS, AND TO  
14 EXPAND OUR PUBLIC OUTREACH.

15 WITH RESPECT TO THE FIRST GOAL, TRANSITIONING  
16 THE PRESIDENCY, I HAD HOPED THAT MY EFFORTS WOULD ALLOW  
17 US TO ATTRACT A GOOD PRESIDENT AND THAT I COULD HELP IN  
18 THE TRANSITION TO THAT PERSON. JUST FOR HISTORICAL  
19 PURPOSES, I SHOULD TELL THE ICOC THAT I BEGAN WORKING ON  
20 SEPTEMBER 6TH, WHICH WAS A THURSDAY, I CONTINUED ON THE  
21 7TH, AND THEN I WAS AWAY THE NEXT WEEK ON A COMMITMENT  
22 THAT I HAD IN CANADA, COMMITMENT THAT I HAD MADE PREVIOUS  
23 TO TAKING THIS POSITION. ABOUT MIDWEEK ON MY TRIP I GOT  
24 A CALL FROM CHAIRMAN KLEIN SAYING THAT DR. TROUNSON HAD  
25 BEEN IDENTIFIED AS AN EXCELLENT CANDIDATE, THAT HE

## BARRISTERS' REPORTING SERVICE

1 ACCEPTED THE TERMS OF THE APPOINTMENT, AND THAT HIS  
2 APPOINTMENT WOULD BE RATIFIED OR DISCUSSED BY THE ICOC ON  
3 FRIDAY. BY THE TIME I RETURNED AND GOT OFF THE PLANE,  
4 THE VOTE HAD BEEN TAKEN AND THE ANNOUNCEMENT HAD BEEN  
5 MADE.

6 I CONGRATULATE THE ICOC FOR THIS EXCELLENT  
7 CHOICE, BUT I ALSO WANT TO MAKE CERTAIN THAT IN THE  
8 EUPHORIA SURROUNDING DR. TROUNSON'S APPOINTMENT, THE  
9 VALUE OF MY LEADERSHIP IN THAT PROCESS NOT BE FORGOTTEN.  
10 AS BOB SAID, ALAN AND I HAVE VISITED, AND HE AND I HAVE  
11 BEEN IN CONSTANT COMMUNICATION ABOUT HOW WE SHOULD WORK  
12 TOGETHER; AND I THINK I AGREE WITH YOU, YOU MADE A SUPERB  
13 CHOICE.

14 IT'S CLEAR THAT ALAN AND I SHARE THE SAME GOALS  
15 FOR THE INSTITUTE AND THAT WE HAVE THE SAME SENSE AS TO  
16 HOW WE SHOULD PROCEED TO ACHIEVE THE INSTITUTE'S MISSION.  
17 AND SINCE THOSE MEETINGS, AS BOB SAID, WE HAVE SHARED IN  
18 NUMEROUS E-MAILS, AND THE DECISIONS WE ARE MAKING WITH  
19 BOB'S INPUT GO TOWARDS COMMON ENDS. SHARED  
20 DECISION-MAKING WILL BE A VERY IMPORTANT ASPECT OF MY  
21 PRESIDENCY TO ALLOW ALAN TO SEAMLESSLY INTEGRATE INTO THE  
22 INSTITUTE AND ALSO TO GET HIM OFF TO A RUNNING START WHEN  
23 HE ARRIVES.

24 IT'S ALSO IMPORTANT FOR THE ICOC AND THE CIRM  
25 STAFF TO KNOW THAT THE SHARED DECISIONS WE ARE MAKING NOW

## BARRISTERS' REPORTING SERVICE

1 WILL BE CONSISTENT WITH ALAN'S FUTURE PLANS AND PROGRAMS;  
2 I.E., WHEN ALAN COMES, IT WILL NOT BE A BIG SHIFT.  
3 HOPEFULLY WE WILL ALL HAVE BEEN WORKING TOGETHER SO THAT  
4 WHEN HE ARRIVES, IT WILL BE BUSINESS AS USUAL.

5 THE OTHER GOAL, MY SECOND GOAL, WAS TO IMPROVE  
6 OPERATIONS. TO UNDERSTAND HOW THE INSTITUTE WORKS  
7 INTERNALLY, I'VE MET ONE ON ONE WITH EVERYONE IN THE  
8 INSTITUTE OVER THE LAST SEVERAL WEEKS, WHICH WAS AN  
9 ABSOLUTE PLEASURE. WHAT I LEARNED IS THAT CIRM STAFF ARE  
10 SMART, DEDICATED, SUPPORTIVE VERY MUCH OF CIRM'S MISSION.  
11 AND I VERY MUCH ENJOYED LEARNING ABOUT THEIR HOPES AND  
12 DREAMS FOR THE INSTITUTE AND ABOUT THEIR OWN GOALS. I  
13 LEARNED HOW OUR SCIENTIFIC PEOPLE HAVE ACCOMPLISHED SO  
14 MUCH IN SUPPORTING THE PROGRAMS WE HAVE FUNDED, GOING  
15 THROUGH VERY DIFFICULT STEPS OF PROGRAM DESIGN, SEEKING  
16 PUBLIC INPUT, PUTTING OUT RFA'S, ACCEPTING AND PROCESSING  
17 APPLICATIONS, ORGANIZING PEER REVIEW, PREPARING GRANT  
18 SUMMARIES, AND BEING METICULOUS ABOUT ENSURING THAT ALL  
19 THE ADMINISTRATIVE REQUIREMENTS THAT ARE NECESSARY ARE  
20 MET BEFORE MONEY FLOWS.

21 THE ADMINISTRATIVE GROUP HAS CREATED MECHANISMS  
22 TO ENSURE THAT INSTITUTE OPERATIONS ARE CONSISTENT WITH  
23 STATE POLICIES, BUT AT THE SAME TIME CAN SUPPORT THE  
24 EVERCHANGING NEEDS OF A FUNDING AGENCY THAT REQUIRES  
25 FLEXIBILITY TO MEET THE INSTITUTE'S SCIENTIFIC MISSION.

## BARRISTERS' REPORTING SERVICE

1                   AND THE CHAIR'S OFFICE HAS TAKEN ON THE  
2   ADMINISTRATIVE TASKS THAT ARE NECESSARY FOR SERVING THE  
3   NEEDS OF THE ICOC, FOR ISSUING BONDS, AS YOU HEARD ABOUT,  
4   AND FOR MUCH OF THE INTERNATIONAL OUTREACH THAT'S  
5   ESSENTIAL TO PROVIDE LEADERSHIP IN STEM CELL RESEARCH  
6   AROUND THE WORLD.

7                   IN SUMMARY, THE INSTITUTE IS OPERATIONALLY  
8   HEALTHY AND DOING ITS JOBS WELL. THANKS GO TO BOB, ZACH,  
9   ARLENE, LORI, AND OTHERS IN LEADERSHIP POSITIONS FOR OUR  
10  ORGANIZATIONAL SUCCESS.

11                  NOW, I HAVE ASKED MANY OF THE PEOPLE AT CIRM  
12  OVER THE NEXT ICOC MEETINGS TO MEET WITH THE ICOC  
13  DIRECTLY BECAUSE THEY ARE THE EXPERTS IN THE POLICIES AND  
14  ADVANCES THAT CIRM IS MAKING, THEY ARE THE PEOPLE WHO YOU  
15  WILL MEET AND I KNOW WILL ENJOY, AND I KNOW THAT THEY  
16  WILL ENJOY MEETING YOU. IT'S IMPORTANT TO ME THAT THE  
17  ICOC GET TO KNOW CIRM STAFF DIRECTLY; AND I'M SURE WHEN  
18  YOU DO THAT, YOU WILL BE AS PLEASED AS I AM WITH THE  
19  QUALITY OF WHO YOU ARE DEALING WITH.

20                  THAT SAID, THERE ARE STILL IMPROVEMENTS THAT  
21  NEED TO BE PUT IN PLACE OVER THE NEXT SEVERAL MONTHS.  
22  AND THESE INCLUDE CHANGING ORGANIZATIONAL STRUCTURE. WE  
23  NEED TO ASSESS THE ORGANIZATIONAL STRUCTURE OF THE  
24  INSTITUTE TO BE CERTAIN WE HAVE THE APPROPRIATE WORKING  
25  AND EMPLOYEE REPORTING RELATIONSHIPS. I WILL BE

## BARRISTERS' REPORTING SERVICE

1 RECOMMENDING CHANGES IN THE ORGANIZATIONAL CHART THAT  
2 HOPEFULLY WILL MAKE THE INSTITUTE MOVE MORE SMOOTHLY,  
3 INCLUDING HAVING HUMAN RESOURCES REPORT TO THE PRESIDENT,  
4 GRANTS MANAGEMENT REPORT TO FINANCE, AND THE CHAIRMAN'S  
5 OFFICE REPORT TO THE CHAIR AND THROUGH THE CHAIR TO THE  
6 PRESIDENT. THERE MAY BE OTHER CHANGES AS WELL THAT WILL  
7 REQUIRE A FRESH LOOK AT MANY OF THE POLICIES THAT EXIST  
8 AT THE INSTITUTE AND THAT MAY NEED REEXAMINATION AS WELL.  
9 AND I'M THINKING ABOUT WORK FLOW MECHANISMS, ETC.

10 WE ALSO NEED TO BEGIN THE HIRING OF ADDITIONAL  
11 PEOPLE TO FULFILL CIRM'S SCIENTIFIC MISSION. RECALL THAT  
12 WE HAVE A MAXIMUM OF 50 EMPLOYEES WITH 26 NOW ON STAFF.  
13 MANY OF THESE PEOPLE HAVE CARRIED OUT THEIR  
14 RESPONSIBILITIES BECAUSE OF HEROIC EFFORTS AND LONG  
15 HOURS, WELL BEYOND WHAT ANY OF US WOULD EXPECT OF OUR  
16 EMPLOYEES IN A WORKING DAY. I FEAR EMPLOYEE BURNOUT  
17 UNLESS WE BRING INTO THE INSTITUTE THOSE ADDITIONAL  
18 PEOPLE THAT WE NEED. CURRENTLY WE HAVE NEEDS FOR AT  
19 LEAST FIVE PEOPLE ON THE SCIENTIFIC STAFF, INCLUDING A  
20 HIGH LEVEL REPLACEMENT FOR ARLENE CHIU. ARLENE CAN NEVER  
21 BE REPLACED, BUT WE NEED TO TRY IT. WE NEED AT LEAST  
22 FOUR PEOPLE ON OUR ADMINISTRATIVE STAFF. THE CHAIR'S  
23 OFFICE MAY NEED ADDITIONAL PEOPLE FOR ADMINISTRATIVE  
24 MATTERS ASSOCIATED WITH THE ICOC, BOND SALES, AND  
25 GOVERNMENT RELATIONS. AND FINALLY, DR. TROUNSON AND I

## BARRISTERS' REPORTING SERVICE

1 HAVE DISCUSSED THE POTENTIAL NEED FOR A COO ONCE HE  
2 ARRIVES ON SCENE. AND I THINK THAT IS VERY MUCH IN THE  
3 INTEREST OF CIRM.

4 SOME OF THESE RECRUITMENTS ARE COMPLETE. IN  
5 FACT, THREE OF THE SCIENTIFIC PEOPLE HAVE BEEN IDENTIFIED  
6 AND OTHERS ARE IN VARIOUS STAGES OF BEING PROCESSED. WE  
7 ALSO NEED TO RETAIN THE STAFF WE HAVE, AND WE NEED TO  
8 TAKE A FRESH LOOK AT THE SALARIES WE PAY CIRM'S EMPLOYEES  
9 AND THE GRADE LEVELS THEY OCCUPY. WE ARE CURRENTLY DOING  
10 A SALARY COMPARISON WITH MERCER ASSOCIATES AND SHOULD BE  
11 ABLE TO ADVISE THE GOVERNANCE COMMITTEE AND THEN THE ICOC  
12 ON SALARY AND ORGANIZATIONAL CHALLENGES -- CHANGES AT OUR  
13 NEXT MEETING.

14 FINALLY, WE NEED TO PLAN FOR THE FUTURE.  
15 PROPOSITION 71 IS NOW THREE YEARS OLD, AND WE SHOULD USE  
16 ITS ORIGINAL VISION, WHICH WAS ADMIRABLE, AS THE  
17 FOUNDATION ABOUT THINKING ABOUT THE FUTURE OF THE  
18 ORGANIZATION. ONE OF THE NEEDS I HEARD IN MY INTERVIEWS  
19 WITH THE STAFF WAS THE NEED TO CONSIDER CIRM'S FUTURE AND  
20 HOW WE WILL ADAPT TO ADVANCES IN THE STEM CELL FIELD. TO  
21 DO THAT, WE NEED TO GIVE OUR TIME -- OUR STAFF TIME TO  
22 THINK AND TO EXPOSE THEM TO OUTSIDE PEOPLE AND INFLUENCES  
23 SO THAT THEY WILL CONTINUE TO ADVISE US HOW TO IMPROVE  
24 THE INSTITUTE. WE NEED TO BENEFIT NOT ONLY FROM THEIR  
25 DAILY WORK, BUT WE ALSO NEED TO BENEFIT FROM THEIR

## BARRISTERS' REPORTING SERVICE

1 EXPERIENCE, THE KNOWLEDGE THEY GENERATE IN THE COURSE OF  
2 THEIR WORK, AND FROM THEIR CONSTANT OBSERVATIONS OF  
3 PROGRESS IN THE STEM CELL FIELD, WHICH WILL LEAD US IN  
4 NEW DIRECTIONS.

5 THIRDLY, WE WANTED TO PROMOTE SCIENTIFIC  
6 PROGRAMS. AND HERE IT TURNS OUT THAT MY EFFORTS WILL NOT  
7 BE NECESSARY BECAUSE THE STAFF HAVE ALREADY DONE THAT  
8 RESPONSIBILITY WELL AND HAVE THE RESPONSIBILITY WELL IN  
9 HAND. WE ARE CURRENTLY IN THE MIDST OF PROGRAMS FOR  
10 MAJOR FACILITIES AND NEW INVESTIGATORS, AND RFA'S ARE  
11 BEING PREPARED FOR DISEASE-RELATED RESEARCH GROUPS AND  
12 NEW CELL LINES. IN MY VIEW, IMPLEMENTING FOR ALL OF  
13 THESE PROGRAMS THE RFA'S, THE GRANT PROCESSES, AND THE  
14 HEAVY ADMINISTRATIVE LOADS THAT WILL SURROUND THOSE  
15 INITIATIVES WILL PUT OUR STAFF AT FULL CAPACITY. AND TO  
16 INCREASE THEIR RESPONSIBILITIES AT LEAST IN THE NEAR TERM  
17 IS UNWISE. AND YOU WILL BE HEARING ABOUT THE CURRENT  
18 PROGRAMS AND FUTURE PROGRAMS FROM ARLENE.

19 NOW, ONE OF THE NECESSITIES FOR ENSURING THAT  
20 WE PROCESS THE ENORMOUS AMOUNT OF PEER REVIEW ASSOCIATED  
21 PAPER THAT COMES WITH ALL OF THESE PROGRAMS IS AN  
22 EFFICIENT AND EFFECTIVE WAY TO IMPLEMENT OUR GRANTS  
23 MANAGEMENT SYSTEM. AND TODAY WE WILL BE MAKING A  
24 RECOMMENDATION TO YOU FOR THE PURCHASE OF A GRANTS  
25 MANAGEMENT PROGRAM AND COMPUTER WARE THAT WILL ALLOW THAT

## BARRISTERS' REPORTING SERVICE

1 TO HAPPEN, AND THAT PURCHASE IS ESSENTIAL FOR OUR FUTURE.

2 AND FINALLY, WHAT WE WANT TO DO IS EXPAND  
3 PUBLIC OUTREACH. CIRM HAS GONE THROUGH SOME VERY  
4 INTERESTING TIMES, MUCH OF WHICH HAS BEEN DOMINATED BY  
5 OUR LEGAL CHALLENGES. HOWEVER, THE TIDE HAS TURNED. WE  
6 ARE FUNDING OUR TRAINEES AND PRINCIPAL INVESTIGATORS, AND  
7 NEW KNOWLEDGE ABOUT STEM CELLS IS BEGINNING TO EMERGE  
8 FROM CIRM-SPONSORED PROGRAMS. IT'S TIME FOR CIRM TO  
9 EXPAND ITS PUBLIC OUTREACH TO TELL CALIFORNIANS ABOUT OUR  
10 SUCCESSES, TO EDUCATE THEM BETTER ON STEM CELL BIOLOGY,  
11 AND TO SHARE THE PROGRESS WE ARE MAKING IN STEM CELL  
12 RESEARCH.

13 AND YOU WILL HEAR ABOUT TWO STUDENT MEETINGS  
14 THAT WERE HELD RECENTLY WITH STUDENT TRAINEES FROM THE  
15 NORTH AND SOUTH OF THE STATE IN WHICH THESE YOUNG PEOPLE  
16 ARE NOW BEGINNING TO PRODUCE THE RESULTS THAT WE'RE  
17 FUNDING THEM TO DO. AND YOU HAVE ASSOCIATED WITH YOUR  
18 MATERIALS TODAY SUMMARY BOOKS OF THE ABSTRACTS OF THEIR  
19 PROGRESS.

20 WE ALSO NEED TO UPDATE THE MANY ORGANIZATIONS  
21 THAT SUPPORTED PROPOSITION 71 ON OUR PROGRESS AND TO  
22 CONVINCED THEM THAT THEY MADE A GOOD DECISION IN  
23 SUPPORTING US. NOW, DALE CARLSON, HEAD OF PUBLIC  
24 INFORMATION AT CIRM, HAS ANNOUNCED THAT HE HAS DECIDED TO  
25 LEAVE CIRM TO CONTINUE HIS CAREER IN THE PRIVATE SECTOR.



## BARRISTERS' REPORTING SERVICE

1 DALE HAS PROVIDED SERVICE TO CIRM UNDER VERY DIFFICULT  
2 CIRCUMSTANCES WHEN OUR LEGAL ACTIVITIES SLOWED DOWN OUR  
3 PROGRESS. IN MY SHORT TIME WORKING WITH DALE, I CAME TO  
4 ENJOY HIM, AND I KNOW YOU WILL BE WISHING HIM WELL ALSO.

5 TO REPLACE DALE AND TO MOVE FORWARD, WE NEED TO  
6 CONSIDER EXPANDING OUR PUBLIC OUTREACH PROGRAM THROUGH  
7 PROBABLY THE ENGAGEMENT OF AN OUTSIDE FIRM WORKING WITH  
8 AN INTERNAL PUBLIC RELATIONS COORDINATOR. ALAN AND BOB  
9 AGREE WITH THIS APPROACH, AND WE WILL BEGIN TO SEARCH FOR  
10 A FIRM THAT IS STRONG IN MEDICAL AFFAIRS AND JOURNALISM  
11 AND HAS GOOD RELATIONS WITH GOVERNMENT. BOB AND I WILL  
12 BE DISCUSSING THIS ISSUE WITH ALAN AND COMING BACK TO YOU  
13 FOR INPUT AND WITH A RECOMMENDATION.

14 IN MY VIEW WHAT WE NEED TO DO IS TO PROVIDE  
15 PUBLIC EDUCATION INFORMATION AND UPDATING TO THE PUBLIC.  
16 WE NEED TO INFORM THE PUBLIC, GOVERNMENT, PATIENTS, AND  
17 THEIR FAMILIES, AND THE PATIENT ADVOCATES TO WHOM OUR  
18 WORK IS SO IMPORTANT. WE ALSO NEED TO RECOGNIZE THAT WE  
19 ARE PLAYING ON MANY STAGES WHICH INCLUDE THE STATE AND  
20 LOCAL LEVELS, NATIONAL INTERESTS AND INTERNATIONAL  
21 AUDIENCE AS WELL.

22 SO, MR. CHAIRMAN, WITH THAT STATEMENT, I WOULD  
23 LIKE TO TERMINATE MY COMMENTS. AND I'M VERY HAPPY,  
24 BEFORE WE MOVE ON IN THE PRESIDENT'S REPORT, TO ANSWER  
25 ANY QUESTIONS THAT THE MEMBERS MAY HAVE.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  THANK YOU VERY MUCH, DR.  
2 MURPHY.  IT HAS BEEN AN INSPIRATION AND A TREMENDOUS LIFT  
3 OF THE MORALE AS THE STAFF HAS SEEN THAT WE'RE GOING TO  
4 HAVE STRONG LEADERSHIP ALL THE WAY TO WHEN DR. TROUNSON  
5 GETS HERE AND THE OVERLAPPING LEADERSHIP FOR A COUPLE OF  
6 MONTHS AS DR. MURPHY SETTLES INTO THIS NEW POSITION TO  
7 HAVE TWO STRONG LEADERS AT OUR INSTITUTION WITH THEIR  
8 TREMENDOUS BACKGROUND OF INFORMATION.  YOUR INCREDIBLE  
9 HISTORY WITH THIS BOARD AND GUIDANCE IN THE EARLY STAGES  
10 OF PUTTING TOGETHER THE INITIATIVE, WE HAVE A TEAM THAT'S  
11 IRREPLACEABLE.  SO WE ARE DEEPLY APPRECIATIVE.

12                   ARE THERE QUESTIONS FROM THE BOARD?  SHERRY  
13 LANSING.

14                   MS. LANSING:  THIS ISN'T A QUESTION.  I JUST  
15 REALLY WANT TO REITERATE ON BEHALF OF ALL THE BOARD  
16 MEMBERS, IT WAS AN HONOR WHEN YOU WERE ON THE BOARD, AND  
17 I THINK I SPEAK FOR ALL OF US IN SAYING THE FACT THAT YOU  
18 WOULD STEP IN IN THIS TRANSITORY POSITION WAS SO  
19 WONDERFUL, AND WE WERE ALL SO EXCITED ABOUT IT.  AND NOW  
20 I THINK I SPEAK FOR ALL OF US IN SAYING WHAT YOU JUST  
21 PRESENTED TO US SHOWS YOUR PASSION, YOUR COMMITMENT, YOUR  
22 EXTRAORDINARY INTELLIGENCE, AND ORGANIZATIONAL ABILITY.  
23 AND I THINK I SPEAK FOR ALL OF US IN SAYING THAT THANK  
24 YOU, THANK YOU, THANK YOU, AND YOUR LEADERSHIP IS JUST  
25 EXTRAORDINARY.  SO THANK YOU FROM ALL OF US.

## BARRISTERS' REPORTING SERVICE

1 (APPLAUSE.)

2 CHAIRMAN KLEIN: DAVID.

3 MR. SERRANO-SEWELL: THANK YOU. DR. MURPHY, I  
4 JUST WANTED TO ADD AND SHARE WITH YOU AS PART OF YOUR  
5 REPORT AND SHARE WITH MY COLLEAGUES AS WELL, AND I THINK  
6 IT DOES SPEAK TO ONE OF THE GOALS THAT YOU'VE SET, AND  
7 THAT IS EXPANDING PUBLIC OUTREACH. A COUPLE OF WEEKS AGO  
8 I HAD THE OPPORTUNITY TO BE IN LOS ANGELES WITH OUR  
9 GENERAL COUNSEL, TAMAR PACHTER, AT THE CALIFORNIA  
10 MINORITY COUNSEL'S ASSOCIATION ANNUAL EVENT. THAT IS AN  
11 ASSOCIATION THAT IS A LEGAL ASSOCIATION THAT HAS BEEN  
12 AROUND A LONG TIME. IT'S PRIMARILY COMPRISED OF LAWYERS  
13 OF COLOR AND SMALLER LAW FIRMS. AND WHAT IT IS IS AN  
14 OPPORTUNITY FOR THE LARGER LAW FIRMS TO MEET WITH SMALLER  
15 BOUTIQUE FIRMS AND SORT OF INTERACT AND SEE WHERE THERE  
16 MIGHT BE OPPORTUNITIES TO WORK TOGETHER.

17 THERE WERE A COUPLE OF STATE AGENCIES THERE.  
18 WE WERE ONE OF THEM IN ADDITION TO SOME LOCAL  
19 MUNICIPALITIES. IT WAS DULY NOTED BY EVERYBODY THERE,  
20 AND I THOUGHT IT WAS A VERY PRODUCTIVE MEETING. AND I  
21 ALSO WANTED TO THANK TAMAR FOR ATTENDING IT.

22 CHAIRMAN KLEIN: DR. LEVEY.

23 DR. LEVEY: RICHARD, AGAIN, LET ME ADD MY  
24 THANKS FOR WHAT YOU'VE DONE, WHICH IS TERRIFIC. AND I  
25 JUST WANTED TO ASK ONE QUESTION. WHEN YOU WERE TALKING

## BARRISTERS' REPORTING SERVICE

1 ABOUT EVERYONE WHO NEEDED TO BE HIRED, WHAT'S YOUR EARLY  
2 ASSESSMENT OF HOW WELL STOCKED OUR GRANT REVIEW PANELS  
3 ARE? HOW MANY NEW REVIEWERS DO YOU THINK WE NEED?

4 DR. MURPHY: WELL, THAT IS AN ONGOING PROBLEM,  
5 JERRY. THE PROBLEM IS WE HAVE A SOLID GROUP OF PRIMARY  
6 REVIEWERS, BUT THEY CANNOT ALWAYS BE AT THE MEETINGS. SO  
7 WHAT THE STAFF HAS DONE VERY -- IN A VERY EXCELLENT WAY  
8 IS IDENTIFIED AD HOC REVIEWERS WHO CAN CONTRIBUTE TO THE  
9 PROCESS WHO -- AND THEY HAVE BEEN ABLE TO MAKE THE QUORUM  
10 FOR EVERY ONE OF OUR GRANT COMPETITIONS.

11 BUT I THINK ONE OF THE THINGS WE NEED TO DO IS  
12 INCREASE THE STABLE OF VERY QUALIFIED REVIEWERS WHO ARE  
13 AVAILABLE TO CIRM, ESPECIALLY AS THE NEW PROGRAMS COME  
14 IN. AND FRANKLY, WE'RE JUST NOT GOING TO BE ABLE TO GET  
15 THE SAME PEOPLE COMING TO CALIFORNIA FOR EVERY ONE OF THE  
16 REVIEWS.

17 ONE OF THE THINGS THAT ALAN AND I HAVE TALKED  
18 ABOUT IS MY OWN EXPERIENCE. HAVING BEEN IN CANADA FOR 14  
19 YEARS OPENS UP A WHOLE NEW BEVY OF POSSIBILITIES TO BRING  
20 IN CANADIANS INTO THE SYSTEM. ALAN CERTAINLY WITH HIS  
21 EXPERTISE IN STEM CELLS IS CAPABLE OF DOING THAT ALL  
22 AROUND THE WORLD. AND I THINK, WORKING WITH THE  
23 SCIENTIFIC STAFF, WE NEED TO INCREASE THE NUMBER OF  
24 REVIEWERS WHO ARE AVAILABLE TO US SO WE CAN ENSURE THAT  
25 FOR EVERY ONE OF THE COMPETITIONS WE HAVE, AT LEAST THE

## BARRISTERS' REPORTING SERVICE

1 MINIMUM NUMBER THAT WE NEED.

2 CHAIRMAN KLEIN: THANK YOU.

3 DR. HENDERSON: WE DISCUSSED BRIEFLY AT A  
4 MEETING A POSSIBILITY OF TRYING MORE VIDEOCONFERENCING TO  
5 KEEP THE BEST REVIEWERS ENGAGED, EVEN THOUGH THEY DON'T  
6 NECESSARILY WANT TO TRAVEL ALL THE WAY TO CALIFORNIA.  
7 AND I THINK IT'S SOMETHING TO PUT NEAR THE TOP OF THE  
8 LIST BECAUSE I THINK WE REALLY DO NEED THE BEST PEOPLE.  
9 AND THE TENDENCY WILL BE FOR THAT TO CHANGE AS PEOPLE GET  
10 FATIGUED, JUST LIKE STAFF. HOW DO WE KEEP THEM ENGAGED?  
11 MAKE IT AS EASY AS POSSIBLE FOR THEM BY BEING AS FLEXIBLE  
12 AS WE CAN BE.

13 DR. MURPHY: BRIAN, WE AGREE WITH THAT. AND IT  
14 TURNS OUT I'VE LEARNED FROM BOB THAT AT&T PARK RIGHT  
15 ACROSS FROM CIRM HEADQUARTERS HAS A VERY ELABORATE  
16 TELECONFERENCE FACILITY WHICH IS AVAILABLE TO US. AND  
17 WE'VE ALSO ASKED DENNIS BUTLER AT CIRM TO DO TWO THINGS.  
18 ONE IS TO MAKE CERTAIN THAT THE CIRM HEADQUARTERS IS  
19 GOING TO BE FULLY CAPABLE FOR WI-FI SO THAT WE CAN HAVE  
20 PEOPLE COMING IN AND BEING VERY COMFORTABLE AT CIRM  
21 HEADQUARTERS USING THEIR OWN COMPUTER EQUIPMENT, BUT ALSO  
22 UPDATING THE CIRM HEADQUARTERS SO IT WILL HAVE  
23 TELECONFERENCING FACILITIES AS WELL, SPEAKING VERY MUCH  
24 TO WHAT YOU'VE JUST SUGGESTED.

25 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL BOARD

## BARRISTERS' REPORTING SERVICE

1 COMMENTS? I HAVE A REQUEST FROM JOHN SIMPSON TO MAKE A  
2 COMMENT.

3 MR. SIMPSON: ACTUALLY IT MIGHT BE MORE  
4 APPROPRIATE AFTER THE UPDATES.

5 CHAIRMAN KLEIN: ALL RIGHT. GREAT. WE  
6 WILL --

7 DR. MURPHY: MR. CHAIRMAN, TO COMPLETE THE  
8 PRESIDENT'S REPORT, I'VE ASKED GIL SAMBRANO TO SUMMARIZE  
9 WHAT HAS HAPPENED WITH THE TRAINING PROGRAMS, AMY LEWIS  
10 WILL GIVE ICOC AN UPDATE ON THE NUMBER OF GRANTS WE HAVE  
11 AWARDED AND PAID OUT, AND ARLENE WILL TALK ABOUT THE  
12 CURRENT AND FUTURE RFA'S, AND THEN WE WILL OPEN UP FOR  
13 QUESTIONS.

14 DR. SAMBRANO: THANK YOU, DR. MURPHY. I AM  
15 VERY PLEASED TO BRING TO YOU TODAY A REPORT ON THE ANNUAL  
16 CIRM SCHOLAR'S MEETING. AS YOU WILL RECALL, IN APRIL OF  
17 2006, THE CIRM AWARDED TRAINING GRANTS TO 16 CALIFORNIA  
18 NONPROFIT AND ACADEMIC INSTITUTIONS TO FOSTER TRAINING OF  
19 PREDOCTORAL, POSTDOCTORAL, AND CLINICAL TRAINEES ALL IN  
20 STEM CELL RESEARCH. THIS WAS THE FIRST INITIATIVE OF THE  
21 CIRM, IT WAS THE FIRST REVIEW BY OUR GRANTS WORKING  
22 GROUP, AND IT WAS THE FIRST APPROVAL OF APPLICATIONS BY  
23 THIS BOARD.

24 EACH OF THE GRANTEE INSTITUTIONS BRINGS UNIQUE  
25 STRENGTHS AND AREAS OF SPECIALIZATION IN STEM CELL

## BARRISTERS' REPORTING SERVICE

1 RESEARCH TRAINING, AND OVERALL THE PROGRAM CAN SUPPORT UP  
2 TO 170 TRAINEES PER YEAR.

3 SO THIS SEPTEMBER WE HELD THE FIRST ANNUAL CIRM  
4 SCHOLAR'S MEETING. AND THE PURPOSE OF THIS MEETING WAS  
5 TO OFFER TRAINEES THE OPPORTUNITY TO PRESENT THEIR  
6 PRELIMINARY DATA, TO ENGAGE IN SCIENTIFIC DISCUSSION, AND  
7 EXCHANGE IDEAS. IT WAS AN OCCASION FOR THEM TO MEET WITH  
8 PEERS AND MENTORS ACROSS DIFFERENT INSTITUTIONS AND TO  
9 SHARE AND DISCOVER WHAT OTHERS ARE WORKING ON. FOR THE  
10 CIRM IT WAS AN OPPORTUNITY TO SEE FIRSTHAND THE PRODUCT  
11 OF OUR TRAINING PROGRAM.

12 NOW, BECAUSE WE HAVE A LARGE NUMBER OF  
13 TRAINEES, ASSOCIATED MENTORS AND PROGRAM DIRECTORS, WE  
14 HAD ACTUALLY JUST A LITTLE OVER 200 PEOPLE REGISTER FOR  
15 THIS MEETING. AND IN ADDITION, TO REDUCE TRAVEL, WE SET  
16 UP TWO MEETINGS, ONE IN NORTHERN CALIFORNIA AND ONE IN  
17 SOUTHERN CALIFORNIA, AS SHOWN ON THE SLIDE. THE NORTHERN  
18 CALIFORNIA MEETING TOOK PLACE SEPTEMBER 11TH AT UC SAN  
19 FRANCISCO MISSION BAY CAMPUS, AND THE SOUTHERN CALIFORNIA  
20 COHORT MET JUST LAST WEEK AT THE UCI CAMPUS.

21 NOW, BOTH MEETINGS FEATURED THE SAME OVERALL  
22 AGENDA THAT INCLUDED SHORT TALKS THAT WERE GIVEN BY ONE  
23 SELECTED TRAINEE FROM EACH OF THE INSTITUTIONS. AND  
24 THOSE PHOTOS THAT YOU ARE SEEING HERE ARE ACTUALLY FROM  
25 THE NORTHERN CALIFORNIA MEETING, SO THESE ARE ACTUALLY

## BARRISTERS' REPORTING SERVICE

1 TAKEN FROM THE MEETINGS. THERE WAS ALSO A POSTER SESSION  
2 AT EACH IN WHICH TRAINEES HAD THE OPPORTUNITY TO DISPLAY  
3 AND DISCUSS RESEARCH ON A ONE-TO-ONE BASIS. THERE WERE  
4 ABOUT 115 ABSTRACTS OVERALL, AND THOSE ARE SHOWN AND  
5 AVAILABLE IN THIS BOOK THAT WAS JUST PASSED AROUND A  
6 LITTLE EARLIER.

7 THE SCHOLARS ALSO HAD THE OPPORTUNITY TO LEAD  
8 AND PARTICIPATE IN DISCUSSION GROUPS ON VARIED SELECTED  
9 TOPICS THAT INCLUDED THINGS LIKE TRANSLATIONAL  
10 CHALLENGES, DIRECTED DIFFERENTIATION, AND CAREER  
11 TRANSITIONS. AND THIS LAST PHOTO WAS IN ONE OF THE  
12 POSTERS PRESENTED BY THE TRAINEES; AND AS YOU CAN SEE,  
13 THEY ARE ALREADY LOOKING TO THE FUTURE OF THE CIRM  
14 SCHOLARS.

15 SO LET ME JUST SAY THAT, IN CLOSING, WE REALLY  
16 LEARNED A GREAT DEAL FROM THESE MEETINGS. IN PARTICULAR  
17 IT REINFORCED THE FACT THAT THERE IS GREAT VALUE IN  
18 HOLDING SUCH MEETINGS. NOT ONLY WAS IT IMPRESSIVE TO SEE  
19 THE QUALITY PRESENTATIONS AND THE ENTHUSIASTIC  
20 PARTICIPATION OF THE TRAINEES, BUT I THINK WE TOOK A GOOD  
21 FIRST STEP TOWARDS DEVELOPING A NETWORK AND A COMMUNITY  
22 OF SCIENTISTS IN STEM CELL RESEARCH. FOR THE TRAINEES  
23 THIS WAS A FIRST TIME IN MEETING MANY OTHERS AT OTHER  
24 INSTITUTIONS, SO I THINK THEY BENEFITED A LOT. I THINK  
25 THIS HAS ALSO GOTTEN US TO THINK ABOUT HOLDING AN ANNUAL



## BARRISTERS' REPORTING SERVICE

1 MEETING FOR ALL CIRM INVESTIGATORS IN THE NEAR FUTURE,  
2 SOMETHING THAT, AGAIN, WOULD HELP CREATE AND MAINTAIN A  
3 COMMUNITY OF SCIENTISTS TO SYNERGIZE THEIR EFFORTS.

4 THANK YOU. I THINK AMY WILL BE SPEAKING NEXT.

5 MS. LEWIS: GOOD MORNING. I'M PLEASED TO  
6 PROVIDE TO YOU AND TO THE PUBLIC A COMPILATION OF THE  
7 CIRM'S AWARDS AND APPLICATIONS APPROVED FOR FUNDING. YOU  
8 SHOULD HAVE A COPY AT YOUR PLACE OF THIS DOCUMENT. THERE  
9 ARE SEVERAL COPIES AT THE BACK TABLE FOR THE PUBLIC TO  
10 VIEW HERE AT THE MEETING. PLEASE NOTE THAT THIS IS AN  
11 ADVANCE DRAFT COPY, AND WE WILL MAKE THE FINAL COPY  
12 AVAILABLE TO YOU AND TO THE PUBLIC IN A FEW WEEKS AFTER  
13 IT IS PRODUCED.

14 THE PUBLICATION INCLUDES FUNDING DATA AND  
15 PUBLIC ABSTRACTS FOR ALL OF THE AWARDS AND APPROVED  
16 APPLICATIONS AS OF AUGUST 2007. SO THIS BOOKLET IS  
17 ORGANIZED INTO THREE CHAPTERS. THE FIRST CHAPTER COVERS  
18 THE CIRM TRAINING GRANT AWARDS, THE TRAINEES THAT GIL  
19 JUST REFERENCED. THOSE ARE ORGANIZED ALPHABETICALLY BY  
20 INSTITUTION. THE SECOND CHAPTER, THE LEON J. THAL SEED  
21 GRANTS AND COMPREHENSIVE RESEARCH GRANTS, ARE ORGANIZED  
22 BY SPECIFIC INJURIES AND DISEASES AND THEN BY TYPES OF  
23 RESEARCH. AND FINALLY, CHAPTER 3 COVERS THE SHARED  
24 RESEARCH LABORATORIES AND TECHNIQUES COURSES, ALSO  
25 ORGANIZED ALPHABETICALLY BY INSTITUTION.

## BARRISTERS' REPORTING SERVICE

1 I'D LIKE NOW TO TAKE JUST A MOMENT TO UPDATE  
2 YOU ON THE PROGRESS OF THE GRANT AWARDS FOR THE SEED,  
3 COMPREHENSIVE, AND SHARED LABS PROGRAMS.

4 MANY OF YOU MAY REMEMBER THE SLIDE THAT DR.  
5 CHIU USED AT THE JUNE ICOC MEETING TO SUMMARIZE THE  
6 GRANTS ADMINISTRATION PROCESS. FOR THE THREE PROGRAMS I  
7 JUST MENTIONED, WE ARE CURRENTLY IN STAGES 4 AND 5,  
8 PRE-AWARD REVIEW AND AWARD ACCEPTANCE.

9 AS A QUICK REMINDER, IN STAGE 4, PRE-AWARD  
10 REVIEW, EACH APPLICATION IS CAREFULLY REVIEWED BY CIRM  
11 GRANTS MANAGEMENT AND SCIENTIFIC STAFF FOR COMPLIANCE  
12 WITH THE GRANTS ADMINISTRATION POLICY AND CONDITIONS OF  
13 THE RFA ON ISSUES SUCH AS ELIGIBILITY, BUDGET, AND PUBLIC  
14 POLICY ASSURANCES. THOSE ASSURANCES ARE THE SCRO, OR  
15 STEM CELL RESEARCH OVERSIGHT COMMITTEE, APPROVAL FOR WORK  
16 WITH HUMAN EMBRYONIC STEM CELLS, ALSO APPROVAL FOR WORK  
17 WITH HUMAN SUBJECTS, AND APPROVAL FOR WORK WITH  
18 VERTEBRATE ANIMALS.

19 AT THIS STAGE THE APPLICANT IS ASKED TO PROVIDE  
20 TO CIRM -- PROVIDE CIRM WITH THE REQUIRED ASSURANCES AND  
21 CERTIFICATIONS AS THEY APPLY TO THE RESEARCH PROPOSED.  
22 WE DEPEND ON THE APPLICANTS TO PROVIDE US WITH THE  
23 REQUIRED AND APPROPRIATE MATERIAL IN ORDER TO MOVE  
24 FORWARD WITH ISSUING THE NOTICE OF GRANT AWARD. WHEN ALL  
25 THE MATERIALS HAVE BEEN RECEIVED AND ALL REQUIREMENTS

## BARRISTERS' REPORTING SERVICE

1 MET, WE MOVE ON TO STAGE 5. THAT'S AWARD ACCEPTANCE.

2 CIRM SENDS OUT A NOTICE OF GRANT AWARD STATING  
3 THE TERMS AND CONDITIONS OF THE AWARD. WHEN THE NOTICE  
4 OF GRANT AWARD IS SIGNED AND RETURNED TO US BY THE  
5 APPLICANT, WE NOTIFY THE STATE CONTROLLER, WHO ISSUES  
6 CHECKS OR WARRANTS, AS THE STATE CALLS THEM, TO GRANTEES.  
7 AT THE END OF STAGE 5, AN APPLICATION BECOMES A GRANT.

8 JUST A LITTLE BIT MORE DETAIL ON OUR NEXT  
9 SLIDE, I HOPE. SO EARLIER THIS YEAR THE ICOC APPROVED  
10 THE FUNDING OF 74 SEED APPLICATIONS, 29 COMPREHENSIVE  
11 RESEARCH APPLICATIONS, AND 17 SHARED LABS APPLICATIONS  
12 FOR A TOTAL OF 120 APPLICATIONS APPROVED FOR FUNDING.  
13 SINCE THEN WE'VE BEEN WORKING HARD ON STAGE 4 AND STAGE 5  
14 OF THE GRANTS ADMINISTRATION PROCESS WITH EACH APPLICANT,  
15 MANY OF WHOM ARE NEW AT THIS AND UNFAMILIAR WITH OUR  
16 CONDITIONS AND PROCESSES. WE'VE ALSO AUGMENTED OUR  
17 GRANTS MANAGEMENT OFFICE, UP FROM ONE TO THREE STAFF.

18 YOU WILL NOTE THAT THERE ARE 33 APPLICATIONS  
19 TOTAL IN THE FIRST COLUMN WITH DOCUMENTS PENDING. FOR  
20 THESE APPLICATIONS WE AWAIT FINAL REQUIRED DOCUMENTATION  
21 NECESSARY TO ISSUE A NOTICE OF GRANT AWARD, AND A HANDFUL  
22 OF THOSE ARE FOR CASES WHERE A PRINCIPAL INVESTIGATOR HAS  
23 REQUESTED TO DEFER THE START DATE OF THE AWARD.

24 WE HAVE SUCCESSFULLY ENTERED STAGE 5 WITH ABOUT  
25 75 PERCENT OF THE APPROVED APPLICATIONS, ISSUING 87 AWARD

## BARRISTERS' REPORTING SERVICE

1 NOTICES BETWEEN AUGUST 1ST AND OCTOBER 1ST.

2 FINALLY, HERE'S A QUICK VISUAL SUMMARY OF THE  
3 CURRENTLY FUNDED CIRM PROGRAMS WHICH FALL INTO THREE  
4 MAJOR AREAS. FIRST, CIRM IS TRAINING NEW PEOPLE THROUGH  
5 THE TRAINING GRANTS PROGRAM, PREPARING EXCEPTIONAL  
6 PREDOCTORAL, POSTDOCTORAL, AND CLINICAL FELLOWS FOR  
7 CAREERS IN STEM CELL RESEARCH, AND ALSO AS PART OF THE  
8 SHARED LABS PROGRAMS, THROUGH THE TECHNIQUES COURSES,  
9 PROVIDING HANDS-ON TRAINING FOR WORK WITH HUMAN EMBRYONIC  
10 STEM CELLS FOR SCIENTISTS AND TECHNICAL STAFF.

11 CIRM IS SUPPORTING TALENTED INVESTIGATORS  
12 WORKING ON BOTH GROUNDBREAKING CONCEPTS AND APPROACHES  
13 AND MATURE ONGOING STUDIES IN THE SEED AND COMPREHENSIVE  
14 RESEARCH GRANT PROGRAMS, AND CIRM IS FUNDING DEDICATED  
15 LABORATORY SPACE AND EQUIPMENT THAT IS FREE OF FEDERAL  
16 FUNDING THROUGH THE SHARED RESEARCH LABORATORY GRANT  
17 PROGRAM.

18 AS YOU CAN SEE, THE ICOC HAS APPROVED MORE THAN  
19 208 MILLION FOR RESEARCH AND FACILITIES FUNDING AT 23  
20 CALIFORNIA INSTITUTIONS. THANK YOU VERY MUCH FOR YOUR  
21 TIME AND ATTENTION. I BELIEVE DR. CHIU IS NEXT.

22 DR. CHIU: WITH THE LITIGATION BEHIND US AND IN  
23 ANTICIPATION OF THE SALE OF BONDS, I'D TODAY LIKE TO  
24 SUMMARIZE FOR THE BOARD OUR CURRENT INITIATIVES AND  
25 PRESENT TO YOU PRELIMINARY PLANS FOR FUTURE INITIATIVES

## BARRISTERS' REPORTING SERVICE

1 WITH 2007 AND 2008.

2 SO FOR CURRENT INITIATIVES, WHICH YOU'VE  
3 ALREADY SEEN, WE HAVE TWO THAT ARE POSTED, THE NEW  
4 FACULTY AWARD WHERE THE BOARD APPROVED THE CONCEPT IN  
5 JUNE, AND WE EXPECT TO BRING THE RESULTS FOR BOARD REVIEW  
6 AND APPROVAL IN DECEMBER OF THIS YEAR. THE MAJOR  
7 FACILITIES AWARDS, YOU APPROVED THE CONCEPT IN AUGUST OF  
8 THIS YEAR, AND WE ANTICIPATE FINAL ICOC REVIEW AND  
9 APPROVAL IN APRIL OF '08.

10 WE HAVE NEW INITIATIVES, TWO MORE NEW  
11 INITIATIVES PLANNED FOR 2007. AND STAFF WILL BE  
12 PRESENTING THESE IN MORE DETAIL IN AGENDA ITEMS 8 AND 9  
13 THAT WILL FOLLOW. I JUST WANT TO POINT OUT THAT THE  
14 DISEASE TEAM PLANNING GRANTS AND THE NEW PLURIPOTENT  
15 HUMAN CELL LINES PROGRAM, WE EXPECT, WITH YOUR APPROVAL  
16 TODAY, WE EXPECT THE RFA'S TO BE POSTED IN THE FALL OF  
17 THIS YEAR FOR REVIEW TO TAKE PLACE IN THE WINTER AND TO  
18 COME FOR YOUR APPROVAL ON THE INDIVIDUAL APPLICATIONS IN  
19 THE SPRING OF '08.

20 SO AS YOU HAVE SEEN, FOR 2007 OUR PLATE IS NOW  
21 VERY FULL. HOWEVER, WE DO ENVISION MORE INITIATIVES  
22 COMING DOWN THE PIKE FOR 2008. NOW, I WANT TO WARN YOU  
23 THE BIG WORD "DRAFT." THESE ARE JUST PRELIMINARY PLANS  
24 AND ARE MEANT TO BE VERY FLEXIBLE. THE TIMING AND EXACT  
25 NATURE OF EACH INITIATIVE MAY CHANGE DEPENDING ON NEW

## BARRISTERS' REPORTING SERVICE

1 PLANS MADE BY THE INTERIM PRESIDENT AND THE NEW PRESIDENT  
2 AS WELL AS ON CIRCUMSTANCES SUCH AS REVIEWER AVAILABILITY  
3 AND STAFF RESOURCES. AND, OF COURSE, BEFORE EACH  
4 INITIATIVE IS FINALIZED AND LAUNCHED, IT WILL BE BROUGHT  
5 BEFORE THE BOARD FOR CONCEPT APPROVAL.

6 SO FUTURE INITIATIVES CAN BE CLASSIFIED UNDER  
7 FOUR CATEGORIES. UNDER BASIC DISCOVERY RESEARCH, WE  
8 PROPOSE SEVERAL POSSIBILITIES, NOT ALL OF WHICH MIGHT BE  
9 PUT UP FOR 2008. AND THESE ARE BIOLOGY OF STEM CELLS,  
10 TOOLS AND REAGENTS, EGG AND EMBRYO RESEARCH, AND TISSUE  
11 ENGINEERING, EACH OF WHICH IS MORE FULLY DESCRIBED IN THE  
12 SCIENTIFIC STRATEGIC PLAN.

13 UNDER TRANSLATIONAL RESEARCH, WE ENVISION TWO  
14 IMPORTANT INITIATIVES, AN RFA FOR STAGE 1 TRANSLATIONAL  
15 OR PRECLINICAL RESEARCH AND A MAJOR DISEASE TEAM GRANT  
16 PROGRAM TO BE LAUNCHED LATE IN 2008. AND PAT OLSON WILL  
17 BE TALKING MORE ABOUT THIS PROGRAM IN A FEW MINUTES.

18 TWO OTHER AREAS. TRAINING PROGRAMS, OUR  
19 CURRENT TRAINING PROGRAM THAT YOU HEARD A LITTLE BIT  
20 ABOUT RUNS FOR THREE YEARS, BUT WILL EXPIRE AT THE END OF  
21 MARCH IN 2009. WE WOULD LIKE TO RENEW IT UNDER TRAINING  
22 PROGRAM II. IN ADDITION, WE HOPE TO INITIATE A TECHNICAL  
23 TRAINING PROGRAM SPECIFICALLY TO EXTEND THE SKILLS OF  
24 TECHNICAL STAFF IN STEM CELL RESEARCH.

25 AND FINALLY, CORES AND FACILITIES. WE

## BARRISTERS' REPORTING SERVICE

1 ANTICIPATE AN INITIATIVE TO SUPPORT CRITICAL CORES AND  
2 SERVICES SUCH AS STEM CELL BANKING AND TRAINING AND OTHER  
3 IMPORTANT RESOURCES SOMETIME NEXT YEAR. TO CARRY OUT ALL  
4 THESE AMBITIOUS PLANS WILL REQUIRE STAFFING UP THE  
5 SCIENCE OFFICE, WHICH IS ALREADY WORKING FLAT OUT TO MEET  
6 THIS YEAR'S GOALS. AND I THANK YOU FOR YOUR ATTENTION.

7 (APPLAUSE.)

8 DR. MURPHY: MR. CHAIRMAN, THAT IS THE  
9 PRESIDENT'S REPORT, AND I'M HAPPY TO OPEN THE FLOOR TO  
10 QUESTIONS FROM THE ICOC FOR ANY OF OUR STAFF.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IT'S A  
12 VERY IMPRESSIVE REPORT AND VERY INSPIRING. MEMBERS OF  
13 THE BOARD? DR. PRIETO.

14 DR. PRIETO: I WONDER IF YOU COULD GIVE US SOME  
15 IDEA HOW MUCH HAS ACTUALLY HAS GONE OUT OF THE APPROVED  
16 GRANTS. WHAT HAVE WE ACTUALLY FUNDED AND WRITTEN CHECKS  
17 FOR?

18 DR. MURPHY: I THINK AMY CAN.

19 MS. LEWIS: 75 PERCENT.

20 DR. MURPHY: 75 PERCENT OF YEAR ONE GRANTS HAVE  
21 NOW GONE OUT. MONEY HAS FLOWED.

22 DR. PRICE: THAT INCLUDES THE SEED GRANTS YEAR  
23 ONE WHEN YOU SAY YEAR ONE?

24 DR. MURPHY: FOR ALL THREE PROGRAMS.

25 CHAIRMAN KLEIN: OKAY. DR. PIZZO.

## BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: I WAS VERY PLEASED TO HEAR ALL THE  
2 REPORTS, OF COURSE. THE ONE ON THE TRAINING GRANTS AND  
3 THE SCHOLARS IS, OF COURSE, OF INCREDIBLE IMPORTANCE TO  
4 ALL OF US. TWO THINGS, ONE JUST VERY PRACTICAL. I KNOW  
5 THAT YOU NEEDED TO DIVIDE THEM INTO A NORTH-SOUTH  
6 CORRIDOR FOR THE FIRST PASS. I THINK OBVIOUSLY IT WILL  
7 BE GREAT GOING FORWARD TO MIX UP OUR COMMUNITIES SO THAT  
8 WE DON'T HAVE A UNNATURAL DIVIDE.

9 THE OTHER IS THAT IT MAY BE VERY WORTHWHILE  
10 THINKING ABOUT A GATHERING OF THE PROGRAM DIRECTORS FROM  
11 THOSE TRAINING GRANTS AS WELL TO SHARE THEIR EXPERIENCES,  
12 WHAT'S WORKING, WHAT'S NOT WORKING IN MENTORING AND  
13 GUIDING THESE EXTRAORDINARY YOUNG FUTURE TALENTS SO THAT  
14 WE CAN OPTIMIZE THIS, NOT ONLY FOR THE CURRENT TRAINEES,  
15 BUT ALSO AS TO HOW IT MIGHT APPLY TO FUTURE ONES AS WELL.

16 DR. MURPHY: I THINK THAT'S AN EXCELLENT  
17 SUGGESTION.

18 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL BOARD  
19 COMMENTS?

20 DR. MURPHY: EXCUSE ME, BOB. I THINK GIL HAS A  
21 COMMENT.

22 DR. SAMBRANO: I JUST WANTED TO REPLY. I THINK  
23 THOSE ARE TWO VERY GOOD POINTS, AND I JUST WANT TO NOTE  
24 THAT WE ACTUALLY DID HAVE A MEETING OF THE PROGRAM  
25 DIRECTORS LAST YEAR. AND THAT WAS ACTUALLY VERY



## BARRISTERS' REPORTING SERVICE

1 PRODUCTIVE. IT GOT EVERYBODY ON THE SAME PAGE IN TERMS  
2 OF WHAT THEY NEEDED TO DO WITH TRAINING PROGRAMS AND ALSO  
3 A SHARE OF IDEAS OF HOW THEY CAN DO IT IN THE FUTURE.

4 I THINK THE TRAINING MEETINGS THAT WE HAD AS  
5 WELL WAS ANOTHER OPPORTUNITY FOR THE PROGRAM DIRECTORS TO  
6 COME TOGETHER, AND THEY NOTED THAT THAT WAS AN IMPORTANT  
7 ASPECT OF HAVING SUCH MEETINGS.

8 AND THEN TO YOUR OTHER POINT, AGAIN BRINGING  
9 TOGETHER ALL THE TRAINEES IN A SINGLE MEETING WAS BROUGHT  
10 UP BY SEVERAL, AND SO THAT'S SOMETHING THAT WE ARE GOING  
11 TO THINK ABOUT POSSIBLY FOR NEXT YEAR.

12 DR. PIZZO: IT WOULD BE GOOD. IF YOU CAN JUST  
13 GET THEM ALTOGETHER, IT BECOMES A BIG MEETING, MIXING  
14 THEM UP SO THAT THEY HAVE AN OPPORTUNITY TO SHARE MORE  
15 BROADLY WOULD BE WORTHWHILE.

16 DR. SAMBRANO: THANK YOU.

17 DR. MURPHY: MR. CHAIRMAN, MAY I JUST ADD ONE  
18 THING?

19 CHAIRMAN KLEIN: ABSOLUTELY.

20 DR. MURPHY: JUST TO PUT A LITTLE FACE ON THE  
21 TRAINING PROGRAM. I WAS AT THE IRVINE MEETING. AND  
22 GOING AROUND THE POSTERS, AND I ENDED UP TALKING WITH TWO  
23 YOUNG WOMEN, BOTH OF WHOM WERE SURGICAL RESIDENTS AT L.A.  
24 CHILDREN'S HOSPITAL. ONE WAS A -- PRESENTED A POSTER  
25 THAT SHE WAS DOING ON THE STEM CELLS OF CANCER, AND THE

## BARRISTERS' REPORTING SERVICE

1 OTHER ONE PRESENTED A POSTER SHE WAS DOING ON THE STEM  
2 CELLS IN THE GUT. AND AFTER HEARING THEIR SCIENCE, I  
3 THEN SAID WHAT ARE YOUR CAREER PLANS? IN BOTH CASES  
4 THESE TWO YOUNG LADIES, BOTH NOW AT THE END OF THEIR  
5 TRAINING AS SURGEONS, WERE SPENDING THREE YEARS DOING THE  
6 CELL BIOLOGY OF STEM CELLS. AND BOTH HAD MADE THE  
7 DECISION THAT THEY NOW WANTED TO BE ACADEMIC PHYSICIANS.

8 SO I THINK THAT THAT'S THE IMPACT THAT CIRM  
9 PROGRAMS ARE HAVING, WHICH I THINK, IF NOTHING ELSE EVER  
10 HAPPENED TO ME, THAT'S WORTH THE PROGRAM RIGHT THERE.

11 CHAIRMAN KLEIN: DR. BRENNER.

12 DR. BRENNER: ACTUALLY THAT'S SORT OF MY  
13 QUESTION. I THINK IT'S VERY IMPORTANT IF WE DOCUMENT THE  
14 FOLLOW-UP SO IT'S NOT BASED ON TESTIMONIALS, WE KNOW  
15 ACTUALLY WHERE THEY ARE ONE YEAR, TWO YEARS, THREE YEARS  
16 OF OUR TRAINEES. I THINK THAT'S VERY IMPORTANT TO  
17 VALIDATE THE PROGRAM.

18 DR. MURPHY: THAT'S A GREAT IDEA, DAVID.

19 CHAIRMAN KLEIN: THAT'S A SUPERB IDEA. IT  
20 WOULD BE VERY HELPFUL IN OUR OVERSIGHT HEARINGS TO REALLY  
21 PROVIDE THAT DATA.

22 ADDITIONAL BOARD COMMENTS? DR. HENDERSON.

23 DR. HENDERSON: YEAH. I DON'T KNOW HOW  
24 FEASIBLE IT IS IN THE SCHOLARS MEETING, BUT IF THERE'S A  
25 WAY TO WORK IN PARTICIPATION FROM SOME SENIOR SCIENTISTS

## BARRISTERS' REPORTING SERVICE

1 IN THE DIFFERENT ACADEMIC INSTITUTIONS JUST WITHIN THE  
2 STATE AS SORT OF VISITING FELLOWS OR SOMETHING WHO CAN,  
3 LIKE YOU, GO AROUND AND INTERACT WITH DIFFERENT TRAINEES  
4 FROM DIFFERENT INSTITUTIONS TO SORT OF BROADEN THE  
5 TRAINEE'S EXPOSURE TO THE WEALTH OF SCIENTIFIC EXPERTISE  
6 WE HAVE IN THIS STATE. SORT OF ALONG THE MARQUIS  
7 SCHOLARS MEETING MODEL, BUT MAYBE NOT THAT ELABORATE, BUT  
8 I'M SURE MANY OF US WOULD BE WILLING TO DO THIS, AND IT  
9 MIGHT JUST ADD SOME MORE DEPTH TO THE EXPERIENCE FOR THE  
10 SCHOLARS.

11 DR. MURPHY: EXCELLENT.

12 CHAIRMAN KLEIN: DUANE ROTH.

13 MR. ROTH: SO I REALLY APPRECIATE THE COMMENTS  
14 YOU ALL MADE ABOUT THE NEED TO GET THE STAFF THAT'S  
15 NECESSARY TO KEEP THE MOMENTUM GOING. AND I REALLY WANT  
16 TO ENCOURAGE THAT. I THINK, YOU KNOW, WE'VE BEEN THROUGH  
17 SO MUCH WITH THE LITIGATION AND THE DELAYS, AND NOW THAT  
18 WE'RE THERE, I HOPE WE DON'T LET INTERNAL LACK OF  
19 RESOURCES, WHETHER IT BE REVIEWERS OR STAFFERS, SLOW US  
20 DOWN. AND EVEN THE TEMPTATION TO WAIT TILL THE NEW  
21 PRESIDENT ARRIVES, I THINK, WOULD BE A MISTAKE. WE  
22 SHOULD KEEP MOVING AND MAKE SURE THAT WE AREN'T THE  
23 LIMITING STEP TO GET THE MONEY AND GRANTS ISSUED.

24 DR. MURPHY: AGREED.

25 CHAIRMAN KLEIN: OKAY. I'D ALSO LIKE TO

## BARRISTERS' REPORTING SERVICE

1 RECOUNT A SHORT STORY FOR ALL OF THOSE ON THE BOARD AND  
2 THOSE WHO HAVE SAT THROUGH PEER REVIEW SESSIONS AND  
3 WATCHED DR. CHIU LEAD THOSE REVIEW SESSIONS SEAMLESSLY.  
4 THERE'S SOME BACKGROUND THAT YOU SHOULD KNOW BECAUSE  
5 WE'VE ACCOMPLISHED A TREMENDOUS AMOUNT EVEN UNDER THE  
6 THREAT OF LITIGATION HERE. IT TOOK A REAL DRIVING  
7 INSPIRATION TO GET THOSE PEER REVIEW SESSIONS COMPLETED  
8 AND THE SCIENCE MOVING FORWARD.

9 SO WE WERE -- DR. MURPHY AND I WERE AT A DINNER  
10 WITH DR. TROUNSON, AND DR. CHIU WAS THERE, AND WE  
11 RECOUNTED THAT DURING THE CAMPAIGN FOR PROPOSITION 71,  
12 WHEN OTHERS THOUGHT THAT IT MIGHT NOT PASS, THERE WAS A  
13 GREAT INSPIRED SCIENTIST AT THE NIH, DR. ARLENE CHIU.  
14 AND SHE CALLED THE CAMPAIGN OFFICE DURING THE CAMPAIGN  
15 AND SHE SAID, "YOU KNOW, WHEN THIS PASSES," NOT IF, "WHEN  
16 THIS PASSES, YOU SHOULD HIRE ME. I CAN GET IT DONE."

17 (APPLAUSE.)

18 CHAIRMAN KLEIN: SO HER SPIRIT AND HER  
19 COMMITMENT, I THINK, ARE ALWAYS THERE. SHE WAS PART OF  
20 THE BIRTH OF THIS ORGANIZATION AND IS COMMITTED TO  
21 CONTINUE TO ADVISE US AS WE MATURE. BUT IT'S THAT  
22 DRIVING SPIRIT EVEN WHEN OTHERS WERE DOUBTING THE  
23 POSSIBILITY THAT HAS MADE THIS SUCH AN ENERGETIC DYNAMIC  
24 AND DELIVERING INSTITUTION.

25 I BELIEVE THAT WE HAVE A PUBLIC COMMENT AT THIS

## BARRISTERS' REPORTING SERVICE

1 TIME. JOHN SIMPSON.

2 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
3 FOR TAXPAYER AND CONSUMER RIGHTS. THREE VERY QUICK  
4 ITEMS, TWO OF THEM ARE MAYBE HOUSEKEEPING. YOU MAY HAVE  
5 NOTED THAT DON REED IS NOT HERE, AND HE ASKED ME TO NOTE  
6 THAT, IN CASE YOU HADN'T NOTED IT, BECAUSE EVEN THOUGH  
7 HE'S AN AMAZING FELLOW AND TREMENDOUSLY COMMITTED, HE  
8 CANNOT BE IN TWO PLACES AT ONCE. HE IS AT THE STEM CELL  
9 SUMMIT IN BOSTON AND SENDS HIS REGRETS, AND HE ASKED ME  
10 TO PLEASE DO THAT.

11 THE SECOND THING, I ONCE SPENT A YEAR IN  
12 IRELAND TEACHING AND LEARNED THAT ENGLISH IS SPOKEN IN  
13 MANY DIFFERENT WAYS AROUND THE WORLD. AND I HAVE  
14 ACQUIRED FOR THE STAFF A WORD BOOK OF AUSTRALIAN IDIOM,  
15 *AUSSIE SLANG, NO WORRIES. SHE'S APPLES.* AND I THINK  
16 THIS MIGHT HELP AS YOU DEAL WITH ALAN TROUNSON. SO I  
17 GIVE THIS TO THE PRESIDENT, AND THE ICOC CAN PERHAPS DRAW  
18 ON THAT RESOURCE.

19 (APPLAUSE.)

20 MR. SIMPSON: THE SERIOUS POINT I WANTED TO  
21 MAKE ON THE AWARDS THAT WERE ANNOUNCED IN THE REVIEW. IT  
22 SEEMS TO ME THAT THE FACT THAT 33 ARE STILL PENDING IS A  
23 VERY GOOD THING IN A SENSE BECAUSE IT SHOWS THAT THE  
24 PROCEDURES ARE BEING FOLLOWED AND YOU ARE VETTING THINGS  
25 VERY CAREFULLY, AND THAT'S VERY IMPORTANT. BUT I WOULD

## BARRISTERS' REPORTING SERVICE

1 ASK A FURTHER QUESTION ABOUT THOSE, AND MAYBE IT'S HERE  
2 AND I DIDN'T HEAR IT. ARE THERE ANY THAT YOU HAVE  
3 CONCLUDED WILL NOT PASS MUSTER AND WILL ULTIMATELY BE  
4 TURNED DOWN?

5 CHAIRMAN KLEIN: WE ACTUALLY HAVE AN  
6 ADMINISTRATIVE ITEM THAT'S GOING TO COME UP ON, AND THERE  
7 WILL BE A REPORT ON THAT VERY SPECIFICALLY. SO WHEN WE  
8 GET TO THAT REPORT, WE'RE GOING TO COVER IT.

9 MR. SIMPSON: THAT WILL BE VERY APPROPRIATE.  
10 THANK YOU.

11 CHAIRMAN KLEIN: THANK YOU. SO AT THIS TIME  
12 I'D LIKE TO ASK DR. MURPHY IF IT'S APPROPRIATE THAT WE  
13 CAN MOVE TO AGENDA ITEM 7, CONSIDERATION OF AMENDMENTS TO  
14 GRANTS ADMINISTRATION POLICY REGARDING FACILITIES. THIS  
15 ITEM IS IN TWO PARTS, BOTH FOUND BEHIND TAB 7 IN YOUR  
16 BINDERS. PART A IS THE FACILITIES PORTION OF THE GAP  
17 RECOMMENDED BY THE FACILITIES WORKING GROUP THAT WILL BE  
18 PRESENTED LATER BY RICK KELLER, AND PART B WILL BE  
19 PRESENTED BY DR. MURPHY. DR. MURPHY, IT'S YOUR PLEASURE.

20 DR. MURPHY: MR. CHAIRMAN, THAT IS THE  
21 INTRODUCTION I WAS GOING TO GIVE. SO LET ME INTRODUCE TO  
22 YOU RICK KELLER, WHO HAS BEEN RESPONSIBLE FOR THE ONGOING  
23 ACTIVITIES OF THE FACILITIES WORKING GROUP.

24 DR. POMEROY: BOB, IN TERMS OF CLARIFICATION,  
25 IS THIS THE DISCUSSION ITEM FROM WHICH MANY OF US HAVE TO

## BARRISTERS' REPORTING SERVICE

1 RECUSE OURSELVES?

2 CHAIRMAN KLEIN: LET ME HAVE COUNSEL ADDRESS  
3 THIS. FIRST TAMAR PACHTER AND THEN IF I COULD ALSO HAVE  
4 JAMES HARRISON MAKE A COMMENT.

5 MS. PACHTER: DR. POMEROY, THIS ITEM IS BEING  
6 PRESENTED IN TWO PARTS, 7 A AND 7 B. THE MEMBERS OF THE  
7 ICOC HAVE NO KNOWN CONFLICTS OF INTEREST WITH RESPECT TO  
8 ITEM 7 A; HOWEVER, WE HAVE IDENTIFIED POTENTIAL CONFLICTS  
9 OF INTEREST WITH RESPECT TO ITEM 7 B, WHICH WILL AFFECT,  
10 MAY AFFECT, EXISTING CONTRACTS AT INSTITUTIONS WITH WHICH  
11 SOME OF YOU ARE AFFILIATED.

12 SO WITH RESPECT TO ITEM A, THERE IS NO  
13 RESTRICTION THAT WE ARE AWARE OF ON DISCUSSION OR VOTING.  
14 THERE ARE RESTRICTIONS WITH RESPECT TO ITEM 7 B.

15 CHAIRMAN KLEIN: AND MR. HARRISON, COULD YOU  
16 PUT THIS 7 B DISCUSSION IN CONTEXT?

17 MR. HARRISON: SURE. FIRST OF ALL, AS YOU  
18 KNOW, THERE IS AN EXCEPTION IN PROPOSITION 71 THAT  
19 PERMITS THE BOARD TO PARTICIPATE IN DECISIONS WITH  
20 RESPECT TO STANDARDS OF GENERAL APPLICATION WITHOUT  
21 RESPECT TO POTENTIAL CONFLICTS OF INTEREST. AND AS YOU  
22 ALSO KNOW, AND AS THE COURT OF APPEAL RECOGNIZED, ONE OF  
23 THE REASONS THAT PROPOSITION 71 WAS STRUCTURED AS IT WAS  
24 WAS IN ORDER TO DRAW UPON THE EXPERTISE OF PEOPLE WHO  
25 COME FROM INSTITUTIONS THAT HAVE MANAGED SCIENTIFIC AND

## BARRISTERS' REPORTING SERVICE

1 MEDICAL GRANTS AND THAT ARE EXPERIENCED IN THIS AREA.

2 SO IN THE PAST YOU HAVE PARTICIPATED IN ALL  
3 DECISIONS WITH RESPECT TO STANDARDS ON A PROSPECTIVE  
4 BASIS. HERE, WITH RESPECT TO ITEM 7 B, THERE ARE A  
5 COUPLE OF DISTINCTIONS. ONE IS THAT LETTERS OF INTENT  
6 HAVE ALREADY BEEN SUBMITTED FOR THE MAJOR FACILITIES  
7 GRANTS. THE SECOND IS THAT THIS PARTICULAR DECISION  
8 WOULD AFFECT EXISTING GRANTS.

9 SO FOR THOSE OF YOU WHO COME FROM INSTITUTIONS  
10 THAT HAVE ALREADY RECEIVED RESEARCH GRANT AWARDS, THIS  
11 DECISION MAY HAVE AN IMPACT ON THOSE AWARDS. SO  
12 NOTWITHSTANDING THE EXCEPTION, WE BELIEVE THAT IN THIS  
13 PARTICULAR CIRCUMSTANCE THAT IT WOULD BE ADVISABLE FOR  
14 THOSE MEMBERS WHO COME FROM INSTITUTIONS WHO HAVE  
15 SUBMITTED LOI'S OR THAT INTEND TO APPLY FOR A MAJOR  
16 FACILITIES GRANT AND THAT HAVE EXISTING RESEARCH GRANTS  
17 RECUSE THEMSELVES FROM PARTICIPATING IN THE DECISION.  
18 AND THAT'S OUT OF AN ABUNDANCE OF CAUTION, AGAIN, TO  
19 MAINTAIN PUBLIC TRUST AND TRANSPARENCY.

20 CHAIRMAN KLEIN: AND THIS ADVICE IS BASED ON  
21 THIS VERY SPECIFIC FACT. IT'S NOT MEANT TO ESTABLISH ANY  
22 BROAD PRECEDENT. IT IS NARROWLY LIMITED TO THESE VERY  
23 SPECIFIC FACTS, BUT THANK YOU. DR. POMEROY. DR. PIZZO.

24 DR. PIZZO: ...NOT BEING INVOLVED IN THE  
25 DISCUSSION, I UNDERSTAND THE WHOLE, BUT NOT THE



## BARRISTERS' REPORTING SERVICE

1 DISCUSSION EITHER?

2 MR. HARRISON: THAT'S CORRECT. IT APPLIES TO  
3 BOTH.

4 CHAIRMAN KLEIN: ON PART B.

5 DR. BRYANT: WILL THAT LEAVE A QUORUM?

6 CHAIRMAN KLEIN: YES. IN WRITING THE  
7 INITIATIVE, THE RULES WERE SET UP SO THAT THE QUORUM  
8 AUTOMATICALLY ADJUSTS SO THAT WHENEVER INDIVIDUALS ARE  
9 RECUSED, THE QUORUM ADJUSTS FOR EXCLUDING THOSE THAT ARE  
10 RECUSED. THERE WERE GREAT LEGAL MINDS THAT WERE PROVIDED  
11 AS SUPPORT FOR THAT. BUT I WILL TELL YOU THAT IT'S ALSO  
12 IN AN AREA WE HAD SOME CONCERN BECAUSE THERE WERE  
13 CANDIDATES RUNNING IN THAT ELECTION WHO WERE NOT  
14 SUPPORTIVE OF STEM CELL RESEARCH. IT WOULD ADJUST IF  
15 THERE IS AT ANY TIME A CONSTITUTIONAL OFFICER WHO DOES  
16 NOT MAKE THE APPOINTMENTS. IT ALSO THEN ADJUSTS FOR  
17 VACANT SEATS. RICK KELLER.

18 MR. KELLER: GOOD MORNING. TODAY YOU'RE GOING  
19 TO CONSIDER THE GRANTS ADMINISTRATION POLICY OR GAP WHICH  
20 PROVIDES GUIDANCE TO APPLICANTS AND GRANTEEES ABOUT THE  
21 POLICIES AND RULES THAT WILL APPLY TO CIRM GRANTS. YOU  
22 HAVE PREVIOUSLY APPROVED SEVEN CHAPTERS WITHIN THE GAP,  
23 AND TODAY YOU WILL BE CONSIDERING, AS MENTIONED, CHAPTER  
24 8 OF THE MAJOR FACILITIES, AND LATER DR. MURPHY WILL BE  
25 PRESENTING THE REVISIONS TO CHAPTER 5.

## BARRISTERS' REPORTING SERVICE

1                   SO WHERE DO THESE RULES ORIGINATE FROM? WELL,  
2 FIRST OF ALL, THERE'S BASICALLY THREE AREAS. THERE ARE  
3 PROVISIONS WITHIN PROPOSITION 71 THAT ARE SPECIFIC  
4 REQUIREMENTS THAT WE MUST INCORPORATE INTO THE  
5 ADMINISTRATIVE LAW FOR APPLICANTS AND GRANTEES TO BE  
6 AWARE OF.

7                   SECONDLY, YOU HAVE COMMISSIONED OR PROPOSITION  
8 71, RATHER, COMMISSIONS THE FACILITIES WORKING GROUP TO  
9 "MAKE RECOMMENDATIONS TO THE ICOC ON INTERIM AND FINAL  
10 CRITERIA REQUIREMENTS AND STANDARDS FOR APPLICATIONS FOR  
11 AND THE AWARDING OF GRANTS AND LOANS FOR BUILDINGS,  
12 BUILDING LEASES, AND CAPITAL EQUIPMENT." SO THIS PUTS  
13 THE FACILITIES WORKING GROUP IN A POSITION OF  
14 RECOMMENDING TO YOU SPECIFIC POLICIES THAT ARE  
15 DISCRETIONARY TO YOU.

16                   AND THEN THIRDLY, THERE IS ALSO THE STAFF OR  
17 CIRM PRESIDENT'S RECOMMENDATIONS AS WILL BE PRESENTED  
18 LATER BY DR. MURPHY.

