

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

VOLUME II

LOCATION: UCSF MISSION BAY CONFERENCE CENTER
1675 OWENS STREET
SAN FRANCISCO, CALIFORNIA

DATE: THURSDAY, FEBRUARY 4, 2010
9:30 A.M.

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

BRS FILE NO.: 85105

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 SAN FRANCISCO, CALIFORNIA; THURSDAY, FEBRUARY 4, 2010

2 09:52 A.M.

3
4 CHAIRMAN KLEIN: OKAY. WE ARE LIVE, AND WE
5 ARE BROADCASTING. IF WE COULD ALL COME TOGETHER, AND,
6 DR. TROUNSON, IF WE ARE ASSEMBLED AT THIS POINT, IF WE
7 COULD COMMENCE THE MEETING, WHICH FORTUNATELY THIS
8 MORNING WILL BE A SHORT MEETING BECAUSE WE HAVE TWO
9 ITEMS ON OUR AGENDA WHICH WERE DEFERRED. I'D LIKE
10 MELISSA KING TO LEAD US IN THE PLEDGE OF ALLEGIANCE AND
11 THEN THE ROLL CALL.

12 (THE PLEDGE OF ALLEGIANCE.)

13 CHAIRMAN KLEIN: WHO DO WE HAVE ONLINE THIS
14 MORNING?

15 MS. LANSING: YOU HAVE SHERRY.

16 CHAIRMAN KLEIN: SHERRY, WELCOME.

17 MS. LANSING: IT WAS A GREAT PRESENTATION.

18 DR. BRODY: BILL BRODY IS HERE.

19 CHAIRMAN KLEIN: OKAY, DR. BRODY.

20 MS. KING: I HOPE THAT YOU BOTH HAD THE
21 SLIDES FOR THAT PRESENTATION AS WELL.

22 MS. LANSING: IT WAS A GREAT PRESENTATION.

23 MS. KING: YES, THANK YOU.

24 MS. LANSING: REALLY INSPIRATIONAL.

25 MS. KING: ABSOLUTELY. ALL RIGHT. BEGINNING

BARRISTERS' REPORTING SERVICE

1 THE ROLL CALL:
2 RICARDO AZZIZ.
3 DR. AZZIZ: PRESENT.
4 MS. KING: ROBERT BIRGENEAU. FLOYD BLOOM.
5 DR. BLOOM: HERE.
6 MS. KING: DAVID BRENNER.
7 DR. BRENNER: HERE.
8 MS. KING: WILLIAM BRODY.
9 DR. BRODY: HERE.
10 MS. KING: SUSAN BRYANT. MARCY FEIT.
11 MS. FEIT: HERE.
12 MS. KING: MICHAEL FRIEDMAN. LEEZA GIBBONS.
13 MS. GIBBONS: HERE.
14 MS. KING: MICHAEL GOLDBERG. SAM HAWGOOD.
15 DR. HAWGOOD: HERE.
16 MS. KING: BOB KLEIN.
17 CHAIRMAN KLEIN: HERE.
18 MS. KING: SHERRY LANSING.
19 MS. LANSING: HERE.
20 MS. KING: GERALD LEVEY. TED LOVE.
21 DR. LOVE: HERE.
22 MS. KING: ED PENHOET.
23 DR. PENHOET: HERE.
24 MS. KING: PHIL PIZZO.
25 DR. PIZZO: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: CLAIRE POMEROY.
2 DR. POMEROY: HERE.
3 MS. KING: FRANCISCO PRIETO.
4 DR. PRIETO: HERE.
5 MS. KING: ELIZABETH FINI.
6 DR. FINI: HERE.
7 MS. KING: ROBERT QUINT.
8 DR. QUINT: PRESENT.
9 MS. KING: JEANNIE FONTANA.
10 DR. FONTANA: HERE.
11 MS. KING: DUANE ROTH.
12 MR. ROTH: HERE.
13 MS. KING: JOAN SAMUELSON. DAVID
14 SERRANO-SEWELL.
15 MR. SERRANO-SEWELL: HERE.
16 MS. KING: JEFF SHEEHY.
17 MR. SHEEHY: HERE.
18 MS. KING: JONATHAN SHESTACK. OSWALD
19 STEWARD.
20 DR. STEWARD: HERE.
21 MS. KING: ART TORRES.
22 MR. TORRES: HERE.
23 CHAIRMAN KLEIN: WE HAD A WONDERFUL
24 PRESENTATION THIS MORNING WITH A TEAM FROM STANFORD
25 UNIVERSITY COMPLEMENTED BY THE LEADERS OF THE

BARRISTERS' REPORTING SERVICE

1 PRODUCTION FACILITY FOR STEM CELL THERAPEUTICS FROM UC
2 DAVIS, A FACILITY JUST OPENED, FIRST IN THE STATE,
3 UNDER OUR PROGRAM OF ASSISTANCE FOR MAJOR FACILITIES,
4 CRITICAL FACILITIES FOR CALIFORNIA AND THE FUTURE OF
5 THIS COUNTRY IN STEM CELL RESEARCH.

6 THAT PRESENTATION WAS ON DOMINANT DYSTROPHIC
7 EPIDERMOLYSIS BULLOSA BOTH IN THE RECESSIVE FORM AND IN
8 THE DOMINANT FORM. AS AN IPS THERAPY, IT WAS AND IS
9 ONE OF THE LEADING EDGE SCIENTIFIC THRUSTS OR
10 INITIATIVES AIMING TO GET AN FDA APPROVAL DURING THE
11 NEXT 48 MONTHS IN THIS COUNTRY.

12 IT HAS UNIQUE POSSIBILITIES IN TESTING OUT
13 THIS CLINICAL APPROACH BECAUSE THIS DISEASE IS ON THE
14 SKIN. AND TO THE EXTENT THAT THERE IS ANY GENOMIC
15 INSTABILITY OR OTHER ISSUES, IT CAN BE IMMEDIATELY
16 DETECTED AND IMMEDIATELY ADDRESSED. SO THAT WE HAVE A
17 SITUATION WE DON'T HAVE TO NECESSARILY WEIGH -- SAFETY
18 CONCERNS WILL BE TESTED TO SEE IF WE DO NEED TO WEIGH,
19 BUT AT LEAST ON A CONCEPTUAL LEVEL GIVES US THE
20 OPPORTUNITY TO MOVE MUCH EARLIER WITH IPS THERAPY THAN
21 CHRONIC CONDITIONS THAT ARE INTERNAL TO THE HUMAN
22 BIOLOGY.

23 BEFORE WE BEGIN OUR FORMAL PROGRAM TODAY, WE
24 HAVE A REPRESENTATIVE HERE FROM FATE THERAPEUTICS,
25 JESSICA YINGLING, WHO HAS AN ANNOUNCEMENT THAT HAS JUST

BARRISTERS' REPORTING SERVICE

1 COME OUT FROM A NEWS EMBARGO TODAY ABOUT A NEW
2 BREAKTHROUGH THAT THEY HAVE IN ADDRESSING IPS RESEARCH.
3 AND SO I'D LIKE, JESSICA, TO GIVE YOU THE FLOOR.

4 MS. YINGLING: THANK YOU, CHAIRMAN, AND THANK
5 YOU FOR THE OPPORTUNITY TO SHARE WITH YOU OUR EXCITING
6 ANNOUNCEMENT WE RELEASED THIS MORNING, WHICH MELISSA
7 WILL SEND AROUND AFTER THIS MEETING. WE ANNOUNCED THAT
8 FATE THERAPEUTICS HAS RECEIVED NOTICE OF ALLOWANCE FROM
9 THE USPTO FOR OUR PATENT APPLICATION FOR FOUNDATIONAL
10 IPSC TECHNOLOGY. WE BELIEVE THAT THIS PATENT IS
11 FOUNDATIONAL AS IT REPRESENTS THE EARLIEST ALLOWED
12 CLAIMS IN THE U.S. WITH A PRIORITY DATE OF NOVEMBER 26,
13 2003, AND IT'S THE FIRST TO DESCRIBE THE GROUNDBREAKING
14 POTENTIAL TO GENERATE HUMAN PLURIPOTENT CELLS FROM
15 SOMATIC CELLS.

16 THE PATENT WILL COVER METHODS FOR IDENTIFYING
17 AGENTS TO GENERATE IPSC'S AND FURTHER DESCRIBES
18 SPECIFIC AGENTS THAT CAN BE USED TO REPROGRAM HUMAN
19 SOMATIC CELLS, INCLUDING CERTAIN GENES, CLASSES OF
20 SMALL MOLECULES, AND PLURIPOTENCY PROTEINS. IT ALSO
21 DESCRIBES HOW REPROGRAMMED CELLS CAN ENABLE AUTOLOGOUS
22 OR PERSONALIZED CELL THERAPY FOR DISEASES SUCH AS
23 ALZHEIMER'S, PARKINSON'S, ALS, DIABETES, AND MANY OTHER
24 DISEASES AND DISORDERS THAT CAN BENEFIT FROM STEM CELL
25 THERAPY.

BARRISTERS' REPORTING SERVICE

1 THE INVENTOR, DR. RUDOLF JAENISCH, WELL KNOW
2 TO YOU ALL, FROM MIT IS ONE OF OUR SIX SCIENTIFIC
3 FOUNDERS AT FATE THERAPEUTICS, AND HE'S A LEADER IN THE
4 FIELD OF EPIGENETICS AND PUBLISHED MANY LEADING
5 SCIENTIFIC ARTICLES ON REPROGRAMMING.

6 WE ALSO HOLD ANOTHER EXCLUSIVE LICENSE TO
7 OTHER INVENTIONS BY DR. JAENISCH, INCLUDING A PATENT
8 APPLICATION WITH A PRIORITY DATE OF APRIL 7TH, 2007,
9 WHICH REPROGRAMS HUMAN SOMATIC CELLS WITH ONE OR MORE
10 OF THE KNOWN PLURIPOTENCY FACTORS SUCH AS SOX-2, OCT-3,
11 4, AND KLF-4, AND COMBINATIONS THEREOF.

12 WE ALSO WORK WITH DR. SHENG DING AT THE
13 SCRIPPS RESEARCH INSTITUTE WHO UNDER A RESEARCH
14 COLLABORATION WITH US WAS THE FIRST TO DEMONSTRATE
15 COMPLETELY NONVIRAL, NONGENETIC REPROGRAMMING USING
16 PROTEINS AND SMALL MOLECULES. THOSE WERE NAMED THE TOP
17 TECHNOLOGIES OF 2009 BY *THE SCIENTIST MAGAZINE* AND
18 RECEIVED THE NORTHERN AMERICAN INNOVATION TECHNOLOGY
19 AWARD BY FROST & SULLIVAN.

20 WE LOOK FORWARD TO CONTINUING OUR FOCUS ON
21 DEVELOPING THE BEST WAYS TO QUICKLY AND SAFELY
22 TRANSLATE THESE NEW ADVANCES IN STEM CELL TECHNOLOGY
23 INTO TOMORROW'S MEDICINES FOR DISEASES AND CONDITIONS
24 THAT TODAY HAVE LIMITED TO NO TREATMENT OPTIONS.

25 WE PLAN TO DEVELOP MINIMALLY INVASIVE,

BARRISTERS' REPORTING SERVICE

1 QUANTITATIVE TECHNIQUES FOR REPROGRAMMING,
2 DIFFERENTIATION, AND INDUSTRIALIZING THIS TECHNOLOGY
3 FOR COMMERCIAL AND CLINICAL USE. WE'RE EXCITED TO USE
4 IT IN-HOUSE TO MODEL OUR OWN BODY'S NATURAL, NORMAL
5 ADULT STEM CELL POPULATIONS IN DISEASE AND NORMAL
6 STATES SO WE CAN UNDERSTAND HOW TO CREATE NOVEL
7 MEDICINES THAT CAN ACTIVATE OR TURN DOWN SPECIFIC CELL
8 POPULATIONS TO TREAT DISEASE OR RESTORE TISSUE
9 FUNCTION.

