

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: APRIL 22, 2013  
3 P.M.

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

BRS FILE NO.: 94234

**BARRISTERS' REPORTING SERVICE**

**I N D E X**

<b>ITEM DESCRIPTION</b>	<b>PAGE NO.</b>
CALL TO ORDER	3
ROLL CALL	3
CONSIDERATION OF CIRM BUDGET FOR FISCAL YEAR 2013-2014	4
PUBLIC COMMENT	NONE

**BARRISTERS' REPORTING SERVICE**

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MONDAY, APRIL 22, 2013  
3 P.M.

CHAIRMAN GOLDBERG: WELCOME EVERYONE.  
THIS IS THE REGULARLY SCHEDULED MEETING OF THE  
FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZENS  
OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE OF  
REGENERATIVE MEDICINE. WE HAVE A FULL AGENDA TODAY  
IN DISCUSSING THE PROPOSED BUDGET FOR FISCAL 2013  
AND 2014, WHICH, AFTER DISCUSSION AND REVISIONS, IF  
ANY, WE WOULD PLAN TO ADVANCE TO THE ICOC MEETING ON  
MAY 23D.

SO WITH THAT, LET ME ASK MARIA TO DO A  
ROLL CALL. THEN WE'LL TURN IT OVER TO STAFF TO  
PRESENT THE PROPOSED BUDGET.

MS. BONNEVILLE: ROBERT PRICE. MARCY  
FEIT. MICHAEL GOLDBERG.

CHAIRMAN GOLDBERG: HERE.

MS. BONNEVILLE: STEVE JUELSGAARD.

DR. JUELSGAARD: HERE.

MS. BONNEVILLE: DUANE ROTH.

MR. ROTH: HERE.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD.

**BARRISTERS' REPORTING SERVICE**

1 DR. STEWARD: HERE.

2 MS. BONNEVILLE: JONATHAN THOMAS.

3 CHAIRMAN THOMAS: HERE.

4 MS. BONNEVILLE: ART TORRES.

5 MR. TORRES: HERE.

6 CHAIRMAN GOLDBERG: THANK YOU. ALAN,  
7 WOULD YOU LIKE TO PREAMBLE AND INTRODUCE CHILA?

8 DR. TROUNSON: YES. SURE, MICHAEL. THANK  
9 YOU VERY MUCH. SO FOR THIS YEAR WE'RE ASKING CHILA  
10 TO PRESENT THE BUDGET TO YOU. WE UNDERWENT A  
11 PROCESS WHICH WAS PRETTY INTENSE IN WAYS. WHAT  
12 HAPPENED WAS THAT CHILA ASKED ALL OF THE UNITS TO  
13 PUT FORWARD A BUDGET. THAT PROCESS WENT ON FOR  
14 SEVERAL MONTHS. AND THEN SHE ASKED ME AND WE TALKED  
15 ABOUT VARIOUS THINGS, WHETHER THE BUDGET WAS REALLY  
16 THE BUDGET THE AGENCY SHOULD HAVE.

17 I FELT AT THAT POINT IN TIME (INAUDIBLE).  
18 AND I INTRODUCED A LOT OF CUTS RIGHT THROUGH THE  
19 AGENCY'S FUNDING TO AN ACTUAL CORE. A REALLY  
20 IMPORTANT PART OF GETTING UNDER THE 6 PERCENT, TO  
21 MAKE SURE THAT IT WAS WITHIN THE BOUNDARIES OF THE 6  
22 PERCENT, BUT ALSO TO CONSIDER THE LONGEVITY. IN THE  
23 EVENT OF GETTING NO MORE FUNDS, THEN WE WILL HAVE TO  
24 OPERATE OUT TO 2021-22, AND WE WILL NEED TO HAVE  
25 STAFF AND A DECREASE RIGHT ACROSS THE (INAUDIBLE),

**BARRISTERS' REPORTING SERVICE**

1 BUT WE WOULD HAVE TO HAVE ENOUGH MONEY TO COVER OUR  
2 OPERATION.

3 SO THERE WAS A VERY -- I TOOK A VERY TOUGH  
4 LINE, AND I WAS -- WE WENT THROUGH CONSIDERABLE  
5 DEBATE WITH EVERYBODY, INCLUDING A DEBATE WITH  
6 MYSELF IN BRINGING DOWN MY BUDGET CONSIDERABLY.

7 WE LOOKED AT WHAT WE REALLY SHOULD HAVE IN  
8 THE AGENCY IN TERMS OF WHAT IS THE BEST FORMULATION  
9 FOR THE STAFF PROFILE TO DO THE JOB UNDER THE  
10 STRATEGIC PLAN. SO WE WANTED TO KNOW WHAT -- WE  
11 HAVE BEEN THROUGH A REVIEW OF GETTING STAFF POSITION  
12 AND HOW IMPORTANT IT IS WITH RESPECT TO OUR  
13 STRATEGIC ACTIVITIES UNDER THE STRATEGIC PLAN AND  
14 GOVERNANCE, WHICH IS NECESSARY FOR US TO DELIVER THE  
15 ACTIVITIES WE NEED TO DO. AND THEN THERE'S PROBABLY  
16 A MORE OPTIONAL CATEGORY WHERE WE COULD POSSIBLY DO  
17 IT WITHOUT THAT (INAUDIBLE) IN TERMS OF  
18 RESTRUCTURING.

19 SO WE LOOKED RIGHT ACROSS THE AGENCY IN  
20 TERMS OF COSTS, ACROSS CONTRACTS, ACROSS TRAVEL,  
21 ACROSS STAFF PROFILE, EVERYWHERE. AND WE'VE COME UP  
22 WITH THIS BUDGET THAT WE PRESENTED TO YOU ON THAT  
23 GROUND.

24 WE HAVE ESSENTIALLY AGREEMENT FROM ALL THE  
25 COMPONENTS OF THE STAFF, THAT IT'S ACCEPTABLE IN THE

**BARRISTERS' REPORTING SERVICE**

1 OFFICES OR DIVISIONS, SO THEY ARE COMFORTABLE MOVING  
2 FORWARD WITH THIS BUDGET, THE BUDGET WHICH IS  
3 NOTABLY 3 PERCENT UNDER LAST YEAR'S BUDGET, AND I'M  
4 FORESHADOWING THAT WE ARE REALLY PRETTY MUCH AT OUR  
5 CAPACITY (INAUDIBLE) IN TERMS OF WHAT WE SHOULD BE  
6 TO WHAT WE SHOULD BE. AND THERE WILL BE NEED FOR  
7 FURTHER CUTS IN THE FUTURE FOR US TO HAVE AN  
8 OPERATIONAL BUDGET THAT DOES EXTEND THE LIFETIME OF  
9 THE AGENCY.

10 SO WE HOPE THAT IN THAT FRAMEWORK AND  
11 WITHIN WHAT CHILA WILL TELL YOU THAT YOU WILL SEE  
12 THAT THE BUDGET (INAUDIBLE).

13 CHAIRMAN GOLDBERG: THANK YOU. CHILA,  
14 WE'RE DELIGHTED TO WELCOME YOU HERE TO PRESENT THE  
15 BUDGET FOR THE FIRST TIME YOURSELF.

16 MS. SILVA-MARTIN: THIS IS CHILA  
17 SILVA-MARTIN. I'M THE DIRECTOR OF THE FINANCE. AND  
18 YOU SHOULD HAVE RECEIVED TWO DOCUMENTS THAT SUPPORT  
19 THIS PRESENTATION. ONE OF THEM IS A BUDGET OVERVIEW  
20 AND THE OTHER ONE IS THE LINE ITEM BUDGET FOR EACH  
21 OF THE COST CENTERS.

22 FIRST, I'D LIKE TO HIGHLIGHT FOR YOU SOME  
23 HIGHLIGHTS ON THE BUDGET DEVELOPMENT PROCESS. AS  
24 DR. TROUNSON INDICATED, WE DID TAKE A LOOK AT ALL OF  
25 THE DIFFERENT COST CENTERS, BUT WE ALSO LOOKED AT

**BARRISTERS' REPORTING SERVICE**

1 THE CURRENT YEAR EXPENDITURES. AND WE CONDUCTED A  
2 REVIEW OF WHAT WE HAD SPENT THUS FAR AND WHAT WE  
3 PROJECTED TO SPEND THROUGH JUNE 30TH OF THIS FISCAL  
4 YEAR. AND FROM THAT WE DEVELOPED A FORECAST THROUGH  
5 JUNE 30TH.

6 SO BASED ON THIS ANALYSIS WE CONDUCTED, AT  
7 THIS POINT WE'RE PROJECTING TO SPEND JUST UNDER \$17  
8 MILLION OR ABOUT 93 PERCENT OF WHAT WAS BUDGETED.

9 THE NEXT STEP, AS DR. TROUNSON INDICATED,  
10 WAS REALLY TO ALIGN THE BUDGET WITH OUR STRATEGIC  
11 PLAN AND OUR CURRENT WORKLOAD. SO, THEREFORE, THIS  
12 BUDGET DOES REFLECT THE RESOURCES THAT ARE REQUIRED  
13 TO MANAGE OUR CURRENT PORTFOLIO AS WELL AS MEET THE  
14 OBJECTIVES OUTLINED IN OUR STRATEGIC PLAN.

15 I ALSO WANT TO POINT OUT THAT WHILE WE  
16 HAVE A VERY ROBUST STRATEGIC PLAN AND OUR PORTFOLIO  
17 CONTINUES TO GROW, WE ARE VERY MINDFUL OF  
18 MAINTAINING OUR COST WITHIN THE 6 PERCENT CAP. SO  
19 TO THAT END, THE '13-'14 BUDGET IS 3 PERCENT LOWER  
20 THAN WHAT WE BUDGETED FOR THE '12-'13 FISCAL YEAR.

