

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: APRIL 2, 2012  
3 P.M.

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

BRS FILE NO.: 92001

**BARRISTERS' REPORTING SERVICE**

**I N D E X**

<b>ITEM DESCRIPTION</b>	<b>PAGE NO.</b>
<b>OPEN SESSION</b>	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. CONSIDERATION OF AMENDMENTS TO FINANCE SUBCOMMITTEE MISSION STATEMENT.	4, 42
4. CONSIDERATION OF CIRM BUDGET FOR FY 2012-2013 INCLUDING BACKUP DETAILS.	5, 44
5. PUBLIC COMMENT.	NONE
6. ADJOURNMENT	45

**BARRISTERS' REPORTING SERVICE**

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MONDAY, APRIL 2, 2012, 3:00 P.M.

CHAIRMAN GOLDBERG: I'M GOING TO CALL THE MEETING TO ORDER FROM SAN FRANCISCO AT CIRM HEADQUARTERS. AND I ASK MARIA BONNEVILLE TO PERFORM THE ROLL CALL.

MS. BONNEVILLE: ROBERT BIRGENEAU.

DR. BIRGENEAU: HERE.

MS. BONNEVILLE: MARCY FEIT. MICHAEL GOLDBERG.

CHAIRMAN GOLDBERG: HERE.

MS. BONNEVILLE: STEVE JUELSGAARD.

DR. JUELSGAARD: HERE.

MS. BONNEVILLE: TED LOVE.

DR. LOVE: HERE.

MS. BONNEVILLE: PHIL PIZZO.

DR. PIZZO: HERE.

MS. BONNEVILLE: DUANE ROTH. DAVID SERRANO-SEWELL. JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD. JONATHAN THOMAS.

CHAIRMAN GOLDBERG: HERE.

MS. BONNEVILLE: ART TORRES.

CHAIRMAN GOLDBERG: THANK YOU. WE'RE

**BARRISTERS' REPORTING SERVICE**

1 GOING TO ITEM 3 ON THE AGENDA, WHICH IS THE  
2 AMENDMENTS PROPOSED FOR THE MISSION STATEMENT OF  
3 THIS SUBCOMMITTEE. THERE'S A MEMO DATED MARCH 23D  
4 PREPARED BY JAMES HARRISON WHICH LAYS OUT THE TWO  
5 PRINCIPAL AREAS THAT WE'RE PROPOSING TO AMEND THE  
6 MISSION STATEMENT. AND I'M ASSUME THAT EACH OF THE  
7 MEMBERS OF THE COMMITTEE HAS READ THAT AND LET  
8 MEMBERS OF THE COMMITTEE AT THE VARIOUS SITES ASK  
9 ANY QUESTIONS THEY WISH TO. AND WE'LL THEN OPEN TO  
10 THE PUBLIC TO ASK ANY QUESTIONS THEY MAY WISH TO.

11 SO FIRST MEMBERS OF THE COMMITTEE.

12 DR. LOVE: MICHAEL, THIS IS TED.

13 OBVIOUSLY I READ THEM, AND THEY LOOK VERY  
14 STRAIGHTFORWARD AND NOTHING THAT I FOUND  
15 CONTROVERSIAL AT ALL.

16 DR. BIRGENEAU: I AGREE.

17 CHAIRMAN GOLDBERG: OKAY. ANY OBJECTIONS  
18 FROM MEMBERS OF THE COMMITTEE? DON'T WE MOVE TO ANY  
19 COMMENTS FROM THE PUBLIC.

20 DR. JUELGAARD: I MOVE THESE AMENDMENTS  
21 BE ADOPTED.

22 CHAIRMAN THOMAS: SECOND.

23 CHAIRMAN GOLDBERG: IF THERE WAS A QUORUM,  
24 WE WOULD ACCEPT THAT MOTION AND THE SECOND. HAVING  
25 NO QUORUM, WE'LL EITHER WAIT FOR A QUORUM LATER IN

**BARRISTERS' REPORTING SERVICE**

1 THE MEETING OR ALTERNATIVELY WE'LL REFLECT TO THE  
2 BOARD THAT IT WAS THE VIEW OF THE MEMBERS OF THE  
3 SUBCOMMITTEE TO APPROVE THESE AMENDMENTS TO THE  
4 MISSION STATEMENT. THANK YOU.

5 I THINK WE'RE NOW GOING TO GO TO ITEM NO.  
6 4, WHICH IS THE MAJOR SUBSTANTIVE PURPOSE OF TODAY'S  
7 DISCUSSION AND A REVIEW OF THE BUDGET WHICH WOULD  
8 BEGIN JULY 1 OF 2012. AND WITH THAT, MATT, TURN IT  
9 OVER TO YOU AND TO ALAN AND TO J.T. TO SPEAK TO THE  
10 BUDGET PROPOSAL.

11 MS. BONNEVILLE: WHO JUST JOINED US?

12 MS. FEIT: MARCY FEIT.

13 CHAIRMAN GOLDBERG: WE'RE JUST STARTING ON  
14 AGENDA ITEM 4, MARCY. AGENDA ITEM NO. 4, WHICH IS  
15 THE PRESENTATION OF THE BUDGET.

16 MS. FEIT: OKAY. THANK YOU.

17 DR. PLUNKETT: SO, MICHAEL, WHAT I'D  
18 PROPOSE TO DO, IF YOU CONCUR, IS TO GO THROUGH THE  
19 SLIDE PRESENTATION HERE WHICH GIVES A LITTLE BIT OF  
20 A HIGHER LEVEL OVERVIEW, THEN WE CAN GO THROUGH THE  
21 LINE ITEM DETAIL WHICH IS ALSO POSTED, I BELIEVE,  
22 WHICH EVERYBODY HAS. SOUND GOOD?

23 CHAIRMAN GOLDBERG: THANK YOU.

24 DR. PLUNKETT: NEXT SLIDE, PLEASE. SO  
25 THIS PRESENTATION HERE IS VERY SIMILAR TO WHAT WE

**BARRISTERS' REPORTING SERVICE**

1 PRESENTED AT THE ICOC MEETING TWO WEEKS AGO. I DO  
2 KNOW THAT SEVERAL OF THOSE WHO ARE ON THE  
3 SUBCOMMITTEE WEREN'T ACTUALLY ABLE TO ATTEND  
4 PERSONALLY AT THE BOARD MEETING 12 DAYS AGO IN  
5 SACRAMENTO. SO WHAT I'LL TRY AND DO IS HIT SOME OF  
6 THE HIGH POINTS IN THIS YEAR.

7 AND ONE OF THE FIRST THINGS THAT I'D LIKE  
8 TO TOUCH UPON IS HOW WE'VE REALLY TRIED TO CONSTRUCT  
9 THE BUDGET THIS YEAR WITH A VERY EXPLICIT TIE-IN  
10 BETWEEN THE ANNUAL GOALS FOR THE ORGANIZATION AND  
11 WHERE THE DIFFERENT EXPENDITURES ARE GOING. AND  
12 WHAT YOU SEE HERE ON THE SCREEN ON SLIDE 2 IS THE  
13 DRAFT GOALS FOR CIRM FOR THE COMING FISCAL YEAR.

14 I THINK THE GOALS ARE SELF-EXPLANATORY.  
15 ONE WHICH THERE MAY BE A LITTLE BIT OF CONFUSION  
16 ABOUT IS THE 50 MILLION IN NEW OUTSIDE FINANCIAL  
17 COMMITMENT FOR CIRM PROGRAMS. AND THE GOAL THERE IS  
18 TO REALLY GENERATE SOME EXTERNAL FINANCIAL LEVERAGE  
19 FOR A PROGRAM SUCH THAT AS WE HAVE AN INCREASING  
20 NUMBER OF PROGRAMS ENTERING COSTLY AND  
21 TIME-CONSUMING CLINICAL TRIALS, CIRM ISN'T PAYING A  
22 HUNDRED PERCENT OF THE BILL FOR EACH AND EVERY ONE  
23 OF THESE. TO THE EXTENT THAT WE CAN HAVE OUTSIDE  
24 FINANCIAL SUPPORT FOR AT LEAST SOME OF OUR CIRM  
25 PROGRAMS, IT MAKES EACH OF OUR DOLLARS GO THAT MUCH

## BARRISTERS' REPORTING SERVICE

1 FARTHER.

2 ONE OF THE OTHER QUANTITATIVE THINGS WHICH  
3 IS NOT ON THE SLIDE THAT I WOULD JUST LIKE TO REMIND  
4 EVERYBODY IS THAT THE ORGANIZATION CURRENTLY HAS 42  
5 TRANSLATIONAL PROGRAMS. IN THE COMING YEAR WE  
6 ACTUALLY EXPECT TO ADD 25 TO 35 MORE PROGRAMS TO  
7 THAT TOTAL. AND EACH OF THESE TRANSLATIONAL  
8 RESEARCH AND DEVELOPMENT PROGRAMS OBVIOUSLY TAKES A  
9 LOT MORE EFFORT AND MANAGEMENT AND TRACKING AND SO  
10 FORTH FROM THE ORGANIZATION THAN SOME OF THE SMALLER  
11 AND EARLIER STAGE RESEARCH AWARDS.

12 SLIDE 3 IS AN OLD SLIDE WHICH YOU FIRST  
13 SAW AT THE JANUARY BOARD MEETING. AND THAT'S SORT  
14 OF THE OTHER END OF THE BOOKEND. WE HAVE THE VERY,  
15 VERY AGGRESSIVE GOALS FOR BOTH FIVE-YEAR AND  
16 ONE-YEAR FOR THE ORGANIZATION. ON THE OTHER HAND,  
17 WE'RE MANDATED BY THE TEXT OF PROPOSITION 71 TO STAY  
18 WITHIN A CUMULATIVE 3 PLUS 3 PERCENT EXPENSE CAP.  
19 SO THOSE ARE REALLY THE TWO BOOKENDS AS WE'RE  
20 THINKING ABOUT WHERE THE OPERATIONAL EXPENSES FOR  
21 THE ORGANIZATION GO IN THE COMING YEAR.

22 I WON'T GO THROUGH EACH OF THE PROCESS  
23 RECAPS. THESE ARE PRETTY SELF-EXPLANATORY.

24 SLIDE 5. ONE OF THE THINGS THAT WE'VE  
25 TRIED TO DO IN THE PRESENTATION OF THE BUDGET IS

## BARRISTERS' REPORTING SERVICE

1 REALLY TAKE A LITTLE BIT OF A FRESH LOOK AT BOTH THE  
2 DIFFERENT COST CENTERS AS WELL AS DIFFERENT EXPENSE  
3 CATEGORIES. SO ONE OF THE THINGS YOU WILL NOTE IS  
4 THERE IS NO EXPENSE CALLED "OTHER" IN THE BUDGET  
5 THIS YEAR. WE'VE ALSO GIVEN SOME MORE GRANULARITY  
6 TO THE COST CENTERS WHERE I BELIEVE IN THE CURRENT  
7 FISCAL YEAR WE HAD FIVE COST CENTERS. WE'VE ADDED A  
8 COUPLE MORE, AND I CALL THESE DEPARTMENTS OR COST  
9 CENTERS. IT'S REALLY THE SAME CONCEPT. AND THESE  
10 TRULY REFLECT FUNCTIONAL AREAS. THEY'RE NOT  
11 REPORTING.

