

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  
REGULAR MEETING

LOCATION: TELEPHONIC LOCATIONS AS NOTICED

DATE: FRIDAY, MAY 29, 2007  
8 A.M.

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

BRS FILE NO.: 78661

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TELECONFERENCE, TUESDAY, MAY 29, 2007  
8 A.M.

CHAIRPERSON NOVA: THANK YOU, EVERYONE, FOR JOINING US ON THE CALL THIS MORNING. REALLY APPRECIATE IT ON THIS NICE MEMORIAL DAY WEEKEND. THIS IS THE 10TH MEETING OF THE GOVERNANCE SUBCOMMITTEE MEETING, WHICH IS UNBELIEVABLE, AND WE HAVE PARTICIPANTS IN VARIOUS LOCATIONS ON THE CALL. OF COURSE, WE'RE JOINED BY THE WONDERFUL STAFF AT CIRM IN SAN FRANCISCO. THANKS, MELISSA, FOR ALL OF HER HARD WORK AND ORGANIZATION ON THIS. I'M IN CARLSBAD, AND LET'S SEE WHO'S ON THE LINE. WE'RE ON THE LINE WITH CONNECT; IS THAT CORRECT?

MR. ROTH: YES. HERE.

CHAIRPERSON NOVA: BURNHAM. JOHN REED.

MS. KING: HE MAY HAVE MUTED HIMSELF.

CHAIRPERSON NOVA: KECK.

DR. HENDERSON: YES.

CHAIRPERSON NOVA: UC DAVIS.

DR. POMEROY: YES.

CHAIRPERSON NOVA: THANK YOU, CLAIRE.

DR. REED: JOHN REED HERE.

CHAIRPERSON NOVA: BARCELONA. HOW'S THAT?  
IS DR. MURPHY ON THE CALL FROM BARCELONA?

MS. KING: HE MAY NOT HAVE JOINED YET. WE

1 ALSO HAVE SOMEONE IN PALO ALTO. I FORGOT TO PUT THAT  
2 IN.

3 MR. KLEIN: YES. BOB KLEIN.

4 CHAIRPERSON NOVA: AND THE STAFF AT CIRM IN  
5 SAN FRANCISCO.

6 MS. KING: WE ARE HERE.

7 CHAIRPERSON NOVA: THANK YOU ALL FOR  
8 PARTICIPATING, AND THIS IS AN IMPORTANT MEETING LEADING  
9 UP TO THE ICOC MEETING ON THE 4TH AND 5TH OF JUNE, AND  
10 AGAIN WE APPRECIATE YOU JOINING. SO, MELISSA, WOULD  
11 YOU PLEASE LEAD US IN A ROLL CALL PLEASE?

12 MS. KING: BRIAN HENDERSON.

13 DR. HENDERSON: HERE.

14 MS. KING: BOB KLEIN.

15 MR. KLEIN: HERE.

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

18 CHAIRPERSON NOVA: HERE.

19 PHIL PIZZO. CLAIRE POMEROY.

20 DR. POMEROY: HERE.

21 MS. KING: JOHN REED.

22 DR. REED: HERE.

23 MS. KING: DUANE ROTH.

24 MR. ROTH: HERE.

25 MS. KING: DAVID SERRANO-SEWELL. OSWALD

1 STEWARD.

2 OKAY. DR. NOVA, WE HAVE SIX PEOPLE ON THE  
3 CALL WITH US, SIX OF YOU FROM THE SUBCOMMITTEE, SO WE  
4 DON'T HAVE A QUORUM. I DON'T BELIEVE WE'LL GET THERE,  
5 BUT I WILL TURN IT OVER TO YOU TO RUN THE MEETING.

6 CHAIRPERSON NOVA: WELL, WE CAN MAKE  
7 RECOMMENDATIONS INSTEAD OF DOING VOTING. WE'VE DONE  
8 THAT IN THE PAST, AND I THINK THAT'S FINE.

9 SO THE THIRD ITEM IS CONSIDERATION OF THE  
10 CIRM'S '07-'08 ADMINISTRATIVE BUDGET. AND I'D LIKE TO  
11 ASK OUR ACTING PRESIDENT LORI HOFFMAN TO WALK US  
12 THROUGH THIS ITEM. AND YOU CAN PLEASE LOOK AT THE  
13 DOCUMENT LABELED ITEM NO. 3 THAT WAS SENT TO YOU  
14 BEFORE. LORI, I'LL TURN IT OVER TO YOU.

15 MS. HOFFMAN: THANK YOU, DR. NOVA. I WOULD  
16 LIKE TO JUST BRING YOUR ATTENTION TO THIS VERY SHORT  
17 TWO-PAGE ITEM THAT WE PUT TOGETHER HOPEFULLY IN A VERY  
18 STRAIGHTFORWARD MANNER. MOST IMPORTANT PIECE OF THIS  
19 BUDGET IS THAT WE ARE NOW PLANNING TO ADD SEVERAL NEW  
20 STAFF MEMBERS OVER THE NEXT YEAR AND SHOULD AT THE END  
21 OF THE FISCAL YEAR '07-'08 HAVE 41 STAFF MEMBERS AND  
22 ALL HAVE BEEN BUDGETED.

