

BETH C. DRAIN, CA CSR NO. 7152

BEFORE THE
TRANSITION 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: SEPTEMBER 18, 2017
11 A.M.

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

FILE NO.: 2017-19

I N D E X

ITEM DESCRIPTION	PAGE NO.
OPEN SESSION	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. DISCUSSION OF TRANSITION OPTIONS FOR CIRM.	4
4. PUBLIC COMMENT.	NONE
5. ADJOURNMENT	103

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MONDAY, SEPTEMBER 18, 2017;
11 A.M.

CHAIRMAN THOMAS: GOOD MORNING, EVERYBODY.
WANT TO CALL TO ORDER THE INAUGURAL MEETING OF THE
TRANSITION SUBCOMMITTEE. WE HAVE A NUMBER OF
MEMBERS PRESENT AND A NUMBER OF MEMBERS ON THE
PHONE. MARIA, WILL YOU PLEASE CALL THE ROLL.

MS. BONNEVILLE: JUDY GASSON.

DR. GASSON: HERE.

MS. BONNEVILLE: STEVE JUELGAARD.

MR. JUELGAARD: HERE.

MS. BONNEVILLE: LINDA MALKAS.

DR. MALKAS: HERE.

MS. BONNEVILLE: SHLOMO MELMED.

DR. MELMED: HERE.

MS. BONNEVILLE: JOE PANETTA. AL ROWLETT.

MR. ROWLETT: HERE.

MS. BONNEVILLE: JEFF SHEEHY.

SUPERVISOR SHEEHY: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: HERE.

MS. BONNEVILLE: KRISTINA VOURI.

1 DR. VOURI: HERE.

2 MS. BONNEVILLE: DIANE WINOKUR.

3 MS. WINOKUR: HERE.

4 CHAIRMAN THOMAS: THANK YOU VERY MUCH FOR
5 COMING. I JUST WANT TO SAY IN ADVANCE ARE THERE ANY
6 MEMBERS OF THE PUBLIC WITH ANY OF THE BOARD MEMBERS
7 ON THE PHONE? WE MAY HAVE SOME OTHER FOLKS
8 LISTENING WHO ARE NOT WITH MEMBERS. WHEN WE GET TO
9 PUBLIC COMMENT, THE FIRST FIRM RULE IS THE ONLY
10 PUBLIC COMMENT WE CAN ENTERTAIN IS BY FOLKS EITHER
11 HERE OR WITH MEMBERS ON THE PHONE. SO I'D JUST LIKE
12 TO THANK YOU FOR THAT.

13 SO LET'S GET TO OUR MEETING. WE'VE BEEN
14 TALKING ABOUT FOR SEVERAL YEARS NOW ANTICIPATING
15 RUNNING OUT OF RESEARCH AND ADMIN FUNDS MID-2020.
16 AND EVEN THOUGH THAT'S CLOSE TO THREE YEARS OUT AT
17 THIS POINT, THIS IS, I THINK, A VERY GOOD TIME TO
18 START THE DIALOGUE WITH MEMBERS OF THE BOARD ON
19 WHERE WE ARE GOING TO GO. WE HAVE, AS WE KNOW, A
20 WORLD-CLASS PORTFOLIO THAT IS ENLARGING BY THE
21 MONTH. WE WANT TO BE ABLE TO MAINTAIN IT AND ADD TO
22 IT GOING FORWARD AFTER WE'VE USED UP THE PROP 71
23 FUNDING. SO THIS MEETING IS SPECIFICALLY TO DISCUSS
24 OPTIONS FOR ACHIEVING THAT GOAL.

25 I'M GOING TO JUST FOR THOSE OF YOU WHO ARE

1 ONLINE HERE OR WITH A PRINTED-OUT SLIDE DECK AM
2 GOING NOW TO SLIDE NO. 2. OUR GOAL, VERY SIMPLY, TO
3 IDENTIFY STRATEGIES TO SUSTAIN THE AGENCY BEYOND
4 PROP 71 FUNDING. WITH THIS DISCUSSION, WE ARE
5 AIMING TO PLAN FOR SUCCESS HERE, SO WE ARE GOING TO
6 ENTERTAIN A NUMBER OF OPTIONS THAT GET TOWARDS
7 ACHIEVING THAT OBJECTIVE.

8 ON SLIDE 3, A LITTLE BACKGROUND MATERIAL.
9 AGAIN, WE HAVE, PER THE STRATEGIC PLAN THAT WAS
10 ADOPTED BY THE BOARD CONTEMPLATED, WE HAVE A CURRENT
11 SPEND-DOWN RATE THAT WE'VE BEEN HAVING FOR THE LAST
12 FEW YEARS THAT OUR MONEY WILL RUN OUT MID-2020. AT
13 OUR NEXT MEETING, NOT THIS ONE, WE'LL BE DISCUSSING
14 SCENARIOS FOR HOW WE WOULD SPEND THE REMAINING
15 DOLLARS IRRESPECTIVE OF THE SUSTAINABILITY OPTIONS
16 THAT WE ARE ENTERTAINING. SO THAT'S NOT A TOPIC
17 THAT WE'RE GOING TO HAVE HERE. IT'S GOING TO BE
18 TIED TO THE DECEMBER BUDGET DISCUSSION AND WILL BE A
19 POINT FOR FUTURE TALK.

20 SO TO SUSTAIN THE AGENCY, SECOND BULLET
21 POINT HERE, WE WOULD NEED, ACCORDING TO OUR TEAM'S
22 ESTIMATES, BASED ON WHAT WE HAVE DONE HISTORICALLY
23 THE LAST FEW YEARS AND WHAT WE ANTICIPATE COMING IN
24 THE NEXT FEW, THAT WE WOULD NEED \$250 MILLION PER
25 YEAR FOR RESEARCH PURPOSES AND APPROXIMATELY 16 PER

1 YEAR FOR ADMIN.

2 CIRM, AS WE KNOW, IS AT A CRITICAL STAGE
3 OF ITS MISSION HERE. WE'RE CURRENTLY ON TRACK TO
4 ACHIEVE OUR STRATEGIC PLAN GOALS OF 50 CLINICAL
5 TRIALS BY 2020. WE'RE ALL VERY PROUD TO SAY WE
6 ANTICIPATE TO HAVE 35 BY THE END OF THIS MONTH,
7 WHICH WE THINK IS A MILESTONE ACHIEVEMENT BY ANY
8 MEASURE.

9 WE'VE HAD, AS YOU KNOW, SOME EARLY
10 SUCCESSES. DR. KOHN AT UCLA HAS, AS NOTED IN OUR
11 ANNUAL REPORT LAST YEAR, EFFECTIVELY CURED BOTH A
12 FORM OF SCID AND AN XCGD OR CHRONIC GRANULOMATOUS
13 DISEASE, AND WE ARE SEEING A DEFINITE INCREASE IN
14 INDUSTRY'S INTEREST IN WHAT WE'RE DOING, WHETHER
15 IT'S THROUGH PHARMA STARTING TO TAKE A CLOSER LOOK
16 AT CELLULAR THERAPIES, WHETHER IT'S SPINNING OUT
17 ACADEMIC PROJECTS THAT WE'VE FUNDED AND HAVING THEM
18 HAVE SUCCESSFUL EQUITY RAISES, OR VC INVOLVEMENT IN
19 ONE WAY OR ANOTHER. WE'RE GENERATING A LOT OF
20 EXCITEMENT IN WHAT CIRM IS DOING, AND THAT IS
21 SOMETHING WE BELIEVE WE'LL BE ABLE TO CAPITALIZE ON.

22 ON SLIDE 4 JUST LIST THE SUSTAINABILITY
23 OPTIONS THAT WE'RE GOING TO BE DISCUSSING TODAY.
24 THEY FALL INTO THREE CATEGORIES. NO. 1 IS BOND
25 MEASURES IN EITHER 2018 OR 2020. SECOND IS

1 FUND-RAISING. WE WILL GIVE AN UPDATE ON CURRENT
2 FUND-RAISING AND DISCUSS IN SOME DETAIL FUND-RAISING
3 APPROACHES THAT WE ARE MIDSTREAM ON AT THIS POINT.
4 AND ITEM 3 WILL BE JOINT VENTURES. THAT WOULD BE
5 SOMETHING WE WOULD LOOK AT AS AN OPTION IN THE EVENT
6 THAT THE FUND-RAISING OR THE BOND MEASURES WERE NOT
7 SUCCESSFUL.

8 WE MOVE TO SLIDE NO. 5 NOW. AS YOU CAN
9 SEE HERE, THERE ARE THREE DIFFERENT CATEGORIES HERE.
10 ONE IS A LEGISLATIVE OPTION FOR A BOND MEASURE IN
11 2018. SECOND, LEGISLATIVE OPTION IN 2020, AND A
12 THIRD CITIZEN-SPONSORED BOND MEASURE ALSO IN 2020.

13 WITH RESPECT TO THE FIRST, ART, MARIA,
14 SCOTT, JAMES, WHEN HE WAS HERE, AND I HAVE FROM TIME
15 TO TIME DISCUSSED LEGISLATIVE OPTIONS AND THE PROS
16 AND CONS OF THAT. AND I'M GOING TO TURN THIS PART
17 OF THE DISCUSSION FOR THE 2018 AND 2020 LEGISLATIVE
18 OPTIONS HERE OVER TO SENATOR TORRES.

19 MR. TORRES: THE MEMO THAT I SENT EACH OF
20 YOU NEEDS ONE CORRECTION, AND THAT IS LAST SENTENCE
21 OF THE FIRST PAGE, IT WILL REQUIRE A MAJORITY VOTE
22 IN EACH COMMITTEE AND A TWO-THIRDS VOTE IN EACH
23 HOUSE. AFTER REVIEWING THE STATUTES WITH SCOTT AND
24 I AND JAMES, WE FEEL LIKE THERE WAS A DISTINCTION IN
25 TERMS OF SOME OF THE CONSTITUTIONAL AMENDMENTS. I

1 ALSO REMIND THAT THE REPEAL OF OUR AGENCY IN SCA 7
2 BY SENATOR MORLACH OF ORANGE COUNTY, WHO WAS A
3 FORMER TREASURER OF ORANGE COUNTY, WAS DEFEATED IN
4 THE SENATE HEALTH COMMITTEE BY A UNANIMOUS VOTE ON
5 JUNE 8, 2017. SO THAT'S THE LAST LEGISLATIVE ACTION
6 THAT WOULD HAVE AFFECTED US IN TERMS OF WHO WE ARE
7 AND WHAT WE DO.

8 WE ARE VERY UNIQUE. AND IN THE 20 YEARS
9 THAT I SERVED ON THE LEGISLATURE AND CHAIRMAN OF
10 VARIOUS COMMITTEES, THERE'S NEVER BEEN A STATE
11 AGENCY LIKE CIRM. IT IS UNIQUE IN TERMS OF ITS
12 ORIGINATION; IT'S UNIQUE IN TERMS OF THE
13 JURISDICTION THAT BODIES HAVE OVER IT. AND IT WAS
14 FOR A REASON, TO MAKE SO SURE THAT NO POLITICAL
15 INTERVENTION WOULD OCCUR IN TERMS OF KEEPING THE
16 INTEGRITY OF OUR SCIENTIFIC RESEARCH, THE INTEGRITY
17 OF OUR STAFF, AND THAT WE WOULD NOT BE POLITICIZED
18 FOR A VARIETY OF REASONS TO WHY SOMEONE WOULD OPPOSE
19 OR AN ORGANIZATION WOULD OPPOSE THE KINDS OF
20 RESEARCH THAT OUR RESEARCHERS CONDUCT THEMSELVES IN.
21 SO FROM THAT PERSPECTIVE, IT WAS VERY DIFFICULT TO
22 APPROACH A LEGISLATIVE SOLUTION BECAUSE THAT WOULD
23 REQUIRE A DEBATE IN EACH HOUSE AND A SIGNATURE BY
24 THE GOVERNOR AND A TWO-THIRDS VOTE MAJORITY IN EACH
25 HOUSE REGARDING WHAT WE DO. AND EACH MEMBER OF THE

1 LEGISLATURE, 120, WOULD IMPOSE THEIR OWN IDEA OF
2 WHAT WE SHOULD DO.

3 THEREFORE, AFTER REVIEWING, IT DIDN'T SEEM
4 POTENTIALLY INVITING FROM A NUMBER OF PERSPECTIVES,
5 NOT THE LEAST OF WHICH WAS THAT THE GOVERNOR IS VERY
6 SENSITIVE TO DEBT. AND THE ONLY MAJOR ISSUES THAT
7 HE'S REALLY MOVED FORWARD ON ARE THE DELTA TUNNELS
8 AND THE BULLET TRAIN. AND IT WAS VERY PROBLEMATIC,
9 GIVEN HIS QUOTES AND GIVEN HIS HISTORY, THAT, EVEN
10 IF THE 2018 INITIATIVE WERE TO PASS BOTH HOUSES OF
11 THE LEGISLATURE WITH A TWO-THIRDS VOTE, VERY
12 PROBLEMATIC ON WHETHER HE WOULD SIGN IT OR NOT. IF
13 HE WOULD, THEN IT WOULD GO TO THE BALLOT. SO THE
14 LEGISLATIVE OPTION REALLY ONLY REMOVES ONE THING
15 FROM CONSIDERATION, AND THAT'S THE THREE TO FIVE
16 MILLION REQUIRED TO COLLECT SIGNATURES. THAT'S
17 WHERE YOU WOULD SAVE THE MONEY YOU CHOOSE FOR USE
18 FOR A CAMPAIGN, BUT YOU WOULD STILL HAVE TO RAISE
19 THE MONEY FOR A CAMPAIGN, WHICH IN 2004 COST US
20 CLOSE TO 35 MILLION, MUCH OF WHICH WAS RAISED BY BOB
21 KLEIN AS THE ORIGINATOR OF THE INITIATIVE.

22 AND, SECONDLY, THE CURRENT SPEAKER WILL
23 PROBABLY BE THERE IF HE CONTINUES TO BE ELECTED TO
24 THE ASSEMBLY TILL 2024. BECAUSE HE WAS ELECTED
25 UNDER THE REFORM OF THE REAPPORTIONMENT THAT ALLOWS

1 A MEMBER NOW TO SERVE 12 YEARS IN ONE HOUSE RATHER
2 THAN JUST TWO TERMS, HE COULD CONCEIVABLY REMAIN
3 SPEAKER AND PASS WILLIE BROWN'S RECORD AS THE
4 LONGEST SERVING SPEAKER IN THE HISTORY OF THE
5 LEGISLATURE. AND SO HE WOULD PROBABLY BE THERE IN
6 2024 AND VERY SUPPORTIVE OF US, AS J.T. AND I --
7 I'VE KNOWN ANTHONY FOR YEARS. J.T. MET HIM. I TOOK
8 HIM TO SACRAMENTO. SO HE'S BEEN VERY SUPPORTIVE.
9 THAT'S NOT THE CASE IN THE SENATE. KEVIN DELEON HAS
10 TERMED OUT IN 2018, WHICH MEANS THEY WILL ELECT A
11 NEW LEADER IN 2018, PROBABLY RIGHT BEFORE THE BUDGET
12 IS PASSED. AND SO WE DON'T KNOW WHO THAT NEW LEADER
13 MIGHT BE. WE DON'T KNOW IF THAT LEADER WOULD BE
14 SUPPORTIVE OF WHAT WE'RE GOING TO DO OR NOT. MY
15 INCLINATION IS THAT ALL THE POTENTIAL CANDIDATES
16 THAT I'VE HEARD WOULD BE SUPPORTIVE OF OUR EFFORTS
17 AND RESEARCH BECAUSE I'VE SPOKEN TO ALL THE
18 POTENTIAL CANDIDATES THAT I KNOW OF, AND THAT SEEMS
19 TO BE THE CASE. SO A NEW LEADER WOULD EMERGE IN
20 2018.

21 TO GIVE US A PREVIEW OF WHAT MIGHT HAPPEN
22 IN 2020, BECAUSE AS YOU WELL KNOW, WE'RE GOING TO
23 HAVE A NEW GOVERNOR IN NOVEMBER OF 2018, AND WHOEVER
24 THAT GOVERNOR IS MAY NOT HAVE THE SAME PHILOSOPHY
25 ABOUT DEBT SERVICE AS JERRY BROWN DOES AND MIGHT

1 VERY WELL PROVIDE, FROM THE POTENTIAL CANDIDATES
2 THAT ARE OUT THERE, AT LEAST THAT I KNOW OF, ALMOST
3 TO A ONE ARE ALL VERY SUPPORTIVE OF WHAT WE DO HERE
4 AT CIRM. SO I THINK THAT OUR CHANCE FOR A POTENTIAL
5 SIGNATURE, IF WE WERE TO PURSUE A LEGISLATIVE
6 OPTION, MIGHT BE MORE FAVORABLE IN 2020.

7 WE ALSO DISCUSSED THE NOTION OF AN
8 INITIATIVE ON THE BALLOT. I THINK RIGHT NOW IT
9 WOULD BE A LITTLE LATE TO START THINKING ABOUT A
10 CAMPAIGN FOR 2018. IT TAKES A LOT OF EFFORT TO
11 RAISE MONEY IN THESE DAYS AS ANYONE WHO'S IN PUBLIC
12 OFFICE, INCLUDING ONE OF OUR BOARD MEMBERS, KNOWS
13 HOW DIFFICULT IT IS TO RAISE MONEY. AND FOR A
14 CAMPAIGN IT WOULD BE EVEN MORE DIFFICULT AS WE MOVE
15 FORWARD AND WOULD NEED AS MUCH TIME AS POSSIBLE.

16 SO WHAT DOES 2020 PROVIDE FOR US? WE HAVE
17 TO HAVE SOMEONE PRESENT THE INITIATIVE TO THE
18 ATTORNEY GENERAL BY JULY 29TH OF 2019 FOR THE
19 ATTORNEY GENERAL TO APPROPRIATELY REVIEW THAT
20 INITIATIVE. AND THEN IF THE TITLE AND SUMMARY COME
21 OUT FROM THE AG AND HE GIVES THE GO-AHEAD TO START
22 COLLECTING SIGNATURES, WE WOULD HAVE UNTIL MARCH
23 30TH, 2020, TO COLLECT THE REQUIRED SIGNATURES.

24 NOW, ON THAT POINT, WE DON'T KNOW WHAT
25 THAT AMOUNT IS BECAUSE THE SIGNATURES REQUIRED TO

1 QUALIFY AN INITIATIVE TO THE BALLOT HAS TO DO WITH
2 HOW MANY PEOPLE VOTED FOR GOVERNOR IN THE PREVIOUS
3 GUBERNATORIAL ELECTION. THE ONLY MEASURE WE HAVE IS
4 2010 WHICH WASN'T A LOT, WHICH MEANS IF WE WANT TO
5 COLLECT SIGNATURES TODAY, AS I MENTIONED IN MY MEMO,
6 WE WOULD ONLY NEED ABOUT 365,000. I WOULD VENTURE
7 TO SAY WE'LL HAVE A HIGHER TURNOUT IN 2018, WHICH
8 MEANS THE SIGNATURES REQUIRED TO GATHER FOR AN
9 INITIATIVE ARE GOING TO INCREASE, PROBABLY TO THE
10 LEVELS THAT WE SAW IN 2006. SO IT'S GOING TO TAKE
11 THAT KIND OF PROCESS. AND, OF COURSE, ONCE THE
12 SIGNATURES QUALIFY AND THE INITIATIVE IS QUALIFIED,
13 THEN IT WOULD BE PUT ON THE BALLOT. AND KEEP IN
14 MIND THAT UNDER REFORM MEASURES THAT HAVE OCCURRED,
15 IT STILL REQUIRES REVIEW BY THE APPROPRIATE
16 LEGISLATIVE COMMITTEES, NOT AYE OR NAY, BUT JUST AN
17 APPROPRIATE REVIEW OF ALL THE INTRICATE DETAILS THAT
18 AN INITIATIVE MAY HAVE. AND THAT WAS JUST PASSED
19 ABOUT FOUR YEARS AGO TO REQUIRE THE LEGISLATURE TO
20 PROVIDE AN OPINION ON ANY INITIATIVE BEFORE IT GOES
21 ON THE BALLOT AND ALSO TO GIVE PEOPLE TIME TO REVIEW
22 IT.

23 SO THAT'S WHERE WE'RE AT AS OF TODAY.
24 AND, OF COURSE, ALL OF THIS COULD CHANGE BECAUSE WE
25 DON'T KNOW HOW MANY DEMOCRATS ARE GOING TO BE

1 ELECTED TO THE LEGISLATIVE. WE COULD HAVE
2 TWO-THIRDS OR MAYBE NOT. SO THAT'S OBVIOUSLY GOING
3 TO DEPEND UPON THE VOTE YOU WOULD NEED TO PASS ANY
4 INITIATIVE AND GET IT TO THE BALLOT BY 2020.

5 CHAIRMAN THOMAS: THANK YOU, SENATOR
6 TORRES. IF I COULD ADD A LITTLE EXTRA COLOR THERE.
7 WITH RESPECT TO THE CITIZEN-SPONSORED BOND MEASURE
8 FOR 2020, AS WE KNOW, BOB KLEIN HAS PUBLICLY
9 ANNOUNCED THAT HE IS CONTEMPLATING PUTTING A BALLOT
10 MEASURE ON QUALIFYING IT FOR THE BALLOT IN NOVEMBER
11 OF 2020. HE HAD THOUGHT ABOUT ORIGINALLY PUTTING IT
12 ON THE NOVEMBER 2018 BALLOT, BUT DECIDED THAT 2020
13 WOULD BE A BETTER OPTION FOR A NUMBER OF REASONS,
14 INCLUDING, NO. 1, MEASURES OF THIS SORT TEND TO DO
15 BETTER WITH LARGER TURNOUTS, AND IN THE PRESIDENTIAL
16 ELECTION OF 2020, WE WOULD EXPECT TO HAVE A FAIRLY
17 SIGNIFICANT TURNOUT.

18 NO. 2, IF YOU HAD IT A COUPLE OF YEARS
19 LATER, THAT GIVES THE SCIENTISTS THAT WE HAVE FUNDED
20 TWO MORE YEARS TO PROGRESS IN WHAT THEY ARE DOING
21 AND TO GIVE A CHANCE OF HAVING MORE THINGS PROGRESS
22 TO THE POINT THAT THEY WOULD BE VERY INTERESTING TO
23 THE PUBLIC AND SOMETHING THAT WOULD FURTHER GENERATE
24 INCREASED EXCITEMENT ABOUT GOING OUT FOR A BOND
25 MEASURE.

1 THE CAVEAT FOR BOB, AS IT HAS ALWAYS BEEN,
2 IS THAT HE IS A VERY ACTIVE POLLER, AND HE WILL
3 PROCEED IF IT APPEARS TO BE THE MAJORITY INTEREST OF
4 THE PUBLIC THAT IS POLLED ON THIS SUBJECT AND THAT
5 THEY WOULD VERY MUCH SUPPORT GOING FORWARD WITH THIS
6 KIND OF AN INITIATIVE. IF THE POLLING DOES NOT TURN
7 OUT TO BE SATISFACTORY, THEN THAT WOULD BE
8 PROBLEMATIC FROM BOB'S STANDPOINT.

9 WITH RESPECT TO THE LEGISLATIVE OPTION IN
10 2020, IF BOB DECIDED FOR SOME REASON, ART JUST LAID
11 FORTH THE TIMELINE, THAT AS OF MID-2019 HE WAS NOT
12 GOING TO PROCEED, THAT WOULD GIVE US PLENTY OF TIME
13 TO THEN PUT IN PLACE, IF WE COULD GET THE SUPPORT
14 FOR IT IN THE LEGISLATURE AND FROM THE THEN
15 GOVERNOR, TAKE A SHOT AT A LEGISLATIVE OPTION FOR
16 2020. IF BOB DOES DECIDE TO PROCEED, IT IS OUR BEST
17 THINKING THAT THAT WOULD BE THE PREFERABLE OPTION TO
18 GO THAT WAY FOR A VARIETY OF REASONS. SO I THINK,
19 MR. SENATOR, THAT PRETTY MUCH SUMMARIZES THE
20 THINKING.

21 MR. TORRES: JUST A FOOTNOTE SO THAT
22 PEOPLE UNDERSTAND THE DIFFERENCE. YOU USUALLY HAVE
23 AN 11-PERCENT BUMP IN A PRESIDENTIAL ELECTION IN
24 TERMS OF TURNOUT. SO THAT'S WHY THE CLIMATE MIGHT
25 BE BETTER WITH THAT MORE OF A TURNOUT IN A

1 PRESIDENTIAL CAMPAIGN. AND ALSO IT'S GOING TO BE
2 EVEN MORE EVIDENCE SINCE CALIFORNIA HAS MOVED ITS
3 PRIMARY ONCE AGAIN TO MARCH IN THE HOPES OF GETTING
4 SOME KIND OF END RUN AROUND NEW HAMPSHIRE AND IOWA.
5 HAVING SERVED ON THE COMMITTEE FOR THE DEMOCRATIC
6 NATIONAL COMMITTEE THAT REVIEWS PRIMARIES, YOU'RE
7 NEVER GOING TO GET RID OF IOWA AND NEW HAMPSHIRE IN
8 THAT SEQUENCE. SO WE GET CLOSER AS WE CAN TO A
9 DATE.

10 SO THINK OF A PRESIDENTIAL PRIMARY IN
11 MARCH AND THEN THE REGULAR JUNE AND NOVEMBER
12 ELECTIONS THEREAFTER WITH A GENERAL ELECTION BUMP OF
13 ABOUT A 11-PERCENT TURNOUT.