12 THERE ARE ONE OR TWO OF THESE AREAS THAT  
13 DO HAVE SOME REPORTING THAT GOES TO BOTH THE  
14 PRESIDENT AND THE CHAIR. THOSE WOULD INCLUDE LEGAL  
15 AS WELL AS THE FINANCE GROUP. AND SO I JUST WANT  
16 PEOPLE TO KEEP IN MIND THAT THE INTENT HERE IS  
17 REALLY FUNCTIONAL AREA.

18 IN ADDITION, WE'VE BOTH SIMPLIFIED AND  
19 CLARIFIED THE EXPENSE CATEGORIES SUCH THAT YOU  
20 SHOULD REALLY BE ABLE TO LOOK AT THE BUDGET AND GET  
21 A BETTER SNAPSHOT AT A GLANCE AT THE HIGH LEVEL OF  
22 WHERE THE DIFFERENT EXPENSES ARE GOING.

23 NEXT SLIDE. THE ALLOCATIONS AGAINST THE  
24 EXPENSE CAP ON SLIDE 6 HAVE NOT CHANGED FROM PRIOR  
25 YEARS. AND THERE'S GRANTS ADMINISTRATION, WHICH IS



**BARRISTERS' REPORTING SERVICE**

1 THE SCIENCE OFFICE, BOTH THE GRANTS MANAGEMENT  
2 PORTION OF THE I.T. DEPARTMENT, THE GENERAL AND  
3 ADMINISTRATIVE COSTS. THOSE ARE ALL STILL CAPPED AT  
4 3 PERCENT. AND THOSE REPRESENT THE PRESIDENT, THE  
5 CHAIR, FINANCE, AND COMMUNICATIONS, AS WELL AS THE  
6 REMAINDER OF THE I.T. SPENDING. AND THEN THE LEGAL,  
7 ACCORDING TO THE TEXT OF PROPOSITION 71, IS  
8 ALLOCATED AGAINST RESEARCH FUNDING.

9 NEXT SLIDE. SO JUST AT A HIGH LEVEL,  
10 WE'LL GET INTO THE NITTY-GRITTY HERE IN THE NEXT SET  
11 OF DOCUMENTS, BUT THERE'S SOME GLOBAL DRIVERS, AND  
12 THEN WE'LL GO THROUGH A COUPLE OF THE MAJOR CHANGES  
13 IN EACH DEPARTMENT FROM YEAR ON YEAR.

14 THE FIRST THING IS, BASED ON AN INFORMAL  
15 SURVEY OF THE COMPARABLE INSTITUTIONS, WHICH OUR HR  
16 CHIEF CONDUCTED, WE ARE PROPOSING AN INCREASE IN  
17 EMPLOYEE COMPENSATION FOR THOSE ELIGIBLE TO RECEIVE  
18 MERIT INCREASES, WHICH IS THOSE THAT STARTED HERE ON  
19 DECEMBER 31ST OR PRIOR, OF AN AVERAGE OF 3 PERCENT  
20 PLUS 1 PERCENT FOR POTENTIAL SALARY ADJUSTMENT. SO  
21 THAT WOULD INCLUDE ANYBODY THAT'S PERFORMING ABOVE  
22 AND BEYOND AND WOULD HAVE A RECLASSIFICATION OF  
23 THEIR JOB TITLE OR POSITION.

24 WE'RE ALSO PROPOSING TO ADD 4 FTE'S TO THE  
25 ORGANIZATION. THAT'S ONE GRANTS TECHNICAL ASSISTANT

**BARRISTERS' REPORTING SERVICE**

1 IN THE SCIENCE RESEARCH GROUP, A MEDICAL OFFICER IN  
2 THE DEVELOPMENT GROUP, AN ADDITIONAL FTE IN THE  
3 LEGAL OFFICE, AND THERE'S ONE MORE WHICH I CAN'T  
4 REMEMBER NOW, BUT WE'LL FIND IT WITH THE UPCOMING  
5 SLIDES. SO I THINK WE'VE COVERED THE POINTS ON  
6 SLIDE 7.

7 MS. FEIT: MATT, YES, IF I COULD MAKE A  
8 COMMENT RIGHT NOW SINCE WE'RE ON THIS AREA. AT THE  
9 LAST BOARD MEETING, THERE WERE SEVERAL QUESTIONS  
10 AROUND THAT. AND, IN FACT, I WAS ON THE PHONE, SO I  
11 COULDN'T TALK, BUT IT SOUNDED LIKE OS STEWARD WAS  
12 ONE OF THE ONE QUESTIONING ABOUT BENCHMARKS. YOU  
13 HAD AN OPPORTUNITY TO TALK (UNINTELLIGIBLE).

14 DR. PLUNKETT: MARCY, WE'RE GETTING A LOT  
15 OF FEEDBACK AND WE COULDN'T HEAR YOU VERY WELL.

16 MS. FEIT: I'M SORRY. AT THE LAST BOARD  
17 MEETING -- IS THAT BETTER?

18 DR. PLUNKETT: LITTLE BIT.

19 MS. FEIT: AT THE LAST BOARD MEETING, I  
20 BELIEVE IT WAS OS STEWARD WHO WAS ASKING QUITE A FEW  
21 QUESTIONS AROUND THE MERIT INCREASE. AND HE WAS  
22 QUESTIONING WHERE WE GOT OUR BENCHMARKS FOR THE  
23 MERIT INCREASE. HAVE YOU HAD A CHANCE TO DISCUSS  
24 THIS FURTHER WITH HIM?

25 DR. PLUNKETT: I HAVE NOT HAD FURTHER

**BARRISTERS' REPORTING SERVICE**

1 DISCUSSIONS WITH HIM, NO.

2 MS. FEIT: YOU MIGHT WANT TO DO THAT. I  
3 THINK IF HE GOES TO THE NEXT MEETING AND SAYS THAT  
4 HE'S HAD A DISCUSSION WITH YOU, HE'S COMFORTABLE  
5 THAT WE HAD THE RIGHT BENCHMARKS, I THINK THAT WILL  
6 HELP THE REST OF THE BOARD.

7 DR. PLUNKETT: OKAY.

8 DR. JUELSGAARD: ACTUALLY I THINK IT WOULD  
9 BE NICE TO IDENTIFY WHO THE SPECIFIC INSTITUTIONS  
10 WERE THAT WERE BENCHMARKED.

11 DR. PLUNKETT: SO THIS WAS SEVERAL OF THE  
12 UC'S.

13 DR. JUELSGAARD: SEVERAL OF THE UC'S.  
14 WERE THEY UC'S THAT ARE REPRESENTED ON --

15 DR. PLUNKETT: ON THE BOARD. SO IT'S THE  
16 ONES FROM THE COMPENSATION SECTION OF PROP 71, SO  
17 THE FIVE UC'S WITH A MED SCHOOL. SHE SPOKE TO THREE  
18 HR PEOPLE AT THREE OF THEM AS WELL AS THREE OR FOUR  
19 OF THE PRIVATE NON-PROFIT FOUNDATIONS, RESEARCH  
20 FOUNDATIONS, IN SAN DIEGO, PLUS A COUPLE OF THE  
21 RESEARCH INSTITUTIONS IN THE SAN FRANCISCO BAY AREA.  
22 AND THEY'RE ALL COMING AROUND THIS KIND OF 3 PERCENT  
23 NUMBER.

24 DR. JUELSGAARD: I TAKE IT THAT'S ACROSS  
25 THE BOARD FOR ALL THE DIFFERENT DISCIPLINES, NOT

## BARRISTERS' REPORTING SERVICE

1 JUST THE MEDICAL DISCIPLINES.

2 DR. PLUNKETT: NO. WE WERE REALLY FOCUSED  
3 ON THE BIOMEDICAL RESEARCH ASPECTS.

4 DR. JUELSGAARD: OKAY. SO YOU CAN TAKE  
5 INTO ACCOUNT FINANCE PEOPLE.

6 DR. PLUNKETT: I'M SORRY. I THOUGHT YOU  
7 WERE ASKING ABOUT OTHER DEPARTMENTS WITHIN. NO.  
8 THIS WAS REALLY AN ACROSS-THE-BOARD NUMBER FOR ALL  
9 EMPLOYEES. I'M SORRY. I DIDN'T UNDERSTAND THE  
10 QUESTION.

11 MR. ROTH: DUANE HAS JOINED THE CALL. I'M  
12 SORRY, GUYS.

13 DR. PLUNKETT: HI, DUANE. WE'RE ON SLIDE  
14 7 OF AGENDA ITEM 4.

15 OKAY. NEXT SLIDE. SO THE INFORMATION  
16 TECHNOLOGY SPENDING, I KNOW, HAS BEEN A POINT OF  
17 CONCERN FOR A NUMBER OF THE PEOPLE ON THE BOARD IN  
18 THE PAST. I THINK MANY OF YOU KNOW THAT THE PEOPLE  
19 INVOLVED WITH THE PROJECT ARE REALLY AIMING TO GET  
20 IT TO BE IN A MAINTENANCE MODE BY EARLY CALENDAR  
21 2013. WE'VE HAD AN OPEN I.T. DIRECTOR POSITION  
22 THROUGHOUT THIS ENTIRE YEAR, WHICH WE'VE BEEN  
23 ACTUALLY FILLING WITH A CONTRACTOR. WE ALSO HAVE  
24 FOUR ADDITIONAL CONTRACTORS THAT HAVE BEEN WORKING  
25 ON THE GRANTS MANAGEMENT I.T. CONTRACTING PROJECT.

## BARRISTERS' REPORTING SERVICE

1           WHAT WE'RE PROPOSING FOR THE COMING YEAR  
2           IS TO FILL THE OPEN I.T. DIRECTOR POSITION AND, IN  
3           ADDITION, HIRE ONE PROGRAMMER AS A PERMANENT  
4           EMPLOYEE SUCH THAT WE CAN CONTINUE TO INNOVATE  
5           AROUND NEW RFA'S AND ALL THOSE SORTS OF THINGS THAT  
6           CONTINUALLY DO COME UP AT THE ORGANIZATION.