23 I'M PREPARED, OF COURSE, TO GO THROUGH WHERE  
24 THOSE STAFF MEMBERS ARE IN TERMS OF THE UNITS, BUT MOST  
25 IMPORTANTLY, WE WILL BE ADDING OR PROJECTING TO ADD TEN

1 NEW STAFF MEMBERS TO THE SCIENCE OFFICE.

2 WE'VE ALSO GONE THROUGH SEVERAL COST-SAVING  
3 MEASURES THAT INCLUDE TERMINAL SERVICES HERE AT CIRM,  
4 WHICH WILL SAVE APPROXIMATELY \$60,000 PER YEAR ON  
5 EQUIPMENT COST, AS WELL AS TAKING ADVANTAGE OF THE FACT  
6 THAT WE HAD A NUMBER OF SERVERS HERE AT CIRM THAT WERE  
7 UNDERUTILIZED.

8 SO WHY DON'T WE JUST GET RIGHT TO BUSINESS,  
9 AND I WILL TURN YOUR ATTENTION TO PAGE 2 WHICH HAS ON  
10 IT THE PROPOSED '07-'08 OPERATING BUDGET JUXTAPOSED  
11 AGAINST THE '06-'07 OPERATING BUDGET. LET ME JUST ADD  
12 THAT AS OF THE END OF APRIL, WE HAD EXPENDITURES UNDER  
13 SALARY AND BENEFITS OF 71 PERCENT, SO WE ARE RIGHT ON  
14 TARGET FOR SALARIES AND BENEFITS FOR '06-'07, AND OUR  
15 REMAINING LINE ITEMS ARE IN APPROXIMATELY ON AVERAGE  
16 ABOUT 65 PERCENT. SO IT IS UNLIKELY THAT WE WILL SPEND  
17 THIS ENTIRE BUDGET BY THE END OF THE FISCAL YEAR. AND  
18 I WILL REPORT BACK TO THE GOVERNANCE SUBCOMMITTEE ON  
19 THAT AT YOUR AUGUST OR LATE --

20 MR. ROTH: LORI, WHEN DOES THE FISCAL YEAR  
21 END?

22 MS. HOFFMAN: IT'S THE END OF JUNE. OUR  
23 FISCAL YEAR GOES FROM JULY 1ST TO THE END OF JUNE.

24 SO WITH THAT, I WILL ASK FOR ANY QUESTIONS.

25 MR. ROTH: I'LL START BECAUSE I HAVE TO LEAVE

1 IN A FEW MINUTES. IN THE BUDGET PROCESS, DID YOU  
2 BUDGET FOR A FULL YEAR OF ALL THE NEW FTE'S?

3 MS. HOFFMAN: I DID NOT.

4 MR. ROTH: SO THEY'RE STAGGERED.

5 MS. HOFFMAN: IT IS STAGGERED BASED ON  
6 CONSULTATION WITH THE CHIEF SCIENTIFIC OFFICER AS WELL  
7 AS GENERAL COUNSEL. SO IN MANY CASES THOSE TEN  
8 EMPLOYEES THAT I IDENTIFIED EARLIER FOR THE SCIENCE  
9 OFFICE, LESS THAN HALF OF THEM WILL BE HERE BY  
10 SEPTEMBER OR OCTOBER.

11 MR. ROTH: I THINK THAT'S REALLY IMPORTANT  
12 BECAUSE JUST LOOKING AT THE NUMBERS AND SEEING THAT  
13 KIND OF A JUMP WOULD LEAD ONE TO BELIEVE THAT WE'RE  
14 HAVING A DRAMATIC INCREASE IN THE SCIENTIFIC AREA AND  
15 OFFICE OF ADMINISTRATION, ETC. AND IF IT'S STAGGERED,  
16 THAT MAKES IT A LITTLE EASIER TO UNDERSTAND THAT IT  
17 WOULD CORRESPOND WITH THE WORKLOAD INCREASING.

18 MS. HOFFMAN: THAT'S RIGHT. AND THEN, OF  
19 COURSE, IT WOULD BE VERY DIFFICULT FOR ALL OF US TO  
20 BRING ON A DOZEN NEW PEOPLE WITHIN A MONTH OR TWO. SO  
21 IT IS CERTAINLY STAGGERED, AND IN SOME CASES WE EVEN  
22 HAVE BUDGETED THREE OR FOUR MONTHS AT THE END OF THE  
23 FISCAL YEAR FOR SEVERAL FOLKS.

24 DR. POMEROY: TINA, THIS IS CLAIRE. I JUST  
25 WANT TO CELEBRATE THE FACT THAT THIS GIVES US THE

1 OPPORTUNITY TO CORRECT OUR CHRONIC UNDERSTAFFING, WHICH  
2 I THINK IS HOLDING BACK OUR MISSION. AND I AM VERY  
3 MUCH IN SUPPORT OF THIS SIGNIFICANT INCREASE.

4 CHAIRPERSON NOVA: THANK YOU, CLAIRE. GREAT  
5 COMMENT. WE HAVE BEEN RUNNING SO THIN.

6 MR. KLEIN: THIS IS BOB KLEIN. NO ONE HAS  
7 REVIEWED THIS WITH ME IN TERMS OF ANY OF THE  
8 CATEGORIES, BUT SPECIFICALLY THE CHAIRMAN'S OFFICE AND  
9 THE OUTSIDE COUNSEL. AND FIRST OF ALL, OUTSIDE  
10 COUNSEL, WHAT IS THE BUDGET ON THIS?

