

BEFORE THE  
FINANCE 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: AS INDICATED ON THE AGENDA

DATE: JUNE 30, 2009  
3 P.M.

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

BRS FILE NO.: 84956

## BARRISTERS' REPORTING SERVICE

### I N D E X

| ITEM                                                                        | DESCRIPTION | PAGE NO. |
|-----------------------------------------------------------------------------|-------------|----------|
| CALL TO ORDER                                                               |             | 3        |
| ROLL CALL                                                                   |             | 3        |
| CONSIDERATION OF RESPONSES TO RFP FOR<br>LOAN PROGRAM DELEGATED UNDERWRITER |             | 4        |
| PUBLIC COMMENT                                                              |             | NONE     |

**BARRISTERS' REPORTING SERVICE**

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TUESDAY, JUNE 30, 2009; 3 P.M.

CHAIRMAN GOLDBERG: OKAY. I'D LIKE TO  
CALL THE MEETING TO ORDER. WHO'S OUR  
TRANSCRIPTIONIST?

THE REPORTER: LINDA TORRE FROM  
BARRISTERS'.

CHAIRMAN GOLDBERG: THANK YOU VERY MUCH.  
WHO JUST JOINED, PLEASE?

DR. LOVE: THIS IS TED. TED LOVE.

MS. KING: GREAT. THANKS, TED.

DR. LOVE: HI, MELISSA.

MS. KING: HELLO. AND WE'RE JUST ABOUT TO  
GET STARTED. MICHAEL, WHENEVER YOU'RE READY, I CAN  
CALL THE ROLL.

CHAIRMAN GOLDBERG: I'M READY.

MS. KING: OKAY. DONALD DAFOE FOR RICARDO  
AZZIZ.

DR. DAFOE: PRESENT.

MS. KING: ROBERT PRICE FOR ROBERT  
BIRGENEAU.

DR. PRICE: PRESENT.

MS. KING: MICHAEL GOLDBERG.

CHAIRMAN GOLDBERG: PRESENT.

MS. KING: TED LOVE.

**BARRISTERS' REPORTING SERVICE**

1 DR. LOVE: HERE.

2 MS. KING: PHIL PIZZO.

3 DR. PIZZO: I'M PRESENT. I SHOULD TELL  
4 MICHAEL ONLY TILL 4 O'CLOCK UNFORTUNATELY.

5 CHAIRMAN GOLDBERG: THANK YOU.

6 MS. KING: DUANE ROTH.

7 MR. ROTH: HERE.

8 MS. KING: JEFF SHEEHY.

9 MR. SHEEHY: HERE.

10 MS. KING: OSWALD STEWARD. OSSIE, I KNOW  
11 YOU'RE THERE.

12 DR. STEWARD: YES. HERE. CAN YOU HEAR  
13 ME?

14 MS. KING: I HEAR YOU. ART TORRES WILL BE  
15 JOINING US HERE IN SAN FRANCISCO MOMENTARILY. BUT,  
16 MICHAEL, I SUGGEST, ESPECIALLY GIVEN DR. PIZZO'S  
17 LIMITATION, THAT WE GET STARTED.

18 CHAIRMAN GOLDBERG: TERRIFIC. AS MANY OF  
19 YOU WILL RECALL, ON JUNE 11TH AT OUR LAST FINANCE  
20 SUBCOMMITTEE MEETING, WE DISCUSSED THE PROCESS THAT  
21 WE WILL IMPLEMENT TODAY, WHICH WAS TO DISCUSS CIRM'S  
22 STAFF'S ANALYSIS OF THE RESPONSES TO THE RFP FOR  
23 DESIGNATED UNDERWRITERS FOR THE BIOTECH LOAN  
24 PROGRAM.

25 THE CHAIR OF THE BIOTECH TASK FORCE, DUANE

**BARRISTERS' REPORTING SERVICE**

1 ROTH, IS ON THE PHONE, I BELIEVE. CORRECT, DUANE?

2 MR. ROTH: I AM HERE.

3 CHAIRMAN GOLDBERG: THE FINANCE  
4 SUBCOMMITTEE WILL PROCEED TO DISCUSS STAFF'S  
5 RESPONSES AFTER THEY'VE WALKED US THROUGH THEM.

6 I'LL TURN THINGS OVER TO JAMES HARRISON TO PROVIDE  
7 AN OVERVIEW OF THAT BEFORE ELONA BAUM PROVIDES THE  
8 SPECIFIC ANALYSIS. AND THEN --

9 THE REPORTER: EXCUSE ME.

10 CHAIRMAN GOLDBERG: -- (INTERRUPTION) --  
11 SUPPORT FOR THE RFP. WE WILL SCORE THE VARIOUS  
12 RESPONDENTS' APPLICATIONS WITH THE GOAL OF MAKING A  
13 RECOMMENDATION TO THE FULL ICOC TO COMMENCE  
14 NEGOTIATIONS WITH AT LEAST TWO AND UP TO THREE OF  
15 THE FIVE RESPONDENTS. SO WITH THAT, LET ME TURN IT  
16 OVER TO JAMES HARRISON, WHO WILL THEN TURN IT OVER  
17 TO ELONA BAUM.

18 MS. KING: EVERYBODY THAT'S ON THE CALL, I  
19 KNOW A NUMBER OF PEOPLE ARE JOINING TODAY, A NUMBER  
20 OF STAFF MEMBERS AND POTENTIALLY RFP RESPONDENTS,  
21 AND SOME OF YOU MAY BE JOINING FROM A CELL PHONE.  
22 IF ANYONE JOINING FROM A CELL PHONE COULD MUTE YOUR  
23 PHONE UNLESS YOU'RE SPEAKING, THAT WOULD BE VERY  
24 HELPFUL TO THE TRANSCRIBER AND TO EVERYONE ELSE ON  
25 THE CALL. WE'RE GETTING A LOT OF BACKGROUND NOISE

## BARRISTERS' REPORTING SERVICE

1 FROM I BELIEVE AT LEAST ONE CELL PHONE. THANK YOU  
2 SO MUCH.

3 MR. HARRISON: THANKS, MICHAEL. THIS IS  
4 JAMES HARRISON. I JUST WANTED TO BRIEFLY TAKE YOU  
5 BACK TO THE LAST FINANCE SUBCOMMITTEE MEETING AND  
6 REMIND YOU OF THE PROCESS THAT WE DISCUSSED AT THAT  
7 TIME.

8 AT YOUR DIRECTION, STAFF HAS PREPARED AN  
9 ANALYSIS OF THE FIVE RESPONSES THAT WE RECEIVED TO  
10 THE RFP. THOSE RESPONSES -- THAT ANALYSIS, EXCUSE  
11 ME, IS INTENDED FOR YOUR CONSIDERATION AS YOU  
12 EVALUATE THE PROPOSALS AND THE CRITERIA SPECIFIED IN  
13 THE RFP. AFTER LISTENING TO THE SUMMARY OF THE  
14 STAFF'S ANALYSIS, YOU WILL HAVE AN OPPORTUNITY TO  
15 DISCUSS THE PROPOSALS AMONG YOURSELVES  
16 (INTERFERENCE) FROM EACH OF THE RESPONDENTS TO  
17 PARTICIPATE IN THE CALL TODAY. IN THE EVENT THAT  
18 ANY OF YOU HAVE QUESTIONS OF THEM, YOU WILL HAVE AN  
19 OPPORTUNITY TO ASK. WE'VE ADVISED THEM THAT WE DO  
20 NOT DESIRE A FORMAL PRESENTATION FROM EACH OF THEM,  
21 BUT RATHER THAT THEY SIMPLY BE AVAILABLE TO ANSWER  
22 QUESTIONS. OF COURSE, THERE WILL ALSO BE AN  
23 OPPORTUNITY FOR PUBLIC COMMENT.

24 WE WILL THEN ASK YOU TO SCORE THE  
25 RESPONSES BASED ON THE CRITERIA SPECIFIED IN THE

## BARRISTERS' REPORTING SERVICE

1 RFP. YOU SHOULD EACH HAVE A SCORE SHEET IN FRONT OF  
2 YOU THAT IDENTIFIES THE FOUR CRITERIA AND THE POINTS  
3 ASSIGNED TO EACH OF THEM. AND JUST AS A REMINDER,  
4 THEY ARE QUALIFICATIONS AND EXPERIENCE, 45 POINTS;  
5 RESPONSIVENESS TO THE SCOPE OF WORK, 20 POINTS;  
6 COST, 35 POINTS; AND INNOVATION, 20 POINTS.

7 AFTER EACH OF YOU SCORES THE FIVE  
8 RESPONSES, WE WILL ASK YOU TO REPORT YOUR SCORES TO  
9 US ORALLY. WE WILL THEN TABULATE THEM AND IDENTIFY  
10 THE SCORES IN RANK ORDER.

11 DR. PIZZO: COULD YOU GIVE THE NUMERICAL  
12 ORDER AGAIN, PLEASE?

13 MR. HARRISON: I'M SORRY, DR. PIZZO?

14 DR. PIZZO: COULD YOU JUST GIVE THE SCORE  
15 RANKING AGAIN?

16 MR. HARRISON: YES. THE CRITERIA ARE  
17 QUALIFICATIONS AND EXPERIENCE AT 45 POINTS;  
18 RESPONSIVENESS TO THE SCOPE OF WORK, 20 POINTS;  
19 COST, 35 POINTS; AND INNOVATION, 20 POINTS, FOR A  
20 TOTAL OF 120 POSSIBLE POINTS.

21 AND, MICHAEL, UNLESS THERE ARE ANY FURTHER  
22 QUESTIONS, I'D LIKE TO TURN IT OVER TO ELONA BAUM TO  
23 PRESENT THE STAFF'S ANALYSIS OF THE RESPONSES.

24 CHAIRMAN GOLDBERG: ELONA.

25 MS. BAUM: GREAT. THANK YOU VERY MUCH.

## BARRISTERS' REPORTING SERVICE

1 ALL OF YOU AND THE PUBLIC SHOULD HAVE ACCESS TO A  
2 MORE DETAILED REPORT, AND I DIDN'T THINK THAT I  
3 WOULD SPEND TIME GOING AD NAUSEUM INTO ALL THE  
4 DETAILS. BUT WHAT I THOUGHT I WOULD DO WAS TO  
5 PROVIDE A 30,000 FOOT OVERVIEW ON THE DIFFERENT  
6 CHARACTERISTICS OF THE FIVE AND THEN TALK A LITTLE  
7 BIT ABOUT SORT OF THE SUMMARY CHART THAT IS IN YOUR  
8 MATERIALS AS WELL.

9 SO WITH RESPECT TO THE 30,000 FOOT LEVEL  
10 LOOK AT THE DIFFERENT CHARACTERISTICS OF THE FIVE  
11 RESPONDENTS, LET ME START BY SAYING, FIRST OF ALL,  
12 THAT THERE WERE TWO BASIC MODELS PRESENTED. THE  
13 FIRST MODEL BEING A FEE-FOR-SERVICE MODEL THAT ALL  
14 BUT ONE BANK, SILICON VALLEY BANK, HAS PROPOSED.  
15 THE OTHER MODEL BEING A LOAN ORIGINATION  
16 (INTERFERENCE). A LITTLE FEEDBACK THERE. THE LOAN  
17 ORIGINATION MODEL WAS PROPOSED BY TWO RESPONDENTS,  
18 SQUARE 1 BANK AND SILICON VALLEY BANK.

