

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

LOCATION: CITY OF HOPE
AUDITORIUM
DUARTE, CALIFORNIA

DATE: TUESDAY, DECEMBER 6, 2005
9:47 A.M.

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

BRS FILE NO. : 71718

I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		003
ROLL CALL		004
CONSENT ITEMS		006
CHAIRMAN'S REPORT		007
PRESIDENT'S REPORT		010
CONSIDERATION OF FORMATION OF STRATEGIC PLANNING SUBCOMMITTEE		017
CONSIDERATION OF REPORT FROM IP TASK FORCE		096
CLOSED SESSION		119
CONSIDERATION OF INTERIM GRANTS ADMIN POLICY		153
CONSIDERATION OF REPORT FROM GOVERNANCE SUBCOMMITTEE AND CIRM BUDGET		180
PUBLIC COMMENT		207
ADJOURNMENT		208

1 DUARTE, CALIFORNIA; TUESDAY, DECEMBER 6, 2005

2 09:47 A.M.

3

4 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD
5 CONVENE THE SESSION. INDICATE IF THE VOLUME IS
6 SUFFICIENT. I WOULD LIKE TO WELCOME EVERYONE TO
7 TODAY'S ICOC MEETING AT THE CITY OF HOPE. WE'D LIKE TO
8 THANK DR. FRIEDMAN, OUR ESTEEMED COLLEAGUE, FOR HOSTING
9 THIS MEETING AND FOR A TREMENDOUS SPOTLIGHT THAT
10 OCCURRED EARLIER TODAY. IT FOCUSED US ALL
11 APPROPRIATELY ON THE TREMENDOUS PROGRESS THAT HAS BEEN
12 MADE WITH ADULT STEM CELL THERAPIES IN THE CANCER AREA
13 AND THE POTENTIAL FOR EMBRYONIC STEM CELL THERAPIES TO
14 ENHANCE THE ABILITY FOR WIDENING THE OPPORTUNITY FOR
15 BONE MARROW MATCHES, PARTICULARLY WITH MINORITIES THAT
16 HAVE SOCIOLOGICALLY VERY COMPLICATED BACKGROUNDS AND
17 MAKE IT VERY DIFFICULT TO GET BONE MARROW MATCHES FOR
18 TIMELY TREATMENTS.

19 KEVIN KOGA IS TO BE THANKED FOR HELPING BRING
20 THIS ALL TOGETHER AND CHRIS CAMPBELL OF THE CITY OF
21 HOPE.

22 I'D LIKE MELISSA KING TO LEAD US IN THE
23 PLEDGE OF ALLEGIANCE.

24 (THE PLEDGE OF ALLEGIANCE.)

25 CHAIRMAN KLEIN: ON THE CONSENT CALENDAR WE

1 HAVE AGENDA ITEM 5, AND WE WILL DO THAT IMMEDIATELY
2 AFTER ROLL CALL.

3 MS. KING: PAUL JENNINGS FOR DAVID BALTIMORE.

4 DR. JENNINGS: HERE.

5 MS. KING: BOB PRICE FOR ROBERT BIRGENEAU.

6 DR. PRICE: HERE.

7 MS. KING: DAVID MEYER FOR KEITH BLACK.

8 DR. MEYER: HERE.

9 MS. KING: SUSAN BRYANT.

10 DR. BRYANT: HERE.

11 MS. KING: MARCY FEIT.

12 MS. FEIT: HERE.

13 MS. KING: MICHAEL FRIEDMAN.

14 DR. FRIEDMAN: HERE.

15 MS. KING: MICHAEL GOLDBERG.

16 MR. GOLDBERG: HERE.

17 MS. KING: BRIAN HENDERSON.

18 DR. HENDERSON: HERE.

19 MS. KING: ED HOLMES.

20 DR. HOLMES: HERE.

21 MS. KING: DAVID KESSLER. BOB KLEIN.

22 CHAIRMAN KLEIN: HERE.

23 MS. KING: SHERRY LANSING. GERALD LEVEY.

24 DR. LEVEY: HERE.

25 MS. KING: TED LOVE. RICHARD MURPHY.

1 DR. MURPHY: HERE.
2 MS. KING: TINA NOVA.
3 DR. NOVA: HERE.
4 MS. KING: ED PENHOET.
5 DR. PENHOET: HERE.
6 MS. KING: PAUL BERG FOR PHIL PIZZO.
7 DR. BERG: HERE.
8 MS. KING: CLAIRE POMEROY.
9 DR. POMEROY: HERE.
10 MS. KING: FRANCISCO PRIETO.
11 DR. PRIETO: HERE.
12 MS. KING: JEANNIE FONTANA FOR JOHN REED.
13 DR. FONTANA: HERE.
14 MS. KING: JOAN SAMUELSON.
15 MS. SAMUELSON: HERE.
16 MS. KING: DAVID SERRANO-SEWELL.
17 MR. SERRANO-SEWELL: HERE.
18 MS. KING: JEFF SHEEHY. JONATHAN SHESTACK.
19 MR. SHESTACK: HERE.
20 MS. KING: OSWALD STEWARD.
21 DR. STEWARD: HERE.
22 MS. KING: LEON THAL.
23 DR. THAL: HERE.
24 MS. KING: GAYLE WILSON.
25 MS. WILSON: HERE.

1 MS. KING: JANET WRIGHT.

2 DR. WRIGHT: HERE.

3 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
4 MELISSA.

5 AGENDA NO. 5 IS THE CONSENT CALENDAR. THE
6 ITEM THERE IS APPROVAL OF THE MINUTES. IS THERE ANY
7 MOTION FOR APPROVAL OF THE MINUTES?

8 DR. WRIGHT: SO MOVED.

9 CHAIRMAN KLEIN: IS THERE A SECOND?

10 DR. FRIEDMAN: SECOND.

11 CHAIRMAN KLEIN: MOVED AND SECONDED. ANY
12 DISCUSSION FROM THE BOARD ON THAT? JOAN SAMUELSON.

13 MS. SAMUELSON: I'D JUST LIKE TO MAKE ONE
14 REFERENCE. THERE'S A REFERENCE IN THE MINUTES TO AN
15 APPROVAL OF A RECOMMENDATION BY THE RESEARCH FUNDING
16 WORKING GROUP, AND THE DOCUMENTATION APPROVED BY THE
17 WORKING GROUP IS NOT EXACTLY WORD FOR WORD THE SAME,
18 AND THERE COULD BE SOME DIFFERENCES THAT COULD BE
19 IMPORTANT AT SOME POINT. I'M NOT RAISING THIS TO
20 REALLY GET INTO IT OR DISCUSS IT NOW, JUST TO MAKE THAT
21 POINT SO THAT IF AT SOME POINT IN THE FUTURE WHEN IT
22 BECOMES IMPORTANT, I'LL JUST WANT TO HAVE MADE A
23 RECORD.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH. SO THE
25 MINUTES ARE STANDING AS WRITTEN. IT WAS CLARIFICATION

1 OF A PRIOR HISTORY FOR PURPOSES OF LATER DECISIONS.

2 THANK YOU, JOAN.

3 ANY PUBLIC COMMENT? SEEING NO PUBLIC
4 COMMENT, ALL IN FAVOR. OPPOSED? ITEM PASSES.

5 AGENDA ITEM 6 IS THE CHAIRMAN'S REPORT. AS
6 THE PUBLIC AND THE BOARD HAVE SEEN FROM THIS LAST WEEK,
7 THERE WAS AN EXTRAORDINARILY STRONG DECISION SUPPORTIVE
8 OF PROPOSITION 71 AND THE CALIFORNIA INSTITUTE OF
9 REGENERATIVE MEDICINE BY JUDGE SABRAW FROM THE SUPERIOR
10 COURT IN ALAMEDA COUNTY ON NOVEMBER 29TH. THE AMICUS
11 BRIEFS FROM 15 DIFFERENT NATIONAL PATIENT ADVOCACY
12 GROUPS, INCLUDING THE LEUKEMIA AND LYMPHOMA SOCIETY WHO
13 COSPONSORED THE SPOTLIGHT EARLIER THIS MORNING, WERE
14 VERY IMPORTANT, I'M CERTAIN, IN THE FACT THAT JUDGE
15 SABRAW, AT THE END OF THE DECISION, FOCUSED ON THE FACT
16 THAT IT IS A CASE THAT QUALIFIES CLEARLY FOR EXPEDITED
17 TREATMENT, AND SHE MENTIONED THAT SHE WOULD CONSIDER
18 MOTIONS SHORTENING TIME ON DISCOVERY.

19 TODAY, DECEMBER 6TH, THERE IS A CASE
20 MANAGEMENT CONFERENCE GOING ON AT THIS VERY TIME IN HER
21 COURT IN ALAMEDA COUNTY; AND JAMES HARRISON, OUR
22 ATTORNEY, IS THERE WITH THE ATTORNEY GENERAL'S OFFICE
23 SUPPORTING OUR DESIRE TO MOVE THAT FORWARD AT THE
24 EARLIEST POSSIBLE DATE.

25 WE ARE PLEASED THAT JUDGE SABRAW HAS TAKEN

1 ALL FIVE OF THE CAUSES OF ACTION BY THE FAMILY
2 BIOETHICS COUNCIL AND DISMISSED ALL FIVE, INDICATING
3 THEY CLEARLY HAD NOT MET THE BURDEN OF PROOF. AND IN
4 ADDITION, IN NUMEROUS CITATIONS AND HER EXTENSIVE
5 NARRATIVE SUPPORTING PROPOSITION 71, SHE STATES THAT
6 THE SUPREME COURT HAS FOUND THAT IT IS THE COURT'S
7 SOLEMN DUTY TO UPHOLD AN INITIATIVE RESOLVING ALL
8 DOUBTS IN ITS FAVOR UNLESS ITS UNCONSTITUTIONALITY
9 CLEARLY, POSITIVELY, AND UNMISTAKABLY APPEAR.

10 SHE REPEATS THIS THEME LATER, I BELIEVE IF
11 YOU LOOK, FOR EXAMPLE, AT PAGE 12, TO SAY THAT ALL
12 PRESUMPTIONS AND INTENDMENTS FAVOR THE VALIDITY OF AN
13 ACT, AND THEN GOES ON TO RULE IN OUR FAVOR IN THAT CASE
14 ON THE FAMILY BIOETHICS COUNCIL'S FIVE GROUNDS WHICH,
15 AS I SAID, SHE REFUSED TO RULE ON, OR RULED TO THE DENY
16 THEIR CLAIMS.

17 THIS PROVIDES US WITH A VERY STRONG BASIS FOR
18 MOVING FORWARD. GIVEN THAT ONE OF THE KEY CITATIONS
19 SHE USES IS THE PROP 10 DECISION ALSO CALLED THE CART
20 CASE BECAUSE IT WAS THE COALITION OF TOBACCONISTS THAT
21 HAD FOUGHT PROP 10 BECAUSE PROP 10 WAS FINANCED WITH
22 THE TOBACCO TAX. SHE REALLY ANALOGIZES THAT CASE AND
23 SAYS THAT THE OPPOSITION WAS, HOWEVER, PROVIDED AN
24 ADDITIONAL HEARING TO SEE IF THEY COULD PROVIDE SOME
25 OTHER BASIS TO SUBSTANTIATE THEIR CLAIMS, BEARING IN

1 MIND THAT FOR AN ENTIRE YEAR THEY WERE UNABLE TO BRING
2 TO THE COURT IN THEIR BRIEFS THE EVIDENCE THAT WOULD BE
3 PERSUASIVE TO THE JUDGE. WE RECOGNIZE, NEVERTHELESS,
4 THAT IT'S HELPFUL IN AVOIDING PRIOR OR SUBSEQUENT
5 APPEALS GROUNDS TO HAVE THIS HEARING OUT OF THE WAY AT
6 THIS TIME, AND WE ARE WORKING WITH THE COURT TO
7 ACCOMPLISH THAT HEARING.

8 WE WOULD LIKE TO ALSO FORMALLY THANK MUNGER,
9 TOLLS, AND OLSON, WHICH HAS COMMITTED THE EFFORTS OF
10 FIVE PARTNERS TO REPRESENT THE AMICUS BRIEF PRO BONO.
11 THIS IS A HUGE SAVINGS FOR THE VARIOUS CHARITIES AND
12 INSTITUTIONS THAT ARE SUPPORTING OUR CASE, AND WE WOULD
13 LIKE TO THANK THE 15 DIFFERENT INSTITUTIONS, INCLUDING
14 CHILDREN'S HOSPITAL L. A. , CHILDREN'S HOSPITAL OAKLAND,
15 STANFORD, USC, SALK, BURNHAM, AND THE MANY OTHER
16 MEMBERS OF THE BOARD REPRESENTING INSTITUTIONS THAT
17 HAVE STEPPED UP AND COME TO THE AMICUS BRIEF TO SUPPORT
18 THIS CASE.

19 IT IS IMPORTANT TO NOTE THAT THE STRONG
20 OPINIONS HELP US WITH THE BOND ANTICIPATION NOTE BRIDGE
21 FINANCING PROGRAM, WHICH IS A PRIVATE PLACEMENT PROGRAM
22 WITH A FULL DISCLOSURE OF THE LITIGATION. IN ADDITION,
23 ANYONE BUYING A BOND ANTICIPATION NOTE MUST BUY A
24 MILLION DOLLARS MINIMUM DENOMINATION TO MAKE SURE ONLY
25 HIGHLY QUALIFIED FINANCIALLY ASTUTE INDIVIDUALS

1 PARTICIPATE IN THE PROGRAM AND ARE REQUIRED TO HAVE
2 THEIR OWN COUNSEL REPRESENT THEM TO MAKE SURE THEY'RE
3 FULLY INFORMED. WHEN COUNSEL LOOKS AT AN OPINION WITH
4 THIS KIND OF STRENGTH AND THIS KIND OF REPEATED
5 ASSERTION OF EXTRAORDINARILY HIGH BAR THE OPPOSITION
6 WILL FACE, IT HELPS US TREMENDOUSLY.

7 FOR CALIFORNIA PATIENTS SUFFERING FROM
8 CHRONIC DISEASE AND INJURY, EVERY DAY COUNTS IN
9 ADVANCING OUR UNDERSTANDING OF DISEASE AND OUR SEARCH
10 FOR IMPROVED THERAPIES TO ALLEVIATE HUMAN SUFFERING.
11 WE LOOK FORWARD TO THE INSTITUTE FUNDING THE BAN
12 PROGRAM TO ADVANCE THIS RESEARCH DURING THE LITIGATION.
13 WE LOOK FORWARD TO HONORING THE MANDATE OF THE PUBLIC
14 AND MAKING CERTAIN THAT IT IS A CLEAR MESSAGE, THAT
15 DESPITE LITIGATION, CALIFORNIA WILL HONOR THE MANDATE
16 OF SEVEN MILLION VOTERS AND MOVE THIS CRITICAL RESEARCH
17 FORWARD. SO AS WE MOVE FORWARD ON THE BAN PROGRAM, WE
18 ARE VERY THANKFUL FOR THIS STRONG DECISION.

19 I'D LIKE TO IMMEDIATELY GO TO ITEM 7, SINCE
20 NO ACTION IS REQUIRED ON ITEM 6, WITH THE PRESIDENT'S
21 REPORT. DR. HALL.

22 DR. HALL: THANK YOU, MR. CHAIR. I HAVE A
23 RELATIVELY SHORT REPORT TODAY. LET ME BEGIN BY
24 INTRODUCING TWO NEW MEMBERS OF OUR TEAM. SCOTT TOCHER,
25 WHO IS SITTING AT THE STAFF TABLE HERE, IS OUR INTERIM

1 ASSOCIATE LEGAL COUNSEL. HE IS ON LOAN FROM THE FAIR
2 POLITICAL PRACTICES COMMISSION AND WILL BE WITH US
3 THROUGH THE FIRST SIX MONTHS OF 2006. HE HAS HAD
4 EXTENSIVE EXPERIENCE IN DEALING WITH REGULATORY MATTERS
5 AT THE STATE LEVEL. AS YOU KNOW, AS WE WORK THROUGH A
6 NUMBER OF OUR ITEMS, WHICH MUST GO THROUGH THE STATE
7 PROCEDURES ACCORDING TO THE APA, HIS EXPERTISE AND
8 ADVICE AND ABILITY, AMONG OTHER THINGS, TO WRITE
9 REGULATORY LANGUAGE, WE ANTICIPATE, WILL BE INVALUABLE
10 TO US. WE'RE DELIGHTED TO HAVE HIM ON BOARD. MAYBE
11 YOU COULD STAND OR RAISE YOUR HAND, SCOTT, SO PEOPLE
12 CAN KNOW WHO YOU ARE.

13 THE SECOND PERSON, WHO IS NOT ABLE TO BE WITH
14 US TODAY, IS DAN BEDFORD, WHO IS OUR INTERIM LEGAL
15 COUNSEL, AND HE IS WORKING WITH US ON A PRO BONO BASIS
16 THROUGH THE END OF FEBRUARY. HE'S WITH THE FIRM OF
17 ORRICK & HERRINGTON, WHO YOU'VE HEARD ABOUT IN
18 CONNECTION WITH SOME OF OUR BOND MATTERS. DAN HAS BEEN
19 HELPING US OUT IN THE INTERIM SINCE CHRISTINA OLSSON
20 LEFT AND HAS WORKED PARTICULARLY ON THE GRANTS
21 ADMINISTRATION POLICY, WHICH WE'LL BE HEARING MORE
22 ABOUT LATER IN THE MEETING, AND HAS BEEN VERY HELPFUL
23 IN THAT REGARD. SO WE'RE PLEASED TO HAVE HIM WITH US
24 FOR THE NEXT COUPLE OF MONTHS.

25 OTHER THAN THAT, ALL OF OUR RECRUITMENTS ARE

1 CURRENTLY DEFERRED.

2 NOW, WE'VE HAD SOME ACTIVITY FROM OUR WORKING
3 GROUPS. SINCE WE LAST MET IN THE LAST MONTH, THE
4 GRANTS GROUP HAD A TELECONFERENCE MEETING ON 11/28 TO
5 CONSIDER THE INTERIM GRANTS ADMINISTRATION POLICY FOR
6 TRAINING GRANTS. AND YOU WILL HEAR MORE ABOUT THAT
7 LATER IN THE MEETING.

8 AND, SECONDLY, OUR STANDARDS GROUP CONTINUES
9 TO MEET. WE HAD A MEETING ON THE 1ST OF DECEMBER TO
10 CONTINUE A PUBLIC MEETING TO CONTINUE DEVELOPMENT OF
11 THE DRAFT ETHICAL AND MEDICAL STANDARDS WHICH WE WILL
12 PRESENT, I THINK, ACCORDING TO THE CURRENT TIMETABLE,
13 IF I RECALL, FIRST OF FEBRUARY WE WILL PRESENT TO THE
14 ICOC AS A DRAFT ETHICAL AND MEDICAL STANDARDS. WE
15 ACTUALLY HAD QUITE A LIVELY AND GOOD MEETING WITH LOTS
16 OF DISCUSSION ON ISSUES RELATED TO EGG DONATION AND ON
17 STEM CELL BANKS AND OTHER MATTERS.

18 I ALSO WANTED TO REPORT TO YOU ON SOMETHING I
19 MENTIONED AT OUR LAST MEETING, AND THAT IS OUR WISH TO
20 HAVE A -- SPONSOR A SHORT SCIENTIFIC MEETING ON THE
21 ASSESSMENT OF MEDICAL RISK TO EGG DONORS. THIS WOULD
22 BE A MEETING THAT WOULD FOCUS ON THE SCIENTIFIC ISSUES.
23 WHAT DO WE KNOW? WHAT ARE THE GAPS IN OUR KNOWLEDGE?
24 AND ARE THERE BEST PRACTICES THAT MIGHT REDUCE RISK FOR
25 EGG DONORS FOR RESEARCH?

1 AND WE HAVE BEEN IN VERY PRODUCTIVE
2 DISCUSSIONS WITH THE INSTITUTE OF MEDICINE AND WITH THE
3 NATIONAL ACADEMIES' LIFE SCIENCES BOARD ABOUT THE
4 POSSIBILITY OF HAVING THEM PUT ON THE MEETING. WE
5 WOULD SPONSOR IT; THEY WOULD ORGANIZE IT IN AN
6 INDEPENDENT WAY AND WOULD RUN THE MEETING.

7 WE ARE ALSO IN PRELIMINARY CONTACT WITH A
8 PROFESSIONAL SOCIETY WHO MAY ALSO HAVE SOME INTEREST IN
9 PARTICIPATING IN THE MEETING AT SOME LEVEL. SO I THINK
10 THIS WILL BE A VERY IMPORTANT MEETING. IT'S AN ISSUE
11 THAT HAS BEEN VERY MUCH TALKED ABOUT, AND IT IS
12 SOMETIMES CONFUSING TO KNOW JUST WHAT IT IS WE ACTUALLY
13 KNOW AND WHAT WE DON'T KNOW, AND WE HOPE THAT THIS WILL
14 BE AN IMPORTANT MEETING, AS I SAID AT OUR LAST MEETING,
15 NOT ONLY FOR US, BUT I THINK NATIONALLY AS WELL. AS
16 FAR AS I KNOW, THERE HAS NOT BEEN A MEETING EXACTLY
17 LIKE THIS NATIONALLY, AND SO WE THINK IT WILL BE VERY,
18 VERY IMPORTANT.

19 AS FAR AS OUR SCIENTIFIC AND STRATEGIC
20 PLANNING, I THINK THAT LATER THIS MORNING THE CHAIR OF
21 THE ICOC PLANS TO APPOINT A CHAIR AND VICE CHAIRS FOR
22 THIS COMMITTEE. WE HAVE CONTINUED TO BE IN CONTACT
23 WITH TWO CONSULTANTS WHO WE ARE TALKING TO, AND WE HOPE
24 THAT WE CAN MAKE SOME CHOICE AFTER THE FIRST OF THE
25 YEAR ABOUT THOSE. AND WE WILL WORK TO DEVELOP A PLAN

1 FOR HOW WE WILL DO THE STRATEGIC PLAN, AND I HOPE WE
2 WILL BE ABLE TO HIRE ADDITIONAL SCIENTIFIC PERSONNEL
3 FOR THAT PROCESS AS IT WILL BE QUITE TIME CONSUMING FOR
4 US.

5 FINALLY, JUST A WORD ABOUT THE BUDGET. YOU
6 WILL HEAR MORE IN THE MEETING ABOUT THE SPECIFICS OF
7 THIS, BUT I JUST WANT TO GIVE YOU A LITTLE PREVIEW NOW,
8 AND THEN WALTER BARNES, OUR CHIEF FINANCIAL
9 ADMINISTRATIVE OFFICER, WILL PRESENT LATER. WHAT YOU
10 WILL HEAR FROM HIM IS THAT NOW WE HAVE A BUDGET THAT
11 WILL CARRY US THROUGH JUNE 30, 2006, THE END OF THIS
12 FISCAL YEAR. AND THEN BEYOND THAT PERIOD OF TIME, WE
13 WILL DEPEND ON BAN'S TO PROVIDE MONEY FOR
14 ADMINISTRATIVE FUNDING.

15 AND IN ORDER TO MAKE THIS BUDGET WORK, WE
16 HAVE CUT DOWN ON A NUMBER OF ACTIVITIES, AND YOU WILL
17 HEAR MORE ABOUT THIS LATER. WE HAVE REMOVED THE
18 SCIENTIFIC ACTIVITIES FROM THE CIRM BUDGET, AND THERE
19 ARE THREE OF THOSE THAT ARE RELEVANT. THEY ARE THE
20 SCIENTIFIC STRATEGIC PLANNING YOU JUST HEARD ABOUT IN
21 TERMS OF MONEY FOR A CONSULTANT. THEY ARE THE
22 CONFERENCE ON ASSESSMENT OF MEDICAL RISK, AND THE THIRD
23 IS A PROJECT THAT WE'VE BEEN VERY INTERESTED IN AND ARE
24 CONTINUING DISCUSSIONS WITH AND IS A PROSPECTIVE
25 POSSIBLE PROJECT, AND THAT IS THE POSSIBILITY OF A

1 JOINT PUBLISHING ENTERPRISE WITH THE PUBLIC LIBRARY OF
2 SCIENCE.

3 AND SO OUR INTENT, THEN, IS TO RAISE MONEY
4 SEPARATELY FOR THESE AND FOR ADMINISTRATIVE ACTIVITIES
5 SEPARATE FROM THE BAN'S THAT WOULD HELP FUND THESE, AND
6 THIS WILL ALLOW US, THEN, TO GET THROUGH THE YEAR ON
7 OUR CURRENT FUNDS. BEYOND THAT, IMPLEMENTATION WILL
8 DEPEND ON WHEN THE FUNDS ARE AVAILABLE.

9 SO THANK YOU VERY MUCH, MR. CHAIR. I THINK
10 THAT'S ALL I HAVE TO SAY AT THIS TIME.

11 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

12 DR. HALL: I'M HAPPY TO ANSWER ANY QUESTIONS
13 IF YOU HAVE THEM.

14 CHAIRMAN KLEIN: ARE THERE QUESTIONS FROM THE
15 BOARD? QUESTIONS FROM THE PUBLIC?

16 MR. SHESTACK: ZACH, THESE OTHER ACTIVITIES
17 THAT YOU WANT TO RAISE MONEY FOR, THAT'S PHILANTHROPIC
18 DOLLARS; IS THAT RIGHT?

19 DR. HALL: YES.

20 MR. SHESTACK: AND SO CAN THE CIRM ACTUALLY
21 RAISE THAT MONEY, OR DOES IT HAVE TO FORM A 501(C)(3)
22 IN ORDER TO DO IT?

23 DR. HALL: AS YOU RECALL THE DOLBYS, WE'RE
24 EXISTING NOW IN PART ON MONEY THAT THE DOLBYS HAVE VERY
25 GENEROUSLY GIVEN TO US FOR OUR ADMINISTRATIVE

1 ACTIVITIES AND SCIENTIFIC ACTIVITIES. AND SO THAT WAS
2 GIVEN AS A GIFT, AND SO WE WOULD PROCEED IN EXACTLY THE
3 SAME WAY.

4 CHAIRMAN KLEIN: JON, TO SPECIFICALLY
5 RESPOND, IN WRITING THE INITIATIVE, I SPECIFICALLY
6 ADDRESSED AND INCLUDED A PROVISION THAT THE INSTITUTE
7 CAN RECEIVE CHARITABLE GIFTS, WHICH IS UNLIKE OTHER
8 STATE AGENCIES THAT DO NOT HAVE THIS AMBIGUITY
9 RESOLVED. WE DIRECTLY ADDRESSED IT.

10 ANY ADDITIONAL QUESTIONS FROM THE BOARD?

11 MS. SAMUELSON: IS THIS THE ONLY POINT IN
12 THIS AGENDA WHERE WE'RE GOING TO DISCUSS THE BUDGET?

13 CHAIRMAN KLEIN: THE BUDGET IS GOING TO BE
14 DISCUSSED AS A WHOLE SEPARATE ITEM.

15 MS. SAMUELSON: SEPARATELY LATER.

16 CHAIRMAN KLEIN: ANY ITEM, QUESTION FROM THE
17 GENERAL PUBLIC ABOUT THE PRESIDENT'S PRESENTATION?

18 MR. REED: I JUST WONDERED IF WE HAD GIVEN
19 ANY FORM OF RECOGNITION TO THE DOLBYS FOR THEIR
20 TREMENDOUS GIFT.

21 CHAIRMAN KLEIN: WE HAVE PREVIOUSLY
22 RECOGNIZED THE DOLBYS AND THANKED THEM, BUT WE ARE
23 LOOKING FORWARD TO A POTENTIAL FUTURE CEREMONY TO THANK
24 THEM AS WELL. BUT THEY ARE EXTRAORDINARY IN THEIR
25 GENEROSITY AND COMMITMENT, AND WE DEEPLY APPRECIATE IT.

1 ANY ADDITIONAL POINTS? THANK YOU VERY MUCH,
2 DR. HALL.

3 ON THE AGENDA THE NEXT ITEM IS THE FORMATION
4 OF A STRATEGIC PLANNING SUBCOMMITTEE. MY RECENT
5 DISCUSSIONS WITH THE PRESIDENT ON THIS ITEM HAVE LED ME
6 TO A TWO-STEP PROCESS. AND MY SUGGESTION, IF IT IS
7 ACCEPTABLE TO THE BOARD, IS TO ADDRESS TODAY THE
8 HISTORY AND THE INITIATIVE'S DIRECTION ON THE STRATEGIC
9 PLAN TO PUT BEFORE YOU THE PROPOSED MEMBERSHIP AND
10 LEADERSHIP OF THAT COMMITTEE, WHICH I BELIEVE THAT THE
11 EXECUTIVE COMMITTEE AND THE PRESIDENT HAVE REVIEWED.

12 AND THE PRESIDENT SPECIFICALLY, SINCE THIS IS
13 A VERY COLLABORATIVE PROCESS BETWEEN THE LEADERSHIP OF
14 THIS COMMITTEE AND THE PRESIDENT, WOULD LIKE TO HAVE AN
15 OPPORTUNITY BEFORE WE HAVE A PUBLISHED MISSION
16 STATEMENT AND TIMETABLE TO TAKE THE INFORMATION THAT I
17 WORKED OUT FROM THIS PROCESS AND SIT DOWN WITH THE
18 LEADERSHIP THAT THE BOARD DECIDES ON FOR THIS COMMITTEE
19 AND REFINE THAT TIMETABLE AS TO POSSIBILITIES.

20 CERTAINLY WITH THE BUDGET THAT'S GOING TO BE
21 DISCUSSED TODAY, WE HAVE SOME REAL CONSTRAINTS ON OUR
22 PROCESS. AND I THINK THAT THIS IS A VERY HEALTHY
23 PROCESS. THE PRESIDENT KNOWS THE LIMITATIONS OF
24 STAFFING BETTER THAN ANYONE, AND HE KNOWS THE
25 SCIENTIFIC RESOURCES HE CAN BRING TO BEAR, SO IT SEEMS

1 LIKE A VERY APPROPRIATE PROCESS. BUT WE WILL GO
2 THROUGH THIS SESSION TODAY, AND HOPEFULLY THAT IS AN
3 ACCEPTABLE PROCESS TO THE BOARD.

4 AS A MATTER OF HISTORY, I WILL TELL YOU THAT
5 AT SECTION 125281.07 PROPOSITION 71 DIRECTS THE ICOC TO
6 DEVELOP ANNUAL AND LONG-TERM STRATEGIC RESEARCH PLANS.
7 IT ALSO DIRECTS US TO DEVELOP ANNUAL AND STRATEGIC
8 FINANCIAL PLANS, WHICH WE WILL SEPARATELY ADDRESS AS A
9 SEPARATE AGENDA ITEM IN THE NEXT MEETING. THE
10 LONG-TERM PLANS AND THE INTERIM PLANS WILL BE
11 SIGNIFICANTLY IMPACTED BY OUR SUCCESS IN THE BAN
12 PRIVATE PLACEMENT PROGRAM.

13 IT IS IMPORTANT TO NOTE, THOUGH, HISTORICALLY
14 THAT THIS BOARD HAS APPROVED THE BAN PROGRAM, AND THE
15 BAN PROGRAM HAS GONE TO THE FINANCE COMMITTEE OF THE
16 STATE AS PROVIDED FOR UNDER PROP 71, AND THE STATE HAS
17 AUTHORIZED A \$200 MILLION PROGRAM, AND WE ARE WORKING
18 WITHIN THE CONTEXT OF THAT FINANCIAL PLAN INITIATIVE.

19 THE PROGRAM GOALS WILL BE CONSTANTLY UPDATED
20 BASED ON THE EFFECTIVENESS OF THAT PROGRAM'S INITIAL
21 STAGE WITH THE COURT DECISIONS THAT SUPPORT US AND
22 FURTHER OUR GOALS AND OUR PROGRESS ON LATER TRANCHES OF
23 THE BAN'S.

24 AS TO THE STRATEGIC RESEARCH PLAN DURING THE
25 YEAR 2005, THE ICOC REACHED A STRATEGIC DECISION, GIVEN

1 THE LITIGATION LIMITATIONS ON FUNDING AND THE NEED TO
2 PRIORITIZE HIGH MEDICAL AND ETHICAL STANDARDS IN
3 CONSTRUCTION OF THE PEER REVIEWED GRANT-MAKING PROCESS,
4 THAT THE HIGHEST STRATEGIC PRIORITY AFTER PUTTING THOSE
5 STRUCTURAL ELEMENTS OF THE PROPOSITION 71 IN PLACE
6 WOULD BE TO HOLD A COMPETITION AMONG CALIFORNIA'S
7 PREMIERE RESEARCH INSTITUTIONS TO ESTABLISH A LEADING
8 SCIENTIFIC AND CLINICAL FELLOWSHIP PROGRAM TO BUILD THE
9 INTELLECTUAL INFRASTRUCTURE AND TO CONDUCT STEM CELL
10 RESEARCH IN CALIFORNIA.

11 THIS COMPETITION CULMINATED IN THE AWARD TO
12 16 INSTITUTIONS FOR THE 170 POSTDOCTORAL, POSTDOCTORAL,
13 POSTCLINICAL, AND PREDOCTORAL FELLOWSHIPS ON SEPTEMBER
14 9, 2005. THE FUNDING OF THIS FELLOWSHIP PROGRAM WILL
15 BE IN A POSITION TO PROCEED FOLLOWING THE DECEMBER 6TH
16 MEETING, TODAY'S MEETING, IF WE SUCCESSFULLY ADOPT AN
17 INTERIM GRANTS ADMINISTRATION POLICY AND AN INTERIM IP
18 POLICY FOR TRAINING GRANTS.

19 CONCURRENTLY THE ICOC AUTHORIZED THE
20 STRATEGIC SCIENTIFIC CONFERENCE HELD OCTOBER 1ST AND
21 2D, 2005, TO SURVEY THE STATE OF STEM CELL AND RELATED
22 SCIENCE INTERNATIONALLY WITH THE GOAL OF DEVELOPING
23 RECOMMENDATIONS THAT WILL LATER SERVE AS AN INPUT INTO
24 THE ANNUAL AND LONG-TERM STRATEGIC SCIENTIFIC RESEARCH
25 PLAN PROCESS.

1 WITH THAT FUNDAMENTAL BACKGROUND IN PLACE, I
2 WILL TELL YOU THAT WE HAVE A REMARKABLE OUTPOURING OF
3 ENTHUSIASM AFTER MORE THAN 50 PUBLIC MEETINGS INVOLVING
4 MEMBERS OF THIS BOARD WHERE WE HAD 23 MEMBERS OF THE
5 BOARD THAT VOLUNTEERED FOR THE STRATEGIC PLANNING
6 SUBCOMMITTEE. GIVEN UPCOMING RESPONSIBILITIES AND THE
7 BURDEN ON MEMBERS ALREADY ON THIS BOARD, SOME OF THEM
8 BEING PATIENT ADVOCATES THAT SERVE ON TWO OR THREE
9 WORKING GROUPS, AND REALIZING THAT IF OUR BAN PLACEMENT
10 IS SUCCESSFUL AT THE LEVEL INTENDED, WE WILL
11 IMMEDIATELY HAVE THE OPPORTUNITY TO GO INTO ANOTHER
12 GRANT CYCLE FOR SEED MONEY GRANTS OR WHATEVER STRATEGIC
13 OBJECTIVE AS DECIDED BY THIS BOARD, WITH THE
14 POSSIBILITY THAT WE HAVE OVER A THOUSAND APPLICATIONS
15 FOR SEED MONEY GRANTS AND WILL HAVE SOME TREMENDOUS
16 WORK TO DO IN THAT AREA.

17 I TRIED TO TAKE INTO ACCOUNT THE
18 RECOMMENDATIONS OF A NUMBER OF THE BOARD MEMBERS AND
19 TALKED TO BOARD MEMBERS WITH PARTICULARLY DIFFICULT
20 TIME BURDENS TO SEE ABOUT THEIR ACCESSIBILITY AND
21 AVAILABILITY OF TIME. I ALSO REALIZE THAT THERE WILL
22 BE SOME POTENTIAL INITIATIVES WITH THE FACILITIES
23 COMMITTEE IN THE NEAR FUTURE THAT CAN PUT BURDENS ON A
24 NUMBER OF INDIVIDUALS. AS WE DISCUSSED IN THE LAST
25 MEETING OF THE BOARD IN THE PUBLIC SESSION, THERE MAY,

1 IN FACT, BE INSTITUTIONS IN THE STATE WHO ARE PREPARED
2 TO MOVE FORWARD RAPIDLY AND TAKE A RISK, PARTICULARLY
3 GIVEN THE STRENGTH OF OUR LEGAL OPINION, BY ISSUING
4 BONDS THEMSELVES TO MOVE THEIR DESPERATELY NEEDED
5 FACILITIES FORWARD. AND WE'LL HAVE TO FOCUS A GREAT
6 DEAL OF TIME ON THAT EFFORT IF THAT EFFORT IS TO MOVE
7 FORWARD.

8 THE CONSIDERATIONS, THEREFORE, WERE AT
9 MULTIPLE LEVELS, AND I WOULD RECOMMEND, GIVEN THOSE
10 CONSIDERATIONS, THE FOLLOWING MEMBERSHIP: DR. LEON
11 THAL; DR. OSWALD STEWARD; JEFF SHEEHY, WHO IS SORRY
12 THAT HE COULD NOT BE HERE TODAY, BUT IS VERY COMMITTED
13 TO THIS; DR. CLAIRE POMEROY; DR. TED LOVE; DR. DAVID
14 KESSLER, DR. PHIL PIZZO, WITH HIS ALTERNATE PAUL BERG;
15 DR. RICHARD MURPHY; DR. DAVID BALTIMORE, WITH HIS
16 ALTERNATE PAUL JENNINGS; AND I WILL SAY THAT BOTH DR.
17 BALTIMORE AND DR. PIZZO INDICATED THEY WOULD MAKE THE
18 TIME TO MATERIALLY MAKE A VERY COMMITTED EFFORT TO THIS
19 COMMITTEE; DR. MICHAEL FRIEDMAN; DR. JANET WRIGHT;
20 MYSELF; JONATHAN SHESTACK; AND DR. ED HOLMES.

21 ADDITIONALLY, IN PROVIDING CLARITY TO CREATE
22 A LEADERSHIP STRUCTURE THAT CAN WORK WITH THE PRESIDENT
23 IN DEFINING THIS PROCESS WITHIN THE LIMITATIONS OF
24 BUDGET, STAFF, AND SCIENTIFIC OUTREACH THAT WE CAN
25 ACHIEVE WHILE ALSO MOVING THESE OTHER INITIATIVES

1 FORWARD, I SUGGEST THAT AS THE CHAIRS OF THIS EFFORT WE
2 WOULD HAVE DR. DAVID KESSLER AND DR. EDWARD HOLMES WITH
3 DR. DAVID KESSLER SERVING AS THE PRESIDING CHAIR. I
4 HAVE TALKED WITH DR. DAVID KESSLER. AGAIN, HE HAS A
5 CONFLICT ON THE EAST COAST AND COULD NOT BE HERE TODAY,
6 BUT HE IS VERY COMMITTED. TALKED WITH DR. HOLMES AS
7 WELL ABOUT HIS WILLINGNESS TO PROVIDE THE COMMITTED
8 TIME TO THIS EFFORT.

9 AS CO-CHAIRS I HAVE SPECIFICALLY RECOMMENDED
10 JEFF SHEEHY, DR. MICHAEL FRIEDMAN, AND DR. TED LOVE.
11 CLEARLY, WE'RE TRYING TO MAKE CERTAIN THAT IN THE
12 CHAIRS AND CO-CHAIRS WE REPRESENT A NUMBER OF
13 CONSTITUENCIES FOR THE BOARD.

14 THERE IS AN ADDITIONAL DESIRE TO HAVE THE
15 COMMITTEE INTERFACE WITH THE GRANTS WORKING GROUP AND
16 THE STANDARDS WORKING GROUP WITH THE CHAIRS AS NEEDED
17 AND AS DETERMINED AS NECESSARY TO OUTREACH TO THE
18 CHAIRS OF THE GRANT WORKING GROUP. DR. STUART ORKIN
19 AND JOAN SAMUELSON, WHO CAN CLEARLY HAVE SOME CRITICAL
20 INPUT ON THE VOLUME OF GRANTS THEY CAN HANDLE, THE
21 TIMING OF THOSE, AND OTHER STRATEGIC CONSIDERATIONS ON
22 OPPORTUNITIES THAT THEY SEE. WE SEE THIS AS A PROCESS
23 THAT WILL HAVE POTENTIAL OPPORTUNITIES THAT ARISE FROM
24 TIME TO TIME AND A NEED FOR ONGOING REVISIONS.

25 THE THEORY OF THESE APPOINTMENTS TO THIS

1 BOARD IS IT WOULD BE A TWO-YEAR APPOINTMENT, AND AT
2 THAT POINT WE WOULD REVOLVE THE MEMBERSHIP TO HAVE THE
3 BALANCE OF THE BOARD HAVE AN OPPORTUNITY TO
4 PARTICIPATE. AND I WOULD TELL YOU THAT IT IS ALSO AN
5 IMPORTANT CONCEPT THAT IN THE PROCESS THAT'S WORKED
6 OUT, THE SUBCOMMITTEE WILL BRING BACK TO THE BOARD AT
7 VARIOUS TIMES THAT THE PRESIDENT AND THE LEADERSHIP
8 WILL SET FOR INPUT FROM THE BOARD, FROM THE BOARD AS A
9 WHOLE, AND SO THE BOARD AS A WHOLE CAN PARTICIPATE IN
10 THIS PROCESS.

11 ADDITIONALLY, THE CHAIRS OF THE SCIENTIFIC
12 AND MEDICAL STANDARDS WORKING GROUP REPRESENT A VERY
13 SUBSTANTIAL INPUT RESOURCE, DR. BERNARD LO AND SHERRY
14 LANSING, AND THEY WOULD BE AS AVAILABLE AND AS NEEDED
15 TO BE CONSULTED BY THE CHAIRS OF THIS SUBCOMMITTEE FOR
16 THEIR INPUT. AS WE GO THROUGH THE ADMINISTRATIVE
17 PROCEDURES ACT PROCESS AND AS WE CONTINUALLY ADAPT TO
18 THE HIGHEST STANDARDS FOR THE COUNTRY THAT WE HAVE
19 ESTABLISHED THROUGH ADOPTING THE NATIONAL ACADEMY
20 STANDARDS AS A MODEL, IT IS IMPORTANT THAT THIS INPUT
21 BE AVAILABLE TO THE LEADERSHIP ON THE STRATEGIC PLAN.

22 SO THAT IS MY REPORT ON THIS ITEM. I WOULD
23 LIKE TO ASK THE BOARD AT THEIR PLEASURE, BECAUSE THEY
24 CAN CLEARLY MODIFY THIS, ADD MEMBERS, SUBTRACT MEMBERS,
25 TO OPEN THIS FOR CONSIDERATION. AND IT IS VERY

1 I M P O R T A N T T O N O T E T H A T I F T H E B O A R D W O U L D W I S H T O D O
2 T H I S A S A C O M M I T T E E O F T H E W H O L E , T H E Y C A N D O I T A S A
3 C O M M I T T E E O F T H E W H O L E . P R O B L E M , O F C O U R S E , I S I F Y O U
4 N E E D A N U M B E R O F M E E T I N G S , I T ' S E X T R A O R D I N A R I L Y
5 D I F F I C U L T T O S C H E D U L E , A N D 1 4 H A P P E N S T O M A T C H T H E
6 M A X I M U M S I Z E O F A N Y C O M M I T T E E W E H A V E H A D T H U S F A R I N
7 O U R H I S T O R Y . I W I L L T E L L Y O U I T ' S B E E N A C H A L L E N G E T O
8 H A V E 1 4 , A C H A L L E N G E T O H A V E M E E T I N G S , A N D S O I ' M
9 D E E P L Y G R A T E F U L T O B O A R D M E M B E R S F O R W A N T I N G T O
10 P A R T I C I P A T E , B U T W E T R I E D T O D O T H E B E S T W E C O U L D
11 W I T H I N T H O S E L I M I T A T I O N S . D R . H E N D E R S O N .

12 D R . H E N D E R S O N : C O U P L E O F Q U E S T I O N S . M Y
13 F I R S T Q U E S T I O N I S I ' D L I K E T O K N O W W H A T D R . H A L L , S I N C E
14 T H E R E W A S A S E P A R A T E -- W A S A S T R A T E G I C P L A N N I N G
15 S E S S I O N A L R E A D Y , W H A T D R . H A L L ' S I N P U T I S O N T H I S
16 D O C U M E N T .

17 C H A I R M A N K L E I N : W E A R E N O T P R E S E N T I N G
18 A N Y T H I N G O T H E R T H A N T H E N A M E S A N D T H E L E A D E R S H I P F O R
19 C O N S I D E R A T I O N .

20 D R . H E N D E R S O N : I G U E S S O N T H I S P L A N , T H E N ,
21 B E C A U S E , A S I U N D E R S T A N D Y O U R B A C K G R O U N D , W E ' R E A S A
22 C O M M I T T E E R E S P O N S I B L E F O R A N N U A L A N D L O N G - T E R M
23 S T R A T E G I C P L A N N I N G A S S T A T E D I N T H E L E G I S L A T I O N . A N D I
24 C O U L D I M A G I N E A P R O C E S S T H A T C O U L D B E L A R G E L Y D R I V E N B Y
25 T H E P R E S I D E N T W O R K I N G W I T H T H E S C I E N T I F I C G R O U P H E ' S

1 GOT WITH THE MEMBERS ON THIS COMMITTEE THAT WOULD BRING
2 REPORTS TO THIS COMMITTEE AS A WHOLE. AND I, FOR ONE,
3 DON'T SEE HOW WE GAIN MUCH EFFICIENCY IN HAVING SUCH A
4 LARGE SUBCOMMITTEE, ANOTHER SUBCOMMITTEE THAT'S SO
5 LARGE, THAT DUPLICATES MOST OF THE MEMBERSHIP OF THE
6 BOARD, BUT, YOU KNOW, IS NOT EXACTLY THE BOARD. I
7 DON'T UNDERSTAND WHAT ITS ROLE IS RELATIVE TO THE
8 ENTIRE BOARD.

9 IF THERE'S AN INTERNAL PROCESS, AS THERE
10 SHOULD BE FOR STRATEGIC PLANNING, THERE MUST BE, CAN'T
11 WE INTERACT WITH THAT INTERNAL PROCESS AS AN ENTIRE
12 BOARD RATHER THAN SET UP A PARALLEL STRATEGIC PLANNING
13 APPROACH OF OUR OWN? DO I TOTALLY MISUNDERSTAND WHAT'S
14 GOING ON?

15 CHAIRMAN KLEIN: DR. HALL, I BELIEVE HE'S
16 ASKING FOR YOUR INPUT.

17 DR. HALL: LET ME JUST SAY THAT I SEE THIS
18 VERY MUCH, TWO THINGS, AS AN EFFORT, AS I EXPRESSED IN
19 MY EARLIER REMARKS TO THE BOARD, AS AN EFFORT THAT I
20 WOULD LEAD, NO. 1. NO. 2, I ALSO SEE IT VERY MUCH AS A
21 COLLABORATIVE EFFORT BETWEEN THE PRESIDENT AND STAFF
22 AND THE BOARD. AND I THINK ONE OF THE ISSUES WILL BE
23 HOW TO SORT OUT THE ROLES, AND I THINK IN OUR
24 PREPLANNING PROCESS THAT WILL BE AN IMPORTANT PART OF
25 IT. AND, IN FACT, WE'VE HAD SOME INTERESTING

1 DISCUSSIONS WITH THE CONSULTANTS ABOUT JUST HOW THIS IS
2 DONE; THAT IS, HOW DO WE DECIDE WHO DOES WHAT IN ALL OF
3 THIS AND HOW WILL IT BE APPORTIONED. CERTAINLY THE
4 MEMBERSHIP, AS SUGGESTED HERE, IS VERY STRONG. I THINK
5 IT'S AN EXCELLENT SUBCOMMITTEE.

6 I THINK THE ONE ISSUE THAT IS IMPORTANT IS
7 THAT AS WE WORK, WE NEED SOME SMALLER GROUP TO WORK
8 WITH. AND WHAT THAT GROUP IS, WHETHER IT'S THE CHAIR'S
9 GROUP HERE, I THINK ON A FAIRLY REGULAR BASIS, BY THAT
10 I MEAN PEOPLE THAT WE CAN CALL UP DURING THE WEEK IF
11 SOMETHING COMES UP AND WE CAN HAVE MEETINGS FOR A
12 PARTICULAR ISSUE EVEN BY PHONE ON A WEEKLY BASIS. I
13 REALLY DON'T KNOW. I HAVEN'T THOUGHT THIS OUT IN
14 DETAIL, BUT WE DO NEED A RELATIVELY SMALL GROUP THAT
15 CAN REPRESENT EITHER THE SUBCOMMITTEE OR THE BOARD,
16 HOWEVER IT'S DONE, AND I SEE AT LEAST THE GROUP, THE
17 CHAIRS, THAT ARE LISTED HERE REPRESENT FIVE
18 INDIVIDUALS. AND IT SEEMS TO ME THAT THAT WOULD
19 CONSTITUTE A GROUP THAT WE COULD CERTAINLY WORK WITH.

20 SO IN TERMS -- IT IS UP TO YOU WHETHER YOU
21 HAVE A SUBCOMMITTEE OR DO IT AS AN ENTIRE BOARD, AND I
22 DON'T HAVE AN ISSUE WITH THAT. I WOULD ASK FOR AT
23 LEAST A SMALL GROUP THAT WE COULD WORK WITH ON A FAIRLY
24 REGULAR BASIS, AND THEN WORK WITH THEM TO BRING THINGS
25 TO THE SUBCOMMITTEE AND THEN SUBSEQUENTLY TO THE BOARD

1 OR DIRECTLY TO THE BOARD.

2 LET ME JUST ALSO SAY FOR THE RECORD THAT FOR
3 THE REST OF THE DOCUMENT, AS THE CHAIRMAN INDICATED, I
4 HAD NOT SEEN IT BEFORE JUST AS WE WALKED IN HERE THIS
5 MORNING. AND I WOULD LOOK FORWARD -- FOR EXAMPLE, I
6 THINK THERE ARE SEVERAL ITEMS THAT NEED DISCUSSION
7 HERE, AND I WOULD LOOK FORWARD TO WORKING WITH THE
8 CHAIR AND WITH THE LEADERSHIP GROUP OF THIS COMMITTEE
9 TO COME UP AND WORK OUT SOME OF THE ISSUES THAT ARE
10 ADDRESSED HERE. SO I HOPE THAT'S HELPFUL.

11 CHAIRMAN KLEIN: I THINK WHAT'S IMPORTANT
12 HERE TO NOTICE TOO IS THAT WITH A LARGE SUBCOMMITTEE,
13 DR. HALL HAS THE ABILITY TO INFORMALLY CONSULT WITH A
14 NUMBER OF INDIVIDUALS AND --

15 DR. HENDERSON: HE HAS THAT ABILITY WITH THE
16 WHOLE BOARD. CREATING A SUBCOMMITTEE THAT'S MORE THAN
17 HALF THE BOARD, I DON'T UNDERSTAND HOW THAT MAKES
18 SENSE. IF WE'RE FUNCTIONING AS A BOARD, WHY CAN'T HE
19 CONTACT ANY OF US HE NEEDS, MAYBE THREE OR FOUR PEOPLE
20 AS A SUBCOMMITTEE HE CAN WORK WITH? HE CAN'T WORK WITH
21 14 MUCH BETTER THAN 24.

22 CHAIRMAN KLEIN: WELL, LET ME SAY THAT THE
23 BOARD AGENDAS ARE VERY FULL, AND WE'RE TRYING TO GO TO
24 BOARD MEETINGS EVERY OTHER MONTH. AND SINCE THERE'S A
25 LOT OF INTENSITY THAT'S NEEDED IN THE STRATEGIC PLAN

1 PROCESS, IN THE LONG-TERM STRATEGIC PLAN IN PARTICULAR,
2 THAT IT'S IMPORTANT THAT THERE BE AN ABILITY TO
3 SCHEDULE THOSE MEETINGS AND FOCUS ON THIS. THOSE
4 MEETINGS COULD BE SEVERAL HOURS IN AND OF THEMSELVES.
5 THE BOARD, HOWEVER, IN THE PROCESS CONTEMPLATED IT
6 WOULD ALSO RECEIVE IN-DEPTH REPORTS AND PARTICIPATE.
7 WHETHER IT'S EVERY FOUR MONTHS OR EVERY SIX MONTHS, I
8 FRANKLY BELIEVE THAT IF THE PRESIDENT WORKS OUT WITH
9 THE LEADERSHIP OF THIS COMMITTEE, THEY'LL COME BACK,
10 GIVEN THE CONSTRAINTS IN THE BUDGET BEING PRESENTED
11 TODAY, WITH THE BEST SCHEDULE AND HAVE THE BEST
12 RECOMMENDATIONS.

13 BUT, DR. HENDERSON, IT'S PERFECTLY REASONABLE
14 IF THE BOARD DECIDES THAT THEY WANT TO DO THIS AS A
15 BOARD OF THE WHOLE. SO IT'S A VERY LEGITIMATE COUNTER
16 POSITION TO MAKE IT EASIER ON ME BECAUSE I DON'T HAVE
17 TO RESTRICT THE MEMBERSHIP OF SOME EXTRAORDINARILY
18 QUALIFIED PEOPLE.

