

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: SHERATON HOTEL & MARINA
1580 HARBOR ISLAND DRIVE
BAY TOWER, BEL AIRE BALLROOM
SAN DIEGO, CALIFORNIA

DATE: JUNE 18, 2009
9:30 A.M.

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

BRS FILE NO.: 82463

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 SAN DIEGO, CALIFORNIA; THURSDAY, JUNE 18, 2009

2 09:29 A.M.

3
4 CHAIRMAN KLEIN: ALL RIGHT. WE'LL
5 RECONVENE HERE. I COMMEND TO ANY OF YOU WHO ARRIVED
6 A LITTLE LATER THE OPPORTUNITY TO LOOK AT THE FILM
7 THAT WILL BE CREATED FROM THIS MORNING'S SPOTLIGHT.
8 WE'RE ABLE TO USE TWO CAMERAS FOR THIS FILM, AND IT
9 SHOULD BE OF VERY GOOD QUALITY. I THINK IT WAS AN
10 EXTRAORDINARY EXAMPLE OF HOW THE CIRM SCHOLARS
11 PROGRAM, THE TRAINING PROGRAM, CONTRIBUTED TO
12 SEVERAL PIECES OF SIGNIFICANT DISCOVERY AND
13 PUBLICATIONS, HOW THE CIRM SCHOLARS PROGRAM ON OUR
14 SEED GRANT PROGRAM CONTRIBUTED TO THERAPIES THAT ARE
15 EFFECTIVELY ADDRESSING A CONDITION THAT LEADS TO
16 LEUKEMIA AND STROKES. AND THERE WAS VERY POIGNANT
17 STORIES FROM THE PATIENTS ABOUT THEIR EXTRAORDINARY
18 VALUE AND THEIR PHYSICAL RECOVERY.

19 WE ENDED LAST NIGHT WITH AN OPEN AGENDA
20 ITEM, WAITING FOR THE ARRIVAL OF A COUPLE OF MEMBERS
21 WHO WERE HELD UP BY TRAFFIC OR TRAVEL ARRANGEMENTS
22 THAT HAD NOT WORKED OUT.

23 COUNSEL, WE HAVE AN OPEN ITEM ON ITEM 9 ON
24 OUR AGENDA. CAN WE GO BACK AND DEAL WITH CONSENT
25 ITEMS, OR DO WE NEED TO CONTINUE WITH OUR OPEN ITEM

BARRISTERS' REPORTING SERVICE

1 WITHOUT INTERRUPTION?

2 MR. HARRISON: IT'S AT YOUR DISCRETION.

3 CHAIRMAN KLEIN: THANK YOU. SO ARE WE IN
4 A POSITION RIGHT NOW TO -- I THINK WE HAVE A QUORUM,
5 SO IF WE COULD HAVE THE PLEDGE OF ALLEGIANCE AND A
6 ROLL CALL.

7 (THE PLEDGE OF ALLEGIANCE.)

8 MS. KING: RICARDO AZZIZ.

9 DR. AZZIZ: PRESENT.

10 MS. KING: ROBERT PRICE FOR ROBERT
11 BIRGENEAU.

12 DR. PRICE: PRESENT.

13 MS. KING: FLOYD BLOOM.

14 DR. BLOOM: HERE.

15 MS. KING: DAVID BRENNER. JACOB LEVIN FOR
16 SUSAN BRYANT.

17 DR. LEVIN: HERE.

18 MS. KING: MARSHA CHANDLER.

19 DR. CHANDLER: PRESENT.

20 MS. KING: MARCY FEIT.

21 MS. FEIT: HERE.

22 MS. KING: MICHAEL FRIEDMAN.

23 DR. FRIEDMAN: HERE.

24 MS. KING: LEEZA GIBBONS.

25 MS. GIBBONS: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: MICHAEL GOLDBERG. NANCY
2 MILLIKEN FOR SAM HAWGOOD.
3 DR. MILLIKEN: HERE.
4 MS. KING: BOB KLEIN.
5 CHAIRMAN KLEIN: HERE.
6 MS. KING: SHERRY LANSING. LEONARD ROME
7 FOR GERALD LEVEY.
8 DR. ROME: HERE.
9 MS. KING: TED LOVE.
10 DR. LOVE: HERE.
11 MS. KING: ED PENHOET.
12 DR. PENHOET: HERE.
13 MS. KING: PHIL PIZZO. KEN BURTIS FOR
14 CLAIRE POMEROY.
15 DR. BURTIS: HERE.
16 MS. KING: FRANCISCO PRIETO. ELIZABETH
17 FINI FOR CARMEN PULIAFITO.
18 DR. FINI: HERE.
19 MS. KING: ROBERT QUINT.
20 DR. QUINT: HERE.
21 MS. KING: JOHN REED.
22 DR. REED: HERE.
23 MS. KING: DUANE ROTH.
24 MR. ROTH: HERE.
25 MS. KING: JOAN SAMUELSON. DAVID

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1 SERRANO-SEWELL.

2 MR. SERRANO-SEWELL: HERE.

3 MS. KING: JEFF SHEEHY.

4 MR. SHEEHY: HERE.

5 MS. KING: JON SHESTACK.

6 MR. SHESTACK: HERE.

7 MS. KING: OSWALD STEWARD. AND ART

8 TORRES.

9 MR. TORRES: HERE.

10 MS. KING: YOU DO HAVE A QUORUM.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH. A
12 VERY STRONG SHOWING THIS MORNING. WE THANK YOU FOR
13 THE EFFORT.

14 I'D LIKE TO ASK ON ITEM 4 IF THERE ARE ANY
15 OBJECTIONS TO APPROVAL OF THE MINUTES LISTED? ANY
16 PUBLIC COMMENT ON THOSE MINUTES?

17 DR. LOVE: MOVE APPROVAL WITH ONE CHANGE.
18 ON THE MARCH 12 MINUTES I WAS PRESENT.

19 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

20 MS. KING: POINT OF CLARIFICATION ON THE
21 MOTION, I JUST WANT TO MAKE SURE THAT IT IS NOTED
22 THAT THE MINUTES THAT ARE INCLUDED IN THE MOTION ARE
23 THOSE FOR AUGUST 12TH AND 13TH OF 2008; SEPTEMBER
24 25TH OF 2008; AND MARCH 12TH OF 2009. THERE ARE TWO
25 OTHER SETS LISTED, AND THOSE WILL BE BROUGHT TO THE

BARRISTERS' REPORTING SERVICE

1 BOARD IN AUGUST.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR
3 THE CLARIFICATION. ANY ADDITIONAL COMMENTS? ALL IN
4 FAVOR? OPPOSED? THANK YOU.

5 APPROVAL OF THE UPDATED CIRM CONFLICT OF
6 INTEREST CODE, IS THERE ANY COMMENTS ON THIS ITEM?
7 PUBLIC COMMENT? IS THERE A MOTION TO APPROVE?

8 MR. TORRES: MOVE APPROVAL.

9 DR. FRIEDMAN: SECOND.

10 CHAIRMAN KLEIN: MOTION HAS BEEN MADE AND
11 SECONDED. WITHOUT ANY OBJECTION, ALL IN FAVOR?
12 OPPOSED? THANK YOU.

13 WE YESTERDAY APPROVED THE FUNDING STARTING
14 ON JULY 1ST OF THE TRAINING PROGRAM II. AND WE
15 HEARD SOME EXCELLENT INFORMATION FROM THE STAFF AND
16 THE AUDIENCE ON THE IMPORTANCE OF THE CIRM SCHOLARS
17 PROGRAM AUGMENTED BY THIS MORNING'S PRESENTATION
18 THAT AGAIN REFERENCED IT.

19 THERE WAS A SPECIFIC REFERENCE TO THE
20 PRODUCTIVITY IN TERMS OF PUBLICATION OF THE TRAINING
21 PROGRAM II -- TRAINING PROGRAM I. I BELIEVE THERE
22 WERE 279 TRAINEES UNDER THAT PROGRAM AND THERE WERE
23 221 PUBLICATIONS, EXTRAORDINARY PERFORMANCE UNDER
24 THAT PROGRAM.

25 ON THE ACTION ITEM NO. 9, WE HAVE AN OPEN

BARRISTERS' REPORTING SERVICE

1 VOTE AT THE MOMENT ON THE TIER 2 APPLICATION FROM
2 JACKSON LABS FOR SEVEN DIFFERENT MOUSE DISEASE
3 MODELS. WE HAVE HEARD TESTIMONY FROM THE STAFF AND
4 SIGNIFICANT DISCUSSION; BUT FOR THE BENEFIT OF THE
5 BOARD MEMBERS, DR. TROUNSON, COULD A MEMBER OF THE
6 STAFF JUST AGAIN SUMMARIZE ON THIS ITEM BECAUSE WE
7 HAVE AN OPEN VOTE, VERY QUICKLY, THE STAFF
8 RECOMMENDATION ON THIS PARTICULAR GRANT.

9 WHILE STAFF IS COMING UP TO MAKE THAT
10 PRESENTATION, I WOULD LIKE TO POINT OUT THAT ON A
11 FINANCIAL BASIS WE HAVE, TO RECAP QUICKLY, COVERED
12 THE TRAINING PROGRAM II WITHIN OUR FUNDING THAT IS
13 ON HAND, NOT COUNTING ANY OF THE 160 MILLION IN
14 ADDITIONAL PRIVATE PLACEMENT BOND CAPACITY WE HAVE
15 APPROVED BUT UNUTILIZED AT THIS POINT. THE CASH
16 FLOWS HAVE BEEN RECONCILED TO DECEMBER 2010.

17 THE TRAINING PROGRAM II, BY STARTING IT ON
18 JULY 1ST, USES ABOUT 9 MILLION OF THE SURPLUS WE
19 HAD; IS THAT CORRECT, DR. ROBSON?

20 DR. ROBSON: CLOSER TO 11.

21 CHAIRMAN KLEIN: ELEVEN MILLION. AND
22 AFTER THAT UTILIZATION, WE HAD ABOUT A \$7 MILLION
23 BUFFER, AGAIN, BEFORE ISSUING ANY OF THE PRIVATE
24 PLACEMENT BOND AUTHORITY OF 160 MILLION THAT
25 REMAINS; IS THAT CORRECT?

BARRISTERS' REPORTING SERVICE

1 DR. ROBSON: \$7 MILLION WILL BE REMAINING,
2 YES.

3 CHAIRMAN KLEIN: THE GRANT UNDER
4 CONSIDERATION IS ONE WHERE IF WE WERE TO APPROVE TO
5 FUND IT DURING THE PERIOD WE'RE RECONCILING TO, IT
6 WOULD COST US ABOUT 1.9 MILLION OF THAT \$7 MILLION
7 CURRENT CASH-FLOW BUFFER.

8 DR. MARIE CSETE, COULD YOU SUMMARIZE FOR
9 US THE STAFF PERSPECTIVE ON THIS GRANT APPLICATION?

10 DR. CSETE: SO THIS GRANT APPLICATION WAS
11 BROUGHT UP IN THE LAST ICOC MEETING AS WELL AS THIS
12 ONE BECAUSE IT WAS UNIQUE IN OUR EXPERIENCE OVER THE
13 COURSE OF OUR WHOLE GRANT APPLICATION PROCESS AS WE
14 HAD NOT SEEN ONE LIKE THIS. IT IS A GRANT THAT
15 BASICALLY PROPOSES TO CREATE ANIMAL MODELS, TAKE
16 STANDARD MODELS OF DISEASE IN MICE, CROSS THESE MICE
17 WITH IMMUNOSUPRESSED MICE SO THAT THE MICE CAN SERVE
18 AS HOSTS FOR HUMAN STEM CELL THERAPIES TO LOOK AT
19 THE POTENTIAL EFFECTS OF THESE CELL THERAPIES ON
20 VARIOUS DISEASE PROCESSES.

21 THE GRANTS WORKING GROUP ALSO WAS UNUSUAL
22 IN ITS RESPONSE TO THIS GRANT IN THAT THERE WERE A
23 LARGE NUMBER OF THE REVIEWERS WHO WERE INCREDIBLY
24 ENTHUSIASTIC ABOUT THIS AND FELT THAT IT WAS A
25 CRITICAL RESOURCE FOR THE STEM CELL COMMUNITY, AND

BARRISTERS' REPORTING SERVICE

1 THEN THERE WERE OTHERS WHO FELT THAT THE MODELS
2 MIGHT NOT BE USED BY OUR GRANTEES. AND OTHER POINTS
3 OF DIFFERENCE CAUSED A VERY BIMODAL DISTRIBUTION OF
4 THE SCORES. SO THOSE ARE BASICALLY THE PLUSES AND
5 MINUSES, AND THOSE WERE BASICALLY THE DISCUSSIONS
6 THAT WE HAD IN CLOSED SESSIONS AS WELL.

7 CHAIRMAN KLEIN: AND, AGAIN, DR. CSETE, MY
8 UNDERSTANDING IS THE SCIENTIFIC STAFF BELIEVES, IN
9 FACT, THIS MODEL WOULD BE USEFUL TO OUR GRANTEES?

10 DR. CSETE: YES. AND AS I MENTIONED
11 YESTERDAY, WE DID HAVE AS A PRIORITY IN BOTTLENECKS
12 FOR THIS ROUND OF EARLY TRANSLATION ANIMAL MODELS.
13 AND WE FELT THAT THIS WAS RESPONSIVE TO OUR REQUEST
14 FOR THIS KIND OF BOTTLENECK APPLICATION.

15 CHAIRMAN KLEIN: THANK YOU. AND, MR.
16 HARRISON, REVIEW THE CONFLICTS, PLEASE.

17 MR. HARRISON: THE CONFLICTS ARE MEMBERS
18 FEIT AND BURTIS.

19 CHAIRMAN KLEIN: THANK YOU. AND AT THIS
20 POINT THE VOTE, I BELIEVE NINE IN FAVOR. IS IT FIVE
21 OPPOSED?

22 MR. HARRISON: NINE IN FAVOR, FOUR
23 OPPOSED, AND ONE ABSTENTION.

24 CHAIRMAN KLEIN: FOUR OPPOSED AND ONE
25 ABSTENTION. THANK YOU VERY MUCH.

BARRISTERS' REPORTING SERVICE

1 A NUMBER OF INDIVIDUALS WHO ARE HERE TODAY
2 WERE ALSO HERE AT THE PRIOR BOARD MEETING WHERE THIS
3 ITEM WAS DISCUSSED. I THINK DR. PENHOET WAS THERE,
4 FOR EXAMPLE, AND DR. FRIEDMAN, I BELIEVE, YOU'VE
5 HEARD THIS DEBATE. ARE THERE OTHER MEMBERS WHO
6 WOULD LIKE TO ASK THE SCIENTIFIC STAFF ANY
7 QUESTIONS? AND ARE THERE MEMBERS OF THE PUBLIC WHO
8 WOULD LIKE TO COMMENT ON THIS PRIOR TO THE POINT
9 THAT WE OPEN THE ROLLS AGAIN? YES, DR. FRIEDMAN.

10 DR. FRIEDMAN: MAY I JUST ASK A QUESTION,
11 MR. CHAIRMAN?

12 CHAIRMAN KLEIN: YES.

13 DR. FRIEDMAN: I HAD THE PLEASURE OF
14 LISTENING TO THIS DISCUSSION LAST TIME ON THE PHONE,
15 SO I DID HEAR A LOT OF WHAT WAS DISCUSSED. AND I
16 APOLOGIZE IF I WAS OFF THE PHONE WHEN THIS QUESTION
17 WAS ANSWERED.

18 HAVE WE ACTUALLY HAD OUR GRANTEES -- AS I
19 UNDERSTAND IT, JACKSON LABS HAS CONSTRUCTED THESE
20 MODELS OR IS PROPOSING THESE MODELS IN RESPONSE TO
21 WHAT THEY THINK WOULD BE THE HIGHEST SCIENTIFIC
22 PRIORITY OF OUR INVESTIGATORS, PEOPLE WHO ARE
23 SUBMITTING GRANTS. HAS THERE BEEN ANY COMMUNICATION
24 DIRECTLY TO ACTUALLY SURVEY WHAT MODELS OR WHAT
25 CHARACTERISTICS OF MODELS OUR GRANTEES WOULD FIND

BARRISTERS' REPORTING SERVICE

1 MOST USEFUL OR MOST ATTRACTIVE?

2 DR. CSETE: THEY DID THEIR OWN SURVEY ON
3 THAT.

4 DR. FRIEDMAN: WHAT YOU'RE SAYING IS THEY
5 DID THEIR OWN SURVEY.

6 DR. CSETE: THEY DID THEIR OWN SURVEY.
7 I'M NOT SURE IT WAS TO CALIFORNIA INVESTIGATORS THAT
8 RESULTED IN THE LIST THAT THEY GENERATED.

9 DR. FRIEDMAN: THAT WAS MY UNDERSTANDING
10 FROM THE DISCUSSION YESTERDAY EVENING. MY OWN VIEW
11 IS THAT I THINK THESE MODELS ARE OF VALUE. THEY'RE
12 NOT OF PERFECT VALUE, BUT THEY'RE OF IMPORTANT
13 VALUE. MY ONLY QUESTION IS WHETHER THESE ARE THE
14 RIGHT MODELS FOR THE HIGHEST NEEDS, THE BEST USES
15 THAT INVESTIGATORS COULD DO RIGHT AT THIS TIME.

16 NOT KNOWING THAT, IT MAKES IT A LITTLE
17 HARD FOR ME TO TALK ABOUT THE UTILITY. THE COST IS
18 NOT EXTRAORDINARY AND THE VALUE COULD BE GREAT. I
19 JUST WORRY THAT WE'RE MAKING MODELS -- THEY'RE
20 MAKING MODELS FOR -- IN THE BEST, USING THEIR BEST
21 JUDGMENT, THEIR BEST THINKING, TO TRY AND COME UP
22 WITH SOMETHING THAT WILL BE USEFUL, BUT IT MIGHT NOT
23 BE THE MOST USEFUL MODELS WERE WE TO CONSTRUCT THIS.

24 SORT OF THE QUESTION I'M ASKING IS DOES IT
25 MAKE MORE SENSE FOR US TO ACTUALLY HAVE SOME SORT OF

BARRISTERS' REPORTING SERVICE

1 A MORE FORMAL SURVEY WHICH WOULD THEN ALLOW THEM TO
2 CREATE MODELS THAT WOULD BE OF THE HIGHEST UTILITY?

3 SO I DON'T OPPOSE DOING THIS SORT OF
4 THING; I DON'T OPPOSE US FUNDING THIS SORT OF THING.
5 WHAT I DON'T KNOW IS IS THIS THE RIGHT -- THIS IS A
6 LITTLE BIT LIKE ME WALKING INTO A HARDWARE STORE AND
7 SEEING A SET OF 32 STAINLESS STEEL METRIC CRESCENT
8 WRENCHES AND SAYING, BOY, THOSE LOOK REALLY COOL,
9 BUT I DON'T KNOW WHAT I WOULD DO WITH THEM. I'M AN
10 IDIOT. SO I DON'T KNOW WHETHER THESE MODELS ARE
11 REALLY BEAUTIFUL, BUT MIGHT NOT FIT WHAT OUR
12 INVESTIGATORS NEED.

13 DR. CSETE: I THINK THAT'S THE BEAUTY OF
14 THE FEEDBACK BETWEEN THE SCIENCE OFFICE AND OUR
15 GRANTEES. I CAN'T IMAGINE THAT IF WE POINT OUT TO
16 THEM WHAT WE THINK, BASED ON OUR SURVEY OR LOOKING
17 THROUGH OUR PORTFOLIO OR TALKING TO OUR GRANTEES OR
18 ANYTHING WE THINK THE MOST USEFUL OF THESE MODELS
19 IS, THAT THEY WOULDN'T BE RESPONSIVE TO THAT. SO I
20 DON'T THINK THAT IT SHOULD BE ETCHED IN STONE.

21 CHAIRMAN KLEIN: DR. TROUNSON, YOU HAVE A
22 COMMENT, PLEASE.

23 DR. TROUNSON: I THANK YOU, DR. FRIEDMAN,
24 FOR THOSE COMMENTS. I THINK THAT WAS THE ISSUE
25 WHICH WAS THE DEBATE THAT SEPARATED THE REVIEWERS.

BARRISTERS' REPORTING SERVICE

1 AND THE IMMUNE SUPPRESSED MOUSE IS NOT PERFECT, AS
2 YOU SUGGEST, BECAUSE A LOT OF THE DISEASES,
3 PARTICULARLY THE ONES THAT HAVE BEEN PROPOSED, WILL
4 PROBABLY NEED TO BE TESTED IN AN IMMUNE COMPETENT
5 ANIMAL MODEL BEFORE YOU GET TO THE CLINIC. WELL, WE
6 CAN'T BE DEFINITIVE ABOUT THAT, BUT IT'S LIKELY
7 BECAUSE YOU COULD GET A DIFFERENT OUTCOME.

8 BUT THE THING IS WHAT YOU DO NEED IS A
9 CLEAN MODEL FOR YOUR EARLY STUDIES SO THAT YOU CAN
10 ASSESS WHETHER YOUR HUMAN CELLS WILL ACTUALLY ACT IN
11 THE CELL DEVELOPMENT MODE. SO THAT IF YOU'VE GOT A
12 CELL TYPE WITHOUT THE INTERFERENCE OF THE IMMUNE
13 SYSTEM, WILL IT ACTUALLY COLONIZE, WILL IT DEVELOP?
14 THAT DOESN'T MEAN TO SAY THAT IN THE IMMUNE INTACT
15 ANIMAL OR THE IMMUNE INTACT HUMAN, EVEN UNDER
16 IMMUNOSUPPRESSION, THAT IT WILL WORK THE SAME WAY.
17 BUT WE'VE GOT TO GET TO THE FIRST STEP, AND HAVING
18 MODELS THAT ARE AGREED AS STANDARD WILL HELP US
19 COMPARE ACROSS INSTITUTIONS, GROUPS WHO ARE DOING
20 THE KIND OF WORK THAT'S BEING DONE.

21 SO WE SEE IT AS AN EARLY ROADBLOCK. I
22 THINK YOU ARE EXACTLY CORRECT. WHEN WE GO TOWARDS
23 THE CLINIC, WE MAY IN MANY INSTANCES BE ASKED TO
24 HAVE IT BE CHECKED OUT WITH AN IMMUNE INTACT ANIMAL
25 WHICH YOU WOULD IMMUNOSUPPRESS OR IN SOME OTHER WAY

BARRISTERS' REPORTING SERVICE

1 CREATE TOLERANCE. SO WE RECOGNIZE THAT YOU PUT YOUR
2 FINGER RIGHT ON THE ISSUE THAT SEPARATED THE
3 REVIEWERS.

4 BUT ON THE WHOLE, THE STAFF AND MARIE AND
5 OTHER MEMBERS OF THE SCIENTIFIC STAFF WHO ARE
6 INTERACTING WITH THE COMMUNITY BELIEVE THAT THIS
7 WOULD BE OF REAL VALUE TO ENSURE THAT WE GOT OFF TO
8 A GOOD START BECAUSE OTHERWISE YOU CAN'T REALLY TEST
9 WHETHER THE CELLS ARE, YOU KNOW, GOING TO DO THE
10 JOB. AND THE NEXT ISSUE IS TO ADDRESS THE IMMUNE
11 ISSUES.

12 DR. BLOOM: IS IT FAIR TO REVERT TO SOME
13 OF THE ISSUES WE DISCUSSED LAST NIGHT IN EXECUTIVE
14 SESSION?

15 CHAIRMAN KLEIN: YES. AS LONG AS IT'S --
16 YOU CAN'T REPEAT PROPRIETARY INFORMATION, BUT THERE
17 ARE PUBLIC SUMMARIES THAT ARE AVAILABLE AND
18 INFORMATION IN THOSE PUBLIC SUMMARIES, AND
19 DISCUSSION INFORMATION PUT OUT BY THE SCIENTIFIC
20 STAFF IS CERTAINLY ALL OPEN TO DISCUSSION.

21 AS A FOUNDATION TOO FOR EVERYONE, COULD
22 THE STAFF JUST LIST FOR US THE SEVEN DISEASES THAT
23 THESE MODELS ADDRESS?

24 DR. CSETE: IT WAS MS, TRAUMATIC BRAIN
25 INJURY, SPINAL CORD INJURY, PARKINSON'S DISEASE,

BARRISTERS' REPORTING SERVICE

1 TYPE 1 DIABETES, MYOCARDIAL INFARCTION, AND STROKE.
2 SO, AGAIN, DIABETES, PARKINSON'S DISEASE, MULTIPLE
3 SCLEROSIS, SPINAL CORD INJURY, STROKE, TRAUMATIC
4 BRAIN INJURY, AND MI.

5 CHAIRMAN KLEIN: DR. BLOOM.

6 DR. BLOOM: WE HAD A CONCISE SUMMARY OF
7 THE DIFFERENCES OF OPINION AT THE TABLE THAT
8 DISCUSSED THIS IN THE EXECUTIVE SESSION. AND I
9 THINK THE POINTS WERE NOT PERHAPS FULLY BROUGHT OUT
10 OF THE NEGATIVE SIDE, THAT THE CONCERN IS WITH
11 IGNORING THE SCIENTIFIC CONCERNS OF THOSE NEGATIVE
12 REVIEWERS OF THE GRANT APPLICATION THAT GAVE THE
13 GRANT ITS LOWER PRIORITY SCORE. IT IS CLEAR THAT A
14 HIGH PRIORITY FOR THIS ROUND OF APPLICATIONS WAS TO
15 CREATE ANIMAL MODELS. IT WAS STATED AS A PRIORITY.

16 AND WHILE THAT IS A VALID AND ADMIRABLE
17 GOAL, THE CREATION OF SUCH MODELS IS NOT A TURNKEY
18 OPERATION. AND FOR THE SEVEN DISEASES THAT WERE
19 JUST LISTED, THERE'S NO SINGLE CONSENSUS MOUSE MODEL
20 OF THAT DISEASE, LET ALONE THAT MOUSE MODEL OF THAT
21 DISEASE COMBINED WITH IMMUNOSUPPRESSION. SO WHILE
22 IT MAY BE APPROPRIATE FOR ONE OR TWO OR THREE OF
23 THOSE DISEASES, THAT THERE MIGHT BE A CONSENSUS OF
24 USERS OF SUCH A THEORETICAL MOUSE NOT YET ACHIEVED,
25 MAKING MOUSE MODELS THAT ARE BOTH IMMUNOSUPRESSED

BARRISTERS' REPORTING SERVICE

1 AND A MODEL OF THE DISEASE IS A VERY DIFFICULT
2 ENTERPRISE. AND THERE WERE LEGITIMATE SCIENTIFIC
3 OBJECTIONS RAISED IN THE DISCUSSION OF THE GRANT.

4 FOR US TO OVERRIDE THOSE NEGATIVE REVIEWS
5 WITHOUT ALLOWING THEM TO RESPOND IN A REVISED
6 VERSION OF THE GRANT, IT SEEMS TO ME NOT TO BE
7 RISING TO THE FULL LEVEL OF OUR RESPONSIBILITY.

8 WE AGREED FOR THE OTHER VERSIONS -- FOR
9 THE OTHER APPLICATIONS IN TIER 2 THAT WE WOULD ALLOW
10 THEM TO RECOMPETE IN THE SECOND ROUND OF EARLY
11 TRANSLATIONAL RESEARCH. AND I THINK AT OUR TABLE,
12 MY CONSENSUS, THE OTHER PEOPLE CAN SPEAK FOR
13 THEMSELVES, BUT MY CONSENSUS WAS THAT OUR CONCERN IS
14 WITH IGNORING THE SCIENTIFIC OBJECTIONS WHICH ARE
15 REAL AND TO WHICH THE APPLICATION COULD RESPOND IN A
16 REVISED VERSION TO BE MORE FOCUSED, MORE PERTINENT
17 TO THE NEEDS OF THOSE WHO WE WILL FUND IN CALIFORNIA
18 AND THOSE TO WHOM THEY WOULD SELL THESE ANIMAL
19 MODELS IN THE REST OF THE UNITED STATES IF THEY WERE
20 CREATED AND A CONSENSUS FORMED THAT THEY WERE INDEED
21 VALID MODELS FOR THE ENGRAFTMENT OF STEM CELLS TO
22 TRY TO TREAT THOSE DISEASES.

23 CHAIRMAN KLEIN: SO, DR. BLOOM, IN THE
24 PEER REVIEW SESSION, THAT WAS NOT ACTUALLY THE
25 DISCUSSION, ALTHOUGH IT'S CLEARLY REFLECTED AS THE

BARRISTERS' REPORTING SERVICE

1 DISCUSSION IN THE DOCUMENTS. IN THE PEER REVIEW
2 SESSION, THERE WAS NO QUESTION THAT THESE WERE VALID
3 MODELS. THERE WAS A GROUP THAT SAID THEY ONLY WANT
4 TO MAKE THEIR OWN MODELS, AND THERE WAS A GROUP THAT
5 SAID THAT EVEN -- THAT THIS WOULD NOT BE A MODEL
6 THAT EVERYONE WOULD USE. BUT IF THEY COULD GET A
7 SIGNIFICANT GROUP TO USE THE SAME MODEL, THERE WOULD
8 BE THE KIND OF CROSSTALK DR. TROUNSON SUGGESTED.
9 AND THE STANDARDIZED CHARACTERIZATIONS REALLY COULD
10 PROVIDE A LOT OF THE COMPARABILITY THAT WOULD BE
11 VERY VALUABLE IN TERMS OF LOOKING AT THE RESULTS.

12 SO IT IS INTERESTING THE DIFFERENCES IN
13 PERSPECTIVE THAT DEVELOPED, BUT ONE OF THE THEORIES
14 IS, IN TERMS OF VALUE, NOT EVERYONE NEEDS TO USE
15 THESE MODELS. IF 20 PERCENT OF THEM USE THE MODELS,
16 THERE IS TREMENDOUS VALUE IN THE CHARACTERIZATION
17 AND COMPARABILITY THAT YOU GET OUT OF A STANDARDIZED
18 MODEL. SO THAT WAS ONE OF THE COUNTERPOINTS TO THIS
19 ISSUE. DR. REED.

20 DR. REED: I WAS HOPING -- I WAS TRYING TO
21 SEEK A CLARIFICATION ON THE MODELS AND WHETHER
22 THESE -- IS THE GROUP ACTUALLY PROPOSING TO DEVELOP
23 NOVEL MODELS, OR ARE THEY BASICALLY TAKING EXISTING
24 MODELS FOR PARKINSON'S AND MYOCARDIAL INFARCTION AND
25 THAT SORT OF THING, BUT DOING IT IN

BARRISTERS' REPORTING SERVICE

1 IMMUNOCOMPROMISED ANIMALS?

2 DR. CSETE: RIGHT. AND THEN STANDARDIZING
3 THE BEHAVIORAL AND BLOOD LEVEL AND OTHER
4 CHARACTERIZATIONS OF THE DISEASE AS WELL. SO IT'S
5 NOT JUST CREATING THE MICE, BUT CHARACTERIZING THEM
6 AND HANDING THAT CHARACTERIZATION OFF WITH THE
7 ANIMALS AS WELL.

8 DR. REED: I KNOW THOSE ACCOMPANYING
9 CHARACTERIZATIONS WOULD BE STANDARD IN ANY OF THESE
10 SORTS OF ANIMAL MODELS. SO IT SEEMS TO ME THAT
11 WHAT'S HERE IS NOT TERRIBLY NOVEL. IT'S BASICALLY
12 JUST DOING THE MODELS THAT MANY SCIENTISTS ALREADY
13 USE EXCEPT DOING THEM IN IMMUNOCOMPROMISED ANIMALS
14 SO THAT YOU CAN PUT IN XENOGRAPHIC CELLS.

15 SO I GUESS MY OTHER POINT OF CLARIFICATION
16 IS WHAT IS THE \$7 MILLION GOING TO ACTUALLY PRODUCE?
17 WILL THEY THEN CREATE A SERVICE AND THEN SCIENTISTS
18 AROUND CALIFORNIA BE ABLE TO SEND THEIR CELLS THERE
19 TO BE TESTED IN THESE ANIMALS? IS THAT \$7 MILLION
20 GOING TO PAY FOR THAT SERVICE, OR DO YOU HAVE TO PAY
21 FOR MORE ON TOP OF THIS?

22 CHAIRMAN KLEIN: DR. REED, WHILE THAT WAS
23 THE MAXIMUM OF SOME GRANTS, THIS IS 3.8 MILLION.

24 DR. REED: THE FOUR MILLION. WHAT DOES
25 THE 4 MILLION ACTUALLY GET YOU?

BARRISTERS' REPORTING SERVICE

1 DR. CSETE: SO MY INTERACTIONS WITH THIS
2 AGENCY SUGGEST THAT MOST OF THE TIME IT WOULD JUST
3 BE THE CREATION OF THE MODELS, AND THEN
4 INVESTIGATORS WOULD ORDER THE ANIMALS FROM THEM.
5 BUT THEY ALSO DO SERVICES WHERE THEY WILL CONTRACT
6 TO DO EXPERIMENTS FOR YOU AS WELL. SO IT'S
7 FLEXIBLE.

8 DR. REED: I THINK A LOT OF THESE ANIMALS
9 ARE NOT GENETIC. THEY ARE SURGICAL OR
10 PHARMACOLOGICAL.

11 DR. CSETE: THAT'S CORRECT.

12 DR. REED: SO THAT WOULD HAVE TO BE DONE
13 AS A SERVICE. YOU CAN'T JUST BUY AN ANIMAL WITH A
14 MYOCARDIAL INFARCTION. SO TO ME IT'S JUST CONFUSING
15 EXACTLY WHAT THE GOAL IS THEY'RE GOING TO ACHIEVE.
16 THE METHODS FOR DOING THESE MODELS EXIST. IT'S JUST
17 DOING THEM IN AN IMMUNOCOMPROMISED ANIMAL AND DOING
18 THEM, OBVIOUSLY, WELL.

19 DR. CSETE: RIGHT.

20 DR. REED: SO I'M A LITTLE CONFUSED ABOUT
21 WHY IS THERE A RESEARCH COMPONENT EVEN TO THIS?
22 MANY LABORATORIES AROUND THE STATE HAVE SUCH MODELS
23 SET UP AND THEY JUST RUN THEM IN IMMUNOCOMPETENT
24 ANIMALS. THEY DON'T USE THEM IN IMMUNOCOMPROMISED,
25 BUT NO REASON WHY THEY COULDN'T.