7           WHAT YOU WILL SEE IN THE LINE ITEM DETAIL  
8           IS THAT WE ALSO HAVE \$150,000 FOR ENHANCEMENTS TO  
9           OUR I.T. INFRASTRUCTURE FOR ISSUES THAT THE  
10          PERFORMANCE AUDITOR HAS IDENTIFIED.

11          AND THE UPSHOT OF THIS IS BY SPRING 2013  
12          WE EXPECT TO BE AT A RUN RATE EXPENSE OF \$1 MILLION  
13          PER YEAR VERSUS 1.5 MILLION IN THE CURRENT YEAR  
14          BUDGET.

15          DR. JUELSGAARD: SO BOTH AT THIS LEVEL AND  
16          BEYOND IN FINANCE, WHEN YOU TALK ABOUT NO  
17          PERFORMANCE AUDIT (INAUDIBLE). GO AHEAD.

18          CHAIRMAN GOLDBERG: JUST FOR THE BENEFIT  
19          OF THE BARRISTERS' WHO ARE TAKING THE NOTES OF THE  
20          MEETING, YOU'RE OUR MOST NEWLY JOINED MEMBER, SO  
21          THEY MAY NOT RECOGNIZE YOUR VOICE IN CONNECTION WITH  
22          THIS SUBCOMMITTEE. SO THIS IS STEVE JUELSGAARD  
23          SPEAKING.

24          DR. JUELSGAARD: THANK YOU, MICHAEL. A  
25          QUESTION. WHAT IS A PERFORMANCE AUDIT?

**BARRISTERS' REPORTING SERVICE**

1 DR. PLUNKETT: SO A PERFORMANCE AUDIT WAS  
2 MANDATED BY SB 1064, AND IT'S A ONCE EVERY  
3 THREE-YEAR REVIEW OF THE OPERATIONAL ASPECTS OF  
4 CIRM. AND THIS IS A GROUP WHICH WE PUT OUT AN RFP  
5 AND CONTRACTED WITH AN AUDITING FIRM CALLED MOSS  
6 ADAMS TO DO A REVIEW OF A NUMBER OF ORGANIZATIONAL  
7 ASPECTS.

8 DR. JUELSGAARD: SO IT'S AN INTERNAL  
9 CONTROL AUDIT?

10 DR. PLUNKETT: NO. IT'S MUCH MORE THAN  
11 JUST INTERNAL CONTROLS. IT'S REALLY A LOT OF  
12 OPERATIONAL ASPECTS OF THE ORGANIZATION. AND THEY  
13 HAVE BEEN DOING THE WORK OVER THE -- THROUGH THE  
14 PAST FALL AND INTO THE WINTER. AND THEY'LL BE  
15 DELIVERING A REPORT TO THE BOARD. WE EXPECT THAT IT  
16 WILL BE OUT AT THE MAY BOARD MEETING. AND BASED ON  
17 SOME OF THE QUESTIONS THAT THEY HAVE BEEN ASKING US  
18 SO FAR, WE EXPECT THAT THEY WILL HIGHLIGHT A NUMBER  
19 OF THINGS THAT WE CAN DO BETTER IN TERMS OF MANAGING  
20 OUR INFORMATION AND GIVING INFORMATION OUT TO THE  
21 PUBLIC AND THINGS LIKE THAT.

22 DR. JUELSGAARD: DO WE DO INTERNAL CONTROL  
23 AUDITS?

24 DR. PLUNKETT: THAT IS PART OF THE ANNUAL  
25 AUDIT, YES.

## BARRISTERS' REPORTING SERVICE

1 SO ON SLIDE 9, I THINK THE BIGGEST CHANGE  
2 TO HIGHLIGHT ON THE COMMUNICATIONS BUDGET IS THAT  
3 THERE WERE A NUMBER OF EXTERNAL FUNCTIONS THAT WE  
4 HAD IN THE BUDGET FOR CONTRACTS THAT REALLY WERE,  
5 WITH THE DELIGHTFUL ADDITION OF KEVIN MCCORMACK TO  
6 THE TEAM, THAT WE EXPECT TO REALLY GET MORE BANG FOR  
7 THE BUCK ON THAT IN THE COMING YEAR.

8 IN FINANCE WE CUT A NUMBER OF THE  
9 EQUIPMENT AND OTHER SMALL EXPENSES TO WRING ABOUT A  
10 \$100,000 OUT OF THE BUDGET. AND IN ADDITION, THERE  
11 WILL NOT BE ANOTHER PERFORMANCE AUDIT EXPENSE FOR  
12 ANOTHER TWO YEARS.

13 AND THEN FINALLY, IN THE LEGAL BUDGET,  
14 THAT'S BASICALLY FLAT YEAR ON YEAR. AND WHAT WE'RE  
15 PROPOSING TO DO FOR THE COMING FISCAL YEAR IS  
16 REPLACE \$190,000 IN EXTERNAL LEGAL SERVICES  
17 PRIMARILY AROUND CONTRACTS AND TRANSACTIONAL WORK  
18 WITH AN IN-HOUSE PERSON TO HANDLE BOTH SOME IP AS  
19 WELL AS TRANSACTIONAL STUFF.

20 MR. TORRES: THIS IS ART TORRES. WE'RE  
21 GOING TO HIRE ANOTHER LAWYER AT 190,000 A YEAR?

22 DR. PLUNKETT: ELONA, DO YOU WANT TO TALK  
23 ABOUT THAT?

24 MS. BAUM: I THINK WE TALKED ABOUT IT AT  
25 THE BOARD MEETING AND THAT THAT --

**BARRISTERS' REPORTING SERVICE**

1 MR. TORRES: NO, WE DIDN'T TALK ABOUT IT  
2 AT THE BOARD MEETING BECAUSE IT WAS VERY CONFUSING  
3 WHAT WAS SAID AT THE BOARD MEETING. AND EVEN AFTER  
4 I REVIEWED THE TRANSCRIPT, IT STILL DIDN'T MAKE  
5 SENSE TO ME. I DON'T KNOW WHY WE NEED TO SPEND  
6 ANOTHER 190,000 FOR ANOTHER LAWYER THAT WE MAY NOT  
7 NEED.

8 MS. BAUM: WELL, I'M HAPPY TO GO THROUGH  
9 THE RATIONALE FOR HIRING THAT OTHER LAWYER. FIRST  
10 OF ALL, WE HAVE AN EXPANDING DEMAND --

11 MR. TORRES: I THOUGHT WE WERE CUTTING  
12 BACK ON THE LOAN PROGRAM, AND I THOUGHT THAT WE HAD  
13 DONE ALL OF THE TRANSACTIONAL WORK THAT NEEDED TO BE  
14 DONE, AND THAT THE INDIVIDUAL GRANTEES WOULD DO THAT  
15 TRANSACTIONAL WORK, NOT US.

16 MS. BAUM: SO RIGHT NOW IT'S UNCERTAIN  
17 WHETHER OR NOT WE'RE CUTTING BACK OR NOT.

18 MR. TORRES: WELL, THEN, WE HAVE TO MAKE  
19 THAT DECISION LATER UNTIL WE FIGURE OUT WHAT WE'RE  
20 CUTTING BACK AND WHAT WE'RE NOT.

21 MS. BAUM: HE IS GIVING PEOPLE THE OPTION  
22 TO TAKE A LOAN VERSUS TO GO WITH THE GRANT REVENUE  
23 SHARING. AND SO THERE WAS ALREADY, YOU KNOW, A  
24 BUDGET THAT WE MIGHT END UP WITH FIVE LOANS. THAT  
25 SAID, THERE'S STILL PLENTY OF OTHER ADDITIONAL WORK



**BARRISTERS' REPORTING SERVICE**

1 WHEN WE ARE NOW FOCUSING ON PROTECTING IP --

2 MR. TORRES: WELL, WAIT A MINUTE. WE  
3 ALREADY HAVE YOU. WE HAVE IAN. WE HAVE SCOTT. WE  
4 HAVE JAMES. WHAT MORE DO WE NEED TO ADD MORE TO OUR  
5 LEGAL SERVICES BUDGET, WHICH LOOKS AWFULLY BLOATED  
6 IN THE I.T. BUDGET.

7 MS. BAUM: THERE'S A VERY IN-DEPTH MEMO  
8 THAT TALKS ABOUT THE DIFFERENT ITEMS THAT APPARENTLY  
9 YOU HAVEN'T SEEN, AND I THOUGHT --

10 MR. TORRES: WELL, I HAVE SEEN IT, AND  
11 THAT'S WHY I RAISED THE ISSUE OF ARE WE PAYING A NEW  
12 LAWYER TO NEGOTIATE ON BEHALF OF GRANTEEES FOR THEIR  
13 NEEDS, OR ARE WE DOING SOMETHING ELSE?

14 MS. BAUM: WELL, THERE'S MANY DIFFERENT  
15 THINGS THAT WE'RE DOING. ONE OF THEM WOULD BE TO  
16 MAKE SURE THAT WE SPEND MORE TIME AT THE AWARD STAGE  
17 MAKING SURE THAT THESE PROGRAMS ARE COMMERCIALY  
18 VIABLE AND THAT THEY HAVE THE APPROPRIATE IP AND  
19 RIGHTS NEEDED SO THAT THEY MAY BE ACTUALLY  
20 COMMERCIALIZED. THAT'S SOMETHING THAT WE HAVEN'T  
21 DONE. IT'S AN EXPANSION OF WHAT I THINK WE REALLY  
22 NEED TO DO.

23 MR. TORRES: YOU SAY THAT WE NEED TO DO  
24 THAT. SHOULDN'T THAT BE THE GRANTEE OR THE  
25 INSTITUTION THAT IS SPONSORING A GRANTEE TO BEAR

**BARRISTERS' REPORTING SERVICE**

1 THAT EXPENSE?

2 MS. BAUM: WELL, SO I'LL GIVE YOU AN  
3 EXAMPLE. I WENT OUT WITH SOMEBODY WHO'S A HEAD OF  
4 ONE OF THE UNIVERSITY'S TECH TRANSFER OFFICES, AND I  
5 WON'T SAY WHICH ONE. IN OUR DISEASE TEAM II AWARDS,  
6 WE SAY THAT WE WANT TO HAVE EVIDENCE OF FTO, FREEDOM  
7 TO OPERATE, AND ALL LICENSES AND PATENTS THAT ARE  
8 CRITICAL TO EXECUTING ON THE PROGRAM WE WOULD LIKE  
9 THEM TO LIST. THEY WERE FLABBERGASTED THAT THEY  
10 MIGHT ACTUALLY HAVE TO GO AND INVEST LARGE SUMS OF  
11 MONEY TO DO THESE TYPES OF POLICIES. AND I SAID,  
12 LOOK, WHAT YOU NEED TO DO IS MAKE SURE THAT YOU  
13 PROVIDE US WITH A LIST OF YOUR KEY ASSETS IN THE IP  
14 AREA, AND WE'LL REQUIRE YOU TO DO SO, BUT WE WILL  
15 TAKE IT UPON OURSELVES TO MAKE SURE THAT WE'RE DOING  
16 OUR OWN DUE DILIGENCE.