19 MR. SERRANO-SEWELL: I THINK IT'S IMPORTANT
20 TO REMEMBER THAT AT OUR SCIENTIFIC SYMPOSIUM THAT ZACH
21 AND HIS STAFF PUT TOGETHER, ONE OF THE OUTCOMES,
22 OUTGROWTHS FROM THAT WAS A DISCUSSION AMONG COMMITTEE
23 MEMBERS AND PARTICIPANTS, DR. HENDERSON, THAT WE CREATE
24 SUCH A STRATEGIC PLANNING COMMITTEE. THE DETAILS
25 WEREN'T DISCUSSED BECAUSE IT WAS STILL IN ITS INFANCY,

1 BUT THE CONCEPT THAT WE CREATE SUCH A STRATEGIC
2 PLANNING COMMITTEE WAS PUT ON THE TABLE. AND I'M GLAD
3 THAT OUR CHAIRMAN, ON CONSULTING INFORMALLY WITH HIS
4 COLLEAGUES, HAS COME UP AND PROPOSED THIS DOCUMENT.

5 I'D LIKE -- IF THIS IS THE RIGHT TIME, BOB,
6 TO MAKE SOME GENERAL COMMENTS ABOUT IT. AND I'M OF THE
7 OPINION THAT THE COMMITTEE, WE SHOULD HAVE A COMMITTEE
8 AND THE COMMITTEE SHOULD BE SMALLER. I THINK 14 IS TOO
9 LARGE. I'D BE COMFORTABLE WITH ANYWHERE FROM NINE TO
10 ELEVEN, BUT I CAN APPRECIATE IN THE CHAIRMAN'S DOCUMENT
11 BEFORE US THAT THERE ARE CONSIDERATIONS, REGIONAL,
12 INSTITUTIONAL; AND WHEN YOU SORT OF ADD THAT UP, YOU
13 COME UP WITH 14. AND SO IT'S NOT THE NUMBER THAT I
14 THINK IT SHOULD BE AT, BUT I'M COMFORTABLE WITH IT.

15 I ALSO THINK THE PERSONS THAT HAVE BEEN
16 IDENTIFIED BY THE CHAIR, THEY'RE OUR COLLEAGUES,
17 THEY'RE QUALIFIED INDIVIDUALS, AND I THINK THEY'LL DO A
18 FANTASTIC JOB. IT'S IMPORTANT TO REMEMBER, IN MY
19 OPINION, THAT ZACH IS THE CHIEF SCIENTIFIC OFFICER. HE
20 IS THE PRESIDENT, AND THIS WILL NOT WORK UNLESS IT'S A
21 GENUINE COLLABORATION BETWEEN THIS SUBCOMMITTEE AND THE
22 PRESIDENT'S OFFICE OTHERWISE. AND ZACH HAS TO HAVE THE
23 ABILITY TO CONTACT MEMBERS TO GIVE HIS OPINION. IT'S
24 GOING TO HAVE TO WORK WITH THE OFFICE OF THE PRESIDENT.

25 I HAVE A COUPLE MORE QUESTIONS, THOUGH, THAT

1 GOES TO GENERALLY WHAT I THINK. DO YOU ENVISION THIS
2 BEING A TWO-YEAR APPOINTMENT?

3 CHAIRMAN KLEIN: I ENVISION THIS BEING A
4 TWO-YEAR APPOINTMENT AND THEN HAVING A NEW COMMITTEE
5 APPOINTED WITH THE OPPORTUNITY, THEREFORE, FOR OTHER
6 BOARD MEMBERS TO PARTICIPATE. AND I BELIEVE THAT
7 SCIENCE WILL CHANGE SO DRAMATICALLY, THAT THERE WILL BE
8 A NEED FOR AN UPDATED PLAN. SO THIS IS NOT A STATIC
9 DOCUMENT.

10 MR. SERRANO-SEWELL: I THINK IT SHOULD BE A
11 ONE-YEAR APPOINTMENT BECAUSE WHEN I READ THIS REPORT, I
12 CONCLUDED THAT IT WILL BE A LIVING, BREATHING DOCUMENT,
13 BUT THE FIRST SORT OF SUBMISSIONS WILL HAPPEN
14 PERIODICALLY; BUT AFTER THE FIRST YEAR, THERE'S
15 SUPPOSED TO BE SOME SORT OF DOCUMENT BEFORE THE ICOC.
16 THAT IS THE PLAN, I GUESS, RIGHT?

17 CHAIRMAN KLEIN: THERE'S NO -- WHETHER IT'S A
18 ONE-YEAR DOCUMENT OR A ONE-YEAR COMMITTEE OR TWO-YEAR
19 COMMITTEE, IT'S JUST IMPORTANT THAT WE HAVE TURNOVER SO
20 THAT THERE WILL BE A FULL PARTICIPATION OF OTHER BOARD
21 MEMBERS ON THE STRATEGIC PLANNING, BUT EITHER WAY COULD
22 BE VERY WORKABLE.

23 MR. SERRANO-SEWELL: I THINK A ONE-YEAR
24 APPOINTMENT WOULD AFFORD OTHER ICOC MEMBERS THE
25 OPPORTUNITY TO SERVE ON THIS COMMITTEE SHOULD THEY SO

1 DESIRE OR RETAIN OTHER SUBCOMMITTEE MEMBERS. IT'S
2 JUST -- IT'S A THOUGHT.

3 AND THEN FINALLY, IN TERMS OF REPLACING THESE
4 COMMITTEE MEMBERS, YOU GIVE US THE OPTIONS ON THE
5 TABLE, IF WE DECIDE TO GO THE SUBCOMMITTEE ROUTE, THAT
6 WE CAN -- I GUESS THE ICOC CAN MAKE SUBCOMMITTEE
7 REPLACEMENTS OR DELEGATE TO THE PRESIDING CHAIR THE
8 AUTHORITY TO APPOINT REPLACEMENTS DURING THAT FIRST
9 YEAR OR TWO YEARS OR WHATEVER.

10 CHAIRMAN KLEIN: THAT'S CORRECT.

11 MR. SERRANO-SEWELL: AND SO I'M COMFORTABLE
12 WITH DR. KESSLER MAKING THOSE DECISIONS AND GIVING US
13 THOSE KINDS OF REPORTS. I THINK WE SHOULD GIVE THE
14 SUBCOMMITTEE CHAIR AND LEADERSHIP THE ABILITY TO BE AS
15 FLEXIBLE AS POSSIBLE. THAT'S REALLY ABOUT IT.

16 OTHER THAN I WANTED TO -- I WANT -- I THINK
17 IT'S IMPORTANT THAT SOMEWHERE IN THE MISSION STATEMENT,
18 I THINK IT'S IMPLICIT IN HERE THAT ANY PLAN HAS TO BE
19 SUBMITTED TO THE ICOC FOR APPROVAL.

20 CHAIRMAN KLEIN: THAT IS ABSOLUTELY
21 UNDERSTOOD. WHAT I'D LIKE TO DO HERE IS IN BIFURCATING
22 THIS, IF THE PRESIDENT HAS THE ABILITY TO MEET WITH THE
23 LEADERSHIP OF THIS COMMITTEE, WERE WE TO APPROVE
24 LEADERSHIP TODAY, THEN I THINK THEY CAN BRING BACK A
25 MISSION STATEMENT THAT THEY WORKED OUT TOGETHER AND

1 REFINED TOGETHER, AND WE WILL HAVE GREATER CLARITY.
2 THIS IS ONLY TO PROVIDE YOU A CONCEPTUAL IDEA. I
3 EXPECT THE MISSION STATEMENT ACTUALLY TO BE DEVELOPED
4 WITH MORE DEPTH THAN JUST THE IDEA THAT WE PRESENTED
5 HERE TODAY.

6 MR. SERRANO-SEWELL: THANK YOU.

7 CHAIRMAN KLEIN: IS THERE ADDITIONAL COMMENTS
8 FROM THE BOARD?

9 DR. LEVEY: BOB, I THINK AS I TRIED TO GET AT
10 THE OTHER DAY WHEN WE SPOKE, AGAIN, I FELT A LITTLE
11 BIT -- I WANT TO SERVE. I CERTAINLY WANT TO HELP IN
12 ANY WAY I COULD POSSIBLY HELP; BUT, AGAIN, WE'VE HAD
13 THIS DISCUSSION IN THE PAST. I THINK THAT I FEEL AS A
14 BOARD MEMBER THAT NOW THAT WE HAVE A FULLY ORGANIZED
15 CIRM AND STAFF, I THINK AS A BOARD, I THINK THE USUAL
16 ROLE OF A BOARD IS TO REACT TO WHAT CIRM WOULD ACTUALLY
17 PUT FORTH. AND RATHER THAN GENERATE THE STRATEGIC PLAN
18 FROM US, WORKING WITH ZACH IN CONSULTATION, I THINK WE
19 HAVE IT A LITTLE BIT REVERSED. I WOULD FEEL -- EVERY
20 BOARD THAT I SIT ON THAT HAS AN ORGANIZATION BELOW IT
21 DEVELOPS A STRATEGIC PLAN, AND THEN YOU GO AHEAD AS A
22 BOARD MEMBER AND THEN REACT TO THAT. THAT'S OUR
23 RESPONSIBILITY. THAT'S WHY WE'RE CALLED AN OVERSIGHT
24 COMMITTEE.

25 SO I WOULD URGE SOME RECONSIDERATION BECAUSE

1 I DO THINK WE HAVE IT BACKWARDS, AND I WOULD FEEL MORE
2 COMFORTABLE AS A BOARD MEMBER FOR THIS TO COME OUT OF
3 CIRM AND WE REFLECT ON WHAT THEY GENERATE. AND THEN
4 ALSO IF YOU HAVE THAT KIND OF A PROCESS, THEN DR. HALL
5 CAN SAY, WELL, YOU KNOW, THIS IS A PRETTY THORNY ISSUE,
6 WHATEVER THAT ISSUE MIGHT BE. IT MIGHT BE IP; IT MIGHT
7 BE SOMETHING ELSE. I'D LIKE TO ASK SO-AND-SO AND
8 SO-AND-SO AND SO-AND-SO TO HELP ME, AND HE COULD PUT
9 TOGETHER A TEAM OF THREE OR FOUR PEOPLE TO HELP HIM.
10 SO I THINK THAT'S THE ROUTE THAT WE SHOULD GO RATHER
11 THAN WE HAVE A COMMITTEE OF 14 TRYING TO STRUGGLE TO
12 PUT TOGETHER A STRATEGIC PLAN.

13 CHAIRMAN KLEIN: WITH BAGLEY-KEENE, DR.
14 LEVEY, AS WE RECOGNIZE, IF WE PUT TOGETHER A GROUP OF
15 THREE OR FOUR, THAT BECOMES A SUBCOMMITTEE WITH PUBLIC
16 MEETING REQUIREMENTS. SO AS A PART OF A SUBCOMMITTEE
17 OF THE BOARD WITH 14 MEMBERS, CERTAINLY DR. HALL CAN
18 CALL ON ANY OF THE BOARD MEMBERS, AS DR. HENDERSON
19 POINTS OUT, OR ANY OF THE SUBCOMMITTEE MEMBERS OR THE
20 LEADERSHIP; BUT IF YOU DESIGNATE THREE OR FOUR PEOPLE,
21 THAT WILL BE A SUBCOMMITTEE OF ITSELF.

22 DR. HALL: I THINK IF IT'S A CIRM FUNCTION,
23 AS I UNDERSTAND IT, AND MAYBE MR. TOCHER CAN HELP US
24 HERE, BUT IF IT'S A CIRM FUNCTION, IT IS NOT SUBJECT TO
25 BAGLEY-KEENE. IF IT'S AN ICOC FUNCTION, IT IS. SO I

1 THINK DR. LEVEY IS CORRECT. LET ME SAY, FIRST OF ALL,
2 THAT WE INTEND TO CONSULT -- THE BOARD REPRESENTS
3 EXTRAORDINARY EXPERTISE, AND WE INTEND TO CONSULT WITH
4 VARIOUS MEMBERS OF THE BOARD AND USE THAT EXPERTISE
5 HOWEVER WE DO IT. THERE IS NO QUESTION ABOUT THAT.
6 MUCH OF IT, HOWEVER, MAY BE IN THE CONTEXT OF SMALL,
7 FOCUSED DISCUSSIONS ON PARTICULAR ISSUES. IF WE DO
8 THAT OUT OF CIRM, MY UNDERSTANDING IS WE CAN CALL ON
9 TWO OR THREE BOARD MEMBERS TO JOIN US IN A PARTICULAR
10 MEETING, FOCUS ON AN ISSUE, AND THAT THAT WOULD NOT
11 NECESSARILY BE A BAGLEY-KEENE MEETING, BUT I WOULD
12 DEFER TO MR. TOCHER ON THAT POINT.

13 CHAIRMAN KLEIN: BEFORE -- DR. BRYANT AND WE
14 HAVE MR. TOCHER. VERY SPECIFICALLY, IF WE WERE TO GO
15 TO THREE OR FOUR MEMBERS OR ANY TWO MEMBERS AT ANY TIME
16 IN A SPECIFIC ASSIGNMENT TO COVER A SPECIFIC ISSUE, WE
17 HAVE NOW CREATED A BAGLEY-KEENE COMMITTEE. MR. TOCHER,
18 SINCE YOU HAVE THE BENEFIT OF BEING ON THE JOB FOR TWO
19 DAYS NOW, GIVEN THAT JAMES IS NOT HERE, WE WOULD
20 GREATLY APPRECIATE IT AND UNDERSTAND THAT I'M SURE YOU
21 WOULD LIKE TO REVIEW THIS WITH JAMES WHEN HE IS
22 AVAILABLE.

23 MR. TOCHER: LET JUST ME BEGIN BY SAYING YOUR
24 OBSERVATIONS ARE CORRECT INsofar AS IF BOARD MEMBERS
25 ARE ASSIGNED AS AN ADVISORY GROUP TO BRING BACK

1 INFORMATION AND RECOMMENDATIONS TO THE BOARD AS WHOLE,
2 THEN THAT IS AN ADVISORY BODY THAT IS SUBJECT TO
3 BAGLEY-KEENE ASSUMING IT HAS THREE OR MORE MEMBERS OF
4 THE ICOC BOARD. AND AS A RESULT, THE OPEN MEETING AND
5 NOTICE REQUIREMENTS OF BAGLEY-KEENE WOULD APPLY IN THAT
6 CONTEXT.

7 I BELIEVE WHAT PRESIDENT HALL IS DISCUSSING
8 IS IF THIS IS SOMETHING THAT IS A STAFF-DRIVEN AND
9 STAFF-MANAGED PROPOSAL, THEN THE OPEN NOTICE, OPEN
10 MEETING AND NOTICE REQUIREMENTS WOULD NOT APPLY TO SUCH
11 A CONTEXT. HOWEVER, AS I'VE HEARD THE DISCUSSION HERE,
12 IT APPEARS AS THOUGH WHAT YOU'RE CONSIDERING IS AN
13 ADVISORY BODY TYPICALLY SUBJECT TO BAGLEY-KEENE.

14 CHAIRMAN KLEIN: IF, IN FACT, SINCE WE HAVE
15 TO OBSERVE THE INTENT OF BAGLEY-KEENE AS WELL AS THE
16 EXPLICIT NATURE OF BAGLEY-KEENE, BECAUSE CERTAINLY
17 STRATEGIC DECISIONS NEED TO BE IN A PUBLIC FORUM,
18 WHETHER IT'S WORKING WITH THE STAFF, FOR EXAMPLE, OR
19 WITH THE BOARD, I'D LIKE YOU TO LOOK AT THIS ISSUE
20 BECAUSE IT'S MY UNDERSTANDING THAT IF YOU HAVE MORE
21 THAN TWO BOARD MEMBERS WHO WORK ON A SPECIFIC SUBJECT
22 WITH THE STAFF, THEY ARE INTERPRETED TO CREATE A
23 COMMITTEE. BUT CLARIFICATION ON THAT WILL BE EXTREMELY
24 HELPFUL, AND WE COULD BENEFIT FROM BEING EDUCATED AT
25 THE NEXT MEETING BY A FORMAL REVIEW BECAUSE IT'S VERY

1 HELPFUL. WE WANT TO MAKE CERTAIN WE'RE OBSERVING EVERY
2 ASPECT OF BAGLEY-KEENE IN INTENT AND FORM.

3 DR. BRYANT: I'D JUST LIKE TO SAY THANKS TO
4 DR. LEVEY BECAUSE I'VE BEEN FEELING THAT THERE IS A
5 LITTLE BIT OF A DISCONNECT HERE, AND THE DISCONNECT I'M
6 FEELING IS THAT I FEEL LIKE A SCIENTIFIC PLAN IS THE
7 MOST IMPORTANT JOB THAT ZACH HALL AS PRESIDENT WILL
8 HAVE TO DO. AND FOR IT TO BE SUCCESSFUL, I FEEL LIKE
9 HE NEEDS TO BE THE ONE THAT SUGGESTS TO US HOW HE WOULD
10 LIKE TO PROCEED AND IN TERMS OF WHO CAN HELP HIM THE
11 BEST. AND ALTHOUGH THIS IS A GREAT COMMITTEE, IT MAY
12 NOT BE THE ONE THAT HE WOULD HAVE PICKED. THEREFORE, I
13 FEEL LIKE BEFORE THE SCIENTIFIC ENTERPRISE CAN GO
14 FORWARD, WE SHOULD ASK ZACH TO MAKE A RECOMMENDATION ON
15 THE COMMITTEE.

16 CHAIRMAN KLEIN: I'D LIKE TO EMPHASIZE HERE
17 THAT, REGARDLESS OF WHO THE COMMITTEE IS OR WHETHER
18 IT'S THE WHOLE BOARD, IT'S VERY CLEAR THAT THE INTENT
19 IS THE PRESIDENT IS CHARGED WITH THE LEADERSHIP ROLE IN
20 DEVELOPING THE STRATEGIC SCIENTIFIC PLAN, AND IT'S THE
21 PRESIDENT'S SCIENTIFIC VISION THAT IS SHAPED INTO THE
22 PRESIDENT'S RECOMMENDED STRATEGIC SCIENTIFIC PLAN THAT
23 IS PRESENTED TO THE BOARD WHETHER THROUGH THE COMMITTEE
24 PROCESS OR DIRECTLY WITH THE BOARD.

25 THE IMPORTANT POINT FOR THIS BOARD IS IN THE

1 MAY 2005 MEETING, THE BOARD MADE IT VERY CLEAR THEY
2 WANTED TO WORK THROUGH THE COMMITTEE SYSTEM BECAUSE
3 THEY NEEDED THE OPPORTUNITY TO REDUCE THE NUMBER OF
4 FULL BOARD MEETINGS, BUT I WOULD BE ELATED IF THE FULL
5 BOARD WAS WILLING TO TAKE ON THE ADDITIONAL BURDEN OF
6 HAVING ALL THE STRATEGIC PLAN MEETINGS AS THE COMPLETE
7 BOARD. ON THE OTHER HAND, WE'RE GOING TO HAVE SOME
8 CHALLENGES THAT WE'RE GOING TO FACE VERY SHORTLY IN
9 TERMS OF A NEW GRANT PROCESS, WITH A LOT OF THOUGHT
10 GOING INTO THAT, IN FINANCIAL PLANS AND MODIFICATIONS
11 THAT RELATE TO THE BAN PRIVATE PLACEMENT PROGRAM.
12 WE'RE GOING TO BE GOING THROUGH THE ADMINISTRATIVE
13 PROCEDURES ACT PROCESS ON STANDARDS, AND WE'RE GOING TO
14 BE DISCUSSING ISSUES LIKE THE STEM CELL BANK. WE HAVE
15 OUR LONG-TERM INTELLECTUAL PROPERTY POLICY. SO IF THE
16 BOARD IS PREPARED AS A FULL BOARD TO DEAL WITH
17 ADDITIONAL MEETINGS, THIS IS AN EASIER PROCESS FOR US
18 ALL.

19 ADDITIONAL COMMENTS FROM THE BOARD?

20 MS. SAMUELSON: I THINK THIS PLAN HAS GOT IT
21 JUST RIGHT, AND I'M A CONVERT TO IT. I INITIALLY
22 THOUGHT THAT WE REALLY SHOULD BE WORKING WITH THE
23 RESEARCH FUNDING WORKING GROUP BECAUSE IT HAS SUCH
24 RESPONSIBILITY IN THE INITIATIVE TO ESTABLISH THE
25 CRITERIA FOR THE GRANTS THAT WE FUND. IT SEEMS TO ME

1 IT SHOULD START THERE. BUT I'VE COME TO THE MIND THAT
2 THEY SHOULD PLAY A COLLABORATIVE ROLE, AN ADVISORY
3 ROLE, AND I THINK THAT'S BUILT INTO THIS.

4 BUT I THINK IT'S THE RESPONSIBILITY OF THIS
5 COMMITTEE, AND I GUESS IT'S FOR A COUPLE OF REASONS.
6 ONE IS THE DELAY THAT WE'VE EXPERIENCED WITH THE
7 LITIGATION AND ALL THE MECHANICS OF GETTING THIS
8 ENTERPRISE STARTED. I THINK THE PUBLIC IS WAY
9 OVERREADY FOR SOME REALLY MEATY JUMPING INTO THE
10 PROBLEM OF SOLVING THE ISSUE OF DELIVERING CURES TO THE
11 PEOPLE VIA THIS NEW TECHNOLOGY, AND WE NEED TO SHOW
12 SOME RESULTS. AND I THINK THERE ARE SOME VERY
13 FUNDAMENTAL QUESTIONS THAT HAVE TO BE ASKED AND
14 ANSWERED BEFORE WE REALLY CAN GET INTO THE SCIENTIFIC
15 MEAT.

16 AND THEY'RE THINGS LIKE HOW RISK TAKING ARE
17 WE GOING TO BE? HOW INNOVATIVE ARE WE GOING TO BE?
18 HOW MUCH OF A SENSE OF URGENCY IS GOING TO BE BUILT
19 INTO THE SCIENTIFIC PORTFOLIO? WHAT IS THE MIX OF THAT
20 PORTFOLIO? HOW MUCH OF IT IS GOING TO BE NOT STEM CELL
21 RESEARCH PER SE, BUT FILLING GAPS IN SCIENTIFIC
22 UNDERSTANDING SO THAT WE CAN ACTUALLY BE TRANSLATING
23 STEM CELL RESEARCH INTO CURES BECAUSE THAT'S WHAT THE
24 INITIATIVE SAYS WE'RE SUPPOSED TO DO, AND IT'S A TALL
25 ORDER AND WE ALL KNOW IT. THOSE ARE JUDGMENT CALLS

1 THAT ARE THE JOB OF THIS COMMITTEE, AND WE'RE THE
2 APPOINTEES FROM THE CONSTITUTIONAL OFFICERS
3 REPRESENTING THE PEOPLE OF THE STATE. AND WE THINK WE
4 HAVE TO PLAY THAT ESSENTIAL ROLE, OF COURSE, IN
5 COLLABORATION WITH THE PRESIDENT. BUT I THINK THAT
6 THIS STRUCTURE SETS THAT UP TO DO THAT WELL.

7 CHAIRMAN KLEIN: I THINK I'D ALSO SAY THAT
8 WHATEVER THOSE RECOMMENDATIONS ARE FROM THE
9 SUBCOMMITTEE, THEY WILL BE RECOMMENDATIONS, AND THIS
10 BOARD WILL HAVE TO VIEW THEIR RECOMMENDATIONS AND THE
11 ALTERNATIVES ON BOTH SIDES IN MAKING THE DECISIONS AS
12 THIS PLAN GOES FORWARD.

13 DR. MEYER: I JUST WOULD LIKE SOMETHING
14 CLARIFIED. WHAT WOULD BE THE DIFFERENCE REALLY BETWEEN
15 A SUBCOMMITTEE OF THIS GROUP DEVISING A STRATEGIC PLAN
16 AND THEN BRINGING IT TO THE FULL BOARD OR THE OFFICE OF
17 THE PRESIDENT OF CIRM DEVISING A STRATEGIC PLAN AND
18 BRINGING IT TO THE FULL BOARD? ONE WAY OR THE OTHER,
19 THE FULL BOARD IS GOING TO BE INVOLVED IN ACTUALLY
20 VETTING THE STRATEGIC PLAN OF THE CIRM. SO, THEREFORE,
21 I THINK MAYBE THE POINT THAT WE SHOULD CONTINUE TO
22 DISCUSS HERE AND COME TO SOME KIND OF RESOLUTION IS WHO
23 WOULD BE GENERATING THE STRATEGIC PLAN THAT THEY BRING
24 TO US UNLESS THERE'S SOME LEGAL ASPECT I'M UNAWARE OF.

25 CHAIRMAN KLEIN: THE INTENTION OF THIS

1 PROPOSAL, AS IT'S BEEN CONCEIVED TO DATE, AND I'LL TAKE
2 RESPONSIBILITY FOR THIS, IS THAT THE PRESIDENT WILL
3 GENERATE A STRATEGIC PLAN THAT WILL BE PRESENTED TO
4 THIS COMMITTEE, AND ALL OF THE ASPECTS WILL THEN BE
5 DEBATED, PERIODICALLY BRINGING IT TO THIS BOARD. SO
6 IT'S THE PRESIDENT WHO WILL GENERATE THE STRATEGIC PLAN
7 THAT WOULD BE THE FOCUS OF THIS EFFORT.

8 DR. HALL: I WOULD LIKE A CLEAR RESOLUTION
9 AND DIRECTION ON THAT POINT BECAUSE I THINK IT'S AN
10 EXTREMELY IMPORTANT POINT. AND I THINK THIS HAS BEEN A
11 VERY GOOD DISCUSSION, BUT I THINK THERE HAS BEEN SOME
12 CONFUSION. AND I WOULD HOPE THAT THE BOARD WOULD VIEW
13 IT AS THE JOB OF THE PRESIDENT. I FEEL THAT THAT'S
14 WHAT I'M HERE TO DO IN THIS NEXT PERIOD OF TIME. IT IS
15 A JOB FOR THE PRESIDENT TO ORGANIZE AND DEVELOP THIS
16 PLAN, DRAWING ON THE EXPERTISE OF THE BOARD, CONSULTING
17 WITH THE BOARD, BRINGING -- WORKING WITH THE CHAIRS OF
18 THE COMMITTEE, IF YOU HAVE ONE; IF NOT, WORKING WITH
19 VARIOUS MEMBERS OF THE BOARD, HOWEVER YOU WISH TO DO
20 IT, BUT WE THEN AT REGULAR INTERVALS BRING TO YOU AND
21 GET RESPONSE FROM YOU ABOUT WHAT DIRECTIONS WE'RE
22 TAKING, WHAT YOUR THOUGHTS ARE, AND THAT YOU WILL THEN
23 TRUST THE PRESIDENT AND STAFF TO CONSULT EXTENSIVELY
24 WITH YOU AS NEEDED IN DEVELOPING IT.

25 I WOULD APPRECIATE THAT VERY MUCH. I THINK

1 THAT WOULD CLARIFY THE ROLE AND WOULD MAKE THINGS VERY
2 MUCH CLEARER FOR MYSELF AND THE STAFF IF WE COULD GET
3 THAT.

4 MR. SERRANO-SEWELL: YOU COULD GET WHAT,
5 ZACH?

6 CHAIRMAN KLEIN: THERE'S A QUESTION FROM THE
7 BOARD. WE DON'T UNDERSTAND --

8 DR. HALL: I SAID I WOULD LIKE A VERY CLEAR
9 RESOLUTION THAT IT WOULD BE THE JOB OF THE PRESIDENT
10 AND STAFF TO DEVELOP, IN CONCERT WITH MEMBERS OF THE
11 BOARD, TO DEVELOP A PLAN WHICH WOULD THEN BE BROUGHT
12 EITHER TO A SUBCOMMITTEE OR TO THE BOARD AS A WHOLE AT
13 REGULAR INTERVALS TO REPORT ON THE PROGRESS, TO GET
14 FEEDBACK, AND THEN TO MAKE CHANGES IN THE PLAN, BUT
15 THAT THE PROCESS OF DEVELOPING A PLAN WOULD BE DRIVEN
16 BY THE BOARD AND THE STAFF. AND THAT'S WHAT I WOULD
17 LIKE. PRESIDENT AND STAFF. I BEG YOUR PARDON.

18 DR. BERG: I'D LIKE TO SUPPORT WHAT ZACH HAS
19 JUST SAID BECAUSE IT IS, IN FACT, THE MECHANISM THAT
20 MOST UNIVERSITIES USE. THE BOARD OF TRUSTEES DOES NOT
21 SIT AND GENERATE A STRATEGIC PLAN FOR THE UNIVERSITY.
22 THEY, IN FACT, HEAR THE FACULTY, THE PROVOST, THE
23 PRESIDENT PRESENT THE LONG-TERM VIEW FOR WHAT SHOULD GO
24 AHEAD. AND THEY HAVE THEIR INPUT AT THE BOARD
25 MEETINGS, BUT THEY DON'T CONSTITUTE THEMSELVES AS THE

1 MAKERS OF A STRATEGIC PLAN.

2 CHAIRMAN KLEIN: DR. BERG, IF YOU'LL MAKE
3 THAT A MOTION, I'LL SECOND THAT MOTION OR SOMEONE ELSE
4 CAN SECOND THE MOTION. THE KEY HERE IS THAT -- I WANT
5 TO EMPHASIZE HERE IS WHETHER IT'S A COMMITTEE OF THE
6 WHOLE OR A SUBCOMMITTEE, WE ARE ADOPTING JUST A
7 RESOLUTION OF THIS COMPONENT OF THE PROCESS.

8 DR. BERG: I GUESS WHAT I'M ADVOCATING IS
9 THAT IT IS THE RESPONSIBILITY OF THE PRESIDENT OF CIRM
10 TO CONSTITUTE A STRATEGIC PLAN FOR HOW THE RESEARCH
11 WILL GO FORWARD AND TO VET THAT PLAN IN WHATEVER WAY HE
12 DEEMS APPROPRIATE WITH THE BOARD. ULTIMATELY IT'S THE
13 ICOC WHO WILL APPROVE THAT STRATEGIC PLAN, BUT THEY
14 DON'T HAVE TO BE AS A HUGE SUBCOMMITTEE OR AS A
15 COMMITTEE OF THE WHOLE TO BE INVOLVED IN THE ACTUAL
16 PLANNING. I THINK ZACH HAS THE OPPORTUNITY TO CONSULT
17 WIDELY OUTSIDE THE ICOC OR WITH ICOC MEMBERS, BUT IT'S
18 THEIR RESPONSIBILITY. THAT'S WHAT I THINK THE
19 PRESIDENT IS SUPPOSED TO DO IS TO BRING FORWARD A
20 STRATEGIC PLAN WHICH THE ICOC WILL VET AND APPROVE OR
21 REJECT OR MODIFY AS THEY FEEL APPROPRIATE.

22 DR. PRICE: IF THAT'S A RESOLUTION, I SECOND.

23 MR. SERRANO-SEWELL: THERE'S NO SUCH -- POINT
24 OF ORDER, CHAIRMAN. THERE'S NO SUCH MOTION ON THE
25 TABLE. BEFORE WE GET TO MAKING MOTIONS, I, FOR ONE, AS

1 ONE MEMBER, AND THERE' S OTHER FOLKS THAT WANT TO TALK.
2 ONCE WE MAKE A MOTION, THERE' S A SECOND, THERE' S
3 DISCUSSION ON THE MOTION. I THINK AT SOME POINT WE' RE
4 GOING TO MAKE A MOTION, BUT I SEE OTHER FOLKS THAT WANT
5 TO TALK. I DON' T THINK WE' RE READY FOR A MOTION JUST
6 YET. IF THAT' S THE WILL --

7 DR. BERG: I DIDN' T INTEND TO MAKE A MOTION.
8 IT' S A STRONG POINT.

9 CHAIRMAN KLEIN: LET' S RECOGNIZE OTHER
10 SPEAKERS. YES, DR. PRICE.

11 DR. PRICE: I REALLY STRONGLY AGREE WITH DR.
12 BERG' S COMMENTS HERE. I' D JUST LIKE TO ADD ONE
13 ADDITIONAL COMMENT, AND I DON' T KNOW IF THIS WILL BE
14 PART OF THE RESOLUTION. IT HAS TO DO WITH ZACH' S
15 NOTION THAT HE, FOR HIS PLANNING COMMITTEE, WOULD
16 PERIODICALLY REPORT TO THE, HE SAID, EITHER A
17 SUBCOMMITTEE OF THE BOARD OR THE BOARD FOR THE PROGRESS
18 THAT THEY WERE MAKING, WHICH IS FINE. BUT I THINK -- I
19 WOULD LIKE TO SUGGEST THAT THE REPORTS GO TO THE FULL
20 BOARD RATHER THAN THE SUBCOMMITTEE OF THE BOARD FOR THE
21 FOLLOWING REASON. IF THE FULL BOARD IS NOT APPRAISED
22 OF THINGS AS THEY GO ALONG, IT' S JUST A SUBCOMMITTEE,
23 THERE' S A REAL DANGER AT THE END OF THE DAY WHEN THE
24 FULL BOARD HAS TO HEAR ABOUT THIS, THE WHOLE PROCESS
25 GETS DERAILED. AND IT WOULD BE A LOT BETTER IF WE ARE

1 ON BOARD STEP BY STEP AND KNOW IT'S GOING ON OR
2 APPRAISED OF WHAT'S GOING ON. THAT WOULD JUST BE MY
3 ONE ADDITIONAL SUGGESTION.

4 CHAIRMAN KLEIN: THAT WAS THE REASON THAT THE
5 SUGGESTED PROCESS MIGHT INCLUDE REPORTING BACK EVERY
6 FOUR MONTHS FOR DISCUSSION AT THE BOARD.

7 DR. LEVEY: I WOULD JUST LIKE TO GET BACK TO
8 THE COMMENTS OF DR. BERG. AND I THINK IT'S -- I DON'T
9 KNOW. I'M NOT AN EXPERT IN ROBERTS RULES, BUT I THINK
10 THAT IT IS POSSIBLE TO MAKE A MOTION. AND I WAS GOING
11 TO PROPOSE BEFORE A MOTION THAT DR. HALL PUT FORTH, AND
12 I THOUGHT HE PHRASED IT BEAUTIFULLY. IT THINK HE
13 REFLECTS THE OPINION OF A NUMBER OF US ON THIS BOARD.
14 AND THAT THEN WE CAN HAVE A BROAD RANGING DISCUSSION
15 AROUND THE MOTION, BUT I DON'T THINK -- WITH ALL DUE
16 RESPECT, I DON'T THINK THAT IT'S PROHIBITED TO MAKE A
17 MOTION AT THIS POINT IN THE DISCUSSION THAT WE HAVE.

18 SO EITHER DR. BERG OR I OR SOMEONE ELSE CAN
19 PROPOSE THIS, BUT I CERTAINLY WOULD LIKE TO PUT WHAT
20 DR. HALL COMMENTED IN HIS CONCEPT OF THE STRATEGIC PLAN
21 FORMALLY ON THE TABLE AS A MOTION.

22 CHAIRMAN KLEIN: IS THAT -- COULD YOU STATE
23 THAT MOTION, PLEASE?

24 DR. LEVEY: THAT IS BASICALLY THAT THE
25 STRATEGIC PLANNING PROCESS IS LED BY THE PRESIDENT OF

1 CIRM, AND THE PRESIDENT OF CIRM IN THAT -- GIVEN THAT
2 DIRECTION, HAS THE AVAILABILITY OF THE ENTIRE BOARD TO
3 USE AS CONSULTANTS, PEOPLE WHO HE COULD OR HIS STAFF
4 CAN BOUNCE IDEAS OFF AND FORMULATE A STRATEGIC PLAN
5 THAT ULTIMATELY WILL THEN COME BACK TO THE ENTIRE BOARD
6 FOR DISCUSSION AND APPROVAL. ZACH, I DON'T KNOW IF
7 THAT --

8 DR. HALL: YES. LET ME JUST SEE IF WE CAN
9 STATE IT MORE SUCCINCTLY HERE. JUST THAT THE PRESIDENT
10 AND STAFF BE CHARGED WITH DEVELOPING THE PLAN IN
11 CONSULTATION WITH MEMBERS OF THE BOARD AND OTHERS AS
12 NEEDED, AND THAT THAT PLAN BE BROUGHT AT REGULAR
13 INTERVALS FOR APPROVAL, SUGGESTION, MODIFICATION, OR
14 DISAPPROVAL, AS DR. BERG INDICATED --

15 DR. BERG: SECOND THAT.

16 DR. HALL: -- TO EITHER THE BOARD OR A
17 SUBCOMMITTEE OF THE BOARD.

18 MR. SHESTACK: EXCUSE ME. I DON'T THINK THAT
19 PARTICULARLY THE ADVOCATES ON THIS BOARD UNDERSTAND THE
20 SIGNIFICANCE OF THE MOTION THAT WAS JUST RAISED. WHAT
21 WAS PRESENTED --

22 CHAIRMAN KLEIN: BEFORE WE DO THAT, JUST
23 PROCEDURALLY WE NEED TO SEE IF THERE'S A SECOND AND
24 THEN DISCUSSION ON THE MOTION.

25 DR. BERG: SECOND.

1 CHAIRMAN KLEIN: SECOND FROM DR. BERG.

2 MR. SHESTACK: WHAT WAS IN THE MINUTE BOOKS
3 IS A PROPOSAL FOR BOARD INVOLVEMENT IN STRATEGIC
4 PLANNING. THE MOTION THAT YOU HAVE BEFORE YOU IS A
5 RECIPE FOR NO BOARD INVOLVEMENT IN THE STRATEGIC
6 PLANNING. YES, IT IS. IT MAKES THAT POSSIBILITY VERY
7 REAL. IT MAKES ALL INPUT BE AT WILL OF STAFF EXCEPT
8 FOR PRESENTATION AT THE ICOC MEETINGS. THESE ARE
9 LARGE, FAIRLY UNWIELDY MEETINGS. AND I, FOR ONE, FEEL
10 THAT SOME MODIFICATION, SOME VERSION OF THIS WOULD
11 ENABLE, FOR INSTANCE, CERTAIN INTERESTS, LIKE ADVOCACY
12 INTERESTS, BUT ALSO PERHAPS BIOTECH AND INDUSTRY
13 INTERESTS, TO ACTUALLY BE REPRESENTED IN AN INTEGRAL
14 WAY FOR REAL DISCUSSION WHERE HERE IT IS USUALLY A
15 PROCESS WITH THIS DISCUSSION EXCEPTION OF SORT OF JUST
16 APPROVAL.

17 AND THAT ALTHOUGH THIS MIGHT HAVE BEEN
18 UNWIELDY, THIS PROPOSAL IN THIS MEETING BOOK ACTUALLY
19 SUMS UP SOME OF THE SPIRIT OF PROP 77, WHICH WAS TO
20 HAVE REAL INVOLVEMENT. IT'S NOT A -- I DON'T MEAN TO
21 BE NEGATIVE ABOUT THE STAFF BECAUSE THEY ARE EXPERT AND
22 FANTASTIC AND WE DEPEND ON THEM, BUT THERE IS RIGHT NOW
23 NO REAL MECHANISM ON THE STRATEGIC DECISIONS FOR THE
24 VARIOUS COMMUNITIES TO PARTICIPATE, PARTICULARLY
25 ADVOCACY AND PARTICULARLY INDUSTRY, AND I THINK THAT

1 JUST GIVING THE FULL DUTY TO STAFF AND SAYING PRESENT
2 IT TO US ONCE IN A WHILE AND WE'LL TELL YOU WHAT WE
3 THINK IS NOT TO GET INTO THE DETAIL THAT SOME PEOPLE
4 WOULD WANT.

5 DR. HOLMES: I WONDER IF IT WOULD HELP IF
6 MAYBE ZACH, TO GO TO YOUR POINT, JON, IF ZACH WOULD
7 MAKE A RECOMMENDATION TO THE PEOPLE FROM THE BOARD HE
8 WANTED TO USE, NOT EXCLUSIVELY, BUT THOSE PEOPLE FROM
9 THE BOARD THAT HE WANTED TO USE SO THAT YOU ARE
10 CONFIDENT, THEN, THAT THE BOARD WAS CONSULTED IN AN
11 ONGOING AND APPROPRIATE WAY. AND I THINK ZACH COULD
12 COME FORWARD WITH A DIFFERENT SET OF NAMES, WHATEVER
13 SUITED WOULD BE FROM THE POINT OF VIEW OF THE
14 PRESIDENT, THE PEOPLE THAT WOULD BE MOST HELPFUL FOR
15 HIM, BUT WOULD BE BOARD MEMBERS. AND THAT MIGHT HELP
16 TO CLARIFY THIS.

17 DR. HALL: I DON'T THINK IT'S APPROPRIATE FOR
18 ME AS PRESIDENT TO RECOMMEND A LIST OF MEMBERS IF
19 YOU'RE GOING TO PICK A SMALLER GROUP. I DON'T THINK
20 THAT'S APPROPRIATE. I THINK THAT'S UP TO THE BOARD TO
21 DO.

22 WHAT I CAN ASSURE YOU, AND I HOPE BASED ON
23 OUR MUTUAL EXPERIENCE NOW FOR SOME, WHAT, NINE, ALMOST
24 TEN MONTHS, I HOPE THAT YOU WOULD TRUST THAT I WOULD --
25 I MEAN THE FIRST THING I WOULD DO WOULD BE TO BRING,

1 AFTER CONSULTATION WITH VARIOUS PEOPLE, I WOULD BRING
2 TO THE BOARD A PLAN FOR MAKING A PLAN. THAT'S HOW WE
3 WOULD START. AND I WOULD DO THAT, I HOPE, WITH THE
4 HELP OF A CONSULTANT. I HOPE WE WOULD HAVE THAT PERSON
5 LINED UP. AND IF THE KEY MEMBERS HERE THAT ARE LISTED
6 WERE AVAILABLE AS CHAIRS AND CO-CHAIRS, THEN WE COULD
7 DO THAT.

8 IN A CERTAIN WAY, THE SUBCOMMITTEE REPRESENTS
9 A SECOND LAYER. THAT IS, OTHERWISE WE BRING IT TO THE
10 SUBCOMMITTEE AND THEN WE BRING IT AGAIN TO THE
11 COMMITTEE, AND I THINK THAT'S YOUR CHOICE OF HOW YOU
12 WANT TO DO THAT. AND I DON'T THINK I SHOULD SAY HERE
13 ARE THE PEOPLE ON THE BOARD THAT I WANT TO WORK WITH.
14 I THINK THAT IS YOUR PREROGATIVE. I THINK WHAT I WILL
15 ASSURE YOU, ONE OF THE THINGS WE'VE TALKED ABOUT IS
16 HAVING INTERVIEWS WITH EVERY MEMBER OF THE BOARD TO
17 TALK ABOUT THIS AND THEN IN VARIOUS SMALLER GROUPS.
18 IF, FOR EXAMPLE, WE HAVE A GROUP FOCUSED ON HOW THE
19 PRIVATE SECTOR SHOULD BE INVOLVED, THERE ARE OBVIOUSLY
20 PEOPLE ON THE BOARD THAT HAVE EXPERTISE IN THAT AND WE
21 WOULD INVOLVE THEM. THE PATIENT ADVOCACY COMMUNITY IS
22 A VERY IMPORTANT ONE, AND I WOULD ANTICIPATE ONE OR
23 MORE MEETINGS WITH NOT ONLY PATIENT ADVOCATES ON THE
24 BOARD, BUT ALSO PERHAPS A BROADER GROUP AS WELL TO HAVE
25 INPUT FROM THAT GROUP.

1 AND THEN, AS I SAY, WE WOULD PRESENT, FIRST,
2 A PLAN FOR A PLAN, HOW WE INTENDED TO DO THIS, AND THEN
3 AT VARIOUS POINTS WE COULD COME BACK. AND I THINK IF
4 IT'S ANYTHING I'VE LEARNED DURING THE TEN MONTHS IT'S
5 THIS IS NOT A PASSIVE BOARD. AND SO I HAVE FULL
6 CONFIDENCE THAT YOU WILL SPEAK YOUR MIND ABOUT WHATEVER
7 WE BRING BACK. WE'VE HAD A NUMBER OF THINGS CHANGED
8 AND MODIFIED, AND I THINK THAT'S EXACTLY THE WAY THE
9 PROCESS SHOULD WORK. AND I'M HAPPY TO DO THAT THROUGH
10 EITHER A SUBCOMMITTEE OR THE FULL COMMITTEE AS YOU WILL
11 DECIDE.

12 WHAT I HAD ASKED FOR WAS A CLEAR DIRECTIVE
13 THAT THE RESPONSIBILITY FOR DEVELOPING THE PLAN WOULD
14 RESIDE WITH THE PRESIDENT AND STAFF BECAUSE I REALLY DO
15 SEE THAT AS VERY MUCH -- AS I SAY, THAT'S WHAT I'M HERE
16 TO DO AT LEAST FOR THE NEXT PERIOD OF TIME.

17 CHAIRMAN KLEIN: JUST TO CORRECT THE LEGAL
18 RECORD, WHILE I WOULD THINK IT WOULD BE WONDERFUL IF
19 YOU COULD HAVE INTERVIEWS WITH EVERY BOARD MEMBER,
20 SCOTT, CAN YOU PLEASE TELL US WHAT OUR CONSTRAINTS ARE?

21 MR. TOCHER: SURE. THE BAGLEY-KEENE, ONCE
22 AGAIN, NOTICE AND OPEN MEETING REQUIREMENTS APPLY NOT
23 JUST WHEN THE BOARD IS MEETING, FOR INSTANCE,
24 ALTOGETHER ON AN AGENDIZED MEETING SUCH AS THIS, BUT
25 ALSO APPLIES TO WHAT ARE CALLED SERIAL COMMUNICATIONS

1 AMONG EVEN INDIVIDUAL MEMBERS SUCH THAT IF THOSE SERIAL
2 COMMUNICATIONS END UP INVOLVING A QUORUM OF THE BODY,
3 THEN THE BAGLEY-KEENE ACT NOTICE AND OPEN MEETING
4 REQUIREMENTS APPLY AND CAN BE VIOLATED AT THAT POINT.
5 SO I WOULD JUST CAUTION THAT --

6 DR. HALL: I THINK WE CAN FIND OUR WAY AROUND
7 THAT. I THINK IT SHOULD BE POSSIBLE. IN FACT, ONE OF
8 THE CONSULTANTS THAT WE TALKED TO SUGGESTED THAT, IN
9 FACT, THIS MIGHT BE THE RIGHT THING FOR THEM TO DO.
10 AND I WOULD ASK YOU, IF A CONSULTANT WERE TO HAVE AN
11 HOUR'S INTERVIEW WITH EVERY MEMBER OF THE BOARD, NOT IN
12 SERIAL FASHION SO THAT YOU CARRY INFORMATION FROM ONE
13 MEETING TO THE NEXT, BUT JUST SIMPLY SAY TO MEMBERS OF
14 THE BOARD WHAT DO YOU THINK THE MOST IMPORTANT ELEMENT
15 FOR A STRATEGIC PLAN IS, I THINK THAT WOULD BE
16 TREMENDOUS INFORMATION. WE WOULD WANT THAT. AND I
17 STAND CORRECTED IF THAT'S NOT POSSIBLE UNDER
18 BAGLEY-KEENE, BUT I WOULD BE VERY SURPRISED. IF IT'S A
19 DIRECTIVE OF THE CHAIR TO DO THAT, I THINK IT'S ONE
20 THING, AND I'M NOT SURE OF THE STATUS THERE. IF IT IS
21 DONE UNDER THE AUSPICES OF CIRM AND THE PRESIDENT,
22 CERTAINLY THROUGH A THIRD PARTY, I WOULD BE VERY
23 SURPRISED IF THAT VIOLATED BAGLEY-KEENE.

24 CHAIRMAN KLEIN: LET US SAY THAT WHATEVER OUR
25 PROCESS IS, AS WE HAVE DONE ALL THE WAY THROUGH THIS,

1 WE WILL CONSULT WITH OUR INTERNAL COUNSEL, OUR EXTERNAL
2 COUNSEL TO MAKE SURE THE PROCESS IS APPROPRIATE. AND
3 CERTAINLY WE WANT ALL OF THE MATERIAL SUBSTANCE IN
4 PUBLIC HEARINGS IN TERMS OF STRATEGIC DECISIONS HERE,
5 AND WE WILL WORK VERY CAREFULLY TO MAKE SURE WE OBSERVE
6 THE INTENT, THE SPIRIT, AND THE PURPOSE OF THIS RULE.

7 THE BASIC FUNDAMENTAL UNDERLYING ISSUE HERE
8 IS WHAT LEVEL OF INVOLVEMENT THE FULL BOARD WANTS TO
9 HAVE. AND IF THE FULL BOARD WANTS TO HAVE A NUMBER OF
10 FULL-DAY SESSIONS OR SUBSTANTIAL PORTIONS OF THE DAY
11 SESSIONS, WE CAN DO THAT. REMEMBER THAT WE HAVE AN
12 OVERSIGHT HEARING THE CONTROLLER WILL CHAIR PROBABLY
13 LATE THIS SPRING, AND WE WANT TO MAKE SURE WE HAVE GOOD
14 PROGRESS TO REPORT ON OUR ANNUAL AND OUR LONG-TERM
15 STRATEGIC PLANS. IT IS ALSO POSSIBLE THAT THE BOARD
16 COULD CREATE A SUBCOMMITTEE FOR PRELIMINARY WORK AND
17 THEN BRING IT BACK TO THE FULL BOARD FOR THE SECOND
18 HALF OF THE PROCESS. SO WE HAVE ALL OPPORTUNITIES HERE
19 AVAILABLE TO US.

20 AND AS I SAID, WHEN YOU HAVE 23 MEMBERS OF
21 THE BOARD VOLUNTEER, AS WE CAN SEE HERE TODAY, WE HAVE
22 A GREAT DESIRE AND COMMITMENT, WHICH I'M DEEPLY
23 APPRECIATIVE OF, FOR THE BOARD TO PARTICIPATE. IT'S A
24 QUESTION OF WHAT CAN WE REALISTICALLY DO IN TERMS OF
25 SCHEDULING AND RESPECTING THE CRITICAL TIME OF THE

1 BOARD MEMBERS. DR. FRIEDMAN.

2 DR. FRIEDMAN: SO IF I CAN JUST ADD A COUPLE
3 OF POINTS AND SUMMARIZE. I HEAR A LOT OF BOARD MEMBERS
4 SAYING THAT THEY THINK IT SHOULD BE THE RESPONSIBILITY
5 OF THE PRESIDENT AND THE STAFF TO ARTICULATE THIS PLAN,
6 THAT YOU SHOULD BE HELD ACCOUNTABLE FOR THAT, THE
7 QUALITY AND THE EXECUTION OF THAT PLAN.

8 THERE'S ALSO A STRONG SENTIMENT FROM MANY
9 PEOPLE THAT THERE'S THE EXPECTATION THAT THERE WILL BE
10 FULL REPRESENTATION OF THINKING FROM THE VARIOUS
11 CONSTITUENCIES THAT EXIST. AND I HAPPEN TO AGREE WITH
12 YOU, ZACH, THAT PEOPLE SHOULD EXPECT THAT YOU WILL DO
13 THAT AND THEN HOLD YOU ACCOUNTABLE FOR HOW WELL YOU DO
14 THAT. YOU'VE GIVEN US YOUR COMMITMENT TO DO THAT. I
15 HAVE COMPLETE CONFIDENCE THAT THAT WILL GO FORWARD. I
16 THINK IT'S WORTH STATING THAT PUBLICLY.

17 THERE'S A THIRD ELEMENT, WHICH IS THAT THE
18 BOARD EXPECTS THAT THIS STRATEGIC PLAN WILL NOT SIMPLY
19 BE SOMETHING THAT WE SEE AT THE LAST MINUTE AND VOTE
20 ON, THAT THE EXPECTATION IS THAT THERE WILL BE ADEQUATE
21 TIME FOR REVIEW AND THOUGHTFUL DISCUSSION. AND IF THAT
22 TAKES ONE OR TWO OR MORE EPISODES OF MEETING IN ORDER
23 TO DO THAT, THE EXPECTATION IS THERE WILL BE A FULL
24 CHANCE FOR THE BOARD TO ENGAGE IN A MEANINGFUL WAY ON
25 WHAT YOU PUT TOGETHER.

1 THOSE ARE THE ELEMENTS THAT I HEAR, AND I
2 THINK THAT OUR CONFIDENCE IN YOU AS THE PRESIDENT IS
3 TO -- I'M SPEAKING IN STRONG SUPPORT OF THE ISSUE THAT
4 WAS RAISED, AND I THINK THAT HOW YOU DO THAT IS JUST
5 THE EXPECTATION THAT YOU WILL ACCOMPLISH THOSE THINGS.

6 DR. HALL: I LIKED YOUR PHRASE, AND CAN I ASK
7 WHETHER IT COULD BE INCORPORATED AS A FRIENDLY
8 AMENDMENT? I'M NOT SURE I CAN REPRODUCE IT, BUT YOU
9 SAID --

10 DR. LEVEY: THAT'S ACCEPTABLE.

11 DR. FRIEDMAN: I'M POSITIVE I CAN'T REPRODUCE
12 IT.

13 DR. HALL: WHAT WAS SAID WAS TAKING INTO
14 ACCOUNT THE FULL RANGE OF OPINION ON THE BOARD,
15 SOMETHING LIKE THAT, FULL RANGE OF VIEWPOINTS. I'VE
16 LOST IT. I'M SORRY.

