

BEFORE THE
SCIENTIFIC AND MEDICAL FACILITIES WORKING GROUP
OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: 210 KING STREET
SAN FRANCISCO, CALIFORNIA

DATE: DECEMBER 1, 2006
3 P.M.

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

BRS FILE NO.: 77156

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1 SANTA ANA CALIFORNIA; FRIDAY, DECEMBER 1, 2006

2 04:45 P.M.

3

4 CHAIRMAN DOMS: LET'S GET STARTED. JAMES,
5 SHALL WE TALK ABOUT THE SHARED RESEARCH LABS RFA? CAN
6 WE TALK ABOUT THAT WITHOUT --

7 MR. HARRISON: YES, YOU CAN PROCEED. THAT'S
8 JUST AN INFORMATION ITEM, SO YOU CAN BEGIN NOW.

9 CHAIRMAN DOMS: WITHOUT CALLING THE MEETING
10 TO ORDER?

11 MR. HARRISON: I WOULD GO AHEAD AND CALL THE
12 MEETING TO ORDER. BY THE TIME, HOPEFULLY, SOMEONE ELSE
13 JOINS US, WE'LL HAVE A QUORUM.

14 MR. KLEIN: THIS IS BOB KLEIN.

15 CHAIRMAN DOMS: GREAT, BOB. THANK YOU VERY
16 MUCH.

17 MR. KLEIN: YOU'RE VERY WELCOME.

18 CHAIRMAN DOMS: WE HAVE EIGHT, SO WE'RE READY
19 TO GO. AND I'D LIKE TO WELCOME AND THANK ALL OF YOU
20 VERY MUCH.

21 MS. LANSING: I'M ON. THIS IS SHERRY
22 LANSING. I'M ON.

23 CHAIRMAN DOMS: THANK YOU VERY MUCH FOR
24 JOINING US. WE NOW HAVE THE PROPER NUMBER OF
25 PARTICIPANTS, SO WE CAN GET STARTED. THANK YOU ALL FOR

1 TAKING TIME OUT ON A BUSY FRIDAY AFTERNOON. I'M GOING
2 TO CALL THE MEETING TO ORDER. AND IS PAT THERE?
3 MS. BECKER: YES, I AM.
4 CHAIRMAN DOMS: YOU WANT TO READ THE ROLL,
5 PLEASE?
6 MS. BECKER: MARCY FEIT. SHERRY LANSING.
7 ARE YOU THERE, SHERRY? CAN PEOPLE HEAR ME?
8 MR. KLEIN: I CAN HEAR YOU. WHY DON'T YOU
9 KEEP GOING. IF SHE DROPPED OFF, SHE'LL COME BACK ON.
10 MS. BECKER: JOAN SAMUELSON.
11 MS. SAMUELSON: JOAN SAMUELSON, PRESENT.
12 MS. BECKER: DAVID SERRANO-SEWELL.
13 MR. SERRANO-SEWELL: PRESENT.
14 MS. BECKER: JEFF SHEEHY.
15 MR. SHEEHY: PRESENT.
16 MS. BECKER: JANET WRIGHT.
17 DR. WRIGHT: YES. PRESENT.
18 MS. BECKER: ROBERT KLEIN.
19 MR. KLEIN: PRESENT.
20 MS. BECKER: RUSTY DOMS.
21 CHAIRMAN DOMS: PRESENT.
22 MS. BECKER: DEBORAH HYSEN.
23 MS. HYSEN: PRESENT.
24 MS. BECKER: EDWARD KASHIAN. DAVID
25 LICHTENGER.

1 MR. LICHTENGER: PRESENT.

2 MS. BECKER: THANK YOU.

3 CHAIRMAN DOMS: OKAY. WELL, THANK YOU. WE
4 HAVE TWO ISSUES TO COVER THIS AFTERNOON. THE FIRST IS
5 THE CLARIFICATION OF THE DEFINITION OF CAPITAL
6 EQUIPMENT UNDER PROP 71. AND THE SECOND IS ISSUE IS AN
7 UPDATE ON THE SHARED RESEARCH LABORATORIES.

8 SHERRY, ARE YOU ON?

9 MS. LANSING: I'M SORRY. SOMETHING WENT
10 WRONG WITH THE PHONE. THIS IS SHERRY LANSING, AND I AM
11 HERE.

12 CHAIRMAN DOMS: THANK YOU, SHERRY.

13 MS. LANSING: I APOLOGIZE.

14 CHAIRMAN DOMS: LORI HOFFMAN, CIRM'S CHIEF
15 ADMINISTRATIVE AND FINANCIAL OFFICER, WILL MAKE A
16 PRESENTATION ON THE DEFINITION OF CAPITAL EQUIPMENT.
17 AND ZACH WILL GIVE US AN UPDATE ON THE SCHEDULE OF THE
18 SHARED RESEARCH LABORATORIES REQUEST FOR APPLICATION.

19 SO LET'S GET STARTED WITH AGENDA ITEM NO. 4,
20 DISCUSSION AND CONSIDERATION OF DEFINITION OF THE
21 CAPITAL EQUIPMENT UNDER PROP 71. THIS IS AN ACTION
22 ITEM, SO WE NEED TO MAKE A RECOMMENDATION ON THAT
23 TODAY.

24 SO, LORI, IT'S ALL YOURS.

25 MS. HOFFMAN: THANK YOU, RUSTY. THE

1 DEFINITION OF CAPITAL EQUIPMENT, I'D LIKE TO TURN TO
2 THE ITEM, I HOPE EVERYONE HAS IT IN FRONT OF THEM, AND
3 SPEAK TO THE BACKGROUND. IN PROPOSITION 71 UNDER THE
4 SCIENTIFIC FACILITIES WORKING GROUP, WE REFERENCE THE
5 FACILITIES AND EQUIPMENT AND THE REQUIREMENTS FOR WHAT
6 WOULD BE CONSIDERED REIMBURSABLE BUILDING COSTS, ETC.

7 SO THE PROBLEM THAT WE HAVE IS IN PROP 71,
8 THE TERM "EQUIPMENT" OR "CAPITAL EQUIPMENT" ARE NOT
9 DEFINED. THEREFORE, IT BECAME INCUMBENT UPON US
10 PROVIDE YOU WITH A DEFINITION AND SEEK YOUR
11 RECOMMENDATION TO THE ICOC.

12 UNDER THE RECOMMENDATION, WE'VE OUTLINED
13 EXACTLY WHAT CAPITAL EQUIPMENT WOULD INCLUDE, WHICH IS
14 A FIXED OR BUILT-IN PERMANENT EQUIPMENT, PIECE OF
15 EQUIPMENT THAT IS ATTACHED TO A BUILDING OR A
16 STRUCTURE. AND THEN WE LIST SEVERAL DIFFERENT
17 EXAMPLES.

18 CAPITAL EQUIPMENT SHALL BE FUNDED THROUGH THE
19 FACILITIES GRANTS PROGRAM. NOW, WE'VE ATTEMPTED TO
20 THEN DEFINE WHAT WE WOULD CALL RESEARCH EQUIPMENT, BUT
21 RESEARCH EQUIPMENT, NO PLACE IS IT CITED, THAT TERM,
22 CITED IN PROP 71. SO THE NEED FOR THE DEFINITION IS
23 ONLY WITH REFERENCE TO MAKING THE DISTINCTION BETWEEN
24 CAPITAL EQUIPMENT.

