

BETH C. DRAIN, CA CSR NO. 7152

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

LOCATION: CALIFORNIA INSTITUTE FOR
REGENERATIVE MEDICINE
1999 HARRISON STREET, SUITE 1650
OAKLAND, CALIFORNIA
AND
AS INDICATED ON THE AGENDA

DATE: MARCH 13, 2018
9 A.M.

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

FILE NO.: 2017-06

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TUESDAY, MARCH 13, 2018; 9 A.M.

CHAIRMAN THOMAS: GOOD MORNING, EVERYBODY,
AND WELCOME TO THE REGULARLY SCHEDULED MEETING OF
THE ICOC AND APPLICATION REVIEW SUBCOMMITTEE FOR
MARCH 2018. MARIA, WILL YOU PLEASE CALL THE ROLL.

MS. BONNEVILLE: GEORGE BLUMENTHAL. LINDA
BOXER.

DR. BOXER: PRESENT.

MS. BONNEVILLE: KEN BURTIS.

DR. BURTIS: PRESENT.

MS. BONNEVILLE: DEBORAH DEAS.

DR. DEAS: PRESENT.

MS. BONNEVILLE: JACK DIXON.

DR. DIXON: PRESENT.

MS. BONNEVILLE: ANNE-MARIE DULIEGE.

DR. DULIEGE: PRESENT.

MS. BONNEVILLE: JUDY GASSON. SAM
HAWGOOD. DAVID HIGGINS.

DR. HIGGINS: HERE.

MS. BONNEVILLE: STEPHEN JUELSGAARD.

MR. JUELSGAARD: HERE.

MS. BONNEVILLE: SHERRY LANSING.

MS. LANSING: HERE.

MS. BONNEVILLE: LINDA MALKAS.

DR. MALKAS: HERE.

MS. BONNEVILLE: DAVE MARTIN.

DR. MARTIN: HERE.

MS. BONNEVILLE: SHLOMO MELMED.

DR. MELMED: HERE.

MS. BONNEVILLE: LAUREN MILLER.

MS. MILLER: HERE.

MS. BONNEVILLE: ADRIANA PADILLA.

DR. PADILLA: HERE.

MS. BONNEVILLE: JOE PANETTA. FRANCISCO
PRIETO.

DR. PRIETO: HERE.

MS. BONNEVILLE: ROBERT QUINT. AL
ROWLETT.

MR. ROWLETT: HERE.

MS. BONNEVILLE: JEFF SHEEHY. OSWALD
STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: HERE.

MS. BONNEVILLE: KRISTINA VUORI.

DR. VUORI: HERE.

MS. BONNEVILLE: DIANE WINOKUR.

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MS. WINOKUR: HERE.

MS. BONNEVILLE: WE HAVE A QUORUM.

CHAIRMAN THOMAS: THANK YOU, EVERYBODY.

WE'RE GOING TO TAKE THINGS MARGINALLY OUT OF ORDER ON THE AGENDA HERE, GOING STRAIGHT TO THE ACTION ITEMS. START WITH ITEM NO. 7, CONSIDERATION OF CHANGES TO THE CLIN AND DISC2 CONCEPT PLANS. DISCUSSION WILL BE LED BY MR. TOCHER.

MR. TOCHER: GOOD MORNING. THESE TWO ITEMS FOR THE AMENDMENTS TO OUR DISC AND CONCEPT PLANS ARE RELATIVELY STRAIGHTFORWARD PROPOSITIONS TO ALIGN THESE TWO PROGRAMS WITH OUR STRATEGIC PLAN FUNDING PRIORITIES AS WELL AS PRACTICAL REALITIES. SO LET ME START FIRST WITH THE PROPOSED AMENDMENTS TO THE DISC2 QUEST AWARD PROGRAM.

THIS PROGRAM IS DESIGNED TO PROMOTE THE DISCOVERY OF NEW STEM CELL-BASED TECHNOLOGIES THAT CAN BE TRANSLATED ULTIMATELY TO IMPROVE PATIENT CARE. AT THE MOST RECENT BOARD MEETING IN DECEMBER, THE BOARD ADJUSTED THE AWARD CAPS FOR THE TYPES OF AWARD THAT CAN COME IN UNDER DISC2. SO, FOR INSTANCE, A SUCCESSFUL CANDIDATE APPLICANT FOR A DIAGNOSTIC TOOL OR DEVICE IS ELIGIBLE FOR UP TO \$500,000 IN DIRECT PROJECTS COSTS; AND, WHEREAS, A THERAPEUTIC CANDIDATE APPLICANT IS ELIGIBLE FOR UP

TO \$900,000.

NOW, THE PROJECT PERIOD FOR THE QUEST2 AWARDS IS TWO YEARS, AND APPLICANTS ARE ELIGIBLE FOR A SIX-MONTH NO-COST EXTENSION. WHEN THIS PROGRAM WAS CONSTRUCTED IN 2015, THERE WAS AN ADDITIONAL COMPONENT CALLED AN INCENTIVE GRANT. THIS WAS AN AWARD THAT WAS MADE TO SUCCESSFUL APPLICANTS OF A QUEST2 AWARD WHO HAD ACHIEVED THE AIMS OF THEIR QUEST2 AWARD PROGRAM AND THEN ACHIEVED A PROGRESSION EVENT WITHIN ONE YEAR OF THE END OF THEIR QUEST2 AWARD. THIS ENTITLED SUCCESSFUL QUEST2 RESEARCHERS TO AN ADDITIONAL UP TO \$250,000 FULLY BURDENED INCENTIVE AWARD IF THEY WERE ABLE TO OBTAIN ADDITIONAL FUNDING TO CARRY THEIR PROGRAM THROUGH TO THE TRANSLATIONAL STAGE OR IDENTIFY A COMMERCIAL OR OTHER PARTNER WITH THE WHEREWITHAL TO DO SO. THEY WOULD THEN BE ELIGIBLE FOR THIS NEW AWARD THAT WOULD ESSENTIALLY BE AN INCENTIVE AWARD BE GOVERNED UNDER OUR DISC1 INCENTIVE PROGRAM.

THESE AWARDS, WHILE NOT TIME LIMITED, ARE UP TO, MORE OR LESS PRACTICALLY SPEAKING, TWO YEARS AND ARE ALSO ELIGIBLE FOR A SIX-MONTH NO-COST EXTENSION.

SO THIS PRACTICALLY MEANS THAT QUEST AWARDS WITH AN INCENTIVE AWARD PROGRAM HAVE THE

POTENTIAL TO OUTFRAN WHAT THE CURRENT BUDGETED ADMINISTRATIVE OVERSIGHT IS THAT THE AGENCY WILL BE PROVIDING THROUGH THE END FORECAST OF 2013.

WE ARE PROPOSING THAT THE INCENTIVE GRANT FOLLOW-ON AWARD BE ELIMINATED FROM THE CONCEPT PLAN. WE BELIEVE THAT THIS IS NOT ONLY PRACTICAL FOR THE REASONS I JUST STATED ABOUT THE RUNWAY FOR CIRM, BUT ALSO ALIGNS WITH THE STRATEGIC GOALS OF THE BOARD AS INDICATED IN THE BUDGET THAT WAS ADOPTED IN DECEMBER WHEREIN NO FUNDING WAS PROVIDED FOR THE DISC1 PROGRAMS AND, INSTEAD, ARE FOCUSED ON DISC2, QUEST, AND OUR TRANSLATIONAL PROGRAMS. SO THIS WOULD ALSO ALLOW US TO ENSURE THAT THERE IS ANYWHERE FROM 750,000 TO AS MUCH AS \$3 MILLION IN SAVINGS FROM THAT INCENTIVE AWARD. SO THOSE ARE THE AMENDMENT THAT WE'RE PROPOSING TO THE DISC2 QUEST PROGRAM.

IN ADDITION, WE'RE PROPOSING WITH RESPECT TO OUR CLIN CONCEPT PLAN ALSO A CONFORMING CHANGE IN LIGHT OF CIRM'S RUNWAY. WE PROPOSE TO LIMIT THE PROJECT PERIOD TO SUCH AWARDS TO 48 MONTHS. THIS WILL ENSURE AS WELL THAT CLIN AWARDS THAT ARE MADE AS LATE AS 2019, AGAIN, ARE ABLE TO COME TO A CONCLUSION WITHIN THE AGENCY'S BUDGETED TIME PERIOD FOR ADMINISTERING THOSE AWARDS.

SO THAT IS WHAT WE'RE PROPOSING FOR THE

DISC AND CLIN CONCEPT PLAN AMENDMENTS. I AM AND I BELIEVE MY COLLEAGUES ARE HERE AS WELL TO ANSWER ANY QUESTIONS IF YOU HAVE ANY.

CHAIRMAN THOMAS: ANY QUESTIONS BY MEMBERS OF THE BOARD FOR MR. TOCHER? DO I HAVE A MOTION TO APPROVE.

DR. MARTIN: SO MOVED.

CHAIRMAN THOMAS: MOVED BY DR. MARTIN. IS THERE A SECOND?

DR. DULIEGE: I SECOND.

DR. JUELSGAARD: J.T., BEFORE WE VOTE, CAN I JUST RAISE ONE ISSUE?

CHAIRMAN THOMAS: YES.

DR. JUELSGAARD: SO ON THE LIMITATION OF THE LENGTH OF PERIOD FOR THE CLIN AWARDS, WHILE I AGREE CONCEPTUALLY WITH WHAT'S BEING PROPOSED, PRACTICALLY SPEAKING, THERE CAN BE PROBLEMS WITH THAT. AND THAT IS THAT THE PACE OF A CLINICAL TRIAL ISN'T ALWAYS WITHIN THE HANDS OF THE RECIPIENT OF THE AWARD BECAUSE, IN ORDER TO DO CLINICAL TRIALS, YOU'RE GOING TO HAVE TO, ONE, WORK WITH THE FDA AND, TWO, WORK WITH CLINICAL TRIAL CENTERS. SO EVEN THOUGH YOU MAY GIVE IT YOUR BEST SHOT, TRYING TO ACHIEVE SOMETHING WITHIN SOME DEFINED PERIOD OF TIME, THAT MAY NOT ALWAYS BE POSSIBLE, AGAIN, FOR

FACTORS THAT AREN'T WITHIN YOUR CONTROL.

SO I'M NOT SUGGESTING THAT WE CHANGE THE VOTE OR ANYTHING, BUT I JUST POINT OUT THAT PRACTICALITY.

MR. TOCHER: I'M GOING TO TURN IT OVER TO GABE THOMPSON, WHO CAN ANSWER THAT QUESTION.