17 DR. FRIEDMAN: LUCKILY WE'VE CAPTURED IT
18 SOMEWHERE.

19 DR. HALL: I LIKED THE SENTIMENT OF THAT VERY
20 MUCH.

21 DR. LEVEY: ACCEPTABLE.

22 DR. HALL: AND I THINK THAT IS WHAT I
23 WOULD -- ALSO THAT I WOULD BE HELD ACCOUNTABLE FOR
24 DOING THAT. I THINK THAT'S PERFECTLY APPROPRIATE.

25 CHAIRMAN KLEIN: I WANT TO --

1 DR. FRIEDMAN: THANK YOU.

2 CHAIRMAN KLEIN: I WANTED TO SAY THAT IT'S
3 VERY IMPORTANT TO REALIZE THAT YOU MAY BE PUTTING A
4 BURDEN ON HIM THAT UNDER BAGLEY-KEENE HE CANNOT
5 ACCOMPLISH IN TERMS OF YOUR EXPECTATIONS. THAT'S THE
6 PURPOSE OF EITHER HAVING --

7 DR. FRIEDMAN: I THINK NONE OF US -- IF IT'S
8 AGAINST THE LAW, NONE OF US WILL BLAME YOU. WE WILL
9 UNDERSTAND THAT YOU CAN ONLY ACCOMPLISH WHAT YOU CAN
10 ACCOMPLISH. I THINK WHAT WE'RE DOING IS WE'RE SAYING
11 WHAT OUR ASPIRATIONS AND WHAT OUR EXPECTATIONS ARE. TO
12 THE EXTENT THAT THERE'S CERTAIN THINGS THAT LIMIT THAT,
13 OF COURSE, WE WILL THEN TRY AND COME UP WITH OTHER
14 MECHANISMS OR WE'LL BE UNDERSTANDING. BUT I THINK ALL
15 I'M DOING IS TRYING TO SYNTHESIZE WHAT I HEARD IS A
16 NUMBER OF PEOPLES' SENTIMENTS ABOUT THIS, AND THAT I
17 STRONGLY AGREE WITH.

18 DR. LEVEY: MR. CHAIR, THAT ADDITION TO THE
19 RESOLUTION -- THE MOTION THAT I MADE WOULD BE
20 ACCEPTABLE.

21 CHAIRMAN KLEIN: SO THE MOTION IS AS AMENDED,
22 AND DOES THE SECOND ACCEPT THE AMENDMENT?

23 DR. BERG: SECOND.

24 CHAIRMAN KLEIN: SECOND ACCEPTS THE
25 AMENDMENT. THANK YOU.

1 DAVID, WE HAVE SOME OTHER PEOPLE. IF WE
2 COULD HAVE DR. MURPHY AND THEN DR. POMEROY.

3 DR. MURPHY: LET ME PUT MY FULL WEIGHT BEHIND
4 THE RESOLUTION AS WELL. I THINK IT IS THE JOB OF THE
5 PRESIDENT IN CONSULTATION HIS STAFF AND OTHERS, AND
6 OTHERS IS IMPORTANT BECAUSE AS THE EXPERTISE IS NEEDED.

7 LET ME JUST ADD ONE OTHER THING. I WAS
8 TROUBLED BY THE FACT THAT ZACH SAID THAT THIS IS THE
9 FIRST TIME THIS MORNING THAT HE HAS SEEN THE DOCUMENT.
10 I WOULD ENCOURAGE THE STAFF AND THE CHAIR TO REALLY
11 HAVE THESE DISCUSSIONS IN CAMERA BEFORE WE BRING IT TO
12 THE BOARD. I THINK WE MIGHT HAVE THINGS GO MUCH MORE
13 QUICKLY AND MUCH MORE SMOOTHLY; AND IF THERE ARE
14 DIFFERENCES, THEY CAN BE WORKED OUT BEFORE WE GET INTO
15 OPEN SESSION.

16 DR. POMEROY: I THINK THIS HAS BEEN A
17 FASCINATING DISCUSSION, AND I WONDER IF SOME OF THE
18 DIFFERENT APPROACHES REFLECT SOME LACK OF CLARIFICATION
19 ABOUT WHAT THE CHARGE TO THIS COMMITTEE WOULD REALLY
20 BE. FOR EXAMPLE, I THINK WE HAVE A JOB, AND I AGREE
21 THAT ZACH IS THE ONE THAT NEEDS TO LEAD IT, TO DEVELOP
22 A STRATEGIC PLAN. HOPEFULLY THAT IS NOT A TWO-YEAR
23 PROCESS VERSUS IMPLEMENTING A STRATEGIC PLAN. AND
24 THAT'S THE PART WHERE THE REPORTS COME BACK TO US.
25 FROM MY PERSPECTIVE, I COULD SEE PERHAPS A BENEFIT OF

1 THE RESOLUTION THAT ZACH IS RESPONSIBLE FOR THIS, AND
2 THAT WE MIGHT WANT TO HAVE A SHORT-TERM STRATEGIC PLAN
3 TASK FORCE, SAY SIX MONTHS, WITH A DELIVERY EXPECTATION
4 OF A STRATEGIC PLAN AT THAT POINT. AND THEN AFTER
5 THAT, ALL OF THE REPORTS WOULD COME TO THE FULL BOARD
6 AS WE WATCH THE IMPLEMENTATION OF THE STRATEGIC PLAN.

7 SO I JUST PUT OUT ON THE TABLE THAT MAYBE IF
8 WE CLARIFIED THESE ROLES A LITTLE BIT FURTHER, WE COULD
9 COME TO AGREEMENT.

10 CHAIRMAN KLEIN: SHERRY LANSING. I BELIEVE
11 YOU HAVEN'T SPOKEN. THANK YOU FOR MAKING IT.

12 MS. LANSING: THANK YOU. SORRY THAT I WAS
13 LATE. I ACTUALLY THINK THAT -- I'M KIND OF
14 SYNTHESIZING EVERYTHING THAT EVERYBODY SAID. I
15 ACTUALLY THINK THAT THE TWO POINTS OF VIEW ARE NOT
16 MUTUALLY EXCLUSIVE. AND I THINK THERE'S A WAY, AND I'M
17 KIND OF PICKING UP ON WHAT CLAIRE IS SAYING, THAT
18 THERE'S A WAY THAT YOU HAVE A SMALL TASK FORCE THAT
19 WORKS WITH ZACH, NOT SAYING THAT ZACH DOESN'T LEAD IT,
20 BUT ALLOWS HIM, WITHOUT THE RESTRICTIONS OF
21 BAGLEY-KEENE, TO HAVE INPUT, BUT ALL THAT IS -- AND
22 IT'S REALLY NO DIFFERENT THAN ALL THE OTHER
23 SUBCOMMITTEES THAT WE HAVE BECAUSE, YOU KNOW, WE HAVE
24 SUBCOMMITTEES, AND THEN THEY COME BACK TO THE BOARD,
25 AND SOMETIMES THE RECOMMENDATIONS OF THE SUBCOMMITTEE

1 ARE QUESTIONED, MODIFIED, AND SOMETIMES REJECTED, DO
2 YOU KNOW, AND SOMETIMES, OF COURSE, OFTEN ACCEPTED.

3 SO I THINK BECAUSE THERE ARE SOME
4 RESTRICTIONS ON BAGLEY-KEENE, I THINK BECAUSE WE COULD
5 HAVE A SMALL SUBCOMMITTEE, AND THEN WHAT I'M RESPONDING
6 TO IS WHAT JON IS FEELING, WHICH IS THAT THE ENTIRE
7 BOARD MUST NEVER FEEL THAT THEY'RE BEING EXCLUDED, AND
8 WE, IN FACT, MAY SPEND THE ENTIRE DAY TALKING ABOUT THE
9 STRATEGIC PLAN. THE BURDEN, WHICH I THINK IS, AGAIN, I
10 DON'T WANT TO PUT WORDS IN JON'S MOUTH IN ANY WAY, BUT
11 I THINK THE BURDEN OR THE FRUSTRATIONS THAT WE MAY
12 OFTEN FEEL IS THAT WE GET THE INFORMATION TOO LATE. SO
13 THAT HAS TO BE AVOIDED.

14 AND THAT WE ALSO WHEN THE ITEM COMES UP, WE
15 DON'T HAVE THE ADEQUATE TIME OR WHATEVER, THAT MAYBE WE
16 WANT TO SPEND FOUR HOURS TALKING ABOUT IT, MAYBE WE
17 WANT TO SPEND THE ENTIRE MEETING TALKING ABOUT THE
18 STRATEGIC PLAN BECAUSE IT IS SO IMPORTANT. BUT IT
19 SEEMS TO ME THAT THERE'S A COMPROMISE SO THAT
20 EVERYBODY'S POINT OF VIEW WILL BE SATISFIED.

21 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

22 DR. JENNINGS: I'D LIKE TO SPEAK IN FAVOR OF
23 THE MOTION AND FIRST JUST PUT THAT DOWN. BUT I THINK
24 WE SHOULD GIVE ZACH A CHANCE TO DO WHAT HE SAID, WHICH
25 IS A PLAN ON HOW TO DO THIS. AND RATHER THAN JUMPING

1 INTO THE ORGANIZATION OF SUBCOMMITTEES AND TASK FORCE
2 AT THAT STAGE, I WOULD LIKE TO LET THE PRESIDENT HAVE A
3 CHANCE TO SEE IF THERE'S A WAY CERTAIN SELECTED ISSUES
4 IN THE STRATEGIC PLAN HAVE TO BE ADDRESSED. SO RATHER
5 THAN PRESUPPOSING THE ORGANIZATION OF THE STRUCTURE
6 NOW, THAT'S THE FIRST STEP IS HOW DO YOU GET TO THIS
7 PLAN? AND THAT WOULD COME BACK TO THE BOARD, AND WE
8 COULD RESPOND TO IT. SO I THINK THAT'S -- WE DON'T
9 WANT TO GET AHEAD OF OURSELVES. LET HIM DO THAT JOB.

10 SO I COULD EASILY ENVISION A SITUATION WHERE,
11 AS THIS PLAN DEVELOPS, CERTAIN SELECTIVE IMPORTANT
12 ISSUES WILL COME TO THE BOARD FOR FULL DISCUSSION, AND
13 I DON'T SEE THE NECESSITY OR THE WISDOM AT THIS STAGE,
14 SINCE WE DON'T KNOW HOW THE PROCESS IS GOING, TO HAVE A
15 VERY LARGE INTERMEDIATE COMMITTEE. THERE'S JUST NO
16 SUBSTITUTE FOR THE NEXT ROUND WHERE THE BOARD HEARS
17 WHAT ZACH'S PLAN IS, HOW THE BOARD AND OTHER MEMBERS
18 MIGHT BE INVOLVED, GIVEN THE LAW, IT'S EVEN A LITTLE
19 UNCLEAR ON THAT INVOLVEMENT. SO LET'S GET THAT PLAN.

20 CHAIRMAN KLEIN: OKAY. DR. LEVEY.

21 DR. LEVEY: THIS WILL BE MY LAST COMMENT ON
22 THE SUBJECT. JUST WHAT JON WAS TALKING ABOUT, THIS
23 IS -- THE REASON I RAISED THE ISSUE INITIALLY IS THIS
24 IS AN IMPORTANT STRUCTURAL ISSUE FOR CIRM AND THE ICOC.
25 FOR THOSE OF MY COLLEAGUES WHO HAVE EVER SAT, HAVE BEEN

1 IN INDUSTRY, ARE IN INDUSTRY UNDERSTAND A LITTLE BIT
2 MORE PERHAPS HOW THIS WORKS. IF WE DO NOT ENTRUST WITH
3 THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE THE
4 ABILITY TO DO THESE THINGS, THEN DOWN THE ROAD, SINCE
5 WE'VE GOT A TEN-YEAR LIFE SPAN, NINE YEARS AS IT IS
6 NOW, WE WILL HAVE BOTH CHAOS AND FRICTION, THAT THIS IS
7 THE WAY A BOARD AND ITS UNIT WORKS.

8 AND I THINK TO PARAPHRASE WHAT MICHAEL
9 FRIEDMAN MAN SAID, IT'S ZACH'S JOB TO MAKE SURE THAT
10 NONE OF US FEEL LEFT OUT. AND TO HAVE A SUBCOMMITTEE
11 DOING SOMETHING THAT IT SHOULDN'T DOING, IT SHOULD BE
12 DONE BY CIRM, AND THEN HAVING 14 PEOPLE OR WHOEVER IT
13 IS SITTING HERE WONDERING WHAT THE OTHER 13 ARE DOING,
14 IT'S NOT THE WAY LIFE WORKS WHEN YOU HAVE AN
15 ORGANIZATION. SO WE HIRED THE PRESIDENT. WE HAVE AN
16 ENTIRE SCIENTIFIC GROUP, AND THANK GOD WE HAVE THEM.
17 AND I THINK THAT THE INTENT OF THIS RESOLUTION, THE
18 INTENT OF WHAT ZACH FEELS FROM THE DISCUSSION, IS THAT
19 WE DO THINGS IN A PROPER WAY SO THAT WE MAXIMIZE NOT
20 ONLY OUR EFFICIENCY, BUT MAXIMIZE OUR ORGANIZATIONAL
21 CHALLENGE.

22 MS. LANSING: MAYBE I'M CONFUSED. CAN I JUST
23 ASK A QUESTION? THAT'S NOT WHAT I WAS SAYING, SO I
24 WANT TO BE SURE -- MAYBE I'M JUST COMPLETELY CONFUSED,
25 BUT I THINK I WAS HERE AT THE BEGINNING OF THE

1 DISCUSSION, SO I JUST WANT TO BE FAIR. THERE'S NO
2 DOUBT, AND I DON'T THINK ANYONE IS SAYING ANYTHING
3 DIFFERENT, THAT THIS IS YOUR MISSION, ZACH. YOU HAVE
4 TO COME UP WITH THE STRATEGIC PLAN. AND I DON'T THINK
5 ANYONE WANTS TO MICROMANAGE YOU.

6 DR. FRIEDMAN: I'M NOT SO SURE OF THAT.

7 MS. LANSING: I DON'T. WHAT I UNDERSTOOD
8 FROM WHAT BOB WAS SAYING WAS THAT IF YOU WANTED TO
9 REACH OUT TO US, AND MAYBE THIS NEEDS TO BE CLARIFIED,
10 YOU COULDN'T BECAUSE -- YOU COULDN'T BECAUSE OF THE
11 SERIAL MEETINGS. SO WHAT I WAS JUST SUGGESTING IS
12 THERE WAS A SMALL GROUP THAT YOU CAN --

13 DR. HENDERSON: HE CAN.

14 MS. LANSING: WELL, IF HE CAN, THEN THERE'S
15 NO NEED FOR A SUBCOMMITTEE.

16 DR. HENDERSON: HE CAN TALK TO US AND DOES
17 ONE ON ONE ALL THE TIME.

18 MS. LANSING: HE CAN TALK TO ANYONE HE WANTED
19 TO AND THAT'S NOT A SERIAL MEETING?

20 DR. HALL: WE COULD SEEK OPINION FROM, IF
21 IT'S A FIRM FUNCTION. I THINK IF THE BOARD SAYS WE
22 WANT THREE PEOPLE TO DO THIS FROM THE BOARD, THEN
23 WHATEVER THEY DO IS SUBJECT TO BAGLEY-KEENE. I
24 THINK THAT'S ABSOLUTELY THE CASE.

25 MS. LANSING: SO THEN WE'RE MAKING IT WORSE.

1 DR. HALL: IF CIRM DEVELOPS A PLAN, FOR
2 EXAMPLE, ONE OF THE ISSUES IS IF WE HAVE A SCIENTIFIC
3 MEETING, IS THAT A BAGLEY-KEENE MEETING? NO. AND WE
4 INVITE ALL MEMBERS OF THE BOARD TO COME. BECAUSE IT'S
5 CIRM THAT SPONSORS IT, IT HAS A DIFFERENT -- IT DOESN'T
6 FALL UNDER BAGLEY-KEENE. IT DOESN'T MEAN WE DON'T WANT
7 TO DO IT IN AN OPEN AND TRANSPARENT WAY.

8 MS. LANSING: I JUST WANT TO SAY YOU CAN,
9 YOU'RE FORMING THE STRATEGIC PLAN WITH YOUR STAFF. YOU
10 ARE WORKING ON ALL OF THIS. AND IF YOU WANT TO PICK UP
11 A PHONE TO ANY ONE OF US TO BOUNCE SOMETHING OFF, TO
12 USE SOME OF THE SCIENTIFIC EXPERTISE OR WHATEVER, YOU
13 CAN DO THAT.

14 DR. HALL: I THINK THAT'S RIGHT. WHAT I
15 CAN'T DO IS SPEAK TO YOU AND THEN SPEAK TO DR. FRIEDMAN
16 AND SAY, "I JUST HAD THE MOST INTERESTING CONVERSATION
17 WITH SHERRY LANSING, AND SHE HAS A GREAT IDEA. WHAT DO
18 YOU THINK OF IT?" AND THEN GO TO ED PENHOET AND SAY
19 HERE'S WHAT -- WE CANNOT DO THAT.

20 MS. LANSING: BUT YOU CAN SOLICIT, GOD
21 WILLING, AN INTERESTING IDEA, AND THEN YOU CAN SOLICIT
22 AN INTERESTING IDEA --

23 CHAIRMAN KLEIN: CAN I ASK THAT WE GET
24 DIRECTION, GIVE OUR COUNSEL AN ABILITY TO COME BACK TO
25 US BECAUSE WE NEED TO BE VERY CAREFUL ABOUT EXACTLY

1 WHAT OUR UNDERSTANDINGS ARE. AND IF WE CAN GET OUR
2 COUNSEL --

3 DR. PENHOET: I THINK WE HAVE COMMINGLED TWO
4 DIFFERENT ISSUES IN THIS DISCUSSION. AND ZACH DID NOT
5 ASK US FOR A RESOLUTION ON THE BOARD WHETHER IT'S A
6 COMMITTEE, SUBCOMMITTEE, TASK FORCE, WHOLE BOARD. ZACH
7 ASKED US FOR CLEAR DIRECTION ABOUT THE RESPONSIBILITY
8 FOR GENERATING THIS STRATEGIC PLAN. THAT WAS HIS
9 REQUEST TO THIS BOARD.

10 AND SO I WOULD -- AND I THINK WE'RE NOW
11 GETTING MIXED UP IN ANOTHER ISSUE, WHICH IS THE BOARD
12 FUNCTION IN THIS MODEL, WHICH IS TO SOME DEGREE A
13 DIFFERENT ISSUE THAN THE SIMPLE REQUEST THAT ZACH MADE
14 OF THIS BOARD, WHICH IS THAT WE CLEARLY DEFINE THAT THE
15 TASK OF GENERATING THE STRATEGIC PLAN BELONGS TO THE
16 STAFF OF THE CIRM AND TO THE PRESIDENT. ZACH HAS
17 INDICATED A GREAT DEGREE OF WILLINGNESS AND FLEXIBILITY
18 TO ENGAGE US IN AN APPROPRIATE WAY AND HEAR A VARIETY
19 OF OPINIONS BEAUTIFULLY ARTICULATED BY DR. FRIEDMAN.
20 AND I THINK THAT THE CURRENT MOTION ON THE TABLE
21 UNFORTUNATELY COMBINES THE NOTION OF THE WHOLE BOARD
22 WITH THE NOTION OF CLEAR DIRECTION OF RESPONSIBILITY
23 FOR THE PLAN.

24 SO I WOULD OFFER ANOTHER MOTION WHICH IS TO
25 CLEARLY EMPOWER ZACH AND HIS STAFF TO BE THE

1 ORGANIZATION WHICH GENERATES THE PLAN IN CONSULTATION
2 WITH THE BOARD.

3 DR. HALL: I THINK THAT'S WHAT THE MOTION
4 SAYS WITH THE ADDITIONAL POINT.

5 DR. PENHOET: WE INCORPORATED THE WHOLE BOARD
6 IN A LOT OF THE DISCUSSION.

7 DR. HALL: NO. NO. WE DID NOT.

8 DR. POMEROY: CAN WE READ BACK THE MOTION?

9 CHAIRMAN KLEIN: FOR CLARITY, LET'S ASK THE
10 MAKER OF THE MOTION FOR CLARITY ON THIS BECAUSE DR.
11 PENHOET HAS MADE A VERY GOOD STATEMENT HERE. WE NEED
12 CLARITY ON THIS.

13 DR. LEVEY: THE ISSUE IS A VERY FUNDAMENTAL
14 ONE. AND THE REASON I STARTED ALL THIS OFF WITH
15 APOLOGIES IS THAT THE WAY WE ARE ORGANIZED, THE
16 RESPONSIBILITY FOR STRATEGIC PLANNING BELONGS TO CIRM.
17 THAT IS THE RESPONSIBILITY OF CIRM. THAT'S WHY WE
18 CREATED THE CALIFORNIA INSTITUTE OF REGENERATIVE
19 MEDICINE.

20 THE ISSUE WAS THAT, GIVEN THE FACT THAT WE
21 HAVE A STRATEGIC PLANNING MISSION, AND WE HAVE TO HAVE
22 A STRATEGIC PLAN, YOU CAN'T NOT AS AN ORGANIZATION NOT
23 HAVE A STRATEGIC PLAN. BUT THAT'S ENTRUSTED INTO THE
24 CALIFORNIA INSTITUTE OF REGENERATIVE MEDICINE. THE
25 ISSUE CAME UP WHEN WE HAD A SUBCOMMITTEE OF 13

1 INDIVIDUALS WITH A CHAIR OF THAT COMMITTEE TO
2 ESSENTIALLY HAVE RESPONSIBILITY FOR STRATEGIC PLANNING.
3 IT CREATED A SENSE OF AMBIGUITY BECAUSE WHEN OUR CHAIR
4 AND I DISCUSSED STRATEGIC PLANNING, WHICH WE DID THE
5 OTHER DAY, I RAISED THE ISSUE OF WHAT IS THE ROLE OF
6 CIRM IN THIS, AND I WOULD FEEL UNCOMFORTABLE IF DR.
7 HALL WAS NOT, QUOTE, THE PERSON GENERATING THE
8 STRATEGIC PLAN.

9 SO THE ISSUE FOR SHERRY LANSING, AND ANYWAY
10 THE ISSUE OF HOW WE GOT STARTED ON IT, SHERRY, WAS
11 WHETHER THE BOARD NEEDED A SUBCOMMITTEE OF 13 PEOPLE
12 WITH A CHAIR TO INTERACT WITH THE STRATEGIC PLAN,
13 WHICH, QUITE FRANKLY, OUR APPROVAL IS THE ENTIRE BOARD.
14 AND I DON'T THINK THERE'S A SINGLE MEMBER OF THIS BOARD
15 THAT ISN'T INTERESTED IN THE STRATEGIC PLAN. IT'S JUST
16 HOW WE GO ABOUT DOING THIS THAT'S SO IMPORTANT. THAT'S
17 THE REASON I MADE THE MOTION.

18 MS. LANSING: I ACTUALLY NOW AGREE WITH YOU.
19 I WAS MAKING IT WORSE.

20 DR. HALL: CAN I JUST MAKE A COMMENT HERE.
21 THERE ARE TWO POINTS.

22 DR. PENHOET: NOW I'M CONFUSED AGAIN. IS
23 YOUR MOTION THAT THERE BE NO COMMITTEE OF 14 AND THAT
24 IT'S THE WHOLE BOARD?

25 DR. HALL: LET'S SEPARATE. THERE ARE TWO

1 THINGS. ED IS EXACTLY RIGHT. AND THE FIRST ISSUE, AND
2 LET ME JUST SAY WHAT I'M ASKING FOR IS CLARITY ON
3 WHETHER THE BOARD CHARGES THE PRESIDENT AND STAFF OF
4 CIRM TO DEVELOP THE PLAN, WHICH WILL FINALLY, BY THE
5 WAY, BE APPROVED AND ADOPTED BY THE BOARD. IT IS NOT
6 OUR JOB TO MAKE -- IT'S OUR JOB TO DEVELOP IT, AND IT'S
7 YOUR JOB TO TELL US WHETHER WHAT WE DID IS OKAY OR TO
8 START OVER OR TO MODIFY IT OR TO CHANGE IT, AND THEN
9 FINALLY TO SAY THIS IS OUR STRATEGIC PLAN.

10 DR. LEVEY: FOR SIMPLICITY, I'D BE HAPPY TO
11 SPLIT THAT OFF FROM THE GENERAL.

12 DR. HALL: ONE QUESTION IS DO WE HAVE THAT
13 RESPONSIBILITY? AND SECOND ISSUE, AND I WOULD INCLUDE
14 WITH THAT THE PHRASE OF MICHAEL'S, AND OUR
15 RESPONSIBILITY TO REPORT BACK TO THE BOARD EITHER AS A
16 SUBCOMMITTEE OR THE FULL BOARD, SEPARATE ISSUE --

17 DR. LEVEY: WE CAN LEAVE THE SUBCOMMITTEE
18 OFF.

19 DR. HALL: -- AT REGULAR INTERVALS. AND THEN
20 I WOULD SUGGEST A SECOND MOTION THAT WOULD DEAL WITH
21 THE QUESTION OF WHETHER YOU DO THAT THROUGH THE BOARD
22 OR WITH SUBCOMMITTEES.

23 DR. LEVEY: I THINK WE DO THAT. I CERTAINLY
24 WOULD ACCEPT THAT. IN FACT, IT WAS NOT MY INTENT TO
25 GET INTO THAT ISSUE WITH IT, JUST THAT IT LOGICALLY

1 STREAMS FROM THAT, THAT THE ENTIRE BOARD SHOULD BE
2 INVOLVED IN THE CONSIDERATION OF AND APPROVAL OF THE
3 STRATEGIC PLAN THAT YOU GENERATE. WHY WOULD YOU
4 HAVE -- THIS IS FOR ANOTHER MOTION PERHAPS -- IT
5 DOESN'T MAKE STRUCTURAL SENSE TO HAVE YOU TO DO A
6 STRATEGIC PLAN, TO BRING IT TO A SUBCOMMITTEE OF 13
7 PEOPLE TO GET APPROVAL AND WORK WITH YOU ON THE
8 STRATEGIC PLAN, AND THEN TAKE IT TO A GROUP OF 27
9 PEOPLE TO TALK ABOUT THE STRATEGIC PLAN. IT DOESN'T
10 MAKE STRUCTURAL SENSE TO DO THAT. THAT'S OUR JOB. OUR
11 JOB AS AN ENTIRE BOARD IS TO APPROVE WHAT YOU GENERATE.
12 HOW YOU GO ABOUT GENERATING THAT STRATEGIC PLAN IN
13 TERMS OF IT'S ALL ENCOMPASSING TO GET OPINIONS AND WHAT
14 HAVE YOU, THAT WILL PROBABLY BE REFLECTED IN WHETHER WE
15 APPROVE IT OR NOT.

16 CHAIRMAN KLEIN: IF WE CAN DO ONE THING.
17 SCOTT, IF YOU COULD READ US 125281.07(C), IT'S
18 IMPORTANT THAT EVERYONE UNDERSTAND WHAT THE LAW IS
19 WE'RE TRYING TO CONFORM TO. THAT'S AN IMPORTANT FACT.
20 THAT'S ALWAYS ON MY MIND TO MAKE SURE WE DO THIS THE
21 RIGHT WAY.

22 DR. PENHOET: NO, BOB. WE HAVE TWO DIFFERENT
23 ISSUES.

24 CHAIRMAN KLEIN: ABSOLUTELY. I COMPLETELY
25 AGREE, WHILE HE'S LOOKING THAT UP, WITH DR. PENHOET'S

1 STATEMENT. THAT'S WHY I USED THE WORDS CIRM PRESIDENT
2 IS CHARGED WITH THE LEADERSHIP ROLE IN DEVELOPING THE
3 STRATEGIC PLAN FOR THE ICOC. THE PRESIDENT'S
4 SCIENTIFIC VISION WITH CIRM FUNDING WILL BE SHAPED INTO
5 THE PRESIDENT'S RECOMMENDED STRATEGIC SCIENTIFIC PLAN.
6 WE ARE ALL CONTEMPLATING THAT THE PRESIDENT BRINGS THIS
7 PLAN TO WHETHER IT'S THE FULL BOARD OR THE
8 SUBCOMMITTEE, BUT IT'S VERY IMPORTANT FOR THE RECORD
9 FOR US TO UNDERSTAND WHAT THE INITIATIVE SAYS.

10 DR. HALL: WHAT'S THE SECTION?

11 CHAIRMAN KLEIN: 125281.07.

12 DR. HALL: I BET HE'S GOT THE ONE THAT HAS
13 291. BOB AND I DISCOVERED OVER THE WEEKEND THAT THERE
14 ARE TWO NUMBERING SYSTEMS.

15 CHAIRMAN KLEIN: TWO PAGINATION SECTION
16 NUMBERS.

17 IT SAYS ICOC FUNCTIONS IS THE HEADNOTE.

18 DR. HALL: I SHOULD HAVE COMMITTED THIS TO
19 MEMORY. I'M SORRY.

20 CHAIRMAN KLEIN: FOR THE BENEFIT OF THE
21 BOARD, WE'RE GOING TO BE SENDING THROUGH THE VARIOUS --
22 THERE ARE TWO VERSIONS THAT HAVE DIFFERENT SECTION
23 NUMBERS, AND WE'RE GOING TO SEND THROUGH MARKED "FINAL"
24 THE ONE THAT HAS THE RIGHT SECTION NUMBERS THAT
25 CONFORMS TO THE STATUTES SO THAT WE'RE ALL REFERRING TO

1 THE RIGHT SECTION. GO AHEAD.

2 MR. TOCHER: SORRY FOR THE DELAY. THE HEALTH
3 AND SAFETY CODE SECTION 125290.40, ICOC FUNCTIONS,
4 LISTS SUBDIVISION B, DEVELOP ANNUAL AND LONG-TERM
5 STRATEGIC RESEARCH AND FINANCIAL PLANS FOR THE
6 INSTITUTE.

7 CHAIRMAN KLEIN: SO TECHNICALLY, DR. LEVEY,
8 JUST SO THAT WE GET IT CORRECT FOR THE RECORD, IT'S THE
9 ICOC THAT DEVELOPS THE STRATEGIC PLAN; BUT, IN FACT,
10 THE PROCESS IS THAT IT'S THE PRESIDENT WHO WILL DEVELOP
11 A STRATEGIC PLAN TO PRESENT TO THE ICOC FOR ADOPTION.
12 AND JUST SO DR. MURPHY KNOWS, WE PREVIOUSLY BROUGHT
13 THIS TO THE SUBCOMMITTEE, TO THE EXECUTIVE COMMITTEE,
14 TO THE OUTSIDE COUNSEL JAMES HARRISON, AND I CAN TELL
15 YOU THAT WHETHER WE USE A SUBCOMMITTEE OR THE FULL
16 BOARD, WE ARE CONFORMING WITH THE PROCESS. AND THE
17 LEADERSHIP OF THIS GROUP HAS BEEN PREVIEWED WITH DR.
18 HALL, WHICH HE IS SUPPORTIVE OF IN TERMS OF
19 RECOMMENDATION AS WELL AS THE MEMBERSHIP.

20 SO ALL OF THOSE HAVE PREVIOUSLY BEEN COVERED.
21 THE REASON THAT I WAS BIFURCATING THE PROCESS AND
22 ASKING DR. HALL TO MEET WITH LEADERSHIP, IF WE GO DOWN
23 THAT ROUTE, COME BACK AND SUGGEST THE PROCESS IS THE
24 REPORTING SEQUENCE AND THE MECHANICS WE'RE DISCUSSING
25 TODAY NEED TO BE WORKED OUT WITH THE LEADERSHIP OF THAT

1 COMMITTEE IF YOU ARE USING A COMMITTEE.

2 DR. WRIGHT: PEOPLE FROM SMALL PLACES HAVE A
3 GRASP OF THE OBVIOUS, SO I'M GOING TO TRY TO SEE IF I
4 CAN CAPTURE WHAT IS OBVIOUS AFTER THIS ENLIGHTENING
5 DISCUSSION. ONE, I DON'T THINK THERE'S ANY OBJECTION,
6 IN FACT, I THINK THERE IS UNANIMOUS AGREEMENT THAT THE
7 STRATEGIC PLAN SHOULD EMANATE FROM DR. HALL AND HIS
8 STAFF.

9 MR. SERRANO-SEWELL: THAT'S NOT UNANIMOUS.

10 DR. WRIGHT: OKAY. ALMOST UNANIMOUS. STRONG
11 SUPPORT.

12 SECONDLY, THAT THAT PLAN SHOULD BE DISCUSSED
13 AND APPROVED, DISAPPROVED, MODIFIED BY THE ENTIRE
14 BOARD. THOSE ARE TWO OBVIOUS AREAS OF ALMOST UNANIMOUS
15 AGREEMENT.

16 THE THIRD, IN MY MIND, IS THAT, AS EVIDENCED
17 BY THE NUMBER OF VOLUNTEERS TO SERVE ON THE STRATEGIC
18 PLAN AND AS EVIDENCED BY THE NUMBER OF TIMES THAT WE
19 HAVE TO CONSULT WITH ATTORNEYS IN JUST THIS MEETING TO
20 MAKE SURE THAT WE'RE DOING THIS CORRECTLY, WE ARE NOT
21 YOUR AVERAGE BOARD, NOT ONLY IN THE LEVEL OF EXPERTISE
22 REPRESENTED, BUT ALSO IN THE ENGAGEMENT IN THE BOARD
23 AND THE DESIRE TO BE PART OF THE PROCESS. AS JON
24 POINTS OUT, IF YOU ARE NOT A PART OF THE PROCESS AS IT
25 DEVELOPS, YOU RISK MINIMIZING THE INPUT OF THE BOARD

1 CAPTURING THE INPUT.

2 SO EVEN THOUGH MY INITIAL OBJECTION IS THAT
3 NO BOARD CAN WORK WITH A SUBCOMMITTEE OF 14, HOW CAN
4 ZACH WORK WITH THAT GROUP, I WOULD ENCOURAGE US TO ERR,
5 IF WE'RE GOING TO ERR, TO ERR ON THE SIDE OF
6 INCLUSIVENESS. IF IT REALLY NEEDS 14 PEOPLE WHITTLED
7 DOWN FROM 23 TO 14, BRING US TOGETHER. IF IT DOESN'T
8 WORK, IF IT'S UNWIELDY, LET'S MODIFY IT AT THAT POINT.
9 BUT IN CONTRAST TO THE USUAL STRATEGIC PLANNING
10 APPROACH WHICH IS STREAMLINED AND NIMBLE, I THINK THAT
11 WE HAVE TO CONTINUE TO DO WHAT'S HARD AND WHAT'S
12 DIFFICULT, AND THAT'S BEEN THE MARK OF THIS BOARD. WE
13 HAVE TO DO THESE THINGS IN PUBLIC, WE HAVE TO GATHER
14 ALL THESE MULTIPLE OPINIONS BECAUSE THEY'RE ALL
15 VALUABLE. AND I THINK JON'S POINT IS WE GATHER THOSE
16 AT A LOWER LEVEL, AT AN EARLIER LEVEL SO THAT THE FINAL
17 PRODUCT REFLECTS THE OPINIONS AND THE EXPERTISE OF ALL
18 THE PEOPLE WHO ARE WILLING TO BE INVOLVED.

19 DR. HOLMES: I WONDER IF IT WOULD HELP. IT
20 SEEMS LIKE JANET HAS JUST SAID THERE'S COMPLETE
21 AGREEMENT THAT PLANNING SHOULD TAKE PLACE IN ZACH'S
22 OFFICE. I HEARD ZACH SAY SOMETHING WHICH MADE
23 IMMEDIATELY GOOD SENSE TO ME IS YOUR FIRST STEP WAS TO
24 DEVELOP A PLAN FOR A PLAN. AND MAYBE IT WOULD SAVE US
25 A LOT OF TIME AT THE NEXT MEETING IF WE SIMPLY CHARGE

1 ZACH WITH COMING FORWARD. IT SEEMED LIKE THE
2 DISCUSSION HAS BEEN TREMENDOUS TODAY, WE'VE ALL LEARNED
3 A LOT, WE'VE PROBABLY BEEN INFORMED OF ALL THE
4 DISCUSSIONS THAT HAVE TAKEN PLACE, IS TO COME BACK WITH
5 SOME REVISION OF WHAT'S IN FRONT OF US TODAY THAT WOULD
6 SUGGEST A PLAN YOU WOULD UNDERTAKE TO DEVELOP THE PLAN.
7 AND AT THAT POINT WE'D BE SET, IT SEEMS, TO MOVE
8 FORWARD. RATHER THAN TO TRY TO WORK OUT THE PLAN
9 TODAY, IS TO JUST CHARGE ZACH TO COME BACK WITH WHAT IS
10 GOING TO BE YOUR PLAN FOR THE PLAN. THAT'S WHAT THE
11 MOTION IS.

12 DR. BERG: NO, THAT'S NOT THE MOTION AS I
13 UNDERSTAND.

14 CHAIRMAN KLEIN: DR. JEANNIE FONTANA HAS
15 WAITED PATIENTLY.

16 DR. FONTANA: I JUST ALSO WANTED TO VOICE MY
17 SENSE OF UNEASE WITH WHAT'S UNFOLDING HERE. I BELIEVE
18 THAT THIS STRATEGIC PLANNING PROCESS IS PROBABLY ONE OF
19 THE MOST IMPORTANT PARTS OF THE WHOLE IMPLEMENTATION OF
20 PROP 71, THUS THE DISCUSSION HERE. AND BY HANDING IT
21 OVER SOLELY TO ZACH, I FEEL LIKE MY CONCERN IS WHAT --
22 WOULD ALL THE PERSPECTIVES BE REPRESENTED, AS DR.
23 FRIEDMAN POINTED OUT. AND MY SUGGESTION WOULD BE, TO
24 FOLLOW UP ON WHAT WAS JUST COMMENTED, PERHAPS ZACH
25 COULD BACK AT THE NEXT MEETING WITH A PROPOSAL

1 ADDRESSING THESE ISSUES. FOR INSTANCE, HOW WILL THE
2 ADVOCACY GROUPS' PERSPECTIVES BE THERE? HOW WILL THE
3 INDUSTRY GROUP'S PERSPECTIVES BE THERE IN ADDITION TO
4 THE PRIMARY ACADEMIC PERSPECTIVE? LET ZACH COME UP
5 WITH THAT, HAVE THE WHOLE BOARD PARTICIPATE. I THINK
6 THE BOARD WANTS TO PARTICIPATE IN THIS PROCESS. SO
7 INSTEAD OF LIMITING IT TO JUST 14 PEOPLE, LET THAT BE
8 SOMETHING THAT THE BOARD REVIEWS.

9 CHAIRMAN KLEIN: ALL RIGHT. WE HAVE A MOTION
10 ON THE TABLE.

11 MR. SERRANO-SEWELL: BOB, I'M GOING TO MAKE
12 MY FINAL COMMENT. THANK YOU FOR INDULGING ME AGAIN,
13 COLLEAGUES. I'LL BE VOTING NO ON THE MOTION. AND I
14 WANT TO EXPLAIN WHY. IT'S BECAUSE I DON'T HAVE -- I
15 DON'T -- I TRUST ZACH AND HIS STAFF TO DO THEIR J-O-B.
16 BUT THE LINE OF RESPONSIBILITY AND DUTIES ARE CLEARLY
17 OUTLINED IN PROPOSITION 71. AND THE ICOC HAS A ROLE IN
18 ADOPTING THIS STRATEGIC PLAN. AND AS THE MOTION READS
19 RIGHT NOW, I WOULD WANT A LITTLE BIT MORE. I WOULD
20 WANT, JUST BEYOND ZACH'S ASSURANCE THAT HE WILL SEEK
21 OTHER POINTS OF VIEW, THE MECHANICS OF HOW HE WOULD DO
22 THAT. I THOUGHT THIS PROPOSAL BEFORE US
23 INSTITUTIONALIZED THAT IN SOME WAY BY HAVING THE
24 STRATEGIC PLANNING COMMITTEE, HAVING MEMBERS, AND
25 HAVING A PROCESS.

1 SO COMMITMENTS FROM THE OFFICE OF THE
2 PRESIDENT ARE JUST PUTTING IT IN ONE INDIVIDUAL FOR ME
3 RIGHT NOW IS NOT ENOUGH. AND MY CONVERSATIONS WITH MY
4 APPOINTING OFFICER, THERE WAS A REAL COMMITMENT THAT WE
5 DO A GOOD JOB TO REPRESENT OUR CONSTITUENCIES. AND FOR
6 ME THAT'S MS AND ALS. AND THAT MEANS I'M GOING TO NEED
7 SOME MORE SPECIFIC EXAMPLES. I LIKE WHAT JANET AND
8 JEANNIE ARE TALKING ABOUT, AND THAT IS WITHDRAW THE
9 MOTIONS ON THE TABLE AND DIRECT ZACH TO COME UP WITH
10 THIS PLAN FOR THE PLAN. LET'S SEE HOW THAT UNFOLDS.
11 THAT I WOULD BE COMFORTABLE WITH.

12 CHAIRMAN KLEIN: I'D ALSO LIKE TO SAY, DAVID,
13 YOU'VE SPOKEN ELOQUENTLY FOR ALL PATIENTS. I THINK YOU
14 VERY MUCH HAVE EMBRACED THE WHOLE PATIENT COMMUNITY,
15 AND YOU SHOULD GIVE YOURSELF CREDIT FOR THAT AS WELL.

16 WHAT I'D LIKE TO TRY AND DO -- DR. BERG AND
17 THEN JON SHESTACK.

18 DR. BERG: ACADEMICS ARE OFTEN ACCUSED OF
19 WHEN A PROBLEM COMES UP, LET'S APPOINT A COMMITTEE, AND
20 THEN ANOTHER COMMITTEE TO OVERSEE THAT COMMITTEE. SO
21 IT SEEMS TO ME STRETCHING THIS PROCESS OUT
22 UNNECESSARILY. IF ZACH IS CHARGED WITH BRINGING
23 FORWARD A STRATEGIC PLAN, EVERYBODY ON THIS PANEL,
24 HOPEFULLY NOT ME INCLUDED, WILL HAVE A CHANCE TO
25 CRITIQUE IT. AND THAT THERE WILL BE AN ITERATIVE

1 PROCESS IN WHICH IF PEOPLE ON THE ADVOCACY GROUPS FEEL
2 THAT THE PLAN DOESN'T ADDRESS THEIR NEEDS OR THEIR
3 CONCERNS, THAT WILL FEED BACK. IF THE BIOTECH
4 COMMUNITY FEELS IT DOESN'T ADDRESS THEIR CONCERNS OR
5 THEIR INTERESTS, THAT WILL FEED BACK. AND IT WILL BE A
6 SOMEWHAT ITERATIVE PROCESS, BUT THE RESPONSIBILITY FOR
7 COMING UP WITH THE PLAN HAS TO BE INVESTED IN THE
8 PERSON YOU HIRED TO DO THAT. I DON'T UNDERSTAND WHY
9 THIS BOARD HAS TO BE -- IN FACT, AS I READ THIS THING,
10 IT ALMOST MADE ZACH A SORT OF A LOW LEVEL MEMBER OF
11 THIS SUBCOMMITTEE, THE WAY I READ IT.

12 AND I THINK THAT'S ACTUALLY THE OPPOSITE OF
13 WHAT YOU ACTUALLY WANT TO HAVE AS A SYSTEM THAT WORKS
14 HERE. HE'S THE EXECUTIVE OFFICER TO RUN THIS INSTITUTE
15 AND DEVELOP A STRATEGIC PLAN. THIS IS THE EQUIVALENT
16 OF A BOARD OF DIRECTORS, BOARD OF TRUSTEES TO RESPOND
17 TO THAT PLAN. THEY CAN MAKE SUGGESTIONS, OBJECT.
18 ZACH'S GOT TO TAKE THAT KIND OF FEEDBACK IN HAND AND
19 COME BACK WITH A PLAN WHICH EVERYBODY ACCEPTS. THAT
20 SEEMS TO ME THE LOGICAL PROCESS. I DON'T SEE HOW YOU
21 ARE GOING AGAINST YOUR CONSTITUENCY GIVING UP YOUR
22 RESPONSIBILITY. THE FINAL RESPONSIBILITY IS THE ICOC.
23 IT SEEMS TO ME THAT'S PERFECTLY LOGICAL. I'M ONLY --

24 CHAIRMAN KLEIN: DR. BERG.

25 DR. BERG: I THINK THAT'S WHAT PHIL PIZZO

1 WOULD HAVE SAID IF HE WERE HERE.

2 CHAIRMAN KLEIN: I THINK WE'VE HAD A VERY
3 EXCELLENT BOARD COMMENT. I AM DEEPLY APPRECIATIVE OF
4 THE LEVEL OF COMMITMENT OF THIS BOARD. WE HAVE TO HAVE
5 JON SHESTACK, AND THEN WE'RE GOING TO HAVE SOME PUBLIC
6 COMMENT. PLEASE.

7 MR. SHESTACK: BOB, MAYBE YOU COULD JUST
8 CLARIFY BECAUSE IN LOOKING AT THE MEETINGS, THIS
9 PROPOSAL HAS BEEN IN THE WORKS FOR SOME TIME. AND IT
10 WAS DISCUSSED AT THE LAST MEETING, AND THEN IN THE
11 INTERIM DISCUSSED, AND CLEARLY TIME IS PUT TOGETHER, 22
12 PEOPLE VOLUNTEERED, 14 PEOPLE WERE CULLED DOWN, AND I
13 HAVE MAYBE MISTAKENLY ASSUMED THAT YOU WERE ONE OF THE
14 CHIEF ADVOCATES OF DOING IT THIS WAY, OF INVOLVING
15 CONSTITUENCIES OF THE BOARD IN A MUCH MORE SORT OF
16 PROACTIVE ACTIVE INVOLVEMENT IN THE STRATEGIC PLANNING
17 PROCESS. SO I WOULD ASK YOU TO -- NOW SUDDENLY AFTER
18 IT'S BEEN IN THE AIR FOR MORE THAN 30 DAYS, MANY PEOPLE
19 ARE OBJECTING TO IT. OH, THIS IS A TERRIBLE IDEA.

20 I'M NOT SURE, BUT I CAME PREPARED TO SUPPORT
21 IT, AND I STILL SUPPORT IT, AND I ALSO THINK THERE IS A
22 DANGER WHEN ALL THE POSITIONS, ACADEMIC ADVOCACY,
23 INDUSTRY ARE NOT TALKING TO EACH OTHER, TALKING ONLY TO
24 A CENTRAL PERSON WHO THEN FILTERS THEIR NEEDS. I THINK
25 ACTUALLY YOU NEED TO HAVE AN ACTIVE DISCUSSION BETWEEN

1 THESE CONSTITUENCIES.

2 PLEASE EXPLAIN TO US WHAT YOU WERE THINKING
3 WHEN THIS WAS GENERATED, AND WHY NOW YOU SEEM NOT AS
4 PASSIONATELY IN FAVOR OF IT.

5 CHAIRMAN KLEIN: FAIR QUESTION. VERY
6 BASICALLY, SHORT OF THE WHOLE BOARD HAVING NUMEROUS
7 DAYS ALL THE WAY THROUGH THE PROCESS COMMITTED TO THE
8 STRATEGIC PLAN, THE CONCEPT HAS BEEN TO HAVE A MAJOR
9 SUBCOMMITTEE THAT REPRESENTED ALL THE CONSTITUENCIES TO
10 PROVIDE THE ASSURANCE OF PARTICIPATION AND FULL
11 PARTICIPATION BY ALL THE CONSTITUENCIES WITH BRINGING
12 BACK TO THE BOARD FOR FULL DISCUSSION, BUT NOT HAVING
13 THE ENTIRE BOARD IN ALL OF THESE. CLEARLY THERE'S
14 NEVER BEEN ANY QUESTION THAT, AND I BELIEVE THAT ED
15 PENHOET IS ABSOLUTELY RIGHT, THEY'RE COMPLETELY
16 SEPARATE ISSUES. WHATEVER THE PLAN IS, THE PRESIDENT
17 CREATES THE STRATEGIC PLAN AND BRINGS IT TO THE BOARD.

18 THE ONLY ISSUE IS HOW DO WE INSTITUTIONALLY
19 ASSURE THAT THERE IS A FULL PARTICIPATION BY ALL THE
20 CONSTITUENCIES. WHAT YOU AND OTHERS HAVE OBJECTED TO
21 QUITE CLEARLY IS THAT IF THERE'S ONLY A PROCESS WITHOUT
22 ANY STRUCTURE, WHERE THERE IS OUTREACH, NO ONE KNOWS
23 WHETHER EACH CONSTITUENCY WILL HAVE AN ABILITY IN A
24 PUBLIC SESSION TO HAVE A DEBATE ON ITS ISSUES WITHOUT
25 TAKING THE WHOLE BOARD THROUGH THE PROCESS.

1 SO I FEEL THAT GIVEN OUR CALENDAR AND THE
2 OTHER CHALLENGES FACING US, THAT CREATING THE
3 SUBCOMMITTEE IS THE MOST EFFICIENT SOLUTION. I
4 ABSOLUTELY FEEL THE PRESIDENT HAS TO CREATE THE
5 STRATEGIC PLAN AND BRING IT TO THE COMMITTEE, BUT
6 WORKING WITH THE CONSTRAINTS OF BAGLEY-KEENE, WORKING
7 WITH OUR SCHEDULES, THIS APPEARED TO BE THE PREFERRED
8 OUTCOME. BUT I WANT TO BE VERY CLEAR THAT THE
9 CHAIRMAN, THERE'S EXTRAORDINARY ABILITY HERE, AND
10 CERTAINLY IF THE WHOLE BOARD WANTS TO GO THROUGH THOSE
11 SESSIONS AND POTENTIALLY DROP BACK IN THE MONTHLY
12 MEETINGS, WE CAN ACCOMPLISH THIS ALONG WITH OUR OTHER
13 OBJECTIVES. I'M ALWAYS GOING TO DEFER TO THE WHOLE
14 BOARD, AND IT IS PARTICULARLY WHEN WE HAVE A SITUATION
15 WITH 23 MEMBERS WHO WANT TO PARTICIPATE.

16 DR. LEVEY: I HOPE SOMEBODY WILL CALL THE
17 QUESTION PRETTY SOON AND WE CAN GET A VOTE. I WOULD
18 SAY THAT I HOPE THAT AFTER HOW LONG WE'VE BEEN
19 TOGETHER, I GUESS IT'S NOW ALMOST 18 MONTHS, I WOULD
20 HOPE THAT THE BOARD IS NOT SO BALKANIZED THAT WE THINK
21 ABOUT WHO WE REPRESENT AND HOW WE GOT HERE. I THINK
22 NOW THAT WE'RE A BOARD, WE'RE SUPPOSED TO BE THINKING
23 LIKE WE ALL HAVE THE SAME GOAL, THE SAME PURPOSE. AND
24 I WOULD HOPE THAT THE GOAL IS TO FURTHER STEM CELL
25 RESEARCH IN THE STATE OF CALIFORNIA, NOT WHETHER

1 ACADEMIA IS BEING SERVED BETTER IN THE PROCESS OR
2 INDUSTRY OR WHAT HAVE YOU. SO I HOPE THAT WE DON'T GET
3 INTO A SITUATION WHERE WE HAVE US AGAINST THEM ON THE
4 BOARD. I HOPE WE ALL FEEL WE HAVE A COMMON MISSION. I
5 THINK WE FEEL THAT WAY. SOMETIMES IT GETS A LITTLE BIT
6 NERVOUS WHEN WE GET INTO SOME OF THESE DISCUSSIONS.

7 CHAIRMAN KLEIN: I'D LIKE TO POINT OUT THAT
8 THE CONSTITUENCIES HAVING THEIR POINTS ON THE TABLE IS
9 MEANT IN THE BEST SENSE OF THE PROCESS. I WOULD POINT
10 OUT THAT JEFF SHEEHY AT THE LAST FACILITIES GROUP
11 MEETING WAS COMMENTING ON HOW IMPORTANT IT WAS TO GET
12 BIOTECH INVOLVED AND PRIVATE FIRMS INVOLVED VERY EARLY
13 IN THE PROCESS BECAUSE OF THEIR RESEARCH CAPACITY AND
14 BECAUSE OF GETTING THEM ENGAGED IN LOOKING AT THE
15 POTENTIAL OF CLINICAL TRIALS AND RAISING FUNDS FOR
16 THOSE CLINICAL TRIALS. SO HE WAS ADVOCATING THAT THE
17 BIOTECH SECTOR NEEDED A GREATER INVOLVEMENT AT AN
18 EARLIER DATE.

19 SO REGARDLESS OF WHO THE PERSON IS SPEAKING
20 FROM AND WHAT THEIR BACKGROUND MAY BE, THEY MAY BE
21 REACHING OUT TO EMBRACE ANOTHER CONSTITUENCY THAT FROM
22 THEIR VIEWPOINT SHOULD BE ELEVATED AND IN THE BEST
23 SENSE OF WORKING TOGETHER AS A TEAM FOR THE BENEFIT OF
24 PATIENTS IN CALIFORNIA.