19 AND I JUST WANT TO NOTE THAT THE NATURE OF  
20 THE LOAN ORIGINATION WITH RESPECT TO SILICON VALLEY  
21 BANK IS NOT NORMALLY WHAT YOU WOULD THINK OF YOUR  
22 TRADITIONAL LOAN ORIGINATION AS IT REQUIRED A  
23 HUNDRED PERCENT CASH COLLATERAL. SO IT DID NOT  
24 PROVIDE FOR CASH PRESERVATION, WHICH YOU WILL NOTE  
25 IS SORT OF SOMETHING THAT MIGHT BE OF INTEREST



## BARRISTERS' REPORTING SERVICE

1 (INTERFERENCE).

2 BESIDES THE DIFFERENT MODELS, I JUST  
3 WANTED TO BRIEFLY TALK ABOUT THE CHARACTERISTICS OF  
4 EACH OF THE FIVE. LET'S SUFFICE IT TO SAY THAT THEY  
5 WERE ALL GENERALLY VERY SIMILAR IN TERMS OF WHAT  
6 THEY COULD PROVIDE IN TERMS OF SERVICES, IN TERMS OF  
7 THE SCOPE OF THE DD, DUE DILIGENCE, AND IN TERMS OF  
8 THE MONTHLY MONITORING. I THINK THAT WHERE YOU WANT  
9 TO LOOK FOR DIVERGENCE, YOU WOULD FOCUS ON TWO OF  
10 THE AREAS THAT WE'RE RANKING, AND THAT'S IN COST AND  
11 WORK QUALIFICATION AND EXPERIENCE. SO I THOUGHT  
12 MAYBE I'D JUST SPEND A BRIEF AMOUNT OF TIME TAKING A  
13 LOOK AT THE SUMMARY OF RANKING.

14 SO AS JAMES ALLUDED TO, WE HAVE FOUR  
15 CRITERIA WHICH WE ARE LOOKING AT OR NOT WE, BUT THE  
16 COMMITTEE IS LOOKING AT. AND IT WAS NOT THE INTENT  
17 OF STAFF TO SCORE. THAT'S THE JOB OF THE COMMITTEE.  
18 BUT WHAT STAFF DID TRY TO DO IS SORT OF PROVIDE  
19 RELATIVE RANKING IN TERMS OF WHERE WE THOUGHT THE  
20 STRENGTHS OF THE DIFFERENT PROPOSALS CAME OUT IN  
21 TERMS OF THE FOUR CRITERIA.

22 SO WHERE YOU SEE HIGH, IT MEANS THAT WE  
23 FELT THAT THE RESPONDENT WAS PERFORMING WELL AGAINST  
24 THE SPECIFIC CRITERIA. SOME CONFUSION MIGHT ARISE  
25 WHEN YOU LOOK AT THE COST CRITERIA BECAUSE THERE, IF

## BARRISTERS' REPORTING SERVICE

1 WE WROTE HIGH, IT DIDN'T MEAN THAT THE COSTS WERE  
2 HIGH. IT MEANT THAT WE THOUGHT THE RATING SHOULD BE  
3 HIGH BECAUSE THE COST FACTOR IS RELATIVELY LOW AS  
4 COMPARED TO THE OTHERS.

5 SO WITH THAT SAID, IF YOU JUST WANT TO DO  
6 A 30,000 FOOT WATCH, I THINK THAT YOU WILL SEE THAT  
7 THERE WERE PRETTY MUCH THREE MAIN RESPONDENTS THAT  
8 PERFORMED GENERALLY VERY WELL AS COMPARED TO THE  
9 OTHER TWO. THE THREE TOP PERFORMERS THAT TENDED TO  
10 GET THE HIGHER LEVEL OF RATINGS FROM STAFF  
11 PERSPECTIVE WAS COMERICA BANK, SILICON VALLEY BANK,  
12 AND SQUARE 1 BANK. AND I DON'T KNOW HOW MUCH DETAIL  
13 YOU WANT ME TO GET INTO, BUT I WOULD SAY THAT THOSE  
14 THREE STOOD OUT AS COMPARED TO ADJUVANT AND ORIX.

15 AND MAYBE I CAN ALLUDE TO A LITTLE BIT  
16 ABOUT SOME OF THE KEY AREAS OF WHY THEY STOOD OUT.  
17 BUT, FOR INSTANCE, COST FOR THE TOP THREE WERE  
18 SIGNIFICANTLY LESS THAN THE BOTTOM TWO. AGAIN,  
19 QUALIFICATIONS IS A VERY STRONG POINT ALLOCATION.  
20 COMERICA BANK, SILICON VALLEY BANK, AND SQUARE 1  
21 BANK GOT EITHER HIGH OR MEDIUM HIGH BECAUSE THEY'RE  
22 WELL ESTABLISHED, THEY'RE A GOING CONCERN, AND THEY  
23 HAVE LIFE SCIENCE EXPERIENCE.

24 MAYBE WHAT I SHOULD DO IS STOP THERE AND  
25 LET THE PROCESS PROCEED.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN GOLDBERG: YEAH. THANK YOU,  
2 ELONA. I THINK THAT'S A VERY HELPFUL PREAMBLE TO  
3 THE WORK THAT STAFF HAS DONE HERE. LET ME FIRST GO  
4 SITE BY SITE AND ALLOW THE MEMBERS OF THE COMMITTEE  
5 TO ASK QUESTIONS, AND THEN WE'LL ALLOW -- IF ANY OF  
6 THE QUESTIONS ARE DIRECTED TOWARD ANY OF THE  
7 APPLICANTS, WE'LL ALLOW THEM TO ADDRESS THOSE  
8 QUESTIONS, AND THEN WE'LL TURN IT OVER TO THE PUBLIC  
9 ON A SITE-BY-SITE BASIS.

10 SO MAYBE YOU CAN HELP ME THROUGH CHECKING  
11 OFF THE SITES, MELISSA, IF YOU CAN MANAGE THIS FOR  
12 US.

13 MS. KING: ABSOLUTELY. SO WHY DON'T WE  
14 START WITH CEDARS SINAI MEDICAL CENTER, DR. DAFOE.

15 DR. DAFOE: HI. GOOD AFTERNOON. JUST IN  
16 LOOKING AT THE SUMMARY OF THE RANKINGS, WITH LOAN  
17 ADMINISTRATION, WITH COST IN THAT COLUMN, COMERICA  
18 IS 125 K VERSUS THE OTHERS THAT ARE, YOU KNOW, IN  
19 THE ONE TO TWO MILLION RANGE. SO I WONDERED IS THAT  
20 AN ANNUAL? IS THE 125 K AN ANNUAL FIGURE, OR WHY  
21 THE MAJOR DISCREPANCY THERE?

22 MS. BAUM: I CAN'T ANSWER WHY THERE'S A  
23 DISCREPANCY. I QUESTIONED THE SAME AS WELL.

24 MR. ROTH: I THINK THEY HAVE A FEE FOR  
25 SERVICE, AND THAT WOULD BE ON A LOAN-BY-LOAN AMOUNT.

## BARRISTERS' REPORTING SERVICE

1 LET ME LOOK.

2 DR. PIZZO: I THINK THAT'S THE WAY IT IS.  
3 WHEN I LOOKED AT THE DOCUMENTS, THAT'S THE WAY THEY  
4 PRESENTED IT.

5 MS. KING: MICHAEL, JUST SO YOU KNOW, WE  
6 DO HAVE SOME, IF NOT ALL, OF THE RESPONDENTS ON THE  
7 PHONE, REPRESENTATIVES FROM THESE ORGANIZATIONS. SO  
8 WHEN A MEMBER HAS A QUESTION LIKE THAT, YOU MAY WANT  
9 TO DIRECT THAT TOWARD THE ACTUAL RESPONDENT WHO  
10 OTHERWISE WON'T BE PRESENTING TODAY. IF THEY'RE  
11 ASKED A DIRECT QUESTION, THEY WILL BE.

12 MR. ROTH: STEVE STUCKEY, I THINK, IS ON  
13 THE PHONE. BUT IF I LOOK AT IT, THERE'S A 25,000  
14 UNDERWRITING FEE DUE AT EACH LOAN CLOSING PLUS A  
15 LOAN ADMINISTRATION FEE OF 15,000 PER ANNUM PAYABLE  
16 QUARTERLY IN ADVANCE.

17 DR. DAFOE: YES. AND I MADE A LITTLE LIST  
18 HERE. 25,000 ADMINISTRATIVE FEE AND A 5,000  
19 APPLICATION FEE FOR EACH LOAN.

20 SO I GUESS THE OTHER QUESTION, AND THIS IS  
21 THE FIRST TIME I'VE SAT IN ON A FINANCE COMMITTEE  
22 MEETING, BUT HOW MANY LOANS ARE ANTICIPATED?

23 MR. ROTH: I THINK WE GAVE THEM IN THE RFP  
24 A NUMBER OF EIGHT.

25 DR. DAFOE: A NUMBER EIGHT?

**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: I THINK IT WAS EIGHT OR TEN.

2 DR. DAFOE: OKAY. THANK YOU. BECAUSE  
3 THEN THE 125 TIMES EIGHT OR TEN WOULD BRING THAT  
4 FIGURE UP. THE 125 PER LOAN WOULD BRING FIGURE UP  
5 COMPARABLE TO THE OTHERS IN THAT.

6 MS. BAUM: THE INTENT IN GATHERING THE  
7 COST INFORMATION WAS TO LOOK AT THE SECTION OF THE  
8 RESPONSES WHERE WE ASKED THEM TO PROVIDE COSTS FOR A  
9 \$20 MILLION LOAN OVER SIX YEARS. SO THEY WERE SORT  
10 OF AGGREGATED OVER THE SIX YEARS.

11 MS. KING: DUANE, WHEN YOU SAID EIGHT OR  
12 TEN, WERE YOU REFERRING SPECIFICALLY POTENTIALLY TO  
13 THE DISEASE TEAM RFP AS OPPOSED TO THE NUMBER OF  
14 LOANS FOR THE LIFE OF THE GENERAL LOAN PROGRAM?

15 MR. ROTH: NO. I WAS JUST REMEMBERING  
16 BACK TO OUR THOUGHTS ON HOW MANY LOANS  
17 (INTERFERENCE). THAT PROBABLY HAS NO RELEVANCE TO  
18 THIS, BUT I THINK THERE WAS SOMETHING LIKE EIGHT OR  
19 TEN LOANS OR MAYBE MORE.

20 CHAIRMAN GOLDBERG: I THINK THE OPERATIVE  
21 THING HERE IS THAT THE RFP INTENDED TO CREATE AN  
22 APPLES-TO-APPLES SET OF DEFINITIONS FOR EACH  
23 RESPONDENT AND THAT WE'RE RELYING ON THE  
24 RESPONDENT'S RESPONSE. THAT'S, I THINK, WHERE WE  
25 SHOULD BE FOCUSING OUR QUESTIONS, TO REALLY EXAMINE

## BARRISTERS' REPORTING SERVICE

1 STAFF'S ANALYSIS OF WHAT PEOPLE HAVE RESPONDED WITH  
2 AND NOT REACH BACK TO THE RFP IF AT ALL POSSIBLE.

3 DR. DAFOE: OKAY. WELL, THAT WAS THE ONLY  
4 QUESTION I HAVE. THANK YOU.

5 CHAIRMAN GOLDBERG: THANK YOU, DR. DAFOE.

6 MS. KING: MICHAEL, MAYBE WE WANT TO GO TO  
7 DR. ROBERT PRICE AT UC BERKELEY.

8 CHAIRMAN GOLDBERG: THANK YOU. DR. PRICE.

9 DR. PRICE: YEAH. I'LL PASS FOR NOW.

10 MS. KING: ALL RIGHT. MICHAEL, DO YOU  
11 WANT TO ASK ANY QUESTIONS YOU HAVE?

12 CHAIRMAN GOLDBERG: NO. I'M FINE.

13 MS. KING: OKAY. AND TED LOVE. MAYBE DR.  
14 LOVE DOESN'T HAVE ANY QUESTIONS AT THE MOMENT. HOW  
15 ABOUT DR. PIZZO AT STANFORD?