14 CHAIRMAN THOMAS: AND I WILL SAY THAT IN
15 EITHER INSTANCE, WHETHER IT'S A LEGISLATIVE OPTION
16 OR A CITIZEN-SPONSORED OPTION, WE'RE ASSUMING THE
17 COST OF PUTTING THAT ON, NOT THE COST OF RAISING
18 SIGNATURES, BUT THE COST OF RUNNING THE CAMPAIGN
19 WILL BE AT LEAST WHAT IT WAS BACK IN 2004, LIKELY
20 LARGER. AND THAT IS SOMETHING THAT, IN TALKING TO
21 BOB ON NUMEROUS OCCASIONS ABOUT THIS, SHOULD HE
22 DECIDE TO PROCEED, HE WOULD BE COMMITTED TO RAISING
23 THAT MONEY AS HE DID FOR PROP 71 IN 2004.

24 SO THAT SORT OF SUMMARIZES THE BOND
25 OPTIONS. WE DO BELIEVE THAT THEY'RE GOING TO BE --

1 ONE OF THESE TWO WILL BE THE WAY WE ARE DEFINITELY
2 LOOKING TO GO WITH RESPECT TO ADDITIONAL BALLOT
3 MEASURES. AND I OPEN NOW THE DISCUSSION TO MEMBERS
4 OF THE BOARD FOR COMMENT. MR. JUELSGAARD.

5 DR. JUELSGAARD: JUST A COUPLE OF
6 OBSERVATIONS, IF ANYTHING. SO THE ORIGINAL MEASURE
7 THAT WAS PASSED WAS PREDICATED LARGELY UPON THE FACT
8 THAT THE FEDERAL GOVERNMENT WASN'T GOING TO SUPPORT
9 STEM CELL RESEARCH IN THOSE DAYS. AND THAT WAS A
10 BIG SELLING POINT, AS I RECALL, IN THE STATE OF
11 CALIFORNIA. IT DOESN'T SEEM TO BE TRUE ANY LONGER,
12 AT LEAST TO MY KNOWLEDGE.

13 IF ANYTHING, THE NIH FUNDING WHICH WAS ONE
14 OF THE PREDICATES FOR HAVING A PROPOSITION, THERE'S
15 STRONG SUPPORT IN BOTH HOUSES OF CONGRESS TO
16 ACTUALLY INCREASE THE AMOUNT OF NIH FUNDING INTO
17 THIS COMING YEAR, AND I DON'T SEE THAT PROBABLY
18 GOING AWAY ANY TIME SOON. AND IF PRESIDENT TRUMP
19 WERE TO VETO THAT, IT COULD PROBABLY BE OVERRIDDEN.
20 SO WE DON'T HAVE THIS SAME POSITIVE FEDERAL SUPPORT
21 GOING FORWARD THAT WE HAD AT THE TIME. SO THAT WE
22 TAKE ONE OF THE LEGS OF THE STOOL OUT OF THE 2004
23 SUCCESSFUL OUTCOME.

24 THE SECOND, AND THIS IS JUST A REALLY BIG
25 IF, BUT THERE'S A LOT OF TALK ABOUT FEDERAL TAX

1 REFORM GOING ON, AND WE REALLY DON'T KNOW WHAT THAT
2 WILL LOOK LIKE. WE HAVE HEARD THAT STATE AND LOCAL
3 TAXES, AS A DEDUCTION FOR INDIVIDUAL TAXPAYERS, MAY
4 BE ON THE CHOPPING BLOCK. ONE OF THE THINGS THAT
5 MAKE STATE BONDS ATTRACTIVE IS THE FACT THAT
6 INTEREST ISN'T COUNTED AS INCOME FOR FEDERAL INCOME
7 TAX PURPOSES. AND WHILE THAT MAY WELL CONTINUE TO
8 BE THE CASE WITH FEDERAL TAX REFORM, I WOULD IMAGINE
9 THAT THAT'S SOMETHING THAT MIGHT BE LOOKED AT IN
10 TERMS OF THE FEDERAL GOVERNMENT. SO SHOULD THAT BE
11 TAKEN AWAY, THE ABILITY TO NOT COUNT THE INCOME FOR
12 FEDERAL TAX PURPOSES THEY RECEIVE FROM STATE BONDS,
13 IT'S GOING TO DRIVE THIS PRICE OF BONDS -- THE
14 INTEREST RATES UP ESSENTIALLY IN ORDER TO COMPENSATE
15 PEOPLE FOR THE FACT THAT THEY COULDN'T DEDUCT
16 ANYMORE. AND I THINK THAT'S A FAIRLY, FAIRLY LONG
17 SHOT, BUT WE JUST DON'T KNOW. WE'LL KNOW BETTER IN
18 THE NEXT, SAY, SIX MONTHS KIND OF WHERE THINGS ARE
19 HEADED CERTAINLY, ON THE ONE HAND, AND I THINK LOSS
20 OF A MAIN PILLAR OF THE SUPPORT THAT WE HAD IN 2004
21 ON THE OTHER.

22 MR. TORRES: THAT IS A VERY RELEVANT POINT
23 BECAUSE WE ARE VERY UNIQUE IN THAT WHEN BONDS GO ON
24 THE MARKET FOR INFRASTRUCTURE, IT'S USUALLY
25 RETIREMENT PENSION FUNDS THAT BUY THOSE BONDS. IN

1 OUR CASE ALMOST 80 PERCENT OF THE BUYERS ARE
2 INDIVIDUALS. SO THAT'S WHERE YOUR ARGUMENT BECOMES
3 EVEN STRONGER IN TERMS OF WHAT WE SHOULD BE
4 PREPARING FOR IF, IN FACT, THAT WERE TO COME TO
5 PLACE.

6 SUPERVISOR SHEEHY: I DON'T WANT TO
7 INTERRUPT.

8 CHAIRMAN THOMAS: JEFF, I'VE GOT JUST A
9 RESPONSE FOR STEVE FIRST PLEASE.

10 SO, CORRECT, AT THIS POINT I WOULD AGREE
11 WITH YOU ON THE NIH FUNDING COMMENT, BUT I ALSO
12 WOULD LIKE TO POINT OUT THAT, WITH RESPECT TO WHAT
13 THE FEDERAL POSITION IS GOING TO BE, WE DON'T KNOW
14 BECAUSE THE VICE PRESIDENT AND THE HHS SECRETARY ARE
15 BOTH ON RECORD FOR MANY YEARS AS BEING OPPOSED TO
16 EMBRYONIC STEM CELL RESEARCH. SO THAT, THOUGH THERE
17 HAS NOT BEEN ANY LAW ENACTED OR THAT TAGGED TO ANY
18 SORT OF RESOLUTION OR WHATEVER, IT IS POSSIBLE, WE
19 DON'T KNOW, THAT WE MAY FIND OURSELVES IN A BIT OF A
20 SIMILAR SITUATION GOING FORWARD. AS OF THIS POINT,
21 YOU'RE CORRECT, THAT HAS NOT HAPPENED, BUT IT COULD.

22 SECONDLY, WITH RESPECT TO YOUR INTEREST
23 RATE COMMENT, THAT WOULD BE ABSOLUTELY TRUE. RATES
24 WOULD GO UP. I DON'T THINK THE APPETITE FOR STATE
25 BONDS WOULD DIMINISH BECAUSE, AS YOU KNOW, THERE ARE

1 TAXABLE BOND FUNDS THAT BUY THIS SORT OF STUFF UP
2 ALL THE TIME, PARTICULARLY SINCE IT WOULD HAVE FULL
3 FAITH AND CREDIT OF THE STATE'S GENERAL FUND BEHIND
4 IT. SO I THINK WE WOULD ABSOLUTELY FIND BUYERS; BUT
5 IT BEING A TAXABLE INSTRUMENT, THE INTEREST RATE
6 WOULD BE HIGHER FOR SURE. MR. SUPERVISOR.

7 SUPERVISOR SHEEHY: STEVE, IF YOU HAVE
8 MORE QUESTIONS, I DON'T WANT TO JUMP IN FRONT OF
9 YOU. IT'S HARD FOR ME TO RAISE MY HAND.

10 MR. JUELGAARD: I'M DONE, JEFF.

11 SUPERVISOR SHEEHY: FIRST, I THINK THERE'S
12 ANOTHER WRINKLE TO YOUR STATE TAXES POINT. IF THE
13 TAXES ARE NO LONGER DEDUCTIBLE, THE APPETITE FOR THE
14 PUBLIC TO TAKE ON DEBT THAT HAS TO BE PAID BACK OUT
15 OF THE GENERAL FUND, THAT THEY WOULD BE TAXED. AS
16 SENATOR TORRES NOTED IN HIS MEMO, RIGHT NOW INTEREST
17 PAYMENTS OUT OF THE GENERAL FUND ARE MORE TO SUPPORT
18 THE UC, THE UNIVERSITY AND CALIFORNIA AND THE STATE
19 UNIVERSITY SYSTEM ACTUALLY GET IN MONEY. SO IT'S
20 ONE THING TO PAY TAXES WITH DOLLARS THAT ARE THEN
21 FEDERALLY DEDUCTIBLE. IT'S ANOTHER THING TO PAY
22 TAXES WITH DOLLARS THAT ARE NOT DEDUCTIBLE. SO I
23 THINK TOLERANCE FOR TAX, IF THAT DOES HAPPEN, IS A
24 BIG VARIABLE.

25 THE SECOND THING IS WE'RE DOING ALL OF OUR

1 MODELING BASED ON A RECESSION. AND SO THE LONGER WE
2 GO OUT, ESPECIALLY WITHOUT A RECESSION, THE MORE
3 LIKELY A RECESSION IS. THAT WILL ALSO DIMINISH THE
4 PUBLIC'S APPETITE FOR BONDS OR ANY SPENDING.

5 THEN RELEVANT TO BOB KLEIN, I THINK FOR ME
6 PERSONALLY, IT WOULD BE VERY HELPFUL IF WE ARE TO
7 MAKE ANY DECISIONS BASED ON COMMITMENTS OR THOUGHTS
8 FROM BOB KLEIN, THAT ACTUALLY THE ENTIRE BOARD HEAR
9 FROM HIM. WE HAVE NOT TAKEN ANY ACTION REGARDING
10 THE FUTURE OF THE AGENCY BASED ON THE REPORTED
11 NOTION THAT BOB WAS GOING TO GO TO THE BALLOT IN
12 2018. THAT DIDN'T HAPPEN. AND THAT'S ONLY BEEN
13 REPORTED THIRDDHAND. HE MENTIONED SOMETHING TO ME.
14 HE SAID SOMETHING AT A MEETING.

15 AND SO THERE'S A REAL DISCONNECT
16 BETWEEN -- LET'S GO LIKE THIS. COMMUNICATION ISN'T
17 OPEN. AND TO THE DEGREE THAT WE MAKE ANY DECISION
18 BASED ON ANY EXPECTATION THAT BOB KLEIN IS GOING TO
19 DO SOMETHING, WE NEED TO BE CRYSTAL CLEAR WHAT THAT
20 COMMITMENT IS AND WHAT THE VARIABLES ARE THAT WILL
21 DETERMINE IT. FOR INSTANCE, POLLING WAS MENTIONED.
22 IF BOB DECIDES NOT TO GO DUE TO POLLING, THEN THE
23 LEGISLATIVE OPTION IS OFF AS WELL. THAT'S NOT
24 LIKELY TO BE THE ELECTION THAT WE CAN -- THAT SOME
25 OTHER ENTITY CARRYING THE AGENCY BOARD CAN WIN IF

1 BOB KLEIN DOESN'T THINK IT'S GOING TO. AND THIS IS
2 ALL PREDICATED, I HAVE ENORMOUS RESPECT, ADMIRATION,
3 EVEN LOVE FOR BOB KLEIN, BUT WE'RE TALKING ABOUT --
4 AT THE END OF THE DAY, I'M ALWAYS FOCUSED ON TWO
5 THINGS, OUR FIDUCIARY RESPONSIBILITY TO THE STATE TO
6 MAKE SURE THAT THE FUNDING WE MADE CONTINUES TO BE
7 SPENT IN THE MOST MONITORED WAY SO THAT WE'RE NOT
8 WASTING MONEY; I.E., THAT WE ARE ABLE TO MONITOR ANY
9 GRANTS EFFECTIVELY AFTER WE RUN OUT OF MONEY OR
10 MAKING SURE WE HAVE ENOUGH MONEY SET ASIDE TO
11 MONITOR GRANTS OR WE STOP MAKING GRANTS AT A POINT
12 WHERE WE HAVE ENOUGH ADMINISTRATIVE FUND TO MONITOR
13 THE GRANTS.

14 THE SECOND IS BEING TOTALLY TRANSPARENT
15 WITH THE MEMBERS OF OUR TEAM SO THAT THEY KNOW WHAT
16 IS GOING TO HAPPEN TO THEM BECAUSE THEY HAVE
17 FAMILIES. OUR TEAM HAS WORKED SO DILIGENTLY, AND WE
18 HAVE TO BE VERY CLEAR, VERY CLEAR, ABOUT WHAT'S
19 GOING TO HAPPEN, AND WE CAN'T ASK PEOPLE TO PUT
20 THEIR LIVES ON HOLD BASED ON HOPE.

21 CONTINUING ON, I WOULD SAY, RELATIVE TO
22 THE COST, ONE BIG DELTA BETWEEN NOW AND 2018, 2020
23 AND 2004 IS IT DOESN'T SEEM LIKE THERE WILL BE
24 SIGNIFICANT OPPOSITION. SO TO THE DEGREE THAT WE DO
25 GO BACK TO THE BALLOT, EVEN THOUGH IT COST 35

1 MILLION IN 2004, THERE WAS CONSIDERABLE OPPOSITION.
2 IT'S NOT CLEAR THAT SAME LEVEL OF OPPOSITION EXISTS
3 NOW.

4 AND THEN FINALLY, IT SEEMS LIKE WE NEED --
5 THE BOARD AS A WHOLE NEEDS TO MAKE A DECISION ABOUT
6 WHAT WE DO AT THE LEGISLATURE. IN ANY INSTANCE, IT
7 SEEMS LIKE WHETHER WE GO THERE IN 2018 OR WE GO
8 THERE IN 2020, WE STILL HAVE -- THE LEGISLATIVE
9 STILL HAS A PATH. IF WE GO WITH SIGNATURES, THE
10 LEGISLATURE, AS I UNDERSTAND IT, STILL CAN OFFER
11 OPINIONS ON A BOND MEASURE GOING FORWARD. SO TO THE
12 DEGREE THAT WE NEED TO EDUCATE THEM ABOUT US EITHER
13 FOR A POTENTIAL BOND MEASURE OR WE NEED TO EDUCATE
14 THEM FOR A BOND MEASURE THAT THEY'RE GOING TO VOTE
15 ON OR A BOND MEASURE THAT THE CITIZENS HAVE PUT ON
16 THAT IS GOING TO GO TO THE BALLOT, WE NEED A
17 FAVORABLE OUTCOME.

18 SO JUST WITHIN THOSE POINTS, CAN WE KIND
19 OF WIND OUT WHAT OUR DECISION POINTS ARE? THIS HAS
20 BEEN A GREAT DISCUSSION, BUT I REALLY DO FEEL LIKE
21 THAT WE SHOULD HAVE -- ON THIS ONE ISSUE WE SHOULD
22 HAVE A CLEAR SENSE OF DECISION POINTS THAT THE BOARD
23 WILL DISCUSS AND WEIGH IN ON; I.E., WHETHER WE GO TO
24 THE LEGISLATURE IN 2018, WHETHER WE GO TO THE
25 LEGISLATURE IN 2020, WHAT ROUTE WE TAKE TO EDUCATE

1 THE LEGISLATURE IF WE'RE GOING TO WAIT FOR BOB AND
2 HAVING BOB KLEIN COME IN, AND AS HE CLEARLY
3 INDICATES, HE WANTS TO GO IN 2020, THAT WE HAVE A
4 CLEAR STRATEGY FOR EDUCATING THE LEGISLATURE SO THAT
5 WE GET OVERWHELMING SUPPORT WITH A CITIZENS, WE'D
6 HOPE, GET SIGNATURES AND COMES BEFORE THE
7 LEGISLATURE TO GET THEIR VIEWPOINT.

8 MR. TORRES: MR. CHAIRMAN.

9 CHAIRMAN THOMAS: MR. SENATOR.

10 MR. TORRES: CAN I RESPOND TO YOU ON ONE
11 POINT, JEFF?

12 SUPERVISOR SHEEHY: SURE.

13 MR. TORRES: THE REFORMS THAT WERE PASSED
14 A FEW YEARS AGO, I MENTIONED EARLIER, REQUIRES THE
15 LEGISLATURE TO HOLD PUBLIC HEARINGS ON ANY
16 INITIATIVE THAT'S PROPOSED FOR THE BALLOT. THEY
17 CAN'T DEFEAT IT, THEY CAN'T REMOVE IT FROM THE
18 BALLOT ONCE IT'S BEEN SO DETERMINED BY THE SECRETARY
19 OF STATE; BUT THE POINT WAS THAT FOR FULL
20 TRANSPARENCY, AS YOU'VE SAID BEFORE, THE LEGISLATURE
21 HAS TO HOLD HEARINGS ON ANY INITIATIVE THAT IS
22 PROPOSED FOR THE BALLOT. SO THAT'S WHERE THE
23 EDUCATION THAT YOU TALKED ABOUT COMES IN.

24 THE OTHER EDUCATION THAT WE NEED TO TALK
25 ABOUT FOR 2018 AND MAYBE LESS SO FOR 2020 IS WHETHER

1 THIS GOVERNOR WOULD SIGN IT. ALL INDICATIONS ARE
2 THAT HE DOESN'T PREFER ANY MORE DEBT SERVICE. SO WE
3 MAY WORK VERY HARD TO GET SOMETHING TO THE
4 LEGISLATURE WITH A TWO-THIRDS VOTE IN EACH HOUSE,
5 AND THEN JERRY VETOES IT. AND SO THAT IS REALISTIC,
6 BUT STILL PROBLEMATIC.

7 THE CHANCES FOR A BETTER RETURN MIGHT
8 BE -- FROM A LEGISLATIVE PERSPECTIVE, MIGHT BE IN
9 2020 WITH A NEW GOVERNOR AND SEE WHERE THAT NEW
10 GOVERNOR MIGHT BE ON A PROPOSAL THAT WOULD COME
11 BEFORE HIS OR HER DESK.

12 CHAIRMAN THOMAS: MR. SENATOR, IS IT YOUR
13 SUGGESTION, THEN, THAT WITH RESPECT TO THE
14 LEGISLATIVE OPTION, THAT WE FOCUS ON 2020 AND NOT
15 2018?

16 MR. TORRES: IF THERE'S GOING TO BE A
17 LEGISLATIVE OPTION, MY OPINION WOULD BE TO FOCUS ON
18 2020 BECAUSE THAT, I FORESEE, MORE FAVORABLE
19 SCENARIOS IN US BEING SUCCESSFUL. AND JEFF IS
20 RIGHT. THERE ISN'T AS MUCH OPPOSITION AS THERE WAS
21 IN '04 AND TODAY. THERE'S MUCH MORE EMBRACE OF WHAT
22 WE'RE DOING BY THE GENERAL PUBLIC. AND CLEARLY IN
23 THE TIMES THAT I GO TO THE CAPITOL, THE LEGISLATURE
24 IS PRETTY MUCH AWARE OF WHAT WE'RE DOING. OR IF
25 NOT, WE EDUCATE THEM PRETTY QUICKLY AS TO WHERE WE

1 ARE. FOR EXAMPLE, I SEND A LETTER TO EACH MEMBER OF
2 THE LEGISLATURE WHERE A PROJECT OR GRANT HAS BEEN
3 APPROVED IN HIS OR HER DISTRICT SO THAT THEY KNOW,
4 BOTH REPUBLICAN AND DEMOCRATS IN THE LEGISLATURE AND
5 THE CONGRESS. SO IF A PROPOSAL HAS BEEN GIVEN TO
6 UCLA, FOR EXAMPLE, EVERY MEMBER OF THE LEGISLATURE
7 THAT REPRESENTS UCLA ON THAT CAMPUS, EVERY MEMBER OF
8 CONGRESS THAT REPRESENTS UCLA IN THAT CAMPUS IS
9 INFORMED OF A PROJECT THAT'S BEEN APPROVED BY OUR
10 BOARD FOR THEIR DISTRICT.

11 THAT'S ALSO TRUE WITH THE BRIDGES PROGRAM
12 AND THE SPARK PROGRAM. WHERE WE HAVE BRIDGES
13 STUDENTS, WE ALSO INFORM MEMBERS OF THE LEGISLATURE
14 AND THE CONGRESS AS TO WHICH STUDENTS HAVE BEEN
15 AWARDED A BRIDGES STIPEND OR SCHOLARSHIP FOR THAT
16 SUMMER WORK AS WELL AS FOR OUR SPARK STUDENTS, WHICH
17 WE JUST COMPLETED AT THE CITY OF HOPE IN AUGUST.

18 SO WE'RE LETTING THEM KNOW FROM A GRASS
19 ROOTS PERSPECTIVE WHAT'S GOING ON IN THEIR OWN
20 DISTRICTS AND WHAT IMPACT AND WHAT FOOTPRINTS WE ARE
21 LEAVING IN RESPECT TO SOME OF THE RESEARCH THAT WE
22 ARE FUNDING, AND WE WILL CONTINUE TO DO THAT.

23 CHAIRMAN THOMAS: THANK YOU. I THINK
24 MR. SUPERVISOR MAKES A VERY GOOD POINT, WHICH IS
25 BACKED UP BY SENATOR TORRES, THAT THE NOTION OF

1 REGARDLESS OF WHAT ROUTE WE CHOOSE TO GO HERE, WE
2 ABSOLUTELY WOULD WANT TO EDUCATE EVERYBODY IN
3 SACRAMENTO TO MAKE SURE THAT THEY' RE UP TO SPEED AND
4 HOPEFULLY WOULD BE SUPPORTIVE OF WHATEVER OPTION WE
5 PURSUE BECAUSE YOU' D LIKE TO HAVE THEIR BACKING
6 GOING FORWARD REGARDLESS. I THINK THAT' S A VERY
7 GOOD IDEA. OTHER COMMENTS ON --

8 SUPERVISOR SHEEHY: WELL, ONE THING, J. T.
9 CAN I GET A COMMITMENT THAT AT THE BOARD MEETING, WE
10 WILL AGENDA -- THIS SOUNDS LIKE WE HAVE TWO
11 DIFFERENT OPTIONS, GOING TO THE LEGISLATURE IN 2018
12 OR GOING TO THE LEGISLATURE IN 2020 TO ASK THEM TO
13 PUT SOMETHING ON THE BALLOT.

14 MR. TORRES: MY PERSONAL PERSPECTIVE IS
15 THAT I WOULD ONLY LIKE TO CONCENTRATE, IF WE
16 CONCENTRATE ON A LEGISLATIVE OPTION, IS 2020. I
17 JUST DON' T SEE WHERE WE GET TO 2018 WITH THE TIME
18 FRAME THAT' S THERE, JEFF, AND THE AMOUNT OF TIME
19 THAT WE WOULD NEED TO RAISE MONEY FOR A SUCCESSFUL
20 CAMPAIGN. I DON' T THINK THE TIME IS THERE IN A 2018
21 OPTION, BUT I CERTAINLY CAN PURSUE IT AND REVISIT
22 WITH MEMBERS OF THE LEGISLATURE AND CLEARLY WITH THE
23 GOVERNOR' S OFFICE, AND ALSO WITH THE THIRD HOUSE.
24 KEEP IN MIND A LOT OF THE LOBBYISTS THAT ARE
25 INVOLVED IN THIS PROCESS ALSO HAVE AN OPINION.

1 ESPECIALLY IF THEY REPRESENT HEALTHCARE CLIENTS LIKE
2 CEDARS-SINAI AND OTHERS, THEY WOULD HAVE AN OPINION
3 AS WELL. SO I'M HAPPY TO PURSUE IT. I'M JUST
4 SAYING FROM MY PERSONAL PERSPECTIVE, I THINK IT'S A
5 MORE CONCRETE MOVE TO LOOK AT 2020 FOR A LEGISLATIVE
6 OPTION AS OPPOSED TO 2018.

7 SUPERVISOR SHEEHY: SENATOR TORRES, I
8 WOULD AGREE WITH YOU ON THAT, BUT I THINK THE POINT
9 IS THAT THE BOARD SHOULD CONSCIOUSLY MAKE THAT
10 DECISION.

11 MR. TORRES: I AGREE. ABSOLUTELY. THAT'S
12 THE PURPOSE OF THIS SUBCOMMITTEE.

13 CHAIRMAN THOMAS: MR. SUPERVISOR, YES, WE
14 WILL PUT THAT AS AN AGENDA TOPIC. WE WILL BE
15 REPORTING BACK ON THE RESULTS OF THIS DISCUSSION TO
16 THE BOARD IN ANY EVENT, SO THAT WOULD BE SOMETHING
17 THAT WOULD BE PROPER TO HAVE ON THE TABLE FOR
18 DISCUSSION.

19 MR. PANETTA: THIS IS JOE PANETTA. I'M IN
20 A CAR CURRENTLY ON MY WAY OVER THERE.

21 IF THE SENATOR COULD MAYBE CLARIFY A POINT
22 FOR ME. I UNDERSTAND AND WOULD THINK THAT IF WE
23 PURSUE A LEGISLATIVE OPTION VERSUS A CITIZENS
24 INITIATIVE AGAIN, THAT WOULD POTENTIALLY AFFECT THE
25 GOVERNANCE OF CIRM. IS THAT THE CASE OR NOT?