25 SHOULD WE GO TO -- IS THERE COMMENTS FROM THE

1 AUDIENCE?

2 MS. DELAURENTIS: SUSAN DELAURENTIS FROM THE
3 ALLIANCE FOR STEM CELL RESEARCH. I JUST WANT TO SAY
4 IT'S BEEN GREAT HEARING EVERYONE TALK ABOUT THIS FOR SO
5 LONG TODAY BECAUSE FROM THE PATIENT COMMUNITY'S
6 PERSPECTIVE, THIS IS WHAT THIS GROUP IS ABOUT. AND
7 THIS IS WHAT THE SEVEN MILLION VOTERS VOTED FOR. IT'S
8 ABOUT THE PROMISE OF SCIENCE. SO THIS PLAN THAT YOU
9 ARE TALKING ABOUT IS CRITICAL TO ALL OF THESE PEOPLE
10 WHO ARE LOOKING AT THE HOPE THAT THESE TREATMENTS OF
11 THE SCIENCE WILL BRING TO THEM. AND SO WE JUST
12 ENCOURAGE YOU TO ALSO THINK ABOUT THE PATIENT'S
13 PERSPECTIVE.

14 I THINK THAT I LIKED HEARING DR. HALL TALKING
15 TO DIFFERENT PATIENT GROUPS, BUT I WOULD LIKE TO
16 ENCOURAGE YOU TO HAVE PATIENT ADVOCATES ON EVERY GROUP,
17 NOT JUST A GROUP OF PATIENT ADVOCATES WHO WILL GIVE YOU
18 THEIR INPUT ON GLOBAL ISSUES, BUT TO HAVE THEIR
19 PERSPECTIVE BECAUSE THEY HAVE SUCH UNIQUE PERSPECTIVES
20 BECAUSE IT'S THEIR LIVES THAT ARE REALLY BEING IMPACTED
21 BY THIS.

22 AND I WOULD ALSO JUST LIKE TO TALK ABOUT THE
23 TIMELINE FOR THIS BECAUSE I LIKE DR. POMEROY'S
24 SUGGESTION OF A SIX-MONTH TASK FORCE POTENTIALLY. I'M
25 WORRIED THAT THIS WILL DRAG OUT FOR MONTHS AND MONTHS

1 AND MONTHS BECAUSE OF THE ENORMOUS AMOUNT OF WORK THAT
2 YOU HAVE. AND YOU HAVE ACCOMPLISHED A GREAT DEAL IN
3 TERMS OF THE ADMINISTRATIVE AND INFRASTRUCTURE ISSUES,
4 BUT THAT NOW I HOPE IT CAN MOVE ON A MUCH FASTER
5 TIMELINE.

6 MR. REED: WHEN THIS BEGAN, I REALLY WONDERED
7 HOW IT WOULD BE POSSIBLE FOR 29 LEADERS TO WORK
8 TOGETHER. AND EVERY STEP OF THE WAY HAS BEEN KIND OF
9 CLUNKY BECAUSE IT'S VERY INCLUSIVE, A LITTLE AWKWARD,
10 AND MAGNIFICENT BECAUSE IT HAS WORKED AT EVERY STEP OF
11 THE WAY. I THINK THAT WHAT YOU ARE DOING IS WORKING.
12 EVERYBODY IS INCLUDED. IT'S AWKWARD, IT'S CLUNKY, AND
13 IT'S WORKING FANTASTICALLY.

14 I WOULD WONDER IF IT'S POSSIBLE TO STRUCTURE
15 A MEETING AROUND A DATE BECAUSE EVERYBODY WANTS TO BE
16 INVOLVED IN THIS MOST CRUCIAL PART. WHY NOT JUST SET
17 UP A DATE, AND THEN ZACH LEADS THE MEETING, AND THOSE
18 WHO CAN COME COME, AND THOSE THAT CANNOT WAIT.
19 WHATEVER YOU DECIDE, WE HAVE CONFIDENCE IN YOU. YOU
20 WERE PICKED FOR A REASON, AND YOU'RE DOING IT. THANK
21 YOU.

22 CHAIRMAN KLEIN: OKAY. ANY OTHER COMMENTS
23 FROM THE PUBLIC? SEEING NO OTHER COMMENTS FROM THE
24 PUBLIC, WE HAVE A MOTION. AND CLARITY IS VERY
25 IMPORTANT. DR. LEVEY, COULD YOU STATE, BEFORE I CALL

1 THE QUESTION, STATE FOR PURPOSES OF TRYING IN YOUR
2 INITIAL MOTION TO GET A DECISION ON ZACH'S PIVOTAL ROLE
3 AND LEADERSHIP IN SUBMITTING THIS STRATEGIC PLAN, OR
4 ARE YOU TRYING TO ALSO ADDRESS ANY OTHER ISSUES?

5 DR. LEVEY: PRIMARY PURPOSE WAS THAT.

6 CHAIRMAN KLEIN: THAT MAKES THE MOTION EASIER
7 FOR ALL OF US TO UNDERSTAND. SO I WOULD CALL THE
8 QUESTION.

9 DR. STEWARD: COULD YOU READ THE MOTION?

10 CHAIRMAN KLEIN: LET'S DO THIS. LET'S TAKE A
11 FIVE-MINUTE COMFORT BREAK TO ALLOW THE STAFF TO PUT THE
12 MOTION DOWN.

13 (A RECESS WAS TAKEN.)

14 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH.
15 IF WE COULD ALL RECONVENE, PLEASE. OKAY. THANK YOU
16 VERY MUCH. WE'RE GOING TO RECONVENE THE BOARD. LET IT
17 BE SAID THAT THIS BOARD HAS EXTRAORDINARILY HEALTHY
18 DISCUSSIONS. ALL RIGHT.

19 SOME GOOD NEWS FOR EVERYONE. THE TRIAL DATE
20 IS SET FOR FEBRUARY 27TH, MUCH EARLIER THAN THEY HAD
21 THOUGHT.

22 (APPLAUSE.)

23 CHAIRMAN KLEIN: WHEN THE JUDGE SAID
24 EXPEDITE, SHE MEANT REALLY EXPEDITE AND VERY
25 THOUGHTFUL.

1 DR. BERG: IT COULD HAVE BEEN NEXT WEEK, BOB.

2 CHAIRMAN KLEIN: PAUL, WE CAN'T ALWAYS MEET
3 THE EXPECTATIONS OF NOBEL PRIZE WINNERS, BUT THIS IS A
4 GREAT SOLUTION. HAVING A WHOLE YEAR WHEN THE
5 PLAINTIFFS HAD ABILITY TO BRING TOGETHER EVIDENCE AND
6 THE JUDGE RECOGNIZED PLENTY OF TIME TO FIGURE OUT THEIR
7 CASE.

8 MELISSA, COULD YOU READ US DR. LEVEY'S
9 MOTION, PLEASE.

10 MS. KING: DR. LEVEY MOVES THAT THE CIRM
11 PRESIDENT AND HIS STAFF WILL BE CHARGED WITH DEVELOPING
12 THE STRATEGIC PLAN AND, GIVEN THAT DIRECTION, HAS THE
13 AVAILABILITY OF THE ENTIRE BOARD TO USE AS CONSULTANTS
14 AND WILL FORM A STRATEGIC PLAN THAT ULTIMATELY COMES
15 BACK TO THE ENTIRE BOARD FOR DISCUSSION AND APPROVAL.
16 NOT ADDRESSING THE SEPARATE ISSUE OF A SUBCOMMITTEE OR
17 NOT.

18 CHAIRMAN KLEIN: OKAY. THANK YOU. THAT IS
19 THE MOTION BEFORE US. ARE WE PREPARED FOR A VOTE? WE
20 HAVE A ROLL CALL VOTE.

21 DR. HALL: YOU'RE OKAY THAT THAT OMITTS THE
22 AMENDMENT? IS THAT ALL RIGHT?

23 DR. FRIEDMAN: THE AMENDMENT WAS TO SAY --

24 DR. HALL: THAT I WOULD CONSULT FAIRLY WITH
25 EVERYBODY. SO WE'LL JUST ASSUME THAT THAT WILL HAPPEN.

1 DR. FRIEDMAN: YOU' LL BE HELD ACCOUNTABLE NO
2 MATTER WHAT.

3 DR. HALL: I WILL BE HELD ACCOUNTABLE. I
4 UNDERSTAND THAT.

5 CHAIRMAN KLEIN: WE HAVE A CLARIFYING
6 COMMENT. THANK YOU. WE HAVE A ROLL CALL VOTE THAT'S
7 BEEN CALLED FOR. CAN WE READ THE ROLL.

8 AND I WOULD ALSO POINT OUT THAT AFTER THIS
9 MOTION, IF THERE ARE THOSE ON THE BOARD THAT WANT TO
10 BRING A MOTION TO SUBSTITUTE IN THE SUBCOMMITTEE, THEY
11 CAN DO SO. IT DOESN'T OBIVATE A LATER MOTION TO MODIFY
12 THIS MOTION. THIS IS THE MOTION BEFORE US.

13 MS. KING: PAUL JENNINGS.

14 DR. JENNINGS: APPROVE.

15 MS. KING: BOB PRICE.

16 DR. PRICE: YES.

17 MS. KING: DAVID MEYER.

18 DR. MEYER: IN FAVOR.

19 MS. KING: SUSAN BRYANT.

20 DR. BRYANT: YES.

21 MS. KING: MARCY FEIT.

22 MS. FEIT: YES.

23 MS. KING: MICHAEL FRIEDMAN.

24 DR. FRIEDMAN: YES.

25 MS. KING: MICHAEL GOLDBERG.

1 MR. GOLDBERG: YES.
2 MS. KING: BRIAN HENDERSON.
3 DR. HENDERSON: YES.
4 MS. KING: ED HOLMES.
5 DR. HOLMES: YES.
6 MS. KING: DAVID KESSLER IS ABSENT. BOB
7 KLEIN.
8 CHAIRMAN KLEIN: YES.
9 MS. KING: SHERRY LANSING.
10 MS. LANSING: YES.
11 MS. KING: GERALD LEVEY.
12 DR. LEVEY: YES.
13 MS. KING: TED LOVE. RICHARD MURPHY.
14 DR. MURPHY: YES.
15 MS. KING: TINA NOVA.
16 DR. NOVA: YES.
17 MS. KING: ED PENHOET.
18 DR. PENHOET: YES.
19 MS. KING: PAUL BERG.
20 DR. BERG: YES.
21 MS. KING: CLAIRE POMEROY.
22 DR. POMEROY: YES.
23 MS. KING: FRANCISCO PRIETO.
24 DR. PRIETO: YES.
25 MS. KING: JEANNIE FONTANA.

1 DR. FONTANA: YES.

2 MS. KING: JOAN SAMUELSON.

3 MS. SAMUELSON: NO.

4 MS. KING: DAVID SERRANO-SEWELL.

5 MR. SERRANO-SEWELL: NO.

6 MS. KING: JEFF SHEEHY IS ABSENT. JONATHAN

7 SHESTACK.

8 MR. SHESTACK: NO.

9 MS. KING: OSWALD STEWARD.

10 DR. STEWARD: YES.

11 MS. KING: LEON THAL.

12 DR. THAL: YES.

13 MS. KING: GAYLE WILSON.

14 MS. WILSON: YES.

15 MS. KING: JANET WRIGHT.

16 DR. WRIGHT: YES.

17 CHAIRMAN KLEIN: OKAY.

18 DR. POMEROY: ONE OTHER PIECE THAT WE HAD

19 TALKED ABOUT WAS THAT ZACH WOULD BRING BACK TO THE NEXT

20 MEETING A PLAN FOR THE PLAN. AND I WOULD LIKE TO MOVE

21 THAT WE ASK DR. HALL TO BRING US A PLAN FOR A PLAN AT

22 THE NEXT MEETING.

23 CHAIRMAN KLEIN: IS THAT A MOTION?

24 DR. POMEROY: THAT'S A MOTION.

25 CHAIRMAN KLEIN: IS THERE A SECOND?

1 DR. BRYANT: SECOND.

2 CHAIRMAN KLEIN: ANY DISCUSSION OF THE
3 MOTION?

4 DR. PRIETO: I VOTED FOR THIS MOTION SOMEWHAT
5 RELUCTANTLY AS I RECOGNIZE THAT PRESIDENT AND STAFF
6 HAVE TO COME UP WITH THE OUTLINE OF A PLAN AND THAT
7 THEY ARE FAMILIAR WITH THE STRUCTURE OF SUCH A PLAN,
8 BUT I'M ALSO CONCERNED THAT PROPOSITION 71 WAS SET UP
9 DIFFERENTLY, IS DIFFERENT AND DIFFERENT FOR A REASON.
10 THIS RESEARCH, WE ALL BELIEVE, HAS THE POTENTIAL TO
11 COMPLETELY CHANGE THE PARADIGM OF CHRONIC DISEASE. I
12 THINK THIS IS WHY THE DISEASE COMMUNITIES AND PATIENT
13 ADVOCATES WERE INVOLVED AND INVOLVED AT THIS LEVEL, NOT
14 JUST AS PART OF THE CAMPAIGN AND NOT JUST AS
15 SUPPORTERS, BUT AS AN INTEGRAL PART OF THE BOARD,
16 ALMOST HALF OF THE BOARD.

17 I KNOW THAT THE ACADEMIC COMMUNITY IS
18 FAMILIAR WITH THE PROCESS AS IT CURRENTLY EXISTS AND
19 WITH STRATEGIC PLANS, BUT MY CONCERN IS HOW WILL THE
20 PATIENT ADVOCATE COMMUNITY, HOW WILL THE BIOTECH
21 COMMUNITY BE INVOLVED FROM THE BEGINNING IN DEVELOPING
22 THIS STRATEGIC PLAN IN DECIDING WHAT DIRECTIONS WE TAKE
23 BECAUSE I THINK THAT'S OUR REASON FOR BEING HERE. I
24 HOPE WE'LL COME UP WITH SOMETHING WHETHER IT'S A TASK
25 FORCE OR THE SUBCOMMITTEE STRUCTURE THAT

1 INSTITUTIONALIZES OUR PARTICIPATION AT THAT VERY FIRST
2 LEVEL.

3 CHAIRMAN KLEIN: OKAY.

4 DR. STEWARD: I ACTUALLY WANT TO AMPLIFY ON
5 THAT A BIT ALSO. I TOO WAS SENSITIZED TO MANY OF THE
6 COMMENTS OF INDIVIDUALS ON THE BOARD WHO WERE THE
7 PATIENT ADVOCATES, BUT IT'S NOT REALLY THE ADVOCACY OF
8 A PARTICULAR GROUP THAT'S IMPORTANT HERE. WHAT WE'RE
9 TALKING ABOUT IS A DIFFERENT POINT OF VIEW. AND I
10 GUESS I WOULD SAY I'M A LITTLE CONCERNED ABOUT THE PLAN
11 TO SAMPLE BOARD OPINION INDEPENDENTLY. I'VE LEARNED A
12 GREAT DEAL FROM THE DISCUSSIONS THIS MORNING, AND I
13 THINK WE ALWAYS LEARN A GREAT DEAL FROM DISCUSSIONS
14 WITH THE GROUP HERE BECAUSE OF THE DIFFERENCES OF
15 POINTS OF VIEW. SO RATHER THAN SORT OF THE INDIVIDUAL
16 SAMPLING, I WOULD HOPE THAT WE ACTUALLY AS A BOARD ARE
17 WILLING TO HAVE ADDITIONAL MEETINGS TO DISCUSS THE
18 BASICS OF A STRATEGIC PLAN VERY, VERY EARLY IN THE
19 PROCESS AND REALLY LONG BEFORE THERE'S A DOCUMENT
20 AVAILABLE WITH SPECIFIC POINTS, REALLY JUST A
21 FREE-RANGING, OPEN DISCUSSION OF WHAT THE BASIC
22 ELEMENTS OF THE PLAN OUGHT TO BE.

23 DR. HALL: LET ME JUST SAY THAT I CERTAINLY
24 DIDN'T MEAN THAT TO BE EXCLUSIVE OF OTHER BOARD
25 ENGAGEMENT, AND I WOULD HOPE THAT AT MANY MEETINGS,

1 BOTH FOCUSED MEETINGS AND LARGER MEETINGS, THAT WE
2 WOULD HAVE AN OPPORTUNITY TO HEAR THIS, BUT THE
3 EXPERTISE OF THE BOARD CAN HARDLY BE CAPTURED. WHAT MY
4 HOPE IS THAT WE CAN GIVE PEOPLE A FULL HOUR OR MORE TO
5 SAY WHAT THEIR THOUGHTS WERE, AND THEN THAT WE WOULD
6 HAVE AN OPPORTUNITY IN THAT SENSE TO HEAR OUT VARIOUS
7 PEOPLE, AND THEN THAT IS INFORMATION THAT COMES INTO
8 US, WE GET FRESH IDEAS, WE WILL COLLECT INFORMATION
9 FROM A VARIETY OF SOURCES.

10 IT SEEMS TO ME THAT IN THAT FORMAT THAT BOARD
11 MEMBERS WOULD BE ABSOLUTELY IN THAT GROUP, AND THEN WE
12 WILL, HOWEVER, NOT CONFINE OURSELVES. THE INTENT IS
13 NOT TO ISOLATE AND SEPARATE PEOPLE IN ANY WAY, BUT TO
14 GIVE THEM A CHANCE TO HAVE A FULL VOICE ON THESE ISSUES
15 BECAUSE IT IS CLEAR, AND I THINK IT'S CLEAR FROM THE
16 DISCUSSION THIS MORNING, THIS IS AN ISSUE THAT MANY
17 PEOPLE FEEL VERY PASSIONATELY ABOUT.

18 THIS IS AN ISSUE IN WHICH MANY OF YOU HAVE
19 HAD EXPERIENCE WITH GRANT-GIVING ORGANIZATIONS,
20 PARTICULARLY THOSE IN THE PATIENT ADVOCACY COMMUNITY,
21 SO YOU'VE HAD EXPERIENCE SO YOU KNOW WHAT HAS WORKED IN
22 THOSE SITUATIONS, AND ALSO WE HAVE EXPERTISE RANGING
23 ALL THE WAY FROM THOSE WHO HAVE BEEN ACTIVE IN CLINICAL
24 RESEARCH, SUCH AS DR. THAL, TO NOBEL PRIZE WINNING
25 BASIC SCIENCE RESEARCH. I THINK WE JUST WANT TO GET

1 SORT OF THE FULL DEPTH OF VIEWS FROM THE VERY WIDE
2 RANGE OF EXPERTISE AND OPINION ON THE BOARD AS A KIND
3 OF STARTING MATERIAL AS WE THEN GO IN TO PUT THINGS
4 TOGETHER.

5 AND I THINK THERE WILL BE PLENTY OF TIME, I
6 WOULD HOPE, AND WANT THERE TO BE PLENTY OF TIME FOR
7 MUTUAL DISCUSSION BECAUSE I THINK WE DO LEARN FROM EACH
8 OTHER. I THINK THAT'S BEEN ONE OF THE LESSONS OF CIRM.
9 IT'S PLAYED OUT BOTH AT THE ICOC MEETING, IT'S BEEN
10 PLAYED OUT IN THE WORKING GROUPS, AND I THINK IT'S VERY
11 IMPORTANT.

12 MS. LANSING: I JUST WANT TO SAY I THINK ON
13 BEHALF OF ALL OF US YOU CAN FEEL THE GREAT DESIRE THAT
14 WE ALL HAVE TO BE INVOLVED. AND I HAVE ALWAYS FOUND
15 ZACH TO BE ACCESSIBLE AND EASY TO REACH AND EASY TO
16 TALK TO. SO I THINK I WANT TO SAY TO ALL OF US AS A
17 BOARD MEMBER IT'S OUR RESPONSIBILITY AS WELL. ALL WE
18 HAVE TO DO IS PICK UP THE PHONE AND SAY, "ZACH, I'D
19 LIKE TO COME AND SEE YOU. I WANT TO SHARE SOME OF MY
20 IDEAS WITH YOU, OR CAN I DO IT OVER THE PHONE?" I JUST
21 WANT TO SAY THAT THERE'S NOTHING THAT STOPS US FROM
22 DOING THAT. THAT'S NOT BAGLEY-KEENE, IT'S NOT SERIAL
23 MEETINGS, AND SO I THINK THAT WE CAN BE AS MUCH
24 INVOLVED IN A COLLABORATIVE WAY AS WE CHOOSE TO. AND I
25 KNOW THAT ZACH WELCOMES THAT, AND I ENCOURAGE ALL OF US

1 TO DO SO THAT NOBODY FEELS LEFT OUT.

2 AND THEN, OF COURSE, I THINK WHAT WE'RE ALSO
3 HEARING IS THAT WE WANT AMPLE TIME TO BE ABLE TO
4 DISCUSS EVERYTHING, AND THERE'S NO REASON WHY WE
5 SHOULDN'T HAVE THAT AND WE SHOULDN'T HAVE THE MATERIAL
6 IN AMPLE TIME TO GET IT DONE.

7 DR. HALL: I THINK SOMEBODY MENTIONED AN
8 ALL-DAY MEETING AT SOME POINT, IF THAT BECOMES
9 NECESSARY, I THINK THAT WOULD BE FINE. THAT WOULD BE
10 TERRIFIC.

11 CHAIRMAN KLEIN: I WOULD SPECIFICALLY LIKE TO
12 ENCOURAGE DR. HALL'S LAST SUGGESTION OF AN ALL-DAY
13 MEETING BECAUSE IT'S VERY IMPORTANT AND PROPOSITION 71
14 ANTICIPATES A PUBLIC DISCUSSION OF ALL OF THESE
15 STRATEGIC PLAN OBJECTIVES. AND IN ORDER TO MAKE SURE
16 WE'RE GETTING THE INTENT OF BAGLEY-KEENE AND THE INTENT
17 OF THE INITIATIVE TO HAVE THE PATIENT ADVOCACY POINT OF
18 VIEW, THE BIOTECH POINT OF VIEW, RESEARCH INSTITUTION,
19 HOSPITAL POINT OF VIEW, ALL LAID IN PUBLIC AND
20 DISCUSSED IN PUBLIC AND WORKED OUT IN PUBLIC IS
21 EXTRAORDINARILY IMPORTANT TO THE PROCESS. AS OS
22 STEWARD SAYS AND DR. PRIETO SAYS, I THINK IT
23 INSTITUTIONALIZES FOR THE PUBLIC A VERY HEALTHY
24 DISCUSSION FOR THE PUBLIC TO SEE HOW THIS PLAN DEVELOPS
25 WITH ALL OF THOSE OPINIONS INTERPLAYED AGAINST EACH

1 OTHER AND WORKED INTO A MEANINGFUL STRATEGIC PLAN.

2 DR. HALL WILL HAVE TO TAKE ALL OF HIS GREAT
3 WISDOM TO LEAD US THROUGH THE FOREST TO A STRATEGIC
4 PLAN THAT INTEGRATES THESE CONCEPTS, BUT THE ALL-DAY
5 MEETING WILL BE A GREAT START TO THAT PROCESS, IF
6 THAT'S DEEMED APPROPRIATE BY DR. HALL AFTER HE ANALYZES
7 THE OPTIONS.

8 IS THERE ANY OTHER --

9 MS. SAMUELSON: JUST ONE. I'D LIKE TO SECOND
10 CLAIRE'S REQUEST THAT ZACH BRING BACK A PLAN AT THE
11 NEXT MEETING. AND IF IT REQUIRES A MOTION, I'M HAPPY
12 TO SECOND IT. I HOPE THAT WE ARE NOT AS DIVIDED AS
13 THAT VOTE MAY HAVE SEEMED. I'M HOPING THAT SOME OF
14 THIS IS RHETORICAL AND THAT WE ALL WANT TO BE
15 MEANINGFULLY ENGAGED, TO USE MICHAEL'S PHRASE. I THINK
16 THERE ARE DIFFERENCES, BUT I'M HOPING THAT WE CAN
17 ARRIVE AT A CONSENSUS THAT SHOWS US TO BE ALL DEDICATED
18 WITH A GREAT SENSE OF URGENCY AT THE EARLIEST POSSIBLE
19 FOR EFFECTIVE THERAPIES AND CURES FROM THIS EXCITING
20 NEW TECHNOLOGY. WE NEED TO DO EVERYTHING WE CAN TO
21 MAKE THAT HAPPEN, AND THAT WE WILL BE VERY MEANINGFULLY
22 ENGAGED IN THE PROCESS. SO I'M HOPING THAT ONE WAY OF
23 CONTINUING TO REMAIN ENGAGED IS TO CONTINUE THIS
24 DISCUSSION AT THE NEXT MEETING.

25 CHAIRMAN KLEIN: CLAIRE, FOR CLARIFICATION,

1 WAS THAT A MOTION?

2 DR. POMEROY: YES.

3 CHAIRMAN KLEIN: THERE'S A MOTION AND THERE'S
4 A SECOND. MOTION AND SECOND ON THE TABLE. DISCUSSION
5 OF THE MOTION?

6 DR. BERG: I JUST WANT TO MAKE AN
7 OBSERVATION, IF I MAY. IT SEEMS TO ME THIS COMMITTEE
8 IS GOING TO BE CONFRONTED PERIODICALLY WITH COMING UP
9 WITH PLANS, ACTIONS, AND SO ON. AND IF EVERYTHING HAS
10 TO HAVE A PLAN TO DISCUSS HOW WE ARE GOING TO PLAN,
11 WHICH IS THEN GOING TO LEAD TO A PLAN, YOU GUYS ARE
12 GOING TO BE JUST STRANGLERED. I DON'T SEE ANY NEED FOR
13 HAVING ZACH COMING FORWARD WITH A PLAN. THERE'S PLENTY
14 OF OPPORTUNITY TO CRITIQUE THE PLAN AS IT COMES FORWARD
15 WITHOUT HAVING TO HAVE A PLAN FOR A PLAN.

16 DR. HALL: CAN I SPEAK TO THAT?

17 MS. SAMUELSON: I'D LIKE TO RESPOND TO THAT.

18 CHAIRMAN KLEIN: WE CAN TAKE THIS --
19 JONATHAN, I BELIEVE, HAD HIS HAND UP AFTER DR. BERG.
20 THEN WE'LL GO TO JOAN AND ASK DR. HALL TO ADDRESS IT.

21 MR. SHESTACK: DR. BERG, WITH ALL DUE
22 RESPECT, I WOULD ASK THAT YOU NOT GIVE UP THE ADVOCATE
23 COMMUNITIES' POSITION FOR IT ON FINDING OUT IN THE VERY
24 BEGINNING. WE DON'T WANT TO PUT THE STAFF TO UNDUE
25 STRESS OR EXTRA WORK OR MAKE WORK. WE'RE VERY AWARE OF

1 MAKE WORK. MANY OF US ARE ON FOUR DIFFERENT
2 COMMITTEES, SO WE COULDN'T POSSIBLY BE MORE AWARE OF
3 UNNECESSARY MOMENTUM. NONETHELESS, EARLY ON IN THIS
4 PROCESS, IT WOULD BE VERY USEFUL AND ADVANTAGEOUS, I
5 THINK, CERTAINLY FOR ME, TO HAVE A SENSE OF HOW ZACH
6 AND STAFF IS PLANNING TO REACH OUT TO VARIOUS
7 CONSTITUENCIES AND GROUPS WHO REPRESENT VARIOUS
8 EXPERTISE AND INCORPORATE THEIR THOUGHTS IN THE
9 STRATEGIC PLANNING PROCESS.

10 PLAN FOR A PLAN, I UNDERSTAND, CAN BE ABSURD;
11 BUT AT THIS POINT IN THE GAME, IT'S AN IMPORTANT THING
12 FOR MANY OF THE PEOPLE, I THINK, SITTING AT THE TABLE
13 WHO ARE ON THE STANDARDS WORKING GROUPS AND GRANTS
14 WORKING GROUPS AND HAVE A SENSE OF HOW THINGS ARE GOING
15 TO HAVE THAT INPUT FOR ONE TIME.

16 MS. SAMUELSON: IT'S A YEAR AND A MONTH SINCE
17 THE INITIATIVE WAS PASSED, AND THIS IS THE FIRST TIME
18 WE'RE ENGAGING ON THE BASIC WORK PRODUCT. SO I DON'T
19 THINK WE'VE BEEN DOING THIS IN THE PAST, AND I WOULDN'T
20 BE DOING IT ON EVERY LITTLE SUBISSUE. I THINK THIS IS
21 THE GUTS OF THE WORK THAT WE HAVE IN FRONT OF US AND
22 IT'S IMMENSELY IMPORTANT.

23 DR. HALL: I'D JUST LIKE TO RESPOND TO
24 DR. BERG'S COMMENT. THAT IS, THAT I THINK WHAT THE
25 DISCUSSION HAS SHOWN US THIS MORNING IS THAT WHAT'S AT

1 ISSUE HERE IS NOT JUST THE PLAN, BUT I THINK ALSO THE
2 PROCESS. AND I THINK THAT'S SOMETHING THAT MANY PEOPLE
3 ARE VERY CONCERNED WITH, SO I ACTUALLY THINK IT WOULD
4 BE A GOOD IDEA. AND I TALKED BEFORE ABOUT DOING THIS,
5 ABOUT PRESENTING THE BOARD WITH A PLAN FOR A PLAN, JUST
6 SAY LOOK, HERE'S HOW WE ARE GOING TO GO ABOUT IT. WE
7 MAY START SOME PARTS OF IT BEFORE THEN. OUR NEXT
8 MEETING IS NOT TILL FEBRUARY 1ST, SO WE MAY BE TAKING
9 SOME VERY EARLY STEPS, BUT THE IDEA WOULD BE AS EARLY
10 AS POSSIBLE TO SAY HERE'S HOW WE PLAN TO DO IT. AND
11 THEN IF THERE IS CONCERN OR ISSUES OR SUGGESTIONS OR
12 MODIFICATIONS, AS THEY VERY WELL MAY BE, WE CAN TAKE
13 THOSE INTO ACCOUNT. I DO THINK IT IS A CASE WHERE THE
14 PROCESS IS GOING TO BE AS IMPORTANT AS THE PRODUCT
15 ALMOST. AND IF WE GO THROUGH IT WITH A PROCESS THAT
16 DOESN'T LEAVE EVERYBODY FEELING HAPPY WITH THE PRODUCT
17 AND THE WAY IT WAS ARRIVED AT, I THINK WE WILL NOT HAVE
18 BEEN SUCCESSFUL. SO I'M QUITE HAPPY TO DO THAT, ABIDE
19 BY THE SUGGESTION.

20 MS. LANSING: CALL FOR THE QUESTION.

21 CHAIRMAN KLEIN: THERE'S A CALL FOR THE
22 QUESTION. PUBLIC COMMENT? NO PUBLIC COMMENT. CALL
23 THE QUESTION. I THINK WE COULD POTENTIALLY DO THIS ON
24 A VOICE VOTE. IS THAT ACCEPTABLE? ALL IN FAVOR.
25 OPPOSED?

1 SINCE WE HAVE AN EASY TOPIC NEXT, WHICH IS
2 THE IP TASK FORCE SUBCOMMITTEE, I WOULD HOPE THAT WE
3 COULD MOVE OUT OF ORDER AND ADJOURN INTO EXECUTIVE
4 SESSION FOR THE CLOSED SESSION ON LITIGATION AND
5 DISCUSSION OF PERSONNEL. ZACH, WOULD YOU LIKE TO GIVE
6 US DIRECTION BEFORE WE DO THAT?

7 DR. HALL: NO. JUST A QUESTION. JUST TO
8 HELP ME OUT, WHAT IS THE STATUS, THEN, OF THE
9 SUBCOMMITTEE?

10 CHAIRMAN KLEIN: UNTIL YOU COME WITH A PLAN,
11 YOUR PLAN COULD INCLUDE A SUBCOMMITTEE OR NOT INCLUDE
12 IT. IT'S UP -- WE'RE GOING TO LOOK FOR YOUR PLAN.

13 DR. HALL: OKAY.

14 CHAIRMAN KLEIN: AND THAT ITEM COULD BE
15 BROUGHT UP WITH THE BOARD AT THE NEXT SESSION BASED
16 UPON WHAT -- THE BOARD COULD INITIATE A SUBCOMMITTEE OR
17 DO IT AS THE WHOLE BOARD. THEY WANT TO SEE THE PLAN.

18 DR. HALL: OKAY. WOULD THE BOARD BE
19 COMFORTABLE, BECAUSE IT IS -- I REITERATED BEFORE. WE
20 WOULD LIKE TO DO AS MUCH AS POSSIBLE IN CONSULTATION
21 WITH THE BOARD. IT'S HARD TO INTERACT WITH THE WHOLE
22 BOARD. IT'S HARD TO INTERACT WITH A 14-MEMBER
23 COMMITTEE. WOULD IT BE POSSIBLE TO USE THE FIVE PEOPLE
24 THAT YOU IDENTIFIED AS LEADERSHIP AS A GROUP? ED
25 PENHOET THINKS THAT'S NOT A GOOD IDEA.

1 CHAIRMAN KLEIN: BAGLEY-KEENE-WISE WE CAN'T.

2 DR. HALL: CAN'T DO IT. OKAY. THANK YOU.

3 THAT'S ALL I NEED TO KNOW.

4 CHAIRMAN KLEIN: SO WE'RE GOING TO ADJOURN
5 INTO EXECUTIVE SESSION TO DISCUSS PENDING LITIGATION,
6 SPECIFICALLY PEOPLE ADVOCATES VS. INDEPENDENT CITIZEN'S
7 OVERSIGHT COMMITTEE, CONSOLIDATED WITH THE CALIFORNIA
8 FAMILY BIOETHICS COUNCIL VS. THE CALIFORNIA INSTITUTE
9 OF REGENERATIVE MEDICINE AND MARY SCOTT DOE VS. ALL OF
10 THE NAMED PARTIES. IN ADDITION, FOR DISCUSSION OF
11 PERSONNEL. AS APPROPRIATE, WE WILL REPORT BACK IN
12 PUBLIC SESSION OF ANY ACTION TAKEN.

13 AND THE LUNCH IS IN THE VISITOR'S CENTER. WE
14 NEED TO ALL EXPEDITIOUSLY FOLLOW THE LEADERSHIP OF
15 MELISSA KING.

16 (A RECESS WAS TAKEN.)

17 CHAIRMAN KLEIN: IT IS TO GREAT PUBLIC
18 ACCLAIM THAT WE WILL NOW HEAR FROM OUR VICE CHAIR, ED
19 PENHOET, ON INTELLECTUAL PROPERTY. IT IS A SUBJECT
20 THAT WILL GALVANIZE YOU. IT WILL THRILL AND AMAZE YOU,
21 ACCORDING TO DR. FRIEDMAN, BUT WE NEED YOUR ATTENTION
22 BECAUSE IT IS A VERY COMPLICATED SUBJECT.

23 PLEASE TELL US WHEN WE HAVE A QUORUM.

24 DR. PENHOET: WE HAVE A QUORUM. THE NEXT TWO
25 PRESENTATIONS INVOLVE AN AWFUL LOT OF SLIDES; AND AS

1 FAR AS I KNOW, CITY OF HOPE HAS NO ORTHOPEDIC
2 DEPARTMENT, NO CHIROPRACTY, AND NO MASSAGE, SO IF SOME
3 OF YOU ARE CONCERNED ABOUT THE CONDITION OF YOUR NECK
4 AT THE END OF THESE TWO PRESENTATIONS, PLEASE JOIN US
5 OVER HERE. YOU CAN SEE A LOT EASIER THAN WHERE YOU ARE
6 SITTING.

7 THE TITLE IS THERE. SOMETHING TO RECOGNIZE,
8 CONTRIBUTIONS OF THE SUBSET OF THIS GROUP, THE TEN
9 PEOPLE LISTED UP HERE WHO FORM THE IP TASK FORCE, AND
10 THANK THEM FOR THEIR HARD WORK. WE HAVE MET TWICE SO
11 FAR AND HAD A LOT OF READING MATERIAL IN BETWEEN.

12 WE HAVE TWO GOALS FOR OUR GROUP. ONE IS TO
13 DEVELOP SOME GUIDELINES OR PRINCIPLES THAT WILL BE
14 APPLIED TO TRAINING GRANTS SO THAT IF WE'RE IN A
15 POSITION OF HAVING RAISED THE BAN'S TO MAKE TRAINING
16 GRANTS, WE WOULD HAVE AT LEAST SOME INTERIM POLICIES.
17 I PREFER TO CALL THEM INTERIM PRINCIPLES BECAUSE, AS
18 YOU WILL SEE, IT'S NOT A FULLY DEVELOPED POLICY, BUT
19 THESE ARE PRINCIPLES UPON WHICH A POLICY WOULD BE
20 BASED. AND THEN THIS WORK WILL LEAD TO A FINAL
21 INTELLECTUAL PROPERTY POLICY. AND OUR GOAL FOR HAVING
22 THAT IN PLACE IS SOMETIME DURING THE SPRING OF 2006. I
23 WOULD SAY REALISTICALLY PROBABLY NOT THE FEBRUARY BOARD
24 MEETING, BUT THE BOARD MEETING AFTER THAT.

25 IF YOU LOOK AT THE WORK OF THE VARIOUS GROUPS

1 WHICH ARE TRYING TO GRAPPLE WITH THE ISSUES THAT WE
2 FACE IN ACTUALLY MAKING GRANTS AND ASKING OUR GRANTEES
3 TO COMMIT TO CERTAIN THINGS, THEY' RE SUMMARIZED ON THIS
4 SLIDE. YOU WILL SEE THIS SLIDE AGAIN WHEN ARLENE MAKES
5 HER PRESENTATION. THE IP TASK FORCE IS TRYING TO
6 GENERATE PRINCIPLES FOR TRAINING GRANTS. THE STANDARDS
7 WORKING GROUP IS CREATING INTERIM ETHICAL STANDARDS.
8 THOSE WILL BOTH FEED INTO, DIRECTLY OR INDIRECTLY, TO
9 AN INTERIM GRANTS ADMINISTRATION POLICY WHICH WILL BE
10 IN PLACE FOR MAKING THE TRAINING GRANTS. AND WHEN WE
11 MAKE GRANTS TO AN INSTITUTION, AS THEY DO TODAY WITH
12 ANY OTHER FUNDER, THEY WILL HAVE TO SIGN AN AGREEMENT
13 THAT SAYS THEY WILL ABIDE BY THESE POLICIES THAT ARE
14 PUT FORWARD BY THE CIRM.

15 OUR JOB ON THE IP TASK FORCE IS TO TRY TO
16 DEVELOP A DECENT SET OF PRINCIPLES WHICH WOULD BE
17 EMBODIED IN THE BROADER DOCUMENT THAT ARLENE WILL
18 DISCUSS FOLLOWING. SO THESE ARE THE TASK FORCE DATES
19 AS WE HAVE LED -- THAT HAVE ESSENTIALLY OCCUPIED OUR
20 TIME SINCE OCTOBER 25TH.

21 WE HAD THE FIRST IP TASK FORCE MEETING IN
22 SACRAMENTO ON OCTOBER 25TH SPECIFICALLY TO ALLOW PEOPLE
23 IN THE SACRAMENTO COMMUNITY, LEGISLATORS AND OTHERWISE,
24 TO ATTEND OUR MEETING EASILY AND TO EXPRESS THEIR
25 VIEWS.

1 THERE WAS A LEGISLATIVE HEARING IN SAN
2 FRANCISCO THAT WAS CALLED BY THE JOINT HEALTH COMMITTEE
3 OF THE SENATE AND THE ASSEMBLY. IT WAS A QUITE LONG
4 MEETING, BUT I THINK WE GOT SOME VALUABLE INPUT. A
5 NUMBER OF US ON THE COMMITTEE, ON THE TASK FORCE,
6 ATTENDED THAT MEETING AND TRIED TO UNDERSTAND AS MUCH
7 AS WE COULD AT THAT MEETING ABOUT THE VARIOUS PEOPLE'S
8 POSITIONS ON THIS ISSUE.

9 NOVEMBER 17TH WAS AN IMPORTANT DATE. THE
10 NATIONAL RESEARCH COUNCIL RELEASED A REPORT WHICH WE
11 HAVE EITHER SENT TO ALL OF YOU OR LEFT FOR YOUR READING
12 PLEASURE ON THE TABLE TODAY. THIS IS A VERY IMPORTANT,
13 I THINK, TASK FORCE THAT WAS GENERATED BY THE NRC IN
14 RESPONSE TO A REQUEST BY THE NATIONAL INSTITUTES OF
15 HEALTH THAT THE NRC LOOK AT THE WHOLE ISSUE OF
16 PATENTING GENES AND PROTEINS AND HOW THIS WHOLE FIELD
17 IS EMERGING AND WHAT SORT OF NEW FEDERAL POLICY SHOULD
18 BE IN PLACE TO ADDRESS THE WHOLE ISSUE OF PATENTING
19 GENES AND PROTEINS.

20 STEM CELLS PER SE WERE NOT THE SUBJECT OF
21 THIS REPORT. HAVING SAID THAT, FOR THOSE OF US WHO
22 HAVE READ IT, I THINK WE HAVE A UNIVERSAL VIEW THAT THE
23 PRINCIPLES ARTICULATED IN THAT REPORT ARE QUITE
24 APPLICABLE TO STEM CELLS. THEY'RE BROADLY UTILIZED AND
25 THEY HAVE FAR-REACHING IMPLICATIONS. THEY'RE GENERALLY

1 UPSTREAM KINDS OF THINGS THAT WE' LL LOOK AT. SO WE
2 TOOK THAT REPORT SERIOUSLY. WE ALL READ IT, AND I
3 THINK IT DOES HAVE A LOT OF GOOD INFORMATION. SO
4 WHETHER YOU' RE INTERESTED IN THAT REPORT FOR REASONS OF
5 THIS MISSION THAT WE' RE ALL PART OF HERE TODAY, JUST
6 GENERAL INFORMATION. IT' S A VERY WELL-DONE REPORT. I
7 WOULD COMMEND IT TO YOU FOR YOUR READING PLEASURE.

8 WE DID DEVELOP AT OUR SECOND IP TASK FORCE,
9 WHICH TOOK PLACE AT STANFORD ON THE 22D, THE PRINCIPLES
10 THAT WE' RE GOING TO SHARE WITH YOU THIS MORNING.
11 AGAIN, THAT WAS A GOOD AND VERY OPEN MEETING. WE HAD
12 DIALOGUE WITH A NUMBER OF PEOPLE FROM THE COMMUNITY,
13 INCLUDING INTELLECTUAL PROPERTY EXPERTS FROM BOTH
14 STANFORD AND FROM THE UC SYSTEM WHO WERE THERE. AND
15 THEN FINALLY AFTER THAT MEETING, WE DEVELOPED
16 PRINCIPLES. AS I SAID, WE DISCUSSED THOSE WITH THE
17 STANDARDS WORKING GROUP ON DECEMBER 1ST.

18 THE STANDARDS WORKING GROUP, ACCORDING TO
19 PROP 71, HAS THE ROLE OF REVIEW AND INPUT TO THE IP
20 POLICY. SO WE WENT TO THE STANDARDS WORKING GROUP,
21 PRESENTED OUR PRELIMINARY FINDINGS, HEARD FROM THEM
22 WHAT THEIR ISSUES ARE, ETC. , AND TRIED TO TAKE THOSE
23 INTO ACCOUNT GOING FORWARD. I THINK WHAT WE DID HEAR
24 FROM THAT GROUP WAS THAT THEY THOUGHT IT MADE A GOOD
25 START, AND THEY WERE PERFECTLY COMFORTABLE WITH US

1 COMING TODAY TO REPRESENT TO YOU WHAT WE'RE ABOUT TO
2 PRESENT.

3 WE DID A LOT OF HOMEWORK IN ORDER TO TRY TO
4 UNDERSTAND THE IP LANDSCAPE. WHEN WE SAY WE, I THINK
5 THE ENTIRE COMMITTEE REALLY DOVE INTO A LOT OF THESE
6 THINGS, NOT TO SAY THAT EVERY ONE OF THEM, INCLUDING
7 ME, READ EVERY ONE OF THESE, BUT A NUMBER OF THESE ARE
8 IMPORTANT. WE'VE GOT A STAR, HOWEVER, BY THE ONES THAT
9 WE DID SEND TO EVERY MEMBER OF OUR TASK FORCE.

10 FIRST ONE UP THERE IS THE 2004 REPORT,
11 "PATENT SYSTEM FOR THE 21ST CENTURY," AGAIN, ANOTHER
12 NRC REPORT, TRYING TO DEAL WITH THE INCREASING
13 COMPLEXITY OF THE IP LANDSCAPE GENERALLY IN OUR SOCIETY
14 AND HOW THE PATENT SYSTEM IN THIS CENTURY WE'RE NOW IN
15 SHOULD BE MODIFIED TO DEAL WITH THAT.

16 WE LOOKED AT A REPORT DETAILING AN OVERVIEW
17 OF CALIFORNIA'S BIOMEDICAL INDUSTRY, ITS HISTORY, ETC.
18 WE DID HAVE A LIVE REPORT AT OUR MEETING IN SACRAMENTO
19 FROM FRED DOREY GOING OVER THE ROLE OF IP IN THE
20 DEVELOPMENT OF THE INDUSTRY IN CALIFORNIA.

21 THIS POLICY FRAMEWORK FOR INTELLECTUAL
22 PROPERTY DERIVES FROM STEM CELL RESEARCH IN CALIFORNIA.
23 THERE'S ANOTHER DOCUMENT WE LOOKED CAREFULLY AT IN
24 ADDITION TO THE OTHER THINGS THAT ARE LISTED THERE. SO
25 THE NRC STUDY THAT I WAS REFERRING TO ON GENES AND

1 PROTEINS IS THIS LAST ITEM ON THE LIST, "REAPING THE
2 BENEFITS OF GENOMIC AND PROTEOMIC RESEARCH,
3 INTELLECTUAL PROPERTY RIGHTS, INNOVATION, AND PUBLIC
4 HEALTH. "

5 WE HEARD A NUMBER OF PRESENTATIONS. I THINK
6 THE MOST COMPREHENSIVE, OF COURSE, IS THE CCST REPORT.
7 CCST WAS COMMISSIONED TO CREATE AN INTELLECTUAL
8 PROPERTY -- A SET OF INTELLECTUAL PROPERTY GUIDELINES
9 FOR THE STATE OF CALIFORNIA FOR THE STATE TO USE IN
10 VIRTUALLY ALL OF ITS GRANT-MAKING ACTIVITIES GOING
11 FORWARD BECAUSE, AS WE SPEAK TODAY, THERE IS NO GENERAL
12 POLICY WITHIN THE STATE FOR HOW RESEARCH FUNDED BY THE
13 STATE, SHOULD IT RESULT IN INTELLECTUAL PROPERTY, WHAT
14 ROLE THE STATE WOULD HAVE AND HOW IT WOULD BE HANDLED.

15 SO CCST WAS CHARGED WITH COMING UP WITH A SET
16 OF RECOMMENDATIONS FOR THE STATE OF CALIFORNIA WHICH
17 ARE TO BE BROADLY APPLIED TO INTELLECTUAL PROPERTY
18 RESULTING FROM THE STATE FUNDING OF RESEARCH. A
19 SIGNIFICANT PIECE OF THAT, OF COURSE, IS THE STEM CELL
20 PROJECT BECAUSE OF ITS TIMELINESS, AND OBVIOUSLY
21 BECAUSE THE MAGNITUDE OF STATE FUNDING OF THIS PROJECT
22 SO FAR OUTSTRIPS ANY OTHER EVEN INTENDED STATE FUNDING
23 OF RESEARCH. SO THERE WAS A SPECIAL EFFORT ON THE PART
24 OF CCST TO ACCELERATE THE PART OF THEIR REPORT THAT WAS
25 MOST GERMANE TO THE ISSUES OF STEM CELLS.

1 A NUMBER OF PEOPLE IN OUR GROUP, NOT A
2 NUMBER, TWO PEOPLE, SUSAN BRYANT AND MICHAEL GOLDBERG,
3 ARE MEMBERS OF THE CCST COMMITTEE. THEY PRODUCED A
4 REPORT, AND I THINK WE ALSO HAVE SENT THAT TO ALL OF
5 YOU FOR YOUR READING PLEASURE.

6 THEIR REPORT WAS -- AT OUR FIRST IP TASK
7 FORCE MEETING, WE ASKED THE CCST REPRESENTATIVES TO
8 COME AND PRESENT THE REPORT TO US ORALLY SO WE WOULD
9 HAVE AN OPPORTUNITY TO ASK QUESTIONS ABOUT THE REPORT
10 AND WHAT WAS IN IT, THE REASONS BEHIND THE REPORT, ETC.
11 I THINK THAT IT'S FAIR TO SAY THAT THE CCST REPORT IS A
12 DOCUMENT WHICH REPRESENTS A BROAD CROSS SECTION OF
13 PARTICIPANTS FROM ACADEMIA, FROM INDUSTRY, PEOPLE
14 EXPERIENCED WITH IP POLICY.

15 IT, IN GENERAL, TENDED TO PRESENT A PROPOSAL
16 TO THE STATE WHICH TREATS INTELLECTUAL PROPERTY IN WAYS
17 SIMILAR TO THE FEDERAL LAW KNOWN AS BAYH-DOLE,
18 OWNERSHIP BY THE GRANTEE INSTITUTIONS. IT DEALT WITH
19 SOME OF THE ISSUES RELATING TO REMUNERATION TO THE
20 STATE. IN GENERAL, ACTUALLY RECOMMENDED AGAINST
21 REMUNERATION TO THE STATE DIRECTLY. WENT THROUGH THE
22 LOGIC FOR BOTH THE SUCCESSES AND THE PERCEIVED FAILURES
23 OF THE BAYH-DOLE ACT AS IT'S BEEN PRACTICED BY THE
24 FEDERAL GOVERNMENT. AND SO IT WAS SORT OF A FIRST
25 CORNERSTONE, IF YOU WILL, IN THE WHOLE DISCUSSION THAT

1 HAS ENSUED FROM THAT.

2 THERE WAS A PRESENTATION OF THE IMPORTANCE OF
3 IP TO THE BIOTECHNOLOGY INDUSTRY. SUFFICE IT TO SAY,
4 THE INDUSTRY BELIEVES THAT IP IS A CORNERSTONE OF
5 BIOTECHNOLOGY AND, THEREFORE, IS SOMETHING VERY
6 IMPORTANT TO THEM.

7 THERE THEN WAS THIS LEGISLATIVE HEARING IN
8 SAN FRANCISCO. AND FIRST OF ALL, PRESENTATIONS BY THE
9 STATE TREASURER'S OFFICE AND THE BOND COUNSEL SUPPORT.
10 HERE, I THINK, IS THE FIRST SET OF FACTS THAT WE ARE
11 ABLE TO RELY UPON. THERE HAS BEEN A LOT OF DISCUSSION
12 ABOUT, IN THE PRESS AND ELSEWHERE, ABOUT WHAT BONDS
13 WILL QUALIFY AS BEING TAX-EXEMPT VERSUS TAXABLE. AND
14 THEY HAVE PRESENTED BY SOME WHOSE MOTIVES WE MIGHT
15 QUESTION ABOUT WANTING TO POLARIZE THE SITUATION AS
16 EITHER BLACK OR WHITE. IF YOU GET ANY REMUNERATION TO
17 STATE OR STATE AGENCY, IT HAS TO BE A TAXABLE BOND; IF
18 NOT, IT SHOULD BE A NONTAXABLE BOND.

19 WHAT WE HAVE LEARNED IS THERE'S A LOT OF GRAY
20 AREA IN THAT THERE ARE LOTS OF OPPORTUNITIES TO
21 STRUCTURE BOND OFFERINGS, ETC., EVEN IF YOU HAVE
22 REMUNERATION COMING TO THE STATE, WHICH MIGHT VERY WELL
23 LEAD TO THE USE OF NONTAXABLE BONDS. I THINK THAT WE
24 DID HEAR, AS BOB KLEIN INDICATED EARLIER, SOME STRONG
25 ADVICE TO FIGURE OUT WHAT THE BEST PROGRAMS ARE FOR THE

1 STATE OF CALIFORNIA FROM A PROGRAMMATIC POINT OF VIEW,
2 AND WE TAX PEOPLE WILL OPTIMIZE THE TAX STRATEGY BASED
3 ON THAT, BUT DON'T GO FORWARD THINKING THAT IF THERE'S
4 ANY REMUNERATION TO THE STATE, IT ABSOLUTELY HAS TO BE
5 TAXABLE BONDS. THAT'S NOT THE CURRENT VIEW OF THOSE
6 PEOPLE.

7 AGAIN, WE HAD A REPRESENTATIVE OF CCST AT
8 THAT MEETING. REBECCA EISENBERG, WHO'S CONSIDERED TO
9 BE ONE OF MOST THOUGHTFUL AND CERTAINLY PROLIFIC
10 STUDENTS OF INTELLECTUAL PROPERTY LAW IN THE UNITED
11 STATES, AND ON OCCASION A RATHER VOCAL CRITIC OF SOME
12 ASPECTS OF THE IMPLEMENTATION OF THE BAYH-DOLE ACT,
13 PRESENTED A VERY THOUGHTFUL PAPER AT THAT MEETING.
14 MERRILL GOOZNER AND JENNIFER WASHBURN, BOTH HAVE, I
15 THINK, NOVEL IDEAS FOR OPENING UP THE LANDSCAPE OF
16 INTELLECTUAL PROPERTY. LABEEB ABBOUD, WHO CAME FROM
17 IAVI AND TALKED ABOUT SOME OF THEIR POLICIES, AND CAROL
18 MIMURA FROM UC BERKELEY WHO TALKED ABOUT A PROGRAM --
19 REMIND ME EXACTLY WHAT IT'S CALLED -- LICENSING WITH
20 SOCIAL RESPONSIBILITY. A LOT OF THESE DEALING WITH
21 THIRD-WORLD ISSUES, NOT DIRECTLY RELEVANT OFTENTIMES TO
22 WHAT'S POSSIBLE IN THE U.S.