19                   LET ME GO THROUGH THE SPECIFIC AREAS HERE THAT  
20 I JUST REVIEWED. WITH RESPECT TO THE PROVISIONS APPLYING  
21 TO PROPOSITION 71, YOU WILL SEE THAT IT CALLS FOR  
22 SPECIFIC REQUIREMENTS RELATED TO BEING NONPROFIT, THAT A  
23 GOAL BE ESTABLISHED FOR CALIFORNIA SUPPLIERS THAT WORKERS  
24 BE PAID PREVAILING WAGE, THAT FACILITIES HAVE A  
25 20-PERCENT MATCHING REQUIREMENT FROM THE INSTITUTION, AND

## BARRISTERS' REPORTING SERVICE

1 THAT THERE BE A PRIORITY CONSIDERATION FOR PROJECTS THAT  
2 ARE COMPLETED WITHIN TWO YEARS.

3 THE RECOMMENDATIONS FROM YOUR FACILITIES  
4 WORKING GROUP, WHICH MET YESTERDAY, IS WHAT I REVIEW NOW.  
5 I WANT TO MAKE SURE THAT YOU'RE AWARE OF THE FACT THAT,  
6 IN ADDITION TO THE MATERIAL THAT YOU RECEIVED IN YOUR  
7 PACKET IN SECTION 7, THERE IS ALSO AN ADDENDUM REFLECTING  
8 CHANGES THAT WERE ADOPTED YESTERDAY BY THE FACILITIES  
9 WORKING GROUP IN THE FRONT LEAF OF THE BINDER AND SHOULD  
10 BE TITLED AS SUCH. SO AGENDA ITEM 7 A AMENDMENT.

11 THE REQUIREMENTS THAT HAVE BEEN ESTABLISHED BY  
12 THE -- RECOMMENDED, RATHER, BY THE FACILITIES WORKING  
13 GROUP CONSIST OF MATCHING FUNDS BEING LIMITED TO CASH  
14 CONTRIBUTIONS TO THE PROJECT. AND THIS LEADS TO REALLY A  
15 CONCEPT OF PROJECT LEVERAGE, AND I'LL GET INTO MORE  
16 DETAIL ABOUT PROJECT LEVERAGE LATER. BUT IT BASICALLY IS  
17 UNDER -- IT ESTABLISHES THE NOTION THAT ALL THE  
18 CONTRIBUTIONS TO THE PROJECT THAT ARE BEYOND THE  
19 20-PERCENT CASH MATCH WILL BE CONSIDERED PROJECT LEVERAGE  
20 AND BE CONSIDERED IN THE EVALUATION OF PROPOSALS.

21 THERE'S ALSO A PROVISION THAT ESTABLISHES SPACE  
22 WILL BE USED FOR STEM CELL RESEARCH FOR AT LEAST TEN  
23 YEARS, AND THIS IS SECTION F. IT WAS MODIFIED FOR  
24 CLARITY AND TO GIVE SOME FLEXIBILITY IN THE VERSION THAT  
25 WAS ADOPTED LAST NIGHT.

## BARRISTERS' REPORTING SERVICE

1           IN ADDITION, BY VIRTUE OF THE SUBSTANTIAL  
2           INVESTMENT BY THE STATE OF CALIFORNIA IN THESE  
3           FACILITIES, THE FACILITIES WORKING GROUP RECOMMENDS A  
4           PROVISION TO ENSURE THAT CIRM RECEIVES RECOGNITION IN THE  
5           NAMING OF THESE FACILITIES AND IS ABLE TO PARTICIPATE IN  
6           CEREMONIES CONCERNING THESE FACILITIES. AND THAT ALSO IS  
7           A SUBJECT OF SECTION F REVISIONS.

8           SOME OF THE OTHER ISSUES RECOMMENDED BY THE  
9           FACILITIES WORKING GROUP, IF THE TWO-YEAR PREFERENCE THAT  
10          WAS NOTED IN PROP 71 IS REQUESTED, A PRIORITY  
11          CONSIDERATION, THERE WILL HAVE TO BE SOME PENALTY  
12          ASSESSED IN THE EVENT THAT COMPLETION IS NOT ACCOMPLISHED  
13          AS STATED IN THE APPLICATION. SO WE HAVE INCLUDED A  
14          PROVISION TO DEAL WITH THAT.

15          AND THEN THERE ARE ISSUES ABOUT HOW PAYMENTS  
16          WILL BE MADE TO THE INDIVIDUAL GRANTEES, AND THERE'S  
17          TECHNICAL AND FINANCIAL ISSUES ASSOCIATED WITH OUR  
18          ABILITY TO REQUEST PROGRESS REPORTS AND TO CONDUCT  
19          POSTAUDITS.

20          ONCE THE GAP REVISIONS ARE APPROVED BY THE  
21          ICOC, THEY ARE ADOPTED INTO CALIFORNIA CODE OF  
22          REGULATIONS. BEFORE I GO TO THE FINAL, I WANT TO MAKE  
23          SURE THAT I SAID I WAS GOING TO REVIEW SOMEWHAT THE  
24          CALCULATION OF LEVERAGE. WE WANTED TO MAKE SURE YOU HAD  
25          A FIRM UNDERSTANDING OF THIS.

## BARRISTERS' REPORTING SERVICE

1                   SO JUST IN TWO SLIDES I WANT TO EXPLAIN A  
2 THEORETICAL EXAMPLE. IN THIS CASE, IF THE CONSTRUCTION  
3 COSTS WERE TO BE \$65 MILLION AND FUNDS THAT WERE BUDGETED  
4 FOR FEES AND ADMINISTRATION 11, EQUIPMENT 14 MILLION WITH  
5 A CONTINGENCY OF 5, THERE WOULD BE A TOTAL PROJECT COST  
6 OF \$95 MILLION. WE WOULD THEN PROCEED TO CALCULATE THE  
7 LEVERAGE ASSOCIATED WITH THIS BUDGET FOR THE FACILITY.  
8 AND THAT CALCULATION WOULD TAKE THE 95 MILLION AND SAY  
9 PRESUMING THAT CIRM WAS FUNDING 40 MILLION OF THE 95,  
10 THERE WOULD HAVE TO BE MATCHING FUNDS OF 8 MILLION,  
11 LEAVING LEVERAGE FUNDS OF 47 MILLION.

12                   THERE'S A PROVISION RECOMMENDED BY THE  
13 FACILITIES WORKING GROUP THAT SAYS THAT THE AMOUNT OF  
14 LEVERAGE, HOWEVER, SHOULD NOT INCLUDE AN EXCESSIVE AMOUNT  
15 FOR DESIGN FEES WHERE INSTITUTIONS SPEND WHERE IN THEIR  
16 JUDGMENT THEY MAY BE SPENDING TOO MUCH MONEY ON THE  
17 ADMINISTRATION OR DESIGN FEES OF A FACILITY. SO THEY  
18 HAVE LIMITED OR RECOMMENDED IN THE PROVISIONS FOR YOU TO  
19 APPROVE THAT THE ADMINISTRATIVE FEES BE LIMITED TO 10  
20 PERCENT OF THE CONSTRUCTION AMOUNT, EXCLUDING AMOUNTS  
21 BUDGETED FOR STRUCTURAL ENGINEERING OR SEISMIC SAFETY  
22 CONSIDERATIONS IN THE FEES.

23                   SO IN THIS LITTLE CALCULATION, THE FEES ARE 11,  
24 I'M ASSUMING THAT THE EXCLUDED AMOUNT IS 2 MILLION,  
25 LEAVING THE BUDGET PROPOSAL AT 9 MILLION. WHEN WE LOOK

## BARRISTERS' REPORTING SERVICE

1 BACK AT THE CONSTRUCTION COSTS OF 65 MILLION, 10 PERCENT  
2 OF THAT WOULD ALLOW 6.5 MILLION, SO THERE'S AN ADJUSTMENT  
3 HERE IN THE LEVERAGE CALCULATION TO SAY THAT 2.5 MILLION  
4 OF BUDGETED FEES AND ADMINISTRATION WILL NOT BE  
5 CONSIDERED, SO THE NET LEVERAGE IS 44.5 MILLION, WHICH IS  
6 ESSENTIALLY THAT WHICH CIRM IS RECOGNIZING OVER AND ABOVE  
7 THE MATCHING FUNDS.

8 IF WE EXPRESS THAT AS A RATIO BETWEEN THE  
9 AMOUNT OF FUNDS PROVIDED IN THE LEVERAGE BY THE APPLICANT  
10 AND THE AMOUNT OF FUNDS PROVIDED BY CIRM, THEN THAT WOULD  
11 BE A 1.11-TO-1 RATIO HERE. SO IT JUST CAME OUT THAT WAY  
12 IN THE EXAMPLE.

13 CHAIRMAN KLEIN: AND, RICK, JUST SO EVERYONE  
14 UNDERSTANDS, FOR THE BENEFIT OF CALIFORNIA TAXPAYERS AND  
15 PATIENTS, OUR GROSS LEVERAGE IS REALLY APPROXIMATELY 130  
16 PERCENT BECAUSE YOU WOULD ADD BACK THE MATCHING FUNDS AS  
17 WELL TO GET TO GROSS LEVERAGE. SO NET LEVERAGE IS  
18 CONSIDERED AFTER THE MANDATORY 20 PERCENT, AND THE GROSS  
19 LEVERAGE, YOU WOULD ADD IT BACK.

20 DR. LEVEY: CAN WE GET THIS ON A PIECE OF PAPER  
21 SO WE CAN MAYBE TRY TO RATIONALIZE THROUGH ALL OF THIS?  
22 NOT THAT IT --

23 MR. KELLER: THIS PARTICULAR EXAMPLE? ALL OF  
24 OUR SLIDE DECKS ARE POSTED ON THE INTERNET AFTER THE  
25 MEETING, AND SO WE WILL MAKE SURE THAT THAT'S AVAILABLE

## BARRISTERS' REPORTING SERVICE

1 TO ANYONE WHO WANTS TO TAKE A LOOK AT IT. AND WE HAVE A  
2 SHORT EXAMPLE OF IT IN THE APPENDIX.

3 DR. PIZZO: MR. CHAIRMAN.

4 CHAIRMAN KLEIN: YES, DR. PIZZO.

5 DR. PIZZO: THANK YOU FOR THAT PRESENTATION. I  
6 HAVE THREE OR SO QUESTIONS THAT ARE JUST CLARIFICATIONS,  
7 I HOPE. THE FIRST IS WITH REGARD TO MATCHING FUNDS,  
8 WHICH I THINK SOME DEFINITION ABOUT WOULD BE HELPFUL.  
9 I'M INTERPRETING THIS AS EITHER FUNDS THAT COME FROM  
10 PHILANTHROPY OR FROM INSTITUTIONAL MATCH IN SOME WAYS.  
11 SO YOU'RE TALKING ABOUT INSTITUTIONAL RESOURCES. IS THAT  
12 CORRECT?

13 MR. KELLER: YES. THE MATCHING FUNDS ARE  
14 INTENDED TO BE A CASH CONTRIBUTION TO THE PROJECT.

15 DR. PIZZO: SO THEN I WANT TO FURTHER, THEN,  
16 CLARIFY THE ISSUE OF THE CASH CONTRIBUTION. AND, AGAIN,  
17 THIS MAY BE JUST A NUANCE QUESTION. THINKING ABOUT HOW  
18 VARIOUS INSTITUTIONS DO THIS, I'LL SPEAK SPECIFICALLY,  
19 WHEN ONE GETS A LARGE CAPITAL GIFT, FOR EXAMPLE, IT'S  
20 OFTEN PAID AS A PLEDGE OVER A NUMBER OF YEARS. SO WHEN  
21 WE'LL THINK ABOUT EITHER DOES THE PLEDGE COUNT OR IS IT A  
22 MATTER OF BACKSTOPPING THE PLEDGE THAT YOU'RE LOOKING AT?  
23 IS THAT --

24 MR. KELLER: OUR APPROACH TO THIS IS TO REQUEST  
25 AS PART OF THE APPLICATION A FUNDS FLOW STATEMENT OR

## BARRISTERS' REPORTING SERVICE

1 DRAW-DOWN SCHEDULE.

2 DR. PIZZO: OKAY.

3 MR. KELLER: SO THAT WE CAN UNDERSTAND THE FLOW  
4 OF FUNDS, BUT OUR PRESUMPTION IS THAT --

5 DR. PIZZO: BECAUSE THAT'S HOW WE WOULD TAKE  
6 CARE OF IT INSTITUTIONALLY.

7 THE SECOND IS WITH REGARD TO THE ISSUE OF  
8 CEREMONIES IN NAMING OPPORTUNITIES. OBVIOUSLY THIS IS  
9 VERY IMPORTANT, AND I THINK VERY APPROPRIATE FOR THERE TO  
10 BE RECOGNITION THESE FACILITIES. BUT I WANT TO ALSO  
11 UNDERSTAND A LITTLE BIT FURTHER WHAT THAT MEANS IN TERMS  
12 OF HOW WE HANDLE NAMING OPPORTUNITIES. SO THAT'S GOING  
13 TO VARY DEPENDING UPON THE INSTITUTION.

14 IN OUR OWN INSTITUTION, NAMING OPPORTUNITIES  
15 ARE USUALLY SET AT ABOUT HALF THE COST OF THE BUILDING.  
16 SO, YOU KNOW, IN THIS EXAMPLE IT WOULD BE, YOU KNOW,  
17 POTENTIALLY A \$50 MILLION OPPORTUNITY, SO TO SPEAK.

18 WE'RE OUT RAISING MONEY FOR BUILDINGS, ALL OF  
19 US IN DIFFERENT WAYS, AND WE'RE SEEKING OFTEN NAMING  
20 DONORS FOR THEM. SO I THINK UNDERSTANDING HOW THAT'S  
21 GOING TO APPLY SO THAT WE CAN MERGE THESE IN A WAY THAT  
22 WILL ALLOW US TO GET THESE NAMING GIFTS, BUT ALSO PROVIDE  
23 VALUE TO THE STATE FOR ITS CONTRIBUTIONS WILL BE  
24 IMPORTANT AS WELL. HAS THE COMMITTEE THOUGHT THROUGH  
25 THAT ISSUE AS WELL?



## BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: PHIL, DID YOU HAVE A  
2 CHANCE TO LOOK AT THE -- THERE WAS A DISCUSSION LAST  
3 NIGHT ON THAT VERY ISSUE.

4 DR. PIZZO: OKAY.

5 MR. SERRANO-SEWELL: AND THIS LANGUAGE FOR  
6 SECTION G 2 HAD TO BE MASSAGED A LITTLE BIT.

7 DR. PIZZO: OKAY. LET ME JUST --

8 MR. SERRANO-SEWELL: IT WAS AN ISSUE THAT DUANE  
9 ROTH AND OTHER MEMBERS OF THE PUBLIC HAD RAISED, AND LAST  
10 NIGHT MR. KELLER AND DR. MURPHY WORKED ON THIS REVISED  
11 LANGUAGE. AND I HOPE IT ADDRESSES THE BALANCE THAT NEEDS  
12 TO HAPPEN BETWEEN THE CIRM CONTRIBUTION AND ANY  
13 THIRD-PARTY DONORS YOU MIGHT GET. I HOPE THIS CAPTURES,  
14 YOU KNOW, THE BALANCING THAT NEEDS TO HAPPEN.

15 DR. PIZZO: IT'S A DIFFICULT BALANCING ACT, AS  
16 YOU KNOW.

17 MR. SERRANO-SEWELL: I DON'T THINK ANYONE  
18 INTENDS TO INTERFERE WITH AN INSTITUTION'S OBJECTIVES IN  
19 RAISING MONEY AND THE SORT OF THINGS THAT ANY GIVEN  
20 INSTITUTION NEEDS TO DO, BUT I THINK COMMON SENSE SHOULD  
21 PREVAIL IN THIS ONE, YOU KNOW.

22 DR. PIZZO: RIGHT. RIGHT.

23 MR. SERRANO-SEWELL: AND IF THERE ARE ANY  
24 QUESTIONS, AN INSTITUTION CAN SUBMIT IT TO THE  
25 PRESIDENT'S OFFICE --

## BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: THAT'S FINE. AND I AGREE WITH  
2 THAT.

3 MR. SERRANO-SEWELL: -- TO GET IT RESOLVED.

4 DR. PIZZO: SO I HAVE ONE LAST QUESTION, THEN  
5 I'LL PASS THE MICROPHONE, WHICH IS WITH REGARD TO THE  
6 TIME TO COMPLETION. AND MAYBE THIS IS COVERED BY THE  
7 STATEMENT THAT IT WOULD HAVE A PRESIDENTIAL REVIEW.  
8 CLEARLY WE ALL WANT TO GET THESE FACILITIES COMPLETED  
9 RAPIDLY AND ON TIME, BUT THERE IS A SCALING EFFECT AS  
10 WELL, COMPLETING A SMALL FACILITY AS COMPARED TO A VERY  
11 LARGE ONE, YOU KNOW, BY DEFINITION MAY TAKE MORE TIME.

12 AND THE SECOND IS I'M A LITTLE CONCERNED ABOUT  
13 THE RECOMMENDATION THAT WE USE EXPEDITED SUPPLY LINKS AND  
14 THE LIKE BECAUSE THOSE ARE GOING TO BE MORE EXPENSIVE.  
15 AND WE ALL RECOGNIZE HOW HARD IT IS TO BRING RESOURCES TO  
16 COMPLETING A FACILITY, AND I THINK WE WANT TO BALANCE THE  
17 COST, YOU KNOW, OVER THE TOTAL COST VERSUS THE WAY WE  
18 GENERATE THE FUNDS TO PAY FOR THOSE TOTAL COSTS.

19 SO CLEARLY OUR GOAL IS THE SAME AS YOURS. WE  
20 WANT THESE TO BE UP AS RAPIDLY AS POSSIBLE. I'D HATE TO  
21 SEE AN ADDITIONAL ESCALATOR GO INTO THE TOTAL COST OF THE  
22 BUILDINGS BECAUSE WE WERE USING A LOT OF OVERTIME AND  
23 RELATED ACTIVITIES BECAUSE THAT JUST MAKES THE FUNDING OF  
24 THE PROJECT ALL THE MORE DIFFICULT IN THE LONG RUN.

25 MR. KELLER: MY RESPONSE IS I THINK THE TWO ARE

## BARRISTERS' REPORTING SERVICE

1 VERY INTERRELATED, BUT I THINK THE GOVERNING ISSUE HERE  
2 IS THAT PROPOSITION 71 ESTABLISHES A RESPONSIBILITY THAT  
3 THERE IS AN URGENCY, AND THAT PROJECTS THAT WILL BE  
4 COMPLETED WITHIN TWO YEARS WILL RECEIVE PRIORITY. NOW,  
5 THAT DOESN'T MEAN THAT OTHERS CAN'T COMPETE BECAUSE, AS  
6 YOU SAY, I THINK IT'S IMPORTANT TO STRIKE A BALANCE  
7 BETWEEN THAT WHICH CAN BE ACHIEVED AND THE COST  
8 ASSOCIATED WITH THAT ON A REASONABLE BASIS OR  
9 INSTITUTIONAL BASIS.

10 AND SO I VERY MUCH THINK IT DEPENDS UPON THE  
11 APPLICANT TO TAKE RESPONSIBILITY FOR WHAT THAT BALANCE IS  
12 RATHER THAN CIRM BASICALLY MANDATING IT. SO I AGREE WITH  
13 YOUR PHILOSOPHY. I THINK IT'S PERMITTED WITHIN THE  
14 LANGUAGE.

15 DR. PIZZO: THE LANGUAGE THAT I SEE, AT LEAST  
16 ON -- IN THE RELEVANT SECTION IS AT THE COMPLETION OF THE  
17 PROJECT, THE PRESIDENT OF THE CIRM WILL REVIEW ANY DELAYS  
18 AND MAY ASSESS PENALTY IF THE PRESIDENT IN HIS OR HER  
19 SOLE DISCRETION DETERMINES THAT THE GRANTEE DID NOT USE  
20 BEST EFFORTS TO COMPLETE THE PROJECT, ETC., ETC. SO, YOU  
21 KNOW, IT SEEMS TO ME THAT THAT OFFERS AT LEAST SOME  
22 SUBJECTIVE EVALUATION BECAUSE WE WANT THESE THINGS TO GO  
23 AS RAPIDLY AS POSSIBLE, BUT ANYONE, ALL OF US HAVE BEEN  
24 INVOLVED IN BUILDING PROJECTS AND KNOW THE LIABILITIES  
25 ASSOCIATED WITH THAT.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN: THIS SPECIFIC QUESTION WAS  
2 RAISED IN THE FACILITIES COMMITTEE, AND DAVID, AS THE  
3 VICE CHAIR, IF YOU WILL PLEASE CORRECT IF YOU THINK THIS  
4 IS NOT A FULL SUMMARY, FULL, BUT TERSE SUMMARY OF THOSE  
5 THOUGHTS. ONE IS THAT THERE IS A PRIORITY FOR BUILDINGS  
6 TO BE COMPLETED WITHIN TWO YEARS. IT'S NOT TWO YEARS  
7 FROM THE DATE THE BOARD ACTS. IT'S TWO YEARS FROM NOTICE  
8 OF GRANT AWARD. SO IF THE BOARD WERE TO ACT IN APRIL,  
9 FOR EXAMPLE, AND THE GRANT AWARD WERE JULY, IT'S TWO  
10 YEARS FROM THAT CLOCK.

11                   NOW, IN THE APPLICATION THERE'S A REQUEST TO  
12 SUBMIT A CRITICAL PATH CHART. IF, IN FACT, THE  
13 INSTITUTION SUBMITS AND SAYS TWO YEARS FROM THE NOTICE OF  
14 GRANT AWARD, ABOUT TWO YEARS AND FOUR MONTHS FROM THE  
15 DATE OF THE BOARD APPROVAL, WE'RE GOING TO BE COMPLETE,  
16 SO WE WANT A PRIORITY AND WE WANT POINTS FOR THAT, THEN  
17 THEY'RE GOING TO BE GENERALLY HELD FORCE MAJEURE  
18 EXCEPTION, ETC., FOR CLAIMING THOSE POINTS. AND THAT'S  
19 THE CONTEXT.

20                   IF THEY SAY IT'S GOING TO TAKE US THREE YEARS,  
21 THEY'LL BE HELD ACCOUNTABLE FOR THREE YEARS. SO THEY'RE  
22 HELD ACCOUNTABLE FOR THEIR REPRESENTATIONS, KNOWING THAT  
23 THERE'S A PRIORITY FOR THOSE THAT ARE TWO YEARS FROM  
24 GRANT AWARD.

25                   DR. PIZZO: BUT I'M THINKING -- I THINK THAT

## BARRISTERS' REPORTING SERVICE

1 THAT'S HELPFUL, BUT, YOU KNOW, IF YOU'RE WORKING ON A  
2 BUILDING THAT IS SMALLER VERSUS VERY LARGE, YOU KNOW,  
3 THAT HAS AN IMPACT UPON HOW FAST YOU CAN GET IT DONE. SO  
4 GOING FROM ARCHITECTURAL DESIGN, I MEAN THERE'S ALL THESE  
5 ELEMENTS THAT WE ALL UNDERSTAND, YOU KNOW, THROUGH THE  
6 SITE APPROVALS AND THE LIKE TO ACTUAL CONSTRUCTION DATE  
7 WILL BE INFLUENCED BY THE MAGNITUDE OR SIZE OF THE  
8 BUILDING.

9 IS THERE SOME WAY OF THINKING ABOUT THAT SO  
10 THAT THERE IS SOME ACCOMMODATION TO THAT?

11 CHAIRMAN KLEIN: I THINK THE BOTTOM LINE IS GET  
12 A HIGHER SCIENCE SCORE BECAUSE THIS IS ALL -- THIS ALL  
13 GETS BALANCED IN THE RECOMMENDATIONS, BUT BASICALLY THE  
14 INITIATIVE IS QUITE SPECIFIC TO GIVE A PRIORITY FOR THOSE  
15 COMPLETED WITHIN TWO YEARS BECAUSE OF THE NECESSITY OF  
16 GETTING THIS CAPACITY ONLINE. SO AN ENTITY MAY HAVE  
17 HIGHER LEVERAGE, IT MAY HAVE A HIGHER SCIENCE SCORE, IT  
18 MAY HAVE A NUMBER OF CONTRIBUTORS TO BEING COMPETITIVE  
19 EVEN THOUGH IT'S NOT MEETING THE TWO YEARS.

20 BUT I WOULD ALSO SUGGEST THAT THE -- IF YOU  
21 LOOK AT THE CHINESE STEEL MARKETS AND PROJECT THE DEMAND  
22 LEVELS --

23 DR. PIZZO: I KNOW. I UNDERSTAND. THE PRICES  
24 ARE ONLY GOING UP. I KNOW. WE'RE RESERVING STILL FOR  
25 OTHER PROJECTS RIGHT NOW. I UNDERSTAND THE PROBLEM, BUT

## BARRISTERS' REPORTING SERVICE

1 I'M JUST REALLY TRYING TO BE VERY SORT OF THOUGHTFULLY  
2 PRACTICAL ABOUT THIS SO THAT WE DON'T GET BOXED IN.  
3 MAYBE IT'S SORT OF THE A PERSONALITY AND YOU LIKE TO GET  
4 THE BEST IN EVERY SCORE, NOT JUST ONE, TO ACCOMMODATE,  
5 BUT I DO THINK THIS IS AN IMPORTANT ISSUE AND I HOPE  
6 THERE WILL BE CONSIDERATION.

7 CHAIRMAN KLEIN: I'D LIKE TO CALL ON THE VICE  
8 CHAIR, AND THEN WE HAVE TWO COMMENTS.

9 MR. SERRANO-SEWELL: I'D DEFER MY COMMENTS.

10 CHAIRMAN KLEIN: THEN DR. CHANDLER HAS A  
11 COMMENT. SO DAVID SERRANO-SEWELL IS HOLDING HIS  
12 COMMENTS. DR. CHANDLER HAS BEEN VERY PATIENT. DR.  
13 CHANDLER.

14 DR. CHANDLER: ACTUALLY WHAT I'D LIKE TO DO IS  
15 GO BACK TO THE QUESTION ON THE MATCHING. I'M NOT SURE  
16 THAT I UNDERSTOOD, BUT I THOUGHT THAT YOU'VE SAID THAT  
17 MONEY COULD BE PLEDGED, IRREVOCABLE PLEDGES WERE  
18 ACCEPTABLE, WHICH I THINK IS IMPORTANT WHEN IT'S A FAIRLY  
19 LARGE CHUNK OF MONEY. THAT BEING SAID THOUGH, I DIDN'T  
20 UNDERSTAND HOW THAT FITS WITH THE IDEA THAT THE MATCHING  
21 MONEY HAS TO BE SPENT FIRST BEFORE THE CIRM MONEY COMES  
22 IN.

23 MR. SERRANO-SEWELL: WHAT'S UNCLEAR ABOUT THAT?

24 DR. CHANDLER: WHAT'S UNCLEAR ABOUT IT IS  
25 YOU'RE ASKING ME IS THAT IF IT'S A -- UNLESS THE

## BARRISTERS' REPORTING SERVICE

1 ORGANIZATION IS GOING TO DO IT, BUT IF SOMEONE SAYS WE'RE  
2 GOING TO GIVE IT TO YOU OVER THREE YEARS, AND WE'RE GOING  
3 TO GIVE YOU 20 MILLION OVER THREE YEARS OR WHATEVER --

4 MR. SERRANO-SEWELL: CASH FLOW STATEMENT IN THE  
5 APPLICATION.

6 MR. KELLER: AND THAT WOULD BE A BACKSTOP  
7 CIRCUMSTANCE THAT YOU JUST DESCRIBED.

8 DR. CHANDLER: AND SO IT WOULD HAVE TO BE THAT  
9 ESSENTIALLY, THEN, THE INSTITUTION WOULD HAVE TO DO THE  
10 BACKSTOP?

11 MR. KELLER: RIGHT. BUT I GUESS I WAS MAKING A  
12 DISTINCTION BETWEEN HAVING CASH THE FIRST DAY OF THE  
13 PROJECT APPROVAL VERSUS THE CASH AS IT'S NEEDED BASED ON  
14 A FUNDS FLOW STATEMENT OF PROGRESS PAYMENTS. IF YOU HAD  
15 A THREE-YEAR GIFT, THEN CLEARLY IF THAT ISN'T GOING TO  
16 PROVIDE THE CASH, THEN THERE'S GOING TO BE A BACKSTOP  
17 SOURCE.

18 DR. CHANDLER: SO YOU HAVE TO BE ABLE TO DO  
19 THAT THEN?

20 DR. PIZZO: I THINK, IN FACT, I'M SURE THIS IS  
21 TRUE AT EVERY INSTITUTION, BUT WE WOULD NOT BE ALLOWED TO  
22 START A PROJECT UNLESS WE HAD A CASH FLOW MODEL THAT  
23 SHOWED EVERYTHING WAS THERE WHEN THE PROJECT STARTED. SO  
24 I'M SURE THAT'S GOING TO BE A PRACTICAL ISSUE FOR ALL OF  
25 US.

## BARRISTERS' REPORTING SERVICE

1           MR. KELLER:   AND ONE OTHER POINT I WANTED TO  
2           CLARIFY ABOUT DR. PIZZO'S COMMENT ABOUT THE PREFERENCE OR  
3           THE PRIORITY.   IT MIGHT BE IMPORTANT TO KEEP IN MIND THAT  
4           THE WAY WE'VE STRUCTURED THE RFA, THAT THERE ARE THREE  
5           TIERS OF FUNDING, THREE TIERS, THE XYZ, THE XY AND THE  
6           YZ'S, AND THE X, Y, OR Z'S.   AND SO EACH OF THOSE WILL  
7           COMPETE AS AN INDIVIDUAL STRATA, IF YOU WILL.   SO SOMEONE  
8           WHO'S GOT A SMALL \$5 MILLION PROJECT THAT COULD POSSIBLY  
9           COULD GET DONE IN TWO YEARS IS NOT COMPETING WITH THE  
10          LARGER PROJECTS.

11           CHAIRMAN KLEIN:   I HAVE --

12           DR. BRYANT:   I CHANGED MY MIND.

13           CHAIRMAN KLEIN:   DUANE ROTH.

14           MR. ROTH:   I JUST WANTED TO FOLLOW UP BECAUSE I  
15          SUSPECT WHAT YOU ARE GOING TO GET IS EVERYBODY IS GOING  
16          TO SUBMIT A TWO-YEAR PLAN.   AND I THINK WHAT DR. PIZZO IS  
17          SAYING IS THAT IT'S LIKELY THAT THOSE BIG FACILITIES ARE  
18          GOING TO GO BEYOND THAT TWO-YEAR PLAN.   AND SO I'M  
19          COMFORTABLE THAT THE PRESIDENT CAN USE DISCRETION HERE,  
20          AND I WANT TO MAKE SURE THAT'S THE INTENT OF THE WAY IT'S  
21          WRITTEN IS THAT UNDERSTANDING THAT THERE WILL BE  
22          CONSIDERATION FOR OVERRUNS.   I DOUBT THAT YOU ARE GOING  
23          TO GET ANYBODY THAT SAYS IT'S GOING TO BE FOUR YEARS TO  
24          GET THE BUILDING UP BECAUSE THEY'RE GOING TO WANT THOSE  
25          POINTS.



## BARRISTERS' REPORTING SERVICE

1           MR. KELLER: I THINK THE SENTIMENT OF THE  
2 FACILITIES WORKING GROUP, AFTER MORE THAN TEN HOURS OF  
3 PUBLIC MEETINGS AND DISCOURSE ABOUT THE MAJOR FACILITIES  
4 GRANT, WAS THAT IF PRIORITY WAS GOING TO BE PROVIDED,  
5 THERE HAD TO BE A MECHANISM TO HOLD THOSE FOLKS WHO  
6 REQUESTED IT ACCOUNTABLE FOR THE SCHEDULE THAT THEY  
7 SUBMIT, OR ELSE IT WOULD JUST BE MEANINGLESS IN TERMS OF  
8 PROVIDING THE PRIORITY. SO I THINK THE LANGUAGE WAS  
9 INTENDED TO AT LEAST SAY THERE IS A PENALTY, BUT CLEARLY  
10 IF IT'S DELAYS THAT ARE UNAVOIDABLE, THE PRESIDENT CAN  
11 MAKE A JUDGMENT.

12           CHAIRMAN KLEIN: THERE'S THE OTHER POINT AS  
13 WELL THAT IF YOU'RE COMPETING IN A CATEGORY WITH VERY  
14 LARGE FACILITIES, NONE OF WHICH CAN GET DONE WITHIN TWO  
15 YEARS, THEY'RE COMPETING IN A CATEGORY WHERE YOU'RE ALL  
16 PROPOSING THREE YEARS OR SOMETHING, BUT IF YOU'RE  
17 COMPETING IN A CATEGORY THAT CAN GET DONE IN TWO YEARS,  
18 IF YOU DON'T HAVE THAT PRIORITY, YOU'VE GOT A  
19 DISADVANTAGE.

20           MR. ROTH: BUT MY POINT IS I DOUBT THAT YOU'RE  
21 GOING TO SEE ANYBODY WITH A THREE-YEAR PROGRAM IF IT  
22 COUNTS. DON'T YOU EXPECT THAT ALL OF THEM WILL COME IN  
23 WITHIN THE DEADLINE?

24           CHAIRMAN KLEIN: I WOULD HOPE THAT AS MANY AS  
25 CAN LEGITIMATELY CREATE AN AGGRESSIVE PROGRAM FOR

## BARRISTERS' REPORTING SERVICE

1 CONSTRUCTION WILL, AND THOSE THAT FACE THE REALITIES THAT  
2 THEY CAN'T DELIVER IN THAT TIME PERIOD WILL FACE UP TO  
3 THAT REALITY IN THEIR SCHEDULE THEY PROPOSE. BUT  
4 CERTAINLY FOLLOWING THE INITIATIVE, WE WOULD ENCOURAGE  
5 AND THE SYSTEM ENCOURAGES INDIVIDUAL INSTITUTIONS TO  
6 CREATE A PROGRAM FOR FAST-TRACK CONSTRUCTION.

7 ADDITIONAL COMMENTS? YES, DR. STEWARD.

8 DR. STEWARD: THIS IS ACTUALLY WITH REGARD TO  
9 SECTION F.

10 CHAIRMAN KLEIN: IS YOUR MICROPHONE ON THERE?

11 DR. STEWARD: NO. 6. THIS IS WITH REGARD TO  
12 SECTION F, AND I HAVE A QUESTION AND A COMMENT, I GUESS,  
13 ABOUT THE LANGUAGE. THE PART OF THE THING THAT PROP 71  
14 IS MEANT TO OVERCOME IS THE ARTIFICIAL  
15 COMPARTMENTALIZATION OF STEM CELL ACTIVITIES BASED ON  
16 FEDERAL REGULATIONS. AND SAYING THAT THESE FACILITIES  
17 ARE INTENDED TO HAVE AS ACTIVITIES FUNDED BY CIRM COULD  
18 BE INTERPRETED AS --

19 MR. KELLER: ARE YOU WORKING FROM THE ADDENDUM?

20 DR. STEWARD: NO.

21 MR. KELLER: SO THAT VERY POINT, DR. STEWARD,  
22 WAS EXACTLY THE POINT THAT WE ADDRESSED IN THE ADDENDUM,  
23 WHICH IS TO MAKE IT BROAD AND TO UNDERSTAND THAT IT'S NOT  
24 JUST CIRM-FUNDED, BUT OTHER SOURCES.

25 DR. STEWARD: I THINK THAT SOLVES IT. LET ME

## BARRISTERS' REPORTING SERVICE

1 THINK ABOUT IT.

2 CHAIRMAN KLEIN: ALL RIGHT. WE HAD A VERY GOOD  
3 DISCUSSION OF THESE POINTS. DR. HENDERSON.

4 DR. HENDERSON: DO WE NEED APPROVAL OF THIS?

5 CHAIRMAN KLEIN: WE NEED APPROVAL OF THIS.

6 DR. HENDERSON: I SO MOVE.

7 CHAIRMAN KLEIN: MOVED AND IS THERE A SECOND?

8 MR. ROTH: SECOND.

9 CHAIRMAN KLEIN: SECOND BY DUANE ROTH. I'D  
10 LIKE TO ASK IF THERE'S PUBLIC COMMENT. SEEING NO PUBLIC  
11 COMMENT, CALL THE QUESTION. ALL IN FAVOR. OPPOSED?  
12 MOTION PASSES.

13 IF WE COULD PROCEED, DR. MURPHY, TO PART B.

14 MS. PACHTER: MR. CHAIR.

15 CHAIRMAN KLEIN: YES.

16 MS. PACHTER: FOR THE BENEFIT OF THOSE MEMBERS  
17 WHO ARE RECUSED, I'D JUST LIKE TO LIST THE MEMBERS WHO  
18 MAY PARTICIPATE IN THE DISCUSSION AND VOTING ON ITEM 7 B,  
19 WHICH DR. MURPHY IS ABOUT TO PRODUCE, SO EVERYBODY IS  
20 CLEAR.

21 CHAIRMAN KLEIN: IF YOU WOULD PROCEED.

22 MS. PACHTER: MICHAEL GOLDBERG, DR. LEVY, NOT  
23 DR. LEVEY, TINA NOVA IS NOT HERE, DR. PRIETO, DUANE ROTH,  
24 DAVID SERRANO-SEWELL, JON SHESTACK IS NOT HERE, AND  
25 DR. WRIGHT, AND BOB KLEIN.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ALL RIGHT. DR. MURPHY.

2 DR. MURPHY: MR. CHAIRMAN, I LOOK FORWARD TO  
3 SPEAKING TO A VERY SMALL GROUP OF ICOC MEMBERS. THIS  
4 ITEM 7 B IS NOW PART OF CHAPTER 5 OF THE GRANT WORKING  
5 GROUP'S RECOMMENDATIONS. AND THIS IS A VERY -- THE WHOLE  
6 THING IS VERY DIFFICULT, AND I JUST WANT TO THANK DAVID  
7 AND THE OTHER MEMBERS OF THE GRANTS WORKING GROUP FOR  
8 REALLY A HEROIC EFFORT IN PUTTING THESE REGULATIONS  
9 TOGETHER.

10 THE REGULATION WE'RE GOING TO BE TALKING ABOUT  
11 IS IN YOUR BINDER. IT'S THE LAST PAGE IN 7 B. AND WHAT  
12 THIS PAGE DEALS WITH IS THE RECOMMENDATIONS WE ARE MAKING  
13 THAT ENSURE THAT RESEARCH INSTITUTES THAT ARE FUNDED WITH  
14 CIRM MONEY WILL BE PAID ONCE FOR THE COST OF DOING THAT  
15 RESEARCH, BUT WILL NOT BE PAID TWICE.

16 IF WE LOOK AT SLIDE ONE, UNDER PROPOSITION 71  
17 AND THE GAP, THE CIRM WILL PAY FACILITIES DIRECT COSTS  
18 AND IT PAYS THESE COSTS IN TWO WAYS, WHAT WE CALL  
19 FACILITIES DIRECT A, WHICH PAYS FOR OPERATIONS,  
20 MAINTENANCE, AND LIBRARY COSTS, AND FACILITIES DIRECT B,  
21 WHICH PAYS FOR THE COSTS OF SPACE UTILIZATION.

22 NOW, THE PROPOSAL IN FRONT OF YOU DOES NOT  
23 AFFECT FACILITIES A, OPERATIONS, MAINTENANCE, LIBRARIES.  
24 IN FACT, THOSE PAYMENTS ARE DICTATED BY THE OVERHEAD  
25 PAYMENTS THAT ARE ALREADY NEGOTIATED WITH NIH. WHAT THIS

## BARRISTERS' REPORTING SERVICE

1 POLICY DOES IS AFFECT FACILITIES DIRECT B, WHICH IS THE  
2 COST OF SPACE UTILIZATION.

3 NOW, WHAT THIS MEASURE DOES IS IT SETS THE  
4 STANDARDS FOR THOSE INSTITUTIONS THAT ARE AWARDED A  
5 FACILITIES B -- SORRY -- ARE AWARDED A MAJOR FACILITIES  
6 GRANT. NOW, THE NEXT SLIDE WILL SHOW YOU THAT IN  
7 PARAGRAPH 1 OF THE PAGE BEFORE YOU, THAT PARAGRAPH  
8 INDICATES THAT COSTS FUNDED BY A CIRM FACILITIES OR  
9 INFRASTRUCTURE GRANT OR BY ANOTHER RESEARCH GRANT FROM  
10 ANY SOURCE ARE NOT FACILITIES COSTS TO BE PART OF THE  
11 CIRM RESEARCH GRANT. SO THAT IF FACILITIES MONIES ARE  
12 ALREADY BEING PROVIDED FROM CIRM OR ANYONE ELSE, CIRM  
13 WILL NOT COVER THOSE COSTS AGAIN.

14 IN THE NEXT PARAGRAPH, PARAGRAPH 2, IT TELLS  
15 YOU THAT THE CIRM FACILITY CAN ONLY BE USED FOR STEM CELL  
16 RESEARCH, AND WE TALK ABOUT THAT IN A BROAD SENSE BECAUSE  
17 WE RECOGNIZE THAT THERE WILL BE OTHER DISCIPLINES THAT  
18 WILL GO INTO DOING THE KIND OF STEM CELL RESEARCH WE NEED  
19 TO DO. AND IT ALSO INDICATES THAT INSTITUTIONS THAT  
20 RECEIVE A MAJOR FACILITIES GRANT MUST LOCATE THEIR CIRM  
21 RESEARCH-FUNDED ACTIVITIES IN THE CIRM-FUNDED FACILITIES  
22 AS DESCRIBED IN THEIR APPLICATIONS.

23 NOW, THAT DOES NOT MEAN THAT AN INVESTIGATOR  
24 CAN'T WORK IN AN ALREADY ESTABLISHED LAB ON A CIRM-FUNDED  
25 GRANT. WE ENCOURAGE THAT. BUT IF YOU DESCRIBE IN YOUR

## BARRISTERS' REPORTING SERVICE

1 APPLICATION THAT THERE IS GOING TO BE A CIRM-FUNDED  
2 RESEARCHER IN THAT BUILDING WITH CIRM FUNDING, YOU NEED  
3 TO DO THAT. SO WE DON'T WANT PEOPLE TO SAY THIS  
4 SCIENTIST IS GOING TO BE IN THE BUILDING IN THE  
5 APPLICATION; AND THEN WHEN THE BUILDING IS FUNDED, WE  
6 FIND OUT THAT THAT PERSON IS NOT IN THE BUILDING.

7 CHAIRMAN KLEIN: DR. MURPHY, BEFORE GOING ON,  
8 SINCE THAT'S SO IMPORTANT, MAYBE WE CAN JUST REEMPHASIZE  
9 THAT. AGAIN, IF SOMEONE HAS PROPOSED A GRANT AND THAT  
10 GRANT IS PROPOSED TO BE TAKING PLACE IN SOME OTHER  
11 BUILDING, THAT IS ACCEPTABLE. BUT IN THE COMPETITION FOR  
12 THE FACILITIES AWARD, IF THAT INSTITUTION PROPOSES THAT  
13 THAT SPECIFIC RESEARCH WILL TAKE PLACE IN THIS BUILDING,  
14 THEN THEY HAVE MADE A REPRESENTATION THAT THEY NEED TO  
15 FOLLOW THROUGH ON. RIGHT? OKAY.

16 DR. MURPHY: IN PARAGRAPH 3, WHAT THAT  
17 PARAGRAPH INDICATES IS THAT THOSE CIRM-FUNDED RESEARCH  
18 GRANTS THAT ARE LOCATED IN A CIRM-FUNDED FACILITY WILL  
19 NOT BE REIMBURSED FOR FACILITIES B COSTS. THEY WILL NOT  
20 RECEIVE THAT FUNDING, ALTHOUGH THEY WILL CONTINUE TO  
21 RECEIVE FACILITIES A COSTS. SO THIS ONLY AFFECTS THE B  
22 COSTS.

23 AND FINALLY, IN SLIDE 5 OR THE NEXT SLIDE,  
24 PARAGRAPH 4 INDICATES THAT REIMBURSEMENT OF FACILITIES  
25 PART B COSTS WILL RESUME WHEN THE SUM OF THE PART B COSTS

## BARRISTERS' REPORTING SERVICE

1 THAT ARE NOT REIMBURSED TO AN INSTITUTION AS JUST  
2 DESCRIBED EQUALS THE AMOUNT FUNDED BY THE MAJOR  
3 FACILITIES GRANT PLUS THE COST OF FUNDS. AND ONCE THIS  
4 THRESHOLD IS PASSED; I.E., THE MONEY IS PAID BACK, IN  
5 ESSENCE, THEN FACILITIES PART B COSTS WILL BE FULLY  
6 REIMBURSED TO INSTITUTIONS THAT RECEIVE A MAJOR  
7 FACILITIES GRANT.

8 SO THIS IS JUST DURING THAT PERIOD WHEN THOSE  
9 MONIES WOULD NOT HAVE -- ARE NOT PAID TO THEM. ONCE THAT  
10 CIRM CONTRIBUTION IS ACCOUNTED FOR, THEN FACILITIES B  
11 COSTS WOULD BE REIMBURSED.

12 MR. CHAIRMAN, I RECOMMEND THIS PROPOSAL FOR THE  
13 ICOC'S CONSIDERATION, AND WE ARE HAPPY TO ANSWER ANY  
14 QUESTIONS THAT MAY ARISE. DAVID.

15 MR. SERRANO-SEWELL: DR. MURPHY, IT'S MY --  
16 THIS IS A VERY COMPLICATED ISSUE, BUT IT'S MY  
17 UNDERSTANDING THAT YOU WORKED ON THIS AND YOU LED A  
18 DISCUSSION WITH OUR VICE CHAIRMAN, DR. PENHOET, OUR  
19 CHAIRMAN, MR. KLEIN, AND THERE WAS A FOURTH PERSON. WHO  
20 AM I FORGETTING?

21 DR. MURPHY: DR. TROUNSON WAS INVOLVED.

22 MR. SERRANO-SEWELL: YES, OF COURSE. DR.  
23 TROUNSON, OUR INCOMING PRESIDENT. THANK YOU. IN  
24 CRAFTING THIS LANGUAGE. SO IT NOT ONLY COMES WITH YOUR  
25 STRONG RECOMMENDATION, BUT HAD THE INPUT FROM YOUR

## BARRISTERS' REPORTING SERVICE

1 TRUSTED COLLEAGUES AND INCOMING PRESIDENT. IF THERE'S NO  
2 OTHER QUESTIONS, I'LL MAKE THE MOTION TO APPROVE IT.

3 CHAIRMAN KLEIN: SO DAVID SERRANO-SEWELL, IF  
4 YOU COULD MAKE A MOTION.

5 MR. SERRANO-SEWELL: SURE. I MOVE TO APPROVE  
6 THE AMENDMENTS TO CHAPTER 7, SECTION H, PARAGRAPH 4 OF  
7 THE GRANTS ADMINISTRATION POLICY FOR ACADEMIC AND  
8 NONPROFIT INSTITUTIONS.

9 DR. WRIGHT: SECOND.

10 CHAIRMAN KLEIN: SECOND BY DR. WRIGHT. IS  
11 THERE DISCUSSION BY THE BOARD? IS THERE DISCUSSION BY  
12 THE PUBLIC? I THINK THAT WE NEED A ROLL CALL VOTE HERE  
13 BECAUSE WE HAVE -- WE WANT TO VERIFY A COPY OF THE VOTE  
14 SO THAT WE CAN CONFIRM THE MEMBERS WHO VOTED.

15 MS. KING: MICHAEL GOLDBERG.

16 MR. GOLDBERG: YES.

17 MS. KING: BOB KLEIN.

18 CHAIRMAN KLEIN: YES.

19 MS. KING: MICHAEL LEVY.

20 DR. LEVY: YES.

21 MS. KING: FRANCISCO PRIETO.

22 DR. PRIETO: YES.

23 MS. KING: DUANE ROTH.

24 MR. ROTH: YES.

25 MS. KING: JANET WRIGHT.



**BARRISTERS' REPORTING SERVICE**

1 DR. WRIGHT: YES.

2 MS. KING: DAVID SERRANO-SEWELL.

3 MR. SERRANO-SEWELL: YES.

4 THAT MOTION CARRIES.

5 CHAIRMAN KLEIN: THAT MOTION CARRIES, AND I  
6 BELIEVE THAT DR. PENHOET WAS NOT CONSULTED ON THIS  
7 LANGUAGE WE HAVE BEFORE US BECAUSE HE DID NOT PARTICIPATE  
8 IN THAT DISCUSSION JUST FOR THE RECORD. SO THE OTHER  
9 MEMBERS ALL DID PARTICIPATE.

10 I WOULD LIKE TO GO ON TO ITEM 8, BUT I'M GOING  
11 TO GIVE THE DEDICATED BOARD AND PUBLIC A FIVE-MINUTE  
12 BREAK HERE.

13 (A RECESS WAS TAKEN.)

14 CHAIRMAN KLEIN: ALL RIGHT. WE WILL CONVENE  
15 HERE FOR ITEM NO. 8. MY UNDERSTANDING IS DR. PATRICIA  
16 OLSON IS GOING TO GUIDE US IN WHAT IS AN EXTRAORDINARY  
17 FIRST STEP ON A MAJOR INITIATIVE OF THIS BODY, ONE THAT  
18 IS EXTREMELY EXCITING WITH INCREDIBLE POTENTIAL FOR THIS  
19 INSTITUTION AND THE RESEARCH BEING CONDUCTED. DR.  
20 PATRICIA OLSON.

21 MS. OLSON: THANK YOU, MR. CHAIRMAN. BOARD  
22 MEMBERS, MEMBERS OF THE PUBLIC, TODAY I'D LIKE TO UPDATE  
23 YOU ON THE DISEASE TEAM INITIATIVE. THIS IS AGENDA ITEM  
24 NO. 8. AND I AM SPEAKING ON BEHALF OF DR. BETTINA  
25 STEFFEN, WHO IS LEADING THIS INITIATIVE, BUT WAS UNABLE

## BARRISTERS' REPORTING SERVICE

1 TO BRING US HERE TODAY OR BE WITH US TODAY.

2 EARLIER TODAY DR. CHIU PRESENTED TO YOU AN  
3 OUTLINE OF THE SCIENTIFIC PROGRAMS FOR THE UPCOMING YEAR.  
4 AMONG THESE ARE THOSE WHICH MARK OUR ENTRY INTO A NEW  
5 EXCITING PHASE. WE ARE BEGINNING TO FUND PROGRAMS THAT  
6 WILL HELP BRING STEM CELL THERAPIES TO THE CLINIC. ONE  
7 OF THESE PROGRAMS IS THE DISEASE TEAM INITIATIVE.

8 THE DIAGRAM YOU HAVE IN FRONT OF YOU ON THE  
9 SCREEN REPRESENTS THE PATH THAT A TYPICAL THERAPY WOULD  
10 TAKE FROM DISCOVERY FORWARD INTO CLINICAL TRIALS.

11 UNDERNEATH YOU SEE WHERE WE CONTEMPLATE THE  
12 SCOPE OF THE DISEASE TEAM INITIATIVE. TODAY WE WOULD  
13 LIKE TO ASK FOR YOUR APPROVAL FOR THE CONCEPT OF A  
14 DISEASE TEAM PLANNING GRANT. THE DISEASE TEAM INITIATIVE  
15 HAS THREE PARTS. IT HAS A WORKSHOP THAT WAS HELD IN JULY  
16 OF THIS YEAR. IT INCLUDES A PLANNING GRANT, THE CONCEPT  
17 OF WHICH WE'RE BRINGING FOR YOUR CONSIDERATION TODAY, AND  
18 IT HAS THE ACTUAL DISEASE TEAM GRANT, WHICH WE ANTICIPATE  
19 IN THE FALL OF NEXT YEAR.

20 THE PURPOSE OF THE WORKSHOP WAS TO ASSEMBLE  
21 RESEARCHERS AND REPRESENTATIVES OF OTHER FUNDING AGENCIES  
22 WHO HAVE HAD EXPERIENCE WITH TEAM-BASED PROJECTS AND HAVE  
23 THEM TALK TO US ABOUT WHAT WORKS AND PERHAPS, MORE  
24 IMPORTANTLY, WHAT HASN'T WORKED. WE ASKED ABOUT SCOPE,  
25 RESOURCES, FUNDING OF EFFECTIVE TEAMS, PROGRAM

## BARRISTERS' REPORTING SERVICE

1 MANAGEMENT, AND THE STRENGTHS AND WEAKNESSES OF THESE  
2 APPROACHES. WE PRESENTED THE FINDINGS FROM THE WORKSHOP  
3 TO OUR GRANTS WORKING GROUP IN A PUBLIC MEETING THAT WAS  
4 HELD ON SEPTEMBER 19TH AND RECEIVED ADDITIONAL INPUT FROM  
5 THEM AS WELL.

6 A COPY OF THE DRAFT WORKSHOP REPORT SUMMARIZING  
7 THE FINDINGS OF THE WORKSHOP AS WELL AS INCLUDING AN  
8 APPENDIX WITH COMMENTS FROM THE WORKING GROUP HAS BEEN  
9 PROVIDED TO YOU. SO YOU SHOULD HAVE THAT. THERE ARE  
10 COPIES AVAILABLE FOR MEMBERS OF THE PUBLIC ON BOTH THE  
11 TABLE IN HERE AND THE TABLE OUTSIDE. AND WE WILL BE  
12 PUBLISHING A FINAL REPORT ON THE WEB WITHIN THE NEXT FEW  
13 WEEKS.

14 MOVING ON TO THE PLANNING GRANT, THE PURPOSE OF  
15 THIS IS TO ALLOW POTENTIAL TEAMS TO ASSEMBLE AND TO  
16 PREPARE A COMPREHENSIVE RESEARCH PROPOSAL. FINALLY, WE  
17 DO ANTICIPATE A MULTIYEAR DISEASE TEAM GRANT IN THE FALL  
18 OF NEXT YEAR. THESE WOULD BE THE LARGE GRANTS.

19 THERE ARE THREE REASONS THAT WE ARE LAUNCHING  
20 THE DISEASE TEAM INITIATIVE. THIS PROGRAM WILL HELP THE  
21 INSTITUTE ACHIEVE ITS GOAL OF DEVELOPING STEM CELL-BASED  
22 THERAPIES BY MOVING CANDIDATES TOWARDS THE CLINIC.  
23 TRANSLATING DISCOVERIES INTO CLINICALLY VIABLE THERAPIES  
24 IS REALLY VERY DIFFICULT, AND THIS INITIATIVE WILL  
25 EXPLORE NEW METHODS FOR INTEGRATING AN ORGANIZING

## BARRISTERS' REPORTING SERVICE

1 MULTIDISCIPLINARY TEAMS. FINALLY, IT ALLOWS THE USE OF  
2 INNOVATIVE RESEARCH MODELS THAT INCLUDE ACTIVE MANAGEMENT  
3 AND DEFINE MILESTONES AS PART OF A COMPREHENSIVE RESEARCH  
4 PLAN.

5           WHAT ARE THE BENEFITS THAT WE SEE ACCRUING FROM  
6 A DISEASE TEAM PLANNING GRANT? I WOULD NOTE THAT THIS  
7 PROGRAM DIFFERS FROM THE TRADITIONAL SINGLE INVESTIGATOR,  
8 PRINCIPAL INVESTIGATOR, FUNDED PI GRANTS THAT WE HAVE  
9 DONE SO FAR. SO BECAUSE OF THIS, WE ARE RECOMMENDING  
10 APPROVAL OF A PLANNING GRANT TO ALLOW FOR TEAM FORMATION  
11 AND PROPOSAL DEVELOPMENT IN ANTICIPATION OF THE ACTUAL  
12 DISEASE TEAM GRANTS. WE BELIEVE THAT THE PLANNING GRANT  
13 WILL ENRICH THE POOL OF APPLICATIONS FOR DISEASE TEAM  
14 GRANTS.

15           THE PLANNING GRANT AWARD WILL PROVIDE SUPPORT  
16 FOR UP TO SIX MONTHS FOR PLANNING AND PROPOSAL  
17 DEVELOPMENT. WHAT WE WOULD HOPE IS THAT THE TEAM LEADER  
18 WOULD USE THAT TIME TO IDENTIFY AND RECRUIT A TEAM AND  
19 THAT THAT TEAM WOULD BE INVOLVED IN THE DEVELOPMENT OF  
20 THE CONTENT OF THE PROPOSAL, ADMINISTRATION, AND  
21 MANAGEMENT OF THE TEAM.

22           THE DISEASE TEAM INITIATIVE AND THE PLANNING  
23 GRANT WILL SUPPORT THE FULL SPECTRUM OF STEM CELL TYPES  
24 AND DISEASES, SO WE ARE NOT IMPOSING ANY LIMITATIONS IN  
25 THIS REGARD.

## BARRISTERS' REPORTING SERVICE

1 THE ACTUAL CONCEPT THAT WE BRING FOR YOUR  
2 CONSIDERATION IS THAT WE WOULD FUND SIX-MONTH PLANNING  
3 AWARDS FOR UP TO 20 TEAMS AT A TOTAL COST OF 50,000 PER  
4 AWARD. I WOULD NOTE THAT THIS IS A DIRECT PROJECT COST  
5 ONLY AWARD. THERE WILL BE NO INDIRECT COSTS INCLUDED,  
6 AND NO FACILITIES COSTS WILL BE PART OF THIS.

7 WE ESTIMATE THAT THE TOTAL COST OF THE PROGRAM  
8 WILL BE UP TO \$1 MILLION. THE DRAFT TIMETABLE THAT WE  
9 HAVE PROPOSED AND THAT I THINK WAS ALLUDED TO BY ARLENE  
10 AS WELL IS WE ANTICIPATE THE RELEASE OF THE RFA FOR THE  
11 PLANNING GRANTS IN THE NEXT MONTH, IN NOVEMBER. WE  
12 ANTICIPATE REVIEW OF APPLICATIONS IN WINTER OF 2008, AND  
13 WE ANTICIPATE COMING TO YOU FOR APPROVAL FOR FUNDING IN  
14 THE SPRING OF 2008.

15 FINALLY, AS NOTED, WE DO ANTICIPATE A CALL FOR  
16 APPLICATIONS FOR THE DISEASE TEAM GRANT ITSELF IN 2008.  
17 FINALLY, I WOULD LIKE TO SAY THAT THE DISEASE TEAM  
18 INITIATIVE IS ONE OF SEVERAL INITIATIVES THAT HAVE BEEN  
19 OUTLINED IN THE SCIENTIFIC STRATEGIC PLAN FOR ACTUALLY  
20 MOVING RESEARCH FROM DISCOVERY TO CLINICAL TESTING. AS  
21 YOU SEE HERE, THIS IS THE ANTICIPATED SCOPE OF THE  
22 DISEASE TEAM. OTHER INITIATIVES ARE OUTLINED HERE AND  
23 HOW THEY MAP ON THE SPECTRUM OF CLINICAL DEVELOPMENT.  
24 YOU'VE ALREADY HEARD FROM DR. CHIU THAT WE ANTICIPATE  
25 MOVING FORWARD WITH THE TRANSLATIONAL RESEARCH INITIATIVE

## BARRISTERS' REPORTING SERVICE

1 THIS YEAR, AND I THINK I SPEAK FOR MYSELF AS WELL AS ALL  
2 MEMBERS OF SCIENCE TEAM THAT WE WOULD LOOK FORWARD TO  
3 BRINGING OTHER INITIATIVES FORWARD TO YOU IN THE FUTURE.  
4 THANK YOU FOR YOUR CONSIDERATION.

5 CHAIRMAN KLEIN: THANK YOU, DR. OLSON. I THINK  
6 FOR PURPOSES OF THE TRANSCRIPT, THE PEER REVIEW IS WINTER  
7 OF 2007 VERSUS 2008.

8 MS. OLSON: WELL, IT'S LIKELY TO BE ACTUALLY  
9 PROBABLY IN JANUARY OR FEBRUARY.

10 CHAIRMAN KLEIN: RIGHT. OKAY. VERY GOOD  
11 CLARIFICATION. APPRECIATE THAT. VERY GOOD  
12 CLARIFICATION.

13 SO WITH THAT, ARE THERE QUESTIONS OF DR. OLSON?  
14 DAVID SERRANO-SEWELL.

15 MR. SERRANO-SEWELL: YOU'RE REQUESTING APPROVAL  
16 FOR THE DISEASE TEAM PLANNING AWARDS, WHICH I SUPPORT,  
17 BUT THEN YOU MENTIONED THE NEXT PHASE WOULD BE THE  
18 DISEASE TEAMS GRANTS?

19 MS. OLSON: THE ACTUAL GRANTS TO FUND THE WORK  
20 OF THE DISEASE TEAMS.

21 CHAIRMAN KLEIN: THAT WILL BE A SEPARATE.

22 MS. OLSON: YES.

23 MR. SERRANO-SEWELL: AN ENTITY ISN'T PRECLUDED  
24 IF THEY DON'T GET THE DISEASE TEAM PLANNING AWARD.

25 MS. OLSON: THAT IS CORRECT. THANK YOU FOR

## BARRISTERS' REPORTING SERVICE

1 THAT CLARIFICATION. IF YOU DO NOT APPLY FOR AND RECEIVE  
2 A PLANNING GRANT, THAT DOES NOT PRECLUDE YOUR  
3 PARTICIPATING IN THE COMPETITION FOR THE DISEASE TEAM  
4 GRANTS.

5 DR. LEVEY: I WAS PLEASED TO SEE BEFORE THAT  
6 THERE'S A PLAN FOR A MAJOR INITIATIVE WITH REGARD TO  
7 CORES. AND I THINK IF WE GO AHEAD WITH THIS DISEASE  
8 TEAM, IN FACT, YOU MIGHT EVEN WANT TO DO THAT BEFORE YOU  
9 ACTUALLY HAD THE FULL DECISIONS FOR THE DISEASE TEAMS  
10 BECAUSE DISEASE TEAMS, IF YOU HAD MULTIPLE TEAMS ON THE  
11 UNIVERSITY OR LIKE WE'D LIKE TO DO PROBABLY ACROSS  
12 UNIVERSITY LINES AND BRING POOLS OF GROUPS TOGETHER, IT  
13 EVEN PUTS GREATER STRESS ON HAVING CORE FACILITIES. SO  
14 YOU MIGHT WANT TO THINK ABOUT THE TIMING OF THESE AND HOW  
15 MUCH YOU WANT TO PUT INTO THE CORE -- HOW MUCH WE WANT TO  
16 PUT INTO THE CORE FACILITIES GRANTS.

17 MS. OLSON: I BELIEVE IT IS OUR INTENT, AS  
18 OUTLINED IN DR. CHIU'S PLAN, TO, IN FACT, MOVE FORWARD  
19 WITH CORES AS WELL. HOWEVER, I GUESS THEY'RE GOING TO BE  
20 MOVING FORWARD SIMULTANEOUSLY, AND WE'LL PROBABLY HAVE TO  
21 RELY TO SOME EXTENT ON RESOURCES ALREADY EXISTING;  
22 ALTHOUGH AS TIME GOES ON, CERTAINLY THOSE CORES THAT WE  
23 HOPE TO BRING FORTH WILL CONTRIBUTE TO THEM AS WELL.

24 CHAIRMAN KLEIN: DR. PIZZO.

25 DR. PIZZO: I'D LIKE TO FOLLOW UP ON JERRY

## BARRISTERS' REPORTING SERVICE

1 LEVEY'S COMMENT. IN MANY LARGE PROGRAM PROJECTS, CORES  
2 ARE OFTEN EMBEDDED INTO THE PROJECTS THEMSELVES. AND IT  
3 MAY BE A DIFFERENT WAY OF THINKING ABOUT THIS, AND I  
4 DON'T KNOW WHETHER THERE'S TIME TO DO THAT, BUT THAT  
5 COULD MAKE A TREMENDOUS DIFFERENCE BECAUSE IN THE ABSENCE  
6 OF ADDRESSING CORE FACILITIES, WHEN WE'RE LOOKING AT  
7 DISEASE-BASED PROJECT RESEARCH, WE MISS, I THINK, AN  
8 IMPORTANT NEED. SO I WOULD MAKE THE REQUEST THAT WE  
9 THINK ABOUT THIS AND THINK ABOUT WHETHER OR NOT CORES  
10 COULD BECOME PART OF THE DISEASE-BASED PROCESS ITSELF.

11 CHAIRMAN KLEIN: CERTAINLY WE HAVE THE  
12 OPPORTUNITY WHEN THE PLANNING GRANTS, WHICH IS WHAT WE'RE  
13 FOCUSED ON TODAY, PROGRESS TO GET FEEDBACK IN REAL-TIME  
14 FROM THOSE INSTITUTIONS WITH PLANNING GRANTS THAT MIGHT  
15 CONTRIBUTE TO OUR CONSIDERATION OF CORES BEFORE THE  
16 DISEASE TEAM GRANTS ARE MADE.

17 DR. PIZZO: WELL, NO, I REALLY MEAN SOMETHING  
18 DIFFERENT. I THINK THAT, YOU KNOW, IF YOU ARE APPLYING  
19 FOR A COMPREHENSIVE CANCER CENTER PROGRAM OR SOMETHING OF  
20 THE LIKE AS A MAJOR PROJECT GRANT, WHICH DOES BUILD TEAMS  
21 IN AN INTERDISCIPLINARY WAY, THERE IS OFTEN CORES AS PART  
22 OF THAT JUST SORT OF BUILT INTO THE GRANT ITSELF, AND IT  
23 JUST MAY OBTAIN THIS CHALLENGE.

24 DR. CHIU: MAY I RESPOND TO THAT?

25 DR. PIZZO: PLEASE. BY ALL MEANS.



## BARRISTERS' REPORTING SERVICE

1 DR. CHIU: WE DO NOT KNOW WHAT KIND OF DISEASE  
2 TEAMS WILL ARISE AND THE NEEDS OF EACH OR ANY OF THE  
3 DISEASE TEAMS, SO IT WOULD BE UP TO WRITING OF THE  
4 PROPOSAL OF THE BIG MULTIYEAR DISEASE TEAM GRANT TO STATE  
5 WHAT THEIR NEEDS ARE AT WHAT STAGE AND HOW THESE  
6 INTEGRATE. HOWEVER, I DO NOT ALSO WANT TO DEPEND ON  
7 THOSE FOR THE CORES. AND WHAT WE ENVISION AND WILL BRING  
8 BEFORE YOU IS THAT CORES AND SERVICES ARE A SEPARATE RFA  
9 FROM THE DISEASE TEAMS.

10 DR. PIZZO: RIGHT. AND I RESPECT THAT AND I  
11 THINK THAT THAT SHOULD BE THE CASE. I WAS JUST LOOKING  
12 AT A WAY OF FACILITATING SOME OF THE CORE DEVELOPMENT AS  
13 PART OF THIS EFFORT SINCE I DON'T KNOW THE SEQUENCING OF  
14 THE LATTER.

15 CHAIRMAN KLEIN: OKAY. DR. MEYER.

16 DR. MEYER: I HAVE ACTUALLY TWO SEPARATE  
17 ISSUES, ONE MORE SPECIFIC AND ONE MORE GENERAL. WHEN  
18 YOU'RE TALKING ABOUT TEAMS, IT BEGS THE QUESTION ABOUT  
19 PI'S. AND NOW NIH HAS MULTIPLE PI'S. IS THIS GOING TO  
20 BE SOMETHING THAT IS GOING TO BE PART OF THIS RFA, THAT  
21 THERE WILL BE MULTIPLE PI'S ELIGIBLE?

22 MS. OLSON: THAT IS NOT HOW WE'RE CONTEMPLATING  
23 IT AT THE MOMENT. BUT LET ME JUST SAY MY EXPERIENCE WITH  
24 TEAM-BASED RESEARCH IS THERE IS USUALLY A PROJECT LEADER,  
25 NOT A PI IN THE SENSE THAT ACADEMIC INSTITUTIONS ARE USED

## BARRISTERS' REPORTING SERVICE

1 TO THINKING ABOUT A PI. BUT THE ROLE OF THE PROJECT  
2 LEADER IS ALMOST, CALL IT, A HIGH LEVEL MANAGER, MAKE  
3 SURE THAT BRINGS TOGETHER THE RIGHT PEOPLE, IS A DRIVING  
4 FORCE. CALL THEM A LEADER AMONG EQUALS, HIM OR HER A  
5 LEADER AMONG EQUALS BECAUSE THAT -- AND I THINK WHEN  
6 YOU -- BECAUSE THE EXPECTATION HERE IS THAT FOR A DISEASE  
7 TEAM, YOU WILL NEED MULTIPLE KINDS OF EXPERTISE, YOU WILL  
8 NEED PI EQUIVALENTS IN DIFFERENT AREAS.

9 SO I TAKE IT UNDER CONSIDERATION, BUT, YOU  
10 KNOW, WE CRINGE IN TERMS OF ADMINISTRATION AS TO HOW WE  
11 WOULD MOVE FORWARD WITH THAT PARTICULAR MODEL.

12 DR. MEYER: AND MY SECOND QUESTION IS MORE  
13 GENERAL. AND BOB, IF YOU WANT TO TAKE THIS UP MAYBE  
14 LATER, THAT'S FINE. BUT I GET BACK TO AN ISSUE THAT I  
15 RAISED WITH ZACH AND WITH ARLENE, POSSIBLY ALSO WITH BOB,  
16 AND THAT'S THE ISSUE OF ELIGIBILITY OF HIGHLY QUALIFIED  
17 PEOPLE WHO HAVE FULL-TIME LABORATORIES IN A CALIFORNIA  
18 INSTITUTION, BUT THEMSELVES ARE JOINTLY APPOINTED AT  
19 ANOTHER INSTITUTION OUTSIDE OF CALIFORNIA.

20 WHAT I WAS TOLD, AND I THINK IT MADE A LOT OF  
21 SENSE AT THE TIME, WAS THAT, WELL, WE DON'T REALLY WANT  
22 TO HAVE THIS BE AN ISSUE WITH THE COURT CASES GOING ON;  
23 AND THAT ONCE WE HAVE THE MONEY AND THE BONDS ARE SOLD  
24 AND SO ON, THAT WE WOULD MOVE TOWARD A DIRECTION OF  
25 MAKING ELIGIBILITY BASED ON WHERE THE LABORATORY IS

## BARRISTERS' REPORTING SERVICE

1 LOCATED AND THE INSTITUTION AS OPPOSED TO WHERE THE PI  
2 SPENDS THEIR TIME.

3 SO MY QUESTION, THEN, IS BECAUSE THIS IS A  
4 PI-BASED RFA, NOT LIKE THE FACILITIES ONE, WHICH, YOU  
5 KNOW, YOU CAN ARGUE, BUT THIS IS MUCH MORE RESEARCH  
6 ORIENTED, ARE WE NOW, BECAUSE THERE'S NOTHING SPECIFIC  
7 HERE, ACCEPTING APPLICATIONS FROM INSTITUTIONS WHERE THE  
8 PI IS, LET'S SAY FOR THE SAKE OF ARGUMENT, 50-PERCENT  
9 TIME AT THAT INSTITUTION, BUT HAS A HUNDRED PERCENT TIME  
10 RESEARCH ENTERPRISE GOING ON AT THAT INSTITUTION?

11 CHAIRMAN KLEIN: SO IF I CAN UNDERSTAND, VERY  
12 SPECIFICALLY, IF THERE IS AN APPROPRIATE ALLOCATION OF  
13 TIME TO THE RESEARCH BEING DONE IN CALIFORNIA, AND WE  
14 WOULD BE PAYING FOR THE TIME BEING SPENT IN CALIFORNIA  
15 AND THE STAFF IN CALIFORNIA IN THE FUTURE GRANTS,  
16 INCLUDING THOSE THAT WE'RE CONTEMPLATING HERE, CAN WE, IN  
17 FACT, CAPTURE THE OPPORTUNITY TO HAVE THOSE GREAT MINDS  
18 THAT ARE PARTITIONING THEIR TIME TO CALIFORNIA? AND DR.  
19 OLSON, IF I COULD CALL ON DR. CHIU BECAUSE IT HAS  
20 PREVIOUSLY BEEN DIRECTED AT DR. CHIU, AND THEN ON YOU  
21 AGAIN.

22 DR. CHIU: I THINK YOU BRING UP AN EXCELLENT  
23 POINT BECAUSE THE GOAL OF THESE DISEASE TEAMS IS TO GET  
24 IT TO WORK AND TO GET IT TO A FINAL PRODUCT READY FOR  
25 CLINIC. ONE OF THE THINGS WE LEARNED AND YOU WILL SEE IN

## BARRISTERS' REPORTING SERVICE

1 YOUR DRAFT OF THE WORKSHOP IS THAT LEADERSHIP IS KEY.  
2 AND WE WANT TO CAPTURE THE BEST LEADERS THAT WOULD BRING  
3 THE PROJECT TO FRUITION.

4 THE SECOND THING ABOUT THESE DISEASE TEAMS THAT  
5 DR. OLSON POINTED TO IS THAT THEY'RE GOING TO BE  
6 MILESTONE DRIVEN. AND SHOULD THEY AT ANY POINT NOT NEED  
7 THE MILESTONES, THEY WILL END. SO, THEREFORE, WE ARE NOT  
8 SO WORRIED ABOUT WHO IS GOING TO BE LEADING AS LONG AS  
9 THE LEADER IS EFFECTIVE AND WILL GET THE PROJECTS DONE  
10 AND THAT THE WORK WILL BE DONE IN CALIFORNIA BECAUSE WE  
11 CAN ONLY FUND WORK THAT'S DONE IN CALIFORNIA.

12 DR. MEYER: SO IN OTHER WORDS, AND I WILL STOP  
13 BEAT ON THIS HORSE AFTER I SAY THIS, IT'S BEEN, FROM WHAT  
14 I HAVE HEARD, AND THIS IS HEARSAY, IS THAT UP UNTIL THIS  
15 POINT, THE REVIEW COMMITTEES, THE STUDY SECTIONS THAT  
16 HAVE BEEN REVIEWING GRANTS, HAVE MADE AN ISSUE OUT OF  
17 THIS AND HAVE NEGATIVELY COMMENTED ON THE POTENTIAL OF  
18 THESE CERTAIN GRANTS BECAUSE OF WHAT I BRING UP; I.E.,  
19 THE PART-TIME NATURE. I'M HAPPY TO HEAR THAT THAT'S NOT  
20 TRUE.

21 MS. OLSON: I THINK IT WAS BASED ON THE  
22 ELIGIBILITY CRITERIA FOR THE RFA'S AND THE APPLICATIONS  
23 THAT WE HAVE PUT OUT -- THAT WE PUT OUT. SO IT'S THE  
24 ELIGIBILITY CRITERIA THAT THE REVIEWERS WERE REACTING TO.

25 DR. MEYER: PERFECT.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  AND AS I UNDERSTAND THE  
2                   COMMENTS AND PRIOR DISCUSSIONS AT EXECUTIVE COMMITTEE,  
3                   DR. CHIU OR DR. OLSON PARTICIPATED IN, THAT THERE IS THE  
4                   INTENT TO CAPTURE THESE BRILLIANT SCIENTISTS WHO ARE  
5                   PREPARED TO MAKE A PART-TIME COMMITMENT TO CALIFORNIA,  
6                   PAYING FOR THE TIME THEY SPEND IN CALIFORNIA AS A PART OF  
7                   A TEAM THAT WOULD APPROACH THESE VERY COMPLICATED ISSUES.  
8                   AND, DR. MURPHY, IS THAT CONSISTENT WITH THE POLICY THAT  
9                   YOU ARE LOOKING AT?

10                  DR. MURPHY:  YES.

11                  CHAIRMAN KLEIN:  SO DR. POMEROY.

12                  DR. POMEROY:  CAN YOU JUST CLARIFY FOR ME ON  
13                  THESE GRANTS, ARE THESE AIMED AT ACADEMIC INSTITUTIONS,  
14                  INDUSTRY, AND HOW ABOUT ACADEMIC-INDUSTRY PARTNERSHIPS  
15                  BECAUSE WE'RE REALLY TALKING ABOUT TRYING TO BRING THESE  
16                  THERAPIES TO CLINICAL TESTING AND MARKET.  SO WHAT DID  
17                  YOU ENVISION FOR THESE TEAMS?