11 MS. HOFFMAN: YES, BOB. I HAVE REVIEWED IT  
12 WITH GENERAL COUNSEL. WE HAVE \$300,000 BUDGETED FOR  
13 REMCHO, WHICH SEEMS TO BE RIGHT IN LINE WITH WHAT WE  
14 ARE CURRENTLY NOW RECEIVING IN TERMS OF MONTHLY  
15 BILLING. WE HAVE \$50,000 AS AN INTERAGENCY AGREEMENT  
16 FOR THE DEPARTMENT OF JUSTICE, AND WE HAVE ANOTHER  
17 \$200,000 BUDGETED FOR IP ISSUES OR LICENSING ISSUES.

18 MR. KLEIN: OKAY. AND THE 200,000 FOR IP  
19 ISSUES, IS THIS CONSISTENT WITH THE THOUGHT THAT WE'RE  
20 GOING TO OBTAIN SPECIALIZED OUTSIDE COUNSEL FIRMS TO  
21 DEAL WITH THESE ISSUES AS WE GO FORWARD?

22 MS. HOFFMAN: I'M GOING TO LET TAMAR ANSWER  
23 THAT QUESTION.

24 MS. PACHTER: YES, IT IS.

25 MR. KLEIN: OKAY. AND IN TERMS OF OUR

1 OVERALL BUDGET, THIS ITEM IS GOING TO FALL OUTSIDE OF  
2 OUR CONTROL BUDGET IN TERMS OF PERCENTAGES SO THAT IF  
3 WE HAVE MAJOR IP ISSUES, WE ARE NOT CONSTRAINED IN  
4 TERMS OF PURSUING THE INTEREST OF THE STATE.

5 MS. HOFFMAN: THAT'S CORRECT, BOB.

6 MR. KLEIN: IN TERMS OF THE STAFF IN THE  
7 CHAIRMAN'S OFFICE, I REALIZE WE'RE GOING TO WAIT FOR  
8 THE NEW PRESIDENT TO RESOLVE THE STAFFING LEVELS, BUT  
9 IT IS NOT POSSIBLE TO EFFECTIVELY CARRY OUT THE IRS  
10 OPINION ISSUES AND THE OTHER ISSUES RELATED TO THE  
11 CHAIRMAN'S OFFICE SPECIFIC DUTIES WITH THE STAFFING  
12 THAT IT HAS. IN FACT, WE WILL NOT BE ABLE TO CARRY OUT  
13 ALL OF THE VARIOUS COMMITTEE MEETINGS WITHOUT  
14 ADDITIONAL STAFFING. PARTICULARLY IF SOMEONE EVER GOT  
15 SICK, WE WOULD POTENTIALLY LOSE AN ENTIRE MEETING.  
16 THIS IS NOT A BUDGET THAT WILL SURVIVE THE YEAR IN  
17 TERMS OF THE CHAIRMAN'S OFFICE STAFFING UNLESS WE COME  
18 UP WITH A DIFFERENT WAY TO OPERATE.

19 CHAIRPERSON NOVA: I THINK THAT WE HAVE TO  
20 LOOK -- EVERYONE HAS GOT TO PARTICIPATE IN THE BUDGET  
21 PROCESS, AND ESPECIALLY BOB. WE'VE GOT TO HAVE HIS  
22 PEOPLE IN THERE.

23 MS. HOFFMAN: IN FACT, THERE ARE -- ALL THREE  
24 OF HIS CURRENT STAFF HAVE BEEN BUDGETED, AND THERE IS  
25 ONE ADDITIONAL DEPUTY VICE CHAIR THAT IS NOT IN THIS

1 BUDGET, HAVING CONSULTED WITH THE VICE CHAIR. SO WE  
2 HAVE, INDEED, THOUGH, FOR THE OFFICE OF THE CHAIR GONE  
3 THROUGH WHAT WAS EXPENDED LAST YEAR, AND I THINK THAT  
4 WE EXPERIENCED, I WOULDN'T SAY COST SAVINGS, BUT WE  
5 DIDN'T NEED THE \$404,000 THAT HAD BEEN CURRENTLY  
6 BUDGETED FOR ICOC MEETINGS, BOB, BECAUSE OF YOUR VERY  
7 EXCELLENT STAFF ALWAYS LOOKING TO BE AS COST AWARE AND  
8 COST EFFICIENT AS POSSIBLE. SO WE HAVE, INDEED, I  
9 THINK, CAPTURED ALL THE MEETINGS AS WELL AS THE PATIENT  
10 SPOTLIGHTS, WHICH I KNOW YOU WERE VERY MUCH WANTING TO  
11 MAKE SURE THAT WE HAD INCLUDED IN THIS BUDGET. AND  
12 ALSO TEMPORARY STAFF TO HELP YOUR CURRENT STAFF IF  
13 THERE IS EVER A NEED TO DO SO.

14 MR. KLEIN: I DON'T THINK IT WORKS. I JUST  
15 WANT TO MAKE IT CLEAR THAT IN TERMS OF FULFILLING OUR  
16 FUNCTIONS, WE CAN'T HAVE OUR STAFF WORKING SEVEN DAYS A  
17 WEEK, TEN HOURS A DAY. BUT IN TERMS OF CONCEPTUAL  
18 BUDGET, TO MOVE THIS TO THE BOARD, I'M PREPARED TO  
19 SUPPORT IT. I JUST WANT EVERYONE TO BE AWARE OF THE  
20 FACT THAT WITH THE DIFFERENT FUNCTIONS WE HAVE TO DO IN  
21 THE NEXT YEAR, I DON'T THINK THIS IS ADEQUATE.