17 SO WE HAVE SITUATIONS WHERE --

18 MR. TORRES: SO WE'LL HAVE TWO LAWYERS  
19 WORKING ON THE SAME ISSUES, THE LAWYERS FOR THE  
20 INSTITUTION AND A NEW LAWYER FOR US.

21 MS. BAUM: THEY DON'T HAVE LAWYERS TO DO  
22 THIS, ART. THAT'S THE PROBLEM.

23 DR. TROUNSON: I THINK, CHAIR, THIS IS  
24 ALAN TROUNSON. I THINK YOU HAVE TO -- THE BOARD HAS  
25 TO UNDERSTAND THAT WE'RE MOVING INTO THIS AREA OF

**BARRISTERS' REPORTING SERVICE**

1 COMMERCIALIZATION WORKING WITH INDUSTRY, WORKING  
2 WITH TEAMS WHICH ARE NOW MOVING THROUGH TO PHASE I,  
3 PHASE II STUDIES. WE'RE REQUIRED NOW TO REALLY TAKE  
4 VERY SERIOUSLY THE ISSUES OF INTELLECTUAL PROPERTY  
5 AND HOW THEY IMPACT ON --

6 MR. TORRES: I AGREE THAT WE NEED TO TAKE  
7 IT SERIOUSLY. I'M NOT QUESTIONING --

8 DR. TROUNSON: YOU KNOW --

9 MR. TORRES: THERE ARE CURRENT COUNSELS  
10 WITHIN THE UC AND STANFORD AND USC THAT OUGHT TO BE  
11 TAKING CARE OF THIS FOR THEIR GRANTEES.

12 DR. TROUNSON: WELL, THEY'RE NOT -- YOU  
13 KNOW, THIS IS NOT BEING TAKEN CARE OF IN A WAY WHICH  
14 IS -- WHICH IS -- WHICH IS REASONABLE TO THE  
15 ORGANIZATION HERE. AND I THINK IT'S PUTTING THE  
16 ORGANIZATION AT RISK OF FUNDING MORE WORK WHICH IS  
17 GOING TO BE OTHERWISE HELD UP FOR LONG PERIODS OF  
18 TIME. AND WE CAN ALREADY SEE THIS HAPPENING IN  
19 SEVERAL INSTANCES BECAUSE WE HAVEN'T BEEN PAYING  
20 SUFFICIENT ATTENTION TO THESE AREAS AND ARE MAKING  
21 SURE THAT WE'VE GOT CLARITY ON THE ABILITY FOR THESE  
22 TEAMS TO WORK IN THESE AREAS.

23 PARTICULARLY AS YOU MOVE INTO THE CLINICAL  
24 TRIALS, THESE BECOME ISSUES WHICH COMPANIES AND  
25 OTHER INSTITUTIONS WILL BECOME VERY ACTIVE IN MOVING

**BARRISTERS' REPORTING SERVICE**

1 FORWARD.

2 MR. TORRES: THEN I THOUGHT ELONA'S  
3 PROMOTION TO SENIOR VP OF BUSINESS DEVELOPMENT WAS  
4 TO TAKE CARE OF THAT.

5 DR. TROUNSON: THAT'S NOT A LAWYER. YOU  
6 KNOW, YOU HAVE TO HAVE -- YOU HAVE TO HAVE AN  
7 RFP-TRAINED BASE LAWYER, SOMEBODY WHO'S GOT  
8 EXPERTISE IN THESE PARTICULAR AREAS. WE DON'T HAVE  
9 ANY OF THAT EXPERTISE. AND OTHERWISE WE HAVE TO GET  
10 IT BY CONTRACT FROM OUTSIDE. SO WHAT WE'RE  
11 PROPOSING TO THE SUBCOMMITTEE WAS TO DOWNSIZE SOME  
12 OF OUR OTHER ACTIVITIES AND TO BRING IN SOMEBODY WHO  
13 WOULD TAKE CARE OF THIS IN A WAY WHICH WE COULD FEEL  
14 CONFIDENT ABOUT. CURRENTLY I DON'T FEEL CONFIDENT  
15 THAT WE'VE GOT THIS SUITABLY UNDER CONTROL. AND I  
16 THINK IT'S A MAJOR ISSUE.

17 MR. TORRES: WE DON'T --

18 DR. TROUNSON: YOU'VE GOT TO HAVE  
19 CONFIDENCE.

20 MR. TORRES: YOU'RE CONCERNED THAT WE  
21 DON'T HAVE THE CURRENT STAFF THAT IS EXPERT IN THIS  
22 AREA TO GIVE YOU ENOUGH CONFIDENCE TO MOVE FORWARD?

23 DR. TROUNSON: ABSOLUTELY, ART.

24 MR. TORRES: OKAY.

25 DR. TROUNSON: AND I FEEL VERY CONCERNED

## BARRISTERS' REPORTING SERVICE

1 THAT I'M PUTTING THE ORGANIZATION AT RISK, AND THIS  
2 WOULD GET CONTROL OF THIS MATTER. AND IF YOU WERE  
3 WORKING IN THESE SPACES, IF YOU'RE IN A COMMERCIAL  
4 SITUATION, THIS IS THE NO. 1 QUESTION THAT YOU ASK.  
5 AND IT'S THE FIRST QUESTION THAT WE COME UP WITH  
6 WHEN WE'RE TALKING WITH INDUSTRY. AND WE REALLY  
7 DON'T -- WE'VE ALLOWED THE INSTITUTIONS AND  
8 COMPANIES ACTUALLY THAT ARE IN THIS SPACE, THESE  
9 EARLY STAGE COMPANIES, TO PROGRESS WITH THEIR OWN  
10 IN-HOUSE ACTIVITIES, AND THEY HAVE NOT BEEN ROBUST  
11 ENOUGH.

12 MR. TORRES: I THOUGHT NANCY KOCH WAS  
13 DOING SOME OF THAT WORK. I GUESS I WAS MISTAKEN.

14 DR. TROUNSON: NO. SHE'S NOT EXPERT IN  
15 THAT PARTICULAR AREA. NO. NO.

16 MS. BAUM: MAY I ALSO ADD THAT THE BD  
17 ROLE, SHE WOULDN'T BE A PART FROM THAT ROLE, AND  
18 THERE'S ONLY SO MANY HOURS IN THE WEEK. AND THE BD  
19 ROLE IS ACTUALLY TO GO OUT AND MAKE FACE-TO-FACE OR  
20 PHONE CALLS WITH SOME OF THE KEY BIOPHARMAS AND THE  
21 COMPANIES AND CREATE MORE OF AN OUTREACH TO ALL OF  
22 THEM IN ORDER TO, ONE, MAKE SURE THAT WE HAVE  
23 LEVERAGED FINANCING, FOLLOW-ON FINANCING, THAT WE  
24 REPAIR AND DEVELOP RELATIONS WITH LOCAL COMPANIES  
25 THAT WE HAVE LONG BEEN CITED AS NOT ADEQUATELY

**BARRISTERS' REPORTING SERVICE**

1 SUPPORTING. AND A LOT OF TIME HAS GONE INTO DOING  
2 JUST THAT. THAT'S NOT -- THAT'S NOT A REVIEW OF THE  
3 IP, AND IT'S CERTAINLY NOT A NEGOTIATION WITH A  
4 NUMBER OF THE DIFFERENT RIGHTS HOLDERS, PATENT  
5 HOLDERS.

6 MR. TORRES: I'M SORRY. WHEN I FIRST CAME  
7 TO THE INSTITUTION, IT WAS SAID TO ME THAT NANCY  
8 KOCH WAS ONE OF THE EXPERTS IN IP ALONG WITH SCOTT  
9 TOCHER WORKING WITH ED PENHOET. SO THAT'S NOT THE  
10 CASE.

11 MS. BAUM: WELL, IT CERTAINLY WOULD BE  
12 MORE COST-EFFECTIVE TO IN-HOUSE THAT ROLE ANYWAY.

13 DR. TROUNSON: THEY'RE NOT OF THAT  
14 PARTICULAR EXPERTISE, ART.

15 MR. ROTH: ALAN, I DON'T THINK THAT'S  
16 REALLY TRUE. I WOULD THINK NANCY IS AS QUALIFIED AS  
17 ANYBODY I EVER WORKED WITH.

18 MR. TORRES: THAT'S WHAT ED TOLD ME,  
19 RIGHT.

20 MR. ROTH: BUT THAT DOESN'T CHANGE THE  
21 DISCUSSION. I DON'T WANT TO LEAVE IT THAT NANCY  
22 WOULDN'T HAVE THAT KIND OF EXPERTISE. SHE CLEARLY  
23 DOES.

24 MS. BAUM: I THINK IT'S A QUESTION OF  
25 IN-HOUSING THAT EXPERTISE. SHE'S -- IF YOU NOTICE

**BARRISTERS' REPORTING SERVICE**

1 FROM THE BUDGET, HER AMOUNT HAS ACTUALLY GONE DOWN  
2 FROM 325 IN 2011 AND 250. IT'S BECAUSE SHE'S  
3 SPENDING MORE -- MOSTLY ALL OF HER TIME THESE DAYS  
4 ON THE ALLIANCES FOR THE COLLABORATIVE FUNDING  
5 PARTNERS AND NOT A WHOLE LOT OF IT. AND IF YOU WANT  
6 TO BE COST-EFFECTIVE, YOU COULD FIND SOMEONE THAT  
7 COULD KILL TWO BIRDS WITH ONE STONE BY IN-HOUSING  
8 THAT. ONE THAT HAS NOT ONLY THE IP EXPERTISE, BUT  
9 THAT CAN HELP OUT WITH SOME OF THE TRANSACTIONS WORK  
10 THAT NEEDS TO OCCUR.

11 MR. TORRES: THAT'S WHY I THOUGHT NANCY  
12 WAS PERFECT FOR THAT ROLE.

13 MS. BAUM: WELL, IF YOU WANT TO PAY THE  
14 FEES OF AN OUTSIDE LAWYER. IT'S JUST NOT  
15 COST-EFFECTIVE TO DO THAT.

16 CHAIRMAN THOMAS: ELONA, WHAT'S THE  
17 LIKELIHOOD YOU ARE GOING TO FIND SOMEBODY WITH THE  
18 DISPARATE SKILL SETS TO DO ALL THE DIFFERENT NEEDS  
19 YOU'VE ARTICULATED?