18                  MS. OLSON:  CERTAINLY BY THE TIME OF THE  
19                  DISEASE TEAM GRANTS, WE WOULD EXPECT TO HAVE THEM OPEN TO  
20                  BOTH ACADEMIC AND FOR-PROFIT IN WHATEVER COLLABORATION,  
21                  YOU KNOW, YOU CHOOSE TO COME UP WITH.  FOR THE PLANNING  
22                  GRANTS, I THINK WE'RE STILL FINALIZING OUR GRANTS  
23                  ADMINISTRATION POLICY FOR FOR-PROFITS, SO WE HAVEN'T  
24                  TOTALLY COME TO TERMS YET WITH WHO'S GOING TO BE ELIGIBLE  
25                  FOR THOSE, BUT WE'RE LEANING TOWARDS THE NONPROFIT ONLY.

## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN:  AND LET ME ASK THE FOLLOW-ON  
2           QUESTION TO THAT.  IF THE NONPROFITS ARE ELIGIBLE FOR  
3           THESE PLANNING GRANTS, THAT DOESN'T NECESSARILY PRECLUDE  
4           THEM FROM HAVING FOR-PROFIT SCIENTISTS AS A PART OF THE  
5           TEAM.  IS THAT A CORRECT STATEMENT?

6           MS. OLSON:  THAT IS A CORRECT STATEMENT.

7           CHAIRMAN KLEIN:  DR. PRIETO AND THEN DUANE  
8           ROTH.

9           DR. PRIETO:  JUST A COMMENT REALLY.  I THINK  
10          THE STRENGTH OF THIS APPROACH IS THAT IT ALLOWS  
11          INVESTIGATORS TO PUT TIME -- DEVOTE TIME AND RESOURCES TO  
12          ADDRESSING EXACTLY THESE QUESTIONS AS THEY THINK ABOUT  
13          WHAT A DISEASE TEAM WILL LOOK LIKE AND HOW THEY WILL PUT  
14          IT TOGETHER AND ALLOWS THEM TO DO THAT WITH SPECIFICALLY  
15          SET ASIDE TIME AND RESOURCES THAT WE'RE GIVING THEM.  I'M  
16          VERY EXCITED ABOUT THIS PROPOSAL BECAUSE THIS REALLY IS,  
17          I THINK, WHAT I SIGNED ON FOR, TO, YOU KNOW, DRIVE US TO  
18          THE CLINIC AND TO CURES FOR DISEASES.  AND I THINK THIS  
19          IS A VERY DIRECT STEP IN THAT DIRECTION.  AND IF IT'S NOT  
20          TOO EARLY, I'D LIKE TO MAKE A MOTION FOR APPROVAL.

21          CHAIRMAN KLEIN:  THERE IS -- WE CAN CONTINUE  
22          DEBATE WITH A MOTION, SO YOUR MOTION WOULD BE IN ORDER IF  
23          YOU WOULD LIKE TO MAKE A MOTION FOR APPROVAL.

24          DR. PRIETO:  I WOULD.

25          CHAIRMAN KLEIN:  IS THERE A SECOND?

## BARRISTERS' REPORTING SERVICE

1 MS. LANSING: SECOND.

2 CHAIRMAN KLEIN: SECOND BY SHERRY LANSING. AND  
3 WE HAVE A COMMENT BY DUANE ROTH.

4 MR. ROTH: I WANTED TO MAKE THE MOTION AS WELL,  
5 BUT WHAT I REALLY WANTED TO ADD TO IT IS THAT I WOULD  
6 LIKE CONSIDERATION TO THE COMMENTS THAT HAVE BEEN MADE BY  
7 DR. PIZZO ABOUT CORES, THE CONCEPT OF INCLUDING INDUSTRY  
8 SO THAT YOU GET SOME REALLY GOOD FEEDBACK HERE ABOUT WHAT  
9 THE ULTIMATE GRANT SHOULD LOOK LIKE.

10 CHAIRMAN KLEIN: AND DR. PRICE.

11 DR. PRICE: YOU VERY RAPIDLY SAID SOMETHING  
12 ABOUT INDIRECT COST RECOVERY, SO COULD YOU REPEAT IT, AND  
13 COULD YOU GIVE US THE RATIONALE?

14 MS. OLSON: THESE ARE PLANNING GRANTS. WE WERE  
15 NOT PLANNING ON INCLUDING ANYTHING IN AN INDIRECT COST.  
16 WE DID NOT SEE THAT IT WOULD BE USING LAB FACILITIES OR  
17 ANYTHING LIKE THAT.

18 DR. PRICE: OFFICE FACILITIES. I'M SERIOUS.  
19 WELL, I HAVE A QUESTION FOR SUE BRYANT, A VCR IN THE UC  
20 SYSTEM. I'M JUST WONDERING WHETHER THESE GRANTS COULD BE  
21 PROCESSED THROUGH THE UC SYSTEM IF THEY'RE ZERO COST  
22 RECOVERY.

23 DR. BRYANT: I'M SURE --

24 DR. POMEROY: I'D LIKE TO CLARIFY THAT UC  
25 POLICY IS THAT WE HAVE TO APPLY THE INDIRECT RATES UNLESS

## BARRISTERS' REPORTING SERVICE

1 WE GET A SPECIFIC REVIEW AND WAIVER. AND SO THE UC  
2 INSTITUTIONS APPLYING, AND THERE'S PROBABLY SOMETHING  
3 COMPARABLE AT THE OTHER INSTITUTIONS THAT MIGHT BE  
4 APPLYING, WOULD HAVE TO GO THROUGH THEIR INTERNAL  
5 PROCESSES, I WOULD PRESUME, IN ORDER TO DOCUMENT THAT.

6 DR. PRICE: I DON'T THINK THAT THIS WILL MEET  
7 THOSE CRITERIA, SO WE'LL HAVE TO GET AN EXCEPTION TO THE  
8 CRITERIA. AND BOARD OF REGENTS IS NOT ALLOWING US TO  
9 HAVE EXCEPTIONS. NOW I'M BEING FACETIOUS.

10 MS. LANSING: BOARD OF REGENTS IS FLEXIBLE.

11 CHAIRMAN KLEIN: SO SHERRY LANSING.

12 MS. LANSING: I JUST AS A MEMBER OF THE CIRM  
13 BOARD AND AS A REGENT, I AM EXTREMELY SUPPORTIVE OF THIS  
14 BECAUSE WHAT I THINK THIS IS IS WE'VE BEEN TALKING ABOUT  
15 INTERDISCIPLINARY APPROACH AND TAKING IT FROM THE  
16 ABSTRACT INTO THE CLINICAL AND INTO EVENTUALLY CURES.  
17 AND THIS IS EXACTLY, THOUGH DR. PIZZO INFORMS ME THAT  
18 THERE HAVE BEEN THINGS LIKE THIS BEFORE, AS A LAYPERSON I  
19 DON'T HEAR A LOT ABOUT IT, SO I HAVE TO SAY THAT I'M GLAD  
20 WE'RE AT LEAST AT THE FOREFRONT OF THIS. AND I THINK  
21 IT'S EVERYTHING THAT OUR GROUP HAS BEEN TALKING ABOUT IN  
22 TERMS OF SHARED INFORMATION, IN TERMS OF BEING  
23 INNOVATIVE, IN TERMS OF CROSSING DISCIPLINES. SO I JUST  
24 THINK IT'S EXTRAORDINARY, SO AS A PATIENT ADVOCATE I  
25 THANK YOU.



## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN:  AND I WOULD LIKE TO SAY THAT  
2 WE'RE VERY APPRECIATIVE TO HAVE THE RICHNESS OF THE  
3 REPRESENTATION ON THIS BOARD THAT WE CAN INTERFACE SO  
4 MANY DIFFERENT LEVELS OF INPUT INTO THIS GRANT SYSTEM.  
5 DR. PIZZO.

6           DR. PIZZO:  I'LL FOREGO.  THANK YOU.

7           CHAIRMAN KLEIN:  OKAY.

8           DR. BRYANT:  COULD I JUST FOLLOW UP?  I DO  
9 BELIEVE IT WOULD BE POSSIBLE.  I WANT TO JUST RETURN TO  
10 THAT, BUT THERE ARE COSTS ASSOCIATED WITH BRINGING MONEY  
11 IN AND ACCOUNTING FOR IT AND ALL OF THAT, SO IT'S NOT  
12 THAT THERE AREN'T -- THE LAB ISN'T THE ONLY THING THAT  
13 GETS PAID.  SO I WOULD PREFER IF WE COULD HAVE A REDUCED,  
14 BUT STILL APPROPRIATE INDIRECT RATE.

15           DR. PIZZO:  SO NOW THAT SUE HAS MADE THAT  
16 COMMENT, MAYBE I WILL ALSO.  YOU KNOW, CLEARLY, THIS IS A  
17 VERY IMPORTANT PROJECT, AND SO WE ALL WANT TO SEE THIS GO  
18 FORWARD, BUT I THINK HER COMMENT IS TRUE.  IN ONE WAY OR  
19 ANOTHER, WHETHER IT'S STATE OR PRIVATE INSTITUTION, YOU  
20 HAVE TO FIND THE FUNDING FOR THIS.  SO IT HAS TO,  
21 THEREFORE, COME OUT OF SOME OTHER RESOURCE, AND THAT,  
22 NONETHELESS, YOU KNOW, IS AN ISSUE FOR US.  SO I THINK  
23 THIS IS AN IMPORTANT ISSUE, AND WE'LL FIGURE OUT HOW TO  
24 GET IT DONE, BUT, YOU KNOW, THERE IS A PRICE TO IT.

25           CHAIRMAN KLEIN:  DR. MURPHY.

## BARRISTERS' REPORTING SERVICE

1 DR. MURPHY: LET ME JUST SAY ONE OF THE THINGS  
2 I'VE LEARNED AT THE CIRM, AND IT GOES AROUND A LOT, IS  
3 WHEN WE MAKE A DECISION, THE BOTTOM LINE IS DOES THIS  
4 HELP THE MISSION. AND I THINK MANY OF THE QUESTIONS THAT  
5 HAVE BEEN RAISED HERE COULD BE ANSWERED, WELL, IF IT  
6 REALLY DOES HELP THE MISSION, LET'S LET IT HAPPEN, THE  
7 BUSINESS ASSOCIATION, ALL THE OTHER THINGS, ALL THE OTHER  
8 GOOD SUGGESTIONS YOU'VE MADE. AND I THINK WE SHOULD LOOK  
9 VERY POSITIVELY ON THOSE.

10 AS A FORMER PERSON IN THE SAME POSITION YOU  
11 FOLKS ARE, I UNDERSTAND THE NEED FOR OVERHEAD. AND MR.  
12 CHAIRMAN, CAN WE SUGGEST THAT THE BOARD WOULD APPROVE  
13 PERHAPS A 10-PERCENT OVERHEAD ALLOWANCE FOR THIS TYPE OF  
14 GRANT TO COVER THE COSTS THAT HAVE BEEN, I THINK, VERY  
15 JUSTIFIABLY RAISED HERE?

16 CHAIRMAN KLEIN: COULD THE MAKER OF THE MOTION  
17 AMEND THE MOTION AS A FRIENDLY AMENDMENT?

18 DR. PRIETO: YES, I'D ACCEPT THAT AS A FRIENDLY  
19 AMENDMENT.

20 CHAIRMAN KLEIN: AND THE SECOND? SHERRY IS THE  
21 SECOND. WOULD YOU ACCEPT AN AMENDMENT TO PERMIT A  
22 10-PERCENT OVERHEAD?

23 MS. LANSING: I ACCEPT THAT.

24 CHAIRMAN KLEIN: OKAY. SO THE MAKER OF THE  
25 MOTION AND THE SECOND HAVE ACCEPTED AS A FRIENDLY

## BARRISTERS' REPORTING SERVICE

1 AMENDMENT, SO THE MOTION BEFORE US WOULD HAVE A  
2 10-PERCENT OVERHEAD ALLOWANCE WITH IT IF IT WERE TO PASS.

3 AT THIS POINT I'D LIKE TO ASK ARE THERE PUBLIC  
4 COMMENTS? MR. SIMPSON.

5 MR. SIMPSON: JOHN SIMPSON, FOUNDATION FOR  
6 TAXPAYER AND CONSUMER RIGHTS. ONE IS A POINT OF  
7 CLARIFICATION. YOU DID MAKE IT CLEAR THAT YOU WOULD BE  
8 ABLE TO APPLY FOR THE DISEASE TEAM FULL GRANTS IF YOU  
9 DON'T DO THE PLANNING GRANTS, BUT WHAT'S THE SITUATION IF  
10 YOU HAVE A PLANNING GRANT? ARE YOU PRETTY MUCH  
11 GUARANTEED? I MEAN WOULD YOU EXPECT ALL OF THEM TO LEAD  
12 TO FRUITION? WHAT RATE IS THE SORT OF RATE THAT WOULD BE  
13 AN ACCEPTABLE RATE?

14 CHAIRMAN KLEIN: I THINK THAT THIS BOARD AND  
15 THE STAFF HAVE ALWAYS BEEN FOCUSED ON THE QUALITY AND THE  
16 BRILLIANCE AND PROMISE OF THE GRANTS. WE DON'T HAVE THE  
17 FACTS AT THIS POINT TO SEE WHAT THE -- WHAT COMES OF  
18 THESE PLANNING GRANTS, AND WE WOULD NEED TO EVALUATE  
19 THAT. BUT IF THE STAFF WOULD LIKE TO COMMENT.

20 MS. OLSON: THE PURPOSE OF THE PLANNING GRANT  
21 IS TO INCREASE THE NUMBER OF POTENTIAL QUALITY  
22 APPLICATIONS THAT WE HAVE. IT WILL BE UP TO OUR  
23 SCIENTIFIC REVIEWERS AND TO THE BOARD WHEN WE FINALLY  
24 ACTUALLY SEE THE DISEASE TEAM GRANTS. BUT GETTING A  
25 PLANNING GRANT IS NO GUARANTEE OF GETTING A GRANT.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  AND PLEASE REALIZE THE DISEASE  
2   TEAM GRANTS THAT ARE BEING THOUGHT UP CONCEPTUALLY ARE IN  
3   THE RANGE OF \$20 MILLION.  SO THIS IS A VERY SERIOUS  
4   UNDERTAKING WITH VERY SPECIFIC OBJECTIVES.  DR. OLSON AND  
5   THEN DR. HENDERSON.

6                   MS. OLSON:  I WAS JUST GOING TO SAY THE FULL 20  
7   MILLION IS ASSUMING THEY WERE SUCCESSFUL IN GETTING  
8   THE -- TO A KEY MILESTONE OF GETTING AN APPROVED IND AND  
9   ACTUALLY WOULD INCLUDE CLINICAL STUDIES AS WELL.  AS YOU  
10  CAN SEE, THE DISEASE TEAM ITSELF, WE WOULD PROBABLY FUND  
11  SOME PORTION OF THAT WITH THE GOAL OF GETTING TO AN  
12  APPROVABLE IND, AND IT WOULD HAVE MILESTONES ALONG THE  
13  WAY.

14                  CHAIRMAN KLEIN:  DR. OLSON, ON YOUR LAST SLIDE  
15  THAT'S HERE, COULD YOU COMMENT ON THE BOXES THAT LIE  
16  BELOW THE DISEASE TEAM BOX TO SPECIFICALLY RELATE HOW  
17  SOME OF THESE PLANNING GRANTS MAY END UP FALLING INTO  
18  TRANSLATIONAL RESEARCH GRANTS OR OTHER CATEGORIES?

19                  MS. OLSON:  OKAY.  AS YOU CAN SEE, THE SCIENCE  
20  OF THERAPY DEVELOPMENT HAS MANY STAGES TO IT.  AND WHAT  
21  WE CAN SEE IS THAT IF CERTAIN DISEASE TEAM PLANNING  
22  GRANTS PERHAPS WERE NOT SUCCESSFUL IN COMPETING FOR A  
23  DISEASE TEAM AWARD, THERE ARE OTHER OPPORTUNITIES.  THERE  
24  WOULD BE -- WE'RE GOING TO HAVE PRECLINICAL PRODUCT  
25  DEVELOPMENT.  SO TAKING THINGS FORWARD TO ACTUALLY WHAT'S

## BARRISTERS' REPORTING SERVICE

1 BEEN KNOWN AS THE VALLEY OF DEATH, GETTING THE  
2 MANUFACTURER, DOING THE TOX STUDIES THAT YOU NEED TO DO  
3 TO GO INTO THE CLINIC, WE WOULD ALSO HAVE TRANSLATIONAL  
4 RESEARCH PART 2 MIGHT COVER THAT KIND OF CATEGORY AS  
5 WELL. THE EARLIER STAGE OF TRANSLATIONAL RESEARCH MIGHT  
6 COVER SOME IDEAS OR SOME BOTTLENECKS.

7 CAN WE GET -- WE HEARD THIS MORNING ABOUT  
8 GETTING CARDIOMYOCYTES IN A QUANTITY SUFFICIENT TO TALK  
9 ABOUT GOING TO THE CLINIC. THAT'S THE KIND OF THING THAT  
10 I MIGHT LOOK TO SEE IN TRANSLATIONAL RESEARCH ONE,  
11 METHODS TO ACTUALLY PRODUCE CARDIOMYOCYTES IN ENOUGH  
12 QUANTITIES THAT WE COULD TALK ABOUT ACTUALLY LOOKING AT  
13 THEM IN MULTIPLE DISEASE MODELS AND THAT WE COULD  
14 ACTUALLY TALK ABOUT MOVING THEM TO THE NEXT STAGE OF  
15 THINKING ABOUT GOING INTO PEOPLE. SO ALL THESE DIFFERENT  
16 ASPECTS OF THE PROGRAM ARE DESIGNED TO, YOU KNOW, MOVE  
17 RESEARCH ALONG, TO GET INTO THE CLINIC, AND THERE WILL BE  
18 FAILURES ON THE WAY. YOU ALL KNOW THAT THINGS DON'T  
19 ALWAYS WORK, BUT WE'RE PROVIDING LOTS OF CHANCES, I  
20 THINK, FOR PEOPLE TO EXPLORE THEIR IDEAS AND TO MOVE  
21 THINGS AND TO TRANSLATE THEIR IDEAS INTO, YOU KNOW,  
22 POSSIBLE DISCOVERIES THAT WILL MAKE A DIFFERENCE.

23 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
24 COMMENTS FROM THE BOARD?

25 DR. BRYANT: I JUST HAD A QUESTION.

## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN: DR. HENDERSON, DID YOU STILL  
2 HAVE A COMMENT?

3           DR. HENDERSON: YEAH. I JUST AGAIN REITERATE I  
4 THINK THIS IS A CALL TO THE SCIENTIFIC COMMUNITY, TO ALL  
5 OF OUR COLLEAGUES, AS WELL AS OURSELVES ABOUT THE MISSION  
6 WE'RE ON, TO GET PRODUCTS INTO THE CLINIC. WE'VE ALL  
7 BEEN TO THE SPOTLIGHT PRESENTATIONS IF WE'RE NOT AWARE OF  
8 ISSUES IN OUR OWN FAMILY AND AMONG OUR FRIENDS. SO THIS  
9 IS TO TRY TO GALVANIZE SOME SERIOUS EFFORT AT DISEASE  
10 TRANSLATION, TREATMENT.

11           CHAIRMAN KLEIN: AND DR. BRYANT.

12           DR. BRYANT: I JUST HAD A QUESTION, AND THAT  
13 WAS WILL ACCEPTANCE OF A PLANNING GRANT MEAN THAT A GRANT  
14 APPLICATION NEEDS TO BE PUT IN? I'M JUST WONDERING IF  
15 THOSE TWO ARE LINKED OR PEOPLE COULD CHANGE THEIR MINDS  
16 OR WHAT?

17           MS. OLSON: PEOPLE CAN CHANGE THEIR MINDS.

18           DR. BRYANT: OKAY.

19           MR. SIMPSON: I WAS TRYING TO CLARIFY ON THE  
20 PLANNING GRANTS, WHICH I THINK ARE TERRIBLY IMPORTANT,  
21 JUST WHAT -- IF THERE'S A COMPARABLE SORT OF SENSE OF,  
22 SAY, WHEN NIH MAKES THESE GRANTS, HOW MANY OF THEM  
23 ACTUALLY GET TO THE FULL STAGE?

24           CHAIRMAN KLEIN: WE DON'T KNOW THAT. WE DON'T  
25 HAVE THE FACTUAL INFORMATION THAT WILL DEVELOP AND BE THE

## BARRISTERS' REPORTING SERVICE

1 RESULT OF THIS PROCESS.

2 MR. SIMPSON: AND I AGREE THAT THAT'S  
3 TREMENDOUSLY IMPORTANT, BUT I ALSO HAVE TO IN GOOD  
4 CONSCIENCE ADD A NOTE OF SKEPTICISM ABOUT THE SORT OF  
5 ACADEMIC TENDENCY TO AUTOMATICALLY TACK ON INDIRECT  
6 COSTS. I WISH I COULD DO THAT IN MY LIFE, BUT IT DOES  
7 SEEM TO ME THAT THIS SEEMS A LITTLE STRANGE, TO HAVE A  
8 GRANT THAT'S A PLANNING GRANT AND SAY, OH, AND BY THE  
9 WAY, ADD X PERCENT. IT JUST ISN'T AS STRAIGHTFORWARD  
10 WITH THE PUBLIC AND THE TAXPAYER. I MEAN YOU WOULD BE  
11 BETTER TO SAY, OKAY, WE WANT THE GRANT AND WE'RE ASKING  
12 FOR THIS MUCH TO PAY THE RENT RATHER THAN JUST  
13 AUTOMATICALLY TACKING IN AN OVERHEAD. IT DOESN'T MAKE  
14 SENSE.

15 CHAIRMAN KLEIN: I'D LIKE TO COMMENT THAT 10  
16 PERCENT IS WAY BELOW ANY JUSTIFIABLE RANGE OF OVERHEAD.  
17 IT IS A VERY STRINGENT STANDARD. IT IS A VERY  
18 CONSERVATIVE STANDARD, AND THE -- IT REQUIRES SOME  
19 SACRIFICE BY THE INSTITUTIONS.

20 DR. PIZZO: MR. CHAIRMAN, IF I COULD JUST MAKE  
21 A TANGENTIAL STATEMENT.

22 CHAIRMAN KLEIN: COULD I ASK IF WE COULD HAVE A  
23 VOTE. WE'RE ABOUT TO LOSE DR. HENDERSON.

24 DR. PIZZO: THAT'S ACTUALLY RELEVANT, AND THEN  
25 IT'S ABOUT DR. HENDERSON.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN: I'D LIKE TO CALL THE QUESTION  
2 IF WE CAN. ALL IN FAVOR. OPPOSED? UNANIMOUS PASSAGE OF  
3 THIS. IT'S A GREAT VOYAGE WE'RE ABOUT TO EMBARK ON.  
4 AND, DR. PIZZO, YOU HAVE A COMMENT.

5                   DR. PIZZO: YES, THANK YOU. SO I JUST WANT TO  
6 ASK YOU, MR. CHAIRMAN, TO IN YOUR CAPACITY ACKNOWLEDGE  
7 DR. BRIAN HENDERSON, WHO MAY OR MAY NOT BE LEAVING THE  
8 BOARD IN THE IMMEDIATE FUTURE. HE'S STEPPING DOWN IN A  
9 MONTH IN HIS ROLE AS DEAN AT USC WHERE HE'S DONE A GREAT  
10 JOB. HE'S BEEN A WONDERFUL COLLEAGUE AND SUPPORTER SINCE  
11 THE INCEPTION OF THIS PROGRAM. IT'S BEEN A PRIVILEGE TO  
12 BE WORKING WITH HIM. IF HE DOES GO OFF WILL BE WOEFULLY  
13 MISSED, BUT I THOUGHT YOU WOULD LIKE TO SAY SOMETHING  
14 ABOUT THAT AS WELL.

15                  CHAIRMAN KLEIN: THANK YOU VERY MUCH.

16                  DR. PIZZO: KNOWING THAT YOU ALWAYS CAN COME UP  
17 WITH SOMETHING GOOD TO SAY.

18                  CHAIRMAN KLEIN: WELL, IT HAS BEEN A TREMENDOUS  
19 PRIVILEGE FOR ME INDIVIDUALLY AND FOR THE MEMBERS OF THIS  
20 BOARD TO BE -- TO HAVE THE GUIDANCE, INSPIRATION, AND  
21 CONTRIBUTIONS OF DR. HENDERSON DURING THIS HISTORIC TIME  
22 LEADING UP TO TODAY WHEN WE ARE ISSUING OUR FIRST BONDS.  
23 IT IS A TIME OF GREAT CHALLENGES THAT HAVE BEEN MARKED BY  
24 TREMENDOUS ACCOMPLISHMENTS BY THIS BOARD. AND DR.  
25 HENDERSON GAVE US AN EARLY CONTRIBUTION OF DR. HALL ALONG



## BARRISTERS' REPORTING SERVICE

1 THE WAY, ALONG WITH NUMEROUS CALLS AND GUIDANCE AND  
2 DIRECTION. HE HAS BEEN A RESOURCE FOR ME AND FOR MEMBERS  
3 OF THIS BOARD.

4 IT IS REMARKABLE AS WELL THE TREMENDOUS  
5 CONTRIBUTIONS THAT HAVE OCCURRED AND THE RECRUITMENT OF  
6 WORLD LEADERS AT USC BRINGING DR. PERA FROM AUSTRALIA,  
7 WHICH MAY HAVE INSPIRED SUBSEQUENT RECRUITMENTS ON A  
8 GLOBAL BASIS TO THE STEM CELL MISSION. BUT CERTAINLY  
9 WE'VE ALL BEEN VERY PRIVILEGED TO PARTICIPATE. I WOULD  
10 LIKE TO SEE IF WE COULD ALL STAND AND APPLAUD.

11 (APPLAUSE.)

12 CHAIRMAN KLEIN: WE STILL HAVE A QUORUM HERE,  
13 BUT WE JUST HAVE A QUORUM, SO WE'RE GOING TO TRY AND MOVE  
14 EXPEDITIOUSLY. DR. MURPHY.

15 DR. MURPHY: MR. CHAIRMAN, I'M WONDERING IF WE  
16 CAN GO TO ITEM NO. 10 BECAUSE THAT REALLY IS A HIGH  
17 PRIORITY FOR THE INSTITUTE, AND WE NEED A VOTE TO ACCEPT  
18 THE RECOMMENDATION THAT STAFF WILL BE MAKING TO ENTER  
19 INTO AN AGREEMENT FOR THE GRANTS MANAGEMENT SYSTEM. AND  
20 WE WANT TO MAKE SURE THAT WE CAN GET THAT APPROVED TODAY  
21 WHILE WE HAVE A FULL QUORUM.

22 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD MOVE  
23 TO ED DORRINGTON. ED, WE HAVE GREAT APPRECIATION FOR THE  
24 TREMENDOUS CONTRIBUTION OF TIME, PASSION, AND COMMITMENT  
25 YOU'VE MADE TO THIS ENTERPRISE. AND IF YOU COULD, HOW

## BARRISTERS' REPORTING SERVICE

1 MUCH TIME WILL YOU THINK YOU WILL USE IN MOVING THROUGH  
2 THIS ITEM?

3 MR. DORRINGTON: ABOUT SIX OR SEVEN MINUTES.

4 CHAIRMAN KLEIN: WELL, THAT'S IMPRESSIVE.

5 MR. DORRINGTON: WELL, WE'LL SEE.

6 CHAIRMAN KLEIN: AND THEN WE WILL GO BACK, FOR  
7 THE PURPOSES OF INFORMATION FOR THE BOARD AND THE  
8 AUDIENCE, THEN TO ITEM 9; IS THAT CORRECT, DR. MURPHY?

9 DR. MURPHY: THAT'S RIGHT. THAT'S RIGHT. MR.  
10 CHAIRMAN, BEFORE ED BEGINS, LET ME JUST INTRODUCE ED  
11 DORRINGTON TO THE ICOC. ED IS A SOFTWARE ARCHITECT WHO  
12 HAS BEEN WITH THE INSTITUTE FOR --

13 MR. DORRINGTON: LITTLE OVER TWO YEARS.

14 DR. MURPHY: -- TWO YEARS. ED IS THE PERSON  
15 WHO REALLY CREATED THE SOFTWARE THAT IS CURRENTLY BEING  
16 USED BY THE INSTITUTE FOR ITS GRANTS MANAGEMENT PROGRAM.  
17 SO HE WAS IN CHARGE OF THE SURVEY THAT WAS DONE TO CHOOSE  
18 THIS NEW SYSTEM WE'LL BE RECOMMENDING TO YOU WITH  
19 COLLEAGUES IN THE INSTITUTE. AND I JUST WANT TO ASSURE  
20 YOU HE IS VERY WELL QUALIFIED TO BE RECOMMENDING THIS TO  
21 US.

22 MR. DORRINGTON: THANK YOU. SO I'M GOING TO BE  
23 TALKING ABOUT GRANTS MANAGEMENT SYSTEM HERE. I'M GOING  
24 TO TALK ABOUT WHY WE NEED A GRANTS MANAGEMENT SYSTEM, HOW  
25 WE WENT ABOUT CHOOSING A VENDOR, AND WHO WE ENDED UP

## BARRISTERS' REPORTING SERVICE

1 RECOMMENDING.

2 SO WHY DO WE NEED A SYSTEM? THIS SLIDE, WHICH  
3 YOU'VE ALL SEEN BEFORE, OUTLINES THE STEPS INVOLVED IN  
4 THE LIFE CYCLE OF A GRANT. EACH STEP IN THIS LIFE CYCLE  
5 INVOLVES A COORDINATED EFFORT AMONGST A LARGE NUMBER OF  
6 PEOPLE, WHETHER CIRM STAFF MEMBERS, APPLICANTS, GRANTEES,  
7 GRANTS WORKING GROUP MEMBERS, OR THE ICOC. MANY OF THESE  
8 STEPS INVOLVE GATHERING INFORMATION FROM OTHER PROGRAMS,  
9 QUERYING HISTORICAL INFORMATION, ETC. AND ACTUALLY,  
10 DR. BRENNER, TO ADDRESS YOUR EARLIER POINT IN TERMS OF  
11 TRACKING THE PROGRESS OF OUR CIRM SCHOLARS, THIS IS  
12 EXACTLY THE TYPE OF QUALITATIVE AND QUANTITATIVE  
13 INFORMATION THAT A GRANTS MANAGEMENT SYSTEM WOULD ALLOW  
14 US TO TRACK.

15 AT ANY GIVEN TIME THERE WOULD BE SEVERAL  
16 PROGRAMS GOING THROUGH THE YELLOW PRE-AWARD AND AWARD  
17 STEPS AND LITERALLY DOZENS GOING THROUGH THE POSTAWARD  
18 TRACKING PROCESSES. EACH PROGRAM COULD CONTAIN FROM  
19 DOZENS TO HUNDREDS OF APPLICATIONS OR AWARDS, AND EACH  
20 AWARD COULD INCLUDE MANY PROGRESS REPORTS,  
21 CERTIFICATIONS, AND OTHER FORMS, ALL OF WHICH LEADS TO A  
22 LOT OF PAPER. AND JUST SO YOU KNOW, THAT'S JUST THE  
23 APPLICATIONS FOR JUST ONE PROGRAM.

24 WHEN YOU IMAGINE THAT VOLUME OF INFORMATION  
25 ACROSS ALL THE PROGRAMS WE'LL BE FINISHING OVER MANY

## BARRISTERS' REPORTING SERVICE

1 YEARS, THE NEED FOR AN ELECTRONIC GRANTS MANAGEMENT  
2 SYSTEM TO COORDINATE THESE EFFORTS BECOMES ABUNDANTLY  
3 CLEAR.

4 SO HOW DID WE GO ABOUT FINDING THE RIGHT  
5 SYSTEM? WE BEGAN EARLY THIS YEAR BY WRITING A DETAILED  
6 REQUEST FOR PROPOSAL FOR SUCH A SYSTEM. BY THIS TIME,  
7 AFTER HAVING GONE THROUGH SEVERAL REVIEW CYCLES, WE HAD A  
8 VERY GOOD UNDERSTANDING OF OUR REQUIREMENTS AND  
9 PROCESSES. SO THE RFP OUTLINED 129 SPECIFIC REQUIREMENTS  
10 AND IDENTIFIED THE CRITERIA BY WHICH PROPOSALS WOULD BE  
11 EVALUATED. THE RFP ALSO STATED THAT ANY CONTRACT WITH A  
12 VENDOR WOULD BE ON A PAY-FOR-PERFORMANCE BASIS WHEREBY  
13 THE VENDOR IS NOT PAID EXCEPT FOR ACTUAL DELIVERED  
14 FUNCTIONALITY. THE RFP WAS POSTED LATE IN MAY, AND  
15 RESPONSES WERE DUE AT THE END OF JUNE.

16 BY THE DEADLINE WE HAD RECEIVED FIVE PROPOSALS.  
17 SO WE THEN CONVENED A NINE-MEMBER EVALUATION COMMITTEE  
18 WHICH CONSISTED OF SEVEN CIRM EMPLOYEES, INCLUDING  
19 SCIENTIFIC OFFICERS, I.T., AND SENIOR MANAGEMENT, AND TWO  
20 OUTSIDE VOLUNTEERS WHO HAD EXTENSIVE EXPERIENCE IN GRANTS  
21 MANAGEMENT SYSTEMS.

22 THE EVALUATION COMMITTEE MET TO REVIEW AND  
23 SCORE THE PROPOSALS ON THE BASIS OF THESE FIVE CRITERIA:  
24 THE EXPERIENCE OF THE VENDOR, THE QUALIFICATIONS OF THE  
25 PERSONNEL IMPLEMENTING THE SOLUTION, THE RESPONSIVENESS

## BARRISTERS' REPORTING SERVICE

1 OF THEIR PROPOSAL TO THE SCOPE OF WORK OUTLINED IN THE  
2 RFP, THE COST TO IMPLEMENT AND MAINTAIN THE SYSTEM, AND  
3 THE TIMING OF THE PROJECT. CAN THEY MEET OUR DEADLINES.

4 THE EVALUATION COMMITTEE CAREFULLY REVIEWED  
5 EACH ELEMENT OF THE PROPOSAL AGAINST EACH OF THE CRITERIA  
6 IN ORDER TO DETERMINE A FINAL SCORE. AFTER EVALUATING  
7 THE PROPOSALS, WE WERE ABLE TO NARROW THE FIELD TO THREE  
8 FINALISTS. HOWEVER, IN ORDER TO CHOOSE A WINNING BIDDER,  
9 THE EVALUATION COMMITTEE FELT THAT WE NEEDED TO SEE THESE  
10 SYSTEMS IN ACTION AND ALSO NEEDED TO MEET WITH THE PEOPLE  
11 WHO WOULD BE IMPLEMENTING THE SYSTEM.

12 SO DURING JULY AND INTO EARLY AUGUST, ALL THREE  
13 FINALISTS CAME AND GAVE HALF-DAY DEMONSTRATIONS OF THEIR  
14 SYSTEMS. WE REQUIRED THAT THE PEOPLE GIVING THE  
15 DEMONSTRATIONS BE MEMBERS OF THE TEAM WHO WOULD BE  
16 IMPLEMENTING THE SYSTEM. THIS ALLOWED EVALUATION  
17 COMMITTEE MEMBERS TO ASK QUESTIONS OF EACH BIDDER AND TO  
18 MEET SOME OF THEIR TEAM.

19 AFTER THE DEMONSTRATIONS, THE EVALUATION  
20 COMMITTEE IDENTIFIED A FEW REMAINING AMBIGUITIES IN THE  
21 PROPOSALS, SO WE PUT TOGETHER A DOCUMENT ASKING FOR  
22 CLARIFICATION OF THESE QUESTIONS. THE RESPONSES WERE TO  
23 BE IN THE FORM OF AN ADDENDUM TO THEIR PROPOSAL. AFTER  
24 RECEIVING ALL THREE RESPONSES, THE EVALUATION COMMITTEE  
25 MET AGAIN TO DISCUSS THE NEW INFORMATION, AND THIS TIME

## BARRISTERS' REPORTING SERVICE

1 WE WERE ABLE TO MAKE A UNANIMOUS RECOMMENDATION.

2 THE SYSTEM WE RECOMMEND IS A SYSTEM CALLED  
3 GRANTIUM. IT'S FROM A COMPANY ALSO CALLED GRANTIUM,  
4 WHICH IS HEADQUARTERED IN CANADA, IS EXCLUSIVELY IN THE  
5 BUSINESS OF SELLING GRANTS MANAGEMENT SOFTWARE, AND THEY  
6 HAVE BEEN IN BUSINESS FOR TEN YEARS. THEY HAVE CUSTOMERS  
7 IN CANADA, AUSTRALIA, AND THE U.S., AND THEIR CUSTOMERS  
8 INCLUDE THE ALBERTA ADVANCED EDUCATION AND TECHNOLOGY,  
9 THE INNOVATION INSTITUTE OF ONTARIO, THE U.S. AGENCY FOR  
10 INTERNATIONAL DEVELOPMENT, AND THE DEPARTMENT OF STATE.

11 AND OVER THE COURSE OF OUR EVALUATION, WE  
12 CONTACTED EACH OF THESE CUSTOMERS, AND THEY WERE ALL  
13 EXTREMELY POSITIVE ABOUT THEIR EXPERIENCES WITH GRANTIUM,  
14 BOTH AS A COMPANY AND WITH THE SOFTWARE.

15 SO THE CONTRACT THAT THEY ARE PROPOSING  
16 INCLUDES A SIX-MONTH IMPLEMENTATION SCHEDULE AT AN  
17 IMPLEMENTATION COST OF APPROXIMATELY \$550,000. IN  
18 ADDITION, THERE'S AN ANNUAL MAINTENANCE FEE OF  
19 APPROXIMATELY \$49,000, WHICH INCLUDES ALL FIXES,  
20 UPGRADES, AND NEW VERSIONS OF THE SYSTEM. WE ANTICIPATE  
21 SIGNING A THREE-YEAR IMPLEMENTATION AND SUPPORT CONTRACT  
22 WITH THE POTENTIAL FOR ANNUAL EXTENSIONS. THE TOTAL FOR  
23 THIS INITIAL CONTRACT WOULD, THEREFORE, BE \$702,000.  
24 THERE WOULD ALSO BE SOME ADDITIONAL EXPENSES, BOTH  
25 INITIAL AND ONGOING, INVOLVED WITH HOSTING THE SYSTEM.

## BARRISTERS' REPORTING SERVICE

1 THESE WOULD INCLUDE APPROXIMATELY \$10,000 FOR HARDWARE  
2 AND APPROXIMATELY \$15,000 A YEAR IN HOSTING COSTS. SO  
3 THE TOTAL OUTLAY FOR THREE YEARS WOULD, THEREFORE, BE  
4 APPROXIMATELY \$757,000. AND GOING FORWARD EACH  
5 ADDITIONAL YEAR WOULD BE ROUGHLY \$64,000.

6 SO THE CORE STRENGTHS OF THE PROPOSAL INCLUDE  
7 THE SOFTWARE ITSELF, WHICH IS BOTH POWERFUL AND HIGHLY  
8 CONFIGURABLE AND ALLOWS CIRM TO ADAPT TO CHANGING  
9 REQUIREMENTS AND DIRECTIONS WITHOUT A MAJOR  
10 REIMPLEMENTATION EFFORT. IT'S AN EXTENSIBLE SYSTEM,  
11 WHICH ALLOWS OTHER SOFTWARE TO BE INTEGRATED WITH IT. IF  
12 THERE'S FUNCTIONALITY THAT GRANTIUM DOESN'T SUPPLY, WE  
13 CAN CREATE AND INTEGRATE OUR OWN SOLUTIONS OR PURCHASE  
14 THEM FROM A THIRD PARTY.

15 SO, FOR EXAMPLE, REPORTING. REPORTING IS  
16 CLEARLY AN IMPORTANT PIECE OF THE SYSTEM, AND GRANTIUM  
17 DECIDED NOT TO REINVENT THE WHEEL, BUT, RATHER, TO  
18 INTEGRATE A SYSTEM CALLED CRYSTAL REPORTS. CRYSTAL  
19 REPORTS IS THE GOLD STANDARD IN REPORTING AND WILL ALLOW  
20 US TO CREATE VIRTUALLY ANY REPORT THAT WE MIGHT REQUIRE.

21 THE STRENGTHS OF THE COMPANY AND TEAM  
22 THEMSELVES INCLUDE PROJECT MANAGEMENT. SEVERAL GRANTIUM  
23 EMPLOYEES ARE THOUGHT LEADERS IN THE FIELD OF PROJECT  
24 MANAGEMENT AND HAVE BROUGHT THEIR SKILLS TO BEAR IN  
25 CREATING A STANDARDIZED DEVELOPMENT METHODOLOGY. IN

## BARRISTERS' REPORTING SERVICE

1 TALKING TO THE CUSTOMERS I MENTIONED EARLIER, ONE OF THE  
2 THINGS THEY KEPT REFERRING TO WAS THE CONFIDENCE THAT  
3 THEY HAD IN GRANTIUM'S ABILITY TO MEET ITS DEADLINES AND  
4 TO GENERALLY DO WHAT THEY SAY THEY WILL DO. AND A LOT OF  
5 THAT WAS BASED ON THEIR CONFIDENCE IN THIS METHODOLOGY.

6 ANOTHER STRENGTH IS IN TRAINING. GRANTIUM'S  
7 METHODOLOGY STRESSES CONTINUOUS KNOWLEDGE TRANSFER BOTH  
8 FROM CIRM TO GRANTIUM, TEACHING THEM ABOUT OUR PROCESSES,  
9 AND FROM GRANTIUM BACK TO CIRM, TRAINING CIRM STAFF HOW  
10 TO USE THE SYSTEM IN A WAY THAT IS TAILORED DIRECTLY TO  
11 OUR NEEDS AND REQUIREMENTS.

12 WE'RE CONFIDENT THAT PARTNERING WITH GRANTIUM  
13 IS THE RIGHT NEXT STEP FOR CIRM TO TAKE IN GETTING A  
14 COMPREHENSIVE ELECTRONIC GRANTS MANAGEMENT SYSTEM UP AND  
15 RUNNING BOTH QUICKLY AND EFFICIENTLY, AND WE'RE ASKING  
16 THE ICOC TO APPROVE THIS RECOMMENDATION AFTER WHICH WE'LL  
17 QUICKLY BEGIN IMPLEMENTATION. THANK YOU AND I'M HAPPY TO  
18 TAKE ANY QUESTIONS.

19 CHAIRMAN KLEIN: QUESTIONS FROM THE BOARD? DR.  
20 LEVEY.

21 DR. LEVEY: VERY NICE PRESENTATION. MAYBE I  
22 MISSED THIS, BUT DID YOU HAVE A CHANCE MAYBE TO LOOK AT  
23 GRANT MANAGEMENT SYSTEMS FOR SOME COMPARABLE GRANTING  
24 ORGANIZATIONS SUCH AS THE AMERICAN HEART OR THE AMERICAN  
25 CANCER SOCIETY OR THE AMERICAN DIABETES?



## BARRISTERS' REPORTING SERVICE

1 MR. DORRINGTON: OVER THE COURSE OF THIS  
2 EVALUATION, WE TALKED TO A NUMBER OF FOLKS, THE HOWARD  
3 HUGHES MEDICAL INSTITUTE, THE --

4 DR. LEVEY: NIH.

5 MR. DORRINGTON: -- THE PACKARD FOUNDATION, UC  
6 OFFICE OF THE PRESIDENT, A NUMBER OF DIFFERENT PEOPLE TO  
7 SEE WHAT DIFFERENT PEOPLE ARE USING IN THE FIELD. A  
8 NUMBER OF THESE ORGANIZATIONS HAVE BEEN AROUND FOR A LONG  
9 TIME. THEY'VE OFTEN MADE THEIR CHOICE MANY YEARS AGO  
10 BASED ON WHAT WAS AVAILABLE THEN. AND SO TO A CERTAIN  
11 EXTENT, SINCE WE HAVE THE ADVANTAGE OF BEING NEW, WE HAVE  
12 THE ADVANTAGE ALSO OF SEEING WHAT IS CURRENT. AND WE DID  
13 SEE A FEW PEOPLE WHO ARE CHOOSING SYSTEMS LIKE GRANTIUM,  
14 OR, GIVEN THE CUSTOMERS THAT I MENTIONED, PEOPLE WHO DID  
15 CHOOSE GRANTIUM.

16 BUT THE MOST -- THE BIGGEST SYSTEM OUT THERE IS  
17 A SYSTEM CALLED GIFTS FROM MICROEDGE, WHICH A NUMBER OF  
18 PEOPLE ARE USING, BUT IT'S A VERY LIMITED SYSTEM, LIMITED  
19 IN ITS FUNCTIONALITY, AND REALLY WOULD NOT BE ABLE TO  
20 MEET OUR REQUIREMENTS.

21 DR. LEVEY: IN FOLLOW-UP, DID YOU HAVE A CHANCE  
22 TO TEST THE SYSTEM, TO PUT IT THROUGH SOME SORT OF PACE  
23 TO SEE HOW IT WORKED?

24 MR. DORRINGTON: WELL, WE DID SEE THE  
25 DEMONSTRATION OF THE SYSTEM; BUT BECAUSE THE WAY THESE

## BARRISTERS' REPORTING SERVICE

1 SYSTEMS WORK, THERE'S NOT SO MUCH OFF-THE-SHELF SOFTWARE  
2 AS A SYSTEM THAT IS EXTENSIVELY CUSTOMIZED TO OUR NEEDS,  
3 SO IT WOULD BE VERY DIFFICULT TO GET A REAL SENSE OF HOW  
4 THE SYSTEM WOULD WORK IN OUR SITUATION UNTIL YOU GO  
5 THROUGH IT, BUT WE DID ACTUALLY SEE THE SYSTEM WORKING.

6 CHAIRMAN KLEIN: OKAY. DR. PIZZO. AND WHILE  
7 DR. PIZZO IS GETTING A MICROPHONE, ED, COULD YOU EXPLAIN  
8 IN TERMS OF WHICH MEMBERS OF THE SCIENCE TEAM WORKED WITH  
9 YOU TO MAKE CERTAIN THAT THE NEEDS OF THE SCIENCE TEAM  
10 WERE BEING MET?

11 MR. DORRINGTON: SURE. YEAH. THE MEMBERS OF  
12 THE EVALUATION COMMITTEE WERE ARLENE CHIU, AMY LEWIS, GIL  
13 SAMBRANO, KUMAR HARI, AND THEN FROM I.T. DENNIS BUTLER,  
14 AND FROM ADMINISTRATION LORI HOFFMAN AND MYSELF, AND THEN  
15 THE TWO EXTERNAL FOLKS THAT WE HAD WERE CHRIS MENCEL FROM  
16 THE MOORE FOUNDATION AND MELANIE CAVANAGH LYNCH FROM THE  
17 UC OFFICE OF THE PRESIDENT BREAST CANCER RESEARCH  
18 PROGRAM.

19 CHAIRMAN KLEIN: DR. PIZZO.

20 DR. PIZZO: I AGREE THIS WAS A VERY NICE  
21 PRESENTATION. THANK YOU.

22 CHAIRMAN KLEIN: IS HIS MIC ON PLEASE?

23 DR. PIZZO: SO VERY HELPFUL PRESENTATION, BUT I  
24 WONDER IF YOU COULD EVEN AT SOME HIGH LEVEL -- YOU MAY  
25 NOT HAVE THE ACTUAL DATA TO SHARE WITH US -- HOW YOU

## BARRISTERS' REPORTING SERVICE

1 ACTUALLY MADE THE SELECTION IN COMPARISON TO THE OTHER  
2 TWO FINALISTS? YOU PRESENTED THE DATA WITH REGARD TO THE  
3 FINALISTS, BUT I DON'T KNOW WHAT THE DIFFERENTIATING  
4 ELEMENTS WERE THAT LED YOU TO THAT.

5 MR. DORRINGTON: WELL, THERE ARE BASICALLY TWO  
6 PIECES. ONE WAS MORE QUANTITATIVE, WHICH IS THE SCORES  
7 ON THOSE FIVE CRITERIA, IN WHICH CASE GRANTIUM DID SCORE  
8 THE HIGHEST IN EVERY CRITERIA. AND THEN THE SECOND  
9 FACTOR USED WAS A MORE SUBJECTIVE FACTOR WHICH WAS BASED  
10 ON RESULTS AFTER THOSE DEMONSTRATIONS. AND IT'S BASED ON  
11 THINGS LIKE A FEEL OF WHO WE THOUGHT MIGHT BE BEST SUITED  
12 TO WORK WITH US, WHO LOOKS LIKE THEY WOULD BE ABLE TO  
13 ACTUALLY GET THE JOB DONE, AND THEN IT WAS ALSO BASED ON  
14 THE CONVERSATIONS WE HAD HAD WITH THE VARIOUS REFERENCES.

15 DR. PIZZO: SO I ASSUME THAT THE COST WAS  
16 FACTORED INTO THE SCORING SYSTEM THAT YOU HAD AS WELL.

17 MR. DORRINGTON: YES.

18 DR. PRICE: QUESTION IS WHETHER THE COST YOU  
19 QUOTE US INCLUDES CUSTOMIZATION?

20 MR. DORRINGTON: YES. THIS IS A COMPLETE COST.

21 CHAIRMAN KLEIN: NOW, TO BE SPECIFIC, IT'S MY  
22 UNDERSTANDING IF A YEAR FROM NOW WE HAVE A VERY --  
23 ANOTHER CUSTOMIZED APPROACH FOR A NEW PROGRAM NOT  
24 INITIALLY CONTEMPLATED, THERE COULD BE AN ADDITIONAL  
25 CHARGE AT THAT TIME?

## BARRISTERS' REPORTING SERVICE

1 MR. DORRINGTON: RIGHT. AND WE DO ANTICIPATE  
2 HAVING A LONG-TERM RELATIONSHIP WITH THE COMPANY, BUT ONE  
3 OF THE OTHER ADVANTAGES OF THE SYSTEM IN TERMS OF ITS  
4 EXTENSIBILITY, AS I SAID, IS THAT, DEPENDING ON WHAT  
5 THOSE THINGS ARE, WE MAY BE ABLE TO DO THAT IN-HOUSE OR  
6 WE MAY CONTRACT WITH THEM.

7 CHAIRMAN KLEIN: MICHAEL GOLDBERG.

8 MR. GOLDBERG: IN TERMS OF YOUR ANALYSIS, DID  
9 YOU LOOK AT THE FINANCIAL VIABILITY OF THE FIRM?

10 MR. DORRINGTON: TO THE EXTENT POSSIBLE. ONE  
11 OF THE INTERESTING ISSUES IS THAT ALL OF THE THREE  
12 FINALISTS ARE PRIVATE COMPANIES AND ARE NOT VERY WILLING  
13 TO SHARE FINANCIAL DATA.

14 MR. GOLDBERG: SO IN MY EXPERIENCE, THE BEST  
15 WAY TO PROTECT AGAINST THAT WOULD BE MAKE SURE THAT YOU  
16 OWN ACCESS TO THE CODE IN THE EVENT OF DEFAULT OR  
17 BANKRUPTCY.

18 MR. DORRINGTON: RIGHT. AND ONE OF THE FACTORS  
19 THAT WAS IN THE RFP WAS SPECIFICALLY THAT, TO HAVE CODE  
20 IN ESCROW SO THAT SHOULD THEY GO UNDER, WE WOULD HAVE  
21 ACCESS TO THAT CODE. AND ALSO WE HAD TRIED TO ADDRESS  
22 THAT WITH THE PAY-FOR-PERFORMANCE ISSUE. SO THAT WE'RE  
23 NOT PAYING UNLESS WE GET SOMETHING FOR IT.

24 MR. GOLDBERG: THANK YOU.

25 CHAIRMAN KLEIN: DAVID SERRANO-SEWELL.

## BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: I JUST ASSUME THAT LEGAL  
2 IS GOING TO LOOK AT THE CONTRACT BEFORE IT'S EXECUTED.

3 MR. DORRINGTON: OH, SURE. OF COURSE.

4 MR. SERRANO-SEWELL: L.A. UNIFIED SCHOOL  
5 DISTRICT, THEY'RE JUST TRYING TO UNTANGLE A \$40 MILLION  
6 PLUS CONTRACT THAT THEY ENTERED INTO TO UPGRADE THEIR  
7 PAYROLL COMPUTER SYSTEM, AND THEY'VE HAD TO HIRE  
8 ADDITIONAL CONSULTANTS TO THE TUNE OF LIKE ANOTHER 10  
9 MILLION, SO I DON'T THINK WE'RE GOING TO FIND OURSELVES  
10 IN THAT KIND OF SITUATION, BUT IT DOES --

11 MR. DORRINGTON: YEAH. WE WILL DEFINITELY.

12 MR. SERRANO-SEWELL: -- GIVE ME SOME COMFORT TO  
13 KNOW THAT.

14 MR. DORRINGTON: OH, YEAH.

15 MR. SERRANO-SEWELL: MAYBE WE'LL TAKE A LOOK AT  
16 THIS AS WELL.

17 CHAIRMAN KLEIN: AND IN THE PAYMENT UNDER THE  
18 CONTRACT, IT'S CONTEMPLATED THAT THERE WILL BE MILESTONES  
19 IN THE PAYMENT.

20 MR. DORRINGTON: YES. THAT IS PART OF THE PAY  
21 FOR PERFORMANCE IS THAT THERE ARE SET MILESTONES. WHEN  
22 THEY REACH THOSE MILESTONES IS WHEN WE RELEASE PAYMENT,  
23 ETC.

24 CHAIRMAN KLEIN: AND, DR. MURPHY, DID YOU HAVE  
25 A COMMENT?

**BARRISTERS' REPORTING SERVICE**

1 DR. MURPHY: NO. ONE THING THAT I THINK MADE A  
2 VERY GOOD JOB OF THIS AND I FULLY SUPPORT THE  
3 RECOMMENDATION.

4 CHAIRMAN KLEIN: IS THERE A MOTION TO SUPPORT  
5 THIS?

6 DR. PIZZO: SO MOVED.

7 DR. WRIGHT: SECOND.

8 CHAIRMAN KLEIN: I THINK IT'S DR. PIZZO AND  
9 DR. WRIGHT. AND IS THERE ADDITIONAL COMMENTS FROM THE  
10 BOARD? IS THERE ADDITIONAL COMMENTS FROM THE PUBLIC?  
11 JOHN SIMPSON.

12 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
13 FOR TAXPAYER AND CONSUMER RIGHTS. IT LOOKS TO ME LIKE  
14 YOU DEFINITELY GOT IT RIGHT THIS TIME. I REFLECT ON THE  
15 ARLINGTON GROUP THAT WENT BELLY UP, AND IT SEEMED TO ME  
16 THAT THAT MIGHT HAVE BEEN CAUSED BECAUSE THE PROCESS OF  
17 VETTING ALL THE POTENTIAL APPLICANTS WAS NOT THOROUGH  
18 ENOUGH. AND I THINK I SUGGESTED THAT AT THE TIME, IN  
19 RETROSPECT. BUT THIS LOOKS GOOD, SO I THINK IT'S A GOOD  
20 THING AND COMMEND YOU FOR IT.

21 CHAIRMAN KLEIN: AND MY UNDERSTANDING IS THAT  
22 WITH THE PRIOR GROUP, BECAUSE OF MILESTONES AND CONTROLS,  
23 WE WERE ABLE TO KEEP THE EXPOSURE VERY LOW. IS THAT A  
24 CORRECT STATEMENT?

25 MR. DORRINGTON: YEAH. I BELIEVE THE SUM TOTAL

**BARRISTERS' REPORTING SERVICE**

1 IS \$56,000 THAT WE PAID OF A ROUGHLY SIMILAR SIZE  
2 CONTRACT.

3 CHAIRMAN KLEIN: WE APPRECIATE CONTROLS AND  
4 SCRUTINY OF THAT KIND. THANK YOU VERY MUCH.

5 SO I'D LIKE TO CALL FOR THE QUESTION. ALL IN  
6 FAVOR. OPPOSED? MOTION PASSES. THANK YOU VERY MUCH FOR  
7 THE TREMENDOUS JOB OF THE ENTIRE TEAM.

8 WE'D LIKE TO GO TO ITEM NO. 9 WHILE PEOPLE ARE  
9 HUNGRY AND THEIR ATTENTION IS PEAKED.

10 DR. CHIU: I WILL BE BRIEF, MR. CHAIRMAN. MR.  
11 CHAIRMAN, I ASK THE BOARD TO CONSIDER A NEW RFA FOR  
12 CONCEPT APPROVAL. THIS IS AGENDA ITEM NO. 9 IN YOUR  
13 BINDERS, A PROPOSAL FOR CIRM TO FUND THE DERIVATION OF  
14 NEW PLURIPOTENT HUMAN STEM CELL LINES. NOW, AS YOU ALL  
15 KNOW, CURRENT FEDERAL POLICY ONLY ALLOWS THE USE OF A FEW  
16 LINES OF HUMAN EMBRYONIC STEM CELLS FOR RESEARCH, AND NO  
17 FUNDS ARE PROVIDED FOR THE DERIVATION OF NEW AND BETTER  
18 LINES.

19 ALL THE PRESIDENTIAL LINES ARE DERIVED WITH OLD  
20 METHODS USED BEFORE 2001; FOR EXAMPLE, METHODS THAT  
21 EXPOSE CELLS TO ANIMAL PRODUCTS. WE NEED TO ALLOW  
22 RESEARCHERS TO TEST AND DEVELOP NEW AND BETTER METHODS  
23 THAT WILL PRODUCE THE CELL LINES MOST USEFUL FOR CLINICAL  
24 USE.

25 RECENT REPORTS ALSO INDICATE THAT ALL HUMAN

## BARRISTERS' REPORTING SERVICE

1 EMBRYONIC STEM CELL LINES IN EXISTENCE ARE NOT ALL ALIKE.  
2 EVEN UNDER THE SAME GROWTH CONDITIONS, SOME LINES SHOW A  
3 PREFERENCE FOR PRODUCING FOREBRAIN NEURONS WHILE OTHERS  
4 DO NOT. IF WE WANT TO GET THE BEST CELL SOURCE FOR  
5 DIFFERENT TREATMENTS, WE NEED TO FUND THE DERIVATION OF  
6 MANY MORE CELL LINES.

7 AND THERE ARE THREE COMPELLING REASONS THAT I  
8 CAN THINK OF FOR FUNDING THE GENERATION OF NEW CELL  
9 LINES. THE FIRST SHOWN ON THE SLIDE IS A NEED, THE NEED  
10 FOR NEW LINES SO THAT WE CAN HAVE GREATER GENETIC  
11 DIVERSITY, SO THAT WE CAN GENERATE DISEASE-SPECIFIC LINES  
12 FOR CELLULAR MODELS OF DISEASE AND FOR DRUG DISCOVERY, SO  
13 THAT WE CAN GET CLINICAL GRADE LINES THAT CAN BE USED FOR  
14 THERAPIES, AND SO THAT WE CAN GET OPTIMAL LINES FOR  
15 SPECIFIC DESIRED PHENOTYPES OR CELL TYPES IN NEED.

16 THE SECOND REASON IS THAT NEW METHODS ARE  
17 CONSTANTLY BEING DEVELOPED FOR DERIVING HUMAN EMBRYONIC  
18 STEM CELLS, NEW METHODS WITHOUT EXPOSURE TO ANIMAL  
19 PRODUCTS, NEW DEFINED GROWTH CONDITIONS, THAT IS MEDIA  
20 FACTORS, SUBSTRATES, FETAL LAYERS, ETC., NEW METHODS  
21 FOLLOWING GOOD MANUFACTURING PRACTICE. IN ADDITION,  
22 DISEASE-SPECIFIC CELL LINES COULD ALSO BE GENERATED FROM  
23 EMBRYOS IDENTIFIED DURING PREIMPLANTATION GENETIC  
24 DIAGNOSIS OF PGD.

25 IN ADDITION, THERE HAVE BEEN RECENT REPORTS OF



## BARRISTERS' REPORTING SERVICE

1 DERIVING HUMAN EMBRYONIC STEM CELLS FROM SINGLE  
2 BLASTOMERES. AND LAST, BUT CERTAINLY NOT LEAST, THERE IS  
3 SCNT. A RECENT REPORT OUT OF OREGON INDICATES THAT THIS  
4 HAS BEEN SUCCESSFULLY ACCOMPLISHED IN NONHUMAN PRIMATES,  
5 AND THIS IS INDEED ENCOURAGING NEWS, BUT THERE ARE NO  
6 REPORTS OF THESE BEING ACCOMPLISHED IN HUMANS WITH HUMAN  
7 CELLS, SO THERE IS A GREAT NEED TO ATTEMPT THIS NEW  
8 TECHNOLOGY.

9 NOVEL SOURCES AND PROTOCOLS FOR GENERATING  
10 PLURIPOTENT CELL LINES, WE KNOW THAT RECENT PAPERS FROM  
11 DRS. YAMANAKA, JAENISH, AND OTHERS DEMONSTRATE AND VERIFY  
12 THAT IT IS POSSIBLE TO REPROGRAM MATURE ADULT SOMATIC  
13 CELLS TO DEDIFFERENTIATE THEM, IF YOU WILL, AND GENERATE  
14 FULLY PLURIPOTENT STEM CELLS.

15 THESE STUDIES HAVE ONLY BEEN DONE IN MICE, AND  
16 THE TIME IS RIPE TO SEE IF WE CAN DO THE SAME WITH HUMAN  
17 CELLS.

18 THE SECOND POINT, THERE ARE CYBRIDS WHICH ARE  
19 CREATED BY THE FUSION OF HUMAN EMBRYONIC STEM CELLS WITH  
20 ADULT CELLS. THAT'S ANOTHER EXCITING POSSIBILITY, BUT  
21 HAVE NOT BEEN SUCCESSFULLY ACHIEVED AS YET. AND FINALLY,  
22 OTHER INNOVATIVE METHODS ARE PROBABLY BEING THOUGHT OF  
23 AND DEVELOPED AS WE SPEAK.

24 SO WITH THIS INITIATIVE, WE ASK TO SUPPORT M.D.  
25 AND PH.D. SCIENTISTS AND THEIR EQUIVALENTS TO CONDUCT

## BARRISTERS' REPORTING SERVICE

1 RESEARCH TOWARD THIS GOAL AT INSTITUTIONS IN CALIFORNIA.  
2 AND THIS IS THE ONLY CONDITION OF ELIGIBILITY. WE WANT  
3 TO SUPPORT THE FULL SPECTRUM OF HUMAN PLURIPOTENT STEM  
4 CELL TYPES AND EXPERIMENTAL APPROACHES, AND WE SUGGEST  
5 TWO TIMES OF AWARDS. THE FIRST TYPE IS FOR GENERATING  
6 HUMAN EMBRYONIC STEM CELL LINES GENERATED FROM CELLS THAT  
7 ARE DERIVED FROM EARLY PREIMPLANTATION EMBRYOS OF LESS  
8 THAN 12 DAYS, AS PER OUR MEDICAL AND ETHICAL STANDARDS.  
9 THE SECOND KIND OF AWARD IS TO GENERATE NEW HUMAN  
10 PLURIPOTENT STEM CELLS STARTING WITH OTHER SOURCES. SO  
11 WE'RE REALLY OPENING UP THE FIELD IN THIS APPROACH.

12 EACH APPLICANT INSTITUTION MAY SUBMIT UP TO  
13 FOUR APPLICATIONS, TWO OF EACH TYPE. WE'D LIKE TO ASK  
14 YOU TO FUND EIGHT GRANTS OF EACH TYPE. EACH WILL BE A  
15 THREE-YEAR GRANT WITH PROJECT COSTS OF UP TO \$300,000 PER  
16 YEAR. THE TOTAL COST OF THIS PROGRAM WE ESTIMATE TO BE  
17 APPROXIMATELY \$25 MILLION, AND OUR CURRENT DRAFT  
18 TIMETABLE IS RFA RELEASE IN THE FALL OF THIS YEAR, REVIEW  
19 IN THE WINTER OF '07-'08, AND FOR YOUR APPROVAL FOR  
20 FUNDING IN THE SPRING OF '08.

21 AND I WANT TO POINT OUT THAT WE'VE JUST  
22 RECRUITED A NEW SCIENCE OFFICER, DR. UTA GRIESHAMMER,  
23 FROM DR. GAIL MARTIN'S LAB IN UCSF, AND SHE WILL BE  
24 TAKING THE LEAD ON THIS INITIATIVE SHOULD YOU APPROVE IT.

25 AND, MR. CHAIRMAN, I ASK FOR THE BOARD'S

## BARRISTERS' REPORTING SERVICE

1 CONSIDERATION OF THIS PROPOSAL.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR. CHIU.  
3 I THINK DUANE ROTH, AND THEN I'M GOING TO GO TO THE  
4 RIGHT.

5 MR. ROTH: DR. CHIU, YOU SAID IN TERMS OF  
6 ELIGIBILITY, THAT IT WAS M.D., PH.D., OR EQUIVALENT IN AN  
7 INSTITUTION. WILL THIS BE OPEN TO COMPANIES?

8 DR. CHIU: THAT'S A VERY GOOD QUESTION. IF THE  
9 FOR-PROFIT GRANT ADMINISTRATION POLICY IS READY, WE WOULD  
10 LIKE IT TO BE OPEN TO FOR-PROFIT ENTITIES WHEN WE LAUNCH  
11 IT. BUT IT WAITS TO BE SEEN, AND IT'S UP TO THE BOARD TO  
12 SEE HOW LONG WE SHOULD HOLD THIS BACK. THE OTHER  
13 POSSIBILITY IS THAT WE RE-RELEASE THIS AGAIN WHEN THE  
14 FOR-PROFIT GAP IS READY SO THAT COMPANIES TOO COULD  
15 COMPETE.

16 MR. ROTH: YOU KNOW, I AM ANXIOUS TO GET  
17 SOMETHING OUT THERE THAT COMPANIES CAN START TO SEE THAT  
18 CIRM IS SERIOUS ABOUT FUNDING THEM. AND I WOULD LIKE TO  
19 SUGGEST WE FIND A WAY TO ALLOW THEM TO SUBMIT  
20 APPLICATIONS HERE AND MOVE IN PARALLEL VERY QUICKLY TO  
21 FINALIZE THE FOR-PROFIT IP POLICY, WHICH IS IN VERY LATE  
22 STAGE. I CAN'T IMAGINE THERE'S GOING TO BE MATERIAL  
23 CHANGES TO THAT.

24 DR. CHIU: IT'S FOR THAT REASON WE DID NOT PUT  
25 UP THERE THAT IT WOULD BE RESTRICTED TO ACADEMIC AND NOT

**BARRISTERS' REPORTING SERVICE**

1 FOR-PROFIT.

2 MR. ROTH: I WAS CONFUSED BY THE WORD  
3 "INSTITUTIONS."

4 DR. CHIU: I SEE. I SHOULD SAY ORGANIZATIONS.  
5 THANK YOU.

6 CHAIRMAN KLEIN: YES. DR. STEWARD AND THEN DR.  
7 PIZZO.

8 DR. STEWARD: CAN YOU SAY A WORD, AND IT'S  
9 ESPECIALLY IMPORTANT GIVEN THE FACT THAT THIS WOULD  
10 POTENTIALLY BE OPEN TO PRIVATE COMPANIES AS WELL, HOW  
11 THESE, LET'S CALL THEM, REAGENTS FALL UNDER THE CURRENT  
12 CIRM GUIDELINES AS FAR AS MAKING ANYTHING CREATED BY CIRM  
13 FUNDING AVAILABLE FREELY, AS I RECALL?

14 DR. CHIU: YOU MAKE AN EXCELLENT POINT. YOU  
15 KNOW WE HAVE THE IP POLICY WHICH REQUIRES SHARING OF  
16 REAGENTS UPON PUBLICATION, AND THIS WILL HOLD. AND THE  
17 KEY IS UPON PUBLICATION.

18 CHAIRMAN KLEIN: DR. PIZZO.

19 DR. PIZZO: I THINK MY QUESTION IS A BIT IN THE  
20 SAME CONTEXT AS DR. STEWARD'S. IT HAS A HYPOTHETICAL  
21 ASSOCIATED WITH IT, AND I WOULD ASK THAT IT HAVE AN  
22 INTERNAL REVIEW. I DON'T EXPECT THAT YOU CAN COMMENT ON  
23 THIS RIGHT NOW. BUT THE SCENARIO IS WHAT IF THERE'S AN  
24 INVESTIGATOR WHO COMES TO CALIFORNIA FOR PART OF HER OR  
25 HIS WORK WHO HAS AN APPOINTMENT IN ANOTHER STATE, LET'S

## BARRISTERS' REPORTING SERVICE

1 SAY WISCONSIN AS A HYPOTHETICAL, WHO DEVELOPS NEW STEM  
2 CELL LINES. AND BECAUSE OF AN ACADEMIC AFFILIATION SEEKS  
3 TO HAVE THOSE SAID LINES BECOME PART OF, FOR EXAMPLE, THE  
4 WISCONSIN POLICY. SO YOU DON'T NEED TO RESPOND TO IT  
5 NOW, BUT I HOPE THAT WE CAN LOOK AT THIS BECAUSE THEIR  
6 HYPOTHETICAL HAS SOME POTENTIAL REALITIES.

7 DR. CHIU: I THANK YOU FOR THAT COMMENT.  
8 ACTUALLY WE HAVE THOUGHT ONLY HALFWAY THROUGH THAT  
9 PARTICULAR PROBLEM. AND THAT IS, WE VERY SPECIFICALLY  
10 WANTED TO HAVE IT OPEN TO ANYONE COMING TO DO THE  
11 RESEARCH IN CALIFORNIA, AS WE KNOW THAT CALIFORNIA HAS  
12 BECOME A MECCA FOR ATTRACTING A LOT OF VERY ABLE PEOPLE  
13 WITH NOVEL IDEAS. HOWEVER, IN TERMS OF THE IP, WE WOULD  
14 SEEK THE ADVICE AND HELP OF OUR LEGAL COUNSEL.

15 DR. PIZZO: BECAUSE AS WE DISCUSSED EARLIER  
16 THIS MORNING, WE WOULD WELCOME JOINT APPOINTMENTS OR  
17 OTHER APPOINTMENTS THAT WOULD BRING NEW TALENT TO  
18 CALIFORNIA, RECOGNIZING THAT THE INDIVIDUAL MAY BE AT  
19 ANOTHER PLACE, BUT I THINK WE JUST HAVE TO UNDERSTAND --  
20 THE LEGAL FOLKS WILL NEED TO UNDERSTAND WHAT THAT MEANS  
21 IN TERMS OF INSTITUTIONAL CONTROLS OVER IP AS WELL.

22 DR. CHIU: SINCE THESE AWARDS WILL BE AWARDED  
23 TO INSTITUTIONS IN CALIFORNIA, I HOPE THAT THAT WOULD  
24 TAKE CARE OF IT --

25 DR. PIZZO: IT MAY OBVIATE IT.

## BARRISTERS' REPORTING SERVICE

1 DR. CHIU: -- NO MATTER WHERE THE INVESTIGATOR  
2 ACTUALLY COMES FROM TO DO THE WORK.

3 CHAIRMAN KLEIN: SO, DR. CHIU, FOR INSTITUTIONS  
4 AND ORGANIZATIONS, YOU'RE SUGGESTING THAT, BECAUSE IT'S A  
5 CALIFORNIA AWARD, THE PARTICIPANTS WOULD HAVE TO AGREE TO  
6 OUR GAP AND OUR IP POLICY?

7 DR. CHIU: ABSOLUTELY. AND ALSO THE  
8 INSTITUTION WHERE THE RESEARCH WOULD BE CONDUCTED, THE  
9 ORGANIZATION WOULD BE IN CALIFORNIA.

10 CHAIRMAN KLEIN: THAT'S RIGHT. AND DR. MEYER.

11 DR. MEYER: VERY SPECIFIC QUESTION. YOU KIND  
12 OF PRESENTED IT AS THIS IS A WAY OF GENERATING NEW CELL  
13 LINES, WHICH I'M IMAGINING PROBABLY PRINCIPAL USE WOULD  
14 BE IN REGENERATIVE MEDICINE. I DON'T KNOW WHETHER THIS  
15 WILL BE SPECIFICALLY ADDRESSED IN THE RFA, BUT IT MIGHT  
16 BE A GOOD IDEA WHEN IT COMES OUT BECAUSE WE HEARD OF  
17 HUNTINGTON'S DISEASE THIS MORNING. THERE ARE A LOT OF  
18 OPPORTUNITIES NOW WITH IVF CLINICS AND DISCARDED EMBRYOS  
19 WITH GENETIC DISEASES TO ACTUALLY CREATE NEW CELL LINES,  
20 FOR EXAMPLE, WITH HUNTINGTON'S DISEASE THAT WOULD BE  
21 DISEASE MODELS AS OPPOSED TO CURING SOMEONE USING THOSE  
22 CELLS.

23 IS THIS WITHIN THE SCOPE OF THIS RFA?

24 DR. CHIU: ABSOLUTELY. ABSOLUTELY.

25 CHAIRMAN KLEIN: OKAY. ADDITIONAL BOARD

**BARRISTERS' REPORTING SERVICE**

1 DISCUSSION? IS THERE A MOTION?

2 DR. PIZZO: SO MOVED.

3 MR. ROTH: SECOND.

4 CHAIRMAN KLEIN: MOVED BY DR. PIZZO, SECOND BY  
5 DUANE ROTH. ADDITIONAL PUBLIC DISCUSSION? SEEING NO  
6 PUBLIC DISCUSSION, ALL IN FAVOR. OPPOSED? LET IT BE  
7 SHOWN IT PASSED UNANIMOUSLY.

8 I THINK WE HAVE A BREAK FOR LUNCH AT THIS  
9 POINT. LET ME ASK THIS QUESTION. IS THERE ANYONE WHO IS  
10 LEAVING BEFORE WE RECONVENE? WE HAVE ONE MORE ITEM FOR A  
11 QUORUM.

12 MS. KING: WE COULD DO IT NOW, OR DO YOU HAVE  
13 TO LEAVE.

14 CHAIRMAN KLEIN: WELL, WE DON'T EXPECT A  
15 SIGNIFICANT EXECUTIVE SESSION, WHICH WILL BE CONCURRENT  
16 WITH LUNCH. HOPEFULLY IT'S A QUICK ITEM.

17 MS. LANSING: WHY DON'T WE DO 45 MINUTES?

18 CHAIRMAN KLEIN: LET'S BE BACK IN 45 MINUTES.

19 MR. HARRISON, COULD YOU READ THE LANGUAGE THAT WOULD  
20 ENTITLE US TO AN EXECUTIVE SESSION DURING LUNCH?

21 MR. HARRISON: YES. GOING INTO EXECUTIVE  
22 SESSION TO DISCUSS --

23 CHAIRMAN KLEIN: LET'S DO THIS VERY QUICKLY.  
24 THE ITEM IS, WE THINK, FAIRLY ADMINISTRATIVE. IT'S JUST  
25 TO CREATE A FINANCE COMMITTEE THAT DEALS WITH THE ISSUES

## BARRISTERS' REPORTING SERVICE

1 OF TAX EXEMPTION WHERE WE'RE GOING TO GO ON TO OUR NEXT  
2 STAGE AND MOVING THESE BONDS FORWARD. IT ALSO CREATES A  
3 SUBCOMMITTEE, LIKE THE IP TASK FORCE, IN THIS CASE TO  
4 LOOK AT THE FEASIBILITY OF HAVING A LOAN PROGRAM  
5 AUTHORIZED BY THE INITIATIVE, BUT YET WE DO NOT HAVE A  
6 LOAN PROGRAM AS ONE OF THE TOOLS FOR ADVANCING RESEARCH.