MR. THOMPSON: WITH OUR CLIN2 PROGRAM, WE HAVE MILESTONE BASED -- WE HAVE MILESTONES AND DISBURSEMENT INSIDE THE MILESTONES. THE 48-MONTH MAXIMUM IS WHAT THE APPLICANT IS ALLOWED TO PROPOSE FOR THE PROJECT PERIOD. AND THEN OBVIOUSLY THE ACHIEVEMENT DATE OF THE FINAL MILESTONE IS ESTIMATED AND CAN FLUCTUATE DEPENDING ON WHEN THAT TRIAL WRAPS UP.

SO WE'RE ASKING TO LIMIT THE PROPOSED PROJECT PERIOD TO NO MORE THAN FOUR YEARS. AND THEN, AS I MENTIONED, THAT END DATE CAN FLUCTUATE DEPENDING ON WHEN THEY ACHIEVE THE MILESTONE.

DR. JUELSGAARD: YES, I UNDERSTAND THAT. SO THE QUESTION GETS TO BE, AND I THINK WE'RE GOING TO RUN INTO THESE ARE ISSUES MORE AND MORE AS WE COME TO SORT OF THE END-OF-LIFE PERIOD HERE DEPENDING ON HOW THINGS GO. THAT IS, WHAT IF INDEED THE CLINICAL TRIAL PERIOD, NO MATTER HOW WELL IT'S MANAGED, TURNS OUT TO RUN PAST 2023? IT'S JUST IN

ORDER TO WORK DONE, IT'S GOING TO TAKE UNTIL 2025. I TAKE IT OUR SUPPORT DROPS AWAY AT 2023, AND THEN SOMEBODY IS GOING TO HAVE TO FIGURE OUT WHAT'S GOING TO HAPPEN IN MY HYPOTHETICAL HERE FOR THE REMAINING TWO YEARS BEFORE THAT TRIAL CAN BE COMPLETED BECAUSE OF DELAYS THAT WERE FORESEEN WHEN ALL OF THIS WAS ORIGINALLY PUT TOGETHER.

MR. THOMPSON: THAT'S TRUE. THAT'S CORRECT, STEVE. OUR SUPPORT WOULD HAVE TO END BY THAT 2023 DATE.

DR. JUELSGAARD: SO, AGAIN, I DON'T RAISE THIS SIMPLY TO SUGGEST HOW ANYBODY SHOULD VOTE. I WILL VOTE IN FAVOR OF IT. WE JUST HAVE TO RECOGNIZE SOME PRACTICAL EXIGENCIES AS WE'RE COMING CLOSE TO THE END OF CIRM'S EXISTENCE. THINGS MAY NOT ALWAYS WORK OUT THE WAY THAT WE HAD HOPED.

CHAIRMAN THOMAS: ANY OTHER QUESTIONS BY MEMBERS OF THE BOARD? ANY PUBLIC COMMENT?

DR. CHIU: THIS IS ARLENE CHIU AT THE CITY OF HOPE. I HAVE A QUESTION ABOUT THE ELIMINATION OF THE INCENTIVE GRANT. WILL THESE STOP AS OF THIS MOMENT, OR IS IT POSSIBLE THAT QUEST AWARDS THAT ARE REACHING THEIR END SUCCESSFULLY WILL STILL BE ELIGIBLE TO APPLY? WHEN DOES THIS START?

MR. TOCHER: THIS IS ON A GOING-FORWARD

BASE. THIS WILL BE FOR OUR NEXT ROUND OF QUEST2 AWARDS. SO THE EXISTING QUEST2 ACTIVE AWARDS, OF WHICH THIS WAS ALREADY A COMPONENT, WILL REMAIN A COMPONENT.

DR. CHIU: THANK YOU VERY MUCH.

CHAIRMAN THOMAS: ANY OTHER PUBLIC COMMENT? HEARING NONE, MARIA, PLEASE CALL THE ROLL.

MS. BONNEVILLE: GEORGE BLUMENTHAL. LINDA BOXER.

DR. BOXER: YES.

MS. BONNEVILLE: KEN BURTIS.

DR. BURTIS: YES.

MS. BONNEVILLE: DEBORAH DEAS.

DR. DEAS: YES.

MS. BONNEVILLE: JACK DIXON.

DR. DIXON: YES.

MS. BONNEVILLE: ANNE-MARIE DULIEGE.

DR. DULIEGE: YES.

MS. BONNEVILLE: JUDY GASSON. SAM HAWGOOD. DAVID HIGGINS.

DR. HIGGINS: YES.

MS. BONNEVILLE: STEPHEN JUELSGAARD.

MR. JUELSGAARD: YES.

MS. BONNEVILLE: SHERRY LANSING.

MS. LANSING: YES.

MS. BONNEVILLE: LINDA MALKAS.

DR. MALKAS: YES.

MS. BONNEVILLE: DAVE MARTIN.

DR. MARTIN: YES.

MS. BONNEVILLE: SHLOMO MELMED.

DR. MELMED: YES.

MS. BONNEVILLE: LAUREN MILLER.

MS. MILLER: YES.

MS. BONNEVILLE: ADRIANA PADILLA.

DR. PADILLA: YES.

MS. BONNEVILLE: JOE PANETTA. FRANCISCO
PRIETO.

DR. PRIETO: AYE.

MS. BONNEVILLE: ROBERT QUINT. AL
ROWLETT.

MR. ROWLETT: YES.

MS. BONNEVILLE: JEFF SHEEHY.

SUPERVISOR SHEEHY: YES.

MS. BONNEVILLE: OSWALD STEWARD.

DR. STEWARD: YES.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: YES.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: AYE.

MS. BONNEVILLE: KRISTINA VUORI.

DR. VUORI: YES.

MS. BONNEVILLE: DIANE WINOKUR.

MS. WINOKUR: YES.

MS. BONNEVILLE: JUDY GASSON.

DR. GASSON: YES.

MS. BONNEVILLE: THANK YOU. MOTION

CARRIES.

CHAIRMAN THOMAS: THANK YOU, MARIA. WE'RE GOING ON TO DISCUSSION ITEMS NO. 8, PERFORMANCE AUDIT RECOMMENDATIONS AND CIRM RESPONSE TO PERFORMANCE AUDIT RECOMMENDATIONS.

EVERYBODY WILL RECALL THAT WE HAVE BEEN MANDATED FOR THE LAST PERIOD OF TIME TO HAVE A PERFORMANCE AUDIT CONDUCTED EVERY THREE YEARS. THIS IS, I BELIEVE, THE THIRD SUCH AUDIT. EACH OF THOSE AUDITS HAVE BEEN DONE BY THE FIRM OF MOSS-ADAMS, AND THEY ARE HERE TO PRESENT THE RESULTS OF THEIR ANALYSIS, AFTER WHICH WE WILL OPEN IT UP FOR COMMENTS. SO WE'LL TURN THIS OVER TO MARK STERANKA FROM MOSS-ADAMS. MARK.

MR. STERANKA: THANK YOU, MR. CHAIR, MR. VICE CHAIR, AND OTHER MEMBERS OF THE BOARD. IT'S VERY MUCH A PLEASURE TO BE BACK. THIS IS OUR THIRD OPPORTUNITY TO PRESENT PERFORMANCE AUDIT RESULTS TO YOU. SO WE KIND OF HAVE THE UNIQUE PERSPECTIVE OF

HAVING BENEFIT OVER THE PAST SIX, SEVEN YEARS, IF I CAN DO THE MATH RIGHT. SO MARK STERANKA FROM MOSS-ADAMS AND JOINED BY COLLEEN ROZILLIS FROM MOSS-ADAMS. WE'RE GOING TO DO A LITTLE TAG TEAM HERE. I'LL DO A LITTLE INTRO, AND COLLEEN IS GOING TO TALK ABOUT COMMENDATIONS OR WHAT WE SAW THAT WE THINK IS REALLY GOOD AND WORTH NOTING. AND THEN I WILL TALK VERY BRIEFLY ABOUT COMPLIANCE FINDINGS, AND THEN A LITTLE BIT MORE ABOUT PERFORMANCE FINDINGS OR OPPORTUNITIES FOR IMPROVEMENT.

AND THAT'S REALLY WHAT THIS IS ABOUT. AND WHEN WE DO PERFORMANCE AUDITS, IT'S ABOUT HELPING THE ORGANIZATION GET BETTER, WHATEVER THAT IS. AND CIRM IS REALLY GOOD ABOUT LETTING US SORT OF JUST GO WHERE WE WANT TO GO AND FOCUS WHERE WE THINK OPPORTUNITY IS FOR IMPROVEMENT. AND EACH YEAR THAT'S BEEN DIFFERENT, IN PART REFLECTING ON PROGRESS YOU MAKE EACH TIME. WE CONDUCT THESE REVIEWS IN PART JUST REFLECTING REALLY THE UNIQUE SORT OF CIRCUMSTANCES OF THIS ORGANIZATION. AND IF YOU REALLY THINK ABOUT IT, WE GET TO WORK WITH A LOT OF DIFFERENT TYPES OF ORGANIZATIONS. YOU'RE RELATIVELY SMALL IN TERMS OF STAFF. YOU'RE EXTREMELY LARGE IN TERMS OF FUNDING PORTFOLIO AND WHAT YOU ARE TRYING TO ACCOMPLISH. YOU HAVE A VERY

LARGE BOARD. YOU HAVE A VERY IMPORTANT GRANTS WORKING GROUP. YOU'VE GOT A LOT OF PROCESS GOING ON, A TON OF SCRUTINY AND TRANSPARENCY REQUIREMENTS. AND THEN YOU THROW IN THE MIX OF, AS STEVE WAS MENTIONING EARLIER, POTENTIAL END OF LIFE, THIS VERY UNIQUE CIRCUMSTANCE OF THINKING ABOUT THE PRESENT, BUT ALWAYS THINKING ABOUT WHAT IS THE FUTURE AND WE DON'T REALLY KNOW. AND SO THAT'S A LOT IN THE MIX FOR AN ORGANIZATION, ESPECIALLY RELATIVELY SMALL, TO DEAL WITH. SO WHERE WE KIND OF COME IN IS, OKAY, WHAT SUGGESTIONS CAN WE MAKE TO HELP YOU SORT OF IN THAT VERY DYNAMIC ENVIRONMENT.

SO AS J.T. MENTIONED, THIS IS THE THIRD AUDIT. THIS COVERS FISCAL YEAR '16-'17. IT HAS, AS IT HAS IN THE PAST, TWO PRIMARY COMPONENTS, A COMPLIANCE ELEMENT AND THEN A PERFORMANCE ELEMENT WHICH FOCUSES ON EFFICIENCY AND EFFECTIVENESS.