21 SO FOR THE LAST TWO YEARS WE HAVE  
22 DEVELOPED A BUDGET THAT NOT ONLY MEETS OUR  
23 OPERATIONAL NEEDS, BUT CONTINUES TO BE REDUCED FROM  
24 THE PRIOR FISCAL YEAR. AND THIS IS IMPORTANT AS IT  
25 HELPS US TO ASSURE THAT WE MAINTAIN OUR OPERATIONS

## BARRISTERS' REPORTING SERVICE

1 WITHIN THE 6-PERCENT ADMINISTRATIVE CAP THAT'S  
2 IMPOSED BY PROPOSITION 71. AND LATER ON IN THIS  
3 PRESENTATION, I'LL ALSO TALK TO YOU A LITTLE BIT  
4 MORE ABOUT THAT 6-PERCENT CAP.

5 SO MOVING ON, THIS NEXT SLIDE PROVIDES YOU  
6 WITH THE WORK THAT'S BEEN DONE IN ACCOMPLISHING OR  
7 BALANCING THIS BUDGET THUS FAR. I'M NOT GOING TO  
8 ACTUALLY GO OVER THE INFORMATION. I JUST WANTED TO  
9 LET YOU KNOW THE STEPS THAT WE'VE TAKEN TO DEVELOP  
10 THIS BUDGET.

11 THE NEXT TWO SLIDES ARE ACTUALLY THE MAJOR  
12 CHANGES YEAR OVER YEAR BY THE DIFFERENT CATEGORIES  
13 OF EXPENDITURES. AND I'LL COVER THIS INFORMATION IN  
14 MORE DETAIL WHEN I ACTUALLY COVER THE ROLLUP BUDGET.

15 SO BEFORE COVERING THE ACTUAL DETAILS OF  
16 THE '13-'14 BUDGET, I WANTED TO HIGHLIGHT A COUPLE  
17 OF ITEMS HERE IN THE ROLLUP CHART. AS I MENTIONED  
18 EARLIER, THE OVERALL BUDGET IS LOWER FOR THE SECOND  
19 CONSECUTIVE YEAR. OVERALL THE BUDGET IS DOWN  
20 \$500,000, A LITTLE BIT MORE THAN \$500,000, OR 4  
21 PERCENT OVER WHAT WAS BUDGETED. AND ALTHOUGH THE  
22 BUDGET IS REFLECTING A DECREASE, THOSE COST CENTERS  
23 THAT ARE FOCUSED ON ADVANCING THE SCIENCE TOWARDS  
24 CLINICAL TRIALS, MAINTAINING OUR EXTENDED  
25 TRANSLATIONAL PORTFOLIO, AND INCREASING PUBLIC



## BARRISTERS' REPORTING SERVICE

1 AWARENESS OF CIRM'S MISSION, THEY ARE SEEING AN  
2 INCREASE IN THEIR BUDGET. THOSE COST CENTERS THAT  
3 SUPPORT THESE UNITS ARE SEEING DECREASES. FOR  
4 EXAMPLE, OUR I.T., WHICH IS NOW FINALLY MOVING INTO  
5 MAINTENANCE MODE, IS REFLECTING MORE THAN A  
6 31-PERCENT DECREASE FROM LAST YEAR. AND ALSO THE  
7 LEGAL, FINANCE, AND EXECUTIVE OFFICES, OFFICE OF THE  
8 PRESIDENT, OFFICE OF THE CHAIR, ARE ALSO REQUESTING  
9 DECREASES ANYWHERE FROM 1 TO 12 PERCENT.

10 I WANT TO POINT OUT THAT ALWAYS IN THE  
11 BACKGROUND IS THE FINANCIAL FACT THAT PROPOSITION  
12 DID PLACE THAT 6-PERCENT ADMINISTRATIVE CAP, BUT ONE  
13 TIME WE ALSO HAD A 50-POSITION CAP. SO TO MEET OUR  
14 OPERATIONAL NEEDS DURING THOSE TIMES, MANY OF OUR  
15 NONSCIENTIFIC TASKS WERE CONTRACTED OUT. SO WE  
16 CONTRACTED FOR I.T. PROGRAMMING, FOR HR PAYROLL  
17 SERVICES, ACCOUNTING, LEGAL, TO NAME BUT A FEW.  
18 HOWEVER, WHEN THAT 50-PY CAP WAS LIFTED, THE  
19 POSITION CAP WAS LIFTED, WE WERE ABLE TO MAKE SOME  
20 CHANGES.

21 SO IN THOSE INSTANCES WHERE IT MADE  
22 BUSINESS SENSE, WE CONVERTED CONTRACTING  
23 POSITIONS -- CONTRACTING SERVICES TO POSITIONS, THE  
24 TWO I.T. POSITIONS THAT WE CREATED LAST YEAR AS WELL  
25 AS OUR COLLABORATIVE FUNDING PARTNERSHIP,

**BARRISTERS' REPORTING SERVICE**

1 INTERNATIONAL PROGRAMS ATTORNEY POSITIONS. IN THOSE  
2 INSTANCES WHERE WE FELT THAT WE SHOULD CONTINUE TO  
3 DO SERVICES THROUGH CONTRACTS WE HAVE DONE SO, WHICH  
4 REALLY BRINGS US WHERE WE ARE TODAY AND, AS DR.  
5 TROUNSON MENTIONED, REALLY AT THE PEAK OF OUR  
6 RESOURCES OF OUR POSITIONS.

7 SO BEING MINDFUL THAT WE STILL HAVE MANY  
8 MORE YEARS TO GO AND OUR FUNDS TO SUPPORT OUR  
9 OPERATIONS ARE LIMITED, WHEN WE DEVELOPED THE  
10 '13-'14 BUDGET, WE DID TAKE A STEP BACK, AS DR.  
11 TROUNSON MENTIONED, AND LOOKED AT WHAT RESOURCES  
12 WERE REALLY NECESSARY TO SUPPORT OUR MISSION AND OUR  
13 STRATEGIC PLAN. AND IN DOING SO, WE ACTUALLY WERE  
14 ABLE TO IDENTIFY A POSITION THAT WAS NO LONGER  
15 NEEDED AND WHICH WAS AVAILABLE FOR DELETION THROUGH  
16 ATTRITION. SO WE'VE DONE THAT. AND AS WE CONTINUE  
17 TO BUILD THE BUDGET FROM YEAR TO YEAR, WE WILL  
18 CONTINUE THE SAME PROCESS TO ENSURE THAT WE STAY  
19 WITHIN OUR CAP.

20 SO NOW I WANTED TO ACTUALLY GO OVER SOME  
21 OF THE DIFFERENT CATEGORIES OF EXPENDITURES.  
22 LOOKING FIRST OF ALL AT EMPLOYEE EXPENSES, WHICH IS  
23 IN THIS CHART REFERRED TO AS SALARY AND BENEFITS, WE  
24 ARE SEEING AN OVERALL INCREASE OF ABOUT A MILLION  
25 DOLLARS FROM WHAT WAS BUDGETED IN '12-'13 FISCAL

**BARRISTERS' REPORTING SERVICE**

1 YEAR. AND THERE ARE A VARIETY OF FACTORS FOR THIS.  
2 FIRST OF ALL, THE BUDGET DOES INCLUDE A SCIENCE  
3 ASSOCIATE POSITION BEGINNING IN JANUARY 2014, AND  
4 THIS IS A POSITION THAT'S NEEDED TO ADDRESS  
5 INCREASED WORKLOAD IN THE SCIENCE OFFICE.

6 THE BUDGET ALSO INCLUDES SALARY  
7 ADJUSTMENTS AT THE SAME LEVEL THAT WAS PROVIDED FOR  
8 IN THE '12-'13 BUDGET AND IN THE CONVERSION OF THE  
9 CONSULTING SERVICES TO A POSITION, THEREBY SHIFTING  
10 OF FUNDS BETWEEN THE TWO CATEGORIES.

11 AND THEN FINALLY THE COST FOR EMPLOYER  
12 SHARE OF RETIREMENT COSTS. SO I JUST WANT TO  
13 PROVIDE YOU WITH A BRIEF BACKGROUND ON THAT, SHOW  
14 YOU HOW THE STATE FUNDS ITS RETIREMENT.

15 SO FOR THE FIRST TWO YEARS THAT AN  
16 INDIVIDUAL IS EMPLOYED IN STATE SERVICE, THEY PAY  
17 FUNDS INTO SOMETHING CALLED AN ALTERNATE RETIREMENT  
18 PROGRAM, WHICH IS A PROGRAM THAT'S ADMINISTERED BY  
19 CALHR, WHICH IS A STATE HUMAN RESOURCES DEPARTMENT.  
20 SO A STATE AGENCY DOESN'T PAY ANY RETIREMENT COSTS  
21 FOR THE FIRST TWO YEARS THAT AN EMPLOYEE IS WORKING  
22 FOR THE STATE. HOWEVER, WHEN THAT INDIVIDUAL  
23 REACHES THEIR 25TH MONTH, THE STATE THEN STARTS  
24 INCURRING COSTS BECAUSE THEIR SHARE KICKS IN. FOR  
25 THE '12-'13 FISCAL YEAR, THAT RATE WAS 20.5 PERCENT

## BARRISTERS' REPORTING SERVICE

1 OF THE INDIVIDUAL'S SALARY. SO IN THE '13-'14  
2 BUDGET WE HAVE NINE POSITIONS THAT KICK IN FOR  
3 EMPLOYER SHARE OF THE RETIREMENT CONTRIBUTION. SO  
4 THAT BASICALLY COVERS THE INCREASES FOR SALARIES AND  
5 BENEFITS.

