

# CALIFORNIA RESEARCH AND CURES COALITION

ICOC Meeting Transcripts

January 6, 2005

---

Irvine, CA  
(949) 477 4972

Ubiquis Reporting  
New York, NY  
(212) 227 7440

Redwood City, CA  
(650) 365 9199

w w w . u b i q u s . c o m

[START TAPE 1 SIDE A]

ROBERT KLEIN: A turnout of an extremely busy board. I would like Melissa King to lead us in the Pledge of Allegiance.

MELISSA KING: If you could all please stand, thank you. The flag is in the front of the room, thank you.

[Recitation of Pledge of Allegiance]

MELISSA KING: Please be seated.

ROBERT KLEIN: I'd like to call this session of the institute board to order. I think we're, we're here as the guests of the mighty Trojans, the number one football team in the nation.

[Applause] We would hope that we end up being the number one stem cell research team in the nation. [Applause] I would like Melissa King to commence with the roll call.

MELISSA KING: Delegate Paul

Jennings her for David Baltimore.

PAUL JENNINGS: Here.

MELISSA KING: Robert Birgeneau.

ROBERT BIRGENEAU: Here.

MELISSA KING: Keith Black.

KEITH BLACK: Here.

MELISSA KING: Susan Bryant:

SUSAN BRYANT: Here.

MELISSA KING: Michael Friedman.

MICHAEL FRIEDMAN: Here.

MELISSA KING: Michael Goldberg.

MICHAEL GOLDBERG: Here.

MELISSA KING: Edward Holmes.

EDWARD W. HOLMES: Here.

MELISSA KING: Brian Henderson.

BRIAN E. HENDERSON: Here.

MELISSA KING: David Kessler.

DAVID A. KESSLER: Here.

MELISSA KING: Sherry Lansing.

SHERRY LANSING: Here.

MELISSA KING: Gerald Levey.

GERALD S. LEVEY: Here.

MELISSA KING: Ted Love.

TED W. LOVE: Here.

MELISSA KING: Robert Klein.

ROBERT KLEIN: Here.

MELISSA KING: Ed Penhoet.

ED PENHOET: Here.

MELISSA KING: Tina Nova.

TINA S. NOVA: Here.

MELISSA KING: Philip Pizzo.

PHILIP A. PIZZO: Here.

MELISSA KING: Phyllis Preciado.

PHYLLIS PRECIADO: Here.

MELISSA KING: Claire Pomeroy.

CLAIRE POMEROY: Here.

MELISSA KING: Francisco Prieto.

FRANCISCO J. PRIETO: Here.

MELISSA KING: Joan Samuelson.

JOAN SAMUELSON: Here.

MELISSA KING: Jeff Sheehy.

JEFF SHEEHY: Here.

MELISSA KING: Jonathon Shestack.

[Pause] David Serrano Sewell.

DAVID SERRANO SEWELL: Here.

MELISSA KING: Oswald Steward.

OSWALD STEWARD: Here.

MELISSA KING: Leon Thal.

LEON J. THAL: Here.

MELISSA KING: Gayle Wilson.

GAYLE WILSON: Here.

MELISSA KING: Janet Wright.

[Pause]

ROBERT KLEIN: Thank you.

MELISSA KING: Thank you. And

John Reed?

JOHN C. REED: Here.

MELISSA KING: We didn't know you were coming. [Laughter] Thanks.

ROBERT KLEIN: Before beginning the agenda I'd like to draw to everyone's attention that as was done in the prior meeting and as will be continued as practice there will be as shown on the agenda an opportunity for the public to speak after each item. It's very helpful

to us if you can fill out a speaker's card so we can manage our time agenda for the meeting. So if you haven't done so it would be appreciated if you would, but I will call for a show of hands for anyone who'd like to speak after each item. We are going to start with item four, or the first item of substance on the agenda, and a member of Steve Wesley's staff, comptroller of the State of California, Mr. Barnes, is going to give us this overview of the state's financial responsibility and the procedures for the startup working capital involved.

WALTER BARNES: Good afternoon. My name is Walter Barnes, I'm the chief administrative officer for the state comptroller's office. In your packet you'll see a handout entitled Proposition 71, Stem Cell Research Initiative, 3 million dollar temporary startup loan. This provides you the instructions with

regard to how that request for loan needs to be filled out. It's a fairly simple process. There is a sample letter that we've attached to there to indicate the wording that needs to be placed in there. A request has to be sent to the state comptroller's office. Included in the request, the institute is supposed to specify an amount, and this is something that you'll need to decide do you want the whole 3 million at once, do you want it in increments of like 250,000 per month, do you want it quarterly, you know, that kind of thing. Once the request is received by the state comptroller's office, the loan will be set up, the funding transferred to the California Stem Cell Research and Cures Fund, and then the funding is available for expenditure. Now this is an interest bearing loan, so again depending upon whether you take it all at once or in increments it will affect the amount of

interest that you will have to pay. You'll be paying under the full money interest rate and for instance right now at that rate if you took the whole 3 million dollars all at once in twelve months the interest would add up to about 66,000 dollars. That's a very rough estimate right now. And then the loan will be repaid at the time the twelve months is expired. Now if you get it in increments like 250,000, that will be due in twelve months and the next month that would be due in another twelve months, so you can pay it off that way as well. I would say that until the institute is set up our reading of the proposition is that the chair of the ICOC or another IOC, ICOC designee, or even the whole committee as a whole can actually request the funding. So I would suggest that at the time that you have a decision about who should make the request, we'd be happy to sit down

with you and help you fill out the letter, get that started and get that process going. Now I would ask, I would mention one other thing. I said the funding is available for expenditure, but you do need to have some sort of an infrastructure set up to prepare and submit claims to the state comptroller's office, who will actually pay the bills on your behalf using a warrant. Now Mr. Wesley has asked me to offer to enter into an agreement with the committee to set up and carry out the infrastructure services until such time as the institute is set up and fully staffed and ready to take on that role. In addition we'd also be happy to contract to assist you in other administrative services, such as getting space and equipment, setting up your computer services, doing your recruitment selection, that kind of thing. Now you could do that through a contract with us,

you could contract with other agencies such as the Department of General Services, but again that's something that we're offering to you and we'd be happy to sit down with whoever you would like to designate to work with us and we would get that started. The only other thing I would say is that I've added another packet, another handout to your, in your packet, talking about reimbursement of costs, for members of the Independent Citizens' Oversight Committee. And this deals with the eligibility for certain types of costs, mostly travel but also deals with the per diem or daily stipend, the 100 dollars for each of the committee members. This lays out the specifics with regard to probably most of the travel expense items that you would incur in carrying out your business. The daily stipend is 100 dollars a day for each day actually spent in the discharge of a

member's duty, so your attendance here today is one of those days. Stipend is actually considered taxable income, so it's actually paid through the payrolling system, which means that you'll get a W2 for each calendar year reflecting the amount received, it will be subject to taxes and there may be withholding depending upon the number of days that you have during the month. The rest of the travel expenses include things like lodging and again depending upon where your lodging is there are certain limits on the costs, 84 dollars anywhere in the state, and that's plus taxes, energy surcharge, tourism assessment, whatever the local government has to, is putting on at that time. There are two high cost areas, Los Angeles and San Diego counties. There's another one, Alameda, San Francisco, San Mateo, Santa Clara. There are also reimbursements for meals, actual

costs up to a certain amount. Travel, your actual costs associated with airline, automobiles, tolls, that kind of thing. Other expenses such as phone calls that you make in conducting business, copies that you have to make, that kind of thing. I've given you a copy of a travel expense claim, which also includes the instructions for what to put in each of the various blanks. For private vehicles if you use your own vehicle and you'd like to claim mileage there is a form to fill out for that to get approval, that's 34 cents a mile. I put down a contact point so that if you wanted to start submitting your travel claims you can do so and it would come to a person named Diane Hernandez, who happens to be my personal assistant. Now this is not for purposes of payment at this point, until such time as you have an infrastructure set up or a process to actually submit these claims,

she's just going to collect them, put them together, make sure that they're all okay. In addition she's available to answer any questions that you may have. So this is kind of an example of the type of thing that either we or another agency under contract for you can help you get started on until such time as you have your own operation. Any questions?

ROBERT KLEIN: Thank you very much, appreciate that and certainly with the interest of minimizing the interest costs of the institute you can expect us to be drawing on an incremental basis, to minimize the cost that every, any month to the state. We certainly appreciate the offer of the comptroller to have an interagency personnel loan to help us set up the financial infrastructure and today on our agenda we have a delegation of authority, item five under the delegation would give us the authority to enter into

such interagency loan agreement for personnel. We greatly appreciate that as well. For members of the, of the board, are there questions? And then we will take questions from the public.

MALE VOICE: I have a question.

ROBERT KLEIN: Yes, Sherry Lansing?

SHERRY LANSING: I have two questions. First of all since this is new to me, if we do not wish to take any remuneration in any way, we just ignore the expense reports, is that correct?

WALTER BARNES: If you do not wish to collect either the stipend or travel expense claims, you do not have to.

SHERRY LANSING: Just ignore it.

WALTER BARNES: Yes, although I believe that we still would need some information for our payrolling system even though you don't accept any remuneration. Sorry.

SHERRY LANSING: You have to tell me how to do that because-

WALTER BARNES: And we will. That will be one of the things that we'll take care of.

SHERRY LANSING: And then number two I think I probably speak for all of us when I say clearly as Chairman Klein said, we wish to take the money in the, in the way that guarantees us the lowest possible interest payment, and I'm not smart enough to know what that is, but I would like to find out how we can set up a committee or a group of people to determine that and come back to us and that, you know, [Unintelligible] since we don't have the infrastructure, how do we go about doing that?

ROBERT KLEIN: Member Lansing, we actually on remainder borrowings have a formal committee set up under the initiative that includes the state

director of finance, the state comptroller, the state treasurer and representatives from this board, so that committee will look at every major borrowing to try to minimize interest costs for the state. In terms of this initial working capital loan I think Mr. Barnes has very aptly set forward the two basic options and with knowing it is generally the sense of the board to make certain we minimize the interest costs to the state, the option presented of incrementally drawing funds only as needed.

WALTER BARNES: Right.

ROBERT KLEIN: Would be the one we would be following. But at the time that we go to any significant borrowing to fund research itself or facilities grants, we have under the initiative a formal committee and take it certainly into the chair's note that you'd like to look at

serving on that committee. [Laughter]

SHERRY LANSING: That's not my area of expertise but I speak for all of us in saying that I know we want the lowest possible interest.

WALTER BARNES: Sure.

ROBERT KLEIN: Mr. Reed?

JOHN C. REED: My question was addressed by the, I had the same, same question.

ROBERT KLEIN: Okay. Any other, yeah?

TED W. LOVE: I just wanted to get a sense of the actual interest rate that we'll be paying back to the state because I assume that as we draw down money we could put that money into a bank account that could actually generate interest and then we'd end up with you know, adding those two together to have a net [Unintelligible] so what is the actual interest rate that we would be?

WALTER BARNES: You know it's an interest rate that varies based upon the amount of borrowing that the state is doing at any one particular time. Generally the pool money investment fund is made up of excess money in all the various accounts that isn't being used. The treasurer takes that, invests it, and brings in interest. To the extent that that money is loaned out it's charged at the same interest rate, so I'd have to say I'm not sure what the interest rate is right now. I think it's somewhere in the neighborhood of 1.5 to 2 percent or so.

TED W. LOVE: So, and would it be permissible for us to have money in our possession and have it invested in an account that pays us interest to make sure that we can at least be bringing in interest to sufficiently offset what we're paying?

WALTER BARNES: You know I'd have

to say I think so. That's one of the things that we could work out you know, with you under our work in getting the loan together. I need to double check on that part, okay?

ROBERT KLEIN: For, for larger amounts generally agencies of the state can participate in the treasurer's pool money investment fund and that does a little bit better, significantly better in recent times than bank depositories, so we'll certainly look at that option.

WALTER BARNES: Sure.

ROBERT KLEIN: Thank you Dr. Barnes. Other comments? [Pause] And while we were going through the first agenda item, before going to public comments do we have additional board members that John Shestack is here, we can record for the roll and Dr. Wright. Thank you. Appreciate the tremendous effort by the board members in making the meeting,

I'd like to say that John Shestack came from Toronto to be to this meeting today. I'd like, Mr. Barnes, if you would to remain so that we can see if there's questions from the public.

WALTER BARNES: Okay.

ROBERT KLEIN: Are there questions from the public on this item? [Pause] All right. Sir could you indicate your name please.

RICHARD McKEE: Good morning ladies and gentlemen, It's Richard McKee, I'm president of Californians Aware, and I actually wanted to talk to you before you began your agenda because my issue is about preparation of agenda and the supplying of agenda backup materials to the public. And I should recognize before I begin that Mr. Klein has in his letter addressed these issues of the importance of public involvement, of public confidence in the work that this group

does, and it begins obviously at the beginning. We have shared some specific concerns through a letter to you from our general counsel, Terry Francke, and I hope you have a chance, I won't dwell on the specifics but I did want to come here to emphasize that you have some areas that you could address early on that could increase the public's involvement and confidence in the work you do. One of those areas comes in the working group meetings. Certainly there, there is legitimate reason from time to time for groups to be doing work confidentially. There's obviously a need in some areas, but much of its work can be done in the public and to simply present recommendations to this body that have been formulated in secret would I think be found unacceptable by a large percentage of the public. You could certainly recognize that in the more than 83 percent

support of Proposition 59 last November. So we hope that you take some considerable time to consider just what types of rules your organization is going to follow in presenting this groundbreaking effort to the public, and I want to emphasize involving this public in that effort. Part of the difficulty - I bring to you more than a decade of experience with local agencies and open government problems, and I share with you it's often in interpretation of what could be some relatively vague terms that are used when allowing secrecy in public agencies. There are some of those terms that you have to deal with and it always comes down to whose interpretation is correct. And the more openness your original policies can guarantee I think the greater the public confidence. Thank you very much.

ROBERT KLEIN: Thank you very much and I believe that Mr. Kiefer's [sic]

referring to the letter that is in the board packet that comes from me as an individual serving as chair, indicating that in the normal course of business of this institute we would expect to distribute materials with the notice be provided of the agenda so that the public and the individual members of the board have plenty of time to review materials under consideration. I think that is the proper practice. Having no staff to provide those materials, not having a general counsel that could internally help us expedite those so that the attorney general's office would only have the normal review of resolutions, we have worked in good faith and we greatly appreciate the attorney general's efforts to support this but we understand that this is something we need to achieve quickly and with the item in the agenda that gives us the ability to hire staff

today we hope to have this in place immediately for the next board meeting. But thank you very much.

JOAN SAMUELSON: Mr. Chairman may I just ask an informational question?

ROBERT KLEIN: Certainly. This is, each time when a member speaks if the member could identify themselves that would be great.

JOAN SAMUELSON: Joan Samuelson, I'm just wondering what Californians Aware is and wondering if when the public has a question or comment if they could just identify any organization that they name for our background information.

ROBERT KLEIN: We'd appreciate that Mr. Keifer [sic].

RICHARD McKEE: I'm sorry, it's Richard McKee, M-C-K-E-E and you certainly can call us, you can reach us at our web site, calaware.org and we do help local agencies consistently with problems in the

area of open government.

JOAN SAMUELSON: Thank you.

RICHARD MCKEE: Thank you.

ROBERT KLEIN: Thank you very much, appreciate the correction on the name. If, are there any additional board comments or are we prepared to go with the next item? Seeing no additional comments from the board, if we can proceed to the next item. The next item addresses assembly concurrent resolution 252 that was passed this last fall by the assembly and it set up a task force of the, on behalf of the State of California to explore the issue of intellectual property and best practices in the intellectual property area. The bill itself called upon the California Council on Science and Technology, which is our state equivalent of the National Academies, to, or the National Science Foundation type equivalent on a national basis, to bring

together a team of experts to look at this. Susan Hackwood is the executive director. She is here today. Susan, would you raise your hand? Back in the middle. Certainly anyone in the audience can, would you raise your hand again so people can see who you are? Thank you Susan. Anyone can talk with her during the break or after the session. If you look at their web site you'll find many of the most outstanding scientists in the state are members of this organization. They have a California Council on Science and Technology, I believe that two of our board members, or one of our board members is on that, Tina Nova is on that council. In addition the MRC Greenwood, who is provost for the University of California system is of course on that council and other eminent members of the research community in the state. The California Council by letter has asked that the board

work with the California Council in developing the best practices and has asked that we make two members of our organization designees to their working group. I, as I stated in the last meeting, was only informally able to respond indicating individual desire to cooperate but I would like as a matter of just general discussion to see that if there's a consensus of the board that in fact we cooperate with this effort. I think it is certainly an effort by the state and the state assembly to get out there with real leadership and real expertise to have a thoughtful policy here. So it is not an action item on the agenda but as a matter of general discussion I subsequent to being named chairman have suggested to them that I believe it would be the sense of the board that we would want to cooperate very aggressively with them and do everything

we could to participate with the assembly's committee. Is there any comment on the board as to that approach that I've taken?

TINA S. NOVA: Tina Nova, Chairman Klein. I just want to say that as a member of CCST that this is an incredible organization with phenomenal scientists and phenomenal leadership on Susan's part and I would just like to support any cooperation with them. I think it would be very helpful to this.

ROBERT KLEIN: Thank you. Any other comment?

JEFF SHEEHY: Jeff Sheehy. The only comment I'd like to make is perhaps I'm not sure what particular perspective that they would be looking at the IP and patent issues, but not to focus exclusively on economic return but also to include in that analysis return in terms of access to patients, to care, from the

benefits of this technology should not be limited only to financial returns but also some mechanism to make sure that these, these treatments that are developed are available to all Californians.

ROBERT KLEIN: Thank you

Mr. Sheehy. Any other comments? Yes

Dr. Friedman.

MICHAEL FRIEDMAN: Mike Friedman.

I don't mean to foreclose discussion on this but I do know, one related topic, before we leave it I think it would be very good if you just for the purposes of the minutes could then suggest what the next steps would be and to give a sense of what the timelines would be. Obviously this is a, as other people have said, a really important area, it's a really complicated area. I think you are expressing the general sentiment of the committee that we want to participate in this and work collegially with the state

in this, but the need for coming to some conclusions in realtime light are obvious. What then would be the next steps please, lay that out for us. And I ask this, and I'm sorry to sound so mechanical but it really helps me thinking through this, if we go through each of these agenda items so that the minutes will reflect what are the next expectations and we'll hold ourselves accountable. Thank you.

ROBERT KLEIN: Thank you doctor. Could Susan Hackwood comment on the timeline?

SUSAN HACKWOOD: Yes I would like to-

ROBERT KLEIN: If you could come to the mic that would be appreciated, thank you.

JANET S. WRIGHT: And while she's coming to the timeline, Janet Wright, in addition to the timeline I'd like some, I'm even more mechanical. I need a

graphic of how they interact with the ICOC and this whole project.

ROBERT KLEIN: After Susan Hackwood has discussed the timeline I will address that subject for you.

SUSAN HACKWOOD: The timeline is now. We have assembly concurrent resolution that's just been signed into law as of January 1. We are putting together our own team to look at the intellectual property as generated when it's produced by state contracts and grants. This has been in the planning stages for the last year. I think it's a very opportune moment to take into account this very important initiative and the specific action item is to get involvement from the ICOC and we requested that two, for example two members of the ICOC join this group of people that we'll be putting together to look at this issue.

ROBERT KLEIN: Thank you. Yes,

Dr. Levey?

GERALD S. LEVEY: Yeah. I just had a question, do we have to invent policy for intellectual property here? I mean there's so many policies Bayh-Dole certainly has defined things between government and researchers with government funds, what are we looking to accomplish here with this committee? I don't think we want to reinvent intellectual property rules that are already existing.

SUSAN HACKWOOD: Oh you're absolutely right, there are already many rules in place. The issues that we're tackling with ACR252 is that there is inconsistency across the state's way of interacting through contracts and grants, and in the process of looking at that we would be in a position to look at best practices for this group as they move forward. It does not involve reinventing the wheel but it certainly involves

clarifying the wheel and making sure we're all on the same page.