7 I HAVE TALKED TO TWO MEMBERS OF OUR COMMITTEE.  
8 I'VE TALKED TO MICHAEL GOLDBERG, WHO IS WILLING TO BE THE  
9 CHAIR OF THIS COMMITTEE, TO DEAL WITH THE ISSUES IN  
10 WASHINGTON WITH THE IRS OPINIONS ON TAX EXEMPTION AND  
11 BOND FINANCING ISSUES, AS WELL AS THE CHAIR OF THE -- AS  
12 THE CHAIR OF THE TASK FORCE WITH DUANE ROTH, WHO HAS  
13 SUBSTANTIAL EXPOSURE AND EXPERIENCE WITH THE PRIVATE  
14 SECTOR IN LOOKING AT THE FEASIBILITY AND VETTING THE  
15 POSSIBILITY OF IMPLEMENTING A LOAN PROGRAM.

16 THE COMMITTEE MEMBERSHIP WOULD BE OPEN TO ANY  
17 MEMBER OF THE BOARD THAT WISHES TO PARTICIPATE. AND IF  
18 THIS MATTER PASSES, IF THEY WOULD SUBMIT THEIR NAMES.  
19 JUST TO MANAGE THE TOTAL NUMBER, I WOULD DISCUSS WITH  
20 BOTH THE CHAIR OF THE COMMITTEE WHAT POTENTIAL VICE CHAIR  
21 WE MIGHT HAVE POTENTIALLY FROM THE PATIENT ADVOCATE  
22 SECTOR, BUT ALSO LOOKING AT INDUSTRY VICE CHAIRS -- OR  
23 EXCUSE ME -- INSTITUTIONAL VICE CHAIRS AND WITH THE CHAIR  
24 OF THE TASK FORCE LOOKING AT MEMBERSHIP THAT GIVES US A  
25 DIVERSITY REPRESENTING ALL THE CONSTITUENCIES ON THE



## BARRISTERS' REPORTING SERVICE

1 BOARD.

2 THIS HOPEFULLY IS AN ADMINISTRATIVE MATTER.  
3 WOULD ANYONE LIKE TO MAKE A MOTION TO PASS THIS, AND WE  
4 CAN THEN HAVE DISCUSSION ON IT?

5 MR. SERRANO-SEWELL: I SO MOVE.

6 CHAIRMAN KLEIN: MOVED BY DAVID SERRANO-SEWELL.

7 DR. BRYANT: SECOND.

8 CHAIRMAN KLEIN: SECOND BY DR. BRYANT.

9 COMMENTS BY THE COMMITTEE? NO COMMENTS BY THE COMMITTEE.  
10 COMMENTS BY THE AUDIENCE?

11 MR. HARRISON: JUST ONE CLARIFICATION. THERE  
12 IS A TYPOGRAPHICAL ERROR UNDER AGENDA ITEM 11. IT REFERS  
13 TO APPOINTMENT OF MEMBERS IN BETWEEN MEETINGS BY THE  
14 GOVERNANCE SUBCOMMITTEE. THAT SHOULD ACTUALLY READ THE  
15 FINANCE SUBCOMMITTEE.

16 CHAIRMAN KLEIN: AND THAT'S TRUE ON THE TASK  
17 FORCE AS WELL.

18 MR. HARRISON: AND THAT'S TRUE ON THE TASK  
19 FORCE AS WELL.

20 CHAIRMAN KLEIN: THANK YOU FOR THAT  
21 CLARIFICATION. ANY MEMBERS OF THE PUBLIC HAVING  
22 COMMENTS? SEEING NO MEMBERS, CALL THE QUESTION. ALL IN  
23 FAVOR. OPPOSED.

24 SO AT THIS POINT WE HAVE PASSED THE ITEMS THAT  
25 WE NEED TO. THERE ARE ADMINISTRATIVE ITEMS AND REPORTS.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: DO B, YOU HAVE TO DO THE TASK FORCE  
2 AS WELL.

3 CHAIRMAN KLEIN: HAVE TO PASS IT SEPARATELY?

4 MS. KING: IT'S A SEPARATE ITEM.

5 CHAIRMAN KLEIN: I THINK THE MOTION WAS  
6 INTENDED TO INCORPORATE BOTH PARTS.

7 MS. KING: OKAY. FINE. SORRY ABOUT THAT.

8 CHAIRMAN KLEIN: SO WE HAVE ADMINISTRATIVE  
9 REPORTS, SO WE WOULD LOOK FOR THE PUBLIC AND THE BOARD TO  
10 RECONVENE. WOULD MR. HARRISON READ US THE LANGUAGE WHICH  
11 ENTITLES US TO GO INTO AN EXECUTIVE SESSION TO DEAL WITH  
12 PERSONNEL MATTERS?

13 MR. HARRISON: YES. WE'LL BE DISCUSSING TWO  
14 ITEMS IN CLOSED SESSION: PENDING LITIGATION UNDER  
15 GOVERNMENT CODE SECTION 11126 SUBDIVISION E AND PERSONNEL  
16 PURSUANT TO GOVERNMENT CODE SECTION 1126 SUBDIVISION A,  
17 AND HEALTH AND SAFETY CODE SECTION 125290.30(D)(3)(D).

18 CHAIRMAN KLEIN: THANK YOU. AND WHERE IS  
19 THE -- WE WILL FOLLOW MELISSA KING FOR LUNCH. WE WILL  
20 ATTEMPT TO BE BACK IN 45 MINUTES SO WE CAN MOVE THIS  
21 AGENDA QUICKLY AND HOPEFULLY ADJOURN EARLY. THANK YOU.

22 (A RECESS WAS TAKEN.)

23 CHAIRMAN KLEIN: WE'RE RECONVENING, AND I'D  
24 LIKE TO POINT OUT THAT THERE IS NO REPORT FROM THE  
25 EXECUTIVE SESSION. NO ACTIONS TAKEN. IN THE

## BARRISTERS' REPORTING SERVICE

1 INTERMISSION INTERVENING TIME, SHERRY LANSING, IN MY  
2 DISCUSSION WITH YOU ABOUT BAN PURCHASERS, YOU HAD A  
3 SUGGESTION. MAYBE YOU WOULD LIKE TO MAKE IT FOR THE  
4 WHOLE BOARD AND THE PUBLIC.

5 MS. LANSING: I WOULD. THIS IS, AS WE ALL  
6 KNOW, A JOYOUS DAY BECAUSE THE BONDS ARE OUT AND IT'S A  
7 VERY, VERY HAPPY TIME FOR ALL OF US. BUT WHENEVER  
8 THERE'S A HAPPY TIME, WE ALSO HAVE A LOT TO BE GRATEFUL  
9 FOR. AND IN MY MIND, IF WE CAN ALL FADE BACK TO A COUPLE  
10 OF YEARS AGO AND A LOT OF THE DIFFICULTIES THAT WE WERE  
11 GOING THROUGH, I REMEMBER THE PEOPLE WHO STEPPED UP AND  
12 LOANED US THE BAN MONEY. AND THOSE PEOPLE WERE VERY,  
13 VERY BRAVE. THEY CARED A GREAT DEAL ABOUT OUR CAUSE, AND  
14 THEY GAVE US THE MONEY WITHOUT ANY ASSURANCES THAT THIS  
15 MONEY WOULD BE RETURNED.

16 SO I WOULD LIKE TO, ALONG WITH THE LIST OF  
17 PEOPLE, WHICH HAS BEEN PUBLIC RECORD, AS WELL AS OUR  
18 GOVERNOR, WHO DID A REMARKABLE THING IN RELEASING MONEY  
19 TO US AT THOSE VERY, VERY DIFFICULT TIMES, WITHOUT THE  
20 GROUP OF PEOPLE AND OUR INCREDIBLE GOVERNOR, WE WOULD NOT  
21 BE HERE TODAY. AND SO I SUGGEST THAT WE MAKE A  
22 PROCLAMATION THANKING ALL OF THESE PEOPLE AND SIGN IT  
23 FROM ALL OF THE MEMBERS OF THE BOARD. AND I PERSONALLY,  
24 I THINK I REPRESENT ALL THE BOARD IN THANKING ALL THE  
25 PURCHASERS OF THE BAN AND IN THANKING OUR INCREDIBLE

## BARRISTERS' REPORTING SERVICE

1 GOVERNOR AS WELL .

2 SO I MOVE THAT WE MAKE A PROCLAMATION.

3 CHAIRMAN KLEIN: GIVEN THAT WE HAVEN'T  
4 AGENDIZED THAT ITEM, THE CHAIR IS PREPARED TO ACCEPT IT  
5 AS A GENERAL SENSE OF THE BODY, THAT WE WISH TO PROCEED  
6 AS WE NORMALLY DO IN RECOGNIZING SUCH EXTRAORDINARY  
7 LEADERSHIP FROM THE CIVIC COMMUNITY IN SUPPORTING THE  
8 MISSION AND FROM THE GOVERNOR. AND IF THE BOARD -- GIVEN  
9 THE SENSE OF THE BOARD, I WOULD SUGGEST THAT I TRY AND  
10 PROCEED TO DRAW SOMETHING UP. AND I WOULD LIKE TO  
11 CIRCULATE TO THE BOARD MEMBERS THAT INDIVIDUALLY FOR  
12 SIGNATURE SO THAT WE CAN PRESENT IT AS A REAL UNITED  
13 BODY.

14 AND IN DOING SO, I WOULD LIKE TO RECOGNIZE THAT  
15 SHERRY LANSING WAS A GREAT TEAM PLAYER IN THE BAN PROCESS  
16 IN GETTING SOME CRITICAL COMMITMENTS, AS WAS ALSO TRUE  
17 WITH ED PENHOET AND OTHER MEMBERS OF THIS BOARD. BUT IT  
18 IS REMARKABLE THAT CIVIC LEADERS IN THE STATE STEPPED UP  
19 KNOWING THERE WAS LITIGATION IN PROCESS WITH A BROAD  
20 DISCLOSURE ON THE BAN'S, THE BOND ANTICIPATION NOTES,  
21 THEY WERE PURCHASING THAT SAID IF WE LOSE THIS CASE,  
22 YOU'VE JUST MADE A \$45 MILLION CONTRIBUTION TO MEDICAL  
23 RESEARCH IN CALIFORNIA. THAT IS A COURAGEOUS BOND  
24 ANTICIPATION NOTE PURCHASER, ONE DRIVEN BY MISSION, NOT  
25 PROFITABILITY.

## BARRISTERS' REPORTING SERVICE

1                   SO WE HAVE A GREAT DEAL TO BE THANKFUL FOR, AND  
2 I WILL PROCEED WITH THE SENSE OF THE BOARD.

3                   MS. LANSING: THANK YOU.

4                   CHAIRMAN KLEIN: OKAY. IF WE CAN GO FORWARD AT  
5 THIS POINT AND ASK FOR THE ADMINISTRATIVE BUDGET ITEM.  
6 DR. MURPHY, WOULD YOU LIKE TO SEE US PROCEED ON AGENDA  
7 ITEM 14?

8                   DR. MURPHY: WHICH IS?

9                   CHAIRMAN KLEIN: THE ADMINISTRATIVE BUDGET AND  
10 CONTRACT CLOSEOUT.

11                  DR. MURPHY: YES. LORI.

12                  CHAIRMAN KLEIN: THAT ITEM IS --

13                  DR. MURPHY: LORI HOFFMAN WILL BE DOING THAT.

14                  CHAIRMAN KLEIN: DR. MURPHY INDICATES LORI  
15 HOFFMAN WILL BE PRESENTING ITEM 14.

16                  MS. HOFFMAN: THANK YOU, MR. CHAIRMAN. GOOD  
17 AFTERNOON. IF YOU WILL FOCUS YOUR ATTENTION IN A MOMENT  
18 ON THE POWERPOINT PRESENTATION AS WELL AS THE ITEM UNDER  
19 TAB 14 IN YOUR BINDER. WE'RE HAVING A LITTLE TECHNICAL  
20 DIFFICULTY, SO ALLOW ME TO WALK THROUGH THIS WITHOUT  
21 FOCUSING YOUR ATTENTION ON THE POWERPOINT PRESENTATION  
22 AND ONLY ON THE AGENDA ITEM IN YOUR PACKAGE UNDER TAB 14.  
23 THANK YOU SO MUCH.

24                  YOU WILL NOTICE ON THE FRONT PAGE THERE IS A  
25 TABLE THAT PROVIDES A RECONCILIATION BETWEEN THE '06-'07

## BARRISTERS' REPORTING SERVICE

1 BUDGETED AMOUNT OF \$8.3 MILLION AND THE ACTUAL TOTAL OF  
2 7.12, THE VARIANCE BEING \$1.2 MILLION. UNFORTUNATELY  
3 THESE ARE NOT COST SAVINGS TO US, BUT WE WILL CERTAINLY,  
4 IF YOU LOOK ON THE FOLLOWING PAGES UNDER OUR CONTRACTS,  
5 MANY OF OUR CONTRACTS THAT WERE NOT BOOKED OR EXPENSED IN  
6 '06-'07 WILL BE EXPENSED IN '07-'08. AND THOSE WERE  
7 ACCOUNTED FOR IN THE '07-'08 BUDGET ITEM THAT WAS  
8 PRESENTED AT THE AUGUST MEETING UNDER THE ACTING  
9 PRESIDENT'S REPORT. IT WAS ALSO IN YOUR AGENDA PACKAGE  
10 IN JUNE.

11 MS. LANSING: I'M CONFUSED. WHY ARE THEY NOT  
12 SAVINGS? I DON'T UNDERSTAND.

13 MS. HOFFMAN: I'M SORRY. SAY AGAIN. QUESTION?

14 MS. LANSING: WE SPENT LESS THAN OUR BUDGET --

15 MS. HOFFMAN: WE SPENT LESS THAN OUR BUDGET.

16 MS. LANSING: -- IN ALL AREAS EXCEPT ONE. WHY  
17 IS THAT NOT A SAVINGS? I DON'T UNDERSTAND.

18 MS. HOFFMAN: THE ONLY AREA -- THAT'S A VERY  
19 EXCELLENT QUESTION. THE ONLY AREA WHERE IT IS, IN FACT,  
20 A SAVINGS IS SALARY AND BENEFITS. SO IN THE EXTERNAL  
21 CONTRACTS WHERE THERE'S A 20-PERCENT SAVINGS, WE WILL  
22 SPEND THAT MONEY. WE'LL JUST SPEND IT IN '07-'08 RATHER  
23 THAN IN THE '06-'07 FISCAL YEAR. IT'S THE WAY --

24 MS. LANSING: THAT'S LIKE FOR THE STANDARDS  
25 COMMITTEE AND EVERYTHING, YOU'RE SAYING THAT --

## BARRISTERS' REPORTING SERVICE

1 MS. HOFFMAN: IN MANY CASES, YES. THE POSTINGS  
2 CLOSE FOR THE STATE CONTROLLER'S OFFICE ON JULY 20TH, SO  
3 ANYTHING THAT WE DO NOT RECEIVE IN TERMS OF A BILL OR WE  
4 HAVE NOT PAID THAT BILL YET, IT WOULD NOT GET POSTED TO  
5 '06-'07.

6 MS. LANSING: SO FOR POINT OF INFORMATION,  
7 BECAUSE I THINK SOME OF -- IT'S JUST INTERESTING. NO ONE  
8 IS SUGGESTING ANYTHING. BUT SOME OF THE COMMITTEES, I  
9 THINK, STILL WILL BE UNDER BECAUSE THEY DIDN'T HAVE  
10 MEETINGS, YOU KNOW, WHATEVER. I WONDER IF YOU COULD  
11 CIRCULATE SOMETHING FOR US THAT ACTUALLY SHOWS SOME  
12 SAVINGS IF THERE ARE ANY.

13 MS. HOFFMAN: WELL, AS SOON AS WE GET ALL THE  
14 BILLS IN FOR THOSE PARTICULAR GROUPS FOR THAT PARTICULAR  
15 YEAR, INCLUDING THE OTHER LINE ITEM, OTHER TRAVEL, AGAIN,  
16 LOOKS LIKE THERE'S VERY SIGNIFICANT SAVINGS, BUT IN  
17 SEVERAL CASES MANY OF THOSE TRAVEL EXPENSES WILL BE  
18 BOOKED INTO '07-'08. SO I WILL INDEED BRING BACK TO YOU  
19 THE RECONCILIATION.

20 ALSO TO YOUR POINT, FOR ALL THE MEETINGS, IN  
21 MANY CASES WE OVERBUDGET OR WE BUDGET, FOR LET'S SAY,  
22 FIVE OR SIX MEETINGS AND WE ONLY HAVE FOUR. WE BUDGET  
23 FOR ALL TRAVEL EXPENSES FOR ALL MEMBERS OF THE WORKING  
24 GROUP AND THEY DON'T ALWAYS SUBMIT. SO WE DO OUR BEST,  
25 AND WE'RE GETTING BETTER AT IT.

## BARRISTERS' REPORTING SERVICE

1 MS. LANSING: AND, AGAIN, I'M NOT -- I'M NOT  
2 SAYING THIS IN A NEGATIVE WAY. I'M ACTUALLY SAYING IT IN  
3 A POSITIVE WAY, THAT IT WOULD BE WONDERFUL TO SHOW, IF WE  
4 DID HAVE SAVINGS, YOU KNOW, THAT IT WILL HELP YOU FOR  
5 PLANNING, BUT I ALSO THINK IT'S JUST SOMETHING TO KNOW.

6 MS. HOFFMAN: OKAY. I WILL DO THAT. THANK  
7 YOU.

8 CHAIRMAN KLEIN: QUESTION, LORI, THAT'S  
9 RELEVANT TO THE QUESTION THAT SHERRY LANSING JUST ASKED.  
10 ON ICOC MEETINGS THIS VARIANCE OF 188,000, ARE THERE  
11 ACCRUAL EXPENSES WE HAVEN'T SEEN, OR IS THAT ACTUAL  
12 SAVINGS AS WELL?

13 MS. HOFFMAN: NO. THERE ARE ACCRUAL EXPENSES  
14 THAT YOU WILL SEE IN '07-'08, AND IN THE '07-'08 BUDGET,  
15 BECAUSE WE ALREADY KNEW THAT WE WEREN'T GOING TO SPEND  
16 THE 400,000, IN '07-'08 WE BUDGETED FOR ICOC AT 323.  
17 ASSUMING THEN, USING, AS MEMBER LANSING SUGGESTED, USING  
18 WHAT WE HAD EXPERIENCED UP TO MAY IN TERMS OF WHAT WE  
19 WERE SPENDING AT THOSE MEETINGS, WE KNEW WE DIDN'T NEED  
20 THE 400,000. THAT WAS INITIALLY AN ESTIMATED BUDGET  
21 AMOUNT PRIOR TO A FULL YEAR OF ICOC MEETINGS THAT ARE ON  
22 A REGULAR CYCLE LIKE WE HAVE NOW.

23 CHAIRMAN KLEIN: SO IT IS ESTIMATED WE WILL  
24 HAVE SOME SAVINGS IN THAT, BUT THERE ARE ALSO SOME  
25 ACCRUAL EXPENSES?



## BARRISTERS' REPORTING SERVICE

1 MS. HOFFMAN: THAT'S CORRECT.

2 CHAIRMAN KLEIN: OKAY.

3 MS. HOFFMAN: THE OTHER IMPORTANT FACT THAT I'D  
4 LIKE TO HIGHLIGHT HERE IS THAT BELOW THE LINE EXPENSES  
5 THAT ARE BEING THEN REDUCED FROM THE TOTAL. SO YOU WILL  
6 SEE THREE LINE ITEMS, COST OF BOND ISSUANCE, LEGAL COST,  
7 AND GIFT FUND EXPENDITURES. THIS IS BASICALLY A FUND  
8 SOURCE. ANYTHING THAT WE USE THAT WAS A GIFT TO US,  
9 THESE ARE SUBTRACTED FROM THE TOTAL BECAUSE THE  
10 ADMINISTRATIVE TOTAL, WHICH IS FOR '06-'07 -- MELISSA  
11 FOUND THE SLIDES. MELISSA, IF YOU COULD GO TO THE NEXT  
12 SLIDE.

13 SO AGAIN, THE IMPORTANT POINT HERE IS THAT THE  
14 ADMINISTRATIVE TOTAL OF 5.3 IS WHAT WE WILL TRACK. AND  
15 WHEN I MEAN TRACK, YOU WILL RECALL THAT UNDER PROP 71  
16 THERE IS A CAP ON ADMINISTRATIVE EXPENDITURES FOR THE  
17 DURATION OF THE INSTITUTE OF 6 PERCENT OR \$180 MILLION.  
18 AND THAT IS DIVIDED BETWEEN GENERAL ADMINISTRATION AND  
19 GRANTS ADMINISTRATION.

20 SO AT THE NEXT SLIDE YOU WILL NOTICE THAT WE  
21 HAVE NOW FOR THE FIRST TIME FOR '06-'07, AND WE WILL GO  
22 BACK AND DO THIS FOR '05-'06, ALLOCATE BETWEEN GENERAL  
23 ADMINISTRATION AND GRANTS ADMINISTRATION. AND THIS IS AN  
24 IMPORTANT TRACKING TOOL FOR THE ICOC THAT YOU WILL NOW  
25 RECEIVE THESE UPDATES ON AN ANNUAL BASIS.

## BARRISTERS' REPORTING SERVICE

1                   SO TO CLOSE, I JUST WANTED YOU, AGAIN, TO KNOW  
2                   THAT THE STATE CONTROLLER'S OFFICE, THEIR FINAL YEAR-END  
3                   CLOSE WAS DONE AS OF AUGUST 23D. THE CIRM STAFF HAS  
4                   ALREADY HAD A KICKOFF MEETING WITH OUR FINANCIAL  
5                   AUDITORS, MGO, WHO DID OUR FINANCIAL AUDIT LAST YEAR, AND  
6                   THAT KICKOFF MEETING WAS HELD ON SEPTEMBER 21ST. WE  
7                   EXPECT THE AUDITORS DRAFT FINANCIAL REPORT TO US BY  
8                   MID-DECEMBER, AND WE ARE PLANNING FOR THE AUDITORS'  
9                   PRESENTATION TO YOU AT YOUR JANUARY MEETING.

10                   AND I'M OPEN FOR QUESTIONS.

11                   DR. POMEROY: CAN I ASK A QUESTION?

12                   CHAIRMAN KLEIN: ABSOLUTELY. IF I CAN JUST  
13                   CREATE SOME CONTEXT TOO. I'LL REMIND US ALL THAT DR.  
14                   PENHOET POINTED OUT THE GORDON AND BETTY MOORE FOUNDATION  
15                   RUNS ON ABOUT 12 PERCENT. SO WE'RE RUNNING AT A VERY  
16                   STRINGENT BUDGET, ABOUT HALF AS MUCH. IT'S ONLY POSSIBLE  
17                   BECAUSE WE HAVE BEEN VERY STRATEGIC AND ASTUTE ABOUT  
18                   MAKING SURE WE WEREN'T PAYING TOO MUCH FOR FACILITIES.  
19                   ZERO IS A GOOD FIGURE. IN ADDITION, OPERATING COST FOR  
20                   FACILITIES IS NOT A COST TO US. BUT WE HAVE THE BENEFIT  
21                   AS WELL THAT LEGAL COST, FOR EXAMPLE, THE LITIGATION DOES  
22                   NOT COME OUT OF OUR BUDGET. IT HAD TO BE DESIGNED THAT  
23                   WAY, OTHERWISE A LITIGANT WOULD HAVE HAD AN INCENTIVE TO  
24                   DRAG ON LITIGATION FOREVER, JUST TRYING TO, IN FACT, PUSH  
25                   US OUTSIDE OF AN OPERATING BUDGET THAT WE COULD LIVE

## BARRISTERS' REPORTING SERVICE

1 WITHIN. SO LEGAL COST IS THE DEDUCTION, WHICH IS WHY  
2 LORI HAS SHOWN THAT DEDUCTED FROM THE TOTAL AMOUNT WHICH  
3 WE'RE UNDER A LIMITATION OF.

4 DR. POMEROY.

5 DR. POMEROY: SO I DON'T QUITE UNDERSTAND THESE  
6 NUMBERS BECAUSE UNDER ADMINISTRATION TOTAL, THE VERY  
7 BOTTOM LINE, 7.2, BUDGET 5.3, ACTUAL, THE VARIANCE IS 1.9  
8 MILLION, NOT 1.2 IF YOU JUST SUBTRACT. SO WHAT'S GOING  
9 ON?

10 MS. HOFFMAN: WELL, WHAT HAPPENED WAS WE ONLY  
11 BUDGETED FOR LEGAL COSTS, AS BOB JUST IDENTIFIED, AND THE  
12 COST OF ISSUANCE IS ACTUALLY NOT -- SO WHAT HAPPENS IS  
13 THE GIFT FUNDS IS NOT AN EXPENDITURE, BUT IT BECAME A  
14 FUND SOURCE WHERE THE LEGAL COSTS AND THE COST OF  
15 ISSUANCE IS ACTUALLY AN EXPENDITURE. SO YOU WILL SEE IT  
16 ABOVE THE LINE AND BELOW THE LINE WHERE THE 586 IS JUST,  
17 AGAIN, JUST A FUND SOURCE.

18 DR. POMEROY: HOW CAN THE ACTUAL BE 5.3  
19 AGAINST 7.2 AND THE DIFFERENCE -- THE VARIANCE BE 1.2?  
20 IF YOU SUBTRACT THOSE, IT'S 1.9.

21 MS. HOFFMAN: YOU KNOW, DR. POMEROY, YOU MAKE  
22 AN EXCELLENT POINT, AND I CAN'T ANSWER THE QUESTION. SO  
23 RICK CAN ANSWER THE QUESTION, BUT I CAN'T. SO ALLOW ME  
24 TO GO BACK; AND IF I DO NEED TO CHANGE THESE NUMBERS, I  
25 WILL. AND I CERTAINLY WILL RE-POST IT AND SEND THIS OUT

## BARRISTERS' REPORTING SERVICE

1 TO YOU AND ANSWER YOUR QUESTION.

2 ANY OTHER QUESTIONS THAT PERHAPS I MIGHT BE  
3 ABLE TO ANSWER? OKAY. THANK YOU SO MUCH.

4 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU, LORI  
5 HOFFMAN. DR. MURPHY, ARE WE PREPARED TO GO TO ITEM NO.  
6 15? AND AFTER ITEM 15, WE WILL HAVE SOME ADDITIONAL  
7 ADMINISTRATIVE REPORTS WHICH ARE NOT TIME SENSITIVE  
8 BECAUSE THERE'S NO VOTES ON THEM, BUT THEY'RE AN  
9 EXTENSION OF THE PRESIDENT'S REPORT THAT WE'LL FINISH  
10 WITH AFTER ITEM 15. SO THAT IS NOT THE END OF THE AGENDA  
11 WHEN WE GET THROUGH ITEM 15.

12 DR. MURPHY: MR. CHAIRMAN, AFTER RECEIVING ALL  
13 OF THE KIND COMMENTS FROM THE BOARD ON THE ORGANIZATION  
14 OF THE STAFF'S PRESENTATIONS TODAY, I WANT TO TELL YOU  
15 THAT FOR THIS PRESENTATION I LOST MINE. I JUST CALLED MY  
16 OFFICE, CALLED, TALKED TO PAT, I SAID, "E-MAIL THAT TO  
17 TAMAR." SHE E-MAILED IT TO TAMAR, AND I'M READING IT  
18 NOW. ISN'T IT A WONDERFUL TIME? REALLY IS.

19 MR. CHAIRMAN, I'M REPORTING ON THE ONGOING  
20 DISCUSSIONS WE HAVE HAD WITH THE CALIFORNIA STATE  
21 UNIVERSITY SYSTEM AND THE CALIFORNIA COMMUNITY COLLEGE  
22 SYSTEM ABOUT THEIR REQUEST FOR \$31 MILLION FOR RESEARCH  
23 SUPPORT FOR A TRAINING PROGRAM IN STEM CELL RESEARCH FOR  
24 THEIR STUDENTS. RECALL THAT THAT PROPOSAL WAS SUBMITTED  
25 TO THE ICOC AND DISCUSSED WITH CSU AND CCC

## BARRISTERS' REPORTING SERVICE

1 REPRESENTATIVES AT THE AUGUST ICOC MEETING.

2 IN RESPONSE TO QUESTIONS RAISED AT THAT MEETING  
3 BY THE ICOC, THE CSU AND CCC COMMITTEE HAS RESPONDED, AND  
4 THE ANSWERS TO YOUR INQUIRIES ARE IN THE PACKAGE THAT YOU  
5 HAVE IN FRONT OF YOU.

6 SINCE THAT TIME ARLENE CHIU, TAMAR PACHTER, AND  
7 I HAVE MET THROUGH A CONFERENCE CALL WITH CSU AND CCC  
8 OFFICIALS, JEFF THOMPSON, WHO IS THE ASSOCIATE PROVOST  
9 FOR RESEARCH, CSU SAN BERNARDINO, SUSAN BAXTER, WHO IS  
10 WITH CSU SAN BERNARDINO, AND MARY PAT HUXLEY, WHO IS WITH  
11 THE TECHNOLOGY INITIATIVE FOR CCC. AND ON THAT CALL ALSO  
12 WERE ICOC MEMBERS DAVID SERRANO-SEWELL AND MARCY FEIT.

13 WE EXPRESSED IN THAT CALL OUR SUPPORT TO THE  
14 CSU AND CCC FOR THE TRAINING PROGRAMS THAT THEY WISH TO  
15 PUT TOGETHER. WE TOO AGREE THAT IT IS IMPORTANT TO  
16 PREPARE STUDENTS FOR WORKING IN THE STEM CELL FIELD, AND  
17 WE ALSO EXPRESSED A STRONG DESIRE ON BEHALF OF CIRM TO  
18 INVOLVE IN THIS FIELD THE MUCH NEEDED DIVERSITY OF THE  
19 STUDENTS THAT THE CSU AND CCC SYSTEM TRAIN. HOWEVER, WE  
20 ALSO EXPLAINED THAT CIRM FUNDS NEED TO BE AWARDED ON A  
21 COMPETITIVE BASIS AFTER RIGOROUS PEER REVIEW TO ENSURE  
22 THAT PUBLIC MONEY IS WELL SPENT.

23 WE DISCUSSED ALTERNATIVES THAT WOULD FIT INTO  
24 CIRM PROGRAMS THAT WOULD ALSO PROVIDE TRAINING  
25 OPPORTUNITIES FOR STUDENTS FROM CSU AND CCC AND

## BARRISTERS' REPORTING SERVICE

1 ELSEWHERE. SEVERAL ALTERNATIVES THAT WE DISCUSSED  
2 INCLUDED ENCOURAGING CSU AND CCC STUDENTS TO SEEK  
3 INTERNSHIPS IN CIRM-SPONSORED TRAINING PROGRAMS THAT HAVE  
4 BEEN FUNDED IN SIX SITES AROUND THE STATE. THIS TRAINING  
5 EXPERIENCE WOULD PROVIDE THEM ACCESS TO THE TRAINEES AND  
6 FACULTY WHO ARE ON THE CUTTING EDGE OF THE FIELD  
7 SUPPORTED BY CIRM AND THE PEOPLE WHO ARE REALLY CREATING  
8 THE TECHNOLOGY. IT WOULD PROVIDE THESE STUDENTS  
9 WONDERFUL NETWORKING OPPORTUNITIES WITH PEOPLE WHO WOULD  
10 HIRE THEM, AND IT WOULD BE AN EXCELLENT TRAINING  
11 EXPERIENCE THAT WOULD BE LOOKED UPON FAVORABLY BY  
12 COMPANIES GETTING INTO STEM CELL SCIENCE.

13 TO SUPPORT THESE INTERNSHIPS, CIRM COULD  
14 DESIGNATE SPECIAL FUNDING FOR INTERNSHIP PROGRAMS THAT  
15 WOULD BE AWARDED ON A COMPETITIVE BASIS. AND ARLENE HAS  
16 TOUCHED UPON THAT EARLIER TODAY. IT MAY ALSO BE POSSIBLE  
17 FOR CIRM TO OFFER SPECIAL RFA'S FOR TRAINING PROGRAMS  
18 THAT COULD BE COMPETED FOR BY CSU AND CCC CAMPUSES AND  
19 UNDERGRADUATE PROGRAMS IN OTHER NONPROFIT SCHOOLS.

20 FINALLY, WE WOULD BE COMFORTABLE CONSIDERING  
21 PROGRAMS THAT MIGHT RESULT IN STUDENTS FROM THESE  
22 PROGRAMS WORKING DIRECTLY IN THE LABORATORIES OF  
23 CIRM-FUNDED INVESTIGATORS. WE HAVE LEFT THESE IDEAS WITH  
24 OUR CSU-CCC COLLEAGUES, AND WE ARE SCHEDULING ANOTHER  
25 MEETING WITH THEM IN OCTOBER FOR FURTHER DISCUSSIONS.

## BARRISTERS' REPORTING SERVICE

1 HOPEFULLY WE WILL BE ABLE TO CREATE A PROGRAM THAT WILL  
2 ACHIEVE OUR SHARED GOAL OF ENGAGING THESE WORTHY STUDENTS  
3 IN THE GROWING AND EXCITING FIELD OF STEM CELL BIOLOGY.

4 WITH THAT, MR. CHAIRMAN, I OPEN IT FOR  
5 QUESTIONS.

6 CHAIRMAN KLEIN: QUESTIONS FOR MEMBERS OF THE  
7 BOARD? DR. LEVEY.

8 DR. LEVEY: I WOULD JUST CONGRATULATE YOU FOR  
9 GETTING TO A POINT WHERE YOU'RE WORKING WITH THEM TO TRY  
10 TO MAKE SOMETHING HAPPEN BECAUSE I THINK THE UC SYSTEM  
11 HAS NOW DEVELOPED A JOINT DEGREE PROGRAMS IN AUDIOLOGY.  
12 TO GET THAT STARTED WAS VERY DIFFICULT, BUT IT CAME  
13 THROUGH TO ALL OF US THAT RIGHT NOW MOST OF THE  
14 LEGISLATURE CONSISTS OF MEMBERS WHO ARE PRODUCTS OF THE  
15 CALIFORNIA STATE UNIVERSITY SYSTEM. AND, YOU KNOW, WE  
16 ARE AN ARM OF THAT, SO I WOULD THINK THAT WE'VE DONE THE  
17 WISE THING HERE.

18 I THINK WE COULD HAVE DONE THE REVERSE AND  
19 STONEWALLED IT AND SAID -- I THINK THIS IS A VERY WISE  
20 DECISION, AND I CONGRATULATE THE OFFICE OF THE PRESIDENT  
21 FOR DOING THAT.

22 CHAIRMAN KLEIN: OKAY. LET'S GO -- WE NEED TO  
23 FINISH ON THE LEFT AND GO TO THE RIGHT. DR. BRYANT.

24 DR. BRYANT: YES. I JUST WANT TO SAY I LIKE  
25 THE IDEA OF THE INTERNSHIPS VERY MUCH, AND I THINK SOME

## BARRISTERS' REPORTING SERVICE

1 OF THESE STUDENTS THAT ARE GOING THROUGH A MASTER'S  
2 PROGRAM, ONCE THEY GET INTO A RESEARCH LAB, COULD THEN  
3 BECOME GREAT CANDIDATES FOR PH.D. PROGRAMS BECAUSE WE  
4 HAVE A MASTER'S PROGRAM AT UCI THAT'S A BIOTECH PROGRAM.  
5 AND ACTUALLY WE HAVE ONE WITH AN EMPHASIS IN STEM CELL  
6 RESEARCH, AND THE STUDENTS GET SO TURNED ON BY IT, THEY  
7 THINK THEY WANT TO BE MASTER'S STUDENTS, BUT THEY  
8 ACTUALLY END UP WANTING TO DO RESEARCH. SO THEY -- YOU  
9 KNOW, IT'S A FERTILE FEEDING OPPORTUNITY TO FEED INTO THE  
10 SYSTEM.

11 CHAIRMAN KLEIN: DR. STEWARD AND THEN DR.  
12 PRIETO.

13 DR. STEWARD: ACTUALLY CAN I SAVE MINE TO THE  
14 LAST IN THE SERIES?

15 CHAIRMAN KLEIN: YES. DR. PRIETO.

16 DR. PRIETO: JUST A QUESTION. ARLENE ALLUDED  
17 EARLIER TO SOME OF OUR FUTURE PLANS AND LOOKING AT THE  
18 NEED FOR TECHNICAL -- TECHNICALLY TRAINED STAFF BELOW THE  
19 PH.D. LEVEL AND WHAT CALIFORNIA'S NEEDS MIGHT BE. I  
20 WONDERED HOW FAR LONG ARE WE IN ASSESSING THAT PROBLEM,  
21 ASSESSING WHAT THE NEEDS MIGHT BE, AND FORMULATING THIS  
22 AS SOME SORT OF AN RFA THAT WE COULD THEN PUT OUT THAT  
23 THESE INSTITUTIONS COULD THEN APPLY FOR.

24 DR. MURPHY: I DON'T KNOW IF WE HAVE. ARLENE  
25 CHIU PROBABLY SHOULD TAKE THE MIC HERE. I DON'T KNOW IF



## BARRISTERS' REPORTING SERVICE

1 WE HAVE REALLY ASSESSED IT. IT'S CLEAR THAT WE ARE GOING  
2 TO NEED NEW PEOPLE DOING THIS. I THINK THE DISCUSSIONS  
3 WITH THE CSU AND CCC COULD ACTUALLY HELP US FORMULATE THE  
4 RFA. AND IF WE COULD NOT ONLY HAVE AN RFA FOR TRAINING,  
5 BUT PUT IT INTO A FRAMEWORK WHERE WE'RE SERVING THE NEEDS  
6 OF THIS VERY IMPORTANT COMMUNITY, I THINK THAT'S A  
7 WIN-WIN SITUATION. SO WE ARE EAGER TO MOVE FORWARD ON  
8 THIS.

9 AND AS I SAY, WE ARE MEETING WITH THESE FOLKS  
10 IN OCTOBER TO CONTINUE THE DISCUSSIONS. ARLENE.

11 DR. CHIU: I HAVE NOTHING MORE TO ADD. DR.  
12 MURPHY HAS IT EXACTLY IT RIGHT. IT IS -- WITH THAT LONG  
13 LIST OF INITIATIVES, THOSE ARE PLANS THAT WE HOPE TO  
14 BRING IN 2008, AND NOT ALL OF THEM ARE VERY WELL FORMED,  
15 BUT WE HOPE TO GET GOOD INPUT SUCH AS FROM OUR COLLEAGUES  
16 AT CSU IN ORDER TO FRAME IT BETTER. BUT IT'S CERTAINLY  
17 ON THE HORIZON, AND WE WOULD LIKE TO HAVE IT REVIEWED  
18 TOGETHER WITH THE TRAINING GRANT PROGRAM BECAUSE IT WOULD  
19 BE THE SAME GROUP OF PEOPLE TO REVIEW THOSE AND REDUCE  
20 THE NUMBER OF REVIEW MEETINGS.

21 CHAIRMAN KLEIN: DR. STEWARD.

22 DR. STEWARD: MAYBE I'LL BE THE LAST COMMENT.  
23 WE'LL SEE. SOMETHING HAS BEEN ON MY MIND EVER SINCE THIS  
24 STARTED, AND I ACTUALLY DIDN'T RAISE IT DURING PREVIOUS  
25 DISCUSSIONS BECAUSE I DIDN'T WANT TO SEEM NEGATIVE ABOUT

## BARRISTERS' REPORTING SERVICE

1 THIS. I THINK IT'S A VERY IMPORTANT IDEA FOR THE  
2 COMMUNITY COLLEGES.

3 WHAT HAS BOTHERED ME FROM THE BEGINNING,  
4 THOUGH, IN SOME RESPECTS IS THAT THIS IS THE FIRST TIME  
5 THAT CIRM, AS FAR AS I KNOW, HAS CONSIDERED IN DETAIL A  
6 PROPOSAL THAT DIDN'T ORIGINATE FROM AN RFA. AND MY  
7 QUESTION IS FOR THE FUTURE UNDER WHAT CIRCUMSTANCES DOES  
8 CIRM CHOOSE TO EVALUATE AND CONSIDER THESE THINGS THAT  
9 ARE OUT OF THE BOX OR NOT? I GUESS I'M JUST -- YOU COULD  
10 BE LOOKING AT A WHOLE LOT OF PROPOSALS FROM A WHOLE LOT  
11 OF ORGANIZATIONS, AND I'M JUST RAISING IT AS AN ISSUE.

12 DR. MURPHY: DAVID, DO YOU WANT TO SPEAK?

13 MR. SERRANO-SEWELL: THAT WAS ONE OF THE FIRST  
14 ISSUES THAT MARCY AND I RAISED WITH DR. MURPHY IN OUR  
15 CONVERSATIONS, AND WE ALSO SORT OF SHARED THAT WHEN WE  
16 HAD OUR CONFERENCE CALL WITH THE CSU AND COMMUNITY  
17 COLLEGE REPRESENTATIVES, THAT IT HAS BEEN THE PRACTICE OF  
18 THIS ORGANIZATION TO AWARD GRANTS ON A COMPETITIVE BID  
19 BASIS. THAT HAS BEEN OUR POSTURE, AND WE BELIEVE THAT IT  
20 HAS SERVED US WELL. AND IF YOU JUDGE SORT OF THAT TRACK  
21 RECORD, THEN SORT OF GOING FORTH, WE'LL CONTINUE THAT  
22 MODEL. AND WE SHARED THAT WITH THE PARTICIPANTS ON THE  
23 CALL. SO I THINK THAT SORT OF ANSWERS YOUR QUESTION.

24 DR. STEWARD: SORT OF, BUT NOT QUITE. SO WHAT  
25 I'M REALLY GETTING AT IS IT TOOK OBVIOUSLY A LOT OF TIME

## BARRISTERS' REPORTING SERVICE

1 TO THINK ABOUT THIS. AND THEY WERE AFFORDED THE  
2 OPPORTUNITY TO COME AND PRESENT TO THE ICOC, AND I'M NOT  
3 SAYING THAT WAS THE WRONG THING TO DO. I'M JUST ASKING  
4 UNDER WHAT CIRCUMSTANCES DO WE DO THAT? HOW DO WE  
5 DECIDE?

6 DR. MURPHY: I CAN GIVE YOU MY ANSWER, OS. MY  
7 FEELING IS THAT WE WANT GOOD IDEAS FROM WHEREVER THEY  
8 COME FROM. AND SOMETIMES THE INTERESTS OF THE  
9 ORGANIZATION ARE GOING TO LEAD -- OF ONE ORGANIZATION ARE  
10 GOING TO LEAD THIS ORGANIZATION IN WAYS THAT WE COULD  
11 HAVE NEVER PREDICTED. SO I THINK THAT I THINK THE  
12 DISCUSSIONS THAT WE'RE HAVING WITH THESE FOLKS ARE VERY,  
13 VERY HELPFUL TO CIRM. THEY FILL A NEED WE HAVE, THE NEED  
14 FOR WELL-TRAINED PEOPLE. THE FACT IS IN THIS FIELD, AS  
15 IN MOST FIELDS IN BIOLOGY, THERE IS NOT A DIVERSE  
16 WORKFORCE, AND WE ALL BENEFIT FROM A DIVERSE WORKFORCE.

17 SO AS THEY ARE LEADING US THROUGH THIS PROCESS  
18 AND WE IMPOSE UPON THE PROCESS OR ADD TO THE PROCESS A  
19 COMPLEMENTARY PROCESS OF WHAT CIRM NEEDS TO MAKE THE  
20 DECISION, I THINK IT'S A WIN-WIN SITUATION, AND I WELCOME  
21 THE INPUT WE'RE GETTING.

22 CHAIRMAN KLEIN: AND I -- I'M GOING TO GO TO  
23 SHERRY LANSING. I WOULD LIKE TO RESPOND IN PART, SINCE I  
24 PUT IT ON THE AGENDA, AND I'D LIKE TO SAY THAT THE CSU  
25 SYSTEM AND THE COMMUNITY COLLEGES HAD BEEN ATTEMPTING TO

## BARRISTERS' REPORTING SERVICE

1 ENGAGE WITH THIS INSTITUTION FOR OVER A YEAR. AND  
2 BECAUSE THEY ARE SUCH A CRITICAL PART OF THE EDUCATIONAL  
3 SYSTEM OF THE STATE, AND A GREAT NUMBER OF THEIR STUDENTS  
4 GO ON INTO THE UC SYSTEM IN MASTER'S AND DOCTORAL  
5 PROGRAMS, IT APPEARED THAT IT WAS A VERY IMPORTANT  
6 INITIATIVE ON THEIR PART THAT DESERVED THE WHOLE BOARD TO  
7 MAKE A DECISION TO ADDRESS THIS OPPORTUNITY AND TO DECIDE  
8 WHETHER STAFF TIME SHOULD BE COMMITTED. IT IS THE  
9 BOARD'S DECISION.

10 WE HAVE TO BE CIRCUMSPECT ABOUT HOW MANY  
11 INDIVIDUAL PETITIONS WE PUT ON OUR AGENDA OBVIOUSLY  
12 BECAUSE OF CONSTRAINTS OF THE TIME; BUT SINCE THEY HAVE A  
13 MONUMENTAL INFLUENCE ON EDUCATION IN THE STATE AND AS A  
14 RESOURCE FOR PERSONNEL DEDICATED TO THIS MISSION, AT  
15 LEAST A POTENTIAL RESOURCE, IT APPEARED APPROPRIATE TO  
16 AGENDIZE THAT AS A MATTER OF DISCRIMINATION.

17 SHERRY LANSING.

18 DR. STEWARD: I WASN'T QUESTIONING IT. THAT'S  
19 WHY I DIDN'T RAISE IT AT THE TIME. I'M REALLY RAISING IT  
20 AS A GENERAL ISSUE FOR THE FUTURE.

21 MS. LANSING: I THINK WHAT OS IS RAISING, WHICH  
22 I THINK IS A GOOD QUESTION, I DON'T THINK ANYONE IS  
23 QUESTIONING THIS. I THINK WHAT WE'RE SAYING, AND I THINK  
24 WE CAN KICK IT BACK TO THE PRESIDENT, IS LET US ASSUME  
25 THIS WILL NOT BE THE ONLY OTHER GOOD IDEA THAT COMES

## BARRISTERS' REPORTING SERVICE

1 FORWARD. I THINK IT WOULD BE GOOD IF YOU WOULD, WITH  
2 YOUR TEAM, COME UP WITH A PROCESS BY WHICH SOMEBODY DOES  
3 THAT, THAT IF SOME OTHER OUTSIDE PERSON HAS AN IDEA, DO  
4 THEY GO TO YOU FIRST? WHO DO THEY GO TO? WHAT'S THE  
5 PROCESS BEFORE IT BECOMES TO THE BOARD? IF ONE OF US  
6 SHOULD HAVE AN IDEA, HOW DO WE DO IT BECAUSE NO ONE IS  
7 QUESTIONING THIS. WE'RE ONLY SAYING LET'S ASSUME THIS  
8 ISN'T THE ONLY GOOD IDEA IN THE NEXT TEN YEARS OR SEVEN  
9 YEARS OR WHATEVER IT IS THAT WE'LL EXIST THAT WON'T HAVE  
10 AN RFA.

11 CAN YOU COME UP WITH A PROCESS BY WHICH WE HAVE  
12 AN EQUAL OPPORTUNITY FOR OTHER PEOPLE SHOULD THEY HAVE  
13 THAT TO AT LEAST BE HEARD? THAT'S ALL WE'RE SAYING.

14 DR. MURPHY: WE THINK WE CERTAINLY CAN. THANK  
15 YOU.

16 CHAIRMAN KLEIN: DR. PIZZO.

17 DR. PIZZO: I'M ACTUALLY HONORED TO SAY THAT I  
18 WAS GOING TO MAKE THE SAME SUGGESTION AS SHERRY LANSING,  
19 SO I WILL NOT REPEAT THAT, BUT THANK HER.

20 CHAIRMAN KLEIN: ALL RIGHT. THIS IS AN  
21 EXCELLENT REPORT. I'D LIKE TO ASK IF THERE IS PUBLIC  
22 COMMENT. DR. SUSAN BAXTER, WHO IS THE EXECUTIVE DIRECTOR  
23 OF THE CALIFORNIA STATE UNIVERSITY PROGRAM FOR EDUCATION  
24 AND RESEARCH AND BIOTECHNOLOGY, IS HERE. DR. BAXTER,  
25 WOULD YOU LIKE TO MAKE A COMMENT FROM THE PUBLIC?

## BARRISTERS' REPORTING SERVICE

1 DR. BAXTER: THANK YOU. NO. WE DID NOT COME  
2 WITH ANY PREPARED COMMENTS, BUT I DID WANT TO SAY THAT  
3 ALSO STANLEY MALLOY IS HERE FROM CSU, DEAN OF SCIENCES,  
4 IN SUPPORT OF OUR PROPOSAL, AND ALSO BETH AMBOSE FROM THE  
5 CHANCELLOR'S OFFICE, THE VICE PRESIDENT FOR RESEARCH  
6 INITIATIVES AND PARTNERSHIPS, IS HERE WITH ME TODAY. AND  
7 WE WERE SIMPLY HERE TO ANSWER ANY QUESTIONS THAT YOU MAY  
8 HAVE OF US SPECIFICALLY.

9 CHAIRMAN KLEIN: THANK YOU FOR BRINGING SOME  
10 GREAT IDEAS TO US, AND HOPEFULLY WE CAN HAVE A  
11 PARTNERSHIP THAT IS PRODUCTIVE FOR CIRM AND THE CSU AND  
12 COMMUNITY COLLEGE SYSTEMS. IT'S WONDERFUL TO HAVE SOME  
13 GREAT IDEAS TO STIMULATE US.

14 OKAY. ANY ADDITIONAL COMMENTS FROM THE BOARD?  
15 IF NOT, WE HAVE AN ADMINISTRATIVE ITEM TO COVER. WE HAVE  
16 SOME ADMINISTRATIVE ITEMS THAT HAVE NOT REQUIRED A VOTE  
17 AND DIDN'T REQUIRE A QUORUM. AND, DR. CHIU, WOULD YOU  
18 LIKE TO REPORT ON THE STATUS OF PROCESSING OF GRANTS AND  
19 OVERSIGHT?

20 DR. CHIU: THANK YOU, MR. CHAIRMAN. I'D LIKE  
21 TO REPORT TO THE BOARD ON THE STATUS OF TWO APPLICATIONS  
22 THAT WERE APPROVED FOR FUNDING BY THE ICOC. DURING  
23 CAREFUL PRE-AWARD REVIEW THAT YOU'VE HEARD SO MUCH ABOUT,  
24 CIRM HAS DETERMINED THAT APPLICATION NO. RS 1305-1 FROM  
25 THE BURNHAM INSTITUTE ENTITLED "GENERATION OF HESC LINES

## BARRISTERS' REPORTING SERVICE

1 UNDER DEFINED CONDITIONS -- MODELING NORMAL AND DISEASE  
2 STATES FOR MATERIALS STORED AT THE BURNHAM SHARED EMBRYO  
3 BANK" DOES NOT MEET ALL THE ELIGIBILITY REQUIREMENTS OF  
4 THE RFA AND WILL THEREFORE NOT BE FUNDED. THIS  
5 DETERMINATION HAS BEEN COMMUNICATED WITH THE APPLICANT.

6 A SECOND APPLICATION, NO. RC 123-1 FROM THE  
7 CHAR REGENERATIVE MEDICINE INSTITUTE ENTITLED  
8 "ESTABLISHMENT OF STEM CELL LINES FROM SOMATIC CELL  
9 NUCLEAR TRANSFER EMBRYOS IN HUMANS" HAS BEEN WITHDRAWN BY  
10 THE APPLICANT INSTITUTION.

11 WE WILL CONTINUE TO KEEP THE ICOC UPDATED WITH  
12 SUCH ADMINISTRATIVE ACTIONS AS THEY TAKE PLACE. THANK  
13 YOU. ARE THERE ANY QUESTIONS?

14 CHAIRMAN KLEIN: DR. PRICE.

15 DR. PRICE: I DON'T KNOW WHETHER IT'S  
16 APPROPRIATE, BUT CAN WE KNOW WHAT CRITERIA THEY DIDN'T  
17 MEET?

18 DR. CHIU: WELL, THE SECOND ONE WAS WITHDRAWN,  
19 AND EVERY APPLICANT INSTITUTION HAS THE RIGHT TO WITHDRAW  
20 AN APPLICATION.

21 DR. PRICE: NO, I UNDERSTAND THAT, BUT THE  
22 FIRST ONE WHERE WE DISALLOWED IT.

23 DR. CHIU: THE FIRST ONE, WE HAD CONDITIONS,  
24 AND I BELIEVE I HAVE A SLIDE TO SHOW. ACTUALLY THAT'S  
25 OKAY. YOU DON'T HAVE TO SHOW IT. THE RFA STATED A

## BARRISTERS' REPORTING SERVICE

1 REQUIREMENT THAT THE APPLICANT, THE PI, NOT CO-PI'S OR  
2 ANYBODY ELSE, THE PI HAS TO BE AN ON-SITE, FULL TIME  
3 EMPLOYEE OF THE APPLICANT INSTITUTION. AND THAT  
4 REQUIREMENT WAS NOT MET.

5 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL  
6 QUESTIONS FROM THE BOARD? ALL RIGHT. ON THIS ITEM ANY  
7 PUBLIC COMMENT? JOHN SIMPSON.

8 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
9 FOR TAXPAYER AND CONSUMER RIGHTS. IT'S PROBABLY NOT A  
10 HAPPY DAY FOR THOSE TWO APPLICANTS, BUT I THINK THIS  
11 SPEAKS VERY WELL OF THE STAFF AND THE DILIGENCE THAT  
12 THEY'VE PUT INTO THIS. AND THOSE OF US WHO FROM TIME TO  
13 TIME HAVE WONDERED ABOUT WHETHER THINGS MIGHT JUST END UP  
14 BEING A RUBBER STAMP WILL CONTINUE TO HAVE THOSE WORRIES  
15 AND TO RAISE QUESTIONS, BUT THIS IS CLEARLY A CASE WHERE  
16 THAT DID NOT HAPPEN. AND IT SHOWS, I THINK, TO ALL  
17 RESEARCHERS THAT CIRM HAS STANDARDS AND IS SERIOUS ABOUT  
18 THEM. AND I THINK THIS IS A VERY, VERY, VERY IMPORTANT  
19 TIME FOR THE AGENCY. AND IT'S A VERY SIGNIFICANT THING.

20 THE ONLY OTHER THING I WOULD ADD TO IT IS THAT  
21 IT MIGHT HAVE SERVED THE STAFF A LITTLE BIT BETTER AND  
22 MADE THEIR WORK A LITTLE BIT EASIER IF THE INITIAL REVIEW  
23 PROCESS HAD BEEN A LITTLE BIT MORE TRANSPARENT TO THE  
24 PUBLIC BECAUSE THEN MAYBE SOME OF THESE ISSUES WOULD HAVE  
25 BEEN CAUGHT WAY BACK THEN. BUT THAT'S A POSITION THAT I



## BARRISTERS' REPORTING SERVICE

1 CONTINUE TO ARGUE AND TO REFER PEOPLE TO THE STATE OF  
2 CONNECTICUT WHERE IT IS MORE OPEN.

3 ALL THAT ASIDE, THOUGH, THIS IS A MOMENTOUS  
4 TIME THAT SHOWS THAT YOU TAKE YOUR RULES AND REGULATIONS  
5 VERY SERIOUSLY AND ACT APPROPRIATELY. THANK YOU.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
7 ADDITIONAL PUBLIC COMMENT?

8 MR. ADAMS: VERY QUICKLY, I'M BILL ADAMS. I'M  
9 FOUNDER AND THE CFO OF INTERNATIONAL STEM CELL  
10 CORPORATION, WHICH IS AN OCEANSIDE-BASED COMPANY THAT IS  
11 TRYING TO BE FOR-PROFIT IF WE CAN GET THERE. I JUST --  
12 THIS IS ACTUALLY MY SECOND MEETING. I JUST WANT TO THANK  
13 THE EMPHASIS THAT'S GOING ON TO WORK WITH FOR-PROFIT  
14 COMPANIES, AND WE CERTAINLY HOPE TO BRING THINGS TO THE  
15 CLINIC RATHER QUICKLY, AND WE'VE GOT A COUPLE PROJECTS  
16 ALREADY GOING.

17 AND IF ANYONE WANTS TO KNOW A LITTLE BIT ABOUT  
18 US, WE HAD A WONDERFUL WRITE-UP IN THE *SAN DIEGO* UNION  
19 THIS LAST WEEK. SO THANK YOU.

20 CHAIRMAN KLEIN: THANK YOU FOR YOUR COMMENTS.

21 ADDITIONALLY, ADDITIONAL ITEM THAT'S NOT  
22 CALENDARED. JUST AS AN ITEM OF INFORMATION, IN NOVEMBER  
23 THERE WILL BE AN INDEPENDENT FINANCIAL ACCOUNTABILITY  
24 OVERSIGHT COMMITTEE MEETING AS PROVIDED FOR UNDER THE  
25 INITIATIVE. THAT COMMITTEE IS CHAIRED BY THE TREASURER

## BARRISTERS' REPORTING SERVICE

1 AND, IF WE ALL RECALL, HAS AN APPOINTEE FROM THE  
2 CONTROLLER, THE PRESIDENT PRO TEM OF THE SENATE, THE  
3 SPEAKER, AS WELL AS I MAKE ONE APPOINTMENT TO THAT BOARD.

4 WE HAVE A GREAT DEAL TO REPORT IN THAT ONE OF  
5 THE AREAS WHERE WE'RE GOING TO TRY AND REALLY FOCUS SOME  
6 NEW TIME, AS REQUIRED BY THE INITIATIVE, IS ON EVALUATING  
7 OUR CONTRIBUTION TO THE STATE ON AN ECONOMIC BASIS. THAT  
8 WILL REQUIRE A STUDY FROM A THIRD-PARTY FIRM AS OUTLINED  
9 IN OUR STRATEGIC PLAN, AND THE PRESIDENT HAS THE  
10 AUTHORITY TO CONTRACT FOR STUDIES OF THAT TYPE. THIS  
11 YEAR I WOULD DOUBT THAT WE HAVE THE TIME TO GET FAR  
12 ENOUGH DOWNSTREAM TO HAVE THE IN-DEPTH STUDY THAT BY NEXT  
13 YEAR WOULD BE POTENTIALLY VERY FEASIBLE, BUT IT IS  
14 CERTAINLY A YEAR IN WHICH WE'VE HAD REMARKABLE PROGRESS.  
15 SO WE HAVE SOME PHENOMENAL THINGS TO REPORT TO THE  
16 OVERSIGHT COMMITTEE.

17 WITH THAT, I THINK THAT'S THE FINAL ITEM OF  
18 INFORMATION TO BE BROUGHT UP TODAY. ANY ADDITIONAL ITEMS  
19 BY MEMBERS OF THE BOARD? ANY ADDITIONAL COMMENTS FROM  
20 THE PUBLIC? JOHN SIMPSON.

21 MR. SIMPSON: JOHN SIMPSON AGAIN, FOUNDATION  
22 FOR TAXPAYER AND CONSUMERS RIGHTS. I UNDERSTAND THAT  
23 CIRM WILL BE REPRESENTED AT THE INTERSTATE ALLIANCE  
24 MEETING IN BOSTON. I BELIEVE THAT'S CORRECT. SOME OF  
25 YOU MAY RECALL THAT I HAD SOME INTERESTING ENCOUNTERS

## BARRISTERS' REPORTING SERVICE

1 WITH THEM WHEN THEY MET OUT HERE. THEY THREW ME OUT.  
2 AND THEY NOW HAVE AGREED THAT THESE SHOULD BE OPEN  
3 MEETINGS, AND THE BOSTON MEETING WILL BE OPEN, AND I  
4 THINK THAT IT IS TREMENDOUS THAT CIRM WILL BE THERE AND  
5 PLAYING A KEY LEADERSHIP ROLE. SO AS LONG AS THOSE  
6 MEETINGS ARE OPEN TO THE PUBLIC, AND THESE, I'M SURE,  
7 WILL BE, THIS IS A VERY GOOD THING. AND I THINK DR.  
8 MURPHY AND THE STAFF ARE TO BE COMMENDED FOR TAKING PART  
9 IN IT.

10 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WHEN OUR  
11 CRITICS END THE MEETING WITH POSITIVE COMMENTS, IT IS A  
12 TIME TO END.

13 (APPLAUSE.)

14 CHAIRMAN KLEIN: MELISSA, DO YOU HAVE AN  
15 ADMINISTRATIVE COMMENT?

16 MS. KING: JUST VERY QUICKLY. THERE IS A  
17 SHUTTLE TO THE AIRPORT. JENNA HAS ARRANGED FOR IT TO BE  
18 HERE MOMENTARILY. AND ALSO WE HAD AN AFTERNOON SNACK  
19 BROUGHT OUT, AND SHE HAS IT BROUGHT OUT A BIT EARLY SO  
20 THAT YOU CAN GRAB IT ON YOUR WAY OUT.

21 CHAIRMAN KLEIN: THANK YOU ALL FOR  
22 PARTICIPATION IN WHAT IS A VERY HISTORIC DAY. THANK YOU.

23 (THE MEETING WAS THEN ADJOURNED AT 2:35 P.M.)

24

25

REPORTER'S CERTIFICATE

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

HILTON SAN DIEGO AIRPORT/HARBOR ISLAND  
1960 HARBOR ISLAND DRIVE  
SAN DIEGO, CALIFORNIA  
ON  
OCTOBER 3, 2007

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  
BARRISTER'S REPORTING SERVICE  
1072 S.E. BRISTOL STREET  
SUITE 100  
SANTA ANA HEIGHTS, CALIFORNIA  
(714) 444-4100

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

LOCATION: HILTON SAN DIEGO AIRPORT  
HARBOR ISLAND MARINA BALLROOM  
1960 HARBOR ISLAND DRIVE  
SAN DIEGO, CALIFORNIA

DATE: WEDNESDAY, OCTOBER 3, 2007  
9:30 A.M.

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

BRS FILE NO.: 77062

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## BARRISTERS' REPORTING SERVICE

1 EXTRAORDINARILY EXCITING NEW CONCEPT PLANS FOR PROGRAMS  
2 IN THE DEVELOPMENT OF THE SCIENCE TEAM THAT THE SCIENCE  
3 STAFF WILL GO THROUGH.

4 TO BEGIN TODAY'S MEETING, WE HAD A SPECIAL  
5 REQUEST FROM THE HUNTINGTON DISEASE PATIENT ORGANIZATIONS  
6 HERE IN SAN DIEGO TO MAKE A SPECIAL PRESENTATION TO THE  
7 BOARD FOR FIVE MINUTES. WHAT I'D LIKE TO DO, THOUGH, IS  
8 HAVE THE PLEDGE OF ALLEGIANCE WITH MELISSA KING LEADING  
9 US IN THAT PLEDGE AND THE ROLL CALL. MELISSA.

10 MS. KING: PLEASE STAND IF YOU ARE ABLE. THE  
11 FLAG IS AT THE FRONT OF THE ROOM.

12 CHAIRMAN KLEIN: FOR THE HUNTINGTON DISEASE  
13 PATIENT ADVOCATES ORGANIZATION, IF KEN SERBIN WILL BE  
14 READY RIGHT AFTER THE ROLL CALL TO IMMEDIATELY PRESENT.

15 (THE PLEDGE OF ALLEGIANCE.)

16 MS. KING: DAVID MEYER FOR RICARDO AZZIZ.

17 DR. MEYER: HERE.

18 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

19 DR. PRICE: HERE.

20 MS. KING: DAVID BRENNER.

21 DR. BRENNER: HERE.

22 MS. KING: SUSAN BRYANT.

23 DR. BRYANT: HERE.

24 MS. KING: MARSHA CHANDLER.

25 DR. CHANDLER: HERE.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: MARCY FEIT. ALEXANDRA LEVINE FOR  
2 MICHAEL FRIEDMAN.  
3 DR. LEVINE: HERE.  
4 MS. KING: MICHAEL GOLDBERG.  
5 MR. GOLDBERG: HERE.  
6 MS. KING: BRIAN HENDERSON.  
7 DR. HENDERSON: HERE.  
8 MS. KING: DAVID KESSLER. BOB KLEIN.  
9 CHAIRMAN KLEIN: HERE.  
10 MS. KING: SHERRY LANSING.  
11 MS. LANSING: HERE.  
12 MS. KING: GERALD LEVEY.  
13 DR. LEVY: HERE.  
14 MS. KING: MICHAEL LEVY FOR TED LOVE.  
15 DR. LEVY: HERE.  
16 MS. KING: TINA NOVA. ED PENHOET. PHIL PIZZO.  
17 DR. PIZZO: HERE.  
18 MS. KING: CLAIRE POMEROY.  
19 DR. POMEROY: HERE.  
20 MS. KING: FRANCISCO PRIETO.  
21 DR. PRIETO: HERE.  
22 MS. KING: JOHN REED. DUANE ROTH.  
23 MR. ROTH: HERE.  
24 MS. KING: JOAN SAMUELSON. DAVID  
25 SERRANO-SEWELL.

**BARRISTERS' REPORTING SERVICE**

1 MR. SERRANO-SEWELL: HERE.

2 MS. KING: JEFF SHEEHY. JONATHAN SHESTACK.

3 OSWALD STEWARD.

4 DR. STEWARD: HERE.

5 MS. KING: JANET WRIGHT.

6 DR. WRIGHT: HERE.

7 WE DO HAVE A QUORUM.

8 CHAIRMAN KLEIN: THANK YOU. KEN, AS A LEADER  
9 OF THE HUNTINGTON DISEASE SOCIETY OF AMERICA,  
10 REPRESENTING SAN DIEGO, WOULD YOU ADVANCE YOUR  
11 PRESENTATION, PLEASE?

12 MR. SERBIN: I WANT TO INTRODUCE BILL JOHNSTON  
13 AND RAMONA JOHNSTON. BILL IS THE PRESIDENT OF THE SAN  
14 DIEGO CHAPTER OF THE HUNTINGTON'S DISEASE SOCIETY OF  
15 AMERICA.

16 MR. JOHNSTON: THANK YOU VERY MUCH FOR GIVING  
17 US A FEW MINUTES OF YOUR TIME, AND I'LL TRY TO BE  
18 EXPEDITIOUS FOR YOUR MEETING HERE.

19 I WANTED TO BRING MY WIFE WITH ME TODAY,  
20 RAMONA, WHO WE'VE BEEN -- KNOWN EACH OTHER SINCE HIGH  
21 SCHOOL, AND IT'S REALLY THE REASON THAT I'M HERE AND THAT  
22 THERE'S SEVERAL OTHER PEOPLE HERE REPRESENTING THE  
23 HUNTINGTON'S DISEASE SOCIETY.

24 I KNOW YOU ARE GOING TO HEAR A PRESENTATION ON  
25 HD IN DECEMBER AS WELL. I BELIEVE IT'S A SPOTLIGHT

## BARRISTERS' REPORTING SERVICE

1 YOU'VE AFFORDED OUR ORGANIZATION. I APPRECIATE THAT VERY  
2 MUCH. THANK YOU. BUT I THINK IT'S JUST FIVE MINUTES OF  
3 YOUR TIME TO GIVE YOU AN IDEA OF HD, THE PROJECTS THAT WE  
4 HAVE GOING, AND THE OPTIMISM THAT WE FEEL IN OUR  
5 ORGANIZATION, AND THE WAYS THAT YOUR ORGANIZATION CAN, WE  
6 FEEL, PLAY A ROLE IN FINDING A CURE FOR HD.

7 LIKE KEN SAID, I'M THE PRESIDENT OF THE HDSA  
8 HERE IN SAN DIEGO. I JOINED THE ORGANIZATION -- REALLY I  
9 BECAME A PART OF IT, IT BECAME PART OF MY LIFE WHEN MY  
10 WIFE WAS DIAGNOSED IN 1999, ABOUT EIGHT YEARS AGO, WITH  
11 HUNTINGTON'S DISEASE. WE HAVE TWO CHILDREN WHO ARE AT  
12 RISK. KIDS OF AN HD PATIENT OR A PARENT HAVE A 50-50  
13 CHANCE OF INHERITING THE DISEASE. IT'S A GENETIC  
14 NEUROLOGICAL DISEASE. AND I APOLOGIZE IF -- I KNOW I'M  
15 PROBABLY SPEAKING WAY UNDER YOUR LEVEL, BUT THIS IS ALL  
16 INFORMATION I'M SURE YOU'RE WELL AWARE OF.

17 BUT WHEN SHE -- WE MET IN HIGH SCHOOL. SHE  
18 GRADUATED FROM COLLEGE SUMMA CUM LAUDE, WENT ON TO BECOME  
19 AN EXTRAORDINARY TEACHER. AND THIS IS -- SINCE HD HAS  
20 TAKEN OVER HER LIFE, IT HAS NOW BECOME MY LIFE, AND SO WE  
21 ARE IN THE -- WE ARE FACED WITH THE TASK OF FINDING A  
22 CURE FOR HD.

23 SO IN MY OTHER JOB, MY OTHER LIFE, I'M THE PR  
24 DIRECTOR FOR THE SAN DIEGO CHARGERS. SO, AGAIN, THIS  
25 IS -- I'M SPEAKING IN A LANGUAGE OR YOU GUYS PROBABLY

## BARRISTERS' REPORTING SERVICE

1 SPEAK IN A LANGUAGE MUCH OVER MY HEAD, SO I'LL TRY TO DO  
2 THE BEST I CAN HERE. BUT I'LL TRY TO SHARE WITH YOU THE  
3 INFORMATION THAT I HAVE ABOUT HD THAT'S CONVINCED ME THAT  
4 RESEARCH PROJECTS -- THAT OUR RESEARCH PROJECTS DESERVE  
5 YOUR ATTENTION OR SHOULD BE CONSIDERED HIGHLY FOR YOUR  
6 ATTENTION.

7 FIRST, AS YOU KNOW, ABOUT 20 YEARS AGO, I  
8 BELIEVE IT WAS, THE GENE THAT CAUSES HUNTINGTON DISEASE  
9 WAS DISCOVERED, WHICH WAS A HUGE, HUGE STEP AHEAD FOR OUR  
10 ORGANIZATION AND FOR THE SEARCH FOR A TREATMENT OR A  
11 CURE. ONCE YOU FOUND THE GENE, THAT GIVES THE  
12 RESEARCHERS AND SCIENTISTS A HUGE STEP AHEAD OR AT LEAST  
13 A HUGE FOCUS ON WHAT THEY'RE DOING.

14 AND WITH THAT, THERE NOW IS A DEFINITIVE TEST  
15 TO DETERMINE IF SOMEONE HAS HD, WHICH IS THE SAME TEST  
16 THAT MY WIFE TOOK, SAME TEST THAT --

17 MS. JOHNSTON: OUR SON.

18 MR. JOHNSTON: -- OUR SON TOOK. AND THANKS TO  
19 GOD HE WAS NEGATIVE. OUR DAUGHTER IS 19 AND HAS CHOSEN  
20 NOT TO BE TESTED AT THIS POINT YET. BUT IT'S ALSO THE  
21 SAME TEST THAT SHARON SHAEFFER HAS TAKEN, AND SHE WAS  
22 POSITIVE IN THE TEST. SHE HAS A DAUGHTER HERE, ALEXA,  
23 WHO IS AN AMAZING LITTLE GIRL AND REPRESENTATIVE OF OUR  
24 ORGANIZATION. SHE IS LIKE MY DAUGHTER, 50-50 CHANCE OF  
25 INHERITING THE DISEASE.

## BARRISTERS' REPORTING SERVICE

1                   SO WE HAVE -- WITH THAT TEST NOW, THEY HAVE THE  
2 FOCUS WHICH WE FEEL THAT WITH HD, THE RESEARCH THAT CAN  
3 BE DONE ON HD OR TO CURE HD CAN BENEFIT DISEASES LIKE  
4 PARKINSON'S AND ALZHEIMER'S AND SEVERAL OTHERS THAT DON'T  
5 HAVE -- HAVEN'T DISCOVERED THAT INITIAL CAUSE, THAT  
6 SINGLE MUTATION THAT CAUSES THE DISEASE. SO THAT'S WHY  
7 WE FEEL THAT OUR DISEASE CAN BE A ROSETTA STONE, SO TO  
8 SPEAK, FOR OTHER DISEASES. AND IT CAN LEAD TO A  
9 TREATMENT AND A CURE WITH THE RIGHT FUNDING AND WITH THE  
10 RIGHT STEM CELL RESEARCH AVAILABILITY.

11                   IT IS, LIKE I SAID, A PART OF OUR LIFE, AND WE  
12 FEEL THAT WITH YOUR SUPPORT, YOUR KNOWLEDGE OF WHAT THE  
13 HUNTINGTON'S DISEASE COMMUNITY IS GOING THROUGH, AND  
14 THERE ARE THOUSANDS OF PEOPLE IN CALIFORNIA, 3,000 IS THE  
15 ESTIMATE, 30,000 IN THE UNITED STATES JUST KNOWN, ANOTHER  
16 200,000 WHO ARE AT RISK OF INHERITING THE DISEASE, THAT  
17 IT CAN MAKE A HUGE DIFFERENCE IN SO MANY LIVES.

18                   THEY HAVE IN A LAB IN CANADA. IT IS OUR  
19 UNDERSTANDING AND THEIR UNDERSTANDING THEY HAVE CURED THE  
20 DISEASE IN MICE MODELS. AND WITH YOUR SUPPORT, IT IS OUR  
21 BELIEF AND RESEARCHERS' BELIEF THAT STEM CELLS, HUMAN  
22 EMBRYONIC STEM CELLS, AND HUMAN MODELS, PRODUCE HUMAN  
23 MODELS WHICH CAN THEN TAKE THE NEXT STEP FOR THIS  
24 RESEARCH. SO WE FEEL THAT OUR RESEARCH PROJECTS, AND  
25 MANY OF THOSE ARE SOME OF THE GREATEST AROUND, ARE IN

## BARRISTERS' REPORTING SERVICE

1 CALIFORNIA, CAN TAKE THAT NEXT STEP AND TO CURE THE  
2 DISEASE THAT AFFECTS OUR FAMILIES.

3 IF YOU'RE IN SAN DIEGO THERE ARE RESEARCH  
4 PROJECTS, HERE IN IRVINE, L.A., SAN FRANCISCO, THERE ARE  
5 SOME OF THE BEST FROM OUR ORGANIZATIONS THAT ARE DOING  
6 RESEARCH TO CURE THIS DISEASE. THERE ARE TWO  
7 ORGANIZATIONS THAT ARE HEADQUARTERED IN CALIFORNIA, THE  
8 HEREDITARY DISEASE FOUNDATION AND THE CURE HUNTINGTON'S  
9 DISEASE INITIATIVE ARE ALSO HERE IN CALIFORNIA.

10 SO, AGAIN, I APPRECIATE THE TIME THAT YOU'VE  
11 GIVEN US ON BEHALF OF MY WIFE, AND THAT'S WHY I'M HERE,  
12 AND ON BEHALF OF OUR FAMILIES WHO ARE HERE AND OTHER  
13 PEOPLE WHO ARE AFFECTED BY THIS DISEASE. THERE ARE  
14 THOUSANDS OF PEOPLE OUT THERE THAT WE FEEL CAN BENEFIT  
15 FROM THE OPPORTUNITY THAT YOU CAN PROVIDE THE RESEARCHERS  
16 THAT ARE DOING WORK WITH HUNTINGTON'S DISEASE RESEARCH.  
17 THANK YOU FOR LISTENING. IF YOU HAVE ANY QUESTIONS.