6 SO NOW MOVING ON TO --

7 DR. JUELSGAARD: BEFORE WE GET INTO THAT,  
8 SO YOU LIST THE FOUR CATEGORIES OF WAYS IN WHICH THE  
9 EMPLOYEE EXPENSES HAVE RISEN, AND BASICALLY ON THE  
10 FOLLOWING SLIDE IT SAYS IT'S ABOUT 1.4 MILLION FROM  
11 BUDGET TO BUDGET. SO ON A PERCENTAGE BASIS WHAT  
12 PERCENTAGE GOES TO SCIENCE ASSOCIATE, THE SALARY  
13 ADJUSTMENTS? AND BY THE WAY, WHAT IS THAT OVERALL  
14 SALARY ADJUSTMENT? AND THEN WHAT IS THE FIRST YEAR  
15 CONSULTANT PERCENTAGE AND THE LAST THREE EMPLOYER  
16 SHARE OF RETIREMENT?

17 MS. SILVA-MARTIN: SURE. SO THE  
18 CONVERSION OF THE CONSULTING SERVICES TO THE -- I  
19 DON'T HAVE THE PERCENTAGES. I HAVE THE DOLLARS.

20 DR. JUELSGAARD: OKAY. FINE.

21 MS. SILVA-MARTIN: SO PERSONNEL SERVICES,  
22 THEY BROKE EVEN FOR ABOUT \$270,000. THE NINE  
23 POSITIONS THAT KICK INTO RETIREMENT ARE ABOUT  
24 \$200,000. LET'S SEE.

25 DR. JUELSGAARD: SCIENCE ASSOCIATE.

**BARRISTERS' REPORTING SERVICE**

1 MS. SILVA-MARTIN: THE SALARIES AND WAGES,  
2 IT'S A 4-PERCENT ADJUSTMENT. IT'S ABOUT \$460,000.  
3 AND LET'S SEE. WHAT ELSE DID I SAY?

4 DR. JUELSGAARD: SCIENCE ASSOCIATE.

5 MS. SILVA-MARTIN: YEAH. I THINK IT'S  
6 ABOUT \$75,000.

7 DR. JUELSGAARD: AND AT SOME POINT WILL  
8 SOMEBODY SPEAK TO WHERE THE 4-PERCENT SALARY  
9 ADJUSTMENT LAST YEAR, HOW THAT (INAUDIBLE)?

10 MS. SILVA-MARTIN: OKAY.

11 DR. TROUNSON: SO THERE'S A PROCESS EVERY  
12 YEAR BASED ON PERFORMANCE. SO ALEX CAMPE HAS A  
13 SYSTEM WHERE (INAUDIBLE). IT'S LARGELY IN MOST  
14 CASES AGAINST THE PERFORMANCE (INAUDIBLE) TO ACHIEVE  
15 THESE KIND OF MILESTONES. AND WITHIN THAT I THINK  
16 THERE'S FOUR CATEGORIES, EXCELLENT, WELL DONE, OKAY,  
17 AND NOT MAKING IT. SO WITHIN THOSE CATEGORIES YOU  
18 GET A DIFFERENT PERCENT. SO IF (INAUDIBLE). I  
19 THINK THE LAST LEVEL IT WAS AROUND -- I THINK IT WAS  
20 AROUND 4 PERCENT OR 3.8 PERCENT, CLOSE ON 4 PERCENT,  
21 AND THEN LOWER AS THE CATEGORIES WORKED OUT.

22 DR. JUELSGAARD: SO WE HAD THIS DISCUSSION  
23 LAST YEAR, AND SO USUALLY THESE ADJUSTMENTS  
24 SO-CALLED MIRROR COST OF LIVING INCREASE. NOW THERE  
25 IS WHATEVER ADDITIONAL INCREASE FOR PERFORMANCE

## BARRISTERS' REPORTING SERVICE

1 THERE IS. LAST YEAR WE WERE MEASURING OURSELVES  
2 AGAINST AN ACADEMIC INSTITUTION. SO I ASSUME THAT  
3 SAME THING IS HAPPENING THIS YEAR. SO WHAT IS THAT  
4 PERCENTAGE? WHAT ARE THOSE INSTITUTIONAL COST OF  
5 LIVING INCREASES?

6 DR. TROUNSON: IN CALIFORNIA IT'S ABOUT 4  
7 PERCENT.

8 DR. JUELSGAARD: FOR MERIT INCREASE.

9 DR. TROUNSON: THAT WAS OVERALL MERIT  
10 INCREASE. AND WE DON'T ACTUALLY INCLUDE THE COST OF  
11 LIVING INCREASE (INAUDIBLE).

12 MS. SILVA-MARTIN: WE HAVEN'T PROVIDED A  
13 COST OF LIVING (INAUDIBLE).

14 DR. TROUNSON: SO IT'S EQUIVALENT -- VERY  
15 EQUIVALENT TO -- OTHERS AROUND PRETTY MUCH ARE THE  
16 SAME, MAYBE 5 PERCENT. SO WE'RE PRETTY AVERAGE ON  
17 THAT TO BE HONEST. IT WAS DELAYED A WHILE BECAUSE I  
18 FELT (INAUDIBLE) AND I FELT THAT WE NEEDED  
19 ADDITIONAL TIME. DISCUSSION WITH THE CHAIR AND VICE  
20 CHAIR, WE AGREED THAT WE WOULD PUT IT OFF SOME  
21 MONTHS. (INAUDIBLE.)

22 MR. TORRES: UNIVERSITY OF CALIFORNIA DID  
23 NOT FOLLOW THAT. THEY CONTINUED TO GIVE MERIT  
24 INCREASES.

25 DR. JUELSGAARD: THE 4 PERCENT IS OVER

**BARRISTERS' REPORTING SERVICE**

1 LAST YEAR'S BUDGET OR OVER THE ACTUAL RUN RATE?

2 MS. SILVA-MARTIN: OVER LAST YEAR'S  
3 BUDGET.

4 DR. JUELSGAARD: JUST OUT OF CURIOSITY, SO  
5 JUST ON THE NEXT PAGE, WHICH IS WHERE THE EMPLOYEE  
6 EXPENSES ARE, THERE'S A LINE ITEM. SO IT'S THE  
7 10,748 IS THE ACTUAL EXPENDITURE, RIGHT?

8 MS. SILVA-MARTIN: YES.

9 DR. JUELSGAARD: BUT IT'S NOT 4 PERCENT  
10 ABOVE THAT?

11 MS. SILVA-MARTIN: NO. IT'S 4 PERCENT OF  
12 THE ELEVEN.

13 DR. JUELSGAARD: AND SO WHY WOULDN'T IT BE  
14 4 PERCENT ABOVE THE 10,748?

15 MS. SILVA-MARTIN: WELL, BECAUSE  
16 11,107,000 REPRESENTS ALL THE POSITIONS THAT ARE  
17 BUDGETED. AND SO FOR THE FIRST -- FOR SEVERAL  
18 MONTHS IN THE '12-'13 FISCAL YEAR, WE HAD SEVERAL  
19 POSITIONS THAT WERE VACANT IN THE SCIENCE OFFICE,  
20 DEVELOPMENT OFFICE, FOR EXAMPLE, AND THOSE POSITIONS  
21 HAVE BEEN FILLED. AND OBVIOUSLY -- AS WELL AS  
22 OTHERS. AND WE WOULD WANT TO BUDGET THE 4 PERCENT  
23 FOR ALL THE POSITIONS, NOT WHAT WE ACTUALLY SPENT ON  
24 THEM.

25 DR. JUELSGAARD: THAT RAISES ONE QUESTION.

## BARRISTERS' REPORTING SERVICE

1 SO THE 4 PERCENT KICKS IN FOR EVERYBODY AT THE SAME  
2 TIME IRRESPECTIVE OF WHEN YOU STARTED EMPLOYMENT?  
3 IF YOU STARTED IN NOVEMBER, FOR EXAMPLE, YOU GET AN  
4 4 PERCENT. YOU KNOW, THE PERSON GOT A PERFORMANCE  
5 INCREASE.

6 MR. TORRES: EXCEPT FOR THE PRESIDENT, THE  
7 VICE CHAIR, AND THE CHAIR.

8 DR. JUELSGAARD: PUTTING YOU GUYS ASIDE,  
9 EVEN FOR OTHER PEOPLE 4 PERCENT KICKS IN --

10 DR. TROUNSON: GENERALLY THE FIRST 12  
11 MONTHS. IT ONLY KICKS IN AFTER 12 MONTHS.

12 DR. JUELSGAARD: OKAY.

13 MS. SILVA-MARTIN: SO IF A POSITION IS  
14 VACANT, WE DON'T INCLUDE THE FACTOR IN OUR BUDGET  
15 DEVELOPMENT AS OF JULY 1ST. ONLY FOR THOSE  
16 POSITIONS THAT ARE FILLED.

17 OKAY. SO IS IT OKAY FOR ME TO MOVE ON TO  
18 THE NEXT CATEGORY WHICH IS EXTERNAL SERVICES?

19 CHAIRMAN GOLDBERG: PLEASE.

20 MS. SILVA-MARTIN: GREAT. SO IN EXTERNAL  
21 SERVICES, AND ACTUALLY I WILL KEEP IT HERE IN THIS  
22 AREA, WE HAD -- WE HAVE SEEN A PRETTY SIGNIFICANT  
23 REDUCTION. IF YOU COMPARE IT TO WHAT WAS BUDGETED,  
24 IT'S APPROXIMATELY \$1.4 MILLION. THE COST, IF YOU  
25 COMPARE IT TO WHAT WE FORECAST, THE DOLLARS ARE



**BARRISTERS' REPORTING SERVICE**

1 ACTUALLY \$885,000 BELOW WHAT WE ARE PROJECTING TO  
2 SPEND. AND THIS IS REALLY DUE TO A VARIETY OF  
3 FACTORS.

4 FIRST OF ALL, IN SOME INSTANCES WE HAVE  
5 EXPENDITURES THAT WILL NOT MATERIALIZE IN THE  
6 '13-'14 FISCAL YEAR BECAUSE THE OBLIGATION ENDS.  
7 FOR EXAMPLE, IN THE OFFICE OF THE PRESIDENT, WE'VE  
8 BEEN SUPPORTING AN ONLINE JOURNAL OF \$200,000 A  
9 YEAR, AND THAT ENDS IN THE '12-'13 FISCAL YEAR.