10 WE'RE ALSO LOOKING FORWARD TO WORK WITH ALL
11 COMMUNITIES TO SPUR THIS INNOVATION AND FULFILL THE
12 PROMISE OF THIS GREAT BREAKTHROUGH WHETHER THAT BE FOR
13 USE IN BASIC RESEARCH, DISEASE MODELING, DRUG
14 SCREENING, AND DEVELOPMENT OF CELL-BASED THERAPIES.

15 THANK YOU SO MUCH FOR YOUR TIME AND FOR
16 LEADING NOT ONLY CALIFORNIA BUT THE REST OF THE WORLD
17 IN ADVANCING MUCH NEEDED STEM CELL RESEARCH AND
18 MEDICINES FOR PATIENTS IN NEED. THANK YOU.

19 (APPLAUSE.)

20 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
21 JESSICA. AND WE CERTAINLY EMBRACE THE PARTNERSHIP WITH
22 THE BIOTECH COMMUNITY, WHICH IS ESSENTIAL TO BEING ABLE
23 TO MOVE THESE THERAPIES DOWNSTREAM TO PATIENTS. AND
24 CERTAINLY THE BIOTECH COMMUNITY PARTICIPANTS LIKE YOUR
25 COMPANY THAT REALLY HAVE HELPED UNDERWRITE SOME OF THE

BARRISTERS' REPORTING SERVICE

1 BASIC RESEARCH IN THIS AREA ARE VERY IMPORTANT
2 CONTRIBUTORS.

3 WHAT I'D LIKE TO DO IS ASK DR. TROUNSON IF HE
4 WOULD LIKE TO GO INTO THE FINANCE PRESENTATION. I
5 THINK THAT'S OUR MOST IMPORTANT FIRST TOPIC. WITH A
6 QUESTION, THOUGH, FOR MELISSA KING AND JAMES HARRISON.
7 WE HAVE A QUORUM THIS MORNING BY HOW MUCH BECAUSE WE DO
8 HAVE A MEMBER, I KNOW, THAT NEEDS TO LEAVE.

9 MR. HARRISON: WE HAVE 23 MEMBERS AT THE
10 MOMENT.

11 MS. KING: I ALSO WANTED TO NOTE THAT DR.
12 STEWARD AND ALSO ROBERT BIRGENEAU HAVE JOINED THE
13 MEETING.

14 CHAIRMAN KLEIN: THANK YOU. THANK YOU VERY
15 MUCH. AND WHAT WE WILL DO THIS MORNING IS GO THROUGH
16 THE FINANCE PRESENTATION, AND THEN WE WILL GO THROUGH
17 THE CONSENT CALENDAR. WE'RE GOING TO HAVE A VERY SHORT
18 MEETING THIS MORNING, AND WE DO HAVE A COUPLE MEMBERS
19 THAT WILL NEED TO LEAVE QUITE EARLY.

20 WE'RE FINE, DR. AZZIZ, ON YOUR EARLY PLANE
21 BECAUSE WE HAVE A SUFFICIENT QUORUM.

22 DR. AZZIZ: WHAT'S YOUR ACCESS ON QUORUM JUST
23 TO MAKE SURE?

24 MS. LANSING: WHAT'S YOUR TIME SCHEDULE, BOB?

25 CHAIRMAN KLEIN: WE HAVE A VERY SOLID BUFFER.

BARRISTERS' REPORTING SERVICE

1 DR. BRODY: I'VE GOT TO LEAVE AT AROUND
2 11:30.

3 CHAIRMAN KLEIN: YES. OUR GOAL IS DEFINITELY
4 TO BE THROUGH BY 11:30.

5 DR. BRODY: OKAY. GREAT.

6 CHAIRMAN KLEIN: HOPEFULLY BY ELEVEN.

7 MS. LANSING: I JUST WANTED TO BE SURE.
8 COULD EVERYONE JUST TALK A LITTLE LOUDER?

9 CHAIRMAN KLEIN: YES. IF EVERYONE -- CAN YOU
10 HEAR ME WELL, SHERRY?

11 MS. LANSING: I HEAR YOU PERFECTLY, BUT FOR
12 SOME REASON I CAN'T ALWAYS HEAR ALAN.

13 CHAIRMAN KLEIN: IF EVERYONE WOULD SPEAK VERY
14 CLOSE TO THE MICS, THAT WOULD BE HELPFUL. DR.
15 TROUNSON.

16 DR. TROUNSON: SO, CHAIR, I WONDER IF WE CAN
17 ASK CHILA SILVA MARTIN TO PRESENT THE FINANCES AND
18 FOLLOWED BY JOHN ROBSON.

19 MS. SILVA MARTIN: GOOD MORNING, MR. CHAIR
20 AND MEMBERS OF THE BOARD. I WILL BE REPORTING ON
21 CIRM'S BUDGET AND EXPENDITURES AS OF DECEMBER 31, 2009.
22 THE INFORMATION THAT I'M PRESENTING ONLY INCLUDES
23 CIRM'S SUPPORT BUDGET AND EXPENDITURES AND DOES NOT
24 INCLUDE ANY DIRECT RESEARCH DATA.

25 AS IS REFLECTED IN THE GRAPH ON THE SCREEN,

BARRISTERS' REPORTING SERVICE

1 CIRM'S BUDGET IS DISTRIBUTED INTO TWO CATEGORIES. THE
2 FIRST CATEGORY REFLECTED BY THE FIRST GROUP OF COLUMNS
3 IS OUR SALARIES AND BENEFITS. AND THEN THE SECOND
4 GRAPH REPRESENTS OUR OPERATING EXPENDITURES AND
5 EQUIPMENT. AND THEN THE THIRD GRAPH SUMMARIZES OUR
6 EXPENDITURES AND ALLOCATIONS.

7 WITHIN EACH OF THESE GROUPS, WE HAVE THREE
8 BARS. THE BLUE BAR REPRESENTS THE ALLOCATION THAT THE
9 ICOC BOARD APPROVED FOR CIRM'S 2009-10 BUDGET. THE
10 ORANGE COLUMN REPRESENTS THE EXPENDITURES THAT HAVE
11 BEEN RECORDED AS OF DECEMBER 31, 2009. AND THE YELLOW
12 COLUMN REPRESENTS THE BALANCE OR THE DIFFERENCE BETWEEN
13 THE ALLOCATION AND THE EXPENDITURES OR THE BALANCE
14 THAT'S AVAILABLE FOR EXPENDITURES THROUGH JUNE 30,
15 2010.

16 SO GOING INTO THE ACTUAL DATA, THE BLUE
17 COLUMN IN THE FIRST GROUPING REPRESENTS THE ALLOCATION
18 THAT THE ICOC BOARD APPROVED FOR CIRM'S SALARIES AND
19 BENEFITS. SO THIS INCLUDES ALL OF THE STAFF SALARIES
20 AND WAGES AND ASSOCIATED BENEFITS, SUCH AS VISION,
21 DENTAL, HEALTH INSURANCE. WE WERE ALLOCATED A TOTAL OF
22 \$7.4 MILLION IN THIS CATEGORY. AS IS REFLECTED IN THE
23 ORANGE COLUMN, WE HAVE SPENT AS OF DECEMBER 31ST 45
24 PERCENT OF THAT BUDGET OR \$3.3 MILLION, LEAVING US AN
25 AVAILABLE BALANCE OF \$4.1 MILLION AS IS REFLECTED IN

BARRISTERS' REPORTING SERVICE

1 THE YELLOW COLUMN.

2 MOVING TO THE SECOND COLUMN, SET OF COLUMNS,
3 THE SECOND GROUP, THIS REPRESENTS OUR OPERATING
4 EXPENDITURES AND EQUIPMENT DATA. AND HERE'S WHERE WE
5 CAPTURE ALL OF OUR OTHER COSTS THAT ARE NECESSARY TO
6 MEET CIRM'S MISSION. SO IN THIS CATEGORY WE INCLUDE
7 THE TRAVEL, THE COST FOR THE ICOC BOARD MEETINGS, ALL
8 OF OUR LEGAL INFORMATION, AUDITING, ACCOUNTING SERVICES
9 COSTS, OUR GRANTS WORKING GROUP MEETINGS, AND SO FORTH.

10 AS IS INDICATED IN THE FIRST COLUMN, WE WERE
11 ALLOCATED \$5,545,000. WE HAVE SPENT 28 PERCENT OF THAT
12 OR \$1.6 MILLION, LEAVING US AN AVAILABLE BALANCE FOR
13 THE REMAINDER OF THE YEAR OF \$3,965,000 AS REFLECTED IN
14 THE YELLOW COLUMN.

15 SO IN SUMMARY, THE COST AND BUDGET ALLOCATION
16 IS SUMMARIZED IN THIS LAST GROUP. WE WERE ALLOCATED
17 \$12,945,000, AS IS REFLECTED IN THE FIRST COLUMN. WE
18 HAVE SPENT AS OF DECEMBER OR NOT SPENT, BUT RECORDED AS
19 OF DECEMBER \$4,874,000, WHICH REPRESENTS 38 PERCENT OF
20 OUR ALLOCATION, LEAVING US A BALANCE AVAILABLE FOR
21 EXPENDITURE THROUGH JUNE 30, 2010, OF \$8,071,000.

22 THIS CONCLUDES MY REPORT. I DID WANT TO
23 POINT OUT THAT THERE IS A SUMMARY SUPPORTING THE CHART
24 THAT'S BEEN INCLUDED IN YOUR BINDER, AND I'M HAPPY TO
25 TAKE ANY QUESTIONS YOU MAY HAVE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: SO IT'S IMPORTANT HERE IN
2 TERMS OF TERMINOLOGY TO GET AN ACUTE UNDERSTANDING OF
3 WHAT YOU'RE TRANSMITTING. WE HAVE REPORTED IN THE
4 ORANGE COLUMN THE FIGURE THAT IS IN THE \$4 MILLION, THE
5 HIGH \$4 MILLION RANGE; BUT, IN FACT, WE MAY HAVE
6 ACCRUAL EXPENSES THAT EXCEED THAT THAT HAVE NOT BEEN
7 BOOKED YET BECAUSE WE'RE SO CLOSE TO THE ENDING OF THE
8 FIRST SIX MONTHS OF THE YEAR. BUT IN ANY CASE, WE WILL
9 BE SUBSTANTIALLY UNDER BUDGET IS THE MESSAGE.

10 MS. SILVA MARTIN: WELL, NOT NECESSARILY. I
11 DID WANT TO POINT OUT -- YOU ARE CORRECT. THESE ARE
12 ACTUALLY -- THIS INFORMATION IS ON A CASH BASIS, WHICH
13 MEANS THAT THE ONLY EXPENDITURES THAT ARE REFLECTED
14 HERE ARE THOSE WHICH THE STATE CONTROLLER'S HAS
15 ACTUALLY ISSUED A PAYMENT. SO WE DO WHAT WE CALL LAGS.
16 AND FOR DECEMBER OUR LAGS WERE APPROXIMATELY \$300,000.
17 SO IF WE HAD RECOGNIZED THOSE, WE WOULD BE AT, I
18 BELIEVE, 34 PERCENT IN OPERATING EXPENSES, AND OVERALL
19 WE WOULD BE AT 40 PERCENT.