25 RESEARCH EQUIPMENT OR INSTRUMENTATION IS

1 SOMETHING THAT IS MOVABLE AND IS REQUIRED TO MEET THE
2 PROGRAM NEEDS OF THE RESEARCH GRANT. BUT ALSO INCLUDE
3 EQUIPMENT THAT IS OVER THE \$5,000 LIMIT. AND WE OFFER
4 EXAMPLES AS WELL. THE RESEARCH EQUIPMENT SHALL BE
5 FUNDED THROUGH THE RESEARCH GRANTS PROGRAM.

6 SIMPLY, WE'RE ASKING FOR YOUR CONCURRENCE AND
7 RECOMMENDATION TO THE ICOC. CAN I TAKE ANY QUESTIONS?

8 MR. KLEIN: LORI, THIS IS BOB KLEIN. I WOULD
9 REMIND THE BOARD THAT AT UCLA A MONTH AND A HALF AGO I
10 WENT THROUGH A DISCUSSION WITH THE BOARD ON CAPITAL
11 EQUIPMENT WITHIN THE BUILDING DEFINITION BECAUSE WE
12 WERE DISCUSSING MAJOR FACILITIES BEING, IN FACT, THE
13 TYPE OF EQUIPMENT THAT WAS CONSIDERED A FIXTURE OR A
14 BUILT-IN EQUIPMENT LIKE MAJOR AIR EQUIPMENT TO DO THE
15 AIR TURNS FOR A GMP FACILITY OR OTHER MAJOR BUILT-INS
16 THAT ARE PART OF THE STRUCTURE. WHEREAS, A RESEARCH
17 EQUIPMENT WOULD BE FUNDED THROUGH RESEARCH GRANTS, LIKE
18 A HIGH-SPEED CELL SORTER.

19 AND DAVID BALTIMORE AND A NUMBER OF MEMBERS
20 OF THE BOARD PARTICIPATED IN THAT DISCUSSION. AND THIS
21 IS, IN FACT, JUST CODIFYING WHAT WE'VE ALWAYS HAD AS AN
22 OPERATING UNDERSTANDING OF THE DIFFERENCE BETWEEN THESE
23 TWO TYPES OF EQUIPMENT AS MOST RECENTLY DISCUSSED AT
24 THAT BOARD MEETING WHERE THERE WAS COMPLETE CONCURRENCE
25 IN THE SEPARATION OF THESE TWO CLASSES OF EQUIPMENT.

1 BECAUSE CERTAINLY EIGHT YEARS LATER AFTER ALL OF THE
2 FACILITIES ARE BUILT, WHEN A RESEARCHER COMES IN FOR A
3 FACS MACHINE, HIGH SPEED CELL SORTER, THEY'RE GOING TO
4 NEED THAT EQUIPMENT, WHICH IS RESEARCH EQUIPMENT,
5 FUNDED. AND WE JUST WANT TO MAKE IT CLEAR THAT OUR
6 PROGRAM CONTEMPLATES THAT AND UNDERSTANDS THE NEED FOR
7 RESEARCH GRANTS TO FUND MOVABLE EQUIPMENT, WHICH IS
8 WHAT WE'RE TALKING ABOUT HERE. IS THAT CORRECT, LORI?

9 MS. HOFFMAN: YES, BOB. AND ALSO IN
10 ATTACHMENT 1, THAT CERTAINLY DOES SUPPORT YOUR
11 UNDERSTANDING AT UCLA, THAT UNIVERSITY OF CALIFORNIA'S
12 FACILITIES MANUAL IS CITED AS WELL AS THE STATE
13 ADMINISTRATIVE MANUAL, THE STANDARDS SET BY STANFORD
14 AND CALTECH AS WELL AS THE NATIONAL CENTER FOR RESEARCH
15 RESOURCES.

16 MR. KLEIN: WE'RE OVERWHELMED BY
17 DOCUMENTATION.

18 MS. HOFFMAN: YES, WE ARE.

19 DR. HALL: I MIGHT JUST ADD A WORD, THAT THIS
20 BOTH -- THIS VERY IMPORTANT BECAUSE THIS ESSENTIAL
21 DEFINITION GIVES MORE MONEY FOR FACILITIES, INCLUDING
22 THE FIXED EQUIPMENT, AND IT ALSO GIVES US MORE
23 FLEXIBILITY, AS BOB INDICATED, IN TERMS OF BEING ABLE
24 TO FUND MOVABLE EQUIPMENT, WHICH WILL BE IN AND OUT OF
25 THESE FACILITIES. AND WE WILL WANT TO HAVE FLEXIBILITY

1 TO BE ABLE TO DO THAT WHEN WE NEED IT. SO I THINK IT'S
2 VERY APPROPRIATE THAT WE USE THIS DESCRIPTION, AS DOES
3 THE UNIVERSITY OF CALIFORNIA.

4 CHAIRMAN DOMS: I THINK EVERYBODY ON THE
5 WORKING GROUP KNOWS THAT UNDER PROP 71 WE'RE LIMITED TO
6 10 PERCENT OF \$3 BILLION. ONLY 10 PERCENT CAN GO FOR
7 FACILITIES, AND THAT'S ONE OF THE REASONS WE'RE TAKING
8 A CLOSE LOOK AT THIS TO TRY TO STRETCH THAT MONEY AS
9 PRODUCTIVELY AS WE CAN.

10 SO ANY OTHER DISCUSSION?

11 MS. SAMUELSON: ARE THERE ANY OTHER MAJOR
12 RESEARCH INSTITUTIONS OR ANYONE ELSE OF IMPORTANCE THAT
13 TAKES A DIFFERENT VIEW OF IT? JUST FYI.

14 MS. HOFFMAN: I KNOW OF NO OTHERS. AGAIN,
15 CERTAINLY, WITH THE LIST OF INSTITUTES THAT WE DID LOOK
16 AT FROM A NATIONAL, STATE, AND THEN THE UNIVERSITIES,
17 AT LEAST THE LARGER PRIVATES AND THE ENTIRE UNIVERSITY
18 OF CALIFORNIA SYSTEM AS A RESEARCH INSTITUTION TAKES
19 THIS PARTICULAR VIEW.

20 MR. LICHTENGER: THIS IS CONSISTENT WITH WHAT
21 I'VE SEEN OVER THE YEARS AS WELL.

22 MS. SAMUELSON: THANKS.

23 MS. HYSEN: IT VERY CLOSELY MODELS THE STATE
24 ADMINISTRATIVE MANUAL, SO THAT'S IMPORTANT, I THINK.

25 CHAIRMAN DOMS: JAMES, IT'S RUSTY. YOU'VE

1 REVIEWED THIS AND YOU'RE COMFORTABLE WITH IT?

2 MR. HARRISON: YES, I AM.

3 MR. KLEIN: IF THERE'S NO EXTENDED DISCUSSION
4 OVER THIS ITEM, SOUNDS LIKE WE'RE IN HEATED AGREEMENT,
5 I'D LIKE TO MAKE A MOTION TO ACCEPT THE RECOMMENDATIONS
6 OF STAFF.

7 CHAIRMAN DOMS: IS THERE A SECOND?

8 MR. LICHTENGER: I SECOND IT.

9 DR. HALL: PUBLIC COMMENT? WE DO HAVE A
10 REQUEST FOR PUBLIC COMMENT HERE.

11 CHAIRMAN DOMS: THAT WAS MY NEXT.

12 DR. HALL: WHENEVER YOU'RE READY FOR IT.

13 CHAIRMAN DOMS: ARE THERE ANY PUBLIC
14 COMMENTS.

15 MR. FEYER: THIS IS ROBERT FEYER FROM ORRICK,
16 HERRINGTON & SUTCLIFFE, AS I WAS INTRODUCED EARLIER.
17 WE ACT AS BOND COUNSEL TO THE STATE. AND I NOTED THIS
18 AGENDA ITEM. SINCE OBVIOUSLY THE FUNDING OF CAPITAL
19 EQUIPMENT BEING PART OF THE BOND PROGRAM IS SOMETHING
20 THAT WE AS BOND COUNSEL WANTED TO BE AWARE OF. LORI
21 WAS GOOD ENOUGH TO SHARE THE MEMO WITH ME BEFOREHAND.