20 MS. BAUM: WELL, YOU KNOW, THERE WAS A  
21 POINT IN TIME WHERE I FOUND WHILE I WAS TALKING TO  
22 SOMEBODY THAT WAS RIGHT ON THE MARK, AND I HAPPEN TO  
23 KNOW THAT THEIR HUSBAND SINCE LEFT THE BAY AREA. SO  
24 I DON'T KNOW IF THEY WOULD EVEN BE INTERESTED, BUT  
25 IT GAVE ME CONFIDENCE TO FEEL THAT WE COULD ATTRACT

**BARRISTERS' REPORTING SERVICE**

1 PEOPLE BECAUSE OF OUR MISSION. AND THERE'S A LOT OF  
2 PEOPLE OUT THERE THAT ARE TWO INCOME FAMILIES WHERE  
3 ONE OF THE SPOUSES IS WILLING TO TAKE A CUT IN PAY  
4 IN ORDER TO BE AFFILIATED WITH THE GREAT MISSION OF  
5 CIRM.

6 MR. TORRES: THAT'S NOT BEEN THE CASE WITH  
7 THE SITUATION NOW. I'M JUST CONCERNED THAT WE'RE  
8 SPENDING A LITTLE TOO MUCH WHEN WE COULD SPEND THE  
9 MONEY THAT WE DO HAVE ON THE PEOPLE THAT ARE THERE  
10 LIKE A NANCY KOCH OR SOMEONE ELSE.

11 MS. BAUM: BUT NANCY KOCH IS AN OUTSIDE  
12 CONSULTANT, AND I THINK IT'S \$300 AN HOUR. IF WE  
13 HAD HER DOING THAT WORK, WE WOULD HAVE TO PAY  
14 PROBABLY ANOTHER \$250,000 A YEAR. THIS IS GOING TO  
15 BE A LOT MORE COST-EFFECTIVE.

16 CHAIRMAN GOLDBERG: JEFF SHEEHY HAS BEEN  
17 TRYING TO GET A COMMENT IN.

18 MR. SHEEHY: YEAH. I'M JUST CURIOUS  
19 BECAUSE THE NIH, WHICH FUNDS LATE STAGE CLINICAL  
20 TRIALS, DO THEY GO THROUGH THIS SAME PROCESS? DO  
21 THEY HIRE -- DO THEY HAVE PATENT ATTORNEYS AND IP  
22 ATTORNEYS THAT DO DUE DILIGENCE? SO I WONDER  
23 WHAT -- WHEN WE FIRST SET THIS UP, WE WERE PRETTY  
24 CLEAR IN THE ORIGINAL IP TASK FORCE THAT WE WERE  
25 GOING TO LEAVE THIS TO THE INSTITUTIONS. AND IT



## BARRISTERS' REPORTING SERVICE

1 DOESN'T -- YOU KNOW, BRINGING THIS IN-HOUSE AND  
2 INVOLVING US IN THE IP PROCESS IS NOT SOMETHING WE  
3 ORIGINALLY CONTEMPLATED IN OUR INITIAL DISCUSSIONS  
4 FIVE YEARS AGO.

5 SO I'M KIND OF -- AND THE NIH DOESN'T DO  
6 THIS. I DON'T KNOW HOW WE MANAGE THIS PROCESS.  
7 WHAT IF WE HAVE A DISPUTE? WHAT IF THE GRANTEE SAYS  
8 THAT THEY HAVE AND OUR PERSON SAYS THAT THEY  
9 HAVEN'T, HOW DO WE RESOLVE THIS? IT JUST SEEMS LIKE  
10 WE'RE OPENING UP A WHOLE CAN OF WIGGLE WORMS IN A  
11 PLACE WHERE OTHER GRANTEE AGENCIES DON'T TREAD. AND  
12 I'M NOT SURE WHY WE'RE TREADING DOWN THIS ROAD.

13 I DON'T KNOW. STEVE, YOU PROBABLY KNOW  
14 MORE --

15 DR. JUELSGAARD: I THINK THERE ARE  
16 DIFFERENT EXPECTATIONS BETWEEN THE TWO ORGANIZATIONS  
17 THAT DRIVES THIS DIFFERENCE. SO THE NIH DOESN'T  
18 HAVE AN EXPECTATION OF EARNING ANY REVENUE FROM ANY  
19 INTELLECTUAL PROPERTY THAT'S GENERATED FROM THE  
20 MONEY THAT IT SPENDS ON RESEARCH. IT LEAVES THAT TO  
21 THE INSTITUTIONS THAT IT GIVES A LOAN TO, ACADEMIC  
22 INSTITUTIONS OR RESEARCH INSTITUTIONS, TO WORK OUT  
23 THE WHOLE NOTION OF INTELLECTUAL PROPERTY AND RETURN  
24 ON IT. ALL THAT THE NIH IS CONCERNED ABOUT IS THAT  
25 IF INTELLECTUAL PROPERTY GETS DEVELOPED, IT GETS

**BARRISTERS' REPORTING SERVICE**

1 UTILIZED. AND IF IT DOESN'T, THEY HAVE MARCH-IN  
2 RIGHTS TO TAKE CARE OF THAT.

3 I'VE ALWAYS UNDERSTOOD, AND, AGAIN, I'M  
4 THE ONE WITH THE SHORTEST TENURE HERE, THAT CIRM HAS  
5 AN INTEREST IN THE INTELLECTUAL PROPERTY SIDE OF THE  
6 THINGS BECAUSE IT WOULD LIKE TO SEE A RETURN  
7 GENERATED ON THAT INTELLECTUAL PROPERTY THAT WOULD  
8 COME BACK TO THE STATE OR STATE INSTITUTION OF SOME  
9 SORT. SO IF THAT'S NOT TRUE, THEN WE SHOULD BE JUST  
10 LIKE THE NIH. BUT IF THAT IS TRUE, THEN WE DO HAVE  
11 SOME STAKE IN THIS.

12 BUT I THINK YOU'RE RIGHT TO QUESTION WHAT  
13 LEVEL OF STAKE WE SHOULD HAVE. I DON'T KNOW HOW BIG  
14 OF A DISCUSSION WE'VE EVER HAD ABOUT THAT, AND I  
15 THINK THAT'S PROBABLY A DISCUSSION WORTH HAVING.

16 MR. SHEEHY: WHEN WE ORIGINALLY DID THIS,  
17 WE WERE RELIANT UPON THE GRANTEE INSTITUTIONS TO DO  
18 THE ENFORCEMENT, WHICH I THINK WE CHANGED. AND  
19 WHERE THE GRAY AREA EXISTS RIGHT NOW IS WITH  
20 FOR-PROFIT INSTITUTIONS. I THINK WE FELT FAIRLY  
21 COMFORTABLE THAT THE GRANTEE INSTITUTIONS WERE  
22 BECOMING MORE AND MORE DILIGENT ABOUT PURSUING THEIR  
23 IP, AND THEN WE WERE GOING TO ATTACH THEIR CUT,  
24 WHICH IS HOW OUR ROLES WERE SET UP. WE WOULD COUNT  
25 ON THE STANFORDS AND THE OTHER PLACES TO DO THE DUE

## BARRISTERS' REPORTING SERVICE

1 DILIGENCE.

2 BUT THE PLACE WHERE THIS KIND OF BREAKS  
3 DOWN IS THAT FOR FOR-PROFIT INSTITUTIONS WE IMAGINED  
4 A LOAN PROGRAM WHICH WOULD BE SEPARATELY  
5 ADMINISTERED.

6 NOW, WHERE IT GETS TO BE A GRAY AREA IS AS  
7 WE START DOING GRANTS OF THE MAJOR AMOUNTS TO  
8 FOR-PROFITS. HOW DO WE WANT TO ENGAGE WITH IP ON  
9 THAT PARTICULAR CIRCUMSTANCE, WHICH IS A SLIGHTLY  
10 DIFFERENT -- YOU KNOW, I DON'T KNOW IF WE HAVE THE  
11 SAME SENSE OF METERED -- WITH STANFORD, STANFORD  
12 DOESN'T DEVELOP PRODUCTS. STANFORD OUT-LICENSES.  
13 SO STANFORD PURSUES REVENUE WITH THE EXPECTATION  
14 THAT WE'LL GET A CUT. WHEN THE REVENUE PRODUCER IS  
15 ALSO THE LICENSE HOLDER, THEN I DON'T THINK WE HAVE  
16 THE SAME TYPE OF -- I DON'T KNOW IF I'M MAKING  
17 SENSE -- THE SAME TYPE OF RELATIONSHIP IF YOU'RE  
18 DEALING WITH A COMPANY THAT HAS THE LICENSE ATTACHED  
19 TO THE PRODUCT THAT'S GOING TO DEVELOP THE PRODUCT.  
20 IT MAY NOT NECESSARILY FEEL LIKE THAT WAS IN OUR  
21 INTEREST.

22 SO I THINK IT'S AN INTERESTING QUESTION,  
23 BUT I'M NOT SURE HOW WE APPROACH IT OR ATTACK IT.

24 DR. JUELSGAARD: LET ME JUST RESPOND REAL  
25 QUICKLY, AND I WON'T SAY ANYTHING MORE TO WHAT YOU

**BARRISTERS' REPORTING SERVICE**

1 JUST SAID, WHICH IS WHAT A COMMERCIAL INSTITUTION  
2 WANTS IS IS IT WANTS STRONG INTELLECTUAL PROPERTY  
3 AROUND A PRODUCT TO AVOID THE FREERIDER NOTION, THAT  
4 OTHER PEOPLE WILL SIMPLY FOLLOW IN ITS WAKE USING  
5 THE DATA IT'S GENERATED, AND IT CAN'T PROTECT IT  
6 BECAUSE IT WAS SPENDING TREMENDOUS AMOUNTS OF MONEY  
7 AND TIME AND EFFORT ON ALL THIS. AND SO A  
8 COMMERCIAL INSTITUTION, WHEN THINGS ARE BEING  
9 GENERATED AT THIS STAGE AND THERE'S NO COMMERCIAL  
10 INSTITUTION INVOLVED, THE RISK IS THAT YOU DON'T  
11 GENERATE STRONG ENOUGH INTELLECTUAL PROPERTY THAT  
12 WILL ATTRACT A COMMERCIAL INSTITUTION.

13 THAT'S WHY THE ORGANIZATIONS LIKE --  
14 STANFORD IS PROBABLY A GOOD EXAMPLE, DO A PRETTY  
15 DARN GOOD JOB OF TRYING TO PROTECT IMPORTANT  
16 INTELLECTUAL PROPERTY. SO, YOU KNOW THE CD 47 AS A  
17 TARGET AND PROBABLY THE DEVELOPMENT OF AN ANTIBODY  
18 OR SEVERAL TYPES OF ANTIBODIES TO ANTI-CD 47, THAT  
19 STANFORD IS GOING TO BE ALL OVER THAT, YOU KNOW, AS  
20 MUCH AS THEY CAN. BUT I JUST DON'T KNOW -- I'M  
21 PROBABLY MOSTLY FAMILIAR WITH STANFORD BECAUSE I  
22 HAVE A LOT OF AFFILIATION.