20 WHAT I THINK IS IMPORTANT TO POINT OUT IS
21 THAT WITHIN OUR ALLOCATION, THERE WAS A NUMBER OF
22 ONE-TIME COSTS THAT WERE BUDGETED, BUT WILL NOT
23 ACTUALLY MATERIALIZE UNTIL THE SECOND HALF OF THE YEAR.
24 I THINK DR. TROUNSON AND DON GIBBONS TALKED ABOUT
25 SEVERAL OF THOSE ITEMS YESTERDAY. FOR EXAMPLE, WE HAVE

BARRISTERS' REPORTING SERVICE

1 THE ANNUAL GRANTEE MEETING THAT'S GOING TO HAPPEN IN
2 MARCH. NONE OF THESE COSTS, OBVIOUSLY, ARE REFLECTED
3 HERE YET. WE HAVE SEVERAL GRANT APPLICATION REVIEW
4 MEETINGS THAT WILL TAKE PLACE IN THE SECOND HALF OF THE
5 YEAR, AND THOSE COSTS WILL MATERIALIZE. WE HAVE THE
6 ANNUAL REPORT THAT WE'RE WORKING ON. WE HAVE AN
7 ECONOMIC IMPACT ANALYSIS WHERE NONE OF THE COSTS HAVE
8 YET BEEN RECORDED IN THESE FIGURES.

9 SO WE BELIEVE -- AND WE ARE ALSO RECRUITING
10 FOR THE VP FOR RESEARCH AND DEVELOPMENT, SO WE BELIEVE
11 THAT IT'S A LITTLE BIT TOO EARLY TO TELL WHERE WE'RE
12 GOING TO BE IN TERMS OF SAVINGS, BUT WE REALLY DO
13 BELIEVE THAT IN THE SECOND HALF OF THE YEAR WE'LL BE
14 CLOSING THAT GAP, AND THAT THE MAJORITY OF OUR
15 EXPENDITURES ACTUALLY WILL MATERIALIZE.

16 CHAIRMAN KLEIN: CERTAINLY, BUT BASED UPON
17 WHERE WE ARE YEAR TO DATE, FROM THE DETAILED
18 INFORMATION THAT COMES FROM THE FINANCE COMMITTEE
19 REVIEWS, MY UNDERSTANDING IS THAT WE ARE RUNNING BELOW
20 OUR BUDGETED LEVEL; IS THAT CORRECT?

21 MS. SILVA MARTIN: YES, WE ARE.

22 CHAIRMAN KLEIN: THAT IS CLEARLY MY
23 UNDERSTANDING. YOU WANT TO TELL US WHAT YOU THINK THAT
24 THE PERCENTAGE IS THAT WE'RE RUNNING?

25 MS. SILVA MARTIN: WE'RE ABOUT 10 PERCENT

BARRISTERS' REPORTING SERVICE

1 BELOW OUR BUDGET AS OF DECEMBER 31ST.

2 CHAIRMAN KLEIN: RIGHT. AND THERE ARE SOME
3 EXPENDITURES I'M AWARE OF IN THE SECOND HALF OF THE
4 YEAR THAT ARE PROJECTED NOW TO OCCUR LATER, TO START
5 LATER THAN WERE ORIGINALLY PROJECTED, SUCH AS THE
6 HIRING OF THE VP R&D, WHICH, IN FACT, COULD CONTRIBUTE
7 TO THAT DIFFERENCE BECOMING A LITTLE LARGER. IS THAT
8 AN ACCURATE STATEMENT?

9 MS. SILVA MARTIN: THERE IS SOME SAVINGS FROM
10 THE VP POSITION, ABSOLUTELY.

11 CHAIRMAN KLEIN: OKAY. SO ARE THERE
12 ADDITIONAL QUESTIONS FROM THE BOARD? SEEING NONE, I
13 THINK DR. ROBSON HAS A PRESENTATION TO FOLLOW. THANK
14 YOU VERY MUCH.

15 MS. SILVA MARTIN: THANK YOU VERY MUCH.

16 DR. ROBSON: ALL RIGHT. THANK YOU. I'M
17 GOING TO GIVE YOU A BRIEF REPORT ON WHAT'S BEEN
18 HAPPENING IN OPERATIONS, AND I'LL START WITH THE
19 FINANCES, WHICH, TYPICAL OF WHAT I'VE BEEN DOING OVER
20 THE LAST YEAR, I'M GOING TO GIVE YOU THE OVERALL
21 PROJECTIONS OF OUR FINANCIAL SITUATION, INCLUDES THE
22 OPERATIONS BUDGETS THAT CHILA JUST TALKED TO YOU ABOUT,
23 BUT ALSO OUR GRANT SPENDING.

24 WHAT'S INCLUDED IN THESE PROJECTIONS IS
25 LISTED HERE. IT'S ALL OF THE PROGRAMS THAT HAVE BEEN

BARRISTERS' REPORTING SERVICE

1 FUNDED TO DATE BY THE ICOC, AND IT ALSO INCORPORATES
2 PROGRAMS THAT HAVE BEEN THROUGH CONCEPT APPROVAL.
3 THOSE ARE LISTED HERE: BASIC BIOLOGY II AT 30 MILLION,
4 IMMUNOLOGY, 30 MILLION; RESEARCH LEADERSHIP AWARDS AT
5 44 MILLION; AND EARLY TRANSLATION II AT \$80 MILLION.

6 AND SO IF WE LOOK AT THE IMPACT ON OUR
7 OVERALL FINANCES, AS SHOWN HERE, YOU SHOULD BE FAMILIAR
8 WITH THIS GRAPH BY NOW. I'VE SHOWN IT TO YOU MANY
9 TIMES. THIS SHOWS OUR PROJECTIONS OUT UNTIL THE END OF
10 THE FISCAL YEAR OF JUNE 2011. THE VERTICAL BARS SHOW
11 THE QUARTERLY PAYMENTS FOR GRANTS, AND THAT'S IN BLUE,
12 AND FOR OUR OPERATIONS IN TAN OR BROWN AT THE BOTTOM.
13 THE GREEN LINE SHOWS THE BALANCE OF FUNDS THAT WE HAVE
14 IN OUR BOND ACCOUNT. AND YOU WILL SEE HERE THAT BY THE
15 TIME WE PROJECT OUT TO JUNE 2011, WE'LL HAVE ABOUT \$55
16 MILLION LEFT IN THAT ACCOUNT.

17 NOW, IF YOU WERE AT -- IF YOU REMEMBER BACK
18 TO DECEMBER, I GAVE THIS REPORT, AND AT THAT TIME I
19 SAID THAT BY JUNE 2011 WE WOULD BE AT ABOUT ZERO. SO
20 WE ARE PROJECTING NOW AN ADDITIONAL \$55 MILLION.

21 SO WHERE DID THAT COME FROM? THERE ARE
22 REALLY THREE SOURCES OF THAT. ONE MAJOR ONE IS THE
23 BOND SALE THAT WAS DONE IN THE SPRING OF 2009, WHICH WE
24 WERE TOLD AT THE TIME IN APRIL WOULD NET US ABOUT \$277
25 MILLION IN NEW MONEY TO THE BOND ACCOUNT. WHEN THE

BARRISTERS' REPORTING SERVICE

1 ACCOUNTING WAS FINALLY FINISHED AT THE END OF JUNE,
2 THAT TURNED OUT TO BE \$297 MILLION, NOT 277.
3 UNFORTUNATELY, THIS IS A LITTLE BIT EMBARRASSING, IT
4 TOOK US SIX MONTHS TO REALIZE THAT AND THEN TRANSFER
5 THAT INTO OUR PROJECTIONS. FORTUNATELY IT'S \$20
6 MILLION IN OUR FAVOR, NOT \$22 MILLION THE OTHER WAY.
7 SO WE HAVE AN ADDITIONAL \$22 MILLION THAT I WAS NOT
8 AWARE OF IN DECEMBER.

9 THE SECOND ONE WAS MENTIONED ABOUT OUR MAJOR
10 FACILITIES. SOME OF THOSE HAVE BEEN DELAYED. I'LL
11 TALK ABOUT THAT IN JUST A MINUTE. BUT THERE ARE
12 FUNDS -- THOSE FOUR PROJECTS THAT HAVE BEEN DELAYED,
13 CIRM'S FUNDING IS LAST IN IN ARREARS, AND FUNDS THAT WE
14 HAD ANTICIPATED WE WERE GOING TO SPEND PRIOR TO JUNE
15 2011 NOW HAVE BEEN PUSHED BACK. WE'RE NOT GOING TO
16 SPEND THOSE UNTIL AFTER JUNE OF 2011. SO THEY'RE NOT
17 REFLECTED HERE, SO THERE'S A SAVINGS FROM THAT.

18 AND THE THIRD ONE IS, THE THIRD REASON
19 CONTRIBUTOR TO THIS IS THAT WE ARE NOW BRINGING ONLINE,
20 AS YOU HEARD FROM DON GIBBONS LAST NIGHT, OUR POSTAWARD
21 GRANTS MANAGEMENT SYSTEM. AND THAT'S ENABLING US NOW
22 TO USE REAL PROJECTED NUMBERS FROM THE PAYMENT SCHEDULE
23 THAT THE GRANTS MANAGEMENT OFFICE IS GENERATING RATHER
24 THAN PROJECTIONS. AND THAT'S CONTRIBUTED TO THIS
25 FIGURE AS WELL.

BARRISTERS' REPORTING SERVICE

1 SO THE BOTTOM LINE IS THAT WE NOW, INSTEAD OF
2 HAVING FUNDS TO LAST US THROUGH THE END OF THE FISCAL
3 YEAR 2010-11, WE NOW HAVE ENOUGH TO CARRY US THROUGH
4 MOST OF THE FIRST QUARTER OF 2011-12.

5 NOW I'D LIKE TO BRIEFLY SUMMARIZE WHERE WE
6 ARE WITH OUR MAJOR FACILITIES. WE HAD IN JANUARY A
7 MEETING OF THE --

8 CHAIRMAN KLEIN: JOHN, BEFORE WE GO INTO
9 MAJOR FACILITIES, IT'S IMPORTANT FOR THE BOARD TO
10 REMEMBER THAT AT OUR LAST MEETING, WHEN WE LOOKED AT
11 EXPANDING THE BRIDGES PROGRAM, THE BOARD ASKED ME
12 WHETHER WE'D HAVE ADEQUATE RESERVES AT DECEMBER OF
13 2010, WHICH HAS BEEN OUR BENCHMARK TO MAKE CERTAIN THAT
14 WE HAVE ADEQUATE RESERVES FOR CARRY-OVER INTO THE FIRST
15 QUARTER OF 2011 AS A BUFFER DURING THESE DIFFICULT
16 TIMES, PARTICULARLY BECAUSE WITH OUR INTERNATIONAL
17 PARTNERS, THEY NEED TO SEE THOSE RESERVES BECAUSE
18 THEY'RE SETTING ASIDE FUNDS DURING VERY DIFFICULT
19 ECONOMIC TIMES IN THEIR COUNTRIES TO MAKE THESE TEAMS
20 WORK.

21 AND THE PROJECTION AT THAT TIME WAS THAT WE
22 WOULD HAVE APPROXIMATELY A HUNDRED MILLION WITH THE
23 THOUGHT THAT THERE WAS SOME CONCERN OF WHETHER IT COULD
24 BE REDUCED TO 50 MILLION. I ASSURED THE BOARD THAT I
25 THOUGHT THAT WE WOULD AT LEAST HAVE A HUNDRED MILLION

BARRISTERS' REPORTING SERVICE

1 AND I THOUGHT THAT NUMBER, IN FACT, WAS LARGER. WE DO,
2 THROUGH LYNN HARWELL'S WORK AND COORDINATION WITH THE
3 TREASURER'S OFFICE AND THE GOVERNOR'S DIRECTOR OF
4 FINANCE, TRACK THESE NUMBERS VERY CLOSELY. AND OUR
5 INTERNAL PROJECTIONS, IN FACT, SHOWED MUCH HIGHER
6 BALANCES. WE'VE WORKED WITH DR. ROBSON, GONE BACK,
7 LOOKED AT THE CASH FLOWS, WHICH WE'VE BEEN RUNNING VERY
8 CONSERVATIVELY, AND SHOWN THAT EVEN KEEPING THOSE
9 NUMBERS CONSERVATIVELY, WE'RE AT 183 MILLION IN
10 DECEMBER OF 2010, PROVIDING A SUBSTANTIALLY GREATER
11 BUFFER THAN WAS REPORTED AT THE LAST MEETING.