22 AS I TOLD LORI AND JAMES HARRISON IN E-MAIL
23 YESTERDAY, I'M COMFORTABLE AS WELL WITH THE DEFINITION.
24 THIS SEEMS TO WORK PROPERLY AS THE STATUTE IS WRITTEN.

25 NORMALLY WHEN WE DEAL WITH THE CONCEPT OF

1 CAPITAL ASSETS FOR BOND FINANCING, ONE OF THE CRITERIA
2 IN DETERMINING CAPITAL ASSETS IS ITS USEFUL LIFE. AND
3 I JUST WANTED TO ASK THE QUESTION OF YOU EXPERTS HERE
4 AS TO WHETHER ANYONE THINKS IT MIGHT BE APPROPRIATE TO
5 INCLUDE IN THIS DEFINITION OF CAPITAL EQUIPMENT SOME
6 MINIMUM USEFUL LIFE TO MAKE IT CLEAR THAT IT'S INTENDED
7 TO BE VERY LONG-LIVED EQUIPMENT. I'M THINKING
8 SOMETHING LIKE FIVE TO TEN YEARS AS A MINIMUM LIFE OF
9 THIS EQUIPMENT. AT THE SAME TIME I DON'T THINK IT'S
10 ABSOLUTELY NECESSARY THAT THIS BE DONE, BUT IT --

11 MR. KLEIN: I THINK THAT COULD BE, IN FACT,
12 CONFUSING BECAUSE OF THE CAPITAL EQUIPMENT HAVING THE
13 LONG LIFE, BUT I DON'T THINK WE WANT TO GET INTO YEARS
14 BECAUSE THERE'S DIFFERENT TERMS OF UTILITY FOR BOTH
15 KINDS OF EQUIPMENT. OBVIOUSLY THE CAPITAL EQUIPMENT
16 THAT'S A FIXTURE IN A BUILDING MAY, IN FACT, HAVE A 15-
17 OR 25-YEAR LIFE.

18 MR. FEYER: YES.

19 MR. KLEIN: WHICH IS VERY MUCH CONSISTENT
20 WITH WHAT YOUR THINKING IS. BUT I DON'T THINK WE
21 SHOULD GET INTO THAT AREA IN THAT THIS DISTINCTION, I
22 THINK, WILL BE VERY EFFECTIVE IN THE REAL ESTATE AREA,
23 AND WE CAN DO IT WITHOUT USEFUL LIFE.

24 MR. LICHTENGER: I WOULD AGREE WITH BOB ON
25 THAT. I THINK THAT WOULD JUST CONFUSE THE ISSUE. I

1 THINK THE DEFINITION IS VERY CLEAR, YOU KNOW, THAT IF
2 IT'S SOMETHING THAT IS PERMANENTLY ATTACHED TO THE
3 FACILITY, YOU KNOW, FOR EXAMPLE, YOU KNOW, THERE MAY BE
4 OTHER TYPES OF EQUIPMENT THAT MIGHT HAVE SEVEN TO TEN
5 YEARS VERSUS 15 TO 25 YEARS. SO I THINK IT WOULD JUST
6 CONFUSE MATTERS.

7 MR. FEYER: OKAY. I JUST WANTED TO GET A
8 FEEL FOR THAT.

9 MR. KLEIN: THANK YOU VERY MUCH. WE
10 APPRECIATE YOUR FOCUS ON THAT.

11 CHAIRMAN DOMS: ARE THERE ANY OTHER COMMENTS
12 OR QUESTIONS FROM THE PUBLIC? THEN I CALL FOR THE --

13 MR. LICHTENGER: I'D ALSO LIKE TO ASK JAMES
14 WHAT PROCEDURALLY IS GOING TO HAPPEN. I TAKE IT YOU'RE
15 TAKING THIS TO THE BOARD AT ITS NEXT FULL ICOC MEETING,
16 BUT IS THIS -- ULTIMATELY I UNDERSTAND, JAMES, THIS IS
17 GOING TO BE INCORPORATED IN REGULATIONS FOR FACILITIES
18 GRANTS, RIGHT? THOSE ARE NOT YET PREPARED.

19 DR. HALL: WE'LL HAVE A GRANTS ADMINISTRATION
20 POLICY FOR FACILITIES, AND THIS WILL BE PART OF THAT.

21 MR. LICHTENGER: SO THERE WILL STILL BE A
22 FURTHER OPPORTUNITY TO ACTUALLY LOOK AT THE WORDING.

23 CHAIRMAN DOMS: ALL IN FAVOR? ALL OPPOSED?

24 MR. KLEIN: NO OPPOSED. BUT, JAMES, DO YOU
25 NEED A ROLL CALL VOTE ON THIS ON A PHONE?

1 MR. HARRISON: RUSTY, I THINK IT'S BEST
2 PRACTICE, WHEN WE HAVE TELECONFERENCE MEETINGS, TO USE
3 THE ROLL CALL VOTE METHOD SO WE CAN CORRECTLY TRACK WHO
4 VOTED IN FAVOR AND WHO VOTED AGAINST.

5 CHAIRMAN DOMS: PAT, DO YOU WANT TO CALL THE
6 ROLL?

7 MS. BECKER: MARCY FEIT. SHERRY LANSING.
8 MS. LANSING: YES.
9 MS. BECKER: JOAN SAMUELSON.
10 MS. SAMUELSON: AYE.
11 MS. BECKER: DAVID SERRANO-SEWELL.
12 MR. SERRANO-SEWELL: YES.
13 MS. BECKER: JEFF SHEEHY.
14 MR. SHEEHY: YES.
15 MS. BECKER: JANET WRIGHT.
16 DR. WRIGHT: YES.
17 MS. BECKER: ROBERT KLEIN.
18 MR. KLEIN: YES.
19 MS. BECKER: RUSTY DOMS.
20 CHAIRMAN DOMS: YES.
21 MS. BECKER: DEBORAH HYSEN.
22 MS. HYSEN: YES.
23 MS. BECKER: ED KASHIAN. DAVID LICHTENGER.
24 MR. LICHTENGER: YES.
25 MS. BECKER: THANK YOU.