BARRISTERS' REPORTING SERVICE

1 DR. CSETE: SO THIS WAS CONSIDERED A
2 BOTTLENECK, AND THAT'S WHY IT WAS RESPONSIVE TO THE
3 EARLY TRANSLATION AWARD TO THE RFA. AND OUR FEELING
4 WAS THAT THERE'S A THRESHOLD THAT'S DIFFICULT FOR
5 MANY INVESTIGATORS TO GO OVER IF THEY DON'T WORK
6 WITH THESE MODELS, BUT WANT TO TEST THEIR PRODUCTS
7 IN THESE MODELS. SO HAVING THE EXPERIENCED HANDS OF
8 THIS AGENCY DO IT FOR THEM WOULD FACILITATE THAT.
9 AND ALSO, AS HAS BEEN MENTIONED, THAT ARE SUBTLETIES
10 IN THE WAY THESE MODELS ARE HANDLED FROM LAB TO LAB.
11 AND BY HAVING A CENTRALIZED, EXPERIENCED MOUSE
12 AGENCY DO IT FOR THEM, THAT IT WOULD BE EASIER FOR
13 INVESTIGATORS TO COMPARE THEIR EXPERIMENTS FROM LAB
14 TO LAB.

15 DR. REED: I AGREE THAT'S VALUABLE. I
16 GUESS WHAT I DON'T UNDERSTAND IS WHAT -- IT SOUNDS
17 LIKE TO ME THEN THE PEOPLE WHO WANT -- THE
18 INVESTIGATORS WHO WANT TO USE THESE MODELS WILL HAVE
19 TO THEN PAY ADDITIONAL FEES TO THEN ACCESS THESE
20 MODELS THAT THE GROUP IS GOING TO ESTABLISH. SO
21 THEY NEED \$4 MILLION JUST TO GET THE MODELS UP AND
22 GOING IN THEIR OWN HANDS.

23 DR. CSETE: CORRECT.

24 DR. REED: SO I GUESS THAT REALLY COMES
25 DOWN TO THE ISSUE OF WHETHER THAT'S THE MOST

BARRISTERS' REPORTING SERVICE

1 EFFECTIVE WAY TO STRUCTURE THIS.

2 DR. CSETE: AND THAT'S YOUR DECISION.

3 CHAIRMAN KLEIN: DR. AZZIZ AND THEN ART
4 TORRES.

5 DR. AZZIZ: SO IT IS -- I HAVE TWO, A
6 QUESTION AND A COMMENT. ONE IS A QUESTION FOR
7 MARIE. IT IS MY IMPRESSION, AS I RECALL FROM THIS
8 GRANT, THAT, IN FACT, THESE ARE SEVEN MODELS THAT
9 THEY PROPOSE, YET THIS IS SORT OF -- THEY'RE PLACING
10 THESE AS AN EXAMPLE OF WHAT THEY CAN DO. THEY NEVER
11 SAID THESE ARE THE ONLY MODELS WE'LL PRODUCE. THIS
12 IS THE EXAMPLES OF THE DISEASES THAT WE CAN PRODUCE.

13 DR. CSETE: RIGHT. THIS IS THE ONES THEY
14 PROPOSE TO DO; BUT, AS I SAID IN RESPONSE TO DR.
15 FRIEDMAN'S QUESTION, IF YOU JUST TAKE WHAT THEY'RE
16 DOING AND TRY TO PUT IT IN ONE WORD, IT'S A SERVICE
17 THAT THEY'RE PROVIDING. AND I JUST CAN'T IMAGINE
18 THAT IF WE INTERACT WITH THEM, WHEN WE SEE A
19 PARTICULAR NEED FOR AN ANIMAL MODEL, AN
20 IMMUNOSUPRESSED MOUSE MODEL OF A PARTICULAR DISEASE,
21 THAT WE WOULDN'T BE ABLE TO WORK WITH THEM TO DO IT.
22 I THINK FLEXIBILITY IS ONE OF THE THINGS THAT WE
23 WILL ASSUME, THAT WE ASSUMED WHEN WE LOOKED AT THIS
24 APPLICATION.

25 DR. AZZIZ: THE SECOND IS A COMMENT. I DO

BARRISTERS' REPORTING SERVICE

1 THINK THAT WHAT THE CIRM STAFF ARE TELLING US IS
2 THAT PARTNERSHIP OF CIRM WITH JACKSON LABS, WHICH IS
3 A PREMIERE PRODUCER OF ANIMAL MODELS, IS A
4 SIGNIFICANT BEGINNING FOR SOMETHING THAT IS
5 PROMISING. WE DO HAVE TO GIVE THEM, THE SCIENTIFIC
6 STAFF OF THE CIRM, WHICH WE ACTUALLY HAVE HIRED
7 BECAUSE OF THEIR HIGH LEVEL OF EXPERTISE, SOME
8 LEEWAY AND SOME RESPECT FOR THEIR OPINION. I'M SORT
9 OF JUST A LITTLE BIT UNCOMFORTABLE THAT WE'VE HIRED
10 THESE FAIRLY TOP SCIENTISTS TO GIVE US THEIR BEST
11 THOUGHTS, AND YET WE'RE QUESTIONING THEM ON
12 SOMETHING THAT, IN FACT, MOST OF US FEEL EITHER
13 POSITIVE OR AT BEST AMBIVALENT. SO I WOULD JUST
14 LIKE TO REMIND THE BOARD THAT WE DO HAVE A TIME
15 CONSTRAINT.

16 CHAIRMAN KLEIN: SO ART TORRES AND THEN ED
17 PENHOET.

18 MR. TORRES: I ABSTAINED LAST NIGHT
19 BECAUSE I WAS STILL NOT CERTAIN, GIVEN ALL THE
20 ARGUMENTS ON EACH SIDE, AND I WANT TO REVERT BACK TO
21 WHAT DR. BLOOM SAID. AND MAYBE, ALAN OR MARIE, YOU
22 MIGHT GIVE US SOME INSIGHT. WHAT IS THE HARM IN
23 PURSUING THE DIRECTION WHICH DR. BLOOM ARTICULATED A
24 FEW MOMENTS AGO TIMEWISE?

25 DR. CSETE: WELL, AGAIN, AS I SAID LAST

BARRISTERS' REPORTING SERVICE

1 NIGHT, WE CHOSE OUR LIST OF BOTTLENECKS BASED ON OUR
2 BEST JUDGMENT OF WHAT ACUITY OF NEED WAS. AND SO
3 THERE'S A SERIES OF THEM THAT WE WILL UNROLL IN
4 EARLY TRANSLATION PROGRAMS.

5 MR. TORRES: NO. I GUESS I WANTED TO
6 REVERT BACK TO WHAT DR. BLOOM SAID, AND THAT IS
7 WHAT'S THE HARM IN RECEIVING FURTHER REVIEW OF
8 ISSUES THAT MAY NOT HAVE BEEN REVIEWED AT THE TIME?
9 IS THAT A CORRECT STATEMENT, DR. BLOOM?

10 DR. CSETE: RIGHT. BECAUSE IT WOULD DELAY
11 THE DEVELOPMENT OF THE MODELS.

12 MR. TORRES: MY QUESTION IS WHAT KIND OF
13 DELAY?

14 DR. CSETE: A YEAR.

15 CHAIRMAN KLEIN: DR. PENHOET, I THINK, HAS
16 THE FLOOR.

17 DR. PENHOET: I JUST WANTED TO POINT OUT,
18 FOLLOW YOUR COMMENT, BOB. I THINK THE PROBABILITY
19 ALL SEVEN MODELS WOULD BE BROADLY USEFUL IS LOW.
20 THE PROBABILITY THAT NONE OF THEM WOULD BE BROADLY
21 USEFUL IS ALSO VERY LOW. IT SEEMS TO ME THAT IT'S
22 HIGHLY LIKELY AT LEAST TWO OR THREE OF THESE, HALF
23 THE TOTAL, WILL BE USED BY A NUMBER OF PEOPLE, ETC.
24 SO I THINK IF THE BAR IS THAT EVERY SINGLE ONE OF
25 THESE WILL HAVE VALUE, I THINK THE BAR IS TOO HIGH.

BARRISTERS' REPORTING SERVICE

1 BUT IF YOU PRICE THESE OUT, IT'S \$600,000 PER MODEL.
2 IF TWO OF THEM TURNED OUT TO BE BROADLY USEFUL, I
3 THINK IT'S A GOOD INVESTMENT.

4 I UNDERSTAND THE CONCERNS ABOUT PEOPLE
5 LIKING THEIR OWN MODELS, ETC., BUT THERE ARE MANY
6 PEOPLE FOR WHOM MAKING THESE MODELS IS NOT A TRIVIAL
7 EXERCISE. AND WE HAVE LOTS OF PEOPLE IN THE STEM
8 CELL FIELD NOW WHO DON'T HAVE EXPERTISE IN THESE
9 ANIMAL MODELS, ETC., AND DON'T HAVE READY ACCESS TO
10 THEM.

11 SO MY VIEW, EVEN IF TWO OR THREE OF THEM
12 WORKED, IT WOULD BE A WORTHWHILE INVESTMENT.

13 CHAIRMAN KLEIN: AND JON SHESTACK.

14 MR. SHESTACK: I'M SORRY I WASN'T HERE FOR
15 THE DISCUSSION. I JUST WOULD LIKE TO SAY THAT IN
16 OUR EXPERIENCE IN AUTISM, NOTHING WE EVER DID WAS A
17 BETTER USE OF OUR MONEY THAN RESOURCE CREATION. AND
18 CREATING A GENE BANK OR A DATA BANK OR ANYTHING THAT
19 COULD ACTUALLY BE OF SERVICE TO OTHER RESEARCHERS IN
20 THE FIELD WHO THEN DID NOT HAVE TO SPEND THEIR TIME
21 AND MONEY RECREATING THAT WHEEL WORKED AND WORKED
22 UNEQUIVOCALLY, FURTHERED APPLICATIONS, FURTHERED
23 ACCEPTED APPLICATIONS, AND MOVED THINGS AHEAD
24 FASTER. AND I CAN'T IMAGINE THAT, AS ED SAID, FOR
25 THE PRICE OF \$600,000 BASICALLY PER MODEL, IF TWO

BARRISTERS' REPORTING SERVICE

1 CAME OUT AND WERE USED WIDELY, THAT WOULD REALLY BE
2 A BARGAIN. AND I DON'T SEE A REASON TO WAIT A YEAR
3 TO LET THEM DO IT.

4 I ALSO CANNOT IMAGINE THAT THIS COMPANY,
5 WHICH IS OF GREAT REPUTATION AND WANTS TO HAVE A
6 CONTINUED REPUTATION WITH CIRM, WOULDN'T WORK WITH
7 CIRM TO TAILORMAKE MODELS THAT FIT WHAT THE
8 PREPONDERANCE OF OUR INVESTIGATORS NEEDED. I MEAN
9 YOU COULD HAVE A NICE COLLABORATIVE ACTIVE
10 RELATIONSHIP WITH ONE OF THE MOST QUALIFIED
11 COMPANIES IN THE COUNTRY TO DO IT. I DON'T SEE WHY
12 YOU WOULDN'T WANT TO.

13 CHAIRMAN KLEIN: GIVEN THE CONSIDERATION
14 FOR TIME, I'M GOING TO TAKE A COUPLE MORE COMMENTS
15 AND THEN SEE IF I CAN HAVE THE PRESIDENT. DR.
16 CHANDLER, THEN DR. TROUNSON, THEN JEFF SHEEHY, THEN
17 I'M GOING TO TAKE PUBLIC COMMENT UNLESS SOMEONE HAS
18 AN ABSOLUTELY BURNING DESIRE, AND OBVIOUSLY THEN
19 WE'LL TAKE ADDITIONAL COMMENTS. SO DR. CHANDLER.

20 DR. CHANDLER: THIS IS NOT A BURNING
21 DESIRE. I THINK IT'S VERY IMPORTANT FOR US TO ABLE
22 TO PROVIDE SOME WHAT WOULD BE CONSIDERED COLLECTIVE
23 GOODS, THAT OFTEN THE GRANTS THAT WE GIVE ARE FOR AN
24 INDIVIDUAL OR A GROUP OF INDIVIDUALS WORKING ON A
25 SINGLE PROJECT. AND I THINK THAT FROM WHAT'S COME

BARRISTERS' REPORTING SERVICE

1 OUT HERE, I VERY MUCH AGREE THAT IT DOESN'T HAVE TO
2 BE ALL SEVEN ARE WINNERS OR WHATEVER IT IS. BUT IF
3 THERE ARE CERTAINLY MORE -- IF THERE ARE A COUPLE
4 EVEN THAT WE THINK WOULD WORK, THAT IT DOES PROVIDE
5 JUST THIS, THE RESOURCES THAT OTHERS CAN USE.

6 SO I WOULD THINK THAT THIS IS ACTUALLY A
7 VERY GOOD USE OF THE MONEY.

8 CHAIRMAN KLEIN: THANK YOU. DR. TROUNSON,
9 THEN JEFF SHEEHY.

10 DR. TROUNSON: CHAIRMAN, I WONDER IF I CAN
11 MAKE A SUGGESTION THAT MIGHT HELP THE BOARD. IF IT
12 WOULD BE AGREEABLE AND THE PROJECT WAS APPROVED,
13 THAT THE STAFF ACTUALLY WORK, PARTICULARLY PAT
14 OLSON'S GROUP OF SCIENTIFIC OFFICERS, WORK WITH THE
15 CALIFORNIA SCIENTISTS TO FIND SPECIFICALLY WHICH
16 ANIMAL MODELS AND WHICH GROUPS WOULD BE REALLY
17 SEEKING THE MODELS. AND THEN WE HAVE AN INTERPLAY
18 WITH THE NOT-FOR-PROFIT ENTITY TO SAY, LOOK, GIVEN
19 OUR INFORMATION THAT'S BEEN DRAWN IN AN INDEPENDENT
20 WAY, WE THINK YOU SHOULD DO THIS, THIS, AND THIS
21 MODEL. THIS WOULD BE MORE PROFITABLE FOR PUSHING
22 THE PROGRAM FORWARD. IF YOU WOULD GIVE US THAT, IT
23 MIGHT -- I THINK IT MIGHT GO A LONG WAY TO
24 ADDRESSING THE ISSUES RAISED BY DR. BLOOM AND MR.
25 TORRES IN THIS REGARD. AND I THINK YOU COULD THEN

BARRISTERS' REPORTING SERVICE

1 FEEL REASSURED THAT WE COULD BRING YOU BACK SOME
2 INFORMATION ON THIS PROJECT AS TO WHAT THE RESPONSE
3 WAS AND WHAT THE SATISFACTION WAS BY THE RESEARCHERS
4 UTILIZING THIS MODEL.

5 CHAIRMAN KLEIN: WE HAVE A PENDING MOTION,
6 AND I'D LIKE TO ASK, IN TERMS OF THE SUGGESTION OF
7 DR. TROUNSON, THE ORIGINAL MAKER OF THE MOTION AND
8 THE SECOND ON THE MOTION, WOULD YOU ACCEPT THE
9 MODIFICATION OF THAT MOTION?

10 DR. AZZIZ: COULD YOU REPEAT THAT? I'M
11 SORRY.

12 CHAIRMAN KLEIN: SO WE HAVE A PENDING
13 MOTION. WOULD THE MAKER OF THE MOTION AND THE
14 SECOND OF THE MOTION ACCEPT DR. TROUNSON'S
15 SUGGESTION THE MOTION BE MODIFIED TO INCLUDE THE
16 TRANSCRIPT'S REFLECTION OF THE STAFF'S ABILITY TO
17 WORK WITH JACKSON LABS TO OPTIMIZE THE MODELS TO OUR
18 GRANTEES?

19 DR. AZZIZ: FOLLOWING, AND I HEARD THAT,
20 THAT WAS FOLLOWING, IF THIS GETS APPROVED, THAT YOU
21 WOULD PROVIDE THAT UPDATE. I ABSOLUTELY ACCEPT THAT
22 AMENDMENT. WHO SECONDED?

23 CHAIRMAN KLEIN: SO THE MAKER AND THE
24 SECOND ACCEPT THAT MODIFICATION. AND THE TRANSCRIPT
25 WILL BE REVIEWED BY COUNSEL TO MAKE SURE THAT IT IS

BARRISTERS' REPORTING SERVICE

1 PROPERLY INCORPORATED INTO THE MOTION.

2 MR. HARRISON: CHAIR, I'M JUST WONDERING,
3 GIVEN THE FACT THAT SOME MEMBERS HAVE ALREADY VOTED
4 ON THIS ISSUE, WITH THAT MODIFICATION WE WOULD TAKE
5 A NEW VOTE.

6 CHAIRMAN KLEIN: THAT'S RIGHT. YES. JEFF
7 SHEEHY AND THEN DR. REED.

8 MR. SHEEHY: I DON'T THINK I HAVE ANYTHING
9 TO ADD. I ACTUALLY THINK ALAN'S SUGGESTION IS
10 BRILLIANT AND MAKES ME EVEN MORE STRONGLY SUPPORTIVE
11 OF THIS. THIS IS THE KIND OF INTERACTION AND
12 RESOURCE AND ACTIVITY WE OUGHT TO BE DOING. SO
13 THANK YOU, ALAN.

14 DR. REED: I WANTED TO ASK ALAN IF, IN
15 ADDITION, WOULD YOU ALSO SEEK CLARITY ON WHAT THE
16 SERVICE WILL THEN COST SO THAT WE HAVE A SENSE OF
17 WHETHER THE PRODUCT WILL ACTUALLY BE AFFORDABLE BY
18 OUR SCIENTISTS? SO IF WE HAVE SOME ASSURANCES
19 AROUND THAT, THEN I WOULD BE HIGHLY SUPPORTIVE OF
20 THIS AS WELL.

21 CHAIRMAN KLEIN: I THINK THAT --

22 DR. TROUNSON: AGREED, DR. REED. I THINK
23 THAT'S A VERY IMPORTANT COMPONENT. WE'RE MAKING AN
24 INVESTMENT HERE. WE WANT TO MAKE SURE THAT WE'RE
25 PROVIDING, YOU KNOW, A COST-EFFECTIVE WAY TO OUR

BARRISTERS' REPORTING SERVICE

1 RESEARCHERS. SO WE WILL ACTUALLY CERTAINLY FOLLOW
2 THAT UP AND ALSO REPORT THAT TO YOU.

3 CHAIRMAN KLEIN: SO MAKER OF THE MOTION
4 AND THE SECOND OF THE MOTION, THAT CLARIFICATION
5 WOULD BE ADDED. IS THAT ACCEPTABLE?

6 DR. AZZIZ: ACCEPTABLE.

7 DR. LOVE: YES.

8 CHAIRMAN KLEIN: ACCEPTABLE TO THE MAKER
9 AND THE SECOND. ANY ADDITIONAL COMMENTS? ANY
10 ADDITIONAL PUBLIC COMMENTS? LIKE TO CALL THE ROLL.

11 MS. KING: RICARDO AZZIZ.

12 DR. AZZIZ: FOR.

13 MS. KING: ROBERT PRICE.

14 DR. PRICE: FOR.

15 MS. KING: FLOYD BLOOM.

16 DR. BLOOM: YES.

17 MS. KING: JACOB LEVIN.

18 DR. LEVIN: YES.

19 MS. KING: MARSHA CHANDLER.

20 DR. CHANDLER: YES.

21 CHAIRMAN KLEIN: SHE HAS A CONFLICT. IN
22 THIS INTERLUDE, I'D LIKE TO MENTION THAT OUR
23 ESTEEMED FORMER BOARD MEMBER AND INTERIM PRESIDENT,
24 DR. RICHARD MURPHY, HAS COME TO THE AUDIENCE.

25 (APPLAUSE.)

BARRISTERS' REPORTING SERVICE

1 MS. KING: MICHAEL FRIEDMAN.
2 DR. FRIEDMAN: YES.
3 MS. KING: LEEZA GIBBONS.
4 MS. GIBBONS: YES.
5 MS. KING: NANCY MILLIKEN.
6 DR. MILLIKEN: YES.
7 MS. KING: BOB KLEIN.
8 CHAIRMAN KLEIN: YES.
9 MS. KING: LEONARD ROME.
10 DR. ROME: YES.
11 MS. KING: TED LOVE.
12 DR. LOVE: YES.
13 MS. KING: ED PENHOET.
14 DR. PENHOET: YES.
15 MS. KING: ELIZABETH FINI.
16 DR. FINI: YES.
17 MS. KING: ROBERT QUINT.
18 DR. QUINT: YES.
19 MS. KING: JOHN REED.
20 DR. REED: YES.
21 MS. KING: DUANE ROTH.
22 MR. ROTH: NO.
23 MS. KING: DAVID SERRANO-SEWELL.
24 MR. SERRANO-SEWELL: YES.
25 MS. KING: JEFF SHEEHY.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: YES.

2 MS. KING: JON SHESTACK.

3 MR. SHESTACK: YES.

4 MS. KING: AND ART TORRES.

5 MR. TORRES: AYE.

6 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

7 MS. KING: FOR THE RECORD, THAT MOTION

8 CARRIES.

9 CHAIRMAN KLEIN: SO WE HAVE AT THIS POINT
10 AN OPEN ITEM TO COMPLETE IS ACTION ITEM 9. UNDER
11 ITEM 9, ARE THERE ANY OTHER GRANTS THAT ANY MEMBER
12 OF THE BOARD WISHES TO MAKE A MOTION TO APPROVE FOR
13 FUNDING?

14 OKAY. SEEING NO PROPOSAL TO APPROVE ANY
15 GRANT FOR FUNDING, IS THERE A MOTION -- AND I'M
16 GOING TO ASK FOR CONFLICTS BEFORE SOMEONE RESPONDS
17 TO THIS -- IS THERE A MOTION TO DENY FUNDING FOR THE
18 REMAINING CANDIDATES IN TIER 2?

19 MR. TORRES: SO MOVED.

20 DR. LOVE: SECOND.

21 CHAIRMAN KLEIN: SECOND IS TED LOVE. SO
22 IS THERE DISCUSSION ON THIS MOTION? IS THERE PUBLIC
23 DISCUSSION?

24 SEEING NONE, IF WE COULD VOTE. BUT FOR
25 THE BENEFIT OF THE ALTERNATES THAT ARE HERE WHO ARE

BARRISTERS' REPORTING SERVICE

1 NEW ALTERNATES, MR. HARRISON, COULD YOU PLEASE GO
2 OVER THE PROTOCOL FOR VOTING?

3 MR. HARRISON: YES. BECAUSE THIS IS A
4 MOTION THAT GOES TO A NUMBER OF DIFFERENT GRANTS, IF
5 YOU HAVE AN INTEREST IN ANY ONE OF THEM THAT'S THE
6 SUBJECT OF THIS MOTION, YOU SHOULD VOTE IN FAVOR OF,
7 AGAINST WITH THE EXCEPTION OF ANY APPLICATIONS IN
8 WHICH YOU HAVE AN INTEREST.

9 CHAIRMAN KLEIN: SO YOUR VOTE IS YES OR NO
10 EXCEPT FOR THOSE FOR WHICH I HAVE A CONFLICT. IF,
11 MELISSA KING, YOU WOULD CALL THE ROLL, PLEASE.

12 MS. KING: RICARDO AZZIZ.

13 DR. AZZIZ: FOR, EXCEPT FOR THOSE WITH
14 WHICH I HAVE A CONFLICT.

15 MS. KING: ROBERT PRICE.

16 DR. PRICE: YES, EXCEPT FOR THOSE WITH
17 WHICH I HAVE A CONFLICT.

18 MS. KING: FLOYD BLOOM.

19 DR. BLOOM: YES, EXCEPT FOR THOSE WITH
20 WHICH I HAVE A CONFLICT.

21 MS. KING: JACOB LEVIN.

22 DR. LEVIN: YES.

23 MS. KING: MARSHA CHANDLER.

24 DR. CHANDLER: YES, EXCEPT FOR THOSE WITH
25 WHICH I HAVE A CONFLICT.

BARRISTERS' REPORTING SERVICE

1 MS. KING: MARCY FEIT.

2 MS. FEIT: YES, EXCEPT FOR THOSE WITH
3 WHICH I HAVE A CONFLICT.

4 MS. KING: MICHAEL FRIEDMAN.

5 DR. FRIEDMAN: YES, EXCEPT FOR THOSE WITH
6 WHICH I HAVE A CONFLICT.

7 MS. KING: LEEZA GIBBONS.

8 MS. GIBBONS: YES. I AM UNCONFLICTED.

9 MS. KING: NANCY MILLIKEN.

10 DR. MILLIKEN: YES, EXCEPT FOR THOSE WITH
11 WHICH I HAVE A CONFLICT.

12 MS. KING: BOB KLEIN.

13 CHAIRMAN KLEIN: YES.

14 MS. KING: LEONARD ROME.

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

17 MS. KING: TED LOVE.

18 DR. LOVE: YES.

19 MS. KING: ED PENHOET.

20 DR. PENHOET: YES, EXCEPT FOR THOSE WITH
21 WHICH I HAVE A CONFLICT.

22 MS. KING: KEN BURTIS.

23 DR. BURTIS: YES, EXCEPT FOR THOSE WITH
24 WHICH I HAVE A CONFLICT.

25 MS. KING: ELIZABETH FINI.

BARRISTERS' REPORTING SERVICE

1 DR. FINI: YES, EXCEPT FOR THOSE WITH
2 WHICH I HAVE A CONFLICT.

3 MS. KING: ROBERT QUINT.

4 DR. QUINT: YES.

5 MS. KING: JOHN REED.

6 DR. REED: YES, EXCEPT FOR THOSE WITH
7 WHICH I HAVE A CONFLICT.

8 MS. KING: DUANE ROTH.

9 MR. ROTH: YES.

10 MS. KING: DAVID SERRANO-SEWELL.

11 MR. SERRANO-SEWELL: YES.

12 MS. KING: JEFF SHEEHY.

13 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH
14 WHICH I HAVE A CONFLICT.

15 MS. KING: JON SHESTACK.

16 MR. SHESTACK: YES.

17 MS. KING: AND ART TORRES.

18 MR. TORRES: I'M HONORED TO BE
19 UNCONFLICTED. AYE.

20 MS. KING: FOR THE RECORD THAT MOTION
21 CARRIES.

22 CHAIRMAN KLEIN: OKAY. THANK YOU VERY
23 MUCH. AND I THINK WE SHOULD PROVIDE APPLAUSE IN
24 RECOGNITION OF THE TREMENDOUS EFFORT OF OUR STAFF ON
25 THIS.

BARRISTERS' REPORTING SERVICE

1 (APPLAUSE.)

2 CHAIRMAN KLEIN: WE'RE GOING ON TO ITEM
3 NO. 11, THE CIRM BUDGET. DR. TROUNSON, HOW WOULD
4 YOU LIKE TO PROCEED WITH THE STAFF PRESENTATION?

5 DR. TROUNSON: CAN WE ASK MARGARET TO
6 BEGIN THE PROCESS AND THEN ASK JOHN ROBSON TO
7 COMPLETE THE BUDGET INFORMATION FOR YOU. CHAIR, I
8 SHOULD SAY THAT THERE'S SOME INFORMATION IN FOLDERS
9 THAT HAVE BEEN MADE AVAILABLE TO YOU, SUBSIDIARY
10 INFORMATION, ADDITIONAL INFORMATION.

11 CHAIRMAN KLEIN: LET'S CLARIFY THAT.
12 YOU'RE SAYING OUTSIDE OF ITEM 11, BEYOND ITEM 11, OR
13 IT'S INCLUDED IN ITEM 11?

14 DR. TROUNSON: INCLUDED.

15 CHAIRMAN KLEIN: YES. THANK YOU.

16 MS. FERGUSON: OKAY. GOOD MORNING,
17 MEMBERS OF THE ICOC, CIRM STAFF, AND MEMBERS OF THE
18 PUBLIC. THE FIRST THING THAT I'M GOING TO BEGIN
19 WITH IS I'M ACTUALLY GOING TO DO AN UPDATE ON THE
20 CURRENT 2008-9 BUDGET ALLOCATION AND EXPENDITURE
21 REPORT THROUGH MAY 31, 2009. WE'RE TRYING TO GET
22 THESE NUMBERS BIGGER AND BIGGER EVERY TIME SO THAT I
23 CAN SEE THEM AS WELL.

24 AS DISPLAYED ON THE SCREEN, THE 2008-9
25 CATEGORIES OF EXPENSE ARE SALARIES AND BENEFITS,

BARRISTERS' REPORTING SERVICE

1 WHICH ARE SELF-EXPLANATORY; INTERAGENCY AGREEMENTS,
2 WHICH RECORD EXPENDITURES FOR AGREEMENTS MADE WITH
3 OTHER STATE OF CALIFORNIA AGENCIES FOR SERVICES
4 RENDERED TO CIRM. OUR CURRENT AGREEMENTS ARE FOR
5 ACCOUNTING, PAYROLL, AND I.T. SUPPORT.

6 EXTERNAL CONTRACTS, EXPENDITURES IN THIS
7 CATEGORY ARE FOR CONTRACTS WITH OUTSIDE CONTRACTORS
8 AND VENDORS TO PROVIDE A VARIETY OF NECESSARY
9 SERVICES TO CIRM. SUCH SERVICES INCLUDE, BUT ARE
10 NOT LIMITED TO, AUDITING, GRANTS MANAGEMENT, I.T.
11 SUPPORT, CONSULTING, LEGAL, COMMUNICATIONS, WEBSITE
12 DEVELOPMENT, PRINTING, AND MAINTENANCE.

13 ICOC SCIENCE, WORK GROUP GRANTS, STANDARDS
14 AND FACILITIES MEETINGS, IN THIS CATEGORY ARE ANY
15 AND ALL COSTS RELATED TO CONDUCTING BOARD, WORK
16 GROUP MEETINGS, SCIENTIFIC MEETINGS. EXPENDITURES
17 IN THIS CATEGORY OF EXPENSE WOULD INCLUDE TRAVEL,
18 HONORARIUMS, MEETING VENUES, AUDIOVISUAL, SUPPLIES,
19 AND TRANSCRIPTION SERVICES.

20 OTHER TRAVEL REFLECTS COSTS DIRECTLY
21 RELATED TO THE TRAVEL OF CIRM STAFF FOR OFFICIAL
22 STATE BUSINESS BOTH WITHIN AND OUTSIDE OF THE STATE
23 OF CALIFORNIA.

24 FURNITURE AND EQUIPMENT, AGAIN, IS PRETTY
25 SELF-EXPLANATORY.

BARRISTERS' REPORTING SERVICE

1 AND MOVING ON TO INFORMATION TECHNOLOGY
2 CURRENTLY INCLUDES THE COST FOR NECESSARY I.T. ITEMS
3 SUCH AS PERSONAL COMPUTERS, SERVERS, AND OTHER
4 NECESSARY HARDWARE COMPONENTS, AS WELL AS SOFTWARE
5 AND MAINTENANCE COSTS.

6 OTHER OE&E, WHICH IS OTHER OPERATING
7 EXPENDITURES AND EQUIPMENT, INCLUDES EXPENDITURES
8 FOR OFFICE SUPPLIES, PAPER, PRINTING, RECRUITMENT,
9 COMMUNICATION COSTS, TRAINING, PUBLICATIONS,
10 SUBSCRIPTIONS, AND MEMBERSHIPS.

11 MOVING TO THE EXPENDITURE COLUMNS, COLUMN
12 1, THE BUDGET ALLOCATION REPRESENTS THE BUDGETED
13 OPERATING ALLOCATIONS PREVIOUSLY APPROVED BY THE
14 ICOC FOR FISCAL YEAR 2008-9.

15 COLUMN 2, EXPENDITURES POSTED REPRESENTS
16 THE OPERATING EXPENDITURES RECORDED FOR CIRM AS OF
17 MAY 31, 2009, BY THE DEPARTMENT OF GENERAL SERVICES.
18 THE CURRENT TOTAL RIGHT NOW IS AT 8.7 MILLION.

19 COLUMN 3, AVAILABLE BUDGET ALLOCATION,
20 REPRESENTS THAT PORTION OF THE BUDGETED ALLOCATION
21 THAT IS STILL AVAILABLE TO COVER ACTUAL AND
22 PROJECTED EXPENDITURES THROUGH JUNE 30, 2009. OUR
23 CURRENT AVAILABLE BALANCE AT MAY 31ST WAS \$4.6
24 MILLION.

25 COLUMN 4, PERCENTAGES OF BUDGET ALLOCATION

BARRISTERS' REPORTING SERVICE

1 POSTED, SHOWS THE PERCENTAGE OF EXPENDITURES TO
2 BUDGET ALLOCATION THAT HAVE BEEN RECORDED AS OF MAY
3 31, 2009.

4 AS DISPLAYED, THE EXPENDITURES INDICATE
5 THAT WE HAVE USED 59 PERCENT OF OUR OPERATING
6 EXPENSES AND EQUIPMENT BUDGET AND 71 PERCENT OF OUR
7 SALARIES AND BENEFIT ALLOCATION. OVERALL 65 PERCENT
8 OF THE 2008-9 APPROVED BUDGET ALLOCATION HAS BEEN
9 USED. BASED ON YEAR-TO-DATE AND ANTICIPATED
10 EXPENDITURES THROUGH JUNE 30, 2009, CIRM IS STILL
11 PROJECTING AN OVERALL SAVINGS OF APPROXIMATELY 22
12 PERCENT. AS WE APPROACH THE CLOSE OF THE 2008
13 FISCAL YEAR, ALL OBLIGATIONS AND SERVICES FOR
14 TRAVEL -- ALL OBLIGATIONS FOR SERVICES AND TRAVEL
15 THAT ARE OUTSTANDING WILL BE RECORDED AND A FINAL
16 BUDGET REPORT PREPARED. THE FINAL BUDGET REPORT
17 WILL BE PRESENTED TO THE BOARD ONCE THE YEAR-END
18 CLOSING PROCESS AND FINANCIAL STATEMENTS HAVE BEEN
19 COMPLETED AND SUBMITTED AS REQUIRED BY THE STATE
20 CONTROLLER'S OFFICE.