1 MR. TORRES: YES, IT WOULD POTENTIALLY
2 AFFECT GOVERNANCE SIMPLY BECAUSE YOU WOULD PUT THE
3 ISSUE ON THE TABLE FOR A SENATE HEALTH COMMITTEE,
4 FOR AN ASSEMBLY HEALTH COMMITTEE TO REVIEW JUST HOW
5 WE OPERATE OR HOW THEY WOULD SEE US OPERATING. AND
6 THAT SAME DEBATE COULD HAPPEN IN ALSO THE
7 CONSTITUTIONAL AMENDMENTS. BOTH HOUSES HAVE TWO
8 HEALTH COMMITTEES, AN ASSEMBLY HEALTH COMMITTEE,
9 WHICH I USED TO CHAIR, AND THE SENATE HEALTH
10 COMMITTEE. THEY ALSO HAVE A CONSTITUTIONAL
11 AMENDMENTS COMMITTEE IN BOTH HOUSES, SO BOTH
12 COMMITTEES WOULD REVIEW ANY POTENTIAL SOURCE,
13 ESPECIALLY IF IT WERE TO PASS OUT OF THE POLICY
14 COMMITTEE.

15 WITH THE CASE OF THE MORLACH PROPOSAL,
16 BECAUSE IT DIDN'T PASS OUT OF THE SENATE HEALTH
17 COMMITTEE, IT NEVER GOT A HEARING IN THE SENATE
18 CONSTITUTIONAL AMENDMENTS COMMITTEE, BUT THAT WOULD
19 HAVE BEEN THE NEXT STEP IF IT WOULD HAVE PASSED THE
20 POLICY COMMITTEE.

21 MR. PANETTA: SO EITHER WAY, ASSUMING THAT
22 WE ALL AGREE THAT THE INDEPENDENT GOVERNANCE OF CIRM
23 HAS BEEN VERY SUCCESSFUL OVER THE LAST 12 OR 15
24 YEARS, THAT POTENTIALLY WITH GREATER LEGISLATIVE
25 OVERSIGHT, AND I KNOW THAT THERE HAVE BEEN SOME

1 ATTEMPTS OVER PAST YEARS AND THAT'S IMPROVED
2 TREMENDOUSLY, I THINK, PROBABLY MUCH DUE TO THE FACT
3 THAT SENATOR TORRES HAS COMMUNICATED SO EFFECTIVELY
4 WITH THE LEGISLATURE, THAT CIRM COULD POTENTIALLY
5 COME UNDER THE CONTROL OF THE LEGISLATURE. IS THAT
6 TRUE OR NOT?

7 MR. TORRES: YES. AND THAT WOULD BE THE
8 NATURE OF ANY INITIATIVE THAT WOULD GO TO THE BALLOT
9 BECAUSE IN EITHER SCENARIO, IT STILL HAS TO GO TO
10 THE BALLOT TO BE APPROVED BY THE VOTERS WHETHER THE
11 ORIGIN IS THE LEGISLATURE OR THE ORIGIN IS THE
12 GENERAL PUBLIC THROUGH SIGNATURE GATHERING. BOTH
13 THE ROUTES REQUIRE THE BALLOT TO BE THE --
14 INITIATIVE TO BE PLACED ON THE BALLOT FOR VOTER
15 APPROVAL. SO THAT'S WHERE YOU GET INTO THE NOTIONS
16 OF WHERE PEOPLE WANT TO LEAVE THEIR FINGERPRINTS IN
17 RESPECT TO HOW WE OPERATE AND HOW WE DEAL WITH THOSE
18 ISSUES AS WE HAVE SO EFFECTIVELY, I THINK, AS AN
19 INDEPENDENT.

20 AND LASTLY, I WANT YOU TO KNOW WHAT ELSE
21 I'VE BEEN TELLING THE MEMBERS OF THE LEGISLATURE AND
22 THE LEADERSHIP AND OUR CONSTITUTIONAL OFFICERS IS
23 THAT THIS IS THE ONLY AGENCY THAT HAS MADE MONEY FOR
24 THE STATE. PEOPLE FORGET THAT COLLECTING LICENSE
25 FEES FROM THE DMV DOESN'T MAKE THE STATE OF

1 CALIFORNIA MONEY. BRINGING PH. DS. FROM ALL OVER THE
2 WORLD TO WORK HERE IN CALIFORNIA, CREATING
3 ESSENTIALLY A HUB THAT AFFECTS THE ENTIRE
4 INFRASTRUCTURE OF A COMMUNITY; I. E. , MISSION BAY,
5 USC, UCLA, US IRVINE, UC DAVIS, ALL OF THOSE
6 INSTITUTIONS ALSO CREATE, UC SANTA CRUZ, WE BROUGHT
7 A STEM CELL LAB, FOR EXAMPLE, THAT WAS MONEY THAT
8 GENERATED OTHER MONEY. NO OTHER STATE AGENCY HAS
9 EVER DONE THAT, GENERATED MONEY FOR THE STATE. WE
10 HAVE, AND THAT' S AN INCREDIBLE SELLING POINT.

11 MS. WINOKUR: AND ALSO, THOSE OF OUR
12 PROJECTS THAT ARE SUCCESSFUL IN GOING ON THE MARKET
13 GENERATE MONEY BECAUSE WE OFTEN HAVE A PIECE OF IT.

14 MR. TORRES: EXACTLY.

15 CHAIRMAN THOMAS: THANK YOU. BEFORE I GET
16 TO MR. JUELSGAARD, LINDA, CAN YOU HEAR US OKAY?

17 DR. MALKAS: FINE. CAN YOU HEAR ME?

18 CHAIRMAN THOMAS: YES, WE CAN. THANK YOU.
19 MR. JUELSGAARD.

20 DR. JUELSGAARD: I WANT TO FOLLOW UP ON
21 WHAT BOTH JOE AND SENATOR TORRES SAID. I ALSO WOULD
22 BE A LITTLE RELUCTANT TO MAKE THE ASSUMPTION THAT A
23 CITIZEN-SPONSORED BALLOT INITIATIVE WOULD LOOK
24 IDENTICAL TO THE ONE THAT WAS PASSED IN 2004. IT
25 MAY; IT MAY NOT. CHANGES MAY BE MADE. SO I THINK

1 THAT THERE ARE IMPROVEMENTS THAT COULD BE MADE ON
2 THIS ORGANIZATION AND PROBABLY WOULD. SO IN ANY
3 EVENT, IF WE TALK ABOUT THIS AS A DIRECTION TO GO,
4 IT MAY BE A VERY DIFFERENT LOOKING FIRM THAN THE ONE
5 WE HAVE TODAY.

6 CHAIRMAN THOMAS: THAT'S CORRECT.
7 COMMENTS BY OTHER MEMBERS ON PAGE 5 WITH RESPECT TO
8 EITHER THE LEGISLATIVE OR THE CITIZEN-SPONSORED BOND
9 OPTION? THANK YOU.

10 SENATOR TORRES, THANK YOU FOR YOUR
11 LEADERSHIP ON THIS VERY IMPORTANT SUBJECT. WE'RE,
12 AS ALWAYS, EXTREMELY FORTUNATE THAT YOU ARE HERE AND
13 ABLE TO HANDLE THESE MATTERS.

14 MR. TORRES: BELIEVE ME I'M GLAD I'M HERE.

15 CHAIRMAN THOMAS: OKAY. YES, WE HAVE
16 PUBLIC COMMENT. MR. REED.

17 MR. REED: TWO THINGS. FIRST, I HOPE WE
18 GO WITH THE CITIZENS EFFORT. I THINK THAT WAS
19 TREMENDOUSLY SUCCESSFUL AND TRY IT AGAIN. IF WE DO,
20 I CAN'T IMAGINE A STRONGER GROUP TO DO IT WITH. I
21 THINK WE'RE BLESSED WITH TALENT.

22 I WOULD ALSO LIKE TO ADD THAT I REALLY
23 DON'T WANT TO HAVE GOVERNOR BROWN BE THE ONE WHO
24 SIGNS IT OR DOESN'T SIGN IT. I'VE HAD TWO
25 ENCOUNTERS WITH THE ROMAN REED SPINAL CORD INJURY

1 RESEARCH ACT, WHICH WAS ONLY \$1 MILLION A YEAR AND
2 WHICH BROUGHT IN MUCH MORE, MUCH MORE MONEY THAN IT
3 COST, WAS VETOED TWICE. EVEN THOUGH THE SECOND TIME
4 IT WAS WITH A HUNDRED PERCENT OF BOTH THE ASSEMBLY
5 AND SENATE, HE VETOED IT. I DON'T KNOW WHETHER HIS
6 PERSONAL BELIEFS COME IN PLAY HERE, BUT I REALLY
7 DON'T WANT TO HAVE ONE INDIVIDUAL HAVE THE LIFE AND
8 DEATH ON OUR BEAUTIFUL ORGANIZATION.

9 CHAIRMAN THOMAS: THANK YOU FOR YOUR
10 COMMENTS, MR. REED, AS ALWAYS. AND THANK YOU FOR
11 YOUR UNCEASING SUPPORT OF EVERYTHING THAT WE DO. WE
12 REALLY APPRECIATE IT. OKAY.

13 MR. TORRES: MR. PANETTA HAS ENTERED THE
14 ROOM. WHAT A NICE SURPRISE.

15 CHAIRMAN THOMAS: OKAY. WE'RE GOING TO GO
16 TO SLIDE NO. 6 AND START TALKING ABOUT THE -- THIS
17 IS NOW ON TOPIC NO. 2, WHICH IS A FUND-RAISING
18 UPDATE.

19 SO THE FIRST POINT, AS WE MENTIONED A
20 NUMBER OF MONTHS AGO, CONTEMPLATING THAT WE WERE
21 GOING TO BE RUNNING OUT OF FUNDS POTENTIALLY IN
22 MID-2020, WE SET ABOUT LOOKING TO RAISE SOME
23 ADDITIONAL ADMINISTRATIVE FUNDS THAT WE WOULD HAVE
24 AVAILABLE FOR COVERING ALL OF OUR OPERATING COSTS
25 AFTER SUCH TIME AS WE RUN OUT OF FUNDS AND

1 POTENTIALLY IN ADVANCE OF ANOTHER BOND MEASURE.

2 WE HAD COMMITMENTS, WHICH I REPORTED TO
3 THE BOARD AT THAT TIME, FROM BILL BOWES, WHO IS, AS
4 MANY OF YOU KNOW, IS ONE OF THE FOUNDERS OF AMGEN,
5 AND FROM PITCH JOHNSON, WHO IS ONE OF THE LEADING
6 EARLY VENTURE CAPITALISTS IN THE SILICON VALLEY.
7 MR. BOWES COMMITTED TO FIVE MILLION AND MR. JOHNSON
8 TO TWO FOR A TOTAL OF SEVEN. THOSE COMMITMENTS AT
9 THAT POINT WERE CONTINGENT ON THERE NOT BEING A
10 SUCCESSFUL BOND MEASURE AND ALSO ON RAISING
11 ADDITIONAL FUNDS THAT WOULD MATCH THEIR GIFTS.

12 GIVEN THE SITUATION THAT WE FIND OURSELVES
13 NOW IN OF POTENTIALLY RUNNING OUT OF FUNDS MID-2020,
14 BUT IT BEING OUR VIEW THAT WE WOULD STILL NEED TO
15 HAVE THE TEAM IN PLACE TO NEGOTIATE, PUT TOGETHER,
16 MONITOR, ETC., THE AWARDS IN 2020, IT WAS OUR VIEW
17 WE NEEDED TO HAVE THE ADMINISTRATIVE FUNDS
18 TENTATIVELY AVAILABLE IN THE EVENT THAT WE
19 ULTIMATELY WEREN'T SUCCESSFUL IN RAISING OTHER
20 FUNDS.

21 AND SO I WENT TO MR. JOHNSON FIRST. HE
22 WAS VERY GRACIOUS TO TAKE AWAY THE CONTINGENCY AND
23 TO ACCELERATE THE FUNDING SUCH THAT WE WOULD HAVE
24 HIS MONEY DEFINITELY IN HAND THROUGH HIS GENEROUS
25 GIFT BY THE END OF MARCH OF 2020.

1 THEN, AS MANY OF YOU KNOW, VERY SADLY,
2 MR. BOWES PASSED AWAY A FEW MONTHS AGO, AND HE HAD
3 BEEN SUCH A SUPPORTER OF CIRM. HE WAS THERE VERY
4 EARLY ON AT THE TIME BOB DID THE BOND ANTICIPATION
5 NOTES, VERY SUPPORTIVE ALL THE WAY THROUGH. MARIA
6 AND I WENT TO MEET WITH THE EXECUTOR OF HIS ESTATE
7 AND ASKED HIM IF HE WOULD CONSIDER, ON BEHALF OF
8 MR. BOWES, THE SAME AMENDMENTS THAT WE DISCUSSED
9 WITH MR. JOHNSON. HE WAS EXTREMELY ENTHUSIASTIC,
10 SUPPORTIVE, AND SAID THAT DOING THAT WOULD BE
11 SOMETHING THAT MR. BOWES WOULD MOST CERTAINLY HAVE
12 APPROVED OF. SO HE WAS GOING TO TAKE THE AMENDMENT
13 TO THE FOUNDATION BOARD, WHICH HE IS A MEMBER, WHICH
14 IS MEETING LATER THIS MONTH, WITH A STRONG
15 RECOMMENDATION THAT THEY AGREE TO THE SAME TERMS.

16 SO WE FULLY EXPECT THAT WE WILL HAVE
17 WITHIN THE NEXT COUPLE WEEKS \$7 MILLION IN FIRM
18 COMMITMENTS FOR THE TIMETABLE TO GET THE
19 ADMINISTRATIVE FUNDS IN BY THE END OF MARCH 2020 IN
20 ADVANCE OF RUNNING OUT OF THOSE FUNDS.

21 AND THE TEAM HAS EVALUATED HOW LONG THAT
22 \$7 MILLION WILL GO IF WE DO RUN OUT MID-2020. AND
23 IT'S THEIR INFORMED OPINION THAT THAT WILL LAST THE
24 AGENCY AT LEAST THROUGH EARLY 2021. WE'RE IN THE
25 PROCESS OF TALKING TO OTHER POTENTIAL DONORS ABOUT

1 THE IDEA OF AN ADDITIONAL GIFT. THAT GIFT WOULD BE
2 CONTINGENT AT THAT POINT UPON NO BOND MEASURE
3 PASSING IN 2020 AND NO ALTERNATIVE SOURCES OF
4 FUNDING THAT WOULD FILL THE ADMINISTRATIVE NEED. SO
5 THAT IS THE UPDATE ON THAT.

6 ARE THERE ANY COMMENTS ON THIS PARTICULAR
7 PAGE? OKAY.

8 BEFORE WE GET INTO PAGE 7, WHICH THERE ARE
9 A FEW POINTS TO GO OVER IN ADDITION TO WHAT'S HERE,
10 I'VE BEEN INFORMED --

11 SUPERVISOR SHEEHY: CAN WE GO BACK OVER
12 THIS? SO IN TERMS OF THE FUND-RAISING, SO WE HAVE
13 \$7 MILLION. YOU'RE PURSUING ADDITIONAL FUNDS. WHEN
14 IS THE DEADLINE? LIKE, FOR INSTANCE, AND I THINK
15 THIS IS SOMETHING WE SHOULD ALSO HEAR AT THE BOARD
16 AND HAVE CONSISTENCY ON, RIGHT NOW WE KNOW WE HAVE
17 ENOUGH MONEY TO PAY THE ADMINISTRATIVE COSTS THROUGH
18 DATE X. CAN I GET REFRESHED ON WHEN THAT DATE IS?

19 CHAIRMAN THOMAS: MARCH 31, 2020.

20 SUPERVISOR SHEEHY: RIGHT. SO I DO THINK
21 IT'S IMPORTANT THAT WE HAVE ADMINISTRATIVE FUNDS, OR
22 AT LEAST I WOULD LIKE THE BOARD TO DISCUSS AND COME
23 TO A DECISION POINT, BUT I PERSONALLY WOULD LIKE TO
24 BE ABLE TO HAVE A DECISION POINT BECAUSE FOR ME,
25 FROM A FIDUCIARY RESPONSIBILITY, I WOULD MAKE SURE

1 WE HAVE AT LEAST BARE BONES STAFF TO MANAGE ANY
2 GRANTS WE MAKE AND WE STOP MAKING GRANTS IF WE DON'T
3 HAVE THE MONEY AT A POINT -- LIKE, FOR INSTANCE, IF
4 WE DON'T -- IT SOUNDS LIKE \$7 MILLION MIGHT GET US,
5 WHAT? HOW FAR DOES THAT GET US? A YEAR? HALF
6 YEAR?

7 CHAIRMAN THOMAS: EARLY 2021.

8 SUPERVISOR SHEEHY: SO THAT GETS US ABOUT
9 A YEAR THEN. THEN I WOULDN'T WANT TO APPROVE A
10 THREE-YEAR GRANT AFTER EARLY 2019, IF YOU GET MY
11 DRIFT. I WOULD LIKE TO MAKE SURE THAT WE HAVE
12 ENOUGH PEOPLE ON TO MANAGE OUR GRANTS THROUGH
13 COMPLETION AND STOP MAKING GRANTS THAT WON'T HAVE
14 ADMINISTRATIVE MONITORING IN ORDER TO MAKE SURE THAT
15 THE MONEY IS PROPERLY SPENT. BUT I HOPE THAT THAT
16 CAN BE ANOTHER DECISION POINT WE BRING TO THE BOARD
17 AND WE CAN DISCUSS AT OUR NEXT MEETING. I FEEL LIKE
18 I WOULD NOT BE BEING RESPONSIBLE IF I GAVE OUT MONEY
19 THAT I DIDN'T HAVE SUPPORT TO MONITOR IN AN
20 EFFICIENT, EFFECTIVE WAY TO MAKE SURE THE MONEY IS
21 NOT BEING WASTED AND IS BEING SPENT THE WAY IT WAS
22 MEANT TO BE. AM I ALONE IN HAVING THAT OPINION?

23 CHAIRMAN THOMAS: NO, ABSOLUTELY NOT. I
24 ENTIRELY AGREE WITH THAT, AND THAT WAS GOING TO BE
25 AMONGST THE TOPICS THAT WERE CONTEMPLATED TO BE

1 DISCUSSED AT THE MEETING I REFERENCED EARLIER
2 GETTING INTO BUDGET ISSUES, ETC., OF ABSOLUTELY THAT
3 SHOULD BE.

4 MS. BONNEVILLE: EXCEPT THE SEPTEMBER
5 BOARD MEETING, THAT'S IN DECEMBER.

6 CHAIRMAN THOMAS: JEFF, ARE YOU SUGGESTING
7 THAT A SEPTEMBER BOARD MEETING TOPIC OR A
8 SUBCOMMITTEE MEETING IN ADDITION TO THE BUDGET
9 DISCUSSIONS THAT WE WERE GOING TO BE HAVING AT THE
10 SUBCOMMITTEE IN ADVANCE OF THE DECEMBER BOARD
11 MEETING? WHICH ARE YOU SAYING HERE?

12 SUPERVISOR SHEEHY: IT NEEDS TO BE DECIDED
13 AT THE BOARD. THAT'S MY POINT. THE BOARD NEEDS TO
14 WEIGH IN ON -- I MEAN IT DEPENDS ON HOW YOU WANT TO
15 DIVIDE IT UP. THERE ARE SOME KEY BROAD DECISION
16 POINTS, LIKE DO WE GO TO THE LEGISLATURE? WHEN DO
17 WE GO? THERE'S LIKE DO WE WANT TO COMMIT TO MAKING
18 SURE THAT WE HAVE FUNDING TO COVER THE LIFE OF EVERY
19 GRANT THAT WE MAKE AND THEN ADJUST ACCORDINGLY IN
20 ORDER TO DO THAT? I MEAN THERE'S JUST SOME CRITICAL
21 DECISION POINTS THAT -- BECAUSE WE ARE GETTING TO
22 THE END OF THE ROAD. AND I JUST BELIEVE LIKE THE
23 BOARD AS A WHOLE, SO WHETHER YOU WANT TO HAVE A
24 SUBCOMMITTEE BEFORE THIS IS DONE OR THEN COME TO THE
25 BOARD IN DECEMBER OR YOU WANT TO GO AHEAD AND GET

1 THESE BROADER PHILOSOPHICAL QUESTIONS DECIDED, I DO
2 THINK THE BOARD NEEDS TO MAKE THESE DECISIONS. AND
3 IT WOULD BE GREAT IF THEY WOULD MAKE IT BEFORE THE
4 END OF THIS CALENDAR YEAR.

5 CHAIRMAN THOMAS: I THINK I WOULD
6 RECOMMEND, IN RESPONSE TO THAT, JEFF, THAT THE
7 MATTERS YOU ARE MENTIONING BRING INTO -- THE SUBJECT
8 MATTER STARTS TO DRIFT INTO THE SCIENCE
9 SUBCOMMITTEE. AND I WOULD PROPOSE THAT WE HAVE A
10 JOINT MEETING OF THE SCIENCE SUBCOMMITTEE AND THIS
11 SUBCOMMITTEE IN ADVANCE OF THE DECEMBER BOARD
12 MEETING TO TAKE UP THESE VERY ISSUES AT WHICH POINT
13 WE HAVE A RECOMMENDATION TO TAKE TO THE FULL BOARD
14 FOR DISCUSSION.

15 SUPERVISOR SHEEHY: OR I THINK THESE
16 QUESTIONS ARE FAIRLY STRAIGHTFORWARD. WHETHER WE GO
17 TO THE LEGISLATURE OR NOT IS, TO ME, PRETTY SIMPLE.
18 ART LAID IT OUT PRETTY CLEARLY, AND IT'S LIKE DO WE
19 WANT TO DO THIS OR NOT AND WHEN IF WE DO WANT TO DO
20 IT. AND THEN THIS ONE IS REALLY JUST A FUNDAMENTAL
21 QUESTION OF DO YOU THINK WE NEED TO COVER OUR
22 GRANTS? DO YOU THINK WE NEED TO MANAGE OUR GRANTS
23 TO THE END OF THEIR LIFE OR NOT? IF PEOPLE DON'T
24 THINK SO, THEY JUST WANT TO SPEND THE MONEY ALL THE
25 WAY THROUGH 2020, AND THEN YOU GOT IT, YOU SPEND IT,

1 DO WHATEVER YOU WANT WITH IT, THAT'S A DECISION
2 POINT. I DON'T KNOW WHAT VIRTUAL RECOMMENDATION
3 HAS. I'M NOT THE CHAIR. SO HOWEVER YOU WANT TO DO
4 THIS. I JUST FEEL LIKE WE'RE PRETTY LATE DOWN THE
5 ROAD TO BE MAKING THESE DECISIONS, AND HOPEFULLY WE
6 GET THESE DECISIONS MADE FAIRLY QUICKLY.

7 DR. JUELSGAARD: SO, JEFF, THIS WHOLE
8 DISCUSSION IS BASED ON A PREMISE THAT I'M NOT SURE
9 IS REALLY CORRECT. AND CHAIRMAN THOMAS STATED THAT
10 PREMISE, WHICH IS WE RUN OUT OF FUNDS IN MARCH OF
11 2020. WE DO YEARLY BUDGETING. WE RUN OUT OF FUNDS
12 WHEN WE DECIDE WE RUN OUT OF FUNDS. ALL RIGHT. SO
13 NOBODY SET A PROJECT AT THIS POINT THAT SPENDS ALL
14 OF OUR MONEY AND SUDDENLY SAYS MARCH OF 2020 WE'RE
15 DONE. WHEN COMPANIES WIND DOWN, AND I'M NOW LOOKING
16 AT THE BUSINESS SIDE OF THINGS, WHEN FUNDS START
17 BECOMING SCARCE, THEY START MAKING PLANS FOR WHAT'S
18 NECESSARY AND WHAT'S LESS NECESSARY TO KEEP THEIR
19 LIFE GOING AS LONG AS THEY NEED TO KEEP IT GOING TO
20 DO WHATEVER IT IS THEY NEED TO DO. AND I DON'T
21 THINK WE'RE IN A VERY DIFFERENT POSITION THAN AN
22 ORGANIZATION THAT'S LIKE THAT.

23 SO I DO NOT, FOR ONE, ACCEPT THE PREMISE
24 THAT WE RUN OUT OF MONEY IN MARCH OF 2020. WE CAN
25 DECIDE WHEN WE WANT TO RUN OUT OF MONEY, AND THAT

1 BASICALLY HAS TO DO WITH OUR BURN RATE OR RUN RATE,
2 AMONGST OTHER THINGS, THE EMPLOYEES THAT WE HAVE,
3 WHICH IS AN EXPENSE, BUT ALSO OTHER THINGS WE SPEND
4 MONEY ON. BUDGETING IS REALLY THE TIME WHEN THIS
5 BECOMES A RELEVANT TOPIC.

6 CHAIRMAN THOMAS: JEFF, BEFORE YOU SPEAK,
7 I'D JUST LIKE TO RESPOND. SO YOU'RE ENTIRELY
8 CORRECT, STEVE. THE NOTION WAS THAT TO THIS POINT
9 THAT'S WHAT WE'RE OPERATING ON, BUT THE WHOLE
10 PURPOSE OF DISCUSSIONS IN DECEMBER WERE TO LAY OUT
11 SCENARIOS TO ADDRESS EXACTLY THE DIFFERENT TYPES OF
12 SPEND-DOWN RATES, ETC., THAT YOU ARE REFERRING TO.
13 SO WE'RE NOT AT ALL FIXED ON THAT.