ROBERT KLEIN: In responding, Dr. Levey for a moment I'd also like to talk, draw to everyone's attention the fact that the initiative anticipates coming together with a relatively quick decision on initial best practices, whether it's intellectual property, informed consent or conflicts, and then we have the very public process that'll go on beyond the public process of adopting the initial regulations on all of these areas that goes on for 270 days with public hearings on all of these areas, so before we get to final standards we will have 270 days of public hearings with under the administrative procedures act, with public postings and public comments and the contribution on an advisory basis of this committee will be very helpful in identifying the best practices, but

certainly the initial regulation that we come out with will allow it to become operational very quickly with the opportunity to enhance them, or improve them, as Dr. Susan Hackwood has mentioned.

GERALD S. LEVEY: Just in follow up because if they're going to be-

MALE VOICE: Can't hear you.

GERALD S. LEVEY: Can you hear me now? Yeah. If we're going to be making grant awards in the next numbers of months or the summer I think was the target, whoever gets the awards has to understand what the rules of the game are, so there is some urgency to getting this done. If we can do it so the timeline I think has to be pretty quick.

SUSAN HACKWOOD: Could I respond to that? The legislation requires CCST to respond within a year's timeframe. I think what we can do in a relatively short time is look at existing best practices

and come to a consensus as to what a set of existing best practices would be right now.

ROBERT KLEIN: Yes, in terms of responding as well to Dr. Wright, the relationship here is an advisory relationship. Certainly there are great scientists that our institutions, our institutions that we have on this board represent some of the best practices in the nation. We hope to take those best practices, the information that is developed by this council in its task force, and other information developed in the public hearings very quickly of the institute to immediately put into place some best practice rules because as Dr. Levey points out, the initial grants, the grantees need to know what rules they're operating under, but we then have the opportunity over a nine month period, 270 days to have tremendous amount of

public input to enhance those rules and make them even better if that is possible. Okay. Thank you Dr. Hackwood.

FRANCISCO J. PRIETO: Mr. Chairman?

ROBERT KLEIN: Yes.

FRANCISCO J. PRIETO: As we're moving forward in this, of course several other states and large private institutions are also beginning to pursue stem cell research, do we foresee that we're going to contact them regarding these issues and try and achieve some sort of consistency in our approach?

ROBERT KLEIN: What has happened today is that those states are contacting us and asking us in realtime to give them access to information. As we develop it as a matter of public policy our information will be on our web site, so they will have immediate access to it. But they are looking to California as a

model.

FRANCISCO J. PRIETO: Do we want to formalize that dialogue in some way?

ROBERT KLEIN: Yes, as soon as we have a staff we're gonna, we'll certainly pursue that, but I think there's a very healthy interchange, we can learn a great deal in those discussions with those other states. There are some facts, some outstanding individuals at universities in other states that are talking about sabbaticals to potentially come to California to help us get started quickly with some of the best minds in the country on our staff. And I believe Jonathon Sheehy, excuse me, Jonathan Shestack has a point.

JONATHON SHESTACK: I just wanted to clarify something. This committee, the relationship between our committee and that committee as we relate, it's not statutory, it's advisory. They're doing

work on issues we're interested in, we want to be in contact with them and involved, but in fact this committee will set up its own work group to make a set of guidelines on IP, on indirect costs, on intellectual property, maybe they'll follow Bayh-Dole, maybe the state will decide they want something, but there's no actual mandated relationship.

ROBERT KLEIN: That's right.

JONATHON SHESTACK: And so I just wanted, that's what it is, is that right?

ROBERT KLEIN: Exactly.

JONATHON SHESTACK: Okay. Great.  
Thank you.

ROBERT KLEIN: Yeah. This represents a very distinguished resource and we want to cooperate fully, but this is an advisory relationship. Yes?

FRANCISCO J. PRIETO: My reading of the letter led me to believe-

ROBERT KLEIN: If you could state

for the record.

FRANCISCO J. PRIETO: Sorry, Francisco Pieta. My reading of the letter led me to think that they were proposing a more formal contractual relationship with them, as that we would contract with the CCST to provide certain services for us, is that not correct?

ROBERT KLEIN: The actually discussion that I'd had with them is an advisory relationship. It was properly described by John Shestack. Yes? This is Sherry Lansing.

SHERRY LANSING: I'm just a little confused. As I understand it the Bayh-Dole act was kind of the gold standard, is that correct? I mean so I guess my confusion again as a layperson and trying to move this forward is what is our hesitancy since we're going to be giving out these grants rather soon, what is our hesitancy and I'm not trying to be

confrontational, I'm just asking for information about adapting that as I see it.

ROBERT KLEIN: The Bayh-Dole act effects many of the, all of the institutions really that we're involved with in the state that are leaders in stem cell research. We differ from the Bayh-Dole act in that we as a state will have an intellectual property agreement while where the state will share in the intellectual property proceeds. The federal government under the Bayh-Dole act actually does not share in the proceeds, so there is a distinction.

SHERRY LANSING: And I guess what I would recommend, and again I'm trying, 'cause I think with such limited time, and I would recommend in our partnership or in our own individual that we modify the Bayh-Dole act to accommodate that, which would seem a relatively easy modification

where you say we're taking X percent  
that's for the state and-

ROBERT KLEIN: We do have the  
advantage of best practices in that the  
universities have some very effective  
intellectual property agreements that they  
have had in effect for twenty, thirty,  
sometimes fifty years or more, and not  
only are those agreements effective on  
their face but they've been enforced in  
court. The City of Hope recently got a  
600 million dollar settlement under  
enforcement of those agreements, so we  
know the agreements are effective and  
enforceable and therefore can validly care  
out the will of the people of California.  
So we do have some very good models in  
place. Member Samuelson.

JOAN SAMUELSON: Member  
Samuelson, I apologize. But my  
understanding is that given the references  
to the balance that's to be struck under

the initiative between public benefit and financial benefit for the state and so on that it's incumbent on us to develop our own standards and so there's an educational process that's going to be new for us to get under our belts, a pretty complicated area of law it seemed to me, just from attending the Irvine meeting.

ROBERT KLEIN: Yeah. I think that's-

JOAN SAMUELSON: So we will need to be tutored a bit in addition to advise about a specific recommendation.

ROBERT KLEIN: Yeah. I think a workshop on a number of these standards would be in order quickly and certainly we'll come back and confer with the board members on their timetable for such a workshop.

DAVID A. KESSLER: Mr. Chairman?

ROBERT KLEIN: Yes Dave Kessler.

DAVID A. KESSLER: Could you just

go over the just refresh our memory on the actual statutory provision now with regard to intellectual property? You talk about a state share, I mean I read the statute as one of balance, but could you just, just make sure that everyone understands what the actual law written now requires?

ROBERT KLEIN: Yeah. Let me do this, I want to pull that specific provision up from the act and let me do that if I can at the break and come back to that discussion? So that I can give you the actual citation. Yes? Dr. Black.

KEITH BLACK: Keith Black. And also just for clarification is it mandatory that we share royalties or as a committee do we have the flexibility to decide that in terms of getting financial compensation or aren't there agreements that we can elect not to receive financial compensation?

ROBERT KLEIN: The initiative

specifically calls for balancing, as Joan Samuelson referenced. Between the interest and our focus on serving patients and the payment to be made. If the burden on an orphan disease such as cystic fibrosis of intellectual property requirement is such that the developing the therapy becomes infeasible, no one is benefiting. There is no revenue for the state and there's no benefit for the patient. So it directs us and gives us the flexibility to look at what's feasible in determining this outcome and certainly I think Jeff Sheehy, others had mentioned the fact that looking at compassionate care for the patient is very important to us in our mandate and we have to balance those needs against the needs to actually get economic compensation. Because certainly a concession in the price of the treatment is a benefit for the State of California under the intellectual property

agreement, but you'd want to negotiate that benefit as well as on the alternative negotiating a royalty.

BRIAN E. HENDERSON: Certainly it seems reasonable to, to cooperate with the institute as has been suggested. Do you need an action from us at this time?

ROBERT KLEIN: I don't need an action, I want as a matter of information to let you know that that was in progress and it was a matter of confirming the sense of the board. Okay. The next item is-

FEMALE VOICE: [Inaudible]

ROBERT KLEIN: Excuse me, a public comment on this item, yes.

DEBORAH GREENFIELD: Hello, my name is Deborah Greenfield. I'm an attorney and a fellow with the federally funded Chicago Institute on Biotechnology and the Human Future. I have been involved in working with noted attorney

Professor Laurie B. Anders on the issue of gene patents, individual rights, and patient care, and I would like to offer the following comments. A small biotech company proposed to offer an inexpensive genetic test for hepatitis C. As they were about to launch the test they were stopped by the Chiron corporation, holders of the patent on hepatitis C genome. Jonathan King is a long-term social activist and biologist at MIT. He proposed to use his functioning insulin gene to make insulin for diabetes at a homeless shelter and to find better treatments for diabetes, but he is not allowed to do so. There is a patent on the insulin gene. Maverick entrepreneur scientist Craig Ventner is offering a 21<sup>st</sup> century service to allow people access to their genetic makeup. A CD-ROM of my genome, allowing me to look for mutations such as those causing breast cancer or the

chance of cystic fibrosis in a future child, however there is a hitch. Because those genes are controlled by the patent holders, I am prohibited by patent law from putting that CD into my computer. For example, the Myriad Corporation who holds the patents on the two genes predisposing breast cancer exercises exclusive rights over testing. Instead of being able to display my breast cancer gene on my computer screen, I must pay 2,975 dollars to Myriad to tell me what it looks like. Here's how troubling situations such as these occur under state and federal laws. Money goes to a researcher at a nonprofit university. The professor patents the embryonic stem cell process, the resulting cells, and any treatment it might create. Thus my donated embryo starts a patented heart cell line. The professor or scientist can either contract with a biotech or

pharmaceutical company or start his own company. They then charge whatever they want to other researchers who need to use the publicly-funded gained knowledge or they can exclude others from using the patented line and even stop people from using the process to create other heart cell lines. A recent study conducted by the U.S.-

ROBERT KLEIN: [Unintelligible]

DEBORAH GREENFIELD: One minute, one minute and I'll finish up.

ROBERT KLEIN: Okay.

DEBORAH GREENFIELD: A recent study conducted by the U.S. Department of Energy provided evidence that this system not only inhibits research but patient care is affected as well. Under this system the rich will have access and the majority of taxpayers who funded the researchers are denied. You have an opportunity to change this model, to

return to the information sharing as opposed to the information exclusion models which are impeding progress in scientific research and development, as well as creating huge inequities in our system. Those of us who voiced these concerns prior to the passage of the law urge you to promote the progress of science that may help the citizens of California and the country by revolutionizing the way the information contained in my and your genes is and should be shared. Thank you.

ROBERT KLEIN: I think those are very important comments. If we could get your contact information that'd be very helpful because it'd be good if you could come back when we do a workshop and make a formal presentation where we can allot more time because I think those are very serious considerations. Okay. Is there additional public comment? [Pause]

ADRIENNE PINE: Hi, I'm Adrienne Pine with the California Nurses Association. Patents serve the dual function of preventing the free exchange of scientific ideas and also financially preventing access to therapies and cures by patients, including the Californian citizens who are paying for this research. We have recently witnessed the dangerous results of treatments revolving around patented therapies with the scandals surrounding children's use of antidepressants and more recently COX-2 inhibitors. Because of intellectual property protections and lack of adequate regulation on the part of the FDA many people suffered and died unnecessarily even while the dangers were known to patent-holding corporations. The California Nurses Association wants assurances from the ICOC that research paid for by Californians will be as

Mr. Sheehy just mentioned available to and affordable for all Californians and that the research being paid for by the public be open to public and scientific scrutiny, that it be open source, that is completely transparent, both to ensure true scientific progress and human subject and patient safety. This will also require strict regulations currently not in place. Currently the quote unquote public hearings specifically exclude the public from discussion of intellectual property and there's no assurance of public access to the potential fruits of our very large investment. This must change. Likewise the patent structure the ICOC oversees must change. When Jonas Salk, who developed the polio vaccine was asked who was going to get the patent rights, he said why that would be like patenting the sun, and I think we need to take a cue from him and rethink the patent structure.

Thanks.

ROBERT KLEIN: Thank you very much and I'd like to repeat my comment that when the ICOC has public hearings on this hopefully we'll do a workshop because of the depth of this issue and I hope you would give us your information so you can return to give us a presentation of what is a very important issue. Thank you very much. Any additional public comment?

Additional board comments? Yes, Jonathan.

JONATHON SHESTACK: Yeah I just think we have to be really clear, this is one of the issues that is, seems to be of intense interest to the public. And for many, and for good reasons and I think we as a group are also interested in guaranteeing mandatory licensing, not having fruitful avenues or targets for further research tied up and we are free to set our own policies on this, so I think you have to please help us to spell

out your, and we may have to act sooner and use existing policies as we're advancing our own, but set a timeline so the public really understands when you hope that this group, when the subgroups, working groups will have their recommendations and I would like to ask you is it, the workgroups, these public meetings, I find them incredibly unwieldy and clumsy. On the other hand you do want the public to have access to every, to the discussions in the workgroup and maybe there is a way to adapt the structure so that you know, you get several spots for people to come and observe so they feel nothing is done in secret, that's a terrible word. Nothing that we want to do is secret. But yet be able to have a really active discussion and move through these topics and then come back to the whole with recommendations.

ROBERT KLEIN: Well I think it's

a real benefit to this institute that Jonathan you're recommended to be on the working group for standards, where this issue is in fact squarely in the center, so we know that that point of view is in fact going to be represented when the selection of the working group members is recommended to this board for the standards working group. But that's an item later on the agenda, as item 10. I do think that we're going to have some very substantial public discussion and public involvement in getting to a solution on this issue. I'd like to go, are there additional comment?

JEFF SHEEHY: Yeah. Jeff Sheehy. I'm wondering if we could maybe ask the California Council on Science and Technology to provide us with an open source model as part of their advisory writ per as suggested by the CNA representative. I mean they're gonna give

us a financial model, could we, you know, since this is just advisory, could we get an open source model? Is that within their capability potentially?

ROBERT KLEIN: I think that should be duly noted. Our representatives on that committee should carry that message with them. Are any other board comments? I'd like, yes?

JOHN C. REED: John Reed. I have one comment and Member Samuelson noted that it was important for members of the ICOC to be educated about the issue of IP and how that pertains both to striking a balance between providing open access at an equal cost to innovative therapies versus providing the protections that are necessary for corporations to invest in the technology and take it forward, and I would encourage that if we do follow through with having tutorials to educate the ICOC members that that should also be

open to the public so the public can be educated about this. We have to remember where the roots to Bayh-Dole came from, and that was because government-supported research was not being commercially developed because there were no intellectual property protections to encourage companies to invest in this, and we have to remember how much it costs to develop pharmaceuticals for example. Typically 800 million per drug. So there has to be a balance and we have to educate ourselves and the public about this balance so that we achieve something that's effective.

ROBERT KLEIN: I think that's quite appropriate and we should also remember that we have WARF, which is the alumni association of University of Wisconsin out there with patent rights. I would, it's my belief that they may in fact be open to such a discussion to

cooperate with California because of the scale of this program, there might be some real opportunities here to really enhance the speed of research for everyone. On, if there's any other board comments? See no other-

JOAN SAMUELSON: One that's more of a kind of a foundational comment I think, Joan Samuelson. I think it's important that we recognize that this, this stuff which feels preliminary and procedural is our work and it's of enormous importance. Nobody wants to get the money out and spent and results coming back in faster than I do. But I think we have several enormously complicated questions before us that require our investment of our intellect and our awareness of all of the complicated issues and that this may take a while, some of these may take a good while and it may take a lot of effort and perhaps we need

workshops and tutorials and retreats, and I think that could benefit us enormously in the long run.

ROBERT KLEIN: I greatly appreciate that and I appreciate having lawyers like you on the committee. I don't know why anyone ever thought someone could be chairman of this institute without a law background. [Laughter]

MARCY DARNOVSKY: One more public comment.

ROBERT KLEIN: Yes, go ahead.

MARCY DARNOVSKY: Marcy Darnovsky for the Center for Genetics and Society, just commenting on the what I've heard around the table here. You know I think, I want to second all the comments about how foundational this is and how important getting these policies and structures right from the get-go is. You know there's been some stumbling here and I'm hearing that you want to do it right from

here on in in terms of openness and public notice of the meetings and so on, and I'm really glad to hear that. And this intellectual property question is one of the ones that really has to be tackled in a thoughtful way. I don't think we can just say Bayh-Dole is the gold standard and leave it at that. I think maybe the wheel does have to be reinvented here because this is a dramatic departure from traditional ways of funding research, and this is a very important field of research and it's very important to the people of California who many of whom are suffering from lack of basic healthcare, so I just wanted to underline you know, to take a little bit of issue with you know, what is an understandable feeling of let's get on with it, but you gotta do it right from the beginning, and this is one of the key areas.

ROBERT KLEIN: Thank you. Are

there any other comments from the board or can I move forward?

PHILIP A. PIZZO: Maybe just the very obvious one, Phil Pizzo speaking, and that is given the comments that have been coming forward, this is gonna require an intense amount of effort and our time is really quite pressured obviously, meeting all of the expectation before us, so earlier in the discussion Mike Friedman asked for a timeline; this seems like it's gonna require a really concentrate effort and hopefully if you can come up with a really expedited and [Unintelligible] to address this issue.

ROBERT KLEIN: Well I, I definitely will make that a priority, right after we get to item 12 on the agenda, have staff. The timeline is critical to all this and there'll be, it's gonna look like a construction timeline with numerous critical paths running

concurrently. Thank you very much Dean Pizzo. In moving on to item six, the status of senate bill 322 I, my understanding is that almost all of the appointments have been made for that task force that is set up by the state legislature to look at a number of standards. Those, those appointments are about to be made public. My understanding is there's one additional appointment they're trying to solidify, and that will be a committee task force of the state carried out with scientists and doctors under the direction, or under, with the coordination of George Cunningham and the State Department of Health. We've had a number of discussions with Mr. Cunningham and unless I hear differently from the board would intend to also cooperate with that effort as an advisory effort to try and take in the expertise that's looking at informed consent, conflicts of

interest, grant processing, and other issues that are directly relevant to what we are trying to carry out here at the institute by having an expert scientific committee about to start operations on that. We have additional resources to draw from as an additional advisory asset. If that's, I don't hear anything else from the board I think we will try to reach out and cooperate fully with that effort as well.

MICHAEL FRIEDMAN: Mr. Chair if I could just ask a, if I could ask a question.

ROBERT KLEIN: Yes Dr. Friedman.

MICHAEL FRIEDMAN: For this and for the, the previous item number four, what process will you use for identifying who the liaisons would be for these various activities and expect that from this committee and just let everybody know before the next meeting who those people

are so that they're formally identified.  
As a suggestion.

ROBERT KLEIN: I certainly will.  
Okay. Seeing no other discussion is there  
public comment on this item?

SUSAN FOGAL: Yes. Good  
afternoon, my name is Susan Fogal, I'm a  
women's rights and health policy attorney.  
I was a campaign coordinator of the pro-  
choice alliance against Prop 71 and one of  
the people who raised many of the issues  
that you're discussing right now, and I  
was pleased Mr. Klein to see your letter  
and to hear the commitment around the  
table to really upholding high standards.  
And I guess I would urge you to go further  
than just quote cooperate with the SB322  
task force. For those of you who've had a  
chance to look at that statute, which was  
passed before Proposition 71 was passed,  
it really lays out very high standards and  
gives a blueprint for addressing many of

the issues such as how are egg donors going to be treated, what does informed consent really look like, what are conflicts of interest, and how should they be resolved. It refers to the fact that the National Institutes of Health don't currently of course have regulations, guidelines on embryonic stem cell research because they're not doing it but, or much, but there is a real opportunity here to show some leadership and you know, during the campaign those of us who raised concerns about the vagueness of the language around these protections, where it says things like generally based on NIH standards or it says but that it be modified to suit the needs of the institute, what we, what the public heard back was the reason for that general, vague language is to give you room to adopt higher standards. So vague language can be used for good or for evil and I

know that you are all committed to using that power for good. I want to quote from one of your colleagues, Dr. Larry Goldstein who addressed the SB322 in the legislature and he said something I think bears repeating. He said I don't need to remind you that this area of research bears the burden of significant ethical issues that concern the public, and these issues must be responsibly managed to ensure that this important research proceeds but with appropriate ethical limitations. Again, speaking as a practicing bench scientist, we are already heavily regulated. You might then ask why would someone such as myself, who's admittedly allergic to paperwork ask for more. The answer is that I truly believe that refusing to develop the guidelines required in SB322 would in fact be a very dangerous move. On the one hand public concerns about this research would not be

addressed, reinforcing the worry that scientists such as myself will proceed without regard for the public. On the other hand, failing to develop these guidelines runs the risk of sending the message to me and to the rest of the scientific community that this research is not welcome in California. We know that's not true because we're paying for it, but that the environment will remain uncertain and inconsistent. I cannot emphasize enough the-

[END TAPE 1 SIDE A]

[START TAPE 1 SIDE B]

SUSAN FOGAL: -and is key to enabling responsible and vigorous scientific and medical progress and I urge you not only to work more formally and adopt the standards that are in SB322 but following up on the comments that were made just on the previous item, that you think about setting those standards first,

before you establish working groups,  
before you move quote the research  
forward, that if that strong foundation of  
standards is not in place first, then we  
all stand the risk to fail. Thank you.