1 CHAIRMAN DOMS: THE MOTION PASSES.

2 MOVE ON TO AGENDA ITEM NO. 5, WHICH IS THE
3 STATUS OF THE SHARED MEDICAL RESEARCH LABS RFA. AND
4 ZACH.

5 DR. HALL: YES. LET ME JUST GIVE YOU A QUICK
6 UPDATE ON THAT. LET ME MENTION ANOTHER INFORMATION
7 ITEM FIRST, AND THAT IS THAT WE ARE PREPARED TO MAKE A
8 JOB OFFER CONTINGENT ON SOME BOARD ACTION FOR THE
9 SENIOR LIAISON OFFICER FOR THE FACILITIES WORKING
10 GROUP. AND WE HAVE, WE THINK, A VERY HIGHLY QUALIFIED
11 AND TALENTED PERSON IN THE WINGS. AND OUR HOPE IS THAT
12 WE'LL BE ABLE TO MAKE A FORMAL JOB OFFER AFTER THE
13 MEETING NEXT WEEK, AND THAT WE WILL THEN BE ABLE TO
14 MOVE VERY QUICKLY AND GET THAT PERSON ON BOARD. I
15 THINK WILL STRENGTHEN OUR FACILITIES TEAM HERE AT CIRM
16 VERY MUCH. WITH THE ADDITION OF LORI HOFFMAN, OF
17 COURSE, HER EXPERIENCE IN THIS AREA IS TERRIFIC. WITH
18 THIS OTHER PERSON AND THEN PAT BECKER HAS BEEN SERVING
19 AS STAFF TO THE COMMITTEE, TO THE WORKING GROUP. SO I
20 THINK WE WILL SORT OF OVER THE LAST COUPLE MONTHS, IF
21 THAT'S SUCCESSFUL, WE WILL INCREASED OUR INTERNAL
22 EXPERTISE IN THIS MATTER BY PROBABLY A THOUSAND
23 PERCENT.

24 AT ANY RATE WE HAVE BEEN, AS YOU KNOW, VERY
25 EAGER TO GET OUT THE SHARED RESEARCH FACILITY RFA.

1 MANY OF THE SEED GRANTS THAT WE LOOKED AT YESTERDAY
2 WILL BE DEPENDENT ON THIS SPACE IN ORDER TO CARRY OUT
3 THE WORK. AND SO WE WANT TO GET IT UNDERWAY AND GET IT
4 MOVING AS QUICKLY AS POSSIBLE.

5 WE HAVE, HOWEVER, HAD A TREMENDOUS STAFF
6 BURDEN HERE WITH 232 APPLICATIONS THAT WE REVIEWED THIS
7 WEEK. WE HAVE ANOTHER 70 COMING UP IN JANUARY. SO
8 EVERYBODY HERE IS OPERATING PRETTY MUCH ON FUMES AS
9 THIS IS A NEW RFA FOR US, THAT IS, A FACILITIES ONE,
10 THAT HAS INTRODUCED A NUMBER OF ISSUES THAT WE WEREN'T
11 SO FAMILIAR WITH. IT'S TAKEN US A LITTLE TIME TO DO
12 IT. WE HAVE ALSO FOUND OUT THAT THE INSTITUTIONS
13 REQUIRE A LITTLE BIT LONGER LEAD-TIME IN ORDER TO
14 PREPARE THE KIND OF PLANS FOR THE RENOVATION PART OF
15 THIS THAT YOU WILL NEED TO MAKE YOUR EVALUATION.

16 SO WE'VE HAD TO REVISE OUR SCHEDULE. AND
17 WHAT I'M GOING TO GIVE YOU IS A TENTATIVE ONE. AND
18 WHAT I'D ACTUALLY LIKE TO DO IS TO WORK BACKWARDS. WE
19 NOW HOPE TO BRING THIS TO THE ICOC MEETING IN JUNE FOR
20 APPROVAL. AND WE IN APRIL AND MAY HOPE TO HAVE BOTH A
21 GRANTS REVIEW WORKING GROUP MEETING AND A FACILITIES
22 REVIEW WORKING GROUP MEETING TO CONSIDER THE TWO PARTS
23 OF THE RFA. I'LL COME BACK TO THAT IN JUST A MOMENT.

24 WE'LL BE CONTACTING YOU SHORTLY, IF NOT
25 ALREADY, ABOUT AVAILABLE TIMES IN APRIL AND MAY IN

1 ORDER TO SCHEDULE THAT. THE APPLICATIONS WILL BE DUE
2 IN MARCH, AND OUR HOPE IS TO GET THE RFA OUT BY EARLY
3 JANUARY AT THE LATEST. WE'RE GOING TO WORK VERY HARD
4 ON THAT. WE'VE BEEN DIVERTED FROM IT WITH THIS RECENT
5 THING.

6 LET ME JUST REMIND YOU OF THE PRINCIPLES OF
7 THIS. THE IDEA IS TO AWARD GRANTS AT 15 INSTITUTIONS
8 THAT WOULD CREATE DEDICATED LABORATORY SPACE FOR THE
9 CULTURE AND MAINTENANCE OF HUMAN EMBRYONIC STEM CELLS,
10 INCLUDING THOSE OUTSIDE THE FEDERAL GUIDELINES. AND WE
11 WOULD CREATE CORE LABORATORIES THAT WOULD BE SHARED BY
12 A VARIETY OF INVESTIGATORS AT EACH INSTITUTION;
13 THEREFORE, WE CALL THESE SHARED RESEARCH LABORATORIES,
14 AND ALSO WOULD BE AVAILABLE TO INVESTIGATORS FROM OTHER
15 INSTITUTIONS IN THE NEIGHBORHOOD THAT MIGHT NOT HAVE
16 SUCH FACILITIES AND WOULD WISH TO USE THEM.

17 AND THEN FOR FIVE OF THOSE, WE WILL PROVIDE
18 EXTRA FUNDS AND ASK THEM TO GIVE A COURSE SEVERAL TIMES
19 A YEAR IN HOW TO CULTURE HUMAN EMBRYONIC STEM CELLS.
20 THESE ARE NOT EASY CELLS TO CULTURE; WHEREAS, IT
21 DOESN'T TAKE A LONG COURSE, COURSE OF A WEEK OR SO,
22 IT'S EXTREMELY HELPFUL IN GETTING A LAB STARTED IN THIS
23 AREA. SO WE HEARD FROM SCIENTISTS AT OUR TRAINING
24 GRANTS MEETING THAT THESE WERE VERY REAL NEEDS, AND WE
25 TRIED TO MEET THOSE.

1 THE STRUCTURE OF IT IS THAT WE WILL BASICALLY
2 OFFER UP TO A MILLION DOLLARS FOR RENOVATION, ANOTHER
3 MILLION DOLLARS FOR INSTRUMENTATION COSTS, AND WE WILL
4 ALSO OFFER UP TO \$200,000 A YEAR FOR PERSONNEL AND
5 SUPPLIES TO COVER THEIR OPERATING COSTS. IF THEY WISH
6 TO APPLY FOR A TRAINING PROGRAM, THEN WE WILL GIVE THEM
7 AN ADDITIONAL \$500 FOR SPACE DEVELOPMENT, RENOVATION,
8 AND EQUIPMENT, AND AN ADDITIONAL \$200,000 A YEAR FOR
9 OPERATING FUNDS TO SUPPORT THIS INSTRUCTIONAL
10 COMPONENT.

11 SO THE ENTIRE GRANTS WILL BE WORTH \$2 MILLION
12 FOR A SHARED LABORATORY OR TWO AND A HALF FOR A SHARED
13 LABORATORY PROVIDING TRAINING COURSES. AND THE TOTAL
14 COST OF THIS OVER A THREE-YEAR PERIOD WILL BE 47 AND A
15 HALF MILLION.