12 SO I WANT YOU TO KNOW THAT I THINK WE WERE
13 VERY PRUDENT AND CONSERVATIVE WHEN WE EXPANDED THE
14 BRIDGES PROGRAM. WE DO HAVE A SUBSTANTIAL CARRY-OVER
15 OF CASH RESERVES. AND IT IS A RESERVE LEVEL THAT GIVES
16 US THE ABILITY IF, IN FACT, THE STATE HAS A PROBLEM IN
17 ISSUANCES IN THE LAST QUARTER OF 2010 TO BE ABLE TO
18 PICK UP ADDITIONAL BOND ISSUES IN THE FIRST QUARTER OF
19 2011 AND BE IN A VERY WELL-ESTABLISHED CONSERVATIVE
20 POSITION WITH OUR INTERNATIONAL PARTNERS AND OUR
21 GRANTEES IN CALIFORNIA TO FUND ON TIME AS WE HAVE FROM
22 THE BEGINNING.

23 WE LOOK FORWARD ABOUT 18 MONTHS AT ALL TIMES
24 IN DOING OUR FINANCIAL PLANNING, AND I THINK THAT'S
25 REFLECTIVE OF THE BALANCES WE'RE CURRENTLY CARRYING.

BARRISTERS' REPORTING SERVICE

1 THANK YOU VERY MUCH, DR. ROBSON, FOR THE WORK YOU'VE
2 DONE IN REALLY GOING THROUGH THE DETAIL AND CONFIRMING
3 ALL THESE FIGURES.

4 DR. ROBSON: BOB IS EXACTLY RIGHT. I TEND TO
5 FOCUS 18 MONTHS AHEAD. HE WAS FOCUSING A YEAR AHEAD,
6 BUT OUR NUMBERS, IF YOU HAD LOOKED AT THE CHART, WOULD
7 BE THE SAME AS WHAT HE JUST TALKED ABOUT FOR DECEMBER
8 2010.

9 SO THE FACILITIES WORKING GROUP MET IN
10 JANUARY. THE MAIN PURPOSE OF THAT WAS TO GIVE AN
11 UPDATE ON THE MAJOR FACILITIES PROJECTS AND TO TALK
12 ABOUT ONE THAT IS STILL HAVING -- WAS STILL HAVING SOME
13 DIFFICULTIES. SO I'D JUST LIKE TO SUMMARIZE THE
14 RESULTS FROM THAT MEETING.

15 THERE HAD BEEN SOME REPORTS THAT CAME OUT
16 FOLLOWING THAT MEETING THAT WE WERE LAGGING BEHIND IN
17 FOUR OF OUR PROJECTS. I CAN'T SAY THAT THAT'S NOT
18 TRUE, BUT I THINK THAT'S LOOKING AT THE PROGRESS OF
19 THIS PROGRAM FROM THE WRONG DIRECTION. IN THESE
20 DIFFICULT ECONOMIC TIMES, WE LIKE TO FOCUS ON THE FACT
21 THAT EIGHT OF OUR PROJECTS, EIGHT OF THE TWELVE
22 PROJECTS, ARE RUNNING ON TIME AND THEY'RE MOVING ALONG.
23 AND THAT'S THE LIST AS SHOWN RIGHT HERE. THESE EIGHT
24 PROJECTS AND THE AMOUNT OF MONEY SHOWN ON THE RIGHT IS
25 CIRM'S CONTRIBUTION TO EACH OF THOSE. AND THE

BARRISTERS' REPORTING SERVICE

1 COMPLETION DATES FOR EACH OF THOSE PROJECTS IS SHOWN IN
2 THE MIDDLE COLUMN.

3 YOU CAN SEE THAT EIGHT OF THESE ARE GOING TO
4 COME ONLINE WITHIN THE NEXT FEW MONTHS, BY THE END OF
5 JULY. IN FACT, I HEARD LAST NIGHT AT DINNER USC MAY
6 ACTUALLY COME ON A MONTH EARLY. SO I THINK THIS HAS
7 REALLY BEEN A TERRIFIC ACHIEVEMENT, ESPECIALLY GIVEN
8 THE ECONOMIC TIMES WE'RE DEALING WITH. OF COURSE,
9 NUMBERS ARE NICE TO SEE, BUT I THINK SOMETIMES PICTURES
10 ARE BETTER. YOU SAW EARLIER, IF YOU WERE AT THE
11 SPOTLIGHT, A RENDITION OF THE STEM CELL CENTER AT
12 STANFORD. I HAVE HERE A PHOTOGRAPH TAKEN RECENTLY, AND
13 I THINK IT LOOKS QUITE A BIT LIKE THE RENDITION,
14 FORTUNATELY. I THINK IT'S QUITE IMPRESSIVE THAT THIS
15 THING REALLY IS COMING ONLINE AND IT'S ABOUT READY.
16 UNFORTUNATELY I DON'T HAVE PICTURES OF ALL THE
17 FACILITIES, BUT I DID GET THIS ONE.

18 DR. PIZZO: YOU'VE GOT THE IMPORTANT ONE.

19 DR. ROBSON: I DO HAVE ONE FROM THE UC SYSTEM
20 AS WELL FROM DAVIS, AND THEIR CENTER FOR REGENERATIVE
21 CURES IS SLATED TO COME ONLINE IN MAY. AND, IN FACT,
22 THIS IS A PHASED PROJECT. AND AS YOU HEARD EARLIER,
23 AGAIN, DURING THE SPOTLIGHT, THAT PARTS OF THAT
24 FACILITY ARE OPENING THIS MONTH. IN FACT, THE GMP
25 FACILITY, THE PICTURE YOU SAW EARLIER, SHOWED THAT IT'S

BARRISTERS' REPORTING SERVICE

1 A VERY CLEAN ROOM. I HAVE ONE MORE THING TO SHOW YOU.
2 IT'S OCCUPIED BY VERY CLEAN PEOPLE. SO THIS THING WILL
3 BE ONLINE WITHIN THE NEXT FEW WEEKS.

4 DR. TROUNSON: JUST TO BRIEFLY INTERRUPT YOU.
5 I REMEMBER SEEING THAT BUILDING, CLAIRE, WHEN THE
6 OUTSIDE LOOKS AND IS A NICE REMINDER, BUT THE INSIDE IS
7 TOTALLY DIFFERENT. AND IT'S A SPECTACULAR BUILDING.
8 IT REALLY IS. AND I THINK NOW THAT YOU'VE GOT THESE
9 FACILITIES WITHIN IT AND THEY'RE STARTING TO BECOME
10 FUNCTIONAL, IT'S A REAL LIFT FOR SOMEBODY WHO LOOKED
11 NOW QUITE A LONG TIME AGO AT WHAT WAS THE POSSIBILITY.
12 IT'S TAKEN A FEW YEARS TO GET THERE, BUT IT'S
13 REMARKABLE AND FANTASTIC.

14 DR. POMEROY: THANK YOU VERY MUCH, ALAN. I
15 JUST WANT TO ADD, IF YOU COULD, THAT THIS PAST WEEKEND
16 WE HOSTED THE HUNTINGTON'S DISEASE SOCIETY OF NORTHERN
17 CALIFORNIA FOR A TOUR OF THE GMP FACILITY. WE WERE
18 JOINED BY CIRM STAFF, THAT WAS WONDERFUL, AS WELL AS
19 INDUSTRY REPRESENTATIVES. AND I HAVE TO SAY IT IS A
20 REMARKABLE FEAT, BUT WHAT'S MOST REMARKABLE IS WHAT CAN
21 HAPPEN THERE.

22 I UNDERSTAND FROM DR. BAUER, WHO IS THE
23 VISIONARY BEHIND THIS ONE-OF-A-KIND FACILITY, THAT LAST
24 WEEKEND WAS THE LAST TOUR IN WHICH YOU COULD WALK
25 THROUGH UNGOWNED BECAUSE THEY ARE NOW DOING WORK IN

BARRISTERS' REPORTING SERVICE

1 THERE. AND ALL FUTURE TOURS, WHICH WE INVITE YOU TO,
2 WILL BE DONE ONLY IN THE PARTS THAT DON'T REQUIRE
3 GOWNING, BUT HE BUILT IT WITH VIEWING AREAS SO THAT YOU
4 CAN SEE INTO THE GUTS OF WHAT'S HAPPENING IN THIS
5 FACILITY. AND WE'D LOVE TO SHARE THAT WITH EVERYBODY
6 IN THE ROOM. SO THANK YOU VERY MUCH.

7 DR. ROBSON: SO LET ME MENTION WHERE WE ARE
8 WITH THE FOUR FACILITIES THAT HAVE BEEN -- PROJECTS
9 THAT HAVE BEEN DELAYED. THREE OF THEM ARE LISTED HERE.
10 THAT'S THE SAN DIEGO CONSORTIUM, THE UC SANTA CRUZ, AND
11 UC MERCED. THOSE PROJECTS ARE ALL DELAYED ABOUT ONE
12 YEAR. THEY HAD FOR VARIOUS REASONS, SOME WERE FINANCE.
13 IN THE CASE OF UC MERCED, THEY REQUESTED A CHANGE, A
14 MOVEMENT OF, RELOCATION OF THE FOUNDRY THAT THEY WERE
15 BUILDING FROM OFF CAMPUS TO ON CAMPUS. I THINK I
16 REPORTED ON THAT IN THE PAST.

17 BUT ALL OF THOSE PROJECTS ARE NOW UNDER
18 CONSTRUCTION, SO THEY'RE ALL GOING, THEY'RE ALL MOVING
19 ALONG, AND THEY END UP BEING DELAYED ABOUT ONE YEAR.

20 THERE IS ONE PROJECT THAT HAS NOT STARTED
21 YET. THAT'S THE BUCK INSTITUTE FOR AGE RESEARCH. THEY
22 HAD DIFFICULTY RAISING SOME OF THEIR MATCHING FUNDS.
23 THEY HAD DEVELOPED A PLAN TO MOVE FORWARD. THEY
24 SUBMITTED AN APPLICATION THROUGH THE STIMULUS PROGRAMS
25 IN THE FEDERAL GOVERNMENT FOR SOME RESEARCH FACILITIES

BARRISTERS' REPORTING SERVICE

1 MONEY. THE DECISION ON THAT GRANT HAS BEEN DELAYED.
2 IT'S STILL IN THE RUNNING. THEY HAD REQUESTED \$15
3 MILLION IN MATCHING FUNDS. IT'S NOT CLEAR IF OR WHEN
4 OR HOW MUCH MONEY THEY WILL GET, BUT THEIR BOARD HAS
5 MADE THE DECISION TO MOVE ALONG. THEY WILL RAISE THE
6 MATCHING FUNDS THEY NEED EITHER THROUGH PHILANTHROPY OR
7 INCREASED DEBT. THEY ARE MAKING ALL THE FINAL
8 ARRANGEMENTS TO DO THAT.