ROBERT KLEIN: Dean Pizzo?

PHILIP A. PIZZO: Thank you for  
those comments. I'd like to add one other  
area that I think could help guide us.  
Another capacity I serve is the chair of  
the Health Science Policy Board for the  
Institute of Medicine, and a year ago  
December we put together a proposal to  
come up with an approach to developing  
guidelines and regulations for stem cell  
research, and then worked in conjunction  
with the life science group at the  
national academy, and as many of you know,  
they will be coming out very shortly with  
a very hopefully thoughtful list of  
guidelines, which could be used in tandem  
with 322 to really help to shape both the

dialogue and some conclusions with regard to that, 'cause I concur, it really is incumbent on us to be the responsible stewards of this extraordinary act on the part of the citizens of California and we must recognize that we're really paving new ground, and we have learned in the past well evidenced from what happened around recombinant DNA technology that regulations can make a difference, they do help the public to feel comfortable with the research that's going on and allow it to proceed in ways that yield the greatest good. So I think these two acts, both what happens through 322 and via the National Academy can be used in a coordinated way to help achieve some of these goals.

ROBERT KLEIN: Thank you. Any other comments? [Pause] Any additional public comment on this item? [Pause]

DEBORAH GREENFIELD: Just to add

to that briefly, 322 allows their regulatory body with many uninterested parties to also consult with any guidelines that are known and available, and in that regard I would love for to suggest that the laws of Canada and the regulatory system of Great Britain also be looked at in terms of how they're dealing with the ethical problems dealing with stem cell research, which have you know, certain limitations and might deal with things like chimeras and all the implications of therapeutic cloning.

Thank you.

ROBERT KLEIN: Thank you very much. I'd like to move at this time to the next item, and if Ted Prim of the attorney general's office will give us a brief overview of government and ethics issues, and as he will emphasize there are specific ethics training for each of the board members, so this is an overview

only.

TED PRIM: Thank you. Good afternoon. My name is Ted Prim and I'm a deputy attorney general and as the chairman indicated this is a brief overview of things that you will become increasingly familiar with but today we're just going to kind of skim over the top of the trees and point out some major landmarks. We don't want to get into a question and answer period on individual issues that are, we're going to be touching on, because we're going to be touching on a lot of things, but if you have questions, jot them down, feel free to give me a call and I will see that your questions get addressed and we will as I will mention in a minute be back on some subsequent occasions to get into all of these issues in greater depth. The first thing I want to mention is ethics training. The law requires that every

agency undergo ethics training, and for new agencies that has to happen within the first six months. So our goal in this situation will be to make sure that that ethics training for this body occurs prior to June first. Once you've taken it you won't need to take ethics training again until the two year cycle of 2007 and 8. The ethics training will cover the most important conflict of interest law in the state of California which is the Political Reform Act, but it will also cover six or seven additional laws that also apply. And I'll be working with the chair in order to figure out the best schedule and the best format for doing this training. Most likely we will suggest that there is an online training that's on the attorney general's web site that you can do from your own computer anywhere in the state and takes about an hour and a half, and so you can pick your own time to do that, and

then we can schedule some follow up sessions in person and I think the idea would be that we would do those locally so that we can cut out travel time in terms of addressing those things. And then that would give you the opportunity after we've kind of laid the foundation to come in and ask whatever questions you want to ask. But if you have specific questions that are raised as we go through things today or as you do your work, then feel free to give us a call. Again, we'll make sure that your needs are taken care of. So I'll give you my phone number now, it's 916-324-5481, 916-324-5481, don't hesitate to call that and we will make sure that someone is available to help you out on the questions dealing with conflicts of interest or open meeting laws or public record laws. Now second topic is the statement of economic interest. At this point I'm hopeful that all of you have

received a form 700, statement of economic interests, from your appointing authority. If you have not then you definitely want to get in touch with me or with the chairman at a break or at the end of this meeting and let us know that so that we can make sure that you get one. It's due by January 17<sup>th</sup> and we want to make sure that we get those taken care of in a timely fashion. Again if you have any questions as you go to fill out this form, get in touch with me and I will make sure that someone is available to help you fill it out and to answer any questions that you have. Some of you are probably already familiar with this process by virtue of public positions that you hold, although your disclosure obligations may be broader in connection with this committee than in your other capacity because you have the same disclosure obligations right now that the governor

has. With respect to investments and real property, you'll be disclosing everything in the state of California, anybody who's doing business in California, any real property in California as of December 17<sup>th</sup> and with respect to income and gifts, unfortunately what the law requires is that you report those things for the past twelve months. Now if you haven't been in a position to keep track of those things that may be difficult and you'll just have to do the best you can, but that's what the law requires. The original forms that you turn in, you should address those to the chair and what will happen with them is that a copy will be made and kept at the offices of the institute. The originals of those forms will go to the Fair Political Practices Commission and you should understand that those forms are public. Anybody can look at them at any time and they need not provide a reason

why they're looking at them. The topic of conflicts of interest under the Political Reform Act is one that will come up from time to time as you address issues before this board. The basic prohibition is that public officials, which you are, may not make, participate in making, or use their official position to influence the making of government decisions in which you have a financial interest. And a financial interest under the Political Reform Act concerns a variety of different economic interests, if the decision will have a foreseeable material financial effect on those interests. As you can imagine we've just mumbled a series of legalistic phrases and as you might expect there are several pages of regulations that go with each one of those phrases. So we'll help you work through those kinds of things. There are, that's what the ethics training will do, and there are other guides to

help you with that. The economic interests are defined by statute, as is the concept of material financial effect. The basic economic interests are investments of 2,000 dollars or more, so if you have an investment in a company of 2,000 dollars or more, then that's going to be the kind of reportable investment you'll have on your form 700. Investments are generally stocks and bonds and they do not include mutual funds. The concept of materiality, the way that that works for investments is that the larger the company that the investment is in, then the larger the financial effect of the government decision has to be before it's considered material, so if we're talking about an investment in a Fortune 500 company, then it takes a 10 million dollar effect for that to be considered a material effect on that company, and so it's that kind of standard that will ultimately be applied

to decisions that you make if you have an economic interest in a decision. Real property is again a 2,000 dollar interest in real property. Interest in real property is ownership of real property, it's also leasehold or options and materiality for real property is judged in terms of proximity, so if your interest in real property is within 500 feet of real property that will be affected by a decision then you're going to be deemed to have an interest in real property. If it's beyond that, then there's an initial presumption that it won't be materially affected, although that can be overcome. Source of income of 500 dollars or more, obviously the most obvious example of that is your job, the salary you make. Now your government salary does not count, so if you're, if you're with the University of California, your salary is not considered to be a source of income for

purposes of the Political Reform Act. The same is the case for reimbursements for travel expenses from either a government agency or from a 501(c)3. The kinds of things that may raise issues for you though are things for example like book rights. That would probably be a source of income to you. Sale of a car or a house. The person who buys your car or house whether or not you sell it at a loss, that's going to be a source of income to you. Lecture fees or appearance fees, those are going to also be a source of income to you. There is also an honorarium ban in state law which we'll discuss in a little bit as a separate item. Gifts of 360 dollars in a calendar year are also an economic interest for purposes of disqualification. A gift is a personal benefit for which you do not receive adequate, or do not provide adequate consideration. Now the obvious

things like tickets and meals and other kinds of personal property, but it also includes things like discounts that are not available to members of the public. If you get tickets for a performance to a play or an athletic event, those things are gifts to you in the amount of the face value of the ticket, tickets at the present time to political fundraisers or charitable fundraisers are deemed to have no value for purposes- [Laughter] may be quite the contrary, may be very expensive to you [Unintelligible] but any rate for purposes of Political Reform Act they have no value although I must say that the political, the Fair Political Practices Commission is reexamining that issue and may change the rules on those. Home hospitality, if you go to dinner at a friend's house, that doesn't count as a gift. That assumes that your friend is actually there and that they're not taking

a tax deduction for the purposes of serving you that dinner. Gifts can always be returned. You have thirty days to return a gift unused and then that doesn't count. You can also contribute the gift to a government agency or to a charity as long as you don't take the deduction and so long as you do it within thirty days. If you exercise direction and control over a gift then the gift is going to be attributed to you. So when you say well gee I can't use that but my brother in law can, you're exercising direction and control over the gift and that gift then is attributed to you. There's also a ban on gifts of more than 360 dollars from a single source during the calendar year, so not only do we have reporting and disqualification but we also have an actual ban on the receipt of gifts in amounts over 360 dollars in a calendar year. There is a separate gift limit of

10 dollars a month from lobbyists, so basically you don't want to be taking gifts from lobbyists. Disclosure of gifts is 50 dollars in a calendar year and disqualification is 360 dollars but that's over the past twelve months, so you have a limit of 360 in a calendar year but if you were to take gifts of 200 dollars in year one, and another gift of 200 dollars in year two from the same source, and those are within a 12 month period, then you've exceeded the 360 dollar trigger for disqualification, you wouldn't be able to participate in a decision that affected the donor of that gift. So there's four different numbers to kind of keep in mind when you're talking about receiving gifts. It's one reason why as government officials you may not want to take many gifts. Travel expenses are another form of gifts. Sometimes if you're giving a speech or serving on a panel and for those

kinds of things there are some fairly complicated rules for which we will provide you with a frequently asked questions guide so you don't have to try to remember all this. Again I'm just trying to give you a sense of the kinds of things you need to be thinking about and be aware of. If it's intrastate travel for a speech or serving on a panel then the travel doesn't count at all. If it's interstate, then it's going to be reportable but not subject to the limit, and if it's international it's going to be reportable and subject to the limit. So the main point of going through those issues on the Political Reform Act is once again to kind of start the process of you being aware of these kinds of things and to emphasize to you that anytime you have a question about whether or not you might have an economic interest in a decision or if you have a question about how to report

things, you need to ask, and when you ask then we're representing to you that we will help you get the resources to get the answer. I also mentioned that there was an honorarium ban. The honorarium ban for state officials says that for giving a speech, serving on a panel, or writing an article, that you may not receive any fees. There are two major exceptions to that, many of which are going to be applicable to the people on this committee. The first is if the fees are received in connection with the practice of a profession, such as medicine, that then that is outside of the honoraria ban. And the second is teaching, so if you're receiving fees in connection with being a professor, then that won't count. So let me give you two examples. If because you're the chief administrator of a medical school you have a practice of being recognized as an expert in certain

areas, and so you give speeches, write articles, or serve on panels and get paid for that, so long as you can justify the fact that you're receiving that money in connection with that expertise then that, those payments are not going to be subject to the honoraria ban. And similarly if you're a professor and you have, for example, an expertise in stem cell research or some other aspect related to that, and you've been writing articles and giving speeches for some period of time on those kind of things and you continue to do those and receive payments, that's not going to be a problem either. If you don't have those kinds of backgrounds and expertise and now all of a sudden you're getting paid to talk about these issues, then the issue is going to be raised as to whether or not you're really being paid to received those payments because of your service on this board, and that would be

subject to the honoraria ban. So if you're going to be receiving fees in connection with speaking, or writing, you want to make sure to put it casually that it's connected with your day job as opposed to service on this committee. This committee will be required to adopt a conflict of interest code. All state and local agencies in California are required to adopt conflict of interest codes. Basically what the conflict of interest code does is it takes the notion of disclosure as a prophylactic for conflicts of interest and it looks at your staff and it says who in our staff participates in the making of government decisions in such a way that they should be required to disclose their financial interests and there're standards that are set up in the Political Reform Act for determining who those people are and what the standards are, so you have full disclosure as I

mentioned before. You can tailor your disclosure in particular for your employees. Now ordinarily this is supposed to be done within six months of the formation of an agency. I don't know where this agency's going to be four or six months from now in terms of the formation of staff, but at the point where you can start to hire staff and get a framework set up for what your staff is going to look like and what duties people are going to have, then at that point our office will assist you in designing a conflict of interest code that will figure out who amongst those employees should be required to disclose and what kinds of interests they will be required to disclose. And it is conceivable that it could ultimately affect the nature of your disclosure but I wouldn't count on it. I think it's a possibility and as we know more about what you do perhaps we can say

there are certain kinds of interests that this committee cannot affect and therefore we can design a disclosure category to eliminate those, but the statute in the Political Reform Act provides that in the interim you have to disclose full disclosure. The chairman has also asked me to indicate to you that there will be as we've talked about today as you've talked about today an effort to promulgate best standards for conducting the committee's operations and as such if you are aware of any samples or examples of best standards for practice in this type of field, he would like it if you would collect those things and forward them to him and those will then go into the process of designing best standards for this committee and our office will try to assist the committee in that respect as well. Those are the things that are all pretty much covered by the Political

Reform Act as administered by the Fair Political Practices Commission. There are some additional conflict of interest provisions in state law as well. One of which is called the Constitutional Ban on Free Transportation. This ban provides that state and local officers in California may not accept gifts or discounts in travel from transportation companies, and the sanction for that is that you lose your public service. You're deprived of the ability to hold office in California if you accept that. Now this doesn't, this only applies to gifts of transportation from a transportation company, such as an airline or a railroad. It does not apply to gifts of transportation from a university or from a manufacturing company or something like that. On the other hand those things are not subject to the ban, there may be other consequences for accepting those gifts,

such as disqualification or the gift limit or things like that you still need to be aware of but it's not the, it's not the constitutional ban. The ban however does not apply to discounts or gifts of transportation that are provided to the public as well. So for example the offer of a bereavement fare or bonus miles, things like that, that are available to all members of the public, you can participate in those things, there's not a problem with that because of the fact that they're offered to the public as a whole. There's also a common law prohibition on conflicts of interest that demands that you show unfettered loyalty to your government agency in the conduct of its business. It doesn't come up that often, it's not used all that often. On the other hand, it is there, and it remains a viable source of conflict of interest law notwithstanding all of the statutes that

we have. The final area I want to touch on is the Bagley-Keene Open Meeting Act. This is the law that governs all state agencies in the conduct of their official meetings and it requires notice and other requirements to make sure that meetings of state bodies are open. You may have heard the term the Brown Act from time to time, that is the local government corollary to the Bagley-Keene Act, so the Bagley-Keene Act applies to state agencies, the Brown Act applies to local government agencies. So the last meeting we did provide each member of the committee with a handy guide to the Bagley-Keene Act, it's a document that may seem a bit intimidating with the idea of sitting down and reading through the whole thing but most of it is just the Bagley-Keene Act itself. It's only the first fifteen pages that are explanatory text and so I would encourage you to pull that out and read it. It'll give you a

better feeling for the kinds of rules that are gonna govern your meetings here and it would probably be helpful to you if you can devote a few minutes to reading it. The Bagley-Keene Act does apply to this body as has been discussed. The statute provides that it does not apply to the working groups. So you may or may not choose to do some additional things voluntarily that apply to the working groups, but the Bagley-Keene Act specifically is not applicable to the working groups pursuant to the statute. One of the problems that's been alluded to today already with the Bagley-Keene Act is that it is a bit cumbersome, and it is. It's an unnatural way of having to do business and it's not a particularly efficient way to do business, but there's a purpose to it and if you can understand and accept the purpose behind it it makes working with it a little bit easier to

handle. When the legislature or in this case the people decide to set up a body of multiple members coming from a variety of different backgrounds, there's a value choice that's being made, and that choice is that we want to have people from divergent backgrounds come together and develop a consensus and that's really different than what we call the department director form of government where you put one person at the top of the decision-making chain and you say here it's your responsibility, make the decisions, make it work. When you create a body you're really doing something completely different. There's a process at that point that you want to capture. What the Bagley-Keene Act does is to say that when you're going through this consensus-building process there needs to be a place at the table for the public as well. And so if you then have informal meetings or

secret meetings what happens is that the public is being deprived of its place at the table and that undercuts then one of the two goals of having a body that develops consensus. So if you can think of it in terms of the fact that the reason why we need to give this notice and the reason why we need to do things all together is because of the fact that the body is not just the people who are on it but it's also this contingent from the public that makes it a little bit easier to understand some of the provisions of the act and some of the ways that it works. So there are three kinds of bodies that we'll primarily be dealing with in this context. The ICOC as a whole, delegated committees, and advisory committees. Delegated committees are committees that are delegated some kind of authority or power. So if you for example create a two-person committee and give it

the authority to go and perform some act then you are actually creating a committee that is governed by the Bagley-Keene just as the whole group of you are. Advisory committees however only qualify if there are three or more persons on an advisory committee, so a two-person advisory committee is not covered by the provisions of the act, a three-person advisory committee is covered by the provisions of the act. Now when I say advisory committee that means that they're going to come back and advise their creator on whatever subject they've been designated to examine. They don't have the ability to go off and actually make any decisions on their own. If they had the ability to make decisions then they would be a delegated committee. All three of these things then, the ICOC, delegated committee and the advisory committees are bodies that are governed by the Bagley-Keene Act

and that would mean that as a general rule they need to give ten day notice of their meetings, they need to describe on the agenda generally speaking what it is the topics are that they're going to cover, and in that fashion then that is, the purpose of that is to notify lay members of the public about what you're going to be doing so they can determine whether they want to come and participate in the meeting. You also then have to give the right to members of the public to be able to address you on each agenda item.

Either before or during the consideration of each item, and the Bagley-Keene Act also provides that in so doing, that you can't require that people provide you with identifying information, so it's fine if people want to volunteer that, if people wish to, which most people do, announce who they are when they come to the podium or when they come into the meeting, that's

fine, and if you want to have sign-up sheets that's fine, but they need to be voluntary. People are allowed to come and attend the meeting and our office has concluded that they can also speak at a meeting without identifying themselves as a requirement. Teleconference meetings is another thing that comes up from time to time. The law provides for teleconference meetings so that people can attend a meeting from a remote location, but it needs to be done according to certain procedures. You have to have notice of the meeting, so when you put out your meeting notice that needs to include any teleconference locations. The public needs to be able to participate from each of those locations and they need to be ADA compliant locations. So example, if you want to attend a meeting sitting at home with your mocha and your bunny slippers we've probably got a problem because

you're not going to want to notice your home as a meeting place. Your home is probably not ADA compliant and you're probably not equipped to handle members of the public in your home as attendees at the meeting, so when we do teleconference meetings we generally want to use things like state buildings or libraries or conference centers or other things like that to have as our remote sites for teleconference meetings. The act also provides for closed sessions, although they are rare and they're narrowly construed. They involve, the ones primarily that I would suspect that this body would be involved in concern personnel, so the hiring of institute staff is something you can conduct a closed session on. Advising your negotiator in real estate negotiations and pending litigation which is one we hope we never have to use. There are some

additional exceptions also built in to Proposition 71, that would allow closed sessions on certain matters dealing with intellectual property and medical records as well. There will probably be some committees and some closed sessions dealing with the recruitment of your president and perhaps on real estate matters as well, the chair has asked me to make it clear that even if there are certain discussions or deliberations that go on appropriate to these closed sessions, that the actual decisions on these matters will be agendized in open session and will be fully considered and decided at an open session. When you have a closed session you still have to go into closed session from an open session, so all meetings have to open in open session, and have to end in open session. Last thing I want to talk about is what we call serial meetings. Serial meetings are

basically a situation where a meeting takes place in an unnoticed format and without a quorum of the body being present at one time. It's a situation where either you have communications from one commissioner to another or perhaps you have one commissioner contacting a series of other commissioners. So you could have A call B call C calls D type thing or A calls B, A calls C, A calls D. Either one of those, once a quorum of the body is involved, would constitute an improper serial meeting. Again if you think about it in terms of the public being present at the table, what we end up having is a majority of the body involved in consideration of business of the body without the public being present, and so what happens is items get discussed and chewed over and then when you get to the meeting there's not much to discuss because it's already been discussed and in

that sense then the public is deprived of their opportunity to hear the information, hear the deliberations and be a part of the process. Now with a 29-member body there is a temptation to say well gee that's not a problem because how often are fifteen of us really gonna get together in this fashion and talk about it. You'll be surprised how easy it can be for that to happen. And the other issue that sometimes comes up in today's world is the extremely convenient means of communication of e-mail. And that one fifteen or twenty-nine people can be involved in a heartbeat, so as inefficient and contra-intuitive as it is, we would encourage you not to have a lot of e-mail communications and not to have a whole lot of telephone communications amongst yourself on commission business between commission meetings, but rather to try to do your business here or do your business

in your committee structure that gets set up. In the long run I think it will, will serve you well even though it's an awkward and unfortunate way of having to do business because what we all like to do is be consensus builders and to reach out to people and try to solve problems ahead of time, but the problem is when we solve those problems ahead of time we are solving them without involving the public and they have been deemed by the legislature to be a critical participant in the process. That's all I have to say today. Again feel free to contact me and I'll be working with the chair. We will be back in touch to set up a way for you to get your official ethics training and for you to have an opportunity to ask any questions that you have on this kind of material or for us to get you an answer. So I'll now utter the phrase that I may regret. Are there any questions?