16 NOW, IT WILL REVIEWED BY BOTH GRANTS AND
17 FACILITIES WORKING GROUP, AS YOU KNOW, AND SO ONE OF
18 THE THINGS THAT'S MADE THIS A LITTLE DIFFICULT IS WE
19 ARE GOING TO HAVE A TWO-PART APPLICATION WITH A LOT OF
20 INFORMATION GIVEN IN COMMON. BUT ONE PART IS TAILORED
21 FOR THE GRANTS REVIEW WORKING GROUP, THE OTHER PART
22 TAILORED FOR THE FACILITIES WORKING GROUP. FOR
23 EXAMPLE, THE GRANTS WORKING GROUP, THERE ARE GOING TO
24 BE THREE MAJOR SECTIONS. THEY WILL RECEIVE TWO OF
25 THESE. ONE SCIENTIFIC NEED AND RESEARCH USE; THAT IS,

1 HOW MUCH SPACE DO YOU PLAN TO DEVELOP, AND WHO WILL USE
2 IT, AND WHAT KINDS OF SCIENCE WILL BE DONE THERE? THAT
3 IS, IS THERE A SCIENTIFIC JUSTIFICATION FOR THE SIZE
4 AND SCOPE OF THE SPACE THAT YOU WISH TO DEVELOP?

5 THE SECOND IS A QUESTION TO EVALUATE
6 LABORATORY EQUIPMENT AND MANAGEMENT. THAT IS, WHAT
7 KINDS OF EQUIPMENT WILL THEY BUY? IS THIS JUSTIFIED IN
8 TERMS OF THE NUMBER OF PEOPLE THERE AND OTHER EQUIPMENT
9 THAT'S AVAILABLE ON THE CAMPUS? HOW WILL IT BE
10 MANAGED? WHAT WILL THE SCIENTIFIC OVERSIGHT BE FOR THE
11 LABORATORY? HOW WILL THEY DECIDE WHO GETS TO USE IT?
12 AND WHAT KIND OF PEOPLE WILL THEY HIRE TO RUN IT? SO
13 WE WILL ASK FOR ALL THOSE ISSUES, AND THOSE TWO WILL GO
14 TO THE GRANTS WORKING GROUP.

15 AND THEN THE THIRD IS THE DETAILS OF THE
16 RENOVATION, LABORATORY RENOVATION, PLAN, WHICH INCLUDES
17 PLANS, DESCRIPTION OF THE CURRENT SPACE AND HOW IT WILL
18 BE RENOVATED AND RECONFIGURED. WE'RE ASKING FOR 11 BY
19 14 OF THE CURRENT FLOOR PLAN SPACE AND ONE 11 BY 14 OF
20 PROPOSED FLOOR PLAN SPACE AFTER RENOVATION. WE ASK
21 THEM TO DESCRIBE HOW THE PROJECT WILL BE MANAGED AND
22 TRACKED, INCLUDING PROJECT MANAGER, CONSTRUCTION
23 SUPERVISOR ASSIGNED TO THE PROJECT, HOW CHANGES ORDERS
24 WILL BE HANDLED. IF THEY'RE IN LEASED SPACE, WE WANT
25 INFORMATION ABOUT THE INSTITUTION'S LONG-TERM ACCESS TO

1 THAT. AND THEN WE ASK THEM TO GIVE US PLANS AND A
2 SCHEDULE FOR ALL PHASES OF DEVELOPMENT, INCLUDING
3 INSTALLATION OF EQUIPMENT LEADING TO A FUNCTIONAL
4 LABORATORY, A PROPOSED DATE OF OCCUPANCY, AND
5 CONTINGENCY PLAN IN CASE OF COST OVERRUNS. AND
6 FINALLY, WE'LL ASK THEM FOR A REALISTIC TIMELINE FOR
7 COMPLETING EACH PROPOSED SPECIFIC AIM OF THE PROJECT,
8 AND THEN A BUDGET FOR THIS.

9 AND IN THE BUDGET WE ASK FOR COST FOR
10 CONSTRUCTION COSTS, A&E FEES, ADMINISTRATION, GROUP 2
11 AND 3 EQUIPMENT, COST OF INSTALLATION OF EQUIPMENT, AND
12 CONTINGENCY, WHICH IS LIMITED TO 7 TO 10 PERCENT OF THE
13 CONSTRUCTION BUDGET. THERE'S ALSO A RESTRICTION IN
14 HERE THAT NOT MORE THAN 15 PERCENT OF THE MONEY CAN BE
15 USED FOR PLAN DEVELOPMENT.

16 AND THEN OUR CURRENT PLAN IS THAT, CONSISTENT
17 WITH PROPOSITION 71, THERE WILL BE A REQUIREMENT FOR 20
18 PERCENT MATCHING FUNDS FOR THE RENOVATION AND
19 EQUIPMENT.

20 SO THAT'S THE GENERAL OUTLINE OF IT. WE ARE
21 STILL PUTTING PIECES OF IT TOGETHER, AND WE HOPE TO
22 HAVE THIS DONE WITHIN A MATTER OF WEEKS. AND WE'LL
23 SEND YOU A COPY AS SOON AS IT'S READY.

24 SO LET ME ASK IF THERE ARE QUESTIONS, ANY
25 QUESTIONS FROM THE WORKING GROUP ABOUT THAT, AND THEN

1 WE HAVE ONE QUESTION FROM CIRM STAFF HERE AFTER THAT,
2 AFTER QUESTIONS FROM THE WORKING GROUP.

3 MR. KLEIN: ZACH, THIS IS BOB. FIRST OF ALL,
4 WE SHOULD PROBABLY TELL THOSE MEMBERS ON THE CALL THAT
5 ARE NOT AWARE THAT WE CLOSED 181 MILLION YESTERDAY.
6 THE MONEY IS IN THE BANK, WHICH IS A GREAT STEP
7 FORWARD. THAT'S THE BALANCE OF THE 45 MILLION IN BOND
8 ANTICIPATION NOTES PLUS THE GOVERNOR'S LOAN OF A \$150
9 MILLION.

10 IN THAT CONTEXT, THE GOVERNOR'S LOAN COMES
11 WITH A RESTRICTION THAT THERE'S A LIMIT ON WHAT WE CAN
12 SPEND ON STRUCTURES FOR FACILITIES AS VERSUS RESEARCH.
13 AND MY UNDERSTANDING, LORI, IS THAT THE ALLOCATION OF
14 THE BUDGET THAT YOU'VE DRAWN UP FOR THE SHARED LAB
15 PROGRAM ALLOWS US TO OPERATE WITHIN THESE RESTRICTIONS
16 THAT THE GOVERNOR'S BUDGET CREATED, WHICH WANTED TO
17 EMPHASIZE RESEARCH OVER FACILITIES.

18 MS. HOFFMAN: THAT'S CORRECT, BOB, THAT THE
19 LIMIT IS, I BELIEVE, 19 MILLION. AND UNDER THIS RFA,
20 WITH THE RECOMMENDATION FOR THE DEFINITION OF CAPITAL
21 EQUIPMENT, WE WOULD NOT BE EXPENDING MORE THAN \$17.5
22 MILLION FOR THE FACILITIES PIECE OF THIS GRANT.

23 MR. KLEIN: RIGHT. SO I THINK WE'RE IN A
24 POSITION TO FUND THIS GRANT AND IN A MANNER CONSISTENT
25 WITH THE GOVERNOR'S PRIORITY FOR RESEARCH. AND I JUST

1 WANTED TO MAKE THAT POINT.

2 DR. HALL: GREAT. THANK YOU, BOB. I'M ALSO
3 GLAD YOU MENTIONED THAT. IN THAT SENSE YESTERDAY WAS
4 AN ABSOLUTELY STELLAR DAY FOR CIRM. WE FINISHED OUR
5 FIRST RESEARCH GRANTS REVIEW, AND JUST IN THE NICK OF
6 TIME, WE HAVE MONEY COMING INTO OUR COFFERS. SO IT
7 REALLY WAS A WONDERFUL DAY.