14 MY ONLY COMMENT WAS IS THAT THAT HAS BEEN,
15 FOR DISCUSSION PURPOSES TO THIS POINT, THE DATE THAT
16 HAS BEEN MENTIONED FOR A COUPLE OF YEARS AS TO WHEN.
17 THAT COULD BE ABSOLUTELY AT THE DISCRETION OF THE
18 BOARD.

19 SUPERVISOR SHEEHY: I AGREE WITH YOU. I
20 THINK, STEVE, AND YOU AND I ARE SAYING THE SAME
21 THING. I'M KIND OF STRETCHING THE SYSTEM SO THAT WE
22 HAVE THESE CONVERSATIONS AND MAKE THESE CHOICES
23 DELIBERATELY AND CONSCIOUSLY WHILE WE STILL HAVE
24 ENOUGH RESOURCES IN ORDER TO MAKE THESE CHOICES.
25 DOES THAT MAKE SENSE? BECAUSE I FEEL LIKE WE'RE

1 KIND OF GOING ALONG BUSINESS AS USUAL, BUSINESS AS
2 USUAL, AND BOB IS GOING TO SAVE US IN 2020 WITH A
3 BOND MEASURE. AND, YOU KNOW, WE CAN EITHER LET THAT
4 HAPPEN, OR WE CAN START BEING VERY RATIONAL ABOUT
5 WHAT OUR RESOURCES ARE AND HOW LONG. RIGHT NOW
6 WE'RE GOING ALONG LIKE WE'RE GOING TO BE ALIVE
7 FOREVER OR UNTIL THE MONEY RUNS OUT.

8 CHAIRMAN THOMAS: I WOULD SAY THAT THAT
9 SENTIMENT IS EXACTLY THE REASON WHY I CONVENED THE
10 SUBCOMMITTEE AT THIS POINT, TO HAVE PRECISELY THESE
11 SORTS OF DISCUSSIONS.

12 MR. PANETTA: JUST TO TAKE WHAT STEVE
13 SAYS -- SO WHATEVER WE DO BETWEEN NOW AND 2020 OR
14 2021, IF IT'S A WIND-DOWN, I THINK MARIA SHOULD BE
15 INVOLVED IN HELPING US TO COME UP WITH A PLAN AS
16 TO -- AND I THINK WE SHOULD DEFINITELY -- WE HAVE A
17 RESPONSIBILITY TO BE INVOLVED, BUT I THINK YOU HAVE
18 A RESPONSIBILITY TO KIND OF LAY UP FOR US WHERE YOU
19 THINK WE SHOULD BE GOING BETWEEN NOW AND THE TIME
20 THAT WE EITHER STOP GIVING OUT GRANT FUNDING,
21 MAINTAIN GRANT FUNDING WITH AN ADMINISTRATIVE STAFF
22 HERE TO MAINTAIN IT. I DON'T DISAGREE WITH ANYTHING
23 THAT'S BEEN SAID, EXCEPT THAT I THINK WE NEED --

24 DR. MILLAN: IN FACT, INTERNALLY WE
25 ACTUALLY HAVE BEEN AND CONTINUE TO WORK ON THE

1 PROCESS OF LAYING OUT THESE VARIOUS SCENARIOS, WHICH
2 WE PROPOSE TO BRING TO THE JOINT SUBCOMMITTEE
3 MEETING IN PREPARATION FOR THE DECEMBER BOARD
4 MEETING WHERE THE REMAINING BUDGET IN ITS ENTIRETY
5 WILL BE LAID OUT AS WELL AS A PROPOSED 2018 BUDGET,
6 THE RATIONALE BEHIND IT, STRATEGY BEHIND IT, AND, OF
7 COURSE, WE ARE LOOKING FORWARD TO THAT COMMITTEE.

8 MR. PANETTA: SO WE'LL HEAR FROM YOU ON
9 WHAT YOU THINK THE VARIOUS OPTIONS ARE.

10 DR. MILLAN: YES. THIS COMMITTEE WILL BE
11 LAYING OUT KIND OF SOME PARAMETERS AND GUIDANCE IN
12 TERMS OF INFORMING THE PUBLIC SCENARIOS. SO THAT'S
13 THE REASON WHY WE'RE GOING TO GO AHEAD AND DO THAT
14 IN THIS FASHION.

15 MR. TORRES: WHICH IT GOES TO JEFF'S
16 COMMENT, AND THAT IS, WHICH I AGREE WITH, AND THAT
17 IS THAT THESE DECISIONS WILL BE DONE BEFORE THE END
18 OF THE CALENDAR YEAR, WHICH WILL BE THE DECEMBER
19 MEETING. BUT I DO THINK THAT THE NOTION OF HAVING A
20 JOINT SUBCOMMITTEE IN BETWEEN THAT OR BEFORE THAT IS
21 INSTRUCTIVE ESPECIALLY WITH JEFF AS CO-CHAIR WITH OS
22 OF THE SCIENCE COMMITTEE, WITH STEVE'S PERSPECTIVE,
23 YOUR PERSPECTIVE TOO OBVIOUSLY AND OTHER BOARD
24 MEMBERS' PERSPECTIVES, I THINK THAT COULD BE A VERY
25 THOUGHTFUL DISCUSSION AND ALSO RAISE OTHER ISSUES

1 THAT WE MAY NOT HAVE THOUGHT ABOUT AS WE APPROACH A
2 DECEMBER BOARD MEETING.

3 DR. MILLAN: ABSOLUTELY.

4 CHAIRMAN THOMAS: OKAY. ADDITIONAL
5 COMMENTS FROM MEMBERS OF THE BOARD? OKAY. I AM
6 INFORMED THAT LUNCH FOR THOSE MEMBERS WHO ARE HERE
7 IS NOW AVAILABLE. SO I WOULD RECOMMEND WE TAKE A
8 BRIEF BREAK TO ALLOW PEOPLE TO GET THEIR LUNCH, SAY
9 TEN MINUTES, AND THEN WE RECONVENE. AND HOPEFULLY
10 EVERYBODY ON THE PHONE HAS SOME GOOD STUFF FOR LUNCH
11 TOO. SO WE WILL RECONVENE HERE.

12 MR. TORRES: YOU'RE TALKING ABOUT A
13 WORKING LUNCH.

14 CHAIRMAN THOMAS: YES, A WORKING LUNCH.
15 SO WE WILL RECONVENE HERE IN TEN MINUTES.

16 DR. CHIU: YOU HAVE COMMENTS FROM THE
17 PUBLIC AFTER LUNCH?

18 CHAIRMAN THOMAS: IS THAT ARLENE?

19 DR. CHIU: THAT IS ARLENE.

20 MS. BONNEVILLE: ARE YOU AT A NOTICED
21 LOCATION?

22 DR. CHIU: I'M AT DR. LINDA MALKAS'
23 OFFICE.

24 MS. BONNEVILLE: GREAT. YES, WE'VE ASKED
25 EVERYONE TO GRAB THEIR LUNCH AND COME RIGHT BACK.

1 DR. CHIU: THANK YOU.

2 (A RECESS WAS TAKEN.)

3 CHAIRMAN THOMAS: OKAY, EVERYBODY. WE'VE
4 RECONVENED HERE. THERE'S BEEN A COUPLE OF QUESTIONS
5 ASKED IN THE INTERIM. I SORT OF DID NOT GET INTO
6 THE MINUTIA AT THE TIME, BUT JUST SO THE MEMBERS OF
7 THE BOARD ARE AWARE OR MAY NOT HAVE FOLLOWED THIS,
8 BUT FOR A VARIETY OF REASONS, A VERY LARGE
9 PERCENTAGE OF THE BONDS THAT HAVE BEEN ISSUED FOR
10 CIRM ARE ACTUALLY TAXABLE. VERY LITTLE OF WHAT
11 WE'VE ACTUALLY ISSUED IS TAX-EXEMPT. SO THERE IS A
12 LOT OF LEGAL REASONS THAT BOND COUNSEL HAS FOR WHY
13 THAT'S THE CASE.

14 JUST SO EVERYBODY IS AWARE OF SORT OF THE
15 PROCESS, WHEN THE STATE DEPARTMENT OF FINANCE
16 DECIDES THAT IT'S GOING TO AUTHORIZE THE ISSUANCE
17 SEMI ANNUALLY OF BONDS CONNECTED TO CIRM, IT IS DONE
18 CONCURRENTLY WITH THE ISSUANCE OF BONDS FOR OTHER
19 STATE AGENCIES, EDUCATION, PRISONS, WHATEVER. AND
20 EVERY TIME THERE'S AN ISSUANCE, A PART OF IT, AND
21 IT'S ALL LUMPED TOGETHER, PART OF ANY GIVEN ISSUANCE
22 BY THE STATE TREASURER'S OFFICE IS TAX-EXEMPT AND
23 PART OF IT'S TAXABLE. AND THE BULK OF WHAT WE HAVE
24 HAD ISSUED FOR US TO DATE IS TAXABLE. SO I JUST
25 WANTED TO CLARIFY THAT FOR ANYBODY WHO HAD A

1 SPECIFIC QUESTION ABOUT THAT.

2 MS. WINOKUR: I JUST WANTED TO ADD THAT
3 THE ADMINISTRATIVE STAFF BE AWARE OF THE BOARD'S
4 CONCERN ABOUT FUNDING FOR THEM. IT'S EQUALLY AS
5 CONCERNED ABOUT FUNDING FOR THE PROPOSALS.

6 CHAIRMAN THOMAS: VERY IMPORTANT POINT.
7 ABSOLUTELY. THANK YOU, DIANE.

8 I JUST WANTED TO CONFIRM AND ASK WHO'S NOT
9 ON THE PHONE. I WANT TO CONFIRM EVERYBODY IS ON.
10 MARIA, CAN YOU JUST TAKE THE ROLL AGAIN JUST TO MAKE
11 SURE WE HAVE EVERYBODY HERE?

12 MS. BONNEVILLE: JUDY GASSON.

13 DR. GASSON: HERE.

14 MS. BONNEVILLE: LINDA MALKAS.

15 DR. MALKAS: HERE.

16 MS. BONNEVILLE: SHLOMO MELMED.

17 DR. MELMED: HERE.

18 MS. BONNEVILLE: AL ROWLETT.

19 MR. ROWLETT: HERE.

20 MS. BONNEVILLE: KRISTINA VOURI.

21 DR. VOURI: HERE.

22 MS. BONNEVILLE: AND JEFF SHEEHY.

23 SUPERVISOR SHEEHY: HERE.

24 MS. BONNEVILLE: THANK YOU.

25 CHAIRMAN THOMAS: THANK YOU, EVERYBODY.

1 OKAY. WE'RE GOING TO GO NOW TO SLIDE --

2 MS. BONNEVILLE: ARLENE WANTED TO MAKE
3 PUBLIC COMMENT.

4 CHAIRMAN THOMAS: YES, THANK YOU. DR.
5 CHIU, YOU HAD A COMMENT ON THE DISCUSSION TO THIS
6 POINT.

7 DR. CHIU: CAN YOU HEAR ME? SO MY
8 QUESTION IS IN THE TWO BUCKETS OF CIRM MONEY, THE
9 LARGE BUCKET FOR GRANTS AND THE SMALL BUCKET FOR
10 ADMINISTRATION, ARE THERE ANY REGULATIONS THAT ARE
11 PERTINENT IN PROP 71 THAT PERMITS FLOW OF MONEY
12 BETWEEN THE TWO BUCKETS? IN OTHER WORDS, CAN YOU
13 USE GRANT-DEDICATED MONEY FOR ADMINISTRATION? AND
14 IF SO, TO WHAT DEGREE?

15 CHAIRMAN THOMAS: THE ANSWER TO THAT IS
16 NO.

17 DR. CHIU: IF THAT'S THE CASE, THEN IS IT
18 TRUE, NO MATTER HOW MUCH MONEY IS LEFT IN THE GRANT
19 BUCKET, THAT THE BUCKET FOR ADMINISTRATION IS
20 RESTRICTED AND WILL END AT MARCH 31, 2020?

21 CHAIRMAN THOMAS: NO. WE ARE TARGETING
22 THAT MONEY RUNNING OUT IN THE END OF JUNE OF 2020
23 EXCEPT FOR -- LET ME REPHRASE THAT. TO THAT WE ADD
24 THE SEVEN MILLION THAT I DISCUSSED AND, OF COURSE,
25 ANY ADDITIONAL ADMIN FUNDS THAT WILL BE RAISED

1 BETWEEN NOW AND THEN WILL EXTEND THAT BUDGET.

2 DR. CHIU: AND THIS IS IN REFERENCE TO A
3 POINT THAT SUPERVISOR SHEEHY MADE. IF A GRANT IS
4 MADE, A 30-MONTH GRANT IS MADE IN JANUARY OF 2018,
5 THE END OF 30 MONTHS WILL BE JUNE 2020. IN OTHER
6 WORDS, FOR THE ADMINISTRATIVE STAFF TO BE FUNDED,
7 THE LAST FUNDED GRANT FOR 30 MONTHS NEEDS TO START
8 JANUARY 2018. I HOPE I'M WRONG, BUT I THINK MY
9 NUMBERS ARE RIGHT. THANK YOU.

10 CHAIRMAN THOMAS: THAT WOULD BE THE CASE
11 IF WE DIDN'T HAVE ADDITIONAL FUNDS; BUT SINCE WE DO
12 THROUGH EARLY 2021, THAT WOULD HAVE TO BE AMENDED
13 ACCORDINGLY.

14 DR. JUELGAARD: I WOULD ALSO REITERATE MY
15 EARLIER COMMENT. THE IDEA THAT WE'RE GOING TO RUN
16 OUT OF MONEY AT MARCH OF 2020 IS NOT BAKED IN AT
17 THIS POINT. THAT'S SIMPLY AN ASSUMPTION THAT'S
18 BEING MADE ON A PARTICULAR BURN RATE. BUT YOU CAN
19 HAVE A MUCH LONGER BURN RATE, IF WE CHOOSE TO DO SO,
20 AND RUN OUT OF FUNDS WELL AFTER MARCH 2020. SO ALL
21 THAT YET IS TO BE DECIDED.

22 CHAIRMAN THOMAS: THAT'S RIGHT. OR YOU
23 COULD DECIDE THAT YOU END UP RUNNING OUT OF FUNDS
24 EARLIER.

25 MR. JUELGAARD: I WOULDN'T VOTE FOR THAT,

1 BUT, YES, YOU COULD.

2 CHAIRMAN THOMAS: OKAY. THANK YOU, DR.
3 CHIU. DID YOU HAVE A PART TWO TO THAT? I DIDN'T
4 MEAN TO INTERJECT.

5 DR. CHIU: NO, THANK YOU. THAT WAS MY
6 QUESTION AND MY COMMENT. THANK YOU, SIR.

7 CHAIRMAN THOMAS: WE NOW GO TO PAGE 7,
8 WHICH TALKS ABOUT ALTERNATIVE APPROACHES HERE FOR
9 GENERATING ADDITIONAL FUNDS. AND HERE WHAT WE'RE
10 TALKING ABOUT IS GIFTS THAT WOULD GO DIRECTLY TO
11 CIRM FOR FUNDING OF PROJECTS AT CIRM'S DISCRETION.
12 AND THIS IS A STRATEGY THAT WE'RE LOOKING TO --
13 THERE ARE A COUPLE OF ASPECTS. ONE IS THE
14 FUND-RAISING EFFORT IS BEING UNDERTAKEN BOTH WITH
15 RESPECT TO RESEARCH AND WITH RESPECT TO ADMIN FUNDS.

16 THE SECOND POINT IS THAT IT'S A CONCURRENT
17 STRATEGY BEING PURSUED THAT WILL CONTINUE TO GO
18 WHETHER WE GENERATE ALTERNATIVE FUNDS OR NOT. IT
19 WOULD JUST ADD TO THE AMOUNT OF MONEY THAT WE WOULD
20 HAVE AVAILABLE TO USE TO FURTHER OUR MISSION.

21 WITH RESPECT TO THE DONOR TYPES HERE IN
22 THIS PARTICULAR CATEGORY --

23 SUPERVISOR SHEEHY: J.T., CAN I RAISE A
24 QUESTION?

25 CHAIRMAN THOMAS: SURE.

1 SUPERVISOR SHEEHY: SO HAVING BEEN ON THE
2 BOARD SINCE THE BEGINNING, WE TALKED ABOUT THIS
3 BEFORE. SO I THINK THAT THERE IS BOARD SIGN-OFF OR
4 AT LEAST ACQUIESCENCE IN GOING FOR ADMIN FUNDS. BUT
5 IF WE GO FOR SCIENCE DOLLARS, WE'RE ACTUALLY
6 COMPETING WITH MANY OF THE INSTITUTIONS IN THE
7 STATE. AND HISTORICALLY THE VIEW HAS BEEN THAT
8 WE'RE A SUPPLEMENT, NOT COMPETITION IN PURSUING
9 THOSE FUNDS. SO THIS IS ANOTHER ISSUE THAT I THINK
10 SHOULD BE A DECISION POINT FOR THE BOARD. I MAY BE
11 ALONE ON THAT, BUT HISTORICALLY THAT'S BEEN THE WAY
12 WE VIEW THAT.

13 I DON'T KNOW IF OTHERS HAVE THOUGHTS ON
14 THAT, BUT WE WILL BE ACTIVELY COMPETING WITH
15 INSTITUTIONS IN CALIFORNIA IF WE DECIDE TO GO THAT
16 ROUTE.

17 CHAIRMAN THOMAS: IS THERE COMMENTS ON
18 THAT POINT? I THINK THAT WE -- I CAN UNDERSTAND
19 THAT THAT WOULD BE THE CASE, ALTHOUGH I WOULD POINT
20 OUT THAT THE SCOPE OR THE UNIVERSE OF PEOPLE THAT WE
21 WOULD POTENTIALLY LOOK TO TALK TO WOULD NOT JUST BE
22 IN CALIFORNIA. AND CLEARLY ANY OUTSIDE OF
23 CALIFORNIA WOULD BE POTENTIALLY OPEN TO CALIFORNIA
24 SCIENTISTS AS WELL, FURTHER TO YOUR POINT, BUT I
25 THINK THAT -- I'D JUST BE CURIOUS TO HEAR WHAT

1 OTHERS THINK ABOUT THAT.

2 SUPERVISOR SHEEHY: I PERSONALLY DON'T
3 HAVE AN OBJECTION, BUT THERE HAVE BEEN OBJECTIONS
4 RAISED IN THE PAST OF THAT IDEA. SO I'M JUST
5 PUTTING THAT OUT THERE.

6 DR. VUORI: MAYBE I CAN COMMENT FROM
7 WEARING MAYBE A COUPLE OF HATS RAISING MONEY FOR THE
8 INSTITUTE AND SUPPORTING CIRM. I THINK, JEFF, IN
9 MANY WAYS YOU ARE CORRECT. I THINK THE KEY, IF WE
10 GO THE ROUTE OF RAISING MONIES DIRECTLY TO DO DIRECT
11 RESEARCH FOR CIRM, IS THAT A CASE WOULD BE MADE SO
12 THAT THERE IS A VALUE ADD FOR THE DONOR THAT THE
13 MONIES GO THROUGH CIRM. AND WE PROBABLY WOULD NEED
14 TO FIGURE OUT HOW THAT IS, WHETHER IT'S SOME SORT OF
15 A MATCHING FUNDING OR SOMETHING ELSE. OTHERWISE I
16 DO AGREE THAT IT MAY BE DIFFICULT TO GET
17 UNIVERSITIES' BUY-IN FOR THIS AS WELL BECAUSE
18 CLEARLY IT MAY BE VIEWED AS COMPETITIVE ACTIVITY.

19 CHAIRMAN THOMAS: OTHERS HAVE THOUGHTS ON
20 THIS? WE CAN HAVE THIS AS A DISCUSSION POINT. MY
21 OWN VIEW IS THAT I BELIEVE THESE EFFORTS ARE
22 WORTHWHILE AS A SUPPLEMENT TO OTHER STRATEGIES THAT
23 ARE BEING PURSUED HERE, BUT OTHERS MAY TAKE
24 EXCEPTION TO THAT. DOES ANYBODY HERE HAVE THOUGHTS
25 ON THAT?

1 MR. PANETTA: I GUESS I'M JUST THINKING,
2 TO SUPPORT WHAT YOU'RE SAYING, THAT IF WE HAD
3 INDIVIDUAL DONORS WHO HAVE SUPPORTED THE
4 INFRASTRUCTURE ASPECT OF WHAT WE'VE DONE, THE
5 PHYSICAL STRUCTURE ASPECT OF IT, SO I'M NOT SURE HOW
6 THAT WORKED WHEN THOSE DONORS CAME IN. I WOULD
7 IMAGINE THIS WOULD BE SORT OF A SIMILAR KIND OF A
8 MODEL TO THAT, RIGHT?

9 CHAIRMAN THOMAS: YES. FOR THOSE, WHICH
10 ARE MOST OF US ON THE BOARD WHO WEREN'T HERE EARLY
11 ON, I THINK MR. SUPERVISOR MAY BE THE ONLY BOARD
12 MEMBER FROM THE EARLIEST DAYS ON THE SUBCOMMITTEE, I
13 WAS JUST GOING TO SAY THAT, FURTHER TO MR. PANETTA'S
14 POINT, THERE WERE A GREAT DEAL OF GIFTS MADE EARLY
15 ON THAT LEVERAGED OFF THE MONEY THAT CIRM PUT INTO
16 THE INFRASTRUCTURE THAT BECAME THE VARIOUS STEM CELL
17 INSTITUTES UP AND DOWN THE STATE.

18 SUPERVISOR SHEEHY: YES. BUT THAT MONEY
19 DIDN'T COME DIRECTLY TO CIRM. IT WENT TO THE
20 INSTITUTIONS. AND THE POINT OF LEVERAGE WAS
21 ACTUALLY THE CIRM FUNDS. SO BASICALLY YOU WERE ABLE
22 TO BUILD YOUR BUILDING IF YOU GOT MATCHING FUNDS.
23 AND MATCHING FUNDS HELPED YOU BUILD YOUR BUILDING,
24 BUT THOSE MATCHING FUNDS WENT DIRECTLY TO THE
25 INSTITUTION.

1 THE WRINKLE HERE IS THAT THERE WAS NO
2 ABILITY TO CAPTURE INDIRECTS, OR THERE WAS NO -- WE
3 COULDN'T TAX THEM FOR 8 PERCENT BECAUSE THEY WENT
4 DIRECTLY TO THE INSTITUTION. SO WE DID NOT GET
5 ADMINISTRATIVE FUNDS, WHICH IS WHAT, FRANKLY, OUR
6 MOST DESPERATE NEED IS BECAUSE IT WENT TO THE
7 INSTITUTION.

8 I DON'T KNOW HOW IT WORKS FOR CONFLICTS IF
9 YOU HAVE PEOPLE -- I GUESS YOU COULD GET SOMEONE
10 THAT WOULD DIRECTLY MATCH GRANTS THAT ARE MADE TO
11 CERTAIN INSTITUTIONS, SO THEY MATCH CIRM FUNDS; BUT,
12 AGAIN, I THINK THAT MIGHT STRETCH RESEARCH DOLLARS,
13 BUT THAT'S GOING TO STRETCH OUR ADMIN FUNDS UNLESS
14 IT GOES DIRECTLY TO CIRM.

15 CHAIRMAN THOMAS: RIGHT. AS I SAID AT THE
16 TOP OF THIS SLIDE, THE GOAL OF THESE INQUIRIES IS TO
17 GENERATE RESEARCH AND ADMIN FUNDS BOTH.

18 WHAT IS THE VIEW OF THE BOARD HERE ABOUT
19 WHETHER THIS SHOULD BE AN AGENDIZED TOPIC TO DISCUSS
20 AS TO WHETHER OR NOT WE SHOULD BE RAISING MONIES FOR
21 CIRM VIS-A-VIS IT BEING IN COMPETITION WITH OTHERS
22 IN CALIFORNIA? WHAT IS THE THOUGHT ON THAT?

23 DR. MELMED: I THINK WE DO HAVE A VERY
24 UNIQUE MESSAGE, AND WE'VE ESTABLISHED OUR
25 PROFESSIONAL BRAND SO EFFECTIVELY, I THINK THAT THE

1 DISTINCTION CAN BE MADE WITH A VERY COMPELLING CASE
2 THE POTENTIAL.

3 DR. MALKAS: I AGREE. I TOTALLY AGREE
4 WITH THIS LAST COMMENT.

5 DR. VUORI: THE KEY IS REALLY, AS NOTED
6 EARLIER, SORT OF HAS THE DISTINCTION. WHAT IS SORT
7 OF DIFFERENT HERE?

8 MR. ROWLETT: I CERTAINLY THINK THAT IT
9 SHOULD BE AN ITEM THAT THE ENTIRE BOARD SHOULD
10 CONTEND WITH IN OPEN SESSION. THERE ARE A LOT OF
11 VERY COMPELLING PERSPECTIVES THAT HAVE BEEN SHARED
12 RECENTLY.