21 BOND FUNDING REPORTING DEADLINES ARE
22 USUALLY AROUND AUGUST 21ST. UNDER OUR INTERAGENCY
23 AGREEMENT, THE DEPARTMENT OF GENERAL SERVICES HAS
24 RESPONSIBILITY FOR CLOSING CIRM'S 2008-9 ACCOUNTS,
25 PREPARING AND SUBMITTING THE YEAR-END FINANCIAL

BARRISTERS' REPORTING SERVICE

1 STATEMENTS ON OUR BEHALF. HOWEVER, CIRM STAFF MUST
2 PREPARE THE ACCOUNTS PAYABLE ACCRUALS, ADJUSTMENTS
3 TO ANY ENCUMBRANCES AS APPROPRIATE, AND REVIEW THE
4 YEAR-END FINANCIAL STATEMENTS PRIOR TO FILING WITH
5 THE STATE CONTROLLER'S OFFICE.

6 I WOULD ALSO LIKE TO TAKE A MOMENT AT THIS
7 TIME TO REPORT THAT THE INDEPENDENT FINANCIAL AUDIT
8 FOR THE FISCAL YEAR 2008 HAS STARTED. MACIAS,
9 O'CONNELL & GINI HAVE MET WITH THE DEPARTMENT OF
10 GENERAL SERVICES TO BEGIN DOCUMENTATION OF
11 ACCOUNTING AND INTERNAL CONTROL PROCESSES, DISCUSSED
12 DEADLINES FOR RECEIPTS OF EXPENDITURE DATA, AND SET
13 TESTING TIMEFRAMES. THE AUDITORS HAVE ALSO STARTED
14 CONDUCTING INTERVIEWS WITH KEY CIRM STAFF, AND
15 CONFIRMATION LETTERS THAT ARE REQUIRED AS PART OF
16 OUR ANNUAL AUDIT SHOULD BE PREPARED BY JUNE 30TH AND
17 SUBMITTED TO MACIAS FOR FURTHER PROCESSING.

18 THIS IS THE BEGINNING OF CIRM'S YEARLY
19 AUDIT AS REQUIRED IN ACCORDANCE WITH THE PROVISIONS
20 OF PROPOSITION 71. ONCE THE FINANCIAL AUDIT IS
21 COMPLETED, THE STATE CONTROLLER'S OFFICE WILL
22 CONDUCT THEIR REVIEW OR THEIR AUDIT REVIEW.

23 THE STATE CONTROLLER'S OFFICE HAS ALSO
24 CONDUCTED A COMPLIANCE AUDIT AND DOES A 100 PERCENT
25 CLAIM AUDIT OF ALL EXPENDITURES THAT ARE SUBMITTED

BARRISTERS' REPORTING SERVICE

1 THROUGH THE CONTROLLER'S OFFICE FOR PAYMENT. I JUST
2 WANTED TO GIVE YOU A BRIEF OVERVIEW OF OUR AUDIT
3 PROCESS OR OUR ANNUAL AUDIT PROCESSES.

4 THIS NOW CONCLUDES MY PORTION OF THE
5 UPDATE, AND I STAND OPEN FOR ANY QUESTIONS YOU MAY
6 HAVE ON CURRENT EXPENDITURES.

7 CHAIRMAN KLEIN: SO, MARGARET, THANK YOU
8 FOR THAT VERY GOOD UPDATE. AND THANK YOU. YOU ARE
9 A ONE-PERSON ENTIRE CONTROLLER SHOP, SO WE'RE DEEPLY
10 APPRECIATIVE OF THE LONG HOURS YOU SPEND.

11 QUESTION FOR YOU. WITH MICHAEL GOLDBERG,
12 WHO'S CHAIRMAN OF THE FINANCE COMMITTEE, I BELIEVE
13 THAT A POINT WAS MADE THAT IN 2008-2009 WE BEGAN
14 WITH A MUCH LOWER STAFF NUMBER THAN THE 44.5 SHOWN
15 AS THE STAFFING LEVEL FOR 2008-9. WE BEGAN WITH A
16 STAFFING AT THE BEGINNING OF THAT YEAR OF
17 APPROXIMATELY 31. IS THAT THE RIGHT NUMBER?

18 MS. FERGUSON: AT THE END OF 200- --

19 CHAIRMAN KLEIN: AT THE BEGINNING OF
20 2008-9.

21 MS. FERGUSON: THAT'S CORRECT.

22 CHAIRMAN KLEIN: SO THE POINT -- AND AT
23 THE END OF 2008-9, WE'RE PROJECTED TO HAVE HOW MANY
24 STAFF MEMBERS?

25 MS. FERGUSON: THIRTY-SEVEN.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THIRTY-SEVEN. SO WE
2 WOULD GROW FROM 31 TO 37 DURING 2008-9, FROM 37 TO
3 47 DURING THIS YEAR. SO A SIGNIFICANT AMOUNT OF THE
4 SAVINGS IN THE PERSONNEL LINE IS REALLY A REFLECTION
5 OF THE FACT THAT THERE'S A STAFFING UP OVER TIME,
6 AND WE NEED TO REALIZE WE CAN'T GO AND REALIZE THAT
7 SAVINGS AGAIN IN THAT MANNER BECAUSE WE'RE STARTING
8 AT A HIGHER STABILIZED STAFFING LEVEL.

9 MS. FERGUSON: CORRECT.

10 CHAIRMAN KLEIN: ALL RIGHT. DR. ROBSON.

11 DR. ROBSON: THANK YOU, CHAIRMAN KLEIN.
12 IT'S MY PLEASURE TO PRESENT TO YOU OUR PROPOSED
13 BUDGET FOR FISCAL YEAR 2009-2010 AND TO ASK FOR YOUR
14 ENDORSEMENT OF THAT BUDGET.

15 I WANTED TO START WITH AN UPDATE OF WHERE
16 WE ARE NOW. WE'VE ACTUALLY BEEN DISCUSSING THAT
17 QUITE A BIT OVER THE PAST 24 HOURS, BUT YOU'VE SEEN
18 THIS CHART BEFORE. THIS IS A DASHBOARD THAT SHOWS,
19 SORT OF SUMMARIZES OUR FINANCIAL EXPENDITURES SINCE
20 JANUARY 1ST WITH PROJECTED THROUGH, IN THIS CASE,
21 THROUGH THE END OF THE FISCAL YEAR WHICH WILL END ON
22 JUNE 30, 2011. THE VERTICAL BARS SHOW OUR EXPECTED
23 EXPENDITURES DURING EACH QUARTER DURING THAT PERIOD,
24 AND THE GREEN LINE SHOWS THE BALANCE OF FUNDS THAT
25 WE HAVE AVAILABLE IN THE BOND FUND. THE RED

BARRISTERS' REPORTING SERVICE

1 HORIZONTAL LINE IS WHEN THE BOND FUND WOULD GO TO
2 ZERO, SO OUR AVAILABLE MONEY WOULD END. AND IT'S
3 MAYBE A LITTLE HARD FOR YOU TO SEE, BUT THE GREEN
4 LINE WILL CROSS THE RED LINE IN THIS PROJECTION
5 EARLY IN JANUARY OR FEBRUARY OF 2011.

6 SO WE HAVE ENOUGH MONEY TO CARRY US
7 THROUGH THE END OF THE CALENDAR YEAR 2010. JUST TO
8 ILLUSTRATE TO YOU THE DYNAMIC ORGANIZATION THAT CIRM
9 IS, WE PUT OUR MOST ACCURATE CURRENT NUMBERS INTO
10 THIS MODEL ON MONDAY MORNING, AND THIS CHART WAS
11 ACCURATE AND CORRECT UNTIL ABOUT 6 O'CLOCK
12 YESTERDAY. IT'S NOW OBSOLETE. I THINK WHAT SHOWS
13 THERE AT THE END OF 2010 IS A BALANCE OF ABOUT 17
14 MILLION; BUT BASED ON DECISIONS THAT YOU'VE MADE
15 OVER THE LAST DAY, IT'S NOW DOWN TO ABOUT SIX
16 MILLION, BUT IT'S STILL ON THE POSITIVE SIDE.

17 THIS INCLUDES -- LET ME JUST FINISH --
18 THIS INCLUDES AN EXPECTATION OF 210 MILLION FOR
19 DISEASE TEAMS AND 30 MILLION FOR BASIC BIOLOGY I AND
20 30 MILLION FOR BASIC BIOLOGY II, SO THAT'S FACTORED
21 IN HERE.

22 CHAIRMAN KLEIN: CERTAINLY. AND, DR.
23 ROBSON, TO MAKE IT CLEAR TO EVERYONE, INCLUDING
24 ANYONE THAT MAY BE LISTENING TO THIS DISCUSSION ON
25 THE AUDIOCAST, THIS EXCLUDES THE 160 MILLION THAT WE

BARRISTERS' REPORTING SERVICE

1 HAVE IN ADDITIONAL ALREADY AUTHORIZED BY THE FINANCE
2 COMMITTEE OF THE STATE FOR PRIVATE PLACEMENT
3 AUTHORITY AND AUTHORIZED BY THE POOLED MONEY BOARD.

4 DR. ROBSON: THIS IS FUNDS THAT WE HAVE
5 RAISED SO FAR THAT ARE SECURED.

6 CHAIRMAN KLEIN: AND WE HAVE OUTSTANDING
7 ON THE POOLED MONEY ACCOUNT APPROXIMATELY 43
8 MILLION; IS THAT CORRECT?

9 DR. ROBSON: THAT WE OWE?

10 CHAIRMAN KLEIN: YES.

11 DR. ROBSON: YES.

12 CHAIRMAN KLEIN: AND WE CURRENTLY HAVE A
13 RESOLUTION FROM A MEETING THAT DR. LOVE, MARCY FEIT,
14 AND I WERE AT AS PART OF OUR STATE FINANCE BOARD FOR
15 THIS AGENCY WHERE THE POOLED MONEY BOARD AGREED THAT
16 OUR 160 MILLION WOULD NOT BE REDUCED BY -- OUR \$160
17 MILLION AUTHORIZATION WOULD NOT BE REDUCED BY OUR
18 POOLED MONEY PAYBACK. SO WE DO HAVE, AGAIN, FOR
19 THOSE OF YOU WHO WERE NOT HERE YESTERDAY,
20 SIGNIFICANT INTEREST IN THOSE PRIVATE PLACEMENTS.
21 WE NEED TO MAKE SURE WE HAVE A COLLABORATIVE
22 STRATEGY AND TIMING WITH THE TREASURER AND THE
23 GOVERNOR'S OFFICE, WHO HAVE BEEN HIGHLY IMPORTANT IN
24 A VERY SOPHISTICATED STRATEGY TO MINIMIZE COST TO
25 THE STATE TAXPAYER AND TO OPTIMIZE OUR FUNDING.

BARRISTERS' REPORTING SERVICE

1 SO WE DO HAVE AUTHORITY TO MOVE THAT LINE
2 FURTHER TO THE RIGHT THAT HAS ALREADY BEEN APPROVED,
3 AND WE ALSO HAVE SEVERAL \$100 MILLION OF AUTHORITY
4 THAT HAS BEEN PREVIOUSLY APPROVED BY THAT BOARD
5 WITHOUT A SPECIFIC AUTHORIZATION FOR THE ISSUANCE
6 STRUCTURE.

7 DR. LOVE: BOB, WE'VE ALL BEEN READING
8 ABOUT A POTENTIAL IMPENDING ISSUE AROUND THE BUDGET
9 AGAIN COMING UP. DOES THAT SITUATION HAVE ANY
10 IMPACT ON THIS ACCESS TO THE 160 MILLION IN TERMS OF
11 GUARANTEE OR PEOPLE'S WILLINGNESS TO ACTUALLY
12 PURCHASE THESE?

13 CHAIRMAN KLEIN: CERTAINLY. SO FOR THE
14 NEXT FOUR OR FIVE YEARS, THERE SHOULD BE SOME VERY
15 CHALLENGING POSITIONS FOR STATE GOVERNMENTS ACROSS
16 THE COUNTRY. IT'S PARTICULARLY CHALLENGING IN
17 CALIFORNIA BECAUSE OF THE 65-PERCENT VOTE. THE
18 SHORT ANSWER IS THAT UNDER OUR STATE CONSTITUTION,
19 THE FIRST PRIORITY IS FOR EDUCATION, WHICH HAS THE
20 FIRST CALL ON THE TOP 40 PERCENT OF OUR REVENUES.
21 THE SECOND CALL ON ALL REVENUES IS DEBT SERVICE OF
22 ANY BONDS. THAT'S BEFORE RUNNING ANY OF THE
23 DEPARTMENTS OF THE STATE, ANY PAYROLL COST, ETC.

24 SO BOND HOLDERS CONSTITUTIONALLY HAVE A
25 VERY HIGH PRIORITY. IT WAS CLEAR TO THE BOND

BARRISTERS' REPORTING SERVICE

1 MARKETS IN APRIL, WHEN WE LAST WERE IN THE MARKET,
2 THAT THERE WAS THE CAPACITY. WHAT'S AN ISSUE IS
3 ALLOCATION OF THAT CAPACITY BECAUSE THERE'S GOING TO
4 BE EXTREMELY STRONG COMPETITION FOR THOSE VERY, VERY
5 PRECIOUS RESOURCES. WE ALREADY HAVE AN ALLOCATION
6 OF 160 MILLION.

7 SO THE ISSUE REALLY AS TO ALLOCATIONS WILL
8 BE MOST POIGNANTLY ADDRESSED AFTER THAT 160 MILLION
9 HAS BEEN RAISED. BUT THE BOND HOLDERS, KNOWING THE
10 CONDITION OF THE STATE, SHOULD BE WILLING TO
11 PURCHASE THEM. IT DOES REQUIRE A PREMIUM IN THE
12 BOND MARKET FOR PRIVATE PLACEMENTS ABOVE THE PUBLIC
13 MARKET. BUT THOSE PURCHASERS -- WE HAVE VERY STRONG
14 FEEDBACK THAT THOSE PURCHASERS ARE, IN FACT, THERE.

15 DR. ROBSON: WELL, BECAUSE OF
16 UNCERTAINTIES IN THE ECONOMY, WE FELT IT WAS
17 INCUMBENT UPON US TO CREATE A BUDGET THAT REALLY
18 JUST PROVIDED THE ESSENTIALS OF WHAT WE NEED TO MEET
19 OUR OBJECTIVES FOR THIS COMING FISCAL YEAR. SO THE
20 BUDGET THAT WE'RE PRESENTING TO YOU TODAY IS ABOUT 3
21 PERCENT LOWER THAN THE BUDGET THAT YOU APPROVED LAST
22 YEAR. AND THAT'S IN SPITE OF THE FACT THAT WE
23 EXPECT OUR STAFF TO GROW BY ABOUT 30 PERCENT, ALMOST
24 30 PERCENT, AND OUR RESEARCH PORTFOLIO WILL INCREASE
25 ENORMOUSLY UP TO \$350 MILLION DURING THIS PERIOD,

BARRISTERS' REPORTING SERVICE

1 BUT WE'RE STILL PROVIDING A REDUCED BUDGET.

2 I MIGHT, JUST TO REMIND YOU ABOUT HOW MUCH
3 WE'VE GROWN, IF YOU JUST GO BACK THREE YEARS TO
4 2006, WE RECEIVED 26 APPLICATIONS THAT YEAR, FUNDED
5 16, WE WERE MANAGING 16 GRANTS, FOR A TOTAL OF ABOUT
6 \$38 MILLION. IN FISCAL YEAR 2008-2009, WE WILL
7 RECEIVE ABOUT 350 GRANTS, WE'LL BE MANAGING ABOUT
8 295, AND OUR RESEARCH PORTFOLIO IS ABOUT \$720
9 MILLION. SO THIS IS A BIG CHANGE, AND THIS
10 CERTAINLY HAS AN IMPACT ON OUR OPERATING BUDGET.

11 BEFORE I GET TO THE BUDGET, I WANT TO GO
12 THROUGH A LIST THAT WE'VE PUT TOGETHER ON WHAT WE
13 THINK ARE SOME OF OUR RISKS AND CHALLENGES OVER THE
14 YEAR AND HOW THEY'RE ADDRESSED IN THE BUDGET. YOU
15 HAVE A DOCUMENT ABOUT THIS IN YOUR TAB 11, SO I'M
16 GOING TO GO THROUGH THIS VERY BRIEFLY.

17 SOME OF THE RISKS THAT WE FACE WE THINK
18 PERTAIN TO STAFF. IF WE'RE TO LOSE KEY PERSONNEL OR
19 TO HAVE A LARGE AMOUNT OF TURNOVER, THIS CERTAINLY
20 HAS AN IMPACT ON US BECAUSE WE'RE A SMALL
21 ORGANIZATION. AS WE JUST MENTIONED, WE HAVE 37
22 EMPLOYEES NOW; WE HOPE TO BE AT 47 BY THE END OF
23 THIS FISCAL YEAR.

24 TO DO THIS, WE TRIED TO CREATE A
25 STIMULATING AND PLEASANT WORK ENVIRONMENT, AND WE

BARRISTERS' REPORTING SERVICE

1 TRY TO PROVIDE OPPORTUNITIES SO THAT OUR STAFF AND
2 ESPECIALLY OUR SCIENCE OFFICERS AND OUR SENIOR STAFF
3 HAVE THE ABILITY TO DO THEIR JOBS THE BEST THEY CAN.
4 IN MANY CASES THIS MEANS TRAVELING, TRAVELING TO
5 SCIENTIFIC MEETINGS OR TRAVELING TO MEET WITH
6 COLLEAGUES IN AGENCIES AROUND THE COUNTRY SO THAT WE
7 CAN PROMOTE CIRM AND MOVE ITS PROGRAMS FORWARD.

8 WE'RE WORRIED, AS WE'VE JUST BEEN
9 DISCUSSING, THAT WE MAY HAVE TROUBLE RAISING
10 ADDITIONAL FUNDS. WE HAVE FUNDS ALLOCATED IN THE
11 BUDGET TO PURSUE PRIVATE PLACEMENT OF BONDS AND
12 OTHER PROGRAMS LIKE THAT. WE'VE HAD VERY STRONG
13 COMMUNITY SUPPORT. BUT IF THE STRESSES REMAIN ON
14 THE CALIFORNIA ECONOMY, THERE'S A POSSIBILITY THAT
15 THAT COULD START TO ERODE, AND WE NEED TO PREVENT
16 THAT. WE HAVE TWO STRATEGIES. ONE, WE WANT TO SHOW
17 THE CITIZENS OF CALIFORNIA THAT WE'RE BEING PRUDENT
18 IN OUR OPERATING EXPENSES, THAT WE'RE PROVIDING THEM
19 A GOOD PRODUCT AT A VERY GOOD VALUE. BUT WE ALSO
20 NEED TO SHOW THEM OUR SUCCESSES, THE SUCCESSES OF
21 THE ORGANIZATION AND OF OUR GRANTEES. AND DON
22 GIBBONS IN OUR COMMUNICATIONS DEPARTMENT AND HIS
23 STAFF OF AMY ADAMS AND TODD DUBNICOFF, ARE DOING A
24 TERRIFIC JOB THERE.

25 IF YOU'VE LOOKED, THEY'VE UPGRADED OUR

BARRISTERS' REPORTING SERVICE

1 WEBSITE. THEY'VE MADE IT MUCH RICHER, MUCH MORE
2 USER FRIENDLY. DON HAS ORGANIZED SOME PUBLIC FORUMS
3 WHERE OUR SCIENTISTS MEET WITH THE PUBLIC AND TELL
4 THEM ABOUT STEM CELL RESEARCH, THE ADVANCES AND THE
5 OPPORTUNITIES. AND DON IS ALSO DEVELOPING AN
6 EDUCATIONAL PROGRAM THAT WILL GO INTO THE SCHOOL
7 SYSTEM. WE HAVE FUNDS IN THE BUDGET TO CONTINUE ALL
8 OF THOSE EFFORTS.

9 WE ALSO HAVE -- IT'S UPGRADING OUR
10 GRANTS -- GRANT MANAGEMENT SYSTEM SO THAT WE CAN
11 REPORT ACROSS RFA'S, AND THROUGHOUT THE LIFETIME OF
12 GRANTS HAS BEEN A CHALLENGE FOR US. PART OF THE
13 REASON FOR THIS, A GOOD PART OF THE REASON, IS THAT
14 OUR PROCESSES ARE CONTINUALLY EVOLVING. IN THE PAST
15 YEAR ALONE, WE ADDED THE ABILITY FOR CO-PRINCIPAL
16 INVESTIGATORS TO BE ON GRANTS, WE'VE ADDED
17 PREAPPLICATION REVIEW PROCESS. IN THE NEXT YEAR
18 WE'RE GOING TO ADD A LOAN PROGRAM. AND BECAUSE OF
19 THIS SORT OF CONTINUING EVOLUTION, WE REALIZE THAT
20 WE'VE BEEN SORT OF PURSUING THE WRONG PATH TO
21 UPGRADE OUR SYSTEM, AND WE'VE CHANGED OUR DIRECTION
22 NOW, AND WE FEEL MUCH MORE CONFIDENT THAT WE'RE
23 GOING TO BE ABLE TO GET A SYSTEM THAT WILL MEET OUR
24 NEEDS ONGOING INTO THE FUTURE.

25 I THINK THE GOOD NEWS -- ANOTHER GOOD NEWS

BARRISTERS' REPORTING SERVICE

1 PART OF THIS STORY IS THAT WE'RE GOING TO BE ABLE TO
2 DO THIS AT A REDUCED COST IN THE LONG RUN OVER WHAT
3 WE HAD ANTICIPATED HAVING TO SPEND ON THIS.

4 SO WE ALSO SEE SOME REAL OPPORTUNITIES IN
5 THIS COMING YEAR. WE THINK WE'RE IN A POSITION TO
6 REALLY CONTINUE AS A GLOBAL LEADER IN THIS FIELD.
7 WE'VE CREATED PARTNERSHIPS WITH STEM CELL AGENCIES
8 IN FIVE OTHER COUNTRIES, AND WE HAVE NEGOTIATIONS IN
9 VARIOUS STAGES OF DEVELOPMENT WITH FIVE OTHERS. AND
10 WE'RE BEGINNING TO HAVE CONVERSATIONS WITH THE NIH
11 AND ALSO WITH SOME STATE STEM CELL AGENCIES. THOSE
12 NEGOTIATIONS WILL REQUIRE TRAVEL BY OUR SCIENTIFIC
13 OFFICERS, CHIEF SCIENTIFIC OFFICER, PRESIDENT, AND
14 SOME OF THE OTHER SENIOR STAFF.

15 WE'RE ENTERING A TRANSLATION PHASE NOW
16 WHICH IS GOING TO INVOLVE MORE INTERACTION WITH
17 BIOTECH COMPANIES. WE HAVE OPPORTUNITIES THERE. WE
18 HAVE FUNDS IN THE BUDGET FOR CREATING A LOAN PROGRAM
19 AND FOR DEVELOPING FORUMS SO THAT WE CAN REGULARIZE
20 FINANCING AND REGULATIONS THAT WILL BE INVOLVED WITH
21 DEALING WITH GETTING SOME OF THESE TREATMENTS INTO
22 THE CLINIC.

23 WE ALSO SEE OPPORTUNITIES FOR LEVERAGING
24 FUNDING. WE'VE TALKED, I MENTIONED INTERNATIONAL
25 COLLABORATIONS. WE'VE GOT MILLIONS OF DOLLARS BEING

BARRISTERS' REPORTING SERVICE

1 ADDED TO THE GLOBAL RESEARCH EFFORT FOR
2 COLLABORATIONS WITH STEM CELL SCIENTISTS IN
3 CALIFORNIA THAT'S BEING THROUGH THESE INTERNATIONAL
4 PARTNERSHIPS. WE HAVE OTHER POSSIBILITIES FOR
5 RAISING FUNDS THROUGH LOAN GUARANTEES, WHICH
6 CHAIRMAN KLEIN IS EXPLORING, AND OTHER OPPORTUNITIES
7 FOR FEDERAL PROGRAMS THAT COULD BRING, AGAIN,
8 MILLIONS OF DOLLARS TO OUR SCIENTISTS IN CALIFORNIA.
9 THOSE EFFORTS REQUIRE, AGAIN, THEY REQUIRE TRAVEL BY
10 SPECIFIC SENIOR STAFF MEMBERS. THEY ALSO WILL HAVE
11 SOME LEGAL FEE IMPLICATIONS, AND WE HAVE THOSE
12 THINGS WORKED INTO OUR BUDGET AS WELL.

13 WE'RE GOING TO EXPAND OUR SCIENCE OFFICE.
14 WE HAVE NEW POSITIONS THAT WERE ALLOCATED, NEW
15 SCIENCE OFFICERS. THIS IS GOING TO BE VERY
16 IMPORTANT FOR NOT ONLY DEVELOPING OUR PROGRAMS, BUT
17 ALSO MONITORING THEM. WE HAD A DISCUSSION ABOUT
18 THIS LAST NIGHT ABOUT HOW IMPORTANT IT WILL BE TO
19 MONITOR THESE PROGRAMS. AND YOU SAW THE KINDS OF
20 EFFORTS THAT MARIE CSETE AND PAT OLSON HAVE
21 INITIATED TO DO THE PROGRESS REPORTS. AND THEN THIS
22 IS ONLY GOING TO EXPAND AS OUR PORTFOLIO CONTINUES
23 TO MATURE.

24 AND WE ARE GOING TO EXPAND OUR FINANCE
25 OFFICE. BOB JUST MENTIONED THAT MARGARET IS A

BARRISTERS' REPORTING SERVICE

1 DYNAMO OF ONE, WORKS IN THE FINANCE OFFICE, BUT WE
2 HAVE TO HAVE SOME REDUNDANCY THERE. AS OUR
3 PORTFOLIO HAS GROWN, HER OBLIGATIONS AND
4 RESPONSIBILITIES HAVE GROWN COMMENSURATE WITH THAT.
5 WE NEED SOME REDUNDANCY. WE ALSO NEED SOME
6 SUCCESSION PLANNING BECAUSE SHE'S INFORMED US THAT
7 SHE DOES INTEND TO RETIRE IN THE NOT TOO DISTANT
8 FUTURE, AND SO WE HAVE TO START WORKING TOWARDS
9 THAT. SO WE HAVE A POSITION FOR ANOTHER FINANCE
10 OFFICER. WE HAVE BEEN INTERVIEWING, AND WE SHOULD
11 FILL THAT, WE HOPE, WITHIN THE NEXT MONTH.

12 CHAIRMAN KLEIN: JOHN, HER RETIREMENT IS
13 2017?

14 DR. ROBSON: WE'RE NOT ACCEPTING A DATE
15 YET.

16 SO BEFORE I GET INTO THE BUDGET, THERE'S
17 ONE OTHER THING I'D LIKE TO DO. I'D LIKE TO GIVE
18 YOU JUST AN UPDATE OF WHERE WE STAND RELATIVE TO OUR
19 6-PERCENT CAP ON OUR OPERATING EXPENSES.
20 PROPOSITION 71 LIMITS OUR OPERATING ADMINISTRATIVE
21 EXPENSES TO 6 PERCENT. SO ON A TOTAL ALLOCATION OF
22 \$3 BILLION, THAT MEANS WE HAVE \$180 MILLION
23 AVAILABLE FOR OPERATIONS, AND IT'S SPLIT 50-50
24 BETWEEN GENERAL ADMINISTRATION AND GRANTS
25 ADMINISTRATION. SO THAT MEANS WE HAVE A TOTAL OF 90

BARRISTERS' REPORTING SERVICE

1 MILLION FOR GENERAL ADMINISTRATION AND 90 MILLION
2 FOR GRANTS ADMINISTRATION OVER THE LIFETIME OF THE
3 AGENCY.

4 TO DATE WE'VE EXPENDED \$27.3 MILLION FOR
5 ALL OPERATIONS, AND BY THE END OF THE FISCAL YEAR
6 9-10, WE WILL ADD \$11 MILLION BASED ON THE CURRENT
7 BUDGET, SO THAT WOULD LEAVE US AT 38.3 MILLION WITH
8 ABOUT \$142 MILLION REMAINING.

9 NOW, LET ME SHOW YOU ANOTHER WAY TO KIND
10 OF LOOK AT THIS. THIS IS KIND OF HARD TO GAUGE
11 ACTUALLY WHERE WE STAND. I DID A COUPLE OF OTHER
12 WAYS TO LOOK AT IT, BASED, WHAT I WOULD SAY, ON OUR
13 ACTIVITY. SO IF YOU LOOK AT OUR OPERATING EXPENSES
14 BASED ON THE BOND FUNDS THAT WE'VE RAISED SO FAR,
15 WE'VE RAISED \$755 MILLION SINCE OUR EXISTENCE BEGAN
16 THROUGH BOND SALES. 6 PERCENT OF THAT IS A LITTLE
17 OVER 45 MILLION. AGAIN, WE'VE SPENT 27 SO FAR. BY
18 THE END OF THE YEAR, WE'LL BE AT 38, SO WE'LL BE
19 WELL UNDER THAT 45 MILLION.

20 YOU MIGHT ALSO THINK WE SHOULD LOOK AT
21 THIS THROUGH OUR TOTAL COMMITMENTS. SO BY THE END
22 OF 200- -- FISCAL YEAR 2009-10, WE ANTICIPATE ICOC
23 WILL HAVE COMMITTED SOMETHING OVER A BILLION DOLLARS
24 IN GRANT FUNDS BY THAT POINT, AND, AGAIN, 6 PERCENT
25 OF THAT IS WELL IN EXCESS OF THE 38 MILLION THAT WE

BARRISTERS' REPORTING SERVICE

1 WILL HAVE SPENT ON OPERATIONS.

2 SO ANY WAY YOU LOOK AT IT, I FEEL LIKE
3 WE'RE PROVIDING A GOOD VALUE, A LOT OF WORK AND A
4 GOOD VALUE TO THE CITIZENS OF CALIFORNIA FOR WHAT
5 WE'RE PRODUCING.

6 CHAIRMAN KLEIN: DR. ROBSON, SO THAT THOSE
7 WHO ARE LISTENING ON THIS ACOUSTIC WEBCAST, AS WELL
8 AS OUR ALTERNATES WHO ARE HERE TODAY, IT WOULD BE
9 IMPORTANT TO REMIND EVERYONE IN THIS BUDGET PERIOD
10 THAT HOPEFULLY THE BOARD MEMBERS, IN TALKING TO
11 LEGISLATORS AND LEADERS IN THEIR LOCAL CHAMBERS OF
12 COMMERCE AND CIVIC GROUPS, POINT OUT, AGAIN, THAT
13 ALL OF THE DOLLARS WE'RE TALKING ABOUT ARE PAID FOR
14 BY BONDS, NOT OUT OF THE GENERAL REVENUE FUND, WHICH
15 IS IN CRISIS IN THE STATE. AND, IN FACT, UNDER THE
16 STRUCTURE OF PROPOSITION 71, ALL THE INTEREST
17 PAYMENTS THROUGH DECEMBER OF 2009 ARE CAPITALIZED IN
18 THE BONDS. SO NO INTEREST PAYMENTS FOR THOSE BONDS
19 ARE COMING OUT OF THE GENERAL FUND. WE ARE NOT
20 COMPETING WITH ANYONE ELSE FOR THESE SCARCE
21 RESOURCES.

22 IN ADDITION, WE HAVE PREVIOUSLY PUBLISHED
23 AND WILL REPUBLISH THE FACT THAT OUR LEVERAGE ON OUR
24 MAJOR FACILITIES PROGRAM HAS LED OUR \$270 MILLION IN
25 THAT PROGRAM TO LEAD TO \$100 MILLION BY 2010 IN

BARRISTERS' REPORTING SERVICE

1 STATE TAX REVENUE. IT'S APPROXIMATELY \$17 MILLION,
2 15 TO 17 MILLION THAT THE STATE WILL PAY OUT IN JUNE
3 2010 FOR INTEREST PAYMENTS AT A TIME WHEN THEY WILL
4 BE IN A STREAM OF REVENUE THAT WILL ACCUMULATE AT A
5 HUNDRED MILLION NEW TAX REVENUE ONLY ON MAJOR
6 FACILITIES.

7 BY THAT TIME WE'LL HAVE ANOTHER \$800
8 MILLION OUT OR COMMITTED IN RESEARCH, WHICH WE ARE
9 NOW STUDYING THE ECONOMIC BENEFITS OF THE RESEARCH
10 FUNDING, BOTH PRIMARY AND THE MULTIPLIER BENEFITS OF
11 THAT IN TERMS OF TAX REVENUE.

12 SO IN TERMS OF THIS PERIOD OF CRISIS,
13 WE'RE A NET PRODUCER OF FUNDS FOR THE GENERAL FUND.
14 WE ARE NOT A NET DRAW. WE ARE A NET PRODUCER OF
15 FUNDS TO A RATIO OF 5 OR 7 TO 1. IT'S VERY
16 IMPORTANT FOR THAT MESSAGE TO BE UNDERSTOOD AS WE
17 NEED TO BE COMMITTED TO OUR MISSION, WE NEED TO
18 MAINTAIN OUR STAFF GROWTH, AND WE NEED TO MAINTAIN
19 THE GROWTH IN OUR FUNDING OF THE RESEARCH.

20 DR. ROBSON: SO THE NEXT SLIDE SHOWS SOME
21 INFORMATION ABOUT OUR PROPOSED BUDGET. SO THE
22 COLUMN ON THE LEFT SHOWS THE VARIOUS CATEGORIES,
23 SPENDING CATEGORIES, FOR OUR OPERATIONS. THIS IS
24 THE SAME LIST THAT MARGARET HAS BEEN SHOWING YOU FOR
25 THE LAST FEW MEETINGS AND THE ONE THAT SHE JUST

BARRISTERS' REPORTING SERVICE

1 SHOWED YOU PREVIOUSLY.

2 THE SECOND COLUMN SHOWS WHAT WAS APPROVED
3 IN THE BUDGET FOR LAST YEAR. SO THIS IS WHAT YOU
4 VOTED FOR LAST YEAR.

5 THE THIRD COLUMN SHOWS OUR ACTUAL
6 ANTICIPATED EXPENDITURES FOR 2008-2009. SO THIS
7 GOES BEYOND WHAT MARGARET JUST SHOWED YOU, AND WE'RE
8 SORT OF PROJECTING FORWARD TO THE END OF JUNE AND
9 OUR BEST GUESS AS TO WHERE WE WILL BE AT THE END OF
10 THE FISCAL YEAR.

