

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

LOCATIONS: CEDARS-SINAI HOSPITAL  
2225 ADMINISTRATIVE CONFERENCE ROOM  
8700 BEVERLY BOULEVARD  
LOS ANGELES, CALIFORNIA

LOS ANGELES PUBLIC LIBRARY  
MEETING ROOM A  
630 W. 5TH STREET  
LOS ANGELES, CALIFORNIA

UC IRVINE  
ROOM NSI-3134  
NATURAL SCIENCES I  
IRVINE, CALIFORNIA

STANFORD UNIVERSITY  
ROOM S-363  
318 CAMPUS DRIVE WEST  
STANFORD, CALIFORNIA

UCLA  
ROOM 12-138A-CHS  
10833 LE CONTE AVENUE  
LOS ANGELES, CALIFORNIA

UC DAVIS MEDICAL CENTER  
CANCER BREAKOUT ROOM  
4501 X STREET  
SACRAMENTO, CALIFORNIA

DATE: WEDNESDAY, AUGUST 31, 2005  
3 P.M.

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

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1 IRVINE, CALIFORNIA; WEDNESDAY, AUGUST 31, 2005

2

3 (DUE TO TECHNICAL DIFFICULTY WITH THE  
4 TELECONFERENCE CONNECTION, PROCEEDINGS HEARD PREVIOUS  
5 TO THIS POINT WERE NOT REPORTED, NOR HEREIN  
6 TRANSCRIBED. AN EXCERPT OF THE PROCEEDINGS IS PROVIDED  
7 AS FOLLOWS:)

8 CHAIRPERSON LANSING CALLED THE MEETING TO  
9 ORDER AND WELCOMED EVERYONE TO THE SECOND MEETING OF  
10 THE GOVERNANCE SUBCOMMITTEE OF THE ICOC, INDICATING  
11 PARTICIPANTS FROM SIX LOCATIONS, AND THANKING MEMBERS  
12 FOR THEIR PARTICIPATION.

13 AMY DUROSS THEN CALLED THE ROLL, AFTER WHICH  
14 CHAIRPERSON LANSING ASKED IF THERE WERE QUESTIONS OR  
15 COMMENTS FROM SUBCOMMITTEE MEMBERS IN ALL LOCATIONS.  
16 THE PUBLIC WAS THEN INVITED TO COMMENT AND ASKED TO  
17 LIMIT THEIR COMMENTS TO THREE MINUTES.

18 CHAIRPERSON LANSING THEN INTRODUCED AGENDA  
19 ITEM 3 AND ASKED ZACH HALL TO LEAD THE DISCUSSION.

20 FIRST ITEM: INTERNAL CIRM ORGANIZATION CHART  
21 WAS AGREED UPON BY THE MEMBERS.

22 ESSENTIAL ELEMENTS OF THE CHART:

23 1. OFFICE OF THE CHAIR REPORTS TO THE  
24 PRESIDENT THROUGH THE CHAIR AND VICE-CHAIR.

25 2. ALL OTHER UNITS REPORT TO THE PRESIDENT.

1 DR. PIZZO ASKED A QUESTION: HOW DOES THE  
2 OFFICE OF THE CHAIR ACTUALLY RELATE TO THE PRESIDENT?

3 DR. HALL ANSWERED AS FOLLOWS: WITH REGARD TO  
4 THE ASSIGNMENT OF DUTIES AND THE ALLOCATION OF TIME,  
5 THE CHAIR AND VICE-CHAIR ARE RESPONSIBLE. THEY REPORT  
6 TO THE PRESIDENT REGARDING OFFICES OF THE CHAIR.

7 FOR ISSUES REGARDING PERSONNEL, THESE GO  
8 DIRECTLY TO THE PRESIDENT. ALL FINAL DECISIONS ON  
9 MERIT INCREASES AND PROMOTIONS, FOR EXAMPLE, WOULD BE  
10 SUBJECT TO FINAL APPROVAL BY THE PRESIDENT.

11 THE PRESIDENT WILL HAVE FINAL SAY ON  
12 BUDGETARY MATTERS, SUBJECT TO FINAL APPROVAL BY THE  
13 ICOC.

14 BUDGETING IS UNDERWAY INTERNALLY AT THE  
15 CIRM. UNITS AT THE CIRM HAVE BEEN TASKED WITH  
16 DEVELOPING THEIR OWN BUDGETS.

17 I HAVE CREATED A SENIOR STAFF MEETING TO DEAL  
18 WITH OPERATIONAL ISSUES. THIS CONSISTS OF THE  
19 PRESIDENT, THE CHIEF ADMINISTRATIVE OFFICER, THE  
20 SCIENCE OFFICER, THE DEPUTIES TO THE CHAIR AND  
21 VICE-CHAIR, AMY DUROSS, MARY MAXON, AND AMY LEWIS.

22  
23 (AFTER PHONE CONNECTION WAS MADE, THE  
24 PROCEEDINGS WERE THEN HEARD AND REPORTED AS FOLLOWS:)  
25

1 DR. PIZZO: . . . THE CIRM UNDER THE OFFICE OF  
2 THE PRESIDENT WOULD INCLUDE PERSONNEL. WE SURELY DON'T  
3 WANT TO BRING BACK --

4 CHAIRPERSON LANSING: NO. NO. NO. BECAUSE  
5 THEN IT WOULD BE AN APPROVED ITEM IN THE BUDGET, AND WE  
6 WOULDN'T HAVE TO. SO YOU ARE QUITE RIGHT. I MEAN THIS  
7 IS ALL GOING TO GO AWAY ONCE WE HAVE THE APPROVED  
8 BUDGET, OR MOST OF IT ANYWAY, SO IT WOULD BE FOR JUST A  
9 RARE SITUATION THAT WASN'T IN THE BUDGET.

10 DR. PIZZO: RIGHT. OKAY. SO IT'S REALLY AN  
11 INTERIM PROCEDURE.

12 CHAIRPERSON LANSING: ABSOLUTELY. LOOK, I  
13 DON'T WANT TO OVERREACT. I JUST WANT TO BE AS  
14 CONSERVATIVE AS POSSIBLE, YOU KNOW, ONLY BECAUSE YOU  
15 RAISED THE QUESTION OF THE FURNITURE.

16 DR. STEWARD: EXCUSE ME. THIS IS IRVINE. WE  
17 HAD THE WRONG PHONE NUMBER AND CODE AND HAVE BEEN  
18 LISTENING TO TERRIBLE MUSAK HERE.

19 CHAIRPERSON LANSING: I'M GLAD YOU'RE HERE.  
20 SO WE HAVE MORE THAN A QUORUM. WE'RE DISCUSSING  
21 WHETHER OR NOT THE APPROVAL UNTIL WE GET A BUDGET IS  
22 FOR EVERYTHING, NOT JUST CONTRACTS, FOR ANY PURCHASES.  
23 AND I THINK NOW CLAIRE AT DAVIS.

24 DR. POMEROY: THANK YOU. I HAVE A COUPLE OF  
25 QUESTIONS. I WOULD SUPPORT AS AN INTERIM PROCEDURE

1 THAT WE ADD ANY EXPENDITURE TO THE CONTRACTS AND USING  
2 THE SAME RULE. MY RECOLLECTION IS THE SAME AS DR.  
3 HALL'S, WHICH WAS THAT WE HAD LIMITED IT TO SERVICE  
4 CONTRACTS AT THE MEETING, BUT I THINK THIS IS A GOOD  
5 MOVE.

6 I HAVE A QUESTION AND THEN A COMMENT. THE  
7 FIRST QUESTION IS SINCE WE BROUGHT IT UP, COULD SOMEONE  
8 PLEASE GIVE US AN ESTIMATE OF WHAT WE AGREED TO IN THE  
9 BID FOR THE FURNITURE EXPENDITURE? HOW MUCH MONEY ARE  
10 WE TALKING ABOUT?

11 MR. BARNES: THAT'S ACTUALLY SOMETHING WE'RE  
12 GOING TO GO THROUGH WITH THE BUDGET, BUT JUST TO ANSWER  
13 YOUR QUESTION, THE ACTUAL COST OF THE FURNITURE IS  
14 ESTIMATED AT 240,000, OF WHICH HALF WILL BE PAID AT THE  
15 TIME OF DELIVERY OF ALL OF THE FURNITURE IN OCTOBER,  
16 AND THE OTHER HALF WILL BE DEFERRED PAYMENT UNTIL NEXT  
17 FISCAL YEAR.

18 DR. POMEROY: AND THAT FIGURE IS FOR ENOUGH  
19 FURNITURE FOR THE 50 OR SO EMPLOYEES THAT WILL  
20 ULTIMATELY BE AT THIS SITE?

21 DR. HALL: WELL, THAT'S AT THE DISCOUNT.

22 DR. POMEROY: I UNDERSTAND, THAT THAT'S THE  
23 DISCOUNTED PRICES FOR THE ENTIRE FURNITURE.

24 MR. BARNES: CONFERENCE ROOMS AND THE  
25 TRAINING PROGRAMS AND THE CONFERENCE AREAS, SO IT'S

1 EVERYTHING.

2 DR. POMEROY: OKAY.

3 DR. HALL: WE FIGURE AN 85-PERCENT DISCOUNT;  
4 IS THAT RIGHT?

5 MR. BARNES: IT'S ABOUT 84-PERCENT DISCOUNT.

6 DR. POMEROY: AND THAT MAKES IT MAKE MORE  
7 SENSE BECAUSE I WAS JUST IMPRESSED YOU WERE GOING TO  
8 GET ALL THAT FURNITURE FOR THAT MUCH MONEY.

9 MY SECOND IS A COMMENT, WHICH IS WHEN WE DO  
10 HAVE A DETAILED BUDGET, I WOULD SUGGEST THAT THIS  
11 COMMITTEE CONSIDER THAT OUR APPROVED BUDGET WOULD NOT  
12 HAVE -- ITEMS WOULD NOT HAVE TO COME BACK HERE, BUT WE  
13 MIGHT CONSIDER WHAT MOST ORGANIZATIONS DO, WHICH IS  
14 DEFINING WHAT VARIANCE WOULD REQUIRE A CONSIDERATION BY  
15 THE GOVERNANCE COMMITTEE.

16 CHAIRPERSON LANSING: I THINK THAT'S AN  
17 EXCELLENT IDEA.

18 DR. HALL: LET ME JUST SAY THAT I WOULD LIKE  
19 TO CONSIDER THE BUDGET WE'RE GOING TO DISCUSS TODAY AS  
20 THE PRELIMINARY BUDGET. AND WHAT OUR HOPE IS IS TO  
21 BRING BACK TO YOU A BETTER ESTIMATE THAT IS BASED ON  
22 THE PROCESS THAT I'VE JUST DESCRIBED. WE HAVE NOT YET  
23 COMPLETED THE PROCESS OF ASKING EACH OF THE UNITS TO  
24 MAKE A TOUGH ESTIMATE OF WHAT THEY WILL NEED AND THEN  
25 TO JUSTIFY THAT, AND THEN TO HAVE THEM HAVE A BUDGET

1       ASSIGNED TO THEM. I WOULD VERY MUCH LIKE TO PROCEED  
2       THAT WAY. I THINK THAT'S THE BEST WAY FOR THE UNITS  
3       WITHIN THE INSTITUTE TO BE ACCOUNTABLE AND THE BEST WAY  
4       FOR WALTER AND I TO BE ACCOUNTABLE TO YOU.

5               DR. POMEROY: SO I WOULD THEN JUST AMEND MY  
6       SUGGESTION THAT THIS INTERIM PROCESS STAY IN PLACE  
7       UNTIL WE HAVE THAT FINAL BUDGET THAT YOU REFER TO,  
8       ZACH, AND THEN GO WITH THE VARIANCE APPROACH.

9               CHAIRPERSON LANSING: IRVINE, ARE THERE ANY  
10       COMMENTS FROM ANY OF YOU?

11              DR. STEWARD: NO.

12              CHAIRPERSON LANSING: ALL RIGHT. SO LET'S  
13       CONTINUE THEN.

14              MR. BARNES: THE ONLY OTHER INFORMATION I  
15       PROVIDED WAS THAT THE EDELMAN CONTRACT AND THE REMCHO  
16       JOHANSEN THAT WAS APPROVED.

17              THE REPORTER: MR. BARNES, COULD YOU GET  
18       CLOSER TO A MICROPHONE, PLEASE?

19              DR. STEWARD: WALTER, CAN YOU GET A LITTLE  
20       CLOSER TO THE MICROPHONE? WE CAN'T HEAR YOU DOWN HERE  
21       AT IRVINE.

22              THE REPORTER: AND THAT'S WHERE THE RECORD IS  
23       BEING MADE.

24              MR. BARNES: ALL RIGHT. ZACH, YOU KNOW,  
25       TALKED TO YOU A LITTLE BIT ABOUT THE INTRODUCTION TO



1 THIS, AND YOU SHOULD HAVE WITH YOU A PACKET THAT  
2 INDICATES AT THE TOP THE ICOC GOVERNANCE SUBCOMMITTEE  
3 MEETING OF AUGUST 31ST, AGENDA ITEM 3(B). THE COVER  
4 SHEET JUST GIVES YOU A LITTLE BIT OF BACKGROUND AND  
5 INTRODUCTION TO THE THREE BUDGET ALTERNATIVES THAT  
6 WE'VE PROVIDED TO YOU. AND I THINK THAT WHAT WE NEED  
7 TO DO IS REMEMBER, AS ZACH SAID, THAT TO A CERTAIN  
8 EXTENT, ALL BUDGETS HAVE TO MAKE CERTAIN ASSUMPTIONS  
9 ABOUT COSTS WHICH DEPEND IN LARGE PART ON HOW MUCH  
10 FUNDING IS GOING TO BE AVAILABLE.

11 AND WITH NO FUNDING FOR GRANT PROGRAMS, BASED  
12 ON THE DISCUSSION THAT ZACH AND I HAVE HAD WITH THE  
13 MANAGEMENT TEAM, THE EXPECTATION IS THAT WE SHOULD  
14 REALLY BE PLANNING FOR MINIMAL OPERATIONAL COSTS NEEDED  
15 TO KEEP THE DOORS OPEN AND BASICALLY MOVE US INTO OUR  
16 NEW LOCATION, HEADQUARTERS LOCATION.

17 AS FUNDING FOR GRANTS BECOME AVAILABLE, THEN  
18 WE NEED A PLAN TO ADDRESS THE WORKLOAD THAT'S GOING TO  
19 COME WITH NOT ONLY THE AWARD OF THE GRANTS, BUT THE  
20 FOLLOWING UP AND ADMINISTRATION OVERSIGHT OF THE  
21 GRANTS. SO IN A SENSE, WHILE THESE ARE ALTERNATIVE  
22 BUDGETS, IN EFFECT, THEY'RE MORE LIKE SUCCESSIVE  
23 BUDGETS THAT WILL BE EITHER CAST ASIDE AND ADOPTED  
24 DEPENDING UPON HOW MUCH FUNDING WE HAVE AVAILABLE.

25 THE FIRST ALTERNATIVE THAT WE HAVE, AND THAT

1 ALTERNATIVE IS EXPLAINED ON THE SECOND TWO PAGES, PAGE  
2 2 AND 3, IS A BUDGET THAT ASSUMES THAT THE ONLY MONEY  
3 THAT'S AVAILABLE TO US IS WHAT'S LEFT OF THE \$3 MILLION  
4 LOAN AND THE \$5 MILLION DOLBY GRANT. UNDER THOSE  
5 FUNDING ASSUMPTIONS, BASICALLY UNDER PERSONAL SERVICES,  
6 AND IF YOU RECALL I SAID THERE WERE TWO MAJOR  
7 CATEGORIES OF OPERATIONAL EXPENSES, THERE'S PERSONAL  
8 SERVICES, YOUR SALARIES AND BENEFITS, AND OPERATING  
9 EXPENSE AND EQUIPMENT, WHICH IS EVERYTHING ELSE.

10 UNDER THIS PARTICULAR FUNDING LEVEL, OUR  
11 EXPECTATION IS THAT THERE WOULD BE 20 PERSONS EMPLOYED  
12 BY THE INSTITUTE DURING THE YEAR. CURRENTLY THERE ARE  
13 17 THAT ARE ON BOARD, AND THEN THERE WOULD BE THREE  
14 MORE HIRED BY OCTOBER 1ST OF 2005. AND, IN FACT, ONE  
15 OF THEM, AS YOU CAN SEE, THE SENIOR EXECUTIVE ASSISTANT  
16 TO THE CHAIR, HAS ALREADY BEEN HIRED.

17 IN ADDITION, WE WOULD BE HIRING A CHIEF  
18 INFORMATION SERVICES OFFICER AND THE FACILITIES  
19 PROCUREMENT OPERATIONS. AND THESE TWO POSITIONS ARE TO  
20 SATISFY TWO GOALS THAT ZACH HAS SET OUT FOR US. ONE IS  
21 THAT WE WANT TO MAKE SURE THAT WE MOVE INTO THE  
22 HEADQUARTERS OFFICE ON TIME AND UNDER BUDGET AND, YOU  
23 KNOW, IN A WAY THAT CAUSES AS LITTLE DISRUPTION AS WE  
24 POSSIBLY CAN. THAT'S THE FACILITIES PROCUREMENT AND  
25 OPERATIONS.

1                   IN ADDITION, THE CHIEF INFORMATION SERVICES  
2 OFFICER WE'RE PROPOSING BECAUSE THAT PERSON IS GOING TO  
3 BE CRITICAL TO OUR BEING ABLE TO START WORK ON  
4 DEVELOPING A TRUE GRANTS MANAGEMENT TECHNOLOGY PROGRAM.  
5 AND SO THAT'S OUR SECOND GOAL IS TO TRY AND MOVE  
6 OURSELVES AS CLOSE TO GRANTS MANAGEMENT PROGRAM  
7 OPERATIONS AS WE CAN EVEN THOUGH WE DON'T HAVE ANY  
8 FUNDING FOR GRANTS UNDER THIS PARTICULAR BUDGET.

9                   DR. HALL: THE THIRD GOAL, JUST TO ADD TO  
10 THIS, WALTER, IS TO GIVE ALL POSSIBLE SUPPORT TO THE  
11 CHAIR BECAUSE OUR MOST CRITICAL NEED RIGHT NOW ABOVE  
12 ALL OTHERS IS RAISING MONEY. SO WE ALL WANT TO DO  
13 EVERYTHING WE CAN TO HELP BOB AND TO EMPOWER HIM. SO  
14 THAT'S -- WE SAW THAT AS A CRITICAL NEED, THE SENIOR  
15 EXECUTIVE ASSISTANT TO THE CHAIR, TO ALLOW THAT TO  
16 HAPPEN.

17                   MR. BARNES: NOW, AS I SAID BEFORE, THE MAJOR  
18 EXPENDITURES IN THIS PARTICULAR BUDGET ARE EITHER  
19 PERSONAL SERVICES, THE SALARIES AND BENEFITS, OF THE 20  
20 STAFF THAT WE'RE TALKING ABOUT HERE AND CONTRACTS. AND  
21 KEEP IN MIND, REMEMBER, I SAID VERY OFTEN BEFORE, BUT  
22 IT BEARS SAYING AGAIN, THERE'S A REAL SYNERGY BETWEEN  
23 OUR CONTRACTORS AND OUR STAFFING BECAUSE TO THE CERTAIN  
24 EXTENT SOME OF THE CONTRACTS, AS ZACH MENTIONED, WITH  
25 REGARD TO PAT OLSON, BY HAVING THAT CONTRACT IN PLACE,

1 IT AVOIDS HAVING TO PUT IN PLACE A PERMANENT STAFF  
2 PERSON.

3 THE MAJOR INTERAGENCY AGREEMENT AND CONTRACT  
4 EXPENDITURES WILL BE FOR THE DEPARTMENT OF JUSTICE,  
5 270,000; REMCHO, 480,000, SO THERE'S YOUR TWO LEGAL  
6 OFFICES WHICH ARE BASICALLY TIED INTO ALL THE  
7 LITIGATION AND THINGS THAT WE HAVE; EDELMAN, WHICH IS  
8 OUR COMMUNICATIONS OFFICE; AND THEN BASICALLY THE STATE  
9 CONTROLLER'S OFFICE, WHICH IS CONTINUING TO PROVIDE US  
10 WITH A NUMBER OF DETAILED SUPPORT SERVICES RELATED TO  
11 OUR PROCUREMENT PROGRAMS AND SOME OF OUR HUMAN  
12 RESOURCES PROGRAM.

13 SO THOSE ARE THE MAJOR FACTORS THAT GO INTO  
14 THE INTERAGENCY AGREEMENTS AND EXTERNAL CONTRACTS.

15 THE SECOND CATEGORY THAT WE HAVE IS MEETINGS  
16 AND CONFERENCES. THIS INCLUDES TWO SPECIFIC  
17 CATEGORIES. ONE IS THE ICOC MEETINGS, AND KEEP IN MIND  
18 THIS GOES BACK TO ZACH'S COMMENT ABOUT TRYING TO  
19 COORDINATE AND GET ALL FUNCTIONS AND ALL COSTS UNDER A  
20 PARTICULAR FUNCTION AS OPPOSED TO AN OBJECT ACTIVITY AS  
21 THEY ARE RIGHT NOW. ONE ASPECT OF THIS IS THE COST OF  
22 THE ICOC MEETINGS; BUT BECAUSE OF THE WAY OUR  
23 ACCOUNTING SYSTEM IS SET UP RIGHT NOW, THIS ONLY  
24 INCLUDES THE COST ASSOCIATED WITH THE ROOM, THE CATERED  
25 LUNCH, AND SOME OF THE AUDIOVISUAL. THE ACTUAL TRAVEL

1 EXPENDITURES ASSOCIATED WITH ICOC MEMBERS AND STAFF ARE  
2 INCLUDED DOWN IN TRAVEL.

3 SO OUR INTENT IS TO TRY AND GO TO A POINT  
4 WHERE WE CAN MOVE THOSE CLOSER TOGETHER AND TRACK THEM  
5 ALL AS A BUNDLE.

6 THE OTHER MAJOR ACTIVITY THAT'S IN HERE,  
7 THOUGH, IS SOMETHING NEW. IT'S AN ESTIMATE OF 215,000  
8 FOR THE COST OF THE OCTOBER 1ST TO 2D SCIENTIFIC  
9 CONFERENCE. THIS IS SOMETHING THAT I THINK ZACH HAS  
10 TALKED ABOUT FOR SOME TIME NOW. IT'S GOING TO BE HELD  
11 IN SAN FRANCISCO. WE'VE BEEN WORKING VERY CLOSELY, AND  
12 THIS IS A VERY GOOD BUDGET FOR THIS PARTICULAR  
13 ACTIVITY.