10 SIMILARLY, IN THE OFFICE OF THE PRESIDENT,  
11 WE HAD THE IOM REPORT THAT WAS BUDGETED AT \$300,000  
12 FOR THE '12-'13 FISCAL YEAR AND WE'LL NO LONGER HAVE  
13 THAT IN THE '13-'14 BUDGET.

14 I HAD MENTIONED EARLIER WE CONVERTED A  
15 CONSULTING SERVICES CONTRACT TO A POSITION, AND SO  
16 THERE'S REALLY A SWITCH BETWEEN FUNDING FOR THAT  
17 ITEM.

18 AND THEN IN OUR LEGAL OFFICE WE'VE SEEN  
19 SEVERAL DIFFERENT REDUCTIONS. FIRST OF ALL, IN  
20 PRIOR YEARS WE'VE INCLUDED ABOUT \$100,000 FOR LEGAL  
21 CONTINGENCIES THAT REALLY HAVEN'T MATERIALIZED. SO  
22 FOR THAT REASON, WE TOOK THE \$100,000 OUT. THEY  
23 ALSO HAD IN THE '12-'13 BUDGET \$125,000 FOR THE LOAN  
24 PROGRAM, AND THE COSTS HAVE NOT MATERIALIZED AT  
25 ANYWHERE NEAR THAT LEVEL. SO WE REDUCED THAT BUDGET

**BARRISTERS' REPORTING SERVICE**

1 TO ABOUT \$15,000.

2 AND LASTLY, ONE OF THE OTHER MAJOR  
3 REDUCTIONS IN THE EXTERNAL SERVICES IS FOR OUR I.T.  
4 PROGRAMMING. AS YOU MAY RECALL, WE MADE MAJOR  
5 REDUCTIONS FOR THE I.T. PROGRAMMER LAST YEAR AS  
6 WELL. SO FOR THE LAST TWO YEARS WE'VE BEEN TRYING  
7 TO MOVE THAT FUNCTION INTO MAINTENANCE MODE. SO IN  
8 '12-'13 WE REDUCED THE BUDGET FROM 900,000 TO JUST  
9 UNDER 500,000. AND THIS YEAR WE CONTINUE TO REDUCE  
10 THAT BUDGET AND HAVE BUDGETED ONLY 75,000 FOR  
11 PROGRAMMING SERVICES.

12 SO THEN I WANTED TO MOVE ON TO THE NEXT  
13 CATEGORY, WHICH IS REVIEWS, MEETINGS, AND WORKSHOPS.  
14 AND BEFORE I ACTUALLY COVER THAT, I WANTED TO JUST  
15 GIVE YOU SOME BRIEF BACKGROUND ON OUR ACCOUNTING  
16 SYSTEM SO THAT WILL PROVIDE YOU WITH SOME CONTEXT ON  
17 HOW WE BUILD THE BUDGET FOR THIS CATEGORY OF  
18 EXPENDITURES.

19 SO AS A STATE AGENCY, WE'RE REQUIRED TO  
20 USE A SYSTEM CALLED CALSTRS. AND IT'S REALLY THE  
21 STATE'S ACCOUNTING SYSTEM, AND IT'S MANAGED BY THE  
22 DEPARTMENT OF FINANCE. AND CALSTRS IS ACTUALLY A  
23 VERY OLD SYSTEM. I THINK IT WAS BUILT IN THE  
24 LATE '70S, EARLY '80S. SO IT DOESN'T HAVE THE  
25 LATEST TECHNOLOGY BUILT INTO IT, BUT IT DOES HAVE

**BARRISTERS' REPORTING SERVICE**

1 MANY FEATURES THAT ARE AVAILABLE FOR THE USER. AND  
2 ONE OF THOSE FEATURES IS WHAT THEY CALL PROJECT  
3 ACCOUNTING.

4 SO WHAT I DID BEGINNING WITH THE '12-'13  
5 FISCAL YEAR IS I IMPLEMENTED PROJECT ACCOUNTING FOR  
6 THIS PARTICULAR CATEGORY, FOR THE REVIEWS, MEETINGS,  
7 AND WORKSHOPS. WE DID THIS TO HELP US REALLY TRACK  
8 THE COSTS IN MUCH MORE DETAIL THAN WE HAVE IN THE  
9 PAST. SO IMPLEMENTING THIS PROJECT ACCOUNTING HAS  
10 ACTUALLY BEEN A VERY HELPFUL TOOL FOR US BECAUSE  
11 WE'RE ABLE TO CAPTURE FOR EACH OF THE MEETINGS ALL  
12 OF THE DIFFERENT COSTS ASSOCIATED. BEFORE WHEN  
13 SOMEBODY ASKED US FOR THAT INFORMATION, WE HAD TO  
14 LOOK THROUGH A VARIETY OF DIFFERENT SOURCES AND WE  
15 MIGHT MISS ONE. NOW IT'S ALL BEING RECORDED. AND  
16 WE USE THIS TOOL TO DEVELOP THE BUDGET IN THIS  
17 CATEGORY.

18 SO WHAT I CAN SAY ABOUT THAT, THIS BUDGET  
19 FOR THIS ITEM, IS THAT IT'S PRETTY MUCH ON TASK AS  
20 TO WHAT WE ARE SPENDING NOW FOR THOSE TYPES OF  
21 EXPENDITURES.

22 SO JUST REVIEWING THIS PARTICULAR CATEGORY  
23 AS WELL, WE'RE SEEING A SLIGHT DECREASE IN THE  
24 BUDGET AS WELL HERE. THE THREE COST CENTERS WITH  
25 THE LARGEST BUDGET IN THIS CATEGORY ARE THE SCIENCE

**BARRISTERS' REPORTING SERVICE**

1 OFFICE RESEARCH UNDER DR. OLSON, THE SCIENCE OFFICE  
2 DEVELOPMENT UNDER DR. FEIGAL, AND THEN THE OFFICE OF  
3 THE CHAIR, WHICH IS FOR THE ICOC BOARD MEETINGS, AND  
4 THEN THE TWO OTHER COST CENTERS THAT HAVE  
5 EXPENDITURES IN THIS CATEGORY, ALTHOUGH SMALLER, ARE  
6 THE OFFICE OF THE PRESIDENT AND THE LEGAL OFFICE.

7 SO FOR BOTH OF THE SCIENCE OFFICES, THE  
8 BUDGET WAS DEVELOPED BASED ON THE GRANTS WORK GROUPS  
9 AND CDAP REVIEW MEETINGS THAT WE ANTICIPATE FOR THE  
10 '13-'14 FISCAL YEAR AS WELL AS OTHER MEETINGS AND  
11 WORKSHOPS THAT THEY PLAN. THE SCIENCE OFFICE  
12 RESEARCH IS ACTUALLY THE BIGGEST BUDGET IN THIS  
13 CATEGORY, AND IT'S JUST OVER A MILLION DOLLARS FOR  
14 THE '13-'14 FISCAL YEAR, AND IT'S ABOUT \$160,000  
15 LESS THAN WHAT WE BUDGETED IN THE '12-'13 FISCAL  
16 YEAR. AND REALLY THE REDUCTION IS TOTALLY  
17 ATTRIBUTABLE TO THE GRANTEE MEETING WHICH IS HELD  
18 EVERY 18 MONTHS. AND IT'S ONE OF OUR LARGEST  
19 EVENTS. THAT BRINGS TOGETHER ABOUT 500 OF OUR  
20 GRANTEES TO SHARE THEIR RESEARCH. SO WE JUST HELD  
21 THAT MEETING THIS PAST MARCH, AND WE DON'T  
22 ANTICIPATE HOLDING IT TILL THE '14-'15 FISCAL YEAR.  
23 SO, THEREFORE, IT'S NOT INCLUDED IN THE BUDGET.

24 AS I INDICATED, FOR THE OFFICE OF THE  
25 CHAIR, THEIR BUDGET SUPPORTS THE ICOC BOARD MEETINGS

## BARRISTERS' REPORTING SERVICE

1 AS WELL AS SUBCOMMITTEE MEETINGS THAT WE ANTICIPATE  
2 FOR THE '13-'14 FISCAL YEAR. IN THE OFFICE OF THE  
3 PRESIDENT, WE HAVE ADDED SOME FUNDS FOR THE  
4 SCIENTIFIC ADVISORY BOARD, WHICH IS A RECOMMENDATION  
5 THAT CAME OUT OF THE IOM REVIEW. AND THEN THE LEGAL  
6 OFFICE PLANS ON HOLDING SEVERAL WORKSHOPS, VENTURE  
7 CAPITAL AND TECH TRANSFER WORKSHOPS AS WELL AS AN  
8 EARLY INVESTOR CONFERENCE. AND THAT PRETTY MUCH  
9 COVERS THAT CATEGORY.