8 MR. LICHTENGER: ZACH, STEVE LICHTENGER. I
9 HAVE A QUESTION AS WELL. SO I WASN'T AT THE LAST
10 MEETING, AND I JUST WAS CURIOUS ABOUT HOW YOU CAME UP
11 WITH THOSE DOLLAR AMOUNTS AND KIND OF WHAT SIZE
12 FACILITIES WERE ANTICIPATED THAT WOULD BE FUNDED. I'M
13 JUST CURIOUS HOW YOU ARRIVED AT THOSE NUMBERS.

14 DR. HALL: WELL, WE ESTIMATE THAT -- NOTICE
15 IT'S UP TO, THE NUMBERS ARE UP TO. AND THE SPACE WILL
16 HAVE TO BE JUSTIFIED ON THE BASIS OF THE NUMBER OF
17 PEOPLE, AND THEN THE DOLLARS WILL THEN HAVE TO BE
18 LINKED TO THAT. AND THAT'S AN ISSUE THAT YOU WILL WANT
19 TO LOOK AT VERY CAREFULLY. BUT OUR ESTIMATE IS THAT
20 FOR THAT MILLION DOLLARS WE SHOULD BE ABLE TO GET
21 SOMETHING ON THE ORDER OF A THOUSAND SQUARE FEET OR A
22 BIT MORE. RENOVATION OF SPACE, LABORATORY SPACE, IS
23 INCREDIBLY EXPENSIVE RIGHT NOW, AND IT'S ALMOST CHEAPER
24 TO BUILD NEW SPACE, BUT THE PROBLEM IS YOU CAN'T CUT
25 SPACE IN THE MUDDLE OF AN ONGOING RESEARCH BUILDING.

1 YOU CAN'T DO JUST TEAR IT DOWN AND START OVER FOR THAT
2 LITTLE BIT OF SPACE.

3 SO OUR ESTIMATE IS ONE TO 2,000 SQUARE FEET
4 WHAT WE'LL GET FOR THAT. IN SOME CASES INSTITUTIONS
5 WILL BE ADDING THIS TO SPACE THEY ALREADY HAVE THAT IS
6 EXPANDING SPACE THAT THEY HAVE COMMITTED TO. AND SO
7 THAT WAS THE GENERAL ESTIMATE IN TERMS OF THE SPACE.
8 AND I THINK OUR DISCUSSIONS WITH PEOPLE INDICATE THAT
9 FOR MOST PLACES, FOR THE REALLY BIG PLACES, THAT WON'T
10 BE, OF COURSE, ENOUGH, BUT FOR MOST PLACES THAT WOULD
11 BE WILL BE ENOUGH TO LET THOSE WHO DON'T HAVE DEDICATED
12 FACILITIES GO AHEAD AND USE THEM.

13 AND THE EQUIPMENT IS ALSO BASED ON THE SORT
14 OF GUESSTIMATE OF WHAT WILL BE REQUIRED. AND THAT IS
15 INCUBATORS, HOODS, CULTURE HOODS, FREEZERS, AND
16 MICROSCOPES IS A BIG ISSUE. AND SO ACTUALLY THIS WILL
17 BE A VERY MINIMAL EQUIPMENT LIST FOR THESE KINDS OF
18 EXPERIMENTS. IF YOU REALLY WANTED TO HAVE AN
19 UP-TO-DATE SORT OF LAB THAT A LOT OF PEOPLE COULD USE,
20 IT WOULD COST SOME MILLIONS OF DOLLARS, BUT WE THOUGHT
21 THIS WOULD PROVIDE THE BASIS. AND THEN UNIVERSITIES OR
22 PEOPLE WORKING IN THIS AREA COULD CONTRIBUTE OTHER
23 EQUIPMENT AS NEEDED.

24 MR. LICHTENGER: I UNDERSTAND THE THOUGHT
25 PROCESS. THANK YOU.

1 CHAIRMAN DOMS: ANY OTHER QUESTIONS FOR ZACH
2 AND HIS STAFF? ZACH, WHEN DO YOU, IN TERMS OF THE RFA,
3 I THINK WE'D ALL LIKE TO TAKE A LOOK AT IT BEFORE IT
4 GOES OUT, WHEN DO YOU HAVE --

5 DR. HALL: LET ME ASK -- I'D BE HAPPY TO --
6 LET ME ASK THAT WE NOT DO THAT FOR THE FOLLOWING
7 REASON. THIS IS A VERY COMPLICATED ONE, AND IT GOES TO
8 THE GRANTS WORKING GROUP AND TO THE FACILITIES WORKING
9 GROUP. WE HAVE NOT, IN GENERAL -- WE ARE PLEASED TO
10 HAVE YOUR CONCEPT CLEARANCE ON THIS, WHICH IS WHY I
11 WENT THROUGH IT IN SOME DETAIL, BUT IF WE HAVE TO GET
12 YOUR CLEARANCE ON THE WORDING FROM ALL THE MEMBERS AND
13 ALL THE MEMBERS OF THE GRANTS GROUP, THIS IS A PROCESS
14 THAT WILL BE QUITE DIFFICULT FOR US TO MANAGE.

15 I THINK WE'D BE HAPPY TO SHARE OUR THOUGHTS
16 WITH YOU AND DAVID AS WE MOVE THIS ALONG, BUT I THINK
17 IF WE'RE GOING TO GET IT OUT, WE SIMPLY CAN'T -- THAT
18 WILL BE JUST TOO CUMBERSOME A PROCESS. THE GRANTS
19 GROUP HAS 22 MEMBERS; AND ALTHOUGH THERE IS SOME
20 OVERLAP FROM THE PATIENT ADVOCATES, IT'S QUITE A LARGE
21 GROUP OF PEOPLE IN THE END. BUT WE'RE NOW TALKING 30
22 PEOPLE OR MORE, MAYBE NOT QUITE THAT MANY, BUT
23 SOMETHING ON THE ORDER OF 25 PEOPLE. SO I WOULD
24 REQUEST THAT WE NOT. AS I SAY, I'M HAPPY TO WALK YOU
25 THROUGH THE CONCEPT. I'LL TELL YOU -- ANY QUESTION YOU

1 WANT, I'LL BE HAPPY TO GIVE YOU INFORMATION ABOUT, BUT
2 I'D RATHER NOT HAVE TO GET APPROVAL FOR THE WORDING.

3 MS. SAMUELSON: I WASN'T AT THE LAST MEETING,
4 SO I APOLOGIZE. AND IF THE WORKING GROUP HAS BEEN
5 THROUGH THIS, THEN CERTAINLY WE DON'T DO IT FOR ME.
6 BUT I WAS THINKING, ZACH, AS YOU WERE TALKING EARLIER,
7 THAT I WISHED I HAD SOME PAPER. AND I WASN'T AWARE OF
8 ANY I HAD RECEIVED BEFORE. AND IT SEEMS TO ME, AS WE
9 EMBARK ON THIS, IT WOULD BE NICE TO HAVE CONCEPT
10 CLEARANCE OR WHATEVER THE POLICY DECISIONS ARE THAT ARE
11 UNDERLYING THE RFA UNLESS IT'S BEEN DONE AND I'M JUST
12 FORGETTING OR SOMETHING.