14 IN ADDITION, TO CARRY OUT THE GOAL OF TRYING  
15 TO MOVE TOWARDS OUR GRANTS PROGRAMS, WE ARE FUNDING AND  
16 PUTTING MONEY HERE, FUNDING FOR ALL THE WORK GROUPS.  
17 AND THESE ARE PRETTY MUCH A FULL BOAT AS FAR AS ALL OF  
18 THE EXPENDITURES. THIS INCLUDES THE PER DIEM AMOUNTS  
19 FOR BOTH THE ICOC AND NON-ICOC MEMBERS. IT INCLUDES  
20 THE TRAVEL EXPENDITURES FOR ALL PARTICIPANTS. IT  
21 INCLUDES THE ROOM. IT INCLUDES, YOU KNOW, ANY SUPPORT  
22 ACTIVITIES THAT HAVE TO GO ON WITH IT AT ALL AS WELL.

23 SO BASICALLY FOR THE FIRST GRANT PROGRAM, THE  
24 GRANTS MEETING, WE'VE HELD ONE, AND THE ESTIMATE,  
25 THERE'S STILL SOME COSTS COMING IN ON THAT, BUT IT'S

1 ABOUT \$55,500.

2 THE FACILITIES MEETING, WHICH IS YET TO BE  
3 HELD, BUT THERE IS A PLAN FOR THAT, IS GOING TO BE  
4 28,500; AND THEN THE STANDARDS MEETING, THAT'S THE ONE  
5 THAT YOU HAD ACTUALLY THIS MORNING, THE FIRST ONE WAS  
6 ESTIMATED AT 28,600. SINCE WE DON'T HAVE ANY MONEY TO  
7 GIVE OUT GRANTS, WE'RE NOT PROPOSING UNDER THIS BUDGET  
8 TO CONDUCT ANY MORE GRANTS PROGRAMS. AND BUT WE DO  
9 THINK, OR ZACH AND, AGAIN, THE SENIOR STAFF FEEL THAT  
10 WE SHOULD MOVE AHEAD ON THE STANDARDS BECAUSE WE NEED  
11 THOSE ANYWAY. SO THAT'S WHY THEY'RE FUNDED AT THE FULL  
12 NUMBER OF SIX MEETINGS, ONE OF WHICH WOULD BE A LITTLE  
13 BIT MORE BECAUSE OF THE ADDITIONAL STAY-OVER THAT HAS  
14 TO BE DONE WITH THAT.

15 DR. HALL: AS EVERYBODY IS AWARE, WE HAVE AN  
16 ADMINISTRATIVE PROCEDURES ACT AND PROP 71 DEADLINE TO  
17 WORK ON THERE TOO, SO THAT WE MORE OR LESS HAVE TO DO.

18 MR. BARNES: TRAVEL IS BASICALLY, THESE ARE  
19 EXPENSES FOR THE ICOC MEMBERS AND CIRM STAFF. WE  
20 PROJECTED THESE BASED ON ACTUAL EXPENDITURES THAT WE'VE  
21 HAD IN THE PAST YEAR AND PROJECTED THEM BY CONSIDERING  
22 NEW STAFF THAT WE'RE PROPOSING TO HIRE AS WELL.

23 FURNITURE AND EQUIPMENT, AS I MENTIONED, THE  
24 MAJOR COST HERE IS THE \$120,000 DOWNPAYMENT FOR THE NEW  
25 FURNITURE AT THE HEADQUARTERS. AND BASICALLY THE REST

1 OF IT IS JUST MINOR EQUIPMENT FOR THE NEW STAFF THAT  
2 WOULD COME ON BOARD.

3 INFORMATION TECHNOLOGY, THIS INCLUDES THE  
4 COSTS RELATED TO OUR WEB PROGRAM AND OUR WEBSITE AND  
5 THAT KIND OF THING, BUT IT ALSO INCLUDES AN ESTIMATE,  
6 AND THIS IS AN ESTIMATE AT THIS TIME, OF \$150,000 TO  
7 DEVELOP A NEW GRANTS MANAGEMENT PROGRAM. WE DON'T HAVE  
8 THE SPECIFICS OF THIS RIGHT NOW, BUT WE'VE ALL KIND OF  
9 TALKED TO PEOPLE THAT WE'VE BEEN CONSULTING WITH, AND  
10 THEIR FEELING IS THAT THIS IS A REASONABLE AMOUNT OF  
11 MONEY TO BE THINKING ABOUT IN TERMS OF THE TECHNOLOGY  
12 ASSOCIATED WITH THE GRANTS MANAGEMENT PROGRAMS THAT WE  
13 EVENTUALLY WANT TO GO TO.

14 FINALLY, THERE'S WHAT WE CALL OTHER OE&E, AND  
15 THAT'S THE OPERATING EXPENDITURES AND EQUIPMENT. THIS  
16 IS THE SUPPLIES, THE PAPER, PENCILS, EQUIPMENT  
17 MAINTENANCE, POSTAGE, PHONE SERVICES, PRINTING,  
18 TRAINING, ALL THAT KIND OF STUFF. AGAIN, WE PROJECTED  
19 THIS BASED ON ACTUAL USAGE AND NEW STAFFING LEVELS. SO  
20 THAT'S WHAT THAT IS.

21 UNDER THIS PROGRAM, UNDER THIS BUDGET, YOU  
22 CAN SEE THAT IF WE SPEND AT THIS LEVEL, WE WILL RUN OUT  
23 OF MONEY BEFORE THE END OF THIS FISCAL YEAR. THERE'S A  
24 NEGATIVE AMOUNT OF ABOUT \$568,000. NOW, SINCE WE'RE  
25 SPENDING MONEY AT THE RATE OF ABOUT \$600,000 A MONTH,

1 THAT MEANS THAT PROBABLY ABOUT MID-MAY, WE WOULD RUN  
2 OUT OF MONEY, WHICH IS WHY ZACH HAS INDICATED THAT BY  
3 JANUARY, IF WE DON'T HAVE ANY MORE MONEY TO PUT INTO  
4 OUR ADMINISTRATIVE BUDGET, WE NEED TO START TAKING  
5 ACTIONS TO CUT BACK.

6 PROBABLY SOME OF THE AREAS THAT WE WOULD CUT  
7 BACK ON IS SOME OF THE CONTRACTS. WE WOULD TALK ABOUT  
8 TRYING TO SCALE BACK OUR USE OF THE CONTRACTS. WE  
9 MIGHT HAVE TO CHECK ON WHETHER OR NOT WE NEED SIX  
10 WORKING GROUPS FOR THE STANDARDS. WE ALSO SHOULD LOOK  
11 AT WHETHER OR NOT, IF THERE'S NO GRANTS PROGRAMS, DO WE  
12 NEED TO HAVE THE MONTHLY MEETING OF THE ICOC AS WELL.

13 SO THERE'S A NUMBER OF THINGS THAT WE COULD  
14 DO TO SCALE OUR FUNDING BACK IN JANUARY TO MAKE SURE  
15 THAT WE END THE FISCAL YEAR IN THE BLACK.

16 DR. HALL: I THINK WE'D ALSO HAVE TO LOOK AT  
17 OUR PERSONNEL NEEDS VERY CAREFULLY AT THAT POINT.

18 CHAIRPERSON LANSING: WE RUN OUT OF MONEY IN  
19 JANUARY.

20 DR. HALL: NO.

21 MR. BARNES: MAY.

22 DR. HALL: IF WE DON'T GET MORE MONEY BY  
23 JANUARY --

24 CHAIRPERSON LANSING: JANUARY, YOU'RE GOING  
25 TO SCALE BACK SO THAT YOU CAN GO FOR LONGER THAN THAT.



1 MR. BARNES: AT LEAST THROUGH THE END OF THE  
2 FISCAL YEAR.

3 MR. KLEIN: THROUGH JUNE 30TH, SO WE FINISH  
4 THE FISCAL YEAR.

5 DR. PIZZO: BUT CLEARLY MISSING FROM THIS  
6 BUDGET, AND UNDERSTANDING WHY, IS THE AWARD OF ANY OF  
7 THE TRAINING GRANTS. I KNOW WE'RE GOING TO COME TO  
8 THAT, BUT THAT OBVIOUSLY IS GOING TO BE AN IMPORTANT  
9 ISSUE SINCE WE HAVE A LOT OF EXPECTATIONS SURROUNDING  
10 THAT.

11 DR. HALL: IT'S THE AWARD OF ANY TRAINING  
12 GRANTS. IF WE DON'T HAVE MONEY --

13 DR. PIZZO: I KNOW THE AWARDS ARE HAPPENING,  
14 BUT THE FUNDING OF THEM IS THE ISSUE.

15 MR. KLEIN: THAT'S CORRECT. ESSENTIALLY IF  
16 WE FUND THE TRAINING GRANTS, CONCURRENT WITH THAT THE  
17 BOND ANTICIPATION NOTE SALE WOULD INCLUDE APPROXIMATELY  
18 1.5 -- A LITTLE LESS THAN \$1.2 MILLION IN OVERHEAD  
19 FUNDING, PORTION BEING -- GENERAL OVERHEAD PORTION  
20 BEING RESEARCH OVERSIGHT. SO THAT WOULD BE AN  
21 AUGMENTATION OF SOURCES, BUT THE INTENT, PHIL, WAS TO  
22 START WITH THE MOST CONSERVATIVE POSITION POSSIBLE AND  
23 THEN THERE'S AN INTERMEDIATE CASE.

24 DR. PIZZO: RIGHT. I NOTICE THAT. I SEE  
25 ALTERNATIVE 2 THAT INCLUDES THAT.

1 DR. HALL: THAT'S RIGHT. NOW, LET ME JUST  
2 POINT OUT THAT I THINK WALTER SAID THAT THIS SHOULD BE  
3 REGARDED AS A PROGRESSIVE BUDGET; AND THAT IF WE DO  
4 THAT, THAT WILL GIVE US A COUPLE MONTHS MORE LIFE, BUT  
5 NOT MORE THAN THAT. SO WE WILL HAVE TO CONTINUALLY  
6 EVALUATE AS WE GO ALONG AND SEE WHERE WE ARE AND MAKE  
7 JUDGMENTS ABOUT IT. BUT THE NICE THING ABOUT THIS IS  
8 THAT WE HAVE OUR THREE TRACKS, IN ESSENCE, WHICH WE'RE  
9 DEVELOPING OVER THE YEAR, AND THE POINT IS WE SHOULD BE  
10 ABLE TO MOVE BACK AND FORTH BETWEEN THEM. BUT THESE  
11 ARE OUR PREDETERMINED TIMES OF ESTIMATE FOR HOW ARE WE  
12 DOING AND WHAT ARE OUR PROSPECTS.

13 MR. KLEIN: THE NATURAL PROGRESSION OF ZACH'S  
14 STATEMENT IS THAT AFTER THE TRAINING GRANTS WITH A  
15 PROVEN ABILITY TO FUND TRAINING GRANTS, WE RUN TO THE  
16 BAN PROGRAM, FOR EXAMPLE, FOR SEED MONEY, THAT THOSE  
17 BAN'S WOULD THEN GIVE US MORE OVERHEAD FUNDS, AND WE  
18 PROGRESSIVELY INTEGRATE THOSE BUDGETS WITH REPORTS AND  
19 PARTICIPATION OF THE GOVERNANCE COMMITTEE IN HOW TO  
20 MODEL THOSE ADJUSTMENTS. IS THAT ACCURATE, ZACH?

21 DR. HALL: YES, IT IS. PHIL, LET ME JUST SAY  
22 THE OTHER POINT IS THAT IF WE HAVE, LET'S CALL IT, A  
23 DELAY IN GETTING THE FUNDING IN, WE FEEL IT'S VERY  
24 IMPORTANT THAT, TO THE EXTENT POSSIBLE, WE TRY TO  
25 CONTINUE WITH OUR STRATEGIC PLANNING SO THAT WHEN THE

1 MONEY DOES COME, WE ARE PREPARED FOR IT. AND SO FOR  
2 THAT REASON, OUR CONFERENCE WE VERY MUCH WANT TO GO  
3 FORWARD WITH, AND THEN WE WILL DISCUSS AND WORK OUT  
4 STRATEGIC PLANNING ACTIVITIES THAT ARE IN PART  
5 DEPENDENT UPON OUR BUDGET, BUT WE DON'T WANT TO GIVE  
6 THAT UP ENTIRELY. THAT IS, WE DON'T WANT TO BEHAVE AS  
7 IF WE'RE NEVER GOING TO GET MONEY AGAIN.

8 SO WE ARE TRYING TO BALANCE ON THE ONE HAND  
9 BEING ECONOMICAL WITH ON THE OTHER BEING PREPARED  
10 SHOULD A REASONABLY OPTIMISTIC SCENARIO PREVAIL.

11 DR. MEYER: ZACH, WE HAVE HERE THREE FINITE  
12 PLANS, SORT OF NO MONEY, 21 MILLION, OR A HUNDRED  
13 MILLION. LET'S SAY BOB'S FUND-RAISING EFFORTS ARE  
14 SUCCESSFUL AND YOU GET 5 OR 10 OR 15 AND IT FALLS  
15 SOMEWHERE IN BETWEEN THESE INDIVIDUAL MILESTONES. THE  
16 PLAN WOULD BE JUST SORT OF TO PLAY IT BY EAR AT THAT  
17 POINT?

18 DR. HALL: RIGHT.

19 MR. KLEIN: AND IT'S IMPORTANT TO NOTE THAT  
20 EVEN THOUGH WE HAVE AT THIS POINT A SUCCESSFUL HISTORY  
21 WITH A MAJOR OUTSIDE CONTRIBUTOR AS VERSUS THE BOND  
22 ANTICIPATION NOTES, BUT AN ACTUAL CONTRIBUTOR FROM THE  
23 DOLBY FAMILY FOR \$5 MILLION, WHICH IS SIGNIFICANT,  
24 WHICH WE'RE VERY APPRECIATIVE OF, ZACH AND I AND WALTER  
25 AND ED PENHOET MADE A VERY CLEAR DECISION WE WOULD NOT

1       DEPEND UPON ANY CONTRIBUTIONS.   SO WE HAVE IT.   THE  
2       BUDGET'S SET UP NOT ASSUMING WE WON'T HAVE ADDITIONAL  
3       CHARITABLE CONTRIBUTIONS, BUT CERTAINLY THAT'S AN  
4       ADDITIONAL OPTION THAT CAN AUGMENT THE BAN SALE AS  
5       WELL.

6                   DR. HALL:   LET ME JUST ADD AS AN ADDENDUM TO  
7       THE REPLY TO DAVID.   WHAT'S IMPLIED IN THAT ANSWER,  
8       DAVID, WE DON'T INTEND TO GIVE OUT \$5 MILLION.   WE'RE  
9       NOT GOING TO BREAK UP THE TRAINING GRANTS PROGRAM TO  
10      SAY, OKAY, WE'VE APPROVED 15 MILLION.   LET'S AWARD THE  
11      TOP THREE AND THEN WE'LL WAIT AND SEE IF WE HAVE SOME  
12      MORE MONEY AND AWARD THE NEXT.   WE'RE NOT GOING TO DO  
13      THAT.   SO IF WE HAVE THAT SMALL AMOUNT OF MONEY, IN  
14      ESSENCE, ALL THAT MEANS IS WE HAVEN'T HIT OUR FIRST  
15      BENCHMARK.   AND WE NEED TO HIT THE FIRST BENCHMARK  
16      BEFORE WE CHANGE OUR BUDGET BEHAVIOR.

17                   CHAIRPERSON LANSING:   I FEEL OBLIGATED TO ASK  
18      THIS QUESTION, THOUGH I THINK I KNOW THE ANSWER.  
19      BECAUSE THE FIRST ONE THAT YOU'RE PRESENTING IS  
20      OBVIOUSLY THE WORST-CASE SCENARIO, DO YOU FEEL THAT  
21      THIS IS THE TIGHTEST BUDGET THAT WE COULD LIVE WITH?

22                   MR. BARNES:   YES.   THERE ARE OBVIOUSLY SOME  
23      THINGS THAT ARE BASED ON ESTIMATES, LIKE WHEN WE WOULD  
24      HIRE THE THREE PEOPLE AND THINGS LIKE THAT THAT COULD  
25      CHANGE IT, BUT I THINK IT'S FAIRLY CLOSE.   THIS IS

1       BASICALLY WHAT WE CAN GET THROUGH.

2                   DR. HALL:   WHAT WE'RE DOING FOR THE MOMENT,  
3       SHERRY, IS BALANCING OUR NEED TO BE ECONOMICAL WITH OUR  
4       NEED TO BE PREPARED IN CASE WE DO GET MONEY, AND THAT  
5       WILL BE EVALUATED AT THE END OF THE YEAR AT THAT POINT.  
6       SO THAT'S SORT OF THE POINT AT WHICH WE SAY WE START  
7       ADJUSTING OUR OWN PROTEIN.   THAT IS, IF BY THE END OF  
8       THE YEAR, WE DON'T HAVE MONEY AND SAY, GEE, THIS MAY GO  
9       ON FOR ANOTHER SIX MONTHS, THEN WE HAVE TO TIGHTEN UP  
10      FURTHER AND SAY, WELL, WE'RE JUST NOT GOING TO BE AS  
11      PREPARED.   WE'LL SACRIFICE THAT IN ORDER TO STAY ALIVE.

12                  CHAIRPERSON LANSING:   WE MUST STAY ALIVE.   WE  
13      WILL PREVAIL, BUT NOTHING WOULD BE WORSE.   THAT WOULD  
14      BE A DISASTER.

15                  DR. HALL:   WE'LL KEEP REDEFINING OUR CORE  
16      FUNCTIONS UNDER THAT SCENARIO.   AS TIMES GET MORE AND  
17      MORE DIFFICULT, WE WILL JETTISON, BUT WE WILL STAY  
18      ALIVE.   THAT'S EXACTLY THE IDEA.   FOR THOSE OF US  
19      WHO'VE HAD START-UP EXPERIENCE, THIS IS NOT AN  
20      UNFAMILIAR MODE OF THINKING.   JUST HAVE TO WORRY WHEN  
21      IT'S GOING TO GO AND THEN JUST START CUTTING DOWN.

22                  DR. PIZZO:   SHERRY, THIS IS PHIL   CAN I MAKE  
23      A COMMENT?

24                  CHAIRPERSON LANSING:   YES.   AND THEN WE'LL GO  
25      AROUND TO EVERYBODY.

1 DR. PIZZO: I THINK WE'VE -- FIRST OF ALL, I  
2 THINK FRAMING THE BUDGET PROPOSAL THIS WAY MAKES A LOT  
3 OF SENSE. AND I HAVE TO AGREE WITH THE WAY ZACH AND  
4 OTHERS HAVE COMMENTED ON THIS, THAT I THINK WE SHOULD  
5 BE REASONABLY FRONT-LOADING IN ANTICIPATING THAT WE'RE  
6 GOING TO BE SUCCESSFUL BECAUSE IF WE STOP DOING THAT,  
7 WE WILL REALLY MISS THE OPPORTUNITIES WHEN FUNDING  
8 ARISES.

9 THAT SAID, FROM A PUBLIC RELATIONS POINT OF  
10 VIEW, AND I THINK, SHERRY, THIS IS WHAT YOU'VE BEEN  
11 TOUCHING ON, THE WORST NIGHTMARE IS THAT WE WIND UP  
12 WITH OPTION 1 BECAUSE WE DON'T REALLY ACHIEVE A LIFE  
13 UNTIL WE HIT AT LEAST OPTION 2 AND WE'VE FUNDED  
14 SOMETHING. SO IT SEEMS TO ME THAT PART OF THE STRATEGY  
15 SURROUNDING THIS HAS TO BE A VERY THOUGHTFUL  
16 COMMUNICATIONS PLAN SO THAT WE'RE BEING PROACTIVE AND  
17 NOT BEING ACCUSED OF FAILING IN WHAT IS OBVIOUSLY THE  
18 PRIMARY SET OF GOALS THAT WE HAVE, WHICH IS TO AT LEAST  
19 GET TO ALTERNATIVE 2 AND THEN BEYOND THAT.

20 CHAIRPERSON LANSING: I AGREE. ZACH AND  
21 WALTER HAVE ASKED THAT BEFORE WE GO AROUND AND GET  
22 COMMENTS, WE HEAR BUDGET NO. 2 AND 3 SO THAT THEY CAN  
23 EXPLAIN IT SO WE CAN TALK ABOUT IT.

24 MR. BARNES: SO THAT'S ALTERNATIVE 1.  
25 BASICALLY IF WE DON'T GET ANY MORE FUNDING, WE'LL HAVE

1 TO DO BELT TIGHTENING BEGINNING IN JANUARY. THERE  
2 WON'T BE ANY GRANTS GIVEN OUT DURING THE FISCAL YEAR,  
3 BUT WE'D START MAKING SOME MOVEMENT TOWARDS OUR GRANTS  
4 PROGRAMS THROUGH SOME OF THE WORK GROUPS AND BY  
5 STARTING TO WORK ON OUR GRANTS TECHNOLOGY.

6 UNDER ALTERNATIVE 2, AND ALTERNATIVE 2 WAS  
7 KIND OF DEVELOPED WITH THE IDEA OF THE TRAINING GRANTS  
8 IN MIND. HOW MUCH MONEY IS NEEDED TO FUND THOSE  
9 TRAINING GRANTS? AND THEN SORT OF BACKING INTO IT IN  
10 TERMS OF HOW MUCH MONEY OVERALL DO WE NEED TO BE ABLE  
11 TO PROVIDE THOSE TRAINING GRANTS? AND SO YOU CAN SEE  
12 THAT THE ASSUMPTION ON FUNDING AT THE TOP IS, AGAIN,  
13 THE SAME THREE MILLION GENERAL FUND, THE FIVE MILLION  
14 DOLBY GRANT, PLUS WHAT WE'VE ENTERED INTO HERE IS THE  
15 ASSUMPTION THAT THERE WOULD BE 21.5 MILLION OF PROCEEDS  
16 COMING IN FROM THE SALE OF BAN'S, OR BOND ANTICIPATION  
17 NOTES.

18 UNDER THIS PROGRAM YOU EXPECT THAT THE BAN  
19 MONEY GETS DIVIDED UP IN A NUMBER OF DIFFERENT WAYS.  
20 FIRST OFF, THERE ARE COSTS ASSOCIATED WITH THE  
21 ISSUANCE. SO THE ISSUANCE COSTS AND THE CAPITALIZED  
22 INTEREST COST ASSOCIATED WITH THE ISSUANCE OF THESE  
23 BONDS, IF YOU SEE IN FOOTNOTE 3, IS ABOUT 3.9 MILLION.  
24 THAT'S AN ESTIMATE ON OUR PART. THAT COMES OFF THE  
25 TOP. IN ADDITION, THE 5.8 PERCENT OF FUNDING, AS BOB

1 SAID, GOES IN TO HELP OUR STATE OPERATIONS, WHICH IS  
2 1.247, SO THAT MONEY GOES UP THERE. AND WHAT IT LEAVES  
3 US WITH IS BOND PROCEEDS AVAILABLE FOR ISSUANCE AS  
4 GRANTS OF 16,353,000, WHICH IS MORE THAN ENOUGH TO  
5 ADDRESS WHAT WE'VE HEARD AS THE ESTIMATE ON THE  
6 TRAINING GRANTS OF 15.6 MILLION.