11 THE FOURTH COLUMN SHOWS THE DIFFERENCE
12 BETWEEN THE APPROVED BUDGET AND THEN THE ACTUAL
13 EXPECTED BUDGET.

14 AND THEN THE PROPOSED BUDGET FOR 2009-2010
15 IS IN THE COLUMN ON THE RIGHT. I THINK RATHER THAN
16 KIND OF GO THROUGH THIS IN ANY MORE DETAIL, I WOULD
17 OPEN IT UP TO YOU TO LET YOU ASK US QUESTIONS ABOUT
18 THIS. AND MARGARET AND I WILL DO OUR BEST TO ANSWER
19 THEM.

20 CHAIRMAN KLEIN: THANK YOU, DR. ROBSON.
21 THIS HAS GONE THROUGH THE FINANCE COMMITTEE. THE
22 FINANCE COMMITTEE HAD A SENSE OF THE GROUP, BECAUSE
23 WE WERE LACKING A FULL QUORUM, THAT IT WOULD BE
24 RECOMMENDED TO THE BOARD AS PRESENTED WITH
25 ADDITIONAL DETAIL WHICH HAS BEEN PRESENTED. DUANE,

BARRISTERS' REPORTING SERVICE

1 DO YOU WANT TO ADD TO THAT?

2 MR. ROTH: THERE WAS CONSIDERABLE
3 DISCUSSION AROUND THIS BUDGET. AND I THINK THE GOOD
4 NEWS WAS THAT WE CAME IN UNDER BUDGET. THE BAD NEWS
5 IS WE CAME IN WELL UNDER BUDGET. AND AS TIME GOES
6 ON, WE WANT TO SEE IF WE CAN TIGHTEN THIS UP A
7 LITTLE BIT SO THAT WE'RE NOT MAKING PROJECTIONS THAT
8 ARE MILLIONS OF DOLLARS OFF BUDGET, AND THAT COMES
9 WITH A LEARNING CURVING.

10 THERE WERE A COUPLE OF SPECIFICS. IF YOU
11 LOOK UP THERE, THE I.T. AREA THAT JOHN ADDRESSED
12 JUST A FEW MINUTES AGO HAS CONSIDERABLE EXPENSE, AND
13 THERE'S SOME EXPENSE MOVING AROUND WITHIN THE
14 VARIOUS CATEGORIES.

15 DR. ROBSON: YES. I SHOULD MENTION THAT
16 WE DID A REORGANIZATION IN OUR REPORTING HERE. IF
17 YOU LOOK -- I PROBABLY SHOULD HAVE MENTIONED THIS.
18 IF YOU LOOK AT OUR EXTERNAL CONTRACTS, WE USED TO
19 INCLUDE ALL OF OUR EXTERNAL CONTRACTS FOR I.T. AS
20 EXTERNAL CONTRACTS. THAT LEFT US THIS YEAR, IF YOU
21 SEE DOWN BELOW NEAR THE BOTTOM, IT SAYS INFORMATION
22 TECHNOLOGY WAS BUDGETED \$53,000, AND WE EXPENDED
23 56,000. WELL, WHEN I LOOKED AT THAT WHEN WE WERE
24 FIRST PUTTING THIS TOGETHER, I SAID WHAT IS THIS?
25 WE'RE SPENDING FAR MORE THAN THAT ON INFORMATION

BARRISTERS' REPORTING SERVICE

1 TECHNOLOGY. THAT WAS JUST HARDWARE, SOFTWARE,
2 SOFTWARE LICENSES. ALL OUR EXTERNAL CONTRACTS HAD
3 BEEN INCLUDED AND BEING REPORTED TO YOU AS EXTERNAL
4 CONTRACTS.

5 WE DECIDED THAT IT WOULD BE MORE
6 APPROPRIATE TO REPORT ALL OF OUR I.T. EXPENSES
7 TOGETHER. SO THAT'S WHY YOU SEE OUR REQUEST FOR
8 I.T. HAS GONE FROM 53,000 LAST YEAR UP TO 818,000
9 FOR THIS YEAR, BUT THAT'S COME OUT OF THE EXTERNAL
10 CONTRACTS. IT'S JUST BEEN A REORGANIZATION.

11 CHAIRMAN KLEIN: AND I'D LIKE TO CALL AND
12 SEE IF MARCY FEIT HAS COMMENTS AS THE CO-CHAIR. I
13 WOULD ALSO LIKE TO REPORT THAT IT WAS SUGGESTED THAT
14 THERE BE A 5-PERCENT CONTINGENCY TO THIS BUDGET
15 DURING THIS TIME PERIOD WITH TRANSITIONS IN SEVERAL
16 OFFICES. IT IS IMPORTANT, ACCORDING TO THE FINANCE
17 COMMITTEE, TO HAVE A 5-PERCENT CONTINGENCY. ALSO
18 REALIZE THAT HALF, A LITTLE BIT MORE THAN HALF OF
19 ALL THE DIFFERENCE IN THE BUDGET TO ACTUAL WAS IN
20 THE SPEED IN WHICH STAFF WAS HIRED. AND IN
21 ADDITION, THAT NUMBER IS LOWER THAN YOU WOULD EXPECT
22 BECAUSE THE AGENCY FROZE SALARIES, DIDN'T PASS
23 THROUGH COST OF LIVING INCREASES, AND TOOK OTHER
24 ECONOMIES THAT RESULTED IN ONE-TIME SAVINGS.

25 DR. ROBSON: LET ME JUST COMMENT ON THAT A

BARRISTERS' REPORTING SERVICE

1 COUPLE OF THINGS. ONE IS THE PROPOSED BUDGET THAT
2 YOU APPROVED, THE BUDGET YOU APPROVED LAST YEAR WAS
3 ANTICIPATING THAT BY THE END OF THE YEAR, WE WOULD
4 BE AT 44 AND A HALF TO OUR STAFF, AND WE ONLY MADE
5 IT TO 37. SO THAT'S A BIG PART OF THE DIFFERENCE.
6 AND WE ARE EXPECTING TO BE AT 47, PROJECTING TO BE
7 AT 47 AT THE END OF THIS YEAR. SO THAT EXPLAINS A
8 LOT OF THIS.

9 THE OTHER THING I SHOULD MENTION IS THAT
10 WE HAVE FROZEN SALARIES FOR ALL OF OUR EMPLOYEES
11 OVER \$150,000 IN CONSIDERATION OF WHAT'S GOING ON IN
12 THE STATE OF CALIFORNIA. AND FOR THOSE UNDER A
13 150,000, THEY RECEIVED NO RAISE FOR 12 MONTHS, BUT
14 DID RECEIVE, THEN, A MERIT INCREASE ONLY, MERIT
15 ONLY, WHICH AVERAGED ABOUT 3 PERCENT.

16 CHAIRMAN KLEIN: AND, MARCY, WOULD YOU
17 LIKE TO MAKE A COMMENT?

18 MS. FEIT: THE ONLY COMMENT I'LL ADD IS
19 THAT WE DID HAVE SOME DISCUSSION AROUND THE FACT
20 THAT THERE'S GOING TO NEED TO BE A SENIOR
21 APPOINTMENT FOR STRATEGIC FINANCING. THERE'S GOING
22 TO NEED TO BE A STRATEGIC APPOINTMENT FOR -- A
23 STRATEGIC FINANCING APPOINTMENT PROBABLY IN THE NEXT
24 SIX MONTHS TO ACCOMMODATE THE LOSS OF THE CHAIR'S
25 EXPERTISE AT THE END OF 2010. AND THAT IS NOT IN

BARRISTERS' REPORTING SERVICE

1 THIS CURRENT BUDGET.

2 DR. ROBSON: THAT'S NOT IN THE BUDGET. WE
3 HAVEN'T REALLY DEVELOPED THAT JOB DESCRIPTION YET,
4 AND SO WE MAY HAVE TO COME BACK TO YOU. THERE IS A
5 MENTION OF THAT IN ONE OF YOUR DOCUMENTS THAT YOU'VE
6 BEEN PROVIDED.

7 CHAIRMAN KLEIN: IN FACT, FOR ANY SALARY
8 LIKE THAT, WE DO HAVE TO COME BACK AND HAVE THE
9 APPOINTMENT APPROVED BY THE BOARD.

10 MR. SHEEHY: I HAVE SEVERAL POINTS, AND I
11 HAD SEVERAL AT THE FINANCE COMMITTEE. FIRST, I'D
12 LIKE TO SAY THE FINANCE COMMITTEE DID NOT HAVE A
13 SENSE OF THE COMMITTEE VOTE, AND I WOULD NOT HAVE
14 VOTED FOR THIS BUDGET WHEN IT CAME TO THE COMMITTEE.
15 IT LACKED SUFFICIENT DETAIL. SO I'M GLAD WE'RE
16 BRINGING ON SOMEONE TO ASSIST MARGARET. AND I DO
17 APPRECIATE THE WORK STAFF HAS DONE IN PROVIDING MORE
18 DETAIL. I WOULD LIKE IN THE FUTURE THE BUDGET TO
19 HAVE SIGNIFICANTLY MORE DETAIL CERTAINLY FOR
20 PRESENTATION TO THE FINANCE COMMITTEE.

21 ONE THING THAT WOULD BE HELPFUL, AND
22 LUCKILY DAVID JENSON HAS DONE IT FOR US, IS SOME
23 COMPARISON BETWEEN THE PROJECTED EXPENDITURES AND
24 THE PROPOSED BUDGET. THAT SHOULD REALLY BE THE
25 METRIC WE'RE LOOKING AT, WHAT WE'RE ACTUALLY

BARRISTERS' REPORTING SERVICE

1 THINKING WE'RE GOING TO SPEND THIS YEAR AND WHAT
2 WE'RE PROPOSING TO SPEND NEXT YEAR. THE DIFFERENCE,
3 I THINK MAYBE MR. JENSON CAN HELP ME, IS ABOUT 25
4 PERCENT, BUT IT WOULD BE GREAT TO HAVE THAT BY
5 CATEGORY. THAT'S REALLY THE METRIC WE OUGHT TO BE
6 LOOKING AT.

7 I DO HAVE A QUESTION ABOUT STAFFING
8 BECAUSE WE DO HAVE --

9 DR. ROBSON: WE PROVIDED YOU A STAFFING
10 CHART.

11 MR. SHEEHY: RIGHT. AND I WOULD NOT
12 PRESUME TO TELL THE PRESIDENT WHO TO HIRE OR NOT
13 EXCEPT THIS IS DIRECTLY RELATED TO THE FUNCTIONING
14 OF THE BOARD. THERE'S BEEN TALK ABOUT AN
15 ADMINISTRATIVE ASSISTANT FOR THE EXECUTIVE DIRECTOR
16 OF THE BOARD FOR SOME TIME. I KNOW, AS SOMEONE WHO
17 FREQUENTLY CHECKS MY E-MAIL AFTER I PUT MY DAUGHTER
18 DOWN AT 9 O'CLOCK, I'M GETTING FRESH E-MAILS FROM
19 THE EXECUTIVE DIRECTOR OF THE BOARD FOR
20 ADMINISTRATIVE STUFF. AND THIS DOESN'T HAPPEN ONCE
21 A WEEK, ONCE A MONTH. THIS HAPPENS VIRTUALLY EVERY
22 EVENING, ESPECIALLY THE WEEKS COMING BEFORE THE
23 BOARD.

24 I DON'T THINK IT'S FAIR TO WORK SOMEONE 80
25 HOURS A WEEK. I DON'T THINK THAT THAT HELPS THE

BARRISTERS' REPORTING SERVICE

1 BOARD FUNCTION. I KNOW PERSONALLY THAT IT IMPACTS
2 MY PERFORMANCE. I'M PROBABLY ONE OF THE FEW BOARD
3 MEMBERS THAT DOESN'T HAVE A PERSONAL ASSISTANT,
4 ADMINISTRATIVE ASSISTANT THAT DOES MY ADMINISTRATIVE
5 TASKS. SO I SPEND -- I OFTEN TAPE MY RECEIPTS ONTO
6 A BLANK PIECE OF PAPER BECAUSE I KNOW MELISSA IS
7 GOING TO BE DOING THIS AT 10 O'CLOCK AT NIGHT OR
8 SATURDAY OR SUNDAY BECAUSE SHE DOESN'T HAVE
9 ADMINISTRATIVE HELP.

10 SO FOR ME I WILL NOT APPROVE THIS BUDGET
11 UNLESS IT INCLUDES ASSISTANCE FOR THE EXECUTIVE
12 DIRECTOR OF THE BOARD, THE HIRING OF AN
13 ADMINISTRATIVE ASSISTANT. YOU WILL NOT HAVE MY
14 VOTE.

15 CHAIRMAN KLEIN: THANK YOU. MICHAEL
16 GOLDBERG THOUGHT THERE WAS A SENSE OF THE COMMITTEE,
17 BUT IT'S IMPORTANT WHEN A BOARD MEMBER HAS AN
18 EXCEPTION TO THE POSITION TO STATE IT. AND WE THANK
19 YOU VERY MUCH. DAVID SERRANO-SEWELL.

20 MR. SERRANO-SEWELL: THANK YOU, BOB. I
21 WANT TO PUT JEFF'S COMMENTS, WHICH I AGREE WITH A
22 HUNDRED PERCENT, IN SORT OF A DIFFERENT CONTEXT FOR
23 ME. THE BUDGET THAT WE'VE BEEN PRESENTED WITH, AND
24 AS JOHN POINTED OUT, TAKES INTO ACCOUNT SOME OF THE
25 CHALLENGES AND RISKS THAT WE'LL BE CONFRONTING IN

BARRISTERS' REPORTING SERVICE

1 THE UPCOMING YEAR. AND THE BUDGET IS AN ATTEMPT TO
2 REFLECT AND ACCOMMODATE FOR THOSE CHALLENGES.

3 WELL, I THINK WE CAN SAY A FEW THINGS WITH
4 CERTAINTY, AND THAT IS THIS COMMISSION WILL CONTINUE
5 TO MEET IN PUBLIC, THERE WILL CONTINUE TO BE WORKING
6 GROUP MEETINGS, THERE WILL CONTINUE TO BE A FLURRY
7 OF ACTIVITY. AND I CAN SAY WITH CONFIDENCE, WITH
8 MANY OF MY COLLEAGUES SERVED ON THIS COMMISSION FROM
9 DAY ONE, THERE'S BEEN A CONSISTENT PRESENCE. AND
10 THAT'S BEEN MELISSA. AND WE'VE ALL -- AT LEAST I'VE
11 SAID THIS IN PRIVATE THAT THE BUDGET NEEDS TO
12 ACCOUNT FOR THE WORK THAT SHE'S DOING. AND, YOU
13 KNOW, THERE'S BEEN WE'LL GET TO IT. AND NOW IS THE
14 TIME TO DEAL WITH IT, IN MY VIEW, BECAUSE THIS IS
15 THE BUDGET, NOT ANY COMMITMENTS AND I'LL WORK WITH
16 YOU. NO, THIS IS THE BUDGET. AND I FEEL VERY
17 STRONGLY THAT IT OUGHT TO INCLUDE A FULL-TIME
18 ASSISTANT FOR THE EXECUTIVE DIRECTOR BECAUSE THE
19 WORK LEVEL IS NOT GOING TO GO DOWN. IT'S NEVER GONE
20 DONE FOR THIS BODY. IT'S ALWAYS GONE UP. AND I
21 KNOW THAT THERE WILL BE MORE CHALLENGES, AND I KNOW
22 THAT WE'LL BE CALLING ON OUR EXECUTIVE DIRECTOR TO
23 GIVE -- TO PROVIDE THE SAME LEVEL OF EXCELLENCE.

24 NOW, OUR EXECUTIVE DIRECTOR IS GOING TO DO
25 THAT ANYWAYS, OKAY, BECAUSE THAT'S JUST THE KIND OF

BARRISTERS' REPORTING SERVICE

1 PERSON AND INDIVIDUAL SHE IS, BUT WE OUGHT TO BE
2 HUMANE ABOUT IT AND THOUGHTFUL ABOUT IT AND BE FAIR
3 ABOUT IT BECAUSE WE DO THAT, I THINK, WITH THE OTHER
4 DIVISIONS IN THIS INSTITUTE. AND WE OUGHT TO DO IT
5 WITH THE EXECUTIVE DIRECTOR AS WELL. SO I'M GOING
6 TO STAND WITH JEFF IN THAT POSITION AS WELL.

7 CHAIRMAN KLEIN: SO, DAVID, FIRST OF ALL,
8 AS A FOUNDATION FOR THIS DISCUSSION, AS YOU KNOW,
9 I'M A HUGE BELIEVER IN MELISSA'S CONTRIBUTION TO
10 THIS AGENCY AND HAVE RECOMMENDED, BUT FOR THE FACT
11 WE HAVE A CEILING ON EVERYONE AT A HUNDRED FIFTY
12 THOUSAND, ADDITIONAL INCREASE FOR MELISSA BECAUSE
13 SHE DOES PUT IN TREMENDOUS AMOUNT OF CONTRIBUTION
14 AND EXPERTISE.

15 NOW, MY UNDERSTANDING HERE IS THAT THERE
16 IS, IN FACT, AN ADDITIONAL POSITION, AN
17 ADMINISTRATIVE POSITION, IN THIS BUDGET. IS THAT A
18 CORRECT STATEMENT?

19 DR. ROBSON: THERE IS A CONTRACT POSITION
20 THAT WE ARE LOOKING FOR FOR SUPPORT FOR THE CHAIR'S
21 OFFICE. IF I COULD ADD TO THIS, I'M CERTAINLY NOT
22 GOING TO DISAGREE WITH ANYTHING ANYBODY SAID.
23 YOU'RE RIGHT ON THE MARK. BUT, OF COURSE, YOU HAVE
24 YOUR INTERACTIONS PRIMARILY WITH THE CHAIR'S OFFICE
25 AND MELISSA. I ALSO HAVE INTERACTIONS WITH MANY

BARRISTERS' REPORTING SERVICE

1 OTHER DIVISIONS AT CIRM, AND I COULD SAY THE SAME
2 STORY ABOUT MANY OTHER PEOPLE. WE ARE STUCK WITH A
3 CAP OF 50 PEOPLE, AND THIS IS PART OF OUR CHALLENGE
4 TO TRY TO MANAGE THIS.

5 CHAIRMAN KLEIN: I'M GOING TO THE RIGHT
6 AND COME BACK TO THE LEFT. WHO WOULD LIKE TO SPEAK
7 TO THE RIGHT?

8 DR. AZZIZ: RIGHT OF THE ISSUE?

9 CHAIRMAN KLEIN: TO MY RIGHT. I WILL BE
10 PRECISE.

11 DR. AZZIZ: I ACTUALLY HAVE -- REGARDING
12 THE CURRENT ISSUE ON THE TABLE, I'M VERY SUPPORTIVE.
13 I'M SUPPORTIVE NOT BECAUSE IT'S MELISSA BECAUSE I DO
14 THINK THAT WE NEED TO MAKE A CLEAR STATEMENT THAT
15 WHILE WE HAVE AN EXTRAORDINARY PERSON IN THAT
16 POSITION, THE POSITION MANDATES THE ASSISTANCE, NOT
17 THE PERSON. SO I DO WANT EVERYBODY TO BE VERY
18 CLEAR. IT'S AN EXECUTIVE DIRECTOR WHO NEEDS A STAFF
19 ASSISTANT, AND THAT TO ME IS A NO-BRAINER.

20 I DO HAVE TWO QUESTIONS THOUGH. I HAVE
21 ONE REGARDING BURN RATE. I MAY HAVE MISSED IT, BUT
22 WE HAVE 180 MILLION ALLOCATED TO COSTS FOR
23 ADMINISTERING IN THE LIFE OF THE CURRENT
24 PROPOSITION. WE HAVE SPENT SOMETHING ON THE ORDER
25 OF 47, AS I RECALL.

BARRISTERS' REPORTING SERVICE

1 DR. ROBSON: WE SPENT ABOUT 27 SO FAR.

2 DR. AZZIZ: RIGHT. AT THE CURRENT BURN
3 RATE, ASSUMING A CERTAIN INCREASE IN COSTS, ASSUMING
4 5-PERCENT INCREASE IN THE YEARLY COST IF THAT WERE
5 TO BE REALISTIC, WOULD THAT BURN RATE EXCEED THE 180
6 MILLION?

7 DR. ROBSON: NO.

8 DR. AZZIZ: THE SECOND QUESTION REALLY
9 WOULD BE FOR ALAN. AND, ALAN, THE BIGGEST CONCERN
10 THAT WE ALL HAVE, NOT JUST HERE, BUT ACROSS THE
11 COUNTRY TODAY, IS THAT WHILE THERE IS A SIGNIFICANT
12 RECESSION THAT IS AFFECTING A LARGE NUMBER OF
13 INDIVIDUALS, WE ARE ALSO SEEING THAT THE INDIVIDUALS
14 WHO ARE MOST TALENTED ARE STILL IN VERY HIGH DEMAND
15 AND, IN FACT, WE'RE TENDING TO LOSE THEM BECAUSE
16 WE'RE APPLYING A RECESSION PLAN ACROSS THE BOARD.
17 AND SO WE OFTEN RETAIN, AT LEAST IN LARGER
18 INSTITUTIONS, THE LESS ABLE INDIVIDUALS, AND THE
19 MORE ABLE SIMPLY MOVE ON.

20 WHAT IS YOUR ASSESSMENT AS TO OUR REAL
21 RISK FOR LOSING THE RIGHT PEOPLE FROM THIS
22 INSTITUTION BECAUSE OF SOME OF THE ABSENCE OF A
23 SALARY ADJUSTMENT BECAUSE CLEARLY WE DON'T WANT TO
24 BE PENNY WISE, POUND FOOLISH?

25 DR. TROUNSON: THAT'S A VERY DIFFICULT

BARRISTERS' REPORTING SERVICE

1 QUESTION TO ANSWER, YOU KNOW, WHETHER IT'S RELATED
2 TO SALARY OR TO JOB SATISFACTION OR TO ALTERNATIVES.
3 WE SEE A TURNOVER, AND IT'S BEEN A VERY LOW TURNOVER
4 IN THE AGENCY, EXTREMELY LOW SINCE I'VE BEEN HERE,
5 AND TENDED TO BE YOUNGER PEOPLE GOING OFF TO
6 EXCITING NEW JOBS. AND I APPLAUD THEM MOVING INTO
7 THEIR OWN AREAS AND STARTING TO ACHIEVE THEIR OWN
8 AMBITION. SO THERE'S A SENSE THAT THE AGENCY, ONE
9 OF THE REAL PROBLEMS FOR THE AGENCY, I SUSPECT, IS
10 THAT IT HAS FOR WHAT MOST PEOPLE BELIEVE IS A
11 CERTAIN LENGTH OF TIME BEFORE, YOU KNOW, THERE IS NO
12 MORE FINANCE AVAILABLE TO RUN THE AGENCY.

13 SO ONCE THE \$3 BILLION PLUS THE LOAN
14 RETURNS HAVE BEEN COMPLETED, THERE MAY NOT BE AN
15 AGENCY. SO YOU'VE GOT TO ACCOMMODATE THAT WITHIN
16 YOUR TIMEFRAME AND WITHIN YOUR ASPIRATIONS. SO I
17 DON'T THINK IT IS PARTICULARLY RELATED TO SALARY.

18 NOW, BUT THAT'S NOT TO SAY THAT, YOU KNOW,
19 PEOPLE ALWAYS WILL APPRECIATE AN INCREMENT IN
20 SALARY. I THINK IT'S REALLY MORE ABOUT JOB
21 SATISFACTION AND WHAT YOU HEARD THIS MORNING. THE
22 DELIVERY OF SOME OF THIS TO THE COMMUNITY IS SUCH A
23 BUZZ FOR US. IT REALLY DOES ENLIVEN YOUR LIFE.
24 YOUR STEP IS PICKED UP BECAUSE WHAT YOU'RE DOING IS
25 HAVING AN INCREDIBLE IMPACT IN THE COMMUNITY, AND

BARRISTERS' REPORTING SERVICE

1 IT'S A WORLDWIDE COMMUNITY.

2 SO THERE'S NOT MANY OTHER WAYS WHICH YOU
3 CAN HAVE THAT KIND OF IMPACT. YOU CAN -- AS A
4 SCIENTIST YOU CAN HAVE IT IN DOING A BEAUTIFUL
5 EXPERIMENT. THOSE KIND OF THINGS ARE FABULOUS. OR
6 TREATING A PATIENT WHO RECOVERS OR GETTING A COMPANY
7 TO GO BEAUTIFULLY THROUGH A FUND-RAISING. BUT HERE
8 WE HAVE TO LOOK AT THE WHOLE. I THINK WE'VE GOT A
9 FANTASTIC GROUP OF PEOPLE. WE MAY LOSE SOME PEOPLE,
10 AND THAT'S JUST A FACT. SOME PEOPLE WILL MOVE ON TO
11 THINGS MORE DESIRABLE TO THEM OR THEY CHANGE THEIR
12 LIVES OR SOMETHING HAPPENS, BUT I'M NOT SURE THAT
13 IT'S JUST SIMPLY DRIVEN BY THE DOLLAR AMOUNT.

14 WHAT I AM CONCERNED ABOUT IS FOR US TO
15 APPEAR TO BE VERY THOUGHTFUL AND CAREFUL ABOUT THE
16 ADMINISTRATION OF FUNDS GIVEN THE COMMUNITY OUT
17 THERE IS IN SUFFERANCE. IT IS REALLY SUFFERING, AND
18 I SEE THAT, AND YOU MUST SEE IT IN YOUR DAY-TO-DAY
19 CONNECTION WITH THE GENERAL COMMUNITY. SO PRESIDENT
20 OBAMA HAS HELD HIS STAFF TO THOSE OVER A HUNDRED
21 THOUSAND, I THINK, HAD THEIR SALARIES FROZEN. THERE
22 IS AN ACT, I THINK, IN THE PROCESS OF TRAVELING
23 THROUGH THE STATE THAT LIMITS SALARIES OVER A
24 HUNDRED FIFTY THOUSAND. IT WAS RAISED EARLIER ON AS
25 A POSSIBILITY, BUT NOW THERE'S A DRAFT ACT ON ITS

BARRISTERS' REPORTING SERVICE

1 WAY THROUGH, AND I SUSPECT IT WILL BE AGREED TO.

2 I THINK WE'RE DOING THE KIND OF THINGS
3 THAT PEOPLE WILL APPRECIATE. I'M NOT SURE THAT WE
4 SHOULD CHANGE FROM OUR CURRENT SITUATION. I THINK I
5 WILL DO ABSOLUTELY EVERYTHING IN SUPPORT OF THE
6 STAFF THAT ARE WORKING SO INCREDIBLY HARD. YOU CAN
7 BE SURE IF YOU WANT LEGAL ADVICE IN THIS AGENCY,
8 THAT YOU WILL GET THE GENERAL COUNSEL TO RESPOND TO
9 YOU AT MIDNIGHT. IT DOES GO ALL THE WAY. DR.
10 ROBSON'S AVAILABLE AT ANY TIME DAY OR NIGHT AND
11 WEEKENDS AND IS ON TARGET FOR REVIEWS OF ACTIVITIES.
12 THE SCIENCE STAFF, THEY TALK TO THEIR COLLEAGUES
13 AFTER HOURS.

14 I THINK YOU HAVE TO APPRECIATE THAT ALL OF
15 THE PEOPLE ARE WORKING INCREDIBLY HARD, INCLUDING
16 THE ONES YOU DON'T SEE MUCH HERE, THE GRANTS
17 MANAGEMENT GROUP. THEY ARE AN INCREDIBLY
18 HARDWORKING GROUP. WE ARE LIMITED. WE RECOGNIZE
19 THAT, BUT I THINK WE HAVE ALEX, WHO AS A PERSONNEL
20 MANAGER, IS VERY SENSITIVE TO THE NEEDS OF STAFF.
21 WE TALK A LOT. WE TALK EVERY DAY OR EVERY SECOND
22 DAY AT THE VERY LEAST. AND WE WORK OUR WAY THROUGH
23 AS A BALANCE BETWEEN ACCOMMODATING NEEDS FOR THE
24 STAFF AND TO BE CERTAIN THAT WE DON'T LOOK LIKE THAT
25 WE'RE IGNORANT OF WHAT'S GOING ON IN THE GENERAL

BARRISTERS' REPORTING SERVICE

1 COMMUNITY.

2 I HOPE THAT GOES SOME WAY TO ANSWER YOUR
3 QUESTION. I'M QUITE COMFORTABLE WITH THE CURRENT
4 SITUATION, BUT I THINK THE STAFF POSITION FOR
5 MELISSA OR OTHER PEOPLE HAVE BEEN BROUGHT UP BEFORE
6 AND ARE ON THE BOOKS, AND I DON'T THINK THERE'S ANY
7 DIFFICULTY IN ACCOMMODATING THAT PROVIDING THAT WE
8 UNDERSTAND THE WHOLE COMPOSITION OF THE STAFF CAN'T
9 GO ABOVE 50.

10 DR. AZZIZ: THAT WAS A CLEAR ANSWER. IN
11 FACT, THE STAFF ALL, OF COURSE, DESERVE AS MUCH
12 MONEY AS WE CAN GIVE THEM, BUT TRULY THE CURRENT
13 DRIVER, OF COURSE, IS JOB SATISFACTION. AND I THINK
14 IT APPLIES TO A LOT OF OUR INDUSTRY. THANK YOU.

15 CHAIRMAN KLEIN: SO WE HAD COMMENTS. ART
16 AND THEN DR. LOVE AND I'M GOING TO MY LEFT.

17 MR. TORRES: I GO INTO THE OFFICE EVERY
18 DAY. AND THOUGH I'M A PART-TIME EMPLOYEE, THANK
19 YOU, GOVERNOR, BOB KLEIN IS WORTH CONSIDERABLY MORE
20 THAN HE'S BEING PAID, BUT HE STILL DOES IT. EVERY
21 DAY I GO INTO THE OFFICE AND SEE THE STAFF, I WANT
22 TO THANK THIS BOARD FOR GIVING ME THE OPPORTUNITY TO
23 BE PART OF YOUR EXPERIENCE BECAUSE I HAVE NEVER IN
24 THE 20 YEARS I SERVED IN THE LEGISLATURE BEEN
25 CONFRONTED WITH SUCH AN INCREDIBLE COLLABORATIVE

BARRISTERS' REPORTING SERVICE

1 GROUP OF PEOPLE THAT WORK VERY CLOSELY TOGETHER AND
2 SUPPORT EACH OTHER. YOU SHOULD BE PROUD OF THAT.

3 BUT I DO THINK THAT I WANT TO ECHO THE
4 REMARKS OF JEFF AND DAVID BECAUSE I'M VERY CLOSE
5 PROXIMITY TO MELISSA AND THE OPERATION AND JENNIFER
6 AS WELL, AND THERE NEEDS TO BE SOME MORE ASSISTANCE
7 THERE BECAUSE SOMETIMES THERE ARE SO MANY
8 HARDWORKING PEOPLE IN THIS INSTITUTE, I SEE MORE OF
9 IT BECAUSE OF THE PROXIMITY THAT I'M THERE, BUT I
10 ALSO UNDERSTAND THE NATURE AND THE RESPONSIBILITIES
11 AND THE PRESSURE THAT COMES ON NOT JUST IN
12 ANTICIPATION OF A BOARD MEETING, BUT THE DAY-TO-DAY
13 OPERATIONS OF DEALING WITH SO MANY FACETS OF THIS
14 INSTITUTE WHICH GOES BEYOND JUST THE REGULAR
15 DAY-TO-DAY OPERATIONS. SO IF THERE'S ANY WAY TO
16 GIVE HER SOME ASSISTANCE, I CERTAINLY WOULD SUPPORT
17 THAT.

18 DR. AZZIZ, I'M LOSING MY ASSISTANT, NOT
19 WELL PAID, BUT HE'S MOVING ON TO GEORGETOWN. AND WE
20 PUT OUT A MESSAGE FOR POTENTIAL EMPLOYEES. OVER 400
21 APPLICATIONS CAME IN. OVER 400 APPLICATIONS CAME
22 IN. MY DAUGHTER IS APPLYING TO THE JAMES IRVINE
23 FOUNDATION BECAUSE SHE'S TIRED OF HOLLYWOOD. THAT
24 POSITION, OVER 500 APPLICATIONS FOR THE EXECUTIVE
25 ASSISTANT TO THE JAMES IRVINE FOUNDATION, OVER 500

BARRISTERS' REPORTING SERVICE

1 APPLICATIONS. SO I THINK WE KNOW WHAT THE RECESSION
2 IS DOING, BUT THERE'S ANOTHER FACTOR HERE AS WELL.
3 AND I DON'T AGREE WITH THE FREEZE ON SALARIES,
4 ESPECIALLY IN AB 224, WHICH IS MOVING THROUGH THE
5 LEGISLATURE, AND THE EFFORTS BY SENATOR LELAND YEE
6 TO HAVE MORE OVERSIGHT OVER THE UNIVERSITY OF
7 CALIFORNIA. THAT'S NOT GOING TO SOLVE THE PROBLEM.
8 THAT'S NOT GOING TO SOLVE THE PROBLEM.

9 AND THANK GOD WE HAVE PEOPLE THAT ARE
10 WILLING TO STAY AND BE FROZEN NOW BECAUSE WE WANT TO
11 BE AN EXAMPLE. BUT I JUST WANT TO APPLAUD THE STAFF
12 OF THIS INSTITUTE AND LET THE BOARD MEMBERS KNOW, AS
13 SOMEONE WHO SEES IT EVERY DAY, I'M JUST ASTONISHED
14 AT THE TREMENDOUS PROTOCOL, CIVILITY, AND
15 COOPERATIVE SPIRIT THAT GOES ON, WHICH I NEVER SAW
16 IN THE LEGISLATURE. AND THANK GOD I'M NOT THERE
17 THESE DAYS.

18 CHAIRMAN KLEIN: THANK YOU. IF I COULD GO
19 THEN WITH DR. LOVE.

20 DR. LOVE: I'M GOING TO TRY TO BE VERY
21 QUICK. BUT, JOHN, I DID WANT TO SAY THAT AS I
22 LOOKED OVER THE BUDGET, THE MOST PRESSING QUESTION I
23 HAD IN MY MIND IS ARE WE ASKING -- ARE WE TRYING TO
24 DELIVER TOO MUCH TOO INEXPENSIVELY. AND, AGAIN, THE
25 ANSWER, WE WANT TO PROVIDE THE GREATEST VALUE

BARRISTERS' REPORTING SERVICE

1 POSSIBLE. BUT I THINK THAT AT THE END OF THE DAY,
2 ALAN AND BOB, I WOULD SAY THAT THIS BOARD REALLY
3 SHOULD BE LOOKING TO THE LEADERSHIP TO MAKE SURE
4 THAT WE ARE RIDING THAT LINE PROPERLY. WE CLEARLY
5 WANT TO DELIVER A GREAT VALUE, BUT WE ALSO DO NOT
6 WANT TO SUBJECT OUR STAFF AND YOU AS INDIVIDUALS TO
7 JUST EXTRAORDINARY AND UNBEARABLE LONG-TERM
8 SITUATIONS.