[Laughter]

ROBERT KLEIN: Ted, as a general matter you referenced early on local training sessions beyond internet training and the, and the CD-ROM training by local, it's my understanding discussions with you that you're prepared to have a San Diego local training, an LA local training, and a bay area local training, so there'd be a institution that would be noticed where members could go to that training without traveling any long period or distance in the state, is that correct?

TED PRIM: That's correct and I would plan to be there and would plan to have a representative from the FEPC there as well where we can provide any additional training and answer any questions that people would have.

ROBERT KLEIN: Dean Pizzo?

PHILIP A. PIZZO: Thank you for that presentation. I won't offer any

caveats to that, I do have a question though, and that is you mention that it's possible for a member of the public to make a presentation or offer comments and do so in what sounded like an anonymous manner and while I can see or understand some reasons why that might be the case, that seems to run counter to the spirit of what seems to be open and transparent communication, so could you clarify that one technical issue?

TED PRIM: Yes well the law provides that, that you can attend a meeting without having to volunteer your name or other personal information. Our office's interpretation of that is if you can attend the meeting without providing that kind of information then part of the process by attending a meeting is the ability to speak as well, and so our view is that you can also speak without identifying yourself, the body can take

into account what you have to say and it may help your views if you identify yourself, but it's not hard to construct situations where someone may want to speak without giving their name. Let's assume that we have a situation maybe where we're dealing with a situation of child abuse or a person who's been molested in some fashion and there's a board or a body that's dealing with this issue, a person wants to comment on something or tell their story but doesn't want to give their name and be exposed in that fashion. Or maybe it's a situation where you know, somebody has some other reason for wanting to protect their identity and you can take that into account as you evaluate or judge their comments. It just seemed to our office like it was counter to the provision that says you don't have to give your name to attend the meeting if you said yeah you can come into the meeting

but if you you know, we're gonna prohibit you from speaking unless you provide your name. It's an interpretation and it's the one that our office has published in its handy guide, its training manuals, and so for whatever it's worth, that's the position of our office on that subject.

ROBERT KLEIN: Thank you very much. Are there any other board questions? Yes Dean Kessler?

DAVID A. KESSLER: Thanks for a very clear presentation. I read in the newspapers that we stumbled and yet for the 29 of us we've only begun. I guess just the question, today's meeting is in full compliance with Bagley-Keene?

TED PRIM: As far as I know.

DAVID A. KESSLER: Thank you.

TED PRIM: Yeah.

ROBERT KLEIN: Okay. Any other questions?

FRANCISCO J. PRIETO: Yes, I

guess I'm presuming that we can-

ROBERT KLEIN: Doctor, you-

FRANCISCO J. PRIETO: Oh, Francisco Prieto. I'm presuming that we may communicate by e-mail on non-substantive matters, regarding meeting attendance and timing and locations and such?

TED PRIM: Yes things such as right, your availability to attend meetings or to work out travel plans or different things like that, yes. Absolutely.

ROBERT KLEIN: I believe it's also a correct statement that you can communicate by e-mail on substantive matters, just you need to be very careful not to make it a chain list on that e-mail, which would create a problem potentially because it could be passed on to a number of people.

FRANCISCO J. PRIETO: So that I

could communicate with one or two other members but not with the committee as a whole.

ROBERT KLEIN: Right. That's correct, and it would be good to remind the members in that communication not to forward that e-mail because we are, we want to be very careful to step back and be cautious and stay well within the intent of Bagley-Keene. Any other questions? Public comment? I believe that Susan Fogal has a point.

SUSAN FOGAL: Thank you. Just briefly, in response to your question with all due respect to the deputy attorney general this meeting is not in compliance with the Bagley-Keene Act. First of all it requires that materials linked to the agenda items be available ten days in advance. They, in fact all of you, have that concern because you were supposed to get the materials ten days in advance and

here we got a whole packet and we're standing here watching you're all looking through things, trying to catch up and see what's supposed to be discussed. And second of all there's supposed to be someone to call for information. The name, the phone number that you call for information considering this is a state body, was a nonprofit organization, Cures for California, and I know that you've read in the papers, many of us have already raised serious concerns about the separation between that organization and yours, the confusion in the public, so it's inappropriate for a nonprofit advocacy organization to be the person that you call. And the third problem is that nobody was answering the phone there. So this meeting is not in compliance.

ROBERT KLEIN: Okay. I would like to indicate first of all that not only was the phone answered but as Charles

would know who had a letter, the letter indicated that in fact he spoke to the person who was on the notice and Terry Francke also called and his calls were returned. The message there was that if while the office was closed that the person would return the calls for information if information was requested. In fact those calls were returned and there is precedent in state government for nonprofits lending personnel when there is a lack of staff for a state agency. That nonprofit lent us the staff at no cost to the state, the individuals that called did have their calls returned and as I said there's actually letters that reference what was said when the calls were returned, so we appreciate always the fact that it is important to have staff and there is an item on this agenda which in fact will create an authorization to create the staff of this institute for the

first time. In the interim the staff was provided with no cost to the state of California. The attorney general, we reviewed those facts with the attorney general's office and outside counsel. They're very firm in the fact that we are in compliance with Bagley-Keene as was stated and it is very important to the intent of this institute to always reach for the highest standards given that there is staff that will be created after this meeting as you can see from a letter that I have made available today. The, as the chairman it will be our practice as I stated before, to always make materials available to the public before the meeting. A resolution that was developed for this meeting was being changed as of about six o'clock last night, it was available today, it is available to the public, it is available to all the board members today, so this institute is in the

act of being created, it is in the birth process, and we appreciate the patience and understanding of that process. With staff we'll try and make sure that we get any materials out at the time of the notice or as early as we can for the benefit of the public and the benefit of the board as you point out. Marcy Darnovsky also has a comment I believe on this item.

MARCY DARNOVSKY: You know I appreciate the difficulties of starting up an organization but a lot of these same objections were raised around the first meeting and the lack of documentation, the lack of explanatory agenda items so that people like myself who are coming to the meeting desiring to participate don't know how to prepare because we can't understand what the agenda items refer to, we don't have any supporting documentation, so that was raised at the first meeting and then

this happened again at the second meeting. So now you're saying again that you're gonna hold yourself to these high standards of the open meeting act and I hope that that comes to pass, but you know, I have to tell you that you know, you're smart people, you have a lot of resources at your command and you didn't do it. The other thing I want to say is to draw attention following up on the deputy attorney general's statement about the open meetings act about the importance of including the public and the initiative that you're all sitting here because of explicitly exempts the working groups from the Bagley-Keene Act and from the Political Reform Act and the conflict of interest requirements, the disclosure requirements in those. I think that is a particularly ill advised and dangerous part of the initiative and I would ask that you make the commitment to disregard

that aspect of the initiative and open those working group meetings, make them subject to the Bagley-Keene Act, make them subject to all the conflict of interest requirements. I don't think otherwise the public has a chance of knowing what's going on and frankly neither do you as members. You would be setting up a situation in which you would be merely accepting the recommendations of these advisory working groups but you wouldn't necessarily according to what your initiative says, be privy to any of the information on which they based their recommendations. So this is I think as Terry Francke said in his, from Californians Aware, said in his letter to you all, this is like opening the floor proceedings of a legislature to the public but closing and holding the committee meetings in secret. It's just really not any kind of standard of openness or

transparency. Thank you.

ROBERT KLEIN: Darcy, Marcy, excuse me. You were a very effective opposition to Proposition 71, and we will always be benefit from your critical view because it'll help us improve but I want to call to everyone's attention because I know you're aware of it, that the working groups are advisory and their recommendations with a full write-up on every recommendation will be made to the board on every grant, on every loan, on every standard, on every facility approval, and it's only the board in public session with the public disclosure of those write-ups available to the public and available to the board who can approve any item, so I want to make sure the public understands that there is no approval that's possible without the explanation for the approval being considered by this board in a public

session with notice with disclosure. That's very clear. And the editorial board for the state, the seventy patient advocacy groups, the thirty medical groups, the business groups and church groups that supported this, and their attorneys who looked at this found that this really thoroughly met the standards of both in the state and they had that knowledge at the time, the editorial boards went through this initiative in great depth. It is important for us always to strive for more openness. As you also know at the National Institute of Health in Washington, D.C. runs a grant program that they have found to have an effective peer review process where they can get frank criticism of scientific proposals by other scientists that having those sessions without an open forum is important to getting real criticism and real openness of the views. Once those

recommendations are made here, we go beyond their standards substantially because we don't make any decisions without bringing it back to the full open meeting. I would like to get other board members' comments if they have them, and I would like to thank you for your comments. Yes Dean Kessler?

MARCY DARNOVSKY: Could I just respond for a minute to this?

ROBERT KLEIN: No, you made a statement. It's a chance now for the board to comment.

MARCY DARNOVSKY: Right, you addressed me directly and I just wanted to say that in my mind it's really going to be a test of the commitment to openness and transparency whether the working groups are held accountable to conflict of interest and open meetings standards. Thanks.

ROBERT KLEIN: Thank you very

much. Dean Kessler.

DAVID A. KESSLER: Mr. Chairman if you could help clarify the relationship with the not-for-profit.

ROBERT KLEIN: Yeah. I would be happy to do so. The campaign was conducted by a nonprofit entity, C4, and that entity, nonprofit entity, had fifteen board members, the list was public, and it has approximately 70 patient advocacy groups and thirty medical groups and a number of state, the state chamber, a number of local chambers and church groups that endorse the work of that, of that initiative through that nonprofit. After the campaign was over, that same group created a C3 nonprofit to do education on stem cell research in the state and keep people advised of the ideas of best practice from around the country, they convened a session of the National Academy, with the National Academies of

Science to look at best practices. That board is totally different and totally separate from the board of the institute. I was chairman of that board. I resigned from being chairman of that board, that's a matter of public information I think that was in the Sacramento Bee in fact today. But early in December I made a decision that if I became chairman of this entity to resign from that entity. In addition that nonprofit during this interim period when we have not had any staff at all did volunteer at no cost to the state or the institute to provide staff on an interim basis to do administrative type tasks including answering the phone as a notice provision. We asked certain state agencies if they had, if they had staff available to handle that function for us. They didn't. So we had a contribution at no cost to the state of that time. But it has been, question

has been raised, there are public forums of that nonprofit that are being conducted around the state to get public, to educate the public on stem cell research. None of the people on the panel of those forums are members of this board. Those are community forums to educate people in the state and to get them educated on best practices and to get commentary so there is a complete separation of this board from that, that nonprofit, there is a common purpose in advancing stem cell research, but that's where the comparison really ends.

DAVID A. KESSLER: Can I follow up just for a second. So I think that that's great, as I understand it, and Mr. Chair I think you just really set out a policy that makes sense. I just want to make sure that going forward that there are as I understand it then that is a not-for-profit as there is any other not-for-

profit out there, they have no special status, you don't rely on them in any other way or in any other not-for-profit and that there are no special links to that not-for-profit compared to any other not-for-profit.

ROBERT KLEIN: That's correct. It's the same status as the Christopher Reeve Foundation or the Michael J. Fox Foundation or the Juvenile Diabetes Research Foundation, Cystic Fibrosis Foundation, all the nonprofits who help us at the institute by providing this information and are highly interested in stem cell research. Yes, who's-

TED PRIM: Mr. Chair?

ROBERT KLEIN: Yeah. Ted, go ahead.

TED PRIM: Could I clarify something. There's a misconception perhaps about some things that the Bagley-Keene Act requires. The Bagley-Keene Act

requires that the agenda be placed on the internet and the agenda for this meeting and the last meeting was placed on the state comptroller's web site because this committee at the present time doesn't have a web site. A good practice that is followed and as I understand it based on your representations is going to be followed by this committee is to have all the supporting materials on the web site as well where they can be linked and downloaded, however that is not required under the Bagley-Keene Act. The Bagley-Keene Act requires that when materials are provided to a majority of the members of the body that those materials then shall be made available without delay to members of the public who have requested those materials. In this particular instance as I understand it, materials were not provided to the board members in advance. The other requirement in the Bagley-Keene

Act is that the items that are provided to the members of the body will be available at the meeting and they are available at the meeting today. So I just wanted to clarify those particular provisions concerning the availability of background materials under the act. Thank you.

[END TAPE 1 SIDE B]

[START TAPE 2 SIDE A]

LEON J. THAL: Just a comment on the grant review process, something we're not engaged in but will be engaged in at some point, many of us have been involved in this process through the National Institutes of Health for a long period of time and that process has evolved quite well and we're quite satisfactorily, for those of you who don't participate in the process there are a series of study sections that consider the grants and make recommendations, those are done without public comment, without public input and

frankly that's the only way you're going to get to frankly criticize grants and to rank them in an appropriate and fair scientific fashion. I don't think that type of meeting could be done in an open fashion, although we might want to consider some limited public input into that process. That would be quite different than what NIH does, we would have to think through how we wanted to do that. The second step is, once the grants are reviewed they're brought to council. The approval by council, which is roughly equivalent to this particular body, also does not take place in open session, the NIH meetings are open but the council meetings when grants are considered are not open, so I think we've actually already gone one step further than what NIH is doing in terms of openness by approving the grants in an open fashion, something again which is not done through

the National Institutes of Health which I already think is a very excellent system. Whether or not we want to consider some kind of limited open participation in the grant review process is something we can open for discussion as to how that would actually work and whether it could work without negatively affecting the review process.

ROBERT KLEIN: Thank you doctor.

FRANCISCO J. PRIETO: Yes, Francisco Prieto. A couple of comments with regard to reviewing the grant applications. In the best practices workshop one of the items that came up was the practice of the JDRF and I believe other groups involving disease advocates in a secondary review and getting their input. I don't know what the actual structure of that is but I think that's certainly something we already have looked at in that forum and perhaps want to look

at more. The other is do we want to involve the members of this committee in communicating the goals of our endeavor and making sure that we are open with our investors, with the people of California.

ROBERT KLEIN: Yeah. I think that along the lines being discussed there are some innovations that are potentially possible here. The, we could hold an institute session for example and have the members of the grant review committee participate in that session to hear public comment and to hear the board's comments on policy and to discuss policy openly. So there's a number of innovations that we can potentially take steps towards achieving this goal without undermining the frankness and objectivity of the review process. We're all here dedicated to advancement of medicine and treating patients, patients and the therapies for patients mitigating the pain of these

chronic diseases and injuries is our mission and we need to be very critical to be true to that mission while achieving all these other objectives. Dean Pizzo?

PHILIP A. PIZZO: Clearly the most important thing, and we all recognize is to have the very highest quality scientific proposals come forward and be reviewed and then hopefully supported. The two components of that are to assure that the greatest level of rigorous critique takes place, and I think we've learned that that's going to take place in an environment where people can really speak very frankly and very candidly. The second is we want the most creative ideas to come forward, and those ideas may not at a point in time actually merit the scientific rigor that we would all hold proposals to, and we don't want to damage scientists who may take a chance in thinking creatively in not submitting

proposals for the fear that they would be discriminated or reviewed negatively at a public forum. So I think that we've got to both respect the right and the process that we've all articulated but also not lose sight of what the ultimate goal is, and the ultimate goal is to have the very best science, the most rigorously reviewed and defined and instill to our scientists in the state of California the hope that they'll come forward with their most creative ideas on the hope that they will achieve the merit that we all want in terms of advancing this field.

ROBERT KLEIN: Thank you. And Dr. Black?

KEITH BLACK: Yes I'd just like to point out one other factor for having those scientific reviews closed at the NIH and that is that they're actually protected in terms of IP issues. So I think we would significantly impede grants

being submitted if there were intellectual property to be protected if they would be reviewed in an open fashion and they would lose the IP protection.

ROBERT KLEIN: Okay. Any other board comments?

JEFF SHEEHY: Jeff Sheehy. I just want to, because I do consider myself an advocate for open government but I think this peer review process is something that the public is not generally familiar with and I think it's important that we educate ourselves on this, and I'm glad we're having this discussion. Almost every scientist that I've talked to going into this process, in fact every scientist has emphasized that for the integrity of the science that gets improved we have to have a confidential peer review process, it's just how it's done. It's the best way. It works. So I hope folks will talk to people that they know within the

academic community and really try to get a handle on this specific issue because I think that it's gonna be critical that we proceed in the fashion that maintains confidentiality.

ROBERT KLEIN: I thank you very much. I think at this point we're prepared to move to the next item. The next item will be introduced by the vice chair, Ed Penhoet. Ed.

ED PENHOET: Well the next item is consideration of the location and headquarters of the institute and formation of a committee for the purpose of locating suitable office space for the institute and making a recommendation to the board at the next meeting on February 3<sup>rd</sup>. I think we've heard abundant evidence that we need a staff. And the staff needs a place in which to work. And so of all this I must say item eight is [Unintelligible] in the sense articulated

in a rather awkward way, the intent here is really to establish a committee of this board to address the issue of the location of the institute and to within the timeframe here which is essentially thirty days to come up with a recommendation for us to actually secure a location. We have, we Bob and I, have suggested a committee consisting of individuals from the three major metropolitan areas, Sherry Lansing has agreed to chair this committee.

SHERRY LANSING: [Inaudible] -to be on the committee but I don't feel qualified to chair it and I have to say that. I think there was a misunderstanding because, and again I think it was totally unintentional so I don't think it was, is that I don't know enough about real estate to be honest with you to feel that I would be, I'd be happy to be on the committee but I don't feel

that I'm qualified to chair it. I think there are other people here.

ED PENHOET: I would be happy to chair the committee myself if other people around the table were comfortable, that Sherry has agreed to serve on the committee as she just said and the others that we recommend are Michael Friedman, Richard Murphy, John Reed, and Bob Klein. Bob and I have thought about this issue, we think among the other criteria that should be addressed in the choice of a location would be first of all proximity to a substantial presence of the biomedical community, proximity to leading academic and other research institutions. Those two things are synonymous in most cases. Some strong evidence of community support for the activity, can take a variety of different forms, and clearly since we have a far-flung operation, respective travel proximity to a very

useful set of transportation alternatives, especially airports. So those were our thoughts about criteria but we will leave it to the committee to work on this problem in the next thirty days and then come up with a recommendation for the board at the next meeting. It's very important that we do this, take care of this item quickly because in recruiting staff, many people have geographical constraints and can only work in certain places, so it's really, it's really imperative I think to choose the location early on in the process so that we can begin the full process of recruiting staff. So that's our recommendation. We'd be happy to have first of all if there are other members who want to participate in this we'd be happy to hear from you and we'd also like to get your concurrence that this group of six would be an, a proper committee to address this

issue. Dr. Friedman?

PHILIP A. PIZZO: Just a, maybe a general question, and that is since you co-chaired what looks like the selection of the various members of committees could you perhaps explicate how the various choices were made, were there criteria for defining who should or shouldn't be on various committees, how did you come to this constellation of names on for example this group?

ROBERT KLEIN: Why don't we address this if appropriate with each group as we go through it.

PHILIP A. PIZZO: That would be very helpful.