I THINK I'LL TURN IT OVER TO COLLEEN TO TALK ABOUT THE GOOD THINGS THAT WE SAW.

MS. ROZILLIS: SO WE INITIALLY SEE A LOT OF GOOD THINGS HERE. I WOULD START OUT WITH THAT.

MR. TORRES: SEE WHAT?

MS. ROZILLIS: A LOT OF GOOD THINGS.

ONE THING THAT DIFFERENTIATES CIRM FROM A LOT OF OUR CLIENTS IS THE STAFF HERE. YOU HAVE A

REALLY HIGHLY DEDICATED STAFF. WHEN WE GO ACROSS THE ORGANIZATION, WE'RE ALWAYS VERY IMPRESSED WITH HOW DEDICATED PEOPLE ARE AND HOW COMMITTED THEY ARE TO THE IDEA OF IMPROVEMENT. SO PEOPLE LIKE US CAN COME IN AND WE CAN SAY HOW CAN WE MAKE YOUR JOB EASIER, AND SOMETIMES PEOPLE DON'T REALLY HAVE ANYTHING TO SAY. AND HERE -- OR IF THEY HAVE THINGS TO SAY, IT'S VERY NEGATIVE. AND HERE IT'S A LOT OF CONSTRUCTIVE, REALLY POSITIVE FEEDBACK. SO WE REALLY APPRECIATE THAT.

I WANTED TO START OUT, SO SINCE THIS IS OUR THIRD TRIENNIAL AUDIT, IN OUR 2011 AUDIT, WE HAD 24 FINDINGS. THREE YEARS AGO WE HAD 12 AND NOW DOWN TO 10. SO THAT WOULD BE A COMMENDATION TOO. THINGS ARE GETTING EASIER FOR YOUR PERFORMANCE AUDITORS.

SO THREE YEARS AGO WE CAME IN. OUR FIRST WEEK OF INTERVIEWS WAS THE WEEK BEFORE CIRM 2.0 WAS ROLLED OUT TO THE BOARD. SO WE HAVE A HABIT OF BEING HERE DURING TIMES OF TRANSITION. SO OUR FIRST COMMENDATION IS REALLY ABOUT CIRM 2.0. I THINK ONE OF THE REASONS WHY THE NUMBER OF OUR FINDINGS, IN PARTICULAR WITH RESPECT TO THE SUPPORTING FUNCTIONS AND PROCESSES, REALLY DECREASED IS THAT THE STANDARDIZATION, THE PROCESS IMPROVEMENT, THE THINGS THAT STAFF HAS REALLY DONE TO TAKE A LOOK AT HOW WE

OPERATE AND HOW WE CAN REALLY BE MORE EFFICIENT TO SERVE OUR MISSION MORE EFFECTIVELY. WE'VE REALLY SEEN THE RESULTS OF THAT NOW. AND IT'S AN INCREDIBLE PROGRESS.

AS A RESULT OF THAT ALSO, THERE'S BEEN SIGNIFICANT GRANTS MANAGEMENT SYSTEM IMPROVEMENTS, THERE'S BEEN GREATER STAKEHOLDER ENGAGEMENT. IT'S GREAT. AND WE ALSO NOTED OUR LAST TWO PERFORMANCE AUDITS, ORGANIZATIONAL CULTURE AND EMPLOYEE MORALE WAS A FINDING. AND THIS YEAR EMPLOYEE MORALE WAS NOT A FINDING. WE FOUND THAT PEOPLE, EVEN THOUGH IT'S A TIME OF TRANSITION, TENDED TO BE MORE POSITIVE AND IT TENDED TO NOT BE AN ISSUE. SO THAT'S REALLY A TESTAMENT TO THE LEADERSHIP HERE.

LET ME TURN IT BACK TO MARK NOW.

MR. STERANKA: I WOULD ALSO SAY JUST RELATIVE TO 2.0, I SAW LIKE WE HEARD SO MUCH ABOUT THAT, YOU WOULD HAVE IN A WAY THOUGHT THAT IT WAS JUST ROLLED OUT, MEANING IT WAS STILL SO FRESH, STILL SORT OF INTEGRAL TO THE ORGANIZATION, AND STILL SO SORT OF WELL THOUGHT OF IN DRIVING THE ORGANIZATION IN TERMS OF HOW YOU DO WHAT YOU DO. AND SO WHEN YOU COME BACK AT THREE-YEAR INCREMENTS, YOU KIND OF HAVE A LITTLE OF I WONDER WHAT WE'RE GOING TO HEAR ABOUT, AND SOMETIMES IT'S WHAT YOU

EXPECT AND SOMETIMES IT'S NOT. SO TO ME THAT WAS A GOOD THING.

SO COMPLIANCE. TWO VERY MINOR FINDINGS RELEVANT TO COMPLIANCE. AND I AM EMPHASIZING THEY'RE MINOR. ONE HAVING TO DO WITH THE GRANTS MANAGEMENT PROCESS AND ONE HAVING TO DO WITH GRANTS APPLICATION REVIEW PROCESS. FIRST, GRANTS APPLICATION AND REVIEW PROCESS.

SO THERE WAS ONE SCORE IN OUR SAMPLE SET WHERE ONE OF THE SCORES THAT WENT TO THE ICOC, TO THE BOARD, DIDN'T MATCH WHAT WAS IN THE GMS, THE GRANTS MANAGEMENT SYSTEM. IT WAS JUST SIMPLY THE GRANTS WORKING GROUP MET, SCORED. THERE WAS A CHANGE IN ONE OF THE PRINCIPALS FOR ONE OF THE APPLICATIONS. ONE OF THE MEMBERS CHANGED THEIR SCORE BY ONE POINT. THE RIGHT SCORE WENT TO THE ICOC. THE GRANTS MANAGEMENT SYSTEM JUST HADN'T BEEN UPDATED YET. SO YOU MIGHT JUST CALL IT A TIMING ISSUE. IT'S NOT A BIG DEAL, BUT IT WAS SOMETHING THAT WAS DIFFERENT. THE TWO PIECES OF INFORMATION DIDN'T JIVE. SO IT'S JUST A VERY SIMPLE RECOMMENDATION OF WHEN YOU'RE PREPARING THE PACKETS OF INFORMATION FOR THE BOARD, CHECK IT AGAINST WHAT'S IN THE SYSTEM. THAT'S ALL. JUST MAKE SURE THEY MATCH. AND IF THAT HAD BEEN DONE IN THIS CASE,

THEY WOULD HAVE SEEN, OH, THIS ONE SCORE IS OFF. I WONDER WHY THAT IS. OH, YEAH. THAT'S BECAUSE A CHANGE WAS MADE AFTER THE GWG MET.

SECOND ONE IS RELATIVE TO GRANTS MANAGEMENT. AND THIS IS, IN PART, KIND OF PROCESS, PART SYSTEM ISSUE. WE HAVE FOUR FINDINGS. AGAIN, THEY WERE ALL -- FOUR INSTANCES OF THIS FINDING, ALL VERY MINOR, ALL RELATIVE TO NEW GRANTS. IT WAS REALLY I WOULD SORT OF JUST SAY IT'S JUST THE DATES OF SOME OF THE STEPS IN THE PROCESS HAPPENING AFTER OR BEFORE WHEN THEY SHOULD HAVE. AND ALL THE STUFF HAPPENED, ALL THE DOCUMENTATION WAS THERE, SOME OF IT IS, I THINK, PART SYSTEM RELATED. AS YOU MADE PROGRESS WITH THE GRANTS MANAGEMENT SYSTEM IN AUTOMATING THINGS, NOT EVERYTHING IS AUTOMATED EXACTLY THE WAY YOU WANT IT TO YET. IT'S STILL A WORK IN PROGRESS. I THINK THAT THE CHANGES THAT YOU'RE PLANNING TO MAKE RELATIVE TO THE GRANT CLOSEOUT CHECKLIST PROCESS WITHIN THE GRANTS MANAGEMENT SYSTEM WILL DEAL WITH IT. AGAIN, THE INFORMATION WAS THERE. IT'S JUST THINGS -- I'LL JUST SAY MAYBE PEOPLE JUST GOT A LITTLE BIT OF AHEAD OF THEMSELVES IN TERMS OF THE TIMING OF STEPS. BUT ALL THE INFORMATION WAS THERE AND ALL THE RIGHT STUFF HAPPENED.

SO COMPLIANCE. NOT VERY EXCITING, WHICH IS GOOD.

MS. ROZILLIS: OKAY. SO I JUST WANT TO GO THROUGH SOME OF THE HIGHLIGHTS FOR THE EFFICIENCY AND EFFECTIVENESS RECOMMENDATIONS. IF THERE'S ANYTHING THAT I MISS THAT YOU'D LIKE TO HEAR MORE ABOUT, PLEASE JUMP IN AND ASK QUESTIONS.

SO THE FIRST FINDING AND RECOMMENDATION WE HAD IS RELATED TO BRIDGE FUNDING. WE WERE HERE AT THE DECEMBER MEETING WHERE YOU TALKED ABOUT TRANSITION PLANNING AND CENTRAL FUND-RAISING FOR BRIDGE FUNDING. SO WE JUST WANTED TO NOTE THAT THAT'S GREAT, IN PARTICULAR CONTINUITY AMONG ADMINISTRATIVE FUNCTIONS AND STAFF UNDERSTANDING THAT THERE MAY BE A GAP IN FUNDING IF CIRM IS TO CONTINUE. IT'S REALLY IMPORTANT TO HOLD ONTO THAT INTELLECTUAL CAPITAL. AND SO BEING ABLE TO DO THAT AND KEEP YOUR STAFF, NOT HAVING TO WIND DOWN AND WIND BACK UP AND BRING NEW PEOPLE ON BOARD, IT'S REALLY IMPORTANT AND WILL HELP YOU TO CONTINUE YOUR WORK.

AND SO WE RECOMMEND THAT A FORMAL DEVELOPMENT PLAN BE DEVELOPED, AND THAT WE LEARNED THIS MORNING THAT THAT PLAN IS IN DEVELOPMENT. SO GREAT.

AND SO WE WOULD -- WE HAVE SOME INFORMATION HERE ON WHAT WE THINK THE PLAN SHOULD INCLUDE. AND IT'S LIKELY THAT THE FUND DEVELOPMENT PLAN WILL CHANGE GIVEN THE DYNAMIC SITUATION THAT YOU'RE IN. SO ROLLING THAT IN FOR THE TRANSITION PLANNING WAS ALREADY OCCURRING, WHICH WE KNOW IS A LIVING, BREATHING PROCESS WOULD BE A BEST PRACTICE.