16 DR. PIZZO: I HAD BASICALLY THE SAME  
17 CONCERN THAT WAS ALREADY RAISED, SO I'M OTHERWISE  
18 FINE.

19 MS. KING: OKAY. DUANE ROTH.

20 MR. ROTH: NO QUESTIONS.

21 MS. KING: JEFF SHEEHY.

22 MR. SHEEHY: I JUST HAD A QUESTION ABOUT  
23 (INTERFERENCE) ABOUT THE FINANCING MECHANISM --

24 THE REPORTER: I'M SORRY. I'M GETTING A  
25 LOT OF FEEDBACK.

## BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: SO IT SEEMS LIKE A LOT OF  
2 THESE DISCUSS FEE FOR SERVICE. I'M WONDERING, I  
3 DON'T THINK THAT SILICON VALLEY BANK INCLUDES THAT  
4 OPTION.

5 MR. SCOTT: THAT'S CORRECT.

6 MR. SHEEHY: IS OUR THINKING HERE THAT WE  
7 MAY WANT TO HAVE TWO DIFFERENT FINANCING STRUCTURES?  
8 COULD WE ASK SILICON VALLEY BANK? I MEAN THAT'S  
9 WHERE THE APPLES-TO-APPLES THING KIND OF FALLS APART  
10 FOR ME BECAUSE WE HAVE A LOT OF THE PEOPLE TALKING  
11 ABOUT FEE FOR SERVICE AND THEN ONE NOT. IS  
12 THERE -- I'M NOT SURE THAT I REALLY HAVE AN OPINION  
13 ON WHICH ONE IS BETTER, BUT IS PART OF OUR THINKING  
14 WE MAY WANT TO HAVE DIFFERENT APPROACHES? AM I  
15 MAKING SENSE?

16 CHAIRMAN GOLDBERG: JEFF, IT'S MICHAEL  
17 GOLDBERG. I THINK THAT, AS WE'VE DISCUSSED THIS IN  
18 THE PAST, WE HAVE SOUGHT PROPOSALS FROM INSTITUTIONS  
19 THAT REALLY WOULD COVER THE GAMUT, FEE FOR SERVICE  
20 TO UNDERWRITING. IF I RECALL OUR FIRST MEETING WITH  
21 THE SILICON VALLEY BANK REPRESENTATIVES, I THINK  
22 THEY WERE ONLY AT THAT TIME INTERESTED IN AN  
23 UNDERWRITING ARRANGEMENT. AND THAT VIEW MAY CHANGE.

24 I THINK OUR DECISION TODAY SHOULD BE  
25 FOCUSED ON A RECOMMENDATION TO THE ICOC FOR STAFF TO

## BARRISTERS' REPORTING SERVICE

1 PROCEED WITH NEGOTIATIONS WITH THREE OF THE  
2 RESPONDENTS, AND THAT WE'LL DESIGNATE AND DISCHARGE  
3 TO THE STAFF THE DELEGATION TO PURSUE THAT SORT OF  
4 ISSUE AS TO WHETHER OR NOT THERE'S ANOTHER OPTION  
5 THAT ANY OF THE INSTITUTIONS THAT WERE SELECTED TO  
6 GO FORWARD WITH FINAL NEGOTIATIONS WOULD LIKE TO  
7 CONSIDER.

8 MR. SHEEHY: WELL, ONE OF THE THINGS WE  
9 DID DISCUSS WAS HAVING SOME DIVERSITY BETWEEN THE  
10 DIFFERENT OPTIONS IN ORDER THAT WE CAN HAVE A  
11 COMPARISON. IS THIS ONE OF THE AREAS, I GUESS, IS  
12 WHAT I'M TRYING TO GET AT WHERE, YOU KNOW -- IN  
13 OTHER WORDS, IF WE WERE TO SUPPORT, STRONGLY SUPPORT  
14 THEIR APPLICATION, WOULD WE BE THEN GOING BACK AND  
15 ASKING THEM TO GIVE US A FEE FOR SERVICE, OR WOULD  
16 WE THINK THAT PERHAPS WE WANT TO HAVE SOME FEE FOR  
17 SERVICE AND SOME UNDERWRITTEN AS PART OF THE GOAL TO  
18 HAVE DIFFERENT APPROACHES? BECAUSE I DO REMEMBER US  
19 TALKING ABOUT ONE OF THE REASONS WE WANT TO HAVE  
20 MORE THAN ONE ENTITY EVENTUALLY WIN THIS CONTRACT IS  
21 TO LOOK AT DIFFERENT APPROACHES. WE DON'T KNOW  
22 WHAT'S GOING TO BE OPTIMAL.

23 CHAIRMAN GOLDBERG: YEAH. I THINK THAT'S  
24 RIGHT. I'LL ASK DUANE TO COMMENT, BUT I THINK THAT  
25 WAS ONE OF THE INTENTIONS. THE OTHER INTENTION IS



## BARRISTERS' REPORTING SERVICE

1 TO HAVE MULTIPLE PARTIES WITH WHOM WE CAN FACILITATE  
2 THESE LOANS TO THE EXTENT THERE ARE CONFLICTS OF  
3 INTEREST WHICH MAY ARISE IN THEIR EXISTING PORTFOLIO  
4 RELATIONSHIPS WITH POTENTIAL LOAN RECIPIENTS.

5 MR. SHEEHY: CAN I ASK, SILICON VALLEY  
6 BANK, ARE THEY ONLY INTERESTED IN A LOAN ORIGINATION  
7 MODEL?

8 CHAIRMAN GOLDBERG: THERE'S NOT A  
9 REPRESENTATIVE AT MY SITE FROM SILICON VALLEY BANK,  
10 AND MY UNDERSTANDING IS --

11 MS. KING: THEY'RE ACTUALLY HERE IN SAN  
12 FRANCISCO, MICHAEL.

13 CHAIRMAN GOLDBERG: SILICON VALLEY --  
14 FIRST OF ALL, DUANE, I'D LIKE YOU TO COMMENT AND  
15 THEN WE'LL TURN OVER YOUR QUESTION, JEFF, FOR  
16 SILICON VALLEY BANK.

17 MR. ROTH: JEFF, I THINK THE BEST THING TO  
18 DO IS TO GO AHEAD AND CHOOSE THE FINAL THREE AND  
19 THEN ENTER INTO THAT NEGOTIATION AND DISCUSSION WITH  
20 SILICON VALLEY BANK IF THEY ARE CHOSEN AS ONE OF THE  
21 FINAL THREE AND ASK THE QUESTION THEN.

22 MR. SCOTT: SO THE QUESTION IS ARE WE  
23 INTERESTED IN DOING A FEE-FOR-SERVICE PROPOSAL? AND  
24 THE ANSWER IS NO. WE'RE ONLY INTERESTED IN IT FROM  
25 THE LOAN ORIGINATION SIDE.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: IF I COULD PLEASE HAVE YOU  
2 IDENTIFY YOURSELF FOR OUR RECORD.

3 MR. SCOTT: SO THIS IS PETE SCOTT FROM  
4 SILICON VALLEY BANK.

5 MS. KING: THANK YOU.

6 MR. SHEEHY: JUST TO REITERATE, SO AND,  
7 AGAIN, I DON'T HAVE -- I'M HAPPY GOING EITHER WAY.  
8 SO IF THIS IS ONE OF THE PLACES WHERE WE MIGHT HAVE  
9 AN INTEREST IN DIVERSITY, THAT IS, LOAN ORIGINATION,  
10 WE WOULD CONSIDER HAVING TWO DIFFERENT MODELS GOING  
11 FORWARD. AND I'M COMFORTABLE WITH THAT, BUT I'M  
12 JUST CURIOUS, MICHAEL, WHAT YOUR THOUGHT IS ON THAT.

13 CHAIRMAN GOLDBERG: MY OWN PERSONAL VIEW  
14 IS THAT THAT WOULD BE ADVISABLE FOR US.

15 MR. SHEEHY: OKAY. GREAT. THAT'S WHAT I  
16 WAS TRYING TO GET TO. AND THE OTHER THING THAT I  
17 HAD A QUESTION ABOUT WAS TRYING TO GET MY HEAD  
18 AROUND THESE DIFFERENT WARRANT FEES, ETC., AND  
19 TRYING TO GET SOME WAY OF CALIBRATING BECAUSE IT  
20 SEEMS TO BE A LARGE RANGE HERE FOR NO HANDLING OF  
21 WARRANTS TO I THINK THE HIGHEST WAS THE 20 PERCENT  
22 PAY, 20 PERCENT CUT OUT OF THE WARRANTS FROM ORIX.

23 AND I JUST -- AND THEN MAYBE, I MEAN I  
24 HATE TO BE THE DUMB ONE HERE, BUT I'M JUST TRYING TO  
25 GET A SENSE OF HOW WE WANT TO CALIBRATE THAT BECAUSE

## BARRISTERS' REPORTING SERVICE

1 I DO FEEL LIKE THAT IN THE LONG RUN THAT'S PROBABLY  
2 OUR GREATEST OPPORTUNITY FOR MAJOR GAIN ASSUMING  
3 THAT WE HAVE SOME SUCCESS.

4 CHAIRMAN GOLDBERG: YEAH.

5 MR. SHEEHY: COULD YOU HELP ME OUT A  
6 LITTLE BIT ON THAT, MICHAEL? SORRY.

7 CHAIRMAN GOLDBERG: I DON'T HAVE AN ANSWER  
8 AS TO WHY THE SPREAD APPEARS TO BE FROM .5 PERCENT  
9 TO 20 PERCENT. I HAVE NO INSIGHT INTO THAT  
10 WHATSOEVER OTHER THAN IT PRESUMABLY HAS TO DO WITH  
11 THE WAY THEY THOUGHT ABOUT -- EACH RESPONDENT HAS  
12 THOUGHT ABOUT THE RELATIVE RISKS OF THIS KIND OF A  
13 LOAN PORTFOLIO.

14 MR. ROTH: JEFF, IT'S DUANE. I THINK THEY  
15 ARE WHAT THEY ARE, AND YOU'LL HAVE TO CONSIDER THAT  
16 WHEN YOU RANK THEM.

17 CHAIRMAN GOLDBERG: REPRESENTATIVE FROM  
18 SILICON VALLEY BANK IN SAN FRANCISCO, WOULD YOU CARE  
19 TO ADDRESS JEFF SHEEHY'S PRIOR QUESTION?

20 MR. SCOTT: ON THE WARRANTS?

21 CHAIRMAN GOLDBERG: NO. HIS PRIOR  
22 QUESTION. JEFF, PLEASE CORRECT ME IF I PARAPHRASE  
23 INACCURATELY. IT WAS AS TO SILICON VALLEY BANK'S  
24 WILLINGNESS TO ENTERTAIN A FEE-FOR-SERVICE  
25 ARRANGEMENT IN ADDITION TO A TRADITIONAL

**BARRISTERS' REPORTING SERVICE**

1 UNDERWRITING SPREAD ARRANGEMENT.

2 MR. SCOTT: YEAH. THIS IS PETE SCOTT  
3 AGAIN. AND SO OUR RESPONSE IS THAT WE ARE NOT  
4 INTERESTED IN PURSUING A FEE FOR SERVICE. THE ONLY  
5 WAY WE WOULD APPROACH THIS IS ORIGINATING THE LOAN.