23 CHAIRMAN GOLDBERG: I'M GOING TO EXERCISE  
24 THE CHAIR'S PREROGATIVE. WE'RE NOT GOING TO RESOLVE  
25 THIS IN THE COURSE OF THIS MEETING. WE ONLY HAVE

## BARRISTERS' REPORTING SERVICE

1 ABOUT 23 MINUTES REMAINING TO GET THROUGH OTHER  
2 AREAS OF THE BUDGET. WHAT I'D LIKE TO SUGGEST IS WE  
3 PUT A PIN IN THE LEGAL BUDGET AND REFER IT BACK TO  
4 MANAGEMENT TO TRY TO RATIONALIZE AND UNDERSTAND.  
5 I'M HAPPY TO GET INVOLVED TO PARTICIPATE IN THOSE  
6 DISCUSSIONS AND BRING IT BACK WHEN WE COME BACK TO  
7 THE BOARD LATER IN MAY.

8 I'D INVITE STEVE TO PARTICIPATE BECAUSE  
9 STEVE'S CHAIRING THE INTELLECTUAL PROPERTY  
10 COMMITTEE, AND IT'S REALLY KIND OF PRINCIPALLY  
11 BETWEEN, I THINK, OUR TWO SUBCOMMITTEES WHERE THAT  
12 RESIDES. AND I WOULD INVITE ANYONE ELSE WHO WOULD  
13 LIKE TO PARTICIPATE FROM THIS COMMITTEE TO JOIN ME  
14 AND STEVE.

15 DR. PIZZO: MICHAEL, THIS IS PHIL. I'M  
16 NOT SUGGESTING THAT I PARTICIPATE, BUT JUST THAT IF  
17 STANFORD IS GOING TO BE REFERENCED, WE OUGHT TO BE  
18 CLEAR THAT WE'VE GOT ALL THE FACTS CORRECT ABOUT  
19 WHAT STANFORD DOES OR DOESN'T DO.

20 DR. JUELGAARD: YOU DON'T THINK YOU DO  
21 SUCH A GOOD JOB, PHIL?

22 DR. PIZZO: WE DO A GREAT JOB. WE ALSO  
23 DIVEST EQUITY WHEN WE ENGAGE IN CLINICAL TRIALS.

24 DR. TROUNSON: THE SITUATIONS OF  
25 DIFFICULTY HAVE ARISEN BOTH THROUGH THE

## BARRISTERS' REPORTING SERVICE

1 NOT-FOR-PROFIT INSTITUTIONS AND THE COMPANIES,  
2 MICHAEL. SO, YOU KNOW, THE DEGREE OF ANALYSIS AND  
3 UNDERSTANDING IN THIS AREA REALLY DOES REQUIRE THAT  
4 YOU DO A PROPER JOB OF IT. AND IT'S NOT -- I THINK  
5 IT'S A HANDICAP FOR US.

6 CHAIRMAN GOLDBERG: THAT'S A POINT WELL  
7 TAKEN. I THINK THAT STEVE AND I WILL APPROACH THIS  
8 WITHOUT BIAS.

9 DR. JUELSGAARD: COULD I JUST MAKE ONE  
10 MORE QUICK COMMENT, MICHAEL? THIS IS REALLY A  
11 TWO-STEP PROCESS. WHAT'S IN THE BUDGET IS ONE  
12 THING, BUT MOVING TO HIRE SOMEBODY IS YET A SECOND  
13 STEP. SO YOU CAN TAKE THE FIRST STEP, BUT NOT  
14 NECESSARILY TAKE THE SECOND STEP. SO EVEN IF THE  
15 BUDGET IS APPROVED WITH ANOTHER HEAD COUNT, IT STILL  
16 DOESN'T GET YOU ANOTHER PERSON NECESSARILY.

17 CHAIRMAN THOMAS: I WOULD SUGGEST WHEN  
18 YOU'RE CONSIDERING THIS ISSUE, MR. CHAIR, THAT YOU  
19 ALSO HAVE TO FACTOR IN THE OTHER COSTS THEY'RE  
20 PROPOSING ELIMINATING AND THE ROLES THAT ARE  
21 INVOLVED THERE AND HOW THAT ALL FITS INTO EVERYTHING  
22 AS WELL.

23 CHAIRMAN GOLDBERG: YEAH. I MEAN THERE  
24 WAS REFERENCE TO A MEMO THAT I HAVEN'T SEEN THAT I'D  
25 LIKE TO SEE. I'D LIKE STEVE TO BE ABLE TO SEE.

**BARRISTERS' REPORTING SERVICE**

1 APPARENTLY THAT WAS AN INTERNAL MEMO. ART HAS SEEN  
2 IT.

3 ART, WOULD YOU LIKE TO JOIN THIS SUBGROUP?

4 MR. TORRES: YES, I'D BE HAPPY TO. AND  
5 ALSO JEFF'S COMMENTS WOULD PREDISPOSE MY PRESENCE ON  
6 THE BOARD, IT MIGHT BE HELPFUL TO SEE AND TO TALK TO  
7 ED PENHOET TO SEE WHAT THEIR THOUGHTS WERE WHEN THE  
8 WHOLE IP REGULATIONS WERE BEING INITIALLY PROPOSED.

9 CHAIRMAN GOLDBERG: OKAY. THERE IS SOME  
10 QUESTION AS TO WHETHER OR NOT WE HAVE A BAGLEY-KEENE  
11 ISSUE WITH A THIRD MEMBER. SO PERHAPS WE'LL --

12 MR. TORRES: I'LL BE ON THE SIDELINES  
13 WAITING TO HEAR.

14 CHAIRMAN GOLDBERG: THANK YOU VERY MUCH.  
15 MATT, WE'LL GO BACK TO YOU WITH REGARD  
16 TO --

17 CHAIRMAN THOMAS: I THINK MARCY HAD A  
18 COMMENT.

19 MS. FEIT: I JUST HAD ONE COMMENT. I  
20 DON'T WANT TO LOSE SIGHT OF THE ISSUE THAT JEFF  
21 RAISED IS THAT IS THIS THE DIRECTION THAT THE BOARD  
22 ORIGINALLY WANTED TO GO IN? I DON'T WANT TO LOSE  
23 THAT. MY MEMORY WON'T ALLOW ME (UNINTELLIGIBLE),  
24 BUT I DON'T REMEMBER --

25 CHAIRMAN GOLDBERG: I THINK THE SIMPLE

**BARRISTERS' REPORTING SERVICE**

1 ANSWER WAS IS THAT WE AREN'T THE NIH IN THIS  
2 SEQUENCE BECAUSE WE'RE ACTUALLY PARTICIPATING ON  
3 BEHALF OF THE TAXPAYERS AND THE INTENT TO EARN A  
4 RETURN ON THE INTELLECTUAL PROPERTY. AND THAT MAKES  
5 US VERY DIFFERENT THAN THE NIH AND ITS ROLE AS A  
6 GRANT FUNDER. BUT YOUR POINT IS WELL TAKEN, MARCY,  
7 AND WE'LL THOROUGHLY REVISIT THAT QUESTION.

8 MS. FEIT: THANK YOU.

9 CHAIRMAN GOLDBERG: MATT.

10 DR. PLUNKETT: CONTINUING ON SLIDE 10  
11 HERE, A LOT OF NUMBERS HERE, AND I WON'T GO THROUGH  
12 EACH OF THESE, BUT I DO WANT TO HIGHLIGHT JUST A  
13 COUPLE OF YEAR-ON-YEAR CHANGE NUMBERS. THE FIRST IS  
14 THE CURRENT YEAR BUDGET OF 18.50 MILLION TO THE  
15 PROPOSED NEXT YEAR BUDGET OF 17.85 MILLION, THAT IS  
16 DOWN 3.5 PERCENT. HOWEVER, FOR THOSE OF YOU WHO SAW  
17 THE FINANCIAL REPORT AT THE BOARD MEETING LAST  
18 MONTH, WE ARE FORECASTING AN EXPENSE OF 16.6  
19 MILLION FOR THE CURRENT FISCAL YEAR, WHICH IS  
20 ACTUALLY 1.9 MILLION LESS THAN THE CURRENT YEAR  
21 BUDGET OF 18.5 MILLION.

22 OVER HALF OF THAT DIFFERENCE, 1.0 MILLION,  
23 IS ACTUALLY DUE TO EMPTY POSITIONS, POSITIONS WHICH  
24 WE HAD BUDGETED FOR, WHICH ACTUALLY TOOK MUCH LONGER  
25 TO FILL THAN WE HAD HOPED. AND SO REALLY IF YOU



**BARRISTERS' REPORTING SERVICE**

1 KIND OF LOOK AT IT ON AN APPLES-TO-APPLES  
2 SPENDING-TO-PROPOSED BUDGET BASIS, THE SPENDING FOR  
3 THE NEXT FISCAL YEAR, EVEN WITH ADDING 4 FTE'S, WE  
4 ACTUALLY EXPECT WE'LL BE ROUGHLY IN LINE WITH THE  
5 SORT OF NORMALIZED RUN RATE FOR THE CURRENT FISCAL  
6 YEAR.

7 NEXT SLIDE. I'LL JUST TOUCH REALLY  
8 BRIEFLY ON THE METHODOLOGY USED TO FORECAST THE  
9 EXPENSE CAPS GOING OUT IN THE FUTURE HERE. THERE'S  
10 REALLY A DOZEN OR 15 DIFFERENT IRREGULAR EXPENSES,  
11 THINGS WHICH EITHER HAPPEN EVERY THREE YEARS, LIKE  
12 THE PERFORMANCE AUDIT, OR WHICH HAPPENED IN THE PAST  
13 WHICH WE CAN'T COUNT ON IN THE FUTURE, LIKE WE'RE  
14 RECEIVING DONATED FUNDS, OR AN EXPECTED DECREASE IN  
15 I.T. CONTRACTING WHERE WE EXPECT AN ANNUAL SAVINGS  
16 OF 500,000 A YEAR AFTER JUNE 30TH, 2013.

17 AND THEN, IN ADDITION, I WOULD LIKE TO SAY  
18 THAT WE EXPECT TO ACHIEVE IN THE MONTH OF APRIL AND  
19 HAVE INCORPORATED INTO THE LONG-TERM FORECAST AN  
20 ADDITIONAL 200,000 IN RECURRING EXPENSE SAVINGS. I  
21 BELIEVE THIS IS IMMINENTLY ACHIEVABLE, AND WE'LL  
22 HAVE SOME MORE INTERNAL DISCUSSIONS IN THE COMING  
23 WEEKS AND EXPECT THAT WE SHOULD FIND SOME AMPLE  
24 GROUND TO WRING A FEW HUNDRED THOUSAND IN ADDITIONAL  
25 SAVINGS OUT FROM ITEMS SUCH AS MEETINGS, EXTERNAL

## BARRISTERS' REPORTING SERVICE

1 RESOURCES.

2 NEXT SLIDE. THE GRAPH ON SIDE 12 JUST  
3 SHOWS THE PROJECTIONS WHICH I MENTIONED THERE. I  
4 THINK THAT THAT'S PRETTY SELF-EXPLANATORY.