23 AND THEN, FINALLY, WE HAD THE NOVEMBER 22D
24 MEETING WHERE BRIAN WRIGHT, WHO WAS ONE OF THE AUTHORS
25 OF THE RECENT NRC STUDY, CAME AND PRESENTED THAT STUDY

1 TO US. WE READ REBECCA EISENBERG'S TESTIMONY FROM THE
2 OCTOBER 31ST MEETING TO THE ENTIRE GROUP SO THAT WE
3 COULD UNDERSTAND WHAT SHE -- HER THOUGHTFUL ANALYSIS OF
4 THE SITUATION. AND WE ALSO HAD AN OPPORTUNITY TO SPEAK
5 WITH RICK KLAUSNER ON THE PHONE, WHO IS THE FORMER HEAD
6 OF GLOBAL HEALTH PROGRAMS AT THE GATES FOUNDATION.

7 I THINK IT WAS REALLY BASED ON ALL OF
8 THIS INPUT AND BASED ON OUR READINGS THAT WE SORT OF
9 FORMULATED WHAT WE THOUGHT ARE THE FIVE KEY QUESTIONS.
10 FIRST, WHO SHOULD OWN ANY INVENTIONS THAT MAY ARISE
11 FROM CIRM FUNDING? I THINK YOU WILL SEE IN THE
12 PROPOSAL THAT WE BELIEVE A GREAT DEAL THAT INSTITUTIONS
13 SHOULD OWN THE TECHNOLOGY. THAT CONCLUSION WAS BASED
14 ON SEVERAL BOTH FACTS AND OPINIONS, BUT WE GOT STRONG
15 OPINIONS FROM VIRTUALLY EVERYBODY THAT WHATEVER WE DO,
16 WE SHOULDN'T MAKE IT INCOMPATIBLE WITH BAYH-DOLE. WE
17 DIDN'T HAVE MANY PEOPLE WHO WERE STRONGLY SUPPORTING
18 JUST ADOPT BAYH-DOLE AS IT IS AND AS IT IS PRACTICED;
19 BUT IF WE MAKE A CALIFORNIA PROGRAM INCOMPATIBLE WITH
20 BAYH-DOLE, FIRST OF ALL, WE RUN A VERY STRONG RISK OF
21 VIOLATING FEDERAL LAW BECAUSE FEDERAL LAW SAYS IF
22 THERE'S \$1 OF RESEARCH FUNDING IN A GIVEN PROJECT, THAT
23 WE MUST FOLLOW BAYH-DOLE. SO THAT'S A FACT.

24 THE SECOND THING IS WE WERE TOLD BY MANY
25 GROUPS PLEASE DO NOT MAKE AN ISLAND OUT OF CALIFORNIA.

1 REALIZE THAT YOU ARE IN A SET OF ACTIVITIES IN WHICH
2 YOU ARE ONE PLAYER IN A VERY LARGE UNIVERSE OF OTHER
3 PLAYERS.

4 AND THIRD OF ALL, AS A PRACTICAL MATTER, THE
5 ONLY OTHER REASONABLE PROPOSAL WAS THAT CIRM ITSELF
6 WOULD OWN THE TECHNOLOGY. CIRM SIMPLY DOES NOT, CAN'T
7 AFFORD, DOESN'T HAVE THE MONEY, AND WILL NEVER HAVE THE
8 MONEY TO BUILD A LARGE INTELLECTUAL PROPERTY GROUP TO
9 FILE PATENTS, PROSECUTE THESE PATENTS, KEEP TRACK OF
10 EVERYTHING THAT'S GOING ON. AS YOU HEARD SEVERAL TIMES
11 TODAY, OUR TOTAL FUNDING IS ONLY 6 PERCENT OF THE
12 GRANTS THAT WE GIVE.

13 AS MANY OF YOU KNOW, I RUN A FOUNDATION OF
14 ABOUT THE SAME SIZE AS CIRM. OUR OVERHEAD IS 10 OR 11
15 PERCENT. I DON'T KNOW ANY FOUNDATION THAT SURVIVES
16 SPENDING JUST 6 PERCENT ON OVERHEAD. IT TAKES A LOT OF
17 WORK TO REVIEW ALL THE PROPOSALS AND PUT THE POLICIES
18 IN PLACE AND TRACK WHAT'S GOING ON. IT'S SIMPLY
19 INCONCEIVABLE THAT CIRM COULD CARVE ENOUGH MONEY OUT OF
20 ITS 6 PERCENT TO HAVE A PROGRAM.

21 SECOND QUESTION WAS HOW SHALL CIRM REQUIRE
22 SHARING OF DATA, TOOLS, TECHNOLOGY, AND INTELLECTUAL
23 PROPERTY? AS YOU WILL SEE, THIS IS AN AREA WHERE WE
24 CAME TO THE CONCLUSION, I THINK STRONGLY SUPPORTED BY
25 THE RECENT NRC DOCUMENT, THAT WE SHOULD TRY TO MOVE

1 THIS WHOLE AREA FURTHER ALONG TOWARDS MUCH GREATER
2 CREATIVE SHARING, ETC., THAN IS CURRENTLY PRACTICED IN
3 MANY PLACES IN THE U. S.

4 THIRD, ALONG SIMILAR LINES, SHOULD CIRM
5 CREATE A RESEARCH EXEMPTION FOR THE USE OF INTELLECTUAL
6 PROPERTY FOR BASIC RESEARCH PURPOSES?

7 AND THEN, FINALLY, WHAT LICENSING
8 REQUIREMENTS SHOULD BE ADOPTED BY OUR CIRM GRANTEEES?
9 THAT IS, IF THEY OWN THE TECHNOLOGY, HOW SHOULD WE
10 PROVIDE GUIDANCE TO THEM ON WHAT KINDS OF THINGS THEY
11 SHOULD DO TO ADDRESS AT LEAST SOME OF THE ISSUES THAT
12 MANY PEOPLE ARE CONCERNED ABOUT RELATING TO USE TO
13 BENEFIT CALIFORNIANS, ETC.

14 AND, FINALLY, THE LAST POINT IS SHOULD CIRM
15 ITSELF RETAIN SOME SORT OF MARCH-IN RIGHTS?

16 MS. SAMUELSON: ED, COULD YOU DEFINE THAT,
17 DEFINE MARCH-IN?

18 DR. PENHOET: IT'S ON THE NEXT SLIDE. THESE
19 ARE THE QUESTIONS. THESE ARE THE ANSWERS. I THINK, TO
20 ANTICIPATE AHEAD, I THINK IT'S THE HARDEST QUESTION TO
21 ANSWER IN DETAIL BECAUSE IT MANY TIMES DEPENDS ON
22 CIRCUMSTANCES.

23 SO AS I SAID BEFORE, OUR RECOMMENDATION IS
24 THAT WE DO ALLOW CIRM GRANTEEES TO OWN THE TECHNOLOGY.
25 ONE ASPECT OF THAT THAT I DID NOT MENTION, BUT I THINK

1 IS EXTREMELY IMPORTANT, ANY OTHER MODEL WOULD PRECLUDE
2 COLLABORATION WITHIN THE INSTITUTION BECAUSE IF YOU
3 HAVE PEOPLE WORKING ON A PROJECT PARTIALLY FUNDED BY
4 CIRM AND PARTIALLY FUNDED BY SOMEBODY ELSE AND SOMEBODY
5 ELSE FROM THE FEDERAL GOVERNMENT, THEN YOU WOULDN'T BE
6 ABLE TO KEEP OUT OWNERSHIP. SO IT WOULD BE A BARRIER
7 ACTUALLY TO COLLABORATION IF SOME ENTITY OTHER THAN THE
8 UNIVERSITIES OR THE OTHER GRANTEES OWN THE TECHNOLOGY.

9 BY THE WAY, SPEAKING OF UNIVERSITIES, THE
10 PROPOSALS WE'RE PUTTING IT IN FRONT OF YOU TODAY ARE
11 NOT FOR THE PRIVATE SECTOR. THESE ARE ONLY FOR
12 NONPROFIT INSTITUTIONS, AND SPECIFICALLY NOW FOR THE
13 TRAINING GRANTS. YOU MIGHT ASK WHY DO YOU NEED AN IP
14 POLICY AT ALL FOR TRAINING GRANTS. THE PRIMARY PURPOSE
15 IS FOR TRAINING, NOT FOR GENERATING IP. BUT IT'S AT
16 LEAST THEORETICALLY POSSIBLE THAT A POST-DOC THAT WE
17 SUPPORT WITH THIS COULD INVENT SOMETHING OF VALUE.

18 DR. BERG: YOU MEAN THE GRANTEES THEMSELVES
19 SHOULD?

20 DR. PENHOET: GRANTEE INSTITUTIONS.

21 DR. BERG: INSTITUTIONS. I WANT TO BE A
22 LITTLE CLEARER ON THAT.

23 DR. PENHOET: THE GRANTEE INSTITUTION. WITH
24 RESPECT TO SHARING, WE DO BELIEVE THAT IT'S IMPORTANT
25 THAT WE SET AN EXAMPLE OF A GREATER DEGREE OF DATA AND

1 BIOLOGICAL MATERIALS SHARING THAN IS COMMONLY PRACTICED
2 TODAY. NIH HAS SOFT GUIDELINES ON THIS ISSUE ABOUT
3 PROMPT SHARING OF DATA AND MATERIALS. AND WE'RE SIMPLY
4 SAYING WE DON'T KNOW EXACTLY HOW TO ARTICULATE THIS YET
5 IN TERMS OF A FIRM POLICY, BUT WE THINK WE DO HAVE AN
6 OPPORTUNITY HERE, IT'S STRONGLY SUPPORTED BY THE
7 DOCUMENT FROM THE NRC AS WELL, THAT BECAUSE OF A
8 TENDENCY TO OVERPATENT SO-CALLED UPSTREAM TECHNOLOGIES
9 AND THE INEVITABLE COMPETITIVE NATURE OF BIOMEDICAL
10 SCIENCE, WHETHER IT'S DONE IN A UNIVERSITY OR A PRIVATE
11 SECTOR ENVIRONMENT, THAT OFTENTIMES THERE'S BEEN A, FOR
12 LACK OF A BETTER TERM, FORWARDING OF INFORMATION AND
13 TECHNOLOGY. WE BELIEVE THAT WE REALLY HAVE AN
14 OPPORTUNITY HERE TO PUSH THE ENVELOPE FURTHER IN THAT
15 REGARD, AND WE SHOULD DO THAT. I THINK WE HAVE A
16 UNIFORM VIEW OF THAT ON OUR COMMITTEE.

17 MR. SHESTACK: ...EFFECT ON BAYH-DOLE.

18 DR. PENHOET: IT DOES NOT. THIS IS THE
19 PRACTICE OF BAYH-DOLE AS OPPOSED TO THE LAW OF
20 BAYH-DOLE. THE PRACTICE OF BAYH-DOLE DOESN'T SAY
21 ANYTHING ABOUT THIS ISSUE IN TERMS OF --

22 DR. HENDERSON: IF WE WERE TO DO THIS IN THE
23 GENOMICS COMMUNITY (INAUDIBLE).

24 DR. PENHOET: BRIAN HENDERSON MAKES THE POINT
25 THAT THE GENOMIC COMMUNITY HAS BEEN DOING THIS FOR

1 QUITE SOME TIME, ESPECIALLY BECAUSE THERE' S A
2 REQUIREMENT THAT WHEN YOU PUBLISH A SEQUENCE, THAT YOU
3 PUT IT IN THE GEN BANK IMMEDIATELY AND, THEREFORE, THE
4 WHOLE GENOMICS COMMUNITY HAS ACCESS. IT' S BEEN A
5 WONDERFUL AND A POWERFUL RESOURCE.

6 CHAIRMAN KLEIN: COULD EVERYONE THAT MAKES A
7 COMMENT FROM THE BOARD PLEASE TRY AND SPEAK VERY LOUDLY
8 SO THAT THE AUDIENCE CAN HEAR AND COURT REPORTER CAN
9 HEAR WELL?

10 DR. PENHOET: ANOTHER AND PERHAPS MORE
11 CONTROVERSIAL RESEARCH IS THE RESEARCH EXEMPTION.
12 THERE IS NO RESEARCH EXEMPTION IN THE LAW TODAY IN THE
13 UNITED STATES WHICH SAYS THAT PEOPLE DOING RESEARCH FOR
14 PURELY, QUOTE, UNQUOTE, RESEARCH PURPOSES HAVE ANY
15 RIGHT TO CONDUCT THAT RESEARCH IF IT VIOLATES ANY
16 EXISTING PATENT. THE LAST COUPLE OF YEARS HAVE SEEN
17 SEVERAL MAJOR CASES, THE MOST IMPORTANT BEING THE CASE
18 CALLED MADY VS. DUKE, IN WHICH A DISAFFECTED FORMER
19 FACULTY MEMBER SUED DUKE FOR USING HIS TECHNOLOGY.
20 DUKE -- THAT WAS MADY. DUKE REPLIED THEY USED THE
21 TECHNOLOGY ONLY TO FURTHER THE MOTHERHOOD AND APPLE PIE
22 KIND OF BASIC RESEARCH, ETC. THE COURT FOUND THAT DUKE
23 IS A LARGE BUSINESS. THEY SELL BASKETBALL TICKETS,
24 THEY GRANT GRANTS, THEY HIRE PEOPLE, THEY SELL MEDICAL
25 SERVICES. SO I' M SORRY, DUKE, THE PURITY OF YOUR

1 ENTERPRISE DOESN'T ABSOLVE YOU OF ANY RESPONSIBILITY
2 FOR VIOLATING A PATENT.

3 SO THERE IS CURRENTLY TODAY NO RESEARCH
4 EXEMPTION IN THE UNITED STATES OF AMERICA FOR ANYONE
5 DOING RESEARCH THAT VIOLATES SOMEBODY ELSE'S PATENT.

6 AS A PRACTICAL MATTER, AND AS ADDRESSED IN
7 THE NRC STUDY, MOST ACADEMIC RESEARCHERS JUST IGNORE
8 THIS AND GO AHEAD AND DO THE RESEARCH ANYWAY, BUT
9 THERE'S A GROWING CONCERN ABOUT WHAT THAT IS. MANY
10 PEOPLE BELIEVE THAT THERE SHOULD BE A FEDERAL RESEARCH
11 EXCEPTION THAT'S PASSED, AND I THINK THERE WILL BE.
12 CERTAINLY REBECCA EISENBERG IS ONE OF THOSE PEOPLE WHO
13 IS PRESSING FOR THAT KIND OF REFORM OF THE PRACTICE OF
14 BAYH-DOLE.

15 SO WHAT WE BELIEVE IS THAT WITHIN CIRM, WE
16 SHOULD AT LEAST MAKE POLICY THAT SAYS THAT WITHIN THE
17 CIRM GRANTEE COMMUNITY, THAT THERE WOULD BE A RESEARCH
18 EXEMPTION, NOT BY LAW, BUT BY REQUIREMENT OF HAVING A
19 RESEARCH AGREEMENT WITH CIRM. EVEN IF YOU HAVE A
20 PATENTED TECHNOLOGY, YOU WOULD ALLOW OTHER PEOPLE IN
21 THE CIRM-FUNDED WORLD TO PRACTICE THAT ART WITHOUT
22 REMUNERATION.

23 MR. SHESTACK: DOES THAT EXTEND OUT OF CIRM?

24 DR. PENHOET: WE COULD. I THINK THAT'S ONE
25 OF THE THINGS WE WILL TAKE UP GOING FORWARD. ALTHOUGH

1 WE WOULD LIKE TO -- WHAT WE'RE STRUGGLING WITH, JON, IS
2 HOW YOU MAKE THAT A RECIPROCITY? THAT IS, IF WE SHARE
3 EVERYTHING WITH THIRD PARTIES AND THEY STILL DON'T
4 SHARE BACK WITH US. BUT ON THE OTHER HAND, I THINK WE
5 HAVE AN OPPORTUNITY HERE TO SET AN EXAMPLE. AND
6 CERTAINLY TRAINING GRANTS, THIS IS ONE PLACE WE SHOULD
7 TRAIN YOUNG PEOPLE ALONG THESE LINES.

8 MR. SHESTACK: IS THAT GOING TO BE A PART OF
9 THE POLICY (INAUDIBLE).

10 CHAIRMAN KLEIN: I THINK THERE'S PROBLEMS,
11 JON, IN HEARING YOU. IF YOU COULD USE THE MIC, THAT
12 WOULD BE GREAT.

13 MR. SHESTACK: MY QUESTION WAS IF THAT
14 BECOMES -- THAT BECOMES PART OF YOUR POLICY, DOES THAT
15 THEN BECOME PART OF CALIFORNIA REGULATORY LAW? AND
16 DOES THAT HAVE ANY FURTHER IMPACT WITH COMPLIANCE AND
17 BAYH-DOLE?

18 DR. PENHOET: YES. AND THE REASON WE'RE NOT
19 CALLING THIS A POLICY TODAY, WHEN THESE POLICIES BECOME
20 FINAL AND PLACED IN PRINT, WE HAVE A REQUIREMENT ON THE
21 PART OF ALL GRANTEES WHO SIGN THAT, THESE POLICIES WILL
22 BECOME PART OF THE LAW IN CALIFORNIA. THEY HAVE TO BE
23 CRAFTED VERY CAREFULLY. SOME OF THESE THINGS ARE --
24 COULD BECOME QUITE ONEROUS.

25 LET ME GIVE YOU AN EXAMPLE OF WHERE MANY OF

1 MY COLLEAGUES IN THE ACADEMIC WORLD TODAY ARE CONCERNED
2 ABOUT THE SECOND POINT, NOT THE RESEARCH EXEMPTION,
3 THAT'S JUST A LICENSE TO USE THE TECHNOLOGY, BUT
4 SHARING REAGENTS AND DATA. YOU KNOW, PEOPLE CAN ABUSE
5 THIS. SOME THINGS ARE VERY EXPENSIVE. IT'S EXPENSIVE
6 TO GROW STEM CELLS, VERY EXPENSIVE TO PRODUCE
7 MONOCLONAL ANTIBODIES, ETC. WE SHOULDN'T ASK
8 INDIVIDUAL INVESTIGATORS TO SUPPLY THE WHOLE COMMUNITY
9 WITHOUT BEING REIMBURSED FOR IT IN SOME WAY.

10 SO THERE'S SOME THOUGHT IF IT'S A REPLICABLE
11 PIECE OF TECHNOLOGY, THAT THEY ALLOW SOMEBODY THE
12 METHOD BY WHICH THEY CAN GO AND MAKE IT THEMSELVES
13 WITHOUT HAVING TO BECOME A SUPPLIER, IF YOU WILL. SO
14 THERE ARE SOME NUANCES TO THIS WHICH ARE VERY IMPORTANT
15 THAT WE HAVE NOT YET HAD AN OPPORTUNITY TO DIG INTO.

16 DR. BERG: TWO THINGS. ONE IS I THINK THAT
17 THE OCTOBER 1ST RESEARCH MEETING, A SUGGESTION WAS MADE
18 THAT THERE BE A CIRM-SPONSORED OR -FUNDED REPOSITORY
19 FOR SUCH KIND OF REAGENTS SO THAT, IN FACT, IT BECOMES
20 A CIRM EXPANSE TO ESSENTIALLY MAKE THIS AVAILABLE TO
21 OTHER CALIFORNIA INVESTIGATORS, NOT THE INDIVIDUAL
22 INVESTIGATOR. THAT'S ONE WAY.

23 WITH RESPECT TO THE RESEARCH EXEMPTION, IF I
24 READ THE DUKE DECISION CAREFULLY, WHAT IT ALSO IMPLIED
25 WAS EVERYBODY IS AN ENTREPRENEUR TODAY, EVEN UNIVERSITY

1 INVESTIGATORS.

2 DR. PENHOET: ESPECIALLY UNIVERSITY
3 INVESTIGATORS.

4 DR. BERG: ESPECIALLY UNIVERSITY
5 INVESTIGATORS. SO, IN FACT, THEIR RESEARCH, WHICH
6 TODAY IS BASIC RESEARCH, IS THE GROUNDWORK FOR THEM
7 APPLYING FOR A PATENT LATER ON. SO, IN EFFECT, IT'S
8 RESEARCH, BUT IT'S FOR A PURPOSE OF ULTIMATELY
9 COMMERCIALIZING IT. SO THAT'S WHERE THE CONFLICT COMES
10 IN IS TODAY YOU CAN SAY I QUALIFY FOR THE RESEARCH
11 EXCEPTION, BUT THE RESEARCH I'M DOING IS MOTIVATED
12 TOWARDS DEVELOPING SOME KIND OF A PRODUCT. AND SO
13 THAT'S WHERE -- NOW, CIRM, I BELIEVE, SHOULD NOT BE
14 CONCERNED ABOUT THAT. PEOPLE WHO ARE GOING TO JUST
15 MOVE THE FIELD AHEAD AND MAKE MORE OPPORTUNITIES AND
16 MAYBE EVEN MORE PRODUCTS FOR THE KINDS WE'RE TALKING
17 ABOUT OUGHT TO BE ENCOURAGED. BUT I THINK IN PLACES
18 THAT ARE VERY CONCERNED ABOUT THEIR IP PROTECTION, THEY
19 WORRY ABOUT THOSE KINDS OF THINGS.

20 DR. PENHOET: THAT'S A GOOD POINT. THE OTHER
21 CONCERN WE HAD ABOUT THE RESEARCH EXEMPTION IS THAT IT
22 MAY INHIBIT PEOPLE FROM ACTUALLY INVESTING IN
23 DEVELOPING TOOLS FOR RESEARCH. SO THERE'S NOTHING IN
24 LIFE THAT COMES WITHOUT SOME COST, SO THE COST BENEFIT
25 HERE WOULD BE SIMPLE, I THINK, THAT IT MIGHT LEAD TO

1 LESS OF AN INTEREST IN DEVELOPING TOOLS FOR RESEARCH,
2 BUT, YOU KNOW, I THINK AMONG OUR GRANTEES, AT LEAST THE
3 CIRM, THEY' RE FUNDED ON A MOTIVATION TO PROBABLY NOT
4 DEVELOP A PATENT ON RESEARCH UNLESS WE GET INTO A
5 NEGOTIATION WITH THE COMPANIES THAT ARE DEVELOPING
6 TOOLS, WHICH I SAID IS NOT WHAT WE' RE TALKING ABOUT
7 HERE TODAY.

8 LICENSING, OBVIOUSLY A VERY IMPORTANT AREA.
9 WE WILL ENCOURAGE THE COMMERCIALIZATION OF CIRM-FUNDED
10 DISCOVERY. WE' VE HEARD FROM INDUSTRY, FROM CCST, FROM
11 A VARIETY OF DIFFERENT SOURCES THAT BASICALLY THE
12 MOTIVATOR FOR PRIVATE INVESTMENT IN TECHNOLOGY IS
13 REALLY THE ABILITY TO CARVE OUT A MARKET WHICH CAN BE
14 REASONABLY PROTECTED AND WILL JUSTIFY THE INVESTMENT.
15 AND SECOND OF ALL, THE POWERFUL HISTORY OF CALIFORNIA' S
16 BIOTECHNOLOGY INDUSTRY, BASED ON APPLICATION OF THE
17 BAYH-DOLE MODEL IN CALIFORNIA, ARGUES THAT CLEARLY THAT
18 WAS ONE OF THE KEY MOTIVATORS, NOT THE ONLY ONE, TO BE
19 SURE, FOR CALIFORNIA' S EMINENCE TODAY IN BIOTECHNOLOGY.
20 AND THE REALITY IS THAT PATIENT THERAPIES WILL NOT GET
21 DONE WITHOUT PRIVACY AGREEMENTS. NONE OF THE
22 INSTITUTIONS THAT ARE LIKELY GRANTEES FOR GRANTS TO
23 NONPROFITS ARE LIKELY TO BEGIN THEMSELVES A COMMERCIAL
24 ENTERPRISE TO COMMERCIALIZE STEM CELL TECHNOLOGIES. SO
25 SOONER OR LATER, IF WE' RE GOING TO HAVE WIDESPREAD USE

1 OF THE TECHNOLOGY, IT WILL HAVE TO BE DONE BY THE
2 PRIVATE SECTOR.

3 SO THERE'S A LOT OF CONCERN THAT WE PROVIDE
4 ENOUGH INCENTIVES TO REALLY ENGAGE THE PRIVATE SECTOR.
5 I'LL SHARE A PRIVATE CONCERN OF MINE TODAY, WHICH IS,
6 AS WE SPEAK, THE WHOLE FIELD OF CELL THERAPY,
7 CELL-BASED THERAPIES GENERALLY, HAS A VERY POOR
8 REPUTATION IN THE PRIVATE SECTOR. I DO VENTURE CAPITAL
9 MYSELF ONE DAY A WEEK. WHENEVER CELL THERAPIES COMES
10 ACROSS THE DESK, THERE'S A FILE THAT AUTOMATICALLY GOES
11 INTO THE WASTE BASKET IN OUR FIRM BECAUSE NO ONE
12 THERE -- I TRY TO RAISE MY HAND ONCE IN A WHILE, BUT
13 I'M ONLY A PART-TIMER -- NO ONE ELSE IN THE FIRM HAS
14 ANY INTEREST WHATSOEVER IN INVESTING IN CELL-BASED
15 THERAPIES BECAUSE PEOPLE HAVE LOST SO MUCH MONEY
16 HISTORICALLY ON CELL-BASED THERAPIES. THAT'S JUST THE
17 COLD REALITY, SO WE DO NEED TO THINK ABOUT HOW WE
18 EXEMPT THE PRIVATE SECTOR.

19 THAT'S A PERSONAL COMMENT, NOT FROM THIS
20 COMMITTEE. HOWEVER, HAVING SAID THAT, WE ARE SENSITIVE
21 TO THE FACT THAT THERE ARE MANY CONCERNS ABOUT COST,
22 ABOUT EQUAL ACCESS IN OUR COMMUNITY, ETC. AND WITHOUT
23 BEING TOO PROSCRIPTIVE ABOUT THIS, AT LEAST WE SAID
24 THAT THE FIRM GRANTEES WOULD GIVE PREFERENCE TO
25 COMPANIES THAT HAVE PLANS FOR ACCESS TO UNDERSERVED

1 PATIENT POPULATIONS. MANY COMMERCIAL COMPANIES DO HAVE
2 SUCH PLANS TODAY.

3 JONATHAN, YOU HAD ANOTHER POINT TO MAKE.

4 MR. SHESTACK: THIS MAY BE NOT AN ISSUE AT
5 ALL, BUT GIVEN THAT WHAT PEOPLE -- I ONLY UNDERSTAND
6 FROM GENETICS WHERE PEOPLE ARE PATENTING VERY UPSTREAM
7 DISCOVERIES. CAN CIRM INSIST ON MANDATORY CROSS
8 LICENSING ON MARKET PRICING, BUT YOU CAN'T -- SINCE
9 YOUR TARGET IS SO UPSTREAM, YOU CAN'T BE SELECTIVE IN
10 WHO YOU LICENSE IT TO?

11 DR. PENHOET: YOU KNOW, I THINK YOUR -- ONE
12 OF THE THINGS THAT WE COULD ADD TO THIS WOULD BE A
13 PREFERENCE FOR NONEXCLUSIVE LICENSING UNLESS THERE'S A
14 STRONG DEMONSTRATION THAT AN EXCLUSIVE LICENSE IS
15 REQUIRED IN ORDER TO GET THE TECHNOLOGY TO THE
16 MARKETPLACE. THAT'S NOT INCLUDED HERE, BUT I THINK
17 THAT COULD VERY WELL BE INCLUDED HERE IF THAT'S THE
18 THRUST.

19 MR. SHESTACK: THAT'S BETTER PHRASED.

20 MS. SAMUELSON: I'VE GOT A QUESTION, YEAH, ON
21 THE POINT ABOUT REQUIRING PREFERENCE. IN THE CASE OF
22 PARKINSON'S THERAPIES, IT'S THE ENTIRE ONE MILLION
23 AMERICANS WHO ARE THE UNDERSERVED POPULATION BECAUSE
24 THERE ARE NO EFFECTIVE THERAPIES DEVELOPED FOR ALL OF
25 THEM. IF THAT IS -- IF THAT PREFERENCE IS GOING TO IN

1 ANY RESPECT RETARD THE DEVELOPMENT OF EFFECTIVE
2 THERAPIES FROM THIS RESEARCH, WHY SHOULD WE FEEL
3 OBLIGATED TO GET INTO THE ACCESS AND PRICING ISSUES AT
4 THIS POINT, ASIDE FROM THE OBVIOUS POLITICAL PRESSURE?

5 DR. PENHOET: IN THE CONTEXT OF THE POLITICAL
6 DEBATE AND THE CONVERSATION, IT WAS NOT A PARTICULAR
7 GROUP OF PEOPLE WITH A DISEASE. SO IT WASN'T TAKEN
8 THAT WAY. IT'S BEING SEGMENTED REALLY ALONG THE
9 UNINSURED AND THE MEDI-CAL RECIPIENTS IN CALIFORNIA.
10 SO THERE ARE REALLY PEOPLE WHO COULDN'T AFFORD THESE
11 THERAPIES, AND THAT'S HOW THE COMPANIES, FOR EXAMPLE,
12 GENENTECH HAS HAD FOR MANY YEARS A PROGRAM OF PROVIDING
13 FREE GROWTH HORMONE TO CHILDREN WHO COULDN'T OTHERWISE
14 GET GROWTH HORMONE BECAUSE EITHER THEY DON'T HAVE
15 INSURANCE OR THEY DON'T HAVE THE FINANCIAL WHEREWITHAL
16 TO BUY THE GROWTH HORMONE THEMSELVES. SO IT'S IN THAT
17 CONTEXT, JOAN, FINANCIALLY BEING UNDERSERVED, THAT THIS
18 ISSUE WAS BROUGHT UP.

19 MS. SAMUELSON: BUT --

20 DR. PENHOET: A BROAD DEFINITION OF THE WORD
21 COULD INCLUDE ANY GROUP.

22 MS. SAMUELSON: WELL, MY POINT WAS IF -- WHAT
23 I ALSO HEARD WAS THAT THE PRIVATE SECTOR IS NOT GETTING
24 INTO THIS FIELD BECAUSE I GUESS THERE ISN'T ENOUGH
25 RETURN ON INVESTMENTS FORESEEN AT THIS POINT.

1 DR. PENHOET: I THINK THE PRIVATE SECTOR WILL
2 GET INTO IT EVENTUALLY WHEN THE TECHNOLOGY IS MOVED
3 FURTHER ALONG AND THE PROSPECTS FOR SUCCESS SEEM
4 GREATER. BUT WE DON'T WANT TO PUT -- ONE OF THE
5 REASONS BAYH-DOLE CAME INTO EXISTENCE IN THE FIRST
6 PLACE, AND WE HEARD THIS OVER AND OVER AGAIN, IS THAT
7 THE FEDERAL GOVERNMENT OWNED ALL THE TECHNOLOGY AND
8 LICENSED IT NONEXCLUSIVELY; AND, THEREFORE, AT THAT
9 TIME BIOTECH AND PHARMA COMPANIES WOULDN'T TAKE ANY
10 LICENSES FOR TECHNOLOGY BECAUSE THEY COULDN'T SEE HOW
11 THEY COULD ACTUALLY GET A RETURN ON THEIR INVESTMENT.

12 WE HAVE TO BALANCE THE NEED FOR THE
13 RECRUITMENT, REALLY, OF THE PRIVATE SECTOR INTO THIS
14 ENTERPRISE WITH US WITH A SORT OF NOT CORRESPONDING,
15 BUT ALTERNATIVE NEED TO PROVIDE GOODS TO PEOPLE WHO
16 COULDN'T OTHERWISE AFFORD THOSE GOODS. IT'S A DELICATE
17 BALANCE AND ALWAYS DIFFICULT. MANY PEOPLE HAVE WARNED
18 US DO NOT TRY TO SOLVE THE WHOLE PROBLEM OF ACCESS TO
19 MEDICAL CARE IN THE UNITED STATES ON THE BACK OF THIS
20 LITTLE INITIATIVE OF YOURS. THIS IS 3 PERCENT OF THE
21 U. S. FUNDING IN BIOMEDICAL R & D. THE TOTAL IS ABOUT A
22 HUNDRED BILLION DOLLARS A YEAR NOW IN THE UNITED
23 STATES, SO IT'S A VERY SMALL FRACTION.

24 SO WE'RE TRYING TO AT LEAST ANTICIPATE TO PUT
25 LANGUAGE IN HERE WHICH WILL ANTICIPATE IN A WAY AT

1 LEAST A SENSITIVITY TO THIS ISSUE WITHOUT AT THE SAME
2 TIME HAVING SOME HARD, FAST RULES WHICH WOULD
3 ESSENTIALLY PROVIDE A DISINCENTIVE FOR THE PRIVATE
4 SECTOR.

5 DR. POMEROY: DID YOUR GROUP DISCUSS THE FACT
6 THAT THIS IS BEING PAID FOR BY CALIFORNIA TAXPAYERS
7 AND, THEREFORE, CONSIDER LIMITING THIS REQUIREMENT TO
8 UNDERSERVED PATIENT POPULATIONS IN CALIFORNIA; I.E.,
9 THAT THE REQUIREMENT WOULD BE FOR MEDI-CAL, BUT NOT FOR
10 THE ENTIRE MEDICAID SYSTEM IN THE UNITED STATES,
11 PERHAPS GIVING SOME MORE INCENTIVE TO PRIVATE COMPANIES
12 FOR GETTING INTO OTHER MARKETS?

13 DR. PENHOET: THERE I THINK THE ONLY CAVEAT
14 WOULD BE THAT THE FEDERAL GOVERNMENT TENDS TO BUY UP
15 EVERYTHING IT BUYS UNDER WHAT'S CALLED THE MOST FAVORED
16 NATION ACQUISITION POLICY, WHICH MEANS IF THERE'S A
17 LOWER PRICE ANYWHERE ELSE IN THE UNITED STATES, THE
18 FEDERAL GOVERNMENT AUTOMATICALLY GETS THE LOWER PRICE.
19 SO I THINK WE HAVE TO BE CAREFUL HOW WE DEAL WITH THAT.

20 DR. POMEROY: BUT I GUESS THAT'S THEIR
21 BUSINESS, AND THIS IS ABOUT OUR REQUIREMENTS.

22 DR. PENHOET: YEAH.

23 DR. BERG: ED, DID YOU SAY THAT YOU FORESEE
24 NO ROLE OF CIRM IN THE LICENSING PROCESS?

25 DR. PENHOET: ONLY IN DEFINING THEM.

1 DR. BERG: LET'S SAY THEY ALL HAVE TO BE
2 NONEXCLUSIVE. THAT'S A PARTICULAR REQUIREMENT.

3 DR. PENHOET: THAT'S A POLICY.

4 DR. BERG: BUT NO INPUT IN TERMS --

5 DR. PENHOET: NO DIRECT --

6 DR. BERG: -- OF HAVING A CHOICE ABOUT WHO
7 MIGHT EXERCISE THOSE NONEXCLUSIVE LICENSES.

8 DR. PENHOET: WELL, WE WOULD HAVE TO HAVE A
9 VERY SOPHISTICATED STAFF TO EXERCISE THAT AUTHORITY OR
10 BRING IT TO THE WHOLE BOARD. I THINK IT WOULD BE VERY
11 CUMBERSOME TO DO THAT, PAUL. THAT'S A REASON FOR NOT
12 DOING IT.

13 DR. BERG: OKAY. THAT'S FINE.

14 DR. PENHOET: SO OUR VIEW IS THAT WE SHOULD
15 SET POLICY WITH TEETH IN IT, FRANKLY. NEVERTHELESS, AT
16 THE END OF THE DAY, IMPLEMENTATION OF THE POLICY SHOULD
17 BE LEFT TO THE GRANTEES, EACH OF WHOM HAS THEIR OWN
18 LICENSING OFFICE AND EXPERIENCE AND KNOWLEDGE.

19 THE NEXT ONE IS OBVIOUSLY ONE OF CONTINUING
20 DEBATE, AND WE ANTICIPATE, AND WE'RE PUTTING IT THIS
21 WAY BECAUSE WHAT WE'RE ASKING YOU TO DO IS TO
22 PRESERVE -- IS TO APPROVE SOME PRINCIPLES TO WHICH THE
23 TRAINING GRANT RECIPIENTS WILL HAVE TO AGREE. AND WE
24 HAVE -- WE DON'T HAVE AGREEMENT TODAY ON WHETHER THERE
25 SHOULD BE A TAX ON ROYALTIES THAT BENEFITS THE STATE OF

1 CALIFORNIA, BUT WE DON'T HAVE AGREEMENT THAT THERE
2 SHOULDN'T BE EITHER. SO WE'RE JUST WARNING OUR
3 GRANTEES THAT THERE MIGHT BE.

4 WHAT DO WE MEAN BY A TAX? IF YOU FOLLOW
5 EVERYTHING WE'VE SAID SO FAR, GRANTEES WILL OWN THE
6 TECHNOLOGY. THEY'LL BE RESPONSIBLE FOR LICENSING UNDER
7 CERTAIN CONDITIONS. PRESUMABLY IF THEY HAVE THINGS OF
8 VALUE, THEY WILL BE REMUNERATED IN THEIR LICENSE.
9 THEIR REMUNERATION WILL BELONG TO THEM; HOWEVER, IT
10 MIGHT BE POSSIBLE THAT WE WOULD ASK THEM TO SHARE THAT
11 REMUNERATION WITH THE STATE IN SOME FORM. COULD BE
12 DIRECTLY WITH THE STATE, COULD BE DIRECTLY TO SUPPORT A
13 R & D PROGRAM TO FURTHER STEM CELL RESEARCH, COULD BE
14 IN A 501(C)(3) TO HELP PAY FOR THERAPIES FOR PEOPLE WHO
15 COULDN'T OTHERWISE AFFORD THEM. THERE ARE A NUMBER OF
16 ALTERNATIVES, BUT THE BASIC IDEA IS WE WOULD ASK
17 PRIMARILY UNIVERSITIES TO SHARE SOME FRACTION OF THEIR
18 REMUNERATION WITH A STATE AGENCY OF ONE SORT OR
19 ANOTHER.

20 CHAIRMAN KLEIN: ED, WHEN YOU SAY PRIMARILY
21 UNIVERSITIES, I THINK YOU ARE TALKING ABOUT IF WE HAVE
22 THE NONPROFIT RESEARCH SECTOR, FOR EXAMPLE, RESEARCH
23 HOSPITALS LIKE CITY OF HOPE OR UNIVERSITIES OR
24 INSTITUTES LIKE THE SALK, WHATEVER THE IP REVENUES THEY
25 WOULD OTHERWISE GET, WE'RE TALKING ABOUT TAKING 25, 30

1 PERCENT, SOME SHARE OF THAT REVENUE, NOT AN ADD-ON TO
2 THE BURDEN OF IP LICENSING COSTS, BUT IT'S NOT JUST
3 UNIVERSITIES; IS THAT CORRECT?

4 DR. PENHOET: NO. IT'S ANY NONPROFIT
5 INSTITUTION WHO GETS MONEY FROM ROYALTIES. CITY OF
6 HOPE WOULD BE ONE OF THOSE. IT'S CONTROVERSIAL. CCST
7 RECOMMENDS AGAINST THIS TAX. THERE WERE A NUMBER OF
8 ARGUMENTS BASED ON TAXABLE VERSUS NONTAXABLE. WE HAVE
9 A VERY CLEAR UNDERSTANDING OF HOW IT WORKS AT THE
10 UNIVERSITY OF CALIFORNIA. WHETHER OR NOT WE TAX THE
11 UNIVERSITY OF CALIFORNIA'S REVENUES, ANY REVENUES THAT
12 UNIVERSITY OF CALIFORNIA GETS IS CONSIDERED
13 REMUNERATION TO THE STATE. IT IS A STATE AGENCY,
14 PERIOD, FOR THIS PURPOSE. SO IT DOESN'T AFFECT THE
15 STATUS OF BONDS BEING TAXABLE OR NONTAXABLE FOR THE
16 ENTIRE UC SYSTEM. DEFINED PER SE AS A STATE AGENCY,
17 ANY ROYALTIES THAT A UC CAMPUS OR A UC SYSTEM WOULD GET
18 WOULD QUALIFY AS REVENUE TO THE STATE. I THINK THAT --

19 DR. FRIEDMAN: IF I COULD JUST ASK A
20 QUESTION, PLEASE. AS YOU GO THROUGH THIS, ARE YOU
21 EXPECTING US TO COMMENT ON EACH ONE OF THESE AS WE GO
22 THROUGH? OR DO YOU EXPECT THAT AFTER YOU PRESENT THE
23 WHOLE PACKAGE, WE'LL THEN HAVE AN OPPORTUNITY BECAUSE I
24 DON'T WANT TO INTERRUPT THE FLOW OF THINGS.

25 DR. PENHOET: MY EXPECTATIONS WERE MODEST IN

1 THIS REGARD.

2 DR. FRIEDMAN: THIS IS A CHANCE TO ENHANCE
3 YOUR EXPECTATIONS.

4 DR. PENHOET: I THINK WE'VE TAKEN THEM AS
5 WE'VE GONE ALONG, SO PLEASE FEEL FREE TO MAKE ANY
6 COMMENT YOU WOULD LIKE.

7 DR. FRIEDMAN: I'VE GOT SOME COMMENTS ABOUT
8 SOME OF THE EARLIER ONES, BUT JUST HERE. I THINK THAT
9 WE SHOULD, SINCE THESE ARE PRINCIPLES, AND THEY'RE NOT
10 STRICT GUIDELINES, I THINK THAT THIS IS AN OPPORTUNITY
11 TO SAY WHAT OUR EXPECTATIONS ARE. AND OUR EXPECTATIONS
12 ARE -- I AGREE WITH YOUR FIRST POINT UNDER LICENSING,
13 THAT THESE WILL BE COMMERCIALIZED, AND I THINK THAT'S
14 ENTIRELY APPROPRIATE. I THINK IT'S VERY DIFFICULT TO
15 PUT OUT UNDERSERVED PATIENT POPULATIONS AS THE ONLY
16 THING THAT YOU TALK ABOUT, ALTHOUGH I THINK THAT'S
17 PERFECTLY WORTHY. THERE WILL BE A WHOLE VARIETY OF
18 OTHER CONSIDERATIONS THAT WILL ULTIMATELY RESULT IN A
19 DECISION ABOUT WHICH COMPANY OR WHICH COMPANIES
20 COMMERCIALIZE THE PRODUCT.

21 THE SECOND POINT IS I REALLY STRONGLY OBJECT
22 TO THE USE OF THE TERM "TAX" THERE. THAT'S AN
23 INAPPROPRIATE AND INFLAMMATORY TERM, AND IT'S NOT A
24 TAX. I THINK THAT WHAT YOU'RE TALKING ABOUT IS THAT
25 RESULT -- THE EXPECTATION IS THAT THE FUNDS THAT ARE

1 GENERATED FROM ROYALTIES OF THE RESEARCH FUNDED BY THE
2 CIRM WILL MAKE THEIR WAY BACK TO THE STATE OF
3 CALIFORNIA IN ONE FORM OR ANOTHER. THE DETAILS OF
4 THAT, THE COSTS OF THAT, THE DIFFERENT MECHANISMS FOR
5 THAT ARE YET TO BE DECIDED, BUT, PLEASE, I JUST WOULD
6 STRONGLY URGE US NOT TO SAY TAX. IT'S NOT A TAX.

7 DR. PENHOET: ARLENE CHIU AGREES WITH YOU
8 WHOLEHEARTEDLY, AND HER SYNOPSIS OF WHAT I PRESENTED
9 HERE HAS REMOVED THE WORD "TAX" FROM THE PRESENTATION
10 SHE WILL GIVE YOU.

11 MR. SHESTACK: IS ROYALTY A VIOLATION OF
12 BAYH-DOLE? IT'S ACTUALLY MANDATING A ROYALTY BE
13 RETURNED BACK TO THE STATE.

14 MR. PENHOET: NO, IT'S NOT A VIOLATION OF
15 BAYH-DOLE. IT'S AN APPLICATION OF BAYH-DOLE. THERE'S
16 NOTHING ABOUT BAYH-DOLE THAT DICTATES WHAT THE GRANTEES
17 WILL DO WITH THEIR RETURN. IT IS A REQUIREMENT OF
18 BAYH-DOLE, HOWEVER, THAT GRANTEES MAKE AN
19 AFFIRMATIVE -- TAKE ON AN AFFIRMATIVE OBLIGATION TO
20 FIND COMMERCIAL OUTLETS FOR THEIR TECHNOLOGY, BUT IT
21 DOESN'T SPECIFY HOW -- WHAT THEY'LL DO WITH IT ONCE
22 THEY GET IT.

23 DR. BERG: ONE POSSIBILITY, WHICH IS MAYBE
24 NOT TO ANYONE'S LIKING, IS CURRENTLY IT'S LEFT UP TO
25 THE INSTITUTION TO DETERMINE HOW THE ROYALTIES ARE

1 DI STRI BUTED. SO GENERALLY IT' S ACCEPTABLE THAT THE
2 I NVENTORS GET A FRACTION, A THIR D PERHAPS, THE
3 DEPARTMENT I N WHI CH THE RESEARCH WAS DONE GETS A
4 FRACTION, A THIR D, AND THE I NSTITUTION GETS A THIR D.
5 SO NOW YOU CAN SAY YOU COULD DI VIDE I T BY FOUR WAYS.
6 ONE COMPONENT I S TO COME BACK TO WHATEVER, THE STATE,
7 SOME TAX, SOME SPECI FIC PROGRAM. SO THE DI STRI BUTI ON
8 I S MORE OR LESS LAI D OUT RATHER THAN LEAVI NG I T UP TO
9 THE I NSTITUTION TO SPREAD THE WEALTH WHATEVER WAY THEY
10 WANT.

11 DR. PENHOET: WI TH ONE EXCEPTI ON, WE THI NK
12 THAT' S A GOOD I DEA. WHAT WE THOUGHT WAS NOT A GOOD
13 I DEA I S TO HAVE THE I NVENTORS THEMSELVES PARTI CI PATE I N
14 REVENUE SHARI NG. THAT I F, FOR EXAMPL E, STANFORD HAS A
15 PROGRAM THAT THE I NVENTOR GETS A THIR D, I F THEY TOOK A
16 CI RM GRANT AND THEY ONLY GOT 20 PERCENT, WE THI NK THERE
17 MIGHT BE A DI SINCENTI VE FOR THE BEST I NVESTIGATORS WHO
18 MIGHT BE ABLE TO GET FUNDS ELSEWHERE ACTUALLY GET GRANT
19 MONEY FROM US.

20 DR. BERG: ANYBODY WHO THI NKS ABOUT I T I N
21 THOSE TERMS I S NOT THE BEST I NVESTIGATOR.

22 DR. FRI EDMAN: THAT' S A THEORETI CAL
23 CONSI DERATI ON, AND I THI NK I T' S ABSOLUTELY UNSUPPORTED
24 BY ANY FACT.

25 DR. PENHOET: HOWEVER, EACH I NSTITUTI ON

1 TODAY, DO YOU RECOMMEND THAT WE ACTUALLY SPECIFY HOW
2 THEY DO IT?

3 DR. BERG: THAT'S ONE. I'M JUST IT LAYING
4 OUT.

5 MR. SHESTACK: CIRM-FUNDED DISCOVERIES, DOES
6 THAT MEAN ANYTHING PATENTED THAT RESULTED FROM CIRM
7 MONEY? AND WHAT ABOUT TEAMS WHERE THERE'S
8 COLLABORATIONS OUT WITH THE STATE, AND HOW DO YOU --

9 DR. PENHOET: WELL, THAT MIGHT BE A CASE IF
10 THERE ARE MORE THAN -- MULTIPLE INVENTORS THAT ARE
11 ACTUALLY SUPPORTED BY DIFFERENT SOURCES OF FUNDS, THEN
12 THAT IS A CASE WHERE PERHAPS THE INSTITUTION WOULD HAVE
13 TO COME BACK TO US AND JUSTIFY THE FRACTION. I THINK
14 THAT IS ONE CASE WHERE CIRM COULD.

15 DR. PRIETO: I THINK THE POINT WAS MADE THAT
16 THIS ALREADY COMES UP IN INVENTIONS THAT ARE OUT THERE
17 AND ON THE MARKET TODAY, THAT THESE DIVISIONS OF
18 ROYALTIES ARE NEGOTIATED, AND YOU COME UP WITH A
19 PERCENTAGE. AND THE ADVANTAGE OF A PERCENTAGE
20 APPROACH, IF WE STIPULATE SOMETHING UNDER THE LICENSING
21 PORTION HERE, IS THAT THAT GIVES PREDICTABILITY TO THE
22 PEOPLE WHO ARE DEVELOPING SOMETHING, AND THAT'S REALLY
23 WHAT MAXIMIZES RETURN TO THE STATE AND EVERYONE
24 INVOLVED.

25 DR. PENHOET: PART OF THE REASON THERE'S SOME

1 CONFUSION AROUND THIS IS THAT PROP 71 ITSELF CLEARLY
2 STATES THAT THERE WILL BE A RETURN TO THE STATE, BUT
3 IT'S NOT SPECIFIED THAT IT'S FINANCIAL RETURN OR
4 OTHERWISE, BUT IT'S PRETTY DIRECTLY LINKED TO ROYALTIES
5 AND OTHER FORMS OF REMUNERATION. AND WE HAVE HAD
6 CONVERSATIONS WITH A NUMBER OF POTENTIAL GRANTEEES. I
7 WOULD SAY NONE OF THEM ARE TOTALLY ENTHUSIASTIC ABOUT
8 THIS PROPOSAL TO SHARE THE REVENUES, RATHER THAN TAX
9 THEM, BUT THEY'RE ALL WILLING TO GO ALONG WITH IT IF IT
10 SEEMS TO BE IN THE BEST INTEREST OF CIRM AND THE STATE.

11 DR. BRYANT: I JUST WANT TO SAY IN TERMS OF
12 MAKING CHANGES IN THE USUAL PERCENTAGES THAT PEOPLE GET
13 AT INSTITUTIONS, IN THE CASE OF THE UC, IT'S PART OF
14 THE CONTRACT THAT PEOPLE SIGN WHEN THEY SIGN UP. IT'S
15 KIND OF LIKE A POLICY THAT'S BEEN IN PLACE, AND IT'S IN
16 PLACE WHEN THEY'RE HIRED. THIS IS WHAT THE PERCENTAGES
17 ARE.

18 NOW, THERE'S A CONSIDERABLE PERCENTAGE GOES
19 TO, AT LEAST IN THE UC SYSTEM, 35 TO THE INVENTOR, 15
20 TO THE DEPARTMENT, AND 50 TO THE UNIVERSITY, SO THEN IT
21 WOULD BE UP TO THEM TO FIGURE OUT WHERE THEY WOULD GET
22 THE TAX IF THERE WAS A TAX. SORRY ABOUT THE WORD.

23 DR. JENNINGS: DID THE GROUP CONSIDER THE
24 POSSIBILITY OF HAVING A TRIGGER LEVEL ON THIS? IT'S
25 GOING TO TAKE A CONSIDERABLE APPARATUS, AND IT

1 SHOULDN' T BE TRIGGERED UNLESS YOU' RE TALKING ABOUT A
2 CONSIDERABLE SUM OF MONEY COMING IN IN ROYALTIES. YOU
3 WOULDN' T WANT TO DO IT FOR \$20,000.

4 DR. PENHOET: THANK YOU FOR BRINGING THAT UP.
5 WE DISCUSSED THAT AND BELIEVE THERE SHOULD BE A TRIGGER
6 POINT. WE HAVE TO DO MORE HOMEWORK TO FIGURE OUT
7 EXACTLY WHERE IT IS, BUT THE COST -- FIRST OF ALL, ONLY
8 ONE IN -- CORRECT ME, MARY -- ONE IN 200 GRANTS
9 EVENTUALLY LEADS TO ANY PATENTABLE INVENTION. AND ONLY
10 ONE OF 400 PATENTABLE INVENTIONS ACTUALLY LEADS TO
11 REVENUES IN EXCESS OF \$500,000. SO THE UNIVERSITY WILL
12 HAVE TO MAKE A BIG FRONT-END INVESTMENT TO MEET THE
13 REQUIREMENT OF ACTUALLY ENCOURAGING COMMERCIALIZATION
14 OF THEIR WORK. AND I THINK THAT IT' S ENTIRELY
15 APPROPRIATE IN THOSE CIRCUMSTANCES. OUR GROUP FEELS
16 IT' S ENTIRELY APPROPRIATE TO HAVE A MINIMUM THRESHOLD
17 BELOW WHICH THEY WOULD NOT HAVE TO PAY -- SHARE
18 REVENUES.

19 A NUMBER THAT WAS PROPOSED TO US WAS
20 \$500,000. WE HAVE TO LOOK INTO THAT NUMBER AND MAKE
21 SURE IT HAS A RATIONAL BASIS THAT WE GET COMFORTABLE
22 WITH IT. YES, THAT WAS, IN FACT, INCLUDED IN OUR
23 DISCUSSION.