9 WE HAVE ACTUALLY A CONFERENCE CALL WITH THEM
10 ON FRIDAY. WE HOPE TO FINALIZE THE DETAILS OF THE NGA
11 AT THAT POINT. THEY HAVE COMMITTED TO STARTING THE
12 PROJECT BEFORE THE END OF MARCH AND COMPLETING IT
13 BEFORE THE END OF MARCH 2012. SO WE'RE CONFIDENT THAT
14 THAT IS GOING TO MOVE FORWARD, BUT THIS HAS BEEN THE
15 ONE THAT'S BEEN THE MOST DELAYED.

16 ANY QUESTIONS ABOUT FACILITIES?

17 I'LL MOVE ON TO -- THIS IS WHAT WE PLANNED TO
18 DO THIS YEAR WITH REGARD TO FACILITIES. WE'RE PLANNING
19 PROGRAMMATIC SITE VISITS TO THOSE THAT GOT UPFRONT
20 FUNDING, THE ONES THAT ARE NEAR COMPLETION. THOSE SITE
21 VISITS WILL INVOLVE SCIENCE OFFICERS. AND THE POINT IS
22 TO CHECK TO MAKE SURE THAT WHAT'S GOING INTO THE
23 BUILDINGS PROGRAMMATICALLY IS WHAT WAS PROMISED TO US
24 IN THE GRANTS. WE WILL DO TECHNICAL SITE VISITS OF THE
25 FOUR PROJECTS THAT ARE UNDER CONSTRUCTION TO MAKE SURE

BARRISTERS' REPORTING SERVICE

1 THAT THE CONSTRUCTION IS MOVING ALONG AS PROMISED AND
2 PLANNED.

3 AND THEN FOR THOSE PROJECTS THAT FINISHED
4 THIS YEAR, THEY'RE REQUIRED TO DO INDEPENDENT AUDITS
5 WITHIN 120 DAYS -- THIS IS A REMINDER TO YOU DEANS OUT
6 THERE -- WITHIN 120 DAYS OF COMPLETION. SO WE SHOULD
7 BY THE END OF THE YEAR HAVE SOME OF THAT INFORMATION TO
8 BRING FORWARD TO YOU.

9 ALAN MENTIONED THAT WE'RE IN THE MIDST OF
10 CONDUCTING AN ECONOMIC IMPACT STUDY. I'LL JUST
11 SUMMARIZE THAT BRIEFLY. HE MENTIONED IT LAST NIGHT, SO
12 I WON'T GO INTO MUCH DETAIL. THE POINT OF THIS STUDY
13 IS TO DEVELOP A MODEL SO THAT WE CAN MEASURE THE IMPACT
14 OF CIRM'S INVESTMENTS IN RESEARCH, TO LOOK AT JOB
15 CREATION, TAX REVENUES THAT ARE GENERATED, FUNDS THAT
16 ARE LEVERAGED. THAT COULD BE PHILANTHROPIC FUNDS OR
17 PERHAPS GRANT FUNDS THAT COME FROM OTHER AGENCIES,
18 PRIVATE AGENCIES, FOUNDATIONS, EVEN NIH FUNDS THAT HAVE
19 COME REALLY AS A CONSEQUENCE OF THE SEED MONEY THAT
20 CIRM HAS PUT IN, AND ALSO HEALTHCARE SYSTEM. SO IT'S A
21 FAIRLY COMPLICATED, COMPREHENSIVE MODEL. IT'S NOT
22 SOMETHING THAT'S BEEN DONE A LOT OUT THERE, SO WE'RE
23 SORT OF BREAKING NEW GROUND, AND WE'VE GOT A STRATEGY
24 FOR DOING THIS.

25 WE HAVE CONTRACTED WITH A CONSULTANT WHO'S

BARRISTERS' REPORTING SERVICE

1 BEEN WORKING ON THIS. WE'VE BEEN BACK AND FORTH WITH
2 HIM ON THE MODEL THAT'S BEING DEVELOPED. WE SHOULD
3 HAVE A FINAL DRAFT FROM HIM SOON. ONCE WE HAVE THAT --
4 WHEN I SAY SOON, I MEAN WITHIN THE NEXT WEEK. ONCE WE
5 HAVE THAT MODEL, WE WILL SEND IT OUT FOR REVIEW TO A
6 TEAM OF HEALTH ECONOMISTS AND MEDICAL SPECIALISTS.
7 WE'LL THEN CONVENE -- THE MODEL WILL BE APPROPRIATELY
8 MODIFIED AS THAT GROUP -- BASED ON THAT REVIEW AND THAT
9 CRITIQUE. WE'LL THEN HAVE A FINAL REPORT ISSUED, AND
10 WE WILL PROVIDE IT TO YOU AND TO THE PUBLIC. IT WILL
11 BE PUT ON OUR WEB SITE.

12 NOW, WE'RE BEGINNING -- THE GOAL IS TO
13 DEVELOP A COMPREHENSIVE MODEL THAT WE CAN USE FOR ALL
14 OF OUR FUNDING. THE INITIAL STAGE WE'RE TAKING IS TO
15 DO A TEST CASE USING THE WORK OF DR. JAMIESON AT UC SAN
16 DIEGO ON POLYCYTHEMIA VERA. SO THAT'S WHERE WE'RE
17 FOCUSED RIGHT NOW, AND SO THAT WILL BE THE FIRST REPORT
18 THAT WE WILL BE ABLE TO ISSUE HOPEFULLY, I WON'T MAKE
19 PROMISES, BUT SOMETIME THIS SPRING, EARLY THIS SPRING.

20 ANOTHER THING THAT WE'RE WORKING ON THAT ALAN
21 MENTIONED ALSO IS AN EXTERNAL REVIEW. YOU MAY RECALL
22 THE 2006 STRATEGIC PLAN CALLED FOR THIS TO BE DONE
23 AFTER THREE YEARS, AND THAT THIS REVIEW SHOULD BE DONE
24 BY A DISTINGUISHED PANEL OF SCIENTISTS, CLINICIANS,
25 ETHICISTS, AND PATIENT ADVOCATES. AND THE GOALS OF

BARRISTERS' REPORTING SERVICE

1 THAT REVIEW ROUGHLY WERE TO MEASURE THE PROGRESS THAT
2 CIRM HAS MADE AGAINST THE STRATEGIC PLAN, THE STATED
3 COMMITMENTS IN THE STRATEGIC PLAN, TO EVALUATE THOSE
4 PRINCIPLES TO SEE, AS THE FIELD HAS CHANGED, SHOULD THE
5 PLAN BE MODIFIED. THAT COMMITTEE WILL THEN MAKE
6 RECOMMENDATIONS TO US THAT WILL GO TO YOU, AND THEN
7 THOSE WILL BE USED PERHAPS TO MODIFY THE STRATEGIC PLAN
8 FOR GOING FORWARD. THAT'S THE PLAN FOR THAT.

9 WHERE WE ARE RIGHT NOW IS WE'RE BUILDING A
10 LIST OF REVIEWERS THAT WE CAN BEGIN TO CONTACT. THESE
11 ARE ALL INTERNATIONALLY WELL-KNOWN PEOPLE. MOST ALL OF
12 THEM ARE FROM OUTSIDE CALIFORNIA. WE'RE DEVELOPING A
13 TIMELINE AND SOME PROCEDURES WE'RE PUTTING TOGETHER FOR
14 HOW THE REVIEW WILL GO. IN THE PROCESS I'VE BEEN
15 MODELING OUR SORT OF LONG-TERM PROJECTION FOR HOW LONG
16 OUR \$3 BILLION WILL LAST SO THAT WE CAN HAVE THAT
17 INFORMATION AVAILABLE FOR THE COMMITTEE WHEN THEY GO
18 FORWARD.

19 SO THAT'S REALLY ALL I HAD TO PRESENT. IF
20 THERE'S ANY OTHER QUESTIONS ABOUT THAT, I'D BE HAPPY TO
21 ADDRESS THOSE.

22 CHAIRMAN KLEIN: ARE THERE QUESTIONS? I'D
23 LIKE TO ASSURE THE BOARD THAT FROM THE STRATEGIC
24 FINANCIAL PLANNING VIEWPOINT, OUR PERSPECTIVE IS NOT A
25 YEAR. CLEARLY IN WRITING THE INITIATIVE, THE REASON I

BARRISTERS' REPORTING SERVICE

1 CAPITALIZED INTEREST FOR FIVE YEARS WAS LOOKING FORWARD
2 AT THE ECONOMIC CHALLENGES OF CALIFORNIA DURING THE
3 PERIOD OF OUR START-UP AND TRYING TO ALIGN THE
4 LONG-TERM CASH INFLOWS WITH THE DELAY IN RECEIPT OF
5 INCOME TAX REVENUES AS WELL AS THE LONGER TERM DELAY IN
6 ANY MEDICAL SAVINGS BENEFITS.

7 WITH THE STUDY THAT'S NOW BEING DONE, WE WILL
8 HAVE SOME INSIGHT INTO POTENTIAL MEDICAL SAVINGS
9 BENEFITS, WHICH WE CAN'T CONFIRM UNTIL WE'VE ACTUALLY
10 GONE THROUGH THAT PROCESS, BUT IT'S A VERY HELPFUL
11 STUDY THAT DR. ROBSON IS HAVING HIS OUTSIDE CONSULTANT
12 RUN.

13 AND IN REVIEWING AND CRITIQUING THOSE
14 ORIGINAL DRAFTS, I THINK WE'RE GOING TO FIND IT VERY
15 SOUND. I WOULD WANT TO MAKE SURE THAT THE BOARD
16 UNDERSTANDS THAT FREQUENTLY WE DO THREE-YEAR
17 PROJECTIONS FOR THE TREASURER'S OFFICE, ASSUMING
18 AGGRESSIVE MAXIMUM UTILIZATION OF FUNDS, TO MAKE
19 CERTAIN THAT WE GIVE THE TREASURER VERY EARLY WARNING
20 AND THE STATE DEPARTMENT OF FINANCE VERY EARLY WARNING,
21 LONG-TERM WARNING OF POTENTIAL USES OF FUNDS. AND WITH
22 THE HELP OF SENATOR TORRES, WE'VE MET WITH THE STATE
23 TREASURER AND TALKED ABOUT BOND ISSUES FOR THIS YEAR,
24 INCLUDING THIS FALL. THERE MAY BE PERIODS, THERE
25 CERTAINLY WILL BE PERIODS THIS SUMMER WHERE YOU CAN'T

BARRISTERS' REPORTING SERVICE

1 GO INTO THE MARKET FOR TECHNICAL AS WELL AS BASIC
2 FINANCIAL REASONS, BUT THAT PLANNING FOR THIS FALL IS
3 DEALING WITH FUND BALANCES THAT WILL EXTEND HOPEFULLY
4 FAR INTO, IF NOT THROUGH, 2011.

5 THE GOAL IS TO ALWAYS LOOK FORWARD FIVE
6 YEARS, THREE YEARS, BUT RECONCILE CASH AT A YEAR'S
7 LEVEL SO WE CAN GIVE GOOD QUALITY FEEDBACK TO THE
8 TREASURER'S OFFICE ON NEEDS. AND IF WE NEED TO
9 ACCELERATE SOME OF OUR LONG-TERM BOND PLANNING, WE CAN
10 DO IT WITH SOME REAL RECONCILIATION. SO WE REALLY
11 APPRECIATE THE WORK THAT DR. ROBSON HAS LED THE OFFICE
12 THROUGH IN RECONCILING AND CROSS-VERIFYING OUR NUMBERS
13 WITH HIS NUMBERS.

14 HE HAS THE VERY EFFECTIVE BENEFIT OF HIS
15 NUMBERS ARE MORE CONSERVATIVE THAN OURS, WHICH IS A
16 VERY HEALTHY DIALOGUE TO MAKE SURE WE'RE ALWAYS IN THE
17 MOST CONSERVATIVE POSITION.

