

**ICOC Governance Committee Meeting of July 29, 2005
Agenda Item 4
Edelman Contract**

Background:

At the July 12, 2005 meeting of the Independent Citizens' Oversight Committee (ICOC), Chairman Bob Klein committed to providing a copy of the contract with Edelman to the ICOC at the next meeting for review and approval.

Information:

Under the authorization granted to him at the January 6, 2005 ICOC meeting to act as CIRM President, Chairman Klein directed the execution of a contract with Red Gate Communications to provide communications-related services for a three-month period. The original contract was for \$70,000 but because of unanticipated workload, the contract was increased to \$108,000 by an amendment. This contract was considered a temporary solution to the CIRM communications workload.

During March 2005, the following three companies were interviewed to assess their capabilities for assuming the work that Red Gate was performing:

- 1) Weber Sandwick Worldwide – Interviewed on 3/24/05 by Bob Klein, Amy Lewis, and Nicole Pagano.
- 2) Edelman – Interviewed on 3/25/05 by Bob Klein, Zach Hall, Amy Lewis, Amy DuRoss and Nicole Pagano
- 3) Burson-Marsteller –Interviewed on 3/25/2005 by Bob Klein, Zach Hall, Amy Lewis, Amy DuRoss and Nicole Pagano

There was general agreement that Edelman was the best qualified for the job because of their demonstrated interest and familiarity with Proposition 71, their experience in health matters and the commitment of the leading members of the firm to supporting CIRM.

Originally, we planned to extend the Red Gate contract to provide transition, but Red Gate decided to terminate their contract on the first of April. Edelman agreed to begin immediately given that there were several issues that required communications expertise, including: the CIRM Headquarters search, various litigation and legislative actions at the state and federal level that could affect CIRM's mission.

The contract is ready for execution (copy attached). The total cost is budgeted at \$378,000 for twelve months beginning 4/2005. This is based on the following:

- Professional Fees and Internal Expenses: Actual cost of fees (less discounts and pro bono) plus 3% for internal expenses (phone calls, duplicating, supplies, etc). The total monthly cost will not exceed \$27,500 which comes to a maximum of \$330,000 for the 12 months of the contract.
- Out of Pocket and Travel Costs: Actual costs. For the first three months such costs have averaged \$4,000/month. The total estimate for these costs for twelve months is \$48,000.

The actual cost will depend on the services CIRM requests. The contract contains a list of potential services available to CIRM. However, actual services provided will be based on authorizations from CIRM and both parties will work together to assure that the total projected cost of this contract are not exceeded.

Recommendation

Recommend that the Governance Subcommittee recommend that the ICOC approve the execution of the contract with Edelman.