

BEFORE THE  
GOVERNANCE SUBCOMMITTEE OF THE  
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE  
TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE  
ORGANIZED PURSUANT TO THE  
CALIFORNIA STEM CELL RESEARCH AND CURES ACT  
SPECIAL TELECONFERENCE MEETING

LOCATION: TELEPHONIC

DATE: WEDNESDAY, MARCH 7, 2007  
4:15 P.M.

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

BRS FILE NO.: 78025

I N D E X

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CALL TO ORDER		3
ROLL CALL		4
CONSIDERATION OF APPROVAL OF THE CONTRACT FOR THE EXECUTIVE SEARCH FIRM		5
ADJOURNMENT		14

1 WEDNESDAY, MARCH 7, 2007; 4:15 P.M.

2

3 CHAIRPERSON NOVA: ... LAST MINUTE TO HELP US  
4 OUT ON THE EIGHTH MEETING OF THE GOVERNANCE  
5 SUBCOMMITTEE OF THE ICOC. THIS IS A SPECIAL ONE-ITEM  
6 MEETING CALLED SPECIFICALLY FOR THIS SUBCOMMITTEE TO  
7 CONSIDER THE DOLLAR AMOUNT OF THE CONTRACT FOR THE  
8 EXECUTIVE SEARCH FIRM SELECTED BY THE PRESIDENTIAL  
9 SEARCH SUBCOMMITTEE ON FRIDAY.

10 AND SO WE ARE SUPPOSED TO HAVE PARTICIPANTS  
11 IN, I THINK, NINE LOCATIONS. I'M HERE IN CARLSBAD,  
12 CALIFORNIA. AND UC IRVINE IS ON THE LINE? UC IRVINE?

13 DR. STEWARD: YES.

14 CHAIRPERSON NOVA: THANK YOU. CONNECT?

15 MR. ROTH: YES.

16 CHAIRPERSON NOVA: THANK YOU. STANFORD?

17 DR. PIZZO: YEAH.

18 CHAIRPERSON NOVA: THANK YOU. CIRM?

19 DR. HALL: YES.

20 CHAIRPERSON NOVA: LET'S SEE. UC DAVIS?

21 DR. POMEROY: YES.

22 CHAIRPERSON NOVA: KECK SCHOOL OF MEDICINE?

23 DR. HENDERSON: HERE.

24 CHAIRPERSON NOVA: SHERRY LANSING FOUNDATION,  
25 LOS ANGELES.

1                   UNI DENTI FIED SPEAKER: WE' RE HERE.

2                   CHAI RPERSON NOVA: AND GUERRERO STREET I N SAN  
3 FRANCISCO?

4                   MR. SERRANO-SEWELL: HERE.

5                   CHAI RPERSON NOVA: THANK YOU. IS THERE  
6 ANYONE ELSE ON THE LINE WHO I DIDN' T CALL? THANK YOU.  
7 SO THANK YOU ALL FOR PARTICIPATING I N THIS MEETING, AND  
8 HOPEFULLY WE CAN MAKE IT BRIEF.

9                   AND, MELISSA, I F YOU WOULD PLEASE LEAD US I N  
10 A ROLL CALL, I' D REALLY APPRECIATE IT.

11                  MS. KING: BRIAN HENDERSON.

12                  DR. HENDERSON: HERE.

13                  MS. KING: BOB KLEIN.

14                  MR. KLEIN: HERE.

15                  MS. KING: SHERRY LANSING. RICHARD MURPHY.  
16 TINA NOVA.

17                  CHAI RPERSON NOVA: HERE.

18                  MS. KING: PHI L PIZZO.

19                  DR. PIZZO: HERE.

20                  MS. KING: CLAI RE POMEROY.

21                  DR. POMEROY: HERE.

22                  MS. KING: JOHN REED. DUANE ROTH.

23                  MR. ROTH: HERE.

24                  MS. KING: DAVID SERRANO-SEWELL.

25                  MR. SERRANO-SEWELL: HERE.

1 MS. KING: OS STEWARD.

2 DR. STEWARD: YES. THAT'S A HERE. SORRY.  
3 CAN YOU NOT HEAR ME?

4 MS. KING: I DID. THANK YOU. JUST WASN'T  
5 SURE. OKAY.

6 CHAIRPERSON NOVA: OKAY. SO WE'LL MOVE ON TO  
7 AGENDA ITEM 3, WHICH IS CONSIDERATION OF APPROVAL OF  
8 THE CONTRACT FOR THE EXECUTIVE SEARCH FIRM. DR. HALL,  
9 ARE YOU ON THE CALL?