MR. STERANKA: SO BEFORE YOU GO ON, SO IT'S GREAT THAT FUND-RAISING ACTIVITIES ARE ALREADY UNDER WAY, AND WE KNOW THE DETAILS OF WHICH AREN'T FOR PUBLIC CONSUMPTION. AND IT'S GREAT THAT YOU'RE WORKING ON A FUND DEVELOPMENT PLAN, WHICH WILL HELP ORGANIZE THAT AND MAKE SURE THAT YOU ARE DOING EVERYTHING THAT YOU CAN. I JUST WANT TO REEMPHASIZE WE'RE KIND OF MAKING THIS FINDING AND RECOMMENDATION IN PART BECAUSE OF WHAT COLLEEN SAID IS THAT RETAINING THE STAFF, THE MANAGEMENT, IS REALLY IMPORTANT AND, IF YOU CAN AVOID IT, NOT GOING STAFFING DOWN AND STAFFING BACK UP. AND WE KNOW THAT YOU GUYS WON'T SAY THAT FOR YOURSELVES, THAT THE PRIORITY IS ALWAYS THE PROGRAMMING OF THE DOLLARS. BUT WHAT WE ARE SAYING IS IT'S ALSO A PRIORITY TO HAVE SOME FUNDING OF THE ORGANIZATION BECAUSE THAT CONTINUITY IS IMPORTANT. AND SO WE'RE KIND OF SAYING THAT ON YOUR BEHALF BECAUSE YOU WON'T

SAY IT FOR YOURSELVES. SO THERE.

SUPERVISOR SHEEHY: THIS IS JEFF SHEEHY.
CAN I ASK SOME QUESTIONS ABOUT THE BRIDGE FUNDING?

MR. TORRES: ARE WE ON THAT?

SUPERVISOR SHEEHY: YEAH. WAS THAT NOT
THE FINDING YOU WERE TALKING ABOUT IS THE BRIDGE
FUNDING?

MS. BONNEVILLE: YES, IT IS JEFF.

SUPERVISOR SHEEHY: THIS SEEMS LIKE A VERY
SUPERFICIAL LOOK AT THIS. YOU HAVE A GREATER DEGREE
OF DETAIL. ARE THERE RECOMMENDATIONS FOR ANY
REALIGNMENT OF PERSONNEL? HAVE YOU EVALUATED HOW
WELL CIRM IS STRUCTURED IN ORDER TO CARRY OUT THE
TASK OF RAISING 200 MILLION? YOU HAVE AN UPDATE ON
WHERE WE ARE, THAT CIRM IS MOVING FORWARD ON BRIDGE
FUNDING? THIS IS SOMETHING THAT SEEMS RATHER -- IF
WE'RE TALKING ABOUT NEEDING THIS FUNDING RELATIVELY
SOON AND A DEVELOPMENT PLAN WHICH APPARENTLY, WHICH
IS SURPRISING TO ME, IS NOT AVAILABLE TO THE PUBLIC
RIGHT NOW, IT JUST SEEMS THAT THERE'S A LOT OF
UNCERTAINTY ABOUT THIS.

I GUESS MY KEY THING, WHICH I WOULD HOPE
TO GET FROM THE AUDIT, IS REALLY WHAT STRUCTURALLY
SHOULD WE HAVE IN PLACE IN ORDER TO EVEN IMPLEMENT A
DEVELOPMENT PLAN?

CHAIRMAN THOMAS: JEFF, I'LL JUMP IN HERE. SO AS YOU KNOW, THE BASIC GOAL OF THE BRIDGE FUNDING PLAN IS TO SECURE 220 MILLION BY MID-2020 ON A SCHEDULE OF THE FIRST 55 MILLION BY THE END OF THIS CALENDAR YEAR AND ADDITIONAL 55-MILLION INCREMENTS FOR THE THREE SUCCESSIVE SIX-MONTH PERIODS THEREAFTER.

WE HAVE A FUND-RAISING PLAN THAT IS IN DRAFT FORM RIGHT NOW, THAT CONTEMPLATES A STRATEGY OF ACHIEVING THOSE GOALS, AND IT'S BROKEN DOWN INTO VARIOUS ITEMS WHICH WOULD BE SORT OF CATEGORIES OF POTENTIAL DONORS TO TALK TO, MANY OF WHICH, BY THE WAY, WE HAVE HAD MEETINGS WITH ALREADY, NOT AT LIBERTY TO TALK ABOUT NAMES SPECIFICALLY HERE. IT BREAKS DOWN INTO THE TYPES OF GIFTS THAT ONE CAN GIVE IN TERMS OF SUBJECT MATTER, WHETHER IT'S UNRESTRICTED, WHETHER IT'S PROGRAM-SPECIFIC, DISEASE-SPECIFIC OR THE LIKE.

IT CONTEMPLATES A BREAKDOWN OF THE 220 MILLION IN TERMS OF THE PROGRAMS THAT WILL FORM THAT AMOUNT AND HOW MUCH GOES TO EACH. SO THAT WHEN YOU'RE OUT TALKING TO POTENTIAL DONORS, PART OF THE STRATEGY IS TO UNDERSTAND WHAT PARTICULARLY INTERESTS THEM. AND WE HAVE BEEN HAVING DISCUSSIONS WITH RESPECT TO POTENTIAL GIFTS FOR DIFFERENT PARTS

OF THE RESEARCH SPECTRUM OR FOR INFRASTRUCTURE OR WHAT HAVE YOU. IF YOU LOOK, THE GENERAL CATEGORIES OF DONORS WOULD BE DOMESTIC AND FOREIGN HIGH NET WORTH, HAVE FAMILY OFFICE, FOUNDATION. YOU'D HAVE WHAT I CALL AGGREGATORS WHICH ARE REPRESENTATIVES OF MULTIPLE POTENTIAL GIVING PARTIES. YOU HAVE VENTURE CAPITALISTS, AND YOU HAVE CORPORATIONS THAT HAVE AN INTEREST IN MEDICAL RESEARCH. WE HAVE BEEN ENGAGING WITH A NUMBER OF THOSE AND HAVE A STRATEGY FOR ENGAGING FURTHER.

WE HAVE A NUMBER OF DIFFERENT CHANNELS OF REACHING OUT THAT WE'RE CONTEMPLATING FIRST AND FOREMOST BEING OBVIOUSLY THE DIRECT IN-PERSON, WHICH THAT CONTEMPLATES UNDERSTANDING WHO THE RIGHT PEOPLE ARE TO GET US BEFORE THE PEOPLE WE WANT TO TALK TO. WE'RE SPENDING A LOT OF TIME ON THAT TOPIC.

WE HAVE DIFFERENT SORT OF THINGS THAT FLOW VIA BELOW THAT, WHETHER IT'S THROUGH DIRECT MAIL OR E-MAIL OR WHATEVER, A WHOLE SORT OF STRATEGY FOR REACHING OUT.

SO I GUESS SORT OF THE BOTTOM LINE HERE IS JUST TO TELL THE BOARD THAT THERE IS A PLAN IN PLACE. I AM LEADING THAT PLAN IN-HOUSE. WE HAVE MARIA MILLAN, MARIA BONNEVILLE, AND NEIL LITTMAN ALL AS PART OF OUR FUND-RAISING TEAM. AND SO IT'S MY

BELIEF THAT THIS IS SOMETHING THAT WE ARE GOING TO BE ABLE TO HANDLE IN-HOUSE AND IS WELL UNDER WAY.

I HOPE THAT ANSWERS A BIT OF YOUR QUESTION THERE. ON THE ISSUE TO MARK ABOUT WHETHER OR NOT THEY'VE EVALUATED YOUR FIRST QUESTION, I'LL SORT OF TURN IT OVER TO MARK TO ADDRESS.

MR. STERANKA: JEFF, WHAT WE WERE LOOKING FOR HERE, KNOWING HOW IMPORTANT THE BRIDGE FUNDING IS TO THE ORGANIZATION, IS REALLY -- OUR SORT OF PERSPECTIVE ON IT WAS TWOFOLD, AS I MENTIONED. ONE IS WHAT J.T. WAS SPEAKING TO, WHICH IS THE NEED TO HAVE A FORMALIZED PLAN SO THAT THE FOLKS WHO ARE INVOLVED ARE FOCUSED ON THE THINGS THAT NEED TO BE SO THAT YOU WILL HAVE SUCCESS. AND SO THAT -- OF COURSE, ACTIVITIES ARE ONGOING, BUT HAVING THAT FORMALIZED PLAN WOULD BE HELPFUL.

AND THE SECOND IS MAKING SURE THAT THAT FUNDING STRATEGY IS FOCUSED ON BOTH THE PROGRAMMATIC ELEMENTS AS WELL AS THE ADMINISTRATIVE OR ORGANIZATIONAL ELEMENTS.

SUPERVISOR SHEEHY: I GUESS I'M CONFUSED STILL BECAUSE WHAT IT SOUNDED LIKE IS SENIOR LEADERSHIP IS -- I MEAN IT'S NOT CLEAR TO ME WHAT PERCENTAGE OF EFFORT THAT MARIA MILLAN AND MARIA BONNEVILLE ARE NOW DEDICATING TO WHAT THE COSTS ARE

IN TERMS OF ORGANIZATIONAL CAPABILITY BY ADDING THIS NEW TASK TO THEIR PLATE.

I DIDN'T HEAR ANY ADMINISTRATIVE STAFF INCLUDED IN THAT, AND THAT ALSO SEEMS INTERESTING TO ME. IT DOES SOUND LIKE THERE'S A PLAN, BUT WE HAVEN'T SEEN IT, AND THAT WASN'T GIVEN TO THE PERFORMANCE AUDITORS TO EVALUATE. BECAUSE WHAT I JUST HEARD SEEMED FAIRLY DETAILED AND SEEMED TO HAVE METRICS AND A LOT OF CONTEMPLATION, BUT IT DID HAVE SOME MEAT TO IT. SO THERE'S KIND OF A DISCONNECT BETWEEN WHAT'S BEEN MADE AVAILABLE TO BOTH BOARD MEMBERS AND THE PUBLIC AND TO THE AUDITORS, AND THEN WHAT'S GOING ON INTERNALLY.

WE'RE SUPPOSED TO HAVE 55 MILLION BY THE END OF THIS YEAR. IS THAT THE GOAL? I HAVEN'T SEEN THIS TARGETING. I TRY TO UNDERSTAND HOW THE PRESIDENT OF THE AGENCY AND THEN THE VICE PRESIDENT OF THE AGENCY AND THEN THE HEAD OF BUSINESS DEVELOPMENT AND THE CHAIR PLAN TO RAISE 200 MILLION, BUT THE STRUCTURE IS TO ACCOMMODATE THAT AND WHAT THAT COST IS IN TERMS OF OTHER CAPACITY WITHIN THE ORGANIZATION. IT SEEMS LIKE PEOPLE WOULD HAVE TO KIND OF STOP WHAT THEY'RE DOING AND THEN GO PRETTY FULL TIME INTO THIS OTHER PART.