10 MEMBERSHIP AND TRAINING IS PRETTY STATIC.  
11 THERE'S NOT ANY MAJOR CHANGE THERE.

12 THE LAST CATEGORY THAT I ACTUALLY WANTED  
13 TO COVER IS TRAVEL. AND WHAT I WANTED TO POINT OUT  
14 FOR THIS CATEGORY, THAT WHILE OVERALL THE BUDGET IS  
15 HIGHER BY ABOUT 6 PERCENT OVER WHAT WAS BUDGETED,  
16 THE OUT-OF-STATE BUDGET IS ACTUALLY DOWN BY \$15,000.  
17 THE INCREASE IN THE TRAVEL IS ATTRIBUTABLE TO THE  
18 COST TO ADMINISTER THE STATE'S PUBLIC TRANSPORTATION  
19 INCENTIVE PROGRAM. AND THIS IS A PROGRAM THAT IS  
20 USED TO ENCOURAGE STAFF TO TAKE OTHER TRANSPORTATION  
21 TO COMMUTE TO AND FROM WORK AND TO HELP TO REDUCE  
22 TRAFFIC CONGESTION AND AIR POLLUTION. AND THE  
23 REIMBURSEMENT LEVEL FOR THE TRANSIT PROGRAM ARE  
24 ESTABLISHED BASED ON FEDERAL GUIDELINES. AND THEY  
25 WERE REVISED IN THE 2012 FISCAL YEAR AND SO,

**BARRISTERS' REPORTING SERVICE**

1 THEREFORE, THE BUDGET IS REFLECTING THIS INCREASE.

2 SO NOW THIS SLIDE ACTUALLY -- YOU KNOW,  
3 I'VE GONE OVER MOST OF THEM, SO EXPENDITURES DOES  
4 PROVIDE THE '12-'13 BUDGET, THE FORECAST FOR THE  
5 '12-'13 FISCAL YEAR, WHAT WE'RE REQUESTING FOR THE  
6 '13-'14 BUDGET, AND THEN REALLY THE VARIANCE BETWEEN  
7 THE FORECAST AND THE BUDGET. AND AGAIN, AS YOU CAN  
8 SEE, THE BUDGET IS 17.4, JUST UNDER \$17.4 MILLION OR  
9 ABOUT 4.7 PERCENT HIGHER THAN WHAT WE PROJECT TO  
10 SPEND IN THE CURRENT FISCAL YEAR AND 3 PERCENT LOWER  
11 THAN WHAT WE ACTUALLY BUDGETED FOR THE '12-'13  
12 FISCAL YEAR.

13 NOW I WANT TO PUT THIS ALL IN CONTEXT WITH  
14 THE 6-PERCENT ADMINISTRATIVE CAP. SO FIRST I WANT  
15 TO EXPLAIN THE METHODOLOGY FOR MOVING FORWARD AND  
16 MAINTAINING OUR COSTS WITHIN THESE CAPS. SO WE  
17 PROJECTED WE WILL HAVE OPERATING GROWTH THROUGH THE  
18 2016-17 FISCAL YEAR, WHICH AT THIS TIME IS THE LAST  
19 YEAR THAT WE PROJECT TO MAKE GRANT AWARDS.  
20 OBVIOUSLY IF THAT SCHEDULE CHANGES, WE'LL HAVE TO  
21 MAKE ADJUSTMENTS TO THE FORECAST.

22 THE FORECASTING INCORPORATES A NUMBER OF  
23 DIFFERENT THINGS. FIRST OF ALL, IT INCLUDES  
24 INCREASED EMPLOYER RETIREMENT CONTRIBUTION COSTS FOR  
25 THOSE EMPLOYEES WHO ON THE 25TH MONTH MOVE INTO THE

**BARRISTERS' REPORTING SERVICE**

1 EMPLOYER COST. IT PROJECTS THAT WE WILL BEGIN  
2 PAYING RENT IN NOVEMBER OF 2016 BECAUSE, AS YOU  
3 KNOW, WE HAD A TEN-YEAR LEASE HERE IN THIS SPACE,  
4 AND THAT WILL EXPIRE AT THE END OF OCTOBER 2016.  
5 AND IT ALSO INCLUDES A CONSERVATIVE INFLATIONARY  
6 FACTOR.

7 THE OTHER THING THAT THE FORECAST INCLUDES  
8 IS SOME OF THOSE ONETIME AND IRREGULAR COSTS, LIKE  
9 OUR GRANTEE MEETING EVERY 18 MONTHS. SB 1064  
10 REQUIRES A PERFORMANCE AUDIT EVERY THREE YEARS, SO  
11 THE BUDGET INCLUDES THAT AS WELL. SO BASED ON THOSE  
12 ASSUMPTIONS, THIS NEXT CHART PROVIDES YOU WITH A  
13 VIEW OF HOW WE ANTICIPATE THE FUNDING TO BE SPENT  
14 THROUGH THE '20-'21 FISCAL YEAR. THIS INCLUDES THE  
15 LEGAL COSTS BECAUSE THE LEGAL COSTS ARE NOT PART OF  
16 THE 6-PERCENT ADMINISTRATIVE CAP.

17 AND FINALLY, THE LAST THING I WANTED TO  
18 COVER IS REALLY THE REMAINING BUDGET DEVELOPMENT  
19 TASKS. I WON'T GO OVER THEM, BUT WE DO PLAN TO  
20 REFINE THE BUDGET, AS MR. GOLDBERG INDICATED, AND  
21 THEN WE WILL PRESENT IT AT THE MAY ICOC BOARD  
22 MEETING. AND THAT REALLY CONCLUDES THE OVERALL  
23 PRESENTATION. I'M HAPPY TO ANSWER ANY SPECIFIC  
24 QUESTIONS YOU MAY HAVE ABOUT THE INDIVIDUAL BUDGETS.

25 CHAIRMAN GOLDBERG: THANK YOU, CHILA. MR.

**BARRISTERS' REPORTING SERVICE**

1 JUELSGAARD.

2 DR. JUELSGAARD: ARE WE GOING TO GO THEN  
3 THROUGH THE INDIVIDUAL BUDGETS?

4 MS. SILVA-MARTIN: I'M HAPPY TO DO THAT.  
5 I DID TRY TO COVER THEM INDIVIDUALLY.

6 DR. JUELSGAARD: I UNDERSTAND. BUT THE  
7 QUESTIONS ARE PROBABLY REALLY BETTER ASKED OF THE  
8 BUDGET MANAGERS.

9 MS. SILVA-MARTIN: OKAY.

10 DR. JUELSGAARD: SO THE IOM  
11 RECOMMENDATION, THEY MADE A NUMBER OF  
12 RECOMMENDATIONS. THEY MADE TWO THAT ARE KIND OF  
13 ADDRESSED HERE. AND MAYBE THERE ARE OTHER MONIES IN  
14 OTHER PLACES BESIDES THE LINE ITEMS I PICKED OUT.  
15 ONE IS AROUND THE AREA OF ETHICS. AND WHEN I LOOK  
16 AT THE BUDGET FOR THIS COMING YEAR, WE HAVE \$40,000  
17 IDENTIFIED, IN ESSENCE, IN THE BUDGET FOR ETHICS, AN  
18 ETHICS WORKSHOP. AND SO THE QUESTION IS DOES AN  
19 ETHICS WORKSHOP WHERE WE SPEND \$40,000, DO WE THINK  
20 THAT'S SUFFICIENT (INAUDIBLE)? I DON'T KNOW HOW  
21 THAT NUMBER CAME UP (INAUDIBLE).

22 DR. TROUNSON: SO IF I CAN TAKE  
23 (INAUDIBLE), STEVE. SO WE LOOKED TO SEE WHAT WE  
24 COULD DO IN THE SHORT TERM. AND ONE OF THOSE THINGS  
25 WAS TO BRING TOGETHER THE PEOPLE WHO WOULD HAVE SOME



**BARRISTERS' REPORTING SERVICE**

1 INTEREST IN DOING SOMETHING THAT RELATES TO WHAT WE  
2 DO IN A WORKSHOP, AS WE DO FOR SOME OTHER AREAS  
3 WHERE WE'RE UNCERTAIN ABOUT WHAT THE PRIORITIES  
4 SHOULD BE FOR A PARTICULAR ACTIVITY. SO THE  
5 WORKSHOP IS A WAY OF GETTING US FOCUSED. WE USUALLY  
6 PRODUCE A (INAUDIBLE) FROM THAT WORKSHOP. AND THEN  
7 FROM THAT WORKSHOP WE WILL DEVELOP FURTHER PROGRAMS  
8 ASSOCIATED WITH THAT.

9 I THINK THERE ARE A LOT OF THINGS THAT ARE  
10 COMING OUT THROUGH THE CLINICS WHICH ARE MORE SORT  
11 OF CLINICALLY RELATED RATHER THAN ETHICAL, BUT  
12 THERE'S A LOT OF COST JUST OF BOUNDARIES ABOUT HOW  
13 MUCH INFORMATION CAN WE UTILIZE TO HELP EVERYBODY.  
14 AS WE'RE DEVELOPING MORE CELL THERAPIES, CAN WE GET  
15 THE PATIENT RECORDS AS BEST WE CAN FOR ANALYSIS OF  
16 WHAT'S HAPPENING AS OTHER PROGRAMS. I MEAN WHAT DO  
17 WE DO WITH SAMPLES OF MATERIALS THAT WE'RE  
18 COLLECTING FOR TISSUE SAMPLES AND THOSE SORT OF  
19 THINGS? SO THERE ARE SOME CLINICAL MATTERS WHICH  
20 BORDER ON THE ETHICS.

21 AND THEN THERE'S THE MORE FUNDAMENTAL  
22 ETHICAL QUESTIONS. MANY OF THOSE I JUDGE TO HAVE  
23 BEEN REASONABLY WELL DEALT WITH. THERE'S SOMETHING  
24 STRANGE HAPPENING IN THE UNITED STATES WHERE THERE  
25 IS A MOVEMENT TOWARDS PERSONHOOD IN SOME STATES, BUT

**BARRISTERS' REPORTING SERVICE**

1 I DON'T JUDGE THAT TO BE A SIGNIFICANT ISSUE HERE IN  
2 CALIFORNIA. BUT THAT MAY BE SOMETHING THAT WE  
3 SHOULD ENGAGE UPON REALLY FOR THE WHOLE OF THE U.S.  
4 IT'S NOT SOMETHING THAT'S REALLY HAPPENING IN AN A  
5 TANGIBLE WAY IN OTHER COUNTRIES, BUT IT IS HAPPENING  
6 HERE. AND IT IS SOMETHING THAT WE WILL ADDRESS.