6 CHAIRMAN GOLDBERG: OKAY. THANK YOU.  
7 THAT'S CONSISTENT WITH ALL OF YOUR PRIOR STATEMENTS  
8 ON THIS.

9 MR. SHEEHY: MICHAEL, IF SOMEONE DOESN'T  
10 PROVIDE OR MAYBE -- SO COMERICA HAS -- THE WARRANT  
11 PIECE ISN'T THERE. SO WHERE DOES THAT LEAVE US ON  
12 THAT? BECAUSE THAT DOES SEEM LIKE A PIECE OF THIS.  
13 IT'S A PRETTY BIG PIECE.

14 CHAIRMAN GOLDBERG: COMERICA, I BELIEVE  
15 STEVE STUCKEY IS ON THE LINE. WOULD YOU CARE TO  
16 ADDRESS THAT?

17 MR. STUCKEY: YEAH, SURE. YOU KNOW, THE  
18 THOUGHT PROCESS IS THAT OUR EXPERIENCE OVER TIME  
19 WITH THESE WARRANTS IS THAT THERE'S NOT A LOT OF  
20 ADMINISTRATIVE WORK ASSOCIATED WITH JUST HANDLING  
21 THE PAPERWORK, BUT THERE'S QUITE A BIT OF ONGOING  
22 NEGOTIATION THAT'S INVOLVED AS THESE COMPANIES MOVE  
23 THROUGH THEIR LIFE CYCLES AND, YOU KNOW, RAISE  
24 ADDITIONAL ROUNDS OF CAPITAL AND EVALUATIONS CHANGE.  
25 AND OFTENTIMES WE'RE IN DISCUSSIONS RELATED TO, YOU

## BARRISTERS' REPORTING SERVICE

1 KNOW, DILUTION PROVISIONS AND THERE'S  
2 RECAPITALIZATIONS OF COMPANIES, ETC., THAT AFFECT A  
3 LOT OF THE RIGHTS THAT ARE INVOLVED IN THOSE  
4 WARRANTS. AND SO, YOU KNOW, I THINK OUR THOUGHT WAS  
5 THAT BECAUSE THERE'S SO MUCH LEGAL AND BUSINESS  
6 NEGOTIATING INVOLVED OVER TIME IN THESE PORTFOLIOS,  
7 THAT PERHAPS A THIRD PARTY THAT IS -- YOU KNOW, HAS  
8 A FEE-FOR-SERVICE TYPE OF OPERATION TO MANAGE  
9 WARRANTS WOULD BE A BETTER CHOICE FOR THE COMMITTEE.

10 SO I WON'T SAY THAT COMERICA HANDLING THE  
11 ADMINISTRATION PART IS COMPLETELY RULED OUT, BUT  
12 THAT WAS SORT OF THE INITIAL PREFERENCE ON OUR PART,  
13 BUT WE'D BE OPEN TO TALKING ABOUT IT.

14 CHAIRMAN GOLDBERG: I THINK THAT'S A GOOD  
15 EXAMPLE OF WHERE THE NEXT STEP IN THIS PROCESS, IF  
16 THIS COMMITTEE MAKES RECOMMENDATIONS THAT ARE  
17 ADOPTED BY THE ICOC, TAKES US, WHICH IS FOR STAFF TO  
18 FINALIZE THESE FINE POINTS OF A VERY KIND OF  
19 COMPLICATED PROPOSAL TO BRING THEM INTO AS COMMON A  
20 VIEW AS POSSIBLE SO THAT WE WOULD UNDERSTAND WHAT IT  
21 WOULD COST IF WE DID INSIST THAT COMERICA IN THIS  
22 INSTANCE ADMINISTER THE WARRANTS OR WE MADE  
23 ADJUSTMENTS TO OUR THINKING ABOUT CONTRACTING WITH  
24 THEM IF WE HAD TO CREATE AN ALTERNATIVE FOR THAT  
25 COMPONENT OF THE SERVICE.

## BARRISTERS' REPORTING SERVICE

1 MELISSA, HAVE WE COMPLETED THE POLL OF THE  
2 SITES?

3 MS. KING: NOT QUITE YET. WE HAVE OSWALD  
4 STEWARD AT UC IRVINE.

5 DR. STEWARD: YES. HI. JUST A QUICK  
6 QUESTION. COULD STAFF JUST SAY A FEW WORDS ABOUT  
7 CRITERIA THAT WENT INTO THE RANKING AND  
8 EFFECTIVENESS?

9 MS. BAUM: INTO THE INNOVATION AND  
10 EFFECTIVENESS RANKING?

11 DR. STEWARD: YEAH. THE INNOVATION AND  
12 EFFECTIVENESS IN ADVANCING CIRM'S MISSION.

13 MS. BAUM: OKAY. I KNOW THAT'S SORT OF  
14 PROBABLY THE MOST NEBULOUS OF ALL THE CRITERIA IN  
15 SOME RESPECTS. SO YOU WILL NOTE THAT FOR THE MOST  
16 PART THEY HOVERED IN THE LOW TO MEDIUMS. SQUARE 1  
17 WE ACTUALLY BUMPED FROM A MEDIUM TO HIGH -- CAN YOU  
18 HEAR ME? -- WE BUMPED FROM A HIGH TO MEDIUM FOR A  
19 COUPLE REASONS. AS YOU MIGHT REMEMBER, I ALLUDED TO  
20 CASH PRESERVATION BEING SOMETHING OF VALUE TO CIRM.  
21 THEY WERE SORT OF THE ONLY ONE THAT PROVIDED FOR  
22 THAT OPPORTUNITY, PLUS THEY PROVIDED THREE MODELS.

23 IN TERMS OF THE LOWEST OF THE RANKINGS,  
24 ANOTHER PART OF OUR MISSION MIGHT BE FOR FEDERAL  
25 LOAN GUARANTEES. AND ADJUVANT, FOR INSTANCE, DIDN'T

## BARRISTERS' REPORTING SERVICE

1 HAVE ANY EXPERIENCE THERE, SO THAT WOULD EXPLAIN WHY  
2 ADJUVANT RECEIVED A LOW AS WELL AS ORIX ON THAT  
3 SCORE.

4 AND THEN ANOTHER ONE OF OUR GOALS MIGHT BE  
5 TO -- I'M SURE THAT THERE'S SOME FORM OF TAKEOUT  
6 FINANCING AT THE END OF THIS. AND A COUPLE OF THE  
7 RESPONDENTS NOTED THAT THEY HAD RELATIONSHIPS WHICH  
8 MIGHT BE USED LATER ON TO PROVIDE ADDITIONAL CAPITAL  
9 WHICH HELPED THEIR SCORES IN THAT REGARD.

10 DR. STEWARD: OKAY. THANK YOU VERY MUCH.

11 MS. KING: AND, MICHAEL, WE ALSO HAVE  
12 SENATOR ART TORRES HERE IN SAN FRANCISCO. ART, DO  
13 YOU HAVE ANY QUESTIONS OR COMMENTS?

14 MR. TORRES: HI, MICHAEL, HOW ARE YOU?

15 CHAIRMAN GOLDBERG: VERY WELL. THANK YOU.  
16 NICE TO HAVE YOU, ART.

17 MR. TORRES: IS SQUARE 1 BANK HERE, ANY  
18 REPRESENTATIVE OF SQUARE 1?

19 MR. FOOTE: YES. SCOTT FOOTE IS HERE.

20 MS. FEIT: MARCY FEIT JUST JOINED.

21 MS. KING: EXCELLENT. THANK YOU, MARCY.

22 MR. TORRES: EXPERIENCE WITH FEDERAL LOAN  
23 GUARANTEE PROGRAMS, CAN YOU GIVE ME A QUICK RUNDOWN  
24 OF THAT?

25 MR. FOOTE: YEAH. WE'VE GOT A CLEAN FUEL

## BARRISTERS' REPORTING SERVICE

1 COMPANY THAT THE USDA HAS A LOAN GUARANTEE PROGRAM  
2 AND WE'RE PARTICIPATING IN THAT. I CAN'T GIVE A LOT  
3 OF DETAILS BECAUSE IT'S A PRIVATE COMPANY AND  
4 CONFIDENTIAL, BUT IT'S A LARGE LOAN AND WE'RE GOING  
5 TO TAKE ABOUT HALF OF IT, AND IT'S GOING TO BE  
6 GUARANTEED BY THE FEDERAL GOVERNMENT, THE USDA.

7 MR. TORRES: SO YOU ONLY HAVE EXPERIENCE  
8 WITH ONE COMPANY?

9 MR. FOOTE: YEAH, RIGHT NOW.

10 MR. TORRES: THANK YOU.

11 MS. KING: AND, MICHAEL, IT MAY BE PUTTING  
12 HER ON THE SPOT TOO MUCH SINCE SHE WAS JUST ABLE TO  
13 JOIN THE CALL, BUT MARCY FEIT MAY HAVE SOME INITIAL  
14 QUESTIONS ABOUT THE STAFF ANALYSIS FROM HER REVIEW  
15 OF THAT DOCUMENT PRIOR TO THE CALL.

16 CHAIRMAN GOLDBERG: MARCY, QUESTIONS AT  
17 THIS POINT?

18 MS. FEIT: NO, I DON'T.

19 CHAIRMAN GOLDBERG: THANK YOU. LET ME GO  
20 SITE BY SITE TO THE RESPONDENTS, AND THEN WE CAN GO  
21 TO THE PUBLIC. AND I'LL START IN MENLO PARK. WE  
22 HAVE REPRESENTATIVES OF ORIX VENTURE FINANCE HERE.  
23 I'LL GIVE THEM THE FLOOR AND LET THEM ASK ANY  
24 QUESTIONS OF STAFF WHICH WOULD HELP THEM UNDERSTAND  
25 THE RANKINGS AS PROVIDED.



**BARRISTERS' REPORTING SERVICE**

1 MR. DAVID: OKAY. THIS IS MIKE DAVID FROM  
2 ORIX. I GUESS I'D LIKE TO UNDERSTAND HOW YOU WENT  
3 THROUGH THE ANALYSIS OF QUALIFICATION AND EXPERIENCE  
4 AS IT RELATES TO THIS PROGRAM.

5 MS. BAUM: SURE. I THINK I ALLUDED TO  
6 EARLIER THAT IF SOMETHING -- IF A RESPONDENT SEEMED  
7 TO HAVE BEEN IN BUSINESS FOR A CONSIDERABLE AMOUNT  
8 OF TIME, IT WAS GOING TO GET A HIGHER SCORE. AND IF  
9 THEY APPEARED TO HAVE A GOOD EMPHASIS IN LIFE  
10 SCIENCE EXPERIENCE, IT ALSO MOVED IT UP IN TERMS OF  
11 SCORING. AND THIS IS -- THE RANKINGS ARE HOW WE  
12 PERCEIVED THOSE TWO CRITERIA.

13 MR. DAVID: OKAY.

14 MR. SCOTT: IT DIDN'T HAVE ANY BEARING  
15 UPON THE PROFESSIONALS WHO WERE BACKING IT?

16 MS. BAUM: NO. I MEAN ONLY FROM A GESTALT  
17 PERSPECTIVE.

18 CHAIRMAN GOLDBERG: SO JUST TO CLARIFY,  
19 SO, ELONA, YOU'RE SAYING -- THIS IS MICHAEL  
20 GOLDBERG -- YOU'RE SAYING THAT IT WAS AN  
21 INSTITUTIONAL ANALYSIS AS OPPOSED TO A BIOGRAPHICAL  
22 ANALYSIS OF THE PRINCIPALS WHO MAY BE INVOLVED.