22 AND ON A PROTOCOL BASIS, LAST YEAR WE  
23 DISCUSSED WITH THE CHAIRMAN'S OFFICE JUST HAVING A  
24 SPECIFIC DISCUSSION THAT I COULD PARTICIPATE IN BEFORE  
25 WE SUBMITTED THE BUDGET. WE DIDN'T DO THAT AGAIN THIS

1 YEAR. AND IT WOULD JUST BE GREATLY APPRECIATED TO GET  
2 THE DETAIL DOWN CONCEPTUALLY WITH SOME RESERVES FOR THE  
3 FLEXIBILITY TO BE ABLE TO ADAPT TO WHATEVER THE NEW  
4 PRESIDENT AND THE NEW STRUCTURE WILL REQUIRE.

5 DR. HENDERSON: SO DO I SENSE THAT WE DON'T  
6 REALLY HAVE A BUDGET THAT WE CAN APPROVE TODAY?

7 CHAIRPERSON NOVA: I'M A LITTLE CONFUSED,  
8 BOB, BECAUSE IF YOU ARE GOING TO SUPPORT IT AT THE  
9 MEETING, BUT STILL YOU DON'T FEEL IT'S ADEQUATE, WE  
10 JUST NEED TO CLARIFY THAT.

11 DR. HENDERSON: YEAH. WE CAN'T REALLY MOVE  
12 FORWARD.

13 MR. KLEIN: WELL, ON A CONCEPTUAL BASIS I  
14 DON'T FEEL THAT THE CHAIRMAN'S OFFICE BUDGET WORKS; BUT  
15 AS LONG AS EVERYONE UNDERSTANDS THIS IS A TEMPORARY  
16 BUDGET SO WE HAVE A BUDGET IN PLACE TO MOVE FORWARD,  
17 I'M PREPARED TO SUPPORT IT AS A TEMPORARY BUDGET  
18 BECAUSE WE'RE GOING TO NEED INPUT FROM THE NEW  
19 PRESIDENT AS WELL. SO WE WOULD CONTEMPLATE  
20 THEORETICALLY AN EARLY ADJUSTMENT WHEN THE NEW  
21 PRESIDENT IS HERE.

22 CHAIRPERSON NOVA: YOU'RE COMFORTABLE, BOB,  
23 WITH WHERE WE ARE THOUGH?

24 MR. KLEIN: ON A TEMPORARY BASIS I THINK I'M  
25 FINE BECAUSE IT'S NOT APPROPRIATE TO CHANGE ANY

1 STAFFING LEVELS UNTIL THERE'S A NEW PRESIDENT INVOLVED.  
2 AND I THINK THAT LORI'S JUST TRYING TO MOVE THE AGENDA  
3 FORWARD GIVEN THAT WE DON'T KNOW WHAT THE STAFFING  
4 LEVELS WILL BE. I JUST WANT EVERYONE TO BE AWARE OF  
5 THE FACT THAT WE DON'T HAVE ADEQUATE FUNDING IN THAT  
6 CATEGORY AT THIS POINT.

7 MR. ROTH: BOB, SO WE DON'T HAVE TO PLAY THIS  
8 OUT AT THE BOARD MEETING, WOULD IT BE USEFUL IF WE PUT  
9 AN ASTERISK BY THE NUMBER SO THAT EVERYBODY UNDERSTANDS  
10 THAT YOU'RE GOING TO WORK THAT OUT WITH THE PRESIDENT  
11 SOMETIME IN THE FUTURE?

12 CHAIRPERSON NOVA: YEAH. I THINK WE NEED A  
13 CAVEAT. I AGREE.

14 MR. KLEIN: THAT WOULD BE GREAT.

15 MR. ROTH: I THINK IT NEEDS TO BE NOTED  
16 BECAUSE I BELIEVE A LOT OF DISCUSSION WILL ENSUE AROUND  
17 THE STAFFING FOR THE OFFICE OF THE CHAIRMAN.

18 MR. KLEIN: YEAH.

19 DR. HENDERSON: WE'RE NOT LOOKING AT THAT  
20 LEVEL OF DETAIL IN FRONT OF US TO LOOK AT STAFFING OF  
21 EVERY ADMINISTRATIVE UNIT, RIGHT? THAT'S NOT THE  
22 BUDGET WE HAVE.

23 MR. KLEIN: THAT'S RIGHT.

24 DR. HENDERSON: I DON'T KNOW HOW WE CAN  
25 TINKER WITH INDIVIDUAL SUBSETS OF THE BUDGET. WE

1 REALLY JUST AT THIS LEVEL WANT TO APPROVE THE BUDGET  
2 OVERALL AS LONG AS YOU ALL HAVE WORKED IT OUT  
3 INTERNALLY. IF YOU ALL HAVEN'T WORKED IT OUT  
4 INTERNALLY, THEN I DON'T THINK WE WANT TO APPROVE IT.