I GUESS I DON'T KNOW. MY EXPERIENCE

FUND-RAISING, ESPECIALLY AT THAT LEVEL, REQUIRES SOME CAPACITY. WHAT'S THE BUDGET FOR FUND-RAISING? DO WE HAVE A BUDGET ATTACHED TO THESE FUND-RAISING ACTIVITIES? I'M NOT GETTING A SENSE OF STRUCTURE OR PLAN, BUT THERE IS A PLAN BECAUSE WE JUST HAD ONE DESCRIBED, BUT IT DIDN'T HAVE PERSONNEL OR ALL THOSE OTHER ELEMENTS. I GUESS I STILL WOULD HAVE LIKED TO HAVE HAD THIS BE PART OF WHAT WAS EVALUATED IN THE CONTEXT OF THE PERFORMANCE AUDIT.

CHAIRMAN THOMAS: WITH RESPECT TO THE INVOLVEMENT OF SENIOR MEMBERS OF THE TEAM, MR. SUPERVISOR, IN TERMS OF PERCENTAGE OF THEIR TIME, IT'S NOT A GREAT PERCENTAGE. THIS IS SOMETHING THAT'S OBVIOUSLY TOP SHELF AS FAR AS I'M CONCERNED, BUT WE HAVE DO HAVE WEEKLY MEETINGS AND HAVE HAD NOW FOR A NUMBER OF WEEKS TO DISCUSS STRATEGY FOR THE PLAN AND TO UPDATE ON WHAT HAS HAPPENED IN THE INTERVENING WEEK. AND THE PRINCIPAL RESPONSIBILITY FOR REACHING OUT AND MEETING WITH POTENTIAL DONORS RESTS WITH ME.

I WOULDN'T WORRY THAT THERE'S GOING TO BE A LOT OF DIVERSION EXTERNALLY. I WILL SAY DR. MILLAN HAS SOME VERY INTERESTING CONTACTS. SENATOR TORRES HAS SOME VERY INTERESTING CONTACTS. AND THEY ARE BEING INTEGRATED INTO THE PLAN AND SORT OF THE

DYNAMIC EVOLVING STRATEGY AS IT GOES ALONG. SO I HOPE THAT THAT'S -- IN TERMS OF A BUDGET, WE DON'T HAVE A PARTICULAR BUDGET IN MIND. WE'RE NOT ADDING ANY ADDITIONAL LINE ITEMS TO ANY OF THE CIRM BUDGET TO PURSUE THIS. SO I THINK WE HAVE IT, AS IT STANDS RIGHT NOW, FED BY THE CURRENT BUDGET.

SUPERVISOR SHEEHY: DIRECT MAIL WOULD BE A BUDGETED COST. HOW CAN YOU CONTEMPLATE DIRECT MAIL WITHOUT ATTACHING A BUDGET TO IT?

CHAIRMAN THOMAS: THAT'S A CORRECT STATEMENT. THAT'S GOING TO BE A MINOR, VERY MINOR PART OF THIS. THE PERSONAL INTERACTION IS OVERWHELMINGLY THE PRINCIPAL COMPONENT, BUT THANK YOU FOR MAKING THAT POINT.

SUPERVISOR SHEEHY: AND THEN DO WE HAVE JUST SIMPLE THINGS. HAVE WE DRAFTED -- HOW DO WE ACKNOWLEDGE -- WHAT HAPPENS TO SOMEONE'S DONATION? IS IT A CHARITABLE DONATION?

CHAIRMAN THOMAS: IT IS.

SUPERVISOR SHEEHY: LIKE A 501(C)(3)?

CHAIRMAN THOMAS: IT IS A CHARITABLE DONATION. WE'VE ALREADY CONFIRMED THAT WITH TAX COUNSEL, WHETHER IT, BY THE WAY, IS AN INDIVIDUAL DONATION OR A CORPORATE DONATION.

SUPERVISOR SHEEHY: DONATING TO THE STATE

IS A DEDUCTIBLE?

CHAIRMAN THOMAS: CORRECT.

SUPERVISOR SHEEHY: OKAY.

SO JUST ON A SLIGHTLY DIFFERENT PART OF THIS, I DIDN'T SEE ANYTHING IN HERE ABOUT HOW ALL OF THIS INTERACTS WITH THE LEGISLATURE. YOU KNOW, WHETHER THERE'S ANY CONTEMPLATION OF HAVING ANY DISCUSSIONS WITH THE LEGISLATURE IN TERMS OF CONTINUING THE AGENCY OR WHETHER THERE WAS ANY EVALUATION OF OUR PLAN TO CONTINUE THE AGENCY BEYOND JUST THIS BRIDGE FUNDING, WHETHER IT'S GOING TO THE BALLOT IN 2020, OR MAKING SOME REQUESTS TO THE LEGISLATURE. DID THE AUDITORS HAVE ANY VIEWS ON WHETHER WE SHOULD HAVE A PLAN TO CONTINUE THE AGENCY BEYOND THIS IDEA, AS BEST I CAN TELL, OF RAISING 200 MILLION BECAUSE I DON'T THINK THERE WAS A PLAN THAT YOU WERE GIVEN TO EVALUATE?

SO WE HAVE AN IDEA OF RAISING 200 MILLION, AND THEN WHAT OTHER -- WERE YOU GIVEN ANY OTHER SUGGESTIONS OR NOTIONS ABOUT HOW THE AGENCY MIGHT CONTINUE? IN OTHER WORDS, IT SEEMS LIKE THERE SHOULD EITHER BE AN EVALUATION OF OUR WIND-DOWN WITH THE ASSUMPTION WE'RE WINDING DOWN, OR THERE SHOULD NOT BE THE ASSUMPTION WE'RE WINDING DOWN, AND THERE SHOULD BE SOME GREATER THOUGHT THAN PERHAPS THIS 200

MILLION. EVEN WITH THE IDEA OF GOING TO THE 200 MILLION, WHAT DOES THAT LOOK LIKE? IT'S 2018. SO IT'S JUST IT SEEMS TO ME THAT THERE OUGHT TO BE SOMETHING -- IT WOULD HAVE BEEN HELPFUL, AT LEAST TO ME, IF WE HAD SOME SORT OF ANALYSIS OF WHAT THE FUTURE IS GOING TO BE AND THE PROBABILITIES AND THE VALUES OF EACH PARTICULAR OPTION, OR A RECOMMENDATION TO JUST WIND DOWN. BECAUSE I STILL FIND THIS -- A LOT OF THIS IS UNCLEAR TO ME AT THIS POINT.

MR. TORRES: WHAT'S VERY CLEAR TO ME IS THERE'S VERY LITTLE APPETITE IN THE LEGISLATURE TO PROVIDE DIRECT FUNDING TO CIRM. THERE ISN'T ANY MONEY. AS A MEMBER OF THE COVER CALIFORNIA BOARD, WHICH OVERSEES OBAMACARE, WE'RE IN THE THROES OF TRYING TO FIGURE OUT HOW WE'RE GOING TO FUND MEDI-CAL IF IN FACT THE PRESIDENT STOPS OBAMACARE AND EFFECT TO CALIFORNIA. AND THAT'S A HIGH DOLLAR NUMBER. WE'RE ALSO NOT LOOKING TO THE LEGISLATURE FOR ANY LEGISLATION TO HELP US GET SOMETHING ON THE BALLOT BECAUSE I JUST DON'T THINK THAT'S GOING TO PASS AT THIS POINT. THEREFORE, I THINK THE MOST VIABLE OPTION IS TO LOOK AT A 2020 INITIATIVE AND TO CONTINUE THIS WORK ON FUND-RAISING, WHICH, AS YOU WELL KNOW BECAUSE YOU'VE GONE THROUGH IT WITH A

CAMPAIGN NOW, AS YOU WELL KNOW, IT'S VERY DIFFICULT.

SUPERVISOR SHEEHY: MY QUESTION WAS IS JUST WHETHER THE AUDITORS HAD DONE ANY EVALUATION OF ALL THAT. I TEND TO SEE WHERE THE LEGISLATURE IS CONCERNED, YOUR ANALYSIS KIND OF ALIGNS WITH WHAT I'VE HEARD ANECDOTALLY. I DON'T HAVE THE EXPERIENCE YOU HAVE. JUST IN TERMS OF, LIKE, I SEE A LOT OF RETENTION IN HERE. AGAIN, AS WE BOTH KNOW, FUND-RAISING IS NOT EASY. I JUST WONDERED IF THE AUDITORS HAD ANY THOUGHTS, OR MAYBE THAT'S SOMETHING WE LOOK AT AT THE NEXT AUDIT. I DON'T KNOW.

DR. JUELSGAARD: CAN I INTERJECT FOR A MOMENT?

CHAIRMAN THOMAS: CERTAINLY.

DR. JUELSGAARD: TO ME I'M NOT EXACTLY SURE THAT THIS IS REALLY AN ISSUE FOR THE AUDITORS. THEY IDENTIFIED THE FACT THAT WE WERE TRYING TO RAISE MONEY, SO THEY'RE SUGGESTING WE NEED A PLAN, ETC., ETC., AND THAT ALL SEEMS REASONABLE. RATHER, MY POINT GOES TO THE FOLLOWING BECAUSE I AGREE WITH YOU, JEFF, IN ONE SENSE, AND THAT IS, FROM MY POINT OF VIEW, WE NEED TO HAVE A DECISION POINT, TIME BOUND, BY WHICH EITHER THIS PLAN THAT J.T. HAS OUTLINED IS GOING TO BE SUCCESSFUL OR IT'S NOT, OR IT'S GOING TO BE SUCCESSFUL IN WHATEVER SENSE IT

WILL BE SUCCESSFUL SO THAT WE THEN CAN MAKE A DECISION ABOUT WHAT TO DO.

SO IMAGINE TWO VERY DIAMETRICALLY OPPOSED OUTCOMES. ONE IS THAT WE'RE SUCCESSFUL AND RAISE \$220 MILLION. WE'VE ALREADY FIGURED OUT WHAT WE'RE GOING TO DO THERE. THE OTHER ONE IS WHAT IF WE DON'T RAISE ANYTHING, OR WHAT IF WE RAISE ONLY A SMALL AMOUNT OF MONEY AND NOW 2020 IS UPON US, WHAT ARE WE GOING TO DO IN THAT SCENARIO? I DON'T PROPOSE THAT WE SOLVE THAT HERE TODAY, BUT I DO THINK THAT THERE HAS TO COME A POINT IN TIME IN WHICH WE KNOW WHAT THE LIKELY OUTCOME IS GOING TO BE, NOT WITH A HUNDRED PERCENT PROBABILITY, BUT CERTAINLY WITH A HIGH PROBABILITY, WHETHER WE'RE GOING TO HAVE MONEY OR NOT TO CONTINUE IN 2020. IF SO, HOW MUCH THAT IS AND WHAT THAT MONEY WILL BUY. I DO THINK HAVING A PLAN LIKE THAT WOULD BE QUITE HELPFUL.