5 AND IS THERE ONE MORE SLIDE? UPCOMING  
6 STEPS ALSO SPEAK FOR THEMSELVES.

7 IF THERE'S ANY QUESTIONS ABOUT THE  
8 PRESENTATION, I CAN FIELD THOSE NOW. AND IF NOT, WE  
9 CAN GO INTO THE LINE ITEM DETAIL.

10 CHAIRMAN GOLDBERG: IS THERE ANY QUESTIONS  
11 FROM MEMBERS OF THE SUBCOMMITTEE AT ANY OF THE  
12 REMOTE SITES? SHALL WE TAKE QUESTIONS FROM THE  
13 PUBLIC AT THIS STAGE? QUESTIONS FROM THE PUBLIC  
14 HERE IN SAN FRANCISCO? HEARING NONE, ANY OF THE  
15 REMOTE SITES?

16 DR. PIZZO: NO PUBLIC AT STANFORD.

17 MR. ROTH: NO.

18 CHAIRMAN GOLDBERG: MATT, PLEASE PROCEED.  
19 AND WHY DON'T YOU SEE IF YOU CAN RESTRICT THIS TO  
20 SEVEN MINUTES.

21 DR. PLUNKETT: SO FIRST SLIDE I'LL SPEAK  
22 TO -- MARIE, YOU CAN GO ON TO THE NEXT SLIDE. THIS  
23 IS THE ONE LABELED ONE OF EIGHT AT THE BOTTOM, WHICH  
24 I APOLOGIZE IS ACTUALLY THE SECOND OF NINE, THE  
25 SCIENCE OFFICE RESEARCH. WHAT I'M GOING TO DO WITH

**BARRISTERS' REPORTING SERVICE**

1 EACH OF THESE IS JUST FLAG A COUPLE OF THE BIG ITEMS  
2 HERE.

3 THE FIRST IS ONE OF THE LARGER EXPENSES IN  
4 THE OPERATING EXPENSE DETAIL FOR THE COMING YEAR  
5 BUDGET IS THE \$262,000 WHICH WE BUDGETED FOR THE  
6 GRANTEE MEETING. THIS WOULD BE AN EVERY 18-MONTH  
7 AFFAIR WHERE WE GET TOGETHER WELL OVER 500 OF THE  
8 CIRM AWARDEES AND THEN THEY SHARE RESEARCH RESULTS  
9 AND SO FORTH.

10 THE OTHER ITEM IS WE HAVE, I THINK IT'S,  
11 ABOUT A HALF A DOZEN SCIENTIFIC REVIEWS PLANNED IN  
12 THE COMING YEAR STARTING IN JULY, AND THAT'S A  
13 \$570,000 TOTAL LINE ITEM. AND THAT'S OBVIOUSLY ONE  
14 OF THE THINGS THAT'S MOST IMPORTANT FOR US TO HAVE  
15 QUALITY SCIENCE REVIEWED AND FUNDED.

16 ON THE NEXT PAGE --

17 MR. SHEEHY: IT LOOKS TO ME LIKE THE  
18 WORKSHOPS ARE BEING CUT. I'M NOT -- I JUST KNOW --  
19 YOU KNOW, YOU'VE DONE A GREAT ONE, THE STEM CELL  
20 BANKING ONE. YOU KNOW, THESE WORKSHOPS HAVE BEEN  
21 TREMENDOUS, AND THEY REALLY DO DRIVE OUR SCIENCE,  
22 SCIENTIFIC PROGRAMS. ARE WE CUTTING TOO CLOSE TO  
23 THE BONE THERE? I JUST -- BECAUSE I DO THINK THAT  
24 THEY'RE -- YOU KNOW, THEY HAVE PROVIDED SO MUCH OVER  
25 THE LAST FEW YEARS. THEY'VE BEEN WELL ATTENDED, AND

## BARRISTERS' REPORTING SERVICE

1 STAFF HAS DONE A PHENOMENAL JOB, AND THEY HAVE  
2 REALLY DRIVEN OUR PROGRAM IN A WAY THAT I DON'T  
3 THINK PEOPLE REALLY RECOGNIZE.

4 BUT HAVING SAT THROUGH SOME OF THEM, I  
5 JUST THINK WE PROBABLY (INAUDIBLE).

6 DR. TROUNSON: WELL, I THINK, JEFF, THIS  
7 IS REASONABLY CLOSE TO ACTUAL IN TERMS OF \$40,000.  
8 SO WE'RE WITHIN THE SCOPE OF THE NORM FOR WORKSHOPS.  
9 SOMETIMES THEY'RE A LITTLE MORE EXPENSIVE, SOMETIMES  
10 THEY'RE A LITTLE LESS EXPENSIVE DEPENDING ON WHICH  
11 ONES THEY ARE AND HOW MANY PEOPLE WE'RE TRYING TO  
12 BRING ON AN INTERNATIONAL SCALE, FOR EXAMPLE.

13 BUT THE OTHER IMPORTANT, AND WE'VE HAD TO  
14 LIMIT THEM BECAUSE THIS IS ONE AREA WHERE WE WERE  
15 ASKED TO SORT OF CREATE SOME LIMITS ON IT. AND SO I  
16 DON'T THINK THERE'S ANY DOUBT THAT WE CAN DO MORE,  
17 BUT IT'S ALSO CHALLENGING FOR US TO BE ABLE TO DO  
18 THEM BECAUSE THERE'S A LOT OF WORK INVOLVED. SO  
19 THAT'S THE OTHER ASPECT. AND I'M CONSCIOUS OF NOT  
20 SORT OF PUSHING THE STAFF REALLY TOO HARD.

21 SO I THINK WE'VE GOT A BALANCE THERE. AND  
22 IF I HAD MORE MONEY AVAILABLE, YES, I WOULD DO  
23 SEVERAL MORE WORKSHOPS, I THINK, BECAUSE I THINK, AS  
24 YOU KNOW, THIS IS REALLY SORT OF PRIMARY WAYS INTO  
25 SEEKING ENOUGH INFORMATION ON A SUBJECT TO GET A

**BARRISTERS' REPORTING SERVICE**

1 WHITE PAPER THAT'S SUBSTANTIAL ENOUGH TO ANSWER  
2 BROADLY THE QUERIES THAT COME UP AROUND PARTICULARLY  
3 NEW AREAS.

4 BUT AS I SAID, WE HAVE A NUMBER IN PLACE.  
5 I THINK WE'VE GOT SUFFICIENT, BUT I DID PRESS PAT  
6 OLSON VERY HARD OVER THIS AND ALSO ELLEN FEIGAL TO  
7 KEEP THEM AT A MINIMUM, BUT STILL ENABLE US TO GET  
8 THE OPERATIONAL EXCELLENCE OUT OF WHAT WE'RE DOING  
9 IN THESE 12 MONTHS. IF WE'RE ABLE TO GET ADDITIONAL  
10 FUNDS, LOVE TO DO MAYBE ONE OR TWO MORE, BUT THAT'S  
11 REALLY WHERE WE ARE.

12 MR. SHEEHY: I MEAN, YOU KNOW, THIS IS ONE  
13 OF OUR BEST VALUES. I MEAN I DON'T KNOW WHAT OUR  
14 PROCESS SHOULD BE; BUT IF THERE WAS A PLACE WHERE WE  
15 MIGHT WANT TO ADD BACK A LITTLE BIT, THIS WOULD BE  
16 ONE THAT I WOULD BE STRONGLY SUPPORTIVE OF. IT'S  
17 NOT SOMETHING THAT PEOPLE SEE, THAT'S SO VISIBLE TO  
18 FOLKS, BUT IT IS SOMETHING THAT REALLY DRIVES OUR  
19 SCIENTIFIC PROGRAM. AND NEW SCIENCE IS HAPPENING  
20 ALL THE TIME AND IT EDUCATES OUR STAFF. AND IT  
21 KEEPS OUR FOLKS ON TOP OF IT. YOU KNOW, IF THERE'S  
22 SOME WAY TO MAKE SURE THAT THAT STILL REMAINS A  
23 ROBUST FUNCTION, I WOULD BE VERY SUPPORTIVE OF THAT.

24 DR. PLUNKETT: JEFF, IF I COULD ADD,  
25 THERE'S ACTUALLY A \$100,000 IN WORKSHOPS ON THE

**BARRISTERS' REPORTING SERVICE**

1 DEVELOPMENT TAB AS WELL. AND ADDING THOSE TWO  
2 TOGETHER IS ACTUALLY 7,000 MORE THAN THE TOTAL FOR  
3 THIS YEAR. SO I THINK WE'RE ACTUALLY PLANNING TO  
4 HAVE MAYBE ONE MORE WORKSHOP IN THE COMING YEAR,  
5 ALTHOUGH THE COST PER WORKSHOP ACTUALLY REFLECTS THE  
6 FACT THAT IT WAS A LITTLE BIT OVERBUDGETED FOR THIS  
7 YEAR, SLIGHTLY OVERBUDGETED. SO IN TERMS OF THE  
8 NUMBER OF EVENTS, WE'RE NOT PLANNING TO CUT  
9 WHATSOEVER.

10 MR. SHEEHY: WELL, IT'S NOT  
11 NECESSARILY -- I KNOW THAT'S AN ACCOUNTING  
12 MECHANISM, BUT THE ONES THAT ARE COMING ON IN  
13 ELLEN'S SHOP -- WELL, ELLEN IS JUST GETTING UP TO  
14 SPEED. DR. FEIGAL IS JUST GETTING UP TO SPEED. AND  
15 THAT DOESN'T MEAN THAT -- YOU KNOW, WE STILL DON'T  
16 HAVE A BASICALLY TRANSLATIONAL PORTFOLIO THAT WE'RE  
17 DEVELOPING. BUT, AGAIN, I DON'T KNOW IF THE  
18 MECHANISM -- I DON'T WANT TO START TAKING APART THE  
19 BUDGET; BUT IF THERE NEEDS TO BE ADVOCACY FROM THIS  
20 PARTICULAR ITEM, I'M VERY SUPPORTIVE OF SUPPORTING  
21 SCIENTIFIC STAFF TO WHATEVER DEGREE NECESSARY.