18 I'D LIKE TO THANK THE ENTIRE FINANCIAL STAFF.
19 MARGARET DIDN'T MAKE A PRESENTATION TODAY, BUT SHE'S
20 ALWAYS MAKING A HUGE DEDICATED EFFORT, LOOKING FOR
21 EVERY OPPORTUNITY TO OPTIMIZE THE POSITION OF THE
22 AGENCY AND THE VERY COMPLICATED RECONCILIATIONS WE'RE
23 REQUIRED TO DO CONSTANTLY.

24 I WOULD LIKE TO ALSO SAY --

25 DR. ROBSON: I'D JUST LIKE TO ADD TO THAT,

BARRISTERS' REPORTING SERVICE

1 THAT IN THE PAST FEW MONTHS WE'VE ABLE TO ADD CHILA
2 SILVA MARTIN TO OUR STAFF IN THE FINANCE OFFICE. AND
3 THIS HAS MADE AN ENORMOUS DIFFERENCE FOR US. PRIOR TO
4 THAT, MARGARET WAS ALWAYS PLAYING CATCH-UP AND NEVER
5 ABLE TO HANDLE ANYTHING NEW THAT CAME ALONG. THIS IS
6 NOT A REFLECTION ON MARGARET. THIS IS A REFLECTION ON
7 THE AMOUNT OF WORK THAT SHE WAS REQUIRED TO HANDLE.
8 AND WITH CHILA NOW IT'S JUST MADE A HUGE DIFFERENCE.
9 SHE'S GOT ALMOST AS MUCH, IN SOME WAYS EVEN MORE
10 EXPERIENCE WITH THE STATE SYSTEM THAN MARGARET OR
11 CERTAINLY EQUIVALENT EXPERIENCE, AND SHE'S BEEN A
12 TERRIFIC ADDITION TO THE TEAM. I THINK GOING FORWARD,
13 WE'RE IN VERY GOOD SHAPE HERE.

14 CHAIRMAN KLEIN: I THINK THEY'RE BOTH STARS.
15 WHY DON'E WE GIVE THEM A HAND?

16 (APPLAUSE.)

17 MR. TORRES: I'M JUST GLAD THE BOARD
18 RECOGNIZES IT TAKES TWO OF LADINA'S SISTERS HELPING IN
19 THIS EFFORT.

20 CHAIRMAN KLEIN: IT'S WORTH SAYING TWICE INTO
21 THE MIC. THANK YOU VERY MUCH.

22 DR. PENHOET: DO WE HAVE A FINAL TOTAL OF THE
23 MATCHING FUNDS THAT HAVE GONE INTO THIS BUILDING
24 PROGRAM FROM SOURCES OTHER THAN CIRM AT THIS POINT IN
25 TIME?

BARRISTERS' REPORTING SERVICE

1 DR. ROBSON: I DON'T THINK WE HAVE A NUMBER
2 OTHER THAN THE ONE WE HAD AT THE TIME THE AWARDS WERE
3 MADE, WHICH WAS ABOUT -- FOR THE CONSTRUCTION, I THINK,
4 WAS ABOUT \$560 MILLION.

5 CHAIRMAN KLEIN: I THINK IN TERMS -- WE HAVE
6 THE \$560 MILLION, THEN WE HAVE THE 320 MILLION THAT
7 WENT INTO FACULTY AND EQUIPMENT --

8 DR. ROBSON: RIGHT. I WAS JUST REFERRING --

9 CHAIRMAN KLEIN: -- INCLUDING THE HIRING
10 PACKAGES, BUT WE ALSO ARE WAITING FOR AN UPDATE FROM UC
11 IRVINE THAT MAYBE DR. STEWARD COULD GET US BECAUSE WE
12 HAVE THE ADVANTAGE THAT THEY'VE NOW OBTAINED IN THEIR
13 NEGOTIATIONS, AS I MENTIONED AT THE LAST MEETING, AN
14 ENTIRE ADDITIONAL FLOOR THEY NEGOTIATED FROM THE
15 CONSTRUCTION CONTRACT THAT IS BEING BUILT OUT AS WELL
16 AS THEIR VIVARIUM. SO IN THE VARIOUS INSTITUTIONS,
17 WE'VE HAD SOME TREMENDOUS PICKUPS ALONG THE WAY IN
18 ADDITION TO ADDITIONAL DONOR FUNDS THAT HAVE BEEN
19 ATTRACTED FOR ACTUAL ONGOING RESEARCH.

20 SO WE HAVE AN UPDATED MEMO FROM PETER DONOVAN
21 AT UC IRVINE, AND BASICALLY HE IS INDICATING THAT THEY
22 GOT AN ADDITIONAL 20,000 SQUARE FEET BUILT OUT IN
23 ADDITION TO THE VIVARIUM. WE APPLAUD THE CONTINUING
24 EFFORTS TO GET LEVERAGE FOR THE CALIFORNIA TAXPAYER AND
25 FOR PATIENTS EVERYWHERE. AND WE WILL BRING BACK AN

BARRISTERS' REPORTING SERVICE

1 UPDATED NUMBER AS WE GO.

2 I WOULD ALSO LIKE TO SAY THAT DR. PENHOET HAS
3 MADE A SUGGESTION, AND I'VE CONFERRED WITH JEFF SHEEHY,
4 WHO AGREES WITH THE SUGGESTION, THAT ON THE SCIENTIFIC
5 SUBCOMMITTEE THERE BE THE POTENTIAL FOR THE CHAIR AND
6 THE VICE CHAIR TO ADD SOME OUTSIDE SCIENTIFIC MEMBERS
7 TO GIVE US A GREATER REACH ON GENERAL POLICY ISSUES
8 THAT MAY HAVE NATIONAL AND INTERNATIONAL IMPLICATIONS,
9 INCLUDING, OF COURSE, ISSUES THAT MIGHT ADDRESS THE
10 CHALLENGES WE'RE GOING TO FACE WITH THE FDA IN
11 WASHINGTON, D.C.

12 DR. PIZZO: JUST TWO OTHER METRICS THAT MIGHT
13 BE WORTH REPORTING OR AT LEAST RECOGNIZING IN TERMS OF
14 THE IMPACT OF CIRM. ONE IS, AS WE'VE DISCUSSED ALREADY
15 THIS MORNING, THE TIMELINE FOR CONSTRUCTION HAS REALLY
16 BEEN PRETTY REMARKABLE. JUST LOOKING AT THE REPORT
17 THAT YOU PUT FORWARD, IT REALLY IS INCREDIBLE. AND I
18 CAN SAY, AND I EXPECT THAT THIS HAS BEEN MIRRORED IN
19 THE OTHER CENTERS AS WELL, THAT BECAUSE OF THE
20 PRESSURES THAT WE HAD TO COMPLETE CONSTRUCTION,
21 CONSTRUCTION CREWS HAVE DEVELOPED NEW APPROACHES THAT
22 HAVE ALLOWED THEM TO MEET THESE EXPECTATIONS, WHICH IS
23 SOMETHING THAT I THINK IS GOOD NOT ONLY FOR US, BUT
24 GOOD FOR CALIFORNIA. SO I THINK THAT'S NO. 1, GOOD FOR
25 CALIFORNIA.

BARRISTERS' REPORTING SERVICE

1 THE SECOND IS AT THE TIME WHEN THE ECONOMIC
2 DOWNTURN HAS BEEN SO PROFOUND AND SO MANY PEOPLE OUT OF
3 WORK, CERTAINLY IN OUR LOCAL AREA WE WERE EMPLOYING
4 MORE THAN MOST BECAUSE OF THESE CONSTRUCTION PROJECTS.
5 I THINK THAT'S ANOTHER GOOD MESSAGE. SO AS YOU'RE
6 GATHERING THE DATA AS ECONOMIC IMPACT, I KNOW YOU'RE
7 FOCUSING ON CLINICAL WORK, BUT THIS IS ANOTHER ECONOMIC
8 IMPACT OF SOME NOTE.

9 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

10 DR. ROBSON: IN THAT ECONOMIC IMPACT STUDY,
11 THE ANALYSIS OF RESEARCH MONEY THAT GOES TO
12 CONSTRUCTION PRODUCES DIFFERENT RESULTS THAN THE MONEY
13 THAT GOES FOR RESEARCH. SO WE ARE TAKING THAT INTO
14 ACCOUNT.

15 CHAIRMAN KLEIN: WHAT'S OF SIGNAL
16 IMPORTANCE HERE, THAT DR. PIZZO JUST DIRECTLY
17 REFERENCED, WAS THAT BECAUSE OF THE PRIORITY IN
18 ANALYZING PROJECTS, FOR THOSE THAT COULD MEET AN
19 URGENCY STANDARD OF COMPLETION WITHIN TWO YEARS, THE UC
20 SYSTEM CREATED AN ENTIRELY SEPARATE CHANNEL FOR
21 PROCESSING THE APPROVALS OF THE FACILITIES INVOLVED
22 WITH OUR FUNDING. AND WITHIN THE PRIVATE SECTOR, I
23 KNOW THAT STANFORD SAVED SUBSTANTIAL PERIODS OF TIME.
24 THEIR PROJECT SUPERINTENDENT SAYS TWO YEARS IN THEIR
25 INTERNAL APPROVALS ON THE CAMPUS IN ADDITION TO THE

BARRISTERS' REPORTING SERVICE

1 CONSTRUCTION TECHNOLOGY THAT MOVED FORWARD TO HAVE SUCH
2 A COMPLICATED STATE-OF-THE-ART BUILDING AS THE ONE AT
3 STANFORD BEING BUILT WITHIN THAT TWO-YEAR PROCESS FROM
4 THE GROUND UP.

5 I THINK WE SHOULD ACTUALLY COMMISSION A CASE
6 STUDY OF THE MAJOR FACILITIES PROGRAM AND THE
7 TIME-SAVING VALUE FOR CALIFORNIANS FOR RESEARCH AS A
8 MODEL FOR THE COUNTRY BECAUSE IF YOU LOOK AT UC DAVIS
9 ON AN ACQUISITION REHAB, IF YOU LOOK AT STANFORD ON NEW
10 CONSTRUCTION, IF YOU LOOK AT UC IRVINE, IF YOU LOOK AT
11 THESE FACILITIES AT BERKELEY, YOU HAVE PHENOMENAL
12 PERFORMANCE LEVELS THAT ARE HIGHLY UNUSUAL ON TIME AND
13 IN BUDGET. AND IN THIS ECONOMY TO HAVE 11 OF THOSE 12
14 PROJECTS IN CONSTRUCTION IS EXTRAORDINARY. SO WE'RE
15 VERY HOPEFUL THE TWELFTH IS GOING TO BE IN
16 CONSTRUCTION. THAT'S THE REPRESENTATION THAT'S BEEN
17 MADE, WHICH WOULD BE A REMARKABLE RECORD.

18 DR. PIZZO: ONE FOLLOW-ON TO THAT, WHICH KEYS
19 INTO THE COMMENT THAT ED PENHOET MADE, I DON'T KNOW,
20 BUT EXPECT THAT THIS IS ALSO REPLICABLE IN OTHER
21 CENTERS. THE TIMELINE HAD A FORTUITOUS IMPACT ON
22 ACQUIRING MATCHING CONTRIBUTIONS BECAUSE WE COULD GO TO
23 DONORS AND SAY THIS IS IT. FIRST OF ALL, IT WAS JUST
24 THE MATCH BECAUSE THAT HELPED A LOT, BUT IT WAS ALSO
25 THE PACE OF IT THAT CERTAINLY, FOR US, ACCELERATED THE

BARRISTERS' REPORTING SERVICE

1 ACQUISITION OF GIFTS.

2 DR. TROUNSON: CHAIR, JUST IN RESPONSE TO
3 SOME OF THE COMMENTS THAT YOU MADE AND PHIL PIZZO MADE.
4 DAVID LICHTENGER SUGGESTED THAT WE CONNECT WITH THE
5 PUBLICATIONS IN THE CONSTRUCTION INDUSTRY. HE MADE
6 THAT SUGGESTION, AND WE'RE GOING TO DO THAT. WE THINK
7 IF IT COMES FROM THAT SECTOR, IT WILL BE REALLY
8 EFFECTIVE BECAUSE OF THE ADVANCES AND THE INTEREST,
9 DRAMATIC INTEREST, IN THAT SECTOR. SO WE THANK HIM FOR
10 THAT SUGGESTION AND WE'RE DOING THAT.