24 DR. BERG: IT IS PART OF THE PRINCIPLES THAT
25 IT' S THE INSTITUTION THAT PAYS THE PATENTING COST.

1 DR. PENHOET: THAT'S CORRECT.
2 AND THEN TO JOAN'S QUESTION ABOUT MARCH-IN
3 RIGHTS. THERE ARE TWO CASES WHICH WE THINK ARE CLEAR.
4 ONE IS FAILURE TO DEVELOP A CIRM-FUNDED DISCOVERY.
5 THESE ARE MARCH-IN RIGHTS USUALLY LOOKING THROUGH TO A
6 GRANTEE'S LICENSING. SO IF CALTECH PROVIDED A LICENSE
7 TO A COMPANY TO DEVELOP TECHNOLOGY AND THE DEVELOPMENT
8 OF THE TECHNOLOGY WAS JUST SITTING THERE NOT BEING
9 DEVELOPED, AND CALTECH WAS NOT WILLING TO INTERVENE IN
10 THAT CASE, THAT WE WOULD HAVE THE ABILITY TO GO TO THAT
11 COMMERCIAL ENTERPRISE AND TAKE BACK THE LICENSE OR
12 OTHERWISE NEGOTIATE.
13 MR. SHESTACK: IS THERE PRECEDENT FOR THIS?
14 DR. BERG: YEAH. THE NIH HAS IT.
15 DR. PENHOET: MOST COMPANIES HAVE IT IN THEIR
16 AGREEMENTS.
17 DR. PRIETO: BAYH-DOLE. IT JUST ISN'T USED.
18 MR. SHESTACK: HAD IT EVER BEEN EXERCISED IN
19 ANY EXPERIENCE?
20 DR. PENHOET: THE FEDERAL GOVERNMENT HAS
21 NEVER EXERCISED IT. PRIVATE ENTERPRISE HAS EXERCISED
22 IT ALL THE TIME, SO IT'S A WIDESPREAD PRACTICE, BUT THE
23 FEDERAL GOVERNMENT NEVER EXERCISES IT.
24 DR. FRIEDMAN: THE FACT IS, THOUGH, THAT JUST
25 THE THREAT IS OF SUFFICIENT VALUE THAT YOU DON'T HAVE

1 TO DO IT. AND I DO KNOW OF INSTANCES WHERE IT WAS
2 THREATENED WITH CANCER DRUGS FOR ORPHAN POPULATIONS,
3 AND THAT WAS ENOUGH TO ACTUALLY GET IT DONE.

4 DR. PENHOET: AND THEN THE FINAL IS A BROAD
5 CATEGORY OF PUBLIC HEALTH AND SAFETY REASONS. IF THERE
6 WAS A PANDEMIC FLU COMING AND WE HAD DEVELOPED A STEM
7 CELL THERAPY TO PROTECT EVERYBODY FROM THE FLU, I
8 SUPPOSE WE COULD INTERVENE IF IT'S NOT BEING WIDELY
9 DISPERSED. SO WE HAVE A NUMBER OF PEOPLE WITH STRONG
10 PUBLIC HEALTH BACKGROUNDS HERE COULD CITE THAT. IT'S A
11 VAGUE CATEGORY; NEVERTHELESS, DOES PROVIDE AN
12 OPPORTUNITY FOR INTERVENTION.

13 MR. KLEIN: I DON'T THINK THAT THE REPORTER
14 GOT DR. BRYANT'S POINT ON THE LAST -- END OF THE LAST
15 HEADNOTE, WHICH WAS THAT THESE ARE NET REVENUE
16 DIVISIONS WE'RE TALKING ABOUT AFTER RECOVERY OF COST.
17 IS THAT YOUR POINT, DR. BRYANT?

18 DR. BRYANT: YES, IT WAS.

19 DR. PENHOET: NET OF THE COST ASSOCIATED WITH
20 FILING THOSE PARTICULAR PATENTS, ETC., NOT THE WHOLE
21 PATENT PORTFOLIO.

22 SO THESE ARE THE PRINCIPLES UPON WHICH WE
23 WOULD LIKE TO AT LEAST INFORM PEOPLE WHO ACCEPT
24 TRAINING GRANTS, THAT OUR FINAL POLICY IS LIKELY TO
25 CONTAIN SOME OF THESE ELEMENTS, AND IT'S SOME DEGREE OF

1 BUYER BEWARE OR GRANTEE BEWARE NOTIFICATION THAT WE'RE
2 MAKING AS A RESULT OF PATENTS.

3 WITH THAT, I THINK IF THERE ARE NO MORE
4 COMMENTS, I'D LIKE TO TURN IT OVER TO ARLENE WHO WILL
5 GO THROUGH THE BROADER ISSUES OF THE GRANTS
6 ADMINISTRATION POLICY OF WHICH THIS WILL BECOME A PART.

7 MS. SAMUELSON: PROCESS QUESTION, I GUESS.
8 IS THIS APPROACHING THE POINT WHERE THIS IS BECOMING,
9 IN FACT, THE PRINCIPLES THAT WILL GOVERN THE TRAINING
10 GRANTS? BECAUSE I STILL HAVE A BIG PROBLEM WITH THE
11 SECOND SENTENCE IN LICENSING, PREFERENCE GIVEN TO
12 COMPANIES WITH PLANS FOR ACCESS.

13 DR. PENHOET: NO. IT IS COMING TO THE POINT
14 WHERE IT MIGHT BE INCLUDED. SO I THINK IF JOAN HAS A
15 CONCERN ABOUT THAT, DO WE WANT TO KEEP -- WELL, WE HAVE
16 A PROPOSAL BY JON SHESTACK THAT WE INCLUDE A PREFERENCE
17 FOR NONEXCLUSIVE LICENSING EXCEPT WHERE IT CAN BE
18 DEMONSTRATED AN EXCLUSIVE LICENSE IS THE PREFERRED
19 METHOD TO COMMERCIALIZE THE PRODUCT. WE COULD ADD THAT
20 IF IT'S YOUR PLEASURE.

21 AND THE SECOND ONE IS SHOULD WE REMOVE THIS
22 PREFERENCE FOR UNDERSERVED POPULATIONS?

23 DR. PRIETO: I GUESS I'D LIKE TO ASK JOAN, I
24 HEARD SOME OF YOUR COMMENTS EARLIER, BUT WHY YOU WOULD
25 WANT TO REMOVE THAT?

1 MS. SAMUELSON: I GUESS I THINK WE HAVE A
2 HUGE BURDEN ALREADY IN EVEN IMAGINING THAT WE'RE GOING
3 TO BE ABLE TO DELIVER SUCCESSFULLY, WIDELY IN
4 DELIVERING EFFECTIVE THERAPIES AND CURES FROM STEM CELL
5 TECHNOLOGY IN THE FORESEEABLE FUTURE. A LOT OF PEOPLE
6 SAY THAT'S INCREDIBLY AMBITIOUS. AND IT SEEMS TO ME
7 THAT COMPANIES THAT ARE GOING TO AGGRESSIVELY TRY TO
8 HELP US DO THAT SHOULD HAVE EVERY BIT OF HELP WE CAN
9 GIVE. AND THAT SENTENCE, AS I READ IT, WOULD GIVE A
10 PREFERENCE TO A COMPANY THAT, LET'S SAY, REALLY DOESN'T
11 HAVE A GREAT PLAN FOR WHAT THEY'RE GOING TO DO WITH THE
12 PRODUCT, BUT HAS A VERY LAUDABLE SOCIAL GOAL IN GETTING
13 IT OUT TO THE POOR POPULATION IN LIEU OF A COMPANY THAT
14 MIGHT HAVE A LEGAL, SMART IDEA THAT BADLY NEEDS TO GET
15 TO MARKET.

16 DR. PRIETO: I THINK THAT THAT SORT OF THING
17 WOULD BE WEIGHED IN THE GRANTS PROCESS, BUT I THINK THE
18 IDEA BEHIND THIS LANGUAGE WAS TO ENCOURAGE INNOVATION,
19 NOT JUST IN TERMS OF THE SCIENTIFIC IDEAS, BUT IN HOW
20 YOU WOULD SEE THOSE IDEAS BEING DELIVERED TO PATIENTS.
21 AND SPECIFICALLY IT DOES NOT -- IT LEAVES IT OPEN TO
22 THE GRANTEE TO COME BACK AND, SAY, BRING TO US AN IDEA,
23 AND THIS IS REALLY SOMETHING, I THINK, CAME FROM THE
24 GATES FOUNDATION MODEL. YOU TELL US HOW YOU ARE GOING
25 TO DO THIS. WE'RE NOT GOING TO GIVE YOU THE SPECIFICS,

1 BUT YOU TELL US HOW THIS CAN BEST BE DONE, AND THEN
2 WE'LL LOOK AT AND WEIGH THE BEST IDEAS.

3 I DON'T SEE THIS AS SOMETHING THAT WOULD BE
4 ONEROUS AT ALL. I THINK IT'S SOMETHING THAT JUST
5 FAVORS INNOVATION, JUST IN A DIFFERENT SPHERE.

6 DR. PENHOET: MAYBE IN THE SENSE OF JOAN'S, I
7 THINK THIS WAS NOT MEANT TO BE PREEMPTIVE, THAT THE
8 COMPANY WITH THE BEST PLAN HERE WOULD BE THE AUTOMATIC
9 WINNER. SO I THINK THAT WE COULD RECAST THIS IN LIGHT
10 OF THAT. AMONG OTHER THINGS, CONSIDERATION WOULD BE
11 GIVEN TO COMPANIES. IF PEOPLE ARE COMFORTABLE WITH
12 THAT LANGUAGE.

13 CHAIRMAN KLEIN: DR. PENHOET, IF WE COULD GET
14 THE MEMBERS OF THE BOARD BACK TO THE TABLE SO THEY CAN
15 ALL PARTICIPATE IN THE DISCUSSION WITH MICS, THAT WOULD
16 BE VERY HELPFUL. AND I'D REMIND EVERYONE THAT WE'RE
17 DISCUSSING THE INTERIM IP POLICY FOR TRAINING GRANTS
18 ALONE. THAT'S WHAT THAT HEADING IS. AND THAT WE HAVE
19 TO HAVE AN IP POLICY IN PLACE TO BE ABLE TO DISTRIBUTE
20 FUNDS FOR TRAINING GRANTS.

21 IF EVERYONE UNDERSTANDS THAT, SO THE QUESTION
22 IS -- I WOULD ASK DR. PENHOET WHAT IS YOUR PLEASURE,
23 WHAT IS YOUR INTENT HERE? IS IT YOUR INTENT TO PRESENT
24 THE GRANT ADMINISTRATION POLICY AND THEN COME BACK TO
25 THIS ITEM, OR HOW WOULD YOU LIKE TO HANDLE THIS?

1 DR. PENHOET: I THINK WE HAVE TWO AMENDMENTS
2 ON THE TABLE. I WOULD LIKE TO GET APPROVAL OF THESE
3 PRINCIPLES TODAY. I THINK WE HAVE TWO POSSIBLE
4 AMENDMENTS ON THE TABLE.

5 DR. BRYANT: COULD I SUGGEST A THIRD?

6 DR. PENHOET: YES. WE HAVE A COMMENT --
7 WELL, IF I COULD JUST SUMMARIZE THE TWO. ONE IS TO
8 CLARIFY THE -- EITHER REMOVE OR CLARIFY THE LANGUAGE OF
9 PREFERENCES SO THAT IT'S NOT INTENDED TO BE AN ABSOLUTE
10 PREFERENCE, BUT AN ITEM TO CONSIDER IN LICENSING. IS
11 THAT A REASONABLE WAY?

12 MS. SAMUELSON: AT MOST. IDEALLY IT WOULD
13 NOT BE A DISINCENTIVE.

14 DR. PENHOET: AND THE SECOND ONE IS TO ADD
15 SOME LANGUAGE ABOUT A PREFERENCE FOR NONEXCLUSIVE
16 LICENSES UNLESS THERE'S A DEMONSTRATION THAT IT
17 INCLUDES LICENSES NECESSARY TO COMMERCIALIZE THE
18 TECHNOLOGY.

19 I THINK SUE BRYANT WAS FIRST.

20 DR. BRYANT: MINE WAS A SUGGESTION FOR THE
21 FIRST AMENDMENT, WHICH WOULD BE INSERT "ALL OTHER
22 THINGS BEING EQUAL," A PREFERENCE WOULD BE GIVEN FOR
23 THAT. SO THAT WOULD MEAN IT'S NOT GOING TO BE TAKING
24 PRECEDENCE OVER THE QUALITY OF THE PRODUCT OR ANYTHING
25 ELSE. IT'S JUST AN ADDITIONAL PREFERENCE.

1 MS. FEIT: I'M GOING TO STRONGLY ADVOCATE FOR
2 THE UNDERSERVED TO BE MENTIONED AND THE STATEMENT TO BE
3 KEPT IN BECAUSE I CAN TELL YOU THAT FREQUENTLY WHEN
4 SCIENCE DEVELOPS PHARMA OR A BIOMEDICAL, THE
5 UNDERSERVED DON'T GET ACCESS TO IT. THEY'RE LONG
6 WAITING FOR ACCESS. AND SO I THINK IF YOU WANT TO SEE
7 A BACKLASH FROM THE TAXPAYERS AND FROM OUR GOVERNMENT
8 ON THIS ISSUE, LET THAT HAPPEN ONCE, AND IT WILL KILL
9 THE FUNDING FOR STEM CELL RESEARCH GOING FORWARD, AT
10 LEAST FROM THE TAXPAYER.

11 SO I WOULD ADVOCATE -- AND I THINK SUSAN'S
12 COMMENT ABOUT MODIFYING IT SO THAT AT LEAST ALL THINGS
13 BEING EQUAL, THEN PREFERENCE WOULD BE GIVEN TO THOSE
14 WHO HAVE A PROGRAM THAT WOULD ADDRESS THE UNDERSERVED
15 IS REAL IMPORTANT.

16 MS. SAMUELSON: I THINK THAT MODIFICATION
17 WOULD BE GREAT. LET ME JUST GIVE YOU THE PARKINSON'S
18 CONTEXT. AS I UNDERSTAND IT, MOST PEOPLE WITH
19 PARKINSON'S BECOME BANKRUPT BECAUSE THEY LOSE THEIR
20 EMPLOYABILITY AND THEY LOSE THEIR HEALTH INSURANCE AND
21 THEY LOSE EVERYTHING ELSE PAYING FOR THEIR TREATMENT.
22 SO I WOULD MUCH RATHER QUICKLY, AS QUICKLY AS POSSIBLE,
23 AND THE DELAYS HAVE JUST BEEN HEART BREAKING, GET
24 SOMETHING -- A THERAPY TO MARKET THAT SOMEONE CAN THEN
25 USE TO RESTORE THEIR LIFE, GET THEIR JOB BACK, START

1 PAYING TAXES, AND BE ABLE TO PAY FOR TREATMENT, AND
2 THEN LET'S SOLVE ANY REMAINING PRICING PROBLEMS, WHICH
3 I AGREE WE SHOULD DO.

4 DR. PENHOET: I THINK WE HAVE LANGUAGE FROM
5 SUE THAT, WITH YOUR STATEMENT BEHIND IT, I THINK WOULD
6 PROBABLY WORK.

7 MS. SAMUELSON: YEAH. SOUNDS LIKE.

8 DR. PENHOET: AND THEN THE ISSUE, PAUL, YOU
9 WANTED TO MAKE A COMMENT ABOUT NONEXCLUSIVE LICENSING.

10 DR. BERG: NO. I THINK YOU SUMMARIZED THAT
11 POINT. I THINK IT'S AN IMPORTANT POINT BECAUSE ALL TOO
12 OFTEN I'VE FOUND UNIVERSITIES ACTUALLY TRANSGRESSING
13 AND ACTUALLY PREFERRING EXCLUSIVE LICENSES WHEN I THINK
14 IN THE END THEY'RE THE WORST WAY. SO I WOULD CERTAINLY
15 LIKE TO SEE US STRONGLY URGE THAT IN THE LICENSING
16 PROCESS THAT IT BE NONEXCLUSIVE.

17 DR. PENHOET: UNLESS --

18 DR. BERG: UNLESS THERE'S ONLY ONE PERSON OR
19 ONE COMPANY THAT COULD POSSIBLY CARRY THE THING
20 FORWARD, BUT THAT'S RARE.

21 DR. FRIEDMAN: FIRST OF ALL, THIS IS A LOT OF
22 HARD WORK TO DISTILL THESE POINTS, AND I WANT TO
23 APPRECIATE WHAT THE COMMITTEE HAS DONE. AND WE DON'T
24 WANT TO TRY AND WORDSMITH THIS HERE, BUT I THINK SOME
25 WORDS ARE IMPORTANT. I THINK IT'D BE VALUABLE UNDER

1 OWNERSHIP TO DEFINE THAT THE GRANTEE'S ARE THE
2 INSTITUTION. I KNOW THAT'S WHAT YOU SAID, BUT WE
3 SHOULD SIMPLY SAY, BECAUSE THIS WILL BE SUBJECT TO
4 CONFUSION, AND JUST SAY THE GRANTEE'S INSTITUTION OWNS
5 THE DATA AND OWN THE RIGHTS.

6 THE SECOND IS I REALLY LIKE THE DEFAULT
7 EXPECTATION THAT THERE WILL BE SHARING OF INFORMATION
8 AND REAGENTS, EVEN THOUGH THAT'S TO BE DEFINED FURTHER.

9 THE THIRD POINT I'D LIKE TO MAKE IS THAT
10 INSTEAD OF CALLING IT A TAX UNDER LICENSING, I WOULD
11 HOPE THAT WE WOULD TALK ABOUT SHARING THE BENEFIT WITH
12 THE STATE IN A MANNER TO BE DEFINED. I'M NOT TRYING TO
13 SAY EXACTLY WHAT THAT SHOULD BE. AND TO INCLUDE THERE
14 THE VERY REASONABLE EXPECTATION YOU HAD, THAT THERE
15 WILL BE A TRIGGERED THRESHOLD TO BE DEFINED AS WELL.

16 THIS IS SIMPLY LAYING OUT THINGS TO BE FILLED
17 IN LATER, BUT HAVING -- LAYING OUT A MATRIX THAT HAS
18 THESE BOXES IN IT TELLS EVERYONE WHAT TO LOOK FOR.
19 THANK YOU.

20 DR. FONTANA: I JUST WANTED TO COMMENT ON THE
21 PROCESS THAT'S HAPPENING HERE, AND I WANT TO
22 CONGRATULATE ED ON ORCHESTRATING A TREMENDOUS AMOUNT OF
23 MATERIAL AND CRYSTALLIZING IT INTO PRETTY SIMPLE,
24 STRAIGHTFORWARD ISSUES. IT WAS A THOROUGH,
25 COMPREHENSIVE PRESENTATION, AND THAT THE BOARD CAN NOW

1 VET IT. AND I WOULD LIKE TO USE THIS AS A MODEL FOR
2 WHICH WE GO FORWARD WITH OTHER IMPORTANT ISSUES.

3 DR. PENHOET: THANK YOU. DO WE HAVE A
4 PROPOSAL ON THE TABLE?

5 DR. HALL: LET ME JUST GIVE A REPORT BACK
6 FROM THE STANDARDS WORKING GROUP, WHICH HEARD THIS AND
7 WAS, IN GENERAL, VERY ENTHUSIASTIC. TED PETERS MADE
8 ONE SUGGESTION, WHICH I THINK IS -- SINCE THESE ISSUES
9 WILL BE CONSIDERED AT GREATER LENGTH GOING FORWARD AS
10 YOU DEVELOP POLICY FOR RESEARCH GRANTS AND ALSO AS YOU
11 DEVELOP FINAL STANDARDS, THERE WILL BE AMPLE TIME TO
12 TALK ABOUT THIS, BUT HE DID RAISE AN INTERESTING IDEA
13 THAT I WANTED FOR COMPLETENESS IN THE RECORD TO AT
14 LEAST MENTION. AND THAT IS, HE SUGGESTED THAT STEM
15 CELL LINES, REQUIRE THAT STEM CELL LINES DERIVED WITH
16 CIRM FUNDING NOT BE PATENTED, WHICH HAS -- I THINK
17 THERE'S SOME ARGUMENTS ON EITHER SIDE ABOUT THAT. AND
18 MAYBE WE CAN DISCUSS THAT LATER. I DON'T THINK THIS IS
19 THE TIME OR PLACE TO COME TO A RESOLUTION ON THAT, BUT
20 I DID WANT TO PUT IT ON THE TABLE BECAUSE THERE WAS A
21 LOT OF INTEREST IN THE WORKING GROUP IN THAT IDEA.

22 DR. MURPHY: ED, I THINK THAT I TOO AGREE
23 YOU'VE DONE A GOOD JOB HERE. I REALLY DO HOPE WE HAVE
24 THE TIME, THOUGH, TO BRING THESE POINTS BACK TO EXPERTS
25 IN OUR ORGANIZATIONS FOR FULL DISCUSSION BEFORE WE HAVE

1 A CHANCE TO VOTE ON THE GUIDELINES WITH THE BOARD.

2 I'M ALSO A LITTLE BIT CONCERNED, NO. 1, AS
3 JOAN IS, THAT PREFERENCE TO UNDERSERVED POPULATIONS IS
4 GOING TO CREATE ANTIBODIES IN THE PHARMACEUTICAL
5 INDUSTRY, AND WE MAY BE DRIVING AWAY PEOPLE WHO ARE
6 BEST ABLE TO HELP US GET THESE GOOD THINGS TO MARKET.
7 THERE ARE OTHER WAYS OF DOING IT, ALTHOUGH WE WOULD ALL
8 AGREE THAT WE WANT TO GET THEM TO MARKET QUICKLY AND
9 EFFECTIVELY. WE ALSO DON'T WANT TO PUT UP BARRIERS.

10 I GUESS I'M ALSO GETTING A LITTLE BIT
11 UNCOMFORTABLE THAT WE'RE BEGINNING TO REACH INTO OUR
12 CONSTITUENT ORGANIZATIONS WITH GUIDELINES OF HOW
13 THEY -- HOW WE OR THEY SHOULD BE HANDLING THIS. AND I
14 THINK WE'RE GETTING INTO SOME DANGEROUS GROUNDS THERE
15 AS WELL.

16 AND FINALLY, SOME OF OUR CONSTITUENT
17 ORGANIZATIONS HAVE STANDING IP RELATIONSHIPS WITH
18 CERTAIN PHARMACEUTICAL COMPANIES. AND I WONDER HOW
19 THESE KINDS OF GUIDELINES MIGHT INTERFERE WITH THOSE
20 STANDING RELATIONSHIPS. AND I THINK WE HAVE TO BE
21 AWARE OF THAT.

22 DR. PENHOET: YOU KNOW, THERE ARE SEVERAL
23 COMMENTS YOU BROUGHT UP. I THINK IT'S PERFECTLY
24 APPROPRIATE FOR PEOPLE TO GO BACK AND DISCUSS THIS WITH
25 WHOMEVER THEY WISH TO DISCUSS IT. WE DON'T NEED A

1 FINAL POLICY IN PLACE BEFORE WE MAKE TRAINING GRANTS,
2 WHICH PROBABLY WON'T BE BEFORE THE FEBRUARY BOARD
3 MEETING, ALTHOUGH WE MIGHT MAKE TRAINING GRANTS BEFORE
4 THEN.

5 WHAT WE'RE SAYING TO POTENTIAL RECIPIENTS OF
6 TRAINING GRANTS AT THIS POINT IS THAT THIS IS -- THAT
7 YOU WILL HAVE TO ABIDE BY WHATEVER WE FINALLY END UP
8 WITH, NOT NECESSARILY THESE, BUT THIS IS THE BEST
9 REPRESENTATION WE CAN MAKE TODAY OF OUR COLLECTIVE
10 THINKING. SO IF WE'RE ASKING YOU TO SIGN UP, IN YOUR
11 CASE SALK, IF YOU HAVE A TRAINING GRANT, AND THE POLICY
12 FROM CIRM EVENTUALLY INCLUDES THESE THINGS, YOU WILL
13 HAVE TO AGREE TO THE THEN EXISTING POLICY. SO TO SOME
14 DEGREE, IT'S AN EFFORT TO INFORM POTENTIAL GRANTEEES OF
15 THE CHARACTER OF WHAT'S COMING DOWN IN THE FUTURE SO
16 THAT THEY'RE NOT SIGNING A TRAINING GRANT SORT OF
17 WITHOUT ANY GUIDANCE FROM US WHATSOEVER. BUT THE
18 POLICY WILL EVENTUALLY BE DETERMINED IN ITS FINAL FORM
19 SOMETIME IN THE NEXT 270 DAYS. DURING THAT TIME WE
20 HAVE AMPLE TIME FOR COMMENT, ETC.

21 BUT THE TRAINING GRANT, AGAIN, YOU KNOW, THE
22 PRIMARY PURPOSE OF TRAINING GRANTS IS TRAINING. WE HAD
23 A LONG DEBATE WHETHER WE NEEDED ANY IP POLICY FOR
24 TRAINING GRANTS BECAUSE IT'S NOT THE PRINCIPAL PURPOSE
25 OF A TRAINING GRANT TO GENERATE TECHNOLOGY. THE NIH,

1 FOR EXAMPLE, DOES NOT REQUIRE TRAINING GRANT GRANTEES
2 ANY REPORTING ON IP GENERATED THROUGH THEIR TRAINING
3 GRANTS. HOWEVER, WE THOUGHT ON THE OUTSIDE CHANCE
4 SOMEBODY DOES INVENT SOMETHING OF VALUE, WE OUGHT TO
5 HAVE SOMETHING IN PLACE THAT GUIDES THEM.

6 DR. HALL: CITY OF HOPE IS AN INTERESTING
7 EXAMPLE OF THAT BECAUSE A SCIENTIST WELL KNOWN TO MANY
8 OF US WORKED, I THINK, WITH ART RIGGS AND WAS PART OF
9 THE INSULIN PATENT AS EITHER AN UNDERGRADUATE OR
10 GRADUATE STUDENT. I'M NOT SURE. BUT WAS QUITE WEALTHY
11 BEFORE HE FINISHED HIS PH.D., SO IT DOES HAPPEN IS THE
12 POINT. SO --

13 CHAIRMAN KLEIN: IF I COULD JUST COMMENT, THE
14 INITIATIVE CALLS FOR AN INTELLECTUAL PROPERTY POLICY TO
15 BE IN PLACE, AGREEMENT, IN FACT, BE IN PLACE WHENEVER
16 ANY GRANT OR LOAN, INCLUDING TRAINING GRANTS, IS MADE.
17 SO AS DR. PENHOET HAS SAID, IT IS VERY HELPFUL, IF THIS
18 WERE TO BE PASSED TODAY AS A SENSE OF THE BOARD, THE
19 BOARD COULD AGENDIZE FOR THE FEBRUARY MEETING TO COME
20 BACK AND DO A FINAL ADOPTION BEFORE IT GOES INTO THE
21 INTERIM REGULATIONS POLICY, BUT IT WOULD GIVE THE
22 INSTITUTIONS AND THE RESEARCHERS A LOOK TO SEE WHERE
23 THIS IS GOING. AND WE COULD COME BACK WITH THE BENEFIT
24 OF THEIR INPUT BEFORE REACHING IN AND MAKING IT A
25 FORMAL INTERIM POLICY.

1 DR. STEWARD: ALONG THOSE LINES, I'M JUST
2 CURI OUS. SUPPOSE WE HAVE A SET OF INTERIM POLICIES
3 THAT THEN CHANGE AFTER DISCUSSIONS, AND THE CHANGES
4 BECOME UNACCEPTABLE TO AN INSTITUTION THAT HAS ALREADY
5 SPENT MONEY IN THE TRAINING GRANTS.

6 CHAIRMAN KLEIN: WELL, THE CONCEPT IS THAT WE
7 WILL, IF WE START WITH AN INTERIM POLICY IN TRAINING
8 GRANTS, CONTRACTUALLY AGREE TO THAT POLICY. IF THE
9 FINAL POLICY IS DIFFERENT, IT WILL APPLY TO THE NEXT
10 ROUND. SO WHEN THESE INSTITUTIONS START OFF ON THEIR
11 PROGRAM AND THEY'RE CONTRACTUALLY AGREEING TO A GRANT,
12 THAT POLICY THAT APPLIES AT THAT TIME IS WHAT APPLIES
13 TO THEM. IF THERE'S A FUTURE CHANGE IN POLICY, IT
14 APPLIES TO THE NEXT ROUND.

15 DR. STEWARD: I'M ASKING BECAUSE I'M JUST
16 TRYING TO THINK THROUGH HERE HOW REALLY CLOSE WE HAVE
17 TO BE TO WHAT WE WOULD HOPE WOULD BE THE FINAL PRODUCT
18 BEFORE WE SORT OF LEAVE TODAY.

19 CHAIRMAN KLEIN: WHAT DR. PENHOET, HE NEEDS
20 TO MAKE A DECISION IN THIS, BUT MY UNDERSTANDING IS
21 THAT THIS IS BEING CONSIDERED TODAY; WHEREAS, WE COULD
22 AGENDIZE FOR FEBRUARY ACTUALLY ADOPTING AS INTERIM
23 POLICY. IF THOSE GRANTS ARE FUNDED BEFORE FEBRUARY,
24 THOSE INSTITUTIONS WOULD HAVE A LIMITED TIME PERIOD
25 EXPOSURE ON THAT CHANGING.

1 DR. HALL: I'M SORRY. POLICY YOU ARE GOING
2 TO HEAR ABOUT ACTUALLY SAYS THAT IT WILL BE SUBJECT TO
3 THE FINAL POLICY ONCE IT'S PUT IN PLACE. AND I THINK
4 PARTICULARLY FOR THE IP, I THINK WHAT WAS CONTEMPLATED
5 WAS THE STATEMENT SAYING THAT IT WOULD BE SUBJECT TO
6 WHATEVER POLICY WAS FINALLY DECIDED. THIS ISN'T AN
7 INTACT POLICY HERE, BUT THIS SHOWS YOU THE GENERAL
8 OUTLINES OF WHAT WE EXPECT IT WILL BE. AND THEN IT
9 WILL BE UP TO THE INSTITUTION TO DECIDE IF THIS IS
10 CLOSE ENOUGH, AND THEY WILL BE WILLING TO TAKE THE
11 CHANCE ON THIS. AND AT LEAST ONE INSTITUTION THAT WE
12 KNOW OF SAID THEY WOULD.

13 DR. STEWARD: I GUESS I'M ASKING MAYBE IS
14 THERE GOING TO BE A PAYBACK PROVISION IF IT ENDS UP
15 THAT THEY ARE NOT WILLING TO ABIDE BY THE FINAL?

16 DR. HALL: WELL, IF THE INSTITUTION DOESN'T
17 WANT TO SIGN ON TO THE GRANTS POLICY, IN ORDER TO GET
18 MONEY FROM US, THEY'RE GOING TO HAVE TO SIGN THE
19 INTERIM TRAINING GRANTS ADMINISTRATION POLICY, WHICH
20 YOU'RE GOING TO HEAR ABOUT SHORTLY FROM ARLENE. IF AN
21 INSTITUTION DECIDES IT DOESN'T WANT TO TAKE THE CHANCE,
22 THEN THEY WILL SAY, WELL, WE'RE GOING TO WAIT UNTIL THE
23 FINAL POLICY IS IN PLACE, AND THAT'S PERFECTLY WITHIN
24 THE RIGHTS OF THE INSTITUTION; BUT WHAT IT SAYS IS
25 THAT, IN FACT, IN SEVERAL KEY PLACES THAT THIS WILL BE

1 SUBJECT TO THE FINAL POLICY THAT'S ADOPTED. AND I
2 THINK YOU HAVE TO MAKE THE JUDGMENT OF WHAT'S THE
3 LIKELIHOOD THAT WE WILL COMPLETELY FLIP FLOP ON SOME
4 CRUCIAL ISSUE.

5 I THINK THE EXPECTATION IS THAT THERE MAY BE
6 SOME FINE-TUNING, AND THIS POLICY IS MEANT TO GIVE ONLY
7 THE OUTLINES OF WHAT A POLICY WOULD BE. THIS IS NOT A
8 SPECIFIC THING THAT AN INSTITUTION COULD SIGN ON TO
9 BECAUSE IT DOESN'T -- YOU KNOW, A TAX, HOWEVER IT'S
10 WORDED, A SHARE MAY BE ANTICIPATED, THAT SIMPLY IS A
11 HEADS UP THAT THIS ISSUE IS YET TO BE RESOLVED. BUT IN
12 ACTUAL FACT, WHEN THAT IS PASSED, THEN WE EXPECT THAT,
13 THEN, TO GOVERN THIS TRAINING PROGRAM.

14 DR. PENHOET: IF I MIGHT, WE HAVE A NUMBER OF
15 PEOPLE WHO WOULD LIKE TO COMMENT, BUT I'M VERY
16 CONCERNED AND AWARE OF THE TIME. ARLENE HAS A
17 SIGNIFICANT PRESENTATION TO MAKE ABOUT THE GRANTS
18 POLICY GENERALLY, WHICH INCLUDES MANY OTHER THINGS
19 OTHER THAN IP. I THINK I HAVE HEARD, I HOPE I'M RIGHT,
20 FAIRLY BROAD SUPPORT FOR THE SUE BRYANT MODIFICATION OF
21 THE ISSUE PREFERENCE, WHICH SAYS ALL OTHER THINGS BEING
22 EQUAL, WE WOULD HAVE PREFERENCE FOR UNDERSERVED --
23 COMPANIES WITH A PLAN FOR UNDERSERVED POPULATIONS.

24 AND THE SECOND ISSUE WAS TO WEAVE IN SOMEHOW
25 A PREFERENCE FOR NONEXCLUSIVE LICENSING UNLESS IT CAN

1 BE DEMONSTRATED THAT AN EXCLUSIVE LICENSE IS THE
2 PREFERRED WAY TO COMMERCIALIZE THE PIECE OF TECHNOLOGY.

3 DR. BERG: DO WE NEED A MOTION?

4 DR. PENHOET: PROBABLY.

5 DR. FRIEDMAN: THIS WILL BE THE THIRD TIME
6 I'VE REPEATED IT. I WANT TO GET THE WORD "TAX" OUT OF
7 THERE.

8 DR. PENHOET: YES. WE ALL UNDERSTAND THAT.

9 DR. FRIEDMAN: YOU KEEP --

10 DR. PENHOET: I AGREE. WE'RE GOING TO GET
11 SHARING IN PLACE OF TAX. THOSE WERE THE THREE
12 IMPORTANT AMENDMENTS THAT WE'VE TALKED ABOUT.

13 DR. PRIETO: I KNOW EVERYONE IS TAX PHOBIC,
14 BUT DO YOU HAVE ALTERNATIVE -- ONE POINT, DO YOU HAVE
15 ALTERNATIVE LANGUAGE FOR THAT? AND THE OTHER QUESTION
16 I THINK DR. BERG IS TRYING TO ASK IS ARE WE READY FOR A
17 MOTION ON THIS?

18 DR. PENHOET: OKAY. WITH THOSE THREE
19 AMENDMENTS, WOULD SOMEBODY MOVE THAT WE ADOPT THESE
20 PRINCIPLES?

21 DR. BERG: I MOVE WE ADOPT.

22 DR. FRIEDMAN: SECOND.

23 DR. PENHOET: DO WE NEED A ROLL CALL VOTE,
24 MR. CHAIRMAN?

25 DR. POMEROY: WHAT WORD IS BEING USED INSTEAD

1 OF TAX?

2 DR. PENHOET: SHARING. SHE HAS THE LANGUAGE.
3 SHE' LL SHOW YOU I N A M I N U T E. WE NEED COMMENT FROM THE
4 P U B L I C.

5 MR. SIMPSON: GOOD AFTERNOON. THANK YOU VERY
6 MUCH, MR. CHAIRMAN. JOHN SIMPSON, STEM CELL PROJECT
7 D I R E C T O R F O R T H E F O U N D A T I O N O F T A X P A Y E R A N D C O N S U M E R
8 R I G H T S, T H E S A N T A M O N I C A B A S E D P U B L I C I N T E R E S T G R O U P.

9 LET ME MAKE IT CLEAR WE ARE ENTHUSIASTICALLY
10 I N S U P P O R T O F S T E M C E L L R E S E A R C H. WE THINK ALL THE
11 P E O P L E I N C A L I F O R N I A S U P P O R T I T, B U T T H E Y D I D N ' T M E A N
12 T O W R I T E T H E B I O T E C H I N D U S T R Y A B L A N K C H E C K W H E N T H E Y
13 A P P R O V E D P R O P 7 1. T H A T ' S W H Y W E ' R E C O N C E R N E D T H A T T H E
14 I P T A S K F O R C E ' S F I R S T P R E M I S E I S T H A T C I R M G R A N T
15 R E C I P I E N T S W I L L O W N T H E R E S U L T S O F P U B L I C L Y F U N D E D
16 R E S E A R C H.

17 T H E R E A R E A L O T O F G O O D T H I N G S T H A T W E R E
18 O U T L I N E D, A N D O B V I O U S L Y T H E Y W E R E R E F L E C T I O N S O F S O M E
19 O F T H E I N P U T A T O T H E R H E A R I N G S, B U T W H A T I T ' S D I F F I C U L T
20 F O R U S T O U N D E R S T A N D I S A N E N F O R C E M E N T M E C H A N I S M I F Y O U
21 D O N ' T R E T A I N O W N E R S H I P. I T S E E M S T O U S T H A T A S K I N G
22 G R A N T E E S T O D O T H E R I G H T T H I N G A F T E R Y O U ' V E G I V E N T H E M
23 I N S O M E S E N S E T H E F A R M I S L I K E A S K I N G T H E F O X T O C O U G H
24 U P T H E C H I C K E N S A F T E R G I V I N G H I M T H E K E Y T O T H E
25 H E N H O U S E.

1 THERE ARE THREE PRINCIPLES THAT THE ICOC
2 SHOULD INCORPORATE IN ITS POLICIES ENSURING CALIFORNIA
3 TRULY REAP THE BENEFITS THAT WERE PROMISED IN PROP 71.
4 AFFORDABILITY IS THE KEY TO ACCESS. THERE SHOULD BE
5 PUBLIC CONTROL AND OVERSIGHT OF INTELLECTUAL PROPERTY
6 RIGHTS. THERE SHOULD BE DIVERSITY IN RESEARCH. IT'S
7 TRUE THAT TODAY'S IP PROPOSALS ARE MEANT TO BE ONLY
8 INTERIM PROPOSALS, AND I GUESS WE SHOULDN'T SAY
9 PROPOSALS. THEY'RE BROAD CONCEPTS AT THIS STAGE THAT
10 ARE COVERING TRAINING GRANTS. BUT A CONCERN HERE IS
11 THAT ANY TIME YOU TALK ABOUT INTERIM PROPOSALS, THEY
12 HAVE A WAY OF BECOMING WHAT FINALLY IS SET IN STONE.
13 AT THE VERY LEAST THEY SET THE DEBATE.

14 CALIFORNIA IS SETTING THE MODEL FOR PUBLICLY
15 FINANCED STEM CELL RESEARCH. WHY BUY INTO FLAWED
16 NATIONAL MODELS LIKE BAYH-DOLE WHEN WE CAN DEVELOP AN
17 IP MODEL THAT SETS THE STANDARD FOR EVERYONE ELSE?
18 THANK YOU VERY MUCH.

19 DR. PENHOET: THANK YOU.

20 MR. REYNOLDS: HELLO AND GOOD AFTERNOON. I'M
21 JESSE REYNOLDS FROM THE CENTER FOR GENETICS AND
22 SOCIETY. THANK YOU FOR GIVING ME AN OPPORTUNITY TO
23 SPEAK.

24 I RECOGNIZE THAT THIS IS AN INTERIM POLICY
25 JUST APPLYING TO THIS ROUND OF TRAINING GRANTS; BUT

1 MOVING FORWARD FROM HERE TOWARD THE DEVELOPMENT OF
2 FINAL POLICIES, I URGE YOU TO -- STRONGLY URGE YOU TO
3 RECONSIDER LANGUAGE AROUND PRICING MECHANISMS FOR
4 UNDERSERVED POPULATIONS. I FEEL THAT THE MOTTO OF THE
5 PROPOSITION 71 CAMPAIGN, CURES FOR CALIFORNIANS, WOULD
6 RING SOMETHING HOLLOW IF THESE -- RING SOMEWHAT HOLLOW
7 IF THESE -- THAT IF THE THERAPIES THAT ARE DEVELOPED
8 WITH PUBLIC MONEY REMAIN OUT OF REACH OF MANY
9 CALIFORNIANS.

10 AND I THINK THAT THE PROPOSAL THAT'S BEFORE
11 THE BOARD AT THE MOMENT REMAINS WEAK AND UNENFORCEABLE.
12 I'VE ATTENDED THE MEETINGS OF THE IP TASK FORCE, AND
13 THERE WERE MANY -- THERE WERE A NUMBER OF IDEAS THAT
14 WERE CONSIDERED FOR CREATING MECHANISMS OF
15 AFFORDABILITY AND ACCESSIBILITY, SOME OF WHICH WERE
16 GOOD, MANY OF WHICH I DON'T FEEL WOULD CREATE UNDUE
17 BURDENS AND DISINCENTIVES UPON THE GRANTEEES FROM THE
18 CORPORATIONS, BUT THEY WERE REJECTED THROUGH TWO SETS
19 OF LOGIC. ONE OF WHICH WAS THAT IT WOULD CREATE -- BY
20 CREATING ANY PROGRAM, IT WOULD CREATE A SET OF
21 EXPECTATIONS THAT MIGHT BE TOO HIGH. THEN AREN'T ALL
22 THOSE AFFORDABLE FOR EVERYBODY ALL THE TIME? I THINK
23 THAT'S, UNFORTUNATELY, SORT OF A SELF-DEFEATING SET OF
24 LOGIC.

25 AND THE OTHER TRAIN OF THOUGHT THAT WAS USED

1 WAS THAT PUBLIC INTEREST GROUPS LIKE OURSELVES ARE
2 ASKING YOU TO SOLVE THE ENTIRE CRISIS OF AFFORDABLE
3 HEALTHCARE IN AMERICA. AND I THINK THAT'S SIMPLY
4 INACCURATE. ALL WE ASK IS THAT WITH THIS SMALL SET OF
5 RESEARCH THAT'S RELATIVE TO THE AMOUNT OF MEDICAL
6 RESEARCH THAT'S BEING DONE IN AMERICA TODAY, THAT YOU
7 DO EVERYTHING WITHIN YOUR POWER THAT IS REASONABLE AND
8 DOES NOT CREATE UNDUE BURDENS AND UNDUE DISINCENTIVES,
9 TO NOT EXACERBATE THAT CRISIS BY CREATING THERAPIES
10 THAT ARE ACCESSIBLE ONLY TO THE WEALTHY. THANK YOU.

11 DR. PENHOET: THANK YOU.

12 MS. DELAURENTIS: SUSAN DELAURENTIS, THE
13 ALLIANCE FOR STEM CELL RESEARCH. WHEN I WAS LISTENING
14 TO THIS AT THE BEGINNING -- I HAVE ATTENDED THE
15 MEETINGS, AND I'VE REALLY BECOME MUCH MORE EDUCATED
16 ABOUT THE ISSUES SURROUNDING PATENTS AND INTELLECTUAL
17 PROPERTY ISSUES. AND I THINK THAT SOMETHING THAT WAS
18 ILLUMINATING TO ME WAS WHAT EXACTLY IS INVOLVED IN
19 HOLDING THE PATENT IN TERMS OF COST, IN TERMS OF TIME.
20 AND YOU MADE A COMMENT JUST ABOUT THE CIRM COULD NEVER
21 AFFORD TO DO THAT, AND I THINK THAT IT WOULD BE HELPFUL
22 FOR THE PUBLIC TO UNDERSTAND MORE CLEARLY WHAT YOU'RE
23 TALKING ABOUT IN TERMS OF COST AND WHY IT'S NOT
24 FEASIBLE FOR THE STATE AGENCY OR EVEN THE STATE TO HOLD
25 ANY PART OF THE OWNERSHIP BECAUSE WHAT IS TRULY

1 INVOLVED IN THAT. SO I WOULD JUST HOPE AT SOME POINT
2 YOU WILL EDUCATE US MORE ABOUT THAT.

3 DR. PENHOET: THANK YOU. I CERTAINLY THINK
4 WE HAVE AN OBLIGATION TO EDUCATE THE PUBLIC. PERHAPS
5 NOT PREPARED FOR THAT DISCUSSION TODAY, BUT WE'D BE
6 HAPPY TO DO THAT AT A FUTURE MEETING. IN FACT, WHEN WE
7 DISCUSS THE ISSUE OF THE THRESHOLD FOR THE PAYMENTS, WE
8 SAID WE HAD TO GO BACK AND DO SOME MORE RESEARCH ON THE
9 ACTUAL COST, SO WE ARE GOING TO DO THAT.

10 CHAIRMAN KLEIN: I'D JUST LIKE TO SAY TO
11 JESSE REYNOLDS AND OTHERS THAT I'M SUPPORTING THIS
12 POSITION, IN FACT, I DO BELIEVE IT'S A REMARKABLE FEAT
13 TO DISTILL ALL THIS INTO THESE PRINCIPLES SO THAT THE
14 RESEARCHERS AROUND THE STATE CAN GET AN IDEA OF WHERE
15 WE'RE GOING AS CLEAR A PATHWAY ON POLICY, BUT THAT
16 DOESN'T MEAN THAT I'VE GIVEN UP MY INDIVIDUAL POSITION
17 AS AN INDIVIDUAL BOARD MEMBER THAT THE LICENSING
18 REVENUE CAN BEST POTENTIALLY GO TO FUNDING A NONPROFIT
19 MODEL ACCESS PROGRAM FOR VERY LOW-INCOME PEOPLE ON
20 MEDI-CAL OR UNINSURED MEMBERS OF THE PUBLIC FOR EARLY
21 INTERVENTION IN ACCESS TO THESE THERAPIES. BECAUSE
22 EARLY INTERVENTION AND ACCESS TO THESE THERAPIES WILL
23 AVOID SUBSTANTIAL DOWNSTREAM COST FOR THE PUBLIC AND
24 FOR CALIFORNIA TAXPAYERS. IT'S THE RIGHT THING TO DO
25 ON A HUMANITARIAN BASIS, AND IT HAS TREMENDOUS ECONOMIC

1 RETURN TO THE STATE IN AVOIDING MASSIVE COSTS.

2 A PERSON WHO DOES NOT END UP LOSING THEIR
3 KIDNEYS FROM JUVENILE DIABETES IS A GREAT SAVINGS TO
4 THE STATE. A PERSON WHO DOES NOT DEVELOP BLINDNESS IS
5 A GREAT SAVINGS TO THE STATE, AND AVOIDING MULTIPLE
6 SURGERIES TO AVOID THAT BLINDNESS, FOR EXAMPLE.

7 DR. PENHOET: ANY OTHER COMMENTS? SO WE'VE
8 HAD A MOTION, AND DID WE HAVE A SECOND? WE HAVE A
9 MOTION AND A SECOND. CAN WE CALL THE QUESTION? ALL IN
10 FAVOR. OPPOSED? THANK YOU.

11 LET ME NOW TURN IT OVER TO ARLENE CHIU, WHO
12 WILL DEAL WITH THE BROADER ISSUES CONTAINED IN THE
13 GRANTS ADMINISTRATION POLICY.

14 DR. CHIU: GOOD AFTERNOON. TODAY WE BRING
15 BACK FOR YOUR CONSIDERATION THE INTERIM CIRM GRANTS
16 ADMINISTRATION POLICY FOR TRAINING GRANTS. AND BEFORE
17 I BEGIN, I'D LIKE TO INVITE BOARD MEMBERS TO STOP ME IF
18 YOU HAVE ANY QUESTIONS IN THE MIDDLE OF THIS
19 PRESENTATION, OR THAT ANYTHING THAT I PRESENT BECOMES
20 CONFUSING.

21 SO AT THE LAST ICOC MEETING, WE POSTED A
22 DRAFT OF AN INTERIM GRANTS ADMINISTRATION POLICY FOR
23 TRAINING GRANTS ON THE CIRM WEBSITE, AND WE ALSO
24 PRESENTED IT TO YOU SO THAT BOARD MEMBERS AND THE
25 PUBLIC WILL HAVE AMPLE TIME TO REVIEW THE DOCUMENT AND

1 GIVE US RESPONSES.

2 ON NOVEMBER 28TH WE ALSO PRESENTED THIS
3 DRAFT, THE DRAFT THAT YOU SAW LAST TIME, TO THE
4 SCIENTIFIC AND MEDICAL RESEARCH FUNDING WORKING GROUP,
5 WHICH MET BY TELECONFERENCE TO DISCUSS THE DOCUMENT.
6 AND WE'RE VERY PLEASED TO REPORT THAT OF THE 23 WORKING
7 GROUP MEMBERS, 18 WERE ABLE TO ATTEND BY CALLING IN.
8 THE MEETING WAS HELD IN OPEN SESSION, AND A PHONE LINE
9 WAS MADE AVAILABLE TO THE PUBLIC AT THE GLADSTONE
10 INSTITUTE FOR PUBLIC COMMENT.

11 THE WORKING GROUP MEMBERS VOTED UNANIMOUSLY
12 TO APPROVE THE DOCUMENT THAT YOU SAW LAST MONTH WITH
13 THE INCLUSION OF TWO AMENDMENTS WHICH I SHALL POINT TO
14 IN A MINUTE. THIS AMENDED DRAFT NOW OF THE INTERIM
15 CIRM GRANTS ADMINISTRATION POLICY FOR TRAINING GRANTS
16 IS NOW POSTED ON THE CIRM WEBSITE AND CAN BE FOUND AT
17 TAB 10 IN YOUR BINDERS, WHICH IS COLORED IN BLUE, THE
18 BLUE TAB.

19 SO THE STANDARDS WORKING GROUP ALSO SAW THE
20 AMENDED DOCUMENT, THE ONE YOU HAVE IN TAB 10 COLORED
21 THE BLUE TAB, AT THEIR MEETING ON DECEMBER 1 SO THAT WE
22 CAN HAVE THEIR INPUT. AND TODAY WE'RE PRESENTING THIS
23 AMENDED DOCUMENT TO YOU, THE ICOC, FOR YOUR COMMENTS,
24 APPROVAL, AND ANY OTHER CHANGES THAT YOU WOULD LIKE.

25 BUT BEFORE I BEGIN, YOU SAW ALREADY THAT

1 MULTIPLE INPUTS ARE REQUIRED IN ORDER TO DEVELOP AN
2 INTERIM CIRM POLICY TO MOVE THE GRANTS, THE TRAINING
3 GRANTS, FORWARD. YOU JUST HEARD ABOUT THE INTERIM IP
4 POLICY FOR TRAINING GRANTS, AND YOU APPROVED THE
5 INTERIM ETHICAL STANDARDS SEVERAL MEETINGS AGO. AND
6 THE PIECE THAT WE'RE TALKING ABOUT RIGHT THIS MINUTE IS
7 THE MIDDLE PIECE ON THE SLIDE, AND THAT IS ALL THE
8 PROCEDURES, ROLES, AND RESPONSIBILITIES, ETC., FOR
9 GRANTEES, AND ALSO THIS INCLUDES GRANTEE ORGANIZATIONS
10 IN ORDER TO KNOW WHAT ARE THE TERMS AND CONDITIONS OF
11 AWARD.

12 THIS PROCESS THAT YOU'RE SEEING NOW IS THE
13 BEGINNING AND MIRRORS A PARALLEL PROCESS THAT'S SHOWN
14 IN THIS SLIDE WHERE A FINAL GENERAL IP POLICY AND A
15 FINAL COMPREHENSIVE ETHICAL STANDARDS POLICY WILL FEED
16 INTO A COMPREHENSIVE GRANTS ADMINISTRATION POLICY THAT
17 WILL APPLY FOR ALL RESEARCH GRANTS AND NOT JUST THE
18 TRAINING GRANTS.

19 SO TO SUMMARIZE, THIS IS THE DEVELOPMENT THAT
20 WE'RE WORKING ON. TODAY WE PRESENT FOR YOU THE INTERIM
21 CIRM GRANTS ADMINISTRATION POLICY STATEMENT. WE ARE IN
22 THE PROCESS OF DEVELOPING A DRAFT OF AN INTERIM GRANTS
23 ADMINISTRATION POLICY FOR ALL AWARDS IN GENERAL. THIS
24 DOCUMENT WE WILL BE WORKING CLOSELY WITH THE GRANTS
25 RESEARCH FUNDING WORKING GROUP IN ORDER TO DEVELOP A

1 MUCH MORE POLISHED AND MORE FINAL DOCUMENT FOR YOUR
2 CONSIDERATION. AND WE HOPE TO DO THAT EARLY IN THE
3 NEXT YEAR, BUT WE'RE STILL IN THE PROCESS.

4 FROM THAT DOCUMENT WE WILL THEN DEVELOP THE
5 INTERIM GRANTS ADMINISTRATION REGULATIONS WHICH ARE THE
6 CALIFORNIA REGULATIONS OF WHICH YOU ALL HAVE BEEN
7 REFERRING TO WHICH WOULD BE PURSUANT TO THE CALIFORNIA
8 ADMINISTRATIVE PROCEDURES ACT. SO WE'RE JUST IN THE
9 FIRST STAGE OF THIS THREE-STEP PROCESS.

10 SO AT THIS POINT I'D LIKE TO POINT OUT A
11 COUPLE OF THINGS THAT ARE ARISING AS WE SPEAK OR HAVE
12 JUST ARISEN FOR YOUR CONSIDERATION, AND THERE ARE THREE
13 ITEMS. THE FIRST ITEM I WANT TO BRING YOUR TO
14 ATTENTION ARE THE TWO AMENDMENTS RECOMMENDED BY THE
15 SCIENTIFIC AND MEDICAL RESEARCH FUNDING WORKING GROUP,
16 AND I HAVE INCLUDED IT IN THE COPY THAT YOU HAVE, AND I
17 WILL BE POINTING TO THEM.