7 NOW, SINCE WE'RE TALKING ABOUT ISSUING GRANTS  
8 HERE, WE HAVE TO START THINKING ABOUT WHAT ARE WE GOING  
9 TO DO IN OUR BUDGET, OUR OPERATIONAL BUDGET, TO MAKE  
10 SURE THAT WE CAN OVERSEE THOSE GRANTS AND GET THE MOST  
11 OUT OF THEM. AND SO THERE ARE SOME ASSUMPTIONS ABOUT  
12 CHANGES TO THE PRIOR EXPENDITURES IN THE PRIOR BUDGET.  
13 UNDER THIS ONE WE'RE ASSUMING THAT THERE'S GOING TO BE  
14 22 PERSONS EMPLOYED BY CIRM. THE TWO ADDITIONAL  
15 PERSONS WILL BE HIRED BY THE 1ST OF OCTOBER, AND THESE  
16 WOULD BOTH BE DIRECTED AT GRANTS MANAGEMENT ACTIVITY,  
17 THE GRANTS TECHNICAL ASSISTANT AND THE GRANTS  
18 MANAGEMENT OFFICER.

19 IN ADDITION, THERE WOULD BE SOME CHANGES WITH  
20 REGARD TO THE OPERATING EXPENSE AND EQUIPMENT. THE  
21 FIRST CHANGE UNDER EXTERNAL CONTRACTS IS THAT WE HAVE  
22 BUDGETED \$250,000, WHICH WOULD BE USED TO ACQUIRE  
23 SERVICES TO ASSIST CIRM IN DEVELOPING A STRATEGIC PLAN.  
24 THIS IS SOMETHING THAT, AGAIN, THIS GOVERNANCE  
25 COMMITTEE AND THE ICOC HAS BEEN ASKING US TO DO, AND WE



1 FEEL THAT WE'LL NEED SOME OUTSIDE HELP TO DO THIS. SO  
2 ESSENTIALLY WE'RE PUTTING THIS IN AT THIS POINT. WE  
3 DON'T ACTUALLY HAVE A CONTRACTOR. WE HAVEN'T STARTED  
4 THE WORK OF EVEN LOOKING FOR IT, BUT BASICALLY, BASED  
5 ON OUR OWN PRIOR EXPERIENCES IN DEALING WITH OUTSIDE  
6 CONTRACTORS FOR SIMILAR TYPES OF THINGS, WE THINK  
7 \$250,000 IS AN APPROPRIATE LEVEL.

8 AS FOR THE MEETINGS AND CONFERENCES, THE  
9 SCIENCE PEOPLE HAVE INDICATED THAT THEY WOULD LIKE TO  
10 TRY AND HOLD SOME WHAT THEY CALL SCIENCE PROJECT  
11 MEETINGS. THESE WOULD BE MEETINGS WHERE THERE WOULD BE  
12 SMALL GROUPS OF SCIENTISTS CALLED TOGETHER TO SIT DOWN  
13 AND HELP THEM THINK THROUGH SOME OF THE ISSUES AND  
14 PROBLEMS ASSOCIATED WITH THE GRANTS PROGRAM. WE  
15 BUDGETED FOR SIX OF THOSE AT \$15,000 PER MEETING.

16 FOR THE WORKING GROUPS WE'VE ADDED ONE  
17 ADDITIONAL GRANTS WORK GROUP TO BE HELD, THE  
18 EXPECTATION BEING THAT WE'VE GOT ONE GRANT OUT THE  
19 DOOR. WE SHOULD START PLANNING FOR ISSUING ANOTHER SET  
20 OF GRANTS AS WELL. AND THEN BASICALLY INCREASES IN THE  
21 OTHER CATEGORIES TO ADDRESS THE EXPENDITURES FOR THE  
22 NEW STAFF. AND THOSE ARE THE MAJOR CHANGES FROM THE  
23 PREVIOUS BUDGET TO THIS ONE.

24 NOW, WHAT IT SHOWS ON THE CHART THAT I GAVE  
25 YOU THAT GOES ALONG WITH THIS IS THAT WE CAN GET

1 THROUGH THE FISCAL YEAR WITH ALL OF THESE NEW  
2 EXPENDITURES. WE ALSO HAVE THE \$15.6 MILLION IN GRANTS  
3 THAT WILL BE PAID FOR. WE WILL HAVE STARTED WORK ON A  
4 STRATEGIC PLAN, AND THE CIRM WOULD BEGIN WORK ON  
5 ANNOUNCING A SECOND ROUND OF GRANTS AND DEVELOPING  
6 RECOMMENDATIONS FOR MOVING FORWARD.

7 CHAIRPERSON LANSING: WALTER, I THINK -- AND  
8 I KNOW WE SAID TO DO THIS, BUT I THINK I'M NOT  
9 UNDERSTANDING IT, AND THAT'S YOUR STRATEGIC PLAN. TELL  
10 US WHAT THAT'S GOING TO BE SO I UNDERSTAND IT A LITTLE  
11 BETTER.

12 DR. HALL: LET ME SPEAK TO THAT. SO WE ARE  
13 CHARGED WITH SPENDING \$3 BILLION TO GET THIS HUGE  
14 PROJECT GOING. I TALKED ABOUT THIS AT THE ICOC IN THE  
15 CLOSED SESSION LAST TIME. AND THE QUESTION IS IT'S NOT  
16 JUST ENOUGH TO SAY LET'S PUT OUT SOME RFA'S AND LET  
17 PEOPLE COME IN. WE NEED TO THINK ABOUT DO WE NEED TO  
18 SET UP BANKS? DO WE NEED TO SET UP STATEWIDE  
19 REGISTRIES? DO WE NEED TO HAVE AN SCNT PRODUCTION  
20 CENTER? HOW MUCH OF OUR BUDGET ARE WE GOING -- FIRST  
21 OF ALL, WHAT ARE OUR SCIENTIFIC OBJECTIVES? AND THEN  
22 HOW DO WE DESIGN A BUDGET TO ACCOMPLISH THESE AIMS?  
23 AND ALSO, WE NEED TO THEN TIE THAT INTO THE FINANCIAL  
24 PLAN SO THAT WE HAVE THE APPROPRIATE AMOUNT OF MONEY AT  
25 THE APPROPRIATE AMOUNT OF TIME. IT MAKES NO SENSE

1 OBVIOUSLY TO SPEND MONEY FOR BUILDINGS IN YEARS EIGHT  
2 OR NINE OR TO START TRAINING GRANTS THEN. WE WANT TO  
3 DIFFERENTIATE BETWEEN THE THINGS THAT WE NEED EARLY ON  
4 AND THE MIDDLE AND LATE.

5 IN ORDER TO -- THIS IS A HUGE ISSUE FOR HOW  
6 WE WILL SORT OF PROCEED TO SPEND OUR MONEY TO  
7 ACCOMPLISH THESE AIMS. AND THE SCIENTIFIC MEETING IS  
8 THE FIRST STEP, BUT WE ALSO WILL WANT TO, WE THINK,  
9 CONSULT A NUMBER OF OTHER GROUPS. WE WANT TO BRING  
10 PATIENT ADVOCATES INTO THE PROCESS. WE WANT TO HEAR  
11 FROM THE PRIVATE SECTOR MAYBE. WE MAY HAVE SOME IP  
12 ISSUES THAT WE NEED TO RESOLVE IN AND AROUND THAT. SO  
13 IN ORDER TO PUT ALL OF THIS INTO A COHERENT PLAN THAT  
14 LOOKS FORWARD, I MEAN RIGHT NOW WE'RE LOOKING FOR ONE  
15 GRANT CYCLE. IF WE CAN GET THE MONEY FOR THIS, THEN WE  
16 GET ONE MORE, AND WHAT WE REALLY WANT TO DO IS SAY,  
17 NOW, WHAT DO WE EXPECT TO DO OVER THE NEXT FIVE YEARS?  
18 HOW ARE WE GOING TO DO THIS?

19 AND SO THAT IS A PLANNING PROCESS THAT WILL  
20 BE QUITE COMPLICATED. IT WILL BE VERY -- WE'LL HAVE  
21 VERY CLOSE PUBLIC ATTENTION PAID TO IT. AND SO IT IS  
22 SOMETHING WE'LL HAVE TO DO CAREFULLY AND THOUGHTFULLY  
23 AND ALMOST ALWAYS -- PARTICULARLY WITH OUR LIMITS ON  
24 STAFF, THERE'S NO WAY THAT OUR CURRENT STAFF COULD RUN  
25 THIS. AND WE WOULD ALMOST CERTAINLY HAVE TO CONTRACT

1 WITH OUTSIDE PEOPLE TO HELP US WITH IT AND TO SPONSOR  
2 SOME ANCILLARY MEETINGS.

3 SO THAT'S -- THE IDEA IS IF WE CAN GET  
4 THAT -- THIS IS A STATEMENT OF OPTIMISM, THAT WE CAN  
5 GET THAT FIRST BOLUS OF MONEY IN, WE NOW HAVE A GRANTS  
6 PROGRAM. THEN WE ARE CONFIDENT AND FEEL THAT AFTER WE  
7 GET AN INITIAL GIFT, THEN THE NEXT -- IT WILL BE EASIER  
8 PAST THAT TIME. DON'T FORGET, ALSO OUR LEGAL SITUATION  
9 WILL BE BECOMING MORE AND MORE CLARIFIED WITH TIME. SO  
10 THE EXPECTATION IS THAT IF WE GET THAT FIRST BOLUS,  
11 THIS IS THE FIRST STEP, AND THEN WE NEED TO START WITH  
12 THIS PLAN.

13 WHAT WE CAN'T DO IS WAIT UNTIL WE GET A  
14 HUNDRED MILLION AND NOW SAY, WELL, OKAY. NOW LET'S  
15 TAKE A NINE-MONTH PLANNING PROCESS. WE NEED TO BE  
16 READY FOR IT. SO OUR VIEW IS THAT IF WE GET THAT FIRST  
17 BOLUS, THAT THAT'S SUFFICIENTLY ENCOURAGING THAT WE NOW  
18 CAN SAY, ALL RIGHT, SORT OF PLANNING AHEAD ONE LITTLE  
19 BUMP AT A TIME, WHAT ARE WE GOING TO DO?

20 CHAIRPERSON LANSING: I TOTALLY UNDERSTAND.  
21 I GUESS MY IMMEDIATE REACTION IS THE NUMBER. IT JUST  
22 IS A BIG NUMBER. AND I GUESS -- AGAIN, I DON'T KNOW  
23 HOW IT BREAKS OUT. I'M SURE YOU ARE CORRECT, BUT THAT  
24 NUMBER JUST GRABBED ME.

25 AND THE SECOND THING IS IS THAT SOME OF THE

1 STRATEGIC PLANS AND STUFF ARE COMING INTO  
2 SUBCOMMITTEES, AS YOU LISTEN TO WHAT PEOPLE SAY.  
3 COMING TO YOU, I DO TOTALLY AGREE YOU NEED OUTSIDE  
4 PEOPLE AND YOU NEED OUTSIDE HELP. IT'S JUST A QUARTER  
5 OF A MILLION DOLLARS SEEMS HIGH TO ME. MAYBE IT ISN'T.

6 DR. HALL: YOU CAN IMAGINE THAT WE WILL HAVE  
7 MORE THAN ONE MEETING TO BRING IN PEOPLE TO FIGURE IT  
8 OUT. AND WE MAY HAVE SOME VERY SPECIALIZED PROBLEMS.  
9 I MEAN WHAT ARE WE GOING TO DO ABOUT FDA? OR WHAT ARE  
10 WE GOING TO DO ABOUT THIS? AND SO WE WILL WANT TO  
11 ASSEMBLE SOME PEOPLE. HOW ARE WE GOING TO MAKE THE  
12 TRANSITION FROM THE LABORATORY INTO THE CLINIC? HOW  
13 ARE THESE THINGS GOING TO BE COORDINATED, SCHEDULED?

14 CHAIRPERSON LANSING: I HEAR YOU.

15 DR. HALL: SO IT'S NOT JUST THAT WE'RE GOING  
16 TO HIRE MCKINSEY AND SAY HERE'S \$250,000. GIVE US A  
17 STRATEGIC PLAN. BUT IT INCLUDES MONEY THAT WE WILL  
18 NECESSARILY HAVE TO PAY, I THINK, TO CONSULTANTS TO  
19 HELP US WITH IT, AND THEN ALSO MONEY THAT WILL PROVIDE  
20 FOR THESE MEETINGS. SO AS I THINK I SAID, I SEE IT AS  
21 ONE OF THE GREAT CHALLENGES OF THE NEXT NINE MONTHS OF  
22 THIS ORGANIZATION. THE TWO THINGS ARE TO GET US FROM  
23 ADMINISTRATION INTO SCIENCE AND THEN TO HAVE A  
24 STRATEGIC PLAN SO THAT WE REALLY HAVE A ROAD MAP, IF  
25 YOU WILL.

1 CHAIRPERSON LANSING: I AGREE WITH YOU. I'M  
2 ENCOURAGED WITH WHAT YOU ARE SAYING IS THAT WE'RE NOT  
3 GOING TO HIRE MCKINSEY AND GIVE THEM 200. THAT'S THE  
4 WAY -- THAT'S WHAT I WAS ASKING.

5 MR. KLEIN: SHERRY, I DON'T KNOW IF COMMENTS  
6 ARE IN ORDER, BUT I THINK THAT ACTUALLY FOR THE SCALE  
7 OF THE PROBLEM AND THE COMPLEXITY, THE 250,000 WILL  
8 HELP US BUILD A GOOD FUNDAMENTAL STRATEGIC PLAN, BUT  
9 WE'LL HAVE TO CONTINUE TO REFINE IT OVER TIME. IT WILL  
10 BE AN ONGOING EFFORT BECAUSE REALLY FOCUSING THIS MONEY  
11 IS CRITICAL TO EFFECTIVENESS, AND WE'LL NEED TO HAVE  
12 SOME EXTRAORDINARY INPUT. ARE WE AT A POINT WHERE --

13 CHAIRPERSON LANSING: I JUST WANT TO ASK ON  
14 BUDGET 2 I HAD A QUESTION. ANY OTHER QUESTIONS FROM  
15 THE BOARD AT CEDARS?

16 DR. STEWARD: THIS IS OSSIE DOWN AT IRVINE.  
17 COULD I ASK A QUESTION?

18 CHAIRPERSON LANSING: I'M SORRY. WE'LL GO  
19 AROUND. CAN YOU IDENTIFY YOURSELF? I CAN'T HEAR YOU.

20 DR. STEWARD: THIS IS OS STEWARD AT IRVINE.

21 CHAIRPERSON LANSING: IRVINE NEXT. GO AHEAD.

22 DR. STEWARD: I'M PROBABLY JUST MISSING  
23 SOMETHING, BUT WE WENT THROUGH BUDGET 1, AND THE SORT  
24 OF BOTTOM LINE OF THAT WAS AT THE END OF THE YEAR, WE'D  
25 BE IN THE RED \$568,000. BUT THEN WHEN WE LOOK AT

1 BUDGET 2, THE PROJECTION IS FOR A POSITIVE BALANCE OF  
2 MILLION THREE FIFTY. I JUST DON'T UNDERSTAND IT. I  
3 MUST BE MISSING SOMETHING.

4 MR. BARNES: I'M NOT SURE WHERE YOU'RE COMING  
5 UP WITH THE MILLION THREE FIFTY.

6 DR. STEWARD: THIS IS IN THE YEAR-END  
7 FINANCIAL STATEMENT ON THAT --

8 MR. BARNES: THAT'S ACTUALLY LAST YEAR'S  
9 FINANCIAL STATEMENT.

10 CHAIRPERSON LANSING: IT'S 835. IT'S THE  
11 NEXT COLUMN.

12 MR. BARNES: THAT 130, THAT 1350 FROM LAST  
13 YEAR THAT ENDED JUNE 30TH GOES UP AND IS NOW AVAILBLE  
14 FOR THE CURRENT BUDGET YEAR.

15 DR. STEWARD: THEN THAT STILL LEAVES ME  
16 PUZZLED AT WHAT'S THE DIFFERENCE BETWEEN THAT 835 IN  
17 THE POSITIVE AND THE 568 IN THE NEGATIVE IN THE  
18 PROJECTION FROM BUDGET 1.

19 MR. BARNES: BASICALLY THE MAJOR CHANGE IS  
20 THE 1.247 MILLION THAT WOULD BE AVAILBLE TO PROVIDE  
21 ADMINISTRATIVE COST WOULD COME FROM THE 21.5 MILLION.

22 MR. KLEIN: OS, WHAT YOU'RE CONFUSING IS HE'S  
23 THINKING THAT YOU'VE -- OS, I THINK YOU'RE THINKING YOU  
24 HAVE A NEGATIVE CARRY-OVER BALANCE.

25 DR. STEWARD: EXACTLY.

1                   MR. KLEIN: WELL, IN THE 2004-2005 YEAR, IN  
2 EACH CASE, YOU'VE GOT A MILLION THREE FIFTY AT THE END  
3 OF THE YEAR. YOU SEE THE FIRST LEFT-HAND COLUMN? SO  
4 THE SECOND -- UNDER THE SECOND BUDGET ASSUMPTION, HE'S  
5 TOTALLY RECONSTRUCTED YEAR 2005-6 SO ALL OF THE COSTS  
6 THAT ENDED UP WITH A 568 NEGATIVE ARE INCLUDED IN THAT,  
7 BUT YOU HAVE NEW SOURCES. SO IT IS A NEW RESULT FOR  
8 THAT YEAR BASED UPON THE NEW SOURCES IS WHAT WALTER IS  
9 SAYING.

10                   MR. BARNES: RIGHT. YOUR EXPENDITURES GO UP,  
11 BUT YOU HAVE MORE MONEY, AND IT COVERS BOTH THE DEFICIT  
12 AS WELL AS THE ADDITIONAL EXPENDITURES THAT I TALKED  
13 ABOUT.

14                   DR. HALL: THE TOTAL EXPENDITURES, OSSIE,  
15 DON'T GO UP THAT MUCH, ALTHOUGH WE'VE ADDED SOME  
16 FUNCTIONS. JUST LOOK AT HALFWAY DOWN THE PAGE, TOTAL  
17 OPERATIONS EXPENDITURES, IT GOES UP A HALF MILLION  
18 DOLLARS.

19                   DR. STEWARD: YEAH. I DON'T MEAN --

20                   MR. KLEIN: THE SOURCES HAVE GONE UP  
21 APPROXIMATELY A MILLION TWO, SO IT'S SUFFICIENT TO  
22 OFFSET THE INCREASE IN EXPENDITURES PLUS WHAT WOULD  
23 HAVE BEEN A DEFICIT. WITH US, OS?

24                   DR. STEWARD: YEAH, I THINK SO.

25                   MR. KLEIN: THE MILLION TWO IN ADDITIONAL



1 SOURCES, BUT YOU ONLY HAVE ROUGHLY A HALF MILLION BY  
2 ZACH'S ESTIMATE OF ADDITIONAL EXPENDITURES, SO YOU CAN  
3 COVER YOUR ADDITIONAL EXPENDITURES PLUS WHAT WOULD HAVE  
4 BEEN A DEFICIT.

5 DR. STEWARD: SO JUST TO CLEAR. THAT A  
6 MILLION TWO IS IN ADDITION TO THE 16,353 BOND PROCEEDS  
7 THAT SHOWS UP ABOUT TWO-THIRDS OF THE WAY DOWN THE  
8 PAGE?

9 MR. BARNES: YES.

10 DR. STEWARD: OR IS THAT INCLUDED WITHIN?

11 MR. BARNES: YES. THE BOND PROCEEDS, IF YOU  
12 RECALL, GET DIVIDED UP BETWEEN A CERTAIN AMOUNT WHICH  
13 WE'VE ESTIMATED ABOUT 5.8 PERCENT OF THE BOND PROCEEDS  
14 ARE AVAILABLE TO US FOR ADMINISTRATIVE EXPENSES.

15 DR. STEWARD: I SEE. GOOD. I'M CLEAR NOW.  
16 SORRY.

17 CHAIRPERSON LANSING: ANY MORE FROM IRVINE?  
18 STANFORD?

19 DR. PIZZO: NO.

20 CHAIRPERSON LANSING: UCLA?

21 DR. FONTANA: NO.

22 CHAIRPERSON LANSING: UC DAVIS?

23 DR. POMEROY: THIS IS CLAIRE. JUST A COUPLE  
24 OF COMMENTS. WALTER, ON PLAN 1, JUST TO CLARIFY THAT  
25 THERE'S A MISSTATEMENT. THE WORKSHOP -- THE WORK

1 GROUPS ARE ACTUALLY 259,000. AND THAT'S SHOWN  
2 CORRECTLY ON THE ACCOUNTING SHEET, BUT INCORRECTLY ON  
3 THE WRITTEN MATERIAL. THE 331 IS INCORRECT, RIGHT?

4 MR. KLEIN: THE 331 IS TOTAL MEETINGS AND  
5 CONFERENCES.

6 DR. POMEROY: AND YOU HAVE IT LISTED AS WORK  
7 GROUPS ON THE FIRST PAGE, SO THAT SHOULD BE CHANGED TO  
8 THE 259.

9 MR. BARNES: YES, YOU'RE RIGHT. CHANGE THAT  
10 AROUND.

11 DR. POMEROY: SECOND COMMENT IS THAT I WOULD  
12 LIKE TO STRONGLY SUPPORT ALLOCATION OF FUNDS FOR  
13 STRATEGIC PLANNING. I ACTUALLY THINK THAT 250,000 IS  
14 NOT THAT MUCH MONEY FOR ENSURING THAT ALL OF OUR  
15 CONSTITUENCIES HAVE INPUT INTO A PROPER STRATEGIC  
16 PLANNING PROCESS. AND I THINK A GOOD STRATEGIC PLAN  
17 WHERE WE OUTLINE OUR APPROACH TO WHAT -- HOW WE WANT TO  
18 DO THIS PROPERLY IS ABSOLUTELY THE THING THAT WE SHOULD  
19 BE CONCENTRATING ON, ESPECIALLY IF WE HAVE A LITTLE BIT  
20 OF TIME BEFORE WE HAVE MONEY TO DISTRIBUTE.

21 AND THEN I WONDER IF I COULD GET  
22 CLARIFICATION. WE'VE ASKED AT SEVERAL PREVIOUS ICOC  
23 MEETINGS TO BRING IN OUR BOND COUNSEL TO GET AN  
24 EXPLANATION OF BONDS AND BOND ANTICIPATION NOTES AND  
25 TAX-EXEMPT VERSUS TAXABLE BONDS. AND I WONDER WHEN

1 THAT'S GOING TO BE ON THE AGENDA. WE WERE TOLD IT WAS  
2 GOING TO HAPPEN.

3 CHAIRPERSON LANSING: BOB'S GOING TO ANSWER  
4 THAT. HE'S JUST GETTING THE INFORMATION.

5 MR. KLEIN: THE ISSUE HAS BEEN THAT -- IT'S  
6 GOTTEN PUSHED OFF THE AGENDA BECAUSE OF OTHER  
7 OPERATIONAL ITEMS THAT HAVE BEEN ON THE AGENDA. BUT,  
8 YOU KNOW, WHEN -- WE COULD ACTUALLY, IF ANYONE WOULD  
9 LIKE TO, IS GET SOME WRITTEN MATERIALS DISTRIBUTED AND  
10 WE COULD SCHEDULE A SEPARATE MEETING, AN INFORMATIONAL  
11 MEETING, WHICH MIGHT BE BENEFICIAL, THAT WE BRING  
12 MEMBERS OF THE STATE TREASURER'S OFFICE, AS WELL AS THE  
13 ATTORNEY GENERAL'S OFFICE TOGETHER BECAUSE IT IS AN  
14 IMPORTANT TOPIC.