5 MR. ROTH: WE DON'T HAVE A QUORUM TODAY  
6 ANYWAY.

7 DR. HENDERSON: I CAN SEE A LONG DISCUSSION  
8 AT THE BOARD ABOUT THIS.

9 MR. ROTH: THERE ARE TWO ISSUES THAT HAVE  
10 COME UP. ONE IS THE STAGGERED HIRING SO THAT IT  
11 DOESN'T LOOK LIKE THIS ABRUPT HIRING, AND I THINK THE  
12 BOARD SHOULD SEE THAT SO THEY SEE WHEN THE PEOPLE ARE  
13 SLATED TO COME IN. AND THE SECOND THING IS THAT  
14 THERE'S STILL NOT A CONSENSUS ON THE OFFICE OF THE  
15 CHAIRMAN STAFF.

16 MS. HOFFMAN: EXCUSE ME. THIS IS LORI. I  
17 WOULD LIKE TO ASK BOB, AND THIS IS MY UNDERSTANDING,  
18 BOB, THAT GOING FORWARD AT LEAST TO THIS ICOC MEETING  
19 AND UNTIL A NEW PRESIDENT IS HIRED AND IS ON BOARD,  
20 ALTHOUGH YOU DO NOT BELIEVE THAT THE CURRENT INTERNAL  
21 GOVERNANCE POLICY ADEQUATELY SATISFIES WHAT YOU NEED IN  
22 TERMS OF STAFFING, THAT WE'RE IN AGREEMENT, AT LEAST  
23 FOR THIS BUDGET AS CURRENTLY PROPOSED, WHETHER  
24 TEMPORARY OR NOT, AND I'M SURE WHEN THE NEW PRESIDENT  
25 IS ON BOARD, WE WOULD COME BACK WITH SEVERAL

1 MODIFICATIONS, NOT JUST TO THE OFFICE OF THE CHAIR, BUT  
2 THAT I JUST NEED TO KNOW AS LONG AS I ASTERISK THE  
3 SALARIES AND BENEFITS UNDER THE OFFICE OF THE CHAIR AND  
4 MAKE A FOOTNOTE AND SAY TO BE DISCUSSED AT A LATER DATE  
5 WHEN THE NEW PRESIDENT IS HIRED AND ON BOARD, THAT  
6 YOU'RE FINE WITH THIS BUDGET.

7 MR. KLEIN: I WOULD SUPPORT LORI'S POSITION  
8 AND DUANE'S POSITION AND BRIAN'S THAT IF WE ASTERISK  
9 AND SAY THE ADEQUACY OF THE STAFFING FOR THE OFFICE OF  
10 CHAIR IS A TENTATIVE BUDGET UNTIL THE NEW PRESIDENT IS  
11 THERE, THAT WILL BE JOINTLY DECIDED WITH THE NEW  
12 PRESIDENT AND THE SUPPORT OF THE BOARD AT THAT TIME.  
13 SO AS TO --

14 DR. HENDERSON: THAT ASTERISK WOULD APPLY,  
15 LORI, TO VIRTUALLY ALL SUBSETS OF THE BUDGET, I ASSUME,  
16 THAT THEY'LL ALL BE DISCUSSED ONCE THE NEW PRESIDENT IS  
17 HERE.

18 MS. HOFFMAN: DR. HENDERSON, THAT IS EXACTLY  
19 CORRECT.

20 DR. HENDERSON: SO WE JUST ASTERISK THE  
21 OVERALL SALARIES AND WAGES AT THIS POINT AND NOT MAKE A  
22 SPECIAL ISSUE OUT OF THE OFFICE OF THE CHAIR VERSUS ANY  
23 OTHER OFFICE.

24 MS. HOFFMAN: I THINK THAT'S FINE, AND I WILL  
25 ALSO INCLUDE, THEN, THE STAGGERED HIRING IN ALL THE

1 OFFICES.

2 DR. HENDERSON: OKAY.

3 MR. ROTH: THAT'S GREAT. I'M GOING TO HAVE  
4 TO JUMP OFF, GUYS. IF YOU NEED ME, JUST CALL  
5 STEPHANIE. I'LL COME OUT. I DON'T THINK YOU'RE GOING  
6 TO NEED ME SINCE WE'RE NOT GOING TO VOTE.

7 DR. MURPHY: THIS IS RICH MURPHY. I DON'T  
8 KNOW IF I MAKE A DIFFERENCE, BUT I'M IN BARCELONA. AND  
9 DO I MAKE A QUORUM OR ARE WE STILL SHORT?

10 MS. KING: YOU KNOW WHAT, DR. MURPHY,  
11 UNFORTUNATELY DUE TO SOME CHANGES OVER THE WEEKEND FOR  
12 SOME OF THE MEMBERS, WE WON'T ACTUALLY REACH A QUORUM,  
13 BUT WE'RE VERY THANKFUL THAT YOU JOINED US FROM  
14 BARCELONA AND HOPE YOU CAN STAY ON FOR THE DISCUSSION  
15 THAT WE HOPE WON'T TAKE TOO MUCH LONGER ANYWAY. THANK  
16 YOU.

17 CHAIRPERSON NOVA: DUANE, ARE YOU SUPPORTIVE?

18 MR. ROTH: I AM SUPPORTIVE. AND THEN I'M  
19 GOING TO HANG UP; AND IF YOU NEED ME, CALL STEPHANIE  
20 AND I'LL COME BACK.