10 DR. HALL: I AM.

11 CHAIRPERSON NOVA: THANK YOU. CAN YOU PLEASE  
12 PRESENT THIS ITEM FOR US?

13 DR. HALL: YES. SO LET ME JUST SAY THAT FOR  
14 MY RESPONSIBILITIES AS PRESIDENT IS TO EXECUTE ALL  
15 CONTRACTS ON BEHALF OF THE INSTITUTE; AND THAT IF  
16 CONTRACTS ARE BELOW \$250,000, I HAVE THE AUTHORITY TO  
17 EXECUTE THEM MYSELF. IF THEY WERE ABOVE THAT AMOUNT, I  
18 NEED TO COME TO THE GOVERNANCE SUBCOMMITTEE AND ASK FOR  
19 YOUR APPROVAL.

20 SO THE SEARCH COMMITTEE MET LAST WEEK. AND  
21 LET ME ASK BOB KLEIN TO SAY WHAT THE RECOMMENDATION OF  
22 THE SUBCOMMITTEE WAS AND WHAT CONTRACT THEY WISH TO  
23 EXECUTE AND HOW MUCH IT COST.

24 MR. KLEIN: TINA, IF THAT'S ACCEPTABLE TO  
25 YOU, I WOULD GO THROUGH THAT PORTION OF THE

1 PRESENTATION.

2 CHAIRPERSON NOVA: PLEASE, CHAIRMAN KLEIN. I  
3 APPRECIATE IT. THANK YOU.

4 MR. KLEIN: OKAY. TO BEGIN WITH, MELISSA,  
5 COULD YOU READ OFF THE MEMBERS OF THE PRESIDENTIAL  
6 SEARCH COMMITTEE WHO WERE AT THAT MEETING? SINCE YOU  
7 DON'T HAVE THAT LIST IN FRONT OF YOU, MAYBE YOU COULD  
8 JUST GRAB THE LIST WHILE I'M GOING THROUGH THIS  
9 PRESENTATION.

10 MS. KING: OKAY. THAT SOUNDS GOOD. I'LL BE  
11 RIGHT BACK.

12 MR. KLEIN: OKAY. SO AT THE MEETING WE HAD  
13 PROPOSALS FROM FOUR FIRMS. EACH WAS CONSIDERED  
14 INDIVIDUALLY WITH A PRESENTATION. IN ADDITION TO THE  
15 WRITTEN PRESENTATION THAT HAD PREVIOUSLY BEEN  
16 SUBMITTED, THERE WERE QUESTION-AND-ANSWER SESSIONS FROM  
17 THE SUBCOMMITTEE FOR EACH FIRM. EACH FIRM WAS  
18 EVALUATED ON THE FOLLOWING CRITERIA: QUALIFICATIONS OF  
19 THE PERSONNEL, AND EXPERIENCE OF THE FIRM, AND COST IN  
20 RELATIONSHIP TO THE TASK OF THE PRESIDENTIAL SEARCH  
21 COMMITTEE.

22 THE SUBCOMMITTEE MEMBERS SCORED EACH FIRM,  
23 AND THE FIRM WITH THE HIGHEST SCORE WAS SELECTED AS  
24 REQUIRED BY THE RFP.

25 JAMES HARRISON, YOU'RE ON THE PHONE?

1 MR. HARRISON: I AM.

2 MR. KLEIN: COULD YOU JUST SUMMARIZE THE  
3 LEGAL PERSPECTIVE ON THE REQUIREMENT UNDER THE RFQ OR  
4 RFP, EXCUSE ME, FOR US TO SELECT THE FIRM WITH THE  
5 HIGHEST SCORE?