18 THE FIRST AMENDMENT IS SEEN ON AGENDA ITEM
19 10, PAGE 9 UNDER NO. 3, TRAINING PERIOD. I'VE SHOWN UP
20 THERE IN BLACK IT WAS IN THE OLD DOCUMENT AND IN RED IS
21 THE STATEMENT NOW IN THE NEW DOCUMENT. SO THIS DEALS
22 WITH THE SPECIFIC ISSUE OF HOW TO ACCOMMODATE CLINICAL
23 FELLOWS WHO ARE REQUIRED BY THEIR HOME INSTITUTIONS TO
24 PROVIDE A CERTAIN AMOUNT OF CLINICAL SERVICE AS PART OF
25 THE CONDITIONS OF THEIR EMPLOYMENT. THE WORKING GROUP

1 MEMBERS FELT THAT IT WOULD BE REASONABLE TO EXPECT
2 CLINICAL FELLOWS TO SPEND AT LEAST 75 PERCENT OF THEIR
3 TIME ON STEM CELL RESEARCH TRAINING AND ACTIVITIES. TO
4 ACCOMMODATE THAT POINT, WE ADDED THE FOLLOWING
5 STATEMENT SHOWN IN RED SO THAT UP TO 25 PERCENT OF A
6 CLINICAL TRAINEE'S TIME COULD BE SPENT ON CLINICAL
7 DUTIES REQUIRED BY THEIR HOME INSTITUTION THAT ARE
8 UNRELATED TO OR INDEPENDENT OF THE CIRM TRAINING
9 PROGRAM. THAT IS THE FIRST AMENDMENT MADE BY THE
10 WORKING GROUP.

11 I WOULD ALSO LIKE TO POINT OUT THAT WE ADDED
12 A STATEMENT THAT I'VE UNDERLINED IN BLACK TO
13 ACCOMMODATE CLINICAL FELLOWS IF SHORTER APPOINTMENT
14 PERIODS ARE REQUIRED. AND THAT STATEMENT AROSE FROM A
15 COMMENT MADE BY THE ICOC BOARD LAST TIME THIS DOCUMENT
16 WAS PRESENTED. SO THAT IS THE FIRST AMENDMENT.

17 THE SECOND AMENDMENT RECOMMENDED BY THE
18 GRANTS WORKING GROUP DEALS WITH THE REPORTING AND
19 TRACKING OF ETHICAL RESEARCH PRACTICES. I REFER YOU
20 NOW TO AGENDA ITEM 10, PAGE 15. THE WORKING GROUP FELT
21 THAT WHEN THE TRAINEE EMBARKS ON RESEARCH, CIRM MUST
22 TRACK THE INSTITUTIONAL APPROVALS WHERE APPLICABLE FOR
23 WORK DONE BY THE TRAINEE. IN GENERAL, WHAT THIS MEANS
24 IS THAT ONCE THE TRAINEE HAS BEEN APPOINTED, THEN THE
25 INSTITUTION MUST PROVIDE US WITH EVIDENCE THAT HE OR

1 SHE IS ADEQUATELY COVERED BY THE MENTOR'S APPROVAL
2 FORMS FOR RESEARCH. AND THIS REQUIREMENT IS NOW
3 SPELLED OUT IN A WHOLE NEW SECTION ENTITLED "ETHICAL
4 RESEARCH PRACTICES" SHOWN ON THE SLIDE.

5 SO THOSE ARE THE TWO AMENDMENTS FOR YOUR
6 CONSIDERATION.

7 THE NEXT POINT IS WHAT WE'VE JUST GONE
8 THROUGH, WHICH IS INCORPORATION OF THE INTERIM IP
9 POLICY FOR TRAINING GRANTS. AND WE THOUGHT THAT SINCE
10 YOU DISCUSSED AND CONSIDERED WHAT WAS JUST PRESENTED,
11 THAT WE MIGHT INCORPORATE WHAT YOU'VE JUST DECIDED AS
12 AN ADDITIONAL SECTION INTO THE CURRENT DOCUMENT THAT
13 YOU HAVE TO COVER IP POLICY FOR TRAINING GRANTS. SO WE
14 WILL BE HAPPY TO CHANGE LANGUAGE. WE'VE ALREADY
15 ADOPTED A LITTLE OF THE LANGUAGE AND CAN CHANGE THE
16 LANGUAGE NOW AS WE GO ALONG.

17 BUT THIS IS WHAT WE HAVE PREPARED IN
18 ANTICIPATION; AND THAT IS, OWNERSHIP, CIRM GRANTEES,
19 AND I THINK WE SHOULD CHANGE NOW TO CIRM GRANTEE
20 ORGANIZATIONS, OWN ALL RIGHTS TO INTELLECTUAL PROPERTY
21 CREATED DURING THE PERIOD SUPPORTED BY A CIRM GRANT.
22 AND THAT'S A POLICY STATEMENT ON OWNERSHIP.

23 THE SECOND STATEMENT ON DATA, BIOMEDICAL
24 MATERIAL SHARING IS A GUIDELINE. CIRM STRONGLY
25 SUPPORTS A BROAD SHARING POLICY. CIRM WILL EXPECT

1 GRANTEES TO SHARE DATA AND BIOMEDICAL MATERIALS WIDELY
2 AND BEYOND CURRENT PRACTICES.

3 THE THIRD, A RESEARCH EXEMPTION, CIRM WILL
4 CREATE A RESEARCH EXEMPTION TO ALLOW THE USE OF
5 PATENTED CIRM-FUNDED DISCOVERIES FOR RESEARCH PURPOSES
6 BY CIRM GRANTEES. AND YOU'RE FAMILIAR WITH THAT A FEW
7 MINUTES AGO.

8 THE LAST TWO CONDITIONS WE MAY WANT TO
9 WORDSMITH WHAT WE HAVE UP HERE. I WANT YOU TO NOTE
10 THAT THE OFFENDING WORD "TAX" WAS REMOVED BY US
11 EARLIER. SO CIRM WILL ENCOURAGE THE COMMERCIALIZATION
12 OF CIRM-FUNDED DISCOVERIES. IN LICENSING ACTIVITIES,
13 CIRM WILL REQUIRE THAT, ALL THINGS BEING EQUAL,
14 PREFERENCE WILL BE GIVEN TO COMPANIES WITH PLANS FOR
15 ACCESS TO RESULTANT THERAPIES FOR UNDERSERVED PATIENT
16 POPULATIONS. WE WILL ADD THAT ADDITIONAL POINT AS
17 VOTED UPON.

18 NEXT POINT, IN THE FUTURE CIRM MAY REQUIRE
19 THAT A PORTION OF THE GRANTEE ORGANIZATION'S SHARE OF
20 LICENSING FEES AND ROYALTIES BE RETURNED TO THE STATE
21 OF CALIFORNIA. THAT WAS WHAT WE ORIGINALLY HAD, AND
22 I'M HAPPY TO CHANGE THE LANGUAGE AS THE ICOC SEES FIT.

23 THE LAST POINT IS AS SEEN EARLIER ABOUT
24 MARCH-IN RIGHTS AND I WON'T REREAD IT. SO THAT IS FOR
25 YOUR CONSIDERATION ALSO.

1 AND THE LAST POINT IS WE RECEIVED TWO PUBLIC
2 COMMENTS YESTERDAY, AND I THINK I'LL HOLD OFF ON THOSE
3 UNTIL THE SESSION IS OPEN FOR PUBLIC COMMENT. SO WITH
4 THAT, I'M GOING TO RETURN TO THE LANGUAGE HERE FOR ANY
5 OTHER QUESTIONS THAT THE BOARD MIGHT HAVE.

6 DR. BRYANT: I WAS JUST GOING TO SUGGEST
7 THAT, SINCE THE QUESTION'S COME UP SEVERAL TIMES, THAT
8 YOU INSERT NONPROFIT BEFORE GRANTEE INSTITUTION.

9 DR. CHIU: BEFORE GRANTEE ORGANIZATION.
10 OKAY. WE SHALL DO THAT.

11 DR. MEYER: ARLENE, THIS DOESN'T RELATE TO
12 ANY OF THIS, BUT IN LOOKING THROUGH IT, SOMETHING THAT
13 CAME TO MIND IN MY ONE OF MY PREVIOUS ROLES AS A
14 GRADUATE PROGRAM DIRECTOR IS THE ISSUE OF GRADUATE
15 STUDENT STIPENDS WHICH IS UNLIMITED HERE. DEPENDING --
16 NOT STIPENDS. I'M SORRY. TUITION. AND THE NIH HAS
17 RECENTLY MOVED BOTH INTRAMURALLY AND EXTRAMURALLY, AS
18 FAR AS I UNDERSTAND, TO ACTUALLY PUT A CAP ON THIS. I
19 THINK IT WOULD BE APPROPRIATE FOR US TO DO THE SAME
20 THING. IN OTHER WORDS, THE CURRENT LANGUAGE IS YOU PAY
21 \$3,000, A HUNDRED PERCENT OF THE FIRST \$3,000 AND THEN
22 60 PERCENT OF EVERYTHING AFTER THAT WITH NO LIMIT. AND
23 I KNOW THAT INTRAMURAL PROGRAMS AT THE NIH AND PROBABLY
24 T32 TRAINING GRANTS AND THINGS LIKE THAT ARE MOVING TO
25 CAP IT AT AROUND \$15,000.

1 THIS IS PROBABLY NOT A LARGE AMOUNT OF MONEY.
2 A LOT OF THE INSTITUTIONS HERE ARE STATE INSTITUTIONS
3 AND WON'T COME NEAR THAT, BUT IT WOULD BE IN LINE WITH
4 WHAT'S GOING ON NATIONALLY, AND IT WOULD PROTECT US
5 FROM JUST RUNAWAY TUITION EXPENSES THAT WE WOULD BE
6 PAYING INSTEAD OF PAYING FOR THE RESEARCH.

7 DR. CHIU: FIRST OF ALL, IN THE RFA THAT WAS
8 POSTED, THE ONLY WAY TO CAP THAT WAS IN THE TOTAL
9 CAPPED AMOUNT FOR THE WHOLE APPLICATION. THERE IS NO
10 STATEMENT IN THERE. YOU ARE CORRECT TO NOTE THAT
11 EXCEPT FOR THE FIRST \$3,000 AND THEN 60 PERCENT
12 THEREAFTER. SINCE THIS IS OUT, WE CANNOT NOW
13 RETROACTIVELY PUT A CAP ON THOSE THAT HAVE RECEIVED
14 APPROVAL BY ICOC.

15 IN THE FUTURE I WOULD CERTAINLY LIKE TO HEAR
16 WHAT THE ICOC FEELS WOULD BE AN ADEQUATE CAP, OR WOULD
17 IT BE SUFFICIENT TO WRITE IT INTO THE NEXT RFA AND EACH
18 SUBSEQUENT RFA, WHICH WILL GIVE US THE FLEXIBILITY TO
19 SEE WHAT THE STATE OF AFFAIRS ARE.

20 DR. HENDERSON: I'D LIKE TO MOVE APPROVAL OF
21 THESE INTERIM GUIDELINES.

22 MR. GOLDBERG: SECOND.

23 CHAIRMAN KLEIN: WE HAVE TO GO TO PUBLIC
24 COMMENT. THERE'S A MOTION AND SECOND ON THE FLOOR.
25 FOR CLARITY, DR. CHIU, I'D LIKE TO ASK YOU. IT SAYS IN

1 THE FUTURE CIRM MAY. REALLY, IF WE MAY DO IT, WE
2 REALLY MAY DO IT NOW AS WELL AS IN THE FUTURE. SHOULD
3 WE BE REMOVING THE QUALIFIER IN THE FUTURE?

4 DR. PRIETO: COULD I PROPOSE THAT AS AN
5 AMENDMENT TO THE MOTION, REMOVE IN THE FUTURE?

6 DR. HENDERSON: YES. ACCEPTED.

7 DR. CHIU: SO YOU JUST WANT CIRM MAY REQUIRE
8 WITHOUT IN THE FUTURE.

9 CHAIRMAN KLEIN: RIGHT. DOES THE MAKER OF
10 THE SECOND ALSO ACCEPT?

11 MR. GOLDBERG: YES.

12 DR. PRICE: IS THERE NO DISCUSSION ON ANY OF
13 THE STANDARDS WORKING GROUP THINGS THAT YOU ADDED,
14 THOSE OTHER AMENDMENTS? ARE THEY JUST --

15 CHAIRMAN KLEIN: THE MOTION IS STILL
16 QUALIFIED FOR DISCUSSION.

17 DR. PRICE: I WAS WONDERING IF YOU COULD
18 BRING UP THE SLIDE ON THE STANDARD WORKING GROUP FOR A
19 SECOND. I HAVE A QUESTION ABOUT THAT. I THINK IT WAS
20 IN RED.

21 DR. CHIU: THAT WAS FROM THE GRANTS WORKING
22 GROUP.

23 DR. PRICE: NO. KEEP GOING. THAT ONE. YOU
24 SAY MATERIAL THAT HAS TO BE PRESENTED TO CIRM, FOR EACH
25 TRAINEE, YOU SAY, SO THAT YOU HAVE TO CERTIFY IRB

1 APPROVAL. MY QUESTION IS THIS. IF YOU HAVE A POST-DOC
2 OR GRADUATE STUDENT WHO IS WORKING IN A LAB OF A PI
3 WHOSE PROJECT HAS IRB APPROVAL, IS THAT WHAT NEEDS TO
4 BE SUBMITTED? OR THERE HAS TO BE AN INDIVIDUAL
5 SUBMISSION FOR EACH OF THE PI'S, EACH OF THE POST-DOCS.

6 DR. CHIU: FOR THE PROJECT THAT THEY'RE
7 WORKING ON --

8 DR. PRICE: AS A WHOLE.

9 DR. CHIU: -- AS A WHOLE, THE PI APPROVAL
10 WILL SUFFICE BECAUSE IT'S THE PI APPROVES WHAT THE
11 TRAINEE IS WORKING ON.

12 DR. PRICE: FINE.

13 DR. CHIU: I WANT TO STATE THAT ONLY THE
14 QUOTES IS WHAT'S IN YOUR DOCUMENT. THE OTHER WAS A
15 SYNOPSIS BECAUSE I COULDN'T FIT IT ALL IN ONE SLIDE.

16 DR. BRYANT: CAN I JUST ASK A QUESTION?
17 THERE'S BEEN A COMMENT MADE FROM THE PRESIDENT'S OFFICE
18 OF UC, THAT THERE'S SOME --

19 DR. CHIU: I WILL COME TO THAT, IF YOU DON'T
20 MIND, VERY SOON.

21 CHAIRMAN KLEIN: AN ADDITIONAL QUESTION.
22 COULD YOU CLARIFY -- DID I UNDERSTAND CORRECTLY THAT
23 YOU ARE SUGGESTING THAT THE INSTITUTIONS WOULD BE
24 SUBJECT TO THESE GUIDELINES? AND IF WE CHANGE THEM A
25 YEAR FROM NOW, THEY WOULD BE SUBJECT TO THOSE

1 GUIDELINES? WE'RE NOT GIVING THE INSTITUTIONS THE
2 PREDICTABILITY OF KNOWING THAT THE GUIDELINES THAT ARE
3 APPLICABLE AT THE TIME OF THEIR CONTRACTS WILL GOVERN?

4 DR. HALL: THAT'S RIGHT. YES. THIS IS
5 ESSENTIALLY WHAT WE -- BUT IF WE CHANGE SOME ASPECT OF
6 THIS, EITHER BECAUSE OF WORK BY THIS COMMITTEE OR THE
7 STANDARDS OR THE GRANTS WORKING GROUP, THAT WOULD THEN
8 APPLY. I THINK THE POINT IS THAT WE'RE NOT GOING TO
9 MAKE SOME WHOLESALE CHANGE IN ARRANGEMENTS, BUT THIS IS
10 VERY MUCH A WORK IN PROGRESS, AND THAT THERE MAY BE
11 SOME TINKERING. AND THAT THEN WE WOULD EXPECT THEM TO
12 FOLLOW THOSE POLICIES AS THEY ARE ADOPTED.

13 CHAIRMAN KLEIN: RATHER THAN HAVE THOSE APPLY
14 TO THE NEXT ROUND?

15 DR. HALL: YEAH. I THINK THAT'S NOT UNUSUAL.
16 I MEAN NIH CHANGES STIPENDS. THEY DO IT AND THAT
17 CHANGES THE RELATIONSHIP OF THE GRANT. AND I THINK
18 THEY GO AHEAD AND DO IT, AND THEN THEY JUST SAY WE WILL
19 ADJUST YOUR GRANT ACCORDINGLY, OR THEY MAKE SOME RULE
20 THAT AT THIS POINT WE'RE GOING TO REQUIRE THAT ALL WORK
21 SUPPORTED BY NIH BE SUBMITTED FOR PUBLICATION TO A
22 PUBLIC ARCHIVE WITHIN ONE YEAR AFTER PUBLICATION. THIS
23 BECOMES A POLICY THAT APPLIES ACROSS THE BOARD, NOT
24 JUST THE NEW GRANTS, BUT TO ALL GRANTS. I THINK THAT'S
25 QUITE COMMON PRACTICE, AND I DON'T THINK THERE'S

1 ANYTHING UNUSUAL ABOUT THAT.

2 DR. STEWARD: COMMENT AND MAYBE A QUESTION.
3 I FULLY AGREE WITH EVERYTHING EXCEPT THE IP. AND SO
4 THE QUESTION IS TO -- THIS IS REALLY ALMOST STATUTORY
5 IN TERMS OF THE WAY THE UNIVERSITY LOOKS AT IT;
6 WHEREAS, THE IP IS REALLY VERY FREE FLOATING. ARE YOU
7 INTENDING TO INCORPORATE THE IP INTO THIS DOCUMENT THAT
8 THE UNIVERSITY WOULD SIGN IN MORE OR LESS A CONTRACTUAL
9 OR STATUTORY WAY, OR ARE THOSE TWO DOCUMENTS SEPARATE?

10 DR. HALL: WELL, THE PROPOSAL, I MEAN WHAT
11 ARLENE WAS ASKING THE ICOC TO DO WAS TO TAKE WHAT YOU
12 JUST APPROVED AND THEN TO INCORPORATE THAT INTO THIS
13 DOCUMENT, NOT AS A REGULATION, BUT AS A GUIDE TO SAY
14 THESE ARE THE POLICIES THAT WE -- IT IS A WAY OF SAYING
15 THIS IS -- THIS IS OUR CURRENT THINKING ON THIS. THESE
16 ARE THE BROAD OUTLINES THAT WILL LIKELY GUIDE WHATEVER
17 POLICY WE FINALLY COME UP WITH.

18 DR. STEWARD: SO I THINK --

19 DR. HALL: THEN INSTITUTIONS HAVE TO DECIDE
20 IF THEY'LL TAKE THAT RISK OR NOT.

21 DR. STEWARD: I THINK I'D ACTUALLY RECOMMEND
22 NOT INCORPORATING, NOT BLENDING THOSE TWO TOGETHER, AND
23 MAKING IT VERY CLEAR THAT THIS IS REALLY SOMETHING THAT
24 IS VERY CLOSE TO BEING THE FINAL THING; WHEREAS, THE
25 OTHER IS REALLY VERY LOOSE.

1 DR. HALL: THEN YOU HAVE TO SAY IN THIS, I
2 THINK, AT SOME POINT --

3 DR. STEWARD: YOU CAN REFER TO THE OTHER
4 DOCUMENT.

5 DR. HALL: WELL, EITHER WAY YOU WANT TO DO
6 IT, BUT YOU HAVE TO SAY THAT EVENTUALLY THAT THE GRANTS
7 ADMINISTERED UNDER THIS POLICY WILL BE GOVERNED BY AN
8 IP POLICY TO BE DEVELOPED IN THE FUTURE. AND THEN
9 PEOPLE HAVE TO UNDERSTAND THAT. THIS IS A WAY OF
10 SIMPLY SAYING -- TRYING TO FLESH IT OUT SO IT'S NOT A
11 COMPLETE -- WHAT'S THE PHRASE -- YOU'RE BUYING
12 SOMETHING --

13 DR. STEWARD: PIG IN A POKE.

14 DR. HALL: -- PIG IN A POKE. YOU DON'T KNOW
15 ANYTHING ABOUT IT. EXACTLY RIGHT. SO IT WAS AN
16 ATTEMPT TO MELD THOSE TWO THINGS, TO TAKE THE CURRENT
17 THINKING, AND I THINK ALSO, TO FOLLOW WITH WHAT BOB
18 SAID, THE CHAIRMAN SAID, THAT WE DO HAVE TO HAVE AN IP
19 POLICY IN PLACE IN ORDER TO GO AHEAD AND SEND OUT THE
20 MONEY. SO THIS IS -- THAT WAS THE PROPOSAL, AND I
21 THINK IT'S UP TO THE ICOC HOW TO HANDLE IT.

22 DR. STEWARD: SO I WOULD JUST SAY I THINK I'D
23 FEEL MUCH MORE COMFORTABLE IF THOSE TWO DOCUMENTS WERE
24 SEPARATED, IF WE COULD REFERENCE THE OTHER IP DOCUMENT
25 IN THIS ONE, BUT THAT MAKES IT VERY CLEAR THAT THE

1 OTHER ONE IS REALLY A WORK IN PROGRESS AND THAT THIS
2 ONE IS REALLY MUCH MORE OF A CLOSE TO FINAL. I THINK
3 IT WOULD ACTUALLY BE A LOT EASIER FOR THE UNIVERSITIES
4 TO UNDERSTAND THOSE DIFFERENCES THEN.

5 DR. HALL: I DON'T THINK THERE'S ANY PROBLEM
6 WITH THAT. DO YOU, ARLENE?

7 DR. CHIU: THAT'S NO PROBLEM AT ALL. THE
8 DOCUMENT THAT YOU HAVE IN YOUR TAB IS ACTUALLY WHAT WE
9 HAVE COMPLETED WITHOUT THE IP POLICY. WE WERE JUST
10 HOPING TO INCORPORATE IT IN TODAY IF THAT'S THE
11 PLEASURE OF THE BOARD.

12 DR. STEWARD: IF I MAY JUST ADD. THIS IS
13 JUST A REALLY WELL-EXECUTED DOCUMENT, AND I JUST WANTED
14 TO COMPLIMENT YOU ON A JOB WELL DONE.

15 CHAIRMAN KLEIN: SO IN UNDERSTANDING THIS,
16 DOES THE MAKER OF THE MOTION AND THE MAKER OF THE
17 SECOND ACCEPT THE FACT THAT THESE WILL BE SEPARATED?
18 OR WHAT -- I'M JUST ASKING. THIS HAS BEEN SUGGESTED.

19 DR. HALL: IT WILL HAVE TO BE REFERENCED IN
20 ANY CASE.

21 DR. HENDERSON: IT HAS TO BE REFERENCED.

22 DR. HALL: AND ATTACHED MAYBE AS AN ADDENDUM
23 OR SOMETHING OF THAT SORT. I THINK IT WOULD HAVE TO BE
24 AN ATTACHMENT A WOULD HAVE TO BE ON THERE. IP POLICY,
25 YOU SIMPLY SAY SEE ATTACHMENT A.

1 CHAIRMAN KLEIN: I THINK, DR. FRIEDMAN, YOUR
2 COMMENT IS THIS IS A TEMPORARY SEPARATION. THE THEORY,
3 WE COULD COME BACK AT THE FEBRUARY 1ST BOARD MEETING
4 AND ADD CONFIRMATION TO THE IP POLICY FOR THAT EXHIBIT
5 A SO THAT WE COULD BRING THAT CLARITY TO THAT
6 ATTACHMENT, IF THAT'S ACCEPTABLE.

7 DR. HALL: YES. YES. AND THE IP POLICY AS
8 IT STANDS IS NOT A COMPLETE POLICY, I THINK WE ALL
9 UNDERSTAND THAT, BUT THAT WILL HAVE TO EVENTUALLY BE
10 PART OF THE -- AND THE QUESTION IS WHEN YOU PUT IT IN
11 OR NOT. SO I THINK EITHER WAY WOULD BE FINE.

12 DR. HENDERSON: THAT'S FINE WITH ME.

13 CHAIRMAN KLEIN: IS THE SECOND ACCEPTABLE?

14 MR. GOLDBERG: UH-HUH.

15 CHAIRMAN KLEIN: SECOND IS ACCEPTABLE. THANK
16 YOU VERY MUCH FOR THE CLARIFICATION.

17 NOW, DR. CHIU, IS MY UNDERSTANDING, ARE YOU
18 GOING TO ADDRESS THE QUESTION THAT'S BEEN RAISED ABOUT
19 THE INDEMNIFICATION CLAUSE IN YOUR PRESENTATION?

20 DR. CHIU: I'M COMING TO THAT IF YOU'RE
21 OPENING TO PUBLIC COMMENT. THEN I WILL TAKE THE FIRST
22 TWO PUBLIC COMMENTS TO BRING TO YOUR ATTENTION TWO
23 COMMENTS WE RECEIVED YESTERDAY FROM THE PUBLIC.

24 CHAIRMAN KLEIN: ALL RIGHT.

25 DR. CHIU: SO THESE ARE THE TWO PUBLIC

1 COMMENTS TO WHICH I REFER. THE FIRST IS FROM THE
2 UNIVERSITY OF CALIFORNIA, OFFICE OF THE PRESIDENT. I
3 LEFT A DOCUMENT, A LETTER, THAT I RECEIVED BY E-MAIL
4 YESTERDAY WITH EACH ICOC MEMBER, AND THERE ARE COPIES
5 OVER THERE FOR PUBLIC CONSIDERATION.

6 AND IT HAS TO DO WITH AN INDEMNIFICATION
7 CLAUSE THAT WE USE IN THE DOCUMENT IN THE BLUE TAB.
8 THE UC OFFICE OF THE PRESIDENT SUGGESTS THAT THERE'S A
9 DIFFERENCE IN THEIR POLICY, AND THEY'RE SUGGESTING A
10 DIFFERENT CLAUSE. SINCE I JUST SAW IT AND I'M NOT A
11 LEGAL EXPERT, I'D LIKE TO REFER TO SCOTT TOCHER TO
12 EXPLAIN THIS DIFFERENCE AND PERHAPS WITH A SUGGESTION.

13 CHAIRMAN KLEIN: FOR THE PUBLIC'S
14 INFORMATION, SCOTT TOCHER COMES FROM THE FPPC. HE IS
15 ON LOAN TO US. HE HAS A GREAT DEAL OF BACKGROUND IN
16 THE ADMINISTRATIVE PROCEDURES ACT. AND SO HE IS
17 SPECIFICALLY ADDRESSING THIS ITEM AND WILL BE AT THE
18 CORE OF THE ADMINISTRATIVE PROCEDURES ACT TO PUT THESE
19 INTO REGULATION.

20 MR. TOCHER: THANK YOU, CHAIRMAN KLEIN.
21 THERE'S A PROVISION IN THE STEM CELL ACT THAT REQUIRES
22 STANDARDS TO BE ADOPTED BY THE AGENCY TO ENSURE THAT
23 THE INSTITUTE IS INDEMNIFIED BY GRANTEEES FOR CLAIMS
24 THAT ARISE AGAINST THE INSTITUTE AS A RESULT OF
25 RESEARCH THAT IS CONDUCTED BY THE GRANTEEES.

1 THE E-MAIL IDENTIFIES SEVERAL ISSUES THAT THE
2 UC SYSTEM HAS WITH THE DRAFT HERE IN II A ON PAGE 6. I
3 THINK THAT MOST OF THE POINTS ARE WELL TAKEN AND SOME
4 MAY ACTUALLY ARISE DUE TO PERHAPS A MISUNDERSTANDING.
5 THE COMMENTS THAT MS. AURITI WANTED TO PASS ALONG WERE
6 INITIAL COMMENTS FROM HER COLLEAGUES FOR YOUR
7 CONSIDERATION. AND I THINK THAT FOR THE MOST PART,
8 THEY CAN ALL BE RESOLVED SORT OF AT THE STAFF LEVEL IN
9 THE FUTURE IF WE COULD SIT DOWN WITH THEM AND DISCUSS
10 THEM WITH THEM ON A MORE DETAILED LEVEL AND PERHAPS
11 BRING BACK AN AMENDED AND AGREED TO VERSION PERHAPS AT
12 A FUTURE MEETING OR A FEBRUARY MEETING, IF THIS IS
13 COMING BACK, WITH THE RESULTS OF THOSE DISCUSSIONS, IF
14 THAT WOULD PLEASE THE BOARD.

15 DR. HALL: ACTUALLY LET ME ASK IF YOU
16 WOULD -- IF THERE'S AN OPPORTUNITY TO GET THESE GRANTS
17 OUT AND WE CAN REACH AGREEMENT ON THIS CLAUSE AT THE
18 STAFF LEVEL, I WOULD ASK AUTHORITY THAT WE COULD GO
19 AHEAD AND INCORPORATE THIS INTO OUR POLICY AND SEND IT
20 OUT. SO --

21 CHAIRMAN KLEIN: SO IN OUR MOTION WE WOULD BE
22 ASKING THAT THE PRESIDENT AND COUNSEL BE AUTHORIZED TO
23 WORK OUT THESE ITEMS WITH THE UC SYSTEM TO MAKE CERTAIN
24 THAT IT WORKS FOR THEM AS WELL, IF THAT'S AN ACCEPTABLE
25 AMENDMENT.

1 DR. BRYANT: THAT'S ACCEPTABLE.

2 CHAIRMAN KLEIN: SO THE FIRST AND THE SECOND
3 HAVE ACCEPTED IT AS A FRIENDLY AMENDMENT.

4 DR. CHIU: SO THE NEXT ISSUE IS A LETTER, I
5 BELIEVE, THAT WAS SENT TO EACH MEMBER OF THE ICOC THAT
6 I ONLY SAW THIS MORNING FROM GREENLINING. AND I QUOTE
7 SOMETHING THAT I RECEIVED. I DIDN'T GET THE WHOLE
8 DOCUMENT AT THE TIME. "TO STRESS THE NEED FOR STRONGER
9 DIVERSITY LANGUAGE IN THE INTERIM GRANTS ADMINISTRATION
10 POLICY FOR TRAINING GRANTS." AND THEN IT GOES ON TO
11 SAY LATER, "BY REVIEWING EACH RESEARCH INSTITUTE'S OWN
12 DIVERSITY REPORT AS PART OF EVERY CONSEQUENT RFA, THE
13 CIRM MAY MORE EFFECTIVELY PERSUADE GRANT APPLICANTS TO
14 EMBRACE MEASURABLE DIVERSITY COMMITMENTS."

15 AND I JUST WANTED TO NOTE TWO THINGS. FIRST,
16 IN THE INTERIM GRANTS ADMINISTRATION POLICY DOCUMENT
17 FOR TRAINING GRANTS THAT YOU HAVE AT HAND, ON PAGE 8
18 UNDER TRAINEE POLICY APPOINTMENT, THE VERY FIRST
19 SENTENCE READS, "THE PROGRAM DIRECTOR SHOULD APPOINT
20 TRAINEES GIVING APPROPRIATE CONSIDERATION TO THE LEVEL
21 OF TRAINING, ACADEMIC QUALIFICATIONS, AND THE INCLUSION
22 OF WOMEN AND MINORITIES." SO THIS IS THE CURRENT
23 STANDING STATEMENT THAT WE HAVE.

24 BUT IN ADDITION, IN OUR LAST RFA, THE CIRM
25 TRAINING PROGRAM, WE HAVE ON PAGE 2, WE STATE, "BECAUSE

1 OF THE DIVERSITY OF THE CALI FORNIA POPULATION, CIRM IS
2 PARTICULARLY INTERESTED IN TRAINING A DIVERSE POOL OF
3 INVESTIGATORS. WE ENCOURAGE INSTITUTIONS TO MAKE
4 SPECIAL EFFORTS CONSISTENT WITH THE LAW TO RECRUIT AND
5 RETAIN INDIVIDUALS FROM MANY BACKGROUNDS, INCLUDING
6 UNDERREPRESENTED MINORITIES, AS TRAINEES AND AS
7 MENTORS. "

8 AND FURTHER ON ON PAGE 9, IN THE SELECTION
9 PROCESS, WE SPECIFICALLY STATE, "DESCRIBE EFFORTS THAT
10 WILL BE MADE TO ENSURE A DIVERSE GROUP OF TRAINEES AND
11 TO ENCOURAGE AND TRAIN UNDERREPRESENTED MINORITIES. "
12 SO WE BELIEVE WE'VE ADDRESSED THESE ISSUES, AND WE
13 LEAVE IT TO THE BOARD TO DECIDE HOW WE SHOULD PROCEED
14 WITH THIS REQUEST.

15 CHAIRMAN KLEIN: ARE THERE COMMENTS FROM THE
16 BOARD, AND THEN WE'LL TAKE COMMENTS FROM THE PUBLIC ON
17 THIS?

18 DR. FONTANA: I HAVE A VISCERAL REACTION TO
19 THIS. MINE IS WE SHOULD BE FUNDING THE BEST SCIENCE,
20 AND WE CAN DISCRIMINATE AGAINST RACE, SEX, SO ON AND SO
21 FORTH. WE SHOULD DISCRIMINATE THE SCIENCE. IT'S JUST
22 A POINT.

23 CHAIRMAN KLEIN: ADDITIONAL COMMENTS? JOAN
24 SAMUELSON.

25 MS. SAMUELSON: I HAVE A RECOMMENDATION,

1 WHICH IS THAT WE REFER THE QUESTION TO THE RESEARCH
2 FUNDING WORKING GROUP FOR FUTURE EVALUATION AS IT
3 DEVELOPS FUTURE CRITERIA, AND THEN IT CAN BE WEIGHED IN
4 THAT PROCESS. I THINK IT'S A LITTLE LATE TO CHANGE THE
5 PROCESS OF EVALUATING GRANTS WE'VE ALREADY AWARDED.

6 DR. HALL: LET ME JUST SAY OUR EXPECTATION IS
7 WE WILL CONTINUE TO USE LANGUAGE SUCH AS THIS. I
8 THINK, PARTICULARLY IN TRAINING GRANTS, IT IS VERY
9 IMPORTANT TO URGE INSTITUTIONS TO DO WHAT THEY CAN TO
10 INCLUDE AND TO CONSIDER A DIVERSE GROUP OF TRAINEES.
11 THE REPRESENTATION OF SOME MINORITIES IN THE SCIENTIFIC
12 COMMUNITY, I THINK, IS DISTURBING TO ALL OF US. I
13 THINK PARTICULARLY THIS BECOMES RELEVANT IN THE MEDICAL
14 COMMUNITY, IN THE MEDICAL RESEARCH COMMUNITY.

15 I KNOW MYSELF FROM MY OWN EXPERIENCE AT
16 NINDS, FOR EXAMPLE, THE ABILITY TO ENROLL CERTAIN
17 MINORITIES IN CLINICAL TRIALS IS VERY DIFFICULT UNLESS
18 YOU HAVE MINORITY SCIENTISTS WHO UNDERSTAND THE
19 CULTURE, UNDERSTAND THE PEOPLE, UNDERSTAND THE
20 PROBLEMS, AND ARE ABLE TO WORK WITH THEM. AND SO IT
21 IS -- YES, IT IS A MATTER OF THE BEST SCIENCE AND ALSO
22 THE BEST HEALTH THAT WE WANT TO ENCOURAGE AND THE BEST
23 APPLICATION OF THAT SCIENCE. SO I THINK WE SHOULD
24 CONTINUE TO URGE PEOPLE TO DO THIS. I THINK MOST
25 INSTITUTIONS ARE THEMSELVES INTERESTED IN TRYING TO

1 ENCOURAGE DIVERSE PARTICULARLY UNREPRESENTED
2 MINORITIES, AND I THINK IT IS IMPORTANT THAT WE
3 ENCOURAGE THOSE EFFORTS WITHOUT SACRIFICING. AND I
4 THINK WE CAN DO SO WITHOUT SACRIFICING THE QUALITY OF
5 SCIENCE.

6 I THINK THE -- HOWEVER, WHETHER WE SHOULD GO
7 FURTHER AND HOW WE SHOULD DO THIS, CERTAINLY ANY TIME
8 AN RFA COMES UP FOR REAPPROVAL, WE WILL ASK HOW THEY
9 HAVE -- WHAT THEY'VE DONE UNDER THIS AND HOW SUCCESSFUL
10 THEIR PROGRAMS HAVE BEEN. I THINK THAT WOULD BE CLEAR.

11 CHAIRMAN KLEIN: DR. BRYANT AND THEN DR.
12 LEVEY.

13 DR. BRYANT: I WAS JUST GOING TO SAY THAT I
14 THOUGHT THAT THE STATEMENTS THAT WERE IN THE RFA WERE
15 VERY EFFECTIVE AND APPROPRIATE. AND I ALSO THINK THAT
16 DIVERSITY IS -- EXCELLENCE IN SCIENCE IS ABOUT
17 DIVERSITY BECAUSE YOU CAN'T KNOW WHERE THE NEXT -- WHAT
18 PARTICULAR ATTRIBUTES SOMEBODY BRINGS TO THE TABLE WHEN
19 THEY'RE DOING SCIENCE. SO HAVING A MORE DIVERSE
20 POPULATION IS PART OF SCIENTIFIC EXCELLENCE, AND I
21 THINK WE SHOULD CONTINUE TO INCLUDE STATEMENTS LIKE
22 THAT.

23 DR. LEVEY: I AGREE. I THINK THE STATEMENT
24 ARLENE READ IS PERFECT. THIS IS WHAT WE DEAL WITH ALL
25 THE TIME FROM NIH. THIS IS NOT UNUSUAL. IT'S A VERY

1 EFFECTIVE AND APPROPRIATE STATEMENT.

2 CHAIRMAN KLEIN: I THOUGHT DR. FORMAN ALSO
3 MADE A VERY IMPORTANT STATEMENT THIS MORNING REMINDING
4 US THAT THE GENETIC DIVERSITY OF MANY MINORITIES IS
5 MUCH MORE COMPLICATED THAN THE AVERAGE PERSON IN THE
6 POPULATION. AND WHETHER IT IS FOR SICKLE CELL ANEMIA
7 OR LEUKEMIA AND BONE MARROW STEM CELL MATCHES, WE HAVE
8 A GREAT CHALLENGE WITH A NUMBER OF THE MINORITIES IN
9 GETTING THE RIGHT MAJOR HISTOCOMPATIBILITY MATCH.
10 BECAUSE OF THAT DIVERSITY, EMBRYONIC STEM CELLS HOLD A
11 PARTICULAR PROMISE AND OPPORTUNITY FOR THOSE GROUPS TO
12 DEVELOP STEM CELLS THAT DON'T HAVE THOSE
13 HISTOCOMPATIBILITY BARRIERS. SO IT'S CRITICAL FOR US
14 IN OUR DEDICATION TO SERVE THOSE PARTS OF THE
15 POPULATION WITH MEDICAL THERAPIES THAT WE FOCUS ON
16 ADVANCING SCIENCE FOR -- THE EMBRYONIC STEM CELL
17 SCIENCE THAT WE ARE COMMITTED TO AS OUR CORE MISSION.

18 DR. HENDERSON, DID YOU HAVE ANOTHER COMMENT?

19 DR. HENDERSON: NO.

20 CHAIRMAN KLEIN: ARE --

21 DR. CHIU: THOSE ARE ALL THE PUBLIC COMMENTS
22 THAT I HAVE TO RELAY.

23 MS. SAMUELSON: I'VE GOT ONE MORE COMMENT.

24 CHAIRMAN KLEIN: WE ADDED AN AMENDMENT TO
25 WHAT WE HAVE SUGGESTED, SO THE QUESTION IS IS THERE

1 MORE PUBLIC COMMENT INCLUDING COMMENTS ON THE
2 AMENDMENTS WE'VE TAKEN?

3 MR. REED: I WOULD STRONGLY SUPPORT THE
4 INCLUSION OF THAT LANGUAGE. I THINK IT'S ALSO VALUABLE
5 TO REMIND THE PUBLIC THAT WE ARE FIGHTING FOR
6 EVERYBODY. THIS IS NOT FOR THE FEW RICH. THIS IS FOR
7 EVERYBODY.

8 ALSO ON A PERSONAL NOTE, TODAY IS A VERY
9 SPECIAL DAY BECAUSE WHEN YOU'RE FIGHTING AGAINST
10 CANCER, YOU'RE FIGHTING TO HELP MY PERSONAL FAMILY.
11 MANY OF YOU WERE KIND ENOUGH TO SIGN THE CARD FOR MY
12 SISTER. I'VE TOLD HER THAT CALIFORNIA IS FIGHTING FOR
13 HER. TODAY YOU'RE HERE. THAT'S MY BELOVED SISTER
14 BARBARA RIGHT OVER THERE. AND YOU GUYS ARE FIGHTING
15 FOR REAL PEOPLE, SO THANK YOU VERY MUCH.

16 (APPLAUSE.)

17 CHAIRMAN KLEIN: BARBARA, WE ENCOURAGE YOU
18 AND SUPPORT YOUR FIGHT WITH CANCER.

19 BARBARA: THANK YOU.

20 CHAIRMAN KLEIN: ANY ADDITIONAL BOARD
21 COMMENTS?

22 MS. SAMUELSON: I JUST WANTED TO RESPOND TO
23 THE COMMENTS ABOUT THE REFERENCE IN THE RFA. I
24 OBVIOUSLY AGREE WITH THAT. THE QUESTION I SAW RAISED
25 IN THE WORKING GROUP'S DELIBERATIONS WAS HOW DOES THAT

1 GET REFLECTED IN THE CRITERIA? AND THAT'S A TRICKY
2 QUESTION. AND I THINK IF THERE'S ANY FURTHER THINKING
3 ABOUT IT, IT WOULD BE APPROPRIATE FOR THEM TO BEGIN
4 THAT THINKING AND THEN MAKE RECOMMENDATIONS, IF ANY.

5 CHAIRMAN KLEIN: OKAY. ARE WE PREPARED TO
6 CALL FOR THE QUESTION? ALL IN FAVOR. OPPOSED? ITEM
7 PASSES. THANK YOU VERY MUCH. EXCELLENT PRESENTATION,
8 DR. CHIU.

9 WE'RE GOING TO TAKE A FIVE-MINUTE BREAK, THEN
10 WE'RE GOING TO COMBINE TWO CRITICAL ITEMS, ONE THAT
11 DEALS WITH THE BUDGET, WHICH IS ITEM 15, AND ITEM 13,
12 WHICH IS THE REPORT FROM THE GOVERNANCE SUBCOMMITTEE,
13 WHICH REALLY DOES INCLUDE AND FOCUSES COMMENTS ON THEIR
14 EVALUATION OF THE BUDGET ITEMS.

15 (A RECESS WAS TAKEN.)

16 CHAIRMAN KLEIN: WE NEED TO RECONVENE HERE.
17 THERE ARE INDIVIDUALS ON THE BOARD AND IN THE PUBLIC
18 WITH SCHEDULES. WE NEED TO EXPEDITIOUSLY MOVE THROUGH
19 A VERY IMPORTANT ITEM WITH FULL BOARD PARTICIPATION.
20 SO IF STAFF COULD ASK THAT THE BOARD MEMBERS WHO ARE
21 OUTSIDE FINISHING CONVERSATIONS TO PLEASE RETURN, THAT
22 WOULD BE QUITE HELPFUL. ALL RIGHT. THANK YOU, DR.
23 CHIU. THAT WAS A GREAT PRESENTATION, DR. CHIU. THANK
24 YOU VERY MUCH.

25 NICOLE, COULD YOU PLEASE ASK THE BOARD

1 MEMBERS OUTSIDE TO PLEASE RECONVENE AND DR. HALL,
2 PLEASE.

3 FOR THE NEXT ITEM, WE ARE LOOKING FOR A
4 QUORUM -- AMY DUROSS, IF YOU CAN TELL ME WHEN WE HAVE A
5 QUORUM, PLEASE. WE DO HAVE A QUORUM.

6 I WOULD LIKE IN -- THE NEXT TWO ITEMS WILL BE
7 COMBINED. THESE WILL BE HANDLED BY DR. TINA NOVA, WHO
8 IS THE ACTING CHAIR OF THE GOVERNANCE COMMITTEE FOR
9 THIS -- VICE CHAIR, THE ACTING CHAIR OR THE ACTUAL VICE
10 CHAIR OF THIS COMMITTEE. SHERRY LANSING WAS NOT
11 PRESENT AT THE LAST GOVERNANCE COMMITTEE, SO IT WAS
12 CHAIRED BY DR. TINA NOVA. SHE'LL HANDLE BOTH OF THESE
13 ITEMS WITH A PRESENTATION BY WALTER BARNES.

14 BUT I WOULD LIKE TO SAY IN COMMENCING THIS
15 ITEM A QUESTION CAME TO ME FROM THE PRESS. DR. HALL'S
16 PRIOR COMMENT THAT ADDITIONAL SCIENTIFIC STAFF WOULD BE
17 OUTSIDE THE BUDGET WAS INTENDED TO COMMUNICATE THAT THE
18 BASE BUDGET YOU'RE SEEING TODAY IS A SCALED-DOWN BUDGET
19 THAT COVERS THE KEY OPERATIONS WITHIN THE FUNDS WE
20 HAVE, BUT THAT DID NOT INTEND TO IMPLY THAT WE WOULD
21 NOT BRING IT BACK TO THE BOARD. IT'S INTENDED THAT IN
22 THE -- MY UNDERSTANDING IS THAT DR. HALL'S COMMENT
23 EARLIER WAS THAT WHEN WE GO AND GET ADDITIONAL
24 CONTRIBUTIONS, LIKE THE DOLBY GRANT, FOR ADDITIONAL
25 SCIENTIFIC STAFF, WE'LL COME BACK TO THE BOARD, ASK FOR

1 A SPECIFIC SUPPLEMENTAL BUDGET, EXPLAIN THE SCIENTIFIC
2 STAFFING, DEMONSTRATE WHERE THE SOURCE OF FUNDING WOULD
3 BE, AND SO IT WILL BE PART OF A PUBLIC PROCESS FOR
4 APPROVING ANY SUPPLEMENT TO THE BUDGET.

5 THIS WAS A QUESTION RAISED BY THE JOURNALIST,
6 AND I WAS JUST CLARIFYING THAT ANY SUPPLEMENT TO THE
7 BUDGET WOULD BE DONE THROUGH THE NORMAL PROCESS.

8 DR. HALL: I WOULD ASSUME -- I MEAN WE HAD A
9 BASE BUDGET BEFORE. WE HAVE TRIMMED THAT BACK, AND SO
10 MY HOPE IS THAT WE WOULD BE ABLE TO FILL IN THOSE
11 THINGS THAT HAVE ALREADY BEEN APPROVED --

12 CHAIRMAN KLEIN: VERY GOOD POINT.

13 DR. HALL: -- WITHOUT HAVING TO COME BACK TO
14 THE BOARD IF WE GET SUPPLEMENTAL FUNDS. SO THIS
15 WOULDN'T BE A QUESTION OF DOING SOMETHING WE HADN'T
16 TOLD YOU ABOUT BEFORE. IT WOULD SIMPLY BE BACKFILLING
17 OVER THINGS THAT WE'D TAKEN OUT ALREADY.

18 CHAIRMAN KLEIN: SO IT WOULD BE APPROPRIATE
19 TO STATE THAT IF THE PRIOR BUDGET WERE TO BE INCREASED,
20 THAT WE WOULD COME BACK AND EXPLAIN WHAT THE FUNDS
21 WOULD BE USED FOR IN THE INCREASE.

22 DR. HALL: YES, IF WE WERE TO ADD ANY NEW
23 FUNCTIONS OR INCREASE THE BUDGET.

24 CHAIRMAN KLEIN: THANK YOU FOR THE
25 CLARIFICATION. DR. TINA NOVA, HAND IT OVER TO YOU.

1 DR. NOVA: THANK YOU. THE GOVERNANCE
2 COMMITTEE, AS CHAIRMAN KLEIN MENTIONED, MET YESTERDAY,
3 DECEMBER 5TH. SHERRY LANSING, WHO IS THE CHAIR OF THAT
4 COMMITTEE, WAS UNABLE TO ATTEND YESTERDAY, SO THEREFORE
5 AS MY ROLE AS VICE CHAIR, I PRESIDED OVER THE MEETING
6 AND WILL BE DELIVERING THE UPDATE FOR YOU TODAY.

7 WE FOCUSED ON THREE CATEGORIES OF TOPICS AT
8 YESTERDAY'S MEETING. ONE, WE REVIEWED A REVISED BUDGET
9 FOR FISCAL YEAR 2005 TO 2006. WE HEARD A REPORT ON
10 CONTRACTS AND INTERAGENCY AGREEMENTS, RECOMMENDING A
11 CONTRACT EXTENSION FOR REMCHO, JOHANSON & PURCELL, OUR
12 OUTSIDE LEGAL COUNSEL, AND WE REVIEWED AND ARE
13 RECOMMENDING, A, AN OUT-OF-STATE TRAVEL POLICY FOR CIRM
14 EMPLOYEES AND, B, A RECRUITMENT POLICY FOR CIRM.

15 FOR OUR FIRST ITEM FOR DISCUSSION, PLEASE
16 REFER TO THE DOCUMENTS IN THE SECOND GREEN TAB OF YOUR
17 BINDER, LABELED AGENDA ITEM 3(A) IN THE TITLE. I'D NOW
18 LIKE TO TURN THE MICROPHONE OVER TO WALTER BARNES TO
19 WALK US THROUGH THE KEY POINTS OF THE CIRM BUDGET WITH
20 SPECIAL EMPHASIS ON RELEVANT CONTRACTS AND INTERAGENCY
21 AGREEMENTS. SINCE THEY COMPRISE SUCH A SIGNIFICANT
22 PORTION OF OUR BUDGET, ALSO WE WILL WAIT TO TREAT THE
23 RECOMMENDATION REGARDING THE REMCHO CONTRACT FOR A
24 SEPARATE VOTE. WALTER, PLEASE TAKE US THROUGH THE
25 BUDGET. THANK YOU.

1 MR. BARNES: SURE. THE PRESENTATION CONSISTS
2 OF TWO PAGES OF NARRATIVE AND THEN TWO ATTACHMENTS.
3 ONE OF THE ATTACHMENTS IS A VARIATION OF ONE THAT
4 YOU'VE SEEN ON SEVERAL OTHER PRESENTATIONS. IT'S A
5 REFLECTION OF THE BUDGET UNDER A FUNDING ALTERNATIVE
6 THAT BASICALLY LIMITS OUR FUNDS TO THE GENERAL FUND
7 LOAN OF \$3 MILLION AND THE DOLBY GRANT OF \$5 MILLION.
8 THIS SHOWS THE COMPARISON BETWEEN THE YEAR-END
9 FINANCIAL STATEMENTS FOR THE PREVIOUS YEAR THROUGH JUNE
10 30, '05, AND THE PROPOSED BUDGET FOR 2005-06.

11 A NEW DOCUMENT THAT HAS ALSO BEEN ATTACHED IS
12 ONE THAT BREAKS THE EXPENDITURES DOWN INTO FOUR COST
13 CATEGORIES. THIS IS SOMETHING THAT DR. HALL HAD
14 MENTIONED THAT HE WANTED TO DO IN A PREVIOUS MEETING.
15 THERE ARE FOUR COST CENTERS. THE FIRST ONE IS THE
16 SCIENCE OFFICE, AND THE RESPONSIBLE OFFICER IS ARLENE
17 CHIU. THIS IS WHERE ALL GRANT MANAGEMENT ACTIVITIES,
18 INCLUDING THE GRANTS WORKING GROUP, ARE PERFORMED.
19 ALSO THE OFFICE IS RESPONSIBLE FOR ANY SCIENTIFIC
20 MEETINGS.

21 THE OFFICE OF ADMINISTRATION, WITH ME AS THE
22 RESPONSIBLE OFFICER, PROVIDES A VARIETY OF SUPPORT
23 SERVICES, INCLUDING FINANCIAL, HUMAN RESOURCES,
24 PROCUREMENT, FACILITIES, ETC.

25 THE OFFICE OF THE PRESIDENT, WITH OBVIOUSLY

1 THE RESPONSIBLE OFFICER BEING ZACH HALL, INCLUDES THE
2 PRESIDENT AND HIS STAFF, BUT IT ALSO INCLUDES
3 INFORMATION TECHNOLOGY, COMMUNICATIONS, LEGAL SERVICES,
4 AND THE STANDARDS AND FACILITIES WORK GROUPS.

5 AND THEN FINALLY THE OFFICE OF THE CHAIR WITH
6 ROBERT KLEIN. THIS OFFICE IS RESPONSIBLE FOR ALL
7 ACTIVITIES RELATED TO THE MEETINGS AND ACTIVITIES OF
8 THE ICOC AND TO THOSE SPECIFIC ACTIVITIES ASSIGNED TO
9 THE CHAIR BY PROPOSITION 71, SUCH AS THE BOND AND
10 FUNDING ISSUES, OR ASSIGNED TO THE VICE CHAIR BY THE
11 CHAIR, SUCH AS THE IP TASK FORCE.