7 THE USE AND DEVELOPMENT OF IPS CELLS HAS  
8 TAKEN AWAY SOME OF THE NEED TO DO (INAUDIBLE) WITH  
9 THE TRANSFER WHICH OCCUPIED A LOT OF THE EARLY  
10 (TRANSMISSION INTERFERENCE) AND WHETHER THAT'S  
11 SOMETHING THAT WE NEED TO DO MORE ON OR HAVE  
12 WORKSHOPS. (INAUDIBLE) IS VERY CLEAR. AND I THINK  
13 THAT'S PRETTY MUCH THE POSITION THAT THE REST OF THE  
14 WORLD IS TAKING ANYWAY NOW.

15 SO IT'S MORE ABOUT TRYING TO FOCUS ON WHAT  
16 IS IMPORTANT, WHAT PEOPLE WOULD THINK AS IMPORTANT  
17 FOR THE STATE OF CALIFORNIA TO DO SOMETHING ABOUT IN  
18 THOSE ETHICAL AREAS RATHER THAN JUST SORT OF OPENING  
19 THE CAMPAIGN. WELL, HERE'S AN RFA, DROP EVERYTHING.  
20 BUT TRY AND FIND SOME PRIORITIES FOR A WORKSHOP.  
21 AND THAT WAS OUR FIRST -- WE THOUGHT THAT WAS THE  
22 FIRST STEP THAT WE SHOULD TAKE IN THIS AREA. THAT  
23 PRETTY MUCH COVER IT?

24 DR. FEIGAL: YEAH. SPECIFICALLY THE ISSUE  
25 IS THE \$40,000 IS FOR THE WORKSHOP. WHETHER OR NOT

## BARRISTERS' REPORTING SERVICE

1 THERE MAY BE OTHER INITIATIVES OR OTHER LEVERAGING  
2 OF INITIATIVES, THAT OBVIOUSLY ISN'T ENCAPSULATED IN  
3 THE 40,000. THE 40,000, AS WE SAID, IS TO GET  
4 EXPERTS AND THOSE ACROSS THE FIELD TO PROVIDE SORT  
5 OF A NIDUS OF INTELLECTUAL DISCUSSION ABOUT WHAT  
6 PRIORITIES WE MIGHT HAVE IN THIS AREA. SO IT'S  
7 REALLY TO TAKE A LOOK AT WHERE WE WANT TO PRIORITIZE  
8 AND STRATEGICALLY WHERE WE SHOULD GO. SO THAT WAS  
9 REALLY THE FIRST STEP.

10 DR. JUELSGAARD: BEST FOCUSED A LOT ON  
11 CLINICAL RESEARCH, CLINICAL DEVELOPMENT OF  
12 THERAPIES, AND ANY OTHER GLITCHES THAT ARE INVOLVED  
13 IN THERE. AND SO WE'RE NOW MARCHING UP TO THAT AT A  
14 POINT IN TIME THERE WILL BE A LOT MORE CLINICAL  
15 DEVELOPMENT THAT WILL GO ON. SO I ASSUME THAT THIS  
16 WORKSHOP IS JUST AN ISSUE SPOTTING EXERCISE. SO IF  
17 CLINICAL RESEARCH IS AT THE PHASE WHERE YOU HAVE  
18 ETHICAL ISSUES YOU NEED TO THINK ABOUT, BUT THEN  
19 WE'LL HAVE TO DRILL DOWN ON THOSE, I ASSUME ANYWAY,  
20 BEFORE WE CAN REALLY FOLLOW UP ON THIS AND SPEND  
21 TIME AND EFFORT AND MONEY SOMEWHERE FOR SOMEBODY  
22 DEVELOPING THE ETHICAL METES AND BOUNDS, EITHER  
23 SOMEBODY WHO IS A BIOETHICIST OR HOWEVER WE DECIDE  
24 TO DO IT.

25 SO WHAT I UNDERSTAND IS THIS 40,000 IS A

**BARRISTERS' REPORTING SERVICE**

1 BUNCH OF PEOPLE GETTING TOGETHER AND ISSUE SPOT, BUT  
2 WE DON'T HAVE ANY MONEY TO TAKE IT TO THE NEXT STEP  
3 THIS COMING YEAR.

4 DR. FEIGAL: RIGHT. ANYTHING THAT  
5 REQUIRES ADDITIONAL FUNDING, WE'D BE COMING TO THE  
6 BOARD TO GET APPROVAL FOR THAT. THIS IS REALLY THE  
7 ISSUES ORIENTATION AND PRIORITIZATION.

8 DR. TROUNSON: IN ADDITION, STEVE, I'VE  
9 SET IN PROCESS A REVIEW OF THE STANDARDS WORKING  
10 GROUP. AND AT THE MOMENT THAT REVIEW IS TAKING  
11 PLACE. SO THE REVIEW IS TRYING TO BRING IT AROUND  
12 MORE TO THE CLINICAL ASPECTS SINCE WE'RE ENGAGING  
13 UPON NOW. AND SO I NEED TO HAVE THOSE DISCUSSIONS  
14 WITH THE CHAIRS OF THAT COMMITTEE TO SEE IF WE CAN  
15 ACTUALLY REFORMULATE IT TO HAVE MUCH MORE OF A  
16 TARGET ON THE CLINICAL ISSUES, PARTICULARLY THE  
17 STANDARDS AND ETHICAL ISSUES THAT WE WOULD NEED  
18 GOING (INAUDIBLE).

19 SO I'VE ASKED GEOFF LOMAX TO DEVELOP THAT,  
20 TO RELOOK AT MEMBERSHIP OF THAT COMMITTEE, AND  
21 REFRESH IT WITH PEOPLE WHO ARE MORE CLINICAL  
22 INTERESTS, ETHICS, BUT ALSO CLINICAL INTEREST TO TRY  
23 AND HELP US FOCUS ON SOME OF THE ASPECTS OF, FOR  
24 EXAMPLE, ISSUES THAT MIGHT RELATE TO DEVELOPMENT OF  
25 A CLINICAL NETWORK LIKE THE ALPHA CLINICS PROPOSAL

**BARRISTERS' REPORTING SERVICE**

1 WHICH WE'RE MOVING FORWARD TO. SO THAT'S ANOTHER  
2 FORUM FROM WHICH I EXPECT INFORMATION TO PERCOLATE  
3 IN A MORE CLINICAL WAY.

4 DR. JUELSGAARD: I CAN APPRECIATE THAT,  
5 ALAN. BUT IT SEEMS TO ME THAT WE NEED BEYOND THE  
6 CLINICAL TYPE OF INDIVIDUAL PEOPLE WHOSE SPECIALTY  
7 LIES IN BIOETHICS. OTHERWISE I THINK WE REALLY NEED  
8 TO GET A LINE OF SIGHT INTO (INAUDIBLE).

9 DR. TROUNSON: YEAH. BUT THERE HAVEN'T  
10 BEEN VERY MANY CLINICIANS APPROVED. SO WHAT I  
11 WANTED TO DO IS TO HELP THAT BY HAVING PEOPLE THAT  
12 ARE INVOLVED IN GENETICS AND IN TISSUES AND IN  
13 CLINICAL TRIALS.

14 DR. JUELSGAARD: ONE OTHER BUSINESS  
15 QUESTION, I GUESS, OF YOU, ALAN. SO ONE OF THE  
16 OTHER RECOMMENDATIONS THE INSTITUTE OF MEDICINE MADE  
17 WAS MORE INVOLVEMENT WITH INDUSTRY. AND WHEN I'M  
18 LOOKING AT THE REVIEW, MEETINGS, AND WORKSHOPS, AND  
19 THERE'S A INDUSTRY ADVISORY PANEL LINE, AND IT WAS  
20 MONIES SPENT LAST YEAR, BUT FOR THE COMING YEAR  
21 NOTHING AT ALL. AND SO I JUST WONDER IF WE'RE GOING  
22 TO TRY AND ENGAGE INDUSTRY MORE. WE DON'T REALLY  
23 HAVE ANY MONEY BUDGETED FOR AN INDUSTRIAL ADVISORY  
24 PANEL. SO IN WHAT FASHION, THEN, WERE YOU THINKING  
25 ABOUT THAT?

## BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: SO THE ACTIVITY IS  
2 PRIMARILY IN THE LEGAL OFFICE UNDER THE BUDGET. SO  
3 WE HAVE A MUCH INCREMENTED BUDGET AROUND THOSE  
4 ACTIVITIES. WE HAD SEVERAL WORKSHOPS BEING PROPOSED  
5 AROUND INDUSTRY. WE NOW HAVE A DEVELOPMENT OFFICER  
6 IN THAT REGARD. SO THERE'S AN INCREASED BUDGET  
7 AROUND THAT. I DON'T THINK THERE WAS ANYTHING TAKEN  
8 AWAY FROM INDUSTRY AT ALL. WE'VE ADDED CONSIDERABLY  
9 MORE, BUT IT'S MOSTLY THROUGH THE LEGAL OFFICE  
10 BECAUSE ELONA HAS BOTH GENERAL COUNSEL AND  
11 BUSINESS --

12 DR. JUELSGAARD: IN LOOKING AT THAT, I SEE  
13 THREE. SO VENTURE CAPITAL WORKSHOPS, EARLY INVESTOR  
14 CONFERENCE, AND TECH TRANSFER WORKSHOP, BUT NONE OF  
15 THOSE ARE REALLY WHERE THE INDUSTRY RESIDES.  
16 INDUSTRY RESIDES WITH THE MAJOR PHARMACEUTICAL  
17 COMPANIES, BIOTECH COMPANIES, NOT IN THE EARLY STAGE  
18 COMPANIES. THOSE ARE THE PEOPLE I THINK REALLY NEED  
19 TO BE ENGAGED BECAUSE THEY HAVE THE WHEREWITHAL TO  
20 DEAL WITH DEVELOPED THE PRODUCTS. DO YOU HAVE ANY  
21 PLANS ON TRYING TO DO THAT?