6 MR. HARRISON: YES. THE INSTITUTE ISSUED AN  
7 RFP FOR PROPOSALS FROM EXECUTIVE SEARCH FIRMS. AND THE  
8 RFP, AS BOB MENTIONED EARLIER, PROVIDES THAT THE  
9 PRESIDENTIAL SEARCH SUBCOMMITTEE MEMBERS SHALL SCORE  
10 THE PROPOSALS BASED ON THREE DIFFERENT WEIGHTED  
11 CRITERIA: QUALIFICATION OF PERSONNEL, WHICH IS  
12 ASSIGNED 35 POINTS; EXPERIENCE OF THE FIRM, WHICH IS  
13 ASSIGNED 20 POINTS; AND COST OF THE PROPOSAL, WHICH IS  
14 ALSO ASSIGNED 20 POINTS.

15 THE RFP PROVIDES THAT THE FIRM RECEIVING THE  
16 HIGHEST SCORE BASED ON THOSE FACTORS WILL BE AWARDED  
17 THE CONTRACT.

18 MR. KLEIN: THE OUTCOME OF THE VOTES WAS THE  
19 SAME ON TWO DIFFERENT SCORING PERSPECTIVES. THE FIRM  
20 RECEIVING THE HIGHEST SCORE WAS SPENCERSTUART WITH 591  
21 POINTS, THE NEXT HIGHEST SCORE WAS EDWARD W. KELLY WITH  
22 525 POINTS, FOLLOWED BY OPUS WITH 343, AND KELLY  
23 HEALTHCARE WITH 193. ADDITIONALLY, FIVE OF THE  
24 SUBCOMMITTEE MEMBERS RATED SPENCERSTUART THE  
25 HIGHEST -- IT HAD THE HIGHEST NUMBER OF FIRST-PLACE

1 AWARDS IN ADDITION TO THE MOST POINTS. SO FROM EITHER  
2 PERSPECTIVE, THEY WERE SELECTED, TAKING INTO ACCOUNT,  
3 AS WE SAID, PERSONNEL, EXPERIENCE, AND COST.

4 THERE WAS QUITE A BIT OF DISCUSSION OF THE  
5 CAPABILITIES OF THESE FIRMS, AND IN PARTICULAR THERE  
6 WAS A LOT OF FOCUS ON WHETHER THE PEOPLE ASSIGNED TO  
7 THE TASK REALLY UNDERSTOOD THE TASK AND WERE THE RIGHT  
8 PEOPLE WITH THE RIGHT CREDENTIALS FOR THE SEARCH  
9 BECAUSE THERE WAS SUBSTANTIAL DIFFERENCES OF THE  
10 CREDENTIALS OF THE PEOPLE AND WHERE THEIR BACKGROUNDS  
11 WERE, WHERE THEIR PARTICULAR EXPERTISE LIE.

12 THE SIGNIFICANT ITEM TO CONSIDER HERE, AS  
13 DISCUSSED IN THE PRIOR PUBLIC MEETING, IS THAT THE  
14 SPENCERSTUART CONTRACT IS 250,000. IT INCLUDES THE  
15 COST OF TRAVEL FOR THE ACTUAL STAFF MEMBERS AND ALL  
16 THEIR EXPENSES. THAT NUMBER DOES NOT INCLUDE CANDIDATE  
17 TRAVEL. SPENCERSTUART ESTIMATED CANDIDATE TRAVEL AT A  
18 HIGHER AMOUNT. IT WILL ACTUALLY ONLY BE REIMBURSED FOR  
19 THE ACTUAL AMOUNT, BUT THEY ASSUMED THAT CANDIDATES  
20 WOULD HAVE A \$61,000 TRAVEL BUDGET OUTSIDE THE 250,000  
21 BECAUSE THEY ASSUMED THE PRESIDENTIAL SEARCH  
22 SUBCOMMITTEE, FROM PRIOR EXPERIENCE, WOULD WANT MORE  
23 CANDIDATES TO FLY OUT AND ACTUALLY MEET WITH THE  
24 PRESIDENTIAL SUBCOMMITTEE AND THEN ALSO FLY OUT AND  
25 MEET WITH THE BOARD. BUT, AGAIN, THAT WILL ONLY BE A