9 I PERSONALLY, TO BE HONEST WITH YOU, AM
10 UNCOMFORTABLE AS A BOARD MEMBER DISCUSSING SPECIFIC
11 INDIVIDUALS AND SPECIFIC POSITIONS. AS A LEADER OF
12 ORGANIZATIONS, I THINK I'D BE VERY UNCOMFORTABLE IF
13 MY BOARD WERE KIND OF MANAGING ME TO THAT LEVEL. SO
14 I DON'T WANT TO EVEN REMOTELY GO THERE. I'M VERY
15 UNCOMFORTABLE GOING THERE, BUT I DO THINK IT'S VERY
16 IMPORTANT THAT WE STRESS TO YOU THAT THAT'S REALLY
17 WHAT WE'RE COUNTING ON YOU TO DO, TO FIND, TO REALLY
18 RIDE THAT LINE AND RIDE IT VERY CAREFULLY, BUT TO
19 MAKE SURE THAT WE ARE NOT TASKING ANY INDIVIDUAL
20 BEYOND WHAT IS REASONABLE AND APPROPRIATE. I THINK
21 WE ARE GIVING THE STATE A TREMENDOUS VALUE.

22 CHAIRMAN KLEIN: THANK YOU. I WANT TO, IF
23 I CAN, TAKE A SHORT BREAK IN THIS PRESENTATION
24 BECAUSE WE'RE GOING TO LOSE A CRITICAL PRESENTATION
25 BY A STAFF MEMBER THAT HAS A SEPARATE COMMITMENT.

BARRISTERS' REPORTING SERVICE

1 SO I'M GOING TO CONTINUE THIS DISCUSSION. BUT,
2 JOHN, WITH YOUR COOPERATION, I THINK WE NEED TO TALK
3 ABOUT THE LEGISLATION. I'D LIKE TO SEE IF WE CAN
4 GET NANCY KOCH TO DO A SHORT PRESENTATION. I'M
5 GOING TO ASK DUANE ROTH AND ART TORRES TO COMMENT,
6 AND THEN WE'RE GOING TO RETURN TO THIS ITEM. THANK
7 YOU VERY MUCH.

8 I'D LIKE TO SAY, AS TED AND EVERYONE ELSE
9 HAS, THE EFFORTS BY THE SCIENCE STAFF ARE
10 EXTRAORDINARY, THE EFFORTS BY THE PRESIDENT'S STAFF
11 ARE EXTRAORDINARY, THE CHAIR'S OFFICE STAFF ARE
12 EXTRAORDINARY. YOU KNOW, WE NEED TO RECOGNIZE AS
13 SOON AS WE CAN AS IS REASONABLE WITHIN THE STATE
14 THAT COST OF LIVING PASS-THROUGHS AND OTHER KEY
15 BENEFITS HAVE NOT BEEN GIVEN FOR SEVERAL YEARS, AND
16 THIS IS GOING TO PUT A REAL STRAIN ON FAMILIES WHERE
17 THEY'RE LIVING ON TIGHT BUDGETS. AND WE NEED AT THE
18 EARLIEST TIME POSSIBLE TO MAKE SOME INCREASES IN
19 THOSE SALARIES AND REALIZE WHAT INCREASES AND
20 PASS-THROUGH COSTS HAVE BEEN DEFERRED.

21 NANCY, COULD YOU MAKE A PRESENTATION?
22 THIS IS ON THE BIOSIMILARS UPDATE.

23 MS. KOCH: YES. THANK YOU, MR. CHAIRMAN.
24 THANK YOU FOR ACCOMMODATING MY SCHEDULE. I
25 APPRECIATE IT. GOOD MORNING.

BARRISTERS' REPORTING SERVICE

1 I'VE BEEN CHARGED WITH TRYING TO GIVE THE
2 BOARD AN UPDATE ON WHAT'S HAPPENED WITH REGARD TO
3 THE BIOSIMILARS ISSUE. THIS IS AN ISSUE THAT YOU'VE
4 DISCUSSED OVER YOUR LAST TWO MEETINGS AND ALSO
5 DURING A TELEPHONIC MEETING. IT RELATES TO
6 ESTABLISHING A REGULATORY PATHWAY FOR APPROVAL OF
7 BIOSIMILARS. AND YOU MAY RECALL THAT, FOLLOWING
8 YOUR DISCUSSIONS AND UPON A RECOMMENDATION OF YOUR
9 LEGISLATIVE SUBCOMMITTEE, YOU VOTED TO ENDORSE HR
10 1548, WHICH IS A BILL SPONSORED BY REPRESENTATIVE
11 ESCHOO.

12 AMONG OTHER PROVISIONS OF THAT BILL, THERE
13 IS A PROPOSAL FOR A 12- TO 14-YEAR MARKET
14 EXCLUSIVITY PERIOD, WHICH WOULD MEAN A PERIOD OF
15 TIME DURING WHICH A FOLLOW-ON BIOLOGIC COULD NOT
16 CITE CLINICAL TRIAL DATA AND RESULTS WHICH HAD BEEN
17 PAID FOR BY AN INNOVATOR AND THEN APPROVED FOR
18 SAFETY AND EFFICACY BY THE FDA. YOU ASKED TO HAVE
19 THIS ISSUE CONTINUOUSLY MONITORED, WHICH WE HAVE
20 DONE.

21 IN YOUR MATERIALS THIS WEEK, YOU RECEIVED
22 A SHORT UPDATE INDICATING THE NUMBER OF SPONSORS
23 WHICH REPRESENTATIVES ESCHOO AND WAXMAN HAVE
24 ASSEMBLED ON THEIR SIDES. REPRESENTATIVE WAXMAN HAS
25 AN ALTERNATE BILL, AS YOU KNOW, WHICH CONTAINS A

BARRISTERS' REPORTING SERVICE

1 SIGNIFICANTLY SHORTER EXCLUSIVITY PERIOD. HE WOULD
2 ALLOW REFERENCING OR REFERRAL OF CLINICAL TRIAL
3 RESULTS PAID FOR BY INNOVATORS IN A THREE- TO
4 FIVE-YEAR TIME PERIOD. AND IT'S WIDELY EXPECTED
5 THIS LEGISLATION WILL MOVE FORWARD AS PART OF THE
6 OVERALL HEALTHCARE REFORM EFFORT. IN FACT,
7 PRESIDENT OBAMA HAS INCLUDED SAVINGS FROM THIS IN
8 HIS 2010 BUDGET.

9 ALL OF THAT WAS NOT VERY SURPRISING. WHAT
10 WAS THE BIG EVENT ACTUALLY ON THIS TOPIC OCCURRED
11 JUST LAST WEEK ON THURSDAY WHEN THE FEDERAL TRADE
12 COMMISSION ISSUED A REPORT AND GAVE SOME LIVE
13 TESTIMONY AT CONGRESSIONAL HEARING ADDRESSING THE
14 TOPIC OF BIOSIMILARS, THE REGULATORY PATHWAY FOR
15 BIOSIMILARS, AND IN PARTICULAR FOCUSING ON
16 EXCLUSIVITY PERIODS AND WHETHER EXCLUSIVITY PERIODS
17 WOULD BE NECESSARY IN THE BIOSIMILARS WORLD.

18 WE GOT TO YOU AS SOON AS WE COULD A LINK
19 TO THE REPORT ITSELF. THE WEBSITE IS UP THERE FOR
20 THE PUBLIC. IT'S A 120-PAGE REPORT. WE DOVE INTO
21 IT AS QUICKLY AS WE COULD. YOU HAVE SOME MATERIALS
22 ON IT. THOSE MATERIALS HAVE BEEN MADE PUBLIC, BUT
23 IT IS STILL RELATIVELY EARLY DAYS IN TERMS OF
24 ABSORBING SOME OF THE DETAILS.

25 I DID WANT TO TELL YOU THAT THE COMMISSION

BARRISTERS' REPORTING SERVICE

1 ENGAGED IN ABOUT A SIX- TO EIGHT-MONTH PROCESS AND
2 TRIED TO HEAR FROM MANY STAKEHOLDERS, ALL OF WHOM
3 ARE LISTED AT THE BACK OF THE REPORT. NOTABLY
4 ABSENT FROM THE STAKEHOLDERS THAT WERE HEARD FROM IN
5 ANY GREAT NUMBER WERE SMALL BIOTECH AND EMERGING
6 BIOTECH COMPANIES, WHICH I THINK IS GOING TO PLAY A
7 BIG PART IN AT LEAST MY ANALYSIS OF HOW THIS WAS
8 DONE.

9 THE FTC'S CONCLUSION WAS BASICALLY THAT
10 EXISTING INCENTIVES, THAT IS, THE PATENT SYSTEM AS
11 IT EXISTS TODAY AND MARKET-BASED PRICING, WERE
12 ENOUGH, SHOULD BE SUFFICIENT TO SUPPORT FOLLOW-ON
13 BIOLOGIC COMPETITION AND BIOLOGIC INNOVATION. THAT
14 IS, THE FTC HAS BASICALLY SAID ON THE ISSUE OF
15 EXCLUSIVITY THEY DO NOT THINK THAT THERE NEEDS TO BE
16 ANY EXCLUSIVITY PROVISION TO SPUR INNOVATION AND
17 STRIKE THE RIGHT PUBLIC POLICY BALANCE.

18 NOW, YOUR LEGISLATIVE SUBCOMMITTEE HAS NOT
19 HAD AN OPPORTUNITY TO MEET AND ANALYZE THIS REPORT,
20 AND THAT'S SIMPLY BECAUSE OF THE TIMING. THIS BOARD
21 IS NOT SCHEDULED TO MEET AGAIN UNTIL AUGUST. SO WE
22 WERE UNABLE TO FOLLOW THE PROCESS WHICH MIGHT HAVE
23 ALLOWED IT TO GO TO THE LEGISLATIVE SUBCOMMITTEE
24 WITH SOME KIND OF ANALYSIS OR POTENTIAL
25 RECOMMENDATION, IF THERE WERE GOING TO BE ONE, TO

BARRISTERS' REPORTING SERVICE

1 YOU, BUT WE DID WANT TO BRING THIS TO YOUR ATTENTION
2 SO THAT YOU KNEW IT WAS OUT THERE AND GIVE THE BOARD
3 AN OPPORTUNITY FOR DISCUSSION IF IT CHOSE TO DO SO
4 AND GIVE YOU AN OPPORTUNITY TO HEAR FROM THE PUBLIC
5 IF THAT WAS YOUR WILL AS WELL.

6 I'M PREPARED TO DISCUSS WITH YOU TODAY THE
7 METHODOLOGY AND A LITTLE BIT OF THE REASONING AND TO
8 POINT OUT A FEW THINGS THAT I THINK ARE
9 CIRM-CENTRIC; THAT IS, HOW IT IS THAT THIS
10 PARTICULAR REPORT IMPACTS ON CIRM AND ITS MISSION.
11 AND THAT'S WHERE I WOULD GO NEXT IF IT'S ACCEPTABLE
12 TO YOU, MR. CHAIR.

13 CHAIRMAN KLEIN: YES, PLEASE PROCEED.

14 MS. KOCH: I'LL BE AS QUICK AS I CAN HERE.
15 I UNDERSTAND.

16 IN TERMS OF THE METHODOLOGY, WHAT THE FTC
17 ESSENTIALLY DID WAS SAY, LOOK, WE HAVE A LOT OF
18 LEARNING UNDER OUR BELTS FROM THE GENERIC
19 EXPERIENCE. AND WE UNDERSTAND THAT IN THE GENERIC
20 DRUG CONTEXT THERE WAS A SAVINGS IN TERMS OF PRICE,
21 A DECREASE IN PRICE, AND AN INCREASE IN ACCESS, AND
22 WE STILL GOT INNOVATION IN, SO WE SAW HOW THAT ALL
23 PLAYED OUT IN THE REAL WORLD IN THE GENERIC DRUG
24 CONTEXT. WE UNDERSTAND THAT THERE ARE SOME
25 DIFFERENCES BETWEEN GENERIC DRUGS ON THE ONE HAND

BARRISTERS' REPORTING SERVICE

1 AND BIOLOGICAL DRUGS ON THE OTHER. AND WHAT WE'RE
2 TRYING TO DO IS SEE WHETHER THOSE DIFFERENCES MEAN
3 THAT THE HATCH-WAXMAN POLICY OF EXCLUSIVITY, ETC.,
4 WOULD WORK OR IS NEEDED AGAIN IN THE BIOLOGIC
5 CONTEXT OR WHETHER IT'S NOT NECESSARY TO BUILD IN
6 THAT KIND OF ADDITIONAL INCENTIVE TO GET THE RIGHT
7 BALANCE BETWEEN INNOVATION AND ACCESS FOR BIOLOGICS.
8 AND SO THAT'S WHAT THE FTC TRIED TO DO.

9 THE FTC, LIKE THIS BOARD, DID RECOGNIZE
10 THE DIFFERENCES INHERENT BETWEEN BIOLOGICS ON THE
11 ONE HAND AND TRADITIONAL OR CHEMICAL DRUGS ON THE
12 OTHER, THE SIZE, COMPLEXITY, THE INCREASED
13 MANUFACTURING COST, AND, MOST SIGNIFICANTLY, THE
14 VERY LIMITED TECHNOLOGY AVAILABLE TO COMPARE APPLES
15 TO APPLES IN TERMS OF BIOLOGICS, WHICH TURNS OUT TO
16 BE A SIGNIFICANT FACTOR IN THE FTC'S THINKING. AND
17 LIKE THIS BOARD, THE FTC ACKNOWLEDGED THAT THESE
18 DIFFERENCES BETWEEN THE BASIC MOLECULES WOULD MEAN
19 HIGHER DEVELOPMENT COST FOR BIOLOGICAL INNOVATORS
20 AND LONGER TIMELINES FOR BIOLOGICAL INNOVATORS.

21 THEREFORE, AS THIS BOARD RECOGNIZED, A
22 FOLLOW-ON BIOLOGIC OR A FREERIDER WOULD EXPERIENCE A
23 SIGNIFICANT DECREASE IN COSTS AND TIMELINE IF
24 ALLOWED TO REFER TO THE INNOVATOR'S DATA. SO SO FAR
25 THE ANALYSIS OF THIS BOARD AND SOME OF THE

BARRISTERS' REPORTING SERVICE

1 DISCUSSIONS THAT WE HAD ARE COMPLETELY CONSISTENT
2 WITH THE FINDINGS OF THE FTC.

3 BUT THE FTC WENT ON TO TRY AND PREDICT
4 EXACTLY WHAT THE MARKET WOULD LOOK LIKE AFTER A
5 FOLLOW-ON BIOLOGIC ENTERED. AND THEIR CONCLUSIONS
6 WERE ACTUALLY PRETTY SPECIFIC. FIRST, THEY FELT
7 THAT THERE WOULD ONLY BE LIKELY FOLLOW-ON BIOLOGIC
8 COMPETITION IN VERY LARGE MARKETS AND THAT THE
9 ENTRANCE WOULD ONLY BE VERY, VERY LARGE COMPANIES,
10 LARGE PHARMACEUTICAL COMPANIES, AND THAT YOU'D ONLY
11 FIND TWO OR THREE COMPETITORS IN EACH MARKET.

12 ALL OF THAT, OF COURSE, CONTRASTS WITH
13 WHAT THE EXPERIENCE HAS BEEN IN THE GENERIC DRUG
14 MARKET WHERE YOU OFTEN SEE SEVEN, EIGHT, NINE
15 GENERIC COMPETITORS ENTERING. MOST IMPORTANTLY,
16 BECAUSE OF THESE ASSUMPTIONS, THE FTC CONCLUDES THAT
17 THE PRICE REDUCTIONS THAT WOULD COME ABOUT IN THE
18 CASE OF A FOLLOW-ON BIOLOGIC WOULD ONLY BE BETWEEN
19 10 AND 30 PERCENT. SAID DIFFERENTLY, THE INNOVATOR
20 WOULD BE ABLE TO RETAIN SIGNIFICANT MARKET SHARE
21 AND, THEREFORE, SIGNIFICANT PROFITABILITY. IN FACT,
22 THE BOTTOM LINE, AS THE FTC PUT IT, IS THAT
23 INNOVATORS WOULD REAP SUBSTANTIAL PROFITS FOR YEARS
24 AFTER FOLLOW-ON BIOLOGICS. AND THAT, OF COURSE, IS
25 DRASTICALLY DIFFERENT THAN WHAT THE EXPERIENCE IS

BARRISTERS' REPORTING SERVICE

1 FOR AN INNOVATOR IN THE SMALL MOLECULE DRUG WORLD.

2 THE PUBLIC RESPONSE TO THE FTC REPORT HAS
3 NOT BEEN ALL THAT SURPRISING. REPRESENTATIVE WAXMAN
4 HELD IT AS A WORK OF ART, WELL DONE, UNBIASED
5 ASSESSMENT, AND ONE THAT ESSENTIALLY RESOLVES ANY
6 QUESTIONS ABOUT WHETHER OR NOT EXCLUSIVITY IS
7 NEEDED. I DON'T BELIEVE THERE'S BEEN ANY QUESTION,
8 AT LEAST AS OF EARLIER THIS WEEK, BY REPRESENTATIVE
9 ESCHOO. BIO DID ISSUE A REPORT, AND WE GAVE YOU THE
10 CITES TO THAT AS WELL AS TO REPRESENTATIVE WAXMAN'S
11 STATEMENT.

12 I WON'T REPEAT HERE WHAT BIO HAD TO SAY
13 ABOUT THIS EXCEPT TO POINT OUT THAT BIO ARGUES THAT
14 THE FTC GOT THE QUESTION WRONG, NEVER MIND THE
15 ANSWER. AND THE QUESTION FROM BIO'S PERSPECTIVE IS
16 WHY ARE WE TALKING ABOUT ANYBODY BEING ALLOWED TO
17 USE SOMEONE ELSE'S INFORMATION AND DATA, WHICH TOOK
18 A LONG TIME AND A LOT OF MONEY TO COMPILE? AND, IN
19 FACT, THE FTC DOES ACKNOWLEDGE THAT THERE'S A SIX
20 TIMES, A SIX X DIFFERENTIAL BETWEEN WHAT THE
21 FOLLOW-ON BIOLOGIC INNOVATOR WOULD PAY VERSUS WHAT
22 THE PIONEER WOULD HAVE TO PAY TO BRING THESE DRUGS
23 FORWARD. AND BIO DOES NOT FEEL THAT THAT WAS
24 ACCOUNTED FOR AT ALL WELL BY THE FTC.

25 NOW, TO TAKE A LOOK AT THIS A LITTLE BIT

BARRISTERS' REPORTING SERVICE

1 MORE FROM CIRM'S PERSPECTIVE, FIRST, I THINK THE
2 EXCLUSIVE FOCUS ON BIG PHARMA AND BIG BIOTECH IS
3 VERY SIGNIFICANT FROM CIRM'S PERSPECTIVE. FOR THE
4 STEM CELL SECTOR, AS YOU ALL KNOW, SMALL AND
5 EMERGING COMPANIES PLAY A CRITICAL ROLE IN STEM CELL
6 RESEARCH AND DEVELOPMENT. THOSE SMALL AND EMERGING
7 COMPANIES FACE RADICALLY DIFFERENT FINANCIAL
8 CIRCUMSTANCES THAN LARGE PHARMACEUTICAL COMPANIES
9 THAT THE FTC WAS TALKING ABOUT. THEIR FINANCING IS
10 DIFFERENT, THEIR COST OF CAPITAL IS DIFFERENT, THEIR
11 ABILITY TO LEVERAGE IS DIFFERENT, VERY DIFFERENT
12 FINANCIAL CIRCUMSTANCES, AND THEY HAVE VERY LITTLE
13 CUSHION, UNLIKE THE COMPANIES THAT WERE BEING
14 CONTEMPLATED BY THE FTC.

15 THE FTC ALSO CONTEMPLATED A WORLD WHERE
16 THE FEDERAL GOVERNMENT PAYS FOR THE BASIC RESEARCH
17 IN THE FIELD. BUT, OF COURSE, IN THIS STEM CELL
18 SECTOR, THERE WAS UNTIL VERY RECENTLY A FEDERAL
19 EXECUTIVE ORDER BANNING CERTAIN KINDS OF -- BANNING
20 LARGELY FEDERAL FUNDING FOR EMBRYONIC STEM CELL
21 RESEARCH FOR SURE. AND THE DICKEY-WICKER AMENDMENT,
22 WHICH YOU'RE ALL FAMILIAR WITH, STILL EXISTS. SO WE
23 ARE NOT A SECTOR WHERE THERE IS ADEQUATE FEDERAL
24 FUNDING AVAILABLE TO DO WHAT WE'RE TRYING TO DO.

25 AND FINALLY, THE FTC FOCUSED ON

BARRISTERS' REPORTING SERVICE

1 WELL-DEVELOPED MARKETS AND TECHNOLOGIES. AND WE ARE
2 NOT A WELL-DEVELOPED MARKET OR TECHNOLOGY. WE ARE A
3 PROGRESSING, BUT STILL VERY NASCENT FIELD.
4 THEREFORE, THIS IS NOT A CASE, TO USE THE FTC'S
5 WORDS, OF INCREMENTAL INNOVATION TO SUPPORT
6 PREEXISTING CORE BUSINESSES.

7 AND I WANTED TO BRING THOSE UNDERLYING
8 PIECES TO YOUR ATTENTION TO SORT OF PULL THEM OUT OF
9 THIS 120-PAGE REPORT SO THAT YOU COULD UNDERSTAND
10 THE FTC'S CONCLUSIONS IN THE CONTEXT OF THE SECTOR
11 THAT WE ARE REALLY ADDRESSING HERE. I'M PREPARED TO
12 ANSWER ANY QUESTIONS THAT YOU HAVE AS BEST AS I CAN
13 ABOUT THE REPORT, BUT THAT'S THE END OF SORT OF MY
14 OVERVIEW, MR. CHAIR.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR
16 YOUR EXCELLENT INSIGHTS OF THAT REPORT. DUANE,
17 WOULD YOU LIKE TO COMMENT?

18 MR. ROTH: THREE THINGS REAL QUICKLY. NO.
19 1, KEVIN SHARER, WHO IS THE CEO OF AMGEN, USES A
20 SLIDE IN HIS PRESENTATIONS WHENEVER HE TALKS ABOUT
21 THE COMPANY. AND IT SAYS, "INNOVATION AND BIG ARE
22 RARELY USED IN THE SAME SENTENCE." AND THE POINT OF
23 THAT IS THAT INNOVATION REALLY COMES FROM THESE
24 EMERGING START-UPS JUST AS IT DID IN RECOMBINANT DNA
25 AND IT DID IN MONOCLONAL ANTIBODIES AND ALL THE

BARRISTERS' REPORTING SERVICE

1 OTHER TECHNOLOGIES THAT EVENTUALLY PROVED TO BE VERY
2 EFFECTIVE.

3 SO I THINK THAT HAS TO BE CONSIDERED IN
4 LIGHT OF THIS REPORT. THIS REPORT WAS DEALING WITH
5 WHAT IS. SO IF YOU WANT TO TALK ABOUT RECOMBINANT
6 DNA PRODUCTS OR MONOCLONAL ANTIBODIES THAT HAVE BEEN
7 THERE 15, 20 YEARS, THAT'S ONE THING. BUT FOR US
8 STEM CELLS ARE BRAND NEW. AND IF YOU THINK ABOUT
9 WHO'S INNOVATING, THESE ARE COMPANIES THAT WE'VE ALL
10 SEEN AND HEARD FROM, NONE OF WHICH ARE VERY WELL
11 FINANCED, MOST OF WHICH ARE STRUGGLING FOR SURVIVAL.
12 SO THIS BECOMES ONE MORE REASON FOR INVESTORS NOT TO
13 INVEST.

14 SECOND POINT, IT'S VERY IMPORTANT THAT
15 THAT WORD "MARKET EXCLUSIVITY" BE REMOVED FROM THE
16 VOCABULARY BECAUSE IT ISN'T MARKET EXCLUSIVITY.
17 IT'S DATA, YOUR DATA, WHICH CAN'T BE USED BY A
18 COMPETITOR AS THE BASIS FOR THEIR APPROVAL. IF YOU
19 WANT TO GO DEVELOP THE DATA, YOU CAN CERTAINLY APPLY
20 FOR APPROVAL ONCE THE PATENT'S EXPIRED. EITHER WAY
21 YOU HAVE TO DO THAT. SO DON'T GET CONFUSED ABOUT
22 THE ABILITY OF GENERIC COMPETITION TO COME ALONG.
23 IN FACT, I WILL TELL YOU THAT COMPANIES LIKE MERCK
24 ARE GOING TO COMPETE IN BIOLOGICS. THEY'RE JUST NOT
25 GOING TO USE THE INNOVATOR'S DATA. THEY'RE GOING TO

BARRISTERS' REPORTING SERVICE

1 DEVELOP THEIR OWN. SO YOU CAN, IN FACT, BRING A
2 PRODUCT TO MARKET BEFORE 12 YEARS, AND SOME PEOPLE
3 HAVE THE IMPRESSION ABOUT THAT.

4 THE FINAL POINT IS THAT I THINK FROM WHERE
5 WE ARE IN THIS PARTICULAR TECHNOLOGY, IT'S PROBABLY
6 ONE OF THE MOST IMPORTANT STANDS THAT WE WOULD TAKE
7 AS AN ORGANIZATION BECAUSE THE ARGUMENTS ARE GOING
8 TO BE BETWEEN BIG PHARMA, BIG BIO, AND AARP AND
9 OTHERS WHO WANT COMPETITION THERE IN A DIFFERENT WAY
10 THAN CERTAINLY THE OTHER SIDE DOES.

11 AT THE END OF THE DAY, AND WE SAID THIS
12 LAST TIME, IF YOU DON'T HAVE AN INNOVATOR, YOU CAN'T
13 HAVE GENERICS. SO HOW MUCH DO YOU WANT TO ALLOW THE
14 INNOVATOR COMPANIES TO BE ABLE TO RECOVER BEFORE
15 SOMEBODY CAN JUST TAKE A MANUFACTURING PROCESS AND
16 PUT IT ON A DOSSIER THAT SOMEBODY DEVELOPED?

17 ONE JUST CLARIFICATION ON THE MARKET
18 FOLLOW-ON. ANY TIME YOU'RE FOLLOWING SOMEBODY, AND
19 I THINK MY COLLEAGUES ON THE BOARD HERE CAN EXPLAIN
20 THIS FROM FIRSTHAND EXPERIENCE, YOU KNOW HOW TO DO
21 THE CLINICAL TRIAL, YOU KNOW HOW MANY PATIENTS TO
22 ENROLL, WHAT TYPE OF PATIENTS BECAUSE SOMEBODY HAS
23 ALREADY SHOWN YOU THE WAY, YOU KNOW WHAT KIND OF
24 QUESTIONS THE FDA IS CONCERNED ABOUT BECAUSE YOU CAN
25 READ THE PUBLIC RECORDS OF THEIR APPROVAL. SO YOU

BARRISTERS' REPORTING SERVICE

1 HAVE A TREMENDOUS ABILITY TO MOVE FORWARD EVEN IF
2 YOU DO ALL YOUR OWN WORK BECAUSE YOU DO ONLY THOSE
3 THINGS THAT WERE NECESSARY.

4 HOW MANY TIMES HAVE I OPENED A PAPER HERE
5 IN SAN DIEGO AND SEE A FAILED PHASE III, AND IT'S AN
6 INNOVATOR COMPANY AND THEY PUT IT ALL ON THE MARK TO
7 GET THERE AND IT FAILS. WHEN THEY GET A CHANCE TO
8 DO IT OVER, IF THEY GET A CHANCE TO DO IT OVER, THEY
9 FIGURE OUT HOW TO DO IT RIGHT. IF SOMEBODY COMES
10 BEHIND THAT, THEY SIMPLY SAID, WELL, THIS IS HOW YOU
11 DO IT. SO THOSE ARE THE POINTS I'D MAKE SURE WE
12 KEEP IN MIND.

13 CHAIRMAN KLEIN: SO DR. AZZIZ AND ART, IF
14 BEFORE WE HAVE MORE GENERAL COMMENTS, NANCY KOCH
15 NEEDS TO LEAVE FOR A PLANE SHORTLY, AND I'D LIKE TO
16 FIRST ASK IF THERE'S ANY SPECIFIC QUESTIONS OF
17 NANCY, AND THEN I'M GOING DIRECTLY TO ART AND THEN
18 DR. AZZIZ.

19 DR. AZZIZ: NANCY, WHILE CERTAINLY I WAS
20 LESS IN FAVOR OF A FORMAL RESPONSE TO THE PREVIOUS
21 WAXMAN ISSUE, PROPOSITIONS, THIS ACTUALLY IS A
22 REPORT THAT I BELIEVE IS REQUESTING COMMENT. HAS
23 THE FTC ACTUALLY REQUESTED COMMENT TO THIS? ARE WE
24 ACTUALLY GOING TO COMMENT? BECAUSE THIS IS DATA.
25 THIS IS ACTUALLY A DIFFERENT ISSUE ALTOGETHER. ARE

BARRISTERS' REPORTING SERVICE

1 WE GOING TO DO ANYTHING FROM OUR POINT OF VIEW,
2 RESPOND TO, SPEAK UP, OR COMMENT ABOUT THIS OR NOT?

3 MS. KOCH: DR. AZZIZ, I'M NOT CERTAIN THAT
4 THIS IS A REPORT REQUESTING COMMENT. THIS IS A
5 REPORT --

6 DR. AZZIZ: I'M SORRY. LET ME BE VERY
7 CLEAR. ARE WE GOING TO MAKE A PUBLIC STATEMENT
8 ABOUT THE FTC REPORT?

9 MS. KOCH: I DON'T THINK THAT WE HAVE
10 CROSSED THAT BRIDGE YET.

11 CHAIRMAN KLEIN: SO WHAT IS YOUR
12 RECOMMENDATION, DR. AZZIZ?

13 DR. AZZIZ: MY RECOMMENDATION IS, AS I
14 SAID BEFORE, THERE'S A DIFFERENCE BETWEEN CHOOSING A
15 SPECIFIC NUMBER IN A POLITICAL FORAY UNTIL YOU GET
16 DATA. NOW, THIS IS DATA. THIS IS REALLY THE FIELD
17 WHERE WE AS A BOARD AND AS AN EXPERT BOARD HAVE A
18 POSITION TO STATE. SO I DO THINK THAT I WOULD LIKE
19 TO, IF AT SOME POINT SOMEBODY ALLOWS ME TO MAKE A
20 MOTION, THAT I COULD MAKE A MOTION THAT THE CIRM
21 PRODUCE A LEARNED RESPONSE TO THE FTC, NOTING THE
22 DEFICIENCIES, IF YOU WOULD, AS IT'S APPLICABLE TO
23 THE STEM CELL INDUSTRY AND THE BIOTECH.

24 CHAIRMAN KLEIN: SO I'M WILLING TO ACCEPT
25 THAT AS A MOTION IF THERE'S A SECOND.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: I'LL SECOND THAT.

2 CHAIRMAN KLEIN: MOTION AND A SECOND. SO
3 IT'S NOW IN ORDER FOR DISCUSSION.

4 MR. TORRES: YES. FIRST OF ALL, I WANT TO
5 THANK DUANE AND I WANT TO THANK ED AND I WANT TO
6 THANK TED LOVE FOR THIS INCREDIBLE DELOITTE REPORT.
7 IF YOU DIDN'T KNOW ANYTHING ABOUT THE ISSUE, THIS IS
8 AN INCREDIBLE GOOD HISTORY THAT FRAMES THE ISSUE
9 VERY, VERY WELL. AND I WILL TAKE SECOND TO NONE IN
10 BEING A CONSUMER ADVOCATE ON ISSUES. BOY, DID I
11 LEARN WHAT WE'RE DEALING WITH HERE. WE ARE SO
12 UNIQUE. WE ARE NOT BIG PHARMA; WE ARE NOT
13 GOVERNMENT SUBSIDIZED. WE ARE THE CUTTING EDGE OF
14 WHAT WE ARE DOING, AND WE NEED THE HELP TO PROTECT
15 THAT THAT CONTINUES.

16 AND I THINK A RESPONSE TO THE FTC REPORT
17 IS MORE THAN APPROPRIATE. I THINK THAT THE ISSUES
18 RAISED BY THE ESCHOO BILL AND THE POSITION WE TOOK
19 INITIALLY IS MORE THAN APPROPRIATE. AND WE WILL
20 CONTINUE TO WORK WITH HENRY, AS CHAIR OF THAT
21 COMMITTEE, ON WHATEVER COMES OUT, WHICH WE ALL KNOW
22 IS GOING TO BE A HEALTHCARE REFORM THAT'S GOING TO
23 COME OUT OF THAT COMMITTEE. AND THIS IS GOING TO BE
24 PART OF IT BECAUSE THE ADMINISTRATION COUNTS ON THE,
25 QUOTE, SAVINGS THAT THESE REFORMS CAN PROVIDE.

BARRISTERS' REPORTING SERVICE

1 SO I DON'T NEED TO PROLONG THE ISSUE.
2 YOU'VE HEARD IT WELL ENOUGH FROM DUANE, BUT I JUST
3 WANTED TO SECOND THAT MOTION BY DR. AZZIZ, THAT WE
4 OUGHT TO PROVIDE A DETAILED RESPONSE TO THE FTC
5 REPORT IF ONLY TO EDUCATE MEMBERS OF OUR CALIFORNIA
6 DELEGATION, CONGRESSIONAL DELEGATION, AND MEMBERS OF
7 OUR CALIFORNIA LEGISLATURE. THE MORE WE EDUCATE
8 THEM ABOUT WHO WE ARE AND WHAT WE'RE TALKING ABOUT,
9 THE BETTER THEY'RE ABLE TO HELP US AT THE END OF THE
10 DAY.