13 CHAIRMAN THOMAS: OKAY. THANK YOU, AL.
14 THANK YOU, EVERYBODY.

15 MS. WINOKUR: I JUST WANTED TO COMMENT
16 THAT ALL OUR INSTITUTIONS, IN FACT, ALL OVER THE
17 FUND-RAISING WORLD, THERE IS COMPETITION AND IT'S
18 EXPECTED. I MEAN THAT'S THE WAY OF LIFE IN THESE
19 INSTITUTIONS AND ORGANIZATIONS AND ASSOCIATIONS.
20 AND SO I DON'T KNOW THAT IT'S GOING TO BE A BIG
21 ISSUE.

22 CHAIRMAN THOMAS: THANK YOU. OTHER
23 COMMENTS?

24 I HEARD SEVERAL SUGGEST THAT WE AGENDIZE
25 THIS AS A TOPIC FOR THE FULL BOARD. I THINK WE'VE

1 HAD BOTH SIDES OF THE PERSPECTIVE HERE WITHIN THE
2 SUBCOMMITTEE DISCUSSION. I DO THINK IT'S AN
3 APPROPRIATE THING TO HAVE AS A TOPIC. SO WE WILL
4 AGENDIZE THAT GOING FORWARD.

5 SO HAVING SAID THAT, I'M GOING TO CONTINUE
6 ALONG HERE WITH THE SLIDE JUST SO YOU GET A SENSE OF
7 MY THINKING ON THESE THINGS.

8 WITH RESPECT TO DONOR TYPES, AGAIN,
9 THINKING EITHER HIGH NET WORTH INDIVIDUALS, THEIR
10 FOUNDATIONS, OR OTHER WAYS TO HAVE ACCESS TO THEM
11 SUCH AS, FOR EXAMPLE, THROUGH PRIVATE BANKING GROUPS
12 THAT MANAGE FUNDS FOR A GREAT MANY HIGH NET WORTH
13 FOLK, ETC., SPECIFICALLY WITH RESPECT TO THIS, THE
14 CRITERIA THAT I WOULD PROPOSE IS SORT OF THREEFOLD.
15 NO. 1, THAT YOU ARE TALKING TO SOMEBODY WHO'S AN
16 ESTABLISHED MEDICAL RESEARCH PHILANTHROPIST. THERE
17 ARE A NUMBER OF THOSE OUT THERE. THEY'VE BEEN VERY
18 HIGH PROFILE. TALKING TO -- EVERYBODY, OF COURSE,
19 HAS THEIR OWN PRIORITIES, AND I THINK FOCUSING ON
20 THE MEDICAL RESEARCH AREA IS CLEARLY THE ONE WE'VE
21 GOT TO DISTILL IT DOWN TO. AND WITHIN THAT THERE'S
22 A SUBSET. THERE ARE A NUMBER OF MEDICAL RESEARCH
23 PHILANTHROPISTS THAT HAVE AN INTEREST IN
24 REGENERATIVE MEDICINE.

25 SO WITHIN THE MEDICAL RESEARCH

1 PHILANTHROPISTS WHO LIKE REGENERATIVE MEDICINE, THE
2 IDEAL GIFT HERE WOULD BE WHAT I WOULD CALL AN
3 UNRESTRICTED GIFT, WHICH IS THAT IT WOULD GO TO CIRM
4 FOR CIRM TO USE AS IT DEEMS APPROPRIATE IN
5 CONNECTION WITH FUNDING PROJECTS GOING FORWARD. THE
6 TIMING OF ANY SUCH GIFT COULD BE ONE OF TWO THINGS,
7 WHICH I'VE LISTED AS SUPPLEMENTARY OR CONTINGENT.
8 SUPPLEMENTARY WOULD CONTEMPLATE GIFTS THAT WOULD BE
9 GOING TO CIRM BETWEEN NOW AND WHATEVER THE DATE IS
10 THAT WHETHER, MR. JUELGAARD'S POINT, WE DO RUN OUT
11 OF FUNDS PER THE BOARD'S DECISION SO THAT IT WOULD
12 LENGTHEN THE TIME THAT RESEARCH DOLLARS WOULD BE
13 AVAILABLE IN ADVANCE OF NEW FUNDS COMING IN, OR IT
14 COULD BE CONTINGENT, WHICH WOULD BE TO SAY WE DO RUN
15 OUT OF FUNDS AND DON'T HAVE ALTERNATIVE SOURCES,
16 WHETHER IT'S A BOND MEASURE OR ANYTHING ELSE, THAT
17 THIS MONEY WOULD BE THERE TO KICK IN AT SUCH TIME AS
18 THAT PROVED TO BE THE CASE.

19 THE FORM OF THE GIFT OBVIOUSLY CAN BE UP
20 FRONT OR OVER A PERIOD OF YEARS. WHEN YOU GET INTO
21 DISCUSSIONS WITH HIGH NET WORTH INDIVIDUALS,
22 SOMETIMES THERE'S AN ADVANTAGE TO THEM TO ACCELERATE
23 GIFTS THAT MIGHT ORDINARILY HAVE BEEN OVER TIME.
24 THEY HAVE AMOUNTS THAT THEY HAVE EARMARKED IN A
25 GIVEN YEAR FOR PHILANTHROPIC USE, AND YOU MAY HIT

1 SOMEBODY WHO'S INTERESTED IN GIVING FUNDS TO CIRM
2 THAT DIDN'T HAVE A LOT OF THINGS TO FILL UP THAT
3 BUCKET IN A GIVEN YEAR, SO YOUR CHANCES OF GETTING
4 MORE MIGHT BE GREATER. THERE ARE A LOT OF VARIABLES
5 HERE, BUT THESE ARE ALL THINGS THAT WOULD NEED TO BE
6 DISCUSSED.

7 SOME GIFTS COME WITH THEM SPECIAL
8 REQUIREMENTS. THE ONE THAT'S MOST NOTABLE IS NAMING
9 RIGHTS. OTHER DONORS PREFER TO BE ANONYMOUS. IT'S
10 VERY MUCH CASE BY CASE. AND AS I SUGGESTED, THE
11 DONORS CAN BE FROM ANYWHERE IN THE WORLD BASICALLY.
12 WE HAVE A GREAT STORY TO TELL, A UNIQUE STORY TO
13 TELL, A WORLD-CLASS PORTFOLIO WITH WORLD-CLASS
14 SCIENTISTS THAT WE'VE BEEN FUNDING. AS THE FIELD IS
15 MATURING AND NEWS OF ADVANCES COME ONE AFTER THE
16 OTHER OVER TIME, WE ARE GETTING MORE AND MORE
17 INTERESTING TO PEOPLE. SO I THINK THE IDEA OF
18 LOOKING ANYWHERE IS SOMETHING THAT I WOULD
19 RECOMMEND.

20 ON THE PROS AND CONS SIDE HERE, IT'S
21 OBVIOUSLY A VERY DIFFERENT ROUTE FROM WHAT IS A VERY
22 LENGTHY ONE IN CONNECTION WITH THE BOND MEASURE.
23 HERE YOU'D BE WORKING DIRECTLY WITH THE INDIVIDUALS
24 OR THE HEADS OF EITHER THEIR FOUNDATION OR THE
25 MEDICAL RESEARCH COMPONENT OF THEIR FOUNDATION.

1 IT'S A GREATLY SIMPLIFIED PROCESS. IF YOU ARE
2 SUCCESSFUL IN FINDING SOMEBODY, YOU COULD END UP
3 WITH A VERY MATERIAL GIFT THAT WOULD MAKE A VERY BIG
4 DIFFERENCE.

5 ON THE CON SIDE, THE UNIVERSE OF PEOPLE
6 THAT MEET THE CRITERIA I LISTED IS LIMITED. IT'S
7 JUST A MATTER OF TALKING TO THEM AND SEEING WHAT YOU
8 CAN DO. AND OBVIOUSLY, OF COURSE, RAISING VERY
9 LARGE AMOUNTS OF MONEY FROM THESE SOURCES IS A
10 CHALLENGE. WE HAVE OTHER SIMILAR STEM CELL FUNDING
11 ENTITIES THAT WE'RE VERY CLOSE TO AROUND THE COUNTRY
12 THAT HAVE ANNUAL BUDGETS THAT AMOUNT TO BASICALLY
13 ONE OF OUR LARGEST AWARDS THAT THEY HAVE TO RAISE
14 FROM PHILANTHROPY EVERY YEAR, AND THAT IS A REAL
15 STRUGGLE. SO THIS IS NOT A TRIVIAL CHALLENGE, BUT
16 IT'S ONE THAT I THINK WE NEED TO EMBRACE AND GO
17 AFTER.

18 SO THOSE ARE MY THOUGHTS, WHICH WE CAN
19 REPEAT IN FRONT OF THE FULL BOARD, BUT I JUST THROW
20 THAT OUT FOR ANY COMMENTS OR INPUT FROM MEMBERS OF
21 THE COMMITTEE HERE.

22 DR. VUORI: I KNOW THIS ISN'T A COMPLETE
23 DETAIL, BUT THINKING ABOUT FUND-RAISING, BUT
24 THINKING OF DONORS WHO FUND MEDICAL RESEARCH, AGAIN,
25 I THINK FOR INDIVIDUALS WHO ARE INTERESTED IN

1 FUNDING RESEARCH, I THINK FOR THOSE INDIVIDUALS A
2 COMPELLING CASE SHOULD BE MADE WHY IT SHOULD BE SORT
3 OF UNRESTRICTED AND WHY THE GIFT FUNDS AND, OF
4 COURSE, THE INFRASTRUCTURE OF CIRM. IN OTHER WORDS,
5 WHAT IS THE VALUE OF THEM FUNNELING THINGS THROUGH
6 CIRM TO SUPPORT RESEARCH WHEN THEY POTENTIALLY CAN
7 MAKE A DONATION DIRECTLY TO THE SITE WHERE RESEARCH
8 IS BEING DONE, HENCE MAKING THEIR MONIES TO HAVE A
9 BIGGER IMPACT DIRECTLY ON THE RESEARCH LIFE.

10 SO THAT SORT OF STORYLINE AS IT COMES TO
11 HOW TO COMPEL DONORS TO GIVE MONIES TO CIRM, IF
12 THAT'S AN INDIVIDUAL PERSON. BUT THERE'S A CATEGORY
13 OF, I THINK, ENTITIES THAT DO FUND RESEARCH THAT I
14 THINK THE THOUGHT PROCESS FOR THEIR GIVING IS A
15 LITTLE DIFFERENT FROM THOSE INDIVIDUALS -- FROM
16 INDIVIDUAL DONORS. THERE'S REALLY, FOR EXAMPLE,
17 CONSTELLATIONS OF FUNDS THAT ESSENTIALLY MANAGE
18 MULTIPLE FAMILY FOUNDATIONS. TYPICALLY THEY HAVE
19 QUITE A BIT OF MONEY COLLECTED FROM VARIOUS SOURCES,
20 BUT THEY DO LACK THE INFRASTRUCTURE TO REALLY VET
21 AND EVALUATE HIGH QUALITY RESEARCH. AND I THINK IN
22 THOSE CASES, FINDING THOSE FAMILY FUNDS THAT WOULD
23 BE AMASSED FOR CIRM WOULD BE, I THINK, AN ENORMOUSLY
24 COMPELLING WAY OF FINDING A PARTNER TO SUPPORT STEM
25 CELL RESEARCH. THERE ARE SEVERAL OF THEM, AS YOU

1 PROBABLY KNOW, THAT HAVE SOME HUNDREDS OF MILLIONS
2 OR EVEN BILLIONS IN ASSETS, BUT LACK REALLY THIS
3 INFRASTRUCTURE AS IT COMES TO VETTING AND
4 UNDERSTANDING AND EVALUATING THE SCIENCE. SO MY TWO
5 CENTS.

6 SUPERVISOR SHEEHY: I WOULD AGREE WITH
7 YOU. THE GATES FOUNDATION JUST ANNOUNCED A \$40
8 MILLION INVESTMENT IN A COMPANY IN GREAT BRITAIN
9 CALLED UNICORE TO ENGINEER T-CELLS TO FIGHT
10 INFECTIONS. AND THAT'S A GREAT EXAMPLE OF SOMEBODY
11 WE SHOULD BE REACHING OUT TO BECAUSE THEIR EXPERTISE
12 IS NOT IN CELL THERAPY. AND I THINK THEY'RE FLYING
13 PRETTY BLIND TO PUT THAT MUCH MONEY IN A SINGLE
14 COMPANY BASED ON WHAT WE'VE KIND OF SEEN IN THE
15 FIELD. AND WITH OUR BROADER PORTFOLIO, IF WE
16 REACHED OUT TO THEM, IT WOULD SEEM TO ME WE WOULD BE
17 ABLE TO HELP THEM DEVELOP -- WE'VE ALREADY BEEN
18 DOING THIS. WE HAVE A LOT OF IMMUNE CELL PROJECTS,
19 AND WE CAN OFFER A BROADER RANGE OF BOTH COMPANIES
20 AND INVESTIGATORS BOTH BASIC AND CLINICAL. I THINK
21 THAT'S A GREAT IDEA.

22 CHAIRMAN THOMAS: I AGREE WITH BOTH OF
23 YOU. WHEN I WAS GETTING AT THE PRIVATE BANKING
24 OPTION, THAT'S SORT OF EXACTLY THAT KIND OF THOUGHT
25 WITH RESPECT TO THE INDIVIDUALS, KRISTINA, THAT THEY

1 MANAGE MONEY FOR A LOT OF FOLKS THAT DON'T HAVE THE
2 WHEREWITHAL TO MAKE INDIVIDUAL DECISIONS. WHAT
3 WE'RE TRYING TO SELL HERE IS THE A+ NATURE OF OUR
4 PEER REVIEW AND TEAM IN TERMS OF CONVINCING
5 POTENTIAL DONORS THAT THAT'S SOMETHING THAT THEY
6 SHOULD TAKE GREAT COMFORT IN AND LOOK TO FOR
7 VALIDATION THAT PROJECTS OF THE KIND THAT WE FUND
8 ARE WORTHY OF THEIR CONTRIBUTION, BUT I DO THINK
9 THAT'S A GREAT IDEA.

10 AND, MR. SUPERVISOR, ALSO ON YOUR POINT,
11 IN TERMS OF THE LARGER FOUNDATIONS, WE'RE GOING TO
12 GET TO THIS A LITTLE LATER, HAD DISCUSSIONS
13 INITIATED TO SEE IF YOU COULD GET SOMETHING THAT
14 COMES WITHIN THE PURVIEW OF THEIR MISSION. THEY'RE
15 CERTAINLY A VERY GOOD POTENTIAL SOURCE.

16 DR. MALKAS: THE OTHER THING THAT I WOULD
17 LIKE TO, AND YOU ALL KNOW THIS, BUT THE OTHER REALLY
18 APPEALING POINT FOR DONORS WOULD BE THE REMARKABLE
19 SPEED TO TRIAL THAT THIS PROGRAM HAS WORKED OUT.
20 NOT JUST THE SPEED TO TRIAL, BUT THE IDEA THAT WE'RE
21 GETTING RESULTS AND VERY PRODUCTIVE RESULTS VERY,
22 VERY QUICKLY. IT'S QUITE AN ACHIEVEMENT. I THINK
23 THAT ALSO WOULD BE VERY APPEALING. IT IS ALL ABOUT
24 BRINGING THINGS TO LIFE, WHICH I THINK CIRM HAS DONE
25 AN EXCEPTIONAL JOB OF DOING. AND SO IT CAN BE, I

1 THINK, WELL PACKAGED AND PRESENTED THAT WAY. IT'S A
2 VERY UNIQUE MODEL.

3 SUPERVISOR SHEEHY: I HAD A QUESTION. DO
4 WE HAVE THE INFRASTRUCTURE TO EXECUTE A DEVELOPMENT
5 CAMPAIGN LOOKING AT PRIVATE DONORS? I MEAN MOST
6 ENTITIES HAVE SEVERAL PEOPLE WORKING ON THIS, AND I
7 THINK -- I'M NOT SURE. WHAT IS THE INFRASTRUCTURE
8 WE HAVE TO EXECUTE?

9 CHAIRMAN THOMAS: THE INFRASTRUCTURE AT
10 THIS POINT IS ME, AND I'M MORE THAN HAPPY TO HAVE
11 ADDITIONAL HELP. I SHOULDN'T SAY THAT. IT'S ME AND
12 MARIA AND --

13 SUPERVISOR SHEEHY: WHICH MARIA?

14 CHAIRMAN THOMAS: BONNEVILLE. AND ALSO
15 NEAL AS WELL. AND SO IT'S STRICTLY INTERNAL AT THIS
16 POINT, AND WE DO NOT HAVE OUTSIDE HELP AT THIS
17 STAGE.

18 SUPERVISOR SHEEHY: YOU USUALLY HAVE TO
19 SPEND MONEY TO MAKE MONEY. BUT I DON'T -- HAS THERE
20 BEEN ANY EVALUATION OF WHETHER WE HAVE THE RESOURCES
21 TO MAKE THIS -- TO SHOW THAT THIS HAS A REASONABLE
22 CHANCE OF SUCCESS? THERE'S A LOT OF GREAT IDEAS,
23 BUT WHO ACTUALLY DOES IT?

24 CHAIRMAN THOMAS: WELL, THE FRONT PERSON
25 OUT DEALING WITH THESE PEOPLE IS ME. THIS IS AN

1 ONGOING PROCESS; AND AS WE PROCEED DOWN HERE, I WILL
2 REPORT BACK ON WHAT THE SUCCESS IS OF THAT. UNTIL
3 YOU HAVE THE SUCCESS, OF COURSE, YOU CAN'T.

4 MR. PANETTA: I WOULD THINK WE WOULD WANT
5 TO ARM YOU WITH A PLAN. IF YOU ARE GOING TO GO OUT
6 AND ASK PEOPLE FOR MONEY TO ALLOW US TO CONTINUE
7 THIS OUT UNTIL AN END POINT, I WOULD THINK THAT
8 YOU'D WANT TO BE ABLE TO TELL THEM WHAT COMES AFTER
9 THAT TOO, IF THEY'RE GOING TO MAKE THAT INVESTMENT,
10 NOT THAT THEY'RE FUNDING IT.

11 CHAIRMAN THOMAS: WHAT THE STRATEGIC PLAN
12 IS GOING FORWARD AFTER 2020 OR WHENEVER IT IS THAT
13 WE RUN OUT OF FUNDS?

14 MR. PANETTA: YEAH. I DON'T KNOW MUCH
15 ABOUT THAT KIND OF FUND-RAISING, BUT I'M JUST
16 SITTING HERE THINKING IF YOU COME TO ME AND SAY,
17 "I'D LIKE YOU TO DONATE TO KEEP CIRM UP AND RUNNING
18 UNTIL 2021," I WOULD PROBABLY ASK YOU, "WELL, OKAY.
19 THAT'S GREAT, BUT WHAT ARE YOU GOING TO DO AFTER
20 THAT?"

21 CHAIRMAN THOMAS: THAT GETS INTO A WHOLE
22 DISCUSSION OF WHAT THE STRATEGIC PLAN WILL BE BEYOND
23 THE CURRENT ONE IN PLACE. AND I'M NOT -- WELL, I
24 THINK THAT'S A GREAT POINT. I'M NOT SURE WE'RE AT
25 THE STAGE WE CAN MAKE THAT. I DON'T KNOW. DR.

1 MILLAN, WHAT DO YOU THINK ABOUT THAT ISSUE?

2 DR. MILLAN: I THINK IT'S AN IMPORTANT
3 ISSUE IN TERMS OF THE STRATEGY FOR FUND-RAISING AND
4 WHAT IT IS THAT YOU'D BE BRINGING FORWARD AS AN
5 OFFERING FOR FUND RAISING. I THINK ONE OF THE
6 ADVANTAGES THAT WE HAVE NOW THAT WE DIDN'T HAVE
7 SEVERAL YEARS AGO IS THAT WE ARE ALREADY SEEING SOME
8 LATE DEVELOPMENT PROJECTS AND SOME THAT HAVE A SHOT
9 AT GOING FOR MARKETING APPROVAL. AND SO WE'RE
10 SEEING -- WE HAVE A COUPLE OF THINGS THAT WE ALREADY
11 HAVE IN PLACE, A WELL-OILED MACHINE IN TERMS OF A
12 FUNDING AGENCY THAT GETS THEIR MONEY OUT IN A TIMELY
13 FASHION. SO INVESTMENTS ARE MADE IN A PREDICTABLE
14 AND TIMELY FASHION. WE HAVE A VERY ROBUST PORTFOLIO
15 OF INCOMING PROJECTS THAT HAVE INDICATIONS OF
16 INCREASING NUMBERS OF THESE PROJECTS MAKING IT DOWN
17 THE LINE ALONG THE DEVELOPMENT PATH.

18 SO THAT AS A STARTING POINT OF WHAT THE
19 ASSETS ARE IS A VERY STRONG STARTING POINT. AND IN
20 TERMS OF WHAT THE DEAL IS, I THINK I'D LEAVE THAT UP
21 TO A MORE FULL DISCUSSION.

22 MR. TORRES: SCOTT, CAN THE AGENCY HIRE A
23 FUND-RAISER?

24 MR. TOCHER: UH-HUH.

25 MR. TORRES: SO THE AGENCY COULD HIRE A

1 FUND-RAISER. WHEN I WAS CHAIRMAN OF THE DEMOCRATIC
2 PARTY, I HAD FIVE PEOPLE CALLING EVERY DAY FOR
3 MONEY. DIALING FOR DOLLARS. I HAD TO RAISE 22
4 MILLION EVERY TWO YEARS, NOT A PRETTY JOB. THAT'S
5 WHY I LEFT. BUT AT THE END OF THE DAY, WE'RE
6 TALKING ABOUT TWO ARENAS, TELEMARKETING INDIVIDUAL
7 FUND-RAISING, WHICH IS NOT THE BIG FUND-RAISING THAT
8 YOU'VE BEEN CONCENTRATING ON, THE TEN MILLION, THE
9 SIX MILLION, THE FIVE MILLION. WE NEED TO START
10 CONCENTRATING ON WHETHER OR NOT WE CAN HIRE A
11 TELEMARKETER OR A TELEMARKETING FIRM TO RAISE
12 DONATIONS SMALL AND LARGE WHICH SERVES TWO PURPOSES.
13 NO. 1, IT CREATES A CONSTITUENCY FOR A POTENTIAL
14 FUTURE ELECTION, ALTHOUGH THAT'S NOT THE PURPOSE BY
15 WHICH WE'RE TALKING ABOUT IT. NO. 2, TO CREATE A
16 CONSTITUENCY FOR THE AGENCY THAT COMES FROM THE
17 SMALL DONOR COMMUNITY THAT MAY NOT BE THE BOWES,
18 THAT MAY NOT BE THE SANFORD BURNHAM, THAT MAY NOT BE
19 THE BOYS AND GIRLS THAT OPERATE IN THIS FIELD, BUT
20 AVERAGE CALIFORNIANS, VERY MUCH LIKE THE PEOPLE THAT
21 BUY OUR BONDS. IF IT'S LEGAL TO DO THAT, THEN WE
22 NEED TO SET UP SHOP AND GIVE J. T. AND MARIA A LITTLE
23 MORE INFRASTRUCTURE TO MAKE THIS HAPPEN.

24 SUPERVISOR SHEEHY: I AGREE. I THINK
25 MAYBE THE THING WE NEED TO DO IS HAVE A PLAN, AND

1 MAYBE J. T. COULD DEVELOP A PLAN TO BRING TO US IN
2 DECEMBER OR ACTUALLY TO THE SUBCOMMITTEE WHEN WE
3 HAVE THAT JOINT SUBCOMMITTEE AND WE CAN LOOK AT IT.

4 MR. TORRES: GREAT.

5 SUPERVISOR SHEEHY: THE WHOLE THING ABOUT
6 FUND-RAISING IS THAT THE OVERHEAD FOR FUND-RAISING
7 IS FAIRLY HIGH. THE RETURN THAT WE GET -- SO WE CAN
8 ONLY USE 6 PERCENT OF WHATEVER RETURN WE GET TO
9 CONTINUE TO KEEP THE WHEELS ON, TO ACTUALLY HAVE
10 PEOPLE WORKING IN THE AGENCY. SO SOME OF THESE
11 NUMBERS SHOULD BE, SHORT OF J. T. JUST BY HIMSELF
12 WITH A LITTLE OF THIS, A LITTLE OF THAT, WHEN WE
13 START TO TAKE MONEY OUT OF THE SMALL BUCKET IN ORDER
14 TO GET MORE MONEY, WE HAVE TO KIND OF FIGURE OUT
15 WHAT THAT LOOKS LIKE IN REFILLING THE SMALL BUCKET
16 BECAUSE EVERY DOLLAR WE GET ONLY SIX CENTS CAN GO
17 BACK TO FILL THE SMALL BUCKET.

18 DR. JUELGAARD: IS THAT REALLY TRUE? LET
19 ME JUST TEST THAT FOR A MOMENT. IMAGINE SOME
20 FOUNDATION OR ORGANIZATION WERE WILLING TO
21 CONTRIBUTE \$15 MILLION TO CIRM EITHER TO SUPPORT IT
22 GENERALLY OR A PARTICULAR PROJECT. SO THE FIRST
23 QUESTION IS, ABSENT ANYTHING THAT THEY SAY, ARE WE
24 LIMITED TO ONLY 6 PERCENT OF WHATEVER THAT 50
25 MILLION FOR ADMINISTRATIVE SERVICES? ALTERNATIVELY,

1 IF THEY SAY AND WE'RE GIVING YOU GUYS \$50 MILLION,
2 40 MILLION TO GO TO FUNDING RESEARCH, LET'S SAY, FOR
3 A PARTICULAR DISEASE, AND THE OTHER TEN FOR
4 ADMINISTRATIVE PURPOSES. THESE ARE HYPOTHETICALS,
5 BUT HOW MUCH DOES THIS 6-PERCENT RULE REALLY APPLY
6 WHEN THE MONEY IS COMING NOT FROM STATE TAXPAYERS,
7 BUT FROM PRIVATE DONORS?