1 COST THAT WILL BE REIMBURSED BASED ON ACTUALS.

2 EDWARD W. KELLY TOTAL PROPOSED COST WITH  
3 TRAVEL WOULD BE 162,700, AND THE TOTAL COST PROPOSED BY  
4 OPUS WAS A 120,000, INCLUDING TRAVEL; WHEREAS, THE  
5 TOTAL COST FOR KELLY HEALTHCARE, INCLUDING TRAVEL,  
6 WOULD HAVE BEEN \$53,000.

7 DR. PIZZO: MY GOODNESS.

8 MR. KLEIN: THE COMMITTEE FELT THAT KELLY  
9 HEALTHCARE DIDN'T EXACTLY UNDERSTAND THE SCOPE OF THE  
10 JOB OR UNDERSTAND THAT THERE WOULD BE SEVERAL HUNDRED  
11 CANDIDATES INVOLVED AS WAS TRUE OF THE LAST SEARCH.

12 IN ANY CASE, THE CONSIDERATION AT THIS  
13 MEETING IS THAT PURSUANT TO THE LEGAL REQUIREMENTS OF  
14 THE RFP, WE ARE RECOMMENDING THAT SPENCERSTUART BE  
15 SELECTED, AND THE COST WOULD NEED TO BE APPROVED BY  
16 THIS COMMITTEE, AS DR. HALL HAS SAID, SINCE, INCLUDING  
17 THE COST OF THE TRAVEL FOR THE CANDIDATES, THE AMOUNT  
18 EXCEEDS THE \$250,000.

19 THE MEMBERS THAT WERE THERE AT THE  
20 PRESIDENTIAL SEARCH COMMITTEE WERE?

21 MS. KING: ROBERT PRICE, ALTERNATE FOR DR.  
22 BIRGENEAU; SUSAN BRYANT, MICHAEL GOLDBERG, DAVID  
23 KESSLER, BOB KLEIN, RICH MURPHY, DUANE ROTH, JOAN  
24 SAMUELSON, DAVID SERRANO-SEWELL, AND JEFF SHEEHY WERE  
25 PRESENT.

1                   MR. KLEIN: I WOULD ALSO REPORT THAT RICHARD  
2 MURPHY, ALTHOUGH HE DOESN'T HAVE A CONFLICT UNDER OUR  
3 REQUIREMENTS, OUT OF AN ABUNDANCE OF CAUTION, ABSTAINED  
4 FROM THE VOTE BECAUSE OF A POTENTIAL CONFLICT WITH ONE  
5 OF THE SEARCH FIRMS, AN APPEARANCE OF CONFLICT,  
6 ALTHOUGH IT WOULD NOT HAVE BEEN A FINANCIAL CONFLICT OR  
7 A CONFLICT UNDER OUR REQUIREMENTS.

8                   SO ARE THERE QUESTIONS THAT YOU WOULD LIKE ME  
9 TO ANSWER, TINA?

10                  CHAIRPERSON NOVA: NO. IS THERE ANYONE THAT  
11 WOULD LIKE TO ASK BOB A SPECIFIC QUESTION ABOUT WHAT  
12 HE'S COVERED?

13                  DR. HENDERSON: YEAH. BRIAN HENDERSON HERE.  
14 I'D LIKE TO KNOW, GIVEN THE DISCREPANCY, DOLLAR  
15 DISCREPANCY, THAT SEEMS DISPROPORTIONAL TO THE VOTE  
16 DISCREPANCY BETWEEN THE TOP TWO FIRMS. IS THERE A WAY  
17 TO BARGAIN WITH SPENCERSTUART TO A RATE THAT'S PERHAPS  
18 LOWER THAN THE ONE THEY PUT IN RESPONSE TO THE RFP?  
19 THEY SEEM TO HAVE COME IN AT THE LIMIT.