ROBERT KLEIN: But in terms of this group you'll notice that there's an equal distribution from the San Diego area, the Los Angeles area and the bay area. So there was an intent to give equitable distribution to the views of

each of the major regions that has a major biomedical concentration and research important focus or locus of research institutions in the state. Within that there was an attempt to find individuals who besides their other committee assignments, which are significant, were willing to put out additional time for this issue because this is a decision where we'll have some significant time in a short time period.

SHERRY LANSING: I you know, superficially think these are good choices, but I have two questions, first of all since we weren't able to talk about these ahead of time, is there a limit to the number of people that can be on a committee number one, and number two if there isn't a limit and someone wishes to serve on a committee since we're all here for the same intention why can't someone say I really would like to be on the site

search committee and why wouldn't we include them.

ROBERT KLEIN: In fact the, it is very clear as we're going to introduce the other major committees that we're gonna ask at the end of each presentation that if anyone wants to volunteer to serve on a committee in addition to the one that they've been asked to serve on, so that's, and that precedent should certainly and that practice should apply here. If there are other individuals, the one thing I would say on this committee is we would, we think it's appropriate to make sure that every area of the state gets a proportional representation, so in this particular committee if someone volunteers from San Diego it would be good to have someone volunteer from LA and the bay area so we maintain the proportional representation. So it's a little bit more difficult here than on the other

committees. But would anyone else like to volunteer to serve on this committee?

PHYLLIS PRECIADO: I would.

Phyllis Preciado.

ROBERT KLEIN: Thank you. It seems that coming from central California that's a neutral player. [Laughter]

MALE VOICE: Well we should include central California as an alternative.

PHYLLIS PRECIADO: That's right.

ROBERT KLEIN: Mike Friedman?

MICHAEL FRIEDMAN: Two questions [Inaudible] two questions and they're really process questions. One is this is a, this is a lot of work to do to have a recommendation to this group a month from now essentially and although I'm usually wildly optimistic about such things I think it's also very important to have realistic standards and to hold ourselves to those. Is it the expectation that we

would have a final recommendation for this group in a month? And I'm trying to keep the tone of skepticism out of my voice.

[Laughter]

ED PENHOET: Well I think we have an ambitious timeline as you point out, we have an ambitious timeline as you point out. The goal, the hope would be that by the next meeting we could have a recommendation. If we don't we can always agree to continue the work of the committee until we do.

MICHAEL FRIEDMAN: And obviously the people will be understanding of that, and we don't want to make a hasty decision and make a poor decision so we all agree with that. The second question though is related to that, which is I must agree with Ms. Lansing, my expertise is not in real estate although I'm very happy to serve on this. To what use of outside bodies, consultative or other bodies can

we make to help us to formulate really good recommendations to this board?

ED PENHOET: Well first of all if you look at the percentage of the total funding that's allocated to a staff, this is not an enormous piece of real estate we're talking about renting for this enterprise, so it's, will have to be enough to house thirty to forty people probably. Having said that we will contact a number of real estate brokers and others in the various areas that we want to focus our attention on and look at the opportunities available to us within those regions, so but it's, you know, we're not talking about a very large enterprise.

MICHAEL FRIEDMAN: If I could just make one other point, you're absolutely right and I agree with you and I'm not certainly talking about luxurious or [Unintelligible] sorts of environments

but I think the point's been made over and over and over again today, if we don't have a superb staff really functioning at a very high level, everything else is gonna fall apart, and I don't mean to be you know, simplistic about this, but we really have to make a good decision about the right place and good decisions about the right staff to make sure that for the next decade this whole process goes forward and so that's the only reason that I, and I'm maybe investing this with more-

ED PENHOET: No it's an important decision and, and to some degree the location as I said before will drive the staff decisions because there are people who have real constraints about where they can live and work, so and I think we have to take all that into account but in terms of the process for moving forward, we think that the order is very importantly here, in particular when it comes to the

next agenda item, choosing a president, the location may turn out to be a very important issue for a number of different people, so I think that we want to work with on this piece of our activity with a real sense of urgency but we don't want to make a foolish decision in the end and so.

FRANCISCO J. PRIETO: Francisco Prieto. Well I realize there are really only a very few of us who consider Sacramento to be a major metropolitan area. I, it is the state capital however. I also noticed there really isn't anyone on that committee who's currently active in the University of California system and if Dr. Pomeroy were willing to serve I wanted to nominate her [Inaudible].

CLAIRE POMEROY: I'd be delighted to do so.

[Unintelligible]

EDWARD W. HOLMES: You mentioned a number of characteristics that might be

considered by the group which I thought were excellent as a part of the process which sounds like it's more than certainly real estate that's involved here and one of them was I thought very important, which is community contribution and getting behind that. In that regard I would just throw out one thing for consideration by the group that I think we should be careful about the where we site it from the point of view and I'll give my bias is that it may not be the best to put it in a research institution that's likely to be a recipient of these funds, simply because of the challenges that might present, so I'd just throw that out for the group to consider in their deliberations.

ED PENHOET: And I totally agree with both your points. This is not fundamentally a real estate decision, it's fundamentally a location for the

headquarters of this. The real estate problem will be easy to solve I'm sure if the location is one that suits the activities of the institute. And second of all it would be unwise I think to collocate it with any potential grantee, it should be in a space of its own. Any other?

ROBERT BIRGENEAU: Apparently the next item, Bob Birgeneau, the next item is going to be the presidential search committee. I mean certainly all of us often find in trying to recruit people into leadership positions that geography matters a lot and we necessarily want to within the next thirty days fix the site and then find out that the site we chose precludes the very best person that we would want to recruit to be head of the institute.

ROBERT KLEIN: I think that it's important as the feedback on a realtime

basis is received by the presidential search committee to integrate that information with the siting committee and in fact we might find that we have an excellent location or an option of two excellent locations with very competitive support from local government which may choose to subsidize the rent at these locations to make them more attractive but we cannot make a decision by the next meeting because we have pending decisions on the presidency which would impact that decision, so it is though as we've realized by the last thirty days, critically important to get staff per se and get them settled in location where they can properly service the public and the patient groups and the other organizations and the press who have a right to information, to communication, and to the best supporting documentation possible. At the end?

BRIAN E. HENDERSON: Yeah. Brian Henderson. Yeah I'd like to support the idea of moving along on the real estate and staffing while we're doing the presidential search 'cause that may take longer and I think we have a real urgent need to get on with some staff and some support for this operation. [Inaudible] I don't think the presidential search should hold up the search for space.

SHERRY LANSING: I second that. I think [Inaudible].

ROBERT KLEIN: Sherry could you push your button please?

SHERRY LANSING: I just wanted to second that and I think the overwhelming feeling that we're getting from the members of the audience is the need for an openness and the Bagley-Keene Act and I think that the sooner we get a building and I just want to add even if we don't have the perfect building there's nothing

wrong with temporary space, you know, something that we can lease for a short amount of time to get a staff in place, and I think once we get a staff in place all of the problems that we're talking about will go away because I think everybody's intentions are clear and we know what to do, we just need bodies to do it.

PHILIP A. PIZZO: Recognizing the importance of the points that have been made I just want to offer a slight modification of that, and that is there's no question that the staff are essential but in reality the selection of the president who in essence is the CEO of the organization is among the most critical positions that I think we have before us. You serve as the chair and vice chair of the board and we're in essence a board of trustees, but the work is gonna take place in so many of the practical issues

including many of the definitions that we're going to need to address for all these working groups through the advice that comes from this CEO of the organization and so there's, there are two parts to my comment. The first is the thing that needs to be on a very fast track is the search committee for the president. Of all the things that I think we're gonna be doing, that has to be among the most if not the most important and closely in tandem with that of course is the composition of the staff to help support this effort. So I hope that we can have these go forward in tandem, the expedition and rather than settling on a space for a site that we come up with options that we could entertain that will hopefully allow a marriage of the presidential selection and the site to happen at a point in time and that point in time just needs to be at lightning

speed.

CLAIRE POMEROY: I would just like to add one potential criteria to the excellent criteria that were listed, and that would be the financial impact of this decision and the affordability of it, and that would not only be for the real estate but for the people that we are recruiting to live in the vicinity of this building. And obviously we're facing a challenge here, which is that staff in general can't commit until they know where they're committing to work, and the urgency of getting staff is clear to all of us. I would just note that in many cases a CEO does not define where the company is located, in fact the company exists and the CEO moves to the company and so that I personally think that it might be hard to recruit a president without telling them where they would be working. So obviously [Inaudible] with lots of communication

between the two groups.

ROBERT KLEIN: Dr. Kessler?

GERALD S. LEVEY: Gerry Levey. I just wanted to [Inaudible]-

ROBERT KLEIN: Can you hit your microphone button again?

GERALD S. LEVEY: Yeah. I just want to, UCLA, enjoying the USC afternoon however. [Laughter] Feel like I have a championship football team. [Laughter] No comments from [Unintelligible] I just want to echo those comments about the urgency of getting a president of this organization because whether you're considering grant policy, whether you're considering standards, whether you're considering site, it's just critical to get someone in here. We certainly will move very quickly to get a chair of the board and to get a vice chair of the board, a case could easily have been made to be just as rapid in terms of getting a

president for the organization, so I would certainly recommend that we do that with all dispatch.

DAVID A. KESSLER: We've learned today we need a telephone and I guess cell phones don't require an office, but even before we get a president and we have a site selection, there needs to be some presence, and I guess the question is what are the plans until there's a president that can come on board, I mean who's gonna, where's that phone gonna be, where is that staff gonna be in the interim?

ROBERT KLEIN: If I could answer that, under the authorization 12 there's an ability to enter into short-term leases, so there is an intent to immediately lease some space, so we have a physical presence. It certainly won't be a space that we intend to be in for long-term but it'll give us immediate presence at some location. I will say to echo

prior comments that we have also discussed cost as an important consideration to the extent we save money on facilities costs we can put more money into gaining the best minds in the country on the staff of this institute to carry out the purpose of advancing medical therapy, which is our mission. So I would say that unsolicited there's been an offer to the institute of some space that'll be considered along with the rest of the offers that come in. It's my understanding that several cities are considering working with real estate owners in their areas to make offers and I would suggest to them that give us very good quality space at a very low cost because our mission is to really advance medicine and we want money in research and the best minds in the country, so we're looking for value.

DAVID A. KESSLER: Mr. Chairman  
can I just follow up for a second? So as

I understand it, the intent is to lease space on a temporary basis pretty soon before a permanent site is selected?

ROBERT KLEIN: That would be correct.

DAVID A. KESSLER: The second question is the issue of staff, I mean who do we turn to, what do we do, how do we learn about staff, what's that plan?

ROBERT KLEIN: If we can address that under item-

MALE VOICE: Item 11.

ROBERT KLEIN: That would be preferable because it is covered under that item. Any other? Dr. Love?

TED W. LOVE: Just kind of, along the point of urgency would the chair like a motion to confirm the committee of eight people that were suggested?

ED PENHOET: Yes we do need a motion and I think the motion is to confirm and recommend the committee as

articulated in the handout we gave you with the additions of Phyllis Preciado and Claire Pomeroy to the group.

MALE VOICE: So moved.

ED PENHOET: [Unintelligible] the chair that I would serve in her place as the chair.

ROBERT KLEIN: And I believe you have a first and a second. Could those, the first and second be identified?

TED W. LOVE: Ted Love's first.

BRIAN E. HENDERSON: Second.

ROBERT KLEIN: Second by Henderson, thank you. All in favor say aye?

MULTIPLE SPEAKERS: Aye.

ROBERT KLEIN: Opposed? [Pause]  
Thank you.

JOAN SAMUELSON: Joan Samuelson, a comment. It wouldn't offend me if the chair and vice chair with whatever speed found some space that you could work with

and you could hire some staff to put into to be able to do some minimal staffing of our immediate needs and whether that had anything to do with the eventual staff and office, and I could put it in a formal amendment or a motion if you'd like.

ROBERT KLEIN: I think that that will be addressed under item 11 but we certainly appreciate the feeling and the support, 'cause we definitely need that support.

JOAN SAMUELSON: As long as it doesn't violate any of these things that we've heard about today.

ED PENHOET: Well pending the adoption of 11 and 12 we expect to hire a very small staff to support us as chair and vice chair but not enough people to preclude opportunity for the incoming CEO to appoint his or her own core staff for this facility, so it will be a small group but nevertheless a group that can

effectively aid in the work of the commission.

JONATHON SHESTACK: Excuse me, could I just ask you a quick conflict of interest question, 'cause people seem to think that there's some conflict of interest between this group and the previous nonprofit that advocated the creation of this institute, which I don't understand, but it would seem logical that you might want to hire people who had worked for the proposition, who know the rounds, is that permissible or what do they need to resign from the other thing in order to do it, or how does it work, 'cause it would seem to be the logical thing that we'd want to do.

ROBERT KLEIN: The, if I can because we need to allow the public to comment on these, if I can address that as part of item 11 but I will specifically address that as part of item 11.

ED PENHOET: Again you have a notice on the card from the public who wanted to comment on this, we did vote without your input, if anybody in the audience would like to address the group on the choice of a location? Okay. Then we'll move on to item 9, oh excuse me.

WALTER BARNES: Thank you. I, Walter Barnes from the state comptroller's office again. I'm not commenting as part of the public here, but during my comments on financial matters I mentioned the idea of contracting either with us or with another agency to provide you with the administrative capability of dealing with a number of these things like the acquisition of space, and I, the only reason I put it out there is because there are certain rules and processes by which space, even donated space, is to be acquired by state agencies such as your own, and what I'm saying is that if you

get that expertise on board very quickly I think a lot of your issues can be dealt with very quickly including acquiring space, temporary space. The state does have a number of facilities that it isn't using right at the moment, you know, those could be used interimly but it's in effect it's somebody to work within the bureaucracy to get those things done for you, so again that's just information for you.

ROBERT KLEIN: I think I'd like to thank you specifically under item 11 it allows us to enter into the interagency agreements, in fact take advantage of the comptroller's office generosity with the short-term allowance of the use of their staff and help us, helping us with facilities and other challenges we have, but we do need the interagency agreements and we're quite focused on making sure we go through the right process.

WALTER BARNES: And the fact is that we can execute the interagency agreement again whether you select us or would ask us to do it or some other agency, we can actually begin to start working and execute those agreements as we go along, so.

ROBERT KLEIN: Okay. I would like the sense of the board, we've been sitting here and the public has been sitting here for quite some time. If we took a fifteen-minute recess at this point we will adjourn for fifteen minutes.

[Crosstalk]

[Break in audio]

ROBERT KLEIN: We will reconvene the meeting. Item nine is the next item establishing a hiring committee to develop and implement a process for interviewing and hiring a president with general strategy and timeline approved by the board. In introducing this item I'd like

to address the question raised earlier of what was the criteria in suggesting members for that committee and I will tell you that the basic criteria were as follows. A, trying to get a distribution of individuals with different types of expertise, making sure we had some patient advocates on the committee, making certain we had individuals who had done scientific research, making certain that in the case of the presidential search committee that we had a broad distribution of people based upon individual backgrounds and physical connections with different areas of the scientific community around the country. It was also taken into consideration individuals that we needed for other committees that might have special expertise on those other committees, for example, if someone had a substantial government regulatory background and we needed them on the

search committee, or the working group on standards, then it would be difficult to also ask them to be on the presidential search committee. However as stated earlier in response to Sherry Lansing's question, I believe we are going to at the end of each of these discussions on the proposed committee membership ask if there's anyone else who would like to serve on the committee from the board, realizing that these committees are going to operate under very tight timeline. We will continue the search for a president as long as we need to to get the very best talent, but as has been expressed here today it is an urgent item to get the CEO for this institute on board. Has to be an extremely high quality individual and that will be the dominant controlling criteria I believe, I'd like to hear the rest of the board's expression, but urgency is a very important criteria as well. Having

introduced this item for discussion I'd like to first go to the board for their comments with the recognition that the list of proposed membership for the presidential search committee is before you and Joan Samuelson has agreed to serve as well. You'll notice at the bottom of that list there's a member there, there's a person there who is not a member of the board. That is an example or suggested, as a suggestion that we might want to consider public members to be added. Dana Reeve, Christopher Reeve's wife, was interested in being on this board, she was not nominated for the board, but whether Dana Reeve or any other public member serves on the board is a subject I'd like to discuss with the board, would you like the committee with their chair when they first meet to consider additional public members, or would you like these committees to be comprised of merely of

members of the board. So that, she is not a member of this committee at this time, it's only there as an example. Joan Samuelson however has volunteered and would be a member of this committee. With that introduction I would indicate that the, serving as chair of this committee it would be my intent to have the first meeting as a conference call public meeting format and that would be scheduled with a ten day notice because it will be under the Bagley-Keene. It's expected that there will be a public portion of that meeting by conference call and that there will be an executive session portion to the extent that we have to discuss candidates. But the policy portion of that call and criteria portion of that call would be general items of discussion that we would intend to have at the beginning of that call after the executive session portion of that call we'll

reconvene as in the public portion of that call and report back to the people participating on any policy issues while maintaining confidentiality of individuals who in most all cases will be in current jobs and they will not probably have informed people they're working for that they are being considered for this position because it is a very tentative stage. So we do not want to jeopardize their current employment as the price of being considered. So those candidates it would be my intention to see that they remain confidential until the committee reaches a firm decision on their recommendation. So with that background, I open it for board discussion to be followed by public discussion. Dr. Love.

TED W. LOVE: Yes [Inaudible] just a question. I assume that we envision the committee would have an executive search firm working with it, or

would we do this in some other approach?

ROBERT KLEIN: Although I'm chairman of the committee it would be my intention to really look to the committee, this is a policy decision. If the board would like to make that direction to the committee that is certainly one option or the committee itself meeting as a committee as a whole could make that decision. Certainly one of the options. Michael Goldberg?

MICHAEL GOLDBERG: Is it an appropriate time to speak to the issue of composition of the committee with respect to non-board member?

ROBERT KLEIN: Yes.

MICHAEL GOLDBERG: Okay. It's my view that given the pace at which we'd like to initiate this process and its importance as has been discussed that a process of trying to define criteria to review, screen, and determine eligibility

for service would unfairly complicate and slow down the process.

ROBERT KLEIN: All right. Other comments?

GERALD S. LEVEY: I think, it's Dr. Levey, yeah I want, I was also interested whether there's going to be a search firm involved and but also what the nomination process would be, whether the board members can nominate, how do we go about that, and I also had some questions about whether we had thought through about salary for such an individual, what it would take to be competitive, to get somebody to take this presidency of this institute or is it all gonna be regulated by state mandated salaries?

ROBERT KLEIN: Yeah. Let me answer those questions sequentially. First of all we addressed the search firm question. In terms of the issue on salary, the initiative itself sets up a

standard and that standard essentially creates an average of the salaries paid to comparable individuals serving in institutions that are representative of the board. So if you look at the deans of the medical schools and executive officers of the institutions on this board, the average of those salaries is defined as the salary range. That's intended to provide us the flexibility to provide a salary that's competitive with anyone coming from one of the finest institutions in the country. Yes, I think Claire and then Jonathon.

CLAIRE POMEROY: I think that was very similar to my question, specifically what will the process be for developing the job description, what will be the process for advertising, and I guess it's not fair to ask you you know, you all of those questions at this moment but I would wonder if you could talk about the process

for making those decisions.

ROBERT KLEIN: Yeah. To the extent that I can because certainly the committee itself will define some of these parameters. I didn't answer one question by Dr. Levey which was who can nominate, and essentially the existing state of affairs unless the board decides otherwise is that any member of the board can nominate, the public can nominate to this committee, we are looking for the very best candidate on a national basis from any institution source and the source of the candidate is not as important as the quality of the candidate being nominated. The process for the selection is intended to be determined by the committee, except to the extent that the board would like to give the committee direction on specific criteria that they would like to have considered at this time. There is nothing preventing the board at the next board

meeting for example from having an agenda item, which is a status report from this committee and having the board having time to think about it, add additional criteria or additional thoughts and direction to that committee but the, at this point the job description is laid out generally in the initiative itself, so we start with that most fundamental description, descriptive terms in the initiative of this being chief science officer, being the CEO of the operation and having a plenary authority here over the direct operation and execution of our mission.

CLAIRE POMEROY: I guess I would just express that I think that it's one of our major responsibilities as a board to make good decisions about this important position and I personally would feel more comfortable if I could see the job description and have some board

consideration of that before a search process was initiated.