11 CHAIRMAN KLEIN: OKAY. THANK YOU. AND
12 DR. FRIEDMAN. NANCY, I'M GOING TO PUT YOU IN
13 CONTROL OF YOUR OWN AGENDA. WHEN YOU NEED TO WALK
14 OUT THE DOOR, YOU NEED TO.

15 MS. KOCH: THANK YOU.

16 DR. FRIEDMAN: JUST VERY BRIEFLY. I THINK
17 THIS IS AN INTERESTING DISCUSSION AND AN IMPORTANT
18 SUBJECT. THAT SAID, I DON'T KNOW HOW MUCH TIME WE
19 SHOULD SPEND ON IT. BRIEFLY, THE REASON IS NOT THAT
20 IT ISN'T IMPORTANT. IT IS. NOT THAT IT DOESN'T
21 AFFECT A LOT OF OUR CITIZENS SENTENCE. IT DOES.
22 NOT THAT IT WON'T AFFECT THE FIELD, WHICH IT
23 CERTAINLY WILL. BUT BECAUSE WHATEVER WE DECIDE,
24 HOWEVER GOOD THE PUBLIC POLICY AND HOWEVER COHERENT
25 THE LAW IS ON THIS, THERE'RE VERY SOPHISTICATED

BARRISTERS' REPORTING SERVICE

1 AGENTS IN THE WORLD THAT WILL SIMPLY IGNORE THIS.

2 AND SO WE CAN COME UP WITH THE VERY BEST
3 PLAN OF HOW WE WANT TO MANAGE IT, BUT WE KNOW THAT
4 BOTH CHINA, INDIA, OTHER SOPHISTICATED PLACES WILL
5 SIMPLY MAKE THE MOLECULE. THEY'LL DO IT AND
6 PROBABLY DO A VERY COMPETENT JOB OF IT. LACKING
7 THAT INTELLECTUAL PROPERTY INFRASTRUCTURE, YES, WE
8 CAN AFFECT WHAT DRUGS ARE IMPORTED TO THE UNITED
9 STATES AND SO FORTH, BUT IT REALLY DOES -- IT
10 REDUCES DRAMATICALLY MY INTEREST IN SPENDING A HUGE
11 AMOUNT OF TIME ON THIS BECAUSE I WORRY THAT SO MUCH
12 OF IT IS LARGELY OUT OF OUR CONTROL.

13 CHAIRMAN KLEIN: DR. FRIEDMAN, WITHIN THE
14 NORTH AMERICAN TRADE AGREEMENT STRUCTURES AND THE
15 EUROPEAN TRADE AGREEMENT STRUCTURES AND OTHER PARTS
16 OF THE WORLD, HOPEFULLY COUNTING AUSTRALIA AND SOME
17 OTHER PLACES IN THAT AREA, RECIPROCAL INTELLECTUAL
18 PROPERTY RECOGNITION, THOSE MARKETS, TO THE EXTENT
19 THAT THEY RECOGNIZE INTELLECTUAL PROPERTY RULES THAT
20 ARE FUNCTIONALLY EFFECTIVE IN ALLOWING CAPITAL TO BE
21 BROUGHT IN FROM THE PRIVATE SECTOR ARE GOING TO BE
22 ESSENTIAL TO US TO SUSTAIN THE ABILITY TO MOVE FROM
23 THERAPY DEVELOPMENT INTO THERAPY DELIVERY.

24 SO I AGREE THAT THERE CERTAINLY ARE THOSE
25 ELEMENTS THAT ARE GOING TO BE VERY DIFFICULT TO

BARRISTERS' REPORTING SERVICE

1 BRING INTO AN ORGANIZED CAPITAL STRUCTURE THAT
2 ALLOWS THE FUNDING OF MEDICAL RESEARCH DELIVERY IN A
3 SYSTEMATIC AND FAIR WAY. BUT WITHOUT SOME SUPPORT
4 FOR THAT CAPITAL, WITHOUT APPROPRIATE CAPITAL
5 INDUCEMENTS WITHIN AT LEAST A RECOGNIZED MARKET,
6 WE'RE NOT GOING TO HAVE THE DEPTH OF CAPITAL
7 FORMATION WE NEED FOR THIS NEW FIELD.

8 AND I BELIEVE THAT OUR EMINENT GENERAL
9 COUNSEL, WHO HAS COME TO US FROM GENENTECH, HAS
10 FACED THIS ISSUE INTERNATIONALLY AND NATIONALLY
11 BEFORE. MAYBE WE CAN GET HER COMMENTS.

12 MS. BAUM: I JUST WANT TO BRIEFLY TAKE
13 NOTE OF THE FACT THAT WHAT IS IMPORTANT IS NOT TO
14 FOCUS SO MUCH IN THIS DISCUSSION, OR WITH RESPECT TO
15 ANSWERING DR. FRIEDMAN'S RESPONSE, THE PATENTS; BUT
16 IN ADDITION TO THE PATENTS, YOU NEED TO HAVE A
17 REGULATORY PATHWAY. SO WHETHER OR NOT YOU HAVE
18 PATENT PROTECTION IN CHINA, THE FACT IS THAT IN
19 CHINA IN THE EMEA, THERE ARE FOLLOW-ON BIOLOGICS,
20 BUT THEY'RE NOT HERE IN THE UNITED STATES BECAUSE AS
21 OF YET THERE'S NO PATHWAY.

22 SO THIS WHOLE EFFORT IS DISCUSSING THE
23 PATHWAY. UNTIL THERE'S A PATHWAY HERE, THERE WILL
24 AND SHOULD NOT BE ANY FOLLOW-ON BIOLOGICS. SO I
25 JUST WANTED TO MAKE SURE THAT WE HAD THAT

BARRISTERS' REPORTING SERVICE

1 CLARIFICATION. IT'S A REGULATORY PATHWAY ISSUE.

2 CHAIRMAN KLEIN: DR. FRIEDMAN, BEING A
3 FORMER FDA COMMISSIONER, CAN CERTAINLY BE A VITAL
4 ADVISOR TO US IN DEVELOPING THAT PATHWAY, FOR WHICH
5 WE ARE DEEPLY INDEBTED.

6 ANY ADDITIONAL COMMENTS ON THIS ITEM?
7 PUBLIC COMMENTS?

8 DR. LOVE: BOB, I WAS JUST GOING TO MAKE
9 THE POINT THAT THE REPORT THAT ART MENTIONED IS A
10 REPORT FROM DELOITTE AND TOUCHE, AND I'LL BE HAPPY
11 TO PROVIDE THAT TO ALL THE BOARD MEMBERS, IF THAT'S
12 OKAY.

13 CHAIRMAN KLEIN: WE'RE GOING TO PROVIDE
14 THAT TO THE PUBLIC AS WELL.

15 DR. LOVE: I ALSO HAVE HARD COPIES OF IT
16 AVAILABLE. ONE OF MY FRIENDS, WHO PROVIDED ME THE
17 REPORT, ALSO TOLD ME THAT I COULD GET HARD COPIES.
18 SO IF ANYONE WANTS HARD COPIES, LET ME KNOW AND I'LL
19 BE HAPPY TO ARRANGE TO SEND YOU THAT AS WELL.

20 JUST ONE FINAL POINT ON THIS ISSUE. WE'VE
21 HAD A PREVIOUS DISCUSSION ABOUT THIS. AND ONE OF
22 THE COMMENTS THAT I THINK I HEARD IS THAT THIS IS
23 NOT NECESSARILY OUR ISSUE OR OUR DOMAIN. AND I JUST
24 WANT TO MAKE A CASE THAT THIS IS VERY MUCH OUR ISSUE
25 AND OUR DOMAIN.

BARRISTERS' REPORTING SERVICE

1 THIS MORNING AT THE SPOTLIGHT SESSION, WE
2 HEARD ABOUT PATIENTS WHOSE SPLEENS WERE MASSIVE FROM
3 THEIR LEUKEMIAS THAT WERE SHRINKING, PATIENTS THAT
4 LITERALLY WERE GETTING TOWARD END OF THEIR LIVES WHO
5 HAVE BEEN TOTALLY REINVIGORATED BY NEW THERAPIES.
6 THAT'S COMING OUT OF A SMALL COMPANY. I CAN TELL
7 YOU THAT ONE DAY IT IS VERY LIKELY, IF THAT DRUG IS
8 SUCCESSFUL, IT WILL BE MARKETED BY MERCK OR PFIZER,
9 AND YOU WILL THINK IT CAME FROM MERCK OR PFIZER, BUT
10 IT CAME FROM THIS LITTLE COMPANY THAT WAS GETTING
11 MONEY FROM CIRM, THAT WAS GETTING MONEY FROM VENTURE
12 CAPITALISTS.

13 AND I CAN TELL YOU THAT THE FTC REPORT
14 SOUNDS LIKE IT'S A BIG ORGANIZATION WITH A LOT OF
15 CREDIBILITY, BUT, IN FACT, IT'S PROBABLY A BUNCH OF
16 PEOPLE THAT DON'T UNDERSTAND ANYTHING ABOUT HOW THIS
17 BUSINESS REALLY OPERATES, HOW IT RUNS.

18 AND I CAN JUST GIVE YOU FIRSTHAND
19 IMPRESSION THAT THIS BUSINESS REALLY DOES RUN ON
20 VENTURE CAPITALISTS. RIGHT NOW VENTURE CAPITALISTS
21 ARE VERY CONCERNED THAT IT'S HARD TO MAKE ANY MONEY
22 IN THIS BUSINESS UNDER THE CURRENT CIRCUMSTANCES.
23 AND AS WE ADD MORE BURDENS IT TO, I THINK IT'S GOING
24 TO BECOME ALMOST IMPOSSIBLE. AND IT'S NOT JUST THE
25 VENTURE CAPITALISTS. VENTURE CAPITALISTS DON'T

BARRISTERS' REPORTING SERVICE

1 PRINT MONEY. VENTURE CAPITALISTS GET MONEY FROM
2 INVESTORS, AND THOSE INVESTORS HAVE BECOME VERY
3 RELUCTANT BECAUSE THEY'RE ALSO AFRAID THAT THE
4 VENTURE CAPITALISTS CAN'T MAKE THEM ANY MONEY.

5 SO I'LL JUST END BY SAYING THAT THIS
6 REALLY IS OUR ISSUE IF WE THINK OUR MISSION IS TO
7 BRING THERAPIES TO PATIENTS.

8 MR. ROTH: I'D JUST FOLLOW UP. TARGEEN,
9 THE COMPANY MENTIONED THIS MORNING, HAS GONE THROUGH
10 A MAJOR REDUCTION OF FORCE, AND IT'S DOWN TO THIS
11 PRODUCT AND A HANDFUL OF PEOPLE THAT ARE TRYING TO
12 GET THIS TO THE POINT WHERE THEY CAN REFINANCE. BUT
13 IF YOU HEARD THE GREAT SCIENCE, IF YOU LISTENED TO
14 THE FINANCIAL REPORT OF WHERE THE COMPANY IS, YOU
15 WOULD HAVE A TOTALLY DIFFERENT CONCERN.

16 CHAIRMAN KLEIN: OKAY. SO I THINK --

17 MS. SAMUELSON: JUST A FOLLOW-UP QUESTION
18 PURSUANT TO WHAT TED AND DUANE HAVE BEEN SAYING.
19 THANK YOU SO MUCH FOR YOUR INPUT.

20 IS THERE SOMETHING ELSE WE ARE GOING TO
21 NEED TO BE DOING BETWEEN NOW AND THE NEXT BOARD
22 MEETING TO PURSUE THIS AS AGGRESSIVELY AS WE NEED TO
23 WITHIN OUR MISSION? AND WHAT IS IT?

24 MR. ROTH: SO, JOAN, I THINK, BASED ON THE
25 DISCUSSION WE'VE HAD HERE, WE HAVE BEEN ASKED TO

BARRISTERS' REPORTING SERVICE

1 COME TO WASHINGTON, ART AND MYSELF, AND TALK WITH
2 OUR DELEGATION AND EXPLAIN THIS BOARD'S VIEW ON THIS
3 PARTICULAR ISSUE. SO HOPEFULLY WE CAN FIND A TIME
4 WHEN WE CAN DO THAT.

5 MS. SAMUELSON: THEN, MR. CHAIRMAN, IS
6 THERE ANYTHING MORE WE NEED TO DO TO EMPOWER THEM,
7 OR DO WE HAVE THE APPROPRIATE INFRASTRUCTURE?

8 CHAIRMAN KLEIN: WE DO HAVE A LEGISLATIVE
9 POSITION, AND WE WILL HAVE -- IF THIS MOTION PASSES,
10 WE WILL HAVE A SPECIFIC RESPONSE TO THIS FTC REPORT.
11 SO I THINK THOSE ARE DISCRETE, MEASURED, AND HIGHLY
12 THOUGHTFUL INPUTS TO THE PROCESS, AND WE HAVE
13 APPROPRIATE AUTHORITY.

14 I'D LIKE TO CALL THE QUESTION. AND I
15 THINK WE CAN DO THIS BY VOICE VOTE, BUT I'D LIKE
16 COUNSEL TO GIVE ME SPECIFIC DIRECTION. I'D ASKED
17 EARLIER IF THERE WAS PUBLIC COMMENT. THERE WAS NO
18 PUBLIC COMMENT.

19 ALL IN FAVOR? OPPOSED? IT WILL BE SHOWN
20 IT WAS A UNANIMOUS POSITION. THANK YOU. AND THANK
21 YOU, NANCY.

22 WE'RE GOING TO GO BACK AND REVISIT THE
23 BUDGET, BUT THERE'S BEEN AN SOS REQUEST FOR A BREAK.
24 TEN MINUTES.

25 (A RECESS WAS TAKEN.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: RECONVENING THE MEETING.
2 SO THE QUESTION BEFORE US IS THE APPROVAL OF THE
3 BUDGET. DO WE HAVE A MOTION PENDING? I DON'T
4 BELIEVE WE HAVE A FORMAL MOTION. WHO WOULD LIKE TO
5 MAKE A MOTION?

6 MR. ROTH: MOTION TO APPROVE THE BUDGET
7 FOR FISCAL 9-10 AS SUBMITTED.

8 CHAIRMAN KLEIN: DOES THAT INCLUDE WITH A
9 5-PERCENT CONTINGENCY?

10 MR. ROTH: WITH A 5-PERCENT CONTINGENCY.

11 CHAIRMAN KLEIN: OKAY. IS THERE A SECOND?

12 DR. CHANDLER: SECOND.

13 CHAIRMAN KLEIN: THANK YOU, DR. CHANDLER.
14 DISCUSSION?

15 MR. SHEEHY: WILL THE MAKER TAKE A
16 FRIENDLY AMENDMENT?

17 CHAIRMAN KLEIN: SO THE QUESTION FROM JEFF
18 SHEEHY.

19 MR. SHEEHY: AND, AGAIN, THIS IS
20 DETERMINATIVE ON WHETHER OR NOT I WILL SUPPORT THIS
21 MOTION, THAT IT INCLUDE AN AMENDMENT THAT WITHIN THE
22 NEXT 90 DAYS A POSITION IS POSTED AND FILLED FOR AN
23 ADMINISTRATIVE ASSISTANT TO THE EXECUTIVE DIRECTOR.

24 AND TO DR. LOVE'S POINTS ABOUT
25 MICROMANAGING. IT WOULD BE MICROMANAGING IF WE WERE

BARRISTERS' REPORTING SERVICE

1 TALKING ABOUT STAFFING FOR OTHER FUNCTIONS, BUT THIS
2 IS VERY RELEVANT TO THE BOARD AND HOW THE BOARD
3 FUNCTIONS. AND I DON'T WANT TO GET INTO A LONG
4 DISCUSSION ABOUT DIFFERENT RESOURCES THAT ARE
5 AVAILABLE TO DIFFERENT BOARD MEMBERS AND HOW THAT
6 IMPACTS DIFFERENT BOARD MEMBERS, BUT I'M HAPPY TO GO
7 THERE. I DO THINK WE SHOULD NOT HAVE TWO TIERS OF
8 BOARD MEMBERS BECAUSE WE'RE UNWILLING TO PROVIDE THE
9 APPROPRIATE RESOURCES THAT ANY BOARD SHOULD HAVE FOR
10 PROPER FUNCTIONING.

11 MR. ROTH: JEFF, I'M RESPECTFULLY NOT
12 GOING TO ACCEPT THAT AMENDMENT, AND I'LL TELL YOU
13 WHY. I THINK THE POINT HAS BEEN MADE, AND I BELIEVE
14 THAT IS A MANAGEMENT AND CHAIR DECISION. AND I
15 BELIEVE THAT THEY WILL TAKE YOUR COMMENTS TO HEART,
16 BUT I'M NOT GOING TO ACCEPT THE AMENDMENT.

17 MR. SHEEHY: I THINK WE SHOULD DISCUSS THE
18 FUNCTIONING -- WHY CERTAIN BOARD MEMBERS -- THIS IS
19 DIFFERENT RESOURCES AVAILABLE TO DIFFERENT BOARD
20 MEMBERS. IT'S JUST NOT FAIR TO ME AS A BOARD MEMBER
21 TO TRY TO FUNCTION TO HAVE THIS PERSISTENT, ONGOING
22 UNDERSTAFFING OF THIS ROLE. AS A BOARD, WE HAVE AN
23 OBLIGATION TO HAVE AN EXECUTIVE DIRECTOR AND AN
24 ADMINISTRATIVE ASSISTANT SO THAT WE -- YOU GUYS ALL
25 HAVE SECRETARIES. THIS IS NOT FAIR. AND THIS

BARRISTERS' REPORTING SERVICE

1 SHOULD BE PART OF THIS MOTION, AND THIS IS
2 OUTRAGEOUS THAT YOU WON'T -- WE'VE BEEN TALKING
3 ABOUT THIS FOR TWO YEARS. THIS IS NOT RIGHT.

4 CHAIRMAN KLEIN: SO, JEFF, A, IT'S
5 COMPLETELY LEGITIMATE THAT THERE IS A VERY HIGH
6 LEVEL OF DEMANDS ON PATIENT ADVOCATE MEMBERS OF THE
7 BOARD WHO ARE NOT IN POSITIONS WHERE THEY HAVE
8 STANDING STAFFS. AND IT IS ABSOLUTELY ALSO TRUE
9 THAT MELISSA WORKS OFTEN SEVEN DAYS A WEEK, 12 OR SO
10 HOURS A DAY, THAT JENNA DOES LOGISTIC SUPPORT FOR
11 EVERY MEETING FOR THIS BOARD IN ADDITION TO
12 SUPPORTING THE OFFICE.

13 THERE IS A CONTRACT POSITION IN THIS
14 BUDGET AS ATTEMPTING TO RESPOND TO THAT. I REALIZE
15 THAT BECAUSE OF THE DEMANDS IN DEALING WITH THE
16 LITTLE HOOVER COMMISSION, IN DEALING WITH THE
17 LEGISLATURE, IN DEALING WITH CONGRESS AND THINGS,
18 THAT ART AND DUANE HAVE A LOT OF SUPPORT NEEDS FOR
19 THAT AS WELL AS ALL OF THE PATIENT ADVOCATE SUPPORT.
20 I WOULD LIKE TO TRY AND WORK WITH THE PRESIDENT AND
21 THE STAFF. I'D LIKE TO SEE THE SCIENCE OFFICE GET
22 RAISES. I'D LIKE TO SEE A LOT OF OTHER THINGS
23 HAPPEN.

24 I THINK THAT THE APPROPRIATE WAY TO TRY
25 AND DEAL WITH THIS IS, AS DUANE SAYS, YOUR MESSAGE

BARRISTERS' REPORTING SERVICE

1 IS HEARD. I AGREE WITH THE MESSAGE. WE'RE
2 TRYING -- I MADE THE MISTAKE PERHAPS OF SETTING A
3 50-PERSON CAP ON THIS. I THOUGHT IT WAS A BALANCE
4 TO TRY AND GET THIS LEGISLATION PASSED THROUGH THE
5 VOTERS TO MAKE IT CLEAR THIS WAS NOT GOING TO BE A
6 LARGE ORGANIZATION. THAT WAS TOO FINE-TUNED. BUT
7 WITHIN THE CONSTRAINTS THAT WE HAVE, LET ME TRY AND
8 WORK WITH THE PRESIDENT TO BRING BACK A MORE
9 IN-DEPTH STAFFING. YOU'RE RIGHT. IT'S BEEN GOING
10 ON FOR A SIGNIFICANT PERIOD OF TIME.

11 WITH JOAN SPECIFICALLY, WE HAVE SET UP
12 OUTSIDE CONTRACT ASSISTANCE BECAUSE SHE HAS HEROIC
13 EFFORTS IN MEETING AND KEEPING UP WITH OUR AGENDAS
14 AND NEEDS SPECIFIC SUPPORT, BUT OTHER PATIENT
15 ADVOCATES NEED SUPPORT AS WELL.

16 LET ME TRY AND WORK WITH THE PRESIDENT TO
17 TRY AND GET SOMETHING THAT'S RESPONSIVE.

18 MR. SHEEHY: LET'S START TALKING ABOUT IT.
19 WHAT HAS BEEN THE RESPONSIVENESS OF STAFF TO
20 REQUESTS FROM BOARD MEMBERS? I WANT TO SPECIFICALLY
21 HEAR ABOUT THE DIALOGUE BETWEEN THE CHAIRS OF THE
22 FINANCE COMMITTEE. I UNDERSTAND THERE'S SIGNIFICANT
23 DIFFICULTY IN GETTING INFORMATION. YOU KNOW, LET'S
24 START TALKING ABOUT DIFFICULTY IN GETTING
25 INFORMATION FROM STAFF WHEN BOARD MEMBERS REQUEST

BARRISTERS' REPORTING SERVICE

1 IT. I MEAN I'M GOING ALL THE WAY DOWN. THIS IS
2 IMPORTANT TO ME. I WANT TO BE CERTAIN THAT THIS IS
3 GOING TO HAPPEN IN 90 DAYS, AND I WANT THIS PART OF
4 THIS RESOLUTION, OR I'LL START OPENING UP EVERY CAN
5 OF WORMS I HAVE ON MY DESK.

6 CHAIRMAN KLEIN: IS THAT THE BEST SERVICE
7 OF THE MISSION?

8 MR. SHEEHY: THIS IS IMPORTANT. THIS IS
9 FOUR YEARS WE'VE BEEN DOING THIS. WE NEED TO FIX
10 THIS TODAY.

11 DR. FRIEDMAN: I WANT TO ASK JUST A
12 PROCEDURAL QUESTION, WHICH IS IS THIS THE BEST WAY
13 TO HAVE THIS DISCUSSION? I'M NOT ARGUING THAT WE
14 SHOULDN'T HAVE THE DISCUSSION.

15 MR. SHESTACK: THERE IS NO OTHER METHOD
16 FOR ANY DISCUSSION HERE.

17 DR. FRIEDMAN: EXCUSE ME.

18 CHAIRMAN KLEIN: POINT OF ORDER.

19 DR. FRIEDMAN: MAY I PLEASE ASK MY
20 QUESTION --

21 CHAIRMAN KLEIN: DR. FRIEDMAN HAS THE
22 FLOOR.

23 DR. FRIEDMAN: -- WHICH IS IS THIS A
24 DISCUSSION THAT WOULD BETTER BE HELD IN PRIVATE IN
25 EXECUTIVE SESSION? WE'RE TALKING ABOUT PEOPLE. I

BARRISTERS' REPORTING SERVICE

1 FEAR THAT WE WILL THEN BE TALKING ABOUT PERFORMANCE.
2 I'M JUST ASKING THE QUESTION. OBVIOUSLY YOU FEEL
3 PASSIONATELY ABOUT THIS. RESPECT THAT. WE WANT TO
4 HAVE THAT DISCUSSION. I'M ASKING WHAT THE RIGHT
5 VENUE IS FOR THAT DISCUSSION.

6 MR. SERRANO-SEWELL: MICHAEL, THAT'S A
7 VERY GOOD QUESTION TO ASK, AND IT MAY VERY WELL BE
8 YES, THAT THE BEST VENUE TO HAVE THIS DISCUSSION IS
9 IN CLOSED SESSION, WHICH WE'RE ENTITLED TO DO AS A
10 PERSONNEL ITEM WITH EXECUTIVE STAFF, WITHOUT THE
11 PRESIDENT PRESENT, SO WE CAN HAVE AN INTERNAL
12 DISCUSSION ABOUT WHAT SOME OF OUR ISSUES MIGHT BE.

13 HOWEVER, LET ME -- I CAN ONLY SPEAK FOR
14 MYSELF. I CAN'T SPEAK FOR ANYBODY ELSE. ON THIS
15 VERY SPECIFIC ISSUE, THAT BEING AS TO JEFF'S
16 PROPOSED AMENDMENT, SOME ASSISTANCE FOR THE
17 EXECUTIVE DIRECTOR, THERE HAS BEEN AN ONGOING
18 ATTEMPT, WHICH THE CHAIR ACKNOWLEDGED, FOR THE PAST
19 TWO YEARS -- I THINK IT'S BEEN LONGER MYSELF -- TO
20 BRING ABOUT SOME MEANINGFUL ASSISTANCE FOR THE
21 EXECUTIVE DIRECTOR.

22 NOW, FOR A VARIETY OF REASONS, BECAUSE
23 OTHER ISSUES HAVE TAKEN PRECEDENCE, THE LAWSUIT, THE
24 LEGISLATURE, THERE'S ALWAYS BEEN SOMETHING ELSE THAT
25 HAS TAKEN PRECEDENCE. AND I AND I THINK OTHERS HAVE

BARRISTERS' REPORTING SERVICE

1 SAID, OKAY, I'M GOING TO DEFER TO THOSE PRESSING
2 ISSUES BECAUSE I CARE MORE ABOUT THE MISSION AND
3 IT'S NOT ABOUT ONE PERSON AND, OKAY, FINE, I TRUST
4 BOB. FINE. BUT I FEEL PERSONALLY IT'S REACHED A
5 POINT AND I'M -- THAT WE DO NEED TO TAKE IMMEDIATE
6 ACTION AND WE NEED TO GO ON RECORD. AND SO THAT'S
7 WHY I THINK -- THAT'S MY RESPONSE TO YOU PERSONALLY,
8 THAT THIS IS THE PROPER VENUE RIGHT NOW TO HAVE THIS
9 VERY DISCRETE DISCUSSION ABOUT THIS JUST PROPOSED
10 AMENDMENT TO THE MOTION WITH DUANE REJECTED.

11 CHAIRMAN KLEIN: SO, DAVID, ARE YOU SAYING
12 THE PROPER VENUE IS EXECUTIVE SESSION?

13 MR. SERRANO-SEWELL: I'M SAYING IT'S
14 POSSIBLE. WE COULD HAVE THAT DISCUSSION IN
15 EXECUTIVE SESSION. IT'S NOT CALENDARED TODAY, SO
16 I'M NOT SURE WE COULD HAVE IT TODAY.

17 CHAIRMAN KLEIN: THAT'S RIGHT.

18 MR. SERRANO-SEWELL: AS TO MICHAEL'S
19 SPECIFIC ISSUE, I GUESS MINE, WHAT I'M TRYING TO
20 COMMUNICATE AND SHARE WITH EVERYONE IS WE'VE TRIED
21 TO HAVE THIS DISCUSSION PRIVATELY. WE'VE TRIED TO
22 HAVE THE DISCUSSION IN A GENTLEMANLY, CORDIAL,
23 MEMBER-TO-MEMBER WAY, AND IT'S GOTTEN NO, WHAT I
24 VIEW, THE RESULT THAT I'M LOOKING FOR AND THAT I
25 THINK IS NEEDED FOR THIS INSTITUTE TO FUNCTION.

BARRISTERS' REPORTING SERVICE

1 THAT IS MY PREROGATIVE AS A BOARD MEMBER TO RAISE
2 THAT ISSUE. I DON'T VIEW IT AS MICROMANAGING AT
3 ALL.

4 CHAIRMAN KLEIN: JUST SO THAT WE HAVE A
5 CONTEXT FOR EVERYONE, WITH THE FINANCE COMMITTEE,
6 BECAUSE WE HAVE HAD AN AUDIT WITH THE CONTROLLER, AN
7 AUDIT OF THE LEGISLATIVE COMMITTEE, THE OVERSIGHT
8 COMMITTEE HEARINGS, WE HAVE BOTH OUR OPERATING
9 FUNCTIONS AS WELL AS ALL OF THESE ADDITIONAL AUDITS,
10 WE HAD TO ADDRESS PROVIDING ADDITIONAL STAFF FOR THE
11 INTERNAL CONTROLLER FUNCTION BECAUSE WE CAN'T
12 RESPOND FAST ENOUGH TO THOSE REQUESTS, APPROPRIATE
13 REQUESTS, AND MOVE THE AGENDA FAST ENOUGH FOR THE
14 FINANCE COMMITTEE WITHOUT THAT ADDITIONAL STAFF
15 PERSON.

16 THE INTENT OF THE CONTRACT EMPLOYEE THAT
17 IS IN THE BUDGET WAS TO TRY AND HELP ADDRESS THIS
18 ISSUE. AND EVERY WEEK, AS BOTH, DAVID, YOU AND JEFF
19 KNOW, AND AS ART KNOWS SITTING IN THE CHAIR'S
20 OFFICE, AS ED KNOWS HAVING DONE THAT AND DUANE,
21 EVERY SINGLE WEEK THERE'S SOME OUT-OF-THE-BLUE
22 FEDERAL, STATE, SCIENTIFIC NIH ISSUE THAT COMES DOWN
23 ON US WITHOUT ANY NOTICE, AND WE HAVE TO MARSHAL A
24 HIGHLY PROFESSIONAL RESPONSE TO IT IN A
25 COLLABORATIVE TEAM EFFORT WITH THE SCIENTIFIC STAFF,

BARRISTERS' REPORTING SERVICE

1 WHICH WE'RE DEEPLY APPRECIATIVE OF.

2 THERE ARE A NUMBER OF PEOPLE THAT PUT OUT
3 AN EXTRAORDINARY EFFORT. SO AS I SAID, I THINK THAT
4 THERE IS SIGNIFICANT PROGRESS. AND HOPEFULLY, JOAN,
5 YOU'RE GETTING THE RIGHT SUPPORT AT THIS POINT, AND
6 WE'RE APPRECIATIVE --

7 MS. SAMUELSON: IT'S ANALOGOUS.

8 CHAIRMAN KLEIN: WE'RE APPRECIATIVE OF
9 ADDRESSING THAT ISSUE. I DO ABSOLUTELY BELIEVE THAT
10 WE HAVE TO LOOK FOR SOLUTIONS. ONE OF THE SOLUTIONS
11 MIGHT BE TO PROVIDE ADMINISTRATIVE STAFF SUPPORT
12 BUDGET FOR THE PATIENT ADVOCATES SO THEY CAN GET
13 SUPPORT. I UNDERSTAND YOU HAVE A SPECIFIC SOLUTION.

14 MR. SHESTACK: JEFF, WHAT WERE YOU
15 MUTTERING ABOUT THAT SUGGESTION?

16 MR. SHEEHY: I DON'T NEED TO MANAGE
17 SOMEBODY. I DON'T NEED TO HIRE SOMEBODY AND MANAGE
18 SOMEONE. THAT'S NOT WHAT I NEED. I NEED THIS BOARD
19 TO BE PROPERLY SUPPORTED. AND I DON'T SEE WHY IT'S
20 SO DIFFICULT TO HAVE THAT ACKNOWLEDGEMENT. DR.
21 AZZIZ, THIS IS NOT ABOUT ANY PARTICULAR INDIVIDUAL.
22 THIS IS WHAT IS PROPER SUPPORT FOR PROPER
23 FUNCTIONING.

24 MR. SHESTACK: BY THE WAY, I JUST WOULD
25 LIKE, JEFF'S FRUSTRATION, IT MAY BE ABOUT THE

BARRISTERS' REPORTING SERVICE

1 EXECUTIVE DIRECTOR SPECIFICALLY IS HOW IT HAS COME
2 OUT, BUT THE TRUTH IS THAT FOR MANY OF THE PATIENT
3 ADVOCATES, I CAN'T SPEAK FOR ALL OF THEM, THEY HAVE
4 OTHER JOBS THAT DO NOT SUPPORT THE WORK THEY DO
5 HERE. IN FACT, ARE IN DIRECT NOT SUPPORT OF THE
6 WORK THEY DO HERE. THEY TAKE TIME AWAY FROM IT.
7 THEY CAN'T USE SUPPORT STAFF AT THEIR JOBS TO HELP
8 THEM IN ANY WAY, IF THEY EVEN ARE LUCKY TO HAVE IT.
9 AND THEY HAVE TO GO TO OR BE INFORMED ABOUT AN
10 UNGODLY AMOUNT OF MEETINGS, DOUBLE THE MEETINGS THAT
11 ANYONE ELSE WHO'S A DEAN HAS TO GO TO. AND THEY
12 DON'T HAVE ANYONE IN THEIR OFFICE TO EXPLAIN THE
13 BOND ISSUE TO THEM IF THEY DON'T UNDERSTAND IT.
14 THEY DON'T HAVE ANYONE IN THEIR OFFICE TO EXPLAIN A
15 SCIENTIFIC ISSUE TO THEM IF THEY DON'T UNDERSTAND
16 IT. AND TO THINK THAT THEY CAN ACTUALLY GET HELP
17 FROM THE SCIENTIFIC STAFF HERE IS NOT TRUE.

18 AND THIS HAS BEEN BROUGHT UP SORT OF
19 INFORMALLY PRETTY MUCH FROM LIKE THE FIVE-MONTH MARK
20 OF CIRM. AND IT JUST HAS BECOME A FESTERING KIND OF
21 ISSUE. IF, I THINK, JEFF OR DAVID IS IRRITATED
22 ABOUT IT, THAT'S WHY. AND FOR SOMEONE WHO'S NEW TO
23 THE ORGANIZATION LIKE ART, YOU SHOULD JUST
24 UNDERSTAND IT AND KNOW ABOUT IT. IT'S VERY
25 DIFFICULT TO TRY AND BE ON TOP OF IT. MOST -- I,

BARRISTERS' REPORTING SERVICE

1 FOR ONE, JUST GAVE UP AT A CERTAIN POINT AND TRY AND
2 COME IN ON THE STUFF THAT I WANT TO DO, AND YOU
3 DEFINITELY CAN'T DO IT WITHOUT APPROPRIATE SUPPORT.
4 THE ADVOCATES ARE AN IMPORTANT PART OF THE THING.