22 DR. TROUNSON: WE HAD A PROPOSAL TO TRY  
23 AND BRING TOGETHER A KIND OF SUMMIT MEETING WITH THE  
24 PRINCIPALS OF RESEARCH IN THOSE MAJOR COMPANIES. WE  
25 FOUND THAT IT WAS REALLY INCREDIBLY --

**BARRISTERS' REPORTING SERVICE**

1 DR. JUELSGAARD: SURE. IF YOU HAVE TO GO  
2 TO THEM. I'D BRING THEM TO US. AND YOU'D PROBABLY  
3 HAVE TO GO ONE BY ONE BY ONE.

4 DR. TROUNSON: THAT'S WHAT'S HAPPENING.  
5 BOTH ELONA AND NEIL ARE AWAY AT THE MOMENT AT BIO.  
6 SO THEIR ACTIVITIES ARE FAIRLY HEAVILY INVESTED IN  
7 THAT AREA CURRENTLY. THERE'S A LOT OF DISCUSSION  
8 GOING ON WITH ALL OF THOSE MAJOR PHARMACEUTICAL  
9 COMPANIES AT THE PRESENT TIME. SO I THINK EVERY ONE  
10 HAS PRETTY MUCH BEEN DISCUSSED WITH. THEY HAVE A  
11 SPREADSHEET TO TELL US EXACTLY WHERE THEIR INTERESTS  
12 ARE. WE'VE ACTUALLY HELPED THEM LOOK AT SOME OF OUR  
13 PROJECTS. WE'VE ASKED THEM TO JOIN US IN RFA'S.  
14 THEY HAVE (INAUDIBLE) SOME OF THE LARGEST BIOTECH  
15 COMPANIES.

16 MS. BAUM: THIS IS ELONA. I'M ON THE LINE  
17 IF YOU WANT ANY ADDITIONAL INFORMATION ON WHAT THOSE  
18 EFFORTS ARE. AND I WILL BE BEFORE THE BOARD ON THE  
19 22D GIVING MORE DETAIL.

20 DR. JUELSGAARD: ELONA, ARE YOU GOING OUT  
21 TO VISIT INDIVIDUALLY SOME OF THE MAJOR PLAYERS?

22 MS. BAUM: WELL, BELIEVE IT OR NOT, A LOT  
23 OF THEM ARE COMING TO VISIT US. BUT WE'RE ALSO  
24 THINKING ABOUT DOING A BOARD ON THE EAST COAST TO DO  
25 THAT SAME THING. BUT THUS FAR WE'VE BEEN FORTUNATE

## BARRISTERS' REPORTING SERVICE

1 TO HAVE A NUMBER THAT COME OUT HERE; OR WHEN WE'RE  
2 IN BIO, WE'RE CONNECTING WITH THEM TOO AT THESE BIO  
3 EVENTS.

4 DR. JUELSGAARD: ALL RIGHT. I'D LIKE TO  
5 FOLLOW UP WITH YOU JUST SOMETIME LATER JUST TO KIND  
6 OF HEAR ABOUT THE KIND OF ACTIVITIES THAT ARE GOING  
7 ON, YOUR INVOLVEMENT WITH THEM, SO I HAVE A BETTER  
8 UNDERSTANDING OF THAT.

9 MS. BAUM: PERFECT. I'M GOING TO PUT MY  
10 PHONE ON MUTE.

11 CHAIRMAN GOLDBERG: STEVE, ANY OTHER  
12 QUESTIONS FROM YOU, AND THEN I'LL GO AROUND TO THE  
13 OTHER COMMITTEE MEMBERS. J.T.

14 CHAIRMAN THOMAS: ACTUALLY I HAVE ONE  
15 QUESTION. ON THE LEGAL OFFICE BUDGET, THERE'S A  
16 LINE ENTITLED "FOUNDATIONS." ELONA, WHAT --

17 MS. SILVA-MARTIN: THIS IS FOR THE CURRENT  
18 YEAR. WE DIDN'T PUT ANY --

19 CHAIRMAN THOMAS: WHAT WAS THAT LAST YEAR?  
20 DID WE ACTUALLY USE ANY OF THAT?

21 DR. TROUNSON: TO BE HONEST I DON'T THINK  
22 ANYTHING WAS SPENT IN THAT CATEGORY, JON, AT ALL.  
23 SO WE CAN GET BACK TO YOU --

24 MS. BAUM: HELLO.

25 DR. TROUNSON: SO IT WAS NOT AGAINST THE



**BARRISTERS' REPORTING SERVICE**

1 FOUNDATION. ARE YOU ON THE LINE, ELONA? THERE WAS  
2 SOME QUESTIONS ASKED OF YOU.

3 MS. BAUM: I'M ON THE LINE. I TRIED TO  
4 UNMUTE. HOPEFULLY IT'S UNMUTED. THE FOUNDATIONS IS  
5 A REOCCURRING ITEM BECAUSE IT WAS SOMETHING THAT  
6 PERIODICALLY IS THOUGHT WOULD BE LOOKED INTO. AND  
7 JUST IN THE INSTANCE WHERE WE ACTUALLY PURSUE IT, I  
8 INCLUDED IT. WE DIDN'T USE IT LAST YEAR. I'M NOT  
9 REALLY SURE -- IT'S NOT LIKELY WE'LL USE IT THIS  
10 YEAR, BUT I WANTED TO MAKE SURE IT WAS THERE IF  
11 NEEDED.

12 CHAIRMAN THOMAS: OKAY. THANK YOU.

13 MR. TORRES: THAT'S NOT ACCURATE. DR.  
14 FEIGAL, IS THAT --

15 DR. FEIGAL: NO. IT'S NOT IN --

16 MS. SILVA-MARTIN: IT'S NOT INCLUDED IN  
17 THIS BUDGET. ONLY IN THE '12-'13.

18 MR. TORRES: IT'S NOT A RECURRING ITEM.

19 CHAIRMAN GOLDBERG: DUANE, ANY QUESTIONS?

20 MR. ROTH: NO. THANKS. I ENJOYED THE  
21 CONVERSATION AND THINK SOME OF THE POINTS MADE WERE  
22 VERY IMPORTANT, PARTICULARLY MAKING SURE WE HAVE  
23 ENOUGH MONEY TO COVER SOME OF THESE IOM SUGGESTIONS  
24 AND WE DON'T JUST LET THOSE GO. I THINK IT'S  
25 IMPORTANT WE DO THOSE.

**BARRISTERS' REPORTING SERVICE**

1           CHAIRMAN GOLDBERG:  MARCY, ANY QUESTIONS  
2 FROM YOU?  THANK YOU.  IS THERE ANYONE ELSE ON THE  
3 PHONE THAT I HAVEN'T POLLED?  JEFF.

4           DR. STEWARD:  THIS IS OS.  I HAVE A  
5 QUESTION.  IT'S NOT REALLY SPECIFICALLY RELATED TO  
6 THIS BUDGET, BUT JUST TO THROW OUT THERE.  WE'RE  
7 LOOKING AHEAD TOWARDS THE FUTURE OF THE AGENCY.  AND  
8 MY QUESTION IS, WE HAD A 6-PERCENT CAP ON  
9 ADMINISTRATIVE FUNDS, AND TOWARD THE END OF THE  
10 AGENCY'S EXISTENCE, MORE AND MORE IS GOING TO BE  
11 ADMINISTRATIVE.  AND I JUST -- MY QUESTION IS  
12 WHETHER THAT IS BEING TAKEN CARE OF HERE AS WE LOOK  
13 FORWARD.

14           DR. TROUNSON:  YES, OS.  THE PRESENTATION,  
15 I DON'T KNOW IF YOU GOT THE PRESENTATION, BUT WE  
16 REALLY STARTED TO SCOPE THAT OUT.  AND THAT'S  
17 LOOKING FORWARD TO TAKING THE AGENCY FORWARD TO  
18 2021.  I THINK WE NEED TO BE OUT TO 2022.  I THINK  
19 WE NEED TO SMOOTH THAT CURVE OUT A LITTLE.  AND THIS  
20 WOULD BE ON THE ASSUMPTION THAT WE WON'T RECEIVE ANY  
21 FURTHER FUNDING.  BUT ON THOSE ASSUMPTIONS, THERE  
22 WILL BE NEED TO MAKE ADJUSTMENTS.  AND THAT'S ONE  
23 REASON WHY I PRESSED RATHER HARD TO BRING THE BUDGET  
24 DOWN TO AN OPERATING LEVEL THAT WAS SATISFACTORY TO  
25 EVERYBODY, BUT ACTUALLY TOOK AWAY THOSE THINGS THAT

**BARRISTERS' REPORTING SERVICE**

1 REALLY WEREN'T ABSOLUTELY CRITICAL, AT LEAST IN  
2 DEBATE WITH CHILA AND I.

3 SO I THINK WE WERE PRETTY TOUGH ON MOST  
4 PEOPLE AND GOT PRETTY MUCH WHAT WE REALLY WANTED.

5 DR. STEWARD: ALAN, I DID GET IT AND I  
6 UNDERSTAND ALL THAT. ACTUALLY I'M ASKING A  
7 DIFFERENT QUESTION. AND IT'S A TECHNICAL QUESTION.  
8 AND IT ISN'T ABOUT CASH. IT'S ABOUT PERCENTAGES.

9 SO THE QUESTION IS DO WE NEED TO START  
10 DOING SOMETHING NOW TO ESSENTIALLY MAKE SURE THAT WE  
11 DON'T RUN UP AGAINST THE 6-PERCENT PROBLEM IN OUR  
12 DOWNSTREAM YEARS. IN OTHER WORDS, WE'RE GOING TO BE  
13 SPENDING A GREATER AND GREATER PROPORTION OF THE  
14 BUDGET. AND IT'S A TECHNICAL QUESTION, NOT A  
15 FINANCIAL QUESTION. IS THAT BEING CONSIDERED?