20                  MR. KLEIN: YES. THE ANSWER -- LEGALLY COULD  
21 YOU RESPOND, JAMES, TO WHERE WE ARE ON THE FORM OF THE  
22 RFP THAT WENT OUT?

23                  MR. HARRISON: SURE. DR. HENDERSON, THE RFP  
24 REQUIRES THAT THE FIRM RECEIVING THE HIGHEST SCORE BE  
25 AWARDED THE CONTRACT. SO I THINK THERE WOULD PROBABLY

1 BE ONLY TWO OPTIONS HERE. ONE WOULD BE TO ASK ALL OF  
2 THE APPLICANTS TO SUBMIT NEW PRICE INFORMATION AND THEN  
3 REEVALUATE THAT OR, TWO, ALTHOUGH SPENCERSTUART IS  
4 LEGALLY ENTITLED TO THE CONTRACT BECAUSE IT RECEIVED  
5 THE HIGHEST SCORE, SPENCERSTUART COULD VOLUNTARILY  
6 DECIDE TO REDUCE ITS PRICE.

7 MR. KLEIN: SO, DR. HENDERSON, THERE WAS  
8 DISCUSSION ABOUT THIS. I ASKED THE SAME QUESTION  
9 MYSELF. AND WHEN DISCUSSION OCCURRED ABOUT THE PRICE,  
10 PART OF THE DISCUSSION RELATED TO THE FACT THAT  
11 SPENCERSTUART WAS SENSITIVE TO THE FACT THAT IT WAS A  
12 COMPLICATED SELECTION PROCESS AND MUCH GREATER SCOPE  
13 THAN EVEN THEY ANTICIPATED IN THE LAST ROUND, AND THAT  
14 THERE WERE SEVERAL HUNDRED CANDIDATES THAT WERE  
15 INVOLVED. AND THE SUBCOMMITTEE REQUIRED AND REQUESTED  
16 AND RECEIVED A GREAT DEAL OF VERY DETAILED INFORMATION  
17 ON THE CANDIDATES. WE HAD A MUCH LARGER GROUP IN THE  
18 ORIGINAL FILTERING OF CANDIDATES THAN WOULD HAVE  
19 ORIGINALLY BEEN ESTIMATED WITH THE COMPLICATION THAT,  
20 OF COURSE, WITH THE HIGH PUBLICITY OF THIS, THERE WERE,  
21 OF COURSE, TWO PRESS EVENTS DURING THE LAST SEARCH THAT  
22 WERE NOT HELPFUL THAT FURTHER COMPLICATED THE SEARCH.

23 THE DESIRE IS OBVIOUSLY TO AVOID THOSE ISSUES  
24 AGAIN, BUT THEY FEEL THAT THIS IS A CHALLENGE THAT THEY  
25 ARE PRIVILEGED, IN THEIR WORDS, TO APPLY FOR, BUT THEY

1 FEEL THAT THEY WILL EARN THEIR MONEY. SO THAT WAS THE  
2 NATURE OF THAT DISCUSSION.

3 CHAIRPERSON NOVA: ANY OTHER QUESTIONS FOR  
4 BOB? JAMES, MELISSA ARE YOU NEXT UP?

5 MS. KING: YES. ALTHOUGH I THINK THAT BOB  
6 COVERED SOME OF WHAT I WAS ORIGINALLY PLANNING TO  
7 POSSIBLY COVER, WHICH WAS THE DETAILS FROM THE MEETING,  
8 AND I THINK JAMES COVERED MOST OF WHAT WE WERE PLANNING  
9 TO HAVE HIM COVER AS WELL. SO UNLESS THERE ARE  
10 SPECIFIC QUESTIONS FOR US, I DON'T HAVE ANYTHING ELSE  
11 TO ADD.