15 AND ONE OF THE PROBLEMS IS IS THAT TO PRESENT  
16 IT INTELLIGENTLY AND DEAL WITH TAX ISSUES AS WELL, IT'S  
17 AN HOUR AND A HALF OR TWO HOURS OF DETAILED  
18 INFORMATION, DANGER OF FRAGMENTED PRESENTATIONS, OR  
19 PRESENTATIONS THAT ARE TOO SUMMARY IN NATURE. IT  
20 LEAVES PEOPLE WITH INFORMATION THAT MIGHT LEAD THEM TO  
21 INCORRECT ASSUMPTIONS OR CONCLUSIONS.

22 BUT THE -- CLAIRE, LET ME WORK HERE WITH AMY  
23 DUROSS AND CALL YOU AND BOUNCE SOME IDEAS OFF OF YOU ON  
24 HOW WE CAN BEST GET THIS INFORMATION TO THE BOARD AND  
25 THE PUBLIC.

1 DR. POMEROY: OKAY.

2 CHAIRPERSON LANSING: ANYONE ELSE AT DAVIS?  
3 THANK YOU, CLAIRE. SALK?

4 DR. MURPHY: RICH MURPHY. I TOO, SHERRY, AM  
5 A LITTLE BIT TROUBLED BY THE 250 FOR STRATEGIC  
6 PLANNING. THAT NUMBER MAY BE RIGHT. I DON'T HAVE A  
7 SENSE OF THAT. BUT I GUESS, ZACH, AS WE BEGIN THE  
8 STRATEGIC PLANNING PROCESS, I WOULD LIKE TO LOOK INSIDE  
9 BEFORE WE LOOK OUTSIDE. WE'VE GOT A VERY TALENTED  
10 STAFF, WE'VE GOT A VERY TALENTED COMMUNITY OF STEM CELL  
11 PEOPLE WHO I THINK COULD BE INVALUABLE IN HELPING US  
12 LOOK AT A STRATEGIC PLAN AND DO SO WITHOUT REALLY BEING  
13 IN CONFLICT BECAUSE WE'RE LOOKING AT THE LONG-TERM VIEW  
14 OF WHERE THE INSTITUTE IS GOING.

15 AND MY EXPERIENCE WITH OUTSIDE CONSULTANTS  
16 HAS BEEN MUCH LESS HOPEFUL THAT THEY WOULD GIVE US THE  
17 KIND OF CREATIVE, INSIGHTFUL DIRECTION, GUIDANCE THAT  
18 OUR OWN COMMUNITY COULD DO. WHEN I SAY OUR OWN  
19 COMMUNITY, I'M THINKING ABOUT THE EXTERNAL ADVISORS WHO  
20 ARE COMING IN AS WELL.

21 DR. HALL: RICH, THE POINT IS NOT THAT WE'RE  
22 GOING TO ASK THEM TO TELL US WHAT TO DO, BUT WE'RE  
23 GOING TO -- THEY WILL MANAGE THE PROCESS AND --

24 DR. MURPHY: WHO'S THEY?

25 DR. HALL: -- IT'S A TREMENDOUS AMOUNT OF

1 WORK. WE WILL HAVE, I THINK, MULTIPLE MEETINGS, WE'LL  
2 CONSULT WITH DIFFERENT PEOPLE, WE'LL NEED TO PUT ALL OF  
3 THIS INTO SOME FINAL DOCUMENT IN A COORDINATED WAY.  
4 WE'LL NEED TO BRING IT -- WE'LL NEED TO HAVE THAT  
5 DOCUMENT REVIEWED. THERE WILL BE UNDOUBTEDLY CHANGES.  
6 AND JUST TO HELP US KEEP TRACK OF ALL THAT AND TO  
7 ORGANIZE THAT AND TO PAY FOR THE DIFFERENT MEETINGS,  
8 EVEN IF WE CALL ON THE PEOPLE IN THE STATE, WE CAN'T DO  
9 IT BY E-MAIL. WE --

10 DR. MURPHY: I'M NOT DISAGREEING. I DON'T  
11 KNOW IF THE NUMBER IS RIGHT OR WRONG, BUT I --

12 DR. HALL: I AGREE WITH CLAIRE. I ACTUALLY  
13 THINK FOR A PROGRAM OF THIS SIZE, THAT'S PROBABLY A  
14 VERY BARE-BONES BUDGET FOR DOING IT. I THINK GIVEN OUR  
15 CIRCUMSTANCES, WE DIDN'T FEEL COMFORTABLE IN GOING IN  
16 FOR MORE. BUT I SUSPECT WHEN WE ACTUALLY TAKE A LOOK  
17 AT IT, THAT THAT WILL BE A PRETTY -- I DON'T THINK  
18 WE'RE GOING TO GO -- I DON'T THINK IT WILL TAKE HUGELY  
19 MORE THAN THAT, BUT I DON'T THINK THAT'S EXCESSIVE,  
20 QUITE HONESTLY.

21 DR. MURPHY: I'M NOT SAYING IT IS. AS I SAY,  
22 I DON'T KNOW IF THAT'S THE NUMBER, BUT I GUESS  
23 PHILOSOPHICALLY I WOULD RATHER LOOK TOWARDS THE  
24 STRENGTH WE HAVE INTERNALLY WITHIN OUR COMMUNITY THAT  
25 WE'RE PUTTING TOGETHER.

1 DR. HALL: ARE YOU GOING TO DONATE PERSONNEL  
2 TO US?

3 DR. MURPHY: I CERTAINLY WOULD -- I CERTAINLY  
4 WOULD KNOW THAT MY SCIENTISTS, IF ASKED, WOULD BE  
5 ABSOLUTELY WILLING TO PARTICIPATE IN MEETINGS TO HELP  
6 DESIGN A STRATEGIC PLAN.

7 DR. HALL: THE POINT IS THE MONEY -- WE HAVE  
8 OUR BIG MEETING OCTOBER 1ST AND 2D, AND OUR INTENT IS  
9 NOT TO REPLICATE THAT AGAIN AND AGAIN, BUT WE WILL HAVE  
10 THAT MEETING. WE HAVE SCIENTISTS FROM ALL OVER THE  
11 WORLD COMING, WE WILL HAVE CALIFORNIA REPRESENTATIVES,  
12 WE WILL COME OUT OF THAT WITH A PRODUCT, BUT THAT  
13 REALLY IS THE FIRST STEP, AS YOU KNOW. AS WE DO THESE  
14 OTHER THINGS, WE WILL CERTAINLY CALL ON YOUR  
15 SCIENTISTS, BUT JUST LOGISTICALLY PUTTING TOGETHER A  
16 MAJOR SCIENTIFICALLY STRATEGIC AND FINANCIAL PLAN AND  
17 HAVING THEM WORK TOGETHER FOR A BUDGET OF ALMOST \$3  
18 BILLION IS REALLY A MAJOR, MAJOR, MAJOR JOB.

19 DR. POMEROY: THIS IS CLAIRE POMEROY. IF I  
20 MIGHT JUST SAY, HAVING RECENTLY GONE THROUGH A  
21 STRATEGIC PLANNING PROCESS FOR MY OWN INSTITUTION, I  
22 ASSUMED, AND MAYBE ZACH CAN CLARIFY THIS, BUT I ASSUMED  
23 THAT THIS WAS FUNDS FOR THINGS LIKE FACILITATORS,  
24 RECORDERS, DOCUMENTERS, THE EXPENSES OF BRINGING IN  
25 COMMUNITY GROUPS TO GET THEIR INPUT, ALL OF THOSE KIND

1 OF THINGS.

2 DR. HALL: EXACTLY. ALSO, JUST THE WRITING  
3 AND THE RECORDING, SYNTHESIZING, TRYING TO PUT IT  
4 ALTOGETHER. YOU NEED PEOPLE TO RUN THESE THINGS, AND  
5 THIS IS MORE THAN ONE PERSON CAN DO. AND, YOU KNOW,  
6 THESE ORGANIZATIONS BRING SKILL TO THE PROCESS. I  
7 HAVEN'T HAD A LOT OF EXPERIENCE WITH STRATEGIC PLANS,  
8 BUT MY SENSE IS THIS IS A PRETTY REASONABLE BUDGET  
9 ESTIMATE.

10 LET ME JUST SAY THAT, BY THE WAY, OUR INTENT  
11 IS NOT TO GO OFF AND THEN COME BACK FIVE MONTHS LATER  
12 AND SAY, "AHA, LOOK AT OUR GREAT STRATEGIC PLAN. I  
13 HOPE YOU LIKE IT." WE WILL ACTUALLY PRESENT TO THE  
14 ICOC A PLAN FOR HOW WE PLAN TO DEVELOP THE PLAN.

15 CHAIRPERSON LANSING: THAT'S WHAT I WAS JUST  
16 GOING TO SAY.

17 DR. HALL: AND THEN OUR ESTIMATES WILL BECOME  
18 MORE REALISTIC, AND WE CAN TIE THESE COSTS TO REAL  
19 THINGS THAT WE INTEND TO DO. I THINK AT THAT POINT IF  
20 YOU WANT TO SAY, LOOK, I DON'T -- THIS SEEMS LIKE IT'S  
21 WASTEFUL IN THE FOLLOWING WAYS, I'D BE HAPPY, OR IF YOU  
22 SAY YOU DON'T NEED TO DO THAT MEETING OR THAT ASPECT OF  
23 IT, THEN WE CAN DISCUSS IT. I THINK FOR THE MOMENT  
24 THAT'S A PRETTY GOOD PLACEHOLDER, AND WE WILL COME TO  
25 YOU WITH A DETAILED PLAN FOR HOW WE INTEND TO GO ABOUT

1 IT.

2 CHAIRPERSON LANSING: I THINK THAT'S THE MOST  
3 HEALTHY WAY TO APPROACH IT. I THINK WITH THE GREATEST  
4 RESPECT FOR YOU, I REMAIN CONVINCED NOW AND UNDERSTAND  
5 WHAT THE STRATEGIC PLAN IS, WHICH I DIDN'T WHEN IT WAS  
6 JUST A LINE ITEM. AND SO I APPRECIATE YOUR TAKING THE  
7 TIME TO EXPLAIN IT, AND I THINK THAT IS A WORK IN  
8 PROGRESS. YOU KNOW, YOU'RE GOING TO COME TO US WITH  
9 HOW YOU ARE GOING TO SPEND THE MONEY. WE'LL HAVE -- IT  
10 ACTUALLY FALLS INTO WHAT WE WERE TALKING ABOUT WE'D  
11 NEED TO GO TO THE BOARD ANYWAY, AND, YOU KNOW, WE CAN  
12 REEVALUATE IT, BUT THE NEED FOR A STRATEGIC PLAN I  
13 THINK WE'RE ALL AGREEING ON. DICK, ARE YOU THERE?

14 DR. MURPHY: I AM. I'M NOT DISAGREEING WITH  
15 THAT. AGAIN, I JUST THINK THAT THE -- THIS CAN BE --  
16 GO WELL BEYOND 250,000 IF IT'S NOT CAREFULLY  
17 ORCHESTRATED. I DON'T KNOW HOW TO DO IT EITHER, BUT I  
18 GUESS I WOULD JUST ENCOURAGE US TO RELY ON THE  
19 RESOURCES THAT ARE AVAILABLE TO US FOR THE RIGHT PRICE,  
20 MUCH OF WHICH WILL BE VOLUNTARY, BEFORE WE GO OFF ONTO  
21 SOMETHING THAT COULD BE AN UNENDING EFFORT, WHICH COULD  
22 GO WELL BEYOND TWO FIFTY.

23 CHAIRPERSON LANSING: POINT WELL TAKEN. HAVE  
24 I LEFT OUT ANYBODY? I LOST TRACK WHERE I WAS.

25 DR. NOVA: SHERRY, THIS IS TINA AT SALK. ON



1 BUDGET NO. 1, I JUST WANT TO CHALLENGE THE TEAM A  
2 LITTLE BIT ON THE NEGATIVE \$500,000 AT THE END OF -- AT  
3 MID-MAY. I'VE HAD TO LIVE WITH BUDGETS LIKE THIS  
4 BEFORE; AND LOOKING AT THE EXPENSES FOR THE FIRST FEW  
5 MONTHS, AND A LOT OF THEM GET TAKEN UP RIGHT AWAY,  
6 LIKE, FOR EXAMPLE, THE MEETING IN OCTOBER, THE SENIOR  
7 EXECUTIVE ASSISTANT HAS ALREADY BEEN HIRED. AND JUST  
8 TO MAKE SURE THAT YOU CAN REALLY IN A JANUARY TIME  
9 FRAME, ZACH WAS SAYING, LOOK, IF WE HAVEN'T RAISED ANY  
10 MORE MONEY, WE'RE GOING TO CUT BACK AND BE ABLE TO TRY  
11 TO MAKE IT TO THE END OF THE FISCAL YEAR.

12 AND MY CHALLENGE IS THAT JUST SOMETIMES IT'S  
13 VERY, VERY DIFFICULT HALFWAY THROUGH A BUDGET CYCLE TO  
14 RECOVER OVER \$100,000 PER MONTH AT THE END JUST BECAUSE  
15 OF THE WAY THE ALLOCATIONS AND THE FINANCIALS WILL  
16 FALL. AND I WOULD JUST GO THROUGH AND LOOK AT THE  
17 TIMING AND MAKE SURE YOU CAN REALLY RECOVER THAT  
18 BECAUSE, AS YOU KNOW, EVEN IF YOU LAY OFF PERSONNEL,  
19 YOU DON'T CHANGE THE INFRASTRUCTURE OR THE COST OF THE  
20 INFRASTRUCTURE DOES NOT GO DOWN AT ALL. SO THERE'S  
21 ALWAYS A MISNOMER THERE ON PEOPLE FEEL LIKE THEY CAN  
22 CUT BACK, AND IT'S A TRUE CUT-BACK TO THE DOLLARS, BUT  
23 IN REALITY A TRUE CUT-BACK DOESN'T WORK OUT DOLLAR FOR  
24 DOLLAR, AND IT'S VERY DIFFICULT TO RECOVER A HALF  
25 MILLION DOLLARS IF YOU WAIT TOO LONG.

1 I WOULD JUST BE VERY CAREFUL FOR THE NEXT FEW  
2 MONTHS AND WATCH THAT VERY CLOSELY. I'M SURE WALTER  
3 KNOWS THIS MUCH BETTER THAN I DO.

4 DR. HALL: I APPRECIATE THAT. WE DO HAVE ONE  
5 WONDERFUL ADVANTAGE, AND THAT IS WE'RE NOT PAYING RENT.  
6 SO THAT PART OF THE INFRASTRUCTURE IS NOT FIXED. AND  
7 THE OTHER, IF YOU JUST LOOK AT THE BUDGET, THE TWO BIG  
8 ITEMS ARE CONTRACTS AND PERSONNEL, AND THAT'S WHERE WE  
9 WOULD LOOK FIRST, TINA. AND I THINK -- AND FOR GOOD  
10 REASON, I THINK OUR ACTIVITIES WILL CURTAIL, AND SO I  
11 WOULD -- MY GUESS IS WE WILL SORT OF GO INTO NOT  
12 HIBERNATION, WE'LL GO INTO A LOW METABOLIC STATE. WE  
13 WILL CUT DOWN ON ICOC MEETINGS, WE'LL HAVE LESS NEED OF  
14 REMCHO, WE WILL CUT DOWN ON THE OP ED PIECES, AND THE  
15 WHOLE WORKS. WE REALLY WILL -- I THINK WE CAN DO IT.

16 IT'S -- WE ARE PROCEEDING NOW IN A VERY, I  
17 WOULD SAY, OPTIMISTIC WAY. THIS IS NOT A BARE-BONES  
18 BUDGET BETWEEN NOW AND THE END OF THE YEAR. AND WE  
19 CAN -- THERE'S NO QUESTION.

20 DR. PIZZO: ZACH, THIS IS PHIL. COULD I JUST  
21 QUESTION ONE PART OF YOUR LAST COMMENTS? IT SEEMS TO  
22 ME THAT IF, IN FACT, WE WIND UP WITH ALTERNATIVE 1  
23 BEING WHERE WE'RE AT, GIVEN THE FACT THAT YOU'VE JUST  
24 GONE THROUGH THE PROCESS OF REVIEWING THE TRAINING  
25 GRANTS, ONE OF THE MOST POWERFUL, AT LEAST FROM MY

1 POINT OF VIEW, COMMUNICATION ISSUES THAT WE HAVE IS  
2 THAT WE NOW HAVE HAD A SCIENTIFIC REVIEW TAKE PLACE OF  
3 TRAINING GRANT PROPOSALS. AND, IN ESSENCE, WE'VE GOT  
4 THE REVIEWS DONE AND WE CAN'T FUND THEM, AND SO THE  
5 MESSAGE IS TO THE CITIZENS OF CALIFORNIA THAT THE  
6 PROMISE THAT COULD BE OFFERED BY RECRUITING THIS NEW  
7 PIPELINE OF INVESTIGATORS IS REALLY BEING SQUANDERED  
8 BECAUSE OF ALL THE THINGS THAT ARE GOING ON.

9 SO TO THE LAST STATEMENT THAT YOU MADE OF  
10 WHERE WE CUT BACK, IT SEEMS TO ME THAT THE PLACE THAT  
11 WE WANT TO KEEP RESOURCES AVAILABLE IS TO MAKE SURE  
12 THAT WE HAVE THE ABILITY TO GET OUR MESSAGE OUT SO THAT  
13 WE CAN CONTINUE THE FIGHT. BECAUSE IF WE WIND UP WITH  
14 NOTHING LEFT TO COUNTER ALL THE PUBLIC RELATIONS STUFF,  
15 IN ESSENCE, WE COULD LITERALLY RUN OUT OF EXISTENCE;  
16 WHEREAS, IF WE HAVE RESOURCES TO MAKE OUR COMMUNICATION  
17 STRATEGY ROBUST AND DO THE ADVOCACY RELATED TO THAT,  
18 ESPECIALLY SINCE WE NOW HAVE THINGS THAT WE'VE REVIEWED  
19 EXTERNALLY AND COULD FUND, YOU KNOW, WE'LL POTENTIALLY  
20 MISS THE OPPORTUNITY TO DO WHAT WE NEED TO DO TO STAY  
21 IN BUSINESS AND TO GROW.

22 DR. HALL: LET ME ANSWER THAT, PHIL. I THINK  
23 THAT'S A GREAT POINT. AND I ABSOLUTELY UNDERSTAND, BUT  
24 I THINK THE TIMING OF IT IS CRITICAL. THAT IS, WE HAVE  
25 A MESSAGE THAT WE'RE GOING TO SEND OUT. UNLESS BOB

1 WORKS A MIRACLE, WE ARE NOT GOING TO HAVE \$21 MILLION A  
2 WEEK FROM FRIDAY. LET ME SAY THAT IS A BIG IF. OUR  
3 CHAIR HAS DONE THIS BEFORE, WORKED MIRACLES BEFORE, BUT  
4 LET'S JUST ASSUME, GIVE HIM A REALISTIC TIME FRAME, IT  
5 SEEMS VERY UNLIKELY THAT WE WILL HAVE THAT MONEY.  
6 WE'RE GOING TO COME OUT OF THAT MEETING A WEEK FROM  
7 FRIDAY AND SAY WE HAVE A FABULOUS TRAINING PROGRAM HERE  
8 THAT IS GOING TO PROVIDE A WONDERFUL WORKFORCE FOR  
9 CALIFORNIA AND THE COUNTRY.

10 WE ARE GEOGRAPHICALLY DISTRIBUTED, WE'VE GOT  
11 A VARIETY OF INSTITUTIONS, WE'RE BRINGING IN SKILLS ALL  
12 THE WAY FROM CHEMISTRY TO ENGINEERING TO ETHICS TO  
13 WHATEVER. WE WILL PLAY THAT UP. AND WE'VE MADE THE  
14 INTERNAL DECISION, BY THE WAY, THAT OUR EMPHASIS IN  
15 THAT IS GOING TO BE ON THE TRAINING PROGRAM, NOT ON THE  
16 WINNERS AND LOSERS IN THE PROCESS, BUT ON THE FACT THAT  
17 WE HAVE A WONDERFUL TRAINING PROGRAM.

18 DR. PIZZO: GREAT. SOUNDS LIKE WE'RE ON THE  
19 SAME PAGE.

20 DR. HALL: AND WE'LL GET THAT MESSAGE OUT  
21 RIGHT THEN AND THERE, AND WE CAN KEEP WORKING ON IT.  
22 IF WE'RE STILL SAYING THAT BY THE END OF THE YEAR, IT'S  
23 A DIFFERENT THING. WHAT I WOULD SUGGEST IS IF YOU WILL  
24 LET US, THEN, AT THE END OF THE YEAR, IF WE'RE IN THAT  
25 UNFORTUNATE SITUATION, COME IN AND TALK ABOUT WHAT WE

1 SEE AS THE NEEDS, THEN I THINK WE'LL BE ABLE TO DO IT  
2 IN A MUCH MORE REALISTIC WAY.

3 BUT YOUR BASIC POINT THAT WE'VE GOT TO SELL  
4 THAT IS THE FACT THAT WE'VE GOT A GREAT PROGRAM HERE.  
5 I DON'T KNOW EXACTLY WHICH INSTITUTIONS ARE GOING TO BE  
6 FUNDED BECAUSE WE DON'T KNOW WHAT THE ICOC IS GOING TO  
7 DO. I CAN ASSURE YOU THAT WE WILL COME OUT OF THAT  
8 MEETING WITH A WONDERFUL PROGRAM, AND WE'RE GOING TO  
9 TOUT IT TO THE SKY.

10 MR. KLEIN: IT'S A SUBSTANTIAL MOTIVATOR TO  
11 POTENTIAL BAN PURCHASERS THAT THE TRAINING PROGRAM IS  
12 EXTENSIVE, THAT IT IS EXTRAORDINARILY HIGH IN QUALITY.  
13 AND FROM A MODELING STANDPOINT, IT'S ONE OF THE FINEST  
14 INTELLECTUAL TRAINING PROGRAMS, DOCTORAL AND  
15 POSTDOCTORAL PROGRAMS, IN THE HISTORY OF THE COUNTRY,  
16 THE WORLD FOR THAT MATTER, OF OVER 18 INSTITUTIONS ON A  
17 STATEWIDE BASIS AT THE FRONTIER OF A NEW AREA OF  
18 MEDICAL AND SCIENTIFIC RESEARCH. SO THERE'S A REAL  
19 LEGACY VALUE TO BEING PIVOTAL IN ENABLING THIS; BUT  
20 EVEN ON AN AGGRESSIVE TIMETABLE, WE'RE LOOKING AT  
21 TRYING TO GET THIS ACTUAL FUNDING DONE AS A GOAL IN  
22 OCTOBER, BUT THAT IS AN AGGRESSIVE TIMETABLE.

