Dear Board Colleagues: Members and Alternates

First, thank you for the privilege of serving with you for six years. Second, your dedicated service in over 1500 hours of public meetings and innumerable hours of individual reading, research and meeting preparation has been an invaluable service in building an exceptionally record of achievement, which the External Advisory Panel described as CIRM having "already delivered extraordinary results in a remarkably short period of time." [1] As stated in the External Advisory Panel's report, the intellectual research capacity, achievements, and facilities that have been developed during Phase I of the agency's life have built "a strong foundation"[2] for launching Phase II of the Initiative's mission, in a partnership between the Board and CIRM's entire staff.

After eight years, two years which I spent researching and drafting the Initiative and campaigning for its approval, and six years serving as Chairman, I have clearly communicated that the needs of my family and my broader professional obligations require that I not stand for election for a full six year term. In fact, I must respectfully request that if I were re-elected as Chair, I would only serve 3-6 months, to work with the Board to develop criteria for the selection of a new Chair that would inform the Constitutional Officers on the range of nominations that might best serve the Board's mission and to contribute to the four other goals articulated below. We must all recognize that, while the Constitutional Officers will follow the criteria in the Initiative, it is their decision that will ultimately control the nominations; but a thoughtful process that informs them of the Board's perspective should be quite constructive.

Goals and Qualifications

Within this time context, our Board process requires that I state my goals and qualifications for your consideration. I would like to present the goals and qualifications in five central points:

1. **Establish A Process For the Board's Definition of Supplemental Criteria for Chair**
   To work with the Governance Subcommittee and the Board in developing a process to define a range of supplemental criteria for the nomination and selection of a new Chair, considering the Board's mission priorities, needs of the agency and structural assignment of responsibilities.
2. **Listen to the Board and Build Consensus**
   To continue to listen to the Board and the agency's constituencies (the general public and their elected officers and representatives, patients, scientists, and industry) and build consensus at the Board level that can be

[1] Report of the External Advisory Panel, November 24, 2010; p. 8
[2] Ibid., p. 8

effectively and efficiently implemented to advance medical research and the development of therapies.

a. Representative examples of listening and consensus building to date include increasing the size of the Disease Team Award rounds; the creation of new Board Subcommittees (such as the Science Subcommittee); working with the Legislature, industry and the Board to define "California supplier;" naming a Board Task Force to explore, define and launch the Bridges program and working with the Board and Facilities Working Group Chairs and members to define and implement a competitive major facilities grant process (This process successfully increased the facilities funded from 4 – without leverage – to 12, including features of scientific and environmental innovation, with a priority for urgency.)

3. **Change the Communications Paradigm**

To change the communications paradigm from our highly refined scientific focus (with emerging, quality public components) to a broad and innovative program that will meet our obligation to inform all Californians of the milestones of progress we have achieved. This is particularly important for the nearly 50% of California families which have a family member suffering from chronic disease or injury. In the last 10 days of the Initiative campaign, there were three million affinity group emails among members of civic organization and/or patient organization members, and their families and friends. We need to restore that level of information outreach and the vitality of the communications programs in order to provide the larger civil society and the patient advocate organizations that support patients and stem cell research with timely information.

4. **Funding Stability**

Funding stability has always been a priority; it is essential to assure California patients, our researchers, their sponsoring institutions, and our International Collaborative Funding Partners of the reliability of our funding. The Treasurer's Office has just informed us that the next California Stem Cell Research and Cures Finance Committee meeting must be held in January 2011. Recent applications for clinical trial rounds and the acceleration of our funding commitments on our other programs require an immediate focus on this issue, given there may not be another opportunity until late 2011 to authorize obtain additional bond funding. At the international level, funding set-asides within our collaborative funding partner nations will require outreach and assurances of our future performance, in the first quarter of 2011.

5. **Challenges and Innovation**

The External Advisory Panel outlined a number of Initiative Phase II challenges that could be met with innovation at the Grants Working Group level, at the Board, and in communications. Providing the maximum flexibility, alternative legal structures and legal process to bring the Board a choice of responses to these challenges, should be a significant focus of the Chair's Office, in collaboration with Board Counsel, the Governance

Subcommittee, the Science Subcommittee, and the agency's Scientific and Executive staffs.

Team Work with the Vice-Chairs

I believe that I could, if elected, best serve these and other recurring obligations of the Chair's Office through the outstanding team relationship I have with Senator Art Torres, our current Vice-Chair, and our Bylaws Vice-Chair, Duane Roth. I therefore enthusiastically support Senator Art Torres' candidacy for Statutory Vice-Chair and Duane Roth's candidacy for Bylaws Vice-Chair.

It has been a privilege to serve with Senator Torres and Duane Roth. Senator Torres' leadership and advocacy history and expertise is extraordinary. Whether on critical legislation or in developing responses to a crisis, or in the day-to-day policy, legal and oversight issues of the agency, Senator Torres has provided critical leadership for which I am deeply appreciative. Duane Roth has been instrumental in explaining and driving the biosimilars legislation at the federal level, with Senator Torres, and he has provided outstanding input and direction on items ranging from IP policy to the loan program, to agency policy issues.

Past Challenges / Future Challenges

The challenge before us to maintain our continuity and momentum, as we enter Phase II of our mission, is substantial. Our record in overcoming past challenges has, however, been extremely successful, including:

- The Board and the agency have overcome six separate law suits, involving dozens of causes of action;
- We have committed $1.1 billion in research and facilities funding, and attracted approximately $1 billion in matching funds from donors, institutions and our international collaborative partners to our projects and research, all during a period of global economic stress.
- The Board and the Scientific Staff created a Peer Review and Board approval system that is internationally respected and regarded as a high quality benchmark for stem cell research funding.
- Seven nations have entered into bilateral funding agreements with CIRM to fund their researchers in collaboration with California's stem cell research teams.
- Our Medical and Ethical Standards have been duplicated by other US States in whole or in part because of their excellence.
- Six hundred and thirty discoveries have been published based upon our research funding; and,
- Four FDA approved clinical trials have been announced or are under way, which are either based upon our research funding and/or involving our research funding in the second phase of the trial.

We have years of difficult work ahead of us to bring our research forward to human therapies. There will be many successes and failures, but none of this could have been done without the dedication of the extraordinary Board of which I have had the privilege of being a member. I continue to learn from every member of the Board and I contribute to the best of my ability. I await your decision.

Sincerely,

Bob