21 CHAIRPERSON NOVA: THANK YOU.

22 DR. POMEROY: THE ACTING PRESIDENT HAS MADE A  
23 RECOMMENDATION FOR A TEMPORARY BUDGET UNTIL WE GET A  
24 PRESIDENT. AND I THINK THAT THIS GROUP SHOULD IN A  
25 STRAW VOTE RECOMMENDATION MOVE THIS FORWARD TO THE FULL

1 BOARD.

2 MR. KLEIN: I WOULD BE SUPPORTIVE OF THAT.

3 DR. HENDERSON: I'D JUST LIKE TO -- ARE WE  
4 GOING TO GO THROUGH THESE CONTRACTS?

5 DR. POMEROY: SEPARATE AGENDA ITEM.

6 DR. HENDERSON: ALL RIGHT.

7 MS. KING: DR. NOVA, JUST TO LET YOU KNOW  
8 THAT WE HAVE ONE MEMBER OF THE PUBLIC HERE IN SAN  
9 FRANCISCO THAT, WHEN IT'S TIME FOR PUBLIC COMMENT,  
10 WOULD LIKE TO MAKE ONE.

11 CHAIRPERSON NOVA: THANK YOU. ARE THERE ANY  
12 OTHER COMMENTS FROM THE SUBCOMMITTEE ON THIS? I THINK  
13 WE HAD A GOOD DISCUSSION ON THE CLARIFICATION. I  
14 APPRECIATE, LORI, WHAT YOU'VE DONE. AND, BOB, I JUST  
15 WANTED TO MAKE SURE ALL YOUR CONCERNS WERE BROUGHT UP,  
16 AND I THINK WE'VE GOTTEN THERE.

17 MR. KLEIN: GREAT. THANK YOU.

18 CHAIRPERSON NOVA: IF THERE AREN'T ANY OTHER  
19 QUESTIONS OR COMMENTS FROM THE SUBCOMMITTEE, PLEASE ARE  
20 THERE ANY COMMENTS FROM THE PUBLIC AT ANY OF OUR SITES?

21 MR. REED: THIS IS DON REED. IN A SIMILAR  
22 SITUATION, THE ROMAN REED ACT HAS TO WORK WITHIN THE UC  
23 BUDGET SYSTEM, AND WE FREQUENTLY DON'T KNOW WHAT THE  
24 OVERALL AMOUNT OF BUDGET AVAILABLE TO US IS. SO WHAT  
25 WE DO IS WE PUT IN A MARKER TO GIVE A BALLPARK FIGURE.

1 I WONDER IF THAT MIGHT BE USEFUL HERE IF BOB WOULD  
2 STATE A BALLPARK FIGURE OF WHAT HE NEEDS SO THAT THAT  
3 COULD BE IN THERE SO WE CAN KNOW THAT THE OVERALL THING  
4 MUST BE SUBSTANTIALLY INCREASED OR MINIMALLY INCREASED.

5 MR. KLEIN: THIS IS BOB. I'D RATHER, DON,  
6 WAIT FOR THE NEW PRESIDENT, WORK OUT SOMETHING WITH THE  
7 NEW PRESIDENT, BRING IT BACK TO THE BOARD, AND HAVE THE  
8 BOARD ACT AT THAT TIME RATHER THAN TRYING TO DO AN  
9 ESTIMATE.

10 MR. REED: SO WE WOULD STILL HAVE THE  
11 FLEXIBILITY GOING AHEAD WITH THAT ASTERISK OR CAVEAT?

12 MR. KLEIN: MY UNDERSTANDING IS THAT THE  
13 CHAIRMAN'S OFFICE ALONG WITH A NUMBER OF OTHER  
14 DEPARTMENTS MAY HAVE MODIFICATIONS, AND I THINK THAT  
15 THE MOST IMPORTANT THING WAS JUST SO THE COMMITTEE  
16 UNDERSTOOD THAT THIS WAS SOMETHING THAT NEEDED TO BE  
17 ADDRESSED. BUT I THINK THAT WITH WHAT INFORMATION LORI  
18 HAS, THIS BUDGET WORKS AND GIVES US A PLANNING DOCUMENT  
19 THAT CAN BE MOVED FORWARD.