13 DR. HALL: THE ICOC GAVE CONCEPT CLEARANCE
14 FOR TO RFA AT THE AUGUST MEETING. AUGUST MEETING, YES.
15 AND WE WALKED THROUGH THE DOLLARS AMOUNTS, WE WALKED
16 THROUGH THE NUMBER OF GRANTS, WE WALKED THROUGH THE
17 PURPOSE OF IT. WHAT WE'VE DONE SINCE THEN, JOAN, IS TO
18 WORK WITH THE ISSUE, THE REALLY MECHANICAL ISSUE OF HOW
19 TO GET TWO REVIEWS FROM THE FACILITIES WORKING GROUP
20 AND THE GRANTS WORKING GROUP, AND WE MADE THIS DECISION
21 TO DIVIDE IT UP INTO TWO APPLICATIONS. THAT'S WHAT'S
22 BEEN A LITTLE BIT COMPLICATED FOR US. AND THEN WE HAVE
23 TO WORK HERE WITH OUR COMPUTER SYSTEM SO THAT WE CAN
24 EASILY SPLIT THE APPLICATIONS AND MANAGE THEM IN THAT
25 WAY.

1 BUT WE DO HAVE CONCEPT CLEARANCE APPROVAL
2 FROM THE ICOC. IT WAS DISCUSSED IN AUGUST.

3 MR. KLEIN: ZACH, WHEN DO YOU THINK YOU'LL
4 HAVE THE DRAFT OF THE RFA AVAILABLE.

5 DR. HALL: I HAVE A DRAFT RIGHT NOW, BOB, BUT
6 IT'S NOT COMPLETE, AND WE STILL HAVE SOME ISSUES
7 OUTSTANDING ON IT.

8 MR. KLEIN: WHEN WERE YOU GOING TO INTEND TO
9 SEND IT OUT?

10 DR. HALL: WE HOPE TO GET IT OUT EITHER THIS
11 MONTH OR EARLY IN JANUARY.

12 MR. KLEIN: OKAY. WELL, I WOULD THINK THAT
13 RUSTY AND DAVID, AS THE CO-CHAIRS, COULD TURN TO DAVID
14 ON THE COMMITTEE WHO HAS A LOT OF TECHNICAL EXPERIENCE
15 AND SOME OF THE OTHER MEMBERS OF THE COMMITTEE WITH A
16 LOT OF TECHNICAL EXPERIENCE AND SHOW THEM THOSE
17 SECTIONS THAT THEY MIGHT BE ABLE TO ADD SOMETHING
18 QUICKLY SO THAT I DON'T THINK IT WOULD HOLD YOU UP, BUT
19 IT'S INTENDED THAT THE COMMITTEE'S EXPERTISE BE A
20 BENEFIT TO YOU IN MOVING THIS FORWARD WITH MORE
21 RELIABILITY.

22 DR. HALL: WE'D BE HAPPY TO DO THAT.

23 CHAIRMAN DOMS: ZACH, ME MAKE A SUGGESTION.
24 YOU AND LORI AND DAVID AND I CAN DISCUSS THIS FURTHER
25 AND COME UP WITH A PROGRAM THAT ALLOWS FURTHER

1 EXPLORATION OF THIS WITHOUT AN OVERALL REVIEW OF THE
2 RFA.

3 DR. HALL: YES. WE CERTAINLY WOULD, I THINK,
4 BE HAPPY TO CONSULT WITH YOU AND DAVID AND INSOFAR AS
5 YOU WANTED TO BRING IN OTHERS, THAT WOULD BE FINE, BUT,
6 AS I SAY, NOT JUST TO HAVE IT GO OUT.

7 CHAIRMAN DOMS: I AGREE. IS THE COMMITTEE
8 COMFORTABLE WITH THAT PROCESS?

9 MS. SAMUELSON: YES.

10 MR. LICHTENGER: MAKES SENSE TO ME, RUSTY.

11 MS. HYSEN: I'M JUST HOPEFUL THAT YOUR REAL
12 ESTATE EXPERTISE IS ON BOARD TO GIVE YOU SOME
13 ASSISTANCE, IF THAT'S AT ALL POSSIBLE.

14 DR. HALL: YES. WE WOULD LOVE THAT ACTUALLY.
15 THAT'S ONE OF THE REASONS -- AS WE'VE GOTTEN CLOSE,
16 IT'S COMPLICATED, I WILL JUST SAY THIS, BECAUSE IT IS
17 SOMEBODY AT A CALIFORNIA INSTITUTION. SO WE CANNOT
18 CONSULT WITH THEM UNTIL THEY'RE ON BOARD, AND WE WOULD
19 VERY MUCH LIKE TO HAVE THEM GO OVER THIS WITH US. AND
20 SO THAT IS EXACTLY ONE OF THE REASONS WE HAVE SORT OF
21 TURNED OUR ATTENTION FROM THIS FOR THE MOMENT, AND WE
22 WILL REV IT UP HERE IN THE NEXT FEW WEEKS TO TRY TO GET
23 IT OUT.

24 CHAIRMAN DOMS: LET ME JUST SAY THAT LORI
25 BRINGS CONSIDERABLE REAL ESTATE EXPERTISE TO THIS. SO

1 I THINK WE HAVE SOMEBODY WHO REALLY UNDERSTANDS THE
2 PROCESS FROM A REAL ESTATE STANDPOINT ON BOARD RIGHT
3 NOW. WE'RE ADDING TO THAT, BUT I THINK LORI IS VERY,
4 VERY CAPABLE IN THAT AREA.

5 DR. HALL: DO THE MEMBERS OF THE WORKING
6 GROUP, MAYBE WE SHOULD SAY A WORD ABOUT HER BACKGROUND,
7 WHICH I'M NOT SURE THE MEMBERS OF THE WORKING GROUP ARE
8 FAMILIAR WITH.

9 CHAIRMAN DOMS: WHY DON'T YOU TAKE A SECOND
10 AND DO THAT, IF YOU COULD, ZACH.

11 DR. HALL: ARE YOU WILLING, LORI, JUST TO SAY
12 FOR A MOMENT WHAT YOUR EXPERIENCE HAS BEEN IN THIS
13 AREA?

14 MS. HOFFMAN: CERTAINLY. THANK YOU. MOST
15 RECENTLY I WORKED AT THE UNIVERSITY OF CALIFORNIA
16 OFFICE OF THE PRESIDENT AS THE DEPUTY SENIOR VICE
17 PRESIDENT FOR BUSINESS AND FINANCE, AS WELL AS THE
18 DIRECTOR OF NON-STATE CAPITAL PROGRAMS. NON-STATE
19 CAPITAL PROGRAMS THAT THE UNIVERSITY DENOTES THOSE
20 FUNDS THAT ARE SPECIFIC TO HOSPITALS, AUXILIARIES,
21 HOUSING SPECIFICALLY.

22 PRIOR TO THAT I WAS A SENIOR FELLOW AT THE
23 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND
24 HAVE SPENT ALMOST A DECADE IN AFFORDABLE HOUSING
25 DEVELOPMENT. AT THE SAME TIME, WHILE WORKING FOR A

1 NONPROFIT HOUSING DEVELOPER, I TAUGHT AT THE CAL POLY
2 SAN LUIS OBISPO IN THE CITY AND REGIONAL PLANNING
3 DEPARTMENT, AS WELL AS CONSTRUCTION MANAGEMENT. PRIOR
4 TO THAT, MOST OF MY BACKGROUND WAS IN FINANCE, AND I
5 HAD A FEW YEARS ON WALL STREET. SO I THINK THAT'S IT.

6 DR. HALL: SO THANKS, RUSTY. AND I'M GLAD WE
7 HAD A CHANCE TO ACQUAINT THE WORKING GROUP MEMBERS WITH
8 LORI'S BACKGROUND. I THINK WE'RE INCREDIBLY FORTUNATE
9 TO HAVE HER WITH US. AND SO WE LOOK FORWARD AND HAVE
10 ALREADY BEGUN TO ENJOY HER GUIDANCE AND LEADERSHIP IN
11 THIS AREA.