ROBERT KLEIN: Well let me ask this question in the context of the urgency that I've heard expressed. The search process goes through many stages. Some of the basic criteria and the job description that's in the initiative gives basic direction. Would it be accepted from your point of view if the initial process were to start, candidates were to be identified, there would have to be some preliminary interviews, there won't, it would be difficult to believe that we'd be in a position to for the committee to make decisions within thirty days, so that is there a possibility that since the preliminary screening is going to have to be a very broad net that we get additional direction at the next meeting while allowing the process to at least go through the preliminary stage? I believe

Dr. Friedman.

MICHAEL FRIEDMAN: Thank you. I [Inaudible] I'd like to make a strong suggestion if I might which is to engage a search firm and to do this in a very formal and a very disciplined way. Vetting things very carefully, making sure that we get the best candidates. I do agree with the idea of describing a job description in much finer detail than was set out, I think the general characteristics is there but I think we've all been engaged in major recruitments for institutions and we know that this is a somewhat laborious process that usually grinds pretty finely but ends up with a good product. That said, I think we also have to be realistic in our expectation and I think if any of us were searching for an institute director for a major component of our organizations we would be hesitant to say that we'd do this in three

months and have somebody on board. If we're, hopefully we're lucky and I hope this goes much faster than that, but I think we as a, we as a committee have to plan that it might take us fully six, nine, twelve months before we have the right person. We've all had the experience that you don't want to go quickly and then pick the less good candidate, we want to go for the best candidate while not being unrealistic, and so I think we need to have a plan of how we're going to operate over the interim, but I think we have to be realistic and expect that even with the best help, and I urge that we get the best help in doing this, and I don't have a particular search firm that I'm recommending, there are many good ones, and some for public good for pro bono might even do this discounted or for free, and that we should certainly explore that, but I'd get the best help we

can get in this.

ROBERT KLEIN: And in that search one idea that has been discussed just preliminarily is the idea potentially since it's very important the public to know that we're proceeding responsibly on getting funds out to researchers, would you be willing to see the search committee also come back with a recommendation potentially for an interim president that would allow us to functionally become operational while trying to find the best permanent candidate?

MICHAEL FRIEDMAN: Yes.

ROBERT KLEIN: Dr. Pizzo?

PHILIP A. PIZZO: That's precisely, I'm glad you say that, that's precisely where I was going to head, because you know, to me it seems impossible that we're going to be able to come up with a mechanism for grant activities and the appropriate oversight

over the entire process that we have before us until we have a functional CEO and a staff that's able to do it. The worst mistake we could make is to begin going through the granting process through the ICOC or through the committees without all the regulations having been defined, and so because it is going to take a while to find someone unless we're very lucky, I think it's imperative that we come up with an interim CEO, someone who can take this on for the short order and with that begin to move this process forward 'cause in the absence of that I think we're going to be behind by many months if not a year.

ROBERT KLEIN: All right. If, yeah doctor?

FRANCISCO J. PRIETO: Francisco Prieto. A couple of things, I guess a comment and a question. I think those of us particularly who are disease advocates are very eager to see this go forward

quickly and to see something that will reach the clinical stage in a reasonable number of years but I think it's more important to us as it is I'm sure to all of you that this be done right, and the other question not related, well certainly related to all of this is are members of this committee eligible to be nominated either as interim or actual president and what would their status on the committee then be at the point that such a person were chosen?

ROBERT KLEIN: Speaking as an individual I would think that that person would have to remove themselves from the committee but if someone were to remove themselves from the committee and wish to be considered as long as it wasn't prejudicial to any other candidate I think that is a reasonable thing for the committee, for the board here to consider, so it, what we have to be careful to

maintain is absolute objectivity and in that circumstance I think would be important a person not continue to serve on the committee but that's my individual view. I think Jonathan I called on you before and I just didn't get back to you right away.

JONATHON SHESTACK: No most of my questions were answered I just wanted to suggest that we try and make clear that this committee does have the authority to engage a search firm and that I'm assuming then that this committee also will serve as the compensation committee or not? What were your thoughts on that? Because it'd be nice to define a lot of these choices it doesn't really matter, you just gotta choose one so you can move on to the next thing. If the committee could decide compensation that would be great and then your job is a little bit simpler and you can [Inaudible].

ROBERT KLEIN: Yeah. This committee actually would be an advisory committee so it can look at the initiative and the index of salaries and study those ranges and come back with a recommended candidate and a recommended compensation, so it would do both in terms of recommendation. It should also come back with an explanation of the criteria that were used in making the decision, explanation of why this candidate is believed to really be the best candidate to move forward this area of medical research, and the explaining how the philosophy and purposes of the institute are consistent with the philosophy and purposes of the candidate.

JONATHON SHESTACK: The intention is to come back with a final candidate rather than a choice of one or two?

ROBERT KLEIN: If the committee were to find a dominant candidate which

was absolutely superlative then one would logically conclude that the committee would come back with a final candidate. If there were two candidates very close together, the potential is for the committee to come back with two candidates. However on a practical basis it puts the candidates at a very difficult position for with employment so it's more probably that the committee would try and come back with a candidate, because once you expose that candidate to the public, their current employment is in jeopardy. Yes, Sherry Lansing?

SHERRY LANSING: [Inaudible]

Thank you. I wanted to say three things. First of all I agree wholeheartedly that we should have a search committee I think that that is extremely important and really will ensure the integrity of the process. As much as it's a lovely thought to have outside members on the committee

and I certainly respect and admire Dana Reeve, I think that you're opening up a Pandora's Box. I think that we wouldn't know who to include and who not to include and I think it could create feelings of anger, you know, and I think it's a lovely idea but I don't think it's really workable. And finally I would like to volunteer to be on this committee also.

[Laughter]

ROBERT KLEIN: Thank you, it's particularly impressive to me knowing the intensity of activity on this committee to get an additional volunteer so thank you very much. Yes, Gayle Wilson?

GAYLE WILSON: I would like to agree with Sherry and I think it was Michael also who was talking about not including other people. I think it's wonderful if they can have, whoever can have input into [Unintelligible] make that very public, but in the end have this

committee make the decision.

ROBERT KLEIN: Thank you.

Dr Steward?

OSWALD STEWARD: Yeah, Os Steward. I actually agree because I think this committee is going to have to function in a very efficient way but it might be worth reconsidering the idea of outside members for some of the other committees and I just as we're discussing it here don't want to exclude that consideration from some of the other committees.

ROBERT KLEIN: All right. As the chairman I just felt it was not my individual decision to be made, it's something that needed to be brought to the board, any substantive ideas need to be brought to the board so the board can make that decision and give us direction. Yes Dr. Kessler?

DAVID A. KESSLER: Two things, I

too volunteer if you so wish Mr. Chair and the issue of job description, what's the, how does that, do we get to see it, how does it get, after it gets drafted by the committee what's that process?

ROBERT KLEIN: Well I would hope that this committee on a timeline would be dedicated to bringing back at the next board meeting, which is now scheduled I believe for February the 3<sup>rd</sup> a detailed job description and other information policy developed by the committee as a full report to the board on the progress of the search committee and the criteria and policies it had a chance to develop along with detailed job description. And since I'm hearing a broad consensus on employing a professional search firm, in considering a motion on this if the person considering the motion might want to consider adding that in the motion as direction from the board to employ a

professional search firm. Yes?

EDWARD W. HOLMES: I'd like to just comment on the desirability of bringing a single candidate forward. That recognizing there's pressure and time try and identify someone as president of this organization, I would be concerned if the committee worked so much to come up with a single candidate, bring that person forward, then negotiations probably have to begin with that person, see whether they're going to actually take the job or not, that's going to take some time. You, it seems to me parallel processing or having names that you can work with at least in most academic searches, which is all that I'm familiar with to be only pursuing one candidate greatly lengthens the process and I would just encourage you to rethink that as to whether if you can identify a number of good candidates is to get some approval from this group on those

as individuals and then allow some portion of the search committee to narrow it down on this, because I think it just might take to long the other way.

ROBERT KLEIN: Yeah. I think it's a very appropriate clarification Dr. Holmes, appreciate that. It wasn't the intent of doing sequential searches. The concept that I was trying to put forth was you get through a concurrent process of looking at candidates and I think that you made a very good point which we have the ability in a board meeting, a full board to bring back several candidates, get them qualified and then go to the individual candidate so that when we come back with, if search committee comes back with a single candidate you already know that that candidate has been vetted by the full board and accepted by the full board. Dr. Friedman?

MICHAEL FRIEDMAN: I'm prepared

to make a recommendation, motion, but do you want to have discussion from the public first or later on?

ROBERT KLEIN: Yeah. We'd like to have discussion.

TED PRIM: Mr. Chairman? Yeah. Without a lectern I'm a man adrift. You have a just for your consideration, I have no idea how you want to do things, but there's one thing that you may be overlooking in terms of possible options. You do have a personnel exception to the Bagley-Keene Act, concerning officers and employees of the institute. The president is the officer of the institute and it's that closed session that you're planning to use for the committee. But you also have that closed session available to you for the entire committee not just the hiring committee if you want to use it for purposes of discussion and evaluation. The statute provides that you need to take

action on the person and on compensation in open session.

[END TAPE 2 SIDE A]

[START TAPE 2 SIDE B]

TED PRIM: To discuss certain aspects of multiple candidates, for example in closed session, so I wanted you to understand that you did have that option.

ROBERT KLEIN: I thank you very much Mr. Prim, I was referencing bringing it back to the full board for an executive session. I appreciate that clarification, thinking that we could then have executive session to discuss several candidates, go back with instruction to the search committee so that they could then narrow it down to a single candidate knowing all those had been vetted with the board. Are there additional comments? Dr. Wright?

JANET S. WRIGHT: At the risk of converting this search committee to the

entire committee, I'd also like to volunteer. I think I'm geographically safe, being the only one from the far, far north state.

ROBERT KLEIN: Excuse me Dr. Wright?

JANET S. WRIGHT: I'm volunteering for this committee.

ROBERT KLEIN: Thank you very much. And with those excellent additional volunteers, the vice chair has suggested that he doesn't need to serve on this committee because he's got the chair, he is assisting the chair on the search committee for the working groups and he greatly appreciates the additional effort that will be put on by members on this committee who can help me with this task. Additional comments from the board? Okay. Comments from the public on this item? Are there any comments from the public on this item? Seeing no comments from the

public on this item is there a motion to approve this item?

JOHN C. REED: Moved.

ROBERT KLEIN: Okay. Who, I think Dr. Prieto, or excuse me doctor, okay.

MICHAEL FRIEDMAN: Could you restate the motion please sir?

ROBERT KLEIN: Certainly. If, and I'd like to be, have a clarification from the mover of this whether it is being moved with a direction to employ a search committee?

JOHN C. REED: So moved.

ROBERT KLEIN: Okay. So the motion being moved is to establish a hiring committee to develop and implement a process for interviewing and hiring a president with a search committee being employed and the general strategy and timeline approved by the board I'm going to infer that given our discussion just

for the purposes of everyone understanding, that means there is an intent to bring this back to the board before final recommendations are made, to review the strategy and approve the strategy. Is that correct?

JOHN C. REED: Correct.

ROBERT KLEIN: Okay. Is there a second? Okay. Dr. Preciado is seconding it. Discussion on the motion? Dr. Steward?

OSWALD STEWARD: Do we want to include in the motion [Inaudible] did we want to include something in the motion about moving forward in trying to recruit an interim president as well?

ROBERT KLEIN: I think that that's a good clarification although it was discussed to make it part of the motion helps the public understand what was approved, so does the, would the maker of the motion like to accept an amendment

to include specifically a statement that this search committee has the, has the direction to also come back with a recommendation on an interim president if necessary?

JOHN C. REED: I thought we were going to handle that separately, with the interim president.

ROBERT KLEIN: Well this is a search, the, we can only raise this issue under this agenda item. And so the question is does this committee that you are, you've made the motion on, have the authority to come back with a recommendation for an interim president if it is necessary to do so?

JANIE GEGEL [PHONETIC]:

Mr. Klein?

ROBERT KLEIN: Yes.

JANIE GEGEL [PHONETIC]: Janie Gegel [phonetic] from the attorney general's office. You can make two

motions under this one agenda item if that will help, and also for the record we wanted to clarify that I believe the motion you said to employ a search committee instead of a search firm.

ROBERT KLEIN: Okay. Thank you very much. And thank you for the flexibility. All right. We will separate those items.

JOHN C. REED: I prefer to separate them, I think it would be clearer.

ROBERT KLEIN: We'll separate those items. So there's a motion with a second, any other discussion on the motion?

MICHAEL FRIEDMAN: Give me clarification please, I think at least some of us intended a search firm.

ROBERT KLEIN: Yes.

MICHAEL FRIEDMAN: That's what we are talking about? I just wanted to make

sure. We have a search committee and we're [Unintelligible] the second thing is to ask, and this would be a modification only at the acceptance of the person who's making the motion that at the next meeting of this committee we would have by engaging a search firm they would've described the job description, they would've come back with competencies, skills, and expectations for that position, and they would have market data to tell us about the compensation package and to have this committee review that at the next session if at all possible, that would then really give, propel this with real momentum so that you could start, we've gotta have those things before you can even look at candidates would be my suggestion.

ROBERT KLEIN: If I could --  
[Inaudible] To clarify your statement, it can be difficult to recommend the

compensation until you have a decent idea of your candidates and-

MICHAEL FRIEDMAN: Respectfully, I think it's the other way around.

ROBERT KLEIN: Okay.

MICHAEL FRIEDMAN: We can set it up any way but I think to know what the, not a particular dollar figure, but a range of dollar figures that's based upon the market data that would be supportable and would be the public would want to know this anyway.

ROBERT KLEIN: Dean Pizzo?

PHILIP A. PIZZO: I understand the points that you're making, Mike, but I think the many executive search firms will have an inclusion of a compensation package commensurate with the position, you know, a sort of a vague term that allows you to proceed forward, and I would recommend that we do something like that, at this juncture while we're testing this.

The other concern I have is I as you can imagine am eager for this to go as I said earlier at lightning speed, but as we all know from having dealt with issues like this even interviewing and hiring the search firm in the next couple of weeks or three weeks is going to take some time and effort and to get them deployed and perfectly vetted and bringing back a report to the next committee meeting as much as we'd all love to see that I think is unlikely so we ought to use words like expeditious and timely 'cause we want that but not confine it to a certain [Inaudible].

JOHN C. REED: I accept that.

ED PENHOET: [Inaudible] Yeah I just wanted to return, the motion we need is to establish the committee. The committee's charge will be to develop and implement a process for interviewing, so a lot of this conversation is in fact advice

to the committee which we have not yet chosen, so the first order of business is for us to choose the committee and then the input which is very valuable to the committee but the item nine is to establish the committee to develop and implement the processes.

ROBERT KLEIN: Yeah. And I would like to, as I understood Dr. Reed's motion the motion would assume, and let's make it explicit that the committee we're establishing is specifically the search committee that is listed here without the name Dana Reeve on it. Is that correct?

JOHN C. REED: Say again?  
Without?

ROBERT KLEIN: Without the name Dana Reeve on it, and with the additions of Sherry Lansing, Joan Samuelson, Dr. David Kessler, and Dr. Wright.

JOHN C. REED: That's correct.  
And the deletion.

ROBERT KLEIN: And the deletion of Ed Penhoet.

JOHN C. REED: That's correct, yes, that was the intention of my motion.

ROBERT KLEIN: Okay. So the motion has been discussed. At this time is there a need to modify the motion? No, there isn't, so- [Inaudible] Okay. Any additional discussion by the board? Okay. All in favor?

MULTIPLE SPEAKERS: Aye.

ROBERT KLEIN: Opposed? [Pause] Any abstentions? [Pause] Okay. Thank you very much. [Inaudible] Now there has been discussion of the search committee that we've just established coming back with a recommendation on an interim president if applicable and if necessary after they've done their due diligence. Is there anyone that wants to address that with a motion? Dr. Henderson?

BRIAN E. HENDERSON: Well I think

I'd prefer we leave that to the hiring committee to come back with such a recommendation if that's what they decide rather than tying our hands with too many issues ahead of time.

ROBERT KLEIN: Right. What we are merely doing is authorizing them to decide if they want to make, come back with that suggestion.

BRIAN E. HENDERSON: That's an option they should make.

ROBERT KLEIN: Yeah.

BRIAN E. HENDERSON: But I don't think we need a motion to do that, I think they can do that if they, it seems appropriate.

ROBERT KLEIN: I'm probably being overly cautious because we're trying to make sure that the scope of the motion that's approved in public session incorporates the scope of the activities they're going to take. In a corporate

setting I wouldn't be as concerned. In this setting I want to be, err on the side of being cautious if possible, so-

PHILIP A. PIZZO: I would like to move that the committee has the option to come back with a recommendation for an interim president CEO.

ROBERT KLEIN: If necessary.

PHILIP A. PIZZO: If necessary.

OSWALD STEWARD: Second.

ROBERT KLEIN: Okay. Moved and seconded. Is there discussion on that motion? [Pause] If I could ask the attorney general we've had general discussion with the public involved that involved this item, since we have broken it into two items do we need to reopen public discussion on this item?

TED PRIM: Why not be safe and do so.

ROBERT KLEIN: All right. Any public comment on this item? Seeing no

public comment I'd like to ask for a vote.  
All in favor?

MULTIPLE SPEAKERS: Aye.

ROBERT KLEIN: Opposed? [Pause]  
Abstained? [Pause] All right. Item  
passes, thank you very much and I  
appreciate Dr. Henderson normally I  
wouldn't go through that additional step  
but I appreciate your patience with that.  
We have item 10 and I know that a number  
of people have transportation issues, so  
we're needing to move forward here as we  
reasonably can, vice chairman Ed Penhoet  
will present item 10.

ED PENHOET: Thank you. As you  
see in your materials, item 10 addresses  
the issue of appointing a committee. The  
committee is established to develop and  
implement a process for selecting members  
of the three very important working  
groups, the scientific and medical  
research funding working group, the

scientific and medical accountability standards working group and the scientific and medical research facilities working group with a general strategy and timeline approved by the board. We have again presented to you our recommendations for the memberships of this board as a whole and of the expected subcommittees into which this board will be divided to deal with the three issues that I just articulated. David Baltimore has agreed to chair this board and I have agreed, excuse me, this committee and I have agreed to assist Dr. Baltimore in this task as indicated here. The three committees are, the three subcommittees, all of these people will be members of the overall committee. The expectation is that we will divide ourselves into three subcommittees, Dr. Kessler has agreed to chair the standards search committee and Joan Samuelson, David Serrano Sewell, John

Shestack and Os Steward have agreed to serve as members of that committee. Ed Holmes has agreed to chair the grant search committee and subcommittee. Sherry Lansing, Gerald Levey, Ted Love, Leon Thal and Janet Wright have agreed to serve as grant search subcommittee members. And then finally Michael Friedman has agreed to serve as the facility search committee, subcommittee chairman assisted by Claire Pomeroy, Francisco Prieto, John Reed, Jeff Sheehy and Gayle Wilson. To be sure that everyone understands the distinction between this facility search subcommittee and the earlier headquarters facility discussion we had, this is really for the facilities which are likely to be built to house the research enterprises in various parts of the state, so it's a very important committee. These subcommittees, there will be meetings of the groups as a whole and then the division into

subcommittees. These subcommittees will deal with many of the very important issues that were articulated by this board and by members of the public earlier today, the issues around standards are obviously extremely important and those standards will be applied to the work of the grant subcommittees so at least two subcommittees in a sense will have to work closely with one another in defining these standards and subsequently appointing the members of the working group associated with the, recommending to the board the members of the working group. So that's the overall concept. As we said before we would be happy to entertain the addition of the board to these groups.

BRIAN E. HENDERSON: I'd like to be a member of the grant search subcommittee but I don't necessarily want to be a member of the whole committee. I guess you have to be right? [Inaudible]

ROBERT KLEIN: You have, Jeff Sheehy?

JEFF SHEEHY: Jeff Sheehy. Actually if it's okay I don't really have a strong interest in being on the facilities committee but would prefer to be on the standards and the grants subcommittees if that's appropriate.

ROBERT KLEIN: Other [Inaudible]?

JONATHON SHESTACK: The role of these committees is to actually pick people to be on, to nominate people to be on the working groups that then come back with policy recommendations, well not necessarily people who are on these search committees might or might not actually participate in the subsequent process.