23 DR. PIZZO: RIGHT. BOB AND ZACH, I AGREE  
24 WITH YOU PRECISELY WITH REGARD TO THE VALUE OF THE  
25 TRAINING PROGRAM. I AGREE WITH YOU WITH REGARD TO THE

1 COMMUNICATIONS THAT WILL COME OUT NEXT WEEK. MY  
2 CONCERN IS NOT THAT. I THINK THOSE ARE THE RIGHT  
3 THINGS TO DO. MY WORRY IS THAT WE FIND A WAY TO SAVE  
4 SOME RESOURCES SO THAT WE CAN CONTINUE, IF WE NEED TO,  
5 OUR EXTERNAL ADVOCACY AND COMMUNICATION; THAT IS, NOT  
6 BE WITHOUT ANY --

7 DR. HALL: WE'RE NOT GOING TO TAKE THEM OUT  
8 ENTIRELY, PHIL. BUT I WOULD FIND IT DIFFICULT TO  
9 DEFEND A \$27,000 A MONTH EDELMAN CONTRACT IN DECEMBER  
10 IF WE HAVE NOT BROUGHT IN ANY NEW FUNDS BY THEN. I  
11 THINK WE HAVE TO RETHINK OUR CORE MISSION AND TRIM IT  
12 DOWN AND SAY HERE ARE THE COMMUNICATIONS FUNCTIONS WE  
13 ABSOLUTELY NEED, AND IT MAY BE JUST WHAT YOU SAY, AND  
14 THEN THESE OTHER THINGS WE ARE JUST GOING TO HAVE TO  
15 LET GO FOR THE MOMENT.

16 DR. PIZZO: WE CAN CONTINUE TO -- WE SHOULD  
17 CONTINUE TO DISCUSS THAT. WHAT I AM OBVIOUSLY FOCUSING  
18 ON IS MAKING SURE THAT WE HAVE A WAY TO FIGHT BACK SO  
19 THAT WE DON'T GET EXTERMINATED.

20 DR. HALL: WE'RE NOT GOING TO JETTISON OUR  
21 COMMUNICATIONS, BUT ALL OF OUR OPERATIONS, I THINK  
22 WE'RE GOING TO HAVE TO LOOK AND SAY WHAT DO WE REALLY  
23 NEED TO DO TO SURVIVE.

24 DR. PIZZO: ALL RIGHT. WE'RE ON THE SAME  
25 PAGE.

1 CHAIRPERSON LANSING: ANY OTHER COMMENTS?

2 DR. PIZZO: ARE YOU GOING TO DO PUBLIC  
3 COMMENTS TOO, SHERRY?

4 CHAIRPERSON LANSING: I'M GOING TO GO TO  
5 BUDGET 3, AND THEN I'M GOING TO DO PUBLIC COMMENT.

6 DR. PIZZO: OKAY. VERY GOOD. THANK YOU.

7 MR. BARNES: ALTERNATIVE 3, THIS IS ACTUALLY  
8 THE GOOD NEWS BUDGET.

9 CHAIRPERSON LANSING: IT'S THE ONE THAT WE'RE  
10 GOING TO GET.

11 DR. PIZZO: LET'S NOT SPEND TOO MUCH TIME ON  
12 THIS ONE.

13 MR. BARNES: EVERYBODY IS HAPPY. ACTUALLY  
14 IT'S THE \$3 MILLION LOAN, THE \$5 MILLION DOLBY GRANT,  
15 AND WE'RE ASSUMING A HUNDRED MILLION IN BOND PROCEEDS.  
16 NOW, I PUT THIS IN AS BOND PROCEEDS AS OPPOSED TO  
17 BAN'S. THERE'S A LITTLE BIT OF DIFFERENCE IN TERMS OF  
18 WHAT YOU CAN USE -- WHAT YOU HAVE TO DO WITH BOND  
19 PROCEEDS WITH REGARD TO ADMINISTRATIVE EXPENSES VERSUS  
20 BAN'S. AND I'LL EXPLAIN THAT AS WE GO THROUGH.

21 ESSENTIALLY UNDER THIS ONE, AND KEEP IN MIND  
22 \$100 MILLION IN BOND PROCEEDS IS ONLY ONE-THIRD OF WHAT  
23 WAS EXPECTED TO BE ABLE TO HAVE EVERY FISCAL YEAR. SO  
24 THIS IS STILL KIND OF A LOW EXPECTATIONS BUDGET, BUT  
25 WE'LL GO WITH THAT FOR NOW.

1 UNDER THIS, WE WOULD BE, YOU KNOW, HAVING A  
2 MUCH MORE FULLY REALIZED GRANT PROGRAM. AND SO MOST OF  
3 THE ADDITIONAL STAFF THAT WE WOULD HIRE, AND WE'RE  
4 TALKING ABOUT 13 ADDITIONAL POSITIONS, WOULD BE RELATED  
5 TO THAT GRANT PROGRAM. WE HAVE SENIOR PROGRAM  
6 OFFICERS, SENIOR REVIEW OFFICERS, ADMINISTRATIVE  
7 ASSISTANTS FOR WORK GROUPS, GRANTS MANAGEMENT  
8 SPECIALISTS, ASSISTANTS, CHIEF COUNSEL. AND THEN  
9 BASICALLY WE HAVE FOUR OTHERS THAT ARE CHIEF COUNSEL,  
10 COMMUNICATIONS OFFICER, HUMAN RESOURCES OFFICER,  
11 RECEPTIONIST, ADMINISTRATIVE ASSISTANT.

12 THESE ARE FOUR ITEMS THAT ARE -- KEEP IN MIND  
13 THAT RELATIONSHIP BETWEEN CONTRACTS AND PERSONNEL, THAT  
14 TO A CERTAIN EXTENT, GETTING THESE POSITIONS ON BOARD  
15 ALLOW US TO BEGIN TO THINK ABOUT REDUCING OUR  
16 DEPENDENCE ON SOME OF OUR CONTRACTORS, PARTICULARLY THE  
17 REMCHO, EDELMAN, AND THE STATE CONTROLLER'S OFFICE.

18 NOW, IN THIS BUDGET WE'VE LEFT THEM IN AT  
19 THEIR FULL AMOUNT. OKAY. BECAUSE AT LEAST IN THE  
20 INTERIM PERIOD, THIS PERIOD THROUGH JUNE 30TH, WE  
21 PROBABLY WOULDN'T MAKE THAT MUCH DIFFERENCE HERE. IT'S  
22 IN THE YEAR GOING FORWARD THAT YOU SHOULD BE ABLE TO  
23 START TO SEE THE IMPACT OF THAT. BUT THAT'S BASICALLY  
24 THE 35 POSITIONS.

25 AS FAR AS OPERATING EXPENSES AND EQUIPMENT,



1 WE'VE ADDED AN ADDITIONAL SCIENTIFIC CONFERENCE. THIS  
2 WOULD BE SORT OF A PARTNER TO THE ONE THAT'S BEING HELD  
3 IN OCTOBER. IT WOULD BE AT A LOWER COST BECAUSE  
4 ESSENTIALLY THIS ONE HERE, WE'RE HAVING TO PAY SOME OF  
5 THE EXPENSES RELATED TO GETTING PEOPLE IN HERE THAT WE  
6 WANT. THE EXPECTATION IS THAT WE COULD CHARGE HIGHER  
7 FEES AND REDUCE THE NET COST TO US, SO THERE'S ONE MORE  
8 SCIENCE CONFERENCE PROJECTED UNDER THIS BUDGET.

9 AND THE WORKING GROUPS WOULD BE FULLY  
10 REALIZED, SO WE'D HAVE TWO ADDITIONAL MEETINGS, SO A  
11 TOTAL OF FOUR WORKING GROUP MEETINGS FOR THE GRANTS,  
12 AND THE FACILITIES OPERATIONS WORKING GROUPS COULD ALSO  
13 BEGIN MEETING. THEY WOULD HAVE TWO ADDITIONAL MEETINGS  
14 FOR A TOTAL OF THREE DURING THE YEAR.

15 THEN THERE WOULD BE USUAL INCREASES IN  
16 CATEGORIES TO ADDRESS EXPENDITURES FOR THE NEW STAFF,  
17 THE TRAVEL AND EXPENDITURES. SO THIS ONE HERE, WE'RE  
18 BASICALLY ABLE TO MEET ALL OF OUR ADMINISTRATIVE  
19 OBLIGATIONS. CIRM WOULD HAVE SOMEWHERE AROUND 74 TO  
20 \$75 MILLION AVAILABLE FOR GRANTS PROGRAMS AND, YOU  
21 KNOW, THIS WOULD ALSO INCLUDE THE STRATEGIC PLAN AS  
22 WELL.

23 THE ONLY COMMENT I'D MAKE WITH REGARD TO THE  
24 BOND PROCEEDS VERSUS BAN PROCEEDS HAS TO DO WITH THE  
25 TOP LINE OF THE PROPOSED BUDGET. WHERE YOU SEE A

1       NEGATIVE AMOUNT FOR THE LOAN, IF THERE ARE BAN'S  
2       PROCEEDS, WE'RE NOT OBLIGATED TO USE THE BAN PROCEEDS,  
3       AS I UNDERSTAND IT, TO PAY BACK THE LOAN. BUT WHEN  
4       BOND PROCEEDS START COMING IN, THEN THE AMOUNT THAT IS  
5       AVAILABLE FOR ADMINISTRATIVE EXPENSES, WE NEED TO USE  
6       THAT TO START PAYING BACK THE LOAN. UNDER THIS  
7       SCENARIO, THAT'S WHY, EVEN THOUGH WE GET 5.8 MILLION  
8       MORE IN BOND PROCEEDS, A LARGE PART OF THAT GOES TO PAY  
9       BACK THE LOAN, BUT IT STILL LEAVES US WITH MORE THAN  
10      ENOUGH TO OPERATE UNDER THESE CIRCUMSTANCES.

11                 DR. HALL: ONE SMALL POINT. DAVID MEYER  
12      POINTED OUT THERE'S A TYPO ON PAGE 3, IF I'M NOT  
13      MISTAKEN. GRANTS MANAGEMENT ASSISTANT LISTED TWICE,  
14      AND ONE OF THEM SHOULD BE A GRANTS TECHNICAL ASSISTANT;  
15      IS THAT RIGHT, WALTER?

16                 MR. BARNES: YES, YOU ARE CORRECT.

17                 MR. KLEIN: ANOTHER JUST HISTORICAL POINT,  
18      THE ACTUAL PROJECTIONS THAT WERE SUBMITTED TO THE  
19      LEGISLATIVE ANALYST'S OFFICE ASSUME A RAMP-UP. IT  
20      WASN'T AS IF WE WOULD BOUNCE IMMEDIATELY UP TO A \$300  
21      MILLION EXPENDITURE LEVEL. SO THE FIRST FULL  
22      OPERATIONAL YEAR, ASSUMING WE HAD FULL ACCESS TO BONDS,  
23      WAS GOING TO BE IN THE NEIGHBORHOOD OF 150 MILLION, AND  
24      A SIGNIFICANT PORTION OF THAT WOULD GO TOWARDS  
25      FACILITIES BECAUSE LARGE PORTIONS ARE ABLE TO BE

1 EXPENDED WISELY BASED UPON ACTUAL DETAILED PLANS BY  
2 INSTITUTIONS, BUT WE'RE NOT MOVING FORWARD ON THE  
3 FACILITIES PROGRAM UNTIL WE KNOW WE HAVE A FUNCTIONING  
4 BOND PROGRAM IN PLACE.

5 DR. HALL: THAT CONCLUDES THE PRESENTATION.

6 CHAIRPERSON LANSING: THAT CONCLUDES THE  
7 PRESENTATION. AND BEFORE WE MOVE FOR A MOTION, I'D  
8 LIKE TO JUST HEAR IF THERE'S PUBLIC COMMENT. SO PUBLIC  
9 COMMENT IN DOWNTOWN L. A. ?

10 MS. SHREVE: NONE.

11 CHAIRPERSON LANSING: CEDARS-SINAI? WE HAVE  
12 TWO MEMBERS OF THE PUBLIC HERE. IRVINE?

13 DR. STEWARD: NO PUBLIC HERE.

14 CHAIRPERSON LANSING: STANFORD?

15 DR. PIZZO: YES, WE DO.

16 MR. REED: I HAVE TWO QUESTIONS JUMPING BACK.  
17 ONE IS PROBABLY JUST A SIMPLE MISUNDERSTANDING ON MY  
18 PART. BUT WASN'T SAN FRANCISCO GOING TO PAY FOR THE  
19 FURNITURE? WHY ARE WE PAYING FOR SOMETHING I THOUGHT  
20 WAS PART OF THEIR OFFER?

21 DR. HALL: THEY'RE PAYING 84 PERCENT OF IT.

22 MR. REED: BUT THAT 16 PERCENT IS WHAT WE'RE  
23 TALKING ABOUT?

24 MR. BARNES: THE BID ACTUALLY SAID THAT THE  
25 HOWARTH FURNITURE WAS FURNITURE THAT WAS 90 TO 80

1 PERCENT DISCOUNTED. IT DID NOT SAY THAT IT WAS FREE.  
2 MR. KLEIN: THEY'RE ACTUALLY NOT PAYING FOR  
3 IT. JUST SO WE'RE ALL TOGETHER, IT'S A NEGOTIATED  
4 DISCOUNT THAT WOULD BE REFERENCED THAT WAS A PART OF  
5 THE BID ITSELF TO REDUCE OUR CAPITAL COST AT INCEPTION  
6 ON THE MOVE-IN.  
7 MR. REED: SECONDLY, SOMEBODY MENTIONED THE  
8 LAWSUIT EARLIER. DOES THE REQUEST FOR A CHANGE OF  
9 VENUE FROM ALAMEDA COUNTY TO SACRAMENTO, IS THAT A  
10 DELAY?  
11 MR. KLEIN: NO, IT IS NOT A DELAY. THE  
12 CHANGE IN VENUE ESSENTIALLY HELPS US CONSOLIDATE THESE  
13 CASES. AND, IN FACT, IN SACRAMENTO, THERE IS A MAJOR  
14 BACKLOG IN LITIGATION. OUR INFORMATION, AND, JAMES,  
15 I'LL CHECK WITH YOU ON THIS, IS THAT IN ALAMEDA COUNTY,  
16 WE CONTINUE TO GET INFORMATION THAT UNDER THIS PILOT  
17 PROGRAM WHICH WE'RE IN ALAMEDA COUNTY, WHICH WAS  
18 DESIGNED TO ELIMINATE LITIGATION DELAYS, WE ARE NOT  
19 FACING A BACKLOG CONSTRAINT. IS THAT CORRECT, JAMES?  
20 MR. HARRISON: THAT'S CORRECT. WE HAVE  
21 WHAT'S KNOWN AS A SINGLE ASSIGNMENT IN ALAMEDA COUNTY,  
22 WHICH MEANS THAT A SINGLE JUDGE TO WHOM WE HAVE ALREADY  
23 BEEN ASSIGNED WILL HEAR ALL MOTIONS PERTAINING TO THE  
24 ACTIONS AND ALSO PRESIDE OVER ANY TRIAL.  
25 MR. REED: IF HE SHOULD WIN THAT AND IT IS

1        MOVED UP TO SACRAMENTO, THAT WOULD NOT DELAY ANYTHING  
2        OR WOULD THAT?

3                MR. HARRISON:    THE COURT HAS ALREADY GRANTED  
4        THE MOTION TO TRANSFER.    AND, IN FACT, THE SACRAMENTO  
5        ACTION WILL BE OFFICIALLY TRANSFERRED FROM SACRAMENTO  
6        TO ALAMEDA OVER THE NEXT FEW DAYS.

7                MR. REED:    SO IT'S COMING BACK HERE BECAUSE  
8        IT WAS ALAMEDA, THEN HE ASKED IT BE MOVED TO  
9        SACRAMENTO, NOW IT'S COMING BACK?

10               MR. KLEIN:    WE HAVE WON THIS COURT ACTION,  
11        AND THE DECISION HAS BEEN MADE TO TRANSFER SACRAMENTO  
12        TO ALAMEDA.

13               MR. REED:    THANK YOU.

14               CHAIRPERSON LANSING:    UCLA?

15               DR. FONTANA:    NO PUBLIC COMMENT.

16               CHAIRPERSON LANSING:    UC DAVIS?

17               DR. POMEROY:    NO.

18               CHAIRPERSON LANSING:    SALK?

19               DR. MURPHY:    NO.

20               CHAIRPERSON LANSING:    THEN I JUST WANT TO SAY  
21        I THINK THESE ARE REALLY VERY, VERY WELL THOUGHT OUT  
22        BUDGETS.    AND I REALLY THANK YOU FOR GIVING US THREE  
23        CONTINGENCIES.    AND I WONDER IF WE COULD HAVE A MOTION  
24        TO BRING THESE FORWARD, THE THREE BUDGETS, TO THE ICOC.

25               MR. KLEIN:    I'LL MAKE THAT MOTION TO BRING --

1 I THINK IT WOULD BE VERY HELPFUL TO BRING ALL THREE  
2 FORWARD AND --

3 DR. HALL: I WOULD JUST LIKE THE ONE THING,  
4 TO MAKE IT A PROVISIONAL BUDGET IN THE SENSE THAT WE  
5 WILL --

6 CHAIRPERSON LANSING: YES.

7 DR. HALL: -- DO AN ANALYSIS BY FUNCTION THAT  
8 WE WOULD LIKE TO COME BACK TO YOU TO HELP US MAKE IT  
9 MORE APPARENT WHERE EXPENSES ARE GOING TO BE.

10 CHAIRPERSON LANSING: BUT I LIKE THE FACT  
11 THAT WE CAN BRING SOMETHING FORWARD NOW.

12 MR. KLEIN: I MAKE THE MOTION THAT  
13 PROVISIONAL BUDGETS, SUBJECT TO ADDITIONAL REFINEMENT,  
14 ARE BEING BROUGHT FORWARD WITH THREE DIFFERENT  
15 VARIATIONS.

16 CHAIRPERSON LANSING: DO I HAVE A SECOND?

17 DR. MEYER: SECOND.

18 CHAIRPERSON LANSING: DO I HAVE DISCUSSION  
19 FROM THE BOARD IN CEDARS? IRVINE?

20 DR. STEWARD: JUST A QUESTION. WHO WAS THE  
21 SECOND FOR OUR RECORDER HERE?

22 DR. MEYER: DAVID MEYER.

23 THE REPORTER: THANK YOU.

24 CHAIRPERSON LANSING: STANFORD?

25 DR. PIZZO: THIS IS PHIL SPEAKING. IT'S NOT

1 A QUESTION AS MUCH AS -- WELL, GIVEN THE DISCUSSION  
2 THAT WE HAD ABOUT THE CONSULTING, EVEN THOUGH I THINK  
3 I'M COMFORTABLE WITH THE WAY ZACH PRESENTED IT, BUT TO  
4 AVOID A LONG DISCUSSION AT THE ICOC WHEN WE COME THERE,  
5 I WONDER WHETHER, ZACH, YOU AND THE GROUP COULD DO A  
6 LITTLE BIT MORE GRANULARITY ANALYSIS AROUND THAT IN  
7 TERMS OF WHAT WOULD GO INTO THE TWO FIFTY, SO TO SPEAK,  
8 JUST SO THAT WE CAN OFFSET A LONG DIALOGUE AROUND THAT.

9 DR. HALL: ALL RIGHT.

10 CHAIRPERSON LANSING: I THINK THE IMPORTANT  
11 THING IS JUST TO SAY THEY'RE GOING TO COME BACK TO US.  
12 IT'S A PLACEHOLDER.

13 DR. HALL: WE'RE GOING TO BRING IT BACK TO  
14 YOU WITH A PLAN FOR THE STRATEGIC PLAN.

15 DR. PIZZO: I THOUGHT THAT WAS THE MOST  
16 HELPFUL COMMENT.

17 CHAIRPERSON LANSING: UCLA?

18 DR. FONTANA: NO COMMENT.

19 CHAIRPERSON LANSING: DAVIS?

20 DR. POMEROY: NO COMMENTS.

21 CHAIRPERSON LANSING: SALK?

22 DR. MURPHY: NO COMMENT.

23 CHAIRPERSON LANSING: PUBLIC COMMENT FROM  
24 SALK?

25 DR. MURPHY: NO.

1 CHAIRPERSON LANSING: CLAIRE, PUBLIC COMMENT  
2 FROM DAVIS?  
3 DR. POMEROY: NONE.  
4 CHAIRPERSON LANSING: ANY PUBLIC COMMENT AT  
5 DAVIS?  
6 DR. POMEROY: NONE.  
7 CHAIRPERSON LANSING: UCLA?  
8 DR. FONTANA: NONE.  
9 CHAIRPERSON LANSING: STANFORD?  
10 DR. PIZZO: NONE.  
11 CHAIRPERSON LANSING: IRVINE?  
12 DR. STEWARD: NO PUBLIC.  
13 CHAIRPERSON LANSING: CEDARS-SINAI? DOWNTOWN  
14 L. A. ?  
15 MS. SHREVE: NONE.  
16 CHAIRPERSON LANSING: OKAY. CAN WE HAVE A  
17 ROLL CALL VOTE. AMY. SORRY.  
18 MR. BARNES: JUST ONE QUESTION TO MAKE SURE  
19 THAT I UNDERSTAND WHAT THE DECISION WILL BE. THE  
20 EXPECTATION THAT WE'VE LAID OUT HERE IS A PLAN TO MOVE  
21 FROM ONE BUDGET TO THE OTHER DEPENDING. AND SO  
22 ESSENTIALLY YOU'RE ASKING -- YOU'RE APPROVING, IN  
23 EFFECT, THE BUDGET 1 WHICH WILL OPERATE UNTIL WE GET TO  
24 THE POINT TO MOVE TO BUDGET 2.  
25 CHAIRPERSON LANSING: ABSOLUTELY. JUST AS



1 YOU PRESENTED IT. I THINK IT'S GREAT BECAUSE YOU  
2 PROVIDED FOR ALL THREE CONTINGENCIES, AND I'M GOING TO  
3 CONVINCED MYSELF THAT CONTINGENT NO. 3 IS WHAT'S GOING  
4 TO HAPPEN. I'D LIKE TO VOTE ON THAT.