12 EACH OF THESE COST CENTERS HAVE BEEN GIVEN A
13 SUFFICIENT AMOUNT OF MONEY TO TAKE CARE OF THEIR
14 OPERATIONS THROUGH JUNE 30TH. AND IF YOU RECALL,
15 PREVIOUSLY WE ACTUALLY GAVE YOU THREE BUDGET PLANS. WE
16 GAVE YOU A BUDGET PLAN THAT WAS BASED ON THE \$3 MILLION
17 LOAN AND THE \$5 MILLION DOLBY GRANT. WE ALSO GAVE YOU
18 A BUDGET BASED UPON SUPPLEMENTING THAT WITH \$21.5
19 MILLION IN BAN'S. AND WE ALSO GAVE YOU A THIRD
20 ALTERNATIVE, WHICH IS TO SUPPLEMENT THAT MONEY BY A
21 HUNDRED MILLION IN BOND PROCEEDS.

22 AT THAT TIME, WHEN WE MADE THAT PRESENTATION
23 TO YOU, THE FIRST ALTERNATIVE HAD A DEFICIT OF A LITTLE
24 OVER \$400,000. WHAT WE SAID AT THAT TIME WAS THAT IF
25 THERE WAS NO ADDITIONAL FUNDING BY JANUARY 1ST, WE

1 WOULD TAKE SOME ACTIONS TO ACTUALLY REDUCE DOWN THE
2 LEVEL OF EXPENDITURES -- EXPECTED EXPENDITURES TO
3 ENSURE THAT WE COULD CONTINUE OPERATIONS THROUGH THE
4 END OF THIS FISCAL YEAR, WHICH ENDS ON JUNE 30TH, 2006.

5 SINCE THERE'S NO ICOC MEETING IN JANUARY,
6 ZACH ASKED US TO ACTUALLY BEGIN THAT PROCESS AND
7 PRESENT THE REVISED BUDGET TO YOU. AS YOU CAN SEE,
8 THIS BUDGET IS BALANCED.

9 SOME OF THE HIGHLIGHTS IN THIS BUDGET IS THAT
10 THERE ARE CURRENTLY 19 EMPLOYEES, AND NO ADDITIONAL
11 HIRES ARE EXPECTED TO BE MADE. TO ANSWER A COUPLE OF
12 QUESTIONS THAT CAME UP AT THE GOVERNANCE COMMITTEE
13 MEETING, THESE 19 POSITIONS ARE DIVIDED BETWEEN THE
14 FOUR COST CENTERS IN TERMS OF THREE FOR THE SCIENCE
15 OFFICE, TWO FOR THE OFFICE OF ADMINISTRATION, SIX FOR
16 THE PRESIDENT, AND EIGHT FOR THE CHAIR. I SHOULD TELL
17 YOU ALSO THAT TWO POSITIONS THAT ARE IN THE OFFICE OF
18 THE CHAIR ARE ACTUALLY ON FULL-TIME LOAN, ONE TO THE
19 OFFICE OF PRESIDENT TO ASSIST WITH THE STANDARDS WORK
20 GROUP AND ONE TO THE OFFICE OF THE ADMINISTRATION TO
21 HELP WITH THE RECENT MOVE AND WITH A NUMBER OF
22 PROCUREMENT ACTIVITIES THAT WE HAVE.

23 IN ADDITION, THIS BUDGET FULLY FUNDS THE
24 OCTOBER SCIENTIFIC MEETING THAT WE HAD IN SAN
25 FRANCISCO, WHICH I THINK DR. CHIU AND MARY MAXON SHOULD

1 BE COMMENDED FOR COMING IN NEARLY \$75,000 UNDER BUDGET.
2 IN ADDITION, THERE'S FUNDING FOR TWO SMALLER SCIENTIFIC
3 MEETINGS, THE PURPOSE OF WHICH IS TO BE DETERMINED. WE
4 HAVE A FULL GROUP OF STANDARDS MEETINGS, SIX MEETINGS
5 DURING THE YEAR; ONE FACILITIES MEETING; AND ONE
6 MEETING FOR THE GRANTS PROGRAM, WHICH HAS ALREADY BEEN
7 HELD; AND TWO TELECONFERENCE MEETINGS.

8 FOR THE ICOC, WE HAVE EIGHT FULL ICOC
9 MEETINGS, THIS IS THE FIFTH OF THE YEAR, FOUR
10 LEGISLATIVE SUBCOMMITTEE MEETINGS, FIVE GOVERNANCE
11 MEETINGS, FOUR IP TASK FORCE MEETINGS, AND ONE
12 STANDARDS SEARCH SUBCOMMITTEE.

13 FINALLY, WE HAVE LEGAL SERVICES THROUGH
14 REMCHO AND DEPARTMENT OF JUSTICE WHICH ARE SUFFICIENT
15 TO MEET THE LITIGATION AND OTHER NEEDS FOR THIS YEAR.

16 JUST A FEW COMMENTS ABOUT THE LITIGATION
17 ACTIVITIES. ONE OF THE THINGS THAT'S BUILT INTO THIS
18 BUDGET IS AN AMENDMENT TO THE REMCHO CONTRACT TO ADD AN
19 ADDITIONAL \$252,000 TO THE CONTRACT TO ENSURE THAT WE
20 HAVE SUFFICIENT FUNDS TO CARRY US THROUGH THE END OF
21 THE YEAR. I SHOULD SAY THAT REMCHO UNTIL THE LAST FEW
22 MONTHS, ABOUT 25 PERCENT OF THEIR FUNDS HAVE BEEN
23 DEVOTED TO LITIGATION ACTIVITIES WHILE ALMOST ALL OF
24 THE DEPARTMENT OF JUSTICE FUNDS, WHICH IS ABOUT
25 270,000, IS ALMOST EXCLUSIVELY DEVOTED TO LITIGATION.

1 AS HAS BEEN MENTIONED, NOW THAT THE
2 LITIGATION IS READY TO MOVE INTO THE TRIAL PHASE, MOST
3 OF REMCHO'S COST WILL BE LITIGATION. AND SO TO COVER
4 THE NONLITIGATION WORK, WHICH IS MOSTLY RELATED TO
5 REGULATIONS AND OUR GRANTS MANAGEMENT POLICIES AND
6 THINGS LIKE THAT, WE'VE ACQUIRED SCOTT TOCHER, WHO YOU
7 MET BEFORE FROM THE FPPC ON A TEMPORARY LOAN, AND WE
8 HAVE DAN BEDFORD FROM ORRICK THROUGH A PRO BONO
9 AGREEMENT. I THINK DR. HALL MENTIONED THAT AS PART OF
10 HIS REPORT. FUNDING FOR THE TEMPORARY HIRE IS IN THIS
11 BUDGET.

12 WITH THAT, THAT'S WHAT THE CURRENT BUDGET
13 LOOKS LIKE. IN THE PAST WE HAVE TALKED ABOUT INCREASED
14 FUNDING EITHER GOING TO RAISE OUR LEVEL OF ACTIVITIES
15 THIS YEAR. GIVEN THAT WE'RE SO CLOSE TO ALMOST HALFWAY
16 THROUGH THE YEAR, WE ARE GOING TO START WORKING ON THE
17 2006-2007 BUDGET WITH CERTAINLY A FOCUS ON THE FIRST
18 SIX MONTHS OF THE YEAR AND WILL BASICALLY BE TRYING TO
19 DEAL WITH HOW FAR WE CAN CONTINUE OUR CURRENT
20 ACTIVITIES THROUGH THAT POINT.

21 IN ADDITION, ONE OF THE OTHER BALLS THAT'S IN
22 PLAY, AS ZACH HAS MENTIONED, HAS TO DO WITH GETTING
23 ADDITIONAL FUNDING TO FUND SOME OF THE ADDITIONAL
24 SCIENCE ACTIVITIES THAT HE WOULD LIKE TO START WORKING
25 ON THIS YEAR.

1 THAT' S THE END OF MY REPORT, AND I THINK THE
2 RECOMMENDATION IS TO APPROVE THIS BUDGET AS OUR
3 OPERATING BUDGET FOR THE REST OF THE YEAR.

4 DR. NOVA: THAT WAS THE RECOMMENDATION FROM
5 THE SUBCOMMITTEE. ARE THERE ANY QUESTIONS FROM MEMBERS
6 OF THE BOARD ON THE BUDGET?

7 DR. POMEROY: I HAVE A QUESTION, AND THIS IS
8 A LITTLE BIT BROADER QUESTION. THIS IS A NICE REQUEST
9 FOR ACTION, BUT IT ISN'T REALLY MINUTES OF THE
10 GOVERNANCE SUBCOMMITTEE. SHOULD WE NOT BE RECEIVING
11 MINUTES OF EACH OF THE SUBCOMMITTEE MEETINGS THAT WE
12 APPROVE AS A BOARD? IT'S SOMEWHAT DIFFICULT FOR ME TO
13 SEE, FOR INSTANCE, THE MEMBERSHIP, THE DISCUSSION, THE
14 RECOMMENDED ACTION ITEM, AND THAT WOULD BE A USEFUL
15 THING FOR ME WHEN I'M TRYING TO MAKE THESE DECISIONS ON
16 THE BASIS OF THE SUBCOMMITTEE REPORTS.

17 DR. NOVA: WERE THEY MINUTED MEETINGS, AMY?

18 MS. DU ROSS: WELL, IT HAPPENED AT EIGHT TO
19 TEN YESTERDAY MORNING, SO I DO NOT HAVE THEM READY. I
20 CAN CIRCULATE THEM.

21 DR. NOVA: I THINK THAT'S A GREAT IDEA,
22 CLAIRE. WE DID HAVE THE MEETING JUST YESTERDAY, BUT I
23 THINK THAT WOULD BE VERY HELPFUL.

24 DR. POMEROY: WOULD THE PLAN THEN, IN
25 GENERAL, BE THAT FOR EACH SUBCOMMITTEE MEETING THAT

1 HAPPENS SINCE OUR LAST ICOC MEETING, WE WOULD GET
2 MINUTES AND APPROVE THEM HERE? ALL THE SUBCOMMITTEES?
3 GREAT.

4 CHAIRMAN KLEIN: LET'S -- COULD I ADDRESS
5 THAT ISSUE? I'D LIKE TO, IF POSSIBLE, CLAIRE, NO. 1,
6 CLEARLY ANY MEMBER OF THE BOARD SHOULD ABSOLUTELY GET
7 MINUTES IMMEDIATELY WHEN THEY ARE AVAILABLE THAT THEY
8 REQUEST. I'D LIKE TO ACTUALLY CONSULT WITH ZACH AND
9 JAMES HARRISON JUST TO UNDERSTAND WHAT OUR PROTOCOL
10 SHOULD BE. IT SEEMS GENERALLY LOGICAL, BUT I WOULD
11 JUST LIKE TO GET SOME INPUT. IT SEEMS LIKE A GENERALLY
12 LOGICAL REQUEST.

13 MS. DU ROSS: MAYBE WE COULD PUT AN
14 EXPECTATION ON THE TIMELINE BECAUSE USUALLY WE DRAW
15 FROM THE TRANSCRIPT JUST TO BE EXACT AS POSSIBLE. WITH
16 THE TRANSCRIPT, THERE'S A TIME BEFORE WE ACTUALLY GET
17 THE TRANSCRIPT.

18 CHAIRMAN KLEIN: WHAT AMY DU ROSS IS
19 SUGGESTING IS THAT WHEN WE HAVE A CERTAIN NUMBER OF
20 DAYS BEFORE THE MEETING, EVEN WITH AN EXPEDITED
21 TRANSCRIPT, WE DO HAVE SOME TIME LIMITATIONS ON
22 DELIVERING THE TRANSCRIPT AND GETTING IT OUT TO ALL THE
23 BOARD MEMBERS. WHY DON'T WE TRY AND BRING BACK A
24 THOUGHTFUL PROCESS. SOUNDS LIKE A GREAT IDEA TO ME,
25 BUT LET'S TRY AND BRING BACK SOMETHING THAT WILL MEET

1 YOUR EXPECTATIONS TO REVIEW AT THE NEXT BOARD MEETING,
2 IF THAT'S ACCEPTABLE.

3 DR. POMEROY: SOUNDS GREAT.

4 DR. HALL: THEY ARE PUBLIC MEETINGS. I THINK
5 IT'S FINE. AND, IN FACT, THE TRANSCRIPTS ARE AVAILABLE
6 FAIRLY QUICKLY.

7 CHAIRMAN KLEIN: I'M ONLY WONDERING WHETHER
8 THERE SHOULD BE CORRECTIONS DONE BEFORE THEY'RE
9 DISTRIBUTED. THAT'S MY ONLY THOUGHT. THAT MIGHT BE
10 APPROPRIATE.

11 DR. POMEROY: GAYLE ALSO REMINDS ME THAT WE
12 WOULD NOT BE APPROVING THEM. WE WOULD BE ACCEPTING
13 THEM, RATHER THAN APPROVING THEM.

14 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

15 MS. SAMUELSON: AND WOULD THAT PROCESS APPLY
16 TO WORKING GROUP MEETINGS AS WELL? I'M RECOMMENDING
17 THAT WE HAVE A PROCESS THAT APPLIES TO THIS AS WELL.

18 DR. HALL: PUBLIC PORTIONS OF THE WORKING
19 GROUP MEETINGS ARE PUBLIC MEETINGS. IT IS -- SOME OF
20 THEM, THE STANDARDS MEETINGS, FOR EXAMPLE, ARE ALL-DAY
21 MEETINGS, SO THEY'RE SUBSTANTIAL DOCUMENTS. WE CAN
22 CERTAINLY PROVIDE THOSE, BUT I THINK OBVIOUSLY THE
23 CONFIDENTIAL PORTIONS WE WOULD NOT.

24 MS. SAMUELSON: THERE'S AN ISSUE OF GETTING
25 THE TRANSCRIPT FOR THE CLOSED SESSION OF THE RESEARCH

1 FUNDING WORKING GROUP AS WELL. THAT'S WHEN ALL OF THE
2 WORK AFTER THE PEER REVIEW PROCESS IS DISCUSSED IS
3 DEALT WITH FOR ONE THING, AND NONE OF THAT HAS BEEN
4 CAPTURED IN ANY KIND OF A FORMAL WAY.

5 CHAIRMAN KLEIN: IF I COULD RECOMMEND, MADAM
6 CHAIRMAN, THAT IN TERMS OF THE CONFIDENTIAL SECTIONS OF
7 THE WORKING GROUP, THE PRESIDENT HAS PREVIOUSLY
8 RECOMMENDED THERE ARE SOME ISSUES IN DEALING WITH
9 PROTECTING THE CONFIDENTIALITY. AND PERHAPS WE COULD
10 ADDRESS THAT WITH A RECOMMENDATION OF THE PRESIDENT AT
11 SOME LATER DATE WHEN WE HAVE TIME TO CONSIDER WHAT'S
12 BEHIND THOSE THOUGHTS.

13 MS. SAMUELSON: I DID REVIEW THAT WITH JAMES,
14 AND HE SAID THERE WASN'T A PROBLEM.

15 CHAIRMAN KLEIN: I'M LOOKING FOR THE
16 SCIENTIFIC ISSUES AND EXPLANATION.

17 DR. FRIEDMAN: WALTER, YOU MAY HAVE CLARIFIED
18 THIS AND I MISSED IT. IN LOOKING AT THE CONTRACTS, THE
19 EXTERNAL CONTRACTS, I UNDERSTAND THAT A SIGNIFICANT
20 PORTION OF THAT IS THE LITIGATION. ARE THERE OTHER
21 CONTRACTS IN THERE AS WELL?

22 MR. BARNES: YES. THE THREE LARGEST
23 CONTRACTS, THERE'S THE REMCHO CONTRACT, THERE IS THE
24 EDELMAN CONTRACT, WHICH IS PROJECTED AT ABOUT 283,000
25 THIS YEAR. THERE'S ALSO THE CAREER RESOURCES CONTRACT,

1 WHICH IS A CONTRACT THAT PROVIDES SOME TEMPORARY HELP
2 FOR OUR RECEPTIONIST, THINGS LIKE THAT. THIS BUDGET
3 ASSUMES THAT IT WILL EXPEND ABOUT A \$100,000 THIS YEAR.
4 AND THEN THEY START DROPPING OFF. AND ACTUALLY A
5 LISTING OF ALL OF THE CONTRACTS AND THEIR ENCUMBRANCES
6 AND THAT KIND OF THING IS GIVEN IN THE CONTRACTS
7 PORTION IN YOUR REPORT. WE ALSO HAVE, I THINK, ABOUT
8 \$190,000 IN CONTRACTS FOR GRANTS MANAGEMENT ASSISTANCE
9 TO ARLENE. AND BEYOND THAT, THEY START DROPPING OFF.

10 DR. NOVA: DR. HENDERSON.

11 DR. HENDERSON: I RECOMMEND APPROVAL OF THE
12 BUDGET.

13 DR. LEVEY: SECOND.

14 DR. NOVA: IS THERE ANY DISCUSSION ON THE
15 MOTION FROM THE BOARD?

16 MS. SAMUELSON: I THINK THE FUNDING BEING
17 WHAT IT IS, MY UNDERSTANDING IS THAT THIS IS A FUNCTION
18 OF THERE NOT BEING ANY MORE MONEY, BUT I'D LIKE TO
19 POINT OUT THAT THE RESEARCH FUNDING WORKING GROUP IS
20 ALLOCATED NO FURTHER FUNDING EXCEPT ONE ADDITIONAL
21 TELECONFERENCE. AND THEY JUST HAD ONE ONE-HOUR
22 TELECONFERENCE IN WHICH TO REVIEW THE INTERIM TRAINING
23 GRANTS ADMINISTRATION POLICY. AND THERE'S THE FINAL
24 ONE AND THE OTHER FUTURE GRANT POLICIES AND THEN AN
25 ARRAY OF OTHER ISSUES THAT ARE PART OF THEIR

1 RESPONSIBILITIES UNDER THE INITIATIVE. I THINK WE HAVE
2 TO SOLVE THAT ONE WAY OR ANOTHER.

3 CHAIRMAN KLEIN: YES. I THINK JOAN'S POINT
4 IS EXTREMELY IMPORTANT HERE BECAUSE WE HAVE TO
5 RECOGNIZE THAT, AS DR. HALL HAS SAID, THAT WE'RE GOING
6 TO NEED SOME SUPPLEMENTAL SCIENTIFIC SUPPORT FOR
7 SCIENTIFIC STAFF AND FOR GRANT WORKING GROUP SESSIONS
8 IF WE'RE ABLE TO CLOSE BAN'S AND GO INTO ANOTHER MAJOR
9 ROUND OF GRANTS. AND DR. PENHOET AND I AND THE
10 PRESIDENT HAVE DISCUSSED THE FACT THAT SPECIFICALLY
11 WE'RE GOING TO NEED TO, LIKE THE DOLBY FUNDS, OBTAIN
12 ADDITIONAL SUPPLEMENTAL GRANTS WHICH WOULD COME BACK
13 HERE OTHER THAN BACKFILLING POSITIONS ALREADY APPROVED
14 FOR ANY INCREASE IN OUR STAFFING INFRASTRUCTURE TO MEET
15 THE CHALLENGE OF A NEW GRANT CYCLE AND NEW GRANT POLICY
16 REVIEWS.

17 SO I PERSONALLY, JOAN, WILL TELL YOU THAT AT
18 THE MOMENT, THE CURRENT FOCUS OF MY TASKS DOESN'T ALLOW
19 THIS, BUT IT'S RIGHT BELOW THAT ON THAT PRIORITY AND
20 VERY COMMITTED TO MAKING SURE THAT THE CORE
21 ORGANIZATION FOR PEER REVIEW IS PROPERLY FUNDED.

22 MS. SAMUELSON: GOOD.

23 DR. NOVA: ANY OTHER DISCUSSION ON THE MOTION
24 FROM THE BOARD? ANY DISCUSSION ON THE MOTION FROM THE
25 PUBLIC? OKAY. ALL THOSE IN FAVOR. OPPOSED? GREAT.

1 MOTION PASSES.

2 NOW PLEASE REFER TO THE DOCUMENTS IN YOUR
3 FIRST GREEN TAB. I'M GOING TO ASK WALTER TO FOCUS ON
4 THE REMCHO, JOHANSON CONTRACT EXTENSION, WHICH THE
5 GOVERNANCE SUBCOMMITTEE RECOMMENDED YESTERDAY AND ANY
6 ADDITIONAL INFORMATION ITEMS FOR THE BOARD TO KNOW WITH
7 REGARD TO THE CONTRACT EXPENDITURES AT THIS TIME.
8 WALTER.

9 MR. BARNES: THIS PRESENTATION CONTAINS A
10 NUMBER OF UPDATES TO THE STATUS OF OUR CONTRACTS AND
11 INTERAGENCY AGREEMENTS, WHICH IS ATTACHED TO THE
12 NARRATIVE. BY AND LARGE MOST OF THIS IS INFORMATION
13 FOR YOU. THERE ARE TWO ITEMS THAT REQUIRE APPROVAL
14 EITHER BY THE GOVERNANCE COMMITTEE OR THE FULL ICOC.
15 THE GOVERNANCE COMMITTEE TOOK ON THE CAREER RESOURCES
16 CONTRACT, WHICH WE INDICATED THAT WE NEEDED SOME
17 ADDITIONAL FUNDING FOR THE CURRENT YEAR TO TAKE IT TO
18 MARCH 31ST OF 2006.

19 IN ADDITION, THE MOST IMPORTANT ONE, REMCHO,
20 JOHANSON & PURCELL, CURRENT CONTRACT EXPIRES ON JUNE
21 30TH, BEGAN ON JANUARY 6TH OF 2005. BASED ON OUR
22 ANALYSIS OF EXPENDITURE PATTERNS, IT APPEARS THAT AN
23 ADDITIONAL \$252,200 IS NECESSARY TO COVER THE
24 ANTICIPATED COST THROUGH JUNE 30TH. THIS WILL BRING
25 THE CONTRACT TO A TOTAL OF 772,200.

1 DURING THE FIRST NINE MONTHS, THE INVOICES
2 HAVE BEEN COMING IN AT AN AVERAGE OF A LITTLE OVER
3 \$44,000. DURING THE NEXT NINE MONTHS, THE AVERAGE PER
4 MONTH IS EXPECTED TO BE ABOUT 41,000. I ALREADY TALKED
5 TO YOU ABOUT THE FACT THAT ALMOST EXCLUSIVELY THESE
6 AMOUNTS ARE GOING TO BE RELATED TO LITIGATION FOR THE
7 FORESEEABLE FUTURE AND THAT BASICALLY WE'RE EXPECTING
8 TO USE SCOTT TOCHER AND DAN BEDFORD TO TRY TO COVER THE
9 NONLITIGATION ISSUES.

10 SO WE'D LIKE YOUR PERMISSION TO GO AHEAD.
11 BOTH OF THE AMOUNTS FOR BOTH THE CAREER RESOURCES AS
12 WELL AS THE REMCHO CONTRACT EXTENSION AND INCREASE,
13 BOTH OF THOSE AMOUNTS ARE BUILT INTO THE BUDGET THAT
14 YOU JUST APPROVED.

15 DR. NOVA: ANY BOARD COMMENTS OR QUESTIONS?

16 DR. POMEROY: I SUPPORT BOTH OF THESE, BUT I
17 JUST WOULD LIKE TO EXPRESS, I THINK, THE FRUSTRATION
18 THAT MANY OF US FEEL THAT THIS LARGE AMOUNT OF MONEY TO
19 GO FOR THE LITIGATION AND THE LEGAL FEES IS MONEY
20 THAT'S NOT GOING FOR SCIENCE, IT'S NOT GOING FOR
21 RESEARCH, IT'S NOT FINDING A CURE, AND I THINK THE
22 PUBLIC SHOULD BE AWARE OF THE IMPACT THAT THIS
23 LITIGATION IS HAVING ON OUR ABILITY TO ACCOMPLISH OUR
24 MISSION.

25 MR. GOLDBERG: SECOND.

1 DR. NOVA: ANY OTHER BOARD COMMENTS?

2 DR. MURPHY: AND I THINK, JUST AS A FOLLOW-UP
3 TO CLAIRE, I THINK WE SHOULD MAKE THAT POINT VERY
4 CAREFULLY AND AGGRESSIVELY TO EDELMAN, WHO WE ARE
5 PAYING FOR PUBLIC RELATION SERVICES. AND I THINK
6 DURING THE LITIGATION PERIOD AND BEYOND, I THINK THAT
7 THE PUBLIC REALLY DOES NEED TO KNOW, AND EDELMAN NEEDS
8 TO BE AGGRESSIVE IN HELPING US GET THAT MESSAGE OUT.

9 MS. SAMUELSON: I HAVE AN INFORMATIONAL
10 QUESTION. ON THE TOP OF THE SECOND PAGE, IT TALKS
11 ABOUT THE REIMBURSEMENT INCLUDING ICOC MEMBERS AND CIRM
12 STAFF, ETC., WHO ARE REQUIRED TO ATTEND. IS THAT ICOC
13 MEMBERS AND THEN CERTAIN CIRM STAFF, OR IS THE PHRASE
14 AT THE END, DOES THAT LIMIT THE REIMBURSABILITY OF THE
15 EXPENSES TO CERTAIN ICOC MEMBERS?

16 MR. BARNES: I THINK YOU'RE ON THE TRAVEL
17 POLICY. DID WE FINISH WITH THE CONTRACTS?

18 DR. NOVA: NO. WE'VE GOT TO APPROVE THE
19 REMCHO CONTRACTS FIRST. SORRY.

20 DR. FONTANA: SHE QUESTIONED WHAT THE POLICY
21 WAS TO REVIEW EDELMAN'S CONTRACT AND THEIR
22 EFFECTIVENESS. AND IS THAT SOMEPLACE WHERE WE MAYBE
23 WANT TO RECONSIDER?

24 DR. NOVA: WE DID TALK ABOUT THAT YESTERDAY,
25 SUBCOMMITTEE. CHAIRMAN KLEIN, COULD YOU COMMENT ON

1 THAT CONTRACT?

2 CHAIRMAN KLEIN: I WAS TRYING TO MAKE SURE.
3 JOAN, DID YOU GET YOUR ANSWER? IT'S ALL ICOC MEMBERS
4 THAT ATTEND ARE REIMBURSED. IT'S THE CIRM STAFF THAT
5 WE'RE LIMITING WHO ATTENDS TO MAKE SURE WE ARE
6 EFFICIENT IN NOT HAVING TOO MUCH STAFF PRESENT,
7 INCURRING UNNECESSARY EXPENSES.

8 IN TERMS OF THE SECOND QUESTION, DR. HALL, IF
9 DR. HALL, HE ADDRESSED THAT YESTERDAY, AND MAYBE THE
10 QUESTION COULD BE REPEATED FOR DR. HALL'S BENEFIT.

11 DR. HALL: I APOLOGIZE.

12 DR. NOVA: DR. HALL, THERE WAS A QUESTION
13 ABOUT THE EDELMAN CONTRACT AND THE EFFECTIVENESS. I
14 MENTIONED THAT WE DID DISCUSS THAT IN SUBCOMMITTEE. IF
15 YOU WOULDN'T REMIND REVIEWING THAT.

16 DR. HALL: YES, ABSOLUTELY. WE CURRENTLY
17 HAVE A CONTRACT WITH EDELMAN, WHICH, AS YOU REMEMBER,
18 CAPS OUR EXPENSES AT ABOUT \$27,000 A MONTH AND EXTENDS
19 THROUGH MARCH 31ST. WE ARE, IN FACT, USING SERVICES
20 FROM EDELMAN CONSIDERABLY ABOVE THAT, AND THEY ARE
21 PROVIDING PRO BONO SERVICES ALREADY. WE ARE GOING TO
22 ASK THEM TO GIVE US A NO-COST EXTENSION THROUGH THE END
23 OF THE CALENDAR -- FISCAL YEAR. THAT IS, WITHOUT
24 INCREASING THE TOTAL AMOUNT OF THE CONTRACT, WE WANT TO
25 EXTEND THE LENGTH TO JUNE 31ST -- 30TH. AND SO THAT

1 MEANS THE AMOUNT THAT WE USE EACH MONTH WILL BE
2 DECREASED, AND WE ARE IN DISCUSSION WITH THEM ABOUT
3 LOOKING AT HOW THEIR CHARGES ARE DISTRIBUTED TO SEE
4 WHAT FUNCTIONS THAT WE CAN -- HOW WE CAN CHANGE
5 BASICALLY THE STATEMENT OF THEIR WORK SO THAT WE CAN
6 REDUCE THE COST TO AN ACCEPTABLE LEVEL. AND WE HAVE
7 NOT COMPLETED THAT PROCESS, BUT THEY ARE IN AGREEMENT,
8 THAT THEY WOULD BE WILLING TO HAVE AN EXTENSION THROUGH
9 THAT TIME.

10 LET ME JUST SAY THAT WE CONTINUE TO HAVE
11 TREMENDOUS PRESS INTEREST AND TO HAVE AN ENORMOUS
12 AMOUNT OF MEDIA WORK. WE HAVE A LOT OF -- IN SPITE OF
13 THE FACT THAT OUR SCIENTIFIC ACTIVITIES ARE DELAYED
14 BECAUSE OF THE SITUATION, WE STILL HAVE A LOT OF HIGH
15 PROFILE EVENTS. AND WE HAVE ONE PERSON CURRENTLY ON
16 BOARD, A MIDDLELEVEL PERSON, NICOLE PAGANO, WHO IS DOING A
17 TERRIFIC JOB, BUT SIMPLY IS NOT ABLE TO KEEP UP WITH
18 THE WORK BY HERSELF. I THINK THIS WOULD BE ASKING TOO
19 MUCH. AND EDELMAN HAS BEEN VERY HELPFUL IN PROVIDING
20 BOTH FOCUSED ATTENTION FOR PARTICULAR EVENTS AND ALSO
21 IN GIVING US BROAD ADVICE.

22 WE WOULD LIKE ULTIMATELY TO HIRE, OF COURSE,
23 A SENIOR PERSON IN COMMUNICATIONS WHO WOULD OVERSEE ALL
24 THIS, BUT WE ARE CURRENTLY UNABLE TO DO THAT GIVEN OUR
25 SITUATION RIGHT NOW. SO WE THINK THAT THIS IS

1 MAKING -- THIS IS THE MOST REASONABLE THING TO DO AT
2 THIS POINT IS TO CONTINUE TO USE EDELMAN, TO DO SO ON A
3 REDUCED CHARGE BASIS, BOTH FINANCIAL CHARGE IN BOTH
4 WHAT WE ASK THEM TO DO FOR US AND THEN TO EXTEND IT
5 THROUGH THE FISCAL YEAR. AND THEN WE'LL SEE WHERE WE
6 STAND AT THAT POINT.

7 DR. NOVA: ANY OTHER BOARD COMMENTS? ANY
8 COMMENTS OR QUESTIONS FROM MEMBERS OF THE PUBLIC? IS
9 THERE A MOTION TO SUPPORT THE REMCHO CONTRACT EXTENSION
10 WHICH WE NEED TO HAVE IN ORDER TO HELP WITH OUR DEFENSE
11 AGAINST LITIGATION?

12 CHAIRMAN KLEIN: IF THE MEMBERS COULD SPEAK
13 SO IT'S ON THE ORAL TAPE RECORD IN ADDITION.

14 DR. LEVEY: I MOVE WE EXTEND THE CONTRACT.

15 DR. NOVA: DR. LEVEY. AND WHO IS THE SECOND,
16 PLEASE?

17 DR. HENDERSON: SECOND.

18 DR. NOVA: THANK YOU. ANY DISCUSSION ON THE
19 MOTION FROM THE BOARD OR FROM THE PUBLIC? IF NOT, ALL
20 IN FAVOR. OPPOSED? MOTION PASSES. THANK YOU.

21 THE THIRD ITEM, I'M GOING TO ASK WALTER TO
22 FOCUS ON THE CIRM OUT-OF-STATE TRAVEL POLICY.

23 CHAIRMAN KLEIN: MADAM CHAIRMAN, A
24 CLARIFICATION. DID THAT MOTION INCLUDE THE REMCHO
25 CONTRACT AND THE OTHER CONTRACTS AS PART OF THAT ITEM?

1 DR. NOVA: THAT WASN' T --

2 CHAIRMAN KLEIN: WAS THAT YOUR INTENT?

3 MS. DU ROSS: THE SUBCOMMITTEE YESTERDAY WAS
4 CONCERNED ABOUT THE CAREER RESOURCES CONTRACT, BUT THAT
5 IS IN THE BUDGET AS APPROVED.

6 CHAIRMAN KLEIN: I'M ASKING WHETHER IT
7 ADDRESSED THE EDELMAN AS WELL AS THE REMCHO --

8 DR. NOVA: THE WAY WE WORDED IT, WE ASKED
9 JUST FOR REMCHO IN OUR DIALOGUE. WE DID NOT
10 SPECIFICALLY CALL THAT OUT. SHOULD WE AMEND THAT
11 MOTION? I APOLOGIZE.

12 DR. HALL: THERE'S NO ADDITIONAL EXPENDITURE
13 WITH THE EDELMAN CONTRACT.

14 CHAIRMAN KLEIN: GREAT CLARIFICATION. THANK
15 YOU VERY MUCH.

16 DR. HALL: IT'S A DISINCENTIVE TO SAVE MONEY
17 IF I HAVE TO COME TO YOU EVERY TIME.

18 DR. NOVA: AND THE RECRUITMENT POLICY, BOTH
19 OF WHICH HAVE BEEN RECOMMENDED, AGAIN, BY THE
20 GOVERNANCE SUBCOMMITTEE FOR APPROVAL BY THE BOARD.
21 WALTER, COULD YOU WALK US THROUGH THESE POLICIES,
22 PLEASE?

23 MR. BARNES: SURE. AS YOU KNOW, THE ICOC HAS
24 GENERALLY ADOPTED UC TRAVEL REIMBURSEMENT POLICIES FOR
25 ICOC MEMBERS, CIRM STAFF, AND FOR WORK GROUP MEMBERS.

1 WE MADE IT A POLICY TO COME BACK TO THE ICOC FOR
2 APPROVAL OF ANY NEW SPECIFIC REIMBURSEMENTS AND/OR
3 MODIFICATIONS TO REIMBURSEMENT POLICIES ALREADY
4 APPROVED. IN ADDITION, WE ALSO AGREED THAT WE WOULD
5 INFORM YOU OF ANY NEW INTERNAL POLICIES THAT ACTUALLY
6 ARE NOT REQUIRING A PARTICULAR APPROVAL PROCESS.

7 RIGHT NOW WE HAVE ONE NEW POLICY, TWO
8 MODIFICATIONS, AND INFORMATION ON AN INTERNAL PROCESS
9 FOR OUT-OF-STATE AND OUT-OF-COUNTRY TRAVEL.

10 THE INTERVIEW AND RELOCATION EXPENSES POLICY
11 IS ATTACHED. WHAT I CAN SAY IS THAT FOR COSTS
12 ASSOCIATED WITH PEOPLE COMING FOR AN INTERVIEW OR FOR
13 RELOCATION OF NEW STAFF, THE TRAVEL EXPENSES WOULD BE
14 SIMILAR TO -- ACTUALLY THE SAME AS THE TRAVEL EXPENSES
15 THAT ARE AVAILABLE TO CIRM STAFF AND ICOC MEMBERS.

16 BASICALLY FOR INTERVIEWS, IT WOULD INCLUDE
17 TRANSPORTATION AND LODGING. FOR RELOCATION, IT WOULD
18 ALSO INCLUDE TRANSPORTATION AND LODGING AS WELL AS
19 MOVING COSTS. ANY REIMBURSEMENT WOULD HAVE TO BE
20 APPROVED BY THE PRESIDENT IN ADVANCE TO ENSURE THAT WE
21 ONLY USE IT WHEN WE ABSOLUTELY NEED IT.

22 I THINK OUR DESIRE TO GET THIS DOWN INTO A
23 SPECIFIC POLICY AND PROCEDURES IS RELATED TO THE FACT
24 THAT ONCE WE DO GET BAN'S AND BOND MONEY, WE'RE
25 OBVIOUSLY GOING TO BE DOING A LOT OF OUTREACH TO FILL A

1 NUMBER OF POSITIONS. MOST OF THOSE WILL BE SCIENTIFIC,
2 AND WE THINK THAT WE NEED TO HAVE THIS POLICY IN PLACE.

3 WITH REGARD TO THE MODIFICATIONS, ONE HAS TO
4 DO WITH CONTRACTED MEALS FOR THE ICOC MEETINGS. WE
5 CURRENTLY ALLOW A CONTRACTED LUNCH SUCH AS THE ONE YOU
6 HAD TODAY FOR ICOC MEMBERS AND CIRM STAFF. THE POLICY
7 WAS DEVELOPED WHEN WE WERE ONLY HAVING MEETINGS DURING
8 THE DAY. WE NOW HAVE OCCASION WHEN SOME MEETINGS ARE
9 HELD DURING THE EVENING OR EARLY IN THE MORNING. SO
10 WE'D LIKE TO RECOMMEND THAT THE POLICY BE REVISED TO
11 SUBSTITUTE THE WORD "MEAL" FOR "LUNCH" JUST IN CASE
12 THERE'S A NEED FOR THAT TO TAKE PLACE.

13 IN ADDITION, YOU ALSO PROVIDED OR APPROVED A
14 POLICY AND PROCEDURE FOR LIGHT REFRESHMENTS AND MEALS
15 PROVIDED TO PERSONS WHO ARE NOT MEMBERS OF THE ICOC OR
16 CIRM STAFF OR MEMBERS OF WORKING GROUPS. THESE ARE
17 BASICALLY ADMINISTRATIVE MEETINGS OR CULTURAL MEETINGS
18 WHERE WE HAVE PEOPLE FROM OUT OF THE COUNTRY COMING TO
19 US. THE TRAVEL REIMBURSEMENT POLICY ALLOWS PROVIDING
20 LIGHT REFRESHMENTS UP TO \$12 FOR LIGHT REFRESHMENTS,
21 MEALS \$18, \$30, \$45 IN SPECIFIC CIRCUMSTANCES. AGAIN,
22 ALL OF THESE HAVE TO BE APPROVED BY THE PRESIDENT IN
23 ADVANCE.

24 THE PROBLEM IS THAT ICOC MEMBERS AND CIRM
25 STAFF WHO HAVE TO ATTEND THOSE MEETINGS ARE NOT

1 ELIGIBLE UNDER THIS POLICY. AND UNLESS THEY ARE
2 TRAVELING, THEY CAN'T USE TRAVEL REIMBURSEMENTS TO
3 REIMBURSE THEM FOR THEIR COSTS. THEREFORE, WE'RE
4 RECOMMENDING THAT WHEN SUCH MEETINGS ARE HELD, THAT THE
5 REIMBURSEMENT INCLUDE THE ICOC MEMBERS AND CIRM STAFF
6 WHO ARE REQUIRED TO ATTEND THE SAME MEETING. I BELIEVE
7 THIS IS CONSISTENT WITH WHAT HAPPENS AT THE UC AS WELL.
8 SO THOSE ARE THE TWO THAT REQUIRE APPROVAL.

9 THE INFORMATION ITEM HAS TO DO WITH WE DON'T
10 HAVE A SPECIFIC POLICY AND PROCEDURE FOR APPROVING AND
11 REIMBURSING TRAVEL ON CIRM BUSINESS OUTSIDE OF
12 CALIFORNIA TO ANOTHER STATE OR TO A COUNTRY, ANOTHER
13 COUNTRY. THE PROPOSAL FOR SUCH POLICY IS ALSO
14 ATTACHED. REIMBURSEMENT LEVELS FOR TRAVEL OUTSIDE THE
15 STATE OR OUTSIDE THE COUNTRY ARE THE SAME AS THE
16 AMOUNTS FOR INSIDE OF CALIFORNIA. THAT MEANS FULL COST
17 OF TRANSPORTATION, FULL COST OF THE HOTEL OR LODGING.

18 THIS POLICY CONFORMS TO PROCEDURES THAT ARE
19 BASICALLY USED BY ALL STATE AGENCIES. THEY DO REQUIRE
20 APPROVAL IN ADVANCE FOR CIRM STAFF BY THE PRESIDENT,
21 FOR ICOC MEMBERS BY THE CHAIR. BECAUSE IT'S BASICALLY
22 THE SAME PROCEDURES USED BY ALL OTHER STATE AGENCIES,
23 IT CAN BE IMPLEMENTED INTERNALLY. WE'RE PRESENTING
24 THAT TO YOU FOR INFORMATION.

25 AND SO BASICALLY WE'D LIKE YOUR APPROVAL OF

1 THE MODIFICATIONS AND THE NEW POLICY, AND OPEN FOR
2 QUESTIONS.

3 MS. FEIT: JUST FOR CLARIFICATION, SO IF AN
4 ICOC MEMBER IS INVITED TO A STEM CELL PROGRAM THAT'S
5 NOT A PROGRAM PUT ON BY CIRM, THEN WE HAVE TO GET
6 PERMISSION FROM CIRM BEFORE WE CAN ATTEND THAT PROGRAM,
7 WHETHER IT'S IN THE STATE OR OUT OF THE STATE, EVEN IF
8 WE'RE TRAVELING WITH OTHER FUNDS?

9 MR. BARNES: THERE'S TWO THINGS. FIRST OFF,
10 THE TRAVEL HAS TO BE RELATED TO CIRM BUSINESS.

11 MS. FEIT: I BRING THIS UP BECAUSE WE'RE
12 LISTED IN THE PROGRAMS AS ATTENDEES WITH ICOC AS OUR
13 TITLE. SO ONE COULD SAY THAT'S CIRM-RELATED BUSINESS.
14 I'M POSING THE QUESTION BECAUSE IT'S COME UP ALREADY.

15 MR. BARNES: WHICH I WOULD AGREE. WHAT YOU
16 HAVE DONE IS YOU HAVE APPROVED TRAVEL REIMBURSEMENT FOR
17 ICOC MEMBERS AND CIRM STAFF FOR ATTENDANCE AT THE ICOC
18 MEETINGS, FOR ATTENDANCE AT WORK GROUP MEETINGS, AND
19 FOR ATTENDANCE AT SCIENTIFIC MEETINGS AS YOUR POLICY,
20 SO THAT DOESN'T DISTINGUISH BETWEEN IN-STATE OR
21 OUT-OF-STATE. IN ADDITION, THE CHAIR HAS THE ABILITY
22 TO GRANT YOU TRAVEL FOR OTHER PURPOSES AS NECESSARY,
23 AND WE HAVE DONE THAT BEFORE.

24 MS. FEIT: WELL, THE POINT I'M BRINGING UP IS
25 RECENTLY CEDARS HAD A PROGRAM ON STEM CELL THERAPY WITH

1 ISRAEL. I WAS INVITED. I ATTENDED ON MY OWN, AND I
2 WAS LISTED AS AN ICOC MEMBER. THAT CAN HAPPEN TO
3 ANYBODY ON THIS BOARD. IT COULD HAPPEN BACK EAST OR IN
4 THE MIDWEST OR ANYWHERE ELSE, SO DO WE HAVE TO GET
5 PERMISSION TO TRAVEL EVEN THOUGH WE'RE NOT APPLYING FOR
6 FUNDS FROM CIRM TO GO TO THAT PROGRAM?

7 MR. BARNES: YOU DON'T HAVE TO APPLY INSIDE
8 THE STATE OF CALIFORNIA; BUT IF YOU ARE GOING OUTSIDE
9 OF CALIFORNIA OR OUTSIDE OF THE COUNTRY, AND YOU ARE
10 GOING TO BE CONDUCTING BUSINESS THAT'S RELATED TO CIRM
11 ACTIVITIES, YES.

12 CHAIRMAN KLEIN: I WOULD LIKE TO SAY THAT I
13 THINK MARCY HAS AN EXCELLENT POINT HERE, THAT IN TERMS
14 OF OUT-OF-STATE TRAVEL, IF YOU'RE -- I THINK THAT THE
15 POINT IS THAT IF YOU'RE REPRESENTING CIRM OR ICOC, THE
16 ISSUE IS THAT THE CHAIR OF THE PRESIDENT, AS WHETHER
17 IT'S ICOC BOARD MEMBER OR STAFF, SHOULD BE AWARE OF IT
18 AND SHOULD APPROVE IT JUST SO WE'RE COORDINATED. BUT
19 IF YOU ARE GOING FOR PERSONAL EDUCATION, WHICH IS
20 EXTRAORDINARILY USEFUL, THEN I DON'T SEE ANY REASON FOR
21 THAT.

22 THE SECOND, BUT RELATED POINT, IS THAT THIS
23 HAS THE DEPARTMENT OF FINANCE APPROVING OUT-OF-STATE
24 TRAVEL EVEN IF PAID FOR BY A DIFFERENT ENTITY EVEN
25 THOUGH THE ICOC MEMBERS ARE NOT EMPLOYEES OF THE STATE.

1 AND WHILE WE NEED TO HAVE A POLICY IN PLACE, AND I
2 WOULD SUPPORT ADOPTING THIS, I'D LIKE US TO LOOK AT
3 THIS ISSUE BECAUSE IT IS COUNTERINTUITIVE, DOESN'T
4 BENEFIT THE STATE OF CALIFORNIA IF SOMEONE ELSE IS
5 PAYING FOR IT, AND WE CERTAINLY -- THE QUESTION IS THE
6 DEPARTMENT OF FINANCE WOULD LIKE TO HAVE A REPORT TO
7 THE BOARD ABOUT HOW QUICKLY THEIR APPROVALS OCCUR IN
8 MAKING CERTAIN WE'RE NOT CREATING AN ADMINISTRATIVE
9 BURDEN FOR THE BOARD MEMBERS WHO ARE NOT PAID IN THE
10 FIRST PLACE.

11 BUT I THINK THAT JUST DESIGNATING SOMEONE AS
12 AN ICOC MEMBER IF THEY'RE NOT SPEAKING ON ICOC BUSINESS
13 AS A PRESENTER, I THINK WE NEED TO GET SOME
14 CLARIFICATION ON THIS BECAUSE IT WOULDN'T SEEM THAT
15 THIS WOULD BE SOMETHING WE NEED TO GIVE CLEARANCE ON.

16 MS. LANSING: THIS IS ONLY IF YOU WANT
17 REIMBURSEMENT IS WHAT WE'RE TALKING ABOUT.

18 CHAIRMAN KLEIN: NO, THAT'S NOT WHAT IT'S
19 SAYING.

20 MS. LANSING: ISN'T THAT -- YOU ARE SAYING --
21 THEN YOU'RE TAKING THE RIGHT OF CITIZENS TO DO WHAT
22 THEY WANT TO DO AWAY. YOU CAN'T DO THAT.

23 CHAIRMAN KLEIN: THAT'S WHY I RAISED THE
24 QUESTION, SHERRY.

25 MS. LANSING: THAT'S OUR MISUNDERSTANDING.

1 MR. BARNES: BASICALLY IT APPLIES --
2 OUT-OF-STATE TRAVEL AND OUT-OF-COUNTRY TRAVEL
3 REGARDLESS OF WHETHER YOU'RE REIMBURSED OR NOT
4 REIMBURSED IF, AS BOB HAS SAID, YOU'RE ACTUALLY
5 CONDUCTING BUSINESS THAT'S RELATED TO CIRM OPERATIONS
6 AND ACTIVITIES OR THE ICOC IN YOUR CASE.

7 CHAIRMAN KLEIN: I THINK IT'S IMPORTANT TO
8 CLARIFY FOR THE BOARD WHAT THIS MEANS. WE NEED TO HAVE
9 A POLICY IN PLACE. WE NEED TO BE COMPLIANT, BUT WE
10 NEED TO REVISIT IT WITH A CLARIFICATION TO MAKE IT
11 CLEAR, AS SHERRY LANSING SAID, THAT CERTAINLY THE BOARD
12 MEMBERS EXIST AS INDIVIDUALS. AND IF THEY'RE NOT
13 MAKING A PRESENTATION ON BEHALF OF CIRM OR ON BEHALF OF
14 THE ICOC, AS INDIVIDUALS, THEIR RIGHTS IN EXPRESSING
15 THEIR FIRST AMENDMENT FREEDOMS ARE VERY FUNDAMENTAL. I
16 WOULD ASSUME THAT THEY'RE NOT COVERED BY THIS, BUT WE
17 NEED TO NOT ASSUME ANYTHING. WE NEED TO GET LEGAL
18 CLARIFICATION.

19 MS. LANSING: I THINK WE NEED TO MAKE SURE
20 THAT WE'RE SAYING THAT. I THINK WHAT BOB IS SAYING IS
21 RIGHT. I ACTUALLY ASSUMED THAT WHAT WE WERE SAYING. I
22 ASSUMED THAT UNLESS YOU ARE AUTHORIZED BY THE
23 PRESIDENT, BY THE CHAIRMAN TO GO AND DO SOMETHING
24 OUT-OF-STATE, YOU ARE ACTUALLY SAYING I WANT YOU TO GO
25 THERE AND SPEAK OR I WANT YOU TO GO AND MEET WITH THAT

1 PERSON, THAT ANYTHING ELSE I DID AS A CITIZEN FOR
2 EDUCATION OR TO SPREAD THE GOOD WORD ABOUT THE WORK
3 WE'RE DOING HERE WAS PERFECTLY FINE, AND THAT IT WASN'T
4 REIMBURSABLE. AND I JUST THINK WE HAVE TO MAKE THAT
5 VERY CLEAR.

6 CHAIRMAN KLEIN: THAT SOUNDS VERY CORRECT,
7 BUT LET'S BRING BACK SOME LEGAL OPINIONS AT THE NEXT
8 MEETING. BUT FOR THE PURPOSES OF THIS, MADAM CHAIRMAN,
9 I WOULD SUGGEST THAT'S A LOGICAL AND REASONABLE
10 ASSUMPTION AT THIS TIME.

11 DR. NOVA: ANY OTHER QUESTIONS FROM MEMBERS
12 OF THE BOARD? ANY QUESTIONS FROM MEMBERS OF THE
13 PUBLIC? SO IS THERE A MOTION TO RECOMMEND, LET'S
14 COMBINE THESE, ACCEPTANCE OF THE CIRM OUT-OF-STATE
15 TRAVEL POLICY AND CIRM RECRUITMENT POLICY?

16 DR. STEWARD: SO MOVED.

17 DR. NOVA: SECOND?

18 DR. BRYANT: SECOND.

19 MR. BARNES: CAN I JUST DOUBLE-CHECK? DID
20 YOU INCLUDE THE MODIFICATIONS IN THAT AS WELL?

21 DR. NOVA: YES. DR. BRYANT SECOND. ALL IN
22 FAVOR. OPPOSED? I FINALLY GOT THE SWING OF THIS. NOT
23 BAD FOR A SCIENTIST. ALL IN FAVOR. OPPOSED? MOTION
24 PASSES. THANK YOU.

25 SO WE APPRECIATE ALL THE WORK DONE BY THE

1 GOVERNANCE SUBCOMMITTEE. WE'LL BE MEETING AGAIN AT THE
2 BEGINNING OF NEXT QUARTER, AND HOPEFULLY MS. LANSING
3 WILL BE BACK TO REPLACE ME.

4 MS. LANSING: NO. NO. NO. YOU DID A GREAT
5 JOB. YOU'RE A GREAT PARTNER AND I'M VERY LUCKY TO HAVE
6 YOU.

7 CHAIRMAN KLEIN: THANK YOU VERY MUCH. THERE
8 IS A -- BYLAWS ITEMS WE ARE NOT TAKING ACTION ON TODAY.
9 CAN I ASK STAFF IS THERE ANY OTHER ITEM? THERE'S NO
10 OTHER ITEM TO BE CONSIDERED TODAY. SO IS THERE ANY
11 ENDING PUBLIC COMMENT TO THE SESSION?

12 MR. SIMPSON: VERY QUICKLY. JOHN SIMPSON
13 FROM THE FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS.
14 THIS IS THE FIRST TIME I'VE BEEN AT ONE OF YOUR BOARD
15 MEETINGS, AND I JUST WANTED TO SAY THAT I'M GENUINELY
16 IMPRESSED WITH THE COMMITMENT ON EVERYBODY'S PART. AND
17 WHILE WE OCCASIONALLY HAVE DISAGREEMENTS ABOUT VARIOUS
18 POLICY ASPECTS, IT IS DELIGHTFUL TO SEE SUCH A
19 RESPONSIBLE GROUP OF PEOPLE ACTING IN THE PUBLIC'S
20 INTEREST.

21 DR. FONTANA: THANK YOU SO MUCH.

22 CHAIRMAN KLEIN: THANK YOU VERY MUCH AND
23 PLEASE --

24 DR. FRIEDMAN: YOU CAN COME BACK ANY TIME.

25 CHAIRMAN KLEIN: PLEASE, AS WE GO FORWARD AND

1 LOOK AT POTENTIAL FUTURE I P POLICY DEALING WITH
2 FOR-PROFIT COMPANIES, PLEASE GIVE US SUGGESTIONS EARLY
3 ON SO WE CAN CONSIDER THEM IN THE WORKING GROUPS AS
4 WELL AS THE BOARD. WE' D GREATLY APPRECIATE IT.

5 THE BOARD STANDS ADJOURNED. THANK YOU.

6 (THE MEETING WAS THEN ADJOURNED AT 04: 26
7 P. M.)

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REPORTER'S CERTIFICATE

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

CITY OF HOPE
COOPER AUDITORIUM
1500 E. DUARTE ROAD
DUARTE, CALIFORNIA
ON

TUESDAY, DECEMBER 6, 2005

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

BETH C. DRAIN, CSR 7152
BARRISTER'S REPORTING SERVICE
1072 S.E. BRISTOL STREET
SUITE 100
SANTA ANA HEIGHTS, CALIFORNIA
(714) 444-4100