ROBERT KLEIN: Well but I think in addition to nominating members of the working groups to come, the subcommittees will probably end up dealing with the substance of the work expected to be

conducted by the working committees in defining the criteria for membership of the working committee. So inevitably this committee and its subcommittees will deal with many of the broader issues.

JONATHON SHESTACK: Is the notion that all the working group members will actually not be members of this committee of this [Inaudible]?

ROBERT KLEIN: Yeah. Specifically there is no necessary correlation. Someone who is on these working groups who is a patient advocate, as you are, might end up on a completely different working group from one in which you're serving in a search committee and I'd like to point out that the general thought process here was when it says with general strategy and timeline approved by the board, that this search committee like the other one would come back to the board at the next meeting with recommendations

that would be put before the board that would be then approved, but it needs to develop those recommendations to bring them back.

CLAIRE POMEROY: I'm sorry I still need additional clarification because I'm hearing two things. Is the work of these three subcommittees restricted to nominating the membership of the working groups or will they have a role in making recommendations about content?

ED PENHOET: Well I think inevitably they will have to establish the criteria for making the choices of individuals. In establishing those criteria I believe that discussions of the content will inevitably ensue. The grant subcommittee for example will not be reviewing grants. It will recommend to the board the process for choosing people that actually will be involved in the

grantmaking process and then defining the parameters of that, but this group itself will not be involved in the grantmaking process.

PHILIP A. PIZZO: Can I [Inaudible] amendment to that and that is that the emphasis of these committees be focused on the selection of the people. I think it's a mistake to have the ICOC membership get involved in the details of how the process is going to work. That's why we need a [Inaudible] don't think that should be our provenance, I think we're gonna get into some very nasty areas.

ED PENHOET: Yeah. I agree and I didn't mean to imply that, but we, but they do have to set up the criteria for making the choices of the individuals and I think that is a committee, subcommittee responsibility in the committee.

ROBERT KLEIN: I'd like to make it clear, the comment as to,

[Housekeeping] the comment that I made as the general strategy referenced is to the general strategy in selection of these members, not the general strategy under which grants will be made.

ROBERT BIRGENEAU: Ed, I, Bob Birgeneau, I don't agree completely with what you said, to the extent that it seems to me in the long run one of the single most important things that this board will do will be to improve the processes for distributing these resources and so that surely that, and we heard before about an NIH model with study sections, there are other models as well, right, and Department of Energy or National Science Foundation, they all have different models, each one works reasonably well for the particular kinds of research that they support, and it seems to me that and we may actually you know, be cross cutting and we may want some combination of

standard peer review and study sections, I don't know, but it seems to me that's a really fundamental responsibility to this board and we're going to have again a little bit of a chicken and egg problem in the sense that we're going to be asking people who presumably will not be Californians, who will be distinguished leaders in the field outside of California so that they're unbiased, but we're going to be telling them that we want them to oversee grants, oversee distribution of resources right, but at this stage without us having decided for ourselves how we want those, what specific mechanisms we want to have in place in order to distribute those resources.

OSWALD STEWARD: Yeah, Os Steward. At this point I guess I wanted to raise again the question of whether it would be appropriate to consider outside members of these subcommittees or is this

something that really has to be membership only of the ICOC?

ROBERT KLEIN: Well that's a question that's open to the board discussion. You put the question on the table, I think we have to hear from the other board members.

PHILIP A. PIZZO: I would recommend strongly against that. I think that the work of these committees is, needs, our responsibility is to focus on this and I think the criteria by which we can determine outside members is going to be such a distraction at this juncture that it's not going to really help facilitate the timing of this and getting this going.

KEITH BLACK: I would just like to volunteer for the grant search subcommittee.

TED W. LOVE: I've been spending a lot of time building biotech facilities,

so I'd be happy to join that subcommittee as well.

JONATHON SHESTACK: Can I suggest that this isn't that big a group and there's a lot of work to be done in a very short period of time, and you might actually need a couple of outside members on these committees if you're going to set up large committees, make recommendations and vet them and would it be so inappropriate for each of these subcommittees to have the ability among themselves to nominate two outside people to assist them with their work? It's not a complicated set of criteria, it's that, it's, the criteria is that is, that committee thinks that that person could be helpful to them.

ED PENHOET: Well I believe a committee would be able to consult with any member of the public it chose to consult with, whether you make formally

make those persons a member of the committee or not I think is maybe the issue at hand here.

GERALD S. LEVEY: I would just like to comment on that. I would not be supportive of committees being able to appoint individuals from the outside to sit on these committees, I mean this board was rigorously screened certainly in the legislation and if you look at the committees and this board is a great deal of work and all these committees are a great deal of work, but to get the missions accomplished we don't need twelve people on a committee or seven or eight people on a committee, you need two or three or four people who can take the task done and get it done because the longer we get involved with a lot of intricacies, then we're going to be debating here in July and August about how to get organized, so I would think that lean and

mean and getting these committees up and working, making use of the phones and having conference calls, there are rules on that, we can follow the rules, you just tell us what to do so that everybody doesn't have to make preparations if they have to have the day available to them, you can get things done in an hour, an hour and a half. I think we need to really invoke policies of being very efficient and I think if we deviate that we're not going to get much done.

FRANCISCO J. PRIETO: Yes I would just like to second that. I think and to clarify my understanding, which is that these are not the working groups, these are search committees for the working groups and that we need to come back and you know, find those names, put those people in place and then let them do their work and that those people will be people other than ourselves.

[Inaudible]

ROBERT KLEIN: We need a motion or what? Time for a public comment please?

[Inaudible]

DEBORAH GREENFIELD: Yes, understanding that you're talking about search committees, nonetheless there is sort of the chicken and the egg problem in terms of conflicts of interest of the people that you choose, especially since those people will be exempt from your conflict of interest laws. So in that regard I think you might want to consider a bill that was introduced to the state legislature, bill tracking, billtex [phonetic] California ACR1, and what that says basically, in its last paragraph is resolved by the assembly of the state of California that the legislature hereby strongly urges the committee to develop prior to the award of loans, grants, and

contracts for stem cell research and research facilities, robust conflict of interest standards for its members and members of the working groups that will prevent an unfair advantage to institutions and entities with ties to members of the committee and the working groups so that on one hand you're looking for people but if your committee that's looking for them doesn't have the established conflict of interest rules, then it seems problematic in choosing those members. Thank you.

ROBERT KLEIN: Yeah. In the context of that statement I think that from my personal view that directive is very accurate. We're going to need conflict of interest rules before we can have any grant process that occurs. So as a board we're going to have to look at best practices realtime while we're going through this search committee and the

individuals selected for these working groups are going to want to know what those conflicts rules are. So right at the top of our agenda is conflicts of interest rules that we're going to need to move forward on while we're going through this process on a concurrent basis, not a sequential basis.

MALE VOICE: They have another [Unintelligible].

PHILIP POSNER: Dr. Phil Posner, Oak Ridge Associated Universities. And just as a point of information, the grant search subcommittee while it's going to be picking members to be on a study section, someone is going to have to decide the types of grants you're giving out, training grants, RO1's, program projects, you're also scheduled to meet four times a year, which is a large commitment for the reviewers. The other thing that you're going to have to decide is the type of

proposals you're going to take. Are they going to be American Heart, NIH, NSF, are these people serving going to go under NSF guidelines, which are total anonymity or NIH guidelines, which are total public information, and so I think this group might want to decide if they'd like staff to work out some of the nuts and bolts or whether the people that you're going to recruit to serve on study sections are just going to be study sections or they're actually going to have to decide all of these issues.

PHILIP A. PIZZO: I appreciate those points. I think you are quite correct about that and just comes back to the statements made earlier in another area about why it's so critical to have the CEO in place, because really under, in most organizations the CEO and the staff will define the very criteria that you just articulated. Many people serving on

these committees are not going to want to come in and develop all these guidelines. That really, they're going to want to come in and do the process of reviewing the grants, which is really what you want them to do. You're going to have to have mechanisms to streamline that process and I couldn't agree more strongly.

CLAIRE POMEROY: I think the comment that we just heard reflects some of the frustration of the potential recipients of these grants, the stem cell researchers and not knowing you know, what the parameters are going to be for the awarding of these funds, and so my question is one of some information for me. These, the original working groups that are formed on the basis of these recommendations, when can those be modified? Let me just give you a specific example of why I ask. If it's defined that animal models, just as one example,

might be an appropriate thing to be funded, then you might need someone that you didn't realize you needed when you made the first recommendations. So can additional members be added to the working group after these initial working groups are formed?

ROBERT KLEIN: The answer is that they cannot be added as formal members, but members on these working groups can always get advisory members who come in and address the specialized area, particularly as the science advances as you're saying it can be very dynamic and there are, there is funding available to employ consultants and additional advisors and compensate them for the advice to the working group. [Unintelligible] create specialized advisory subcommittees.

CLAIRE POMEROY: So these working groups as we constitute them the first time, will be the membership for what

period of time?

ROBERT KLEIN: They're six years for those appointments.

CLAIRE POMEROY: Thank you.

OSWALD STEWARD: Os Steward. I guess this does raise again the issue of sort of what it is that these working groups are going to be looking at, so for example program projects, individual grants, you actually would want a different kind of individual for different things, clinical projects for example would seek out a different group to evaluate the different, really different study sections entirely in the NIH model and so my question is going back to the subcommittees to what extent are they going to be involved in thinking about some of these things in advance of the formation of the working groups, you almost have to do that first.

ED PENHOET: I think Bob

Birgeneau made the point better than I did but that was my point about the iterative process. I think you can't make the selection of members for the working groups until you've defined some criteria for that selection, and you'd choose different people if you had an NIH model of grantmaking than the [Unintelligible] model of grantmaking, so I think inevitably the work in the subcommittees are going to have to wrestle with some of those issues before they can choose individuals. Yeah?

OSWALD STEWARD: Os Steward again just to follow up, so it seems to me that really a key issue of the charge then for the subcommittees is to do that, as I've heard it so far, it really is to identify the members of the different working groups not to develop the standards I think [Inaudible] for the review of grants for example and I just wondered if we

needed to make that a very explicit thing as we go forward in the next month.

ED PENHOET: The subcommittees' role is to develop recommendations to this board. The board as a whole will adopt those recommendations before they're applied [Inaudible].

BRIAN E. HENDERSON: At this point I'd like to move we establish the committees as so named for the purposes named in the written motion.

[Inaudible]

JOHN C. REED: Now that I understand what the responsibility for these subcommittees are with respect for both looking or recruiting names to be considered as well as beginning a discussion about what the construct of the grants program might be, if I understand this correctly, then I would also like to be on the research grants subcommittee please.

ROBERT KLEIN: And I'll join the facilities committee.

ED PENHOET: Okay. We have the motion, do we have a second?

MICHAEL FRIEDMAN: Second.

ED PENHOET: Okay. May I reiterate my understanding of what we are now about to approve is the overall committee chaired by David Baltimore with myself serving as a co-chair, a standards search committee, subcommittee headed by David Kessler including Joan Samuelson, David Serrano Sewell, John Shestack, Os Steward, and Jeff Sheehy. A grant search subcommittee chaired by Ed Holmes with the assistance of Sherry Lansing, Gerald Levey, Ted Love, Leon Thal, Janet Wright, Dr. Henderson, Dr. Pizzo, Dr. Black and John Shestack and John Reed. And a facilities search subcommittee, did I miss anybody? Okay.

FEMALE VOICE: Was Dr. Love on

that?

[Inaudible]

ED PENHOET: You want to be?

TED W. LOVE: Yes.

ED PENHOET: On the grants as well? Okay. And a facilities search committee-

MALE VOICE: Excuse me, I wanted to get on the grants committee as well.

[Inaudible]

ED PENHOET: I got it now? Thank you. The facilities search subcommittee, Michael Friedman, Clair Pomeroy, Francisco Prieto, John Reed, Gayle Wilson, Ted Love and Bob Klein. So these, all of these individuals are a member of the committee as a whole and with an expectation that they will serve on these subcommittees as established by Dr. Baltimore. But we have a motion with a second. All in favor?

MULTIPLE SPEAKERS: Aye.

ED PENHOET: Any opposed?

[Pause] None? Thank you.

ROBERT KLEIN: Thank you.

ED PENHOET: Any abstentions?

[Pause] Okay.

MICHAEL FRIEDMAN: Mr. Chairman  
just a point of clarification after that?

ROBERT KLEIN: Yes?

MICHAEL FRIEDMAN: Which is  
everybody on the committee understands  
that even though you don't serve on any of  
these subcommittees, ideas that you have,  
names that you have or recommendations  
you'd like to make will be very welcome by  
all the chairs.

ROBERT KLEIN: Absolutely.

MICHAEL FRIEDMAN: I'm best at  
stating the obvious but I just want to  
have that in the minutes because people  
will have good ideas and they don't have  
to serve on the committee to just get  
those.

ROBERT KLEIN: Absolutely. Okay.

Thank you, we're going to go to item 11.

JESSE REYNOLDS: Excuse me, may I make a comment first before we move on?

ROBERT KLEIN: Yes. Go ahead.

JESSE REYNOLDS: Okay. Thank you. Hi, my name is Jesse Reynolds, and I'm also from the Center for Genetics and Society, and this, I think this is building on something that Ms. Samuelson said earlier about proceeding with, keeping in mind the importance of the foundational work as you move forward with a, with a project of this scale and this degree of innovation here in California all eyes in America and throughout the world are not only on California but also on this committee and I think it's important to although it is of course critical to move fast, to not be putting any carts before horses so to speak. And I think with regard to both the ICOC as a whole and the working groups it's critical

to at the earliest stages adopt clear and effective and enforceable standards of transparency and accountability in conflicts of interest and the numerous things we've brought up. I see that they are, the policies of the ICOC are on the agenda here in a couple of points, and I think it's good that we're getting around to that, but I urge the search committee and the various search subcommittees to adopt those policies as rapidly as possible and make those policies public as soon as possible.

ROBERT KLEIN: Thank you very much. Going on to-

TED PRIM: Mr. Chairman?

ROBERT KLEIN: Yes Ted.

TED PRIM: This is Ted Prim from the attorney general's office. If I understood things properly, the, I don't remember the name of what we just called that last committee, the, we had the three

subcommittees but we had the larger search committee.

ROBERT KLEIN: Yeah. It's the search committee for the working group [Inaudible].

TED PRIM: Yes. If I counted correctly does that have more than fifteen members total? 'Cause if it does, basically when it meets it really is going to be a meeting of this entire committee. The board for want of a better term. In other words, you're going to have a quorum of the ICOC meeting when that search committee on working groups gets together. That's not a particular problem except for the fact that it means that while you're noticing it as a committee you're going to also have to notice it as a meeting of the ICOC since you're going to have a quorum of the ICOC present, do you follow what I'm saying?

ROBERT KLEIN: Yes, in either

case it's under Bagley-Keene, it's under the open meeting laws, but we have to do two notices instead of one.

TED PRIM: Well or you have to incorporate 'em together and I just want you and the ICOC to understand that when it gets together as a committee it is, it is also meeting as the ICOC and has the power to do things as the ICOC since it's got a quorum of the ICOC on it.

ROBERT KLEIN: And when it meets as a subcommittee to the extent that it's less than a quorum, it does not have the requirement for the two notices, just one?

TED PRIM: Right. It would just, it would be, it'd still be a committee created by the ICOC and would still have to be noticed under the Bagley-Keene but it only has of course the powers of the subcommittee that it is and it is not a quorum of the ICOC so it doesn't, it can't act as the ICOC. It's mostly a technical

matter, I just wanted to make sure that you're aware of it and we'll work with you on how to properly notice it.

ROBERT KLEIN: Thank you. And was there a comment?

GERALD S. LEVEY: Well I was just going to say if it's a problem would it make, more complicated, 'cause it seems so many complications today, why don't we just make it smaller?

ROBERT KLEIN: I think that we have extremely experienced and competent people on this board who can contribute and getting them on the committees where they can make a contribution that's worth the additional notice but [Unintelligible] so the complication is not burdensome in this case.

MALE VOICE: But the expectation is that the work of the macro-committee will largely be carried out by the subcommittee so there may be one or two

meetings of the macro-committee but the, most of the meetings will be of the subcommittee, they are subject to the Bagley-Keene Act and will require notice etcetera, but they don't constitute a quorum of the ICOC is our understanding.

ROBERT KLEIN: Okay. Item 11 is the delegation of authority to the chairman including authorization of hiring interim staff and other technical and professional staff and authorization to carry out other functions of the institute. As has been stated earlier, the permanent staff being addressed under the resolution is staff related to the chair and the vice chair, but I'd like to turn initially to the introduction of this item to Dean Holmes.

EDWARD W. HOLMES: Thank you. I think if there's one thing that I've learned today that has been clearly identified by all the discussion is that

this organization desperately needs infrastructure to be able to function going forward that the chair and the vice chair are doing yeoman's work but really they have no staff with which to do that work and I think the resolution in front of us which has been prepared by the attorney general's office, is one that's worthy of our consideration to designate the chair as the acting interim president of the institute with the express purpose of having certain limited administrative powers, for example to be able to hire interim staff, to carry out the functions of this organization, to also be able to make some limited expenditures that are needed to carry out the administrative functions of the organization as well as to make certain contracts that are required for us to just get going. So that I think that maybe Chairman Klein if there is a need to walk through this

resolution that either you or possibly someone from the attorney general's office who prepared this could maybe do that better than I, but I think the resolution is one that is worthy of our consideration under all the discussion that we've had today.

ROBERT KLEIN: Yeah. Thank you very much Dean Holmes. I'd like to express that this does not obviate the need to address the issue of an interim president who will actually be the CEO, this under item 1 and the other items in here is designating the chairman the interim president for certain hiring, limited hiring purposes and certain administrative purposes, but we as I've heard the information today and which I agree with wholeheartedly need to certainly look at the issue of an interim president who's actually a CEO and a chief scientific officer for this organization.

So pursuant to the initiative though you have to be designated interim president to do any of these functional immediate tasks that are necessary. I would call to your attention that in addition to hiring under the number 2 the chairman has a right to negotiate and execute documents on behalf of the institute, so for example a short-term lease to immediately temporarily occupy, provide a physical presence, could be negotiated and executed, certainly any facility as we pointed out will be brought back to, any facilities lease, a long-term lease for this and a site location decision is going to be brought back here, but for the purposes of immediately locating a staff, that authority is embedded in this document. There is an ability to negotiate, enter into and amend contracts not to exceed 100,000 dollars, administrative expenditures for equipment and services necessary, in other words

would be including the authorization to support the committee that's been formed to hire a search firm and ancillary expenses for travel for the board or other items of that kind. Please look at item number 5. When we talked about cooperating with the comptroller's office or in fact cooperating with the UC regents who might be willing to loan us certain staff, we need the authority to enter into an interagency agreement so we can get temporary staff of a high quality. Certainly that allows us some flexibility in deferring some important staff decisions until the president is here, but allows us to get competent people on a short-term basis through an interagency agreement. Respond to the Public Records Act, it's a requirement of our institute to be able to respond. This gives me authority to do so. To reimburse the ICOC members of the 100 dollar per diem which I

know is very important. Reimburse the ICOC members and the institute staff for reasonable and necessary travel expenses, it's covered here. Enter into an agreement with the attorney general's office to provide legal services and retain other specialized counsel. While we're trying to decide on how to get a general counsel it's contemplated we could use outside specialized counsel, private counsel as a general counsel on an interim basis, so we could respond quickly to inquiries and to seek reimbursement by the comptroller, interim loan appropriations as well as under number 11 it is a requirement under the initiative that the president act to cooperate with this interim search for talent on their working groups and until we have an interim president who is a chief scientific officer or an actual president as a permanent officer of this institute, it is

a requirement that someone act as interim president for that specific purpose of supporting this search for working group members. So I would fulfill that function. Finally number 12, authorize committees established by the ICOC to expend funds as necessary consistent with paragraphs 3 and 4, to fulfill the committee's missions, so funds necessary for the presidential search, funds necessary for the search for individual working group members that are not covered by the prior categories, whether they be production of materials about the institute and its mission, whether it be other general information materials that'll be sent to the candidates for the working groups on stem cell research or concept descriptions on financial accounting systems that might be employed for auditing or tracking financial controls of the grant process. Those

expenses are authorized to be covered under this. I think that is a survey of the different authorizations. It is also limited in time. This expires in 120 days. Hopefully before 120 days we have an interim president or a president. I will remain optimistic in that goal, but if it, we do not have either, I will come back in 120 days and be asking for an extension of time, but we want to limit it to a time certain and keep that relatively short. So that is the purpose of this resolution.