5 BY THE WAY, AND WE'RE NOT EVEN ALLOWED TO
6 HAVE SUBSTITUTES WHO CAN HELP US. WE CANNOT HAVE
7 SOMEONE WHO COMES AND TAKES OUR PLACE. IT'S KIND OF
8 CRAPPY. AND IT'S BEEN FOUR YEARS OF TRYING TO GET
9 SOME EXTRA SUPPORT FOR THE JOB WE DO. AND THERE'S
10 NEVER BEEN ANY MOVEMENT ON IT AT ALL.

11 MS. FEIT: WELL, I HAVE TO SPEAK OUT ALSO
12 BECAUSE THE PATIENT ADVOCATES, REALLY WE HAVE TO GO
13 TO ALL THE MEETINGS, ALL OF THEM, BECAUSE WE'RE THE
14 LEAST CONFLICTED INDIVIDUALS ON THIS BOARD. AND I
15 KNOW, JUST SPEAKING FOR JEFF, JEFF CHAIRS THE GRANTS
16 REVIEW. THOSE ARE SEVERAL DAYS. AND THEY GO LONG
17 HOURS, AND IT TAKES A LOT OF READING AND PREPARATION
18 TO GET READY FOR THAT. WE GET AS MUCH HELP AS WE
19 CAN.

20 BUT, YOU KNOW, WE ADVOCATES ARE ON THE
21 FIRING LINE. AND RECENTLY I GOT SLAMMED BY PUBLIC
22 OPINION BECAUSE I MISSED A BOARD MEETING, BUT NO ONE
23 REPORTED TO THEM, EXCEPT FOR MELISSA, HOW MANY
24 MEETINGS I HAD ATTENDED. WELL, WHEN YOU GOOGLE ME,
25 AND MY BOARD OF DIRECTORS DID FOR MY EVALUATION,

BARRISTERS' REPORTING SERVICE

1 THAT'S HOW THEY TRACK HOW I'M DOING AS AN EXECUTIVE,
2 HERE'S THIS BIG HEADLINE THAT MARCY FEIT HAS
3 ABANDONED HER RESPONSIBILITY TO THE CIRM BOARD, BUT
4 I HADN'T.

5 AND SO I THINK THERE NEEDS TO BE SOME
6 SENSITIVITY TO WHAT'S BEING SAID HERE FOR SEVERAL
7 YEARS. WE'VE BEEN GENTLY ASKING FOR SOME CHANGE,
8 AND IT HAS NOT OCCURRED. SO I AM SUPPORTING THE
9 PATIENT ADVOCATE'S ROLE HERE BECAUSE I MEAN THE
10 MEETINGS ARE INCREDIBLE. THE WORKLOAD FOR THE
11 PATIENT ADVOCATES IS INCREDIBLE.

12 CHAIRMAN KLEIN: SO THAT EVERYONE CAN
13 UNDERSTAND THE CONTEXT OF THAT STATEMENT, SO ON THE
14 STANDARDS WORKING GROUP AND THE MAJOR FACILITIES
15 WORKING GROUP AND THE GRANTS WORKING GROUP, THE
16 PATIENT ADVOCATES, BECAUSE OF THE LACK OF CONFLICTS,
17 STAFF THOSE. AND MANY OF THE PATIENT ADVOCATES ARE
18 ON TWO OR THREE OF THOSE WORKSHOPS. SO THEY HAVE,
19 IN TERMS OF THIS BOARD, A VERY DISPROPORTIONATE SET
20 OF TIME DEMANDS WITHOUT STAFF SUPPORT. AND I CAN
21 TELL YOU THAT SEPARATE FROM THE STAFF IN THE
22 CHAIRMAN'S OFFICE, I PROBABLY HAVE 60 OR 70 PERCENT
23 OF MY SECRETARY AT MY BUSINESS WHO IS HER TIME IS
24 COMMITTED TO MAKING THE SUPPORT FOR ME IN MY ROLE AS
25 CHAIR.

BARRISTERS' REPORTING SERVICE

1 I'VE TRIED TO MINIMIZE MY PERSONAL LOAD IN
2 THE CHAIRMAN'S OFFICE BECAUSE I KNOW THE TIME
3 DEMANDS, BUT IT IS -- SO IT'S A LEGITIMATE ISSUE.
4 THE QUESTION IS NOT THE ISSUE. THE QUESTION IS HOW
5 DO WE SOLVE THE ISSUE.

6 MR. SERRANO-SEWELL: LET'S PUT JEFF'S
7 MOTION, WHICH, AGAIN, WASN'T ACCEPTED, AND I DON'T
8 UNDERSTAND WHY IT WAS NOT ACCEPTED, I REALLY DON'T.
9 JEFF'S MOTION ISN'T SO MUCH ABOUT ME, ME, ME,
10 PATIENT ADVOCATE ME. NO. HIS MOTION IS NOT I WANT
11 AN AIDE THAT SERVICES ONLY THE 12 PATIENT ADVOCATES
12 THAT SERVE ON THIS BOARD THAT HAVE TO BE ON ALL
13 THESE WORKING GROUPS BY STATUTE. THAT WAS NOT HIS
14 MOTION OR HIS PROPOSED AMENDMENT. HIS PROPOSED
15 AMENDMENT IS TO PROVIDE ADDITIONAL STAFFING TO HELP
16 THE ENTIRE BOARD BECAUSE EVERYBODY I KNOW SPENDS A
17 LOT OF TIME WORKING HERE, WHETHER YOU'RE A PATIENT
18 ADVOCATE AND HAVE TO SERVE ON WORKINGS GROUPS OR
19 NOT.

20 SO IF I MAY SAY, IT WAS A SELFLESS MOTION.
21 IT WASN'T GIVE ME SPECIFIC HELP. IT WAS LIKE GIVE
22 EVERYBODY, ALL OF US, HELP SO WE CAN BE MORE
23 PRODUCTIVE, SO WE CAN HAVE A HIGHER OUTPUT OF
24 QUALITY WORK.

25 CHAIRMAN KLEIN: I THINK THAT'S QUITE

BARRISTERS' REPORTING SERVICE

1 APPROPRIATE.

2 MR. SERRANO-SEWELL: I DON'T UNDERSTAND
3 WHY THE MAKER OF THE ORIGINAL MOTION DIDN'T ACCEPT
4 IT.

5 MR. ROTH: I'LL TRY TO EXPLAIN MY THOUGHT
6 PROCESS HERE AND SEE IF IT MAKES SENSE. BUT IN
7 APPROVING A BUDGET OF NEARLY \$13 MILLION, I'M NOT
8 PREPARED TO PRESCRIBE ONE POSITION IN THAT 13
9 MILLION. BUT I WILL SAY THAT WITHIN THE SALARIES
10 AND BENEFITS, WE HAVE A MILLION AND A HALF DOLLARS
11 INCREASE IN THERE AND WE ADDED A 5-PERCENT
12 CONTINGENCY. SO I BELIEVE THERE'S PLENTY OF MONEY
13 IN THE BUDGET TO SOLVE THIS PROBLEM SHOULD IT BE
14 DECIDED AND NECESSARY FOR THIS BOARD TO WEIGH IN ON
15 THAT. THAT'S A SEPARATE MOTION, IN MY OPINION.

16 SO I WOULD LIKE TO APPROVE THE FRAMEWORK
17 OF THE BUDGET. THERE ARE NOT PRESCRIBED POSITIONS
18 IN HERE. WE HAD NO OTHER DISCUSSION ABOUT ANY OTHER
19 POSITIONS, AND I THINK IT WOULD BE INAPPROPRIATE FOR
20 US TO DO THAT IN APPROVING THE OVERALL BUDGET.

21 IF YOU WANT TO MAKE A SECOND MOTION THAT
22 IT BE ADDED, THEN WE CAN TALK ABOUT THAT. I DON'T
23 THINK IT SHOULD BE TIED UP IN THIS MOTION.

24 CHAIRMAN KLEIN: ALL RIGHT.

25 DR. PENHOET: IF I COULD, FIRST OF ALL, I

BARRISTERS' REPORTING SERVICE

1 WANT TO FOLLOW UP ON TED'S COMMENT. I DO BELIEVE
2 THAT BY SINGLING OUT A SPECIFIC INDIVIDUAL AND A
3 SPECIFIC POSITION, IRRESPECTIVE OF HOW IT'S
4 CHARACTERIZED, IT'S VIEWED BY MANAGEMENT AS WOULD BE
5 VIEWED, AT LEAST IF I WAS A MANAGEMENT PERSON, AS
6 MICROMANAGING BY THE BOARD.

7 AND WE HAD A DISCUSSION EARLIER ABOUT HOW
8 PEOPLE ARE MOTIVATED. I CAN TELL YOU BY MANY YEARS
9 EXPERIENCE, ONE OF THE MOST DEMOTIVATING FACTORS FOR
10 ANY ORGANIZATION IS TO BE MICROMANAGED FROM ABOVE AT
11 A LEVEL INAPPROPRIATE.

12 HAVING SAID THAT, I'M A FAN OF MELISSA'S.
13 I'VE OBSERVED FIRSHTHAND HER WORK, SECONDHAND, ETC.
14 I THINK SHE'S DONE A WONDERFUL JOB FOR US AS HAVE
15 MANY OTHER PEOPLE IN CIRM. BUT IN SUPPORT OF YOUR
16 ISSUE, I DO BELIEVE THAT, INDEPENDENT OF THIS
17 BUDGET, WE SHOULD HAVE A RESOLUTION TO TASK
18 MANAGEMENT BOTH IN THE CHAIR'S OFFICE AND IN THE
19 PRESIDENT'S OFFICE TO COME UP WITH A SPECIFIC
20 RESPONSIVE PLAN TO THE NEEDS OF THIS BOARD FOR MORE
21 INFORMATION, FOR MORE TIMELY INTERACTION, ETC., AND
22 THAT WE VIEW THAT PLAN AS AN ENTIRETY BECAUSE, FIRST
23 OF ALL, I HAVE NO IDEA WHETHER HIRING AN ASSISTANT
24 FOR MELISSA WILL ADDRESS THESE ISSUES ONE WAY OR THE
25 OTHER. IT WILL RELIEVE HER BURDEN, BUT IT'S NOT A

BARRISTERS' REPORTING SERVICE

1 THOUGHTFUL, COMPREHENSIVE PLAN TO ADDRESS THIS
2 ISSUE.

3 SO I AGREE WITH DUANE. THE BUDGET HAS
4 POSITIONS IN IT. IT HAS FLEXIBILITY IN IT FOR
5 FUNDING. IT HAS SOME CONTINGENCY IN THE BUDGET. SO
6 IN APPROVING THIS BUDGET, WE ARE NOT PRECLUDING WHAT
7 MIGHT OCCUR AS A RESULT OF A THOUGHTFUL ANALYSIS
8 FINALLY AFTER MANY YEARS OF FRUSTRATION ON WHAT IT
9 WOULD TAKE TO STAFF APPROPRIATELY THE CIRM TO
10 ACTUALLY HELP THIS BOARD IN DOING ITS WORK. BUT I'M
11 VERY RELUCTANT PERSONALLY TO SPECIFY A SPECIFIC
12 SOLUTION TO THE PROBLEM, WHICH IS A VERY NARROW
13 SOLUTION TO THE PROBLEM, WITHOUT LOOKING AT THE
14 PROBLEM MORE BROADLY, UNDERSTANDING THE PROBLEM MORE
15 BROADLY, ETC. SO I WOULD STRONGLY FAVOR A SECOND
16 MOTION TO TASK MANAGEMENT, BOTH THE CHAIR'S OFFICE
17 AND THE PRESIDENT'S OFFICE, TO COME BACK WITH A
18 SPECIFIC PLAN TO ADDRESS THIS ISSUE.

19 FIRST OF ALL, POLL THIS BOARD. WHAT DO
20 YOU NEED THAT WE'RE NOT PROVIDING FOR YOU TODAY?
21 AND THEN COME UP WITH A RESPONSE TO THAT POLLING.
22 THAT'S A MEANINGFUL RESPONSE THAT WE CAN ALL HAVE
23 CONFIDENCE IN AND WILL WORK GOING FORWARD. BUT I DO
24 BELIEVE IT'S THE WRONG THING FOR US TO BE
25 MICROMANAGING, AND I USE THAT WORD SPECIFICALLY

BARRISTERS' REPORTING SERVICE

1 BECAUSE THAT'S HOW IT'S PERCEIVED, THE ORGANIZATION
2 BY MAKING SPECIFIC REQUESTS. I WOULDN'T SUPPORT
3 THIS IF THAT WAS AN AMENDMENT WITHOUT A COMPLETE
4 ANALYSIS OF THE ADMINISTRATIVE NEEDS OF THE ENTIRE
5 ORGANIZATION, WHICH WOULD TAKE SOME SIGNIFICANT
6 TIME.

7 I KNOW THAT THE SCIENCE ORGANIZATION HAS,
8 PATRICIA OLSON, ONE ADMIN FOR THE ENTIRE GROUP, IF I
9 REMEMBER CORRECTLY. SO, YOU KNOW, THERE ARE LOTS OF
10 STRESS POINTS IN CIRM. IT'S A VERY DIFFICULT
11 WORKING ENVIRONMENT, AND EVERYBODY IS WORKING VERY
12 HARD. SO I STRONGLY SUPPORT A CONCERTED AND
13 MEANINGFUL EFFORT TO ADDRESS THIS FESTERING ISSUE ON
14 THE BOARD ABOUT HOW WE ARE SUPPORTED BY THE STAFF,
15 BUT I THINK IT WOULD BE A BIG MISTAKE FOR US TO
16 SPECIFY THE SOLUTION TODAY WITHOUT ENOUGH KNOWLEDGE
17 OF THE REST OF THE ORGANIZATION AND WHETHER THAT
18 SOLUTION IS, IN FACT, GOING TO ADDRESS THE ISSUE.

19 CHAIRMAN KLEIN: SO I CAN COMMIT TO
20 WORKING WITH THE PRESIDENT AND COMING BACK WITH A
21 SOLUTION BY THE NEXT BOARD MEETING IN FOLLOWING DR.
22 PENHOET'S SUGGESTION. I KNOW, JEFF, WE WENT A LONG
23 WAYS TO TRY AND FIND THE RIGHT SOLUTION FOR SUPPORT
24 FOR JOAN. THIS IS -- IT'S NOT JUST THE PATIENT
25 ADVOCATES, AS DAVID POINTS OUT, BECAUSE COORDINATING

BARRISTERS' REPORTING SERVICE

1 THIS BOARD, WHICH HAS EXTRAORDINARY BUSY SCHEDULES,
2 AND GETTING QUORUMS IS AN HEROIC JOB THAT MELISSA
3 DOES CONSTANTLY. IT'S OUR LIFEblood. SO I AM
4 PERSONALLY DEEPLY APPRECIATIVE AS WELL AS FROM A
5 MISSION DEEPLY APPRECIATIVE OF HER EXTRAORDINARY
6 CONTRIBUTION HERE. I WOULD JUST ASK THAT WE BE ABLE
7 TO COME BACK AT THE NEXT MEETING WITH AN ACTUAL
8 SOLUTION, NOT A STUDY, BUT HAVING COMPLETED WHATEVER
9 THE STUDY IS AND THE SOLUTION AND HAVE THE
10 IMPLEMENTATION BE IMMEDIATE.

11 MR. SHEEHY: I CAN SAY FOR ME THAT'S
12 UNACCEPTABLE. DR. PENHOET, WITH ALL DUE RESPECT,
13 THAT'S THE MOST CONDESCENDING DISCUSSION THAT YOU'VE
14 EVER HAD WITH ME, AND I'M INCREDIBLY DISAPPOINTED.
15 ZACH WENT THROUGH THE SAME EXERCISE TWO YEARS AGO.
16 WE'VE BEEN DOWN THIS ROAD. WE GO AROUND IN CIRCLES.
17 YOU DO THIS TO US. IT'S INCREDIBLY CONDESCENDING.
18 THIS IS REALLY RELATED. THIS IS NOT MICROMANAGING,
19 WHICH IS A CONDESCENDING WAY TO DESCRIBE WHAT WE'RE
20 TRYING TO DO.

21 AS BOARD MEMBERS, WE'RE RESPONSIBLE FOR
22 STAFFING OURSELVES ADEQUATELY. WE'RE ASKING FOR TWO
23 DEDICATED PEOPLE FOR THE BOARD. THAT IS NOT AN
24 OUTRAGEOUS REQUEST BECAUSE THE REST OF YOU ARE ABLE
25 TO SUPPLEMENT YOUR STAFFING NEEDS. YOU HAVE PEOPLE

BARRISTERS' REPORTING SERVICE

1 WHO WILL PRINT OUT DOCUMENTS SO YOU CAN READ THEM.
2 I CAN'T EVEN PRINT THEM OUT. THAT'S NOT FAIR TO MY
3 EMPLOYER TO GO AND PRINT COPIES AT A STATE ENTITY
4 FOR ME TO READ. THAT IS NOT APPROPRIATE. EITHER I
5 PRINT THEM AT HOME AT COST TO MYSELF, OR I'M TRYING
6 TO FOLLOW THEM ON A SCREEN. THIS IS MY COMPUTER.
7 THIS IS JUST -- WE USED TO GET BINDERS. THESE USED
8 TO COME IN ADVANCE. THEY USED TO BE FEDEXED TO US.
9 I DON'T DARE REQUEST IT BECAUSE THAT IS NOT A FAIR
10 BURDEN TO PUT ON THE STAFF THAT WE HAVE.

11 SO YOU'RE BASICALLY TELLING ME NO. I'M
12 NOT GOING TO VOTE FOR THIS BUDGET, AND I THINK, YOU
13 KNOW, PERSONALLY I WOULD RATHER OPEN UP THE
14 DISCUSSION OF THE BUDGET. I ASKED AT FINANCE THAT
15 WE HAVE A BUDGET BY FUNCTION. I'D LIKE -- WE'RE
16 HIRING PEOPLE TO DO LEGAL WORK. WE'RE HIRING
17 OUTSIDE CONTRACTORS. WE HAVE NO GLOBAL FIGURE FOR
18 HOW MUCH WE'RE SPENDING ON LEGAL WORK THAT WE CAN
19 PRESENT TO THE PUBLIC. WE HIRE PEOPLE. WE HAVE
20 THREE PEOPLE DOING MEDIA COMMUNICATIONS. WE HIRE
21 CONSULTANTS. WE HAVE NO GLOBAL FIGURE FOR WHAT
22 WE'RE SPENDING FOR COMMUNICATIONS.

23 YOU KNOW, THERE'S NO JUSTIFICATION FOR
24 THESE COSTS THAT SHOULD BE BUILT INTO THIS BUDGET.
25 THIS IS NOT AN ADEQUATE BUDGET. ALL I REQUESTED FOR

BARRISTERS' REPORTING SERVICE

1 SUPPORTING WHAT I THINK IS AN INADEQUATE BUDGET WAS
2 THAT YOU AT LEAST FINALLY FULLY STAFF THE BOARD
3 FUNCTION. IF YOU'RE NOT GOING TO DO THAT, I'M NOT
4 GOING TO SUPPORT THIS BUDGET BECAUSE THIS IS AN
5 INEXCUSABLE, INADEQUATE BUDGET. AND THIS IS A
6 DERELICTION OF OUR FISCAL DUTY TO APPROVE THIS. WE
7 HAVE NOWHERE NEAR THE AMOUNT OF INFORMATION WE NEED
8 TO VOTE ON THIS BUDGET. WE DIDN'T HAVE IT IN
9 FINANCE, AND WE DON'T HAVE IT HERE.

10 CHAIRMAN KLEIN: JEFF, I THINK IT'S A
11 GROSS MISREPRESENTATION. YOU HAVE A DETAIL OF ALL
12 THE LEGAL CONTRACTS. YOU HAVE A DETAIL OF ALL OF
13 THE EXTERNAL COMMUNICATIONS CONTRACTS. IT WAS
14 AVAILABLE IN FINANCE. IT'S AVAILABLE HERE. WE
15 SPECIFICALLY HAVE CONTROLS IN PLACE FOR APPROVING
16 OUTSIDE LEGAL CONTRACTS OVER CERTAIN AMOUNTS. WE,
17 FURTHERMORE, DETAIL ALL THE CONTRACTS EVEN IF
18 THEY'RE UNDER THAT AMOUNT.

19 I UNDERSTAND YOUR FRUSTRATION, BUT WE HAVE
20 A MISSION. AND LET US NOT DESTROY THE MISSION
21 BECAUSE OF OUR FRUSTRATION. YOU ARE AS PASSIONATE
22 ABOUT OUR MISSION AS ANYONE IN THIS PLANET. AND I
23 WOULD ASK THAT YOU UNDERSTAND THAT WE'RE TRYING TO
24 COME TO A SOLUTION. WE RECOGNIZE THE PROBLEM AND
25 HAVE. WE HAVE SOME VERY TOUGH CONSTRAINTS, AND

BARRISTERS' REPORTING SERVICE

1 WE'VE BEEN FRUSTRATED BY HIRING FREEZES AND OTHER
2 THINGS WE'VE HAD TO FACE IN TRYING TO WORK WITH THE
3 SITUATION IN THE STATE, COMPOUNDED BY THE LIMITATION
4 ON STAFFING WITH EXTRAORDINARY PRODUCTION OF THE
5 STAFF.

6 MR. TORRES: MR. CHAIRMAN, I MOVE THAT THE
7 PRESIDENT AND CHAIRMAN GET TOGETHER TO DISCUSS
8 ALTERNATIVES FOR STAFF SUPPORT FOR THE BOARD AND ITS
9 SERVICES AND TO REPORT BACK TO MEMBERS OF THIS BOARD
10 WITHIN TWO WEEKS.

11 CHAIRMAN KLEIN: I'D BE PREPARED TO DO
12 THAT.

13 DR. LOVE: SECOND THAT MOTION.

14 CHAIRMAN KLEIN: WE HAVE A PENDING MOTION
15 ON THE TABLE. IF YOU'D LIKE TO MAKE THAT AS MOTION
16 TO AMEND THE PENDING MOTION AS AN INCLUSION.

17 MR. TORRES: YES. THAT WAS THE NATURE OF
18 MY SUBSTITUTE MOTION.

19 CHAIRMAN KLEIN: DOES THE MAKER OF THE
20 MOTION AGREE TO MODIFY THEIR MOTION TO INCLUDE THAT?

21 MR. ROTH: YES. THAT'S FINE.

22 CHAIRMAN KLEIN: DOES THE SECOND AGREE?

23 DR. CHANDLER: YES.

24 CHAIRMAN KLEIN: MAKER OF THE MOTION AND
25 THE SECOND AGREE.

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: MAYBE RESTATED THEN.

2 CHAIRMAN KLEIN: SO THE MOTION WOULD BE TO
3 APPROVE THE BUDGET AS RECOMMENDED BY THE STAFF WITH
4 THE 5-PERCENT CONTINGENCY AND THAT THE PRESIDENT AND
5 THE CHAIR REPORT BACK TO THIS BOARD WITHIN TWO
6 WEEKS, WHICH MEANS WE'LL SCHEDULE A SPECIAL BOARD
7 MEETING TELEPHONICALLY, TO ADDRESS THIS. JACOB.

8 DR. LEVIN: JUST TWO QUICK QUESTIONS. I'M
9 WONDERING UNDER THIS CURRENT BUDGET, DOES CIRM HAVE
10 THE FUNDS AND AUTHORITY TO CREATE AN ADMINISTRATIVE
11 SUPPORT POSITION FOR THE EXECUTIVE DIRECTOR? JUST
12 WANT TO MAKE SURE THAT IT IS POSSIBLE IF THAT'S THE
13 FINDING IN TWO WEEKS AND WE APPROVE THIS. AND I
14 GUESS I'M ALSO CURIOUS WHY, IF THIS HAS BEEN AN
15 ONGOING DISCUSSION FOR TWO YEARS NOW, THAT IT WASN'T
16 INCLUDED IN THIS CURRENT BUDGET AND THAT, INSTEAD,
17 IT SEEMS IT WAS CHOSEN THAT THERE'S CONTRACT
18 EMPLOYEES THAT SEEMS LIKE A SLIGHTLY LESS EFFICIENT
19 WAY TO SPEND MONIES IF THIS IS AN ONGOING NEED FOR
20 SUPPORT. MAYBE I DIDN'T UNDERSTAND WHAT THOSE
21 CONTRACTS ARE ABOUT.

22 MR. SHEEHY: LOSS OF CONFIDENTIALITY, BY
23 THE WAY.

24 CHAIRMAN KLEIN: DR. FRIEDMAN, THEN
25 DR. CHANDLER.

BARRISTERS' REPORTING SERVICE

1 DR. FRIEDMAN: WELL, AT THE RISK OF MOVING
2 TO A NEW TOPIC.

3 CHAIRMAN KLEIN: WELL, WE HAVE A PENDING
4 MOTION.

5 DR. FRIEDMAN: IT'S THE SAME. IT'S JUST A
6 DIFFERENT PART OF THE BUDGET. I WANT TO ASK SORT OF
7 AN EXTENSION OF THE QUESTION, WHICH IS GIVEN THAT WE
8 HAVE FTE CAPACITY, GIVEN THAT WE HAVE SOME
9 ADDITIONAL CAPACITY BOTH DOLLARWISE AND STAFFWISE,
10 I'D LIKE TO ASK THE QUESTION BECAUSE I SEE BOTH OF
11 OUR WORKING GROUPS ARE BELOW, UNLESS I'M MISREADING
12 THIS, BELOW WHAT THEY WERE IN THE '08-'09 BUDGET.
13 AND I'M JUST SORT OF ASKING THE QUESTION: ARE WE
14 TRYING TO SAVE MONEY TOO MUCH AND UNDERSTAFFING A
15 CRITICAL PART OF THE ORGANIZATION?

16 THIS IS A THEME THAT REVERBERATES WITH
17 WHAT WE'VE JUST BEEN TALKING ABOUT. I DON'T WANT TO
18 WASTE MONEY. WE HAVE TO BE GOOD STEWARDS, AND SO
19 I'M CERTAINLY ASKING FOR THAT, BUT THERE ARE MANY
20 PARTS OF THE ORGANIZATIONS THAT SEEMS TO BE CREAKING
21 UNDER THE PRESSURE OF A LOT OF APPLICATIONS, A LOT
22 OF COMPLICATED APPLICATIONS.

23 OBVIOUSLY, ALAN, WE ON THE BOARD WILL
24 ACCEPT IF YOU SAY THIS IS THE RIGHT STAFFING, WE'LL
25 ACCEPT THAT. BUT I THINK IT'S OUR JOB TO ASK ARE

BARRISTERS' REPORTING SERVICE

1 YOU SURE THAT THIS IS THE RIGHT STAFFING BECAUSE YOU
2 OBVIOUSLY DO HAVE CAPACITY TO INCREASE IT. THANK
3 YOU.

4 DR. TROUNSON: MAYBE IF I CAN RESPOND, I
5 THINK IT'S IMPORTANT TO HEAR ALL THE VIEWS. THERE'S
6 ALWAYS BEEN A POSITION HERE. IT'S BEEN TRIED TO BE
7 FILLED SEVERAL TIMES. AND SO THIS IS A MATTER FOR
8 THE CHAIR BECAUSE THAT'S ALWAYS BEEN OPEN. AND SO
9 THE DISCUSSION ABOUT WHETHER IT WOULD BE A
10 CONSULTANT POSITION WAS REALLY THROUGH SEVERAL MAJOR
11 DISCUSSIONS ABOUT WHAT WOULD THE ORGANIZATIONAL
12 STAFF BE AT ITS FINITE POINT WHEN YOU HAD 50
13 MEMBERS. AND THE DISCUSSIONS, WHICH INCLUDED THE
14 CHAIR'S OFFICE AND MEMBERS OF ALL OF THE OFFICES,
15 ALL THE EXECUTIVES HAD INPUT INTO SEVERAL MEETINGS
16 THAT HAVE BEEN GOING -- I THINK STARTED LAST YEAR,
17 WE HAD ANOTHER THIS YEAR, WAS THAT ONE OF THE
18 IMPORTANT PARTS WAS TO GET AS MUCH SCIENCE UP SO TO
19 BE ABLE TO DELIVER THE PROGRAM THAT WE'VE BEEN
20 CHARGED WITH.

21 AND SO THERE'S AN ENORMOUS AMOUNT OF
22 PRESSURE AT THE SCIENCE OFFICER, GRANT MANAGEMENT
23 LEVEL TO BE ABLE TO DELIVER ON WHAT WE'RE DOING. SO
24 WHEN THE REQUEST WAS FOR AN ADDITIONAL PERSON TO
25 SUPPORT ART AND HIS PROGRAM, THAT WAS AGREED UPON.

BARRISTERS' REPORTING SERVICE

1 BUT WE THOUGHT THAT IF WE'RE GOING TO DO THOSE, MAKE
2 ADDITIONAL STAFF AVAILABLE TO THE CHAIR AND TO THE
3 DEPUTY CHAIR WITHIN THAT OFFICE, THEN IT'D BE BETTER
4 TO COME FROM OUR ABILITY TO HIRE CONSULTANTS RATHER
5 THAN TO FILL UP THE PROGRAMS SO WE COULDN'T THEN
6 APPOINT ANY MORE SCIENCE OFFICERS BECAUSE WHAT WE
7 WOULD HAVE TO DO, WE'D HAVE TO PULL THE BRAKE ON THE
8 SCIENCE. AND IT'S VERY CLEAR THAT THAT WILL HAVE TO
9 HAPPEN IF WE'RE UNABLE TO GET UP TO THE KIND OF
10 LEVELS THAT WE NEED TO RUN THIS PROGRAM.

11 WE'RE WAY UNDER. IF YOU LOOK AT NIH OR
12 THE HUGHES OR ANY OF THESE ORGANIZATIONS, WE'RE WAY
13 UNDER ON THAT SIDE OF THINGS. AND SO IT'S A
14 TRADE-OFF ESSENTIALLY, AND THE TRADE-OFF THAT WE HAD
15 AGREED, AND THE POSITION HAS BEEN THERE FOR THE
16 CHAIR AND THE HEAD OF PERSONNEL TO APPOINT, IT'S NOT
17 BEEN DENIED BY ANYBODY, IS TO GET AN APPOINTMENT.
18 THE PREFERENCE THAT WE WOULD HAVE IS NOT TO
19 SUBSTITUTE A SCIENCE OFFICER BECAUSE WE BROUGHT THE
20 SCIENCE OFFICER NUMBERS DOWN OVER THE TIME FROM WHAT
21 WE WANTED IN THE FIRST PLACE WHEN I FIRST JOINED.
22 THEY'VE BEEN BROUGHT DOWN IN NUMBER, BUT WE CAN'T GO
23 FURTHER DOWN AND REDUCE THE NUMBER OF SCIENCE
24 OFFICERS WITHOUT HAVING A VERY SIGNIFICANT EFFECT, I
25 BELIEVE, ON THE DELIVERY OF THE PROGRAM THAT WE'VE

BARRISTERS' REPORTING SERVICE

1 GOT.

2 NOW WE'RE GOING INTO THE DISEASE TEAM
3 PROGRAMS. PAT OLSON IS CHARGED WITH AN ENORMOUS
4 TASK TO BE ABLE TO MONITOR THOSE PROGRAMS WITH THE
5 CURRENT STAFF AND WITH WHATEVER SHE CAN OBTAIN TO
6 SUPPORT, YOU KNOW, WHERE IT IS AVAILABLE. WE WILL
7 BE IN A VERY DIFFERENT PHASE. SO I THINK IT'S ALL A
8 MATTER OF TRADE-OFFS, AND THE WAY THAT IT'S MANAGED
9 IN-HOUSE IS THE CHAIRMAN HAS THE PREROGATIVE IN HIS
10 OFFICE TO MAKE RECOMMENDATIONS. WE TRY AND SEE HOW
11 THAT FITS IN THE TOTAL ORGANIZATION SO THAT IT
12 DOESN'T SORT OF IMPACT IN A TOO DAMAGING WAY WITH
13 SOME OF THE OTHER NEEDS. AND THE TRADE-OFF IS THEN
14 AGREED, AND IT'S BEEN AGREED FOR SOME TIME. AND I
15 DON'T SEE THAT THERE'S ANY PROBLEM WITH IT.

16 BUT IN TWO WEEKS, BOB AND I HAVE TALKED
17 ABOUT THESE MATTERS A LOT WITH ALL OF THE REST OF
18 THE EXECUTIVE STAFF, SO I THINK WE CAN COME BACK TO
19 YOU. I WAS INTERESTED THAT IT'S NOT SIMPLY ONE
20 THING. IT'S SEVERAL THINGS. AND SO I THINK IN
21 ORDER TO HELP SOME OF THE OTHER PATIENT ADVOCATES,
22 WE'RE GOING TO HAVE TO SORT OF THINK A LITTLE BIT
23 DIFFERENTLY THAN THIS ONE THING. SO I THINK IT'S
24 PROBABLY TIME TO GET -- I'D BE INTERESTED TO GET ALL
25 THE INPUTS IN. I'VE HEARD THEM NOW FROM THE PEOPLE

BARRISTERS' REPORTING SERVICE

1 HERE, AND HOPEFULLY WE CAN GET AN OUTCOME WHICH IS
2 SATISFYING TO YOU.

3 CHAIRMAN KLEIN: I THINK THE COMPANION TO
4 THAT IS THERE WAS A CLASSIFICATION AT THE BOTTOM
5 RUNG FOR THIS POSITION. PEOPLE THAT APPLIED
6 COULDN'T EFFECTIVELY DEAL WITH THE COMPLEXITY OF
7 THIS ORGANIZATION OR FUNCTIONALLY COMMUNICATE WELL
8 IN ENGLISH. AND THE CONTRACT POSITION ALLOWED THE
9 ABILITY TO GET A HIGHER QUALITY PERSON THAT WAS TWO
10 TIERS UP IN CLASSIFICATION SO THAT THEY COULD
11 ADEQUATELY, QUALITATIVELY PROVIDE THE SUPPORT.