MS. LANSING: I WANT TO ECHO WHAT YOU JUST SAID AND EVEN MAKE IT STRONGER. I DON'T THINK THIS IS SOMETHING THAT WE'RE GOING BE ABLE TO SOLVE AT THIS MEETING, BUT I DO THINK IT'S SOMETHING THAT WE NEED AS A BOARD TO BE VERY AWARE OF WHAT'S GOING ON. AND SO FROM MY POINT OF VIEW, I WANT TO THANK THE AUDIT COMMITTEE FOR WHAT THEY DID IN JUST TELLING US

THAT WE NEED TO BE AWARE OF THAT, WHICH WE KNOW. BUT I ALSO THINK THEIR RECOMMENDATIONS ARE QUITE GOOD. ONE OF THE RECOMMENDATIONS WAS HOW TO GET BOARD MEMBERS MORE INVOLVED IN DEVELOPMENTAL POLICY ACTIVITIES. AND I THINK THAT I WHOLEHEARTEDLY ENDORSE THIS AND SAY THAT WE SHOULD GET MORE INVOLVED, AND I THINK THIS IS AN AREA THAT WE SHOULD GET MORE INVOLVED IN.

SO I ENTHUSIASTICALLY ACCEPT THIS RECOMMENDATION AND THINK THAT THIS IS A WAY WE CAN GET MORE INVOLVED ALSO IN FUND-RAISING AS WELL.

MR. TORRES: I CAN TO ECHO, SHERRY, BECAUSE YOU ARE THE CHAIR AND I'M VICE CHAIR OF GOVERNANCE SUBCOMMITTEE, WHICH WAS SPECIFICALLY REFERENCED IN THE RECOMMENDATION THAT YOU SUPPORTED. SO I JUST WANT TO MAKE SURE WE GET ON THE RECORD BOTH THE CHAIR AND THE VICE CHAIR ARE IN SUPPORT OF THIS RECOMMENDATION, AND WE WILL FOLLOW IT UP.

MS. LANSING: AND IN ADDITION TO THE OTHER WAYS WE CAN FOLLOW IT UP IN THIS AREA OF HOW CAN WE HELP GET THE MONEY WE NEED.

MR. TORRES: RIGHT.

CHAIRMAN THOMAS: THANK YOU, SHERRY. I JUST WANT TO SAY ON THAT POINT I'VE ALREADY BEGUN HAVING DISCUSSIONS WITH MEMBERS OF THE BOARD, AND I

WILL BE TALKING TO EVERYBODY ABOUT SUGGESTIONS, CONTACTS, THOUGHTS, ETC., WITH RESPECT TO THIS BRIDGE FUNDING RAISE BECAUSE WE HAVE AN ENORMOUSLY WELL CONTACTED BOARD THAT HAS A VERY WIDE NETWORK, AND THAT WOULD BE SOMETHING THAT COULD BE OF GREAT USE.

STEVE, GETTING BACK TO YOUR POINT, I THINK DR. MILLAN HAS A COMMENT ON THAT, IF YOU WOULD.

DR. MILLAN: HI, STEVE. I JUST WANTED TO REMIND THE BOARD THAT IN NOVEMBER OF 2017 WE HAD PRESENTED A TRANSITION PLAN THAT HAD AN ADMINISTRATIVE BUDGET FORECAST TO IT AND CONTEMPLATED EITHER A 2020 BOND INITIATIVE OR NO BOND INITIATIVE. AND WHAT WE HAD IS A SCENARIO WHERE, REGARDLESS OF WHAT OCCURRED, THAT THERE WOULD BE AN ADMINISTRATIVE BUDGET THAT WOULD SUPPORT CONTINUING TO MANAGE THOSE AWARDS UNTIL Q 4 OF 2023 WITH THE SCALED-DOWN PERSONNEL.

IF WE DID NOT HAVE -- IF WE DO NOT NEED TO TRIGGER A WIND-DOWN BECAUSE THERE IS SUCCESS OF A 2020 BOND INITIATIVE AS CONTEMPLATED, WHAT WOULD OCCUR IS THERE WOULD BE A MINIMAL -- NOT MINIMAL -- THERE WOULD BE APPROXIMATELY A \$1 MILLION REDUCTION IN ADMINISTRATIVE BUDGET IN THE 2019 2020 BUDGET PERIOD WHERE, ABSENT ANY EXTERNAL FUND-RAISING, THAT

WE WOULD NEED TO HAVE A SLIGHT REDUCTION IN THE ADMIN BUDGET UNTIL THE DECISION POINT AT THE END OF 2020.

SO WE CAN SEND AROUND THAT TRANSITION PLAN, BUT IT ACTUALLY LAYS OUT BUDGET PER FISCAL YEAR BEGINNING IN 2018 ALL THE WAY THROUGH 2023 CONTEMPLATING EITHER ONE OF THOSE OUTCOMES. SO EVEN WITHOUT THE RESEARCH FUND, ADDITIONAL WHAT'S CALLED BRIDGE FUNDING, THERE WOULD BE STILL BE ACTIVITIES AND ADMINISTRATIVE STAFF TO CONTINUE TO DRIVE THE PROGRAMS WE FUNDED ALL THE WAY THROUGH 2019.

DR. JUELSGAARD: YES, MARIA. I APPRECIATE THAT AND THANKS FOR REMINDING ME. HOWEVER, THIS IS NOT NECESSARILY A BINARY OUTCOME, WHICH IS EITHER THAT WE DON'T HAVE ANY FUNDING OR WE DO HAVE FUNDING FOR 2019. RATHER, IT'S WHAT IF WE HAVE SOME FUNDING? IT'S EVERYTHING BETWEEN ZERO AND \$220 MILLION THAT WE KIND OF NEED TO HAVE AN UNDERSTANDING. IF WE WERE TO RAISE, LET'S SAY, A HUNDRED MILLION DOLLARS, HOW WOULD WE ALLOCATE THAT, ETC. AGAIN, NOT PROPOSING TO DO THIS AT THIS MEETING.

BUT THE SECOND THING IS IS THE RATE AT WHICH WE SPEND FOR THESE PROJECTS, THERE IS A WAY OF GETTING TO THE END OF 2020 WITHOUT HAVING TO RAISE

\$220 MILLION, AND THAT'S TO REALLY TIGHTEN UP OUR SPENDING RIGHT HERE, RIGHT NOW ON THE APPLICATIONS THAT ARE BROUGHT TO US AND TO REALLY PULL OUR HORNS IN.

NOW, I UNDERSTAND THE RISKS OF DOING THAT IN THE SENSE THAT WE MIGHT SLOW DOWN SOME PROGRESS THAT MIGHT BE MADE ALONG THE WAY. BUT THE QUESTION IS IS THAT RISK OF THAT WORTH TAKING THE RISK THAT WE DON'T HAVE ANY MONEY AT 2020 TO GET US THROUGH TO WHENEVER A BALLOT INITIATIVE APPEAR AND MIGHT BE VOTED UPON.

ALL I'M SAYING IS I THINK TO ME THIS IS MORE OF AN ITERATIVE PROCESS THAN IT IS JUST, WELL, WE'VE NOW MADE A PLAN AND WE'RE DONE WITH THAT. I THINK WE CONSTANTLY KIND OF GO BACK AND PRESSURE TEST OUR PLAN AND SAY IS THIS STILL MAKING SENSE? IS THIS GOING TO WORK FOR US? AND LAYERED INTO THAT IS GOING TO BE SUCCESS OF TRYING TO FIND PEOPLE TO GIVE MONEY.

SO ONE OF THE OBSTACLES THAT I'VE SEEN IN THIS JUST FOR THE LITTLE PART THAT I PLAYED IN TALKING TO PEOPLE ABOUT POTENTIALLY RAISING MONEY IS THE IDEA OF, IN ESSENCE, OF HELPING THE GOVERNMENT OUT, SO TO SPEAK. IN OTHER WORDS, THIS IS NOT GOING TO THE RED CROSS OR THE USUAL SORT OF CHARITABLE

ORGANIZATION. THIS IS GOING TO -- THE MONEY THAT'S BEING DONATED WILL GO TO A GOVERNMENTAL AGENCY. AND THAT'S ANOTHER SORT OF LITTLE HILL THAT WE NEED TO GET OVER WHEN WE DEAL WITH ALL THIS BECAUSE THAT'S A BIT UNUSUAL FOR PEOPLE, AND NOT EVERYBODY IS SO INCLINED WITH THAT KIND OF ISSUE. ANYWAY, THAT'S ALL I HAVE TO ADD.

CHAIRMAN THOMAS: THANK YOU, STEVE. I RECOGNIZE THAT IS AN ISSUE. I THINK IN THE DISCUSSIONS THAT I'VE HAD, IT'S BEEN LESS FOCUSED ON WHERE THE -- THE ENTITY THAT THE MONEY IS GOING TO AND RATHER ON THE PURPOSE OF THE MONEY WHICH IS SORT OF THE KEY TO THE WHOLE THING. THAT'S A POINT WELL TAKEN.

ARE THERE OTHER COMMENTS BY MEMBERS OF THE BOARD AT THIS POINT ON THIS PARTICULAR RECOMMENDATION? OKAY.

MS. ROZILLIS: OUR TWO RECOMMENDATIONS ARE RELATED TO CONTINUING THE IMPLEMENTATION OF CIRM 2.0. THE FIRST IS REALLY TO COMMUNICATIONS. IN OUR LAST PERFORMANCE AUDIT AND AS PART OF CIRM 2.0, WE RECOMMENDED DEVELOPING A SLATE OF PERFORMANCE MEASURES. CIRM HAS DONE THAT. AND WE JUST HAVE SOME RECOMMENDATIONS RELATED TO INCREASING THE REPORTING RELATED TO COMMUNICATIONS AND PUBLIC

RELATIONS IN PARTICULAR BECAUSE YOU HAVE A LOT OF REALLY AMAZING THINGS HAPPENING IN TERMS OF ACTUAL OUTCOME. SO SHIFTING THE DISCUSSION AS WELL AS SHIFTING HOW WE REPORT, HOW EFFECTIVE THAT IS.