12 CHAIRMAN DOMS: I CAN SAY THAT I'VE HAD THE
13 OPPORTUNITY TO WORK A LITTLE BIT WITH LORI SINCE SHE'S
14 COME ON BOARD, AND I SHARE ZACH'S FEELINGS ON LORI.

15 MS. HOFFMAN: THANK YOU BOTH.

16 CHAIRMAN DOMS: ANY OTHER QUESTIONS ON SHARED
17 MEDICAL RESEARCH LABORATORIES RFA? I'D LIKE TO ASK ARE
18 THERE ANY MEMBERS OF THE PUBLIC WHO WOULD LIKE TO MAKE
19 COMMENTS REGARDING THE SHARED MEDICAL RESEARCH
20 LABORATORIES RFA? HEARING NONE, I ASSUME THERE ARE
21 NONE. AT THIS POINT, UNLESS THERE'S ANY OTHER
22 BUSINESS.

23 MR. KLEIN: RUSTY, THIS IS BOB KLEIN. I'D
24 LIKE TO, AGAIN, RAISE ONE OTHER ITEM THAT I'VE TALKED
25 ABOUT BEFORE GOING BACK QUITE SOME TIME, WHICH IS THAT

1 IN ORDER NOT TO PULL STAFF AWAY FROM THE SCIENTIFIC
2 AREA, WHICH IS REALLY RAMPING UP TO PUSH FORWARD ON THE
3 CRITICAL SCIENTIFIC RESEARCH, I THINK TO MOVE THE MAJOR
4 FACILITIES GRANTS, YOU'RE REALLY GOING TO HAVE TO ADD
5 SUBSTANTIAL STAFFING TO THIS COMMITTEE. AND IT'S QUITE
6 COMMON IN OTHER CATEGORIES OF COMPETITION WITH THE
7 STATE, OBVIOUSLY LORI HAS GOT A BACKGROUND IN
8 AFFORDABLE HOUSING, AS I DO, AS WELL WHERE IF YOU
9 COMPETE FOR BOND ALLOCATION, FOR EXAMPLE, YOU PUT UP A
10 PERCENTAGE OF YOUR APPLICATION AMOUNT. IT'S REFUNDABLE
11 IF YOU DON'T GET AN ALLOCATION. IF YOU DO GET AN
12 ALLOCATION, IT BECOMES PART OF YOUR QUALIFIED COST.

13 IN THIS AREA, TO REALLY BE ABLE TO STAFF UP
14 QUICKLY AND HANDLE IT ON A CASH-FLOW BASIS, IF WE WERE
15 TO CHARGE A THIRD OF A PERCENT, FOR EXAMPLE, ON A \$10
16 MILLION APPLICATION, THAT'S GOING TO BE \$33,000. AND
17 WHAT WE CAN DO, IF WE ARE GETTING A HUNDRED MILLION IN
18 APPLICATIONS, THAT'S \$330,000, BUT BASICALLY THROUGH AN
19 APPLICATION FEE THAT THE INSTITUTIONS COULD PUT UP ON A
20 CASH-FLOW BASIS, WE CAN GET THE OVERHEAD WHEN WE NEED
21 IT, WHICH IS BEFORE -- THE BULK OF THE OVERHEAD WE'RE
22 GOING TO NEED BEFORE WE APPROVE THE PROJECT. WE WILL
23 USE LESS OVERHEAD DURING THE ADMINISTRATION AND
24 BUILDOUT OF THE PROJECT ON OVERSIGHT THAN THE
25 EXTRAORDINARILY INTENSIVE REVIEW OF THE APPLICATIONS

1 THAT OCCURS PRIOR TO APPROVAL, WHICH IS WHEN WE NEED
2 THAT FUNDING. BUT ESSENTIALLY FROM THE INSTITUTIONS'
3 POINT OF VIEW, IF THEY APPLY AND DON'T GET IT, THEY GET
4 THE MONEY BACK. IF THEY APPLY AND DO IT GET IT, THEY
5 WILL HAVE THAT COST RECOVERED IN THE GRANT THAT'S MADE.

6 THIS ALLOWS US TO STAY COMPLETELY WITHIN OUR
7 OVERHEAD LIMITATIONS BECAUSE IT WOULD COUNT AGAINST OUR
8 OVERHEAD ON LIMITATION, BUT IT WOULD ALLOW US TO GET
9 THE MONEY ON A CASH-FLOW BASIS WHEN WE NEED IT FOR
10 BUDGETING TO HAVE THE STAFF. IF YOU HAVE A LEVERAGED
11 PROGRAM WITH OUR 300 MILLION THAT EVEN PRODUCES 600
12 MILLION IN FACILITIES, AND I THINK IT WILL PRODUCE MORE
13 WITH LOCAL BORROWING BY ENTITIES AND PRIVATE DONATIONS,
14 BUT AT A 12-PERCENT INFLATION RATE, THAT'S \$72 MILLION
15 WE LOSE EVERY YEAR IN DELAY OR 36 MILLION IN EVERY SIX
16 MONTHS. SO IT'S EXTRAORDINARY BURDEN ON ALL OF US, AND
17 WE'RE LOSING FACILITIES EFFECTIVELY THAT WE COULD FUND.
18 BUT IN ORDER TO HAVE THOROUGH REVIEW AND PROVIDE THE
19 PROPER STAFFING, WE'VE GOT TO CREATE A CASH FLOW
20 REVENUE SOURCE, AND I WOULD JUST PUT THAT ON THE TABLE
21 FOR DISCUSSION SO THAT PERHAPS IN OUR NEXT MEETING WE
22 COULD DISCUSS THAT AS AN OPTION FOR STAFFING UP
23 QUICKLY.

24 CHAIRMAN DOMS: I THINK THAT'S AN EXCELLENT
25 IDEA, BOB. I GUESS I'D ASK ZACH AND LORI TO TAKE THAT

1 UNDER CONSIDERATION AND GIVE SOME THOUGHT AND PUT A
2 LITTLE -- TAKE IT A LITTLE BIT FURTHER IN TERMS OF
3 DEFINITION, AND AT OUR NEXT MEETING, WE COULD PUT THAT
4 ON THE AGENDA AS AN ITEM FOR DISCUSSION.

5 MR. KLEIN: APPRECIATE THAT VERY MUCH.

6 DR. HALL: OKAY. GOOD. WE WILL -- THAT'S
7 FINE. THIS IS NOT -- WE'RE NOT TALKING ABOUT NOW THE
8 SHARED FACILITIES RFA.

9 MR. KLEIN: NO.

10 CHAIRMAN DOMS: NO. THIS IS MAJOR, FOR
11 MAJOR.

12 DR. HALL: THE MAJOR STUFF.

13 CHAIRMAN DOMS: THAT'S DOWN THE ROAD, BUT
14 THAT'S A GOOD POINT HERE. AND ANYTHING WE CAN DO TO
15 MINIMIZE OUR COST AND STRETCH OUR DOLLARS IS A REAL
16 PLUS.

17 ANY OTHER COMMENTS, QUESTIONS, ISSUES? THANK
18 YOU ALL VERY MUCH. THIS MEETING STANDS ADJOURNED.

19 (THE MEETING WAS THEN ADJOURNED AT 04:46
20 P.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE SCIENTIFIC AND MEDICAL FACILITIES WORKING GROUP OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON DECEMBER 1, 2006, 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.

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