8 MR. TOCHER: STEVE MAKES A GOOD POINT,
9 WHICH IS THAT THE 6-PERCENT CAP APPLIES TO PROCEEDS
10 FROM THE BOND FUNDS. PROCEEDS THAT WOULD BE
11 GENERATED THROUGH OTHER FUND-RAISING EFFORTS WOULD
12 JUST BE SUBJECT TO WHATEVER RESTRICTIONS, IF ANY,
13 WERE IN PLACE BY THE DONORS THEMSELVES.

14 CHAIRMAN THOMAS: THANK YOU. THAT ANSWER
15 YOUR QUESTION?

16 DR. JUELSGAARD: YES.

17 SUPERVISOR SHEEHY: I'M JUST MAKING THE
18 POINT THAT THE COST OF DOING THE FUND-RAISING WOULD
19 COME OUT OF THE SMALL BUCKET. WE JUST HAVE TO BE
20 ABLE TO REFILL THE SMALL BUCKET.

21 CHAIRMAN THOMAS: RIGHT.

22 SUPERVISOR SHEEHY: WOULD WE TELL A
23 TELEMARKETER THOSE ARE UNRESTRICTED FUNDS? WHAT
24 HAPPENS IF WE HAVE PEOPLE -- SO ANY DONATION THAT
25 COMES IN WE CAN SPEND HOWEVER WE WANT, SCOTT?

1 MR. TOCHER: THAT'S RIGHT.

2 MR. TORRES: CORRECT. I'LL WORK WITH J. T.
3 ON A PLAN AND GET IT TO THE SUBCOMMITTEE, AND THEN
4 WE CAN DISCUSS IT IN FULL BY THE FULL BOARD IN
5 DECEMBER.

6 CHAIRMAN THOMAS: THAT'S THE PLAN.

7 MS. WINOKUR: I HAVE A COUPLE. ONE THAT
8 JEFF WILL REMEMBER AND SOME OF THE STAFF HERE WILL,
9 THAT WHEN WE COULDN'T USE THE MONEY THAT THE VOTERS
10 GAVE US BECAUSE WE WERE INVOLVED WITH ALL KINDS OF
11 LAWSUITS AND THINGS, BOB WENT OUT AND RAISED
12 CONTINGENT MONEY. AND ALL THOSE PEOPLE WOULD
13 CERTAINLY BE POTENTIAL DONORS. THAT'S ONE THING.

14 AND THE SECOND THING IS I THOUGHT AT THE
15 MEETING THAT KEVIN HAD, THE SCIENTIFIC MEETING AT
16 GLADSTONE LAST WEEK OR THE WEEK BEFORE BECAUSE ALL
17 OF THE PEOPLE WHOSE LIVES HAVE BEEN TOUCHED BY THE
18 LOSS OF SOMEONE IN TERMS OF WHAT ARE THE DISEASES WE
19 ARE WORKING ON OR THE WHOLE CONCEPT THAT WE'RE
20 WORKING ON ARE POTENTIAL DONORS, NOT NECESSARILY
21 HUGE ONES, BUT SOME ARE BIG ONES, AND THAT WE SHOULD
22 LOOK TO THAT GROUP.

23 CHAIRMAN THOMAS: THANK YOU.

24 MS. WINOKUR: THE THIRD THING IS WE COULD
25 DUMP ICE COLD WATER ON OUR HEADS LIKE THE ALS

1 ASSOCIATION DID AND RAISE \$100 MILLION.

2 MR. TORRES: SHE'S VOLUNTEERING ME FOR
3 THAT.

4 MS. WINOKUR: I DID NOT VOLUNTEER.

5 CHAIRMAN THOMAS: OKAY. SENATOR TORRES,
6 AS HE SAID, WE'LL BRING BACK A PLAN TO DISCUSS IN
7 DECEMBER ALONG THE LINES OF WHAT WE'VE BEEN
8 DISCUSSING HERE. THANK YOU FOR EVERYBODY'S INPUT.
9 ANY OTHER COMMENTS ON THIS PARTICULAR PAGE?

10 OKAY. NOW GO ON TO PAGE 8, WHICH IS -- SO
11 THERE'S A CORRECT WAY OF DOING THIS, WHICH IS WE'VE
12 KIND OF ALLUDED TO IN THIS DISCUSSION, WHICH IS FOR
13 COMPLETELY UNRESTRICTED GIFTS, THERE IS THE
14 POTENTIAL TO FIND MAJOR DONORS OUT THERE WHO ARE
15 INTERESTED IN PARTICULAR PROJECTS. SO THEY WOULD GO
16 ON A PROJECT-BY-PROJECT BASIS PIGGYBACKING OFF THE
17 PEER REVIEW AND BOARD CONCLUSIONS, AND THEY COULD
18 EITHER DO THAT FOR ONE PROJECT, OR THEY COULD DO IT
19 FOR MANY PROJECTS, BUT IT WOULD BE A SITUATION WHERE
20 YOU WOULD HAVE TO GO CASE BY CASE, PROJECT BY
21 PROJECT. AND, AGAIN, THIS WOULD ENTAIL BOTH LOOKING
22 TO HAVE A RESEARCH DOLLAR COMPONENT AND AN ADMIN
23 FUND COMPONENT OF ANY SUCH GIFTS.

24 AGAIN, THE DONORS CAN BE FROM CALIFORNIA
25 OR ANYWHERE ELSE. THE PROS AND CONS ON THIS IDEA,

1 THE PROS ARE PRETTY MUCH THE SAME, ALTHOUGH YOU' RE
2 MORE RESTRICTED IN WHAT THE DOLLARS COULD GO TO.
3 AGAIN, A PRO WOULD BE IF, IDEALLY SET UP, YOU COULD
4 HAVE SOME OF THE FUNDING GO TO ADMIN. WE WOULD LOOK
5 TO DO THIS GOING FORWARD HERE, SO THIS WOULD BE THE
6 SUPPLEMENTARY BUCKET THAT WE TALKED ABOUT EARLIER,
7 THOUGH IT COULD BE THE CONTINGENT BUCKET AS WELL.

8 THE CONS, AND I JUST PUT THAT IN QUOTES
9 HERE BECAUSE TO THE EXTENT YOU CAN GET ANY SUCH
10 CONTRIBUTIONS, IT WOULD BE A PLUS, WOULD BE YOU NEED
11 TO HAVE MORE OF THESE DONORS THAN UNDER THE PREVIOUS
12 STRATEGY, THAT IT WOULD BE PROJECT BY PROJECT, AND
13 YOU' D HAVE TO HAVE A PROCESS IN PLACE WHICH SHOULD
14 NOT BE, I THINK, ANY SIGNIFICANT DEAL TO GET
15 INDIVIDUAL SIGN-OFF AS PART OF THAT
16 PROJECT-BY-PROJECT ANALYSIS.

17 THIS IS SOMETHING, WHEN YOU GET TO THE
18 MAJOR GIVERS THAT WANT TO HAVE MORE OF A HANDS-ON
19 APPROACH TO WHAT THEY' RE ACTUALLY FUNDING, AGAIN,
20 THIS WOULD BE MONEY COMING INTO CIRM. KRISTINA, I
21 MEANT TO RESPOND TO YOUR POINT ABOUT HOW SOME MAY
22 WANT TO GIVE DOLLARS DIRECTLY TO THE PROJECT. IT' S
23 ABSOLUTELY TRUE. WHAT WE' RE HOPING FOR HERE IS
24 THAT -- AND THAT WOULD BE, BY THE WAY, FANTASTIC AS
25 WELL OBVIOUSLY, BUT WHAT WE' RE HOPING FOR UNDER THIS

1 STRATEGY IS THAT THEY, IN SORT OF UNDERSTANDING THAT
2 THEY DON'T HAVE THE ABILITY TO PROPERLY ASSESS A
3 GIVEN PROJECT, THAT THEY WOULD LOOK TO HAVE OUR PEER
4 REVIEW PROCESS AND DECISION-MAKING BY THE BOARD IS
5 THE THING THEY WOULD RELY ON IN MAKING THE GIFTS AND
6 GIVE THE MONEY INTO CIRM AS OPPOSED TO DIRECTLY TO
7 THE PROJECT. OBVIOUSLY THAT REMAINS TO BE SEEN, BUT
8 THERE ARE TWO DIFFERENT APPROACHES HERE.

9 SUPERVISOR SHEEHY: I JUST WANTED TO ASK
10 YOU ABOUT THAT. I STILL AM KIND OF WORKING MY HEAD
11 AROUND THIS PRIVATE FUND-RAISING THING. I APOLOGIZE
12 TO KEEP BUTTING IN.

13 FIRST OF ALL, MAYBE IT'S WRITTEN INTO PROP
14 71, THAT THINGS ARE DIFFERENT AT THE STATE, BUT AT
15 THE CITY, YOU CAN'T RAISE PRIVATE MONEY. WE HAD A
16 SET OF FRIENDS OF ACCOUNTS FOR CERTAIN AGENCIES.
17 SAN FRANCISCO GENERAL, FOR INSTANCE, HAS A SEPARATE
18 501(C) FOUNDATION. I DON'T KNOW IF OUR DONATIONS TO
19 CIRM ARE TAX-EXEMPT. THERE SHOULD BE SOME LOOK INTO
20 THAT. SO MAYBE THAT'S AN ISSUE FOR SCOTT TO LOOK
21 AT.

22 ANOTHER ISSUE IS THAT ONCE WE START TO
23 FUND-RAISE, WE'RE TELLING THE LEGISLATURE AND THE
24 VOTERS WE DON'T NEED THEIR FUNDING. SO I JUST WANT
25 TO PUT THAT OUT THERE. IF WE'RE OUT FUND-RAISING,

1 THEN WHY ARE WE ASKING THE PUBLIC FOR MONEY IF WE'RE
2 GOING TO GO OUT AND RAISE IT ON OUR OWN? THE
3 MESSAGING IS NOT CONSISTENT.

4 THIRD IS IF DO WE MAKE -- ASSUMING THAT WE
5 DO DO A MAJOR FUND-RAISING EFFORT, THAT WILL
6 NECESSARILY INVOLVE SOME INVESTMENT. AND WE COULD
7 END UP IN A SITUATION WHERE WE ACTUALLY HAVE TO LAY
8 OFF PEOPLE BECAUSE OF OUR BURN RATE IN ORDER TO
9 SUPPORT A FUND-RAISING EFFORT. SO I JUST THINK IT'S
10 A LOT MORE COMPLICATED THAN IT SOUNDS. IT SOUNDS
11 LIKE WE'LL JUST GO OUT THERE AND FUND-RAISE AND
12 WE'LL GO TO THE STATE AND GET MONEY. I FEEL LIKE,
13 AGAIN, THIS IS WHERE WE NEED A LITTLE BIT OF FOCUS
14 AND MAKE SOME CONSCIOUS DECISIONS, I WOULD HOPE.

15 CHAIRMAN THOMAS: THANK YOU. WITH RESPECT
16 TO CAN YOU RAISE MONEY FOR CIRM DIRECTLY, I'LL DEFER
17 TO MR. TOCHER, BUT THAT IS EXACTLY WHAT WAS DONE,
18 FOR EXAMPLE, WITH THE DOLBY FUNDS WAY BACK WHEN.
19 BUT, MR. TOCHER, DO YOU WANT TO SPEAK TO THAT POINT?

20 SUPERVISOR SHEEHY: THOSE WERE GIVEN FOR
21 BOND ANTICIPATION NOTES. SO THEY WERE EXCHANGED
22 ACTUALLY FOR REPAYMENT ONCE THE BONDS WERE IN. SO
23 THOSE WEREN'T DIRECT DONATIONS. THEY WERE BOND
24 ANTICIPATION NOTES THAT WERE ISSUED THAT ALLOWED
25 DONORS TO RECOUP THEIR DONATIONS ONCE THE BONDS WERE

1 ISSUED. AND IF WE WERE PREVENTED FROM ISSUING
2 BONDS, THEN THEY WOULD HAVE LOST THEIR MONEY.

3 MR. TOCHER: JEFF, THIS IS SCOTT. PROP 71
4 EXPRESSLY ALLOWS THE AGENCY TO ACCEPT ADDITIONAL
5 REVENUE, INCLUDING ACTUALLY REAL PROPERTY, IN THE
6 FORM OF GIFTS OR ROYALTIES OR OTHER APPROPRIATIONS.
7 SO, GENERALLY SPEAKING, THERE ISN'T A LIMIT,
8 ALTHOUGH IT CAN DEPEND ON THE PARTICULAR
9 CIRCUMSTANCES OF A GIVEN DONATION TO ENSURE THAT
10 IT'S USED FOR PROPER PURPOSES AND SUCH AS TO WHETHER
11 OR NOT THAT DONATION IS TAX-EXEMPT. BUT I CERTAINLY
12 APPRECIATE THE POINT ABOUT MAKING SURE THAT WHATEVER
13 THE FUND-RAISING STRATEGY IS, IT'S WELL THOUGHT OUT
14 BEFOREHAND AND WE CONSIDER THESE ISSUES.

15 CHAIRMAN THOMAS: OTHER COMMENTS ON THIS?

16 MR. ROWLETT: I JUST WANT TO MAKE SURE --
17 I WANT TO SUMMARIZE WHAT I THINK I UNDERSTAND, THAT
18 THE SUBCOMMITTEE IS GOING TO MEET AND PRESENT A PLAN
19 THAT WILL INCLUDE A FUND-RAISING STRATEGY TO THE
20 BOARD FOR DISCUSSION. AND AS PART OF THAT
21 CONSIDERATION WILL BE THE POINTS THAT THE SUPERVISOR
22 HAS MADE AND THE POINTS STEVE JUELGAARD MADE
23 EARLIER REGARDING CIRM'S BURN RATE, I THINK I'M
24 QUOTING THAT CORRECTLY, IN TERMS OF THE GRANT
25 FUNDING THAT WE HAVE. AM I CORRECT?

1 CHAIRMAN THOMAS: YES. THAT'S ALL GOING
2 TO BE SORT OF PART AND PARCEL OF THAT DISCUSSION.

3 MR. ROWLETT: THANK YOU.

4 CHAIRMAN THOMAS: OTHER COMMENTS ON SLIDE
5 8? OKAY.

6 SO FOR SLIDE 9, THIS IS ON THE
7 ADMINISTRATIVE FUNDS. AS WE SAID, THAT MONEY RIGHT
8 NOW WOULD TAKE US THROUGH EARLY 2021. AND THESE
9 NEXT TWO BULLET POINTS SPEAK TO JEFF'S POINT ABOUT
10 WANTING TO MAKE SURE THAT WE HAVE THE TEAM IN PLACE
11 THAT CAN EFFECTIVELY MONITOR AND DEAL WITH PROJECTS
12 THROUGH THE END OF THEIR GRANT LIFE SO THAT WE DON'T
13 EVER GET STUCK IN A SITUATION WHERE GRANTS GO LONGER
14 THAN WHAT WE HAVE MONEY TO COVER THE TEAM TO BE IN
15 PLACE FOR. SO THIS WILL BE SOMETHING THE BOARD WILL
16 NEED TO TAKE UP.

17 LET'S JUST ASSUME FOR THE MOMENT, MR.
18 JUELGAARD, THE 2020 DATE IS OPERATIVE FOR PURPOSES
19 OF DISCUSSION. THE BOARD MAY DECIDE THAT IT ONLY
20 WANTS TO GIVE TWO-YEAR AWARDS IN THE LAST BATCH OF
21 MONIES THAT WE PUT OUT, WHICH WOULD THEN MEAN YOU
22 NEED TO HAVE THE TEAM IN WHATEVER FORM IT MAY BE IN
23 PLACE THROUGH THE END OF 2022. AND IF THAT WERE THE
24 CASE AND WE HAD NOT SUCCEEDED IN EITHER HAVING A
25 PASSED BOND MEASURE OR GOTTEN ANY OTHER ADMIN FUNDS,

1 WE WOULD NEED TO HAVE AN ADDITIONAL 10 MILLION TO
2 GET US THROUGH THAT DATE. SO IT WOULD BE A
3 CONTINGENT RAISE IN THAT REGARD.

4 SO, SIMILARLY, THE SECOND POINT IS THE
5 BOARD DECIDES IT WANTS TO DO FOUR-YEAR AWARDS IN ITS
6 LAST GRANTING. IT WOULD THEN REQUIRE THAT THE TEAM
7 OR SOME SUBSET BE IN PLACE THROUGH 2024, AND THAT
8 WOULD REQUIRE AN ADDITIONAL 20 MILLION FOR A TOTAL
9 OF 30 MILLION TO BE RAISED IN ADMINISTRATIVE FUNDS,
10 AGAIN CONTINGENT, AGAIN BASED ON NOT HAVING A
11 SUCCESSFUL BOND MEASURE OR ALTERNATIVE FUNDING
12 SOURCES. AND THE PROPOSAL HERE IS THAT WE SET A
13 TARGET DATE OF Q-4 2019 TO GET THOSE MONIES RAISED.

14 A BULLET POINT THAT'S NOT ON HERE WHICH IS
15 ANOTHER OPTION THAT WE COULD ENTERTAIN WOULD BE TO
16 THE EXTENT THAT, FOR WHATEVER REASON, WE DIDN'T HAVE
17 THE FULL AMOUNT RAISED AND, AGAIN, NO BOND MEASURE,
18 NO OTHER SOURCES, ETC., IS YOU HAD A SMALL AMOUNT
19 YOU NEEDED TO GO TO THE LEGISLATURE ABOUT TO ASK FOR
20 A ONE-YEAR ANNUAL APPROPRIATION AS PART OF THEIR
21 ANNUAL BUDGETING PROCESS, THAT COULD BE SOMETHING
22 YOU WOULD CONSIDER AS WELL. THAT'S NOT THE
23 ALTERNATIVE OF CHOICE OF COURSE.

24 IN ANY EVENT, THAT IS THE COMMENT. DO WE
25 HAVE -- ANYBODY HAVE COMMENTS ON THIS SLIDE?

1 SUPERVISOR SHEEHY: YES. SORRY. WE HAVE
2 A LOT OF DIFFERENT STRATEGIES. ARE WE GOING TO
3 FOCUS BECAUSE WE'RE TALKING ABOUT A MAJOR
4 LEGISLATIVE EFFORT POTENTIALLY, A MAJOR FUND-RAISING
5 EFFORT POTENTIALLY. I THINK WE'RE GOING INTO
6 PRIVATE PUBLIC PARTNERSHIPS. I JUST HAVE STAFFING
7 BANDWIDTH QUESTIONS. ARE WE GOING TO DO ALL THREE
8 SIMULTANEOUSLY? IT JUST FEELS WE'RE THROWING
9 EVERYTHING OUT THERE. WILL WE MAKE CHOICES AND
10 DECIDE WHAT'S OPTIMAL AND PROVIDE THE RESOURCES TO
11 PURSUE WHAT WE THINK IS THE OPTIMAL STRATEGY?

12 MR. TORRES: RIGHT.

13 SUPERVISOR SHEEHY: THAT'S A KEY DECISION
14 POINT. I DON'T THINK WE CAN WORK THE LEGISLATURE
15 FOR MUCH OF ANYTHING. ART IS LIKE TREMENDOUS, BUT I
16 THINK THEIR SUPPORT WOULD PROBABLY NEED TO BE THERE,
17 OR WE DO FUND-RAISING, SUPPORT WILL HAVE TO BE
18 THERE. WE NEED TO KIND OF CALCULATE THE TRADE-OFFS
19 FOR EACH THING. WE DON'T PUT THE RESOURCES THERE,
20 WE'RE UNLIKELY TO BE ULTIMATELY SUCCESSFUL WITH
21 EITHER OF THESE. AND THEN PUBLIC PRIVATE
22 PARTNERSHIP, NEAL IS GREAT; BUT TO THE DEGREE WE
23 NEED SUPPORT IN DOING THAT, THAT WILL ALSO REQUIRE
24 RESOURCES. WHEN WE WERE DOING ATP3, WE HAD OUTSIDE
25 PEOPLE WORKING ON THAT, AND THOSE ARE COSTS.

1 CHAIRMAN THOMAS: THE ANSWER TO YOUR
2 QUESTION IS, YES, WE DEFINITELY PLAN TO FOCUS. THE
3 WHOLE PURPOSE OF CONVENING THE SUBCOMMITTEE IS TO
4 LAY OUT OPTIONS FOR DISCUSSION WITH A GOAL TOWARDS
5 GETTING TO DECISION POINTS OF WHAT WE WANT TO DO
6 GOING FORWARD. I'M IN ENTIRE AGREEMENT WITH YOU.

7 SUPERVISOR SHEEHY: CAN WE COST THEM OUT,
8 WHAT IT WOULD TAKE, AND HAVE A REASONABLE PATH AND
9 STRATEGY KNOWING WHAT IT'S GOING TO TAKE OUT OF THE
10 LITTLE BUCKET TO HAVE A REASONABLE CHANCE OF
11 SUCCESS? WE CAN SAY WE'RE GOING TO DO THINGS, BUT
12 I'M NOT -- I MYSELF AM NOT COMFORTABLE WITH THE
13 ASSUMPTION THAT WE'LL HAVE THE SUCCESS WE NEED TO
14 HAVE WITH EACH OF THESE STRATEGIES WITHOUT ADEQUATE
15 RESOURCES.

16 CHAIRMAN THOMAS: VERY GOOD POINT.

17 MR. PANETTA: I AGREE WITH YOU, SUPERVISOR
18 SHEEHY. AND AT THE SAME TIME, THESE ARE, I THINK
19 YOU'RE SAYING THIS, BUT THESE ARE NOT OPTIONS THAT
20 ARE INDEPENDENT OF EACH OTHER.

21 CHAIRMAN THOMAS: CORRECT.

22 MR. PANETTA: SOME OF THIS HAS TO FOLLOW
23 ON TO SOME OTHER PARTS OF IT, RIGHT? SO IF WE GO ON
24 THE BALLOT, LET'S SAY, IN 2020, RIGHT, BY THE TIME
25 THAT THAT GETS PASSED, IMPLEMENTED, AND UP AND

1 RUNNING, WHAT ARE WE TALKING ABOUT?

2 MR. TORRES: JANUARY 1.

3 MR. PANETTA: SO YOU HIT THE GROUND
4 RUNNING ON JANUARY 1, 2020.

5 MR. TORRES: IT'S ALREADY SET UP. THE
6 INITIATIVE IS MAINLY TO PROVIDE THE FINANCING UNLESS
7 THERE ARE ANY SIGNIFICANT AMENDMENTS THAT STEVE HAD
8 REFERENCED AS WELL, BUT WE'RE BASICALLY GOING TO BE
9 THE SAME. SO THE EFFECT WOULD BE JANUARY 1, AND THE
10 TREASURER THEREAFTER, WITHIN A CERTAIN PERIOD OF
11 TIME, WOULD BEGIN TO ISSUE BONDS.

12 MR. PANETTA: SO BEST CASE IS WE ONLY NEED
13 THE MONEY THAT J.T. WAS TALKING ABOUT, \$7 MILLION,
14 TO GET US THERE; BUT IF THAT'S NOT THE CASE, THEN
15 WHAT'S THE OTHER POSSIBILITY FROM A PROPOSITION
16 STANDPOINT?

17 MR. TORRES: YOU'D HAVE TO WAIT TILL 2022.

18 MR. PANETTA: AND THEN YOU START IN 2023.

19 MR. TORRES: RIGHT.

20 MR. PANETTA: SOME OF THIS -- YOU NEED
21 THIS IN PLACE JUST AS A FALLBACK.

22 MR. TORRES: RIGHT. RIGHT.

23 CHAIRMAN THOMAS: OTHER COMMENTS? OKAY.

24 GOING TO THE LAST SLIDE HERE, WHICH IS THE
25 THIRD, AND I JUST WANT TO GO BACK AND JUST TO PLAY

1 OUT THE COMMENT FROM MR. PANETTA. YES, THESE ARE
2 NOT MUTUALLY EXCLUSIVE. IN PARTICULAR, SHOULD WE
3 HAVE THE DECISION MADE AT THE SUBCOMMITTEE OF THE
4 BOARD TO PURSUE THE FUND-RAISING OPTION, THAT IS
5 SOMETHING THAT'S MEANT TO GO OUT REGARDLESS. I TAKE
6 MR. SUPERVISOR'S COMMENT, THAT IF WE'RE RAISING
7 ALTERNATIVELY, THAT MAY HAVE SOME EFFECT ON A BOND
8 MEASURE; BUT WE HAVE TO BE WILDLY SUCCESSFUL, I
9 THINK, FOR THAT TO BE THE CASE. AND THAT WOULD BE A
10 GOOD PROBLEM TO HAVE, BUT IT IS SOMETHING WE NEED TO
11 TALK ABOUT.

12 SUPERVISOR SHEEHY: YOU'RE ACTIVELY
13 FUND-RAISING AND BRINGING IN MONEY, MOST TAXPAYERS
14 WILL SAY WHY DO I NEED TO GIVE YOU MY MONEY.

15 MR. TORRES: WHAT IF I DON'T?

16 CHAIRMAN THOMAS: I WOULD HOPE THAT SHOULD
17 THERE BE A BALLOT MEASURE, REGARDLESS OF WHETHER
18 WE'RE RAISING MONEY OR NOT, THAT THERE'S SUCH
19 ENTHUSIASM GENERATED FOR WHAT WE'RE DOING, THAT THE
20 VOTERS WOULD CHOOSE TO APPROVE.