18 (APPLAUSE.)

19 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR YOUR  
20 ADVOCACY AND YOUR PRESENTATION. WE'RE GOING TO LOOK  
21 FORWARD TO YOUR SPOTLIGHT PRESENTATION. AND IT MAKES A  
22 GREAT DIFFERENCE TO HEAR YOUR MESSAGE PERSONALLY.

23 MR. JOHNSTON: THANK YOU VERY MUCH.

24 (APPLAUSE.)

25 CHAIRMAN KLEIN: WE NEED TO MOVE TO AGENDA ITEM

## BARRISTERS' REPORTING SERVICE

1 NO. 4, WHICH IS THE CONSENT CALENDAR. IT'S JUST ONE ITEM  
2 THIS TIME BEHIND TAB 4 IN YOUR BINDERS. IT'S  
3 CONSIDERATION OF THE ICOC MEETING MINUTES FROM JUNE, TWO  
4 FROM JULY, AND ONE FROM AUGUST. THE BOARD HAS BEEN VERY  
5 BUSY. IS THERE A MOTION TO APPROVE THESE MINUTES?

6 MR. SERRANO-SEWELL: SO MOVED.

7 DR. WRIGHT: SECOND.

8 CHAIRMAN KLEIN: MOVED AND SECONDED. MOVED BY  
9 DAVID SERRANO-SEWELL, SECONDED BY DR. WRIGHT. IS THERE  
10 DISCUSSION? SEEING NO DISCUSSION, I WOULD CALL THE  
11 QUESTION. ALL IN FAVOR. OPPOSED? MOTION PASSES.

12 I WOULD LIKE TO GO ON TO THE AGENDA ITEM NO. 5,  
13 THE CHAIRMAN'S REPORT AT THIS TIME.

14 TODAY IS ANOTHER HISTORIC DAY FOR PROPOSITION  
15 71. CALIFORNIA'S INSTITUTE FOR REGENERATIVE MEDICINE IS  
16 TRAILBLAZING ON THE FRONTIER OF MEDICAL FUNDING. THE  
17 PRICING STARTS TODAY FOR \$250 MILLION OF STEM CELL  
18 RESEARCH AND CURES BONDS. FIRST TIME IN THE HISTORY OF  
19 THIS NATION OR OF THE WORLD, TO OUR KNOWLEDGE, LONG-TERM  
20 STATE GOVERNMENT BONDS OR GOVERNMENT BONDS ARE BEING USED  
21 TO FINANCE INTELLECTUAL CAPITAL, THE INTELLECTUAL CAPITAL  
22 HOPEFULLY THAT WILL DRIVE THE 21ST CENTURY JUST AS THE  
23 FINANCING OF PHYSICAL CAPITAL, BRIDGES, ROADS, HARBORS,  
24 DROVE THE PROSPERITY OF THE 19TH AND 20TH CENTURIES.

25 I WOULD CALL TO EVERYONE'S ATTENTION THAT THE



## BARRISTERS' REPORTING SERVICE

1     ROCKEFELLER INSTITUTE DEMONSTRATES THAT THE MODEL  
2     FUNCTION, THE MODEL LEADERSHIP FUNCTION OF THIS INSTITUTE  
3     HAS HAD A TREMENDOUS EFFECT IN THIS COUNTRY WITH \$3  
4     BILLION IN INITIATIVES FROM OTHER STATES FOLLOWING THE  
5     CALIFORNIA MODEL AND RELYING PRINCIPALLY ON BONDS TO  
6     FINANCE THE LONG-TERM BENEFITS FOR THE SOCIETY OF THE  
7     INTELLECTUAL CAPITAL.

8             THE THEORY BEHIND THE FUNDING IS, OF COURSE,  
9     THAT THE INTELLECTUAL BREAKTHROUGHS THAT OCCUR IN MEDICAL  
10    SCIENCE WILL BENEFIT GENERATIONS, THAT IT IS  
11    INAPPROPRIATE TO TAX THE CURRENT GENERATION FOR THE  
12    BENEFITS OF MANY GENERATIONS; AND BY SPREADING THE COST,  
13    AMORTIZING IT OVER LONG-TERM BONDS, YOU HAVE THE ABILITY  
14    TO RAISE MORE FUNDS UP FRONT TO ADVANCE SCIENCE AT A MUCH  
15    FASTER PACE THAN AN APPROACH TRADITIONALLY TAKEN WITH  
16    YEAR-TO-YEAR APPROPRIATIONS.

17            IT IS ALSO CRITICAL TO NOTE THAT BY USING  
18    LONG-TERM BONDS AND FOCUSING ON THIS AS INTELLECTUAL  
19    CAPITAL AND NOT AN OPERATING COST OF GOVERNMENT, THAT  
20    RESEARCH IS NO LONGER COMPETING AT THE STATE LEVEL WITH  
21    THE YEAR-TO-YEAR DEMANDS OF A HEALTH SYSTEM, WHICH ARE IN  
22    MANY CASES DESPERATE. COUNTY HOSPITALS NEED THOSE  
23    APPROPRIATIONS. THE CLINICS NEED THOSE APPROPRIATIONS.  
24    BY HAVING LONG-TERM BONDS, A CAPITAL INSTRUMENT, FINANCE  
25    THIS RESEARCH, WE ARE NO LONGER CONTESTING OR FIGHTING

## BARRISTERS' REPORTING SERVICE

1 OVER THE SAME FUNDS BECAUSE, IN FACT, THEY'RE TWO  
2 DIFFERENT KIND OF EXPENDITURES. SO THE CAPITAL STRUCTURE  
3 HERE IS ALIGNED WITH THE NATURE OF THE EXPENDITURE, WHICH  
4 IS ONE OF INVESTMENT, NOT AN OPERATING COST.

5 I WOULD POINT OUT AS WELL THAT AS THIS SPREADS  
6 ACROSS THE COUNTRY, WE SEE ANOTHER LEVEL OF FUNDING BEING  
7 RAISED EVEN TO THE LEVEL OF POTENTIALLY MATCHING  
8 CALIFORNIA'S INVESTMENT EVEN THOUGH ON A NARROWER SCALE.  
9 GOVERNOR PERRY IS NOW SEEKING \$3 BILLION FOR CANCER STEM  
10 CELL RESEARCH IN TEXAS. OF COURSE, THEY'VE NARROWED  
11 THEIR SCOPE BECAUSE THEY'RE AVOIDING THE POLITICAL  
12 QUESTION ABOUT ADDRESSING THE WHOLE RANGE OF STEM CELLS,  
13 BUT I WOULD LIKE TO DISTINGUISH WHAT THEY'RE DOING FROM  
14 WHAT WE ARE DOING HERE IN CALIFORNIA BECAUSE ON A  
15 HISTORICAL BASIS THE BENEFITS OF AN INVESTMENT IN MEDICAL  
16 RESEARCH HAS BEEN MOST PRODUCTIVE BY, IN FACT -- I'D LIKE  
17 TO POINT OUT THAT IN TEXAS BY FOCUSING ON ONE DISEASE  
18 AREA, THEY ARE DEPARTING FROM THE CALIFORNIA APPROACH OF  
19 ADDRESSING THE ENTIRE SPECTRUM OF MEDICINE.

20 HISTORICALLY THE NIH HAS BEEN VERY EFFECTIVE,  
21 BUT IT HAS ADDRESSED A PORTFOLIO OF MEDICINE. SEVERAL  
22 YEARS AGO THERE WAS A MAJOR INVESTMENT, THAT I'VE ALLUDED  
23 TO BEFORE, FOR PANCREATIC CANCER. THERE WAS NO BENEFIT  
24 FOR PANCREATIC CANCER, BUT THERE WAS A GREAT DISCOVERY  
25 FOR JUVENILE DIABETES. IT IS IMPORTANT TO NOTE THAT WE

## BARRISTERS' REPORTING SERVICE

1 HAVE AN ORGANIC RELATIONSHIP IN OUR SPECTRUM AND SCOPE OF  
2 SUBJECT MATTER IN CALIFORNIA IN THAT WE CAN FOLLOW THE  
3 BEST SCIENCE AND THE LEADS, WHETHER THEY ARE IN CANCER,  
4 HEART DISEASE, DIABETES, ALS, ALZHEIMER'S. WE ARE NOT  
5 TIED TO A SINGLE AREA OF RESEARCH. FORTUNATELY, CANCER  
6 IS A BROAD TARGET AND THERE IS THE BENEFIT WITH THAT  
7 BROAD TARGET OF HAVING A SUBSTANTIAL SCOPE TO RESEARCH  
8 FUNDING, BUT THEY MIGHT FIND THAT IF THEIR CANCER  
9 RESEARCH LEADS TO GREAT BREAKTHROUGHS FOR HEART DISEASE  
10 OR ALZHEIMER'S, THEY MAY HAVE TO SHIP THE RESEARCH  
11 REQUEST TO CALIFORNIA.

12 IT IS ALSO IMPORTANT TO NOTE AS A MATTER OF OUR  
13 SCIENTIFIC LEGACY ON THIS DAY WHEN \$250 MILLION OF BONDS  
14 ARE BEING PRICED THAT CALIFORNIA LED THE EFFORT WITH  
15 RECOMBINANT DNA. THIS IS THE CALIFORNIA LEGACY. IT WAS  
16 THE UNIVERSITY OF CALIFORNIA SAN FRANCISCO AND CITY OF  
17 HOPE THAT CREATED THE FIRST COMMERCIAL PRODUCT FROM THAT  
18 RESEARCH, ARTIFICIAL HUMAN INSULIN. AND, IN FACT, LED,  
19 THEN, IN THE NEXT DECADE TO A HUNDRED CRITICAL HEART AND  
20 CANCER DRUGS THAT HAVE SAVED MILLIONS OF LIVES.

21 WE HOPE THAT WE ARE AT LEAST PARTIALLY AS  
22 SUCCESSFUL, ALTHOUGH DR. PAUL BERG, WHO RECEIVED THE  
23 NOBEL PRIZE FOR RECOMBINANT DNA, AS DID DR. BALTIMORE,  
24 BOTH MEMBERS OF THIS BOARD AT DIFFERENT TIMES, HAVE SAID  
25 ON OCCASION THAT THE POTENTIAL OF STEM CELL RESEARCH MAY,

## BARRISTERS' REPORTING SERVICE

1 IN FACT, BE MUCH BROADER THAN FROM RECOMBINANT DNA.

2 FINALLY, THERE'S A SPECIAL MESSAGE FROM OUR NEW  
3 PRESIDENT, DR. ALAN TROUNSON, FROM AUSTRALIA. IN TALKING  
4 WITH HIM LAST NIGHT, HE WANTED THE BOARD TO KNOW THAT HE  
5 HAS TREMENDOUS APPRECIATION FOR THE COMMUNICATIONS  
6 BETWEEN THIS BOARD AND HIS OFFICE AND IN PARTICULAR FOR  
7 THE TREMENDOUS JOB THAT OUR INTERIM PRESIDENT, DR.  
8 RICHARD MURPHY, IS DOING IN REALLY LIFTING THIS  
9 ORGANIZATION TO THE NEXT LEVEL OF DEVELOPMENT FOR THE  
10 IMPLEMENTATION OF OUR MISSION. HE TELLS ME THAT HE IS  
11 EXCITED, HE IS THRILLED WITH THE CONSTANT COMMUNICATION  
12 AND UPDATES FROM DR. MURPHY, AND THE PARTNERSHIP IN WHICH  
13 OUR MISSION IS BEING ADVANCED BY THIS TREMENDOUS DUAL  
14 TEAM THAT WE HAVE.

15 I WOULD LIKE AT THIS TIME, THEREFORE, TO GO TO  
16 DR. MURPHY, AND I THINK IT WOULD BE APPROPRIATE FOR SOME  
17 APPLAUSE FOR HIS PERFORMANCE.

18 (APPLAUSE.)

19 DR. MURPHY: THANK YOU VERY MUCH AND THANK YOU,  
20 CHAIRMAN KLEIN. FIRST, LET ME THANK ALL THE MEMBERS OF  
21 THE ICOC FOR GIVING ME THE PRIVILEGE TO SERVE AS INTERIM  
22 PRESIDENT. I ACCEPTED YOUR VERY KIND OFFER BECAUSE I  
23 THINK THIS IS A VERY IMPORTANT TIME IN THE HISTORY OF  
24 CIRM. WE HAVE BYPASSED ALL OF THE LEGAL HURDLES THAT  
25 FACED US, AND NOW WE ARE REALLY READY TO RELEASE THE

## BARRISTERS' REPORTING SERVICE

1 MONEY THAT WILL BE NECESSARY TO DO THE RESEARCH THAT  
2 CALIFORNIANS REQUESTED OF US. AND I'M VERY HAPPY TO SIT  
3 ON THIS SIDE OF THE ICOC TABLE TO HELP IN THAT PROCESS,  
4 HAVING SERVED FOR THREE YEARS ON THAT SIDE OF THE TABLE.

5 I'M REMINDED OF BILL GATES' COMMENTS TO A  
6 GRADUATING CLASS OF STUDENTS. HE ONCE SAID, "ALWAYS BE  
7 NICE TO NERDS BECAUSE YOU COULD BE WORKING FOR THEM."  
8 YOU ARE NOT NERDS, BUT I HOPE I WAS NICE TO YOU.

9 I WOULD LIKE VERY BRIEFLY TO PRESENT TO YOU  
10 FOUR GOALS THAT I HAVE OVER THE BRIEF TIME I'M GOING TO  
11 BE SERVING AS INTERIM PRESIDENT. THOSE GOALS ARE TO  
12 TRANSITION THE PRESIDENCY FOR DR. TROUNSON, TO IMPROVE  
13 OPERATIONS, TO PROMOTE OUR SCIENTIFIC PROGRAMS, AND TO  
14 EXPAND OUR PUBLIC OUTREACH.

15 WITH RESPECT TO THE FIRST GOAL, TRANSITIONING  
16 THE PRESIDENCY, I HAD HOPED THAT MY EFFORTS WOULD ALLOW  
17 US TO ATTRACT A GOOD PRESIDENT AND THAT I COULD HELP IN  
18 THE TRANSITION TO THAT PERSON. JUST FOR HISTORICAL  
19 PURPOSES, I SHOULD TELL THE ICOC THAT I BEGAN WORKING ON  
20 SEPTEMBER 6TH, WHICH WAS A THURSDAY, I CONTINUED ON THE  
21 7TH, AND THEN I WAS AWAY THE NEXT WEEK ON A COMMITMENT  
22 THAT I HAD IN CANADA, COMMITMENT THAT I HAD MADE PREVIOUS  
23 TO TAKING THIS POSITION. ABOUT MIDWEEK ON MY TRIP I GOT  
24 A CALL FROM CHAIRMAN KLEIN SAYING THAT DR. TROUNSON HAD  
25 BEEN IDENTIFIED AS AN EXCELLENT CANDIDATE, THAT HE

## BARRISTERS' REPORTING SERVICE

1 ACCEPTED THE TERMS OF THE APPOINTMENT, AND THAT HIS  
2 APPOINTMENT WOULD BE RATIFIED OR DISCUSSED BY THE ICOC ON  
3 FRIDAY. BY THE TIME I RETURNED AND GOT OFF THE PLANE,  
4 THE VOTE HAD BEEN TAKEN AND THE ANNOUNCEMENT HAD BEEN  
5 MADE.

6 I CONGRATULATE THE ICOC FOR THIS EXCELLENT  
7 CHOICE, BUT I ALSO WANT TO MAKE CERTAIN THAT IN THE  
8 EUPHORIA SURROUNDING DR. TROUNSON'S APPOINTMENT, THE  
9 VALUE OF MY LEADERSHIP IN THAT PROCESS NOT BE FORGOTTEN.  
10 AS BOB SAID, ALAN AND I HAVE VISITED, AND HE AND I HAVE  
11 BEEN IN CONSTANT COMMUNICATION ABOUT HOW WE SHOULD WORK  
12 TOGETHER; AND I THINK I AGREE WITH YOU, YOU MADE A SUPERB  
13 CHOICE.

14 IT'S CLEAR THAT ALAN AND I SHARE THE SAME GOALS  
15 FOR THE INSTITUTE AND THAT WE HAVE THE SAME SENSE AS TO  
16 HOW WE SHOULD PROCEED TO ACHIEVE THE INSTITUTE'S MISSION.  
17 AND SINCE THOSE MEETINGS, AS BOB SAID, WE HAVE SHARED IN  
18 NUMEROUS E-MAILS, AND THE DECISIONS WE ARE MAKING WITH  
19 BOB'S INPUT GO TOWARDS COMMON ENDS. SHARED  
20 DECISION-MAKING WILL BE A VERY IMPORTANT ASPECT OF MY  
21 PRESIDENCY TO ALLOW ALAN TO SEAMLESSLY INTEGRATE INTO THE  
22 INSTITUTE AND ALSO TO GET HIM OFF TO A RUNNING START WHEN  
23 HE ARRIVES.

24 IT'S ALSO IMPORTANT FOR THE ICOC AND THE CIRM  
25 STAFF TO KNOW THAT THE SHARED DECISIONS WE ARE MAKING NOW

## BARRISTERS' REPORTING SERVICE

1 WILL BE CONSISTENT WITH ALAN'S FUTURE PLANS AND PROGRAMS;  
2 I.E., WHEN ALAN COMES, IT WILL NOT BE A BIG SHIFT.  
3 HOPEFULLY WE WILL ALL HAVE BEEN WORKING TOGETHER SO THAT  
4 WHEN HE ARRIVES, IT WILL BE BUSINESS AS USUAL.

5 THE OTHER GOAL, MY SECOND GOAL, WAS TO IMPROVE  
6 OPERATIONS. TO UNDERSTAND HOW THE INSTITUTE WORKS  
7 INTERNALLY, I'VE MET ONE ON ONE WITH EVERYONE IN THE  
8 INSTITUTE OVER THE LAST SEVERAL WEEKS, WHICH WAS AN  
9 ABSOLUTE PLEASURE. WHAT I LEARNED IS THAT CIRM STAFF ARE  
10 SMART, DEDICATED, SUPPORTIVE VERY MUCH OF CIRM'S MISSION.  
11 AND I VERY MUCH ENJOYED LEARNING ABOUT THEIR HOPES AND  
12 DREAMS FOR THE INSTITUTE AND ABOUT THEIR OWN GOALS. I  
13 LEARNED HOW OUR SCIENTIFIC PEOPLE HAVE ACCOMPLISHED SO  
14 MUCH IN SUPPORTING THE PROGRAMS WE HAVE FUNDED, GOING  
15 THROUGH VERY DIFFICULT STEPS OF PROGRAM DESIGN, SEEKING  
16 PUBLIC INPUT, PUTTING OUT RFA'S, ACCEPTING AND PROCESSING  
17 APPLICATIONS, ORGANIZING PEER REVIEW, PREPARING GRANT  
18 SUMMARIES, AND BEING METICULOUS ABOUT ENSURING THAT ALL  
19 THE ADMINISTRATIVE REQUIREMENTS THAT ARE NECESSARY ARE  
20 MET BEFORE MONEY FLOWS.

21 THE ADMINISTRATIVE GROUP HAS CREATED MECHANISMS  
22 TO ENSURE THAT INSTITUTE OPERATIONS ARE CONSISTENT WITH  
23 STATE POLICIES, BUT AT THE SAME TIME CAN SUPPORT THE  
24 EVERCHANGING NEEDS OF A FUNDING AGENCY THAT REQUIRES  
25 FLEXIBILITY TO MEET THE INSTITUTE'S SCIENTIFIC MISSION.

## BARRISTERS' REPORTING SERVICE

1                   AND THE CHAIR'S OFFICE HAS TAKEN ON THE  
2                   ADMINISTRATIVE TASKS THAT ARE NECESSARY FOR SERVING THE  
3                   NEEDS OF THE ICOC, FOR ISSUING BONDS, AS YOU HEARD ABOUT,  
4                   AND FOR MUCH OF THE INTERNATIONAL OUTREACH THAT'S  
5                   ESSENTIAL TO PROVIDE LEADERSHIP IN STEM CELL RESEARCH  
6                   AROUND THE WORLD.

7                   IN SUMMARY, THE INSTITUTE IS OPERATIONALLY  
8                   HEALTHY AND DOING ITS JOBS WELL. THANKS GO TO BOB, ZACH,  
9                   ARLENE, LORI, AND OTHERS IN LEADERSHIP POSITIONS FOR OUR  
10                  ORGANIZATIONAL SUCCESS.

11                  NOW, I HAVE ASKED MANY OF THE PEOPLE AT CIRM  
12                  OVER THE NEXT ICOC MEETINGS TO MEET WITH THE ICOC  
13                  DIRECTLY BECAUSE THEY ARE THE EXPERTS IN THE POLICIES AND  
14                  ADVANCES THAT CIRM IS MAKING, THEY ARE THE PEOPLE WHO YOU  
15                  WILL MEET AND I KNOW WILL ENJOY, AND I KNOW THAT THEY  
16                  WILL ENJOY MEETING YOU. IT'S IMPORTANT TO ME THAT THE  
17                  ICOC GET TO KNOW CIRM STAFF DIRECTLY; AND I'M SURE WHEN  
18                  YOU DO THAT, YOU WILL BE AS PLEASED AS I AM WITH THE  
19                  QUALITY OF WHO YOU ARE DEALING WITH.

20                  THAT SAID, THERE ARE STILL IMPROVEMENTS THAT  
21                  NEED TO BE PUT IN PLACE OVER THE NEXT SEVERAL MONTHS.  
22                  AND THESE INCLUDE CHANGING ORGANIZATIONAL STRUCTURE. WE  
23                  NEED TO ASSESS THE ORGANIZATIONAL STRUCTURE OF THE  
24                  INSTITUTE TO BE CERTAIN WE HAVE THE APPROPRIATE WORKING  
25                  AND EMPLOYEE REPORTING RELATIONSHIPS. I WILL BE



## BARRISTERS' REPORTING SERVICE

1 RECOMMENDING CHANGES IN THE ORGANIZATIONAL CHART THAT  
2 HOPEFULLY WILL MAKE THE INSTITUTE MOVE MORE SMOOTHLY,  
3 INCLUDING HAVING HUMAN RESOURCES REPORT TO THE PRESIDENT,  
4 GRANTS MANAGEMENT REPORT TO FINANCE, AND THE CHAIRMAN'S  
5 OFFICE REPORT TO THE CHAIR AND THROUGH THE CHAIR TO THE  
6 PRESIDENT. THERE MAY BE OTHER CHANGES AS WELL THAT WILL  
7 REQUIRE A FRESH LOOK AT MANY OF THE POLICIES THAT EXIST  
8 AT THE INSTITUTE AND THAT MAY NEED REEXAMINATION AS WELL.  
9 AND I'M THINKING ABOUT WORK FLOW MECHANISMS, ETC.

10 WE ALSO NEED TO BEGIN THE HIRING OF ADDITIONAL  
11 PEOPLE TO FULFILL CIRM'S SCIENTIFIC MISSION. RECALL THAT  
12 WE HAVE A MAXIMUM OF 50 EMPLOYEES WITH 26 NOW ON STAFF.  
13 MANY OF THESE PEOPLE HAVE CARRIED OUT THEIR  
14 RESPONSIBILITIES BECAUSE OF HEROIC EFFORTS AND LONG  
15 HOURS, WELL BEYOND WHAT ANY OF US WOULD EXPECT OF OUR  
16 EMPLOYEES IN A WORKING DAY. I FEAR EMPLOYEE BURNOUT  
17 UNLESS WE BRING INTO THE INSTITUTE THOSE ADDITIONAL  
18 PEOPLE THAT WE NEED. CURRENTLY WE HAVE NEEDS FOR AT  
19 LEAST FIVE PEOPLE ON THE SCIENTIFIC STAFF, INCLUDING A  
20 HIGH LEVEL REPLACEMENT FOR ARLENE CHIU. ARLENE CAN NEVER  
21 BE REPLACED, BUT WE NEED TO TRY IT. WE NEED AT LEAST  
22 FOUR PEOPLE ON OUR ADMINISTRATIVE STAFF. THE CHAIR'S  
23 OFFICE MAY NEED ADDITIONAL PEOPLE FOR ADMINISTRATIVE  
24 MATTERS ASSOCIATED WITH THE ICOC, BOND SALES, AND  
25 GOVERNMENT RELATIONS. AND FINALLY, DR. TROUNSON AND I

## BARRISTERS' REPORTING SERVICE

1 HAVE DISCUSSED THE POTENTIAL NEED FOR A COO ONCE HE  
2 ARRIVES ON SCENE. AND I THINK THAT IS VERY MUCH IN THE  
3 INTEREST OF CIRM.

4 SOME OF THESE RECRUITMENTS ARE COMPLETE. IN  
5 FACT, THREE OF THE SCIENTIFIC PEOPLE HAVE BEEN IDENTIFIED  
6 AND OTHERS ARE IN VARIOUS STAGES OF BEING PROCESSED. WE  
7 ALSO NEED TO RETAIN THE STAFF WE HAVE, AND WE NEED TO  
8 TAKE A FRESH LOOK AT THE SALARIES WE PAY CIRM'S EMPLOYEES  
9 AND THE GRADE LEVELS THEY OCCUPY. WE ARE CURRENTLY DOING  
10 A SALARY COMPARISON WITH MERCER ASSOCIATES AND SHOULD BE  
11 ABLE TO ADVISE THE GOVERNANCE COMMITTEE AND THEN THE ICOC  
12 ON SALARY AND ORGANIZATIONAL CHALLENGES -- CHANGES AT OUR  
13 NEXT MEETING.

14 FINALLY, WE NEED TO PLAN FOR THE FUTURE.  
15 PROPOSITION 71 IS NOW THREE YEARS OLD, AND WE SHOULD USE  
16 ITS ORIGINAL VISION, WHICH WAS ADMIRABLE, AS THE  
17 FOUNDATION ABOUT THINKING ABOUT THE FUTURE OF THE  
18 ORGANIZATION. ONE OF THE NEEDS I HEARD IN MY INTERVIEWS  
19 WITH THE STAFF WAS THE NEED TO CONSIDER CIRM'S FUTURE AND  
20 HOW WE WILL ADAPT TO ADVANCES IN THE STEM CELL FIELD. TO  
21 DO THAT, WE NEED TO GIVE OUR TIME -- OUR STAFF TIME TO  
22 THINK AND TO EXPOSE THEM TO OUTSIDE PEOPLE AND INFLUENCES  
23 SO THAT THEY WILL CONTINUE TO ADVISE US HOW TO IMPROVE  
24 THE INSTITUTE. WE NEED TO BENEFIT NOT ONLY FROM THEIR  
25 DAILY WORK, BUT WE ALSO NEED TO BENEFIT FROM THEIR

## BARRISTERS' REPORTING SERVICE

1 EXPERIENCE, THE KNOWLEDGE THEY GENERATE IN THE COURSE OF  
2 THEIR WORK, AND FROM THEIR CONSTANT OBSERVATIONS OF  
3 PROGRESS IN THE STEM CELL FIELD, WHICH WILL LEAD US IN  
4 NEW DIRECTIONS.

5 THIRDLY, WE WANTED TO PROMOTE SCIENTIFIC  
6 PROGRAMS. AND HERE IT TURNS OUT THAT MY EFFORTS WILL NOT  
7 BE NECESSARY BECAUSE THE STAFF HAVE ALREADY DONE THAT  
8 RESPONSIBILITY WELL AND HAVE THE RESPONSIBILITY WELL IN  
9 HAND. WE ARE CURRENTLY IN THE MIDST OF PROGRAMS FOR  
10 MAJOR FACILITIES AND NEW INVESTIGATORS, AND RFA'S ARE  
11 BEING PREPARED FOR DISEASE-RELATED RESEARCH GROUPS AND  
12 NEW CELL LINES. IN MY VIEW, IMPLEMENTING FOR ALL OF  
13 THESE PROGRAMS THE RFA'S, THE GRANT PROCESSES, AND THE  
14 HEAVY ADMINISTRATIVE LOADS THAT WILL SURROUND THOSE  
15 INITIATIVES WILL PUT OUR STAFF AT FULL CAPACITY. AND TO  
16 INCREASE THEIR RESPONSIBILITIES AT LEAST IN THE NEAR TERM  
17 IS UNWISE. AND YOU WILL BE HEARING ABOUT THE CURRENT  
18 PROGRAMS AND FUTURE PROGRAMS FROM ARLENE.

19 NOW, ONE OF THE NECESSITIES FOR ENSURING THAT  
20 WE PROCESS THE ENORMOUS AMOUNT OF PEER REVIEW ASSOCIATED  
21 PAPER THAT COMES WITH ALL OF THESE PROGRAMS IS AN  
22 EFFICIENT AND EFFECTIVE WAY TO IMPLEMENT OUR GRANTS  
23 MANAGEMENT SYSTEM. AND TODAY WE WILL BE MAKING A  
24 RECOMMENDATION TO YOU FOR THE PURCHASE OF A GRANTS  
25 MANAGEMENT PROGRAM AND COMPUTER WARE THAT WILL ALLOW THAT

## BARRISTERS' REPORTING SERVICE

1 TO HAPPEN, AND THAT PURCHASE IS ESSENTIAL FOR OUR FUTURE.

2 AND FINALLY, WHAT WE WANT TO DO IS EXPAND  
3 PUBLIC OUTREACH. CIRM HAS GONE THROUGH SOME VERY  
4 INTERESTING TIMES, MUCH OF WHICH HAS BEEN DOMINATED BY  
5 OUR LEGAL CHALLENGES. HOWEVER, THE TIDE HAS TURNED. WE  
6 ARE FUNDING OUR TRAINEES AND PRINCIPAL INVESTIGATORS, AND  
7 NEW KNOWLEDGE ABOUT STEM CELLS IS BEGINNING TO EMERGE  
8 FROM CIRM-SPONSORED PROGRAMS. IT'S TIME FOR CIRM TO  
9 EXPAND ITS PUBLIC OUTREACH TO TELL CALIFORNIANS ABOUT OUR  
10 SUCCESSES, TO EDUCATE THEM BETTER ON STEM CELL BIOLOGY,  
11 AND TO SHARE THE PROGRESS WE ARE MAKING IN STEM CELL  
12 RESEARCH.

13 AND YOU WILL HEAR ABOUT TWO STUDENT MEETINGS  
14 THAT WERE HELD RECENTLY WITH STUDENT TRAINEES FROM THE  
15 NORTH AND SOUTH OF THE STATE IN WHICH THESE YOUNG PEOPLE  
16 ARE NOW BEGINNING TO PRODUCE THE RESULTS THAT WE'RE  
17 FUNDING THEM TO DO. AND YOU HAVE ASSOCIATED WITH YOUR  
18 MATERIALS TODAY SUMMARY BOOKS OF THE ABSTRACTS OF THEIR  
19 PROGRESS.

20 WE ALSO NEED TO UPDATE THE MANY ORGANIZATIONS  
21 THAT SUPPORTED PROPOSITION 71 ON OUR PROGRESS AND TO  
22 CONVINCED THEM THAT THEY MADE A GOOD DECISION IN  
23 SUPPORTING US. NOW, DALE CARLSON, HEAD OF PUBLIC  
24 INFORMATION AT CIRM, HAS ANNOUNCED THAT HE HAS DECIDED TO  
25 LEAVE CIRM TO CONTINUE HIS CAREER IN THE PRIVATE SECTOR.

## BARRISTERS' REPORTING SERVICE

1 DALE HAS PROVIDED SERVICE TO CIRM UNDER VERY DIFFICULT  
2 CIRCUMSTANCES WHEN OUR LEGAL ACTIVITIES SLOWED DOWN OUR  
3 PROGRESS. IN MY SHORT TIME WORKING WITH DALE, I CAME TO  
4 ENJOY HIM, AND I KNOW YOU WILL BE WISHING HIM WELL ALSO.

5 TO REPLACE DALE AND TO MOVE FORWARD, WE NEED TO  
6 CONSIDER EXPANDING OUR PUBLIC OUTREACH PROGRAM THROUGH  
7 PROBABLY THE ENGAGEMENT OF AN OUTSIDE FIRM WORKING WITH  
8 AN INTERNAL PUBLIC RELATIONS COORDINATOR. ALAN AND BOB  
9 AGREE WITH THIS APPROACH, AND WE WILL BEGIN TO SEARCH FOR  
10 A FIRM THAT IS STRONG IN MEDICAL AFFAIRS AND JOURNALISM  
11 AND HAS GOOD RELATIONS WITH GOVERNMENT. BOB AND I WILL  
12 BE DISCUSSING THIS ISSUE WITH ALAN AND COMING BACK TO YOU  
13 FOR INPUT AND WITH A RECOMMENDATION.

14 IN MY VIEW WHAT WE NEED TO DO IS TO PROVIDE  
15 PUBLIC EDUCATION INFORMATION AND UPDATING TO THE PUBLIC.  
16 WE NEED TO INFORM THE PUBLIC, GOVERNMENT, PATIENTS, AND  
17 THEIR FAMILIES, AND THE PATIENT ADVOCATES TO WHOM OUR  
18 WORK IS SO IMPORTANT. WE ALSO NEED TO RECOGNIZE THAT WE  
19 ARE PLAYING ON MANY STAGES WHICH INCLUDE THE STATE AND  
20 LOCAL LEVELS, NATIONAL INTERESTS AND INTERNATIONAL  
21 AUDIENCE AS WELL.

22 SO, MR. CHAIRMAN, WITH THAT STATEMENT, I WOULD  
23 LIKE TO TERMINATE MY COMMENTS. AND I'M VERY HAPPY,  
24 BEFORE WE MOVE ON IN THE PRESIDENT'S REPORT, TO ANSWER  
25 ANY QUESTIONS THAT THE MEMBERS MAY HAVE.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  THANK YOU VERY MUCH, DR.  
2 MURPHY.  IT HAS BEEN AN INSPIRATION AND A TREMENDOUS LIFT  
3 OF THE MORALE AS THE STAFF HAS SEEN THAT WE'RE GOING TO  
4 HAVE STRONG LEADERSHIP ALL THE WAY TO WHEN DR. TROUNSON  
5 GETS HERE AND THE OVERLAPPING LEADERSHIP FOR A COUPLE OF  
6 MONTHS AS DR. MURPHY SETTLES INTO THIS NEW POSITION TO  
7 HAVE TWO STRONG LEADERS AT OUR INSTITUTION WITH THEIR  
8 TREMENDOUS BACKGROUND OF INFORMATION.  YOUR INCREDIBLE  
9 HISTORY WITH THIS BOARD AND GUIDANCE IN THE EARLY STAGES  
10 OF PUTTING TOGETHER THE INITIATIVE, WE HAVE A TEAM THAT'S  
11 IRREPLACEABLE.  SO WE ARE DEEPLY APPRECIATIVE.

12                   ARE THERE QUESTIONS FROM THE BOARD?  SHERRY  
13 LANSING.

14                   MS. LANSING:  THIS ISN'T A QUESTION.  I JUST  
15 REALLY WANT TO REITERATE ON BEHALF OF ALL THE BOARD  
16 MEMBERS, IT WAS AN HONOR WHEN YOU WERE ON THE BOARD, AND  
17 I THINK I SPEAK FOR ALL OF US IN SAYING THE FACT THAT YOU  
18 WOULD STEP IN IN THIS TRANSITORY POSITION WAS SO  
19 WONDERFUL, AND WE WERE ALL SO EXCITED ABOUT IT.  AND NOW  
20 I THINK I SPEAK FOR ALL OF US IN SAYING WHAT YOU JUST  
21 PRESENTED TO US SHOWS YOUR PASSION, YOUR COMMITMENT, YOUR  
22 EXTRAORDINARY INTELLIGENCE, AND ORGANIZATIONAL ABILITY.  
23 AND I THINK I SPEAK FOR ALL OF US IN SAYING THAT THANK  
24 YOU, THANK YOU, THANK YOU, AND YOUR LEADERSHIP IS JUST  
25 EXTRAORDINARY.  SO THANK YOU FROM ALL OF US.

## BARRISTERS' REPORTING SERVICE

1 (APPLAUSE.)

2 CHAIRMAN KLEIN: DAVID.

3 MR. SERRANO-SEWELL: THANK YOU. DR. MURPHY, I  
4 JUST WANTED TO ADD AND SHARE WITH YOU AS PART OF YOUR  
5 REPORT AND SHARE WITH MY COLLEAGUES AS WELL, AND I THINK  
6 IT DOES SPEAK TO ONE OF THE GOALS THAT YOU'VE SET, AND  
7 THAT IS EXPANDING PUBLIC OUTREACH. A COUPLE OF WEEKS AGO  
8 I HAD THE OPPORTUNITY TO BE IN LOS ANGELES WITH OUR  
9 GENERAL COUNSEL, TAMAR PACHTER, AT THE CALIFORNIA  
10 MINORITY COUNSEL'S ASSOCIATION ANNUAL EVENT. THAT IS AN  
11 ASSOCIATION THAT IS A LEGAL ASSOCIATION THAT HAS BEEN  
12 AROUND A LONG TIME. IT'S PRIMARILY COMPRISED OF LAWYERS  
13 OF COLOR AND SMALLER LAW FIRMS. AND WHAT IT IS IS AN  
14 OPPORTUNITY FOR THE LARGER LAW FIRMS TO MEET WITH SMALLER  
15 BOUTIQUE FIRMS AND SORT OF INTERACT AND SEE WHERE THERE  
16 MIGHT BE OPPORTUNITIES TO WORK TOGETHER.

17 THERE WERE A COUPLE OF STATE AGENCIES THERE.  
18 WE WERE ONE OF THEM IN ADDITION TO SOME LOCAL  
19 MUNICIPALITIES. IT WAS DULY NOTED BY EVERYBODY THERE,  
20 AND I THOUGHT IT WAS A VERY PRODUCTIVE MEETING. AND I  
21 ALSO WANTED TO THANK TAMAR FOR ATTENDING IT.

22 CHAIRMAN KLEIN: DR. LEVEY.

23 DR. LEVEY: RICHARD, AGAIN, LET ME ADD MY  
24 THANKS FOR WHAT YOU'VE DONE, WHICH IS TERRIFIC. AND I  
25 JUST WANTED TO ASK ONE QUESTION. WHEN YOU WERE TALKING

## BARRISTERS' REPORTING SERVICE

1 ABOUT EVERYONE WHO NEEDED TO BE HIRED, WHAT'S YOUR EARLY  
2 ASSESSMENT OF HOW WELL STOCKED OUR GRANT REVIEW PANELS  
3 ARE? HOW MANY NEW REVIEWERS DO YOU THINK WE NEED?

4 DR. MURPHY: WELL, THAT IS AN ONGOING PROBLEM,  
5 JERRY. THE PROBLEM IS WE HAVE A SOLID GROUP OF PRIMARY  
6 REVIEWERS, BUT THEY CANNOT ALWAYS BE AT THE MEETINGS. SO  
7 WHAT THE STAFF HAS DONE VERY -- IN A VERY EXCELLENT WAY  
8 IS IDENTIFIED AD HOC REVIEWERS WHO CAN CONTRIBUTE TO THE  
9 PROCESS WHO -- AND THEY HAVE BEEN ABLE TO MAKE THE QUORUM  
10 FOR EVERY ONE OF OUR GRANT COMPETITIONS.

11 BUT I THINK ONE OF THE THINGS WE NEED TO DO IS  
12 INCREASE THE STABLE OF VERY QUALIFIED REVIEWERS WHO ARE  
13 AVAILABLE TO CIRM, ESPECIALLY AS THE NEW PROGRAMS COME  
14 IN. AND FRANKLY, WE'RE JUST NOT GOING TO BE ABLE TO GET  
15 THE SAME PEOPLE COMING TO CALIFORNIA FOR EVERY ONE OF THE  
16 REVIEWS.

17 ONE OF THE THINGS THAT ALAN AND I HAVE TALKED  
18 ABOUT IS MY OWN EXPERIENCE. HAVING BEEN IN CANADA FOR 14  
19 YEARS OPENS UP A WHOLE NEW BEVY OF POSSIBILITIES TO BRING  
20 IN CANADIANS INTO THE SYSTEM. ALAN CERTAINLY WITH HIS  
21 EXPERTISE IN STEM CELLS IS CAPABLE OF DOING THAT ALL  
22 AROUND THE WORLD. AND I THINK, WORKING WITH THE  
23 SCIENTIFIC STAFF, WE NEED TO INCREASE THE NUMBER OF  
24 REVIEWERS WHO ARE AVAILABLE TO US SO WE CAN ENSURE THAT  
25 FOR EVERY ONE OF THE COMPETITIONS WE HAVE, AT LEAST THE



## BARRISTERS' REPORTING SERVICE

1 MINIMUM NUMBER THAT WE NEED.

2 CHAIRMAN KLEIN: THANK YOU.

3 DR. HENDERSON: WE DISCUSSED BRIEFLY AT A  
4 MEETING A POSSIBILITY OF TRYING MORE VIDEOCONFERENCING TO  
5 KEEP THE BEST REVIEWERS ENGAGED, EVEN THOUGH THEY DON'T  
6 NECESSARILY WANT TO TRAVEL ALL THE WAY TO CALIFORNIA.  
7 AND I THINK IT'S SOMETHING TO PUT NEAR THE TOP OF THE  
8 LIST BECAUSE I THINK WE REALLY DO NEED THE BEST PEOPLE.  
9 AND THE TENDENCY WILL BE FOR THAT TO CHANGE AS PEOPLE GET  
10 FATIGUED, JUST LIKE STAFF. HOW DO WE KEEP THEM ENGAGED?  
11 MAKE IT AS EASY AS POSSIBLE FOR THEM BY BEING AS FLEXIBLE  
12 AS WE CAN BE.

13 DR. MURPHY: BRIAN, WE AGREE WITH THAT. AND IT  
14 TURNS OUT I'VE LEARNED FROM BOB THAT AT&T PARK RIGHT  
15 ACROSS FROM CIRM HEADQUARTERS HAS A VERY ELABORATE  
16 TELECONFERENCE FACILITY WHICH IS AVAILABLE TO US. AND  
17 WE'VE ALSO ASKED DENNIS BUTLER AT CIRM TO DO TWO THINGS.  
18 ONE IS TO MAKE CERTAIN THAT THE CIRM HEADQUARTERS IS  
19 GOING TO BE FULLY CAPABLE FOR WI-FI SO THAT WE CAN HAVE  
20 PEOPLE COMING IN AND BEING VERY COMFORTABLE AT CIRM  
21 HEADQUARTERS USING THEIR OWN COMPUTER EQUIPMENT, BUT ALSO  
22 UPDATING THE CIRM HEADQUARTERS SO IT WILL HAVE  
23 TELECONFERENCING FACILITIES AS WELL, SPEAKING VERY MUCH  
24 TO WHAT YOU'VE JUST SUGGESTED.

25 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL BOARD

## BARRISTERS' REPORTING SERVICE

1 COMMENTS? I HAVE A REQUEST FROM JOHN SIMPSON TO MAKE A  
2 COMMENT.

3 MR. SIMPSON: ACTUALLY IT MIGHT BE MORE  
4 APPROPRIATE AFTER THE UPDATES.

5 CHAIRMAN KLEIN: ALL RIGHT. GREAT. WE  
6 WILL --

7 DR. MURPHY: MR. CHAIRMAN, TO COMPLETE THE  
8 PRESIDENT'S REPORT, I'VE ASKED GIL SAMBRANO TO SUMMARIZE  
9 WHAT HAS HAPPENED WITH THE TRAINING PROGRAMS, AMY LEWIS  
10 WILL GIVE ICOC AN UPDATE ON THE NUMBER OF GRANTS WE HAVE  
11 AWARDED AND PAID OUT, AND ARLENE WILL TALK ABOUT THE  
12 CURRENT AND FUTURE RFA'S, AND THEN WE WILL OPEN UP FOR  
13 QUESTIONS.

14 DR. SAMBRANO: THANK YOU, DR. MURPHY. I AM  
15 VERY PLEASED TO BRING TO YOU TODAY A REPORT ON THE ANNUAL  
16 CIRM SCHOLAR'S MEETING. AS YOU WILL RECALL, IN APRIL OF  
17 2006, THE CIRM AWARDED TRAINING GRANTS TO 16 CALIFORNIA  
18 NONPROFIT AND ACADEMIC INSTITUTIONS TO FOSTER TRAINING OF  
19 PREDOCTORAL, POSTDOCTORAL, AND CLINICAL TRAINEES ALL IN  
20 STEM CELL RESEARCH. THIS WAS THE FIRST INITIATIVE OF THE  
21 CIRM, IT WAS THE FIRST REVIEW BY OUR GRANTS WORKING  
22 GROUP, AND IT WAS THE FIRST APPROVAL OF APPLICATIONS BY  
23 THIS BOARD.

24 EACH OF THE GRANTEE INSTITUTIONS BRINGS UNIQUE  
25 STRENGTHS AND AREAS OF SPECIALIZATION IN STEM CELL

## BARRISTERS' REPORTING SERVICE

1 RESEARCH TRAINING, AND OVERALL THE PROGRAM CAN SUPPORT UP  
2 TO 170 TRAINEES PER YEAR.

3 SO THIS SEPTEMBER WE HELD THE FIRST ANNUAL CIRM  
4 SCHOLAR'S MEETING. AND THE PURPOSE OF THIS MEETING WAS  
5 TO OFFER TRAINEES THE OPPORTUNITY TO PRESENT THEIR  
6 PRELIMINARY DATA, TO ENGAGE IN SCIENTIFIC DISCUSSION, AND  
7 EXCHANGE IDEAS. IT WAS AN OCCASION FOR THEM TO MEET WITH  
8 PEERS AND MENTORS ACROSS DIFFERENT INSTITUTIONS AND TO  
9 SHARE AND DISCOVER WHAT OTHERS ARE WORKING ON. FOR THE  
10 CIRM IT WAS AN OPPORTUNITY TO SEE FIRSTHAND THE PRODUCT  
11 OF OUR TRAINING PROGRAM.

12 NOW, BECAUSE WE HAVE A LARGE NUMBER OF  
13 TRAINEES, ASSOCIATED MENTORS AND PROGRAM DIRECTORS, WE  
14 HAD ACTUALLY JUST A LITTLE OVER 200 PEOPLE REGISTER FOR  
15 THIS MEETING. AND IN ADDITION, TO REDUCE TRAVEL, WE SET  
16 UP TWO MEETINGS, ONE IN NORTHERN CALIFORNIA AND ONE IN  
17 SOUTHERN CALIFORNIA, AS SHOWN ON THE SLIDE. THE NORTHERN  
18 CALIFORNIA MEETING TOOK PLACE SEPTEMBER 11TH AT UC SAN  
19 FRANCISCO MISSION BAY CAMPUS, AND THE SOUTHERN CALIFORNIA  
20 COHORT MET JUST LAST WEEK AT THE UCI CAMPUS.

21 NOW, BOTH MEETINGS FEATURED THE SAME OVERALL  
22 AGENDA THAT INCLUDED SHORT TALKS THAT WERE GIVEN BY ONE  
23 SELECTED TRAINEE FROM EACH OF THE INSTITUTIONS. AND  
24 THOSE PHOTOS THAT YOU ARE SEEING HERE ARE ACTUALLY FROM  
25 THE NORTHERN CALIFORNIA MEETING, SO THESE ARE ACTUALLY

## BARRISTERS' REPORTING SERVICE

1 TAKEN FROM THE MEETINGS. THERE WAS ALSO A POSTER SESSION  
2 AT EACH IN WHICH TRAINEES HAD THE OPPORTUNITY TO DISPLAY  
3 AND DISCUSS RESEARCH ON A ONE-TO-ONE BASIS. THERE WERE  
4 ABOUT 115 ABSTRACTS OVERALL, AND THOSE ARE SHOWN AND  
5 AVAILABLE IN THIS BOOK THAT WAS JUST PASSED AROUND A  
6 LITTLE EARLIER.

7 THE SCHOLARS ALSO HAD THE OPPORTUNITY TO LEAD  
8 AND PARTICIPATE IN DISCUSSION GROUPS ON VARIED SELECTED  
9 TOPICS THAT INCLUDED THINGS LIKE TRANSLATIONAL  
10 CHALLENGES, DIRECTED DIFFERENTIATION, AND CAREER  
11 TRANSITIONS. AND THIS LAST PHOTO WAS IN ONE OF THE  
12 POSTERS PRESENTED BY THE TRAINEES; AND AS YOU CAN SEE,  
13 THEY ARE ALREADY LOOKING TO THE FUTURE OF THE CIRM  
14 SCHOLARS.

15 SO LET ME JUST SAY THAT, IN CLOSING, WE REALLY  
16 LEARNED A GREAT DEAL FROM THESE MEETINGS. IN PARTICULAR  
17 IT REINFORCED THE FACT THAT THERE IS GREAT VALUE IN  
18 HOLDING SUCH MEETINGS. NOT ONLY WAS IT IMPRESSIVE TO SEE  
19 THE QUALITY PRESENTATIONS AND THE ENTHUSIASTIC  
20 PARTICIPATION OF THE TRAINEES, BUT I THINK WE TOOK A GOOD  
21 FIRST STEP TOWARDS DEVELOPING A NETWORK AND A COMMUNITY  
22 OF SCIENTISTS IN STEM CELL RESEARCH. FOR THE TRAINEES  
23 THIS WAS A FIRST TIME IN MEETING MANY OTHERS AT OTHER  
24 INSTITUTIONS, SO I THINK THEY BENEFITED A LOT. I THINK  
25 THIS HAS ALSO GOTTEN US TO THINK ABOUT HOLDING AN ANNUAL

## BARRISTERS' REPORTING SERVICE

1 MEETING FOR ALL CIRM INVESTIGATORS IN THE NEAR FUTURE,  
2 SOMETHING THAT, AGAIN, WOULD HELP CREATE AND MAINTAIN A  
3 COMMUNITY OF SCIENTISTS TO SYNERGIZE THEIR EFFORTS.

4 THANK YOU. I THINK AMY WILL BE SPEAKING NEXT.

5 MS. LEWIS: GOOD MORNING. I'M PLEASSED TO  
6 PROVIDE TO YOU AND TO THE PUBLIC A COMPILATION OF THE  
7 CIRM'S AWARDS AND APPLICATIONS APPROVED FOR FUNDING. YOU  
8 SHOULD HAVE A COPY AT YOUR PLACE OF THIS DOCUMENT. THERE  
9 ARE SEVERAL COPIES AT THE BACK TABLE FOR THE PUBLIC TO  
10 VIEW HERE AT THE MEETING. PLEASE NOTE THAT THIS IS AN  
11 ADVANCE DRAFT COPY, AND WE WILL MAKE THE FINAL COPY  
12 AVAILABLE TO YOU AND TO THE PUBLIC IN A FEW WEEKS AFTER  
13 IT IS PRODUCED.

14 THE PUBLICATION INCLUDES FUNDING DATA AND  
15 PUBLIC ABSTRACTS FOR ALL OF THE AWARDS AND APPROVED  
16 APPLICATIONS AS OF AUGUST 2007. SO THIS BOOKLET IS  
17 ORGANIZED INTO THREE CHAPTERS. THE FIRST CHAPTER COVERS  
18 THE CIRM TRAINING GRANT AWARDS, THE TRAINEES THAT GIL  
19 JUST REFERENCED. THOSE ARE ORGANIZED ALPHABETICALLY BY  
20 INSTITUTION. THE SECOND CHAPTER, THE LEON J. THAL SEED  
21 GRANTS AND COMPREHENSIVE RESEARCH GRANTS, ARE ORGANIZED  
22 BY SPECIFIC INJURIES AND DISEASES AND THEN BY TYPES OF  
23 RESEARCH. AND FINALLY, CHAPTER 3 COVERS THE SHARED  
24 RESEARCH LABORATORIES AND TECHNIQUES COURSES, ALSO  
25 ORGANIZED ALPHABETICALLY BY INSTITUTION.

## BARRISTERS' REPORTING SERVICE

1 I'D LIKE NOW TO TAKE JUST A MOMENT TO UPDATE  
2 YOU ON THE PROGRESS OF THE GRANT AWARDS FOR THE SEED,  
3 COMPREHENSIVE, AND SHARED LABS PROGRAMS.

4 MANY OF YOU MAY REMEMBER THE SLIDE THAT DR.  
5 CHIU USED AT THE JUNE ICOC MEETING TO SUMMARIZE THE  
6 GRANTS ADMINISTRATION PROCESS. FOR THE THREE PROGRAMS I  
7 JUST MENTIONED, WE ARE CURRENTLY IN STAGES 4 AND 5,  
8 PRE-AWARD REVIEW AND AWARD ACCEPTANCE.

9 AS A QUICK REMINDER, IN STAGE 4, PRE-AWARD  
10 REVIEW, EACH APPLICATION IS CAREFULLY REVIEWED BY CIRM  
11 GRANTS MANAGEMENT AND SCIENTIFIC STAFF FOR COMPLIANCE  
12 WITH THE GRANTS ADMINISTRATION POLICY AND CONDITIONS OF  
13 THE RFA ON ISSUES SUCH AS ELIGIBILITY, BUDGET, AND PUBLIC  
14 POLICY ASSURANCES. THOSE ASSURANCES ARE THE SCRO, OR  
15 STEM CELL RESEARCH OVERSIGHT COMMITTEE, APPROVAL FOR WORK  
16 WITH HUMAN EMBRYONIC STEM CELLS, ALSO APPROVAL FOR WORK  
17 WITH HUMAN SUBJECTS, AND APPROVAL FOR WORK WITH  
18 VERTEBRATE ANIMALS.

19 AT THIS STAGE THE APPLICANT IS ASKED TO PROVIDE  
20 TO CIRM -- PROVIDE CIRM WITH THE REQUIRED ASSURANCES AND  
21 CERTIFICATIONS AS THEY APPLY TO THE RESEARCH PROPOSED.  
22 WE DEPEND ON THE APPLICANTS TO PROVIDE US WITH THE  
23 REQUIRED AND APPROPRIATE MATERIAL IN ORDER TO MOVE  
24 FORWARD WITH ISSUING THE NOTICE OF GRANT AWARD. WHEN ALL  
25 THE MATERIALS HAVE BEEN RECEIVED AND ALL REQUIREMENTS

## BARRISTERS' REPORTING SERVICE

1 MET, WE MOVE ON TO STAGE 5. THAT'S AWARD ACCEPTANCE.

2 CIRM SENDS OUT A NOTICE OF GRANT AWARD STATING  
3 THE TERMS AND CONDITIONS OF THE AWARD. WHEN THE NOTICE  
4 OF GRANT AWARD IS SIGNED AND RETURNED TO US BY THE  
5 APPLICANT, WE NOTIFY THE STATE CONTROLLER, WHO ISSUES  
6 CHECKS OR WARRANTS, AS THE STATE CALLS THEM, TO GRANTEES.  
7 AT THE END OF STAGE 5, AN APPLICATION BECOMES A GRANT.

8 JUST A LITTLE BIT MORE DETAIL ON OUR NEXT  
9 SLIDE, I HOPE. SO EARLIER THIS YEAR THE ICOC APPROVED  
10 THE FUNDING OF 74 SEED APPLICATIONS, 29 COMPREHENSIVE  
11 RESEARCH APPLICATIONS, AND 17 SHARED LABS APPLICATIONS  
12 FOR A TOTAL OF 120 APPLICATIONS APPROVED FOR FUNDING.  
13 SINCE THEN WE'VE BEEN WORKING HARD ON STAGE 4 AND STAGE 5  
14 OF THE GRANTS ADMINISTRATION PROCESS WITH EACH APPLICANT,  
15 MANY OF WHOM ARE NEW AT THIS AND UNFAMILIAR WITH OUR  
16 CONDITIONS AND PROCESSES. WE'VE ALSO AUGMENTED OUR  
17 GRANTS MANAGEMENT OFFICE, UP FROM ONE TO THREE STAFF.

18 YOU WILL NOTE THAT THERE ARE 33 APPLICATIONS  
19 TOTAL IN THE FIRST COLUMN WITH DOCUMENTS PENDING. FOR  
20 THESE APPLICATIONS WE AWAIT FINAL REQUIRED DOCUMENTATION  
21 NECESSARY TO ISSUE A NOTICE OF GRANT AWARD, AND A HANDFUL  
22 OF THOSE ARE FOR CASES WHERE A PRINCIPAL INVESTIGATOR HAS  
23 REQUESTED TO DEFER THE START DATE OF THE AWARD.

24 WE HAVE SUCCESSFULLY ENTERED STAGE 5 WITH ABOUT  
25 75 PERCENT OF THE APPROVED APPLICATIONS, ISSUING 87 AWARD

## BARRISTERS' REPORTING SERVICE

1 NOTICES BETWEEN AUGUST 1ST AND OCTOBER 1ST.

2 FINALLY, HERE'S A QUICK VISUAL SUMMARY OF THE  
3 CURRENTLY FUNDED CIRM PROGRAMS WHICH FALL INTO THREE  
4 MAJOR AREAS. FIRST, CIRM IS TRAINING NEW PEOPLE THROUGH  
5 THE TRAINING GRANTS PROGRAM, PREPARING EXCEPTIONAL  
6 PREDOCTORAL, POSTDOCTORAL, AND CLINICAL FELLOWS FOR  
7 CAREERS IN STEM CELL RESEARCH, AND ALSO AS PART OF THE  
8 SHARED LABS PROGRAMS, THROUGH THE TECHNIQUES COURSES,  
9 PROVIDING HANDS-ON TRAINING FOR WORK WITH HUMAN EMBRYONIC  
10 STEM CELLS FOR SCIENTISTS AND TECHNICAL STAFF.

11 CIRM IS SUPPORTING TALENTED INVESTIGATORS  
12 WORKING ON BOTH GROUNDBREAKING CONCEPTS AND APPROACHES  
13 AND MATURE ONGOING STUDIES IN THE SEED AND COMPREHENSIVE  
14 RESEARCH GRANT PROGRAMS, AND CIRM IS FUNDING DEDICATED  
15 LABORATORY SPACE AND EQUIPMENT THAT IS FREE OF FEDERAL  
16 FUNDING THROUGH THE SHARED RESEARCH LABORATORY GRANT  
17 PROGRAM.

18 AS YOU CAN SEE, THE ICOC HAS APPROVED MORE THAN  
19 208 MILLION FOR RESEARCH AND FACILITIES FUNDING AT 23  
20 CALIFORNIA INSTITUTIONS. THANK YOU VERY MUCH FOR YOUR  
21 TIME AND ATTENTION. I BELIEVE DR. CHIU IS NEXT.

22 DR. CHIU: WITH THE LITIGATION BEHIND US AND IN  
23 ANTICIPATION OF THE SALE OF BONDS, I'D TODAY LIKE TO  
24 SUMMARIZE FOR THE BOARD OUR CURRENT INITIATIVES AND  
25 PRESENT TO YOU PRELIMINARY PLANS FOR FUTURE INITIATIVES



## BARRISTERS' REPORTING SERVICE

1 WITH 2007 AND 2008.

2 SO FOR CURRENT INITIATIVES, WHICH YOU'VE  
3 ALREADY SEEN, WE HAVE TWO THAT ARE POSTED, THE NEW  
4 FACULTY AWARD WHERE THE BOARD APPROVED THE CONCEPT IN  
5 JUNE, AND WE EXPECT TO BRING THE RESULTS FOR BOARD REVIEW  
6 AND APPROVAL IN DECEMBER OF THIS YEAR. THE MAJOR  
7 FACILITIES AWARDS, YOU APPROVED THE CONCEPT IN AUGUST OF  
8 THIS YEAR, AND WE ANTICIPATE FINAL ICOC REVIEW AND  
9 APPROVAL IN APRIL OF '08.

10 WE HAVE NEW INITIATIVES, TWO MORE NEW  
11 INITIATIVES PLANNED FOR 2007. AND STAFF WILL BE  
12 PRESENTING THESE IN MORE DETAIL IN AGENDA ITEMS 8 AND 9  
13 THAT WILL FOLLOW. I JUST WANT TO POINT OUT THAT THE  
14 DISEASE TEAM PLANNING GRANTS AND THE NEW PLURIPOTENT  
15 HUMAN CELL LINES PROGRAM, WE EXPECT, WITH YOUR APPROVAL  
16 TODAY, WE EXPECT THE RFA'S TO BE POSTED IN THE FALL OF  
17 THIS YEAR FOR REVIEW TO TAKE PLACE IN THE WINTER AND TO  
18 COME FOR YOUR APPROVAL ON THE INDIVIDUAL APPLICATIONS IN  
19 THE SPRING OF '08.

20 SO AS YOU HAVE SEEN, FOR 2007 OUR PLATE IS NOW  
21 VERY FULL. HOWEVER, WE DO ENVISION MORE INITIATIVES  
22 COMING DOWN THE PIKE FOR 2008. NOW, I WANT TO WARN YOU  
23 THE BIG WORD "DRAFT." THESE ARE JUST PRELIMINARY PLANS  
24 AND ARE MEANT TO BE VERY FLEXIBLE. THE TIMING AND EXACT  
25 NATURE OF EACH INITIATIVE MAY CHANGE DEPENDING ON NEW

## BARRISTERS' REPORTING SERVICE

1 PLANS MADE BY THE INTERIM PRESIDENT AND THE NEW PRESIDENT  
2 AS WELL AS ON CIRCUMSTANCES SUCH AS REVIEWER AVAILABILITY  
3 AND STAFF RESOURCES. AND, OF COURSE, BEFORE EACH  
4 INITIATIVE IS FINALIZED AND LAUNCHED, IT WILL BE BROUGHT  
5 BEFORE THE BOARD FOR CONCEPT APPROVAL.

6 SO FUTURE INITIATIVES CAN BE CLASSIFIED UNDER  
7 FOUR CATEGORIES. UNDER BASIC DISCOVERY RESEARCH, WE  
8 PROPOSE SEVERAL POSSIBILITIES, NOT ALL OF WHICH MIGHT BE  
9 PUT UP FOR 2008. AND THESE ARE BIOLOGY OF STEM CELLS,  
10 TOOLS AND REAGENTS, EGG AND EMBRYO RESEARCH, AND TISSUE  
11 ENGINEERING, EACH OF WHICH IS MORE FULLY DESCRIBED IN THE  
12 SCIENTIFIC STRATEGIC PLAN.

13 UNDER TRANSLATIONAL RESEARCH, WE ENVISION TWO  
14 IMPORTANT INITIATIVES, AN RFA FOR STAGE 1 TRANSLATIONAL  
15 OR PRECLINICAL RESEARCH AND A MAJOR DISEASE TEAM GRANT  
16 PROGRAM TO BE LAUNCHED LATE IN 2008. AND PAT OLSON WILL  
17 BE TALKING MORE ABOUT THIS PROGRAM IN A FEW MINUTES.

18 TWO OTHER AREAS. TRAINING PROGRAMS, OUR  
19 CURRENT TRAINING PROGRAM THAT YOU HEARD A LITTLE BIT  
20 ABOUT RUNS FOR THREE YEARS, BUT WILL EXPIRE AT THE END OF  
21 MARCH IN 2009. WE WOULD LIKE TO RENEW IT UNDER TRAINING  
22 PROGRAM II. IN ADDITION, WE HOPE TO INITIATE A TECHNICAL  
23 TRAINING PROGRAM SPECIFICALLY TO EXTEND THE SKILLS OF  
24 TECHNICAL STAFF IN STEM CELL RESEARCH.

25 AND FINALLY, CORES AND FACILITIES. WE

## BARRISTERS' REPORTING SERVICE

1 ANTICIPATE AN INITIATIVE TO SUPPORT CRITICAL CORES AND  
2 SERVICES SUCH AS STEM CELL BANKING AND TRAINING AND OTHER  
3 IMPORTANT RESOURCES SOMETIME NEXT YEAR. TO CARRY OUT ALL  
4 THESE AMBITIOUS PLANS WILL REQUIRE STAFFING UP THE  
5 SCIENCE OFFICE, WHICH IS ALREADY WORKING FLAT OUT TO MEET  
6 THIS YEAR'S GOALS. AND I THANK YOU FOR YOUR ATTENTION.

7 (APPLAUSE.)

8 DR. MURPHY: MR. CHAIRMAN, THAT IS THE  
9 PRESIDENT'S REPORT, AND I'M HAPPY TO OPEN THE FLOOR TO  
10 QUESTIONS FROM THE ICOC FOR ANY OF OUR STAFF.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IT'S A  
12 VERY IMPRESSIVE REPORT AND VERY INSPIRING. MEMBERS OF  
13 THE BOARD? DR. PRIETO.

14 DR. PRIETO: I WONDER IF YOU COULD GIVE US SOME  
15 IDEA HOW MUCH HAS ACTUALLY HAS GONE OUT OF THE APPROVED  
16 GRANTS. WHAT HAVE WE ACTUALLY FUNDED AND WRITTEN CHECKS  
17 FOR?

18 DR. MURPHY: I THINK AMY CAN.

19 MS. LEWIS: 75 PERCENT.

20 DR. MURPHY: 75 PERCENT OF YEAR ONE GRANTS HAVE  
21 NOW GONE OUT. MONEY HAS FLOWED.

22 DR. PRICE: THAT INCLUDES THE SEED GRANTS YEAR  
23 ONE WHEN YOU SAY YEAR ONE?

24 DR. MURPHY: FOR ALL THREE PROGRAMS.

25 CHAIRMAN KLEIN: OKAY. DR. PIZZO.

## BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: I WAS VERY PLEASED TO HEAR ALL THE  
2 REPORTS, OF COURSE. THE ONE ON THE TRAINING GRANTS AND  
3 THE SCHOLARS IS, OF COURSE, OF INCREDIBLE IMPORTANCE TO  
4 ALL OF US. TWO THINGS, ONE JUST VERY PRACTICAL. I KNOW  
5 THAT YOU NEEDED TO DIVIDE THEM INTO A NORTH-SOUTH  
6 CORRIDOR FOR THE FIRST PASS. I THINK OBVIOUSLY IT WILL  
7 BE GREAT GOING FORWARD TO MIX UP OUR COMMUNITIES SO THAT  
8 WE DON'T HAVE A UNNATURAL DIVIDE.

9 THE OTHER IS THAT IT MAY BE VERY WORTHWHILE  
10 THINKING ABOUT A GATHERING OF THE PROGRAM DIRECTORS FROM  
11 THOSE TRAINING GRANTS AS WELL TO SHARE THEIR EXPERIENCES,  
12 WHAT'S WORKING, WHAT'S NOT WORKING IN MENTORING AND  
13 GUIDING THESE EXTRAORDINARY YOUNG FUTURE TALENTS SO THAT  
14 WE CAN OPTIMIZE THIS, NOT ONLY FOR THE CURRENT TRAINEES,  
15 BUT ALSO AS TO HOW IT MIGHT APPLY TO FUTURE ONES AS WELL.

16 DR. MURPHY: I THINK THAT'S AN EXCELLENT  
17 SUGGESTION.

18 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL BOARD  
19 COMMENTS?

20 DR. MURPHY: EXCUSE ME, BOB. I THINK GIL HAS A  
21 COMMENT.

22 DR. SAMBRANO: I JUST WANTED TO REPLY. I THINK  
23 THOSE ARE TWO VERY GOOD POINTS, AND I JUST WANT TO NOTE  
24 THAT WE ACTUALLY DID HAVE A MEETING OF THE PROGRAM  
25 DIRECTORS LAST YEAR. AND THAT WAS ACTUALLY VERY

## BARRISTERS' REPORTING SERVICE

1 PRODUCTIVE. IT GOT EVERYBODY ON THE SAME PAGE IN TERMS  
2 OF WHAT THEY NEEDED TO DO WITH TRAINING PROGRAMS AND ALSO  
3 A SHARE OF IDEAS OF HOW THEY CAN DO IT IN THE FUTURE.

4 I THINK THE TRAINING MEETINGS THAT WE HAD AS  
5 WELL WAS ANOTHER OPPORTUNITY FOR THE PROGRAM DIRECTORS TO  
6 COME TOGETHER, AND THEY NOTED THAT THAT WAS AN IMPORTANT  
7 ASPECT OF HAVING SUCH MEETINGS.

8 AND THEN TO YOUR OTHER POINT, AGAIN BRINGING  
9 TOGETHER ALL THE TRAINEES IN A SINGLE MEETING WAS BROUGHT  
10 UP BY SEVERAL, AND SO THAT'S SOMETHING THAT WE ARE GOING  
11 TO THINK ABOUT POSSIBLY FOR NEXT YEAR.

12 DR. PIZZO: IT WOULD BE GOOD. IF YOU CAN JUST  
13 GET THEM ALTOGETHER, IT BECOMES A BIG MEETING, MIXING  
14 THEM UP SO THAT THEY HAVE AN OPPORTUNITY TO SHARE MORE  
15 BROADLY WOULD BE WORTHWHILE.

16 DR. SAMBRANO: THANK YOU.

17 DR. MURPHY: MR. CHAIRMAN, MAY I JUST ADD ONE  
18 THING?

19 CHAIRMAN KLEIN: ABSOLUTELY.

20 DR. MURPHY: JUST TO PUT A LITTLE FACE ON THE  
21 TRAINING PROGRAM. I WAS AT THE IRVINE MEETING. AND  
22 GOING AROUND THE POSTERS, AND I ENDED UP TALKING WITH TWO  
23 YOUNG WOMEN, BOTH OF WHOM WERE SURGICAL RESIDENTS AT L.A.  
24 CHILDREN'S HOSPITAL. ONE WAS A -- PRESENTED A POSTER  
25 THAT SHE WAS DOING ON THE STEM CELLS OF CANCER, AND THE

## BARRISTERS' REPORTING SERVICE

1 OTHER ONE PRESENTED A POSTER SHE WAS DOING ON THE STEM  
2 CELLS IN THE GUT. AND AFTER HEARING THEIR SCIENCE, I  
3 THEN SAID WHAT ARE YOUR CAREER PLANS? IN BOTH CASES  
4 THESE TWO YOUNG LADIES, BOTH NOW AT THE END OF THEIR  
5 TRAINING AS SURGEONS, WERE SPENDING THREE YEARS DOING THE  
6 CELL BIOLOGY OF STEM CELLS. AND BOTH HAD MADE THE  
7 DECISION THAT THEY NOW WANTED TO BE ACADEMIC PHYSICIANS.

8 SO I THINK THAT THAT'S THE IMPACT THAT CIRM  
9 PROGRAMS ARE HAVING, WHICH I THINK, IF NOTHING ELSE EVER  
10 HAPPENED TO ME, THAT'S WORTH THE PROGRAM RIGHT THERE.

11 CHAIRMAN KLEIN: DR. BRENNER.

12 DR. BRENNER: ACTUALLY THAT'S SORT OF MY  
13 QUESTION. I THINK IT'S VERY IMPORTANT IF WE DOCUMENT THE  
14 FOLLOW-UP SO IT'S NOT BASED ON TESTIMONIALS, WE KNOW  
15 ACTUALLY WHERE THEY ARE ONE YEAR, TWO YEARS, THREE YEARS  
16 OF OUR TRAINEES. I THINK THAT'S VERY IMPORTANT TO  
17 VALIDATE THE PROGRAM.

18 DR. MURPHY: THAT'S A GREAT IDEA, DAVID.

19 CHAIRMAN KLEIN: THAT'S A SUPERB IDEA. IT  
20 WOULD BE VERY HELPFUL IN OUR OVERSIGHT HEARINGS TO REALLY  
21 PROVIDE THAT DATA.

22 ADDITIONAL BOARD COMMENTS? DR. HENDERSON.

23 DR. HENDERSON: YEAH. I DON'T KNOW HOW  
24 FEASIBLE IT IS IN THE SCHOLARS MEETING, BUT IF THERE'S A  
25 WAY TO WORK IN PARTICIPATION FROM SOME SENIOR SCIENTISTS

## BARRISTERS' REPORTING SERVICE

1 IN THE DIFFERENT ACADEMIC INSTITUTIONS JUST WITHIN THE  
2 STATE AS SORT OF VISITING FELLOWS OR SOMETHING WHO CAN,  
3 LIKE YOU, GO AROUND AND INTERACT WITH DIFFERENT TRAINEES  
4 FROM DIFFERENT INSTITUTIONS TO SORT OF BROADEN THE  
5 TRAINEE'S EXPOSURE TO THE WEALTH OF SCIENTIFIC EXPERTISE  
6 WE HAVE IN THIS STATE. SORT OF ALONG THE MARQUIS  
7 SCHOLARS MEETING MODEL, BUT MAYBE NOT THAT ELABORATE, BUT  
8 I'M SURE MANY OF US WOULD BE WILLING TO DO THIS, AND IT  
9 MIGHT JUST ADD SOME MORE DEPTH TO THE EXPERIENCE FOR THE  
10 SCHOLARS.

11 DR. MURPHY: EXCELLENT.

12 CHAIRMAN KLEIN: DUANE ROTH.

13 MR. ROTH: SO I REALLY APPRECIATE THE COMMENTS  
14 YOU ALL MADE ABOUT THE NEED TO GET THE STAFF THAT'S  
15 NECESSARY TO KEEP THE MOMENTUM GOING. AND I REALLY WANT  
16 TO ENCOURAGE THAT. I THINK, YOU KNOW, WE'VE BEEN THROUGH  
17 SO MUCH WITH THE LITIGATION AND THE DELAYS, AND NOW THAT  
18 WE'RE THERE, I HOPE WE DON'T LET INTERNAL LACK OF  
19 RESOURCES, WHETHER IT BE REVIEWERS OR STAFFERS, SLOW US  
20 DOWN. AND EVEN THE TEMPTATION TO WAIT TILL THE NEW  
21 PRESIDENT ARRIVES, I THINK, WOULD BE A MISTAKE. WE  
22 SHOULD KEEP MOVING AND MAKE SURE THAT WE AREN'T THE  
23 LIMITING STEP TO GET THE MONEY AND GRANTS ISSUED.

24 DR. MURPHY: AGREED.

25 CHAIRMAN KLEIN: OKAY. I'D ALSO LIKE TO

## BARRISTERS' REPORTING SERVICE

1 RECOUNT A SHORT STORY FOR ALL OF THOSE ON THE BOARD AND  
2 THOSE WHO HAVE SAT THROUGH PEER REVIEW SESSIONS AND  
3 WATCHED DR. CHIU LEAD THOSE REVIEW SESSIONS SEAMLESSLY.  
4 THERE'S SOME BACKGROUND THAT YOU SHOULD KNOW BECAUSE  
5 WE'VE ACCOMPLISHED A TREMENDOUS AMOUNT EVEN UNDER THE  
6 THREAT OF LITIGATION HERE. IT TOOK A REAL DRIVING  
7 INSPIRATION TO GET THOSE PEER REVIEW SESSIONS COMPLETED  
8 AND THE SCIENCE MOVING FORWARD.

9 SO WE WERE -- DR. MURPHY AND I WERE AT A DINNER  
10 WITH DR. TROUNSON, AND DR. CHIU WAS THERE, AND WE  
11 RECOUNTED THAT DURING THE CAMPAIGN FOR PROPOSITION 71,  
12 WHEN OTHERS THOUGHT THAT IT MIGHT NOT PASS, THERE WAS A  
13 GREAT INSPIRED SCIENTIST AT THE NIH, DR. ARLENE CHIU.  
14 AND SHE CALLED THE CAMPAIGN OFFICE DURING THE CAMPAIGN  
15 AND SHE SAID, "YOU KNOW, WHEN THIS PASSES," NOT IF, "WHEN  
16 THIS PASSES, YOU SHOULD HIRE ME. I CAN GET IT DONE."

17 (APPLAUSE.)