23 MS. BAUM: ABSOLUTELY.

24 CHAIRMAN GOLDBERG: AND I THINK THAT WAS  
25 CONSISTENT WITH THE GUIDANCE THAT STAFF HAD BEEN

## BARRISTERS' REPORTING SERVICE

1 PROVIDED BECAUSE INDIVIDUALS ARE MORE FUNGIBLE  
2 ACROSS INSTITUTIONS THAN THE INSTITUTIONS ARE  
3 THEMSELVES, AND OUR RELATIONSHIP IS WITH THE  
4 INSTITUTION.

5 MS. KING: ANY MORE QUESTIONS FROM YOUR  
6 SITE, MICHAEL, OR SHOULD WE MOVE TO THE RESPONDENTS  
7 THAT ARE WITH, I BELIEVE, DR. STEWARD IN IRVINE?  
8 AND THEN I BELIEVE I HAVE THREE HERE IN SAN  
9 FRANCISCO.

10 OS, IS THERE ANYBODY WITH YOU THAT IS AN  
11 RFP RESPONDENT? I BELIEVE THERE IS AT LEAST ONE.

12 MR. FOOTE: YES. THIS IS SCOTT FOOTE AT  
13 SQUARE 1 BANK. I REALLY DON'T HAVE ANY QUESTIONS.  
14 WE'RE JUST, YOU KNOW, REAL EXCITED ABOUT THE  
15 OPPORTUNITY, AND THANK YOU GUYS FOR THAT.

16 ONE POINT OF CLARIFICATION, JUST LOOKING  
17 AT THE COLUMN WITH LOAN ADMINISTRATION WITH COSTS,  
18 IT LOOKS LIKE OUR LOAN ORIGINATION MODEL WAS TWO  
19 MILLION TO THREE AND A HALF MILLION. THAT IS  
20 ACTUALLY SPREAD OUT OVER THE LIFE OF THE LOAN OVER  
21 SIX YEARS, SO I'M NOT SURE IF THESE ARE PER YEAR OR  
22 OVER SIX YEARS. BUT IF YOU TAKE THAT AND DIVIDE IT  
23 BY SIX, THE COST IS A LOT LOWER AND MORE IN LINE  
24 WITH SOME OF THE OTHER ONES.

25 MS. BAUM: EVERYTHING WAS AGGREGATED UP

**BARRISTERS' REPORTING SERVICE**

1 FOR SIX YEARS.

2 MR. FOOTE: OKAY. IT DIDN'T LOOK THAT  
3 WAY, BUT OKAY.

4 MS. KING: OKAY. AND THEN, MICHAEL, I CAN  
5 MOVE TO THE RESPONDENTS THAT ARE HERE IN SAN  
6 FRANCISCO IF THAT WORKS FOR YOU.

7 CHAIRMAN GOLDBERG: YES. PLEASE DO.

8 MS. KING: GREAT. SO WHY DON'T WE START  
9 WITH SILICON VALLEY BANK.

10 MR. SCOTT: THIS IS PETE SCOTT AGAIN. I  
11 DON'T -- I GUESS THE ONLY THING MAYBE I WOULD  
12 CLARIFY, AND THIS IS TO SCOTT'S POINT, I'M JUST  
13 TRYING TO FIGURE OUT HOW EXACTLY WE CAME TO THE COST  
14 PIECE OF IT JUST BECAUSE I GUESS IT'S ONE OF THOSE  
15 THINGS WHERE IT DEPENDS ON THE NUMBER OF LOANS,  
16 RIGHT, THE NUMBER OF LOANS AND THE AVERAGE SIZE. SO  
17 YOU HAVE TO MAKE SOME ASSUMPTIONS AROUND THAT TO  
18 THEN BE ABLE TO CALCULATE WHAT THE TOTAL COST IS.  
19 SO I GUESS THAT'S THE ONLY PART THAT I WOULD MAYBE  
20 LOOK TO HOPEFULLY IN THE REST OF THE PROCESS TO GET  
21 CLARIFICATION AROUND BECAUSE WHEN WE START AN  
22 ACTUAL -- PUT ACTUAL ASSUMPTIONS, WE MAY BE ABLE TO  
23 GET TO A MORE ACCURATE TOTAL COST.

24 AND THEN THE ONLY OTHER THING IS JUST A  
25 COUPLE NOTES. SOME OF THE NOTES IN THE CON SECTION

## BARRISTERS' REPORTING SERVICE

1 UNDER SILICON VALLEY BANK, IT JUST TALKS ABOUT  
2 RESTRICTIVE COVENANTS. WE'VE PUT INTO OUR PROPOSAL  
3 ALL OF OUR TYPICAL COVENANT REQUIREMENTS, AND SO WE  
4 WOULD BE FLEXIBLE BASED UPON WHATEVER CIRM BELIEVES  
5 IS APPROPRIATE. SO WE WOULD ADJUST THOSE AS  
6 APPROPRIATE. SO I JUST WANTED TO POINT THAT OUT.

7 OTHER THAN THAT I DON'T HAVE ANY OTHER  
8 QUESTIONS.

9 MS. KING: THANK YOU. I BELIEVE WE HAVE  
10 SOMEONE HERE IN SAN FRANCISCO FROM ADJUVANT. IS  
11 THAT TRUE? AND IF I COULD ASK YOU TO PLEASE COME  
12 SIT IN THAT CHAIR RIGHT THERE AND USE THAT  
13 MICROPHONE, THAT WOULD BE GREAT. THANK YOU. IF YOU  
14 WOULD PLEASE JUST LET US KNOW WHO YOU ARE FOR THE  
15 RECORD. LYNN PROBABLY KNOWS, BUT I DON'T KNOW.

16 MR. FAIR: THIS IS PETER FAIR WITH  
17 ADJUVANT CAPITAL PARTNERS. NO REAL QUESTIONS. I  
18 GUESS ALONG THE LINES OF MAYBE ONE OF THE QUESTIONS  
19 UNDER SUMMARY OF RANKING, JUST TO GET A BETTER  
20 DESCRIPTION OF THE RESPONSIVENESS TO THE RFP. THE  
21 OVERALL UNDERSTANDING AND DESCRIPTION OF THE SCOPE  
22 OF WORK, WHAT WAS ENTAILED WITH THAT?

23 MS. BAUM: IN THAT REGARD WE SORT OF  
24 LOOKED AT THE INFORMATION THAT WAS REQUESTED. FOR  
25 THE MOST PART, I THINK EVERYONE WAS RESPONSIVE, SO

## BARRISTERS' REPORTING SERVICE

1 YOU'RE ALL ON THE SAME LEVEL FIELD.

2 THERE WAS A QUESTION AS TO WHETHER OR NOT  
3 ADJUVANT COULD MAKE THE FOUR-WEEK DUE DILIGENCE  
4 PERIOD. THERE WAS -- THE WAY I'M USED TO DOING IT  
5 IS USUALLY THE TERM SHEET MEANS THAT YOU'RE DONE  
6 WITH THE DUE DILIGENCE. AND IT WASN'T CLEAR BECAUSE  
7 OF THE WAY THE TERM SHEET CAME OUT IN YOUR TIMELINE  
8 WHETHER OR NOT YOU HAD DONE OR NOT DONE.

9 MR. FAIR: RIGHT.

10 MS. BAUM: SO IT LOOKED LIKE IT COULD PASS  
11 THE FOUR-WEEK DUE DILIGENCE PERIOD THAT WE WERE  
12 HOPING FOR IN ORDER TO GO TO THE ICOC. IT COULD BE  
13 THAT YOU WERE TRYING TO DO THINGS SIMULTANEOUSLY,  
14 BUT WE COULDN'T TELL.

15 MR. FAIR: RIGHT. OKAY. I CAN RESPOND TO  
16 THAT. I THINK WE WERE JUST TRYING TO CAPTURE WHAT  
17 COULD HAPPEN. I MEAN A LOT OF TIMES GETTING THAT  
18 INFORMATION WE'RE GOING TO GET DONE, IT'S A LOT UP  
19 TO THE APPLICANT ITSELF. WE WERE TRYING TO BAKE IN  
20 THE PLUSES AND MINUSES IN TERMS OF (INTERFERENCE).  
21 THAT'S ABOUT IT.

22 MS. KING: THANK YOU. DO YOU HAVE ANY  
23 OTHER QUESTIONS FOR US OR COMMENTS YOU WANTED TO  
24 MAKE?

25 MR. FAIR: NO, I SURE DON'T. THANKS.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: OKAY. THANK YOU. AND THEN YOU  
2 MUST BE FROM COMERICA? IS THAT TRUE? OH, NO. YOUR  
3 COLLEAGUE. SO, MICHAEL, I DO NOT HAVE ANY OTHER  
4 RESPONDENTS HERE IN SAN FRANCISCO.

5 CHAIRMAN GOLDBERG: IS COMERICA, STEVE  
6 STUCKEY, ARE YOU IN SAN DIEGO?

7 MR. STUCKEY: I AM.

8 CHAIRMAN GOLDBERG: OKAY.

9 MR. STUCKEY: WE DO NOT -- I DON'T HAVE  
10 ANY ADDITIONAL COMMENTS. I WOULD LIKE TO, YOU KNOW,  
11 JUST CONFIRM THAT, YOU KNOW, THE COST OF 125 --  
12 BETWEEN A HUNDRED AND 125,000 WAS SPECIFICALLY FOR  
13 THE ONE LOAN THAT WAS USED AS AN EXAMPLE IN THE RFP.  
14 SO WE DIDN'T MAKE ANY ASSUMPTIONS ABOUT THE TOTAL  
15 NUMBER OF LOANS TO BE DONE. WE DIDN'T SCALE THAT UP  
16 INTO THE TOTAL COST OF THE PROGRAM.

17 BUT, AGAIN, WE ARE VERY PLEASED TO BE  
18 PARTICIPATING IN THE RFP PROCESS AND LOOK FORWARD TO  
19 CONTINUING DISCUSSIONS.

20 CHAIRMAN GOLDBERG: THANK YOU. MELISSA, I  
21 THINK WE CAN HAVE QUESTIONS TO THE PUBLIC, AND WILL  
22 YOU POLL THE SITES?

23 MS. KING: ABSOLUTELY. LET'S START WITH  
24 CEDARS SINAI MEDICAL CENTER. ANY MEMBERS OF THE  
25 PUBLIC WITH YOU, DR. DAFOE?

**BARRISTERS' REPORTING SERVICE**

1 DR. DAFOE: NO, MA'AM.

2 MS. KING: ALL RIGHT. HOW ABOUT AT UC  
3 BERKELEY WITH YOU, DR. PRICE? DID WE LOSE DR.  
4 PRICE?

5 DR. PIZZO: MAYBE HE'S ON MUTE.

6 DR. PRICE: SORRY. COULD YOU REPEAT THAT  
7 QUESTION?

8 MS. KING: SURE. JUST WONDERING IF YOU  
9 HAVE ANY MEMBERS OF THE PUBLIC WITH YOU.

10 DR. PRICE: NO, I DON'T.

11 MS. KING: OKAY. VERY GOOD. THANKS.  
12 MARCY, IT DOESN'T SOUND LIKE YOU HAVE ANY MEMBERS OF  
13 THE PUBLIC WITH YOU. HOW ABOUT YOU, MICHAEL?