21 SUPERVISOR SHEEHY: NOT TO BELABOR THE
22 POINT, BUT AS SOMEBODY WHO TALKS TO VOTERS NOW ON A
23 REGULAR BASIS, I THINK SOME OF THE MORE SAVVY ONES
24 WOULD SAY, "SO YOU WENT TO FUND-RAISE. YOU DIDN'T
25 GET ENOUGH TO KEEP YOU GOING, SO YOU'RE COMING BACK

1 TO ME WITH YOUR HAND OUT. SO WHY DIDN' T YOU GET
2 ENOUGH? WHY DID THE PEOPLE WHO YOU' VE BEEN ASKING
3 FOR MONEY NOT THINK YOU WERE A GOOD INVESTMENT? WHY
4 SHOULD I?"

5 CHAIRMAN THOMAS: THESE ARE ISSUES WE CAN
6 DISCUSS FURTHER. OTHER THOUGHTS ON THAT?

7 SLIDE 10, THIS IS SORT OF THE THIRD SET OF
8 OPTIONS HERE. FIRST, PUBLIC PRIVATE PARTNERSHIP.
9 AND THIS IS SOMETHING WE' VE THOUGHT ABOUT BEFORE,
10 WHICH, I THINK, INTERNAL REFLECTION NEEDS TO HAVE
11 SOME MORE THOUGHT GIVEN IT TO, BUT THE GENERAL
12 NOTION IS YOU GET THE PRIVATE SECTOR CAPITALIZING A
13 COMPANY. AND THE GOAL WOULD BE TO IN-LICENSE
14 MULTIPLE CIRM PROJECTS TO AGGREGATE AS A WAY TO
15 PROVIDE PRIVATE SECTOR SUPPORT FOR TAKING THESE
16 PROJECTS THROUGH COMMERCIALIZATION. AND THERE' S
17 INCREASING INTEREST IN THE FIELD IN GENERAL AS WELL
18 AS WHAT CIRM IS DOING SPECIFICALLY. WE DO BELIEVE
19 THERE WILL BE CONTINUING INCREASED INTEREST OF
20 POTENTIAL APPLICANTS TO CONSIDER THIS OPTION.

21 AS FAR AS ANY SORT OF CONS ON THIS, AS I
22 SAY, WE NEED TO REVISIT SOME OF THE TERMS THAT WE
23 HAD EARLIER TO SEE IF THERE' S SORT OF A 2.0 VERSION
24 OF THIS IDEA. AND ALSO YOU MAY END UP IN A
25 SITUATION WHERE IF YOU GET AN APPLICANT, THEY MAY

1 NOT BE INTERESTED IN A BROAD RANGE OF PROJECTS.
2 THEY MAY JUST BE INTERESTED IN INDIVIDUAL OR A VERY
3 LOW NUMBER OF PROJECTS WHICH WOULD BE GREAT FOR
4 THOSE PROJECTS. IT WOULDN'T QUITE GET US WHERE WE
5 HAD GET HOPED TO GET BY HAVING MORE PROJECTS THAN
6 NOT BROUGHT INTO THE SITUATION AS A WAY TO HELP THEM
7 GET TO COMMERCIALIZATION.

8 THIRD, THIS OTHER BULLET POINT HERE, SO
9 THIS SUPPOSES, ON THE ONE HAND, JOINT VENTURING WITH
10 AN ENTITY TO SORT OF COME IN AND CO-FUND WITH US,
11 JOIN US IN OUR MISSION, AS IT WERE. ON THE OTHER
12 HAND, IF WE ARE UNSUCCESSFUL IN GETTING A BALLOT
13 MEASURE PASSED, UNSUCCESSFUL IN GETTING SUFFICIENT
14 NUMBER OF ALTERNATIVE FUNDS RAISED, THE IDEA OF
15 HAVING AN ENTITY POTENTIALLY TAKE OVER FROM CIRM,
16 THIS IS A CONTINGENT SCENARIO, THIS NOTION OF JOINT
17 VENTURING AS FAR AS THIS GOES COULD EITHER BE WITH
18 CIRM WRIT LARGE OR IT COULD BE SUBDIVIDING THE
19 PORTFOLIO INTO SPECIFIC INDICATIONS OR GROUPS OF
20 INDICATIONS THAT MIGHT BE OF PARTICULAR INTEREST TO
21 WHOEVER THE POTENTIAL JOINT VENTURER MAY BE.

22 POSSIBLE PARTIES ON SOMETHING LIKE THIS,
23 WHEN I SAY FOUNDATIONS, HERE TALKING ABOUT THE LARGE
24 FOUNDATIONS. MR. SUPERVISOR MENTIONED GATES
25 ALREADY. WHETHER IT'S THEM, WHETHER IT'S THE CHAN

1 ZUCKERBERG SCIENCE, WHETHER IT'S THE WELLCOME TRUST,
2 WHO WE KNOW IS VERY INTERESTED IN REGENERATIVE
3 MEDICINE, IT COULD BE THAT OR IT COULD BE A NEW
4 FOUNDATION THAT COULD BE ESTABLISHED FOR THE
5 PURPOSES OF TAKING OVER FROM CIRM WHAT WE HAVE DONE
6 TO DATE AND CARRYING IT ON INTO THE FUTURE. IT
7 COULD BE A VENTURE-DRIVEN ENTITY WHICH, AS
8 INCREASING INTEREST CONTINUES TO PILE UP IN WHAT WE
9 ARE DOING, COULD PULL TOGETHER A CONSORTIUM OF
10 VENTURE COMPANIES TO CONSIDER JOINT VENTURING WITH
11 US IN ANY OF A NUMBER OF WAYS THAT WOULD ALL REQUIRE
12 FURTHER DISCUSSION.

13 SO I THINK THIS JOINT VENTURE IS AN
14 APARTMENT MEANS OF REVENUE GENERATION IN ADVANCING
15 THE BALL ON OUR PROJECTS IS A VERY VIABLE ONE. IN
16 TERMS -- AND SOME OF THESE DISCUSSIONS HAVE BEEN
17 STARTED ALREADY, OTHERS WOULD NEED TO BE, BUT I
18 WELCOME COMMENTS ON THIS CONCEPT.

19 SUPERVISOR SHEEHY: FIRST, I NEVER HEARD
20 OF A STATE AGENCY THAT'S BEEN MERGED OR ACQUIRED BY
21 A PRIVATE ENTITY. EVEN IF WE MIGHT LEGALLY BE ABLE
22 TO DO IT, I WOULDN'T PUT MY HEAD IN THAT NOOSE
23 BECAUSE WE'VE STIPULATED ALL ALONG THAT THERE'S
24 TREMENDOUS VALUE IN OUR INTELLECTUAL PROPERTY. AND
25 SO I THINK WE SHOULD BE VERY CAREFUL ABOUT THAT. I

1 DON'T KNOW IF IT'S EVER BEEN DONE BEFORE, THAT AN
2 ACTUAL STATE AGENCY HAS BEEN MERGED OR ACQUIRED BY A
3 PRIVATE INTEREST, BUT I'VE NOT HEARD OF IT. SO
4 THAT'S ONE.

5 TWO, IT WOULD BE INTERESTING TO SEE IF
6 THERE'S ANY LEGISLATIVE FIXES TO THE BARRIERS.
7 RANDY HAD SUGGESTED IN CONVERSATIONS WITH ME THAT
8 THERE WERE CERTAIN RULES THAT MADE IT VERY DIFFICULT
9 REGARDING HOW ASSETS ARE SHARED BETWEEN CIRM AND THE
10 OTHER ENTITY IN THE ATP CONSTRUCT THAT THAT WAS ONE
11 OF THE PROBLEMS THAT CAUSED THE PROJECT TO NOT
12 SUCCEED. AND I DON'T KNOW IF IT'S WORTH EXPLORING
13 WHETHER WE CAN GET A LEGISLATIVE FIX TO ADDRESS
14 THAT. IT MAY BE SOMETHING MORE SUBSTANTIAL THAT WE
15 NEED A BIGGER FIX FOR, BUT I ALWAYS THOUGHT THAT WAS
16 THE BEST OPTION FOR CIRM TO CONTINUE WAS WORKING
17 WITH PRIVATE ENTITIES ON PARTS OF OUR PORTFOLIO TO
18 ACTUALLY MAXIMIZE THE VALUE. BUT THE WAY IN WHICH
19 THE ASSETS ARE HELD HAS ALWAYS BEEN PROBLEMATIC, BUT
20 STEVE KNOWS MORE ABOUT THIS THAN I DO, BUT I'M JUST
21 THROWING THAT OUT THERE.

22 CHAIRMAN THOMAS: THANK YOU. MR.
23 JUELGAARD.

24 DR. JUELGAARD: I THINK THIS TO ME IS AN
25 INTERESTING SITUATION BECAUSE, THIS IS TO WHAT

1 SENATOR TORRES SAID BEFORE, THIS IS A VERY UNIQUE
2 STATE AGENCY, RIGHT? IT'S ONE THAT HAS ACTUALLY AN
3 END OF LIFE ASSOCIATED WITH FUNDING. SO I DON'T
4 KNOW THAT THERE ARE ANY OTHER STATE AGENCIES LIKE
5 THAT.

6 LOOKING THROUGH PROP 71, I REALLY DON'T
7 SEE ANYTHING, AT LEAST WITHIN PROP 71 -- I MIGHT BE
8 WRONG, SCOTT -- THAT TALKS ABOUT JUST ENDING THE
9 AGENCY. IT JUST TALKS ABOUT WE HAVE SO MUCH MONEY
10 TO SPEND AND THEN WE DON'T HAVE ANY MORE MONEY TO
11 SPEND. SO IT REALLY DOESN'T TALK ABOUT HOW THINGS
12 END. I DON'T KNOW IF STATE LAW TALKS ABOUT HOW
13 THINGS END WITH REGARD TO A STATE AGENCY.

14 MR. TORRES: I THOUGHT THE INITIATIVE DID.

15 DR. JUELGAARD: I DIDN'T SEE ANYTHING IN
16 THERE. MAYBE THE FUNDS GO, BUT THE ACTUAL OPERATION
17 OF THIS ORGANIZATION. JEFF, WHEN I SEE THE WORD
18 "MERGES," I TEND TO THINK OF THAT IN A VERY BROAD
19 SENSE, NOT IN A SPECIFIC MERGER AND ACQUISITION
20 CONTEXT LIKE YOU MIGHT BE MENTIONING. IT MAY SIMPLY
21 BE A HANDOFF, IF YOU WILL, WHERE SOME NEW
22 ORGANIZATION MUCH LIKE CIRM COMES INTO BEING AND
23 SIMPLY PICKS UP WHERE WE LEFT OFF AND CARRIES
24 FORWARD BASICALLY WILLING TO SUPPORT THE THINGS THAT
25 WE'VE BEEN SUPPORTING. IT MAY HAVE A VERY DIFFERENT

1 BOARD, IT MAY HAVE A DIFFERENT MANDATE, WHO KNOWS.
2 SO WHEN I SEE THIS, I THINK OF THIS ONLY IN THE
3 SENSE OF THAT IS THERE SOME WAY FORWARD THAT ISN' T
4 NECESSARILY AS A STATE AGENCY, BUT AS AN
5 ORGANIZATION LIKE WE HAVE TODAY? FORGET ABOUT THE
6 STATE AGENCY CONCEPT, BUT SOMETHING LIKE WHAT WE
7 HAVE THAT GETS CARRIED ON BY SOMEBODY ELSE PERHAPS
8 WITH A DIFFERENT NAME AND A DIFFERENT WAY OF
9 OPERATING, ETC. AND I THINK THAT THAT' S CERTAINLY
10 AN INTERESTING CONCEPT.

11 AND IT MAY BE THAT IT ONLY HAPPENS IN PART
12 AS WELL. SOMEBODY IS WILLING TO TAKE THINGS ON ONLY
13 IN SPECIFIC AREAS, OR WE MIGHT HAVE THREE
14 ORGANIZATIONS, ONE TO DO WITH NEUROLOGICAL DISEASES.
15 IT MAY BE ON A DISEASE BASIS OR WHATEVER.

16 SO I THINK WE' RE SO EARLY ON IN THIS TIME
17 TO TRY TO THINK THROUGH WHAT MIGHT HAPPEN, BUT I
18 DON' T WANT TO SEE US CLOSE TOO MANY DOORS RIGHT AT
19 THE OUTSET. I UNDERSTAND IT' S GOING TO TAKE A
20 LITTLE BANDWIDTH TO DO THIS, BUT I THINK WE' RE
21 BETTER OFF INVESTING IN THAT BANDWIDTH RIGHT NOW TO
22 MAKE SURE WE SEE WHAT THE POTENTIAL PATH OR PATHS
23 FORWARD ARE THAT MIGHT BE MORE SUCCESSFUL. WITH
24 THAT, WE CAN BE MORE STUDIED IN HOW WE SHOULD DO
25 THINGS.

1 CHAIRMAN THOMAS: THANK YOU, STEVE. YES,
2 THE MERGER CONCEPT THAT I'D ENVISIONED EXACTLY
3 MIRRORS WHAT YOU JUST SAID. THANK YOU FOR THAT
4 COMMENT.

5 OTHER COMMENTS FROM MEMBERS OF THE
6 SUBCOMMITTEE? MR. PANETTA.

7 MR. PANETTA: THERE'S A VERY REAL
8 POSSIBILITY THAT, I GUESS, NOT I GUESS, THAT WE
9 COULD CEASE TO EXIST IN 2021 OR 2022. SO TO YOUR
10 POINT, SOMETHING HAS TO HAPPEN, I WOULD IMAGINE.
11 SOUNDS LIKE NOBODY HAS EVER THOUGHT THROUGH WHAT
12 THAT'S SUPPOSED TO BE, RIGHT? SO I DON'T KNOW IF
13 THAT'S OUR RESPONSIBILITY TO FIGURE OUT OR NOT. I'M
14 SURE ALL OF US CERTAINLY FEEL A RESPONSIBILITY FOR
15 EVERYTHING THAT'S BEEN STARTED HERE TO CARRY
16 FORWARD, BUT IN TERMS OF -- I THINK WE PROBABLY NEED
17 TO KNOW WHAT IS SUPPOSED TO HAPPEN IF AND WHEN THIS
18 ENDS, AND THEN DO WE HAVE THE OPTION TO GO AND SEEK
19 OUT SOME SORT OF A PARTNERSHIP, OR DOES THE STATE
20 REQUIRE THAT THERE'S A DECISION MADE AT THE
21 LEGISLATIVE LEVEL OR SOME OTHER LEVEL
22 ADMINISTRATIVELY?

23 MR. TORRES: THE GUIDING FORCE IS THE
24 INITIATIVE AND THE LANGUAGE OF THE INITIATIVE. AND
25 THEREIN I BELIEVE IT JUST TALKS ABOUT THE FUNDS THAT

1 ARE LEFT OVER BEING SWITCHED OVER TO THE CONTROLLER
2 OR THE TREASURER'S OFFICE, RIGHT? I CAN'T REMEMBER.

3 MR. TOCHER: I THINK THE PRIMARY ISSUE
4 WOULD BE, IN THE EVENT OF A PURE WIND-DOWN WHERE
5 THERE IS NO ADDITIONAL FUNDING AND THERE ISN'T THIS
6 MERGER OR ANYTHING LIKE THAT, IT WOULD JUST BE A
7 MATTER OF DISCUSSING WITH THE CONTROLLED AGENCIES.
8 SO, FOR INSTANCE, THE STATE CONTROLLER'S OFFICE, THE
9 STATE TREASURER'S OFFICE, AND TO THE FURNITURE,
10 WHICH IS PART OF GENERAL SERVICES, TO SEE WHO THOSE
11 ACTUAL ASSETS GET HANDED OFF. ONE OF THE THINGS
12 THAT WE WOULD DO INTERNALLY IS GO ABOUT IDENTIFYING
13 JUST PRECISELY WHAT THOSE ASSETS ARE, PHYSICAL,
14 INTELLECTUAL, AND ANY OTHERS, TO SEE HOW BEST TO
15 MAKE SURE THAT THEY ARE PASSED ON TO THE RIGHT
16 CONTROL AGENCY.

17 MR. PANETTA: SO THEN WHEN IT COMES TO
18 PASSING THINGS ON, I'M REALLY INTRIGUED BY THIS
19 IN-LICENSING POSSIBILITY BECAUSE WE DON'T REALLY OWN
20 ANY OF THIS INTELLECTUAL PROPERTY.

21 CHAIRMAN THOMAS: WE DON'T OWN ANY, THAT'S
22 RIGHT.

23 MR. PANETTA: SO WE WOULD HAVE TO SORT OF
24 BROKER SOME SORT OF A LICENSING DEAL.

25 CHAIRMAN THOMAS: RIGHT. AND THERE'S BEEN

1 A TON OF DISCUSSION ON THAT TOPIC AND A TON OF WORK
2 DONE HERE. NEAL IS SPEARHEADING A LOT OF THAT.
3 LOOKING AT ATP3 THAT'S BEEN REFERENCED BEFORE, WHICH
4 WE DO THINK REMAINS A VERY VALID IDEA, THERE ARE
5 ISSUES THAT NEED TO BE CHANGED, I THINK, ASPECTS OF
6 IT, BUT THAT'S WHY I'VE GOT IT DOWN HERE AS ONE OF
7 THE IDEAS.

8 SUPERVISOR SHEEHY: SO IT LOOKS LIKE WE
9 HAVE A WHOLE MENU OF POSSIBLE OPTIONS. AND IT
10 OCCURS TO ME THAT IT'S PROBABLY CHALLENGING FOR US
11 TO BE ABLE TO ACTUALLY DEVELOP RATIONAL PLANS AND
12 STRATEGIES AND ANALYZE THIS. I AM LOATHE TO SPEND
13 MORE MONEY OUT OF THE LITTLE BUCKET, BUT IS THIS
14 SOMETHING WHERE WE NEED STRATEGIC CONSULTING SO THAT
15 WE ACTUALLY WE COME UP WITH A BUSINESS PLAN? IF
16 NOT, I WORRY THAT ALL THESE STRATEGIES WE COULD
17 PURSUE, BUT AT THE END OF THE DAY, WE'RE LOOKING AT
18 A BOND MEASURE IN THE LEGISLATURE. SO TO THE DEGREE
19 THAT WE WANT TO TALK ABOUT THESE OTHER STRATEGIES,
20 THE ONLY ONE THAT SEEMS TO HAVE SOME REAL VIABILITY
21 IS ATP3, BUT I DON'T KNOW THAT ATP3, EVEN AS IT WAS
22 ORIGINALLY ENVISIONED, HAS THE ABILITY TO EVERGREEN
23 US IN THE NEAR TERM BECAUSE WE'RE A YEAR AND A HALF
24 BEHIND ON THAT. SO EVEN IF WE WERE TO GET SOMETHING
25 THROUGH, YOU KNOW, WHAT, THAT MIGHT KICK UP IN 2019.

1 I'M NOT SURE HOW LONG IT WOULD BE BEFORE THAT
2 STARTED TO PROVIDE RESULTS.

3 WE HAVE THE CLOCK TICKING. WE HAVE
4 STRATEGIES THAT WE REALLY NEED CONSIDERABLE WORK IN
5 ORDER TO GET THEM -- IN ORDER TO BE ABLE TO
6 UNDERSTAND WHETHER THEY'RE VIABLE AND TO ACTUALLY
7 HAVE A PLAN TO IMPLEMENT IN A WAY THAT COULD MAKE A
8 SIGNIFICANT DIFFERENCE. I'M JUST PUTTING THAT OUT
9 THERE.

10 CHAIRMAN THOMAS: I THINK THERE'S BEEN A
11 LOT OF THOUGHT GIVEN TO ALL OF THESE ALREADY. IT'S
12 NOT A SITUATION WHERE WE'RE PUTTING ANY OF THIS ON
13 THE TABLE FOR THE FIRST TIME.

14 SUPERVISOR SHEEHY: J.T., WE HAVEN'T
15 DETERMINED HOW MUCH RESOURCE WE WOULD NEED TO
16 IMPLEMENT ANY OF THESE OTHER THAN ATP3. WE HAVE TO
17 TARGET SOME TIMELINES. I MEAN YOU HAVE SET A TARGET
18 30 MILLION, 10 MILLION AND 30 MILLION, AND YOU HAVE
19 \$7 MILLION OF THAT, BUT THAT'S JUST TO EXTEND THE
20 LIFE OF THE AGENCY. AND THAT'S REALLY RELATED TO
21 WHEN WE LAST GIVE OUT GRANTS. BUT TO REALLY KEEP
22 THE AGENCY ALIVE, OUTSIDE OF A BOND MEASURE BY BOB,
23 I DON'T THINK WE REALLY HAVE ACTUALLY -- WE'VE
24 TALKED ABOUT IT, BUT TALKING ABOUT IT ISN'T A LOT OF
25 THOUGHT.

1 CHAIRMAN THOMAS: WELL --

2 SUPERVISOR SHEEHY: HOW YOU DO THINGS,
3 STEPS, STRATEGIES, PLANS IS KIND OF WHAT WE NEED.

4 CHAIRMAN THOMAS: WELL, I WOULD PROPOSE
5 THAT, AS PART OF THIS REPORT THAT WE'RE GOING TO
6 COME BACK TO THE JOINT SUBCOMMITTEE, THAT WE LAY OUT
7 OUR THOUGHTS ON THAT QUESTION THAT YOU RAISE AND HOW
8 WE SEE IT GOING FORWARD.

9 MR. TORRES: PUBLIC COMMENT.

10 CHAIRMAN THOMAS: OKAY. DO WE HAVE OTHER
11 COMMENTS FROM MEMBERS OF THE SUBCOMMITTEE?

12 DR. VUORI: I THINK THE WAY I THOUGHT OF
13 LOOKING AT IT IS THAT I THINK THE CHARGE OF THIS
14 COMMITTEE, IF I UNDERSTAND CORRECTLY, IS TO
15 STRATEGIZE ON WHAT I VIEW AS SORT OF THREE-PRONGED
16 FUTURE OPTIONS. OPTION NO. 1 IS THAT CIRM AND ITS
17 MISSION CONTINUES WITH A BOND MEASURE OF SORTS, AND
18 WE NEED TO HAVE A STRATEGY IN PLACE FOR HOW WE
19 SUPPORT THAT ACTIVITY GOING FORWARD.

20 I THINK THE OPTION NO. 2 IS THAT CIRM AND
21 OR ITS MISSION CONTINUES WITHOUT SUCCESSFUL BOND
22 MEASURE. GRANTED, THERE MIGHT BE SOME SKEPTICISM AS
23 TO HOW LIKELY THAT IS TO SUCCEED, BUT I DO THINK WE
24 WOULD NEED TO HAVE SOME SORT OF A STRATEGY OUTLINED.
25 I BELIEVE THAT THAT IS SOMETHING THAT WE COULD

1 CONSIDER.
2 AND OBVIOUSLY, THEN, THE OPTION NO. 3 IS
3 THAT, ABSENT OPTIONS 1 AND 2, SUCCEEDING CIRM FUNDS.
4 I THINK THESE ARE SORT OF THE THREE BUCKETS THAT WE
5 NEED TO SORT OF FOCUS ON. BUT I THINK THE WAY I
6 WOULD APPROACH THIS IS TO TAKE THESE MANY TASKS OR
7 ACTIVITIES LISTED SO FAR AND TRY TO PRIORITIZE THOSE
8 ACTIVITIES GIVEN THE RESOURCES OR LACK THEREOF THAT
9 WE HAVE TO IMPLEMENT AS TO HOW WE UNDERTAKE THESE
10 TACTICS SO THAT THEY ARE IN SUPPORT OF THESE VARIOUS
11 END GAMES WITHOUT US RUNNING IN TWO DIAGONALLY
12 OPPOSING DIRECTIONS. SO, FOR EXAMPLE, IF IT COMES
13 TO FUND-RAISING, IF AND WHEN WE CONTINUE THAT
14 ACTIVITY, WHICH I'M VERY MUCH IN SUPPORT OF, IT
15 SHOULD BE GEARED STRATEGICALLY SO THAT IT CAN ENABLE
16 ANY ONE OF THESE OPTIONS EVENTUALLY. OTHERWISE WE
17 PROBABLY ARE IN A VERY DIFFICULT SITUATION. WE HAVE
18 A VERY CREDIBLE CASE STATEMENT TO ASK FOR DONORS;
19 BUT IN LIKE MANNER, SOME SORT OF A JOINT VENTURE
20 IDEA COULD IN LIKE MANNER BE GEARED TOWARDS THESE
21 VARIOUS OPTIONS. SO THAT'S SORT OF MY TWO CENTS,
22 WHETHER WE NEED OUTSIDE HELP, WHETHER WE WANT TO GET
23 MCKENZIE HERE, OR SOMETHING HERE OR SOMETHING LIKE
24 THAT. I HAVE NO IDEA, BUT THAT'S WHAT WE REALLY
25 NEED TO FOCUS ON.

1 CHAIRMAN THOMAS: THANK YOU. WE'LL DO AN
2 EVALUATION HERE ON THAT VERY QUESTION. IF WE NEED
3 THAT OR NOT, THAT WILL PART OF THE REPORT BACK TO
4 THE GROUP. THANK YOU FOR BREAKING IT DOWN IN THAT
5 WAY. I THINK YOU'RE EXACTLY RIGHT. THOSE ARE SORT
6 OF THE THREE DIFFERENT SCENARIOS AND OUTCOMES HERE
7 THAT WE HAVE TO EVALUATE. OTHER COMMENTS?