JOAN SAMUELSON: So moved, if that's appropriate.

ROBERT KLEIN: There is a motion and a second. Is there discussion by the board? I will ask for discussion by the board and then I will ask for public comment before there's any vote.

Discussion by the board? Questions?

CLAIRE POMEROY: Just to clarify

is there any limit on the total amount of money, it's 100,000 dollars per contract, but-

ROBERT KLEIN: There is not any individual item, not an aggregate limit. If you would like to create an aggregate limit I'm very open to that.

CLAIRE POMEROY: And is there any limit on the length of time that the contracts or documents could commit the institute to?

ROBERT KLEIN: No there isn't. For example for the chairman and the vice chair, we can actually hire permanent staff to support our services, but we might enter into a copier lease that goes for 36 months for example. Or a telephone equipment lease that is an extended time period. And of course we'd be careful to make sure those can move from one facility to another. Any other questions? Okay. Public comment? Yes?

GEORGE BURROWS: George Burrows with Regenerative Medicine Awareness, and with all due respect to the chair and vice chair I think what we have here is sort of a foregone conclusion that we're going to have offices in Palo Alto for the next fourteen years and we're going to have a staff that's hired by Bob Klein and that's probably a great thing, but it's like squatters' rights, I mean if he has the ability to hire staff it's going to be the SN71 prop staff and whoever's the new president and CEO will inherit those people, so perhaps there should be a time limit or a sunset clause of some sort on staff that's hired so that the new person, the you know, the for real president can hire his own staff and build in his own loyalties, chairs.

ROBERT KLEIN: I thank you. Any other comments?

SUSAN FOGAL: Susan Fogal. I

just want to reemphasize the importance of boundaries and separations between the political campaign, I mean that's what the SN71 was, it was a political campaign that raised millions and millions of dollars and won an election. This is a governmental body and the nonprofit is a nonprofit that does what nonprofits do, and I think for the integrity of this body it's really important to make sure there are bright lines and clear boundaries between these three entities so the public knows what those boundaries are, and that you are not tainted by crossing over those boundaries either. Thank you.

ROBERT KLEIN: Thank you and I agree with your comments. Thank you. Any other comments?

MARCY DARNOVSKY: Just along those same points I think earlier in the day you said that you were going to have a statement about the relationship between

the California Research and Cures Coalition, the nonprofit, and the staff that would be hired on this interim basis and are there commitments you're going to make about that kind of clear line that Susan is referring to?

ROBERT KLEIN: Well first of all I did make a statement earlier about the difference between the different entities, and I made it clear that no person would work for both the nonprofit entity and the institute. It has to be one or the other. As Jonathon Shestack said earlier, there are certainly people who were a part of the staff who dealt with the seventy different patient advocacy groups, who are very important constituents of this institute, that are part of the people in the public in California that we need to communicate with. There are staff members that worked with them before who I hope will continue to work with them in the

future. There are members of the chairman's staff who specifically I hope will bring some continuity into relationships with the medical groups, the scientists, the patient advocacy groups and the other assets around the country that we have built up over the last two years. We know that Mr. Weldon in the congress and Mr. Brownback in the U.S. Senate are intending to try to move another bill in the federal congress to try and interfere with the research, the advanced medical therapies in the stem cell area, and we would hope that California is well represented in that, in the discussions in congress and in the U.S. Senate on those issues. The staff members that have previously worked on those issues I would hope accept a proposal to come and help us with the institute so our government relations department of the institute can properly

address those. The decisions that are being made now do not include scientific staff, the scientific staff decisions will be made by the president of the organization, so we're dealing with a limited group of staff members who I believe have substantial assets to bring to this organization and a tremendous investment in knowledge in stem cell research and infrastructure within this state that supports that research. Thank you. That is my statement. Yes

Dr. Preciado?

PHYLLIS PRECIADO: I'd like to make a comment. I think it's really important to recognize that some of the staff from the nonprofit organization made or developed relationships with some of the communities out when they were working towards this bill, and it's important to continue those relationships because it doesn't happen overnight that a person

comes in to discuss something like this and then they're trusted. That person comes back again and again and again and that relationship that has been developed is something that shouldn't be taken lightly.

ROBERT KLEIN: Thank you.

Dr. Steward?

OSWALD STEWARD: Yeah I just want to emphasize again the some of the points that have been made earlier about the things that really need to be done to get us moving quickly and the best way to do that is with a well trained, knowledgeable staff, and I would definitely hope that there'd be no prejudice whatsoever about considering individuals who have been involved in the nonprofit before. I think that should absolutely not be an issue at all.

ROBERT KLEIN: Thank you doctor.

FRANCISCO J. PRIETO: Yes,

Francisco Prieto. I'd just like to make the observation if it's not too obvious that I think governmental organizations as this one is, are generally if not always created as a result of political decisions and political campaigns, and while we have to draw lines, people who have expertise can resign a current position and be hired for another one if they have expertise that is needed and can do a good job and I think that's our primary concern is to find people who can do the best job.

PHILIP A. PIZZO: I think it's continuing perhaps to state the obvious, but I think we clearly want to have the very best people serve our efforts and we don't want to discriminate against them if they happen to have been part of a nonprofit in the past. We want to allow them if they're willing, to join this effort whether it's on an interim basis or a long-term basis, ultimately I do believe

that staff who functionally need to be reporting to whoever is chosen as the ultimate president and CEO, and that's where the decisions will need to finally be rendered, but in the short run as many have articulated, we are desperate I think desperate to get people with knowledge and skill on board, regardless of where they come from, if they happen to come from the nonprofit or elsewhere, so I'm really in favor of moving quickly in that regard.

ROBERT KLEIN: Any additional comments? [Inaudible] I believe that you've addressed this item before on the agenda. Thank you. If there are no, are there any additional comments by the board? Is there a motion to approve this item and the resolution specifically as in your board packet? [Inaudible] It has been moved by Dr. Levey, is there a second?

[END TAPE 2 SIDE B]

[START TAPE 3 SIDE A]

DANIEL KEIFER: Membership includes ten representatives of diverse patient constituencies, Parkinson's, Alzheimer's, cancer, diabetes, ALS, MS, heart disease, HIV/AIDS [Break in audio]

ROBERT KLEIN: Any additional discussion? I call for the vote. All in favor?

MULTIPLE SPEAKERS: Aye.

ROBERT KLEIN: Opposed? [Pause] Any abstentions? [Pause] Okay. Thank you very much. Item number 12, considerations of bylaws, board procedures and policies. There's really, these are really separate items and I'd like to discuss them as a matter of information. First of all there are many state agencies who do not have bylaws. However, it would be my intent to work with the attorney general's office and models of agencies that do have bylaws to bring back a draft to the board as a

starting point and then a board committee can be created or the board in their direction could give me input at a board meeting and we could go back to the attorney general's office to refine it as the board may wish. These bylaws would be helpful to for the public and the press to see how we're going to operate so it's transparent what our procedures are and what the rules are under which we will conduct business. In terms of the board procedures, those that are not addressed by bylaws we'll bring, now having some staff, we'll bring to the board some suggested summary procedures. We will hope to refine those over time but we'll bring those back for board comments and adoption or direction to further refine those board procedures. Now in terms of policies, it has been addressed by the public in the broad sense that we need to look at policies which certainly the board

has articulated agreement with dealing with our conflict of interest standards, informed consent and a number of other standards at a very early timetable and it is our intent in coming back to the board for the next meeting and trying to create a timeline that was referenced earlier in the meeting to try and set up workshops and other ways to study these standards so we can thoughtfully look at the best practices in the National Academy, look at the best practice of the various institutions represented here, including the University of California system and private universities, the research hospitals, the research institutes, all of whom have tremendous histories, validated histories of best practices in the state, so we have great resources here and from the public if we could have your knowledge and your input, if you could prepare copies of any of the best practices that

you would like to identify and send them in, that would be great, we'd appreciate it but what we're going to try to do is bring back a timeline for studying those policies, reviewing those policies and adopting them and there are public resources including some of the people who spoke today who we'd specifically like to invite back for the sessions addressing those specific items like intellectual property to make certain that we have a full debate on these and get the benefit of the knowledge of the institutional knowledge in the state as well as the public's knowledge in the state. So this is a matter of information item, that's the intent of that item. Would anyone in the board like to comment on that item? Okay. Can I have, is there any public comment on this item?

JOAN SAMUELSON: Joan Samuelson whilst you're coming to the mic, I think

this is enormously important. I think we just have spent our mental capital for the day, or I have. [Laughter] And I wouldn't want to really chew on that at this point I think.

MARCY DARNOVSKY: Yeah. Look you have a big job in front of you and I'm very happy that you have got some staff in place to be able to live up to the commitments to public transparency and openness that you've proclaimed. I really, I think I want to take my you know, couple minutes here whatever mental capacity any of us have left to return to the subject of the working groups and the importance of those operating to the extent possible with due respect for certain needs for confidentiality in the peer review process, of course, but those considerations I don't understand their application to the facilities working group, I don't understand their

application to the standards working group, and I think that there are, as Kessler, Birgeneau and others have said, different models for the grants review and study group process so I would like again to urge you to the extent possible and to really stretch here because this isn't like NIH and it isn't like a private company, it's really a public body, you're all public officials now, you've taken your oaths, to keep those working groups open to require lots of disclosure and certain prohibitions on conflicts of interest for those working groups where a lot of the you know, the metal's gonna meet the road and a lot of the deals are going to get cut. So they're really important and need to be open.

ROBERT KLEIN: Thank you very much and Marcy I know you have a very fine mind and suggestions on conflicts of interest would be welcome. I'm really, we

could benefit from your knowledge and thoughts. The next item on the agenda is scheduling of subsequent meetings. We have a meeting scheduled for February the 3<sup>rd</sup> in the great city state of San Diego. My understanding is that San Diego would like to show us their leadership and we are looking forward to that. We have possible meeting dates that are out for consideration of March 1<sup>st</sup> or March 4<sup>th</sup> back in the bay area. On the March 1<sup>st</sup> or March 4<sup>th</sup>, Stanford has offered their facility and we welcome that, and yes? [Inaudible] March 1<sup>st</sup> and March 4<sup>th</sup>, what day is the week? [Inaudible] That's out for consideration. I would also like to call the board's attention to the fact that given the urgency of the presidential search committee that as chair of that committee you can expect to have a choice of dates put for you by e-mail today or tomorrow for approximately ten days from

now on whichever is closest work day and I would appreciate any accommodations you can make in your schedule. I know that that's short notice, but we have a great deal of work to do and we need to urgently move that work forward. I would expect that the working groups chairman would probably have a notice going out very soon as well, but David Baltimore could not be here today. Yes Dean Pizzo?

PHILIP A. PIZZO: Just a question. I know that we're now today really getting started, I think it would be helpful as we get staff on board to actually cast the meeting schedule for at least the next year because we're all struggling trying to readjust things now.

ROBERT KLEIN: I think that would be very helpful for everyone. Yes?

[Inaudible] Okay. Okay. [Inaudible]

Okay. It's been suggested to me that the 17<sup>th</sup> might be available as a meeting date

for the presidential search group. For those on that committee does that date work?

MALE VOICE: We need access to a calendar sir. Can we do this-

FEMALE VOICE: That's a Thursday. The 17<sup>th</sup>.

ROBERT KLEIN: We're talking January.

FEMALE VOICE: Oh January.

[Inaudible]

ROBERT KLEIN: Okay. We'll not put it on that day, yeah. So the, what day of the week is that? [Inaudible] Is the 18<sup>th</sup> a better day? [Inaudible]

MALE VOICE: Can we do it-

ROBERT KLEIN: This is for a teleconference meeting, so this is not for a physical meeting, does that help in setting the date?

[Inaudible]

ROBERT KLEIN: Well because it's

Martin Luther King Day out of respect for the holiday why don't we try, can we do a conference call on the 18<sup>th</sup>?

MALE VOICE: Let's go for it, yeah.

[Inaudible]

ROBERT KLEIN: Traveling on that day and the, yeah let's, and is the 19<sup>th</sup> any better?

MALE VOICE: Can we do this afterwards by e-mail like you suggested overnight?

ROBERT KLEIN: What we could do is the staff suggestion is that back and forth in e-mail is effective and takes about 48 hours and we're trying to be as time sensitive just let me try this one more time. 19<sup>th</sup>? [Inaudible] Okay. Let me do this, we're going to send out a notice for the 17<sup>th</sup> and the 19<sup>th</sup>, both, we're going to note, excuse me, the 18<sup>th</sup> and the 19<sup>th</sup>, we're going to notice both

days. That allows us to effectively choose which day is best for everyone and then we will put out an amended notice dropping the day we're not using, all right? We thank you very much for your patience, do we have members of the public?

FEMALE VOICE: I have a question. What is going to be the process for notifying the public about all of these working group meetings since they're all open to the public, how, what system are you going to use to let us know?

ROBERT KLEIN: They'll be posted on the web site, and the web site address, if a staff member could speak at the microphone please.

FEMALE VOICE: That site is actually currently live as of last night. The URL is [www.cirm.ca.gov](http://www.cirm.ca.gov).

BRIAN E. HENDERSON: Mr. Chairman just to the issue of scheduled meetings of

this committee it might be helpful to think about a day every month like the first Friday of every month or something like that so that we all know well ahead of time.

ROBERT KLEIN: Okay. That's, the first Friday of every month?

BRIAN E. HENDERSON: Yeah.

ROBERT KLEIN: All right.

BRIAN E. HENDERSON: But the suggestion of setting up something that we can all including the public know that it's going to happen.

ROBERT KLEIN: The, it's been suggested some people travel at the end of the weeks, but how about first Thursday of every month? Okay. Well what I will do is by e-mail we will circulate a request for everyone to pick the, we will take a poll of days of the week to see if we can set a consistent date for each month going forward, all right? So appreciate the

suggestion.

TED PRIM: Mr. Chair?

ROBERT KLEIN: Yes.

TED PRIM: Just to clarify the answer to the question of how will people be notified of the meeting dates, for example the search committee, it'll be posted on the website, but persons who have requested notice also have to be provided notice. We encourage people to do that by e-mail because that's the best way to get quick notice if they request notice by U.S. Postal then we'll provide it that way and since these are teleconference meetings that are being scheduled these notices will also include the teleconference sites although it may be evident from the agenda that the only business being scheduled for the subcommittee may be a closed session. I don't know that, in this particular case it may all be open, but the agenda will

reflect that issue as well so that members of the public can decide whether or not they want to show up at the remote teleconference site.

ROBERT KLEIN: Yeah. Okay.

Thank you and we appreciate the attorney general's office while staff is being formed making those calls to people on the list that requested notice at some point we'll have the staff to take over those calls but on the short run the attorney general's office has agreed to continue those calls and we greatly appreciate that. Yes?

EDWARD W. HOLMES: A question as a chair of one of the subcommittees, when would it be possible for someone to send us the updated list of who are on our subcommittees and second [Inaudible] and second with whom do we, is Dr. Penhoet going to be our contact to try and help organize this?

ROBERT KLEIN: I believe that answer is yes and if every board member could please check with Amy Dailey [phonetic] who's sitting with the computer as they leave to make sure that their e-mail address is correct, because we're going to be, there are a lot of e-mail communications, we want to make certain if you're not sure that it's correct, please do check. Okay. Any other items? The board-

PHILIP POSNER: Question.

ROBERT KLEIN: Yes.

PHILIP POSNER: The meeting in San Diego, do you have a location, I'm sorry, the meeting in San Diego, do you have a location for that? It's a large place. [Inaudible]

MALE VOICE: Right. There are four of us riding home together today so if you like we would be happy to dialogue and potentially make some suggestions to

your office unless you've already picked a place?

ROBERT KLEIN: The [Inaudible].

MALE VOICE: Can we not share a car going home together? [Laughter]

ROBERT KLEIN: You can talk, you cannot constitute a committee.

MALE VOICE: Okay.

ROBERT KLEIN: You are not, you have no delegated authority, so the answer is that the, if you give us when you come, when you get to your location if you could just advise us of where the suggested meeting is that would be great. And please don't communicate to anyone any other board members in the process. All right. Okay. I think the meeting stands adjourned, thank you very much. Oh excuse me doctor? Let me get the doctor's comments and then I'll take your comments. Okay doctor.

MALE VOICE: I just made mention

earlier and I thought maybe this would be better taken up at our next meeting but about the communication with the public whether we're going to do this in some formal way as a committee or hire someone to assist us with that, and maybe give us some guidance regarding our own communications, we're all being approached by the media and will continue to be and maybe we should discuss this a little bit.

ROBERT KLEIN: Right. With the authority we now have we'll immediately hire a media staff and be able to have professional advice on this. So we will try and distribute information. The, it would be appropriate at the next board meeting to have an agenda item to I think specifically address this because we want to have very broad communication with the public through the press and I note that a number of members of the press have taken a real substantive interest in the subject

which we deeply appreciate because it's critical to educate the public on it. We're going to have some very technical issues to discuss. I would suggest that when we do hold our workshops to be in particular if we can try and invite the press to participate in those workshops so that with the public and with ourselves there is a broader substantive education, it would be helpful. Yes we have comments from the public?

DANIEL KEIFER: Hi, my name is Daniel Keifer and with me here today is John Ball. I have a brief written statement that I'd like to read from and then John will speak for himself and undo any damage that I do. As I said my name is Daniel Keifer, I'm forty-two years old and I live in Los Angeles. I have suffered from Parkinson's disease since age thirty-five. I'm here today to speak on behalf of the Stem Cell Action Network,

a grassroots patient advocacy association that belongs to the Coalition for the Advancement of Medical Research. We welcome this opportunity to address this committee as it begins its journey of hope. California's voters showed great wisdom and compassion in approving Prop 71. The oversight committee is now implementing this medical research initiative conscientiously and carefully. Committee membership includes ten representatives of diverse patient constituencies, Parkinson's, Alzheimer's, cancer, diabetes, ALS, MS, heart disease, HIV/AIDS, spinal cord injury, and mental illness. Their perspectives and views are born of personal experience, rendering their participation in the committee's work not merely appropriate but invaluable. Some have suggested that these patient groups are special interests, but in fact their interest, our

interest, finding remedies for severe medical conditions is one that human beings share universally. Indeed, all people are vulnerable to the afflictions that stem cell research aims to remedy, hence it's difficult to conceive of more appropriate representatives of the public than these ten patient advocates. I wish I did not have Parkinson's and that I could turn the clock back seven years. I cannot do that. What I can do is speak out and remind others of the value of this committee's mission and work. Like other Parkinsonians I shake and shuffle, I move slowly and live daily with the knowledge that my condition has and will continue to decline over time. But stem cell research gives me hope that my physical deterioration is not inevitable and may even be, excuse me, reversible. Excuse me. My family and I hold out hope as well for others with illnesses that stem cell

research may alleviate or even cure. Stem Cell Action Network notes that the 29-person oversight committee consists of dedicated public servants including academic and other research institution representatives. We applaud the committee's unanimous selection of Robert Klein as its chair. Our organization believes that Mr. Klein who has a son with diabetes and a mother with Alzheimer's disease has demonstrated excellent leadership qualities including a sensitivity to ethical considerations not only in relation to stem cell research but throughout his career. At a time like this when global effort is being mobilized to assist survivors of the recent Asian tsunami catastrophe, we're made acutely aware of the value of human solidarity. This value is of course especially highly regarded within the patient advocacy community. We look forward to working

with the oversight committee to advance the compassionate cause that we all share using stem cells to better understand and heal illnesses that can strike anyone at any time. On behalf of the Stem Cell Action Network, I commend you for the mission that you've diligently undertaken. Thank you.

JOHN BALL: Hi, my name is John Ball, I was diagnosed with Parkinson's about thirty years ago and I've lived with it since then. My mother in law also died of Parkinson's disease after suffering for thirty-seven years with it herself. So my kids are programmed if genetics is part of Parkinson's for example, my kids have got it programmed into their being from both sides and I'd like to leave here knowing that we did everything we could to take that prospect away from their future. Thank you.

ROBERT KLEIN: Thanks.

[Applause]

ROBERT KLEIN: I thank you for your eloquent statements and the reminder of the individuals and families in California that we are here to serve. Thank you. This meeting stands adjourned.

[Applause]

[Crosstalk]

[END TRANSCRIPT]