14 CHAIRMAN GOLDBERG: DAVE JENSON IS HERE.  
15 WOULD YOU LIKE -- DO YOU HAVE QUESTIONS?

16 MR. JENSON: YES. I HAVE A QUESTION  
17 CONCERNING THE COMERICA LOAN ADMINISTRATION COST.  
18 IT STRIKES ME AS THERE'S A HUGE DISPARITY BETWEEN  
19 WHAT THEY ARE PRESENTING AND THESE OTHER AMOUNTS.  
20 THE QUESTION IS WHY IS THERE THAT DISPARITY? DOES  
21 THIS 125,000 REALLY REPRESENT THE SIX-YEAR PERIOD ON  
22 A \$20 MILLION LOAN, NO MORE COST?

23 MS. BAUM: THAT WOULD CERTAINLY BE COST IN  
24 ADDITION TO SUCH AS THE THIRD-PARTY OUTSIDE FEES,  
25 LIKE ATTORNEYS FEES AND THAT, BUT NO ONE GAVE

## BARRISTERS' REPORTING SERVICE

1 NUMBERS ON THOSE. SO THOSE WEREN'T INCLUDED IN  
2 THIS. THIS IS JUST THE LOAN ADMINISTRATIVE COST  
3 EXCLUDING OUTSIDE THIRD-PARTY COSTS.

4 MR. COLOMBO: THIS IS BEN COLOMBO FROM  
5 SILICON VALLEY BANK. I BELIEVE THE BIG  
6 DIFFERENTIAL, AT LEAST IN MY QUICK READ OF IT, IS  
7 THAT ALL THESE OTHER FIRMS ARE TAKING (INAUDIBLE) ON  
8 THE LOANS. COMERICA IS SIMPLY (INAUDIBLE) NOT  
9 INCLUDING THE INTEREST EARNED ON THE LOANS. THE  
10 INTEREST PART OF THE LOAN I DON'T BELIEVE WAS BEING  
11 CONTEMPLATED BY COMERICA.

12 MS. KING: AND, MR. STUCKEY, DID YOU WANT  
13 TO COMMENT?

14 MR. STUCKEY: THE COSTS THAT WE'VE  
15 IDENTIFIED THERE ARE FROM THE ADMINISTRATIVE COSTS.  
16 THAT'S CORRECT. THERE'S NO INTEREST INCLUDED THERE  
17 ACCRUED TO THE BENEFIT OF THE CIRM.

18 MS. KING: THANK YOU.

19 MR. JENSON: A FOLLOW-UP QUESTION. IS  
20 THAT A TRULY COMPARABLE FIGURE WITH THESE OTHER COST  
21 FIGURES?

22 CHAIRMAN GOLDBERG: COMERICA. WELL, I  
23 GUESS THIS WOULD BE A QUESTION -- LET ME TAKE DAVE'S  
24 QUESTION AND SEE IF I CAN CHARACTERIZE IT AND GET  
25 ELONA'S RESPONSE.



**BARRISTERS' REPORTING SERVICE**

1 IT WOULD SEEM, BASED ON MR. STUCKEY'S  
2 COMMENT, THAT THESE ARE ADMINISTRATIVE FEES WITH NO  
3 PARTICIPATION IN AN INTEREST RATE SPREAD WHICH WOULD  
4 IMPLY, AS HE SAID, THAT THE BENEFITS OF THAT  
5 INTEREST RATE SPREAD WOULD ACCRUE TO CIRM AND NOT TO  
6 COMERICA. WAS THAT YOUR UNDERSTANDING, ELONA?

7 MS. BAUM: SURE. IF THERE IS EVEN AN  
8 INTEREST RATE SPREAD. AND I DO WANT TO NOTE THAT,  
9 FOR INSTANCE, SQUARE 1 FOR THEIR FEE-FOR-SERVICE  
10 MODEL HAD 71 K, WHICH IS, YOU KNOW, I THINK IN THE  
11 BALLPARK OF 125 K. AND SO I DON'T THINK THAT  
12 COMERICA STANDS ALONE. I THINK THAT THAT'S THE  
13 ISSUE IS WHEN YOU START GETTING A SPREAD, THAT'S  
14 WHERE IT STARTS INCREASING THE OVERALL COST OF THE  
15 PROGRAM.

16 CHAIRMAN GOLDBERG: DOES THAT ANSWER YOUR  
17 QUESTION, MR. JENSON?

18 MR. JENSON: YES. THANK YOU.

19 CHAIRMAN GOLDBERG: THANK YOU. THANK YOU,  
20 ELONA. COULD YOU PROCEED WITH THE SITES, PLEASE,  
21 MELISSA?

22 MS. KING: SURE. WHY DON'T WE GO TO DR.  
23 PIZZO'S SITE AT STANFORD.

24 DR. PIZZO: NO ONE BUT ME.

25 MS. KING: DUANE, ANYONE WITH YOU?

**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: NO.

2 MS. KING: NO. OKAY. JEFF AND ART ARE  
3 BOTH WITH ME. DO WE HAVE ANY MEMBERS OF THE PUBLIC  
4 HERE IN SAN FRANCISCO THAT WOULD LIKE TO MAKE A  
5 COMMENT OR ASK A QUESTION? SEEING NONE, WE WILL  
6 MOVE TO DR. STEWARD'S SITE AT UC IRVINE. ANY  
7 MEMBERS OF THE PUBLIC THAT WOULD LIKE TO ASK A  
8 QUESTION OR MAKE A COMMENT WITH YOU, DR. STEWARD?

9 DR. STEWARD: NO PUBLIC COMMENT HERE.

10 MS. KING: OKAY. MICHAEL.

11 CHAIRMAN GOLDBERG: UNLESS THERE'S AN  
12 OBJECTION FROM A MEMBER OF THE COMMITTEE, WHAT I  
13 WOULD PROPOSE TO DO IS MOVE TO A SCORING OF THE  
14 VARIOUS RESPONDENTS PURSUANT TO THE FOUR-COLUMN  
15 SCORING SHEET WHICH SHOULD BE AVAILABLE TO EACH OF  
16 YOU. ARE THERE ANY OBJECTIONS?

17 MS. KING: SINCE THERE ARE NO OBJECTIONS,  
18 I WILL TAKE THAT AS A YES TO THE QUESTION. DOES  
19 EVERYBODY THAT NEEDS TO HAVE A SCORE SHEET HAVE ONE  
20 IN FRONT OF THEM?

21 MS. FEIT: I DO NOT HAVE ONE IN FRONT OF  
22 ME. THIS IS MARCY, BUT I UNDERSTAND IT WAS SENT TO  
23 ME. I JUST HAVEN'T PULLED IT OFF.

24 DR. STEWARD: I DON'T HAVE ONE EITHER.  
25 IT'S NOT IN THE MATERIALS THAT WE PRINTED OUT. SO

## BARRISTERS' REPORTING SERVICE

1 I'M GOING OVER TO MY COMPUTER TO LOOK FOR IT RIGHT  
2 NOW.

3 MS. KING: YOU KNOW WHAT. IT CAME IN AN  
4 EARLIER E-MAIL FROM ME, BUT WHAT I WILL DO FOR MARCY  
5 AND OS, I'LL JUST STEP OUT AND FORWARD IT TO YOU SO  
6 IT'S AT THE TOP OF YOUR E-MAIL STACK. OKAY?

7 DR. STEWARD: THANK YOU.

8 MS. KING: LOOK FOR IT IN A COUPLE  
9 MINUTES.

10 MS. FEIT: OKAY.

11 MR. ROTH: MICHAEL, I'M READY TO VOTE IF  
12 YOU WANT.

13 CHAIRMAN GOLDBERG: IF YOU WANT TO START  
14 THE PROCESS.

15 MR. ROTH: I'D BE HAPPY TO.

16 CHAIRMAN GOLDBERG: OKAY. IF MELISSA IS  
17 GOING TO BE GOING OFF TO DO THAT, CAN I ASK LYNN  
18 HARWELL TO ADMINISTER THIS OR JAMES?

19 MS. HARWELL: SURE.

20 MR. HARRISON: YES.

21 CHAIRMAN GOLDBERG: SO THIS IS GOING TO BE  
22 A LITTLE AWKWARD BECAUSE WE'RE GOING TO BE DOING  
23 THIS VERBALLY BECAUSE WE CAN'T DO IT ANY OTHER WAY.

24 DR. PIZZO: MICHAEL, ARE WE GOING TO GIVE  
25 YOU NOT JUST THE CUMULATIVE SCORE, BUT EACH OF THE

## BARRISTERS' REPORTING SERVICE

1 FOUR CATEGORIES?

2 CHAIRMAN GOLDBERG: THAT'S CORRECT.

3 DR. PIZZO: FOUR CATEGORIES AND THEN THE  
4 CUMULATIVE.

5 CHAIRMAN GOLDBERG: CORRECT.

6 MR. HARRISON: MICHAEL, IT MIGHT BE  
7 EASIER, TO THE EXTENT THE MEMBERS HAVE ADDED UP THE  
8 SCORES THEMSELVES THE TOTAL FOR EACH OF THE  
9 RESPONDENTS, TO GIVE US THE TOTAL BECAUSE THE SCORES  
10 PER EACH CRITERION DON'T MATTER UNLESS WE'RE IN A  
11 TIE, AT WHICH POINT IN TIME WE COULD GO BACK. BUT  
12 WHATEVER IS EASIEST FOR THE MEMBERS IS FINE WITH US.

13 CHAIRMAN GOLDBERG: I JUST WANT TO PROVIDE  
14 FULL TRANSPARENCY TO THE PUBLIC.

15 MR. HARRISON: THAT'S FINE.

16 DR. PIZZO: SO YOU WANT TO DO ALL FOUR,  
17 MICHAEL, AND THEN THE --

18 CHAIRMAN GOLDBERG: UNLESS -- AND YOU  
19 DON'T THINK IT WOULD BE A BREACH OF TRANSPARENCY.

20 DR. PIZZO: THAT'S FINE. WE COULD DO  
21 THAT.

22 CHAIRMAN GOLDBERG: SO WHY DON'T WE ALL  
23 TAKE 60 SECONDS OR HOWEVER LONG IT TAKES, AND THEN  
24 WE'LL START WITH DUANE ROTH WHO APPEARS TO HAVE  
25 SCORED HIS.

**BARRISTERS' REPORTING SERVICE**

1 DR. PIZZO: AND I CAN FOLLOW DUANE. I  
2 HAVE TO LEAVE AT FOURISH OR SO.

3 CHAIRMAN GOLDBERG: OKAY. THAT WOULD BE  
4 GREAT. SO, LYNN, COULD YOU REMIND US IN 60 SECONDS?

5 MS. HARWELL: OF COURSE.

6 CHAIRMAN GOLDBERG: OKAY. AND THEN WE'LL  
7 START WITH A TABULATION FROM DUANE.

8 (PAUSE IN PROCEEDINGS.)

9 MR. ROTH: LYNN, TELL ME WHEN YOU'RE  
10 READY.

11 MS. HARWELL: OKAY. DUANE, IF YOU'RE  
12 READY, WE'RE READY TO GO.

13 MR. ROTH: SO I'LL GO ADJUVANT CAPITAL AND  
14 I'LL GO ACROSS LEFT TO RIGHT, 25 --

15 MR. HARRISON: DUANE, COULD YOU HOLD ON  
16 FOR ONE SECOND? WE'VE HAD A REQUEST FOR A LITTLE  
17 BIT MORE TIME HERE IN SAN FRANCISCO.