16 DR. TROUNSON: IT'S CONSIDERED IN THE PLAN  
17 THAT WE HAD. SO WE KNOW EXACTLY WHAT WE'RE GOING TO  
18 BE SPENDING THROUGH TO THE END OF THE TIME. SO  
19 TECHNICALLY WE'RE LOOKING AT ALL ASPECTS THAT WOULD  
20 IMPEACH UPON THAT. SO THE ANSWER IS YES. WE SPENT  
21 A LOT OF TIME ON THAT, AND IT'S A MOVING -- IT'S  
22 MOVING ALL THE TIME AND IT WILL CONTINUE TO MOVE AS  
23 WE PROGRESS. BUT WE'RE HAPPY TO GO THROUGH IT  
24 INDIVIDUALLY WITH YOU AT SOME TIME, OS, TO HELP YOU  
25 SORT OF UNDERSTAND WHAT WE'RE DOING TECHNICALLY.

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1 DR. STEWARD: OKAY. THANK YOU.

2 CHAIRMAN GOLDBERG: JEFF.

3 MR. SHEEHY: WELL, I WANT TO THANK  
4 EVERYONE FOR THE PRESENTATION. IT'S BEEN VERY  
5 HELPFUL. THE ONE QUESTION THAT I HAD, I DON'T KNOW  
6 IF THIS REALLY FITS IN HERE, BUT HAS ANY THOUGHT  
7 BEEN GIVEN TO WHAT OUR RELATIONSHIP IS GOING TO BE  
8 WITH THE WORLD STEM CONFERENCE NOW THAT IT'S BACK IN  
9 CALIFORNIA THIS YEAR? I KNOW THE LAST TIME IT WAS  
10 IN STATE WE ENCOURAGED AND I THINK ACTUALLY ASSISTED  
11 SOME CALIFORNIA-BASED PATIENT ADVOCATES IN  
12 ATTENDING. I DON'T KNOW IF --

13 DR. TROUNSON: SO, JEFF, IN SHORT, WE HAVE  
14 ENCOURAGED THEM TO MAKE AN APPLICATION ALONG TO OUR  
15 CONFERENCE PROGRAM WHERE THEY CAN BE AWARDED UP TO  
16 \$50,000. THE OTHER ASPECT OF IT IS REALLY IF WE'RE  
17 GOING TO PROVIDE FUNDS TO PATIENT ADVOCATES. THAT  
18 IS SOMETHING THAT J.T. HAS BEEN RESPONSIBLE FOR IN  
19 HIS BUDGET. SO IT'S SOMETHING THAT EITHER HE CAN  
20 FIND IN THE BUDGET THAT HE'S PUT THERE, OR HE'LL  
21 HAVE TO GO TO THE BOARD TO EXPAND THAT.

22 SO I LEAVE IT TO HIM TO MAKE COMMENT, BUT  
23 THERE IS SOME CAPACITY WITHIN. HE MAY FEEL THAT  
24 BEING ABLE TO HELP THE PATIENT ADVOCATES AT WHATEVER  
25 LEVEL, HE MIGHT NEED SOME -- AN ADDITIONAL

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1 ASSISTANCE THERE, BUT WE REALLY HAVEN'T DISCUSSED  
2 THAT IN ANY FURTHER DETAIL. BUT IT'S VERY CLEAR  
3 THAT WE'VE SAID THAT THERE WILL BE \$50,000. IF THEY  
4 APPLY THROUGH AN ORGANIZATION HERE IN CALIFORNIA,  
5 THEY WOULD QUALIFY FOR THAT \$50,000.

6 CHAIRMAN THOMAS: JEFF, YOU AND I ARE  
7 HAVING LUNCH TOMORROW, SO WE CAN TALK ABOUT THAT IN  
8 MORE DETAIL.

9 CHILA, WHERE WAS THE -- A COUPLE YEARS AGO  
10 WHEN WE SPENT, PATIENT ADVOCATES, WHERE WAS THAT IN  
11 THE BUDGET?

12 MS. SILVA-MARTIN: WELL, ACTUALLY THAT WAS  
13 SUBMITTED, I BELIEVE, AS A SEPARATE ITEM. AND WE  
14 PAID FOR IT OUT OF DONATED FUNDS.

15 CHAIRMAN THOMAS: OKAY. THANK YOU.

16 MS. SILVA-MARTIN: SO IT WAS SUBMITTED  
17 OUTSIDE OF THE BUDGET AS A SPECIAL REQUEST TO THE  
18 BOARD, AND THEN THE FUNDS WERE FROM DONATED FUNDS.

19 CHAIRMAN GOLDBERG: ON THAT POINT, CAN WE  
20 HAVE A REVIEW OF THE BALANCE OF THOSE DONATED FUNDS  
21 AND THE PROJECTED REMAINING BALANCE THAT'S  
22 UNALLOCATED?

23 MS. SILVA-MARTIN: SURE. I CAN PROVIDE  
24 THAT FOR YOU.

25 CHAIRMAN GOLDBERG: THANK YOU.

**BARRISTERS' REPORTING SERVICE**

1 MR. SHEEHY: SO THAT WAS MY ONLY QUESTION,  
2 MICHAEL.

3 CHAIRMAN GOLDBERG: THANK YOU.

4 DR. JUELSGAARD: ACTUALLY OS RAISED AN  
5 INTERESTING QUESTION WHICH IT OCCURRED TO ME I WAS  
6 LOOKING AT THE LAST YEAR. VERY LAST PAGE. I  
7 BELIEVE IT'S NEXT TO THE LAST.

8 MS. SILVA-MARTIN: SECOND TO THE LAST.

9 DR. JUELSGAARD: AND SO THERE'S KIND OF A  
10 PURPLISH COLOR TO ILLUSTRATE GRANTS ADMINISTRATION.  
11 IT'S THE GRANTS ADMINISTRATION LINE.

12 MS. SILVA-MARTIN: THAT'S CORRECT.

13 DR. JUELSGAARD: AND SO IT'S BEEN SLOPING  
14 UPWARD. SO IT'S CLIMBING A LITTLE FASTER. AND THEN  
15 WE HIT 2016 AND 2017 BUDGET AND IT NOW SLOWS DOWN,  
16 THE GROWTH SLOWS DOWN. SO THERE'S AN INCREASE AND  
17 THEN THERE'S A SLOWING. SO WHAT IS THE EXPECTED  
18 THING THAT'S GOING TO HAPPEN IN 2016 AND 2017? WHAT  
19 IS THE SLOWING? WHAT'S THE ASSUMPTION ON WHICH THAT  
20 SLOWING IS BASED ON? WHAT ACTIVITIES ARE NOT GOING  
21 TO BE ENGAGED IN?

22 MS. SILVA-MARTIN: WELL, THE ACTIVITIES  
23 THAT WE'RE NO LONGER GOING TO BE ENGAGED IN, AND,  
24 AGAIN, IT ASSUMES THE CURRENT SCHEDULE, THAT WE WILL  
25 NO LONGER BE MAKING AWARD OF GRANTS. SO THE REVIEWS

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1 AND THE COSTS FOR THOSE REVIEWS WILL GO DOWN. WE'LL  
2 ALSO BE CLOSING OUT SOME GRANTS, BUT OBVIOUSLY WE'LL  
3 STILL HAVE A FAIRLY LARGE PORTFOLIO. AND SO THE  
4 PLAN IS TO MAINTAIN THE SCIENTIFIC STAFF AS WELL AS  
5 THE ADMINISTRATIVE STAFF TO SUPPORT THE PROGRAMS.

6 DR. JUELSGAARD: THE GRANTS WORKING GROUP  
7 MEETINGS AND SO FORTH.

8 MS. SILVA-MARTIN: THAT'S CORRECT.

9 CHAIRMAN GOLDBERG: IS THERE ANY PUBLIC  
10 COMMENT? WE HAVE ANY PUBLIC AT ANY OF YOUR SITES,  
11 MEMBERS? IS THERE ANY FURTHER QUESTIONS FOR STAFF  
12 OR MANAGEMENT? FROM THE COMMITTEE? OKAY. THANK  
13 YOU VERY MUCH, ALAN.

14 MR. HARRISON: YOU WANT TO ENTERTAIN A  
15 MOTION TO RECOMMEND ANY ACTION TO THE BOARD?

16 CHAIRMAN GOLDBERG: LET'S ENTERTAIN A  
17 MOTION TO RECOMMEND.

18 MR. TORRES: SO MOVED.

19 MS. JUELSGAARD: SECOND.

20 MR. HARRISON: WHAT'S THE MOTION?

21 MR. TORRES: TO RECOMMEND THIS BUDGET TO  
22 THE BOARD.

23 MR. HARRISON: THANK YOU.

24 MR. TORRES: YOU ALWAYS FILL THAT IN.

25 MS. BONNEVILLE: ROBERT PRICE.

**BARRISTERS' REPORTING SERVICE**

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DR. PRICE: YES.

MS. BONNEVILLE: MARCY FEIT. MICHAEL  
GOLDBERG.

CHAIRMAN GOLDBERG: YES.

MS. BONNEVILLE: STEVE JUELSGAARD.

DR. JUELSGAARD: YES.

MS. BONNEVILLE: DUANE ROTH.

MR. ROTH: YES.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: YES.

MS. BONNEVILLE: OS STEWARD.

DR. STEWARD: YES.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: YES.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: AYE.

CHAIRMAN GOLDBERG: THERE BEING NO FURTHER  
BUSINESS, THIS MEETING IS ADJOURNED.

(THE MEETING WAS THEN CONCLUDED AT  
3:53 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 FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON APRIL 22, 2013, 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 TO THE BEST OF MY ABILITY TO HEAR AND UNDERSTAND. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

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