20 MR. REED: THANK YOU.

21 CHAIRPERSON NOVA: OKAY. I'M ASSUMING THERE  
22 ARE NO OTHER PUBLIC MEMBERS, BUT I'LL JUST ASK IN CASE.  
23 OKAY.

24 SO LET'S GET A SENSE FROM THE SUBCOMMITTEE.  
25 I THINK, MELISSA, IF YOU COULD TAKE A STRAW ROLL CALL,

1 I'D APPRECIATE IT.

2 MS. KING: BRIAN HENDERSON.

3 DR. HENDERSON: YES, I APPROVE.

4 MS. KING: BOB KLEIN.

5 MR. KLEIN: YES.

6 MS. KING: RICHARD MURPHY.

7 DR. MURPHY: YES.

8 MS. KING: TINA NOVA.

9 CHAIRPERSON NOVA: YES.

10 MS. KING: CLAIRE POMEROY.

11 DR. POMEROY: YES.

12 MS. KING: JOHN REED.

13 DR. REED: YES.

14 MS. KING: DUANE ROTH.

15 CHAIRPERSON NOVA: AND HE SAID YES.

16 MS. KING: AND HE SAID YES. ALL RIGHT.

17 CHAIRPERSON NOVA: SO WE HAVE A UNANIMOUS

18 STRAW FOR THE MEETING. OKAY.

19 AGENDA ITEM 4, REPORT ON CONTRACT SUMMARY AND

20 BALANCES. AGAIN, I'D LIKE TO ASK OUR ACTING PRESIDENT

21 LORI HOFFMAN TO PRESENT THIS ITEM.

22 MS. HOFFMAN: THANK YOU AGAIN. I BRING THIS

23 TO YOU TODAY AT YOUR REQUEST FROM THE DECEMBER '06

24 MEETING WHERE THE GOVERNANCE SUBCOMMITTEE HAD ASKED

25 THAT ON A REGULAR BASIS AT YOUR MEETINGS WE DISCUSS THE

1       UPDATED QUARTERLY REPORTS FOR CONTRACTS IN TERMS OF  
2       ENCUMBRANCES, ANY NEW ENCUMBRANCES, AND ANY REMAINING  
3       CONTRACT AMOUNT. I USED THE SAME FORMAT THAT I DID AT  
4       YOUR LAST MEETING. AND IT'S UPDATED NOW TO THE END OF  
5       THE THIRD QUARTER OF OUR FISCAL YEAR, WHICH IS ENDING  
6       OF MARCH OF '07, WITH NEW CONTRACTS INCLUDED AS OF THE  
7       END OF APRIL OF '07.

8                   AND I WILL SAY THAT WE ARE CERTAINLY STILL  
9       RIGHT ON TARGET. AT NO POINT DO I BELIEVE WE WILL GO  
10      OVER BUDGET ON AN AGGREGATE. THERE IS ONE SPECIFIC  
11      LINE ITEM WHERE WE DID GO OVER BUDGET, AND WE HAVE  
12      CORRECTED THAT PROBLEM. I ASK FOR ANY QUESTIONS.

13                  DR. POMEROY: LORI, THIS IS CLAIRE. CAN YOU  
14      JUST TELL US NIELSEN MERKSAMER IS DOING FOR PUBLIC  
15      EDUCATION IN THAT CONTRACT, WHAT THEIR CHARGE IS?

16                  MS. HOFFMAN: YES. IN TERMS OF ADVOCACY IN  
17      SACRAMENTO. CERTAINLY THE LAST TIME THE BOARD MET IN  
18      SACRAMENTO, WE HAD REPRESENTATIVES THERE FROM  
19      MERKSAMER, AS WELL AS HELPING OUR DIRECTOR OF  
20      LEGISLATIVE ACTIVITIES HERE AT CIRM DEAL WITH THE  
21      ISSUES OF SB 771.

22                  DR. POMEROY: OKAY. THANK YOU.

23                  CHAIRPERSON NOVA: OKAY. ARE THERE ANY OTHER  
24      QUESTIONS OR COMMENTS FROM THE SUBCOMMITTEE MEMBERS?

25                  DR. HENDERSON: CAN YOU JUST REVIEW THE LEGAL

1 CONTRACT FOR A MINUTE?

2 MS. HOFFMAN: CERTAINLY. THE REMCHO  
3 CONTRACT?

4 DR. HENDERSON: YEAH.

5 MS. HOFFMAN: THAT ENCUMBRANCE FOR 558 WAS  
6 PART OF CERTAINLY WORKING WITH TAMAR PACHTER NOW OUR  
7 GENERAL COUNSEL. THOSE BILLS DURING THE LITIGATION ON  
8 A MONTHLY BASIS WERE SIGNIFICANTLY HIGHER THAN THEY ARE  
9 NOW, AND SO THAT'S WHY WE'VE GONE FROM BUDGETING 558 TO  
10 BUDGETING \$300,000.

11 THE SPIEGEL CONTRACT ALSO WILL END AS OF THE  
12 END OF THE LITIGATION, AND WE JUST KEPT THIS IN HERE IN  
13 CASE THERE ARE ANY ADDITIONAL BILLS THAT WE MAY RECEIVE  
14 OVER THE NEXT FEW MONTHS, AND THAT WILL CERTAINLY CLOSE  
15 OUT AT THE END OF THIS FISCAL YEAR.

16 LEXIS NEXIS IS JUST A LEGAL SERVICE. AND  
17 THEN I HAVE INCLUDED NGO, WHICH IS OUR FINANCIAL  
18 AUDITORS.

19 DR. HENDERSON: BUT FOR THE COMING YEAR,  
20 WE'RE GOING TO HAVE EXTERNAL CONTRACTS TOTALING 1.4  
21 MILLION AS I SEE YOUR BUDGET.

22 MS. HOFFMAN: THAT'S RIGHT.

23 DR. HENDERSON: I'M NOT QUITE SURE. WHERE IS  
24 THAT NUMBER IN TERMS OF A BREAKDOWN?

25 MS. HOFFMAN: I HAVE NOT INCLUDED IT IN MY

1 BUDGET, BUT I CAN CERTAINLY GO THROUGH THAT RIGHT NOW.  
2 ONE OF THE BIGGEST EXPENSES IN THAT LINE ITEM IS THE  
3 GRANTS MANAGEMENT SYSTEM THAT WE'VE BUDGETED FOR A HALF  
4 MILLION DOLLARS. WE ENTERED INTO A CONTRACT THE END OF  
5 2'05, AND THAT CONTRACT THEN WAS PUT ON HOLD AND  
6 ULTIMATELY CANCELED, BUT WE HAVE AN RFP OUT ON THE  
7 STREET RIGHT NOW, AND WE'RE ASSUMING THAT IT WILL BE  
8 FOR A SIMILAR AMOUNT, WHICH IS THE 500,000.