11 THE OTHER THING WHICH I'VE BEEN THINKING
12 ABOUT IS THE SOCIAL ISSUES OF CONNECTING WITH OTHER
13 COUNTRIES. CLEARLY WITH THE CONNECTION WITH CHINA AND
14 OTHER COUNTRIES AND MAKING THOSE CONNECTIONS ACROSS OUR
15 UNIVERSITY AND OUR BIOTECH SECTORS IS HAVING QUITE A
16 DRAMATIC INFLUENCE ON THE POLITICS OF THE ARRANGEMENTS.
17 WE NOW HAVE MEETINGS DOWN IN WASHINGTON THAT FREQUENTLY
18 INCLUDE INVITATIONS FOR US TO GO AND BECAUSE THERE'S A
19 MUCH MORE COLLABORATIVE SITUATION GOING ON.

20 I THINK FOR THE UNIVERSITIES, MAKING
21 CONNECTIONS WITH SOME OF THE OTHER LEADING INSTITUTES
22 IN OTHER COUNTRIES IS A REAL BENEFIT. AND I THINK IT
23 HAS -- IT'S DIFFICULT TO QUANTIFY, BUT IT'S A VERY
24 IMPORTANT ASPECT OF WHAT WE'RE DOING. SO I WOULD LIKE
25 TO SORT OF HAVE SOMEONE WHO WORKS IN THAT KIND OF

BARRISTERS' REPORTING SERVICE

1 SECTOR, THAT SOCIAL SECTOR, LOOK AT SOME OF THE
2 BENEFITS THAT ARE COMING FROM THE CONNECTIVITY AND THE
3 TEAM BUILDING THAT'S HAPPENING ACROSS THE SECTOR THAT'S
4 RELATED TO THE IMPETUS THAT WE'RE GIVING THROUGH CIRM
5 FUNDING.

6 MR. SERRANO-SEWELL: SO WHEN PHIL WAS TALKING
7 ABOUT IT, IT JUST TRIGGERED IN MY MEMORY ALL THE SORT
8 OF BRILLIANT THINGS WE DID. AND WHEN IT WORKS OUT,
9 IT'S LIKE IT REALLY WORKS OUT. AND THIS IS AN INSTANCE
10 WHERE IT DID REALLY WORK OUT. WE SHOULD BE PROUD IT.

11 CHAIRMAN KLEIN: IT WAS ACTUALLY A SHOCK TO
12 PEOPLE IN THE NATION WHO NEVER HAVE SEEN SOMETHING THIS
13 SUCCESSFUL ON THIS BROAD A SCALE.

14 MR. SERRANO-SEWELL: IT WAS BECAUSE A LOT OF
15 HARD WORK AND PLANNING WENT INTO IT. ONE PIECE OF IT
16 THAT SHOULDN'T BE FORGOTTEN AND SHOULD BE INCLUDED IN
17 SORT OF CASE STUDY AND ANALYSIS BY THIRD PARTIES IS
18 TOWARDS THE END OF THE PROCESS, WE WERE CHALLENGED WITH
19 SOME REALLY FANTASTIC PROPOSALS AND OBVIOUSLY NOT
20 ENOUGH MONEY. AND, BOB, IT WAS YOUR IDEA TO APPROACH
21 SOME OF THE INSTITUTIONS THAT HAD THE RESERVES TO SEE
22 IF THEY WOULD PARTNER WITH US AND TAKE THE FUNDS UP
23 FRONT IN RETURN FOR A REDUCTION, SO WE COULD FREE UP
24 MONEY FOR SOME OF THE NEWER INSTITUTIONS AND POTENTIAL
25 RECIPIENTS. I THOUGHT THAT WAS REALLY CREATIVE AND A

BARRISTERS' REPORTING SERVICE

1 BIG DEAL, AND IT WAS AN ECUMENICAL APPROACH WHERE
2 EVERYBODY, STANFORD AND OTHER INSTITUTIONS, WERE REALLY
3 GOOD CITIZENS AND HAD THE BROAD PICTURE IN MIND. YOU
4 CAN'T OVERLOOK THAT.

5 CHAIRMAN KLEIN: WE REALLY WANT TO THANK ALL
6 THOSE INSTITUTIONS. FROM A STRATEGIC POINT OF VIEW,
7 BESIDES THE FACT THAT IT SAVED US FUNDS, IT ALLOWED US
8 TO FUND MORE PROJECTS. I WANT TO REALLY GIVE YOU THE
9 CONTEXT THAT BY MOVING THOSE FUNDS UP FRONT, IT ALLOWED
10 US TO ISSUE BONDS IN A GOOD BOND ENVIRONMENT. AND WE
11 NEEDED TO GET THAT MAJOR BONDING OUT OF THE WAY BEFORE
12 WE HIT THE GREATER STRESS IN THE STATE ECONOMY WHERE IT
13 WOULD BE MORE DIFFICULT IF WE WERE TO TRY AND COMPOUND
14 THAT BOND LOAD ON FUNDING THE RESEARCH AS WELL.

15 SO ON A STRATEGIC POINT OF VIEW, THE TIME
16 SEQUENCING VALUE WAS VERY IMPORTANT TO US IN ADDITION
17 TO THE MONEY WE SAVED. SO WE'RE VERY APPRECIATIVE OF
18 THOSE INSTITUTIONS FOR THEIR PARTICIPATION, AND THAT
19 PARTICIPATION WAS VERY BROAD IN THE SYSTEM.

20 I WOULD SAY AS WELL THAT IT IS VERY IMPORTANT
21 WE DO A THIRD-PARTY STUDY BECAUSE DAVID LICHTENGER,
22 AFTER MY DISCUSSION WITH HIM, ACTUALLY WROTE A LETTER
23 TO ME. HE'S GOING TO SERVE ON THE STRATEGIC PUBLIC
24 COMMUNICATIONS COMMITTEE TO FOCUS ON THE CONSTRUCTION
25 INDUSTRY, BUT THEY WILL ONLY SEE A PART OF THE

BARRISTERS' REPORTING SERVICE

1 PERSPECTIVE. THEY WON'T SEE AT THE UNIVERSITY SYSTEM
2 BASIS, ON THE UC SYSTEM LEVEL WHAT HAPPENED IN TERMS OF
3 SAVING TIME. THEY WON'T SEE WHAT HAPPENED AT THE
4 STANFORD CAMPUS IN TERMS OF FAST-TRACKING THE MAJOR
5 MASTER PLANNING BASIS. SO WE NEED AN INTEGRATED
6 APPROACH THAT LOOKS AT THE VERTICAL TRANCHES OF TIME
7 SAVINGS THAT MEAN MAJOR MONEY.

8 I THINK MARCY FEIT HAS A POINT.

9 MS. FEIT: I THINK AN IMPORTANT POINT TO MAKE
10 IN THE ANALYSIS IS DURING THE TIME IN CALIFORNIA WHEN
11 THE CONSTRUCTION INDUSTRY REALLY WAS AT A LOW POINT, IF
12 WE COULD TIE TOGETHER THE IMPACTS THE CIRM-FUNDED
13 FACILITIES HAVE MADE WOULD BE HUGE FOR THE STATE OF
14 CALIFORNIA TO UNDERSTAND THAT IMPACT AT A TIME THAT THE
15 INDUSTRY WAS AT ITS LOWEST POINT IN THE STATE OF
16 CALIFORNIA.

17 CHAIRMAN KLEIN: I THINK ART TORRES HAS A
18 POINT AND THEN DR. PENHOET.

19 MR. TORRES: JUST TO GO ON THE LINE THAT DR.
20 PIZZO AND MARCY HAVE INDICATED, IN THE LETTER THAT WE
21 SENT TO THE LEGISLATURE, WE MADE IT VERY CLEAR THAT
22 BECAUSE OF THE EFFORTS OF THIS AGENCY, A HUNDRED
23 THOUSAND JOB YEARS HAVE BEEN CREATED SO FAR IN RESEARCH
24 AND FACILITIES. AND BECAUSE THE INITIATIVE MANDATES
25 PREVAILING WAGE FOR WORKERS OF ANYTHING THAT HAS TO DO

BARRISTERS' REPORTING SERVICE

1 WITH THIS AGENCY, WE HAVEN'T EVEN BEGUN YET TO MEASURE
2 THE IMPACT ON REVENUE TO THE STATE AS A RESULT OF THOSE
3 EFFORTS.

4 DR. PENHOET: JUST TO FOLLOW UP ON PHIL'S
5 POINT. YOU KNOW, IT'S THE PEOPLE WHO BUILD THESE
6 BUILDINGS ACTUALLY THAT GET THEM DONE. IT'S BEEN MY
7 EXPERIENCE THAT TRADESPEOPLE, WHEN THEY UNDERSTAND THE
8 MISSION OF THE BUILDING THAT THEY'RE BUILDING, PUT IN
9 EXTRA EFFORT, WORK EXTRA HARD, ARE MORE CAREFUL IN
10 THEIR WORK. IF THERE'S SOME WAY WE CAN RECOGNIZE THE
11 PEOPLE IN THE TRADES FOR THEIR CONTRIBUTION TO THIS,
12 WHICH I THINK HAS PROBABLY BEEN SUBSTANTIAL. WE TEND
13 TO VIEW THEM AS LABOR UNITS; BUT, IN FACT, THEY'RE REAL
14 LIVING PEOPLE WHO ARE ENGAGED, IN PART, BECAUSE OF THE
15 MISSION THAT WILL BE ACCOMPLISHED IN THE BUILDINGS
16 THEY'RE BUILDING. THEY PUT IN EXTRA EFFORT AND DO A
17 BETTER JOB.

18 SO I THINK IF THERE'S SOME WAY FOR US TO
19 INVITE SOME REPRESENTATIVES OF THE TRADES TO ONE OF OUR
20 MEETINGS AND THANK THEM FOR THEIR HARD WORK, ANY WAY WE
21 CAN RECOGNIZE THEIR CONTRIBUTION WOULD BE USEFUL.

22 CHAIRMAN KLEIN: I THINK THAT'S AN EXCELLENT
23 IDEA. DAVID LICHTENGER, I THINK, I'LL TRY AND RECRUIT
24 HIM TO REALLY HEAD UP THAT EFFORT AND TO BE ABLE TO
25 TALK TO DIFFERENT BOARD MEMBERS TO MAKE THE CONTACTS

BARRISTERS' REPORTING SERVICE

1 THAT ARE REPRESENTED ON THE BOARD AND OUTSIDE THE BOARD
2 ON ALL OF THE INSTITUTIONS BECAUSE RECOGNIZING THE
3 CALIFORNIA LABOR MOVEMENT AND THEIR CONTRIBUTION TO
4 THIS EFFORT AND THE CONTRACTORS AND THEIR CONTRIBUTION
5 TO THIS EFFORT IS VERY IMPORTANT. THEY PUT OUT AN
6 EXTRAORDINARY EFFORT.