5 AMY, CAN YOU CALL THE ROLL?

6 MS. DUROSS: DAVID MEYER.

7 DR. MEYER: YES.

8 MS. DUROSS: BOB KLEIN.

9 MR. KLEIN: YES.

10 MS. DUROSS: SHERRY LANSING.

11 CHAIRPERSON LANSING: YES.

12 MS. DUROSS: RICHARD MURPHY.

13 DR. MURPHY: YES.

14 MS. DUROSS: RICHARD MURPHY.

15 DR. MURPHY: YES.

16 MS. DUROSS: TINA NOVA.

17 DR. NOVA: YES.

18 MS. DUROSS: PHIL PIZZO.

19 DR. PIZZO: YES. AND I WOULD LIKE CONTINGENT  
20 NO. 4, WHICH MEANS WE HAVE FULL FUNDING.

21 CHAIRPERSON LANSING: I AGREE WITH YOU THERE.

22 MS. DUROSS: CLAIRE POMEROY.

23 DR. POMEROY: YES.

24 MS. DUROSS: OS STEWARD.

25 DR. STEWARD: YES.

1 MS. DUROSS: JEANNIE FONTANA.

2 DR. FONTANA: YES.

3 MR. KLEIN: ON THE -- JUST ONE SECOND. ON  
4 THE BUDGET SUBJECT, I THINK IT MIGHT BE GOOD ON THE  
5 BUDGET SUBJECT, SHERRY, SINCE THE SCIENTIFIC MEETING IS  
6 215,000 AND WE HAVE DISCUSSED THAT, TO ACTUALLY HAVE A  
7 MOTION APPROVING THAT SCIENTIFIC MEETING AS A PART OF  
8 THIS BUDGET SINCE IT'S A LARGE EXPENDITURE.

9 DR. HALL: IT'S IN THE BUDGET.

10 CHAIRPERSON LANSING: IF IT'S IN THE BUDGET,  
11 IT'S APPROVED.

12 DR. HALL: I THINK WHAT THAT RAISES IS THAT  
13 EVEN IF IT IS APPROVED --

14 CHAIRPERSON LANSING: YOU HAVE TO GO BACK.

15 DR. HALL: SO I'D LIKE TO HAVE IT --

16 CHAIRPERSON LANSING: AND THAT WILL GET US TO  
17 WHERE CLAIRE WAS SUGGESTING IS THAT WHEN WE APPROVE THE  
18 BUDGET, WE DON'T HAVE TO KEEP COMING BACK FOR  
19 INDIVIDUAL ITEMS.

20 DR. HALL: I THINK THE IDEA OF HAVING SOME  
21 VARIANCE GUIDELINES, THAT WITHIN THESE BOUNDS AND  
22 WITHIN CATEGORIES, YOU CAN'T MOVE MONEY AROUND WITHIN  
23 CATEGORIES EXCEPT WITHIN THESE BOUNDS.

24 MR. KLEIN: I WAS GOING TO SAY THAT IT'S THE  
25 FIRST SCIENTIFIC MEETING, AND YOU MIGHT FIND SOME

1 VARIANCE BECAUSE IT'S THE FIRST TIME YOU'VE DONE THIS  
2 MEETING. IT'S NOT EXACTLY A MATHEMATICAL PROCESS,  
3 SO --

4 DR. HALL: IT'S PRETTY GOOD. IT'S PRETTY  
5 GOOD. WE MAY BE OFF A LITTLE BIT, BUT I THINK WE'LL  
6 HAVE TO -- WHY DON'T WE THINK, SHERRY, BEFORE THE ICOC  
7 MEETING ABOUT AN APPROPRIATE VARIANCE. AND I THINK  
8 THAT THAT -- I MEAN THE VARIANCE IS NOT GOING TO BE  
9 \$100,000. IT WILL BE MAYBE TEN AT WORST.

10 DR. PIZZO: WE KNOW HOW TO ESTIMATE THE COST  
11 OF MEETINGS.

12 DR. HALL: AND A LOT OF THESE THINGS ARE  
13 ALREADY CONTRACTED OUT, AND WE HAVE A VERY GOOD AND  
14 AGGRESSIVE CONTRACT WITH THE HOTEL. WE HAVE JUST  
15 GOTTEN, BY THE WAY, A CONTRIBUTION FROM BAY BIO WHO'S  
16 AGREED TO PAY FOR OUR WEBCASTING. WE'VE GOTTEN -- SO  
17 WE ARE REALLY PUSHING EVERYWHERE WE CAN TO HOLD  
18 EXPENSES DOWN. AND WALTER MAKES SURE THAT THOSE  
19 REQUESTS FOR BUSINESS CLASS TRAVEL BECAUSE OF PAINFUL  
20 BACK CONDITIONS COME WITH A DOCTOR'S LETTER.

21 MR. KLEIN: LET ME JUST CHECK IN HERE.  
22 CLAIRE, IS CLAIRE ON?

23 DR. POMEROY: SORRY. I WAS MUTED.

24 MR. KLEIN: CLAIRE, YOU HAD MADE A STATEMENT,  
25 I THOUGHT, THAT SAID THAT THE ISSUE OF DEALING WITH THE

1 BUDGET, YOU WANTED -- UNTIL WE GET GOT THE FINAL  
2 BUDGET, TO BE DEALING WITH IT ON A MORE DISCREET BASIS.  
3 AND I'M ACTUALLY FINE WITH A PROVISIONAL BUDGET, HAVING  
4 HAD A FULL DISCUSSION OF THE SCIENTIFIC MEETING, NOT TO  
5 GO THROUGH A SEPARATE PROCESS, BUT I WANT TO MAKE  
6 CERTAIN THAT YOU'RE FINE AS WELL.

7 DR. POMEROY: WE DID SAY THAT WE WERE GOING  
8 TO APPROVE EVERYTHING UNTIL WE HAD THE FINAL OFFICIAL  
9 BUDGET, SO YOUR RECOLLECTION IS CORRECT. BUT I  
10 PERSONALLY AM QUITE COMFORTABLE WITH THIS ALLOCATION  
11 FOR THE SCIENTIFIC MEETING. IT MIGHT JUST BE EASY TO  
12 HAVE A VOTE ON IT.

13 CHAIRPERSON LANSING: I THINK YOU'RE RIGHT.  
14 LET'S DO A VOTE. BETTER SAFE THAN SORRY. CAN I HAVE A  
15 MOTION FOR APPROVAL OF THE SCIENTIFIC MEETING?

16 DR. MURPHY: SO MOVED.

17 MR. KLEIN: SECOND.

18 CHAIRPERSON LANSING: OKAY. LET'S DO A ROLL  
19 CALL VOTE.

20 DR. HALL: WAIT. LET ME, THE BUDGET, LET'S  
21 BE CAREFUL NOW THAT WE'RE ACTUALLY GOING TO DO IT, THAT  
22 YOU APPROVE THE STATED AMOUNT, WHICH IS \$255,000 --  
23 215, I'M SORRY, FOR THE MEETING, AND YOU WANT TO GIVE A  
24 PLUS AND MINUS TO THAT?

25 MR. KLEIN: I'D SAY ADD A 10-PERCENT PLUS OR

1 MINUS.

2 DR. HALL: OKAY. PLUS 10 PERCENT.

3 MR. BARNES: LET WE ALSO THEN ASK, IN THE  
4 INTEREST OF MAKING SURE YOU'RE COMPLETELY AWARE OF IT,  
5 BUT ONE COST ASSOCIATED WITH THE BUDGET IS NOT IN THE  
6 215. IT'S ACTUALLY IN CONTRACTS, AND THAT'S THE  
7 CONTRACT THAT WE HAVE WITH MOSAIC, WHICH IS ACTUALLY  
8 COORDINATING THE BUDGET FOR US. SO IF YOU REALLY WANT  
9 TO APPROVE A BUDGET FOR THIS MEETING ITSELF, YOU REALLY  
10 HAVE TO TAKE THAT INTO ACCOUNT, IN WHICH CASE YOU'RE  
11 TALKING ABOUT 260,000.

12 CHAIRPERSON LANSING: THEN YOU HAVE TO GO  
13 BACK TO THE FULL ICOC.

14 DR. HALL: THAT'S THE REASON I SAID 255.

15 CHAIRPERSON LANSING: SO THEN YOU HAVE TO GO  
16 BACK TO THE FULL ICOC.

17 MR. HARRISON: THAT'S RIGHT. AND THE OTHER  
18 THING TO KEEP IN MIND, THAT THE CONTRACT APPROVAL  
19 POLICY THAT THE ICOC ADOPTED AT THE LAST MEETING  
20 APPLIES TO INDIVIDUAL CONTRACTS; WHEREAS, I ASSUME THE  
21 SCIENTIFIC CONFERENCE AND THE COST ASSOCIATED WITH IT  
22 INVOLVE SEVERAL DIFFERENT VENDORS.

23 MR. KLEIN: NUMEROUS CONTRACTS, THAT'S RIGHT.  
24 SO THE --

25 CHAIRPERSON LANSING: JAMES, WHAT DO WE HAVE

1 TO DO? YOU TELL ME.

2 MR. KLEIN: I THINK JAMES IS SAYING IS THAT  
3 ZACH SHOULD HAVE THE ABILITY TO DEAL WITH THE \$50,000  
4 CONTRACT OR \$45,000 CONTRACT FOR ADMINISTRATION SINCE  
5 IT'S LESS THAN A HUNDRED THOUSAND. BUT WHAT WE'RE  
6 DOING IS PASSING A \$215,000 BUDGET FOR THE SCIENTIFIC  
7 MEETING.

8 DR. HALL: WELL, OKAY. HERE'S THE -- I THINK  
9 IT DEPENDS ON HOW YOU WANT TO HANDLE THESE THINGS. SO  
10 THIS IS TRAVEL, WHICH IS A BIG CHUNK OF IT, HOTEL  
11 ROOMS. IT IS -- WE'RE ACTUALLY RUNNING IT, WE'RE  
12 ASKING ALL REGISTRANTS, EXCEPT SPEAKERS AND ICOC  
13 MEMBERS, TO SPEND -- PAY A HUNDRED DOLLARS TO PAY FOR  
14 THEIR LUNCH WHILE THEY'RE THERE, THEIR BOX LUNCH,  
15 BECAUSE WE'RE HAVING TWO WORKING MEETINGS. I DON'T  
16 HAVE THE REST OF THE BREAKOUT. WE HAVE SOME -- WE ARE  
17 HAVING A WRITER BECAUSE WE'RE GOING TO PRODUCE A  
18 DOCUMENT OUT OF THIS, AND THAT'S A CONTRACT FOR ABOUT  
19 \$25,000 OR 20, SOMETHING LIKE THAT. SO IT IS ALL THESE  
20 SMALL CONTRACTS.

21 AND I GUESS THE ISSUE THAT JAMES RAISES IS A  
22 GOOD ONE. IF WE DO IT BY FUNCTION RATHER THAN BY  
23 SEPARATE CONTRACTS, I'M HAPPY FOR YOU TO DO IT HOWEVER  
24 YOU WANT TO DO IT.

25 CHAIRPERSON LANSING: WELL, THE THING IS IF

1 WE DID IT BY FUNCTION, WE WOULD NOT NEED TO COME -- YOU  
2 WOULD NOT NEED TO COME TO US. IF WE DO IT BY THE  
3 OVERALL FUNCTIONS ALL PUT TOGETHER, THEN YOU NEED TO  
4 COME TO US.

5 SINCE WE'VE OPENED IT UP, I THINK WE'RE SAFER  
6 IF WE TAKE THE VOTE. IT WILL TAKE US ONE MINUTE. AND  
7 HOPEFULLY WE'RE GOING TO HAVE AN APPROVED BUDGET REALLY  
8 SOON, AND WE WON'T HAVE TO DO THIS AGAIN.

9 DR. HALL: LET ME SUGGEST, THEN, THAT WE  
10 LEAVE THE MOSAIC CONTRACT OUT OF IT. WANT TO DO THAT?

11 DR. MAXON: THIS IS MARY. I'M ACTUALLY HERE  
12 IN EMERYVILLE. I FEEL I NEED TO MAKE A CORRECTION  
13 HERE. IF YOU LOOK AT THE CONFERENCE BUDGET FOR  
14 \$215,000 THAT I BUILT, IT HAS THE MOSAIC FEE IN IT, AND  
15 IT HAS THE SCIENCE WRITER'S FEE IN IT.

16 CHAIRPERSON LANSING: YOU'RE THE GREATEST.

17 MR. KLEIN: YEAH, THAT WAS MY UNDERSTANDING,  
18 MARY. I'M GLAD TO HEAR THAT NEWS.

19 CHAIRPERSON LANSING: SO WE VOTE ON THE WHOLE  
20 THING.

21 DR. HALL: SO THIS TAKES CARE OF THE BAY BIO  
22 DROP, RIGHT, OR NOT?

23 MS. MAXON: IT DOES NOT YET INCLUDE THAT.  
24 THAT'S NOT QUITE A DONE DEAL.

25 CHAIRPERSON LANSING: SO WE'LL GET IT TO A

1 POINT WE DON'T EVEN NEED TO COME TO US.  
2 MR. KLEIN: SO THERE IS A MOTION AND A SECOND  
3 ON THE FLOOR.  
4 CHAIRPERSON LANSING: LET'S HAVE A ROLL CALL  
5 VOTE.  
6 MR. KLEIN: THE PUBLIC COMMENT.  
7 CHAIRPERSON LANSING: SORRY. I NEED TO HAVE  
8 PUBLIC COMMENT FIRST.  
9 DR. HALL: WE DO NOT NEED TO GO TO THE ICOC.  
10 CHAIRPERSON LANSING: CAN I HAVE PUBLIC  
11 COMMENT DOWNTOWN L. A. ?  
12 MS. SHREVE: THERE ARE NO LONGER MEMBERS OF  
13 THE PUBLIC HERE IN DOWNTOWN L. A.  
14 CHAIRPERSON LANSING: CEDARS? IRVINE?  
15 DR. STEWARD: NO PUBLIC.  
16 CHAIRPERSON LANSING: STANFORD.  
17 DR. PIZZO: THREE PUBLIC, NO COMMENT.  
18 CHAIRPERSON LANSING: UCLA?  
19 DR. FONTANA: NO PUBLIC.  
20 CHAIRPERSON LANSING: DAVIS?  
21 DR. POMEROY: NO PUBLIC.  
22 CHAIRPERSON LANSING: SALK?  
23 DR. NOVA: NO PUBLIC.  
24 CHAIRPERSON LANSING: OKAY. SORRY, GUYS.  
25 LET'S HAVE A ROLL CALL.



1 MS. DUROSS: DAVID MEYER.  
2 DR. MEYER: YES.  
3 MS. DUROSS: BOB KLEIN.  
4 MR. KLEIN: YES.  
5 MS. DUROSS: SHERRY LANSING.  
6 CHAIRPERSON LANSING: YES.  
7 MS. DUROSS: RICHARD MURPHY.  
8 DR. MURPHY: YES.  
9 MS. DUROSS: TINA NOVA.  
10 DR. NOVA: YES.  
11 MS. DUROSS: PHIL PIZZO.  
12 DR. PIZZO: YES.  
13 MS. DUROSS: CLAIRE POMEROY.  
14 DR. POMEROY: YES.  
15 MS. DUROSS: JEANNIE FONTANA.  
16 DR. FONTANA: YES.  
17 MS. DUROSS: OS STEWARD.  
18 DR. STEWARD: YES.  
19 CHAIRPERSON LANSING: THE MOTION PASSES.  
20 MR. KLEIN: MOTION PASSES. DO WE ALSO NEED  
21 TO DEAL WITH THE 240,000 FOR THE FURNITURE?  
22 CHAIRPERSON LANSING: NO. THAT WE SAID --  
23 MR. BARNES: 120,000 THIS YEAR.  
24 MR. KLEIN: THE OBLIGATION IS 120,000 THIS  
25 YEAR?

1 MR. BARNES: THIS YEAR. AND I THOUGHT WE  
2 AGREED THAT THAT WAS INCLUDED WITHIN THE APPROVAL THAT  
3 WAS --

4 CHAIRPERSON LANSING: THIS WAS THE FULL ICOC.  
5 THAT HAD ALREADY GONE WHEN WE APPROVED. WE ALL SAID  
6 THAT THAT HAD ALREADY GONE WHEN WE APPROVED THE --

7 MR. KLEIN: OKAY. CLAIRE, HOW DO YOU WANT --  
8 WHAT IS YOUR PERSPECTIVE ON THIS?

9 DR. POMEROY: I AGREE WITH THE DECISION THAT  
10 WE MADE, THAT WHEN THE APPROVED THE BID, WE APPROVED  
11 THAT EXPENDITURE.

12 MR. KLEIN: GREAT. I JUST WANTED TO CONFIRM  
13 THAT WE ALL HAVE A CONSENSUS.

14 DR. POMEROY: THANKS FOR CHECKING.

15 CHAIRPERSON LANSING: GREAT. THANKS AGAIN.

16 NOW, I KNOW EVERYBODY IS ON A TIME SCHEDULE,  
17 SO BEAR US WITH LITTLE BIT MORE. I'D LIKE BOB, IF YOU  
18 CAN LEAD US THROUGH THE NAMING PROGRAMS.

19 MR. KLEIN: CERTAINLY. WITH THE BOND  
20 ANTICIPATION NOTE STRUCTURE, I HOPE THAT EVERYONE  
21 RECALLS THAT, BASED ON OUR PRIOR PRESENTATIONS TO THE  
22 ICOC, THAT THE BOND ANTICIPATION NOTES ARE STRUCTURED  
23 SO THAT THESE ARE MAJOR PHILANTHROPIC FOUNDATIONS OR  
24 PHILANTHROPIC INDIVIDUALS WHO WILL BE PURCHASING THESE  
25 BOND ANTICIPATION NOTES WITH A CLEAR DISCLOSURE THAT

1 IF, IN FACT, THE LAWSUIT WERE LOST BY THE CIRM, THAT  
2 THEIR BOND ANTICIPATION NOTE, WHICH IS A BOND OR FORM  
3 OF A LOAN, WOULD THEN BECOME A GRANT TO THE STATE SO  
4 THE STATE HAS NO RISK.

5 AND GIVEN THAT THESE INSTITUTIONS ARE  
6 PRIMARILY -- THEIR PRIMARY MISSION IS MEDICAL AND  
7 SCIENTIFIC EDUCATION, SCIENTIFIC RESEARCH, THEY WILL  
8 HAVE ACCOMPLISHED THEIR PRIMARY MISSION, BUT THIS IS A  
9 SIGNIFICANT COMMITMENT TO OUR PROGRAMS TO SUPPORT US IN  
10 MOVING FORWARD.

11 AND THE THOUGHT IS THAT IN THE CASE WHERE  
12 THEY BUY THE BONDS AND IT BECOMES A CONTRIBUTION  
13 BECAUSE WE'VE LOST THE LAWSUIT, WHICH WE DO NOT EXPECT  
14 TO DO, OR AT THE END OF THE BOND ANTICIPATION NOTES, A  
15 TIME PERIOD WHEN BONDS ARE ISSUED AND THEY COULD BE  
16 PAID BACK, IF THEY WERE TO VOLUNTARILY MAKE THAT MONEY  
17 A CONTRIBUTION TO THE CIRM, IN EITHER OF THOSE CASES,  
18 IF THE PROPOSAL THAT THE FOUNDATION OR THE INDIVIDUAL  
19 MAY BE ABLE TO DESIGNATE THAT PROGRAM OF FELLOWSHIPS  
20 WOULD BE NAMED AFTER THAT INSTITUTION.

21 SO, FOR EXAMPLE, LET US SAY THAT THE DOLBYS  
22 OR THE FISHERS, DIFFERENT INDIVIDUALS WHO HAVE  
23 CONTRIBUTED SIGNIFICANTLY TO THE CIRM, EITHER THE  
24 HEADQUARTERS EFFORT OR TO OUR OPERATING FUND, IF THEY  
25 WERE TO BUY \$29 MILLION IN BOND ANTICIPATION NOTES, IT

1 WOULD BE THAT THE DOLBY/CIRM SCHOLARS WERE NOT TO BE  
2 SUCCESSFUL OR IF THEY WERE AT THE TIME WE PAID THE  
3 FUNDS BACK TO THEM, CAN CONVERT THAT INTO A  
4 CONTRIBUTION TO FURTHER THIS PROGRAM AS THE CIRM  
5 ADVANCES. THAT PROVIDES A RECOGNITION FOR THE  
6 TREMENDOUS CONTRIBUTION THOSE INSTITUTIONS WOULD HAVE  
7 MADE. IT IS NOT A FINANCIAL COST TO OUR INSTITUTION,  
8 BUT THAT RECOGNITION WOULD BE WELL EARNED IN EITHER OF  
9 THOSE CASES. SO THAT IS THE PROPOSAL.

10 CHAIRPERSON LANSING: CAN I HAVE BOARD  
11 COMMENT FROM SALK?

12 DR. MURPHY: I MISSED SOMETHING. IF THE  
13 BONDS ARE ISSUED AND WE PAY THESE FOLKS AND THEY GET  
14 BOND INCOME OFF OF IT, ARE YOU STILL SUGGESTING THERE  
15 BE A NAMING OPPORTUNITY THERE?

16 MR. KLEIN: IF THEY ARE PAID BACK AND THEY DO  
17 NOT CONTRIBUTE THE MONEY TO CIRM, THEY WOULD NOT BE --  
18 THERE WOULD NOT BE A NAMING OF THE FELLOWSHIP PROGRAM  
19 AFTER THEM.

20 DR. MURPHY: BUT IF THEY DID NOT GET MONEY  
21 BACK, IT WOULD BE NAMED, BUT IT WOULD BE NAMED  
22 CENTRALLY, SO IT WOULD BE A CIRM DONOR, SLASH DONOR  
23 DESIGNATION SO THAT THOSE MONIES COULD GO TO ANY  
24 ORGANIZATION THAT COMPETES SUCCESSFULLY FOR THOSE  
25 TRAINING GRANTS?

1 MR. KLEIN: THAT'S RIGHT.

2 DR. MURPHY: I'M VERY COMFORTABLE WITH THAT.

3 CHAIRPERSON LANSING: TINA.

4 DR. NOVA: I'M FINE AS WELL.

5 CHAIRPERSON LANSING: I'M ACTUALLY CONFUSED

6 BECAUSE I THOUGHT I UNDERSTOOD IT. I'M CONFUSED.

7 SOMEONE DOES A BOND ANTICIPATION NOTE. THEY'RE NOT

8 PAID BACK. WE NAME IT. NOW, THEY HELPED US IN A

9 CRISIS. AND, YOU KNOW, THE BONDS COME THROUGH.

10 MR. KLEIN: AT THIS POINT, WE DON'T BELIEVE

11 WE NEED THE EXTRA INCENTIVE OF GIVING THEM THE NAMING

12 RIGHTS FOR PURCHASING THE BAN'S, IF THEY ARE, IN FACT,

13 PAID BACK AND DO NOT CONTRIBUTE THE FUNDS. THIS IS A

14 MORE CONSERVATIVE POSITION AT THIS POINT. AS WE

15 ADVANCE OUR PROGRAM, WE MIGHT COME BACK WITH A

16 DIFFERENT PROPOSAL, BUT AT THIS MOMENT --

17 CHAIRPERSON LANSING: I DEFER TO YOU, BOB,

18 BECAUSE YOU KNOW THIS FAR BETTER THAN I DO, BUT I ALSO

19 WANT TO SAY THAT IF YOU FIND, IF YOU FIND IT'S NOT

20 GOING AS WELL AS YOU LIKE, I HAVE A GREAT DEAL OF

21 RESPECT FOR PEOPLE WHO ARE BUYING THEM WITH NO ASSURETY

22 THAT THEY'RE GOING TO GET THEIR MONEY BACK. AND I

23 DON'T THINK IT'S TERRIBLE TO DO SOMETHING NICE FOR THEM

24 IF THEY TOOK THE RISK.

25 MR. KLEIN: OKAY. I THINK THAT'S A

1 LEGITIMATE OPTION, WHICH MIGHT BE VERY HELPFUL. AT THE  
2 MOMENT, THOUGH, WHAT WE'RE TRYING TO DO IS GET -- WELL,  
3 I MAY NEED IT, BUT AT THE MOMENT WE'RE TRYING TO GET  
4 VALIDATION OF THIS MORE LIMITED CONCEPT.