SIMILARLY, THE PROCESSES AND SOME ROLES CHANGED PRETTY SIGNIFICANTLY AS A RESULT OF CIRM 2.0. THERE HAS BEEN AN EFFORT UNDER CIRM'S NEW HR DIRECTOR TO REVISE JOB DESCRIPTIONS. NOT ALL OF THEM ARE DONE, SO WE'D REALLY LIKE YOU TO MAKE AN EFFORT THIS YEAR TO GET ALL JOB DESCRIPTIONS REDONE.

SO MOVING ON TO MORE TRANSITION DISCUSSION, THIS IS AN ORGANIZATION THAT HAS BEEN IN TRANSITION A COUPLE OF TIMES. AND RIGHT NOW WE'RE IN A POSITION --

MR. STERANKA: WHOLE LIFE.

MS. ROZILLIS: WELL, YES. THAT'S TRUE.

-- WHERE WE COULD BE MOVING TOWARD A VERY LARGE TRANSITION. IN ANY TIME OF CHANGE, THERE'S GOING TO BE STAFF ANXIETY, AND THERE MAY BE STAFF ATTRITION. AND THIS WAS THE BIGGEST THING THAT WE HEARD WHEN WE TALKED TO STAFF. MOST PEOPLE WERE SORT OF MEDIUM ANXIOUS ABOUT IT. WE HAD PEOPLE WHO WEREN'T ANXIOUS AT ALL AND SOME WHO WERE QUITE ANXIOUS, BUT THERE'S GOING TO BE SOME ANXIETY BECAUSE WE JUST DON'T KNOW WHAT OUR JOBS ARE GOING

TO LOOK. WE HAVE TO PAY MORTGAGES AND STUFF AND DAY CARE.

SO WE HAVE SOME INFORMATION IN HERE JUST ABOUT WHAT COMES WITH A POTENTIAL WIND-DOWN AND THAT STAFF MAY LEAVE. AND LEADERSHIP REALLY STRESSED TO US THAT THAT'S BEEN PART OF TRANSITION PLANNING, AND IT'S CERTAINLY AT THE TOP OF THEIR MINDS. AND WE HAVE A RECOMMENDATION TO CONTINUE TO DO WHAT YOU HAVE BEEN DOING, WHICH IS COMMUNICATE WHAT YOU KNOW, COMMUNICATE OUT TO STAFF AS OFTEN AS POSSIBLE. WE HEARD JUST NOW THE BOARD SAYING, OKAY, WE WANT TO KNOW MORE. WE ALWAYS WANT TO KNOW MORE. AND THAT'S THE SAME THING WITH STAFF. AND THEN TAKE ADDITIONAL STEPS TO TRY TO RETAIN EMPLOYEES. SO THIS IS A GOOD PLACE TO WORK. LET'S TRY MAKE IT A GREAT PLACE TO WORK, INTRODUCE OTHER OPPORTUNITIES FOR PEOPLE TO GET SOME FLEXIBILITY, OTHER WORK/LIFE BALANCE. AND IF THERE WERE A WIND-DOWN, THEN INVESTING IN EMPLOYEES' PROFESSIONAL DEVELOPMENT AND HELPING PEOPLE TO ROLL INTO NEW ROLES.

WE ALSO THINK HERE THAT IT'S A GOOD OPPORTUNITY TO LOOK AT CROSS-FUNCTIONAL INITIATIVES AND TRAINING BECAUSE IF THERE ARE STAFF REDUCTIONS, INDIVIDUALS MAY BE PULLED TO FILL OTHER ROLES DEPENDING ON HOW THE ORGANIZATION WINDS DOWN. AND

SO THIS IS A GOOD OPPORTUNITY ALSO FOR THE TEAM TO WORK TOGETHER AND FOR OTHER PEOPLE TO GAIN NEW SKILLS OUTSIDE OF THEIR ROLES.

SO I'M GOING TO MOVE ON TO TALK ABOUT THE BOARD. IT'S REALLY FUN TO TALK ABOUT BOARDS AT BOARD MEETINGS. SO THIS IS A LARGE STATEWIDE BOARD, AND THERE ARE INHERENT CHALLENGES IN FULLY ENGAGING A LARGE STATEWIDE BOARD. I'M ON A LARGE STATEWIDE BOARD, AND IT IS OUR NO. 1 DISCUSSION THIS YEAR. HOW DO WE GET MORE PEOPLE TO COME TO OUR BOARD MEETINGS?

MR. TORRES: WHAT BOARD IS THAT.

MS. ROZILLIS: THE STATE OF WASHINGTON STATE HUMANITIES COUNCIL.

ESPECIALLY DURING THE NEXT FEW YEARS, THIS IS IN PARTICULAR VERY IMPORTANT BECAUSE WE NEED, AND WE HEARD TODAY AGAIN, WE NEED TO HAVE EVERYONE ON THE SAME PAGE MOVING IN THE SAME DIRECTION AND FULLY INFORMED. AND SO WE NEED TO DOUBLE DOWN ON BOARD ENGAGEMENT RIGHT NOW. AND THAT INCLUDES INSURING THAT KNOWLEDGE IS CAPTURED. SO FINDING NO. 7 HERE NOTES THAT A SIGNIFICANT PORTION OF THE BOARD IS GOING TO TERM OUT IN 2021 AND 2022, AND THAT WILL BE RIGHT IN THE MIDDLE OF THE CONTINUING MAJOR TRANSITION THE ORGANIZATION IS GOING THROUGH. WE

WE'VE GOT TO CAPTURE THAT INFORMATION. IN PARTICULAR THE CHAIR AND THE VICE CHAIR'S BOTH EXPIRE AT THE SAME TIME, AND THEY ARE WORKING MEMBERS OF THE BOARD. THEY REALLY PROVIDE A LOT OF VALUE TO THE ORGANIZATION. THAT'S CURRENTLY NOT BUDGETED, AND THE STAFF, IN PARTICULAR GOVERNMENT RELATIONS AND FUND-RAISING, AS WE HAVE DISCUSSED THIS MORNING, SO THAT INFORMATION NEEDS TO BE CAPTURED.

IT'S BEST PRACTICE TO DEVELOP SUCCESSION PLANS FOR YOUR BOARD LEADERSHIP ANYWAY. YOU ALSO HAVE MEMBERS ON THE BOARD WHO MIGHT NOT SERVE IN AN OFFICER ROLE, BUT WHO HAVE BEEN ON THE BOARD SINCE THE ORGANIZATION'S INCEPTION. SO WE DO WANT TO CAPTURE THAT KNOWLEDGE AS WE ROLL OFF BECAUSE WE DON'T WANT TO HAVE A HUGE TRANSITION AND HAVE TO ON-BOARD A LOT OF NEW BOARD MEMBERS AT THE SAME TIME AS THE AGENCY IS MOVING AROUND AND IN A STATE OF FLUX.

NOW I WANT TO TALK ABOUT I.T., WHICH IS EVERYONE'S FAVORITE TOPIC. THE MOST INTERESTING. THESE ARE TWO FINDINGS THAT ARE VERY TYPICAL OF OUR CLIENTS. I WOULD SAY WE COULD PROBABLY WRITE IT ABOUT EVERY SINGLE PERFORMANCE AUDIT THAT WE DO.

SO THE FIRST IS, AS WE NOTED BEFORE IN

COMMENDATIONS, THE GRANTS MANAGEMENT SYSTEM HAS IMPROVED SIGNIFICANTLY. THERE'S ALWAYS A PUNCHLIST. WE WANT TO SAY KEEP DOING IT AND IMPLEMENT THAT LIST.

AND THE SECOND IS THAT THERE ARE MULTIPLE DOCUMENT MANAGEMENT SYSTEMS IN PLACE HERE. AND IT'S HUMAN NATURE TO USE WHAT YOU FEEL COMFORTABLE WITH. MARK, FOR EXAMPLE, USES STONE TABLETS. WE ALL HAVE TO DEAL WITH THAT.

MR. STERANKA: WOW. SHE'S GOING TO PAY FOR THAT ONE.

MS. ROZILLIS: MAKE SURE IT'S IN THE MINUTES.

SO AS TECHNOLOGY AND THE ORGANIZATION'S NEEDS EVOLVE, JUST I.T. SHOULD KEEP LOOKING AT OUR SYSTEM UTILIZATION AND WHAT'S MOST EFFECTIVE FOR US. IF WE WIND DOWN, THAT'S GOING TO BE ALSO IMPORTANT BECAUSE SOME SYSTEMS WILL JUST SUNSET. SO MAKE SURE WE CAPTURE THAT INFORMATION AND AREN'T SPENDING MONEY ON TECHNOLOGY THAT WE DON'T NEED TO.

SO THAT'S EVERYTHING. NOW WOULD BE A GREAT TIME TO OPEN IT UP FOR ADDITIONAL QUESTIONS.

CHAIRMAN THOMAS: LET ME, JUST BEFORE WE GET TO THAT, THANK BOTH OF YOU VERY MUCH FOR YOUR HARD WORK. WANT TO THANK MEMBERS OF THE TEAM,

PARTICULARLY MARIA BONNEVILLE AND SCOTT TOCHER, WHO SPENT A GREAT DEAL OF TIME INTERFACING WITH MOSS-ADAMS TO HELP MAKE THIS REPORT HAPPEN IN A SUBSTANTIVE AND RESPONSIBLE WAY.

I THINK, IF YOU READ THE REPORT, YOU WILL SEE THAT THE SORT OF OVERRIDING SENTIMENT IS EXTREMELY POSITIVE. THE STATE OF THE UNION AT CIRM IS GOOD. THIS IS A DIRECT TESTAMENT TO DR. MILLAN AND THE TEAM AND TO DR. MILLS BEFORE HER COVERING THIS THREE-YEAR PERIOD. AND THAT WE SHOULD AS A GROUP FEEL VERY PROUD OF WHAT CIRM HAS ACCOMPLISHED, WHAT IT HAS IN PLACE, AND WHAT IT WILL ACCOMPLISH GOING FORWARD IN OUR NEVER-ENDING QUEST TO BRING TREATMENTS TO PATIENTS WITH UNMET MEDICAL NEEDS.

SO I WANT TO CONGRATULATE ALL MEMBERS OF THE TEAM FOR A JOB VERY WELL DONE. AND WITH THAT, I WILL OPEN IT UP TO ANY ADDITIONAL COMMENTS FROM MEMBERS OF THE BOARD.

MR. TORRES: THANK YOU TO THE BOARD MEMBERS WHO PARTICIPATED.

CHAIRMAN THOMAS: THANK YOU. A NUMBER OF YOU SPOKE TO MOSS-ADAMS. YOUR COMMENTS, AS ALWAYS, WERE VERY HELPFUL. THANK YOU VERY MUCH FOR THAT. THANK YOU, SENATOR TORRES.