18 CHAIRMAN KLEIN: SO HER SPIRIT AND HER  
19 COMMITMENT, I THINK, ARE ALWAYS THERE. SHE WAS PART OF  
20 THE BIRTH OF THIS ORGANIZATION AND IS COMMITTED TO  
21 CONTINUE TO ADVISE US AS WE MATURE. BUT IT'S THAT  
22 DRIVING SPIRIT EVEN WHEN OTHERS WERE DOUBTING THE  
23 POSSIBILITY THAT HAS MADE THIS SUCH AN ENERGETIC DYNAMIC  
24 AND DELIVERING INSTITUTION.

25 I BELIEVE THAT WE HAVE A PUBLIC COMMENT AT THIS



## BARRISTERS' REPORTING SERVICE

1 TIME. JOHN SIMPSON.

2 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
3 FOR TAXPAYER AND CONSUMER RIGHTS. THREE VERY QUICK  
4 ITEMS, TWO OF THEM ARE MAYBE HOUSEKEEPING. YOU MAY HAVE  
5 NOTED THAT DON REED IS NOT HERE, AND HE ASKED ME TO NOTE  
6 THAT, IN CASE YOU HADN'T NOTED IT, BECAUSE EVEN THOUGH  
7 HE'S AN AMAZING FELLOW AND TREMENDOUSLY COMMITTED, HE  
8 CANNOT BE IN TWO PLACES AT ONCE. HE IS AT THE STEM CELL  
9 SUMMIT IN BOSTON AND SENDS HIS REGRETS, AND HE ASKED ME  
10 TO PLEASE DO THAT.

11 THE SECOND THING, I ONCE SPENT A YEAR IN  
12 IRELAND TEACHING AND LEARNED THAT ENGLISH IS SPOKEN IN  
13 MANY DIFFERENT WAYS AROUND THE WORLD. AND I HAVE  
14 ACQUIRED FOR THE STAFF A WORD BOOK OF AUSTRALIAN IDIOM,  
15 *AUSSIE SLANG, NO WORRIES. SHE'S APPLES.* AND I THINK  
16 THIS MIGHT HELP AS YOU DEAL WITH ALAN TROUNSON. SO I  
17 GIVE THIS TO THE PRESIDENT, AND THE ICOC CAN PERHAPS DRAW  
18 ON THAT RESOURCE.

19 (APPLAUSE.)

20 MR. SIMPSON: THE SERIOUS POINT I WANTED TO  
21 MAKE ON THE AWARDS THAT WERE ANNOUNCED IN THE REVIEW. IT  
22 SEEMS TO ME THAT THE FACT THAT 33 ARE STILL PENDING IS A  
23 VERY GOOD THING IN A SENSE BECAUSE IT SHOWS THAT THE  
24 PROCEDURES ARE BEING FOLLOWED AND YOU ARE VETTING THINGS  
25 VERY CAREFULLY, AND THAT'S VERY IMPORTANT. BUT I WOULD

## BARRISTERS' REPORTING SERVICE

1 ASK A FURTHER QUESTION ABOUT THOSE, AND MAYBE IT'S HERE  
2 AND I DIDN'T HEAR IT. ARE THERE ANY THAT YOU HAVE  
3 CONCLUDED WILL NOT PASS MUSTER AND WILL ULTIMATELY BE  
4 TURNED DOWN?

5 CHAIRMAN KLEIN: WE ACTUALLY HAVE AN  
6 ADMINISTRATIVE ITEM THAT'S GOING TO COME UP ON, AND THERE  
7 WILL BE A REPORT ON THAT VERY SPECIFICALLY. SO WHEN WE  
8 GET TO THAT REPORT, WE'RE GOING TO COVER IT.

9 MR. SIMPSON: THAT WILL BE VERY APPROPRIATE.  
10 THANK YOU.

11 CHAIRMAN KLEIN: THANK YOU. SO AT THIS TIME  
12 I'D LIKE TO ASK DR. MURPHY IF IT'S APPROPRIATE THAT WE  
13 CAN MOVE TO AGENDA ITEM 7, CONSIDERATION OF AMENDMENTS TO  
14 GRANTS ADMINISTRATION POLICY REGARDING FACILITIES. THIS  
15 ITEM IS IN TWO PARTS, BOTH FOUND BEHIND TAB 7 IN YOUR  
16 BINDERS. PART A IS THE FACILITIES PORTION OF THE GAP  
17 RECOMMENDED BY THE FACILITIES WORKING GROUP THAT WILL BE  
18 PRESENTED LATER BY RICK KELLER, AND PART B WILL BE  
19 PRESENTED BY DR. MURPHY. DR. MURPHY, IT'S YOUR PLEASURE.

20 DR. MURPHY: MR. CHAIRMAN, THAT IS THE  
21 INTRODUCTION I WAS GOING TO GIVE. SO LET ME INTRODUCE TO  
22 YOU RICK KELLER, WHO HAS BEEN RESPONSIBLE FOR THE ONGOING  
23 ACTIVITIES OF THE FACILITIES WORKING GROUP.

24 DR. POMEROY: BOB, IN TERMS OF CLARIFICATION,  
25 IS THIS THE DISCUSSION ITEM FROM WHICH MANY OF US HAVE TO

## BARRISTERS' REPORTING SERVICE

1 RECUSE OURSELVES?

2 CHAIRMAN KLEIN: LET ME HAVE COUNSEL ADDRESS  
3 THIS. FIRST TAMAR PACHTER AND THEN IF I COULD ALSO HAVE  
4 JAMES HARRISON MAKE A COMMENT.

5 MS. PACHTER: DR. POMEROY, THIS ITEM IS BEING  
6 PRESENTED IN TWO PARTS, 7 A AND 7 B. THE MEMBERS OF THE  
7 ICOC HAVE NO KNOWN CONFLICTS OF INTEREST WITH RESPECT TO  
8 ITEM 7 A; HOWEVER, WE HAVE IDENTIFIED POTENTIAL CONFLICTS  
9 OF INTEREST WITH RESPECT TO ITEM 7 B, WHICH WILL AFFECT,  
10 MAY AFFECT, EXISTING CONTRACTS AT INSTITUTIONS WITH WHICH  
11 SOME OF YOU ARE AFFILIATED.

12 SO WITH RESPECT TO ITEM A, THERE IS NO  
13 RESTRICTION THAT WE ARE AWARE OF ON DISCUSSION OR VOTING.  
14 THERE ARE RESTRICTIONS WITH RESPECT TO ITEM 7 B.

15 CHAIRMAN KLEIN: AND MR. HARRISON, COULD YOU  
16 PUT THIS 7 B DISCUSSION IN CONTEXT?

17 MR. HARRISON: SURE. FIRST OF ALL, AS YOU  
18 KNOW, THERE IS AN EXCEPTION IN PROPOSITION 71 THAT  
19 PERMITS THE BOARD TO PARTICIPATE IN DECISIONS WITH  
20 RESPECT TO STANDARDS OF GENERAL APPLICATION WITHOUT  
21 RESPECT TO POTENTIAL CONFLICTS OF INTEREST. AND AS YOU  
22 ALSO KNOW, AND AS THE COURT OF APPEAL RECOGNIZED, ONE OF  
23 THE REASONS THAT PROPOSITION 71 WAS STRUCTURED AS IT WAS  
24 WAS IN ORDER TO DRAW UPON THE EXPERTISE OF PEOPLE WHO  
25 COME FROM INSTITUTIONS THAT HAVE MANAGED SCIENTIFIC AND

## BARRISTERS' REPORTING SERVICE

1 MEDICAL GRANTS AND THAT ARE EXPERIENCED IN THIS AREA.

2 SO IN THE PAST YOU HAVE PARTICIPATED IN ALL  
3 DECISIONS WITH RESPECT TO STANDARDS ON A PROSPECTIVE  
4 BASIS. HERE, WITH RESPECT TO ITEM 7 B, THERE ARE A  
5 COUPLE OF DISTINCTIONS. ONE IS THAT LETTERS OF INTENT  
6 HAVE ALREADY BEEN SUBMITTED FOR THE MAJOR FACILITIES  
7 GRANTS. THE SECOND IS THAT THIS PARTICULAR DECISION  
8 WOULD AFFECT EXISTING GRANTS.

9 SO FOR THOSE OF YOU WHO COME FROM INSTITUTIONS  
10 THAT HAVE ALREADY RECEIVED RESEARCH GRANT AWARDS, THIS  
11 DECISION MAY HAVE AN IMPACT ON THOSE AWARDS. SO  
12 NOTWITHSTANDING THE EXCEPTION, WE BELIEVE THAT IN THIS  
13 PARTICULAR CIRCUMSTANCE THAT IT WOULD BE ADVISABLE FOR  
14 THOSE MEMBERS WHO COME FROM INSTITUTIONS WHO HAVE  
15 SUBMITTED LOI'S OR THAT INTEND TO APPLY FOR A MAJOR  
16 FACILITIES GRANT AND THAT HAVE EXISTING RESEARCH GRANTS  
17 RECUSE THEMSELVES FROM PARTICIPATING IN THE DECISION.  
18 AND THAT'S OUT OF AN ABUNDANCE OF CAUTION, AGAIN, TO  
19 MAINTAIN PUBLIC TRUST AND TRANSPARENCY.

20 CHAIRMAN KLEIN: AND THIS ADVICE IS BASED ON  
21 THIS VERY SPECIFIC FACT. IT'S NOT MEANT TO ESTABLISH ANY  
22 BROAD PRECEDENT. IT IS NARROWLY LIMITED TO THESE VERY  
23 SPECIFIC FACTS, BUT THANK YOU. DR. POMEROY. DR. PIZZO.

24 DR. PIZZO: ...NOT BEING INVOLVED IN THE  
25 DISCUSSION, I UNDERSTAND THE WHOLE, BUT NOT THE

## BARRISTERS' REPORTING SERVICE

1 DISCUSSION EITHER?

2 MR. HARRISON: THAT'S CORRECT. IT APPLIES TO  
3 BOTH.

4 CHAIRMAN KLEIN: ON PART B.

5 DR. BRYANT: WILL THAT LEAVE A QUORUM?

6 CHAIRMAN KLEIN: YES. IN WRITING THE  
7 INITIATIVE, THE RULES WERE SET UP SO THAT THE QUORUM  
8 AUTOMATICALLY ADJUSTS SO THAT WHENEVER INDIVIDUALS ARE  
9 RECUSED, THE QUORUM ADJUSTS FOR EXCLUDING THOSE THAT ARE  
10 RECUSED. THERE WERE GREAT LEGAL MINDS THAT WERE PROVIDED  
11 AS SUPPORT FOR THAT. BUT I WILL TELL YOU THAT IT'S ALSO  
12 IN AN AREA WE HAD SOME CONCERN BECAUSE THERE WERE  
13 CANDIDATES RUNNING IN THAT ELECTION WHO WERE NOT  
14 SUPPORTIVE OF STEM CELL RESEARCH. IT WOULD ADJUST IF  
15 THERE IS AT ANY TIME A CONSTITUTIONAL OFFICER WHO DOES  
16 NOT MAKE THE APPOINTMENTS. IT ALSO THEN ADJUSTS FOR  
17 VACANT SEATS. RICK KELLER.

18 MR. KELLER: GOOD MORNING. TODAY YOU'RE GOING  
19 TO CONSIDER THE GRANTS ADMINISTRATION POLICY OR GAP WHICH  
20 PROVIDES GUIDANCE TO APPLICANTS AND GRANTEES ABOUT THE  
21 POLICIES AND RULES THAT WILL APPLY TO CIRM GRANTS. YOU  
22 HAVE PREVIOUSLY APPROVED SEVEN CHAPTERS WITHIN THE GAP,  
23 AND TODAY YOU WILL BE CONSIDERING, AS MENTIONED, CHAPTER  
24 8 OF THE MAJOR FACILITIES, AND LATER DR. MURPHY WILL BE  
25 PRESENTING THE REVISIONS TO CHAPTER 5.

## BARRISTERS' REPORTING SERVICE

1                   SO WHERE DO THESE RULES ORIGINATE FROM? WELL,  
2                   FIRST OF ALL, THERE'S BASICALLY THREE AREAS. THERE ARE  
3                   PROVISIONS WITHIN PROPOSITION 71 THAT ARE SPECIFIC  
4                   REQUIREMENTS THAT WE MUST INCORPORATE INTO THE  
5                   ADMINISTRATIVE LAW FOR APPLICANTS AND GRANTEES TO BE  
6                   AWARE OF.

7                   SECONDLY, YOU HAVE COMMISSIONED OR PROPOSITION  
8                   71, RATHER, COMMISSIONS THE FACILITIES WORKING GROUP TO  
9                   "MAKE RECOMMENDATIONS TO THE ICOC ON INTERIM AND FINAL  
10                  CRITERIA REQUIREMENTS AND STANDARDS FOR APPLICATIONS FOR  
11                  AND THE AWARDING OF GRANTS AND LOANS FOR BUILDINGS,  
12                  BUILDING LEASES, AND CAPITAL EQUIPMENT." SO THIS PUTS  
13                  THE FACILITIES WORKING GROUP IN A POSITION OF  
14                  RECOMMENDING TO YOU SPECIFIC POLICIES THAT ARE  
15                  DISCRETIONARY TO YOU.

16                  AND THEN THIRDLY, THERE IS ALSO THE STAFF OR  
17                  CIRM PRESIDENT'S RECOMMENDATIONS AS WILL BE PRESENTED  
18                  LATER BY DR. MURPHY.

19                  LET ME GO THROUGH THE SPECIFIC AREAS HERE THAT  
20                  I JUST REVIEWED. WITH RESPECT TO THE PROVISIONS APPLYING  
21                  TO PROPOSITION 71, YOU WILL SEE THAT IT CALLS FOR  
22                  SPECIFIC REQUIREMENTS RELATED TO BEING NONPROFIT, THAT A  
23                  GOAL BE ESTABLISHED FOR CALIFORNIA SUPPLIERS THAT WORKERS  
24                  BE PAID PREVAILING WAGE, THAT FACILITIES HAVE A  
25                  20-PERCENT MATCHING REQUIREMENT FROM THE INSTITUTION, AND

## BARRISTERS' REPORTING SERVICE

1 THAT THERE BE A PRIORITY CONSIDERATION FOR PROJECTS THAT  
2 ARE COMPLETED WITHIN TWO YEARS.

3 THE RECOMMENDATIONS FROM YOUR FACILITIES  
4 WORKING GROUP, WHICH MET YESTERDAY, IS WHAT I REVIEW NOW.  
5 I WANT TO MAKE SURE THAT YOU'RE AWARE OF THE FACT THAT,  
6 IN ADDITION TO THE MATERIAL THAT YOU RECEIVED IN YOUR  
7 PACKET IN SECTION 7, THERE IS ALSO AN ADDENDUM REFLECTING  
8 CHANGES THAT WERE ADOPTED YESTERDAY BY THE FACILITIES  
9 WORKING GROUP IN THE FRONT LEAF OF THE BINDER AND SHOULD  
10 BE TITLED AS SUCH. SO AGENDA ITEM 7 A AMENDMENT.

11 THE REQUIREMENTS THAT HAVE BEEN ESTABLISHED BY  
12 THE -- RECOMMENDED, RATHER, BY THE FACILITIES WORKING  
13 GROUP CONSIST OF MATCHING FUNDS BEING LIMITED TO CASH  
14 CONTRIBUTIONS TO THE PROJECT. AND THIS LEADS TO REALLY A  
15 CONCEPT OF PROJECT LEVERAGE, AND I'LL GET INTO MORE  
16 DETAIL ABOUT PROJECT LEVERAGE LATER. BUT IT BASICALLY IS  
17 UNDER -- IT ESTABLISHES THE NOTION THAT ALL THE  
18 CONTRIBUTIONS TO THE PROJECT THAT ARE BEYOND THE  
19 20-PERCENT CASH MATCH WILL BE CONSIDERED PROJECT LEVERAGE  
20 AND BE CONSIDERED IN THE EVALUATION OF PROPOSALS.

21 THERE'S ALSO A PROVISION THAT ESTABLISHES SPACE  
22 WILL BE USED FOR STEM CELL RESEARCH FOR AT LEAST TEN  
23 YEARS, AND THIS IS SECTION F. IT WAS MODIFIED FOR  
24 CLARITY AND TO GIVE SOME FLEXIBILITY IN THE VERSION THAT  
25 WAS ADOPTED LAST NIGHT.

## BARRISTERS' REPORTING SERVICE

1           IN ADDITION, BY VIRTUE OF THE SUBSTANTIAL  
2           INVESTMENT BY THE STATE OF CALIFORNIA IN THESE  
3           FACILITIES, THE FACILITIES WORKING GROUP RECOMMENDS A  
4           PROVISION TO ENSURE THAT CIRM RECEIVES RECOGNITION IN THE  
5           NAMING OF THESE FACILITIES AND IS ABLE TO PARTICIPATE IN  
6           CEREMONIES CONCERNING THESE FACILITIES. AND THAT ALSO IS  
7           A SUBJECT OF SECTION F REVISIONS.

8           SOME OF THE OTHER ISSUES RECOMMENDED BY THE  
9           FACILITIES WORKING GROUP, IF THE TWO-YEAR PREFERENCE THAT  
10          WAS NOTED IN PROP 71 IS REQUESTED, A PRIORITY  
11          CONSIDERATION, THERE WILL HAVE TO BE SOME PENALTY  
12          ASSESSED IN THE EVENT THAT COMPLETION IS NOT ACCOMPLISHED  
13          AS STATED IN THE APPLICATION. SO WE HAVE INCLUDED A  
14          PROVISION TO DEAL WITH THAT.

15          AND THEN THERE ARE ISSUES ABOUT HOW PAYMENTS  
16          WILL BE MADE TO THE INDIVIDUAL GRANTEES, AND THERE'S  
17          TECHNICAL AND FINANCIAL ISSUES ASSOCIATED WITH OUR  
18          ABILITY TO REQUEST PROGRESS REPORTS AND TO CONDUCT  
19          POSTAUDITS.

20          ONCE THE GAP REVISIONS ARE APPROVED BY THE  
21          ICOC, THEY ARE ADOPTED INTO CALIFORNIA CODE OF  
22          REGULATIONS. BEFORE I GO TO THE FINAL, I WANT TO MAKE  
23          SURE THAT I SAID I WAS GOING TO REVIEW SOMEWHAT THE  
24          CALCULATION OF LEVERAGE. WE WANTED TO MAKE SURE YOU HAD  
25          A FIRM UNDERSTANDING OF THIS.



## BARRISTERS' REPORTING SERVICE

1                   SO JUST IN TWO SLIDES I WANT TO EXPLAIN A  
2 THEORETICAL EXAMPLE. IN THIS CASE, IF THE CONSTRUCTION  
3 COSTS WERE TO BE \$65 MILLION AND FUNDS THAT WERE BUDGETED  
4 FOR FEES AND ADMINISTRATION 11, EQUIPMENT 14 MILLION WITH  
5 A CONTINGENCY OF 5, THERE WOULD BE A TOTAL PROJECT COST  
6 OF \$95 MILLION. WE WOULD THEN PROCEED TO CALCULATE THE  
7 LEVERAGE ASSOCIATED WITH THIS BUDGET FOR THE FACILITY.  
8 AND THAT CALCULATION WOULD TAKE THE 95 MILLION AND SAY  
9 PRESUMING THAT CIRM WAS FUNDING 40 MILLION OF THE 95,  
10 THERE WOULD HAVE TO BE MATCHING FUNDS OF 8 MILLION,  
11 LEAVING LEVERAGE FUNDS OF 47 MILLION.

12                   THERE'S A PROVISION RECOMMENDED BY THE  
13 FACILITIES WORKING GROUP THAT SAYS THAT THE AMOUNT OF  
14 LEVERAGE, HOWEVER, SHOULD NOT INCLUDE AN EXCESSIVE AMOUNT  
15 FOR DESIGN FEES WHERE INSTITUTIONS SPEND WHERE IN THEIR  
16 JUDGMENT THEY MAY BE SPENDING TOO MUCH MONEY ON THE  
17 ADMINISTRATION OR DESIGN FEES OF A FACILITY. SO THEY  
18 HAVE LIMITED OR RECOMMENDED IN THE PROVISIONS FOR YOU TO  
19 APPROVE THAT THE ADMINISTRATIVE FEES BE LIMITED TO 10  
20 PERCENT OF THE CONSTRUCTION AMOUNT, EXCLUDING AMOUNTS  
21 BUDGETED FOR STRUCTURAL ENGINEERING OR SEISMIC SAFETY  
22 CONSIDERATIONS IN THE FEES.

23                   SO IN THIS LITTLE CALCULATION, THE FEES ARE 11,  
24 I'M ASSUMING THAT THE EXCLUDED AMOUNT IS 2 MILLION,  
25 LEAVING THE BUDGET PROPOSAL AT 9 MILLION. WHEN WE LOOK

## BARRISTERS' REPORTING SERVICE

1 BACK AT THE CONSTRUCTION COSTS OF 65 MILLION, 10 PERCENT  
2 OF THAT WOULD ALLOW 6.5 MILLION, SO THERE'S AN ADJUSTMENT  
3 HERE IN THE LEVERAGE CALCULATION TO SAY THAT 2.5 MILLION  
4 OF BUDGETED FEES AND ADMINISTRATION WILL NOT BE  
5 CONSIDERED, SO THE NET LEVERAGE IS 44.5 MILLION, WHICH IS  
6 ESSENTIALLY THAT WHICH CIRM IS RECOGNIZING OVER AND ABOVE  
7 THE MATCHING FUNDS.

8 IF WE EXPRESS THAT AS A RATIO BETWEEN THE  
9 AMOUNT OF FUNDS PROVIDED IN THE LEVERAGE BY THE APPLICANT  
10 AND THE AMOUNT OF FUNDS PROVIDED BY CIRM, THEN THAT WOULD  
11 BE A 1.11-TO-1 RATIO HERE. SO IT JUST CAME OUT THAT WAY  
12 IN THE EXAMPLE.

13 CHAIRMAN KLEIN: AND, RICK, JUST SO EVERYONE  
14 UNDERSTANDS, FOR THE BENEFIT OF CALIFORNIA TAXPAYERS AND  
15 PATIENTS, OUR GROSS LEVERAGE IS REALLY APPROXIMATELY 130  
16 PERCENT BECAUSE YOU WOULD ADD BACK THE MATCHING FUNDS AS  
17 WELL TO GET TO GROSS LEVERAGE. SO NET LEVERAGE IS  
18 CONSIDERED AFTER THE MANDATORY 20 PERCENT, AND THE GROSS  
19 LEVERAGE, YOU WOULD ADD IT BACK.

20 DR. LEVEY: CAN WE GET THIS ON A PIECE OF PAPER  
21 SO WE CAN MAYBE TRY TO RATIONALIZE THROUGH ALL OF THIS?  
22 NOT THAT IT --

23 MR. KELLER: THIS PARTICULAR EXAMPLE? ALL OF  
24 OUR SLIDE DECKS ARE POSTED ON THE INTERNET AFTER THE  
25 MEETING, AND SO WE WILL MAKE SURE THAT THAT'S AVAILABLE

## BARRISTERS' REPORTING SERVICE

1 TO ANYONE WHO WANTS TO TAKE A LOOK AT IT. AND WE HAVE A  
2 SHORT EXAMPLE OF IT IN THE APPENDIX.

3 DR. PIZZO: MR. CHAIRMAN.

4 CHAIRMAN KLEIN: YES, DR. PIZZO.

5 DR. PIZZO: THANK YOU FOR THAT PRESENTATION. I  
6 HAVE THREE OR SO QUESTIONS THAT ARE JUST CLARIFICATIONS,  
7 I HOPE. THE FIRST IS WITH REGARD TO MATCHING FUNDS,  
8 WHICH I THINK SOME DEFINITION ABOUT WOULD BE HELPFUL.  
9 I'M INTERPRETING THIS AS EITHER FUNDS THAT COME FROM  
10 PHILANTHROPY OR FROM INSTITUTIONAL MATCH IN SOME WAYS.  
11 SO YOU'RE TALKING ABOUT INSTITUTIONAL RESOURCES. IS THAT  
12 CORRECT?

13 MR. KELLER: YES. THE MATCHING FUNDS ARE  
14 INTENDED TO BE A CASH CONTRIBUTION TO THE PROJECT.

15 DR. PIZZO: SO THEN I WANT TO FURTHER, THEN,  
16 CLARIFY THE ISSUE OF THE CASH CONTRIBUTION. AND, AGAIN,  
17 THIS MAY BE JUST A NUANCE QUESTION. THINKING ABOUT HOW  
18 VARIOUS INSTITUTIONS DO THIS, I'LL SPEAK SPECIFICALLY,  
19 WHEN ONE GETS A LARGE CAPITAL GIFT, FOR EXAMPLE, IT'S  
20 OFTEN PAID AS A PLEDGE OVER A NUMBER OF YEARS. SO WHEN  
21 WE'LL THINK ABOUT EITHER DOES THE PLEDGE COUNT OR IS IT A  
22 MATTER OF BACKSTOPPING THE PLEDGE THAT YOU'RE LOOKING AT?  
23 IS THAT --

24 MR. KELLER: OUR APPROACH TO THIS IS TO REQUEST  
25 AS PART OF THE APPLICATION A FUNDS FLOW STATEMENT OR

## BARRISTERS' REPORTING SERVICE

1 DRAW-DOWN SCHEDULE.

2 DR. PIZZO: OKAY.

3 MR. KELLER: SO THAT WE CAN UNDERSTAND THE FLOW  
4 OF FUNDS, BUT OUR PRESUMPTION IS THAT --

5 DR. PIZZO: BECAUSE THAT'S HOW WE WOULD TAKE  
6 CARE OF IT INSTITUTIONALLY.

7 THE SECOND IS WITH REGARD TO THE ISSUE OF  
8 CEREMONIES IN NAMING OPPORTUNITIES. OBVIOUSLY THIS IS  
9 VERY IMPORTANT, AND I THINK VERY APPROPRIATE FOR THERE TO  
10 BE RECOGNITION THESE FACILITIES. BUT I WANT TO ALSO  
11 UNDERSTAND A LITTLE BIT FURTHER WHAT THAT MEANS IN TERMS  
12 OF HOW WE HANDLE NAMING OPPORTUNITIES. SO THAT'S GOING  
13 TO VARY DEPENDING UPON THE INSTITUTION.

14 IN OUR OWN INSTITUTION, NAMING OPPORTUNITIES  
15 ARE USUALLY SET AT ABOUT HALF THE COST OF THE BUILDING.  
16 SO, YOU KNOW, IN THIS EXAMPLE IT WOULD BE, YOU KNOW,  
17 POTENTIALLY A \$50 MILLION OPPORTUNITY, SO TO SPEAK.

18 WE'RE OUT RAISING MONEY FOR BUILDINGS, ALL OF  
19 US IN DIFFERENT WAYS, AND WE'RE SEEKING OFTEN NAMING  
20 DONORS FOR THEM. SO I THINK UNDERSTANDING HOW THAT'S  
21 GOING TO APPLY SO THAT WE CAN MERGE THESE IN A WAY THAT  
22 WILL ALLOW US TO GET THESE NAMING GIFTS, BUT ALSO PROVIDE  
23 VALUE TO THE STATE FOR ITS CONTRIBUTIONS WILL BE  
24 IMPORTANT AS WELL. HAS THE COMMITTEE THOUGHT THROUGH  
25 THAT ISSUE AS WELL?

## BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: PHIL, DID YOU HAVE A  
2 CHANCE TO LOOK AT THE -- THERE WAS A DISCUSSION LAST  
3 NIGHT ON THAT VERY ISSUE.

4 DR. PIZZO: OKAY.

5 MR. SERRANO-SEWELL: AND THIS LANGUAGE FOR  
6 SECTION G 2 HAD TO BE MASSAGED A LITTLE BIT.

7 DR. PIZZO: OKAY. LET ME JUST --

8 MR. SERRANO-SEWELL: IT WAS AN ISSUE THAT DUANE  
9 ROTH AND OTHER MEMBERS OF THE PUBLIC HAD RAISED, AND LAST  
10 NIGHT MR. KELLER AND DR. MURPHY WORKED ON THIS REVISED  
11 LANGUAGE. AND I HOPE IT ADDRESSES THE BALANCE THAT NEEDS  
12 TO HAPPEN BETWEEN THE CIRM CONTRIBUTION AND ANY  
13 THIRD-PARTY DONORS YOU MIGHT GET. I HOPE THIS CAPTURES,  
14 YOU KNOW, THE BALANCING THAT NEEDS TO HAPPEN.

15 DR. PIZZO: IT'S A DIFFICULT BALANCING ACT, AS  
16 YOU KNOW.

17 MR. SERRANO-SEWELL: I DON'T THINK ANYONE  
18 INTENDS TO INTERFERE WITH AN INSTITUTION'S OBJECTIVES IN  
19 RAISING MONEY AND THE SORT OF THINGS THAT ANY GIVEN  
20 INSTITUTION NEEDS TO DO, BUT I THINK COMMON SENSE SHOULD  
21 PREVAIL IN THIS ONE, YOU KNOW.

22 DR. PIZZO: RIGHT. RIGHT.

23 MR. SERRANO-SEWELL: AND IF THERE ARE ANY  
24 QUESTIONS, AN INSTITUTION CAN SUBMIT IT TO THE  
25 PRESIDENT'S OFFICE --

## BARRISTERS' REPORTING SERVICE

1 DR. PIZZO: THAT'S FINE. AND I AGREE WITH  
2 THAT.

3 MR. SERRANO-SEWELL: -- TO GET IT RESOLVED.

4 DR. PIZZO: SO I HAVE ONE LAST QUESTION, THEN  
5 I'LL PASS THE MICROPHONE, WHICH IS WITH REGARD TO THE  
6 TIME TO COMPLETION. AND MAYBE THIS IS COVERED BY THE  
7 STATEMENT THAT IT WOULD HAVE A PRESIDENTIAL REVIEW.  
8 CLEARLY WE ALL WANT TO GET THESE FACILITIES COMPLETED  
9 RAPIDLY AND ON TIME, BUT THERE IS A SCALING EFFECT AS  
10 WELL, COMPLETING A SMALL FACILITY AS COMPARED TO A VERY  
11 LARGE ONE, YOU KNOW, BY DEFINITION MAY TAKE MORE TIME.

12 AND THE SECOND IS I'M A LITTLE CONCERNED ABOUT  
13 THE RECOMMENDATION THAT WE USE EXPEDITED SUPPLY LINKS AND  
14 THE LIKE BECAUSE THOSE ARE GOING TO BE MORE EXPENSIVE.  
15 AND WE ALL RECOGNIZE HOW HARD IT IS TO BRING RESOURCES TO  
16 COMPLETING A FACILITY, AND I THINK WE WANT TO BALANCE THE  
17 COST, YOU KNOW, OVER THE TOTAL COST VERSUS THE WAY WE  
18 GENERATE THE FUNDS TO PAY FOR THOSE TOTAL COSTS.

19 SO CLEARLY OUR GOAL IS THE SAME AS YOURS. WE  
20 WANT THESE TO BE UP AS RAPIDLY AS POSSIBLE. I'D HATE TO  
21 SEE AN ADDITIONAL ESCALATOR GO INTO THE TOTAL COST OF THE  
22 BUILDINGS BECAUSE WE WERE USING A LOT OF OVERTIME AND  
23 RELATED ACTIVITIES BECAUSE THAT JUST MAKES THE FUNDING OF  
24 THE PROJECT ALL THE MORE DIFFICULT IN THE LONG RUN.

25 MR. KELLER: MY RESPONSE IS I THINK THE TWO ARE

## BARRISTERS' REPORTING SERVICE

1 VERY INTERRELATED, BUT I THINK THE GOVERNING ISSUE HERE  
2 IS THAT PROPOSITION 71 ESTABLISHES A RESPONSIBILITY THAT  
3 THERE IS AN URGENCY, AND THAT PROJECTS THAT WILL BE  
4 COMPLETED WITHIN TWO YEARS WILL RECEIVE PRIORITY. NOW,  
5 THAT DOESN'T MEAN THAT OTHERS CAN'T COMPETE BECAUSE, AS  
6 YOU SAY, I THINK IT'S IMPORTANT TO STRIKE A BALANCE  
7 BETWEEN THAT WHICH CAN BE ACHIEVED AND THE COST  
8 ASSOCIATED WITH THAT ON A REASONABLE BASIS OR  
9 INSTITUTIONAL BASIS.

10 AND SO I VERY MUCH THINK IT DEPENDS UPON THE  
11 APPLICANT TO TAKE RESPONSIBILITY FOR WHAT THAT BALANCE IS  
12 RATHER THAN CIRM BASICALLY MANDATING IT. SO I AGREE WITH  
13 YOUR PHILOSOPHY. I THINK IT'S PERMITTED WITHIN THE  
14 LANGUAGE.

15 DR. PIZZO: THE LANGUAGE THAT I SEE, AT LEAST  
16 ON -- IN THE RELEVANT SECTION IS AT THE COMPLETION OF THE  
17 PROJECT, THE PRESIDENT OF THE CIRM WILL REVIEW ANY DELAYS  
18 AND MAY ASSESS PENALTY IF THE PRESIDENT IN HIS OR HER  
19 SOLE DISCRETION DETERMINES THAT THE GRANTEE DID NOT USE  
20 BEST EFFORTS TO COMPLETE THE PROJECT, ETC., ETC. SO, YOU  
21 KNOW, IT SEEMS TO ME THAT THAT OFFERS AT LEAST SOME  
22 SUBJECTIVE EVALUATION BECAUSE WE WANT THESE THINGS TO GO  
23 AS RAPIDLY AS POSSIBLE, BUT ANYONE, ALL OF US HAVE BEEN  
24 INVOLVED IN BUILDING PROJECTS AND KNOW THE LIABILITIES  
25 ASSOCIATED WITH THAT.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN: THIS SPECIFIC QUESTION WAS  
2 RAISED IN THE FACILITIES COMMITTEE, AND DAVID, AS THE  
3 VICE CHAIR, IF YOU WILL PLEASE CORRECT IF YOU THINK THIS  
4 IS NOT A FULL SUMMARY, FULL, BUT TERSE SUMMARY OF THOSE  
5 THOUGHTS. ONE IS THAT THERE IS A PRIORITY FOR BUILDINGS  
6 TO BE COMPLETED WITHIN TWO YEARS. IT'S NOT TWO YEARS  
7 FROM THE DATE THE BOARD ACTS. IT'S TWO YEARS FROM NOTICE  
8 OF GRANT AWARD. SO IF THE BOARD WERE TO ACT IN APRIL,  
9 FOR EXAMPLE, AND THE GRANT AWARD WERE JULY, IT'S TWO  
10 YEARS FROM THAT CLOCK.

11                   NOW, IN THE APPLICATION THERE'S A REQUEST TO  
12 SUBMIT A CRITICAL PATH CHART. IF, IN FACT, THE  
13 INSTITUTION SUBMITS AND SAYS TWO YEARS FROM THE NOTICE OF  
14 GRANT AWARD, ABOUT TWO YEARS AND FOUR MONTHS FROM THE  
15 DATE OF THE BOARD APPROVAL, WE'RE GOING TO BE COMPLETE,  
16 SO WE WANT A PRIORITY AND WE WANT POINTS FOR THAT, THEN  
17 THEY'RE GOING TO BE GENERALLY HELD FORCE MAJEURE  
18 EXCEPTION, ETC., FOR CLAIMING THOSE POINTS. AND THAT'S  
19 THE CONTEXT.

20                   IF THEY SAY IT'S GOING TO TAKE US THREE YEARS,  
21 THEY'LL BE HELD ACCOUNTABLE FOR THREE YEARS. SO THEY'RE  
22 HELD ACCOUNTABLE FOR THEIR REPRESENTATIONS, KNOWING THAT  
23 THERE'S A PRIORITY FOR THOSE THAT ARE TWO YEARS FROM  
24 GRANT AWARD.

25                   DR. PIZZO: BUT I'M THINKING -- I THINK THAT



## BARRISTERS' REPORTING SERVICE

1 THAT'S HELPFUL, BUT, YOU KNOW, IF YOU'RE WORKING ON A  
2 BUILDING THAT IS SMALLER VERSUS VERY LARGE, YOU KNOW,  
3 THAT HAS AN IMPACT UPON HOW FAST YOU CAN GET IT DONE. SO  
4 GOING FROM ARCHITECTURAL DESIGN, I MEAN THERE'S ALL THESE  
5 ELEMENTS THAT WE ALL UNDERSTAND, YOU KNOW, THROUGH THE  
6 SITE APPROVALS AND THE LIKE TO ACTUAL CONSTRUCTION DATE  
7 WILL BE INFLUENCED BY THE MAGNITUDE OR SIZE OF THE  
8 BUILDING.

9 IS THERE SOME WAY OF THINKING ABOUT THAT SO  
10 THAT THERE IS SOME ACCOMMODATION TO THAT?

11 CHAIRMAN KLEIN: I THINK THE BOTTOM LINE IS GET  
12 A HIGHER SCIENCE SCORE BECAUSE THIS IS ALL -- THIS ALL  
13 GETS BALANCED IN THE RECOMMENDATIONS, BUT BASICALLY THE  
14 INITIATIVE IS QUITE SPECIFIC TO GIVE A PRIORITY FOR THOSE  
15 COMPLETED WITHIN TWO YEARS BECAUSE OF THE NECESSITY OF  
16 GETTING THIS CAPACITY ONLINE. SO AN ENTITY MAY HAVE  
17 HIGHER LEVERAGE, IT MAY HAVE A HIGHER SCIENCE SCORE, IT  
18 MAY HAVE A NUMBER OF CONTRIBUTORS TO BEING COMPETITIVE  
19 EVEN THOUGH IT'S NOT MEETING THE TWO YEARS.

20 BUT I WOULD ALSO SUGGEST THAT THE -- IF YOU  
21 LOOK AT THE CHINESE STEEL MARKETS AND PROJECT THE DEMAND  
22 LEVELS --

23 DR. PIZZO: I KNOW. I UNDERSTAND. THE PRICES  
24 ARE ONLY GOING UP. I KNOW. WE'RE RESERVING STILL FOR  
25 OTHER PROJECTS RIGHT NOW. I UNDERSTAND THE PROBLEM, BUT

## BARRISTERS' REPORTING SERVICE

1 I'M JUST REALLY TRYING TO BE VERY SORT OF THOUGHTFULLY  
2 PRACTICAL ABOUT THIS SO THAT WE DON'T GET BOXED IN.  
3 MAYBE IT'S SORT OF THE A PERSONALITY AND YOU LIKE TO GET  
4 THE BEST IN EVERY SCORE, NOT JUST ONE, TO ACCOMMODATE,  
5 BUT I DO THINK THIS IS AN IMPORTANT ISSUE AND I HOPE  
6 THERE WILL BE CONSIDERATION.

7 CHAIRMAN KLEIN: I'D LIKE TO CALL ON THE VICE  
8 CHAIR, AND THEN WE HAVE TWO COMMENTS.

9 MR. SERRANO-SEWELL: I'D DEFER MY COMMENTS.

10 CHAIRMAN KLEIN: THEN DR. CHANDLER HAS A  
11 COMMENT. SO DAVID SERRANO-SEWELL IS HOLDING HIS  
12 COMMENTS. DR. CHANDLER HAS BEEN VERY PATIENT. DR.  
13 CHANDLER.

14 DR. CHANDLER: ACTUALLY WHAT I'D LIKE TO DO IS  
15 GO BACK TO THE QUESTION ON THE MATCHING. I'M NOT SURE  
16 THAT I UNDERSTOOD, BUT I THOUGHT THAT YOU'VE SAID THAT  
17 MONEY COULD BE PLEDGED, IRREVOCABLE PLEDGES WERE  
18 ACCEPTABLE, WHICH I THINK IS IMPORTANT WHEN IT'S A FAIRLY  
19 LARGE CHUNK OF MONEY. THAT BEING SAID THOUGH, I DIDN'T  
20 UNDERSTAND HOW THAT FITS WITH THE IDEA THAT THE MATCHING  
21 MONEY HAS TO BE SPENT FIRST BEFORE THE CIRM MONEY COMES  
22 IN.

23 MR. SERRANO-SEWELL: WHAT'S UNCLEAR ABOUT THAT?

24 DR. CHANDLER: WHAT'S UNCLEAR ABOUT IT IS  
25 YOU'RE ASKING ME IS THAT IF IT'S A -- UNLESS THE

## BARRISTERS' REPORTING SERVICE

1 ORGANIZATION IS GOING TO DO IT, BUT IF SOMEONE SAYS WE'RE  
2 GOING TO GIVE IT TO YOU OVER THREE YEARS, AND WE'RE GOING  
3 TO GIVE YOU 20 MILLION OVER THREE YEARS OR WHATEVER --

4 MR. SERRANO-SEWELL: CASH FLOW STATEMENT IN THE  
5 APPLICATION.

6 MR. KELLER: AND THAT WOULD BE A BACKSTOP  
7 CIRCUMSTANCE THAT YOU JUST DESCRIBED.

8 DR. CHANDLER: AND SO IT WOULD HAVE TO BE THAT  
9 ESSENTIALLY, THEN, THE INSTITUTION WOULD HAVE TO DO THE  
10 BACKSTOP?

11 MR. KELLER: RIGHT. BUT I GUESS I WAS MAKING A  
12 DISTINCTION BETWEEN HAVING CASH THE FIRST DAY OF THE  
13 PROJECT APPROVAL VERSUS THE CASH AS IT'S NEEDED BASED ON  
14 A FUNDS FLOW STATEMENT OF PROGRESS PAYMENTS. IF YOU HAD  
15 A THREE-YEAR GIFT, THEN CLEARLY IF THAT ISN'T GOING TO  
16 PROVIDE THE CASH, THEN THERE'S GOING TO BE A BACKSTOP  
17 SOURCE.

18 DR. CHANDLER: SO YOU HAVE TO BE ABLE TO DO  
19 THAT THEN?

20 DR. PIZZO: I THINK, IN FACT, I'M SURE THIS IS  
21 TRUE AT EVERY INSTITUTION, BUT WE WOULD NOT BE ALLOWED TO  
22 START A PROJECT UNLESS WE HAD A CASH FLOW MODEL THAT  
23 SHOWED EVERYTHING WAS THERE WHEN THE PROJECT STARTED. SO  
24 I'M SURE THAT'S GOING TO BE A PRACTICAL ISSUE FOR ALL OF  
25 US.

## BARRISTERS' REPORTING SERVICE

1           MR. KELLER:   AND ONE OTHER POINT I WANTED TO  
2   CLARIFY ABOUT DR. PIZZO'S COMMENT ABOUT THE PREFERENCE OR  
3   THE PRIORITY.   IT MIGHT BE IMPORTANT TO KEEP IN MIND THAT  
4   THE WAY WE'VE STRUCTURED THE RFA, THAT THERE ARE THREE  
5   TIERS OF FUNDING, THREE TIERS, THE XYZ, THE XY AND THE  
6   YZ'S, AND THE X, Y, OR Z'S.   AND SO EACH OF THOSE WILL  
7   COMPETE AS AN INDIVIDUAL STRATA, IF YOU WILL.   SO SOMEONE  
8   WHO'S GOT A SMALL \$5 MILLION PROJECT THAT COULD POSSIBLY  
9   COULD GET DONE IN TWO YEARS IS NOT COMPETING WITH THE  
10  LARGER PROJECTS.

11           CHAIRMAN KLEIN:   I HAVE --

12           DR. BRYANT:   I CHANGED MY MIND.

13           CHAIRMAN KLEIN:   DUANE ROTH.

14           MR. ROTH:   I JUST WANTED TO FOLLOW UP BECAUSE I  
15  SUSPECT WHAT YOU ARE GOING TO GET IS EVERYBODY IS GOING  
16  TO SUBMIT A TWO-YEAR PLAN.   AND I THINK WHAT DR. PIZZO IS  
17  SAYING IS THAT IT'S LIKELY THAT THOSE BIG FACILITIES ARE  
18  GOING TO GO BEYOND THAT TWO-YEAR PLAN.   AND SO I'M  
19  COMFORTABLE THAT THE PRESIDENT CAN USE DISCRETION HERE,  
20  AND I WANT TO MAKE SURE THAT'S THE INTENT OF THE WAY IT'S  
21  WRITTEN IS THAT UNDERSTANDING THAT THERE WILL BE  
22  CONSIDERATION FOR OVERRUNS.   I DOUBT THAT YOU ARE GOING  
23  TO GET ANYBODY THAT SAYS IT'S GOING TO BE FOUR YEARS TO  
24  GET THE BUILDING UP BECAUSE THEY'RE GOING TO WANT THOSE  
25  POINTS.

## BARRISTERS' REPORTING SERVICE

1 MR. KELLER: I THINK THE SENTIMENT OF THE  
2 FACILITIES WORKING GROUP, AFTER MORE THAN TEN HOURS OF  
3 PUBLIC MEETINGS AND DISCOURSE ABOUT THE MAJOR FACILITIES  
4 GRANT, WAS THAT IF PRIORITY WAS GOING TO BE PROVIDED,  
5 THERE HAD TO BE A MECHANISM TO HOLD THOSE FOLKS WHO  
6 REQUESTED IT ACCOUNTABLE FOR THE SCHEDULE THAT THEY  
7 SUBMIT, OR ELSE IT WOULD JUST BE MEANINGLESS IN TERMS OF  
8 PROVIDING THE PRIORITY. SO I THINK THE LANGUAGE WAS  
9 INTENDED TO AT LEAST SAY THERE IS A PENALTY, BUT CLEARLY  
10 IF IT'S DELAYS THAT ARE UNAVOIDABLE, THE PRESIDENT CAN  
11 MAKE A JUDGMENT.

12 CHAIRMAN KLEIN: THERE'S THE OTHER POINT AS  
13 WELL THAT IF YOU'RE COMPETING IN A CATEGORY WITH VERY  
14 LARGE FACILITIES, NONE OF WHICH CAN GET DONE WITHIN TWO  
15 YEARS, THEY'RE COMPETING IN A CATEGORY WHERE YOU'RE ALL  
16 PROPOSING THREE YEARS OR SOMETHING, BUT IF YOU'RE  
17 COMPETING IN A CATEGORY THAT CAN GET DONE IN TWO YEARS,  
18 IF YOU DON'T HAVE THAT PRIORITY, YOU'VE GOT A  
19 DISADVANTAGE.

20 MR. ROTH: BUT MY POINT IS I DOUBT THAT YOU'RE  
21 GOING TO SEE ANYBODY WITH A THREE-YEAR PROGRAM IF IT  
22 COUNTS. DON'T YOU EXPECT THAT ALL OF THEM WILL COME IN  
23 WITHIN THE DEADLINE?

24 CHAIRMAN KLEIN: I WOULD HOPE THAT AS MANY AS  
25 CAN LEGITIMATELY CREATE AN AGGRESSIVE PROGRAM FOR

## BARRISTERS' REPORTING SERVICE

1 CONSTRUCTION WILL, AND THOSE THAT FACE THE REALITIES THAT  
2 THEY CAN'T DELIVER IN THAT TIME PERIOD WILL FACE UP TO  
3 THAT REALITY IN THEIR SCHEDULE THEY PROPOSE. BUT  
4 CERTAINLY FOLLOWING THE INITIATIVE, WE WOULD ENCOURAGE  
5 AND THE SYSTEM ENCOURAGES INDIVIDUAL INSTITUTIONS TO  
6 CREATE A PROGRAM FOR FAST-TRACK CONSTRUCTION.

7 ADDITIONAL COMMENTS? YES, DR. STEWARD.

8 DR. STEWARD: THIS IS ACTUALLY WITH REGARD TO  
9 SECTION F.

10 CHAIRMAN KLEIN: IS YOUR MICROPHONE ON THERE?

11 DR. STEWARD: NO. 6. THIS IS WITH REGARD TO  
12 SECTION F, AND I HAVE A QUESTION AND A COMMENT, I GUESS,  
13 ABOUT THE LANGUAGE. THE PART OF THE THING THAT PROP 71  
14 IS MEANT TO OVERCOME IS THE ARTIFICIAL  
15 COMPARTMENTALIZATION OF STEM CELL ACTIVITIES BASED ON  
16 FEDERAL REGULATIONS. AND SAYING THAT THESE FACILITIES  
17 ARE INTENDED TO HAVE AS ACTIVITIES FUNDED BY CIRM COULD  
18 BE INTERPRETED AS --

19 MR. KELLER: ARE YOU WORKING FROM THE ADDENDUM?

20 DR. STEWARD: NO.

21 MR. KELLER: SO THAT VERY POINT, DR. STEWARD,  
22 WAS EXACTLY THE POINT THAT WE ADDRESSED IN THE ADDENDUM,  
23 WHICH IS TO MAKE IT BROAD AND TO UNDERSTAND THAT IT'S NOT  
24 JUST CIRM-FUNDED, BUT OTHER SOURCES.

25 DR. STEWARD: I THINK THAT SOLVES IT. LET ME

## BARRISTERS' REPORTING SERVICE

1 THINK ABOUT IT.

2 CHAIRMAN KLEIN: ALL RIGHT. WE HAD A VERY GOOD  
3 DISCUSSION OF THESE POINTS. DR. HENDERSON.

4 DR. HENDERSON: DO WE NEED APPROVAL OF THIS?

5 CHAIRMAN KLEIN: WE NEED APPROVAL OF THIS.

6 DR. HENDERSON: I SO MOVE.

7 CHAIRMAN KLEIN: MOVED AND IS THERE A SECOND?

8 MR. ROTH: SECOND.

9 CHAIRMAN KLEIN: SECOND BY DUANE ROTH. I'D  
10 LIKE TO ASK IF THERE'S PUBLIC COMMENT. SEEING NO PUBLIC  
11 COMMENT, CALL THE QUESTION. ALL IN FAVOR. OPPOSED?  
12 MOTION PASSES.

13 IF WE COULD PROCEED, DR. MURPHY, TO PART B.

14 MS. PACHTER: MR. CHAIR.

15 CHAIRMAN KLEIN: YES.

16 MS. PACHTER: FOR THE BENEFIT OF THOSE MEMBERS  
17 WHO ARE RECUSED, I'D JUST LIKE TO LIST THE MEMBERS WHO  
18 MAY PARTICIPATE IN THE DISCUSSION AND VOTING ON ITEM 7 B,  
19 WHICH DR. MURPHY IS ABOUT TO PRODUCE, SO EVERYBODY IS  
20 CLEAR.

21 CHAIRMAN KLEIN: IF YOU WOULD PROCEED.

22 MS. PACHTER: MICHAEL GOLDBERG, DR. LEVY, NOT  
23 DR. LEVEY, TINA NOVA IS NOT HERE, DR. PRIETO, DUANE ROTH,  
24 DAVID SERRANO-SEWELL, JON SHESTACK IS NOT HERE, AND  
25 DR. WRIGHT, AND BOB KLEIN.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ALL RIGHT. DR. MURPHY.

2 DR. MURPHY: MR. CHAIRMAN, I LOOK FORWARD TO  
3 SPEAKING TO A VERY SMALL GROUP OF ICOC MEMBERS. THIS  
4 ITEM 7 B IS NOW PART OF CHAPTER 5 OF THE GRANT WORKING  
5 GROUP'S RECOMMENDATIONS. AND THIS IS A VERY -- THE WHOLE  
6 THING IS VERY DIFFICULT, AND I JUST WANT TO THANK DAVID  
7 AND THE OTHER MEMBERS OF THE GRANTS WORKING GROUP FOR  
8 REALLY A HEROIC EFFORT IN PUTTING THESE REGULATIONS  
9 TOGETHER.

10 THE REGULATION WE'RE GOING TO BE TALKING ABOUT  
11 IS IN YOUR BINDER. IT'S THE LAST PAGE IN 7 B. AND WHAT  
12 THIS PAGE DEALS WITH IS THE RECOMMENDATIONS WE ARE MAKING  
13 THAT ENSURE THAT RESEARCH INSTITUTES THAT ARE FUNDED WITH  
14 CIRM MONEY WILL BE PAID ONCE FOR THE COST OF DOING THAT  
15 RESEARCH, BUT WILL NOT BE PAID TWICE.

16 IF WE LOOK AT SLIDE ONE, UNDER PROPOSITION 71  
17 AND THE GAP, THE CIRM WILL PAY FACILITIES DIRECT COSTS  
18 AND IT PAYS THESE COSTS IN TWO WAYS, WHAT WE CALL  
19 FACILITIES DIRECT A, WHICH PAYS FOR OPERATIONS,  
20 MAINTENANCE, AND LIBRARY COSTS, AND FACILITIES DIRECT B,  
21 WHICH PAYS FOR THE COSTS OF SPACE UTILIZATION.

22 NOW, THE PROPOSAL IN FRONT OF YOU DOES NOT  
23 AFFECT FACILITIES A, OPERATIONS, MAINTENANCE, LIBRARIES.  
24 IN FACT, THOSE PAYMENTS ARE DICTATED BY THE OVERHEAD  
25 PAYMENTS THAT ARE ALREADY NEGOTIATED WITH NIH. WHAT THIS



## BARRISTERS' REPORTING SERVICE

1 POLICY DOES IS AFFECT FACILITIES DIRECT B, WHICH IS THE  
2 COST OF SPACE UTILIZATION.

3 NOW, WHAT THIS MEASURE DOES IS IT SETS THE  
4 STANDARDS FOR THOSE INSTITUTIONS THAT ARE AWARDED A  
5 FACILITIES B -- SORRY -- ARE AWARDED A MAJOR FACILITIES  
6 GRANT. NOW, THE NEXT SLIDE WILL SHOW YOU THAT IN  
7 PARAGRAPH 1 OF THE PAGE BEFORE YOU, THAT PARAGRAPH  
8 INDICATES THAT COSTS FUNDED BY A CIRM FACILITIES OR  
9 INFRASTRUCTURE GRANT OR BY ANOTHER RESEARCH GRANT FROM  
10 ANY SOURCE ARE NOT FACILITIES COSTS TO BE PART OF THE  
11 CIRM RESEARCH GRANT. SO THAT IF FACILITIES MONIES ARE  
12 ALREADY BEING PROVIDED FROM CIRM OR ANYONE ELSE, CIRM  
13 WILL NOT COVER THOSE COSTS AGAIN.

14 IN THE NEXT PARAGRAPH, PARAGRAPH 2, IT TELLS  
15 YOU THAT THE CIRM FACILITY CAN ONLY BE USED FOR STEM CELL  
16 RESEARCH, AND WE TALK ABOUT THAT IN A BROAD SENSE BECAUSE  
17 WE RECOGNIZE THAT THERE WILL BE OTHER DISCIPLINES THAT  
18 WILL GO INTO DOING THE KIND OF STEM CELL RESEARCH WE NEED  
19 TO DO. AND IT ALSO INDICATES THAT INSTITUTIONS THAT  
20 RECEIVE A MAJOR FACILITIES GRANT MUST LOCATE THEIR CIRM  
21 RESEARCH-FUNDED ACTIVITIES IN THE CIRM-FUNDED FACILITIES  
22 AS DESCRIBED IN THEIR APPLICATIONS.

23 NOW, THAT DOES NOT MEAN THAT AN INVESTIGATOR  
24 CAN'T WORK IN AN ALREADY ESTABLISHED LAB ON A CIRM-FUNDED  
25 GRANT. WE ENCOURAGE THAT. BUT IF YOU DESCRIBE IN YOUR

## BARRISTERS' REPORTING SERVICE

1 APPLICATION THAT THERE IS GOING TO BE A CIRM-FUNDED  
2 RESEARCHER IN THAT BUILDING WITH CIRM FUNDING, YOU NEED  
3 TO DO THAT. SO WE DON'T WANT PEOPLE TO SAY THIS  
4 SCIENTIST IS GOING TO BE IN THE BUILDING IN THE  
5 APPLICATION; AND THEN WHEN THE BUILDING IS FUNDED, WE  
6 FIND OUT THAT THAT PERSON IS NOT IN THE BUILDING.

7 CHAIRMAN KLEIN: DR. MURPHY, BEFORE GOING ON,  
8 SINCE THAT'S SO IMPORTANT, MAYBE WE CAN JUST REEMPHASIZE  
9 THAT. AGAIN, IF SOMEONE HAS PROPOSED A GRANT AND THAT  
10 GRANT IS PROPOSED TO BE TAKING PLACE IN SOME OTHER  
11 BUILDING, THAT IS ACCEPTABLE. BUT IN THE COMPETITION FOR  
12 THE FACILITIES AWARD, IF THAT INSTITUTION PROPOSES THAT  
13 THAT SPECIFIC RESEARCH WILL TAKE PLACE IN THIS BUILDING,  
14 THEN THEY HAVE MADE A REPRESENTATION THAT THEY NEED TO  
15 FOLLOW THROUGH ON. RIGHT? OKAY.

16 DR. MURPHY: IN PARAGRAPH 3, WHAT THAT  
17 PARAGRAPH INDICATES IS THAT THOSE CIRM-FUNDED RESEARCH  
18 GRANTS THAT ARE LOCATED IN A CIRM-FUNDED FACILITY WILL  
19 NOT BE REIMBURSED FOR FACILITIES B COSTS. THEY WILL NOT  
20 RECEIVE THAT FUNDING, ALTHOUGH THEY WILL CONTINUE TO  
21 RECEIVE FACILITIES A COSTS. SO THIS ONLY AFFECTS THE B  
22 COSTS.

23 AND FINALLY, IN SLIDE 5 OR THE NEXT SLIDE,  
24 PARAGRAPH 4 INDICATES THAT REIMBURSEMENT OF FACILITIES  
25 PART B COSTS WILL RESUME WHEN THE SUM OF THE PART B COSTS

## BARRISTERS' REPORTING SERVICE

1 THAT ARE NOT REIMBURSED TO AN INSTITUTION AS JUST  
2 DESCRIBED EQUALS THE AMOUNT FUNDED BY THE MAJOR  
3 FACILITIES GRANT PLUS THE COST OF FUNDS. AND ONCE THIS  
4 THRESHOLD IS PASSED; I.E., THE MONEY IS PAID BACK, IN  
5 ESSENCE, THEN FACILITIES PART B COSTS WILL BE FULLY  
6 REIMBURSED TO INSTITUTIONS THAT RECEIVE A MAJOR  
7 FACILITIES GRANT.

8 SO THIS IS JUST DURING THAT PERIOD WHEN THOSE  
9 MONIES WOULD NOT HAVE -- ARE NOT PAID TO THEM. ONCE THAT  
10 CIRM CONTRIBUTION IS ACCOUNTED FOR, THEN FACILITIES B  
11 COSTS WOULD BE REIMBURSED.

12 MR. CHAIRMAN, I RECOMMEND THIS PROPOSAL FOR THE  
13 ICOC'S CONSIDERATION, AND WE ARE HAPPY TO ANSWER ANY  
14 QUESTIONS THAT MAY ARISE. DAVID.

15 MR. SERRANO-SEWELL: DR. MURPHY, IT'S MY --  
16 THIS IS A VERY COMPLICATED ISSUE, BUT IT'S MY  
17 UNDERSTANDING THAT YOU WORKED ON THIS AND YOU LED A  
18 DISCUSSION WITH OUR VICE CHAIRMAN, DR. PENHOET, OUR  
19 CHAIRMAN, MR. KLEIN, AND THERE WAS A FOURTH PERSON. WHO  
20 AM I FORGETTING?

21 DR. MURPHY: DR. TROUNSON WAS INVOLVED.

22 MR. SERRANO-SEWELL: YES, OF COURSE. DR.  
23 TROUNSON, OUR INCOMING PRESIDENT. THANK YOU. IN  
24 CRAFTING THIS LANGUAGE. SO IT NOT ONLY COMES WITH YOUR  
25 STRONG RECOMMENDATION, BUT HAD THE INPUT FROM YOUR

## BARRISTERS' REPORTING SERVICE

1 TRUSTED COLLEAGUES AND INCOMING PRESIDENT. IF THERE'S NO  
2 OTHER QUESTIONS, I'LL MAKE THE MOTION TO APPROVE IT.

3 CHAIRMAN KLEIN: SO DAVID SERRANO-SEWELL, IF  
4 YOU COULD MAKE A MOTION.

5 MR. SERRANO-SEWELL: SURE. I MOVE TO APPROVE  
6 THE AMENDMENTS TO CHAPTER 7, SECTION H, PARAGRAPH 4 OF  
7 THE GRANTS ADMINISTRATION POLICY FOR ACADEMIC AND  
8 NONPROFIT INSTITUTIONS.

9 DR. WRIGHT: SECOND.

10 CHAIRMAN KLEIN: SECOND BY DR. WRIGHT. IS  
11 THERE DISCUSSION BY THE BOARD? IS THERE DISCUSSION BY  
12 THE PUBLIC? I THINK THAT WE NEED A ROLL CALL VOTE HERE  
13 BECAUSE WE HAVE -- WE WANT TO VERIFY A COPY OF THE VOTE  
14 SO THAT WE CAN CONFIRM THE MEMBERS WHO VOTED.

15 MS. KING: MICHAEL GOLDBERG.

16 MR. GOLDBERG: YES.

17 MS. KING: BOB KLEIN.

18 CHAIRMAN KLEIN: YES.

19 MS. KING: MICHAEL LEVY.

20 DR. LEVY: YES.

21 MS. KING: FRANCISCO PRIETO.

22 DR. PRIETO: YES.

23 MS. KING: DUANE ROTH.

24 MR. ROTH: YES.

25 MS. KING: JANET WRIGHT.

**BARRISTERS' REPORTING SERVICE**

1 DR. WRIGHT: YES.

2 MS. KING: DAVID SERRANO-SEWELL.

3 MR. SERRANO-SEWELL: YES.

4 THAT MOTION CARRIES.

5 CHAIRMAN KLEIN: THAT MOTION CARRIES, AND I  
6 BELIEVE THAT DR. PENHOET WAS NOT CONSULTED ON THIS  
7 LANGUAGE WE HAVE BEFORE US BECAUSE HE DID NOT PARTICIPATE  
8 IN THAT DISCUSSION JUST FOR THE RECORD. SO THE OTHER  
9 MEMBERS ALL DID PARTICIPATE.

10 I WOULD LIKE TO GO ON TO ITEM 8, BUT I'M GOING  
11 TO GIVE THE DEDICATED BOARD AND PUBLIC A FIVE-MINUTE  
12 BREAK HERE.

13 (A RECESS WAS TAKEN.)

14 CHAIRMAN KLEIN: ALL RIGHT. WE WILL CONVENE  
15 HERE FOR ITEM NO. 8. MY UNDERSTANDING IS DR. PATRICIA  
16 OLSON IS GOING TO GUIDE US IN WHAT IS AN EXTRAORDINARY  
17 FIRST STEP ON A MAJOR INITIATIVE OF THIS BODY, ONE THAT  
18 IS EXTREMELY EXCITING WITH INCREDIBLE POTENTIAL FOR THIS  
19 INSTITUTION AND THE RESEARCH BEING CONDUCTED. DR.  
20 PATRICIA OLSON.

21 MS. OLSON: THANK YOU, MR. CHAIRMAN. BOARD  
22 MEMBERS, MEMBERS OF THE PUBLIC, TODAY I'D LIKE TO UPDATE  
23 YOU ON THE DISEASE TEAM INITIATIVE. THIS IS AGENDA ITEM  
24 NO. 8. AND I AM SPEAKING ON BEHALF OF DR. BETTINA  
25 STEFFEN, WHO IS LEADING THIS INITIATIVE, BUT WAS UNABLE

## BARRISTERS' REPORTING SERVICE

1 TO BRING US HERE TODAY OR BE WITH US TODAY.

2 EARLIER TODAY DR. CHIU PRESENTED TO YOU AN  
3 OUTLINE OF THE SCIENTIFIC PROGRAMS FOR THE UPCOMING YEAR.  
4 AMONG THESE ARE THOSE WHICH MARK OUR ENTRY INTO A NEW  
5 EXCITING PHASE. WE ARE BEGINNING TO FUND PROGRAMS THAT  
6 WILL HELP BRING STEM CELL THERAPIES TO THE CLINIC. ONE  
7 OF THESE PROGRAMS IS THE DISEASE TEAM INITIATIVE.

8 THE DIAGRAM YOU HAVE IN FRONT OF YOU ON THE  
9 SCREEN REPRESENTS THE PATH THAT A TYPICAL THERAPY WOULD  
10 TAKE FROM DISCOVERY FORWARD INTO CLINICAL TRIALS.

11 UNDERNEATH YOU SEE WHERE WE CONTEMPLATE THE  
12 SCOPE OF THE DISEASE TEAM INITIATIVE. TODAY WE WOULD  
13 LIKE TO ASK FOR YOUR APPROVAL FOR THE CONCEPT OF A  
14 DISEASE TEAM PLANNING GRANT. THE DISEASE TEAM INITIATIVE  
15 HAS THREE PARTS. IT HAS A WORKSHOP THAT WAS HELD IN JULY  
16 OF THIS YEAR. IT INCLUDES A PLANNING GRANT, THE CONCEPT  
17 OF WHICH WE'RE BRINGING FOR YOUR CONSIDERATION TODAY, AND  
18 IT HAS THE ACTUAL DISEASE TEAM GRANT, WHICH WE ANTICIPATE  
19 IN THE FALL OF NEXT YEAR.

20 THE PURPOSE OF THE WORKSHOP WAS TO ASSEMBLE  
21 RESEARCHERS AND REPRESENTATIVES OF OTHER FUNDING AGENCIES  
22 WHO HAVE HAD EXPERIENCE WITH TEAM-BASED PROJECTS AND HAVE  
23 THEM TALK TO US ABOUT WHAT WORKS AND PERHAPS, MORE  
24 IMPORTANTLY, WHAT HASN'T WORKED. WE ASKED ABOUT SCOPE,  
25 RESOURCES, FUNDING OF EFFECTIVE TEAMS, PROGRAM

## BARRISTERS' REPORTING SERVICE

1 MANAGEMENT, AND THE STRENGTHS AND WEAKNESSES OF THESE  
2 APPROACHES. WE PRESENTED THE FINDINGS FROM THE WORKSHOP  
3 TO OUR GRANTS WORKING GROUP IN A PUBLIC MEETING THAT WAS  
4 HELD ON SEPTEMBER 19TH AND RECEIVED ADDITIONAL INPUT FROM  
5 THEM AS WELL.

6 A COPY OF THE DRAFT WORKSHOP REPORT SUMMARIZING  
7 THE FINDINGS OF THE WORKSHOP AS WELL AS INCLUDING AN  
8 APPENDIX WITH COMMENTS FROM THE WORKING GROUP HAS BEEN  
9 PROVIDED TO YOU. SO YOU SHOULD HAVE THAT. THERE ARE  
10 COPIES AVAILABLE FOR MEMBERS OF THE PUBLIC ON BOTH THE  
11 TABLE IN HERE AND THE TABLE OUTSIDE. AND WE WILL BE  
12 PUBLISHING A FINAL REPORT ON THE WEB WITHIN THE NEXT FEW  
13 WEEKS.

14 MOVING ON TO THE PLANNING GRANT, THE PURPOSE OF  
15 THIS IS TO ALLOW POTENTIAL TEAMS TO ASSEMBLE AND TO  
16 PREPARE A COMPREHENSIVE RESEARCH PROPOSAL. FINALLY, WE  
17 DO ANTICIPATE A MULTIYEAR DISEASE TEAM GRANT IN THE FALL  
18 OF NEXT YEAR. THESE WOULD BE THE LARGE GRANTS.

19 THERE ARE THREE REASONS THAT WE ARE LAUNCHING  
20 THE DISEASE TEAM INITIATIVE. THIS PROGRAM WILL HELP THE  
21 INSTITUTE ACHIEVE ITS GOAL OF DEVELOPING STEM CELL-BASED  
22 THERAPIES BY MOVING CANDIDATES TOWARDS THE CLINIC.  
23 TRANSLATING DISCOVERIES INTO CLINICALLY VIABLE THERAPIES  
24 IS REALLY VERY DIFFICULT, AND THIS INITIATIVE WILL  
25 EXPLORE NEW METHODS FOR INTEGRATING AN ORGANIZING

## BARRISTERS' REPORTING SERVICE

1 MULTIDISCIPLINARY TEAMS. FINALLY, IT ALLOWS THE USE OF  
2 INNOVATIVE RESEARCH MODELS THAT INCLUDE ACTIVE MANAGEMENT  
3 AND DEFINE MILESTONES AS PART OF A COMPREHENSIVE RESEARCH  
4 PLAN.

5           WHAT ARE THE BENEFITS THAT WE SEE ACCRUING FROM  
6 A DISEASE TEAM PLANNING GRANT? I WOULD NOTE THAT THIS  
7 PROGRAM DIFFERS FROM THE TRADITIONAL SINGLE INVESTIGATOR,  
8 PRINCIPAL INVESTIGATOR, FUNDED PI GRANTS THAT WE HAVE  
9 DONE SO FAR. SO BECAUSE OF THIS, WE ARE RECOMMENDING  
10 APPROVAL OF A PLANNING GRANT TO ALLOW FOR TEAM FORMATION  
11 AND PROPOSAL DEVELOPMENT IN ANTICIPATION OF THE ACTUAL  
12 DISEASE TEAM GRANTS. WE BELIEVE THAT THE PLANNING GRANT  
13 WILL ENRICH THE POOL OF APPLICATIONS FOR DISEASE TEAM  
14 GRANTS.

15           THE PLANNING GRANT AWARD WILL PROVIDE SUPPORT  
16 FOR UP TO SIX MONTHS FOR PLANNING AND PROPOSAL  
17 DEVELOPMENT. WHAT WE WOULD HOPE IS THAT THE TEAM LEADER  
18 WOULD USE THAT TIME TO IDENTIFY AND RECRUIT A TEAM AND  
19 THAT THAT TEAM WOULD BE INVOLVED IN THE DEVELOPMENT OF  
20 THE CONTENT OF THE PROPOSAL, ADMINISTRATION, AND  
21 MANAGEMENT OF THE TEAM.

22           THE DISEASE TEAM INITIATIVE AND THE PLANNING  
23 GRANT WILL SUPPORT THE FULL SPECTRUM OF STEM CELL TYPES  
24 AND DISEASES, SO WE ARE NOT IMPOSING ANY LIMITATIONS IN  
25 THIS REGARD.



## BARRISTERS' REPORTING SERVICE

1 THE ACTUAL CONCEPT THAT WE BRING FOR YOUR  
2 CONSIDERATION IS THAT WE WOULD FUND SIX-MONTH PLANNING  
3 AWARDS FOR UP TO 20 TEAMS AT A TOTAL COST OF 50,000 PER  
4 AWARD. I WOULD NOTE THAT THIS IS A DIRECT PROJECT COST  
5 ONLY AWARD. THERE WILL BE NO INDIRECT COSTS INCLUDED,  
6 AND NO FACILITIES COSTS WILL BE PART OF THIS.

7 WE ESTIMATE THAT THE TOTAL COST OF THE PROGRAM  
8 WILL BE UP TO \$1 MILLION. THE DRAFT TIMETABLE THAT WE  
9 HAVE PROPOSED AND THAT I THINK WAS ALLUDED TO BY ARLENE  
10 AS WELL IS WE ANTICIPATE THE RELEASE OF THE RFA FOR THE  
11 PLANNING GRANTS IN THE NEXT MONTH, IN NOVEMBER. WE  
12 ANTICIPATE REVIEW OF APPLICATIONS IN WINTER OF 2008, AND  
13 WE ANTICIPATE COMING TO YOU FOR APPROVAL FOR FUNDING IN  
14 THE SPRING OF 2008.

15 FINALLY, AS NOTED, WE DO ANTICIPATE A CALL FOR  
16 APPLICATIONS FOR THE DISEASE TEAM GRANT ITSELF IN 2008.  
17 FINALLY, I WOULD LIKE TO SAY THAT THE DISEASE TEAM  
18 INITIATIVE IS ONE OF SEVERAL INITIATIVES THAT HAVE BEEN  
19 OUTLINED IN THE SCIENTIFIC STRATEGIC PLAN FOR ACTUALLY  
20 MOVING RESEARCH FROM DISCOVERY TO CLINICAL TESTING. AS  
21 YOU SEE HERE, THIS IS THE ANTICIPATED SCOPE OF THE  
22 DISEASE TEAM. OTHER INITIATIVES ARE OUTLINED HERE AND  
23 HOW THEY MAP ON THE SPECTRUM OF CLINICAL DEVELOPMENT.  
24 YOU'VE ALREADY HEARD FROM DR. CHIU THAT WE ANTICIPATE  
25 MOVING FORWARD WITH THE TRANSLATIONAL RESEARCH INITIATIVE

## BARRISTERS' REPORTING SERVICE

1 THIS YEAR, AND I THINK I SPEAK FOR MYSELF AS WELL AS ALL  
2 MEMBERS OF SCIENCE TEAM THAT WE WOULD LOOK FORWARD TO  
3 BRINGING OTHER INITIATIVES FORWARD TO YOU IN THE FUTURE.  
4 THANK YOU FOR YOUR CONSIDERATION.

5 CHAIRMAN KLEIN: THANK YOU, DR. OLSON. I THINK  
6 FOR PURPOSES OF THE TRANSCRIPT, THE PEER REVIEW IS WINTER  
7 OF 2007 VERSUS 2008.

8 MS. OLSON: WELL, IT'S LIKELY TO BE ACTUALLY  
9 PROBABLY IN JANUARY OR FEBRUARY.

10 CHAIRMAN KLEIN: RIGHT. OKAY. VERY GOOD  
11 CLARIFICATION. APPRECIATE THAT. VERY GOOD  
12 CLARIFICATION.

13 SO WITH THAT, ARE THERE QUESTIONS OF DR. OLSON?  
14 DAVID SERRANO-SEWELL.

15 MR. SERRANO-SEWELL: YOU'RE REQUESTING APPROVAL  
16 FOR THE DISEASE TEAM PLANNING AWARDS, WHICH I SUPPORT,  
17 BUT THEN YOU MENTIONED THE NEXT PHASE WOULD BE THE  
18 DISEASE TEAMS GRANTS?

19 MS. OLSON: THE ACTUAL GRANTS TO FUND THE WORK  
20 OF THE DISEASE TEAMS.

21 CHAIRMAN KLEIN: THAT WILL BE A SEPARATE.

22 MS. OLSON: YES.

23 MR. SERRANO-SEWELL: AN ENTITY ISN'T PRECLUDED  
24 IF THEY DON'T GET THE DISEASE TEAM PLANNING AWARD.

25 MS. OLSON: THAT IS CORRECT. THANK YOU FOR

## BARRISTERS' REPORTING SERVICE

1 THAT CLARIFICATION. IF YOU DO NOT APPLY FOR AND RECEIVE  
2 A PLANNING GRANT, THAT DOES NOT PRECLUDE YOUR  
3 PARTICIPATING IN THE COMPETITION FOR THE DISEASE TEAM  
4 GRANTS.

5 DR. LEVEY: I WAS PLEASED TO SEE BEFORE THAT  
6 THERE'S A PLAN FOR A MAJOR INITIATIVE WITH REGARD TO  
7 CORES. AND I THINK IF WE GO AHEAD WITH THIS DISEASE  
8 TEAM, IN FACT, YOU MIGHT EVEN WANT TO DO THAT BEFORE YOU  
9 ACTUALLY HAD THE FULL DECISIONS FOR THE DISEASE TEAMS  
10 BECAUSE DISEASE TEAMS, IF YOU HAD MULTIPLE TEAMS ON THE  
11 UNIVERSITY OR LIKE WE'D LIKE TO DO PROBABLY ACROSS  
12 UNIVERSITY LINES AND BRING POOLS OF GROUPS TOGETHER, IT  
13 EVEN PUTS GREATER STRESS ON HAVING CORE FACILITIES. SO  
14 YOU MIGHT WANT TO THINK ABOUT THE TIMING OF THESE AND HOW  
15 MUCH YOU WANT TO PUT INTO THE CORE -- HOW MUCH WE WANT TO  
16 PUT INTO THE CORE FACILITIES GRANTS.