12 CHAIRPERSON NOVA: OKAY. JAMES, ANYTHING  
13 ELSE?

14 MR. HARRISON: NO. THAT'S IT TINA. THANKS.

15 CHAIRPERSON NOVA: THANK YOU. OKAY. SO  
16 WE'LL MOVE ON TO AGENDA ITEM 3, AND THAT WOULD BE  
17 CONSIDERATION OF APPROVAL OF THE CONTRACT WITH THE  
18 EXECUTIVE SEARCH FIRM. AND SO WE COULD TAKE PUBLIC  
19 COMMENTS LATER ONCE WE HAVE THE MOTION ON THE TABLE.  
20 AND SO CAN I GO AHEAD, MELISSA, AND ASK FOR A MOTION?

21 MS. KING: YES. GIVEN THAT THERE'S NO  
22 FURTHER DISCUSSION, YES.

23 MR. ROTH: TINA, I'LL MAKE A MOTION THAT WE  
24 ACCEPT THE CONTRACT.

25 MR. KLEIN: I'LL MAKE A SECOND.

1 CHAIRPERSON NOVA: THANK YOU, DUANE, AND  
2 THANK YOU, BOB. IS THERE ANY DISCUSSION ON THE MOTION?  
3 BEING NO DISCUSSION ON THE MOTION, IS THERE ANY PUBLIC  
4 COMMENT? ALL RIGHT.

5 MELISSA, DO I NEED TO GO THROUGH EACH AREA  
6 FOR PUBLIC COMMENTS, OR CAN WE GO AHEAD AND DO THE ROLL  
7 CALL VOTE?

8 MS. KING: I THINK YOU CAN ASK JUST  
9 GENERALLY. IF THERE IS ANY, THEY'LL SPEAK UP IF THERE  
10 IS. I THINK YOU'RE GOOD WITHOUT LISTING THEM EVERY  
11 TIME. THANKS.

12 CHAIRPERSON NOVA: OKAY. ARE WE READY FOR  
13 THE ROLL CALL VOTE?

14 MR. KLEIN: I THINK SO.

15 CHAIRPERSON NOVA: OKAY. IF THERE'S NO  
16 FURTHER COMMENTS. THANK YOU, MELISSA.

17 MS. KING: OKAY. THANKS.

18 BRIAN HENDERSON.

19 DR. HENDERSON: ABSTAIN.

20 MS. KING: BOB KLEIN.

21 MR. KLEIN: YES.

22 MS. KING: TINA NOVA.

23 CHAIRPERSON NOVA: YES.

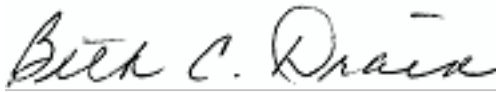
24 MS. KING: PHIL PIZZO.

25 DR. PIZZO: YES.

1 MS. KING: CLAIRE POMEROY.  
2 DR. POMEROY: YES.  
3 MS. KING: DUANE ROTH.  
4 MR. ROTH: YES.  
5 MS. KING: DAVID SERRANO-SEWELL.  
6 MR. SERRANO-SEWELL: YES.  
7 MS. KING: OS STEWARD.  
8 DR. STEWARD: YES.  
9 CHAIRPERSON NOVA: OKAY.  
10 MR. KLEIN: OKAY. SO THE MOTION PASSES.  
11 CHAIRPERSON NOVA: THE MOTION PASSES.  
12 MR. KLEIN: THE COUNT, TINA, IS SEVEN YESES  
13 AND ONE ABSTAIN.  
14 CHAIRPERSON NOVA: YES.  
15 DR. HALL: IS THERE A QUORUM?  
16 MR. HARRISON: YES.  
17 DR. HALL: GOOD. THANK YOU VERY MUCH.  
18 CHAIRPERSON NOVA: THE MEETING STANDS  
19 ADJOURNED. THANK YOU VERY MUCH FOR YOUR PARTICIPATION.  
20 (THE MEETING WAS THEN CONCLUDED.)  
21  
22  
23  
24  
25

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 TELEPHONIC PROCEEDINGS BEFORE THE GOVERNANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN' S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING ON WEDNESDAY, MARCH 7, 2007, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE RECORDED DIGITALLY AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.



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