MR. STERANKA: AS YOU CAN IMAGINE, OUR

WORK SESSIONS MARIA B AND SCOTT WERE LIVELY, AS THEY ALWAYS ARE. EVEN SOME LAUGHER.

CHAIRMAN THOMAS: OKAY. HEARING NO ADDITIONAL COMMENTS, THANK YOU, MARK AND COLLEEN.

DO WE HAVE PUBLIC COMMENT? DON REED IS APPROACHING THE MICROPHONE.

DR. CHIU: THIS IS ARLENE CHIU FROM THE CITY OF HOPE. IS THIS OPEN FOR PUBLIC COMMENT?

CHAIRMAN THOMAS: IT IS. ARLENE, DON IS READY TO GO, AND THEN WE'LL TURN TO YOU AND TO ANY OTHER MEMBERS OF THE PUBLIC AT ANY OF THE SITES TO SAY WHATEVER THEY WOULD LIKE.

MR. REED: THANK YOU. I ALWAYS FEEL A LITTLE SORRY FOR PEOPLE WHO TRY TO SUM UP THE ACCOMPLISHMENTS OF CIRM BECAUSE IT IS LIKE NO OTHER. JUST LISTEN TO THIS: BLINDNESS, ALS, CANCER, GRANULOMATOUS DISEASE, HEART FAILURE, HIV, HUNTINGTON'S, BRAIN TUMORS, KIDNEY DISEASE, LEUKEMIA, INFERTILITY, MELANOMA, MYELOFIBROSIS, BONE DISEASE, POLYCYTHEMIA, HYPERTENSION, RETINITIS PIGMENTOSA, BUBBLE BABY DISEASE, SICKLE CELL DISEASE, SPINAL CORD INJURY, DIABETES. THESE ARE CLINICAL TRIALS THAT ARE EITHER DONE OR ABOUT TO BEGIN OR UNDER WAY.

AT THE TIME WE FIRST STARTED OUT, I

REMEMBER ONE SCIENTIST SAID WE'D BE LUCKY TO GET EVEN ONE INTO FDA APPROVED CLINICAL TRIAL. WE'VE GOT 44. SO THE ACCOMPLISHMENTS HAVE BEEN TREMENDOUS UNDER INCREDIBLE ODDS, AND I THINK THAT FOR EVERYBODY THAT'S WORKED TO MAKE A PART OF THIS, THE PATIENT ADVOCATE COMMUNITY THANKS EXTREMELY MUCH. AND WE HOPE THAT YOU WILL HANG ON AND CONTINUE DOING EXACTLY WHAT YOU ARE DOING. AND I BELIEVE THAT GREAT THINGS ARE STILL AHEAD OF US. THANK YOU.

CHAIRMAN THOMAS: THANK YOU, MR. REED.
DR. CHIU.

DR. CHIU: FIRST OF ALL, CONGRATULATIONS FOR SUCH A SPLENDID AUDIT RESULT. IT SEEMS THAT CIRM IS FUNCTIONING BETTER AND BETTER AS TIME GOES BY.

I JUST HAVE A SMALL COMMENT REGARDING AN ISSUE RAISED IN AN EARLIER DISCUSSION ABOUT FUNDING. AND THAT IS, I WONDERED IF I'M CORRECT IN THAT THERE'S A BIG BUCKET AND THE LITTLE BUCKET OF MONEY, AND ANY SAVINGS FROM THE BIG BUCKET THAT IS FROM GRANTS THAT DIDN'T HAVE ALLOCATED COULD NOT BE TRANSFERRED TO SUPPORT THE SMALL BUCKET WHICH IS FOR FUNDING CIRM. I HAVE THE IMPRESSION THAT UNFORTUNATELY THE LAW PREVENTS THIS FROM HAPPENING. AM I CORRECT?

CHAIRMAN THOMAS: YES, THAT IS CORRECT. I WILL SAY, BY THE WAY, THAT WE HAVE ADMINISTRATIVE FUNDING IN PLACE AS IT STANDS RIGHT NOW TO EARLY 2023. HAVING SAID THAT, THE BRIDGE FUNDING RAISE THAT WE ARE LOOKING TO DO HERE CONTEMPLATES AS PART OF THAT AN ADDITIONAL COMPONENT FOR ADMINISTRATIVE COSTS AS WELL.

DOES THAT ANSWER YOUR QUESTION THERE, DR. CHIU?

DR. CHIU: I'M AFRAID I DIDN'T QUITE FOLLOW. YOU HAVE FUNDING FOR ADMINISTRATION THROUGH 2023. DID I UNDERSTAND THAT CORRECTLY? I'M SORRY.

CHAIRMAN THOMAS: YES.

DR. CHIU: THANK YOU.

DR. HIGGINS: THIS IS DAVID HIGGINS. CAN I ASK A QUICK QUESTION, J.T.?

CHAIRMAN THOMAS: ABSOLUTELY.

DR. HIGGINS: I'VE BEEN LISTENING TO THIS CONVERSATION, AND EVERYTHING SOUNDS -- YOU GUYS, AS USUAL, ARE HEADING IN THE RIGHT DIRECTION, DOING THE RIGHT THING. I ALWAYS COUNT ON THAT, BUT IT OCCURS TO ME IS THIS A DOUBLE-EDGED SWORD? IF YOU'RE SUCCESSFUL IN RAISING \$220 MILLION IN BRIDGE FUNDING, IS THE PUBLIC OR SOME REPRESENTATIVE OF THE PUBLIC LIKELY TO SAY, THEY DON'T NEED US. THEY CAN

DO IT ON THEIR OWN? THEY'VE PROVEN THAT THEY CAN DO IT ON THEIR OWN?

CHAIRMAN THOMAS: THANK YOU FOR THAT QUESTION. I SAY BRIDGE FUNDING. HOW I'M REALLY POSITIONING THIS IS JUMP-STARTING THE SECOND GENERATION OF CIRM. SO IT WILL BE THE FIRST STEP IN WHAT WE HOPE, GIVEN A POSITIVE RESULT IN NOVEMBER 2020, WILL BE CIRM'S NEXT EXTENSION OF LIFE, IF YOU WILL. SO I DON'T BELIEVE THAT'S GOING TO BE AN ISSUE.

DR. HIGGINS: THANK YOU.

CHAIRMAN THOMAS: ANY OTHER COMMENTS ON THE PERFORMANCE AUDIT BY MEMBERS OF THE BOARD OR MEMBERS OF THE PUBLIC? OKAY. THANK YOU VERY MUCH, MARK AND COLLEEN. APPRECIATE YOUR WORK. GREAT AS ALWAYS.

BACK ON THE AGENDA NOW, WE'RE GOING TO MOVE AN EARLIER ITEM, WHICH IS THE CONSENT CALENDAR. YOU CAN SEE WHAT ITEMS ARE LISTED ON THAT. ARE THERE ANY ITEMS THAT ANY MEMBERS OF THE BOARD WISH TO REMOVE FROM THE CONSENT CALENDAR FOR SPECIFIC DISCUSSION?

HEARING NONE, IS THERE A MOTION TO APPROVE THE CONSENT CALENDAR?

MR. TORRES: MOVE IT.

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CHAIRMAN THOMAS: MOVED BY SENATOR TORRES.

DR. MARTIN: SECOND.

CHAIRMAN THOMAS: SECONDED BY DR. MARTIN.

MARIA, PLEASE TAKE THE ROLL. DO WE HAVE ANY PUBLIC COMMENT ON THE CONSENT? HEARING NONE, MARIA, PLEASE TAKE THE ROLL.

MS. BONNEVILLE: GEORGE BLUMENTHAL. LINDA BOXER.

DR. BOXER: YES.

MS. BONNEVILLE: KEN BURTIS.

DR. BURTIS: YES.

MS. BONNEVILLE: DEBORAH DEAS.

DR. DEAS: YES.

MS. BONNEVILLE: JACK DIXON.

DR. DIXON: YES.

MS. BONNEVILLE: ANNE-MARIE DULIEGE.

DR. DULIEGE: YES.

MS. BONNEVILLE: JUDY GASSON.

DR. GASSON: YES.

MS. BONNEVILLE: SAM HAWGOOD. DAVID HIGGINS.

DR. HIGGINS: YES.

MS. BONNEVILLE: STEPHEN JUELGAARD.

MR. JUELGAARD: YES.

MS. BONNEVILLE: SHERRY LANSING. LINDA

MALKAS.

DR. MALKAS: YES.

MS. BONNEVILLE: DAVE MARTIN.

DR. MARTIN: YES.

MS. BONNEVILLE: SHLOMO MELMED.

DR. MELMED: YES.

MS. BONNEVILLE: LAUREN MILLER.

MS. MILLER: YES.

MS. BONNEVILLE: ADRIANA PADILLA.

DR. PADILLA: YES.

MS. BONNEVILLE: JOE PANETTA. FRANCISCO

PRIETO.

DR. PRIETO: AYE.

MS. BONNEVILLE: ROBERT QUINT. AL

ROWLETT.

MR. ROWLETT: YES.

MS. BONNEVILLE: JEFF SHEEHY.

SUPERVISOR SHEEHY: YES.

MS. BONNEVILLE: OSWALD STEWARD.

DR. STEWARD: YES.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: YES.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: AYE.

MS. BONNEVILLE: KRISTINA VUORI.

DR. VUORI: YES.

MS. BONNEVILLE: DIANE WINOKUR.

MS. WINOKUR: YES.

MS. BONNEVILLE: MOTION CARRIES.

CHAIRMAN THOMAS: THANK YOU. THAT CONCLUDES THE AGENDA, BUT FOR GENERAL PUBLIC COMMENT ON ANY TOPICS. DO WE HAVE ANY MEMBERS OF THE PUBLIC WHO WOULD LIKE TO SPEAK ON ANYTHING AT THIS POINT EITHER HERE OR IN OUR OTHER LOCATIONS? HEARING NONE, THAT CONCLUDES TODAY'S MEETING.

OUR NEXT MEETING OF THE BOARD WILL BE THE APPLICATION REVIEW SUBCOMMITTEE AND BOARD MEETING IN APRIL. OUR NEXT IN-FACE MEETING WILL BE HERE IN JUNE. HOPE EVERYBODY HAS A NICE DAY. THANK YOU VERY MUCH ALL FOR YOUR CONTINUED HARD WORK, AND LOOK FORWARD TO SPEAKING TO YOU SHORTLY. THANK YOU.

(THE MEETING WAS THEN CONCLUDED AT 10:09 A.M.)

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON MARCH 13, 2018, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

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