17 MS. OLSON: I BELIEVE IT IS OUR INTENT, AS  
18 OUTLINED IN DR. CHIU'S PLAN, TO, IN FACT, MOVE FORWARD  
19 WITH CORES AS WELL. HOWEVER, I GUESS THEY'RE GOING TO BE  
20 MOVING FORWARD SIMULTANEOUSLY, AND WE'LL PROBABLY HAVE TO  
21 RELY TO SOME EXTENT ON RESOURCES ALREADY EXISTING;  
22 ALTHOUGH AS TIME GOES ON, CERTAINLY THOSE CORES THAT WE  
23 HOPE TO BRING FORTH WILL CONTRIBUTE TO THEM AS WELL.

24 CHAIRMAN KLEIN: DR. PIZZO.

25 DR. PIZZO: I'D LIKE TO FOLLOW UP ON JERRY

## BARRISTERS' REPORTING SERVICE

1 LEVEY'S COMMENT. IN MANY LARGE PROGRAM PROJECTS, CORES  
2 ARE OFTEN EMBEDDED INTO THE PROJECTS THEMSELVES. AND IT  
3 MAY BE A DIFFERENT WAY OF THINKING ABOUT THIS, AND I  
4 DON'T KNOW WHETHER THERE'S TIME TO DO THAT, BUT THAT  
5 COULD MAKE A TREMENDOUS DIFFERENCE BECAUSE IN THE ABSENCE  
6 OF ADDRESSING CORE FACILITIES, WHEN WE'RE LOOKING AT  
7 DISEASE-BASED PROJECT RESEARCH, WE MISS, I THINK, AN  
8 IMPORTANT NEED. SO I WOULD MAKE THE REQUEST THAT WE  
9 THINK ABOUT THIS AND THINK ABOUT WHETHER OR NOT CORES  
10 COULD BECOME PART OF THE DISEASE-BASED PROCESS ITSELF.

11 CHAIRMAN KLEIN: CERTAINLY WE HAVE THE  
12 OPPORTUNITY WHEN THE PLANNING GRANTS, WHICH IS WHAT WE'RE  
13 FOCUSED ON TODAY, PROGRESS TO GET FEEDBACK IN REAL-TIME  
14 FROM THOSE INSTITUTIONS WITH PLANNING GRANTS THAT MIGHT  
15 CONTRIBUTE TO OUR CONSIDERATION OF CORES BEFORE THE  
16 DISEASE TEAM GRANTS ARE MADE.

17 DR. PIZZO: WELL, NO, I REALLY MEAN SOMETHING  
18 DIFFERENT. I THINK THAT, YOU KNOW, IF YOU ARE APPLYING  
19 FOR A COMPREHENSIVE CANCER CENTER PROGRAM OR SOMETHING OF  
20 THE LIKE AS A MAJOR PROJECT GRANT, WHICH DOES BUILD TEAMS  
21 IN AN INTERDISCIPLINARY WAY, THERE IS OFTEN CORES AS PART  
22 OF THAT JUST SORT OF BUILT INTO THE GRANT ITSELF, AND IT  
23 JUST MAY OBLVIATE THIS CHALLENGE.

24 DR. CHIU: MAY I RESPOND TO THAT?

25 DR. PIZZO: PLEASE. BY ALL MEANS.

## BARRISTERS' REPORTING SERVICE

1 DR. CHIU: WE DO NOT KNOW WHAT KIND OF DISEASE  
2 TEAMS WILL ARISE AND THE NEEDS OF EACH OR ANY OF THE  
3 DISEASE TEAMS, SO IT WOULD BE UP TO WRITING OF THE  
4 PROPOSAL OF THE BIG MULTIYEAR DISEASE TEAM GRANT TO STATE  
5 WHAT THEIR NEEDS ARE AT WHAT STAGE AND HOW THESE  
6 INTEGRATE. HOWEVER, I DO NOT ALSO WANT TO DEPEND ON  
7 THOSE FOR THE CORES. AND WHAT WE ENVISION AND WILL BRING  
8 BEFORE YOU IS THAT CORES AND SERVICES ARE A SEPARATE RFA  
9 FROM THE DISEASE TEAMS.

10 DR. PIZZO: RIGHT. AND I RESPECT THAT AND I  
11 THINK THAT THAT SHOULD BE THE CASE. I WAS JUST LOOKING  
12 AT A WAY OF FACILITATING SOME OF THE CORE DEVELOPMENT AS  
13 PART OF THIS EFFORT SINCE I DON'T KNOW THE SEQUENCING OF  
14 THE LATTER.

15 CHAIRMAN KLEIN: OKAY. DR. MEYER.

16 DR. MEYER: I HAVE ACTUALLY TWO SEPARATE  
17 ISSUES, ONE MORE SPECIFIC AND ONE MORE GENERAL. WHEN  
18 YOU'RE TALKING ABOUT TEAMS, IT BEGS THE QUESTION ABOUT  
19 PI'S. AND NOW NIH HAS MULTIPLE PI'S. IS THIS GOING TO  
20 BE SOMETHING THAT IS GOING TO BE PART OF THIS RFA, THAT  
21 THERE WILL BE MULTIPLE PI'S ELIGIBLE?

22 MS. OLSON: THAT IS NOT HOW WE'RE CONTEMPLATING  
23 IT AT THE MOMENT. BUT LET ME JUST SAY MY EXPERIENCE WITH  
24 TEAM-BASED RESEARCH IS THERE IS USUALLY A PROJECT LEADER,  
25 NOT A PI IN THE SENSE THAT ACADEMIC INSTITUTIONS ARE USED

## BARRISTERS' REPORTING SERVICE

1 TO THINKING ABOUT A PI. BUT THE ROLE OF THE PROJECT  
2 LEADER IS ALMOST, CALL IT, A HIGH LEVEL MANAGER, MAKE  
3 SURE THAT BRINGS TOGETHER THE RIGHT PEOPLE, IS A DRIVING  
4 FORCE. CALL THEM A LEADER AMONG EQUALS, HIM OR HER A  
5 LEADER AMONG EQUALS BECAUSE THAT -- AND I THINK WHEN  
6 YOU -- BECAUSE THE EXPECTATION HERE IS THAT FOR A DISEASE  
7 TEAM, YOU WILL NEED MULTIPLE KINDS OF EXPERTISE, YOU WILL  
8 NEED PI EQUIVALENTS IN DIFFERENT AREAS.

9 SO I TAKE IT UNDER CONSIDERATION, BUT, YOU  
10 KNOW, WE CRINGE IN TERMS OF ADMINISTRATION AS TO HOW WE  
11 WOULD MOVE FORWARD WITH THAT PARTICULAR MODEL.

12 DR. MEYER: AND MY SECOND QUESTION IS MORE  
13 GENERAL. AND BOB, IF YOU WANT TO TAKE THIS UP MAYBE  
14 LATER, THAT'S FINE. BUT I GET BACK TO AN ISSUE THAT I  
15 RAISED WITH ZACH AND WITH ARLENE, POSSIBLY ALSO WITH BOB,  
16 AND THAT'S THE ISSUE OF ELIGIBILITY OF HIGHLY QUALIFIED  
17 PEOPLE WHO HAVE FULL-TIME LABORATORIES IN A CALIFORNIA  
18 INSTITUTION, BUT THEMSELVES ARE JOINTLY APPOINTED AT  
19 ANOTHER INSTITUTION OUTSIDE OF CALIFORNIA.

20 WHAT I WAS TOLD, AND I THINK IT MADE A LOT OF  
21 SENSE AT THE TIME, WAS THAT, WELL, WE DON'T REALLY WANT  
22 TO HAVE THIS BE AN ISSUE WITH THE COURT CASES GOING ON;  
23 AND THAT ONCE WE HAVE THE MONEY AND THE BONDS ARE SOLD  
24 AND SO ON, THAT WE WOULD MOVE TOWARD A DIRECTION OF  
25 MAKING ELIGIBILITY BASED ON WHERE THE LABORATORY IS

## BARRISTERS' REPORTING SERVICE

1 LOCATED AND THE INSTITUTION AS OPPOSED TO WHERE THE PI  
2 SPENDS THEIR TIME.

3 SO MY QUESTION, THEN, IS BECAUSE THIS IS A  
4 PI-BASED RFA, NOT LIKE THE FACILITIES ONE, WHICH, YOU  
5 KNOW, YOU CAN ARGUE, BUT THIS IS MUCH MORE RESEARCH  
6 ORIENTED, ARE WE NOW, BECAUSE THERE'S NOTHING SPECIFIC  
7 HERE, ACCEPTING APPLICATIONS FROM INSTITUTIONS WHERE THE  
8 PI IS, LET'S SAY FOR THE SAKE OF ARGUMENT, 50-PERCENT  
9 TIME AT THAT INSTITUTION, BUT HAS A HUNDRED PERCENT TIME  
10 RESEARCH ENTERPRISE GOING ON AT THAT INSTITUTION?

11 CHAIRMAN KLEIN: SO IF I CAN UNDERSTAND, VERY  
12 SPECIFICALLY, IF THERE IS AN APPROPRIATE ALLOCATION OF  
13 TIME TO THE RESEARCH BEING DONE IN CALIFORNIA, AND WE  
14 WOULD BE PAYING FOR THE TIME BEING SPENT IN CALIFORNIA  
15 AND THE STAFF IN CALIFORNIA IN THE FUTURE GRANTS,  
16 INCLUDING THOSE THAT WE'RE CONTEMPLATING HERE, CAN WE, IN  
17 FACT, CAPTURE THE OPPORTUNITY TO HAVE THOSE GREAT MINDS  
18 THAT ARE PARTITIONING THEIR TIME TO CALIFORNIA? AND DR.  
19 OLSON, IF I COULD CALL ON DR. CHIU BECAUSE IT HAS  
20 PREVIOUSLY BEEN DIRECTED AT DR. CHIU, AND THEN ON YOU  
21 AGAIN.

22 DR. CHIU: I THINK YOU BRING UP AN EXCELLENT  
23 POINT BECAUSE THE GOAL OF THESE DISEASE TEAMS IS TO GET  
24 IT TO WORK AND TO GET IT TO A FINAL PRODUCT READY FOR  
25 CLINIC. ONE OF THE THINGS WE LEARNED AND YOU WILL SEE IN

## BARRISTERS' REPORTING SERVICE

1 YOUR DRAFT OF THE WORKSHOP IS THAT LEADERSHIP IS KEY.  
2 AND WE WANT TO CAPTURE THE BEST LEADERS THAT WOULD BRING  
3 THE PROJECT TO FRUITION.

4 THE SECOND THING ABOUT THESE DISEASE TEAMS THAT  
5 DR. OLSON POINTED TO IS THAT THEY'RE GOING TO BE  
6 MILESTONE DRIVEN. AND SHOULD THEY AT ANY POINT NOT NEED  
7 THE MILESTONES, THEY WILL END. SO, THEREFORE, WE ARE NOT  
8 SO WORRIED ABOUT WHO IS GOING TO BE LEADING AS LONG AS  
9 THE LEADER IS EFFECTIVE AND WILL GET THE PROJECTS DONE  
10 AND THAT THE WORK WILL BE DONE IN CALIFORNIA BECAUSE WE  
11 CAN ONLY FUND WORK THAT'S DONE IN CALIFORNIA.

12 DR. MEYER: SO IN OTHER WORDS, AND I WILL STOP  
13 BEAT ON THIS HORSE AFTER I SAY THIS, IT'S BEEN, FROM WHAT  
14 I HAVE HEARD, AND THIS IS HEARSAY, IS THAT UP UNTIL THIS  
15 POINT, THE REVIEW COMMITTEES, THE STUDY SECTIONS THAT  
16 HAVE BEEN REVIEWING GRANTS, HAVE MADE AN ISSUE OUT OF  
17 THIS AND HAVE NEGATIVELY COMMENTED ON THE POTENTIAL OF  
18 THESE CERTAIN GRANTS BECAUSE OF WHAT I BRING UP; I.E.,  
19 THE PART-TIME NATURE. I'M HAPPY TO HEAR THAT THAT'S NOT  
20 TRUE.

21 MS. OLSON: I THINK IT WAS BASED ON THE  
22 ELIGIBILITY CRITERIA FOR THE RFA'S AND THE APPLICATIONS  
23 THAT WE HAVE PUT OUT -- THAT WE PUT OUT. SO IT'S THE  
24 ELIGIBILITY CRITERIA THAT THE REVIEWERS WERE REACTING TO.

25 DR. MEYER: PERFECT.



## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  AND AS I UNDERSTAND THE  
2                   COMMENTS AND PRIOR DISCUSSIONS AT EXECUTIVE COMMITTEE,  
3                   DR. CHIU OR DR. OLSON PARTICIPATED IN, THAT THERE IS THE  
4                   INTENT TO CAPTURE THESE BRILLIANT SCIENTISTS WHO ARE  
5                   PREPARED TO MAKE A PART-TIME COMMITMENT TO CALIFORNIA,  
6                   PAYING FOR THE TIME THEY SPEND IN CALIFORNIA AS A PART OF  
7                   A TEAM THAT WOULD APPROACH THESE VERY COMPLICATED ISSUES.  
8                   AND, DR. MURPHY, IS THAT CONSISTENT WITH THE POLICY THAT  
9                   YOU ARE LOOKING AT?

10                  DR. MURPHY:  YES.

11                  CHAIRMAN KLEIN:  SO DR. POMEROY.

12                  DR. POMEROY:  CAN YOU JUST CLARIFY FOR ME ON  
13                  THESE GRANTS, ARE THESE AIMED AT ACADEMIC INSTITUTIONS,  
14                  INDUSTRY, AND HOW ABOUT ACADEMIC-INDUSTRY PARTNERSHIPS  
15                  BECAUSE WE'RE REALLY TALKING ABOUT TRYING TO BRING THESE  
16                  THERAPIES TO CLINICAL TESTING AND MARKET.  SO WHAT DID  
17                  YOU ENVISION FOR THESE TEAMS?

18                  MS. OLSON:  CERTAINLY BY THE TIME OF THE  
19                  DISEASE TEAM GRANTS, WE WOULD EXPECT TO HAVE THEM OPEN TO  
20                  BOTH ACADEMIC AND FOR-PROFIT IN WHATEVER COLLABORATION,  
21                  YOU KNOW, YOU CHOOSE TO COME UP WITH.  FOR THE PLANNING  
22                  GRANTS, I THINK WE'RE STILL FINALIZING OUR GRANTS  
23                  ADMINISTRATION POLICY FOR FOR-PROFITS, SO WE HAVEN'T  
24                  TOTALLY COME TO TERMS YET WITH WHO'S GOING TO BE ELIGIBLE  
25                  FOR THOSE, BUT WE'RE LEANING TOWARDS THE NONPROFIT ONLY.

## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN:  AND LET ME ASK THE FOLLOW-ON  
2           QUESTION TO THAT.  IF THE NONPROFITS ARE ELIGIBLE FOR  
3           THESE PLANNING GRANTS, THAT DOESN'T NECESSARILY PRECLUDE  
4           THEM FROM HAVING FOR-PROFIT SCIENTISTS AS A PART OF THE  
5           TEAM.  IS THAT A CORRECT STATEMENT?

6           MS. OLSON:  THAT IS A CORRECT STATEMENT.

7           CHAIRMAN KLEIN:  DR. PRIETO AND THEN DUANE  
8           ROTH.

9           DR. PRIETO:  JUST A COMMENT REALLY.  I THINK  
10          THE STRENGTH OF THIS APPROACH IS THAT IT ALLOWS  
11          INVESTIGATORS TO PUT TIME -- DEVOTE TIME AND RESOURCES TO  
12          ADDRESSING EXACTLY THESE QUESTIONS AS THEY THINK ABOUT  
13          WHAT A DISEASE TEAM WILL LOOK LIKE AND HOW THEY WILL PUT  
14          IT TOGETHER AND ALLOWS THEM TO DO THAT WITH SPECIFICALLY  
15          SET ASIDE TIME AND RESOURCES THAT WE'RE GIVING THEM.  I'M  
16          VERY EXCITED ABOUT THIS PROPOSAL BECAUSE THIS REALLY IS,  
17          I THINK, WHAT I SIGNED ON FOR, TO, YOU KNOW, DRIVE US TO  
18          THE CLINIC AND TO CURES FOR DISEASES.  AND I THINK THIS  
19          IS A VERY DIRECT STEP IN THAT DIRECTION.  AND IF IT'S NOT  
20          TOO EARLY, I'D LIKE TO MAKE A MOTION FOR APPROVAL.

21          CHAIRMAN KLEIN:  THERE IS -- WE CAN CONTINUE  
22          DEBATE WITH A MOTION, SO YOUR MOTION WOULD BE IN ORDER IF  
23          YOU WOULD LIKE TO MAKE A MOTION FOR APPROVAL.

24          DR. PRIETO:  I WOULD.

25          CHAIRMAN KLEIN:  IS THERE A SECOND?

## BARRISTERS' REPORTING SERVICE

1 MS. LANSING: SECOND.

2 CHAIRMAN KLEIN: SECOND BY SHERRY LANSING. AND  
3 WE HAVE A COMMENT BY DUANE ROTH.

4 MR. ROTH: I WANTED TO MAKE THE MOTION AS WELL,  
5 BUT WHAT I REALLY WANTED TO ADD TO IT IS THAT I WOULD  
6 LIKE CONSIDERATION TO THE COMMENTS THAT HAVE BEEN MADE BY  
7 DR. PIZZO ABOUT CORES, THE CONCEPT OF INCLUDING INDUSTRY  
8 SO THAT YOU GET SOME REALLY GOOD FEEDBACK HERE ABOUT WHAT  
9 THE ULTIMATE GRANT SHOULD LOOK LIKE.

10 CHAIRMAN KLEIN: AND DR. PRICE.

11 DR. PRICE: YOU VERY RAPIDLY SAID SOMETHING  
12 ABOUT INDIRECT COST RECOVERY, SO COULD YOU REPEAT IT, AND  
13 COULD YOU GIVE US THE RATIONALE?

14 MS. OLSON: THESE ARE PLANNING GRANTS. WE WERE  
15 NOT PLANNING ON INCLUDING ANYTHING IN AN INDIRECT COST.  
16 WE DID NOT SEE THAT IT WOULD BE USING LAB FACILITIES OR  
17 ANYTHING LIKE THAT.

18 DR. PRICE: OFFICE FACILITIES. I'M SERIOUS.  
19 WELL, I HAVE A QUESTION FOR SUE BRYANT, A VCR IN THE UC  
20 SYSTEM. I'M JUST WONDERING WHETHER THESE GRANTS COULD BE  
21 PROCESSED THROUGH THE UC SYSTEM IF THEY'RE ZERO COST  
22 RECOVERY.

23 DR. BRYANT: I'M SURE --

24 DR. POMEROY: I'D LIKE TO CLARIFY THAT UC  
25 POLICY IS THAT WE HAVE TO APPLY THE INDIRECT RATES UNLESS

## BARRISTERS' REPORTING SERVICE

1 WE GET A SPECIFIC REVIEW AND WAIVER. AND SO THE UC  
2 INSTITUTIONS APPLYING, AND THERE'S PROBABLY SOMETHING  
3 COMPARABLE AT THE OTHER INSTITUTIONS THAT MIGHT BE  
4 APPLYING, WOULD HAVE TO GO THROUGH THEIR INTERNAL  
5 PROCESSES, I WOULD PRESUME, IN ORDER TO DOCUMENT THAT.

6 DR. PRICE: I DON'T THINK THAT THIS WILL MEET  
7 THOSE CRITERIA, SO WE'LL HAVE TO GET AN EXCEPTION TO THE  
8 CRITERIA. AND BOARD OF REGENTS IS NOT ALLOWING US TO  
9 HAVE EXCEPTIONS. NOW I'M BEING FACETIOUS.

10 MS. LANSING: BOARD OF REGENTS IS FLEXIBLE.

11 CHAIRMAN KLEIN: SO SHERRY LANSING.

12 MS. LANSING: I JUST AS A MEMBER OF THE CIRM  
13 BOARD AND AS A REGENT, I AM EXTREMELY SUPPORTIVE OF THIS  
14 BECAUSE WHAT I THINK THIS IS IS WE'VE BEEN TALKING ABOUT  
15 INTERDISCIPLINARY APPROACH AND TAKING IT FROM THE  
16 ABSTRACT INTO THE CLINICAL AND INTO EVENTUALLY CURES.  
17 AND THIS IS EXACTLY, THOUGH DR. PIZZO INFORMS ME THAT  
18 THERE HAVE BEEN THINGS LIKE THIS BEFORE, AS A LAYPERSON I  
19 DON'T HEAR A LOT ABOUT IT, SO I HAVE TO SAY THAT I'M GLAD  
20 WE'RE AT LEAST AT THE FOREFRONT OF THIS. AND I THINK  
21 IT'S EVERYTHING THAT OUR GROUP HAS BEEN TALKING ABOUT IN  
22 TERMS OF SHARED INFORMATION, IN TERMS OF BEING  
23 INNOVATIVE, IN TERMS OF CROSSING DISCIPLINES. SO I JUST  
24 THINK IT'S EXTRAORDINARY, SO AS A PATIENT ADVOCATE I  
25 THANK YOU.

## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN:  AND I WOULD LIKE TO SAY THAT  
2 WE'RE VERY APPRECIATIVE TO HAVE THE RICHNESS OF THE  
3 REPRESENTATION ON THIS BOARD THAT WE CAN INTERFACE SO  
4 MANY DIFFERENT LEVELS OF INPUT INTO THIS GRANT SYSTEM.  
5 DR. PIZZO.

6           DR. PIZZO:  I'LL FOREGO.  THANK YOU.

7           CHAIRMAN KLEIN:  OKAY.

8           DR. BRYANT:  COULD I JUST FOLLOW UP?  I DO  
9 BELIEVE IT WOULD BE POSSIBLE.  I WANT TO JUST RETURN TO  
10 THAT, BUT THERE ARE COSTS ASSOCIATED WITH BRINGING MONEY  
11 IN AND ACCOUNTING FOR IT AND ALL OF THAT, SO IT'S NOT  
12 THAT THERE AREN'T -- THE LAB ISN'T THE ONLY THING THAT  
13 GETS PAID.  SO I WOULD PREFER IF WE COULD HAVE A REDUCED,  
14 BUT STILL APPROPRIATE INDIRECT RATE.

15           DR. PIZZO:  SO NOW THAT SUE HAS MADE THAT  
16 COMMENT, MAYBE I WILL ALSO.  YOU KNOW, CLEARLY, THIS IS A  
17 VERY IMPORTANT PROJECT, AND SO WE ALL WANT TO SEE THIS GO  
18 FORWARD, BUT I THINK HER COMMENT IS TRUE.  IN ONE WAY OR  
19 ANOTHER, WHETHER IT'S STATE OR PRIVATE INSTITUTION, YOU  
20 HAVE TO FIND THE FUNDING FOR THIS.  SO IT HAS TO,  
21 THEREFORE, COME OUT OF SOME OTHER RESOURCE, AND THAT,  
22 NONETHELESS, YOU KNOW, IS AN ISSUE FOR US.  SO I THINK  
23 THIS IS AN IMPORTANT ISSUE, AND WE'LL FIGURE OUT HOW TO  
24 GET IT DONE, BUT, YOU KNOW, THERE IS A PRICE TO IT.

25           CHAIRMAN KLEIN:  DR. MURPHY.

## BARRISTERS' REPORTING SERVICE

1 DR. MURPHY: LET ME JUST SAY ONE OF THE THINGS  
2 I'VE LEARNED AT THE CIRM, AND IT GOES AROUND A LOT, IS  
3 WHEN WE MAKE A DECISION, THE BOTTOM LINE IS DOES THIS  
4 HELP THE MISSION. AND I THINK MANY OF THE QUESTIONS THAT  
5 HAVE BEEN RAISED HERE COULD BE ANSWERED, WELL, IF IT  
6 REALLY DOES HELP THE MISSION, LET'S LET IT HAPPEN, THE  
7 BUSINESS ASSOCIATION, ALL THE OTHER THINGS, ALL THE OTHER  
8 GOOD SUGGESTIONS YOU'VE MADE. AND I THINK WE SHOULD LOOK  
9 VERY POSITIVELY ON THOSE.

10 AS A FORMER PERSON IN THE SAME POSITION YOU  
11 FOLKS ARE, I UNDERSTAND THE NEED FOR OVERHEAD. AND MR.  
12 CHAIRMAN, CAN WE SUGGEST THAT THE BOARD WOULD APPROVE  
13 PERHAPS A 10-PERCENT OVERHEAD ALLOWANCE FOR THIS TYPE OF  
14 GRANT TO COVER THE COSTS THAT HAVE BEEN, I THINK, VERY  
15 JUSTIFIABLY RAISED HERE?

16 CHAIRMAN KLEIN: COULD THE MAKER OF THE MOTION  
17 AMEND THE MOTION AS A FRIENDLY AMENDMENT?

18 DR. PRIETO: YES, I'D ACCEPT THAT AS A FRIENDLY  
19 AMENDMENT.

20 CHAIRMAN KLEIN: AND THE SECOND? SHERRY IS THE  
21 SECOND. WOULD YOU ACCEPT AN AMENDMENT TO PERMIT A  
22 10-PERCENT OVERHEAD?

23 MS. LANSING: I ACCEPT THAT.

24 CHAIRMAN KLEIN: OKAY. SO THE MAKER OF THE  
25 MOTION AND THE SECOND HAVE ACCEPTED AS A FRIENDLY

## BARRISTERS' REPORTING SERVICE

1 AMENDMENT, SO THE MOTION BEFORE US WOULD HAVE A  
2 10-PERCENT OVERHEAD ALLOWANCE WITH IT IF IT WERE TO PASS.

3 AT THIS POINT I'D LIKE TO ASK ARE THERE PUBLIC  
4 COMMENTS? MR. SIMPSON.

5 MR. SIMPSON: JOHN SIMPSON, FOUNDATION FOR  
6 TAXPAYER AND CONSUMER RIGHTS. ONE IS A POINT OF  
7 CLARIFICATION. YOU DID MAKE IT CLEAR THAT YOU WOULD BE  
8 ABLE TO APPLY FOR THE DISEASE TEAM FULL GRANTS IF YOU  
9 DON'T DO THE PLANNING GRANTS, BUT WHAT'S THE SITUATION IF  
10 YOU HAVE A PLANNING GRANT? ARE YOU PRETTY MUCH  
11 GUARANTEED? I MEAN WOULD YOU EXPECT ALL OF THEM TO LEAD  
12 TO FRUITION? WHAT RATE IS THE SORT OF RATE THAT WOULD BE  
13 AN ACCEPTABLE RATE?

14 CHAIRMAN KLEIN: I THINK THAT THIS BOARD AND  
15 THE STAFF HAVE ALWAYS BEEN FOCUSED ON THE QUALITY AND THE  
16 BRILLIANCE AND PROMISE OF THE GRANTS. WE DON'T HAVE THE  
17 FACTS AT THIS POINT TO SEE WHAT THE -- WHAT COMES OF  
18 THESE PLANNING GRANTS, AND WE WOULD NEED TO EVALUATE  
19 THAT. BUT IF THE STAFF WOULD LIKE TO COMMENT.

20 MS. OLSON: THE PURPOSE OF THE PLANNING GRANT  
21 IS TO INCREASE THE NUMBER OF POTENTIAL QUALITY  
22 APPLICATIONS THAT WE HAVE. IT WILL BE UP TO OUR  
23 SCIENTIFIC REVIEWERS AND TO THE BOARD WHEN WE FINALLY  
24 ACTUALLY SEE THE DISEASE TEAM GRANTS. BUT GETTING A  
25 PLANNING GRANT IS NO GUARANTEE OF GETTING A GRANT.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN:  AND PLEASE REALIZE THE DISEASE  
2   TEAM GRANTS THAT ARE BEING THOUGHT UP CONCEPTUALLY ARE IN  
3   THE RANGE OF \$20 MILLION.  SO THIS IS A VERY SERIOUS  
4   UNDERTAKING WITH VERY SPECIFIC OBJECTIVES.  DR. OLSON AND  
5   THEN DR. HENDERSON.

6                   MS. OLSON:  I WAS JUST GOING TO SAY THE FULL 20  
7   MILLION IS ASSUMING THEY WERE SUCCESSFUL IN GETTING  
8   THE -- TO A KEY MILESTONE OF GETTING AN APPROVED IND AND  
9   ACTUALLY WOULD INCLUDE CLINICAL STUDIES AS WELL.  AS YOU  
10  CAN SEE, THE DISEASE TEAM ITSELF, WE WOULD PROBABLY FUND  
11  SOME PORTION OF THAT WITH THE GOAL OF GETTING TO AN  
12  APPROVABLE IND, AND IT WOULD HAVE MILESTONES ALONG THE  
13  WAY.

14                  CHAIRMAN KLEIN:  DR. OLSON, ON YOUR LAST SLIDE  
15  THAT'S HERE, COULD YOU COMMENT ON THE BOXES THAT LIE  
16  BELOW THE DISEASE TEAM BOX TO SPECIFICALLY RELATE HOW  
17  SOME OF THESE PLANNING GRANTS MAY END UP FALLING INTO  
18  TRANSLATIONAL RESEARCH GRANTS OR OTHER CATEGORIES?

19                  MS. OLSON:  OKAY.  AS YOU CAN SEE, THE SCIENCE  
20  OF THERAPY DEVELOPMENT HAS MANY STAGES TO IT.  AND WHAT  
21  WE CAN SEE IS THAT IF CERTAIN DISEASE TEAM PLANNING  
22  GRANTS PERHAPS WERE NOT SUCCESSFUL IN COMPETING FOR A  
23  DISEASE TEAM AWARD, THERE ARE OTHER OPPORTUNITIES.  THERE  
24  WOULD BE -- WE'RE GOING TO HAVE PRECLINICAL PRODUCT  
25  DEVELOPMENT.  SO TAKING THINGS FORWARD TO ACTUALLY WHAT'S



## BARRISTERS' REPORTING SERVICE

1 BEEN KNOWN AS THE VALLEY OF DEATH, GETTING THE  
2 MANUFACTURER, DOING THE TOX STUDIES THAT YOU NEED TO DO  
3 TO GO INTO THE CLINIC, WE WOULD ALSO HAVE TRANSLATIONAL  
4 RESEARCH PART 2 MIGHT COVER THAT KIND OF CATEGORY AS  
5 WELL. THE EARLIER STAGE OF TRANSLATIONAL RESEARCH MIGHT  
6 COVER SOME IDEAS OR SOME BOTTLENECKS.

7 CAN WE GET -- WE HEARD THIS MORNING ABOUT  
8 GETTING CARDIOMYOCYTES IN A QUANTITY SUFFICIENT TO TALK  
9 ABOUT GOING TO THE CLINIC. THAT'S THE KIND OF THING THAT  
10 I MIGHT LOOK TO SEE IN TRANSLATIONAL RESEARCH ONE,  
11 METHODS TO ACTUALLY PRODUCE CARDIOMYOCYTES IN ENOUGH  
12 QUANTITIES THAT WE COULD TALK ABOUT ACTUALLY LOOKING AT  
13 THEM IN MULTIPLE DISEASE MODELS AND THAT WE COULD  
14 ACTUALLY TALK ABOUT MOVING THEM TO THE NEXT STAGE OF  
15 THINKING ABOUT GOING INTO PEOPLE. SO ALL THESE DIFFERENT  
16 ASPECTS OF THE PROGRAM ARE DESIGNED TO, YOU KNOW, MOVE  
17 RESEARCH ALONG, TO GET INTO THE CLINIC, AND THERE WILL BE  
18 FAILURES ON THE WAY. YOU ALL KNOW THAT THINGS DON'T  
19 ALWAYS WORK, BUT WE'RE PROVIDING LOTS OF CHANCES, I  
20 THINK, FOR PEOPLE TO EXPLORE THEIR IDEAS AND TO MOVE  
21 THINGS AND TO TRANSLATE THEIR IDEAS INTO, YOU KNOW,  
22 POSSIBLE DISCOVERIES THAT WILL MAKE A DIFFERENCE.

23 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
24 COMMENTS FROM THE BOARD?

25 DR. BRYANT: I JUST HAD A QUESTION.

## BARRISTERS' REPORTING SERVICE

1           CHAIRMAN KLEIN: DR. HENDERSON, DID YOU STILL  
2 HAVE A COMMENT?

3           DR. HENDERSON: YEAH. I JUST AGAIN REITERATE I  
4 THINK THIS IS A CALL TO THE SCIENTIFIC COMMUNITY, TO ALL  
5 OF OUR COLLEAGUES, AS WELL AS OURSELVES ABOUT THE MISSION  
6 WE'RE ON, TO GET PRODUCTS INTO THE CLINIC. WE'VE ALL  
7 BEEN TO THE SPOTLIGHT PRESENTATIONS IF WE'RE NOT AWARE OF  
8 ISSUES IN OUR OWN FAMILY AND AMONG OUR FRIENDS. SO THIS  
9 IS TO TRY TO GALVANIZE SOME SERIOUS EFFORT AT DISEASE  
10 TRANSLATION, TREATMENT.

11           CHAIRMAN KLEIN: AND DR. BRYANT.

12           DR. BRYANT: I JUST HAD A QUESTION, AND THAT  
13 WAS WILL ACCEPTANCE OF A PLANNING GRANT MEAN THAT A GRANT  
14 APPLICATION NEEDS TO BE PUT IN? I'M JUST WONDERING IF  
15 THOSE TWO ARE LINKED OR PEOPLE COULD CHANGE THEIR MINDS  
16 OR WHAT?

17           MS. OLSON: PEOPLE CAN CHANGE THEIR MINDS.

18           DR. BRYANT: OKAY.

19           MR. SIMPSON: I WAS TRYING TO CLARIFY ON THE  
20 PLANNING GRANTS, WHICH I THINK ARE TERRIBLY IMPORTANT,  
21 JUST WHAT -- IF THERE'S A COMPARABLE SORT OF SENSE OF,  
22 SAY, WHEN NIH MAKES THESE GRANTS, HOW MANY OF THEM  
23 ACTUALLY GET TO THE FULL STAGE?

24           CHAIRMAN KLEIN: WE DON'T KNOW THAT. WE DON'T  
25 HAVE THE FACTUAL INFORMATION THAT WILL DEVELOP AND BE THE

## BARRISTERS' REPORTING SERVICE

1 RESULT OF THIS PROCESS.

2 MR. SIMPSON: AND I AGREE THAT THAT'S  
3 TREMENDOUSLY IMPORTANT, BUT I ALSO HAVE TO IN GOOD  
4 CONSCIENCE ADD A NOTE OF SKEPTICISM ABOUT THE SORT OF  
5 ACADEMIC TENDENCY TO AUTOMATICALLY TACK ON INDIRECT  
6 COSTS. I WISH I COULD DO THAT IN MY LIFE, BUT IT DOES  
7 SEEM TO ME THAT THIS SEEMS A LITTLE STRANGE, TO HAVE A  
8 GRANT THAT'S A PLANNING GRANT AND SAY, OH, AND BY THE  
9 WAY, ADD X PERCENT. IT JUST ISN'T AS STRAIGHTFORWARD  
10 WITH THE PUBLIC AND THE TAXPAYER. I MEAN YOU WOULD BE  
11 BETTER TO SAY, OKAY, WE WANT THE GRANT AND WE'RE ASKING  
12 FOR THIS MUCH TO PAY THE RENT RATHER THAN JUST  
13 AUTOMATICALLY TACKING IN AN OVERHEAD. IT DOESN'T MAKE  
14 SENSE.

15 CHAIRMAN KLEIN: I'D LIKE TO COMMENT THAT 10  
16 PERCENT IS WAY BELOW ANY JUSTIFIABLE RANGE OF OVERHEAD.  
17 IT IS A VERY STRINGENT STANDARD. IT IS A VERY  
18 CONSERVATIVE STANDARD, AND THE -- IT REQUIRES SOME  
19 SACRIFICE BY THE INSTITUTIONS.

20 DR. PIZZO: MR. CHAIRMAN, IF I COULD JUST MAKE  
21 A TANGENTIAL STATEMENT.

22 CHAIRMAN KLEIN: COULD I ASK IF WE COULD HAVE A  
23 VOTE. WE'RE ABOUT TO LOSE DR. HENDERSON.

24 DR. PIZZO: THAT'S ACTUALLY RELEVANT, AND THEN  
25 IT'S ABOUT DR. HENDERSON.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRMAN KLEIN: I'D LIKE TO CALL THE QUESTION  
2 IF WE CAN. ALL IN FAVOR. OPPOSED? UNANIMOUS PASSAGE OF  
3 THIS. IT'S A GREAT VOYAGE WE'RE ABOUT TO EMBARK ON.  
4 AND, DR. PIZZO, YOU HAVE A COMMENT.

5                   DR. PIZZO: YES, THANK YOU. SO I JUST WANT TO  
6 ASK YOU, MR. CHAIRMAN, TO IN YOUR CAPACITY ACKNOWLEDGE  
7 DR. BRIAN HENDERSON, WHO MAY OR MAY NOT BE LEAVING THE  
8 BOARD IN THE IMMEDIATE FUTURE. HE'S STEPPING DOWN IN A  
9 MONTH IN HIS ROLE AS DEAN AT USC WHERE HE'S DONE A GREAT  
10 JOB. HE'S BEEN A WONDERFUL COLLEAGUE AND SUPPORTER SINCE  
11 THE INCEPTION OF THIS PROGRAM. IT'S BEEN A PRIVILEGE TO  
12 BE WORKING WITH HIM. IF HE DOES GO OFF WILL BE WOEFULLY  
13 MISSED, BUT I THOUGHT YOU WOULD LIKE TO SAY SOMETHING  
14 ABOUT THAT AS WELL.

15                  CHAIRMAN KLEIN: THANK YOU VERY MUCH.

16                  DR. PIZZO: KNOWING THAT YOU ALWAYS CAN COME UP  
17 WITH SOMETHING GOOD TO SAY.

18                  CHAIRMAN KLEIN: WELL, IT HAS BEEN A TREMENDOUS  
19 PRIVILEGE FOR ME INDIVIDUALLY AND FOR THE MEMBERS OF THIS  
20 BOARD TO BE -- TO HAVE THE GUIDANCE, INSPIRATION, AND  
21 CONTRIBUTIONS OF DR. HENDERSON DURING THIS HISTORIC TIME  
22 LEADING UP TO TODAY WHEN WE ARE ISSUING OUR FIRST BONDS.  
23 IT IS A TIME OF GREAT CHALLENGES THAT HAVE BEEN MARKED BY  
24 TREMENDOUS ACCOMPLISHMENTS BY THIS BOARD. AND DR.  
25 HENDERSON GAVE US AN EARLY CONTRIBUTION OF DR. HALL ALONG

## BARRISTERS' REPORTING SERVICE

1 THE WAY, ALONG WITH NUMEROUS CALLS AND GUIDANCE AND  
2 DIRECTION. HE HAS BEEN A RESOURCE FOR ME AND FOR MEMBERS  
3 OF THIS BOARD.

4 IT IS REMARKABLE AS WELL THE TREMENDOUS  
5 CONTRIBUTIONS THAT HAVE OCCURRED AND THE RECRUITMENT OF  
6 WORLD LEADERS AT USC BRINGING DR. PERA FROM AUSTRALIA,  
7 WHICH MAY HAVE INSPIRED SUBSEQUENT RECRUITMENTS ON A  
8 GLOBAL BASIS TO THE STEM CELL MISSION. BUT CERTAINLY  
9 WE'VE ALL BEEN VERY PRIVILEGED TO PARTICIPATE. I WOULD  
10 LIKE TO SEE IF WE COULD ALL STAND AND APPLAUD.

11 (APPLAUSE.)

12 CHAIRMAN KLEIN: WE STILL HAVE A QUORUM HERE,  
13 BUT WE JUST HAVE A QUORUM, SO WE'RE GOING TO TRY AND MOVE  
14 EXPEDITIOUSLY. DR. MURPHY.

15 DR. MURPHY: MR. CHAIRMAN, I'M WONDERING IF WE  
16 CAN GO TO ITEM NO. 10 BECAUSE THAT REALLY IS A HIGH  
17 PRIORITY FOR THE INSTITUTE, AND WE NEED A VOTE TO ACCEPT  
18 THE RECOMMENDATION THAT STAFF WILL BE MAKING TO ENTER  
19 INTO AN AGREEMENT FOR THE GRANTS MANAGEMENT SYSTEM. AND  
20 WE WANT TO MAKE SURE THAT WE CAN GET THAT APPROVED TODAY  
21 WHILE WE HAVE A FULL QUORUM.

22 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD MOVE  
23 TO ED DORRINGTON. ED, WE HAVE GREAT APPRECIATION FOR THE  
24 TREMENDOUS CONTRIBUTION OF TIME, PASSION, AND COMMITMENT  
25 YOU'VE MADE TO THIS ENTERPRISE. AND IF YOU COULD, HOW

## BARRISTERS' REPORTING SERVICE

1 MUCH TIME WILL YOU THINK YOU WILL USE IN MOVING THROUGH  
2 THIS ITEM?

3 MR. DORRINGTON: ABOUT SIX OR SEVEN MINUTES.

4 CHAIRMAN KLEIN: WELL, THAT'S IMPRESSIVE.

5 MR. DORRINGTON: WELL, WE'LL SEE.

6 CHAIRMAN KLEIN: AND THEN WE WILL GO BACK, FOR  
7 THE PURPOSES OF INFORMATION FOR THE BOARD AND THE  
8 AUDIENCE, THEN TO ITEM 9; IS THAT CORRECT, DR. MURPHY?

9 DR. MURPHY: THAT'S RIGHT. THAT'S RIGHT. MR.  
10 CHAIRMAN, BEFORE ED BEGINS, LET ME JUST INTRODUCE ED  
11 DORRINGTON TO THE ICOC. ED IS A SOFTWARE ARCHITECT WHO  
12 HAS BEEN WITH THE INSTITUTE FOR --

13 MR. DORRINGTON: LITTLE OVER TWO YEARS.

14 DR. MURPHY: -- TWO YEARS. ED IS THE PERSON  
15 WHO REALLY CREATED THE SOFTWARE THAT IS CURRENTLY BEING  
16 USED BY THE INSTITUTE FOR ITS GRANTS MANAGEMENT PROGRAM.  
17 SO HE WAS IN CHARGE OF THE SURVEY THAT WAS DONE TO CHOOSE  
18 THIS NEW SYSTEM WE'LL BE RECOMMENDING TO YOU WITH  
19 COLLEAGUES IN THE INSTITUTE. AND I JUST WANT TO ASSURE  
20 YOU HE IS VERY WELL QUALIFIED TO BE RECOMMENDING THIS TO  
21 US.

22 MR. DORRINGTON: THANK YOU. SO I'M GOING TO BE  
23 TALKING ABOUT GRANTS MANAGEMENT SYSTEM HERE. I'M GOING  
24 TO TALK ABOUT WHY WE NEED A GRANTS MANAGEMENT SYSTEM, HOW  
25 WE WENT ABOUT CHOOSING A VENDOR, AND WHO WE ENDED UP

## BARRISTERS' REPORTING SERVICE

1 RECOMMENDING.

2 SO WHY DO WE NEED A SYSTEM? THIS SLIDE, WHICH  
3 YOU'VE ALL SEEN BEFORE, OUTLINES THE STEPS INVOLVED IN  
4 THE LIFE CYCLE OF A GRANT. EACH STEP IN THIS LIFE CYCLE  
5 INVOLVES A COORDINATED EFFORT AMONGST A LARGE NUMBER OF  
6 PEOPLE, WHETHER CIRM STAFF MEMBERS, APPLICANTS, GRANTEES,  
7 GRANTS WORKING GROUP MEMBERS, OR THE ICOC. MANY OF THESE  
8 STEPS INVOLVE GATHERING INFORMATION FROM OTHER PROGRAMS,  
9 QUERYING HISTORICAL INFORMATION, ETC. AND ACTUALLY,  
10 DR. BRENNER, TO ADDRESS YOUR EARLIER POINT IN TERMS OF  
11 TRACKING THE PROGRESS OF OUR CIRM SCHOLARS, THIS IS  
12 EXACTLY THE TYPE OF QUALITATIVE AND QUANTITATIVE  
13 INFORMATION THAT A GRANTS MANAGEMENT SYSTEM WOULD ALLOW  
14 US TO TRACK.

15 AT ANY GIVEN TIME THERE WOULD BE SEVERAL  
16 PROGRAMS GOING THROUGH THE YELLOW PRE-AWARD AND AWARD  
17 STEPS AND LITERALLY DOZENS GOING THROUGH THE POSTAWARD  
18 TRACKING PROCESSES. EACH PROGRAM COULD CONTAIN FROM  
19 DOZENS TO HUNDREDS OF APPLICATIONS OR AWARDS, AND EACH  
20 AWARD COULD INCLUDE MANY PROGRESS REPORTS,  
21 CERTIFICATIONS, AND OTHER FORMS, ALL OF WHICH LEADS TO A  
22 LOT OF PAPER. AND JUST SO YOU KNOW, THAT'S JUST THE  
23 APPLICATIONS FOR JUST ONE PROGRAM.

24 WHEN YOU IMAGINE THAT VOLUME OF INFORMATION  
25 ACROSS ALL THE PROGRAMS WE'LL BE FINISHING OVER MANY

## BARRISTERS' REPORTING SERVICE

1 YEARS, THE NEED FOR AN ELECTRONIC GRANTS MANAGEMENT  
2 SYSTEM TO COORDINATE THESE EFFORTS BECOMES ABUNDANTLY  
3 CLEAR.

4 SO HOW DID WE GO ABOUT FINDING THE RIGHT  
5 SYSTEM? WE BEGAN EARLY THIS YEAR BY WRITING A DETAILED  
6 REQUEST FOR PROPOSAL FOR SUCH A SYSTEM. BY THIS TIME,  
7 AFTER HAVING GONE THROUGH SEVERAL REVIEW CYCLES, WE HAD A  
8 VERY GOOD UNDERSTANDING OF OUR REQUIREMENTS AND  
9 PROCESSES. SO THE RFP OUTLINED 129 SPECIFIC REQUIREMENTS  
10 AND IDENTIFIED THE CRITERIA BY WHICH PROPOSALS WOULD BE  
11 EVALUATED. THE RFP ALSO STATED THAT ANY CONTRACT WITH A  
12 VENDOR WOULD BE ON A PAY-FOR-PERFORMANCE BASIS WHEREBY  
13 THE VENDOR IS NOT PAID EXCEPT FOR ACTUAL DELIVERED  
14 FUNCTIONALITY. THE RFP WAS POSTED LATE IN MAY, AND  
15 RESPONSES WERE DUE AT THE END OF JUNE.

16 BY THE DEADLINE WE HAD RECEIVED FIVE PROPOSALS.  
17 SO WE THEN CONVENED A NINE-MEMBER EVALUATION COMMITTEE  
18 WHICH CONSISTED OF SEVEN CIRM EMPLOYEES, INCLUDING  
19 SCIENTIFIC OFFICERS, I.T., AND SENIOR MANAGEMENT, AND TWO  
20 OUTSIDE VOLUNTEERS WHO HAD EXTENSIVE EXPERIENCE IN GRANTS  
21 MANAGEMENT SYSTEMS.

22 THE EVALUATION COMMITTEE MET TO REVIEW AND  
23 SCORE THE PROPOSALS ON THE BASIS OF THESE FIVE CRITERIA:  
24 THE EXPERIENCE OF THE VENDOR, THE QUALIFICATIONS OF THE  
25 PERSONNEL IMPLEMENTING THE SOLUTION, THE RESPONSIVENESS



## BARRISTERS' REPORTING SERVICE

1 OF THEIR PROPOSAL TO THE SCOPE OF WORK OUTLINED IN THE  
2 RFP, THE COST TO IMPLEMENT AND MAINTAIN THE SYSTEM, AND  
3 THE TIMING OF THE PROJECT. CAN THEY MEET OUR DEADLINES.

4 THE EVALUATION COMMITTEE CAREFULLY REVIEWED  
5 EACH ELEMENT OF THE PROPOSAL AGAINST EACH OF THE CRITERIA  
6 IN ORDER TO DETERMINE A FINAL SCORE. AFTER EVALUATING  
7 THE PROPOSALS, WE WERE ABLE TO NARROW THE FIELD TO THREE  
8 FINALISTS. HOWEVER, IN ORDER TO CHOOSE A WINNING BIDDER,  
9 THE EVALUATION COMMITTEE FELT THAT WE NEEDED TO SEE THESE  
10 SYSTEMS IN ACTION AND ALSO NEEDED TO MEET WITH THE PEOPLE  
11 WHO WOULD BE IMPLEMENTING THE SYSTEM.

12 SO DURING JULY AND INTO EARLY AUGUST, ALL THREE  
13 FINALISTS CAME AND GAVE HALF-DAY DEMONSTRATIONS OF THEIR  
14 SYSTEMS. WE REQUIRED THAT THE PEOPLE GIVING THE  
15 DEMONSTRATIONS BE MEMBERS OF THE TEAM WHO WOULD BE  
16 IMPLEMENTING THE SYSTEM. THIS ALLOWED EVALUATION  
17 COMMITTEE MEMBERS TO ASK QUESTIONS OF EACH BIDDER AND TO  
18 MEET SOME OF THEIR TEAM.

19 AFTER THE DEMONSTRATIONS, THE EVALUATION  
20 COMMITTEE IDENTIFIED A FEW REMAINING AMBIGUITIES IN THE  
21 PROPOSALS, SO WE PUT TOGETHER A DOCUMENT ASKING FOR  
22 CLARIFICATION OF THESE QUESTIONS. THE RESPONSES WERE TO  
23 BE IN THE FORM OF AN ADDENDUM TO THEIR PROPOSAL. AFTER  
24 RECEIVING ALL THREE RESPONSES, THE EVALUATION COMMITTEE  
25 MET AGAIN TO DISCUSS THE NEW INFORMATION, AND THIS TIME

## BARRISTERS' REPORTING SERVICE

1 WE WERE ABLE TO MAKE A UNANIMOUS RECOMMENDATION.

2 THE SYSTEM WE RECOMMEND IS A SYSTEM CALLED  
3 GRANTIUM. IT'S FROM A COMPANY ALSO CALLED GRANTIUM,  
4 WHICH IS HEADQUARTERED IN CANADA, IS EXCLUSIVELY IN THE  
5 BUSINESS OF SELLING GRANTS MANAGEMENT SOFTWARE, AND THEY  
6 HAVE BEEN IN BUSINESS FOR TEN YEARS. THEY HAVE CUSTOMERS  
7 IN CANADA, AUSTRALIA, AND THE U.S., AND THEIR CUSTOMERS  
8 INCLUDE THE ALBERTA ADVANCED EDUCATION AND TECHNOLOGY,  
9 THE INNOVATION INSTITUTE OF ONTARIO, THE U.S. AGENCY FOR  
10 INTERNATIONAL DEVELOPMENT, AND THE DEPARTMENT OF STATE.

11 AND OVER THE COURSE OF OUR EVALUATION, WE  
12 CONTACTED EACH OF THESE CUSTOMERS, AND THEY WERE ALL  
13 EXTREMELY POSITIVE ABOUT THEIR EXPERIENCES WITH GRANTIUM,  
14 BOTH AS A COMPANY AND WITH THE SOFTWARE.

15 SO THE CONTRACT THAT THEY ARE PROPOSING  
16 INCLUDES A SIX-MONTH IMPLEMENTATION SCHEDULE AT AN  
17 IMPLEMENTATION COST OF APPROXIMATELY \$550,000. IN  
18 ADDITION, THERE'S AN ANNUAL MAINTENANCE FEE OF  
19 APPROXIMATELY \$49,000, WHICH INCLUDES ALL FIXES,  
20 UPGRADES, AND NEW VERSIONS OF THE SYSTEM. WE ANTICIPATE  
21 SIGNING A THREE-YEAR IMPLEMENTATION AND SUPPORT CONTRACT  
22 WITH THE POTENTIAL FOR ANNUAL EXTENSIONS. THE TOTAL FOR  
23 THIS INITIAL CONTRACT WOULD, THEREFORE, BE \$702,000.  
24 THERE WOULD ALSO BE SOME ADDITIONAL EXPENSES, BOTH  
25 INITIAL AND ONGOING, INVOLVED WITH HOSTING THE SYSTEM.

## BARRISTERS' REPORTING SERVICE

1 THESE WOULD INCLUDE APPROXIMATELY \$10,000 FOR HARDWARE  
2 AND APPROXIMATELY \$15,000 A YEAR IN HOSTING COSTS. SO  
3 THE TOTAL OUTLAY FOR THREE YEARS WOULD, THEREFORE, BE  
4 APPROXIMATELY \$757,000. AND GOING FORWARD EACH  
5 ADDITIONAL YEAR WOULD BE ROUGHLY \$64,000.

6 SO THE CORE STRENGTHS OF THE PROPOSAL INCLUDE  
7 THE SOFTWARE ITSELF, WHICH IS BOTH POWERFUL AND HIGHLY  
8 CONFIGURABLE AND ALLOWS CIRM TO ADAPT TO CHANGING  
9 REQUIREMENTS AND DIRECTIONS WITHOUT A MAJOR  
10 REIMPLEMENTATION EFFORT. IT'S AN EXTENSIBLE SYSTEM,  
11 WHICH ALLOWS OTHER SOFTWARE TO BE INTEGRATED WITH IT. IF  
12 THERE'S FUNCTIONALITY THAT GRANTIUM DOESN'T SUPPLY, WE  
13 CAN CREATE AND INTEGRATE OUR OWN SOLUTIONS OR PURCHASE  
14 THEM FROM A THIRD PARTY.

15 SO, FOR EXAMPLE, REPORTING. REPORTING IS  
16 CLEARLY AN IMPORTANT PIECE OF THE SYSTEM, AND GRANTIUM  
17 DECIDED NOT TO REINVENT THE WHEEL, BUT, RATHER, TO  
18 INTEGRATE A SYSTEM CALLED CRYSTAL REPORTS. CRYSTAL  
19 REPORTS IS THE GOLD STANDARD IN REPORTING AND WILL ALLOW  
20 US TO CREATE VIRTUALLY ANY REPORT THAT WE MIGHT REQUIRE.

21 THE STRENGTHS OF THE COMPANY AND TEAM  
22 THEMSELVES INCLUDE PROJECT MANAGEMENT. SEVERAL GRANTIUM  
23 EMPLOYEES ARE THOUGHT LEADERS IN THE FIELD OF PROJECT  
24 MANAGEMENT AND HAVE BROUGHT THEIR SKILLS TO BEAR IN  
25 CREATING A STANDARDIZED DEVELOPMENT METHODOLOGY. IN

## BARRISTERS' REPORTING SERVICE

1 TALKING TO THE CUSTOMERS I MENTIONED EARLIER, ONE OF THE  
2 THINGS THEY KEPT REFERRING TO WAS THE CONFIDENCE THAT  
3 THEY HAD IN GRANTIUM'S ABILITY TO MEET ITS DEADLINES AND  
4 TO GENERALLY DO WHAT THEY SAY THEY WILL DO. AND A LOT OF  
5 THAT WAS BASED ON THEIR CONFIDENCE IN THIS METHODOLOGY.

6 ANOTHER STRENGTH IS IN TRAINING. GRANTIUM'S  
7 METHODOLOGY STRESSES CONTINUOUS KNOWLEDGE TRANSFER BOTH  
8 FROM CIRM TO GRANTIUM, TEACHING THEM ABOUT OUR PROCESSES,  
9 AND FROM GRANTIUM BACK TO CIRM, TRAINING CIRM STAFF HOW  
10 TO USE THE SYSTEM IN A WAY THAT IS TAILORED DIRECTLY TO  
11 OUR NEEDS AND REQUIREMENTS.

12 WE'RE CONFIDENT THAT PARTNERING WITH GRANTIUM  
13 IS THE RIGHT NEXT STEP FOR CIRM TO TAKE IN GETTING A  
14 COMPREHENSIVE ELECTRONIC GRANTS MANAGEMENT SYSTEM UP AND  
15 RUNNING BOTH QUICKLY AND EFFICIENTLY, AND WE'RE ASKING  
16 THE ICOC TO APPROVE THIS RECOMMENDATION AFTER WHICH WE'LL  
17 QUICKLY BEGIN IMPLEMENTATION. THANK YOU AND I'M HAPPY TO  
18 TAKE ANY QUESTIONS.

19 CHAIRMAN KLEIN: QUESTIONS FROM THE BOARD? DR.  
20 LEVEY.

21 DR. LEVEY: VERY NICE PRESENTATION. MAYBE I  
22 MISSED THIS, BUT DID YOU HAVE A CHANCE MAYBE TO LOOK AT  
23 GRANT MANAGEMENT SYSTEMS FOR SOME COMPARABLE GRANTING  
24 ORGANIZATIONS SUCH AS THE AMERICAN HEART OR THE AMERICAN  
25 CANCER SOCIETY OR THE AMERICAN DIABETES?

## BARRISTERS' REPORTING SERVICE

1 MR. DORRINGTON: OVER THE COURSE OF THIS  
2 EVALUATION, WE TALKED TO A NUMBER OF FOLKS, THE HOWARD  
3 HUGHES MEDICAL INSTITUTE, THE --

4 DR. LEVEY: NIH.

5 MR. DORRINGTON: -- THE PACKARD FOUNDATION, UC  
6 OFFICE OF THE PRESIDENT, A NUMBER OF DIFFERENT PEOPLE TO  
7 SEE WHAT DIFFERENT PEOPLE ARE USING IN THE FIELD. A  
8 NUMBER OF THESE ORGANIZATIONS HAVE BEEN AROUND FOR A LONG  
9 TIME. THEY'VE OFTEN MADE THEIR CHOICE MANY YEARS AGO  
10 BASED ON WHAT WAS AVAILABLE THEN. AND SO TO A CERTAIN  
11 EXTENT, SINCE WE HAVE THE ADVANTAGE OF BEING NEW, WE HAVE  
12 THE ADVANTAGE ALSO OF SEEING WHAT IS CURRENT. AND WE DID  
13 SEE A FEW PEOPLE WHO ARE CHOOSING SYSTEMS LIKE GRANTIUM,  
14 OR, GIVEN THE CUSTOMERS THAT I MENTIONED, PEOPLE WHO DID  
15 CHOOSE GRANTIUM.

16 BUT THE MOST -- THE BIGGEST SYSTEM OUT THERE IS  
17 A SYSTEM CALLED GIFTS FROM MICROEDGE, WHICH A NUMBER OF  
18 PEOPLE ARE USING, BUT IT'S A VERY LIMITED SYSTEM, LIMITED  
19 IN ITS FUNCTIONALITY, AND REALLY WOULD NOT BE ABLE TO  
20 MEET OUR REQUIREMENTS.

21 DR. LEVEY: IN FOLLOW-UP, DID YOU HAVE A CHANCE  
22 TO TEST THE SYSTEM, TO PUT IT THROUGH SOME SORT OF PACE  
23 TO SEE HOW IT WORKED?

24 MR. DORRINGTON: WELL, WE DID SEE THE  
25 DEMONSTRATION OF THE SYSTEM; BUT BECAUSE THE WAY THESE

## BARRISTERS' REPORTING SERVICE

1 SYSTEMS WORK, THERE'S NOT SO MUCH OFF-THE-SHELF SOFTWARE  
2 AS A SYSTEM THAT IS EXTENSIVELY CUSTOMIZED TO OUR NEEDS,  
3 SO IT WOULD BE VERY DIFFICULT TO GET A REAL SENSE OF HOW  
4 THE SYSTEM WOULD WORK IN OUR SITUATION UNTIL YOU GO  
5 THROUGH IT, BUT WE DID ACTUALLY SEE THE SYSTEM WORKING.

6 CHAIRMAN KLEIN: OKAY. DR. PIZZO. AND WHILE  
7 DR. PIZZO IS GETTING A MICROPHONE, ED, COULD YOU EXPLAIN  
8 IN TERMS OF WHICH MEMBERS OF THE SCIENCE TEAM WORKED WITH  
9 YOU TO MAKE CERTAIN THAT THE NEEDS OF THE SCIENCE TEAM  
10 WERE BEING MET?

11 MR. DORRINGTON: SURE. YEAH. THE MEMBERS OF  
12 THE EVALUATION COMMITTEE WERE ARLENE CHIU, AMY LEWIS, GIL  
13 SAMBRANO, KUMAR HARI, AND THEN FROM I.T. DENNIS BUTLER,  
14 AND FROM ADMINISTRATION LORI HOFFMAN AND MYSELF, AND THEN  
15 THE TWO EXTERNAL FOLKS THAT WE HAD WERE CHRIS MENCEL FROM  
16 THE MOORE FOUNDATION AND MELANIE CAVANAGH LYNCH FROM THE  
17 UC OFFICE OF THE PRESIDENT BREAST CANCER RESEARCH  
18 PROGRAM.

19 CHAIRMAN KLEIN: DR. PIZZO.

20 DR. PIZZO: I AGREE THIS WAS A VERY NICE  
21 PRESENTATION. THANK YOU.

22 CHAIRMAN KLEIN: IS HIS MIC ON PLEASE?

23 DR. PIZZO: SO VERY HELPFUL PRESENTATION, BUT I  
24 WONDER IF YOU COULD EVEN AT SOME HIGH LEVEL -- YOU MAY  
25 NOT HAVE THE ACTUAL DATA TO SHARE WITH US -- HOW YOU

## BARRISTERS' REPORTING SERVICE

1 ACTUALLY MADE THE SELECTION IN COMPARISON TO THE OTHER  
2 TWO FINALISTS? YOU PRESENTED THE DATA WITH REGARD TO THE  
3 FINALISTS, BUT I DON'T KNOW WHAT THE DIFFERENTIATING  
4 ELEMENTS WERE THAT LED YOU TO THAT.

5 MR. DORRINGTON: WELL, THERE ARE BASICALLY TWO  
6 PIECES. ONE WAS MORE QUANTITATIVE, WHICH IS THE SCORES  
7 ON THOSE FIVE CRITERIA, IN WHICH CASE GRANTIUM DID SCORE  
8 THE HIGHEST IN EVERY CRITERIA. AND THEN THE SECOND  
9 FACTOR USED WAS A MORE SUBJECTIVE FACTOR WHICH WAS BASED  
10 ON RESULTS AFTER THOSE DEMONSTRATIONS. AND IT'S BASED ON  
11 THINGS LIKE A FEEL OF WHO WE THOUGHT MIGHT BE BEST SUITED  
12 TO WORK WITH US, WHO LOOKS LIKE THEY WOULD BE ABLE TO  
13 ACTUALLY GET THE JOB DONE, AND THEN IT WAS ALSO BASED ON  
14 THE CONVERSATIONS WE HAD HAD WITH THE VARIOUS REFERENCES.

15 DR. PIZZO: SO I ASSUME THAT THE COST WAS  
16 FACTORED INTO THE SCORING SYSTEM THAT YOU HAD AS WELL.

17 MR. DORRINGTON: YES.

18 DR. PRICE: QUESTION IS WHETHER THE COST YOU  
19 QUOTE US INCLUDES CUSTOMIZATION?

20 MR. DORRINGTON: YES. THIS IS A COMPLETE COST.

21 CHAIRMAN KLEIN: NOW, TO BE SPECIFIC, IT'S MY  
22 UNDERSTANDING IF A YEAR FROM NOW WE HAVE A VERY --  
23 ANOTHER CUSTOMIZED APPROACH FOR A NEW PROGRAM NOT  
24 INITIALLY CONTEMPLATED, THERE COULD BE AN ADDITIONAL  
25 CHARGE AT THAT TIME?

## BARRISTERS' REPORTING SERVICE

1 MR. DORRINGTON: RIGHT. AND WE DO ANTICIPATE  
2 HAVING A LONG-TERM RELATIONSHIP WITH THE COMPANY, BUT ONE  
3 OF THE OTHER ADVANTAGES OF THE SYSTEM IN TERMS OF ITS  
4 EXTENSIBILITY, AS I SAID, IS THAT, DEPENDING ON WHAT  
5 THOSE THINGS ARE, WE MAY BE ABLE TO DO THAT IN-HOUSE OR  
6 WE MAY CONTRACT WITH THEM.

7 CHAIRMAN KLEIN: MICHAEL GOLDBERG.

8 MR. GOLDBERG: IN TERMS OF YOUR ANALYSIS, DID  
9 YOU LOOK AT THE FINANCIAL VIABILITY OF THE FIRM?

10 MR. DORRINGTON: TO THE EXTENT POSSIBLE. ONE  
11 OF THE INTERESTING ISSUES IS THAT ALL OF THE THREE  
12 FINALISTS ARE PRIVATE COMPANIES AND ARE NOT VERY WILLING  
13 TO SHARE FINANCIAL DATA.

14 MR. GOLDBERG: SO IN MY EXPERIENCE, THE BEST  
15 WAY TO PROTECT AGAINST THAT WOULD BE MAKE SURE THAT YOU  
16 OWN ACCESS TO THE CODE IN THE EVENT OF DEFAULT OR  
17 BANKRUPTCY.

18 MR. DORRINGTON: RIGHT. AND ONE OF THE FACTORS  
19 THAT WAS IN THE RFP WAS SPECIFICALLY THAT, TO HAVE CODE  
20 IN ESCROW SO THAT SHOULD THEY GO UNDER, WE WOULD HAVE  
21 ACCESS TO THAT CODE. AND ALSO WE HAD TRIED TO ADDRESS  
22 THAT WITH THE PAY-FOR-PERFORMANCE ISSUE. SO THAT WE'RE  
23 NOT PAYING UNLESS WE GET SOMETHING FOR IT.

24 MR. GOLDBERG: THANK YOU.

25 CHAIRMAN KLEIN: DAVID SERRANO-SEWELL.



## BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: I JUST ASSUME THAT LEGAL  
2 IS GOING TO LOOK AT THE CONTRACT BEFORE IT'S EXECUTED.

3 MR. DORRINGTON: OH, SURE. OF COURSE.

4 MR. SERRANO-SEWELL: L.A. UNIFIED SCHOOL  
5 DISTRICT, THEY'RE JUST TRYING TO UNTANGLE A \$40 MILLION  
6 PLUS CONTRACT THAT THEY ENTERED INTO TO UPGRADE THEIR  
7 PAYROLL COMPUTER SYSTEM, AND THEY'VE HAD TO HIRE  
8 ADDITIONAL CONSULTANTS TO THE TUNE OF LIKE ANOTHER 10  
9 MILLION, SO I DON'T THINK WE'RE GOING TO FIND OURSELVES  
10 IN THAT KIND OF SITUATION, BUT IT DOES --

11 MR. DORRINGTON: YEAH. WE WILL DEFINITELY.

12 MR. SERRANO-SEWELL: -- GIVE ME SOME COMFORT TO  
13 KNOW THAT.

14 MR. DORRINGTON: OH, YEAH.

15 MR. SERRANO-SEWELL: MAYBE WE'LL TAKE A LOOK AT  
16 THIS AS WELL.

17 CHAIRMAN KLEIN: AND IN THE PAYMENT UNDER THE  
18 CONTRACT, IT'S CONTEMPLATED THAT THERE WILL BE MILESTONES  
19 IN THE PAYMENT.

20 MR. DORRINGTON: YES. THAT IS PART OF THE PAY  
21 FOR PERFORMANCE IS THAT THERE ARE SET MILESTONES. WHEN  
22 THEY REACH THOSE MILESTONES IS WHEN WE RELEASE PAYMENT,  
23 ETC.

24 CHAIRMAN KLEIN: AND, DR. MURPHY, DID YOU HAVE  
25 A COMMENT?

**BARRISTERS' REPORTING SERVICE**

1 DR. MURPHY: NO. ONE THING THAT I THINK MADE A  
2 VERY GOOD JOB OF THIS AND I FULLY SUPPORT THE  
3 RECOMMENDATION.

4 CHAIRMAN KLEIN: IS THERE A MOTION TO SUPPORT  
5 THIS?

6 DR. PIZZO: SO MOVED.

7 DR. WRIGHT: SECOND.

8 CHAIRMAN KLEIN: I THINK IT'S DR. PIZZO AND  
9 DR. WRIGHT. AND IS THERE ADDITIONAL COMMENTS FROM THE  
10 BOARD? IS THERE ADDITIONAL COMMENTS FROM THE PUBLIC?  
11 JOHN SIMPSON.

12 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
13 FOR TAXPAYER AND CONSUMER RIGHTS. IT LOOKS TO ME LIKE  
14 YOU DEFINITELY GOT IT RIGHT THIS TIME. I REFLECT ON THE  
15 ARLINGTON GROUP THAT WENT BELLY UP, AND IT SEEMED TO ME  
16 THAT THAT MIGHT HAVE BEEN CAUSED BECAUSE THE PROCESS OF  
17 VETTING ALL THE POTENTIAL APPLICANTS WAS NOT THOROUGH  
18 ENOUGH. AND I THINK I SUGGESTED THAT AT THE TIME, IN  
19 RETROSPECT. BUT THIS LOOKS GOOD, SO I THINK IT'S A GOOD  
20 THING AND COMMEND YOU FOR IT.

21 CHAIRMAN KLEIN: AND MY UNDERSTANDING IS THAT  
22 WITH THE PRIOR GROUP, BECAUSE OF MILESTONES AND CONTROLS,  
23 WE WERE ABLE TO KEEP THE EXPOSURE VERY LOW. IS THAT A  
24 CORRECT STATEMENT?

25 MR. DORRINGTON: YEAH. I BELIEVE THE SUM TOTAL

**BARRISTERS' REPORTING SERVICE**

1 IS \$56,000 THAT WE PAID OF A ROUGHLY SIMILAR SIZE  
2 CONTRACT.

3 CHAIRMAN KLEIN: WE APPRECIATE CONTROLS AND  
4 SCRUTINY OF THAT KIND. THANK YOU VERY MUCH.

5 SO I'D LIKE TO CALL FOR THE QUESTION. ALL IN  
6 FAVOR. OPPOSED? MOTION PASSES. THANK YOU VERY MUCH FOR  
7 THE TREMENDOUS JOB OF THE ENTIRE TEAM.

8 WE'D LIKE TO GO TO ITEM NO. 9 WHILE PEOPLE ARE  
9 HUNGRY AND THEIR ATTENTION IS PEAKED.

10 DR. CHIU: I WILL BE BRIEF, MR. CHAIRMAN. MR.  
11 CHAIRMAN, I ASK THE BOARD TO CONSIDER A NEW RFA FOR  
12 CONCEPT APPROVAL. THIS IS AGENDA ITEM NO. 9 IN YOUR  
13 BINDERS, A PROPOSAL FOR CIRM TO FUND THE DERIVATION OF  
14 NEW PLURIPOTENT HUMAN STEM CELL LINES. NOW, AS YOU ALL  
15 KNOW, CURRENT FEDERAL POLICY ONLY ALLOWS THE USE OF A FEW  
16 LINES OF HUMAN EMBRYONIC STEM CELLS FOR RESEARCH, AND NO  
17 FUNDS ARE PROVIDED FOR THE DERIVATION OF NEW AND BETTER  
18 LINES.

19 ALL THE PRESIDENTIAL LINES ARE DERIVED WITH OLD  
20 METHODS USED BEFORE 2001; FOR EXAMPLE, METHODS THAT  
21 EXPOSE CELLS TO ANIMAL PRODUCTS. WE NEED TO ALLOW  
22 RESEARCHERS TO TEST AND DEVELOP NEW AND BETTER METHODS  
23 THAT WILL PRODUCE THE CELL LINES MOST USEFUL FOR CLINICAL  
24 USE.

25 RECENT REPORTS ALSO INDICATE THAT ALL HUMAN

## BARRISTERS' REPORTING SERVICE

1 EMBRYONIC STEM CELL LINES IN EXISTENCE ARE NOT ALL ALIKE.  
2 EVEN UNDER THE SAME GROWTH CONDITIONS, SOME LINES SHOW A  
3 PREFERENCE FOR PRODUCING FOREBRAIN NEURONS WHILE OTHERS  
4 DO NOT. IF WE WANT TO GET THE BEST CELL SOURCE FOR  
5 DIFFERENT TREATMENTS, WE NEED TO FUND THE DERIVATION OF  
6 MANY MORE CELL LINES.

7 AND THERE ARE THREE COMPELLING REASONS THAT I  
8 CAN THINK OF FOR FUNDING THE GENERATION OF NEW CELL  
9 LINES. THE FIRST SHOWN ON THE SLIDE IS A NEED, THE NEED  
10 FOR NEW LINES SO THAT WE CAN HAVE GREATER GENETIC  
11 DIVERSITY, SO THAT WE CAN GENERATE DISEASE-SPECIFIC LINES  
12 FOR CELLULAR MODELS OF DISEASE AND FOR DRUG DISCOVERY, SO  
13 THAT WE CAN GET CLINICAL GRADE LINES THAT CAN BE USED FOR  
14 THERAPIES, AND SO THAT WE CAN GET OPTIMAL LINES FOR  
15 SPECIFIC DESIRED PHENOTYPES OR CELL TYPES IN NEED.

16 THE SECOND REASON IS THAT NEW METHODS ARE  
17 CONSTANTLY BEING DEVELOPED FOR DERIVING HUMAN EMBRYONIC  
18 STEM CELLS, NEW METHODS WITHOUT EXPOSURE TO ANIMAL  
19 PRODUCTS, NEW DEFINED GROWTH CONDITIONS, THAT IS MEDIA  
20 FACTORS, SUBSTRATES, FETAL LAYERS, ETC., NEW METHODS  
21 FOLLOWING GOOD MANUFACTURING PRACTICE. IN ADDITION,  
22 DISEASE-SPECIFIC CELL LINES COULD ALSO BE GENERATED FROM  
23 EMBRYOS IDENTIFIED DURING PREIMPLANTATION GENETIC  
24 DIAGNOSIS OF PGD.

25 IN ADDITION, THERE HAVE BEEN RECENT REPORTS OF

## BARRISTERS' REPORTING SERVICE

1 DERIVING HUMAN EMBRYONIC STEM CELLS FROM SINGLE  
2 BLASTOMERES. AND LAST, BUT CERTAINLY NOT LEAST, THERE IS  
3 SCNT. A RECENT REPORT OUT OF OREGON INDICATES THAT THIS  
4 HAS BEEN SUCCESSFULLY ACCOMPLISHED IN NONHUMAN PRIMATES,  
5 AND THIS IS INDEED ENCOURAGING NEWS, BUT THERE ARE NO  
6 REPORTS OF THESE BEING ACCOMPLISHED IN HUMANS WITH HUMAN  
7 CELLS, SO THERE IS A GREAT NEED TO ATTEMPT THIS NEW  
8 TECHNOLOGY.

9 NOVEL SOURCES AND PROTOCOLS FOR GENERATING  
10 PLURIPOTENT CELL LINES, WE KNOW THAT RECENT PAPERS FROM  
11 DRS. YAMANAKA, JAENISH, AND OTHERS DEMONSTRATE AND VERIFY  
12 THAT IT IS POSSIBLE TO REPROGRAM MATURE ADULT SOMATIC  
13 CELLS TO DEDIFFERENTIATE THEM, IF YOU WILL, AND GENERATE  
14 FULLY PLURIPOTENT STEM CELLS.

15 THESE STUDIES HAVE ONLY BEEN DONE IN MICE, AND  
16 THE TIME IS RIPE TO SEE IF WE CAN DO THE SAME WITH HUMAN  
17 CELLS.

18 THE SECOND POINT, THERE ARE CYBRIDS WHICH ARE  
19 CREATED BY THE FUSION OF HUMAN EMBRYONIC STEM CELLS WITH  
20 ADULT CELLS. THAT'S ANOTHER EXCITING POSSIBILITY, BUT  
21 HAVE NOT BEEN SUCCESSFULLY ACHIEVED AS YET. AND FINALLY,  
22 OTHER INNOVATIVE METHODS ARE PROBABLY BEING THOUGHT OF  
23 AND DEVELOPED AS WE SPEAK.