12 DR. FRIEDMAN: BOB, AGAIN, I'M NOT
13 QUESTIONING THE SPECIFIC CHOICES YOU'RE MAKING.
14 THAT'S FINE. I'M ASKING THE GENERAL QUESTION. WE
15 HAVE MONEY AND WE HAVE FTE'S. AND IF YOU TELL ME
16 THAT THERE ARE URGENT NEEDS, WHETHER IT BE FOR
17 BETTER STAFFING FOR THE SCIENCE PROJECTS, BETTER
18 STAFFING FOR THE BOARD SUPPORT, WHATEVER, I'M JUST
19 ASKING THIS SORT OF GENERAL PHILOSOPHIC QUESTION:
20 SHOULD WE BE SPENDING UP TO OUR APPROPRIATE MAXIMUM
21 IF THERE ARE GAPS THAT HAVE BEEN IDENTIFIED AND THAT
22 WE COULD FUNCTION MUCH BETTER? I'M NOT ADVOCATING
23 SPENDING MONEY JUST TO SPEND IT. I'M JUST SAYING
24 THERE ARE PARTS OF THE ORGANIZATION THAT SEEM TO BE
25 UNDER STRESS. I THINK THE SCIENCE IS ONE. I'VE

BARRISTERS' REPORTING SERVICE

1 HEARD CLEARLY THIS MORNING THAT BOARD SUPPORT IS
2 ANOTHER.

3 ALAN, THERE MAY WELL BE OTHER PARTS OF THE
4 ORGANIZATION, AND I RESPECT YOU COMING BACK US TO
5 SAY HERE ARE MY NEEDS GLOBALLY. THAT'S WHAT YOUR
6 JOB IS TO DO. I'M JUST SUGGESTING THAT RATHER
7 THAN -- EITHER WE'VE GOT THE WRONG NUMBERS ABOUT
8 WHAT WE SHOULD BE SPENDING, OR WE SHOULD BE SPENDING
9 UP TO THOSE NUMBERS.

10 DR. TROUNSON: JUST FOR ONE CLARIFICATION.
11 THE ABILITY TO TAKE ON SCIENCE OFFICERS IS
12 RESTRICTED BY OUR ABILITY TO TRAIN THEM AND/OR THE
13 NUMBER OF PEOPLE WHO ARE REALLY AT THE HIGH ENOUGH
14 LEVEL THAT PAT REALLY, REALLY NEEDS. SO WE ARE A
15 BIT RESTRICTED IN THE WAY WE CAN BRING THEM ON AT
16 THE PACE THAT WE REALLY NEED. WE CAN ONLY DO OUR
17 BEST UNDER THAT CIRCUMSTANCE TO FILL THOSE
18 PARTICULAR POSITIONS.

19 THERE'S ALSO OTHER POSITIONS WITHIN THE
20 CHAIR'S OFFICE THAT ARE IMPORTANT, AND HE'S
21 MENTIONED ONE OF THEM. AND SO WE WOULD BE IN A
22 PRETTY DIFFICULT SITUATION, I THINK, IF THE CHAIR
23 STEPS DOWN AT THE END OF NEXT YEAR IF WE DON'T HAVE
24 SOMEBODY WHO CAN ACCOMMODATE THE FINANCIAL STRATEGIC
25 CAPACITY THAT HE PROVIDES UNLESS WE CAN FIND SOMEONE

BARRISTERS' REPORTING SERVICE

1 WHO IS CLONALLY -- FUNCTIONALLY CLONALLY AT HIS
2 ABILITY, AND I'M NOT SURE THAT THEY EXIST.

3 MR. TORRES: MAYBE IF WE FINALLY PAY BOB
4 FULL TIME SALARY AND HIRE HIM BACK.

5 CHAIRMAN KLEIN: LISTEN, WE'RE GETTING OFF
6 TOPIC HERE. WHAT I'D LIKE TO FOCUS ON HERE, WE NEED
7 TO GET DR. CHANDLER, BUT I DO THINK DR. FRIEDMAN
8 MAKES AN IMPORTANT POINT, THAT WHETHER IT'S ON A
9 CONTRACT BASIS OR OTHERWISE, THE SCIENCE OFFICE
10 NEEDS ADDITIONAL SUPPORT. WITH THE 5-PERCENT BUDGET
11 CONTINGENCY, I THINK WE NEED TO LOOK AT THAT AT THE
12 SAME TIME PERIOD BECAUSE THE ORGANIZATION GENERALLY
13 IS UNDER STRESS. REALIZE THAT THE PRESIDENT AND THE
14 STAFF ARE TRYING TO REALLY ACCEPT THE CHALLENGE OF
15 WORKING IN AN ENVIRONMENT WHERE THE PUBLIC
16 UNDERSTANDS WE'RE DOING EVERYTHING HUMANLY POSSIBLE
17 TO PERFORM WHILE REDUCING BUDGET AS VERSUS LAST YEAR
18 BECAUSE EVERYTHING IN THIS STATE IS UNDER A
19 MICROSCOPE. WE HAVE TO BE ABLE TO CONTINUE TO
20 PERFORM, AND WE HAVE TO SHOW WE'RE PRODUCING VALUE.

21 WITH THAT SAID, DR. FRIEDMAN IS RIGHT.
22 WE'RE CREAKING UNDER TREMENDOUS STRAIN. WE'RE
23 MOVING FORWARD WITH HUGE ACCOMPLISHMENTS AND REAL
24 RESULTS LIKE THE PRESENTATION GIVEN THIS MORNING,
25 AND THE SCIENCE STAFF TO MAKE THIS TRANSITION TO THE

BARRISTERS' REPORTING SERVICE

1 NEXT LEVEL IS GOING TO NEED ADMINISTRATIVE SUPPORT
2 AS WELL.

3 DR. CHANDLER: I THINK THE DISCUSSION THUS
4 FAR SORT OF SHOWS THAT PERHAPS TRYING TO DO THIS
5 PERSONNEL THING IN A BOARD MEETING LIKE THIS ENDS UP
6 BEING VERY UNHOLISTIC, SHALL WE SAY, AND IS LOOKING
7 AT SOMEONE MENTIONS ONE THING AND SOMEONE MENTIONS
8 SOMETHING ELSE. I THINK THAT IT IS QUITE IMPORTANT.
9 AND WE HAD AN EARLIER DISCUSSION ABOUT HOW WE NEEDED
10 SOME HELP IN THE BUDGET OFFICE, THAT THERE'S ONE
11 PERSON THERE, AND THAT THERE'S NO SUCCESSION
12 PLANNING, ETC. SO IT SEEMS TO ME THAT THIS IS
13 REALLY A LARGER ISSUE THAN SOMETHING THAT YOU RAISE,
14 JEFF, WHICH IS IMPORTANT, BUT THEN WE HEARD ABOUT
15 THE SCIENCE AND CERTAINLY EARLIER WITH THE BUDGET.

16 SO I THINK IN TERMS OF THE ADDENDUM TO THE
17 MOTION, THAT IT REALLY NEEDS TO BE NOT TO HAVE THE
18 CHAIR AND THE PRESIDENT LOOK AT ONE ASPECT AND SAY
19 SHOULD WE DO THIS, BUT INSTEAD TAKE A BIT OF A STEP
20 BACK, RECOGNIZING THERE IS MONEY, THERE ARE FTE, I'M
21 ASSUMING, OR WHATEVER, AND SAY WITHIN THAT WHAT ARE
22 THE KEY PRIORITIES, AND NOT JUST WHAT HAPPENS TO
23 HAVE BEEN RAISED AT THE BOARD MEETING.

24 CHAIRMAN KLEIN: WE CAN CERTAINLY TAKE THE
25 SENSE OF THAT WITHOUT EVEN AN AMENDMENT OF THE

BARRISTERS' REPORTING SERVICE

1 MOTION AND TAKE THE LARGER RESPONSIBILITY. AGAIN, A
2 LOT OF THIS BUDGET WAS RECOGNIZING THERE ARE ISSUES
3 OUT THERE UNDER -- A LOT OF THIS BUDGET WAS GOVERNED
4 BY HUGE PRESSURE WITHIN THE STATE GOVERNMENT TO SHOW
5 THAT YOU'RE FOLLOWING THE EXAMPLE OF CONSTRAINING
6 COSTS. BUT I THINK WE HAVE A VERY CLEAR MESSAGE IN
7 BALANCING THAT.

8 MR. SERRANO-SEWELL: I JUST HAVE LIKE A
9 POINT OF ORDER FOR COUNSEL, FOR JAMES. SO I
10 UNDERSTAND THE MOTION AND SENATOR TORRES' AMENDMENT
11 TO IT, THAT THE CHAIR AND THE PRESIDENT WILL GET
12 TOGETHER, THEY'LL, LIKE, TALK AND FIGURE IT OUT,
13 AND, OKAY, COME UP WITH SOME KIND OF REPORT OF SOME
14 KIND TO THE FULL BODY; IS THAT RIGHT?

15 CHAIRMAN KLEIN: TELEPHONIC CALL WITH AN
16 IMPLEMENTATION PLAN THAT'S IMMEDIATE.

17 MR. SERRANO-SEWELL: A TELEPHONIC CALL, SO
18 WE'LL HAVE A TELEPHONIC MEETING?

19 CHAIRMAN KLEIN: YES.

20 MR. SERRANO-SEWELL: WITHIN THAT CONTEXT,
21 AND THIS IS MY QUESTION FOR COUNSEL, CAN WE HAVE A
22 PORTION OF THAT MEETING IN CLOSED SESSION BECAUSE I
23 WOULD THINK WE COULD BECAUSE IT TOUCHES ON PERSONNEL
24 ISSUES?

25 CHAIRMAN KLEIN: WE CAN.

BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: WILL THE CHAIR COMMIT
2 TO HAVING THAT MEETING IN CLOSED SESSION?

3 CHAIRMAN KLEIN: I WILL, YES.

4 MR. SERRANO-SEWELL: THANK YOU.

5 MR. SHEEHY: COULD WE ADD THE EVALUATION
6 PROCESS TO THAT BECAUSE THAT SHOULD HAVE BEEN ON THE
7 AGENDA TODAY?

8 CHAIRMAN KLEIN: SHERRY LANSING IS NOT
9 HERE BECAUSE OF A MEDICAL ISSUE. AND SO I'M GOING
10 TO HANDLE THAT AT A REGULAR MEETING WHERE SHERRY IS
11 IN ATTENDANCE.

12 MR. SHEEHY: WE COULD MAKE A POINT TO
13 SCHEDULE THIS SECOND MEETING --

14 CHAIRMAN KLEIN: AMONG THE DIFFERENT
15 PRIORITIES --

16 MR. SHEEHY: -- SO THAT SHE COULD BE
17 THERE. IT'S JUST A SCHEDULING ISSUE.

18 CHAIRMAN KLEIN: I, LIKE ART, ONLY WORK
19 HALF-TIME AT 50 HOURS A WEEK. AND THE ISSUE IS THAT
20 THERE ARE LIMITS TO CAPACITY, AND THERE'S A LOT OF
21 OTHER THINGS GOING ON AT THIS TIME PERIOD. SO I'D
22 LIKE TO NOT FURTHER COMPLICATE THAT TELEPHONIC
23 MEETING. OKAY.

24 MS. SAMUELSON: CLARIFYING QUESTION. AS
25 PART OF THIS MOTION, IS THE BUDGET AS PROPOSED

BARRISTERS' REPORTING SERVICE

1 PASSED?

2 CHAIRMAN KLEIN: YES, WITH A 5-PERCENT
3 CONTINGENCY, WHICH PROVIDES THE ROOM TO FIGURE OUT A
4 PLAN.

5 MS. SAMUELSON: OKAY. I DON'T SEE HOW I
6 COULD PERSONALLY SUPPORT THAT BECAUSE WE HAVE TO
7 SOLVE THIS, AND WE CAN'T WAIT ANY LONGER. AND I'M
8 OPEN TO THE CHAIR AND THE PRESIDENT FIGURING OUT THE
9 BEST WAY YOU THINK AND COLLABORATIVELY PROPOSING A
10 SOLUTION. THAT WOULD BE GREAT. BUT IF THERE ISN'T
11 A SOLUTION AT THE END OF TWO WEEKS, WE NEED TO TAKE
12 IT ON OUR OWN HANDS AND SOLVE IT.

13 DR. AZZIZ: I WOULD ACTUALLY LIKE TO CALL
14 THE QUESTION. THERE IS A MOTION. WE'RE ACTUALLY
15 DISCUSSING THINGS THAT ARE NOT RELEVANT TO THE
16 MOTION. THE MOTION IS WE WILL HEAR IN TWO WEEKS
17 RELEVANT TO THIS ISSUE WITH MORE INFORMATION, WHICH
18 IS WHAT THE BOARD NEEDS TO MAKE A DECISION. SO I'D
19 LIKE TO CALL THE QUESTION.

20 MR. SHESTACK: WHAT ARE THE REPERCUSSIONS
21 OF NOT PASSING A BUDGET AT THIS MEETING?

22 CHAIRMAN KLEIN: IN TERMS OF THE
23 LEGISLATURE, YOU CAN -- AND THE STATE'S OPERATIONS,
24 YOU CAN ASSUME THAT CERTAIN BLOGS IN THE STATE AND
25 NEWSPAPERS IN THE STATE WILL GENERALLY TAKE A

BARRISTERS' REPORTING SERVICE

1 POSITION OF ATTACKING AGENCIES THAT GO INTO THE NEXT
2 FISCAL YEAR WITHOUT A BUDGET. AND IF WE HAVE --
3 THIS IS A BUDGET FOR OUR ENTIRE OPERATION. WE NEED
4 TO KEEP WHAT WE'RE ADDRESSING HERE IN CONTEXT. WE
5 HAVE THE PHENOMENALLY EFFECTIVE ORGANIZATION; WE
6 HAVE STRESS POINTS WE'RE TRYING TO ADDRESS. IT
7 SHOULDN'T SHUT DOWN OUR ABILITY TO OPERATE. WE WANT
8 TO SET AN EXAMPLE THAT MAY BE DIFFERENT FROM THE
9 LEGISLATURE'S EXAMPLE, THAT WE NEED TO HAVE A REAL
10 BUDGET AND OPERATE AND THEN REFINE WHAT IS A VERY
11 EXTRAORDINARY ORGANIZATION.

12 MR. SHESTACK: SO THE REPERCUSSION IS BAD
13 PUBLICITY?

14 CHAIRMAN KLEIN: AND A BAD METHOD OF
15 OPERATING BECAUSE IF WE BELIEVE IN OUR MISSION, WE
16 HAVE A FUNDAMENTAL BUDGET, A FUNDAMENTALLY EFFECTIVE
17 ORGANIZATION, AND WE'RE DEALING WITH REFINEMENTS AT
18 THE EDGE, WHICH IS NOT A JUSTIFICATION FOR HOLDING
19 UP A BUDGET.

20 MR. SHESTACK: SO THERE'S NO EMERGENCY
21 RESOLUTION. IT'S ACTUALLY BAD PUBLICITY.

22 CHAIRMAN KLEIN: I THINK THE QUESTION HAS
23 BEEN --

24 MR. SHESTACK: WE HAVE TO FRAME ALL OF IT
25 INTO THE CONTEXT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: JONATHAN, YOU CAN REACH
2 YOUR OWN CONCLUSIONS ON THIS. I THINK I TRIED TO
3 ANSWER THE QUESTION. THE QUESTION HAS BEEN CALLED.
4 I'D LIKE TO CALL THE QUESTION AT THIS POINT, AND I
5 THANK EVERYONE FOR THEIR INPUT.

6 PUBLIC INPUT? NO PUBLIC COMMENT.

7 I WOULD LIKE TO CALL THE QUESTION, AND I
8 WOULD PROBABLY THINK WE NEED A ROLL CALL VOTE.

9 DR. AZZIZ: RESTATE THE MOTION, PLEASE.

10 MR. HARRISON: THE MOTION IS TO APPROVE
11 THE 2009-2010 BUDGET WITH A 5-PERCENT CONTINGENCY
12 AND TO DIRECT THE PRESIDENT AND CHAIR TO REPORT TO
13 THE BOARD WITHIN TWO WEEKS REGARDING ALTERNATIVES
14 FOR STAFFING AND A PROPOSED IMPLEMENTATION PLAN,
15 INCLUDING AN OPPORTUNITY FOR A CLOSED SESSION
16 DISCUSSION OF PERSONNEL.

17 MS. KING: RICARDO AZZIZ.

18 DR. AZZIZ: FOR.

19 MS. KING: ROBERT PRICE.

20 DR. PRICE: YES.

21 MS. KING: FLOYD BLOOM.

22 DR. BLOOM: YES.

23 MS. KING: JACOB LEVIN.

24 DR. LEVIN: YES.

25 MS. KING: MARSHA CHANDLER.

BARRISTERS' REPORTING SERVICE

1 DR. CHANDLER: YES.
2 MS. KING: MARCY FEIT.
3 MS. FEIT: YES.
4 MS. KING: MICHAEL FRIEDMAN.
5 DR. FRIEDMAN: YES.
6 MS. KING: LEEZA GIBBONS.
7 MS. GIBBONS: YES.
8 MS. KING: NANCY MILLIKEN.
9 DR. MILLIKEN: YES.
10 MS. KING: BOB KLEIN.
11 CHAIRMAN KLEIN: YES.
12 MS. KING: LEONARD ROME.
13 DR. ROME: YES.
14 MS. KING: TED LOVE.
15 DR. LOVE: YES.
16 MS. KING: ED PENHOET.
17 DR. PENHOET: YES.
18 MS. KING: KEN BURTIS.
19 DR. BURTIS: YES.
20 MS. KING: ELIZABETH FINI.
21 DR. FINI: YES.
22 MS. KING: ROBERT QUINT.
23 DR. QUINT: YES.
24 MS. KING: JOHN REED.
25 DR. REED: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: DUANE ROTH.

2 MR. ROTH: YES.

3 MS. KING: JOAN SAMUELSON.

4 MS. SAMUELSON: NO.

5 MS. KING: DAVID SERRANO-SEWELL.

6 MR. SERRANO-SEWELL: NO.

7 MS. KING: JEFF SHEEHY.

8 MR. SHEEHY: NO.

9 MS. KING: JON SHESTACK.

10 MR. SHESTACK: NO.

11 MS. KING: ART TORRES.

12 MR. TORRES: AYE.

13 CHAIRMAN KLEIN: THANK YOU. AND THANK
14 EVERYONE FOR THEIR PASSIONATE COMMENTS. WE ALL ARE
15 DEEPLY COMMITTED TO THIS, AND WE WANT TO MAKE SURE
16 EVERYONE CAN PERFORM TO THEIR HIGHEST CAPACITY
17 BECAUSE WE HAVE EXTRAORDINARY TALENT ON EVERY SINGLE
18 MEMBER OF THIS BOARD.

19 MR. SHEEHY: IN ALL HONESTY, THAT IS NOT A
20 TRUE STATEMENT.

21 CHAIRMAN KLEIN: ALL RIGHT. THE ITEM NO.
22 12 IS CONSIDERATION OF THE CONTRACT WITH REMCHO.
23 ESSENTIALLY IT'S \$450,000 FOR THE COMING YEAR.
24 WE'RE ACTUALLY REQUIRED TO BRING IT TO THE BOARD AT
25 500,000, BUT IT'S BEEN OUR POLICY TO BRING THIS TO

BARRISTERS' REPORTING SERVICE

1 THE BOARD; SO EVEN THOUGH ITS UNDER THAT LEVEL, WE
2 ARE BRINGING IT FOR APPROVAL. I THINK THAT THERE IS
3 BROAD APPRECIATION FOR JAMES HARRISON'S
4 CONTRIBUTIONS TO THE CONTINUITY, KNOWLEDGE, AND
5 EXPERTISE OF THIS BOARD.

6 IS THERE A MOTION FOR APPROVAL?

7 DR. LOVE: SO MOVED.

8 MR. TORRES: SECOND.

9 CHAIRMAN KLEIN: IS THERE DISCUSSION ON
10 THIS MOTION? IS THERE PUBLIC COMMENT ON THIS
11 MOTION? CALL THE QUESTION. ALL IN FAVOR? OPPOSED?

12 I'D LIKE TO --

13 MR. TORRES: I THINK JAMES WANTS TO SAY
14 THANK YOU.

15 MR. HARRISON: THANK YOU VERY MUCH.

16 MS. SAMUELSON: YOU'RE WELCOME.

17 CHAIRMAN KLEIN: I'D LIKE TO DISCUSS ITEM
18 14. AS SOON AS SHERRY IS BACK AND FUNCTIONAL AGAIN,
19 I'M GOING TO DISCUSS WITH SHERRY AT THE EARLIEST
20 POSSIBLE TIME TO BRING THIS TO THE BOARD. IF WE
21 NEED A SPECIAL TELEPHONIC MEETING FOR THAT, I'LL
22 DEPEND UPON THE GOVERNANCE COMMITTEE VIEW, THEN
23 WE'LL HAVE ONE. I PERSONALLY THINK THAT THAT MIGHT
24 BE GOOD TO DO IN OUR REGULAR MEETING, BUT I WILL
25 TALK TO SHERRY ABOUT THAT.

BARRISTERS' REPORTING SERVICE

1 ON ITEM 16, CONSIDERATION OF GUIDELINES
2 FOR OPEN VOTING ROLLS, WE'VE TRIED TO PROVIDE SOME
3 FORMALIZATION OF SOMETHING WE HAVE DONE ON SEVERAL
4 OCCASIONS OVER THE LAST FEW YEARS, SOMETHING THAT
5 THE LEGISLATURE DOES FREQUENTLY. WE'RE TRYING TO BE
6 MORE CONSERVATIVE THAN THE LEGISLATIVE MODEL FOR
7 OPEN ROLLS.

8 JAMES HARRISON, WANT TO JUST QUICKLY
9 SUMMARIZE THIS?

10 MR. HARRISON: SURE. AS BOB MENTIONED,
11 OUR GOAL IS TO ENSURE THAT ALL MEMBERS HAVE THE
12 BENEFIT OF HEARING A FULL DEBATE BEFORE VOTING, BUT
13 THERE ARE SOME CIRCUMSTANCES WHERE I BELIEVE, BASED
14 ON OUR EXPERIENCE, WE FOUND THAT IT MAY BE
15 APPROPRIATE TO OFFER THE OPPORTUNITY FOR MEMBERS TO
16 PLACE A VOTE BEFORE THE DEBATE HAS CONCLUDED.
17 OBVIOUSLY IF A MEMBER FEELS THAT HE OR SHE DOESN'T
18 HAVE ADEQUATE INFORMATION BASED ON THE DISCUSSION TO
19 THAT POINT IN TIME, THE MEMBER WOULD BE FREE TO
20 ABSTAIN. HOWEVER, IF A MEMBER BELIEVES THAT HE OR
21 SHE HAS HEARD SUFFICIENT INFORMATION, INCLUDING AN
22 OPPORTUNITY FOR PUBLIC COMMENT, AND CAN MAKE AN
23 INFORMED JUDGMENT, THEN THE MEMBER SHOULD BE
24 PERMITTED TO VOTE YES OR NO UNDER CERTAIN LIMITED
25 CIRCUMSTANCES.

BARRISTERS' REPORTING SERVICE

1 AS BOB MENTIONED, IT IS A COMMON PRACTICE
2 OF THE LEGISLATURE AND OF OTHER BOARDS TO PERMIT
3 MEMBERS TO RECORD THEIR VOTES BEFORE THE DEBATE HAS
4 CONCLUDED AND IN CERTAIN CASES AFTER THE DEBATE HAS
5 ENDED. THIS BOARD HAS OPERATED UNDER MORE
6 CONSERVATIVE GUIDELINES, AND THE GOAL OF THE POLICY
7 THAT WE PROPOSE TO YOU TODAY IS TO FORMALIZE THE
8 PROCESS.

9 WITH THAT, LET ME JUST BRIEFLY DESCRIBE
10 THE GUIDELINES THAT WE WOULD PROPOSE. FIRST, THE
11 OPPORTUNITY TO OPEN THE ROLL TO RECORD VOTES WOULD
12 APPLY ONLY IN CIRCUMSTANCES WHERE THERE WAS A NEED
13 FOR FIVE OR FEWER MEMBERS TO PLACE THEIR VOTE BEFORE
14 THE DEBATE HAS CONCLUDED. IT WOULD ALSO ONLY APPLY
15 WHERE THE BOARD HAS PREVIOUSLY TAKEN A SAMPLING OF
16 PUBLIC COMMENT BOTH FOR AND AGAINST THE MOTION
17 EITHER AT THE INSTANT MEETING OR AT A PRIOR MEETING.
18 AND IT WOULD APPLY ONLY UNDER ONE OF THE TWO
19 FOLLOWING CIRCUMSTANCES: EITHER WHERE THE BOARD HAS
20 HAD A PRIOR DISCUSSION REGARDING THE MATTER UNDER
21 CONSIDERATION AND HAS HAD AN OPPORTUNITY TO REVIEW
22 WRITTEN MATERIALS IN ADVANCE OF THE MEETING OR WHERE
23 IT WAS CRITICAL TO THE AGENCY'S MISSION FOR THE
24 BOARD TO TAKE ACTION ON A MATTER AT THAT PARTICULAR
25 MEETING AND WHERE THERE WILL BE ANOTHER OPPORTUNITY

BARRISTERS' REPORTING SERVICE

1 FOR THE BOARD TO CONSIDER THE MATTER AT ANOTHER
2 POINT IN THE FUTURE. AND FINALLY, IF THIS PROPOSAL
3 WERE TO BE ADOPTED, OF COURSE, WE WOULD ENSURE THAT
4 BEFORE THE FINAL ROLL IS CALLED, THERE WOULD BE
5 ANOTHER OPPORTUNITY FOR PUBLIC COMMENT.

6 CHAIRMAN KLEIN: I'D LIKE TO POINT OUT
7 THAT IF, FOR EXAMPLE, THERE WERE A NEW FEDERAL
8 LITIGATION BY IDEOLOGICALLY OPPOSED GROUPS, THAT IF
9 WE NEEDED TO HIRE A SPECIALIZED OUTSIDE COUNSEL, THE
10 INTENT WOULD BE, EVEN THOUGH WE MIGHT REVISIT THAT
11 AT A SUBSEQUENT MEETING, THE CONTRACT WITH THAT
12 COUNSEL DURING THAT TIME PERIOD WOULD CONTINUE TO BE
13 A VALID CONTRACT, BUT THE CONTRACT MAY NOT BE
14 CONTINUED BASED UPON A SUBSEQUENT ACTION OF THE
15 BOARD, BUT THE CONTRACT WOULD REMAIN TO BE
16 OUTSTANDING. SO IF THE BOARD HAD TO TAKE, FOR
17 CRITICAL MISSION OBJECTIVE, TAKE AN ACTION, IT WOULD
18 REMAIN AN EFFECTIVE ACTION.

19 SO WITH THAT UNDERSTANDING, I THINK THESE
20 ARE MORE, AS JAMES SAID, MORE CONSERVATIVE. THEY
21 DESCRIBE THE CONTEXT IN WHICH I'VE USED OPEN
22 CALENDAR, AN OPEN ROLL PREVIOUSLY. IS THERE
23 DISCUSSION ON THIS ITEM?

24 MR. SHESTACK: I HAVE A QUESTION. SO THIS
25 OPEN ROLL OPTION WOULD BE AVAILABLE TO PROXIES FOR

BARRISTERS' REPORTING SERVICE

1 THOSE MEMBERS WHO HAVE PROXIES?

2 CHAIRMAN KLEIN: WE DON'T HAVE ABILITY TO
3 RECOGNIZE A PROXY.

4 MR. SHESTACK: I'M SORRY. ALTERNATES.

5 CHAIRMAN KLEIN: SO, FOR EXAMPLE, LAST
6 NIGHT WE BEGAN AN ITEM, WE DIDN'T HAVE A QUORUM, WE
7 CONTINUED IT OVER TO TODAY. WE ACTUALLY HAD,
8 BECAUSE OF A CONFLICTS ITEM, HAD A RESTATEMENT AND
9 DISCUSSION TODAY AND REVOTE. BUT IF WE NEEDED ONE
10 OR TWO VOTES FOR A QUORUM, THAT ITEM COULD HAVE BEEN
11 EFFECTED BY AN ALTERNATE COMING IN TO THE MEETING
12 LATE.

13 MR. SHESTACK: OR LEAVING EARLY AND
14 CASTING A VOTE.

15 CHAIRMAN KLEIN: OR LEAVING EARLY AND
16 CASTING A VOTE. THAT'S RIGHT.

17 MR. SHESTACK: THAT FUNDAMENTALLY SUCKS.
18 IT AGAIN ENFORCES THE ABILITY OF PARTICULARLY THE
19 DEANS TO HAVE SORT OF AN ABILITY TO COME IN AND TELL
20 SOMEBODY VOTE ON THE BUDGET, DON'T VOTE ON THE
21 BUDGET. THE ADVOCATES HAVE TO HAVE -- DON'T HAVE
22 THE ABILITY TO HAVE AN ALTERNATE, AND THE PEOPLE WHO
23 DO CAN ACTUALLY HAVE AN ALTERNATE WHO LEAVES EARLY.
24 IT'S JUST BASIC KIND OF GOES BACK TO OUR
25 STRUCTURAL --

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: I KNOW THAT --

2 MR. SHESTACK: I'M ACTUALLY IN FAVOR OF
3 THIS, BUT IT JUST POINTS OUT SORT OF A COMPLETELY
4 TWEAKED WAY THAT OUR GROUP WORKS.

5 CHAIRMAN KLEIN: THE ISSUE HERE IS A STATE
6 LAW ISSUE, AND JAMES AND I RESEARCHED THIS ALONG
7 WITH TWO OTHER COUNSEL I HAD WHEN I WAS WRITING THE
8 INITIATIVE. THE PROBLEM THAT IS UNDER STATE LAW AND
9 CASE LAW AT THE TIME, WE COULD NOT FIND A BASIS ON
10 WHICH WE COULD WITHOUT LEGISLATION HAVE ALTERNATES
11 FOR PATIENT ADVOCATES OR I WOULD HAVE WRITTEN IT
12 THAT WAY. SO THE PROBLEM IS THAT THE CASE LAW
13 CONFINED THE CHOICES I HAD. AND SO I DIDN'T HAVE AN
14 INTERIM ABILITY TO GET LEGISLATION TO CORRECT THAT
15 PROBLEM IN WRITING THE INITIATIVE.

16 DR. LOVE: HOW CAN WE CHANGE THAT?

17 CHAIRMAN KLEIN: BY LEGISLATION, WHICH IS
18 RIGHT NOW IN THIS ENVIRONMENT IS PROBABLY PRETTY
19 DELICATE.

20 MR. TORRES: THAT'S AN UNDERSTATEMENT.

21 CHAIRMAN KLEIN: IN ANY CASE, ARE THERE
22 OTHER QUESTIONS? THERE IS NO PUBLIC COMMENT. I'D
23 LIKE TO CALL THE QUESTION. ALL IN FAVOR? OPPOSED?

24 MS. KING: DID WE HAVE A MOTION? I DON'T
25 BELIEVE THERE WAS A MOTION BECAUSE I DON'T HAVE IT

BARRISTERS' REPORTING SERVICE

1 NOTED WHO MADE THE MOTION.

2 DR. PENHOET: YOU NEED A MOTION TO APPROVE
3 THIS.

4 MR. TORRES: SO MOVED.

5 CHAIRMAN KLEIN: MOTION IS MADE BY ART
6 TORRES. IS THERE A SECOND?

7 DR. LOVE: SECOND.

8 CHAIRMAN KLEIN: SECOND BY TED LOVE. YOU
9 CAN TELL WE'RE TIRED. DISCUSSION? PUBLIC COMMENT?
10 OKAY. ALL IN FAVOR? OPPOSED?

11 SO I'D LIKE TO THANK EVERYONE FOR ANOTHER
12 PASSIONATE MEETING. LET IT BE SAID THAT NOTHING IS
13 TAKEN FOR GRANTED IN THIS ORGANIZATION, AND WE HAVE
14 A FULL RANGE OF COMMENT AND DEBATE, WHICH I DEEPLY
15 RESPECT. I THINK THAT WE GAIN A LOT EVERY SESSION
16 FROM THE DIVERSITY OF THE VIEWS. AND I'D LIKE TO
17 ASK FOR --

18 MS. KING: BEFORE THE ROUND OF APPLAUSE
19 THAT THE BOARD MEMBERS DESERVE AS VOLUNTEERS FOR,
20 ONCE AGAIN, DOING ALL THE HARD WORK THAT YOU DO, I'D
21 LIKE TO GET JENNA TO TELL WHERE YOU CAN GET LUNCH IF
22 YOU'D LIKE TO HAVE LUNCH.

23 CHAIRMAN KLEIN: THANK YOU.

24 MS. PRYNE: LUNCH WILL BE IN THE FAIRBANKS
25 ROOM STRAIGHT DOWN THE HALL, DOORS ON THE LEFT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
2 I'D LIKE TO THANK, AGAIN, THE STAFF FOR THEIR
3 DEDICATION AND THE BOARD FOR THEIR DEDICATION.

4 (APPLAUSE.)

5 MR. SHESTACK: BOB, I JUST WANTED TO SAY A
6 COUPLE OF WEEKS AGO THERE WAS A VERY WELL-DONE
7 AUTISM-SPECIFIC MEETING. I DON'T KNOW IF THERE HAVE
8 BEEN DISEASE-SPECIFIC MEETINGS LIKE THIS HELD
9 BEFORE, AND IT WAS REALLY A MILESTONE TO CIRM. SO I
10 APPRECIATE THAT EVERYONE ON THE SCIENCE STAFF DID
11 IT, THAT MANY BOARD MEMBERS ATTENDED IT. AND WHEN
12 THE REPORT COMES OUT ON IT, I URGE EVERYBODY TO READ
13 IT BECAUSE I THINK THERE ARE SOME REAL DISCRETE
14 SPECIFIC OPPORTUNITIES FOR CIRM TO JUMP START SOME
15 AUTISM DISCOVERY. I HOPE WE'LL TAKE THE OPPORTUNITY
16 TO DO IT, BUT I APPRECIATE THAT THE STAFF PUT IT
17 TOGETHER.

18 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
19 WE SPECIFICALLY ADDRESSED THAT WORKSHOP YESTERDAY,
20 AND THERE WAS EXTREMELY STRONG SUPPORT FOR THE
21 QUALITY OF THE OUTCOME. THANK YOU.

22 (THE MEETING WAS THEN CONCLUDED AT
23 12:56 P.M.)

24
25

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

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

SHERATON HOTEL & MARINA
1580 HARBOR ISLAND DRIVE
BAY TOWER
SAN DIEGO, CALIFORNIA
ON
JUNE 18, 2009

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

BETH C. DRAIN, CSR 7152
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