7 DR. PIZZO: I THINK I AGREE WITH YOU AND I
8 THINK IT'S A GREAT IDEA. IT'S UNUSUAL FOR US IN SOME
9 WAYS TO KNOW THE CONSTRUCTION MANAGERS ON A FIRST-NAME
10 BASIS, BUT IN THESE PROJECTS WE ACTUALLY DO. AND THEY
11 ARE VERY PROUD OF WHAT THEY HAVE ACCOMPLISHED. AND I
12 THINK IT IS IN PART RELATED TO MARCY'S COMMENT THAT
13 JOBS WERE SO AT RISK. BUT AT THE SAME TIME THEY SAW
14 THIS AS REALLY A CHALLENGE AND AN OPPORTUNITY AND THEY
15 EMBRACED IT AND BROUGHT IN THE BEST OF THE TEAMS TO DO
16 IT. I THINK THAT'S A GREAT SUGGESTION, ED, TO
17 RECOGNIZE THEM.

18 CHAIRMAN KLEIN: SENATOR TORRES HAS MADE THE
19 SUGGESTION HERE WITH A QUICK NOTE, THAT IF WE CAN WORK
20 FAST ENOUGH AND BRING THOSE LEADERS TOGETHER IN MARCH
21 AT THE STATE CAPITOL, THAT WOULD BE A GREAT PLACE TO
22 GET REALLY HIGH VISIBILITY RECOGNITION FOR THE
23 WONDERFUL CONTRIBUTION THEY MADE AND A MODEL FOR
24 CALIFORNIA. SO THANK YOU VERY MUCH FOR THOSE
25 SUGGESTIONS.

BARRISTERS' REPORTING SERVICE

1 ALL RIGHT. SO WE NOW HAVE AN EXCITING AGENDA
2 ITEM TO ADDRESS. IT'S KNOWN AS CONSENT, BUT IT TAKES A
3 VOTE. SO TO CONFIRM THAT WE STILL HAVE THIS QUORUM
4 THAT I PROMISED. WE DO. WE'LL MOVE TO ITEM 6, WHICH
5 IS THE CONSENT CALENDAR. IT'S CONSIDERATION OF THE
6 MINUTES FROM THE DECEMBER 9-10 MEETING OF THE BOARD.
7 IS THERE A MOTION TO APPROVE THE MINUTES?

8 MS. LANSING: SO MOVED.

9 CHAIRMAN KLEIN: SO MOVED BY SHERRY LANSING.
10 IS THERE A SECOND?

11 MR. ROTH: SECOND.

12 CHAIRMAN KLEIN: IS THERE DISCUSSION? IS
13 THERE COMMENT? NO PUBLIC COMMENT.

14 CALL THE QUESTION. ALL IN FAVOR.

15 (CHORUS OF AYES.)

16 CHAIRMAN KLEIN: OPPOSED.

17 (NO RESPONSE.)

18 CHAIRMAN KLEIN: ABSTAIN.

19 (NO RESPONSE.)

20 CHAIRMAN KLEIN: AND FOR THE RECORD, SHERRY
21 LANSING, YOUR VOTE.

22 MS. LANSING: YES.

23 CHAIRMAN KLEIN: YES. AND DR. BRODY, YOUR
24 VOTE.

25 DR. BRODY: AYE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ARE THERE ANY OTHER MEMBERS
2 ON THE PHONE? THAT MATTER PASSES.

3 AND I'D LIKE THE ADVICE OF THE PRESIDENT. DO
4 WE HAVE ADDITIONAL ITEMS TO COVER?

5 DR. TROUNSON: NOT THAT I'M AWARE OF AT THIS
6 TIME, CHAIR.

7 CHAIRMAN KLEIN: SO I'D LIKE IT TO BE
8 RECOGNIZED THAT WE FINISHED THIS MEETING AHEAD OF TIME.
9 WE WON'T DWELL TOO MUCH ON THE FACT THAT WE REMOVED TWO
10 ITEMS FROM THE AGENDA YESTERDAY, DEFERRING THEM, BUT IT
11 IS VERY, VERY IMPORTANT ON THOSE TWO VERY SUBSTANTIVE
12 ITEMS THAT WE HAVE THE ADDITIONAL TIME FOR STAFF TO
13 REFINE THOSE PRESENTATIONS.

14 I'D LIKE TO ASK. IS THERE LUNCH SET UP?

15 MS. PRYNE: LUNCH IS SCHEDULED FOR NOON. I'M
16 WORKING WITH THE CATERING STAFF TO MOVE THAT UP.

17 CHAIRMAN KLEIN: THERE'S GOING TO BE AN
18 IMMEDIATE DISCUSSION WITH THE CATERING STAFF, BUT I
19 EXPECT THERE MAY BE LUNCH AVAILABLE. IN ANY CASE,
20 WE'RE GOING TO HAVE PUBLIC COMMENT AND THEN CONCLUDE
21 THE MEETING. MR. REED.

22 MR. REED: TWO THINGS. FIRST, ON THE
23 RECOGNITION FOR THE PEOPLE WHO MAKE THE BUILDINGS
24 POSSIBLE, DO THE ACTUAL WORK, BUCKMINSTER FULLER, THE
25 INVENTOR OF THE GEODESIC DOME, ONCE SAID THAT ONE OF

BARRISTERS' REPORTING SERVICE

1 THE FINEST THINGS HE'S SEEN DONE WAS THAT THERE WAS A
2 STRIP OF METAL ON THE WALL OF A BUILDING WHICH HAD THE
3 NAMES OF EVERYBODY, WORKER, CONTRACTOR, EVERYBODY WHO
4 HELPED WAS PUT THERE SO THAT A PERSON COULD BRING THEIR
5 GRANDCHILDREN AND SAY, LOOK, THIS I BUILT. LOOK
6 THROUGH THE BINOCULARS. THERE'S MY NAME UP THERE. I
7 THINK THAT'S SOMETHING THAT WILL BE CONCRETE, IT WILL
8 BE MAGNIFICENT, IT WILL BE UNPARALLELED, IT CAN BE
9 TREMENDOUS.

10 SECOND THING IS THAT NEW YORK STATE RIGHT NOW
11 IS FIGHTING A TREMENDOUS BATTLE. YEARS AGO PAUL
12 RICHTER WAS SHOT IN THE SPINE, A PATROLMAN ON DUTY, AND
13 BECAME PARALYZED BRIEFLY. HE FOUGHT FOR A BILL CALLED
14 THE PAUL RICHTER BILL, WHICH IS A \$15 TRAFFIC TICKET
15 ADD-ON FOR SPINAL CORD INJURY RESEARCH, AND THAT HAS
16 BEEN CONTINUING SINCE THAT DAY.

17 THIS HAS BEEN -- IT COST THE STATE OF NEW
18 YORK NOTHING, BUT IT'S BEING CUT DOWN BECAUSE OF SMALL
19 ADMINISTRATIVE EFFORTS, AND IT WOULD BE A TREMENDOUS
20 LOSS. SO IF ANYBODY WANTS TO HELP THAT, IT WOULD BE
21 VERY, VERY MUCH APPRECIATED. NEW YORK STATE HAS DONE
22 SOME GOOD STUFF WITH THIS, AND SOME EXCELLENT RESEARCH
23 WILL BE STOPPED. ANYBODY THAT CAN HELP WITH THIS, IT
24 WOULD BE TREMENDOUS. THANK YOU.

25 CHAIRMAN KLEIN: ALL RIGHT. AND JOAN

BARRISTERS' REPORTING SERVICE

1 SAMUELSON, THANK YOU FOR JOINING US THIS MORNING.
2 WE'RE JUST IN THE FINAL STAGES OF WRAPPING UP. AND
3 JENNA IS GOING TO CONFIRM ABOUT OUR CONDITIONS ON
4 LUNCH. THE LUNCH WILL BE BROUGHT OUT WITHIN 15
5 MINUTES.

6 ARE THERE ADDITIONAL PUBLIC COMMENTS? ALL
7 RIGHT. SEEING NO PUBLIC COMMENTS, JOAN, BECAUSE WE HAD
8 TWO ITEMS FROM THE AGENDA YESTERDAY THAT WERE DEFERRED,
9 WE ARE ENDING EARLY TODAY.

10 AND DAVID SERRANO-SEWELL.

11 MR. SERRANO-SEWELL: JUST YOU CAN TELL ME OFF
12 LINE, BUT WHAT'S THE STATUS OF THE PERSONNEL COMMITTEE?
13 WE HAVEN'T HAD AN UPDATE IN A WHILE.

14 CHAIRMAN KLEIN: THE GOVERNANCE COMMITTEE.

15 MR. SERRANO-SEWELL: NO. THE EVALUATION
16 COMMITTEE.

17 CHAIRMAN KLEIN: JAMES.

18 MR. HARRISON: THE EVALUATION SUBCOMMITTEE IS
19 CHAIRED BY DR. LEVEY AND DR. PRIETO. WE HAVE BEEN
20 DEVELOPING EVALUATION TOOLS FOR CONSIDERATION BY THE
21 EVALUATION SUBCOMMITTEE, AND WE HOPE IN THE VERY NEAR
22 FUTURE TO SCHEDULE A MEETING OF THE EVALUATION
23 SUBCOMMITTEE TO CONSIDER THESE TOOLS IN THE PROCESS FOR
24 CONDUCTING THE EVALUATIONS.

25 CHAIRMAN KLEIN: AND I'VE BEEN INFORMED

BARRISTERS' REPORTING SERVICE

1 THROUGH GENE WASHINGTON, WHO IS GOING TO BE THE NEW
2 DEAN AT UCLA, THAT DR. LEVEY WILL BE HIS ALTERNATE. SO
3 DR. LEVEY WILL CONTINUE TO PROVIDE CONTINUITY IN THE
4 LEADERSHIP OF THAT COMMITTEE.

5 MS. LANSING: BOB, I CAN'T HEAR THAT. TELL
6 ME WHAT YOU JUST SAID.

7 CHAIRMAN KLEIN: I'VE BEEN INFORMED BY GENE
8 WASHINGTON, WHO HAS ASSUMED THE POSITION AS THE NEW
9 DEAN AT UCLA OF THE MEDICAL SCHOOL, THAT DR. LEVEY WILL
10 BE DR. WASHINGTON'S ALTERNATE. THAT PROVIDES THE
11 ABILITY FOR DR. LEVEY TO HAVE THE LEADERSHIP CONTINUITY
12 FOR US ON THAT COMMITTEE, AND IT PROVIDES DR.
13 WASHINGTON THE ABILITY TO HAVE A LONG TRANSITION AS HE
14 TAKES OVER THESE IMMENSE DUTIES AS THE DEAN OF THE UCLA
15 MEDICAL SCHOOL AND HOSPITAL SYSTEM.

16 MS. LANSING: TERRIFIC.

17 CHAIRMAN KLEIN: OKAY. ADDITIONAL QUESTIONS
18 OR POINTS?

19 MS. SAMUELSON: I JUST WANTED TO INTRODUCE MY
20 NEW ASSISTANT, CHRISTY WELLER. SHE'S WONDERFUL AND
21 WILL HELP ME A LOT THIS YEAR.

22 CHAIRMAN KLEIN: CHRISTY, WELCOME. AND THANK
23 YOU FOR ASSISTING JOAN. SHE'S BEEN A GREAT LEADER IN
24 THE CAMPAIGN AND ON THE BOARD. SO THANK YOU SO MUCH
25 FOR YOUR ASSISTANCE.

BARRISTERS' REPORTING SERVICE

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ALL RIGHT. WITH THAT, WE CAN THEN ADJOURN.
(THE MEETING WAS THEN ADJOURNED AT 11:05
A.M.)

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

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

UCSF MISSION BAY CONFERENCE CENTER
1675 OWENS STREET
SAN FRANCISCO, CALIFORNIA
ON
FEBRUARY 4, 2010

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



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