24 SO WITH THIS INITIATIVE, WE ASK TO SUPPORT M.D.  
25 AND PH.D. SCIENTISTS AND THEIR EQUIVALENTS TO CONDUCT

## BARRISTERS' REPORTING SERVICE

1 RESEARCH TOWARD THIS GOAL AT INSTITUTIONS IN CALIFORNIA.  
2 AND THIS IS THE ONLY CONDITION OF ELIGIBILITY. WE WANT  
3 TO SUPPORT THE FULL SPECTRUM OF HUMAN PLURIPOTENT STEM  
4 CELL TYPES AND EXPERIMENTAL APPROACHES, AND WE SUGGEST  
5 TWO TIMES OF AWARDS. THE FIRST TYPE IS FOR GENERATING  
6 HUMAN EMBRYONIC STEM CELL LINES GENERATED FROM CELLS THAT  
7 ARE DERIVED FROM EARLY PREIMPLANTATION EMBRYOS OF LESS  
8 THAN 12 DAYS, AS PER OUR MEDICAL AND ETHICAL STANDARDS.  
9 THE SECOND KIND OF AWARD IS TO GENERATE NEW HUMAN  
10 PLURIPOTENT STEM CELLS STARTING WITH OTHER SOURCES. SO  
11 WE'RE REALLY OPENING UP THE FIELD IN THIS APPROACH.

12 EACH APPLICANT INSTITUTION MAY SUBMIT UP TO  
13 FOUR APPLICATIONS, TWO OF EACH TYPE. WE'D LIKE TO ASK  
14 YOU TO FUND EIGHT GRANTS OF EACH TYPE. EACH WILL BE A  
15 THREE-YEAR GRANT WITH PROJECT COSTS OF UP TO \$300,000 PER  
16 YEAR. THE TOTAL COST OF THIS PROGRAM WE ESTIMATE TO BE  
17 APPROXIMATELY \$25 MILLION, AND OUR CURRENT DRAFT  
18 TIMETABLE IS RFA RELEASE IN THE FALL OF THIS YEAR, REVIEW  
19 IN THE WINTER OF '07-'08, AND FOR YOUR APPROVAL FOR  
20 FUNDING IN THE SPRING OF '08.

21 AND I WANT TO POINT OUT THAT WE'VE JUST  
22 RECRUITED A NEW SCIENCE OFFICER, DR. UTA GRIESHAMMER,  
23 FROM DR. GAIL MARTIN'S LAB IN UCSF, AND SHE WILL BE  
24 TAKING THE LEAD ON THIS INITIATIVE SHOULD YOU APPROVE IT.

25 AND, MR. CHAIRMAN, I ASK FOR THE BOARD'S

## BARRISTERS' REPORTING SERVICE

1 CONSIDERATION OF THIS PROPOSAL.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR. CHIU.  
3 I THINK DUANE ROTH, AND THEN I'M GOING TO GO TO THE  
4 RIGHT.

5 MR. ROTH: DR. CHIU, YOU SAID IN TERMS OF  
6 ELIGIBILITY, THAT IT WAS M.D., PH.D., OR EQUIVALENT IN AN  
7 INSTITUTION. WILL THIS BE OPEN TO COMPANIES?

8 DR. CHIU: THAT'S A VERY GOOD QUESTION. IF THE  
9 FOR-PROFIT GRANT ADMINISTRATION POLICY IS READY, WE WOULD  
10 LIKE IT TO BE OPEN TO FOR-PROFIT ENTITIES WHEN WE LAUNCH  
11 IT. BUT IT WAITS TO BE SEEN, AND IT'S UP TO THE BOARD TO  
12 SEE HOW LONG WE SHOULD HOLD THIS BACK. THE OTHER  
13 POSSIBILITY IS THAT WE RE-RELEASE THIS AGAIN WHEN THE  
14 FOR-PROFIT GAP IS READY SO THAT COMPANIES TOO COULD  
15 COMPETE.

16 MR. ROTH: YOU KNOW, I AM ANXIOUS TO GET  
17 SOMETHING OUT THERE THAT COMPANIES CAN START TO SEE THAT  
18 CIRM IS SERIOUS ABOUT FUNDING THEM. AND I WOULD LIKE TO  
19 SUGGEST WE FIND A WAY TO ALLOW THEM TO SUBMIT  
20 APPLICATIONS HERE AND MOVE IN PARALLEL VERY QUICKLY TO  
21 FINALIZE THE FOR-PROFIT IP POLICY, WHICH IS IN VERY LATE  
22 STAGE. I CAN'T IMAGINE THERE'S GOING TO BE MATERIAL  
23 CHANGES TO THAT.

24 DR. CHIU: IT'S FOR THAT REASON WE DID NOT PUT  
25 UP THERE THAT IT WOULD BE RESTRICTED TO ACADEMIC AND NOT

**BARRISTERS' REPORTING SERVICE**

1 FOR-PROFIT.

2 MR. ROTH: I WAS CONFUSED BY THE WORD  
3 "INSTITUTIONS."

4 DR. CHIU: I SEE. I SHOULD SAY ORGANIZATIONS.  
5 THANK YOU.

6 CHAIRMAN KLEIN: YES. DR. STEWARD AND THEN DR.  
7 PIZZO.

8 DR. STEWARD: CAN YOU SAY A WORD, AND IT'S  
9 ESPECIALLY IMPORTANT GIVEN THE FACT THAT THIS WOULD  
10 POTENTIALLY BE OPEN TO PRIVATE COMPANIES AS WELL, HOW  
11 THESE, LET'S CALL THEM, REAGENTS FALL UNDER THE CURRENT  
12 CIRM GUIDELINES AS FAR AS MAKING ANYTHING CREATED BY CIRM  
13 FUNDING AVAILABLE FREELY, AS I RECALL?

14 DR. CHIU: YOU MAKE AN EXCELLENT POINT. YOU  
15 KNOW WE HAVE THE IP POLICY WHICH REQUIRES SHARING OF  
16 REAGENTS UPON PUBLICATION, AND THIS WILL HOLD. AND THE  
17 KEY IS UPON PUBLICATION.

18 CHAIRMAN KLEIN: DR. PIZZO.

19 DR. PIZZO: I THINK MY QUESTION IS A BIT IN THE  
20 SAME CONTEXT AS DR. STEWARD'S. IT HAS A HYPOTHETICAL  
21 ASSOCIATED WITH IT, AND I WOULD ASK THAT IT HAVE AN  
22 INTERNAL REVIEW. I DON'T EXPECT THAT YOU CAN COMMENT ON  
23 THIS RIGHT NOW. BUT THE SCENARIO IS WHAT IF THERE'S AN  
24 INVESTIGATOR WHO COMES TO CALIFORNIA FOR PART OF HER OR  
25 HIS WORK WHO HAS AN APPOINTMENT IN ANOTHER STATE, LET'S



## BARRISTERS' REPORTING SERVICE

1 SAY WISCONSIN AS A HYPOTHETICAL, WHO DEVELOPS NEW STEM  
2 CELL LINES. AND BECAUSE OF AN ACADEMIC AFFILIATION SEEKS  
3 TO HAVE THOSE SAID LINES BECOME PART OF, FOR EXAMPLE, THE  
4 WISCONSIN POLICY. SO YOU DON'T NEED TO RESPOND TO IT  
5 NOW, BUT I HOPE THAT WE CAN LOOK AT THIS BECAUSE THEIR  
6 HYPOTHETICAL HAS SOME POTENTIAL REALITIES.

7 DR. CHIU: I THANK YOU FOR THAT COMMENT.  
8 ACTUALLY WE HAVE THOUGHT ONLY HALFWAY THROUGH THAT  
9 PARTICULAR PROBLEM. AND THAT IS, WE VERY SPECIFICALLY  
10 WANTED TO HAVE IT OPEN TO ANYONE COMING TO DO THE  
11 RESEARCH IN CALIFORNIA, AS WE KNOW THAT CALIFORNIA HAS  
12 BECOME A MECCA FOR ATTRACTING A LOT OF VERY ABLE PEOPLE  
13 WITH NOVEL IDEAS. HOWEVER, IN TERMS OF THE IP, WE WOULD  
14 SEEK THE ADVICE AND HELP OF OUR LEGAL COUNSEL.

15 DR. PIZZO: BECAUSE AS WE DISCUSSED EARLIER  
16 THIS MORNING, WE WOULD WELCOME JOINT APPOINTMENTS OR  
17 OTHER APPOINTMENTS THAT WOULD BRING NEW TALENT TO  
18 CALIFORNIA, RECOGNIZING THAT THE INDIVIDUAL MAY BE AT  
19 ANOTHER PLACE, BUT I THINK WE JUST HAVE TO UNDERSTAND --  
20 THE LEGAL FOLKS WILL NEED TO UNDERSTAND WHAT THAT MEANS  
21 IN TERMS OF INSTITUTIONAL CONTROLS OVER IP AS WELL.

22 DR. CHIU: SINCE THESE AWARDS WILL BE AWARDED  
23 TO INSTITUTIONS IN CALIFORNIA, I HOPE THAT THAT WOULD  
24 TAKE CARE OF IT --

25 DR. PIZZO: IT MAY OBVIATE IT.

## BARRISTERS' REPORTING SERVICE

1 DR. CHIU: -- NO MATTER WHERE THE INVESTIGATOR  
2 ACTUALLY COMES FROM TO DO THE WORK.

3 CHAIRMAN KLEIN: SO, DR. CHIU, FOR INSTITUTIONS  
4 AND ORGANIZATIONS, YOU'RE SUGGESTING THAT, BECAUSE IT'S A  
5 CALIFORNIA AWARD, THE PARTICIPANTS WOULD HAVE TO AGREE TO  
6 OUR GAP AND OUR IP POLICY?

7 DR. CHIU: ABSOLUTELY. AND ALSO THE  
8 INSTITUTION WHERE THE RESEARCH WOULD BE CONDUCTED, THE  
9 ORGANIZATION WOULD BE IN CALIFORNIA.

10 CHAIRMAN KLEIN: THAT'S RIGHT. AND DR. MEYER.

11 DR. MEYER: VERY SPECIFIC QUESTION. YOU KIND  
12 OF PRESENTED IT AS THIS IS A WAY OF GENERATING NEW CELL  
13 LINES, WHICH I'M IMAGINING PROBABLY PRINCIPAL USE WOULD  
14 BE IN REGENERATIVE MEDICINE. I DON'T KNOW WHETHER THIS  
15 WILL BE SPECIFICALLY ADDRESSED IN THE RFA, BUT IT MIGHT  
16 BE A GOOD IDEA WHEN IT COMES OUT BECAUSE WE HEARD OF  
17 HUNTINGTON'S DISEASE THIS MORNING. THERE ARE A LOT OF  
18 OPPORTUNITIES NOW WITH IVF CLINICS AND DISCARDED EMBRYOS  
19 WITH GENETIC DISEASES TO ACTUALLY CREATE NEW CELL LINES,  
20 FOR EXAMPLE, WITH HUNTINGTON'S DISEASE THAT WOULD BE  
21 DISEASE MODELS AS OPPOSED TO CURING SOMEONE USING THOSE  
22 CELLS.

23 IS THIS WITHIN THE SCOPE OF THIS RFA?

24 DR. CHIU: ABSOLUTELY. ABSOLUTELY.

25 CHAIRMAN KLEIN: OKAY. ADDITIONAL BOARD

**BARRISTERS' REPORTING SERVICE**

1 DISCUSSION? IS THERE A MOTION?

2 DR. PIZZO: SO MOVED.

3 MR. ROTH: SECOND.

4 CHAIRMAN KLEIN: MOVED BY DR. PIZZO, SECOND BY  
5 DUANE ROTH. ADDITIONAL PUBLIC DISCUSSION? SEEING NO  
6 PUBLIC DISCUSSION, ALL IN FAVOR. OPPOSED? LET IT BE  
7 SHOWN IT PASSED UNANIMOUSLY.

8 I THINK WE HAVE A BREAK FOR LUNCH AT THIS  
9 POINT. LET ME ASK THIS QUESTION. IS THERE ANYONE WHO IS  
10 LEAVING BEFORE WE RECONVENE? WE HAVE ONE MORE ITEM FOR A  
11 QUORUM.

12 MS. KING: WE COULD DO IT NOW, OR DO YOU HAVE  
13 TO LEAVE.

14 CHAIRMAN KLEIN: WELL, WE DON'T EXPECT A  
15 SIGNIFICANT EXECUTIVE SESSION, WHICH WILL BE CONCURRENT  
16 WITH LUNCH. HOPEFULLY IT'S A QUICK ITEM.

17 MS. LANSING: WHY DON'T WE DO 45 MINUTES?

18 CHAIRMAN KLEIN: LET'S BE BACK IN 45 MINUTES.

19 MR. HARRISON, COULD YOU READ THE LANGUAGE THAT WOULD  
20 ENTITLE US TO AN EXECUTIVE SESSION DURING LUNCH?

21 MR. HARRISON: YES. GOING INTO EXECUTIVE  
22 SESSION TO DISCUSS --

23 CHAIRMAN KLEIN: LET'S DO THIS VERY QUICKLY.  
24 THE ITEM IS, WE THINK, FAIRLY ADMINISTRATIVE. IT'S JUST  
25 TO CREATE A FINANCE COMMITTEE THAT DEALS WITH THE ISSUES

## BARRISTERS' REPORTING SERVICE

1 OF TAX EXEMPTION WHERE WE'RE GOING TO GO ON TO OUR NEXT  
2 STAGE AND MOVING THESE BONDS FORWARD. IT ALSO CREATES A  
3 SUBCOMMITTEE, LIKE THE IP TASK FORCE, IN THIS CASE TO  
4 LOOK AT THE FEASIBILITY OF HAVING A LOAN PROGRAM  
5 AUTHORIZED BY THE INITIATIVE, BUT YET WE DO NOT HAVE A  
6 LOAN PROGRAM AS ONE OF THE TOOLS FOR ADVANCING RESEARCH.

7 I HAVE TALKED TO TWO MEMBERS OF OUR COMMITTEE.  
8 I'VE TALKED TO MICHAEL GOLDBERG, WHO IS WILLING TO BE THE  
9 CHAIR OF THIS COMMITTEE, TO DEAL WITH THE ISSUES IN  
10 WASHINGTON WITH THE IRS OPINIONS ON TAX EXEMPTION AND  
11 BOND FINANCING ISSUES, AS WELL AS THE CHAIR OF THE -- AS  
12 THE CHAIR OF THE TASK FORCE WITH DUANE ROTH, WHO HAS  
13 SUBSTANTIAL EXPOSURE AND EXPERIENCE WITH THE PRIVATE  
14 SECTOR IN LOOKING AT THE FEASIBILITY AND VETTING THE  
15 POSSIBILITY OF IMPLEMENTING A LOAN PROGRAM.

16 THE COMMITTEE MEMBERSHIP WOULD BE OPEN TO ANY  
17 MEMBER OF THE BOARD THAT WISHES TO PARTICIPATE. AND IF  
18 THIS MATTER PASSES, IF THEY WOULD SUBMIT THEIR NAMES.  
19 JUST TO MANAGE THE TOTAL NUMBER, I WOULD DISCUSS WITH  
20 BOTH THE CHAIR OF THE COMMITTEE WHAT POTENTIAL VICE CHAIR  
21 WE MIGHT HAVE POTENTIALLY FROM THE PATIENT ADVOCATE  
22 SECTOR, BUT ALSO LOOKING AT INDUSTRY VICE CHAIRS -- OR  
23 EXCUSE ME -- INSTITUTIONAL VICE CHAIRS AND WITH THE CHAIR  
24 OF THE TASK FORCE LOOKING AT MEMBERSHIP THAT GIVES US A  
25 DIVERSITY REPRESENTING ALL THE CONSTITUENCIES ON THE

## BARRISTERS' REPORTING SERVICE

1 BOARD.

2 THIS HOPEFULLY IS AN ADMINISTRATIVE MATTER.  
3 WOULD ANYONE LIKE TO MAKE A MOTION TO PASS THIS, AND WE  
4 CAN THEN HAVE DISCUSSION ON IT?

5 MR. SERRANO-SEWELL: I SO MOVE.

6 CHAIRMAN KLEIN: MOVED BY DAVID SERRANO-SEWELL.

7 DR. BRYANT: SECOND.

8 CHAIRMAN KLEIN: SECOND BY DR. BRYANT.

9 COMMENTS BY THE COMMITTEE? NO COMMENTS BY THE COMMITTEE.  
10 COMMENTS BY THE AUDIENCE?

11 MR. HARRISON: JUST ONE CLARIFICATION. THERE  
12 IS A TYPOGRAPHICAL ERROR UNDER AGENDA ITEM 11. IT REFERS  
13 TO APPOINTMENT OF MEMBERS IN BETWEEN MEETINGS BY THE  
14 GOVERNANCE SUBCOMMITTEE. THAT SHOULD ACTUALLY READ THE  
15 FINANCE SUBCOMMITTEE.

16 CHAIRMAN KLEIN: AND THAT'S TRUE ON THE TASK  
17 FORCE AS WELL.

18 MR. HARRISON: AND THAT'S TRUE ON THE TASK  
19 FORCE AS WELL.

20 CHAIRMAN KLEIN: THANK YOU FOR THAT  
21 CLARIFICATION. ANY MEMBERS OF THE PUBLIC HAVING  
22 COMMENTS? SEEING NO MEMBERS, CALL THE QUESTION. ALL IN  
23 FAVOR. OPPOSED.

24 SO AT THIS POINT WE HAVE PASSED THE ITEMS THAT  
25 WE NEED TO. THERE ARE ADMINISTRATIVE ITEMS AND REPORTS.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: DO B, YOU HAVE TO DO THE TASK FORCE  
2 AS WELL.

3 CHAIRMAN KLEIN: HAVE TO PASS IT SEPARATELY?

4 MS. KING: IT'S A SEPARATE ITEM.

5 CHAIRMAN KLEIN: I THINK THE MOTION WAS  
6 INTENDED TO INCORPORATE BOTH PARTS.

7 MS. KING: OKAY. FINE. SORRY ABOUT THAT.

8 CHAIRMAN KLEIN: SO WE HAVE ADMINISTRATIVE  
9 REPORTS, SO WE WOULD LOOK FOR THE PUBLIC AND THE BOARD TO  
10 RECONVENE. WOULD MR. HARRISON READ US THE LANGUAGE WHICH  
11 ENTITLES US TO GO INTO AN EXECUTIVE SESSION TO DEAL WITH  
12 PERSONNEL MATTERS?

13 MR. HARRISON: YES. WE'LL BE DISCUSSING TWO  
14 ITEMS IN CLOSED SESSION: PENDING LITIGATION UNDER  
15 GOVERNMENT CODE SECTION 11126 SUBDIVISION E AND PERSONNEL  
16 PURSUANT TO GOVERNMENT CODE SECTION 1126 SUBDIVISION A,  
17 AND HEALTH AND SAFETY CODE SECTION 125290.30(D)(3)(D).

18 CHAIRMAN KLEIN: THANK YOU. AND WHERE IS  
19 THE -- WE WILL FOLLOW MELISSA KING FOR LUNCH. WE WILL  
20 ATTEMPT TO BE BACK IN 45 MINUTES SO WE CAN MOVE THIS  
21 AGENDA QUICKLY AND HOPEFULLY ADJOURN EARLY. THANK YOU.

22 (A RECESS WAS TAKEN.)

23 CHAIRMAN KLEIN: WE'RE RECONVENING, AND I'D  
24 LIKE TO POINT OUT THAT THERE IS NO REPORT FROM THE  
25 EXECUTIVE SESSION. NO ACTIONS TAKEN. IN THE

## BARRISTERS' REPORTING SERVICE

1 INTERMISSION INTERVENING TIME, SHERRY LANSING, IN MY  
2 DISCUSSION WITH YOU ABOUT BAN PURCHASERS, YOU HAD A  
3 SUGGESTION. MAYBE YOU WOULD LIKE TO MAKE IT FOR THE  
4 WHOLE BOARD AND THE PUBLIC.

5 MS. LANSING: I WOULD. THIS IS, AS WE ALL  
6 KNOW, A JOYOUS DAY BECAUSE THE BONDS ARE OUT AND IT'S A  
7 VERY, VERY HAPPY TIME FOR ALL OF US. BUT WHENEVER  
8 THERE'S A HAPPY TIME, WE ALSO HAVE A LOT TO BE GRATEFUL  
9 FOR. AND IN MY MIND, IF WE CAN ALL FADE BACK TO A COUPLE  
10 OF YEARS AGO AND A LOT OF THE DIFFICULTIES THAT WE WERE  
11 GOING THROUGH, I REMEMBER THE PEOPLE WHO STEPPED UP AND  
12 LOANED US THE BAN MONEY. AND THOSE PEOPLE WERE VERY,  
13 VERY BRAVE. THEY CARED A GREAT DEAL ABOUT OUR CAUSE, AND  
14 THEY GAVE US THE MONEY WITHOUT ANY ASSURANCES THAT THIS  
15 MONEY WOULD BE RETURNED.

16 SO I WOULD LIKE TO, ALONG WITH THE LIST OF  
17 PEOPLE, WHICH HAS BEEN PUBLIC RECORD, AS WELL AS OUR  
18 GOVERNOR, WHO DID A REMARKABLE THING IN RELEASING MONEY  
19 TO US AT THOSE VERY, VERY DIFFICULT TIMES, WITHOUT THE  
20 GROUP OF PEOPLE AND OUR INCREDIBLE GOVERNOR, WE WOULD NOT  
21 BE HERE TODAY. AND SO I SUGGEST THAT WE MAKE A  
22 PROCLAMATION THANKING ALL OF THESE PEOPLE AND SIGN IT  
23 FROM ALL OF THE MEMBERS OF THE BOARD. AND I PERSONALLY,  
24 I THINK I REPRESENT ALL THE BOARD IN THANKING ALL THE  
25 PURCHASERS OF THE BAN AND IN THANKING OUR INCREDIBLE

## BARRISTERS' REPORTING SERVICE

1 GOVERNOR AS WELL .

2 SO I MOVE THAT WE MAKE A PROCLAMATION.

3 CHAIRMAN KLEIN: GIVEN THAT WE HAVEN'T  
4 AGENDIZED THAT ITEM, THE CHAIR IS PREPARED TO ACCEPT IT  
5 AS A GENERAL SENSE OF THE BODY, THAT WE WISH TO PROCEED  
6 AS WE NORMALLY DO IN RECOGNIZING SUCH EXTRAORDINARY  
7 LEADERSHIP FROM THE CIVIC COMMUNITY IN SUPPORTING THE  
8 MISSION AND FROM THE GOVERNOR. AND IF THE BOARD -- GIVEN  
9 THE SENSE OF THE BOARD, I WOULD SUGGEST THAT I TRY AND  
10 PROCEED TO DRAW SOMETHING UP. AND I WOULD LIKE TO  
11 CIRCULATE TO THE BOARD MEMBERS THAT INDIVIDUALLY FOR  
12 SIGNATURE SO THAT WE CAN PRESENT IT AS A REAL UNITED  
13 BODY.

14 AND IN DOING SO, I WOULD LIKE TO RECOGNIZE THAT  
15 SHERRY LANSING WAS A GREAT TEAM PLAYER IN THE BAN PROCESS  
16 IN GETTING SOME CRITICAL COMMITMENTS, AS WAS ALSO TRUE  
17 WITH ED PENHOET AND OTHER MEMBERS OF THIS BOARD. BUT IT  
18 IS REMARKABLE THAT CIVIC LEADERS IN THE STATE STEPPED UP  
19 KNOWING THERE WAS LITIGATION IN PROCESS WITH A BROAD  
20 DISCLOSURE ON THE BAN'S, THE BOND ANTICIPATION NOTES,  
21 THEY WERE PURCHASING THAT SAID IF WE LOSE THIS CASE,  
22 YOU'VE JUST MADE A \$45 MILLION CONTRIBUTION TO MEDICAL  
23 RESEARCH IN CALIFORNIA. THAT IS A COURAGEOUS BOND  
24 ANTICIPATION NOTE PURCHASER, ONE DRIVEN BY MISSION, NOT  
25 PROFITABILITY.



## BARRISTERS' REPORTING SERVICE

1                   SO WE HAVE A GREAT DEAL TO BE THANKFUL FOR, AND  
2 I WILL PROCEED WITH THE SENSE OF THE BOARD.

3                   MS. LANSING: THANK YOU.

4                   CHAIRMAN KLEIN: OKAY. IF WE CAN GO FORWARD AT  
5 THIS POINT AND ASK FOR THE ADMINISTRATIVE BUDGET ITEM.  
6 DR. MURPHY, WOULD YOU LIKE TO SEE US PROCEED ON AGENDA  
7 ITEM 14?

8                   DR. MURPHY: WHICH IS?

9                   CHAIRMAN KLEIN: THE ADMINISTRATIVE BUDGET AND  
10 CONTRACT CLOSEOUT.

11                   DR. MURPHY: YES. LORI.

12                   CHAIRMAN KLEIN: THAT ITEM IS --

13                   DR. MURPHY: LORI HOFFMAN WILL BE DOING THAT.

14                   CHAIRMAN KLEIN: DR. MURPHY INDICATES LORI  
15 HOFFMAN WILL BE PRESENTING ITEM 14.

16                   MS. HOFFMAN: THANK YOU, MR. CHAIRMAN. GOOD  
17 AFTERNOON. IF YOU WILL FOCUS YOUR ATTENTION IN A MOMENT  
18 ON THE POWERPOINT PRESENTATION AS WELL AS THE ITEM UNDER  
19 TAB 14 IN YOUR BINDER. WE'RE HAVING A LITTLE TECHNICAL  
20 DIFFICULTY, SO ALLOW ME TO WALK THROUGH THIS WITHOUT  
21 FOCUSING YOUR ATTENTION ON THE POWERPOINT PRESENTATION  
22 AND ONLY ON THE AGENDA ITEM IN YOUR PACKAGE UNDER TAB 14.  
23 THANK YOU SO MUCH.

24                   YOU WILL NOTICE ON THE FRONT PAGE THERE IS A  
25 TABLE THAT PROVIDES A RECONCILIATION BETWEEN THE '06-'07

## BARRISTERS' REPORTING SERVICE

1 BUDGETED AMOUNT OF \$8.3 MILLION AND THE ACTUAL TOTAL OF  
2 7.12, THE VARIANCE BEING \$1.2 MILLION. UNFORTUNATELY  
3 THESE ARE NOT COST SAVINGS TO US, BUT WE WILL CERTAINLY,  
4 IF YOU LOOK ON THE FOLLOWING PAGES UNDER OUR CONTRACTS,  
5 MANY OF OUR CONTRACTS THAT WERE NOT BOOKED OR EXPENSED IN  
6 '06-'07 WILL BE EXPENSED IN '07-'08. AND THOSE WERE  
7 ACCOUNTED FOR IN THE '07-'08 BUDGET ITEM THAT WAS  
8 PRESENTED AT THE AUGUST MEETING UNDER THE ACTING  
9 PRESIDENT'S REPORT. IT WAS ALSO IN YOUR AGENDA PACKAGE  
10 IN JUNE.

11 MS. LANSING: I'M CONFUSED. WHY ARE THEY NOT  
12 SAVINGS? I DON'T UNDERSTAND.

13 MS. HOFFMAN: I'M SORRY. SAY AGAIN. QUESTION?

14 MS. LANSING: WE SPENT LESS THAN OUR BUDGET --

15 MS. HOFFMAN: WE SPENT LESS THAN OUR BUDGET.

16 MS. LANSING: -- IN ALL AREAS EXCEPT ONE. WHY  
17 IS THAT NOT A SAVINGS? I DON'T UNDERSTAND.

18 MS. HOFFMAN: THE ONLY AREA -- THAT'S A VERY  
19 EXCELLENT QUESTION. THE ONLY AREA WHERE IT IS, IN FACT,  
20 A SAVINGS IS SALARY AND BENEFITS. SO IN THE EXTERNAL  
21 CONTRACTS WHERE THERE'S A 20-PERCENT SAVINGS, WE WILL  
22 SPEND THAT MONEY. WE'LL JUST SPEND IT IN '07-'08 RATHER  
23 THAN IN THE '06-'07 FISCAL YEAR. IT'S THE WAY --

24 MS. LANSING: THAT'S LIKE FOR THE STANDARDS  
25 COMMITTEE AND EVERYTHING, YOU'RE SAYING THAT --

## BARRISTERS' REPORTING SERVICE

1 MS. HOFFMAN: IN MANY CASES, YES. THE POSTINGS  
2 CLOSE FOR THE STATE CONTROLLER'S OFFICE ON JULY 20TH, SO  
3 ANYTHING THAT WE DO NOT RECEIVE IN TERMS OF A BILL OR WE  
4 HAVE NOT PAID THAT BILL YET, IT WOULD NOT GET POSTED TO  
5 '06-'07.

6 MS. LANSING: SO FOR POINT OF INFORMATION,  
7 BECAUSE I THINK SOME OF -- IT'S JUST INTERESTING. NO ONE  
8 IS SUGGESTING ANYTHING. BUT SOME OF THE COMMITTEES, I  
9 THINK, STILL WILL BE UNDER BECAUSE THEY DIDN'T HAVE  
10 MEETINGS, YOU KNOW, WHATEVER. I WONDER IF YOU COULD  
11 CIRCULATE SOMETHING FOR US THAT ACTUALLY SHOWS SOME  
12 SAVINGS IF THERE ARE ANY.

13 MS. HOFFMAN: WELL, AS SOON AS WE GET ALL THE  
14 BILLS IN FOR THOSE PARTICULAR GROUPS FOR THAT PARTICULAR  
15 YEAR, INCLUDING THE OTHER LINE ITEM, OTHER TRAVEL, AGAIN,  
16 LOOKS LIKE THERE'S VERY SIGNIFICANT SAVINGS, BUT IN  
17 SEVERAL CASES MANY OF THOSE TRAVEL EXPENSES WILL BE  
18 BOOKED INTO '07-'08. SO I WILL INDEED BRING BACK TO YOU  
19 THE RECONCILIATION.

20 ALSO TO YOUR POINT, FOR ALL THE MEETINGS, IN  
21 MANY CASES WE OVERBUDGET OR WE BUDGET, FOR LET'S SAY,  
22 FIVE OR SIX MEETINGS AND WE ONLY HAVE FOUR. WE BUDGET  
23 FOR ALL TRAVEL EXPENSES FOR ALL MEMBERS OF THE WORKING  
24 GROUP AND THEY DON'T ALWAYS SUBMIT. SO WE DO OUR BEST,  
25 AND WE'RE GETTING BETTER AT IT.

## BARRISTERS' REPORTING SERVICE

1 MS. LANSING: AND, AGAIN, I'M NOT -- I'M NOT  
2 SAYING THIS IN A NEGATIVE WAY. I'M ACTUALLY SAYING IT IN  
3 A POSITIVE WAY, THAT IT WOULD BE WONDERFUL TO SHOW, IF WE  
4 DID HAVE SAVINGS, YOU KNOW, THAT IT WILL HELP YOU FOR  
5 PLANNING, BUT I ALSO THINK IT'S JUST SOMETHING TO KNOW.

6 MS. HOFFMAN: OKAY. I WILL DO THAT. THANK  
7 YOU.

8 CHAIRMAN KLEIN: QUESTION, LORI, THAT'S  
9 RELEVANT TO THE QUESTION THAT SHERRY LANSING JUST ASKED.  
10 ON ICOC MEETINGS THIS VARIANCE OF 188,000, ARE THERE  
11 ACCRUAL EXPENSES WE HAVEN'T SEEN, OR IS THAT ACTUAL  
12 SAVINGS AS WELL?

13 MS. HOFFMAN: NO. THERE ARE ACCRUAL EXPENSES  
14 THAT YOU WILL SEE IN '07-'08, AND IN THE '07-'08 BUDGET,  
15 BECAUSE WE ALREADY KNEW THAT WE WEREN'T GOING TO SPEND  
16 THE 400,000, IN '07-'08 WE BUDGETED FOR ICOC AT 323.  
17 ASSUMING THEN, USING, AS MEMBER LANSING SUGGESTED, USING  
18 WHAT WE HAD EXPERIENCED UP TO MAY IN TERMS OF WHAT WE  
19 WERE SPENDING AT THOSE MEETINGS, WE KNEW WE DIDN'T NEED  
20 THE 400,000. THAT WAS INITIALLY AN ESTIMATED BUDGET  
21 AMOUNT PRIOR TO A FULL YEAR OF ICOC MEETINGS THAT ARE ON  
22 A REGULAR CYCLE LIKE WE HAVE NOW.

23 CHAIRMAN KLEIN: SO IT IS ESTIMATED WE WILL  
24 HAVE SOME SAVINGS IN THAT, BUT THERE ARE ALSO SOME  
25 ACCRUAL EXPENSES?

## BARRISTERS' REPORTING SERVICE

1 MS. HOFFMAN: THAT'S CORRECT.

2 CHAIRMAN KLEIN: OKAY.

3 MS. HOFFMAN: THE OTHER IMPORTANT FACT THAT I'D  
4 LIKE TO HIGHLIGHT HERE IS THAT BELOW THE LINE EXPENSES  
5 THAT ARE BEING THEN REDUCED FROM THE TOTAL. SO YOU WILL  
6 SEE THREE LINE ITEMS, COST OF BOND ISSUANCE, LEGAL COST,  
7 AND GIFT FUND EXPENDITURES. THIS IS BASICALLY A FUND  
8 SOURCE. ANYTHING THAT WE USE THAT WAS A GIFT TO US,  
9 THESE ARE SUBTRACTED FROM THE TOTAL BECAUSE THE  
10 ADMINISTRATIVE TOTAL, WHICH IS FOR '06-'07 -- MELISSA  
11 FOUND THE SLIDES. MELISSA, IF YOU COULD GO TO THE NEXT  
12 SLIDE.

13 SO AGAIN, THE IMPORTANT POINT HERE IS THAT THE  
14 ADMINISTRATIVE TOTAL OF 5.3 IS WHAT WE WILL TRACK. AND  
15 WHEN I MEAN TRACK, YOU WILL RECALL THAT UNDER PROP 71  
16 THERE IS A CAP ON ADMINISTRATIVE EXPENDITURES FOR THE  
17 DURATION OF THE INSTITUTE OF 6 PERCENT OR \$180 MILLION.  
18 AND THAT IS DIVIDED BETWEEN GENERAL ADMINISTRATION AND  
19 GRANTS ADMINISTRATION.

20 SO AT THE NEXT SLIDE YOU WILL NOTICE THAT WE  
21 HAVE NOW FOR THE FIRST TIME FOR '06-'07, AND WE WILL GO  
22 BACK AND DO THIS FOR '05-'06, ALLOCATE BETWEEN GENERAL  
23 ADMINISTRATION AND GRANTS ADMINISTRATION. AND THIS IS AN  
24 IMPORTANT TRACKING TOOL FOR THE ICOC THAT YOU WILL NOW  
25 RECEIVE THESE UPDATES ON AN ANNUAL BASIS.

## BARRISTERS' REPORTING SERVICE

1                   SO TO CLOSE, I JUST WANTED YOU, AGAIN, TO KNOW  
2                   THAT THE STATE CONTROLLER'S OFFICE, THEIR FINAL YEAR-END  
3                   CLOSE WAS DONE AS OF AUGUST 23D. THE CIRM STAFF HAS  
4                   ALREADY HAD A KICKOFF MEETING WITH OUR FINANCIAL  
5                   AUDITORS, MGO, WHO DID OUR FINANCIAL AUDIT LAST YEAR, AND  
6                   THAT KICKOFF MEETING WAS HELD ON SEPTEMBER 21ST. WE  
7                   EXPECT THE AUDITORS DRAFT FINANCIAL REPORT TO US BY  
8                   MID-DECEMBER, AND WE ARE PLANNING FOR THE AUDITORS'  
9                   PRESENTATION TO YOU AT YOUR JANUARY MEETING.

10                   AND I'M OPEN FOR QUESTIONS.

11                   DR. POMEROY: CAN I ASK A QUESTION?

12                   CHAIRMAN KLEIN: ABSOLUTELY. IF I CAN JUST  
13                   CREATE SOME CONTEXT TOO. I'LL REMIND US ALL THAT DR.  
14                   PENHOET POINTED OUT THE GORDON AND BETTY MOORE FOUNDATION  
15                   RUNS ON ABOUT 12 PERCENT. SO WE'RE RUNNING AT A VERY  
16                   STRINGENT BUDGET, ABOUT HALF AS MUCH. IT'S ONLY POSSIBLE  
17                   BECAUSE WE HAVE BEEN VERY STRATEGIC AND ASTUTE ABOUT  
18                   MAKING SURE WE WEREN'T PAYING TOO MUCH FOR FACILITIES.  
19                   ZERO IS A GOOD FIGURE. IN ADDITION, OPERATING COST FOR  
20                   FACILITIES IS NOT A COST TO US. BUT WE HAVE THE BENEFIT  
21                   AS WELL THAT LEGAL COST, FOR EXAMPLE, THE LITIGATION DOES  
22                   NOT COME OUT OF OUR BUDGET. IT HAD TO BE DESIGNED THAT  
23                   WAY, OTHERWISE A LITIGANT WOULD HAVE HAD AN INCENTIVE TO  
24                   DRAG ON LITIGATION FOREVER, JUST TRYING TO, IN FACT, PUSH  
25                   US OUTSIDE OF AN OPERATING BUDGET THAT WE COULD LIVE

## BARRISTERS' REPORTING SERVICE

1 WITHIN. SO LEGAL COST IS THE DEDUCTION, WHICH IS WHY  
2 LORI HAS SHOWN THAT DEDUCTED FROM THE TOTAL AMOUNT WHICH  
3 WE'RE UNDER A LIMITATION OF.

4 DR. POMEROY.

5 DR. POMEROY: SO I DON'T QUITE UNDERSTAND THESE  
6 NUMBERS BECAUSE UNDER ADMINISTRATION TOTAL, THE VERY  
7 BOTTOM LINE, 7.2, BUDGET 5.3, ACTUAL, THE VARIANCE IS 1.9  
8 MILLION, NOT 1.2 IF YOU JUST SUBTRACT. SO WHAT'S GOING  
9 ON?

10 MS. HOFFMAN: WELL, WHAT HAPPENED WAS WE ONLY  
11 BUDGETED FOR LEGAL COSTS, AS BOB JUST IDENTIFIED, AND THE  
12 COST OF ISSUANCE IS ACTUALLY NOT -- SO WHAT HAPPENS IS  
13 THE GIFT FUNDS IS NOT AN EXPENDITURE, BUT IT BECAME A  
14 FUND SOURCE WHERE THE LEGAL COSTS AND THE COST OF  
15 ISSUANCE IS ACTUALLY AN EXPENDITURE. SO YOU WILL SEE IT  
16 ABOVE THE LINE AND BELOW THE LINE WHERE THE 586 IS JUST,  
17 AGAIN, JUST A FUND SOURCE.

18 DR. POMEROY: HOW CAN THE ACTUAL BE 5.3  
19 AGAINST 7.2 AND THE DIFFERENCE -- THE VARIANCE BE 1.2?  
20 IF YOU SUBTRACT THOSE, IT'S 1.9.

21 MS. HOFFMAN: YOU KNOW, DR. POMEROY, YOU MAKE  
22 AN EXCELLENT POINT, AND I CAN'T ANSWER THE QUESTION. SO  
23 RICK CAN ANSWER THE QUESTION, BUT I CAN'T. SO ALLOW ME  
24 TO GO BACK; AND IF I DO NEED TO CHANGE THESE NUMBERS, I  
25 WILL. AND I CERTAINLY WILL RE-POST IT AND SEND THIS OUT

## BARRISTERS' REPORTING SERVICE

1 TO YOU AND ANSWER YOUR QUESTION.

2 ANY OTHER QUESTIONS THAT PERHAPS I MIGHT BE  
3 ABLE TO ANSWER? OKAY. THANK YOU SO MUCH.

4 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU, LORI  
5 HOFFMAN. DR. MURPHY, ARE WE PREPARED TO GO TO ITEM NO.  
6 15? AND AFTER ITEM 15, WE WILL HAVE SOME ADDITIONAL  
7 ADMINISTRATIVE REPORTS WHICH ARE NOT TIME SENSITIVE  
8 BECAUSE THERE'S NO VOTES ON THEM, BUT THEY'RE AN  
9 EXTENSION OF THE PRESIDENT'S REPORT THAT WE'LL FINISH  
10 WITH AFTER ITEM 15. SO THAT IS NOT THE END OF THE AGENDA  
11 WHEN WE GET THROUGH ITEM 15.

12 DR. MURPHY: MR. CHAIRMAN, AFTER RECEIVING ALL  
13 OF THE KIND COMMENTS FROM THE BOARD ON THE ORGANIZATION  
14 OF THE STAFF'S PRESENTATIONS TODAY, I WANT TO TELL YOU  
15 THAT FOR THIS PRESENTATION I LOST MINE. I JUST CALLED MY  
16 OFFICE, CALLED, TALKED TO PAT, I SAID, "E-MAIL THAT TO  
17 TAMAR." SHE E-MAILED IT TO TAMAR, AND I'M READING IT  
18 NOW. ISN'T IT A WONDERFUL TIME? REALLY IS.

19 MR. CHAIRMAN, I'M REPORTING ON THE ONGOING  
20 DISCUSSIONS WE HAVE HAD WITH THE CALIFORNIA STATE  
21 UNIVERSITY SYSTEM AND THE CALIFORNIA COMMUNITY COLLEGE  
22 SYSTEM ABOUT THEIR REQUEST FOR \$31 MILLION FOR RESEARCH  
23 SUPPORT FOR A TRAINING PROGRAM IN STEM CELL RESEARCH FOR  
24 THEIR STUDENTS. RECALL THAT THAT PROPOSAL WAS SUBMITTED  
25 TO THE ICOC AND DISCUSSED WITH CSU AND CCC



## BARRISTERS' REPORTING SERVICE

1 REPRESENTATIVES AT THE AUGUST ICOC MEETING.

2 IN RESPONSE TO QUESTIONS RAISED AT THAT MEETING  
3 BY THE ICOC, THE CSU AND CCC COMMITTEE HAS RESPONDED, AND  
4 THE ANSWERS TO YOUR INQUIRIES ARE IN THE PACKAGE THAT YOU  
5 HAVE IN FRONT OF YOU.

6 SINCE THAT TIME ARLENE CHIU, TAMAR PACHTER, AND  
7 I HAVE MET THROUGH A CONFERENCE CALL WITH CSU AND CCC  
8 OFFICIALS, JEFF THOMPSON, WHO IS THE ASSOCIATE PROVOST  
9 FOR RESEARCH, CSU SAN BERNARDINO, SUSAN BAXTER, WHO IS  
10 WITH CSU SAN BERNARDINO, AND MARY PAT HUXLEY, WHO IS WITH  
11 THE TECHNOLOGY INITIATIVE FOR CCC. AND ON THAT CALL ALSO  
12 WERE ICOC MEMBERS DAVID SERRANO-SEWELL AND MARCY FEIT.

13 WE EXPRESSED IN THAT CALL OUR SUPPORT TO THE  
14 CSU AND CCC FOR THE TRAINING PROGRAMS THAT THEY WISH TO  
15 PUT TOGETHER. WE TOO AGREE THAT IT IS IMPORTANT TO  
16 PREPARE STUDENTS FOR WORKING IN THE STEM CELL FIELD, AND  
17 WE ALSO EXPRESSED A STRONG DESIRE ON BEHALF OF CIRM TO  
18 INVOLVE IN THIS FIELD THE MUCH NEEDED DIVERSITY OF THE  
19 STUDENTS THAT THE CSU AND CCC SYSTEM TRAIN. HOWEVER, WE  
20 ALSO EXPLAINED THAT CIRM FUNDS NEED TO BE AWARDED ON A  
21 COMPETITIVE BASIS AFTER RIGOROUS PEER REVIEW TO ENSURE  
22 THAT PUBLIC MONEY IS WELL SPENT.

23 WE DISCUSSED ALTERNATIVES THAT WOULD FIT INTO  
24 CIRM PROGRAMS THAT WOULD ALSO PROVIDE TRAINING  
25 OPPORTUNITIES FOR STUDENTS FROM CSU AND CCC AND

## BARRISTERS' REPORTING SERVICE

1 ELSEWHERE. SEVERAL ALTERNATIVES THAT WE DISCUSSED  
2 INCLUDED ENCOURAGING CSU AND CCC STUDENTS TO SEEK  
3 INTERNSHIPS IN CIRM-SPONSORED TRAINING PROGRAMS THAT HAVE  
4 BEEN FUNDED IN SIX SITES AROUND THE STATE. THIS TRAINING  
5 EXPERIENCE WOULD PROVIDE THEM ACCESS TO THE TRAINEES AND  
6 FACULTY WHO ARE ON THE CUTTING EDGE OF THE FIELD  
7 SUPPORTED BY CIRM AND THE PEOPLE WHO ARE REALLY CREATING  
8 THE TECHNOLOGY. IT WOULD PROVIDE THESE STUDENTS  
9 WONDERFUL NETWORKING OPPORTUNITIES WITH PEOPLE WHO WOULD  
10 HIRE THEM, AND IT WOULD BE AN EXCELLENT TRAINING  
11 EXPERIENCE THAT WOULD BE LOOKED UPON FAVORABLY BY  
12 COMPANIES GETTING INTO STEM CELL SCIENCE.

13 TO SUPPORT THESE INTERNSHIPS, CIRM COULD  
14 DESIGNATE SPECIAL FUNDING FOR INTERNSHIP PROGRAMS THAT  
15 WOULD BE AWARDED ON A COMPETITIVE BASIS. AND ARLENE HAS  
16 TOUCHED UPON THAT EARLIER TODAY. IT MAY ALSO BE POSSIBLE  
17 FOR CIRM TO OFFER SPECIAL RFA'S FOR TRAINING PROGRAMS  
18 THAT COULD BE COMPETED FOR BY CSU AND CCC CAMPUSES AND  
19 UNDERGRADUATE PROGRAMS IN OTHER NONPROFIT SCHOOLS.

20 FINALLY, WE WOULD BE COMFORTABLE CONSIDERING  
21 PROGRAMS THAT MIGHT RESULT IN STUDENTS FROM THESE  
22 PROGRAMS WORKING DIRECTLY IN THE LABORATORIES OF  
23 CIRM-FUNDED INVESTIGATORS. WE HAVE LEFT THESE IDEAS WITH  
24 OUR CSU-CCC COLLEAGUES, AND WE ARE SCHEDULING ANOTHER  
25 MEETING WITH THEM IN OCTOBER FOR FURTHER DISCUSSIONS.

## BARRISTERS' REPORTING SERVICE

1 HOPEFULLY WE WILL BE ABLE TO CREATE A PROGRAM THAT WILL  
2 ACHIEVE OUR SHARED GOAL OF ENGAGING THESE WORTHY STUDENTS  
3 IN THE GROWING AND EXCITING FIELD OF STEM CELL BIOLOGY.

4 WITH THAT, MR. CHAIRMAN, I OPEN IT FOR  
5 QUESTIONS.

6 CHAIRMAN KLEIN: QUESTIONS FOR MEMBERS OF THE  
7 BOARD? DR. LEVEY.

8 DR. LEVEY: I WOULD JUST CONGRATULATE YOU FOR  
9 GETTING TO A POINT WHERE YOU'RE WORKING WITH THEM TO TRY  
10 TO MAKE SOMETHING HAPPEN BECAUSE I THINK THE UC SYSTEM  
11 HAS NOW DEVELOPED A JOINT DEGREE PROGRAMS IN AUDIOLOGY.  
12 TO GET THAT STARTED WAS VERY DIFFICULT, BUT IT CAME  
13 THROUGH TO ALL OF US THAT RIGHT NOW MOST OF THE  
14 LEGISLATURE CONSISTS OF MEMBERS WHO ARE PRODUCTS OF THE  
15 CALIFORNIA STATE UNIVERSITY SYSTEM. AND, YOU KNOW, WE  
16 ARE AN ARM OF THAT, SO I WOULD THINK THAT WE'VE DONE THE  
17 WISE THING HERE.

18 I THINK WE COULD HAVE DONE THE REVERSE AND  
19 STONEWALLED IT AND SAID -- I THINK THIS IS A VERY WISE  
20 DECISION, AND I CONGRATULATE THE OFFICE OF THE PRESIDENT  
21 FOR DOING THAT.

22 CHAIRMAN KLEIN: OKAY. LET'S GO -- WE NEED TO  
23 FINISH ON THE LEFT AND GO TO THE RIGHT. DR. BRYANT.

24 DR. BRYANT: YES. I JUST WANT TO SAY I LIKE  
25 THE IDEA OF THE INTERNSHIPS VERY MUCH, AND I THINK SOME

## BARRISTERS' REPORTING SERVICE

1 OF THESE STUDENTS THAT ARE GOING THROUGH A MASTER'S  
2 PROGRAM, ONCE THEY GET INTO A RESEARCH LAB, COULD THEN  
3 BECOME GREAT CANDIDATES FOR PH.D. PROGRAMS BECAUSE WE  
4 HAVE A MASTER'S PROGRAM AT UCI THAT'S A BIOTECH PROGRAM.  
5 AND ACTUALLY WE HAVE ONE WITH AN EMPHASIS IN STEM CELL  
6 RESEARCH, AND THE STUDENTS GET SO TURNED ON BY IT, THEY  
7 THINK THEY WANT TO BE MASTER'S STUDENTS, BUT THEY  
8 ACTUALLY END UP WANTING TO DO RESEARCH. SO THEY -- YOU  
9 KNOW, IT'S A FERTILE FEEDING OPPORTUNITY TO FEED INTO THE  
10 SYSTEM.

11 CHAIRMAN KLEIN: DR. STEWARD AND THEN DR.  
12 PRIETO.

13 DR. STEWARD: ACTUALLY CAN I SAVE MINE TO THE  
14 LAST IN THE SERIES?

15 CHAIRMAN KLEIN: YES. DR. PRIETO.

16 DR. PRIETO: JUST A QUESTION. ARLENE ALLUDED  
17 EARLIER TO SOME OF OUR FUTURE PLANS AND LOOKING AT THE  
18 NEED FOR TECHNICAL -- TECHNICALLY TRAINED STAFF BELOW THE  
19 PH.D. LEVEL AND WHAT CALIFORNIA'S NEEDS MIGHT BE. I  
20 WONDERED HOW FAR LONG ARE WE IN ASSESSING THAT PROBLEM,  
21 ASSESSING WHAT THE NEEDS MIGHT BE, AND FORMULATING THIS  
22 AS SOME SORT OF AN RFA THAT WE COULD THEN PUT OUT THAT  
23 THESE INSTITUTIONS COULD THEN APPLY FOR.

24 DR. MURPHY: I DON'T KNOW IF WE HAVE. ARLENE  
25 CHIU PROBABLY SHOULD TAKE THE MIC HERE. I DON'T KNOW IF

## BARRISTERS' REPORTING SERVICE

1 WE HAVE REALLY ASSESSED IT. IT'S CLEAR THAT WE ARE GOING  
2 TO NEED NEW PEOPLE DOING THIS. I THINK THE DISCUSSIONS  
3 WITH THE CSU AND CCC COULD ACTUALLY HELP US FORMULATE THE  
4 RFA. AND IF WE COULD NOT ONLY HAVE AN RFA FOR TRAINING,  
5 BUT PUT IT INTO A FRAMEWORK WHERE WE'RE SERVING THE NEEDS  
6 OF THIS VERY IMPORTANT COMMUNITY, I THINK THAT'S A  
7 WIN-WIN SITUATION. SO WE ARE EAGER TO MOVE FORWARD ON  
8 THIS.

9 AND AS I SAY, WE ARE MEETING WITH THESE FOLKS  
10 IN OCTOBER TO CONTINUE THE DISCUSSIONS. ARLENE.

11 DR. CHIU: I HAVE NOTHING MORE TO ADD. DR.  
12 MURPHY HAS IT EXACTLY IT RIGHT. IT IS -- WITH THAT LONG  
13 LIST OF INITIATIVES, THOSE ARE PLANS THAT WE HOPE TO  
14 BRING IN 2008, AND NOT ALL OF THEM ARE VERY WELL FORMED,  
15 BUT WE HOPE TO GET GOOD INPUT SUCH AS FROM OUR COLLEAGUES  
16 AT CSU IN ORDER TO FRAME IT BETTER. BUT IT'S CERTAINLY  
17 ON THE HORIZON, AND WE WOULD LIKE TO HAVE IT REVIEWED  
18 TOGETHER WITH THE TRAINING GRANT PROGRAM BECAUSE IT WOULD  
19 BE THE SAME GROUP OF PEOPLE TO REVIEW THOSE AND REDUCE  
20 THE NUMBER OF REVIEW MEETINGS.

21 CHAIRMAN KLEIN: DR. STEWARD.

22 DR. STEWARD: MAYBE I'LL BE THE LAST COMMENT.  
23 WE'LL SEE. SOMETHING HAS BEEN ON MY MIND EVER SINCE THIS  
24 STARTED, AND I ACTUALLY DIDN'T RAISE IT DURING PREVIOUS  
25 DISCUSSIONS BECAUSE I DIDN'T WANT TO SEEM NEGATIVE ABOUT

## BARRISTERS' REPORTING SERVICE

1 THIS. I THINK IT'S A VERY IMPORTANT IDEA FOR THE  
2 COMMUNITY COLLEGES.

3 WHAT HAS BOTHERED ME FROM THE BEGINNING,  
4 THOUGH, IN SOME RESPECTS IS THAT THIS IS THE FIRST TIME  
5 THAT CIRM, AS FAR AS I KNOW, HAS CONSIDERED IN DETAIL A  
6 PROPOSAL THAT DIDN'T ORIGINATE FROM AN RFA. AND MY  
7 QUESTION IS FOR THE FUTURE UNDER WHAT CIRCUMSTANCES DOES  
8 CIRM CHOOSE TO EVALUATE AND CONSIDER THESE THINGS THAT  
9 ARE OUT OF THE BOX OR NOT? I GUESS I'M JUST -- YOU COULD  
10 BE LOOKING AT A WHOLE LOT OF PROPOSALS FROM A WHOLE LOT  
11 OF ORGANIZATIONS, AND I'M JUST RAISING IT AS AN ISSUE.

12 DR. MURPHY: DAVID, DO YOU WANT TO SPEAK?

13 MR. SERRANO-SEWELL: THAT WAS ONE OF THE FIRST  
14 ISSUES THAT MARCY AND I RAISED WITH DR. MURPHY IN OUR  
15 CONVERSATIONS, AND WE ALSO SORT OF SHARED THAT WHEN WE  
16 HAD OUR CONFERENCE CALL WITH THE CSU AND COMMUNITY  
17 COLLEGE REPRESENTATIVES, THAT IT HAS BEEN THE PRACTICE OF  
18 THIS ORGANIZATION TO AWARD GRANTS ON A COMPETITIVE BID  
19 BASIS. THAT HAS BEEN OUR POSTURE, AND WE BELIEVE THAT IT  
20 HAS SERVED US WELL. AND IF YOU JUDGE SORT OF THAT TRACK  
21 RECORD, THEN SORT OF GOING FORTH, WE'LL CONTINUE THAT  
22 MODEL. AND WE SHARED THAT WITH THE PARTICIPANTS ON THE  
23 CALL. SO I THINK THAT SORT OF ANSWERS YOUR QUESTION.

24 DR. STEWARD: SORT OF, BUT NOT QUITE. SO WHAT  
25 I'M REALLY GETTING AT IS IT TOOK OBVIOUSLY A LOT OF TIME

## BARRISTERS' REPORTING SERVICE

1 TO THINK ABOUT THIS. AND THEY WERE AFFORDED THE  
2 OPPORTUNITY TO COME AND PRESENT TO THE ICOC, AND I'M NOT  
3 SAYING THAT WAS THE WRONG THING TO DO. I'M JUST ASKING  
4 UNDER WHAT CIRCUMSTANCES DO WE DO THAT? HOW DO WE  
5 DECIDE?

6 DR. MURPHY: I CAN GIVE YOU MY ANSWER, OS. MY  
7 FEELING IS THAT WE WANT GOOD IDEAS FROM WHEREVER THEY  
8 COME FROM. AND SOMETIMES THE INTERESTS OF THE  
9 ORGANIZATION ARE GOING TO LEAD -- OF ONE ORGANIZATION ARE  
10 GOING TO LEAD THIS ORGANIZATION IN WAYS THAT WE COULD  
11 HAVE NEVER PREDICTED. SO I THINK THAT I THINK THE  
12 DISCUSSIONS THAT WE'RE HAVING WITH THESE FOLKS ARE VERY,  
13 VERY HELPFUL TO CIRM. THEY FILL A NEED WE HAVE, THE NEED  
14 FOR WELL-TRAINED PEOPLE. THE FACT IS IN THIS FIELD, AS  
15 IN MOST FIELDS IN BIOLOGY, THERE IS NOT A DIVERSE  
16 WORKFORCE, AND WE ALL BENEFIT FROM A DIVERSE WORKFORCE.

17 SO AS THEY ARE LEADING US THROUGH THIS PROCESS  
18 AND WE IMPOSE UPON THE PROCESS OR ADD TO THE PROCESS A  
19 COMPLEMENTARY PROCESS OF WHAT CIRM NEEDS TO MAKE THE  
20 DECISION, I THINK IT'S A WIN-WIN SITUATION, AND I WELCOME  
21 THE INPUT WE'RE GETTING.

22 CHAIRMAN KLEIN: AND I -- I'M GOING TO GO TO  
23 SHERRY LANSING. I WOULD LIKE TO RESPOND IN PART, SINCE I  
24 PUT IT ON THE AGENDA, AND I'D LIKE TO SAY THAT THE CSU  
25 SYSTEM AND THE COMMUNITY COLLEGES HAD BEEN ATTEMPTING TO

## BARRISTERS' REPORTING SERVICE

1 ENGAGE WITH THIS INSTITUTION FOR OVER A YEAR. AND  
2 BECAUSE THEY ARE SUCH A CRITICAL PART OF THE EDUCATIONAL  
3 SYSTEM OF THE STATE, AND A GREAT NUMBER OF THEIR STUDENTS  
4 GO ON INTO THE UC SYSTEM IN MASTER'S AND DOCTORAL  
5 PROGRAMS, IT APPEARED THAT IT WAS A VERY IMPORTANT  
6 INITIATIVE ON THEIR PART THAT DESERVED THE WHOLE BOARD TO  
7 MAKE A DECISION TO ADDRESS THIS OPPORTUNITY AND TO DECIDE  
8 WHETHER STAFF TIME SHOULD BE COMMITTED. IT IS THE  
9 BOARD'S DECISION.

10 WE HAVE TO BE CIRCUMSPECT ABOUT HOW MANY  
11 INDIVIDUAL PETITIONS WE PUT ON OUR AGENDA OBVIOUSLY  
12 BECAUSE OF CONSTRAINTS OF THE TIME; BUT SINCE THEY HAVE A  
13 MONUMENTAL INFLUENCE ON EDUCATION IN THE STATE AND AS A  
14 RESOURCE FOR PERSONNEL DEDICATED TO THIS MISSION, AT  
15 LEAST A POTENTIAL RESOURCE, IT APPEARED APPROPRIATE TO  
16 AGENDIZE THAT AS A MATTER OF DISCRIMINATION.

17 SHERRY LANSING.

18 DR. STEWARD: I WASN'T QUESTIONING IT. THAT'S  
19 WHY I DIDN'T RAISE IT AT THE TIME. I'M REALLY RAISING IT  
20 AS A GENERAL ISSUE FOR THE FUTURE.

21 MS. LANSING: I THINK WHAT OS IS RAISING, WHICH  
22 I THINK IS A GOOD QUESTION, I DON'T THINK ANYONE IS  
23 QUESTIONING THIS. I THINK WHAT WE'RE SAYING, AND I THINK  
24 WE CAN KICK IT BACK TO THE PRESIDENT, IS LET US ASSUME  
25 THIS WILL NOT BE THE ONLY OTHER GOOD IDEA THAT COMES



## BARRISTERS' REPORTING SERVICE

1 FORWARD. I THINK IT WOULD BE GOOD IF YOU WOULD, WITH  
2 YOUR TEAM, COME UP WITH A PROCESS BY WHICH SOMEBODY DOES  
3 THAT, THAT IF SOME OTHER OUTSIDE PERSON HAS AN IDEA, DO  
4 THEY GO TO YOU FIRST? WHO DO THEY GO TO? WHAT'S THE  
5 PROCESS BEFORE IT BECOMES TO THE BOARD? IF ONE OF US  
6 SHOULD HAVE AN IDEA, HOW DO WE DO IT BECAUSE NO ONE IS  
7 QUESTIONING THIS. WE'RE ONLY SAYING LET'S ASSUME THIS  
8 ISN'T THE ONLY GOOD IDEA IN THE NEXT TEN YEARS OR SEVEN  
9 YEARS OR WHATEVER IT IS THAT WE'LL EXIST THAT WON'T HAVE  
10 AN RFA.

11 CAN YOU COME UP WITH A PROCESS BY WHICH WE HAVE  
12 AN EQUAL OPPORTUNITY FOR OTHER PEOPLE SHOULD THEY HAVE  
13 THAT TO AT LEAST BE HEARD? THAT'S ALL WE'RE SAYING.

14 DR. MURPHY: WE THINK WE CERTAINLY CAN. THANK  
15 YOU.

16 CHAIRMAN KLEIN: DR. PIZZO.

17 DR. PIZZO: I'M ACTUALLY HONORED TO SAY THAT I  
18 WAS GOING TO MAKE THE SAME SUGGESTION AS SHERRY LANSING,  
19 SO I WILL NOT REPEAT THAT, BUT THANK HER.

20 CHAIRMAN KLEIN: ALL RIGHT. THIS IS AN  
21 EXCELLENT REPORT. I'D LIKE TO ASK IF THERE IS PUBLIC  
22 COMMENT. DR. SUSAN BAXTER, WHO IS THE EXECUTIVE DIRECTOR  
23 OF THE CALIFORNIA STATE UNIVERSITY PROGRAM FOR EDUCATION  
24 AND RESEARCH AND BIOTECHNOLOGY, IS HERE. DR. BAXTER,  
25 WOULD YOU LIKE TO MAKE A COMMENT FROM THE PUBLIC?

## BARRISTERS' REPORTING SERVICE

1 DR. BAXTER: THANK YOU. NO. WE DID NOT COME  
2 WITH ANY PREPARED COMMENTS, BUT I DID WANT TO SAY THAT  
3 ALSO STANLEY MALLOY IS HERE FROM CSU, DEAN OF SCIENCES,  
4 IN SUPPORT OF OUR PROPOSAL, AND ALSO BETH AMBOSE FROM THE  
5 CHANCELLOR'S OFFICE, THE VICE PRESIDENT FOR RESEARCH  
6 INITIATIVES AND PARTNERSHIPS, IS HERE WITH ME TODAY. AND  
7 WE WERE SIMPLY HERE TO ANSWER ANY QUESTIONS THAT YOU MAY  
8 HAVE OF US SPECIFICALLY.

9 CHAIRMAN KLEIN: THANK YOU FOR BRINGING SOME  
10 GREAT IDEAS TO US, AND HOPEFULLY WE CAN HAVE A  
11 PARTNERSHIP THAT IS PRODUCTIVE FOR CIRM AND THE CSU AND  
12 COMMUNITY COLLEGE SYSTEMS. IT'S WONDERFUL TO HAVE SOME  
13 GREAT IDEAS TO STIMULATE US.

14 OKAY. ANY ADDITIONAL COMMENTS FROM THE BOARD?  
15 IF NOT, WE HAVE AN ADMINISTRATIVE ITEM TO COVER. WE HAVE  
16 SOME ADMINISTRATIVE ITEMS THAT HAVE NOT REQUIRED A VOTE  
17 AND DIDN'T REQUIRE A QUORUM. AND, DR. CHIU, WOULD YOU  
18 LIKE TO REPORT ON THE STATUS OF PROCESSING OF GRANTS AND  
19 OVERSIGHT?

20 DR. CHIU: THANK YOU, MR. CHAIRMAN. I'D LIKE  
21 TO REPORT TO THE BOARD ON THE STATUS OF TWO APPLICATIONS  
22 THAT WERE APPROVED FOR FUNDING BY THE ICOC. DURING  
23 CAREFUL PRE-AWARD REVIEW THAT YOU'VE HEARD SO MUCH ABOUT,  
24 CIRM HAS DETERMINED THAT APPLICATION NO. RS 1305-1 FROM  
25 THE BURNHAM INSTITUTE ENTITLED "GENERATION OF HESC LINES

## BARRISTERS' REPORTING SERVICE

1 UNDER DEFINED CONDITIONS -- MODELING NORMAL AND DISEASE  
2 STATES FOR MATERIALS STORED AT THE BURNHAM SHARED EMBRYO  
3 BANK" DOES NOT MEET ALL THE ELIGIBILITY REQUIREMENTS OF  
4 THE RFA AND WILL THEREFORE NOT BE FUNDED. THIS  
5 DETERMINATION HAS BEEN COMMUNICATED WITH THE APPLICANT.

6 A SECOND APPLICATION, NO. RC 123-1 FROM THE  
7 CHAR REGENERATIVE MEDICINE INSTITUTE ENTITLED  
8 "ESTABLISHMENT OF STEM CELL LINES FROM SOMATIC CELL  
9 NUCLEAR TRANSFER EMBRYOS IN HUMANS" HAS BEEN WITHDRAWN BY  
10 THE APPLICANT INSTITUTION.

11 WE WILL CONTINUE TO KEEP THE ICOC UPDATED WITH  
12 SUCH ADMINISTRATIVE ACTIONS AS THEY TAKE PLACE. THANK  
13 YOU. ARE THERE ANY QUESTIONS?

14 CHAIRMAN KLEIN: DR. PRICE.

15 DR. PRICE: I DON'T KNOW WHETHER IT'S  
16 APPROPRIATE, BUT CAN WE KNOW WHAT CRITERIA THEY DIDN'T  
17 MEET?

18 DR. CHIU: WELL, THE SECOND ONE WAS WITHDRAWN,  
19 AND EVERY APPLICANT INSTITUTION HAS THE RIGHT TO WITHDRAW  
20 AN APPLICATION.

21 DR. PRICE: NO, I UNDERSTAND THAT, BUT THE  
22 FIRST ONE WHERE WE DISALLOWED IT.

23 DR. CHIU: THE FIRST ONE, WE HAD CONDITIONS,  
24 AND I BELIEVE I HAVE A SLIDE TO SHOW. ACTUALLY THAT'S  
25 OKAY. YOU DON'T HAVE TO SHOW IT. THE RFA STATED A

## BARRISTERS' REPORTING SERVICE

1 REQUIREMENT THAT THE APPLICANT, THE PI, NOT CO-PI'S OR  
2 ANYBODY ELSE, THE PI HAS TO BE AN ON-SITE, FULL TIME  
3 EMPLOYEE OF THE APPLICANT INSTITUTION. AND THAT  
4 REQUIREMENT WAS NOT MET.

5 CHAIRMAN KLEIN: OKAY. ANY ADDITIONAL  
6 QUESTIONS FROM THE BOARD? ALL RIGHT. ON THIS ITEM ANY  
7 PUBLIC COMMENT? JOHN SIMPSON.

8 MR. SIMPSON: JOHN SIMPSON FROM THE FOUNDATION  
9 FOR TAXPAYER AND CONSUMER RIGHTS. IT'S PROBABLY NOT A  
10 HAPPY DAY FOR THOSE TWO APPLICANTS, BUT I THINK THIS  
11 SPEAKS VERY WELL OF THE STAFF AND THE DILIGENCE THAT  
12 THEY'VE PUT INTO THIS. AND THOSE OF US WHO FROM TIME TO  
13 TIME HAVE WONDERED ABOUT WHETHER THINGS MIGHT JUST END UP  
14 BEING A RUBBER STAMP WILL CONTINUE TO HAVE THOSE WORRIES  
15 AND TO RAISE QUESTIONS, BUT THIS IS CLEARLY A CASE WHERE  
16 THAT DID NOT HAPPEN. AND IT SHOWS, I THINK, TO ALL  
17 RESEARCHERS THAT CIRM HAS STANDARDS AND IS SERIOUS ABOUT  
18 THEM. AND I THINK THIS IS A VERY, VERY, VERY IMPORTANT  
19 TIME FOR THE AGENCY. AND IT'S A VERY SIGNIFICANT THING.

20 THE ONLY OTHER THING I WOULD ADD TO IT IS THAT  
21 IT MIGHT HAVE SERVED THE STAFF A LITTLE BIT BETTER AND  
22 MADE THEIR WORK A LITTLE BIT EASIER IF THE INITIAL REVIEW  
23 PROCESS HAD BEEN A LITTLE BIT MORE TRANSPARENT TO THE  
24 PUBLIC BECAUSE THEN MAYBE SOME OF THESE ISSUES WOULD HAVE  
25 BEEN CAUGHT WAY BACK THEN. BUT THAT'S A POSITION THAT I

## BARRISTERS' REPORTING SERVICE

1 CONTINUE TO ARGUE AND TO REFER PEOPLE TO THE STATE OF  
2 CONNECTICUT WHERE IT IS MORE OPEN.

3 ALL THAT ASIDE, THOUGH, THIS IS A MOMENTOUS  
4 TIME THAT SHOWS THAT YOU TAKE YOUR RULES AND REGULATIONS  
5 VERY SERIOUSLY AND ACT APPROPRIATELY. THANK YOU.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
7 ADDITIONAL PUBLIC COMMENT?

8 MR. ADAMS: VERY QUICKLY, I'M BILL ADAMS. I'M  
9 FOUNDER AND THE CFO OF INTERNATIONAL STEM CELL  
10 CORPORATION, WHICH IS AN OCEANSIDE-BASED COMPANY THAT IS  
11 TRYING TO BE FOR-PROFIT IF WE CAN GET THERE. I JUST --  
12 THIS IS ACTUALLY MY SECOND MEETING. I JUST WANT TO THANK  
13 THE EMPHASIS THAT'S GOING ON TO WORK WITH FOR-PROFIT  
14 COMPANIES, AND WE CERTAINLY HOPE TO BRING THINGS TO THE  
15 CLINIC RATHER QUICKLY, AND WE'VE GOT A COUPLE PROJECTS  
16 ALREADY GOING.

17 AND IF ANYONE WANTS TO KNOW A LITTLE BIT ABOUT  
18 US, WE HAD A WONDERFUL WRITE-UP IN THE *SAN DIEGO* UNION  
19 THIS LAST WEEK. SO THANK YOU.

20 CHAIRMAN KLEIN: THANK YOU FOR YOUR COMMENTS.

21 ADDITIONALLY, ADDITIONAL ITEM THAT'S NOT  
22 CALENDARED. JUST AS AN ITEM OF INFORMATION, IN NOVEMBER  
23 THERE WILL BE AN INDEPENDENT FINANCIAL ACCOUNTABILITY  
24 OVERSIGHT COMMITTEE MEETING AS PROVIDED FOR UNDER THE  
25 INITIATIVE. THAT COMMITTEE IS CHAIRED BY THE TREASURER

## BARRISTERS' REPORTING SERVICE

1 AND, IF WE ALL RECALL, HAS AN APPOINTEE FROM THE  
2 CONTROLLER, THE PRESIDENT PRO TEM OF THE SENATE, THE  
3 SPEAKER, AS WELL AS I MAKE ONE APPOINTMENT TO THAT BOARD.

4 WE HAVE A GREAT DEAL TO REPORT IN THAT ONE OF  
5 THE AREAS WHERE WE'RE GOING TO TRY AND REALLY FOCUS SOME  
6 NEW TIME, AS REQUIRED BY THE INITIATIVE, IS ON EVALUATING  
7 OUR CONTRIBUTION TO THE STATE ON AN ECONOMIC BASIS. THAT  
8 WILL REQUIRE A STUDY FROM A THIRD-PARTY FIRM AS OUTLINED  
9 IN OUR STRATEGIC PLAN, AND THE PRESIDENT HAS THE  
10 AUTHORITY TO CONTRACT FOR STUDIES OF THAT TYPE. THIS  
11 YEAR I WOULD DOUBT THAT WE HAVE THE TIME TO GET FAR  
12 ENOUGH DOWNSTREAM TO HAVE THE IN-DEPTH STUDY THAT BY NEXT  
13 YEAR WOULD BE POTENTIALLY VERY FEASIBLE, BUT IT IS  
14 CERTAINLY A YEAR IN WHICH WE'VE HAD REMARKABLE PROGRESS.  
15 SO WE HAVE SOME PHENOMENAL THINGS TO REPORT TO THE  
16 OVERSIGHT COMMITTEE.

17 WITH THAT, I THINK THAT'S THE FINAL ITEM OF  
18 INFORMATION TO BE BROUGHT UP TODAY. ANY ADDITIONAL ITEMS  
19 BY MEMBERS OF THE BOARD? ANY ADDITIONAL COMMENTS FROM  
20 THE PUBLIC? JOHN SIMPSON.

21 MR. SIMPSON: JOHN SIMPSON AGAIN, FOUNDATION  
22 FOR TAXPAYER AND CONSUMERS RIGHTS. I UNDERSTAND THAT  
23 CIRM WILL BE REPRESENTED AT THE INTERSTATE ALLIANCE  
24 MEETING IN BOSTON. I BELIEVE THAT'S CORRECT. SOME OF  
25 YOU MAY RECALL THAT I HAD SOME INTERESTING ENCOUNTERS

## BARRISTERS' REPORTING SERVICE

1 WITH THEM WHEN THEY MET OUT HERE. THEY THREW ME OUT.  
2 AND THEY NOW HAVE AGREED THAT THESE SHOULD BE OPEN  
3 MEETINGS, AND THE BOSTON MEETING WILL BE OPEN, AND I  
4 THINK THAT IT IS TREMENDOUS THAT CIRM WILL BE THERE AND  
5 PLAYING A KEY LEADERSHIP ROLE. SO AS LONG AS THOSE  
6 MEETINGS ARE OPEN TO THE PUBLIC, AND THESE, I'M SURE,  
7 WILL BE, THIS IS A VERY GOOD THING. AND I THINK DR.  
8 MURPHY AND THE STAFF ARE TO BE COMMENDED FOR TAKING PART  
9 IN IT.

10 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WHEN OUR  
11 CRITICS END THE MEETING WITH POSITIVE COMMENTS, IT IS A  
12 TIME TO END.

13 (APPLAUSE.)

14 CHAIRMAN KLEIN: MELISSA, DO YOU HAVE AN  
15 ADMINISTRATIVE COMMENT?

16 MS. KING: JUST VERY QUICKLY. THERE IS A  
17 SHUTTLE TO THE AIRPORT. JENNA HAS ARRANGED FOR IT TO BE  
18 HERE MOMENTARILY. AND ALSO WE HAD AN AFTERNOON SNACK  
19 BROUGHT OUT, AND SHE HAS IT BROUGHT OUT A BIT EARLY SO  
20 THAT YOU CAN GRAB IT ON YOUR WAY OUT.

21 CHAIRMAN KLEIN: THANK YOU ALL FOR  
22 PARTICIPATION IN WHAT IS A VERY HISTORIC DAY. THANK YOU.

23 (THE MEETING WAS THEN ADJOURNED AT 2:35 P.M.)

24

25

REPORTER'S CERTIFICATE

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

HILTON SAN DIEGO AIRPORT/HARBOR ISLAND  
1960 HARBOR ISLAND DRIVE  
SAN DIEGO, CALIFORNIA  
ON  
OCTOBER 3, 2007

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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