9 ALSO INCLUDED BESIDES JUST LEGAL SUPPORT AS  
10 WELL AS THE MERKSAMER CONTRACT, THERE ARE OTHER  
11 ADDITIONAL OPERATIONAL SUPPORT SYSTEMS FOR OUR  
12 TEMPORARY HELP HERE AS WELL AS OUR COPIER. SO IT GOES  
13 TO A VERY FINE LEVEL OF DETAIL, WHICH I WOULD BE MORE  
14 THAN HAPPY TO PROVIDE TO THE BOARD IN THE BUDGET ITEM  
15 AT YOUR NEXT MEETING IF THAT WOULD BE HELPFUL.

16 DR. HENDERSON: I GUESS THAT EXPLAINS. I  
17 COULDN'T QUITE FIGURE OUT WHERE THE OFFICE OF THE  
18 PRESIDENT 696,000 WAS GOING TO BE GOING, BUT --

19 MS. HOFFMAN: WELL, 550 GOES DIRECTLY TO --

20 DR. HENDERSON: I THOUGHT THAT WAS UNDER THE  
21 SCIENCE OFFICE, NO?

22 MS. HOFFMAN: NO. LEGAL IS UNDER THE OFFICE  
23 OF THE PRESIDENT. THE SCIENCE OFFICE DOES HAVE THAT  
24 \$500,000.

25 DR. HENDERSON: BUT 550 OF THIS IS LEGAL?

1 MS. HOFFMAN: 550 OF THE EXTERNAL CONTRACTS  
2 ON THE BUDGET OF 1.3 MILLION IS LEGAL, YES. AND THEN  
3 WE TAKE IT OUT BELOW THE LINE AS A LEGAL COST, AND IT'S  
4 CHARGED DIRECTLY TO RESEARCH FUNDING.

5 MR. KLEIN: LORI, I THINK IT WOULD BE GOOD TO  
6 HAVE THE DETAIL AT THE BOARD LEVEL.

7 MS. HOFFMAN: I WOULD BE HAPPY TO DO THAT.  
8 AND WOULD THAT JUST FOR THE EXTERNAL CONTRACTS, OR  
9 WOULD YOU LIKE THAT FOR ANOTHER LINE ITEM INCLUDING --  
10 I KNOW SALARY, YOU WANTED TO HAVE THE NEW OR THE  
11 PROPOSED EMPLOYEES WITH A PROJECTION OF WHEN THOSE  
12 WOULD BE ON BOARD IN TERMS OF QUARTERS. I WILL ALSO  
13 PROVIDE THE DETAILS FOR THE EXTERNAL CONTRACTS. WOULD  
14 THERE BE ANY ADDITIONAL INFORMATION THAT YOU'D LIKE TO  
15 SEE?

16 DR. HENDERSON: NO. TO ME THOSE ARE THE BIG  
17 NUMBERS THAT PEOPLE MIGHT HAVE QUESTIONS ABOUT.

18 MS. HOFFMAN: OKAY.

19 CHAIRPERSON NOVA: ANY OTHER QUESTIONS OR  
20 COMMENTS FROM THE SUBCOMMITTEE MEMBERS? AND HOW ABOUT  
21 FROM THE PUBLIC?

22 MR. REED: YOU SAID THERE WAS ONE SPOT THAT  
23 WENT OVER AND THAT WAS DEALT WITH. COULD YOU TALK  
24 ABOUT THAT A LITTLE BIT?

25 MS. HOFFMAN: YES. IT WAS OUR LEASING FOR A

1 COLOR COPIER THAT WE HAD HERE. AND WE ENDED UP MAKING  
2 TOO MANY COPIES. IT'S AS SIMPLE AS THAT, DON, SO WE  
3 GOT CHARGED FOR OVER USAGE, AND WE HAVE NOW CORRECTED  
4 THAT ACTION, BUT THAT'S WHY IN THE LINE ITEM YOU WILL  
5 SEE A COST OVERRUN ON THAT BUDGET LINE ITEM.

6 MR. REED: THANK YOU.

7 CHAIRPERSON NOVA: OKAY. SO AGAIN, THIS IS  
8 JUST A DISCUSSION ITEM, SO WE DON'T NEED A VOTE.

9 MS. HOFFMAN: THAT'S RIGHT.

10 CHAIRPERSON NOVA: AND DO YOU STILL WANT TO  
11 TAKE A STRAW ROLL CALL, MELISSA, OR IS THAT ALL?

12 MS. KING: WE DON'T EVEN NEED TO DO THAT.

13 CHAIRPERSON NOVA: THAT'S WHAT I THOUGHT.  
14 ANY OTHER COMMENTS FROM THE SUBCOMMITTEE MEMBERS ON  
15 ANYTHING ELSE OR THE PUBLIC? THAT WAS PAINLESS.

16 MS. KING: I PROMISED IT WOULD BE QUICK.

17 CHAIRPERSON NOVA: YOU DID. OKAY. IF THERE  
18 AREN'T ANY FURTHER COMMENTS, I WANT TO THANK YOU AGAIN  
19 FOR JOINING, AND WE REALLY APPRECIATE YOU JOINING US  
20 THIS MORNING, AND THE MEETING STANDS ADJOURNED.

21 (THE MEETING WAS THEN ADJOURNED AT 08:46  
22 A.M.)

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 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

TELEPHONIC LOCATIONS AS NOTICED  
ON  
FRIDAY, MAY 29, 2007

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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