18 MR. SHEEHY: CAN WE JUST HAVE -- I MEAN I  
19 DIDN'T COME IN WITH THIS PREPARED IN ADVANCE, SO I  
20 ACTUALLY TRIED TO LISTEN TO EVERYBODY. IT WILL TAKE  
21 ME MORE THAN TWO MINUTES TO JOT DOWN NUMBERS. I'VE  
22 ACTUALLY GOT TO THINK ABOUT IT A LITTLE BIT. IF  
23 THAT'S OKAY UNLESS I'M SUPPOSED TO HEAR EVERYBODY  
24 ELSE'S BEFORE I MAKE UP MY MIND.

25 MS. KING: MICHAEL, MAYBE IT WOULD BE GOOD

## BARRISTERS' REPORTING SERVICE

1 FOR US JUST TO SAY WE'LL TAKE A FIVE-MINUTE BREAK  
2 AND THAT WAY EVERYBODY THAT'S HERE AS A GUEST IN SAN  
3 FRANCISCO AND AT OTHER SITES CAN MAYBE TAKE A BREAK  
4 AND FEEL FREE TO ROAM ABOUT THE GROUNDS IF THEY WANT  
5 TO.

6 CHAIRMAN GOLDBERG: I THINK A BREAK IS NOT  
7 PRUDENT. IT TAKES 20 MINUTES TO HAVE A FIVE-MINUTE  
8 BREAK, SO I THINK WE CAN ALL STAY PUT AND GIVE THE  
9 COMMITTEE AS MUCH TIME AS THEY NEED TO MAKE THEIR  
10 WELL-ADVISED DECISIONS.

11 MS. KING: OKAY. SO WE'LL STAY IN OUR  
12 SEATS AND TRY NOT TO PUT PRESSURE ON THOSE THAT ARE  
13 TRYING TO.

14 CHAIRMAN GOLDBERG: YEAH. WE'LL PUT FIVE  
15 MINUTES. WHY DON'T YOU LET US KNOW WHERE EVERYBODY  
16 IS.

17 MR. HARRISON: WE'LL KEEP AN EYE ON THE  
18 CLOCK TO MAKE SURE WE CAN GET DR. PIZZO'S VOTE  
19 BEFORE 4 O'CLOCK, MICHAEL.

20 CHAIRMAN GOLDBERG: THANK YOU.

21 (PAUSE IN PROCEEDINGS.)

22 DR. LOVE: MICHAEL, THIS IS TED. I GUESS  
23 WE DON'T WANT TO COLLECT THE VOTES FROM PEOPLE. IT  
24 WILL TAKE A WHILE TO COLLECT THEM. I'M WONDERING IF  
25 WE SHOULD JUST GO AHEAD AND GET THE VOTES FROM

## BARRISTERS' REPORTING SERVICE

1 PEOPLE WHO HAVE ALREADY FILLED OUT THE FORM.

2 CHAIRMAN GOLDBERG: I THINK -- I  
3 UNDERSTOOD JEFF SHEEHY TO INDICATE THAT THAT WOULD  
4 BE A DISTRACTION FOR HIM WHILE HE'S FILLING OUT HIS  
5 FORM.

6 DR. LOVE: OKAY.

7 CHAIRMAN GOLDBERG: SO HE DOESN'T WANT TO  
8 BE BIASED, UNDERSTANDABLY, BY ANYBODY ELSE'S VOTE.

9 DR. LOVE: YEAH. THAT MAKES SENSE.

10 CHAIRMAN GOLDBERG: JAMES, I THINK FIVE  
11 MINUTES HAS ELAPSED.

12 MR. HARRISON: I THINK WE'RE READY TO GO.  
13 SO MAYBE WE CAN START WITH DUANE ROTH AND THEN WE'LL  
14 GO TO PHIL PIZZO.

15 DR. STEWARD: I'M SORRY. THIS IS OS. MAY  
16 I JUST ASK AGAIN WHAT THE OUTCOME OF THIS IS WHEN  
17 WE'RE FINISHED HERE?

18 MR. HARRISON: SO, OS, AFTER EACH OF THE  
19 MEMBERS SCORES THE RESPONSES, WE WILL TABULATE THEM  
20 AND THEN IDENTIFY THE RESPONDENTS IN RANK ORDER. A  
21 MEMBER OF THE COMMITTEE COULD THEN MAKE A MOTION TO  
22 DIRECT THE STAFF TO NEGOTIATE WITH ONE OR MORE OF  
23 THOSE RESPONDENTS CONTINGENT UPON FINAL APPROVAL OF  
24 THE AGREEMENT PURSUANT TO CIRM'S CONTRACT POLICY,  
25 WHICH VARIES DEPENDING UPON THE AMOUNT AT ISSUE.

**BARRISTERS' REPORTING SERVICE**

1 MR. TORRES: ON THAT POINT, I THOUGHT WE  
2 WERE GOING TO RECOMMEND THREE TO THE BOARD.

3 DR. STEWARD: THAT WAS MY QUESTION.

4 MR. HARRISON: THAT WOULD BE THE SUBJECT  
5 OF A MOTION.

6 MR. TORRES: SO THERE WAS NO PREDETERMINED  
7 NUMBER?

8 MR. HARRISON: CORRECT.

9 MR. ROTH: MICHAEL.

10 CHAIRMAN GOLDBERG: YEAH, GO AHEAD, DUANE.

11 MR. ROTH: JUST BECAUSE I'M WORRIED WE'RE  
12 GOING TO LOSE OUR QUORUM HERE, I'LL MAKE THAT MOTION  
13 NOW.

14 CHAIRMAN GOLDBERG: SECOND.

15 MR. ROTH: SO THE MOTION IS THAT WE WILL  
16 TABULATE THE SCORES FROM EACH OF THE MEMBERS THAT  
17 ARE ON THE PHONE AND THEY WILL -- THE STAFF WILL  
18 THEN BE DIRECTED TO NEGOTIATE WITH THE TOP THREE AND  
19 BRING A RECOMMENDATION TO THE FULL BOARD.

20 DR. STEWARD: DO THE RANKINGS THAT WE DO  
21 NOW -- I'M SORRY. THIS IS OS -- BE PROVIDED TO THE  
22 FULL BOARD?

23 MR. HARRISON: COULD I JUST CLARIFY ONE  
24 THING? UNDER OUR CONTRACTS POLICY, WE HAVE --  
25 DEPENDING UPON THE DOLLAR VALUE OF THE CONTRACT,



## BARRISTERS' REPORTING SERVICE

1 THERE ARE DIFFERENT LEVELS OF APPROVAL REQUIRED. SO  
2 FOR BOARD APPROVAL A CONTRACT HAS TO BE 500,000 OR  
3 MORE. SO IF THAT'S THE CASE, THE CONTRACT WOULD  
4 ULTIMATELY HAVE TO BE APPROVED BY THE BOARD.

5 MR. ROTH: THAT'S REALLY WHAT I SAID, THAT  
6 WE SHOULD BRING IT TO THE FULL BOARD FOR APPROVAL.

7 MR. TORRES: I BELIEVE HE ASKED WHETHER  
8 THE TALLY SHEETS WOULD BE GIVEN TO THE BOARD.

9 MS. KING: THAT WAS OSSIE THAT ASKED THAT.

10 MR. ROTH: I DIDN'T ASK FOR THE TALLY  
11 SHEETS.

12 DR. STEWARD: YES. I ASKED WHETHER THE  
13 RANKINGS WOULD BE PROVIDED TO THE BOARD.

14 MR. ROTH: THEY WILL BE A MATTER OF THE  
15 PUBLIC ANYWAY, SO I WOULD ASSUME YES.

16 CHAIRMAN GOLDBERG: CAN YOU PROVIDE YOUR  
17 SCORES, DUANE?

18 MR. ROTH: I MADE THAT MOTION. YOU WANT  
19 TO TAKE A VOTE ON THAT?

20 CHAIRMAN GOLDBERG: I SECONDED THE MOTION.

21 MS. KING: MICHAEL, WE DO NEED TO TAKE A  
22 ROLL CALL VOTE, SO I'LL DO THAT AS QUICKLY AS I CAN  
23 HERE.

24 DONALD DAFOE.

25 DR. DAFOE: YES.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: ROBERT PRICE.  
2 DR. PRICE: YES.  
3 MS. KING: MARCY FEIT.  
4 MS. FEIT: YES.  
5 MS. KING: MICHAEL GOLDBERG.  
6 CHAIRMAN GOLDBERG: YES.  
7 MS. KING: TED LOVE.  
8 DR. LOVE: YES.  
9 MS. KING: PHIL PIZZO.  
10 DR. PIZZO: YES.  
11 MS. KING: DUANE ROTH.  
12 MR. ROTH: YES.  
13 MS. KING: JEFF SHEEHY.  
14 MR. SHEEHY: YES.  
15 MS. KING: OSWALD STEWARD.  
16 DR. STEWARD: YES.  
17 MS. KING: AND ART TORRES.  
18 MR. TORRES: AYE.  
19 MS. KING: AND THAT MOTION CARRIES. AND,  
20 MICHAEL, LET'S MOVE BACK TO GETTING THE SCORES FROM  
21 MR. ROTH.  
22 MR. ROTH: OKAY. ADJUVANT CAPITAL ACROSS  
23 LEFT TO RIGHT, 25, 10, 10, 10 FOR A TOTAL OF 55.  
24 COMERICA BANK, 45, 20, 35, 15, TOTAL 115.  
25 MS. HARWELL: CAN YOU REPEAT THAT, PLEASE?

**BARRISTERS' REPORTING SERVICE**

1 MR. ROTH: 45, 20, 35, 15, TOTAL 115.  
2 ORIX, 30, 10, 10, 10, TOTAL OF 60.  
3 SILICON VALLEY BANK, 45, 15, 15, 20, AND  
4 THE TOTAL IS 95.  
5 SQUARE 1, 45, 15, 30, 20, AND THE TOTAL IS  
6 110.  
7 MS. HARWELL: THANK YOU. DR. PIZZO.  
8 MS. KING: LET'S MOVE TO DR. PIZZO.  
9 DR. PIZZO: I AM READY. I'LL GIVE IT IN  
10 THE SAME FORMAT THAT DUANE DID. ADJUVANT, GOING  
11 LEFT TO RIGHT, 10, 5, 5, 5, TOTAL 25.  
12 COMERICA, 40, 10, 30, 10, TOTAL 90.  
13 MS. HARWELL: SORRY. CAN YOU REPEAT THAT?  
14 40, 10 --  
15 DR. PIZZO: 40, 10, 30, 10, TOTAL 90.  
16 ORIX, 10, 10, 5, 5, TOTAL 30.  
17 SILICON VALLEY, 40, 10, 15, 10, TOTAL 75.  
18 SQUARE 1, 25, 10, 30, 10, TOTAL 75.  
19 MS. HARWELL: THANK YOU VERY MUCH.  
20 MS. KING: THANK YOU, DR. PIZZO. AND I  
21 BELIEVE WE CAN LET YOU GO NOW IF YOU NEED TO. SO  
22 THANK YOU SO MUCH FOR JOINING.  
23 DR. PIZZO: OKAY. I'M SORRY. THANK YOU  
24 VERY MUCH AS WELL.  
25 MS. KING: THANKS, DR. PIZZO. SO,