5 CHAIRPERSON LANSING: YOU GOT IT. OKAY.

6 TINA, DID YOU HAVE ANYTHING?

7 DR. NOVA: NO. THANK YOU.

8 CHAIRPERSON LANSING: CLAIRE?

9 DR. POMEROY: CAN I GET AN EXPLANATION OF HOW  
10 THIS WORKS? IS THE CIRM A 501(C)(3)?

11 MR. KLEIN: THE CIRM IS A TAX-EXEMPT ENTITY,  
12 AND WE'RE QUALIFIED AS THE STATE OF CALIFORNIA TO  
13 RECEIVE TAX-EXEMPT CONTRIBUTIONS. AND THE CONTRIBUTION  
14 IN THIS CASE, IN THE CASE WE WERE TO LOSE THE  
15 LITIGATION, THE CONTRIBUTION WOULD GO TO THE STATE OF  
16 CALIFORNIA TO REPAY THE BAN'S.

17 DR. POMEROY: IS THERE ANY PRECEDENT FOR  
18 NAMING OPPORTUNITIES TO STATE-ASSOCIATED AGENCIES THAT  
19 ARE TAX-EXEMPT? HAS THIS EVER BEEN DONE BEFORE?

20 MR. KLEIN: JAMES, DO YOU KNOW THE ANSWER TO  
21 THAT?

22 MR. HARRISON: I WOULD SAY THAT PROBABLY THE  
23 CLOSEST ANALOGY WOULD BE BUILDINGS NAMED BY THE  
24 UNIVERSITY OF CALIFORNIA AFTER DONORS OR ALUMNI.

25 DR. POMEROY: BUT WE'RE A 501(C)(3), WHICH IS

1 WHY I ASKED THE QUESTION.

2 MR. HARRISON: WELL, THE UNIVERSITY IS AN  
3 AGENCY OF THE STATE OF CALIFORNIA AS WELL. AND  
4 CONTRIBUTORS CAN MAKE TAX-EXEMPT DONATIONS TO A  
5 GOVERNMENT AGENCY.

6 DR. POMEROY: RIGHT. I'M STILL NOT CLEAR.  
7 IF IT'S NOT A 501(C)(3), BUT IT'S TAX-EXEMPT, IS THERE  
8 ANY PRECEDENT FOR DOING NAMING IN THAT AREA?

9 MR. KLEIN: WHAT JAMES IS REFERRING TO IS  
10 WE'RE REALLY IN THE SAME POSITION AS UNIVERSITY OF  
11 CALIFORNIA SYSTEM, AND HE'S REFERENCING THE EXAMPLE  
12 THAT NUMEROUS BUILDINGS AND ROOMS WITHIN BUILDINGS AND  
13 WINGS OF BUILDINGS ARE FREQUENTLY NAMED AFTER DONORS  
14 WHO HAVE CONTRIBUTED TO BUILDING PROJECTS AT THE  
15 UNIVERSITY.

16 DR. POMEROY: OF COURSE, BUT THERE'S A  
17 501(C)(3) INVOLVED WITH THAT, RIGHT?

18 MR. KLEIN: NO. IT'S THE STATE OF  
19 CALIFORNIA; ISN'T THAT CORRECT, JAMES?

20 MR. HARRISON: WELL, THE UNIVERSITY OF  
21 CALIFORNIA IS AN AGENCY OF THE STATE OF CALIFORNIA.  
22 THERE ARE FOUNDATIONS THAT SUPPORT THE WORK OF THE  
23 UNIVERSITY OF CALIFORNIA, AND WE CAN CERTAINLY LOOK  
24 INTO WHETHER THERE ARE CIRCUMSTANCES WHERE THE DONORS  
25 GIVE TO AN OUTSIDE FOUNDATION THAT, IN ESSENCE,

1 SPONSORS THE BUILDING. BUT THE UNIVERSITY --  
2 MR. KLEIN: THE REASON THE MONEY IS  
3 ULTIMATELY TAX-EXEMPT IS IT'S GOING TO A FACILITY OWNED  
4 BY AN AGENCY OF THE STATE OF CALIFORNIA.  
5 DR. POMEROY: OKAY.  
6 DR. PIZZO: CLAIRE, DO YOU HAVE A FOUNDATION  
7 AT UC DAVIS? I KNOW THERE'S ONE AT UCSF.  
8 DR. POMEROY: NO, WE DO NOT HAVE ONE AT UC  
9 DAVIS.  
10 DR. PIZZO: OKAY. WELL, THEN THAT WOULD BE  
11 HELPFUL THEN. SO MAYBE THE SYSTEM DOES WORK AND YOU  
12 DON'T HAVE TO GIVE IT TO THE FOUNDATION.  
13 MR. KLEIN: JAMES' POSITION IS YOU DO NOT  
14 HAVE TO GIVE --  
15 MR. HARRISON: CERTAINLY FOR TAX-EXEMPT --  
16 FOR A CONTRIBUTION TO BE TAX-EXEMPT, IT DOESN'T HAVE TO  
17 GO TO A 501(C)(3) IF IT'S GIVEN TO A GOVERNMENTAL  
18 AGENCY FOR A PUBLIC PURPOSE.  
19 DR. POMEROY: I'M NOT SURE OF MY ANSWER,  
20 PHIL.  
21 MR. KLEIN: FOR EXAMPLE, THE DOLBY'S FIVE  
22 MILLION WAS GIVEN TO US, IT'S GIVEN EFFECTIVELY TO THE  
23 STATE OF CALIFORNIA.  
24 CHAIRPERSON LANSING: CLAIRE, ANY MORE?  
25 DR. POMEROY: I GUESS I'M STILL NOT SURE IF I



1 GOT THE ANSWER, THAT IF IT'S GIVEN DIRECTLY TO THE  
2 STATE, THAT NEED -- I JUST NEED TO HEAR JAMES SAY. IF  
3 IT'S GIVEN DIRECTLY TO THE STATE, THE STATE IS ALLOWED  
4 TO ACKNOWLEDGE THAT WITH A NAMING OPPORTUNITY LEGALLY?

5 MR. HARRISON: I'M NOT AWARE OF ANYTHING THAT  
6 PREVENTS THE STATE FROM DOING THAT. THE ONLY PRECEDENT  
7 I'M AWARE OF IS THE UNIVERSITY OF CALIFORNIA SYSTEM.  
8 IN OTHER WORDS, I CAN'T THINK OF ANOTHER STATE AGENCY  
9 THAT HAS DONE SOMETHING SIMILAR, BUT I'M NOT AWARE OF  
10 ANY PROHIBITION ON IT. THERE'S NO FINANCIAL GAIN TO  
11 THE DONOR.

12 MR. KLEIN: CLAIRE, WHAT WE CAN DO IS  
13 RECONFIRM THIS, BUT OUR OUTSIDE COUNSEL AND THE  
14 TREASURER'S OFFICE, TO THE EXTENT WE'VE DISCUSSED WITH  
15 THEM, ARE NOT AWARE OF A PROBLEM EITHER. BUT PRIOR TO  
16 THE BOARD MEETING, WE CAN CONFIRM THAT.

17 DR. POMEROY: OKAY. I JUST WANT TO MAKE SURE  
18 WE'RE DOING SOMETHING LEGITIMATE.

19 MR. KLEIN: RIGHT. WE ARE VERY CONCERNED  
20 WITH THAT, SO WE WILL DOUBLE-CHECK IT.

21 DR. POMEROY: IN GENERAL I'M VERY SUPPORTIVE  
22 OF THE CONCEPT OF ACKNOWLEDGING PEOPLE WHO GIVE  
23 DONATIONS.

24 CHAIRPERSON LANSING: STANFORD?

25 DR. PIZZO: I DON'T HAVE A QUESTION, BUT

1 ACTUALLY I'LL REPRESENT A QUESTION THAT OR REPRESENT A  
2 COMMENT FROM ONE OF OUR PUBLIC. IS THAT OKAY IN THE  
3 EXPEDIENCY?

4 CHAIRPERSON LANSING: SURE. I THINK THAT'S  
5 OKAY.

6 DR. PIZZO: THAT THERE MAY BE OTHER EXAMPLES,  
7 LIKE THE HIGHWAY SYSTEM, THAT COULD BE LOOKED AT WHERE  
8 NAMING OPPORTUNITIES ARISE. THIS COMES FROM MR. REED.

9 CHAIRPERSON LANSING: THANK YOU.

10 DR. POMEROY: THAT'S INTERESTING.

11 CHAIRPERSON LANSING: THANK YOU. IRVINE?

12 DR. STEWARD: I HAVE A QUESTION. I GUESS I  
13 WANT TO BE SENSITIVE TO THE CRITICISM THAT DOWN THE  
14 ROAD A DONATION WOULD END UP ACTUALLY -- WELL, TURN  
15 INTO A BOND AND THE INDIVIDUAL WOULD ACTUALLY BENEFIT  
16 FROM THE BOND. AND MY QUESTION IS WHEN IS THE  
17 THRESHOLD FOR MAKING IT A NAMED THING?

18 SO WHAT I'M THINKING ABOUT HERE IS SUPPOSE WE  
19 GO INTO THIS PROCESS AND, IN FACT, THE LEGAL ISSUES  
20 TAKE TWO YEARS TO BE RESOLVED OR THREE YEARS TO BE  
21 RESOLVED OR WHATEVER, BUT EVENTUALLY ARE RESOLVED SO  
22 THAT THE DONATIONS BECOME BONDS AND ARE REIMBURSED.  
23 WOULD WE HAVE ALREADY CROSSED THE THRESHOLD FOR NAMING  
24 AND, THEREFORE, RUN INTO SORT OF THAT ISSUE OF A CREDIT  
25 THAT WAS FOR SOMETHING OTHER THAN A DONATION?

1 MR. KLEIN: WELL, FIRST OF ALL, IT IS  
2 IMPORTANT BECAUSE AT SOME POINT WE WILL NEED TO MAKE A  
3 DECISION. AND I THINK AS CLAIRE SAID -- I MEAN AS  
4 SHERRY SAID, YOU KNOW, IF, IN FACT, WE END UP NAMING  
5 SOMEONE -- THE PROGRAM AFTER SOMEONE AND THEY DON'T END  
6 UP GETTING THEIR MONEY BACK FOR THREE YEARS, THEY WILL  
7 HAVE DONE A MAJOR BENEFIT FOR US SO THAT I WOULD FEEL  
8 PRETTY GOOD ABOUT GIVING THEM SOME RECOGNITION. IT  
9 DIDN'T COST US ANYTHING, AND IT IS A VERY MEANINGFUL  
10 POINT IN OUR EXISTENCE WHERE WE NEED PEOPLE TO GET  
11 RECOGNITION WHO ARE STEPPING UP AND DOING SOMETHING  
12 THAT IS WITHOUT PRECEDENT; THAT IS, BUYING THE BOND  
13 ANTICIPATION NOTE WITH A SPECIFIC LITIGATION RISK  
14 DISCLOSURE THAT'S SIGNIFICANT.

15 CHAIRPERSON LANSING: I THINK WE -- AS  
16 OPTIMISTIC AS I AM, I THINK WE CANNOT, YOU KNOW, FROM A  
17 BUSINESS POINT OF VIEW, UNDERESTIMATE THE RISK THAT AN  
18 INDIVIDUAL IS TAKING TO HELP FUND THIS RESEARCH.

19 DR. STEWARD: I GUESS I WOULD JUST SAY CAN WE  
20 PUT A TIME LINE ON IT SO THAT WE JUST UNDERSTAND WHEN  
21 THAT --

22 MR. KLEIN: I THINK WE COULD SAY THAT IF  
23 THEY'RE NOT PAID BACK WITHIN A YEAR, THEY CERTAINLY  
24 WILL HAVE GONE BEYOND WHAT OUR EXPECTATION IS OF THE  
25 COMMITMENT TO STEP FORWARD UNDER THIS PROGRAM. AND I

1 THINK WE SHOULD GIVE THEM THE NAMING BENEFIT.

2 DR. STEWARD: I JUST WOULD SAY THAT THE  
3 PROBABLE -- YOU KNOW, REALISTICALLY THE PROBABLE  
4 OUTCOME IS THAT, IN FACT, THEY WOULD GET THE NAMING  
5 BENEFIT BECAUSE A YEAR IS A VERY OPTIMISTIC TIME LINE,  
6 IF I UNDERSTAND MR. HARRISON'S PROJECTIONS.

7 MR. KLEIN: WE'RE TALKING ABOUT A YEAR FROM  
8 THE TIME THAT THE BOND ANTICIPATION NOTES ARE ACTUALLY  
9 SOLD, SO IT MAY BE 14 MONTHS FROM NOW, BUT STILL IT  
10 IS -- IF SOMEONE STEPPED UP TO THE PLATE FOR 14 MONTHS  
11 AND TAKES THIS KIND OF A RISK, WE INDIVIDUALLY, FOR THE  
12 BENEFIT OF THE STATE, CAN SAY THAT IT'S NOT A MATERIAL  
13 RISK BECAUSE OF PRECEDENT; BUT FOR AN INDIVIDUAL TO --  
14 FOR AN INDIVIDUAL FOUNDATION TO SUFFER THAT RISK IS  
15 PRETTY SIGNIFICANT.

16 DR. POMEROY: THIS IS CLAIRE POMEROY. YOU  
17 KNOW, THE WAY WE DO THIS IN UC IS THAT WE HAVE A NAMING  
18 COMMITTEE THAT REVIEWS THE AMOUNTS AND WHAT NAMES WOULD  
19 BE APPROPRIATE BECAUSE, YOU KNOW, IF WE JUST SORT OF  
20 ARBITRARILY ASSIGN AND SAY, YOU KNOW, FOR A \$100,000,  
21 IT COULD BE A NAMING OPPORTUNITY AND SOMEONE ELSE GIVES  
22 A MILLION. I MEAN IT'S VERY DIFFICULT TO CONTROL.

23 CHAIRPERSON LANSING: ONE OF THE QUESTIONS  
24 FROM THE PUBLIC HERE, DO YOU WANT TO ASK YOUR QUESTION?

25 UNIDENTIFIED SPEAKER: THAT WAS ACTUALLY SORT

1 OF MY QUESTION, CLAIRE. I ASSUME ACCORDING TO OUR --

2 DR. PIZZO: THAT'S A STANDARD PRACTICE. I  
3 MEAN AT STANFORD, YOU KNOW, THERE IS A VERY SET NUMBER  
4 THAT WOULD BE USED FOR A NAMING OPPORTUNITY FOR A  
5 BUILDING, JUST AS THERE IS FOR A PROFESSORSHIP.

6 CHAIRPERSON LANSING: BOB, WHAT IS THE  
7 MINIMUM?

8 MR. KLEIN: WE'RE LOOKING A 10 TO 20 MILLION.  
9 SO, FOR EXAMPLE, IF TWO FOUNDATIONS DID 10 MILLION  
10 EACH, THEY COULD HAVE A SHARED NAME, BUT WE'RE NOT  
11 GOING TO GO ANY SHALLOWER THAN THAT.

12 CHAIRPERSON LANSING: I HAVE TO SAY AGAIN, IF  
13 SOMEONE GIVES US -- A FOUNDATION OR AN INDIVIDUAL GIVES  
14 US \$10 MILLION, I THINK, AND I HEAR THAT YOU ARE NOT  
15 ASKING FOR THIS NOW, BOB, AND THEY RISK THEIR MONEY FOR  
16 A YEAR, I THINK IT IS LITTLE THAT WE COULD DO TO GIVE  
17 THEM A NAMING OPPORTUNITY.

18 DR. PIZZO: AMEN.

19 DR. STEWARD: SO THIS IS OS AGAIN. SO I MEAN  
20 I AGREE ACTUALLY WITH THIS, AND I JUST WONDER A LITTLE  
21 BIT ABOUT THE CONTINGENCIES HERE. GIVEN THE LIKELIHOOD  
22 THAT REALLY THE LEGAL ISSUES MAY GO BEYOND A YEAR AND  
23 THAT THERE'S NOW MAYBE A GOOD PROBABILITY THAT YOU ARE  
24 GOING TO END UP WITH A NAMING OPPORTUNITY ANYWAY, WHY  
25 NOT JUST GO FORWARD WITH THAT IN THE BEGINNING?

1 MR. KLEIN: WELL, LET ME, IF I CAN, I  
2 APPRECIATE THE EXPRESSION. IF WE CAN APPROVE THIS  
3 MAYBE WITH THAT FLEXIBILITY, BUT I'D LIKE TO TAKE THE  
4 MORE CONSERVATIVE POSITION; AND THEN IF WE NEED THE  
5 POSITION, WE WILL. AND I WOULD ALSO SAY THAT THE  
6 TREASURER IS GOING TO APPROVE QUALIFIED BIDDERS. AND I  
7 WOULD INTEND TO GO THROUGH A PROCESS WITH ZACH TO MAKE  
8 SURE THAT ALL THOSE QUALIFIED BIDDERS ARE SOMEONE THAT  
9 HAVE A NAME THAT WE WANT ASSOCIATED BEFORE OFFERING  
10 THAT.

11 CHAIRPERSON LANSING: THAT'S A GOOD POINT. I  
12 SEE WHERE YOU ARE COMING FROM.

13 MR. KLEIN: JUST AS A FILTER. BUT I  
14 APPRECIATE THE EXPRESSION FROM THE COMMITTEE.

15 CHAIRPERSON LANSING: I UNDERSTAND THE  
16 SUBTLETIES OF WHAT YOU'RE GOING THROUGH.

17 ARE THERE ANY MORE COMMENTS, JUST FOR TIME  
18 NOW, ANY MORE COMMENT FROM OF THE BOARD MEMBERS?

19 DR. POMEROY: SHERRY, THIS IS CLAIRE. I  
20 GUESS I'M STILL A LITTLE BIT UNCOMFORTABLE THAT THE  
21 PROCESS FOR DETERMINING A NAMING OPPORTUNITY FEELS  
22 QUITE BIG AT THIS POINT. COULD WE INCORPORATE SOME  
23 LANGUAGE ABOUT THAT INTO THE MOTION?

24 CHAIRPERSON LANSING: SURE. AFTER WE GET TO  
25 THE PUBLIC, MAYBE YOU CAN PROPOSE A MOTION THAT MAKES

1 YOU FEEL COMFORTABLE, OR BOB CAN.

2 MR. KLEIN: EITHER WAY YOU WANT TO DO IT,  
3 CLAIRE.

4 DR. POMEROY: OKAY.

5 CHAIRPERSON LANSING: ANY OTHER COMMENTS FROM  
6 THE BOARD? ANY COMMENTS FROM THE PUBLIC AT ANY OF OUR  
7 LOCATIONS?

8 DR. PIZZO: YES, AT STANFORD.

9 MR. REED: OBVIOUSLY THIS IS AN INCREDIBLE,  
10 WONDERFUL THING. I UNDERSTAND WE HAVE TO DO IT, BUT  
11 THE OBJECTION THAT'S BEING RAISED BY THE OPPOSITION,  
12 WHO WILL SLING MUD EVERY OPPORTUNITY, IS THAT A  
13 DONATION WOULD BUY INFLUENCE AS TO THE DIRECTION OF THE  
14 RESEARCH. IS THERE GOING TO BE A POLICY STATED ON  
15 THAT?

16 MR. KLEIN: WELL, FIRST OF ALL, AS YOU KNOW,  
17 THE GRANTS GO THROUGH A PEER REVIEW SYSTEM THAT HAS  
18 ALREADY OCCURRED. SO THEY CERTAINLY COULDN'T HAVE  
19 INFLUENCED THAT.

20 AND SECONDLY, THE BOARD IS GOING TO VOTE ON  
21 THIS BEFORE WE KNOW WHO'S GOING TO BUY THE BONDS. SO  
22 THEY WON'T HAVE ANY INFLUENCE BECAUSE THE PROCESS WILL  
23 BE COMPLETED BEFORE WE WOULD EVEN KNOW WHO IS BUYING  
24 THE BAN'S. THOSE TWO WALLS SEEM TO BE VERY GOOD  
25 INSULATION.

1 CHAIRPERSON LANSING: HOW MANY BAN'S ARE YOU  
2 GOING FOR?

3 MR. KLEIN: WHILE WE NEED AT LEAST 21  
4 MILLION, WE COULD POTENTIALLY, IF WE HAVE SUFFICIENT  
5 BUYERS, SUBSCRIBE TO 50 MILLION, FOR EXAMPLE. NOW,  
6 WE'RE NOT AT THE MOMENT PROPOSING A NAMING PROGRAM ON  
7 THE SEED MONEY PROGRAM, WHICH WOULD BE WHAT ZACH IS  
8 ADDRESSING; BUT IF YOU WANT TO EXTEND THE DISCUSSION TO  
9 THAT PROGRAM, WHICH, FOR EXAMPLE, COULD BE \$30 MILLION,  
10 THE PEER REVIEW COMMITTEE, AGAIN, WILL VOTE ON THIS  
11 WITHOUT ANY INTEREST IN WHERE THE FUNDS ARE COMING  
12 FROM. AND, OF COURSE, THE FUNDS WILL ALREADY BE IN THE  
13 TREASURER'S HANDS WITHOUT ANY STRINGS ATTACHED. THE  
14 TREASURER HAS TO NEGOTIATE THE FINAL BAN DOCUMENT, SO  
15 WE HAVE ANOTHER STATE CONSTITUTIONAL OFFICER IN BETWEEN  
16 THE INSTITUTE AND THE FINAL BAN PURCHASER WITHOUT ANY  
17 STRINGS BEING ATTACHED BY THE PURCHASER WHO DIRECTS THE  
18 MONEY, WHICH IS UNACCEPTABLE CLEARLY.

19 SECONDLY, WHEN IT GOES TO THE BOARD, THE  
20 FUNDS WILL ALREADY BE IN THE TREASURER'S HANDS IF  
21 THAT'S THE PROCESS, THAT WE'VE RAISED 50 MILLION  
22 INSTEAD OF 20, AND THE BOARD WILL BE VOTING ON  
23 RECOMMENDATIONS THAT COME FROM THE PEER REVIEW  
24 COMMITTEE SO THAT THEY'LL BE VOTING ON SCIENTIFIC MERIT  
25 WITHOUT NAMES ATTACHED TO THE DIFFERENT INSTITUTIONS,



1 BUT IDENTIFIED BY NUMBER WITH DESCRIPTIONS OF THE  
2 VARIOUS GRANTS, WHICH ACT AS AN ADDITIONAL INSULATION.

3 SO IN EITHER FACT PATTERN, WHETHER WE RAISE  
4 20 MILLION OR 50 MILLION, AND EVEN IF WE END UP  
5 ATTACHING THE NAME, WE HAVE FIREWALLS THAT ARE THERE TO  
6 PROTECT AGAINST BIAS.