8 DR. CHIU: THIS IS ARLENE CHIU AGAIN. I
9 WANT TO AGREE WITH THE LAST COMMENT FROM THE
10 SUBCOMMITTEE MEMBER, BUT JUST TO SAY THAT ONE THING
11 THAT DOESN'T DEPEND ON ALL YOUR THREE OPTIONS LISTED
12 IN TODAY'S MEETING IS A PLAN TO SUNSET OR TO WIND
13 DOWN. AND IF YOU HAD THAT IN YOUR BACK POCKET, YOU
14 WILL BE ASSURED THAT IF YOU DELAY THAT PROCESS, YOU
15 CAN JUST CHANGE THE DATE, BUT AT LEAST YOU HAVE THE
16 SECURITY OF KNOWING THERE'S A PLAN OF HOW TO SUNSET.
17 I DID HEAR FROM SCOTT ABOUT VARIOUS ELEMENTS, BUT
18 THOSE ARE JUST BACK OF NAPKIN KIND OF IDEAS. IF
19 THERE COULD BE A CLEAR PLAN, EVERYBODY WOULD BE
20 COMFORTED BY THE PRESENCE OF SUCH A PLAN. THANK
21 YOU.

22 CHAIRMAN THOMAS: THANK YOU, ARLENE. THAT
23 PARTICULAR TOPIC IS OF THE SORT TO BE DISCUSSED WHEN
24 WE GET INTO THE BUDGET DISCUSSIONS, ETC., REFERENCED
25 AT THE BEGINNING OF THE MEETING HERE.

1 DR. MELMED: WITH DUE RESPECT, I THINK
2 THAT I WOULD RESPECTFULLY NOT SUPPORT THAT NOTION
3 THAT WAS EXPRESSED EARLIER. IF WE ARE TO GO AND
4 ACTIVELY FUND-RAISING, THE LAST THING WE NEED TO
5 TELL DONORS IS THAT WE HAVE A PLAN IN YOUR BACK
6 POCKET TO SUNSET. OUR FUND-RAISING WOULD BE DOOMED.

7 MR. JUELSGAARD: I WOULD RESPECTFULLY
8 DISAGREE WITH WHAT YOU SAID, DR. MELMED, BECAUSE IF
9 YOU LOOK AT WHAT -- JUST LOOK AT THINGS
10 REALISTICALLY. WHAT DO WE KNOW? WE KNOW THAT
11 ABSENT RAISING ANY MORE MONEY, THERE WILL BE A
12 SUNSET. THAT IS A GIVEN. SOMETHING HAS GOT TO
13 INTERDICT THE SUNSET. WE DON'T KNOW AT THIS POINT
14 THAT ANYTHING WILL INTERDICT IT. SO I THINK IT'S
15 OUR OBLIGATION AS BOARD MEMBERS TO PREPARE THAT
16 SUNSET SCENARIO SO THAT, IF THAT HAPPENS, WE'VE DONE
17 OUR WORK THOUGHTFULLY AHEAD OF TIME. AND IF IT
18 COMPROMISES OUR FUND-RAISING, IT COMPROMISES OUR
19 FUND-RAISING, BUT I THINK THAT'S A NECESSARY PART OF
20 WHAT WE DO.

21 CHAIRMAN THOMAS: I WOULD AGREE WITH
22 STEVE'S COMMENT ON THAT. I THINK THAT WE WANT TO
23 MAKE SURE THAT SUNSETTING IS THE LAST OPTION LEFT ON
24 THE TABLE, BUT I DON'T THINK IT WOULD SURPRISE ANY
25 POTENTIAL DONOR THAT WE HAVE TO PLAN FOR THAT

1 EVENTUALITY. AND WE HAVE INTERNAL DISCUSSIONS THAT
2 HAVE STARTED TO ADDRESS THAT ISSUE.

3 MR. PANETTA: J.T., JUST GO BACK TO THE
4 DISCUSSION EARLIER ABOUT THE CHALLENGE OF
5 FUND-RAISING AND SOME AGENCIES THAT YOU NOTED HAVE
6 SUCH DIFFICULTY IN RAISING EVEN 30, 40, \$50 MILLION.
7 I WOULD TAKE A SLIGHTLY DIFFERENT APPROACH TO THIS
8 AND SUGGEST THAT A BOND MEASURE, WHATEVER FORM IT
9 TAKES, IS ONE OPTION, BUT SUNSET OR MERGER OR
10 ACQUISITION, WHATEVER THAT MIGHT BE, IS ANOTHER
11 OPTION. BUT I WOULD QUESTION WHETHER PRIVATE
12 FUNDING IS SOMETHING THAT CAN FULLY SUSTAIN THIS
13 AGENCY GOING FORWARD AS A STANDALONE OPTION.

14 CHAIRMAN THOMAS: AS I SAID, IT'S A MAJOR
15 CHALLENGE, BUT I THINK WE HAVE TO -- AND WE CAN
16 DISCUSS WITH THE FULL BOARD. I THINK IT'S SOMETHING
17 THAT WE HAVE TO GIVE A SHOT AT BECAUSE, AMONG OTHER
18 THINGS, IF WE'RE SUCCESSFUL IN MATERIAL
19 CONTRIBUTIONS THAT MIGHT NOT BE CLASSIFIED AS WHAT
20 YOU NEED TO KEEP THE WHOLE AGENCY GOING, IT CAN
21 STILL GENERATE POTENTIALLY A LOT THAT WOULD ADD
22 GREATLY TO THE BENEFIT OF INDIVIDUAL PROJECTS AND
23 PATIENTS, ETC. SO I WOULD STRONGLY RECOMMEND THAT
24 BE CONSIDERED. I GET YOUR POINT.

25 MR. PANETTA: MY POINT IS REALLY I THINK

1 WE HAVE TO PROBABLY DECIDE STRATEGICALLY IS THE
2 FUND-RAISING GOAL A GOAL TO RAISE THE FUNDS TO KEEP
3 US RUNNING THROUGH, SAY, 2024, OR IS THE
4 FUND-RAISING GOAL TO CREATE AN AGENCY THAT'S
5 COMPLETELY INDEPENDENTLY FUNDED?

6 CHAIRMAN THOMAS: YES, WE CAN HAVE THAT
7 DISCUSSION. YES. OTHER COMMENTS?

8 SUPERVISOR SHEEHY: OF COURSE I HAVE MORE.
9 I APOLOGIZE AGAIN.

10 MR. TORRES: DON'T YOU HAVE A BOARD
11 HEARING TO GO TO?

12 SUPERVISOR SHEEHY: WELL, I CARVED THIS
13 OUT FOR CIRM, TO BE HONEST, BECAUSE I REALLY CARE
14 ABOUT THE AGENCY. IF I CAN JUST GIVE AN OPINION
15 AFTER HAVING SEEN ALL THIS AND HEARD ALL THIS, I
16 REALLY THINK THIS AGENCY IS ABOUT PUBLIC MONEY. AND
17 I THINK FOR ME THE ONLY CHOICE IS WHETHER WE CAN GET
18 A CERTAIN ENOUGH COMMITMENT FROM BOB KLEIN THAT WE
19 CAN RELY ON THAT AS A WAY TO EXTEND THE AGENCY, OR
20 WE START PREPARING NOW FOR THE LEGISLATURE TO PUT
21 SOMETHING ON IN 2020.

22 I'M GOING TO BE OPTIMISTIC THAT MY FRIEND
23 GAVIN NEWSOM WILL BE IN, AND I KNOW HE SUPPORTED THE
24 AGENCY VIGOROUSLY WHEN IT FIRST STARTED. I THINK
25 THERE WILL BE CHANGES TO THE GOVERNANCE STRUCTURE,

1 BUT I CAN LIVE WITH THOSE MYSELF. I THINK IF THAT'S
2 WHAT IT TAKES IN ORDER TO GET THE STATE TO CONTINUE
3 TO SUPPORT THIS, I MEAN FROM MY PERSPECTIVE, THIS IS
4 ONE OF THE BEST INVESTMENTS I'VE EVER SEEN BY A
5 GOVERNMENT ENTITY. AND I THINK WE'VE GOT A
6 BRILLIANT CASE TO MAKE, BUT WE HAVE TO ASK
7 OURSELVES, BASED ON BANDWIDTH, WHAT'S THE MOST
8 RATIONAL PLACE TO GO. AND WE CAN SPEND A LOT OF
9 TIME TALKING TO DONORS. I DO THINK THAT THAT
10 DISTRACTS FROM OUR MESSAGE. AND TO THE DEGREE THAT
11 WE NEED TO RAISE FUNDS TO KEEP THE DOORS OPEN A
12 LITTLE WHILE LONGER, THAT MAKES SENSE. I THINK J. T.
13 HAS DONE A GREAT JOB IN GETTING \$7 MILLION IN THE
14 DOOR TO KEEP US OPEN A BIT LONGER. BUT MY
15 PREFERENCE WOULD BE TO PLAN FOR SUCCESS, AND WE'VE
16 GOT A LOT OF PEOPLE UP AND DOWN THE STATE WHO
17 INVESTED IN US, AND THIS IS NOT A DEMOCRAT/
18 REPUBLICAN ISSUE FOR A LOT OF PEOPLE IN THIS STATE.

19 AND I THINK IF WE COULD JUST COMMIT --
20 WHAT I'M UNCOMFORTABLE ABOUT, FRANKLY, IS RELYING ON
21 BOB BECAUSE THAT ISN'T FAIR TO BOB ACTUALLY. I
22 THINK WE SHOULD HAVE OUR OWN PLAN. AND IF BOB COMES
23 IN AND CAN DO IT, THAT'S GREAT. BUT EVEN BEFORE, WE
24 NEED TO HAVE A DATE AT WHICH WE HAVE A CERTAINTY
25 THAT BOB WILL BE OUT COLLECTING SIGNATURES; BUT UP

1 UNTIL THAT DATE, WE SHOULD BE ORGANIZING AND
2 PLANNING AND WORKING COLLECTIVELY TO HAVE THE
3 LEGISLATURE TAKE ACTION.

4 ALSO ASKING CANDIDATES FOR GOVERNOR TO
5 SUPPORT SUSTAINING CIRM. THIS WOULD BE A QUESTION
6 THAT GOES TO GAVIN, TO ANTONIO VILLARAI GOSA, TO
7 ANYBODY ELSE THAT'S IN THE RACE, JOHN CHEUNG, WHO
8 CERTAINLY KNOWS THE AGENCY. BUT THAT'S WHERE I
9 WOULD PUT MY ENERGY MYSELF, BUT I THINK WE NEED TO
10 CONSCIOUSLY MAKE THAT DECISION AS A BOARD.

11 CHAIRMAN THOMAS: OKAY. THANK YOU.

12 MS. WINOKUR: ARE YOU TALKING TO BOB
13 KLEIN?

14 CHAIRMAN THOMAS: YES. BOB'S STATED
15 INTENTION IS AS OF NOW, IF HE FEELS THAT THERE WILL
16 BE PUBLIC SUPPORT FOR THIS THROUGH POLLING DOWN THE
17 ROAD, THAT HE WOULD PLAN TO TRY TO BRING THIS TO THE
18 BALLOT IN NOVEMBER OF 2020.

19 SUPERVISOR SHEEHY: THAT'S TOO THIN, J. T.
20 THAT'S NOT ENOUGH. IT JUST DEPENDS WHAT WE ALL FEEL
21 OUR DUTY IS AS BOARD MEMBERS AND WHAT WE THINK THE
22 FUTURE OF THE AGENCY IS GOING TO BE. NONE OF THE
23 STRATEGIES I'VE HEARD TODAY EXCEPT GOING BACK FOR
24 ADDITIONAL BOND MONEY IS SUFFICIENT TO KEEP THIS
25 AGENCY GOING WELL INTO THE FUTURE. AND RELYING ON

1 BOB, BOB WAS GOING TO GO IN 2018. WE RELIED ON THAT
2 AND THAT DIDN'T HAPPEN AND THAT'S NOT HIS FAULT. WE
3 HAVE SOME DUTY. IT JUST DEPENDS HOW MUCH WE ALL
4 BELIEVE IN OUR MISSION AND IF WE'RE WILLING TO GO DO
5 THE WORK TO REALLY GET THE REAL SOLUTION THAT WILL
6 MAKE A DIFFERENCE OR NOT.

7 CHAIRMAN THOMAS: WELL, WE'RE ABSOLUTELY
8 COMMITTED TO A SOLUTION THAT WILL WORK. I THINK
9 WE'RE ALL IN FIRM AGREEMENT ON THAT.

10 AND YOU RAISED THE POINT EARLIER ABOUT
11 HAVING BOB COME SPEAK TO THE BOARD. IS THAT
12 SOMETHING YOU WOULD STILL RECOMMEND BASED ON YOUR
13 COMMENTS JUST NOW?

14 SUPERVISOR SHEEHY: IF IT'S ALL GOING TO
15 BE BASED ON WHAT HE SEES IN A POLL, THEN THAT
16 DOESN'T MAKE ANY SENSE TO ME BECAUSE THEN WE SET
17 OURSELVES UP, IF HE DECIDES NOT TO DO IT, WE SET UP
18 THE A PRIORI THAT WE'VE ESTABLISHED THAT WE'RE NOT
19 POLLING WELL.

20 I THINK WE HAVE OPPORTUNITIES TO TALK TO
21 GUBERNATORIAL CANDIDATES AND OTHER PEOPLE RUNNING
22 FOR STATE OFFICE. WE HAVE OPPORTUNITIES TO HAVE
23 CONVERSATIONS WITH MEMBERS OF THE LEGISLATURE. AND
24 WE HAVE A FAIRLY GOOD LEAD-TIME, BUT REALLY TO HAVE
25 PRESENCE AT THE -- I THINK ART HAS DONE A PHENOMENAL

1 JOB OF KEEPING EVERYBODY UP TO DATE ON WHAT'S GOING
2 ON, BUT ACTUALLY HEARINGS ARE ON OUTCOMES THAT WE
3 HAVE. AND CREATING SOME MOMENTUM BEHIND OUR
4 MISSION, SHOWING WHAT WE'VE DONE IN A VERY CONSCIOUS
5 WAY AND DELIBERATE WAY, I THINK THAT'S KIND OF, FOR
6 ME, THAT'S WHERE WE ARE. OTHERWISE WE CAN RUN
7 AROUND TRYING TO FUND-RAISE, WHICH IS GOING TO TAKE
8 US ON A DIFFERENT MISSION. WE CAN TALK ABOUT ALL
9 SORTS OF INDUSTRY OPTIONS, AND I WOULD CONTINUE TO
10 PURSUE ATP3. IF RANDY WASN'T ABLE TO DO IT, I DON'T
11 KNOW WHETHER WE WILL BE ABLE TO DO IT UNLESS -- THAT
12 WAS A GREAT DEAL OF SOPHISTICATION THAT WAS BROUGHT
13 TO BEAR.

14 SO I'M JUST TRYING TO BE VERY PRACTICAL
15 AND PRAGMATIC AND SAY WHERE WE SHOULD BE PUTTING OUR
16 ENERGY. IT JUST SEEMS LIKE THE STATE HAS A
17 TREMENDOUS ASSET; AND WHILE WE DON'T OWN
18 INTELLECTUAL PROPERTY, WE HAVE INTERESTS IN A TON OF
19 INTELLECTUAL PROPERTY WITH THE RECIPIENT, A STAKE IN
20 THAT INTELLECTUAL PROPERTY. THE RETURNS ON THAT GO
21 ON THE GENERAL FUND. SO WE'RE ALREADY STARTING TO
22 SEE OUR FIRST ROYALTIES, NOT A LOT, BUT IT'S
23 STARTING TO COME IN.

24 MR. TORRES: MOVE TO ADJOURN.

25 CHAIRMAN THOMAS: THANK YOU, JEFF. POINTS

1 DULY NOTED. YES, WE HAVE A MEMBER OF THE PUBLIC.

2 MR. REED: ONLY BOB KLEIN CAN SPEAK FOR
3 BOB KLEIN. WE ALL KNOW HE MADE THIS POSSIBLE.
4 WITHOUT HIM, WE WOULD NOT BE HAVING THIS
5 CONVERSATION. I THINK THE KEY THING IS THAT WE'RE
6 ALL GOING TO FIGHT LIKE HELL TO MAKE IT HAPPEN.
7 WHATEVER WAY HAPPENS, IF BOB DECIDES NOT DO IT, THEN
8 WE'LL DO WHATEVER ELSE WE HAVE TO DO TO KEEP US
9 ALIVE. THIS IS MAGNIFICENT. THIS IS LIKE NOTHING
10 ELSE ON EARTH. WE'RE ALL GOING TO FIGHT REALLY,
11 REALLY HARD TO MAKE IT HAPPEN. SO MY HOPE IS THAT
12 BOB SAYS YES AND WE GO FOR IT. THAT'S WHAT I WANT.
13 IF NOT, THEN WE'LL TRY OTHER WAYS. WE'D JUST DO
14 WHATEVER IT TAKES. WE'RE FIGHTING FOR THE LIVES OF
15 MEN, WOMEN, AND CHILDREN. WE'RE GOING TO DO
16 WHATEVER WE CAN.

17 MR. TORRES: HERE. HERE.

18 CHAIRMAN THOMAS: THANK YOU, MR. REED.
19 ANY OTHER COMMENTS FROM SUBCOMMITTEE OR MEMBERS OF
20 THE PUBLIC AT ANY OF THE SUBCOMMITTEE LOCATIONS?

21 DR. CHIU: THIS IS ARLENE CHIU AGAIN. I
22 WAS WONDERING IS THERE ANYTHING THAT CIRM COULD
23 COORDINATE WITH ALL THE FUNDED INSTITUTIONS WHO HAVE
24 DONE SO WELL WITH CIRM FUNDING, THAT WE CAN HELP IN
25 ANY WAY TO BRING THE MESSAGE TO OUR COMMUNITIES, OUR

1 REPRESENTATIVES, TO SACRAMENTO, NOT SPEAKING AS
2 MEMBERS OF CIRM, BUT AS PEOPLE AND RESEARCHERS AND
3 THE PUBLIC BENEFITING. IF WE DON'T KNOW HOW TO DO
4 THIS, CAN CIRM COORDINATE AND TEACH US HOW TO DO
5 THIS?

6 MR. TORRES: WELL, ARLENE, LET ME REPEAT
7 ONCE AGAIN. I PERIODICALLY SEND TO EVERY
8 REPUBLICAN, DEMOCRAT IN THE LEGISLATURE AND THE
9 CONGRESS A PERSONAL, A PERSONAL, LETTER OUTLINING
10 WHICH PROJECTS HAVE BEEN APPROVED FOR THEIR
11 DISTRICTS. SO WE HAVE BEEN COMMUNICATING SINCE I'VE
12 BEEN HERE, SINCE '09. ANY TIME THERE IS A GRANT
13 APPROVED BY OUR BOARD, A LETTER GOES OUT IMMEDIATELY
14 TO THE LEGISLATORS AND REPRESENTATIVES OF THAT
15 DISTRICT WHERE THAT GRANT HAS BEEN GIVEN TO LET THEM
16 KNOW WHAT'S GOING ON, AND IF THEY WISH TO VISIT WITH
17 THE GRANTEES, AN OPPORTUNITY TO DO SO.

18 SECONDLY, WHENEVER THERE'S A BRIDGES
19 PROGRAM THAT'S BEEN APPROVED AND STUDENTS LIVING IN
20 THEIR DISTRICTS, THEY ARE MADE AWARE OF IT BY ME,
21 BOTH REPUBLICANS AND DEMOCRATS. WHENEVER THERE IS A
22 SPARK STUDENT THAT HAS BEEN APPROVED BY THIS AGENCY,
23 I ALSO SEND A LETTER OUT, PERSONAL LETTER, NOT
24 E-MAIL, LETTER TO EVERY MEMBER OF LEGISLATURE AND
25 THE CONGRESS WHO MAY HAVE A SPARKS STUDENT IN THEIR

1 DI STRI CTS.

2 SO I JUST NEED TO MAKE SURE THAT YOU
3 UNDERSTAND THAT WE ARE COMMUNICATING WITH THE
4 LEGISLATURE AND THE CONGRESS AND THE GOVERNOR AND
5 THE LIEUTENANT GOVERNOR AND THE CONTROLLER AND THE
6 TREASURER AND THE COMMISSIONER FOR -- INSURANCE
7 COMMISSIONER, AND OUR SUPERINTENDENT OF PUBLIC
8 INSTRUCTION, ALL OF WHOM I PERSONALLY KNOW. AND
9 THEY RECEIVE MY COMMUNICATIONS, WHICH IS WHY JOHN
10 CHEUNG HAS BEEN ONE OF THE MOST TREMENDOUS ADVOCATES
11 FOR THE BRIDGES PROGRAM BECAUSE HE GETS IT, HE
12 UNDERSTANDS IT, HE KNOWS THE IMPACT THAT IT HAS,
13 THAT WE'RE DEVELOPING SCIENTISTS FOR THE FUTURE, AND
14 ESPECIALLY SCIENTISTS OF COLOR, BOTH BOYS AND GIRLS
15 THAT ARE STILL IN STATE UNIVERSITY AND CLEARLY IN
16 HIGH SCHOOL. SO WE ARE COMMUNICATING OUR MESSAGE
17 DIRECTLY TO THOSE REPRESENTATIVES.

18 DR. CHIU: SENATOR TORRES, THIS IS GREATLY
19 APPRECIATED. I JUST WONDERED IF OTHER VOICES,
20 ESPECIALLY FROM THE VOTERS, WOULD ALSO HELP.

21 MS. BONNEVILLE: ARLENE, THIS IS MARIA
22 BONNEVILLE. JUST ALSO IN ADDITION TO EVERYTHING
23 THAT ART WAS JUST TALKING ABOUT, WE HAVE PATIENT
24 ADVOCATE EVENTS THROUGHOUT THE STATE EVERY YEAR
25 WHERE WE DO OUTREACH AND COMMUNICATION TO GET PEOPLE

1 THERE. THE ATTENDANCE AT THESE EVENTS HAS GROWN
2 LARGER OVER THE LAST COUPLE OF YEARS. WHEN IT COMES
3 TO A SPECIFIC INITIATIVE OR BOND MEASURE, THERE ARE
4 JUST CERTAIN THINGS THAT WE ARE PRECLUDED FROM
5 DOING. AND SO WE WOULD JUST HAVE TO TALK ABOUT
6 EXACTLY WHAT YOU ARE REFERRING TO. YOU, OF COURSE,
7 ARE ABLE TO ADVOCATE FOR WHATEVER YOU WOULD LIKE,
8 BUT CIRM ITSELF HAS RULES AND REGULATIONS THAT
9 PRECLUDE US FROM DOING CERTAIN ACTIVITIES.

10 DR. CHIU: MARIA, THAT IS EXACTLY MY
11 POINT. HAVING WORKED BOTH FOR THE FEDERAL
12 GOVERNMENT AND FOR CIRM, I UNDERSTAND THAT AS STAFF,
13 AS MEMBERS OF CIRM, THERE ARE CERTAIN THINGS THAT
14 THEY ARE PRECLUDED FROM DOING THAT PERHAPS PEOPLE
15 WHO ARE NOT CAN DO. THAT'S ALL. WE NEED TO BE TOLD
16 HOW WE CAN HELP IF HELP IS NEEDED. THERE ARE MANY
17 VOICES IN ALL THE INSTITUTIONS THAT HAVE BEEN FUNDED
18 BY CIRM.

19 CHAIRMAN THOMAS: THANK YOU, ARLENE. ANY
20 OTHER COMMENTS, SUBCOMMITTEE MEMBERS OR MEMBERS OF
21 THE PUBLIC? THANK YOU VERY MUCH. IT'S BEEN A
22 LENGTHY, ROBUST, AND VERY INFORMED DISCUSSION.
23 WE'LL COME BACK TO THE JOINT SUBCOMMITTEE IN
24 DECEMBER WITH HAVING DISTILLED ALL THE COMMENTS HERE
25 AND PRESENT A GAME PLAN FOR HOW WE RECOMMEND

1 PROCEEDING, AT WHICH POINT WE' LL HAVE THAT AND THEN
2 USE THAT AS A SPRINGBOARD TO THE BUDGET DI SCUSSION
3 AT THE DECEMBER BOARD MEETING.

4 MS. BONNEVILLE: J. T. , I THINK WE PLAN ON
5 HAVING THE JOINT SUBCOMMITTEE MEETING IN ADVANCE OF
6 THE DECEMBER BOARD, MEETING NOT IN DECEMBER. SO IT
7 WOULD BE EARLY NOVEMBER.

8 CHAIRMAN THOMAS: EARLY NOVEMBER. OKAY.
9 I STAND CORRECTED. THANK YOU. I WAS THINKING IT
10 WOULD BE IN DECEMBER IN ADVANCE OF THE BOARD
11 MEETING.

12 MS. BONNEVILLE: OUR BOARD MEETING IS
13 DECEMBER 12, 13, 14TH. IT'S EARLY IN DECEMBER, SO
14 WE NEED TO HAVE THAT EARLIER.

15 CHAIRMAN THOMAS: OKAY. THANK YOU. OTHER
16 COMMENTS? HEARING NONE, WE STAND ADJOURNED. THANK
17 YOU, EVERYBODY.

18 (THE MEETING WAS THEN CONCLUDED AT
19 01: 48 P. M.)

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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 TRANSITION SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON SEPTEMBER 18, 2017, 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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