## BARRISTERS' REPORTING SERVICE

1 MICHAEL, WHY DON'T WE MOVE ON TO DR. DAFOE.  
2 DR. DAFOE: ACP, 10, 5, 5, 5 FOR A 25  
3 TOTAL.  
4 COMERICA, 40, 10, 30, 8, TOTAL 88.  
5 ORIX, 10, 10, 5, 4, TOTAL 29.  
6 SILICON VALLEY BANK, 40, 10, 20, 8, TOTAL  
7 78.  
8 SQUARE 1 BANK, 20, 10, 30, AND 10, TOTAL  
9 OF 70.  
10 MS. HARWELL: THANK YOU.  
11 MS. KING: THANK YOU. AND DR. PRICE.  
12 DR. PRICE: READING THE SAME ORDER.  
13 MS. HARWELL: YES. AND IF YOU CAN JUST  
14 READ THE NAME OF THE RESPONDENT FIRST.  
15 DR. PRICE: ROBERT PRICE.  
16 MS. KING: SO JUST WHEN YOU START WITH  
17 ADJUVANT, FOR EXAMPLE, SAY THEIR NAME, THEN THE  
18 NUMBER, AND THEN THE TOTAL, AND THEN SAY COMERICA  
19 JUST SO WE KNOW WE'RE DOING THE RIGHT THING.  
20 DR. PRICE: ADJUVANT CAPITAL, 15, 7, 12, 7  
21 FOR A TOTAL OF 41.  
22 COMERICA BANK, 45, 13, 35, 10, FOR A TOTAL  
23 OF 103.  
24 ORIX, 15, 13, 5, 7, FOR A TOTAL OF 40.  
25 SILICON VALLEY BANK, 45, 9, 23, 9, FOR A

**BARRISTERS' REPORTING SERVICE**

1 TOTAL OF 86.

2 SQUARE 1 BANK, 40, 13, 35, 17, FOR A TOTAL  
3 OF 105.

4 MS. KING: THANK YOU. AND I'LL JUST ASK  
5 MARCY. I KNOW YOU WERE ONE OF THE LAST PEOPLE TO  
6 GET THE SCORING SHEET IN FRONT OF YOU. ARE YOU  
7 READY NOW OR SHOULD WE CIRCLE BACK TO YOU?

8 MR. ROTH: I'M GOING TO JUMP OFF. I'VE  
9 GOT ANOTHER MEETING IF I CAN MAKE IT.

10 CHAIRMAN GOLDBERG: THANK YOU, DUANE.

11 MS. FEIT: WHY DON'T YOU PUT ME LAST?

12 MS. KING: OKAY. WILL DO. OKAY, MICHAEL,  
13 HOW ABOUT YOU?

14 CHAIRMAN GOLDBERG: ADJUVANT, 30, 10, 15,  
15 5, TOTAL 60.

16 COMERICA, 40, 15, 30, 10, TOTAL 95.

17 ORIX, 30, 10, 15, 10, 65.

18 SILICON VALLEY, 45, 10, 15, 10, 80.

19 SQUARE 1, 40, 15, 35, 15, 105.

20 MS. KING: THANK YOU. AND, TED, ARE YOU  
21 READY?

22 DR. LOVE: I'M READY.

23 MS. KING: ALL RIGHT.

24 DR. LOVE: ADJUVANT CAPITAL, ADJUVANT  
25 CAPITAL 20, 5, 5, 5 FOR A TOTAL OF 35.

**BARRISTERS' REPORTING SERVICE**

1 COMERICA, 45, 10, 35, 10 FOR A TOTAL OF  
2 100.

3 ORIX, 20, 10, 5, 5, FOR A TOTAL OF 40.  
4 SVB, 45, 7, 25, 10, FOR A TOTAL OF 87.  
5 AND FINALLY, SQUARE 1, 40, 10, 35, 15, FOR  
6 A TOTAL OF 100.

7 MS. KING: THANK YOU, TED. AND JEFF  
8 SHEEHY.

9 MR. SHEEHY: ADJUVANT, 30, 10, 15, 10 FOR  
10 65.

11 COMERICA, 25, 10, 10, 10 FOR 55.  
12 ORIX, 20, 15, 10, 10, 55.

13 MS. HARWELL: CAN YOU REPEAT ORIX, PLEASE?  
14 MR. SHEEHY: I'M GOING TO HAND IT TO YOU.  
15 YOU'LL HAVE IT RIGHT HERE.

16 SILICON VALLEY, 45, 15, 30, 20, 110.  
17 SQUARE 1, 40, 20, 35, 20, 115.

18 MS. KING: THANK YOU. AND, DR. STEWARD,  
19 ARE YOU READY?

20 DR. STEWARD: I AM READY.  
21 MS. KING: OKAY.

22 DR. STEWARD: ADJUVANT, 20, 0, 0, 5 FOR A  
23 TOTAL OF 25.

24 COMERICA, 45, 10, 30, 7 FOR A TOTAL OF  
25 `92, I THINK.

**BARRISTERS' REPORTING SERVICE**

1 ORIX, 20, 0, 0, 5 --

2 MR. HARRISON: I'M SORRY. DR. STEWARD,  
3 COULD YOU GIVE US THE ORIX NUMBERS AGAIN?

4 DR. STEWARD: YES. ORIX, 20, 0, 0, 5 AND  
5 25. THE FINAL WAS 25.

6 MR. HARRISON: THANK YOU.

7 DR. STEWARD: SILICON VALLEY, 45, 10, 10,  
8 7, FOR 72.

9 SQUARE 1, 38, 10, 30, AND 15. I THINK  
10 THAT ADDS UP TO 93.

11 MS. KING: THANK YOU, DR. STEWARD. DO WE  
12 NEED ANYTHING ELSE FROM DR. STEWARD? OKAY. AND  
13 WE'LL GO NEXT TO ART TORRES.

14 MR. TORRES: YES. ADJUVANT, 40, 15, 15,  
15 24, A TOTAL OF 90.

16 COMERICA BANK, 40, 10, 10, 15, TOTAL 75.

17 ORIX, 40, 10, 16, 14 AND 80.

18 SILICON VALLEY BANK, 40, 15, 30, 20, 105  
19 TOTAL.

20 SQUARE 1 BANK, 40, 15, 30, 20, 105 TOTAL.

21 MS. KING: THANK YOU. AND MARCY FEIT, ARE  
22 YOU READY FOR US?

23 MS. FEIT: I AM. ADJUVANT CAPITAL IS 30,  
24 5, 5, 5 FOR A TOTAL OF 35.

25 COMERICA IS 45, 20, 35, 15 FOR A TOTAL OF

**BARRISTERS' REPORTING SERVICE**

1 115.

2 MS. KING: MARCY, CAN YOU JUST REPEAT  
3 THOSE SCORES AGAIN, PLEASE?

4 MS. FEIT: COMERICA BANK IS 45, 20, 35, 15  
5 FOR A TOTAL OF 115.

6 MS. KING: THANK YOU.

7 MS. FEIT: ORIX IS 30, 10, 10, 10, FOR A  
8 TOTAL OF 60.

9 SILICON VALLEY IS 40, 15, 15, 20 FOR A  
10 TOTAL OF 90.

11 SQUARE BANK IS 35, 15, 30, 20 FOR A SCORE  
12 OF A HUNDRED.

13 MS. KING: THANK YOU. AND THAT IS  
14 EVERYBODY, MICHAEL.

15 CHAIRMAN GOLDBERG: GREAT. COULD WE GIVE  
16 YOU A FEW MOMENTS TO TABULATE THE TOTALS AND HAVE  
17 YOU REPORT THEM IN BOTH RANK AND NUMERICAL ORDER?

18 MR. HARRISON: YES.

19 CHAIRMAN GOLDBERG: AND COULD YOU HAVE  
20 SOMEBODY CROSS-CHECK IT, TWO INDIVIDUAL  
21 CROSS-CHECKS?

22 MR. HARRISON: WE'RE DOING THAT, MICHAEL.

23 MS. KING: I'M GOING TO MUTE OUR PHONE  
24 HERE IN SAN FRANCISCO FOR A COUPLE MINUTES.

25 CHAIRMAN GOLDBERG: THANK YOU.



**BARRISTERS' REPORTING SERVICE**

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(PAUSE IN PROCEEDINGS.)

MS. KING: HERE WE ARE. AND WE'VE JUST  
TAKEN A PHOTOGRAPH OF OURSELVES IN BERLIN AND WE'RE  
HEADING OFF TO -- OKAY.

MR. HARRISON: MICHAEL, LYNN AND I HAVE  
EACH TABULATED AND WE'RE RECONCILING OUR SCORES, SO  
WE NEED TO HAVE YOU INDULGE US FOR A FEW MORE  
MINUTES.

CHAIRMAN GOLDBERG: SURE.

MS. KING: SO WE'RE GOING TO ONCE AGAIN IN  
SAN FRANCISCO MUTE OUR PHONE. DID EVERYBODY HEAR  
THAT IT WILL BE JUST A FEW MORE MINUTES ON THE  
CALCULATIONS?

DR. LOVE: WE DID. THANK YOU, MELISSA.

(PAUSE IN PROCEEDINGS.)

MR. HARRISON: MICHAEL, LYNN AND I HAVE  
EACH TABULATED AND RECONCILED OUR SCORES AND NOW WE  
HAVE A FINAL TABULATION THAT WE HAVE DOUBLE-CHECKED.

CHAIRMAN GOLDBERG: COULD YOU PLEASE  
REPORT THEM TO THE COMMITTEE?

MR. TORRES: ALL RIGHT. FINAL TABULATION.

MR. HARRISON: IN RANK ORDER, AND I'LL SAY  
THE RANK FIRST AND THEN THE SCORE. SQUARE 1 BANK IS  
RANKED FIRST WITH 978 POINTS. COMERICA BANK IS  
RANKED SECOND WITH 928 POINTS. SILICON VALLEY BANK

## BARRISTERS' REPORTING SERVICE

1 IS RANKED THIRD WITH 878 POINTS. ORIX IS RANKED  
2 FOURTH WITH 484 POINTS, AND ADJUVANT CAPITAL  
3 PARTNERS IS RANKED FIFTH WITH 466 POINTS.

4 CHAIRMAN GOLDBERG: ARE THERE ANY  
5 QUESTIONS FROM THE MEMBERS OF THE COMMITTEE ABOUT  
6 THESE FINAL SCORES AND RANKS?

7 MS. FEIT: WE'RE GOING TO GET THE FINAL  
8 RANKINGS SENT OUT TO US, I HOPE.

9 MS. KING: YES. WE'LL SEND THAT OUT  
10 TONIGHT.

11 MS. FEIT: OKAY. THANK YOU.

12 CHAIRMAN GOLDBERG: UNLESS THERE'S  
13 SOMETHING TO BE -- THAT COMES BACK FROM MEMBERS OF  
14 THE COMMITTEE, I'D JUST LIKE TO THANK ALL THE  
15 RESPONDENTS FOR THEIR HARD WORK ON THIS AND THANK  
16 THE STAFF FOR THEIR WORK, AND WE LOOK FORWARD TO  
17 CONTINUING TO WORK WITH SQUARE 1 BANK, COMERICA  
18 BANK, AND SILICON VALLEY BANK THROUGH THE STAFF AND  
19 WITH OUR COLLEAGUES ON THE ICOC TO FINALIZE THIS  
20 PROCESS.

21 MR. TORRES: THANK YOU, MICHAEL.

22 CHAIRMAN GOLDBERG: MEETING ADJOURNED.

23 (THE MEETING WAS THEN ADJOURNED AT  
24 4:31 P.M.)

25

**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 TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING ON JUNE 30, 2009, 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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