7 CHAIRPERSON LANSING: ANY OTHER PUBLIC  
8 COMMENT? THEN I THINK WHAT WE NEED, BOB OR CLAIRE,  
9 WHOEVER WOULD PREFER TO DO IT, IS A MOTION TO BRING THE  
10 NAMING CONCEPT TO THE FULL ICOC BOARD, AND WE NEED TO  
11 MAKE SURE IT HAS ENOUGH DETAIL IN IT.

12 MR. KLEIN: SO THE MOTION COULD VERY  
13 SPECIFICALLY STATE AS FOLLOWS: THAT THE GOVERNANCE  
14 COMMITTEE RECOMMENDS TO THE BOARD THAT IN THE  
15 DISCRETION OF THE EXECUTIVE COMMITTEE, WHICH IS THE  
16 PRESIDENT, THE VICE CHAIR, AND THE CHAIR, OFFERING A  
17 NAMING OPPORTUNITY FOR THE FELLOWSHIP PROGRAM AND/OR  
18 THE SEED MONEY GRANT PROGRAM COULD BE MADE AVAILABLE.  
19 IF THE BAN'S ARE NOT PAID BACK WITHIN THE YEAR, THE  
20 NAMING WOULD ATTACH TO THE PROGRAM. OR IN THE CASE  
21 THAT IT WAS NECESSARY TO PROVIDE THAT RECOGNITION UP  
22 FRONT, THE EXECUTIVE COMMITTEE COULD DECIDE THAT FOR  
23 THE BENEFIT OF TAKING THIS RISK, THAT THE BAN'S COULD  
24 BE NAMED AFTER -- THE PROGRAMS COULD BE NAMED AFTER THE  
25 BAN PURCHASER.

1 CHAIRPERSON LANSING: I THINK YOU NEED TO PUT  
2 IN THAT'S IT'S NO LESS THAN \$10 MILLION.

3 MR. KLEIN: IT IS NO LESS THAN \$10 MILLION,  
4 AND THAT THE TREASURER WILL NEGOTIATE THE FINAL TERMS  
5 OF THE BAN PURCHASE SO THAT THERE IS A CONSTITUTIONAL  
6 OFFICER THAT IS IMPLEMENTING THE BAN SALE, AND THERE  
7 ARE NO CONDITIONS THAT INFLUENCE THE AWARD OF ANY  
8 GRANT.

9 CHAIRPERSON LANSING: CLAIRE, YOU WANT TO ADD  
10 OR MODIFY THAT?

11 DR. POMEROY: CAN YOU JUST CLARIFY WHAT  
12 PROGRAM IS GOING NAMED FOR THIS 10 MILLION?

13 MR. KLEIN: WELL, THE INFRASTRUCTURE TRAINING  
14 PROGRAM WOULD BE -- IS A \$20 MILLION PROGRAM; AND IF  
15 TWO INDIVIDUAL GROUPS WERE TO EACH PUT UP TEN, IT WOULD  
16 BE CO-NAMED. AND WHAT WAS RAISED AS AN ISSUE, WHICH I  
17 GUESS WE SHOULD -- I'VE INCORPORATED INTO MY MOTION  
18 BECAUSE IT IS, IN FACT, AN OPPORTUNITY THAT MAY OCCUR,  
19 IS THAT IF, IN FACT, WE RAISE 50 MILLION INSTEAD OF 20,  
20 THAT IT WOULD ALSO APPLY TO THE SEED MONEY GRANT  
21 PROGRAM.

22 DR. POMEROY: JUST SO THAT EVERYBODY REALLY  
23 UNDERSTANDS WHAT WE'RE TALKING ABOUT HERE, THEN, SAY  
24 JDRF AND THE DOLBY FAMILY PUT THE MONEY UP, THESE  
25 PEOPLE -- THE PEOPLE SUPPORTED THROUGH THE TRAINING

1 GRANTS AT UCLA WOULD BE CALLED THE DOLBY/JDRF SCHOLARS  
2 IN STEM CELLS?

3 MR. KLEIN: THE DOLBY/JDRF/CIRM SCHOLARS.  
4 ZACH HAS ASKED THAT THE TITLE "CIRM SCHOLARS" ALWAYS BE  
5 THE BASIC NAME, AND THAT THIS WOULD BE MODIFIERS THAT  
6 WOULD RUN AHEAD OF THE NAME.

7 DR. POMEROY: AND SOMEONE WORKING ON  
8 PARKINSON'S MIGHT WELL BE THE JDRF/CIRM SCHOLAR?

9 MR. KLEIN: THAT'S RIGHT. THE BROAD SPECTRUM  
10 OF DISEASES. EVERYONE IN ALL THE VARIOUS INSTITUTIONS  
11 BENEFIT.

12 CHAIRPERSON LANSING: I DON'T THINK THAT'S A  
13 NEGATIVE. I THINK THAT'S ACTUALLY FINE BECAUSE IT  
14 SHOWS THAT THE DECISIONS WERE MADE IN A BLIND  
15 SITUATION.

16 ANY OTHER QUESTIONS? DO I HAVE A SECOND ON  
17 THE MOTION?

18 DR. PIZZO: SECOND.

19 CHAIRPERSON LANSING: CAN I THEN HAVE A ROLL  
20 CALL VOTE.

21 MS. DUROSS: DAVID MEYER.

22 DR. MEYER: YES.

23 MS. DUROSS: BOB KLEIN.

24 MR. KLEIN: YES.

25 MS. DUROSS: SHERRY LANSING.

1 CHAIRPERSON LANSING: YES.  
2 MS. DUROSS: RICHARD MURPHY.  
3 DR. MURPHY: YES.  
4 MS. DUROSS: TINA NOVA.  
5 DR. NOVA: YES.  
6 MS. DUROSS: PHIL PIZZO.  
7 DR. PIZZO: YES.  
8 MS. DUROSS: CLAIRE POMEROY.  
9 DR. POMEROY: YES.  
10 MS. DUROSS: JEANNIE FONTANA.  
11 DR. FONTANA: YES.  
12 MS. DUROSS: OS STEWARD.  
13 DR. STEWARD: YES.  
14 CHAIRPERSON LANSING: MOTION PASSES AND THANK  
15 YOU.  
16 ONE LAST ITEM, WHICH IS CONSIDERATION OF OUR  
17 ICOC BYLAWS. AND JAMES HARRISON, CAN YOU LEAD US  
18 THROUGH THIS?  
19 MR. HARRISON: YES. AND I WILL TRY TO DO IT  
20 QUICKLY. WE HAVE DRAFTED THESE BYLAWS PURSUANT TO A  
21 REQUIREMENT IN PROPOSITION 71 THAT THE ICOC ADOPT RULES  
22 AND GUIDELINES TO GOVERN THE OPERATION OF THE ICOC.  
23 AND IN DRAFTING THESE GUIDELINES -- EXCUSE ME -- THESE  
24 BYLAWS, WE HAVE LOOKED AT THE BYLAWS OF OTHER STATE  
25 AGENCIES AND MODELED THESE BYLAWS ON THE BYLAWS OF

1 THOSE AGENCIES.

2 LET ME JUST POINT OUT A COUPLE OF THINGS TO  
3 YOU. THE BYLAWS GENERALLY ARE QUITE STRAIGHTFORWARD.  
4 THEY DESCRIBE, BASED ON PROPOSITION 71 ITSELF, THE  
5 AUTHORITY OF THE ICOC, THE POWERS AND DUTIES OF THE  
6 ICOC, THE MEMBERSHIP OF THE ICOC, INCLUDING THINGS LIKE  
7 COMPENSATION, TERM, AND CONFLICTS OF INTEREST.

8 AND THEN BEGINNING IN OUR ARTICLE V, THE  
9 BYLAWS PROVIDE FOR THE ICOC TO ESTABLISH SUBCOMMITTEES.  
10 I WANT TO JUST POINT OUT ONE THING THERE BECAUSE  
11 THERE'S A TYPO. THE BYLAWS PROVIDE FOR THE ICOC TO  
12 ESTABLISH SUBCOMMITTEES AND TO DEFINE THE MISSION,  
13 JURISDICTION, AND SIZE OF EACH SUBCOMMITTEE. THE  
14 MEMBERS OF THE ICOC MAY VOLUNTEER FOR SERVICE ON A  
15 SUBCOMMITTEE, AND THE FINAL MEMBERSHIP IS DETERMINED BY  
16 THE CHAIRPERSON OF THE SUBCOMMITTEE WITH THE  
17 CONCURRENCE OF THE CHAIRPERSON OF THE ICOC.

18 THE BYLAWS PROVIDE IN THE EVENT THAT A  
19 SUBCOMMITTEE NEEDS THE SPECIFIC EXPERTISE OF A MEMBER,  
20 THAT THE SIZE OF A SUBCOMMITTEE CAN BE EXPANDED IN  
21 BETWEEN MEETINGS OF THE ICOC. THE ICOC, HOWEVER, WOULD  
22 RETAIN THE AUTHORITY TO ULTIMATELY DETERMINE THE  
23 APPROPRIATE SIZE OF THE COMMITTEE.

24 SO IF YOU LOOK ABOUT TWO-THIRDS OF THE WAY  
25 THROUGH THE PARAGRAPH WITH A SENTENCE BEGINNING "THE

1 ICOC MAY EXPAND OR REDUCE THE SIZE OF A SUBCOMMITTEE AT  
2 ANY MEETING OF THE ICOC, INCLUDING THE REVIEW OF ANY  
3 INTERIM EXPANSION OF THE SIZE OF THE SUBCOMMITTEE BY  
4 THE SUBCOMMITTEE CHAIRPERSON," AND THEN THERE'S A  
5 SEMI COLON, "IF THE ICOC REDUCES THE SIZE OF A  
6 COMMITTEE," AND THAT SHOULD BE A COMMA RATHER THAN A  
7 SEMI COLON, "THE ICOC SHALL DETERMINE THE MEMBERSHIP OF  
8 THE SUBCOMMITTEE," AND WE NEED TO ADD A PERIOD THERE.

9 SO THOSE ARE THE TWO TYPOGRAPHICAL ERRORS I  
10 WANTED TO POINT OUT SO WE CAN CHANGE THEM WHEN THIS  
11 GOES TO THE BOARD.

12 THE ONLY OTHER THING THAT I'D LIKE TO DRAW  
13 YOUR ATTENTION TO IS ARTICLE IX, WHICH PERTAINS TO  
14 VOTING. AND WHAT WE'VE DONE HERE IS TO, IN ESSENCE,  
15 IMPLEMENT A PRACTICE THAT THE BOARD HAS ALREADY  
16 ADOPTED, WHICH IS TO PERMIT AMENDMENTS TO PENDING  
17 MOTIONS TO BE MADE WITH THE CONCURRENCE OF THE MAKER OF  
18 THE MOTION AND THE SECOND UNLESS A MEMBER OF THE ICOC  
19 REQUESTS A VOTE ON THE PROPOSED AMENDMENT, IN WHICH  
20 CASE ACTION ON THE PROPOSED AMENDMENT TAKES PLACE  
21 BEFORE A VOTE ON THE PRIMARY MOTION.

22 UNDER ROBERTS RULES OF ORDER, AMENDMENTS TO  
23 MOTIONS ARE ACTED ON AND APPROVED BY A VOTE OF THE  
24 ENTIRE BODY BEFORE ACTION IS TAKEN ON THE PENDING  
25 MOTION. BUT GIVEN THE PRACTICE OF THE ICOC, WE THOUGHT

1 IT WISE TO CONTINUE THAT PRACTICE HERE AND TO DRAW THAT  
2 EXCEPTION.

3 THE ONLY OTHER EXCEPTION WE HAVE SET FORTH  
4 HERE IS THE ONE THAT --

5 MR. KLEIN: JAMES, JUST TO BE CLEAR FOR  
6 EVERYONE, THIS IS THE PRACTICE OF FRIENDLY AMENDMENTS  
7 WHERE, AGAIN, IT TAKES THE CONCURRENCE OF THE PERSON  
8 MAKING THE MOTION, AND IT PROVIDES A WAY TO EXPEDITE  
9 BOARD BUSINESS NOT TO HAVE TO FORCE AN INDEPENDENT  
10 VOTE. ALTHOUGH IT IS NOT ESSENTIAL TO CONDUCT BUSINESS  
11 THAT WAY, IT HAS PROVEN EFFICIENT AND HAS WORKED OUT  
12 WITH COLLEGIALITY AND CONSENSUS OF THE BOARD, WHICH IS  
13 WHY WE FELT IT WAS WORTHWHILE PROPOSING THIS AS PART OF  
14 OUR FORMAL PROCESS.

15 MR. HARRISON: RIGHT. AND IT'S IMPORTANT TO  
16 NOTE THAT EVEN UNDER THE FRIENDLY AMENDMENT PROPOSAL  
17 THAT WE'VE MADE HERE, ANY MEMBER OF THE ICOC CAN  
18 REQUEST A VOTE OF THE ENTIRE BOARD ON AN AMENDMENT.

19 THE ONLY OTHER THING I'D LIKE TO POINT OUT IS  
20 THAT WE HAVE SET FORTH IN THE BYLAWS A REQUIREMENT THAT  
21 A VOTE OF 70 PERCENT OF A QUORUM OF THE ICOC BE  
22 REQUIRED IN ORDER TO MODIFY THE POLICY ENHANCEMENTS  
23 ADOPTED BY THE ICOC AT ITS JULY 12TH AND AUGUST 5TH  
24 MEETINGS. AND THAT'S CONSISTENT WITH THE POSITION THAT  
25 WE'VE TAKEN WITH THE LEGISLATURE.

1                   MR. KLEIN: THE PURPOSE OF THAT IS TO FULFILL  
2 OUR REPRESENTATION TO THE LEGISLATURE THIS IS HOW WE  
3 WOULD CONDUCT OURSELVES, AND IT WAS A PART OF THE  
4 MOTIONS THAT WERE ADOPTED BY THE ICOC.

5                   MR. HARRISON: THAT'S CORRECT.

6                   MR. KLEIN: SO WHAT WE'RE DOING IS PUTTING  
7 THIS IN FORMAL DOCUMENTATION, WHICH IS FURTHER EVIDENCE  
8 TO THE LEGISLATURE OF OUR INTENTION TO CARRY OUT THAT  
9 COMMITMENT TO THEM.

10                   AND ON THE PRIOR ITEM THAT YOU MENTIONED, AS  
11 WELL, JAMES, PURPOSE OF THAT ITEM WHERE A CHAIR OF THE  
12 COMMITTEE CAN ADD BETWEEN MEETINGS IF THEY HAVE A  
13 SPECIFIC EXPERTISE THEY NEED, I'D LIKE TO POINT OUT  
14 THAT THE BOARD CAN REVIEW THAT AT THE NEXT MEETING OF  
15 THE BOARD; AND IF THE BOARD DOESN'T FEEL IT'S  
16 APPROPRIATE TO ADD PEOPLE TO THAT COMMITTEE, THEY CAN  
17 REVERSE THAT ACTION. THE BOARD IS ALWAYS IN CONTROL OF  
18 THE ULTIMATE COMPOSITION AND SIZE OF EACH COMMITTEE.

19                   MR. HARRISON: THAT'S CORRECT.

20                   CHAIRPERSON LANSING: IN THE ATTEMPT TO SAVE  
21 SOME TIME, ANY COMMENTS FROM ANY OF THE BOARD MEMBERS?

22                   DR. MURPHY: RICH MURPHY IN SAN DIEGO. I  
23 GUESS ONE AREA THAT LOOKS LIKE IT HAS ONLY BEEN TOUCHED  
24 UPON, BUT WILL NEED FURTHER DEVELOPMENT, JAMES, ARE THE  
25 ROLES AND RESPONSIBILITIES OF THE CHAIR AND THE



1 PRESIDENT. HOW DO YOU EXPECT TO DO THAT, AND WHEN WILL  
2 THAT BE DONE? AND DID YOU GIVE ANY THOUGHT TO THAT?

3 DR. PIZZO: I WONDER, JUST BEFORE YOU EVEN  
4 ANSWER THAT QUESTION, AND IT'S SORT OF IN THE INTEREST  
5 OF TIME, THIS IS OBVIOUSLY AN IMPORTANT TOPIC, AND I  
6 WONDER IF WE'RE DOING DUE DILIGENCE TO IT BY RESPONDING  
7 TO IT NOW WITHOUT HAVING A CHANCE TO REALLY GO THROUGH  
8 IT MORE CAREFULLY?

9 MR. HARRISON: I CAN RESPOND TO RICH'S  
10 QUESTION FIRST, AND THEN I'LL RESPOND TO PHIL'S. THE  
11 DUTIES OF THE CHAIR AND VICE CHAIR AND PRESIDENT ARE  
12 SET FORTH IN LARGE MEASURE IN THE PROPOSITION ITSELF.  
13 OBVIOUSLY, AS ZACH HAS PRESENTED TO YOU, THE  
14 ORGANIZATIONAL CHART WILL BE PRESENTED TO THE FULL  
15 BOARD AT THIS MEETING. AND IF THERE ARE ASPECTS OF THE  
16 ORGANIZATIONAL CHART THAT YOU WISH TO INCLUDE AS PART  
17 OF THE BYLAWS, YOU CAN CERTAINLY AMEND THE BYLAWS, IF  
18 YOU HAVEN'T ALREADY APPROVED THEM, TO INCLUDE THAT.

19 DR. MURPHY: LET ME JUST ADD TO THAT, JAMES.  
20 I KNOW IN MY OWN WORLD, WE'RE ALWAYS GOING TO THE  
21 BYLAWS FOR CLARIFICATION WHEN THINGS GET STICKY. AND I  
22 GUESS I WOULD JUST ENCOURAGE US TO THINK ABOUT  
23 EXPANDING THIS BECAUSE WE DO KNOW THAT FOR THE HEALTH  
24 OF THE ORGANIZATION, WE HAVE TO GET A BETTER SENSE OF  
25 THESE DIFFERING ROLES. ADOPTION OF THIS REALLY DOES

1 HAVE TO BE EXPANDED.

2 DR. POMEROY: RICH, I THINK YOUR POINT IS  
3 KIND OF THE SAME AS PHIL'S, AND I WOULD ECHO PHIL'S  
4 SUGGESTION THAT MAYBE WE DEFER THIS TO THE NEXT  
5 GOVERNANCE COMMITTEE MEETING. IS THERE A RUSH TO  
6 FINALIZE?

7 CHAIRPERSON LANSING: NO. ACTUALLY I THINK  
8 IN -- I APOLOGIZE, BUT THIS MEETING OBVIOUSLY ON THE  
9 BUDGET WAS REALLY THE MOST VITAL THING THAT WE COULD  
10 DO. AND I THINK THERE IS NO RUSH AND MAYBE THIS SHOULD  
11 BE THE TOP AGENDA MEETING FOR THE NEXT ONE. WE'LL THEN  
12 HAVE THE BENEFIT -- I ACTUALLY THINK IT'S A VERY GOOD  
13 SUGGESTION. WE'D ACTUALLY THEN HAVE THE BENEFIT OF THE  
14 ORGANIZATIONAL CHART. WE'LL HAVE IT IN OUR HANDS TO  
15 LOOK AT. WE CAN INCORPORATE IT AND REALLY SPEND SOME  
16 TIME AND LET THIS BE THE TOPIC OF OUR NEXT GOVERNANCE  
17 MEETING.

18 DR. MURPHY: AND I WOULD HOPE, SHERRY, THAT  
19 PRIOR TO THE GOVERNANCE MEETING THERE MIGHT BE OTHER  
20 MEETINGS THAT CAN HELP US GET THE PROCESS GOING SO THAT  
21 BY THE TIME WE GET TO THE GOVERNANCE MEETING, WE WOULD  
22 HAVE SOME SUGGESTIONS TO WORK OUT WITH THE COMMITTEE AS  
23 A WHOLE RATHER THAN STARTING AFRESH WITH THE COMMITTEE  
24 AS A WHOLE, AND MAYBE SOME OF THAT WILL COME FROM BOB  
25 AND FROM ZACH AND FROM DISCUSSIONS THEY'RE HAVING.

1 MR. KLEIN: WE CAN HAVE INDIVIDUAL PHONE  
2 CALLS. WE ACTUALLY CAN'T HAVE MEETINGS.

3 DR. MURPHY: I UNDERSTAND THAT.

4 MR. KLEIN: WE CAN DO THAT. AND I WOULD ALSO  
5 POINT OUT THAT BECAUSE DAVID SERRANO-SEWELL IS AN  
6 ATTORNEY, HE WAS INVOLVED IN THE BYLAWS DRAFTING. AND  
7 MY UNDERSTANDING IS THAT DAVID SERRANO-SEWELL REVIEWED  
8 THIS WITH JOAN SAMUELSON AS WELL. BUT I'M ONLY LOOKING  
9 AT E-MAIL MESSAGES, AND WE ASKED THAT HE DO THAT IN  
10 ORDER TO MAKE SURE THAT WE HAD HER COMMENTS, AND SHE'S  
11 THE OTHER LAWYER ON THE BOARD.

12 THIS IS A PROCESS THAT HAS GOT AN URGENCY TO  
13 IT, BUT THERE WAS A DESIRE TO SHOW REAL SUBSTANTIVE  
14 PROGRESS.

15 DR. MURPHY: I AGREE WITH CLAIRE AND PHIL,  
16 THAT IT SHOULDN'T BE DONE NOW, BUT I THINK EVENTUALLY  
17 IT SHOULD BE.

18 CHAIRPERSON LANSING: I THINK -- AND I ALSO  
19 TAKE, I THINK, RICH, THAT YOU SAID THIS, THAT YOU GO  
20 BACK TO THE BYLAWS AND YOU LOOK AT THEM. SO LET'S TAKE  
21 THE TIME. LET'S DO IT RIGHT. WE'RE IN ABSOLUTELY NO  
22 RUSH, BUT WE STARTED THE PROCESS.

23 DR. PIZZO: THAT'S GREAT.

24 CHAIRPERSON LANSING: I THINK THAT'S GOOD.  
25 SO UNLESS THERE'S ANY PUBLIC COMMENT OR ANY OTHER BOARD

1 COMMENT, I WOULD JUST LIKE TO THANK YOU FOR YOUR TIME,  
2 AND WE WILL MEET AGAIN AND GET INTO THE BYLAWS AND  
3 OTHER ISSUES RIGHT AWAY, BUT THANK YOU SO MUCH, AGAIN.  
4 ANYTHING ELSE?

5 DR. PIZZO: THANK YOU VERY MUCH.

6 CHAIRPERSON LANSING: THIS MEETING IS  
7 ADJOURNED.

8 (THE PROCEEDING WAS THEN CONCLUDED AT 5:25  
9 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 PROCEEDINGS BEFORE THE GOVERNANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATON INDICATED BELOW

UC IRVINE  
NSI -3134, NATURAL SCIENCES I  
IRVINE, CALIFORNIA  
ON  
WEDNESDAY, AUGUST 31, 2005

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.

---

BETH C. DRAIN, CSR 7152