22 DR. TROUNSON: AND, AGAIN, I THINK IT'S A  
23 VERY IMPORTANT POINT. WE'RE DOING A PARKINSON'S  
24 DISEASE WORKSHOP. I THINK IT'S REALLY CRUCIAL. I  
25 THINK THERE'S SEVERAL OTHER AREAS THAT WE SHOULD BE

**BARRISTERS' REPORTING SERVICE**

1 DOING AND WE'VE LIMITED THOSE. AND I THINK WE NEED  
2 TO DO MORE AND MORE AS WE SORT OF MOVE DOWN INTO  
3 CLINICAL TRIALS AREAS TO MAKE SURE THAT WE'VE REALLY  
4 GOT WHAT WE REALLY NEED, MOVING FROM TRANSLATION TO  
5 CLINICAL TRIAL. SO I DO THINK THERE'S A GOOD  
6 ARGUMENT FOR IT. BUT, AGAIN, WE'RE LIMITED WITH  
7 WHAT WE CAN DO WITHIN THE TOTAL BUDGET.

8 DR. PLUNKETT: ON THE DEVELOPMENT PAGE --

9 DR. JUELSGAARD: THIS IS STEVE JUELSGAARD.  
10 MATT, JUST A QUESTION. SO YOU MENTIONED THIS A  
11 COUPLE TIMES. IS IT POSSIBLE JUST FOR FUTURE  
12 PRESENTATIONS, NOT FOR THIS ONE, BUT TO DO ACTUALS  
13 RATHER THAN BUDGET FOR THE PAST YEAR?

14 DR. PLUNKETT: YEAH.

15 DR. JUELSGAARD: THAT'S WHAT WE SHOULD  
16 REALLY BE COMPARING.

17 DR. PLUNKETT: RIGHT. I TALKED ABOUT  
18 THAT, AND WE DID PUT A FORECAST IN OUR MARCH  
19 FINANCIAL REPORT, WHICH WE DIDN'T INCLUDE FOR THIS  
20 PRESENTATION. BUT WE CAN CERTAINLY INCLUDE A  
21 FORECAST OF FORWARD-LOOKING FINANCIALS GOING  
22 FORWARD.

23 DR. JUELSGAARD: WE'RE PRETTY FAR ALONG.

24 DR. PLUNKETT: PART OF THE OTHER  
25 CHALLENGE, THOUGH, WAS THAT, GIVEN THAT WE DID THE

**BARRISTERS' REPORTING SERVICE**

1 RECATEGORIZATION FROM YEAR ON YEAR, IT WAS ACTUALLY  
2 REALLY CHALLENGING TO ACTUALLY LOOK AT THOUSANDS OF  
3 EXPENSES AND ACTUALLY HAVE THEM --

4 DR. JUELSGAARD: AND IT MAY NOT BE  
5 POSSIBLE RIGHT NOW, BUT FOR FUTURE YEARS IF YOU LINE  
6 UP THE ACTUALS WITH THE --

7 DR. PLUNKETT: IN FUTURE YEARS IT WILL  
8 CERTAINLY BE A LITTLE MORE STRAIGHTFORWARD THAN IT  
9 WAS WHEN WE WERE DOING THESE THINGS. BUT THE BIG  
10 PICTURE, AGAIN, 16.6 MILLION IS WHAT WE'RE  
11 FORECASTING FOR THE SCIENCE.

12 ON THE DEVELOPMENT PAGE, THE ONLY THING  
13 I'LL HIGHLIGHT IS THE LARGEST ITEM OF \$280,000. THE  
14 CLINICAL DEVELOPMENT ADVISORY PANEL MEETINGS, YOU  
15 WILL NOTE THAT THAT'S DOWN FROM THE BUDGET ITEM OF  
16 500,000; HOWEVER, I WILL SAY THAT THIS ACTUALLY  
17 REFLECTS THE ACTUAL EXPENSES FOR THAT ITEM.

18 NEXT PAGE IS INFORMATION TECHNOLOGY.  
19 ACTUALLY DID SPEND A LITTLE BIT MORE TIME ON THIS  
20 THAN THE OTHER ITEMS GOING FORWARD, SO I WON'T DIVE  
21 INTO THIS IN ANY GREAT DETAIL IN THE INTEREST OF  
22 TIME HERE.

23 IN THE OFFICE OF THE PRESIDENT, REALLY THE  
24 BIGGEST SINGLE LINE ITEM IS THE SPONSORSHIP OF THE  
25 ONLINE JOURNAL, THE SECOND OF, I BELIEVE, THREE



**BARRISTERS' REPORTING SERVICE**

1 YEARS FOR THAT PROGRAM. SO THAT IS AN EXPENSE THAT  
2 WE EXPECT WILL GO AWAY THE YEAR AFTER NEXT.

3 SIMILARLY, IN THE OFFICE OF THE CHAIR, WE  
4 EXPECT TO PAY THE LAST \$300,000 FOR THE IOM REVIEW  
5 IN THE 1213 YEAR. AND, AGAIN, THAT IS AN EXPENSE  
6 WHERE WE DON'T CURRENTLY EXPECT TO HAVE THAT ON A  
7 RECURRING ANNUAL BASIS.

8 ON THE PUBLIC COMMUNICATION BUDGET, THIS  
9 IS ONE WHERE THE ACTUALS FOR THE YEAR ARE  
10 ACTUALLY -- MY SENSE IS THEY'RE ACTUALLY GOING TO BE  
11 PRETTY CLOSE TO THE BUDGET NEXT YEAR OF \$1.0  
12 MILLION. YOU CAN SEE THAT IT'S DOWN ABOUT \$300,000  
13 ON YEAR ON YEAR, BUT THIS IS ONE WHERE, DUE TO  
14 THINGS LIKE MARIA HAS IDENTIFIED A TREMENDOUS COST  
15 SAVINGS IN THE ANNUAL REPORT, WHICH WILL BE SAVING  
16 US TENS OF THOUSANDS OF DOLLARS, HAVING KEVIN AND  
17 THE TEAM REALLY ABLE TO DO SOME STUFF WHICH WE  
18 FULFILL WITH MORE EXPENSIVE OUTSIDE CONTRACTORS AND  
19 SO FORTH. I THINK IT'S THE EXPECTATION OF EVERYBODY  
20 THAT WE'LL GET A LOT MORE BANG FOR THE BUCK ON THIS  
21 ITEM.

22 ON FINANCE AND OPERATIONS, I ALREADY  
23 MENTIONED THAT WE WON'T HAVE THE PERFORMANCE AUDIT  
24 EXPENSE IN THE COMING FISCAL YEAR. AND THEN SOME  
25 ADDITIONAL TRIMS HERE AND THERE RESULT IN THE

**BARRISTERS' REPORTING SERVICE**

1 OVERALL BUDGET OF THE 1.49 MILLION FOR THAT GROUP.

2 AND THEN, FINALLY, LEGAL, AND I THINK WE  
3 DID DISCUSS THAT AT LENGTH ALREADY.

4 SO THAT'S WHAT I HAVE FOR PREPARED  
5 MATERIALS. IF THERE'S QUESTIONS, I'D LIKE TO FIELD  
6 THOSE AT THIS TIME.

7 CHAIRMAN GOLDBERG: ANY QUESTIONS FROM  
8 MEMBERS OF THE SUBCOMMITTEE TO MATT ON THE SPECIFIC  
9 DETAIL? HEARING NONE, WE'LL ASK MEMBERS OF THE  
10 PUBLIC. HEARING NONE, I'D LIKE TO ASK MARIA, DO WE  
11 HAVE A QUORUM.

12 MS. BONNEVILLE: I BELIEVE WE HAVE A  
13 QUORUM, YES.

14 CHAIRMAN GOLDBERG: OKAY. SO I'D LIKE TO  
15 RETURN TO ITEM NO. 3, WHICH WAS THE PROPOSED  
16 AMENDMENTS TO THE FINANCE SUBCOMMITTEE MISSION  
17 STATEMENT. THERE WAS PREVIOUSLY A MOTION AND A  
18 SECOND TO APPROVE THOSE AMENDMENTS. DO WE HAVE --  
19 IS THAT MOTION STILL IN FORCE.

20 DR. JUELSGAARD: YES.

21 CHAIRMAN GOLDBERG: IS THE SECOND STILL IN  
22 FORCE?

23 CHAIRMAN THOMAS: YES, SIR.

24 CHAIRMAN GOLDBERG: OKAY. WE JUST DO A  
25 ROLL CALL. SO THE MOTION, JAMES, WILL YOU RECOUNT

**BARRISTERS' REPORTING SERVICE**

1 THE MOTION?

2 MR. HARRISON: THE MOTION IS TO APPROVE  
3 RECOMMENDING -- TO RECOMMEND APPROVAL OF THE  
4 AMENDMENTS TO THE MISSION STATEMENT OF THE FINANCE  
5 SUBCOMMITTEE TO THE BOARD.

6 MS. BONNEVILLE: ROBERT BIRGENEAU. MARCY  
7 FEIT.

8 MS. FEIT: YES.

9 MS. BONNEVILLE: MICHAEL GOLDBERG.

10 CHAIRMAN GOLDBERG: YES.

11 MS. BONNEVILLE: STEVE JUELSGAARD.

12 DR. JUELSGAARD: YES.

13 MS. BONNEVILLE: TED LOVE.

14 DR. LOVE: YES.

15 MS. BONNEVILLE: PHIL PIZZO.

16 DR. PIZZO: YES.

17 MS. BONNEVILLE: DUANE ROTH.

18 MR. ROTH: YES.

19 MS. BONNEVILLE: DAVID SERRANO-SEWELL.  
20 JEFF SHEEHY.

21 MR. SHEEHY: YES.

22 MS. BONNEVILLE: OS STEWARD. JONATHAN  
23 THOMAS.

24 CHAIRMAN THOMAS: YES.

25 MS. BONNEVILLE: ART TORRES.

**BARRISTERS' REPORTING SERVICE**

1 CHAIRMAN GOLDBERG: THE MOTION PASSES.

2 I'D LIKE TO NOW MOVE TO ITEM NO. 4, AND IS  
3 THERE A MOTION FOR APPROVAL FOR A RECOMMENDATION OF  
4 THIS BUDGET TO THE ICOC WITH SOME OF THE PROVISOS  
5 THAT WE DISCUSSED IN OPEN SESSION?

6 DR. JUELSGAARD: I SO MOVE.

7 DR. PIZZO: WHAT DOES A VOTE MEAN? THIS  
8 IS OUR VOTE FROM THE FINANCE COMMITTEE SUPPORTING  
9 IT, IS THAT THE POINT?

10 CHAIRMAN GOLDBERG: THAT'S CORRECT.

11 DR. PIZZO: OKAY.

12 MR. ROTH: SO I'LL SECOND IT.

13 CHAIRMAN GOLDBERG: OKAY. ANY FURTHER  
14 COMMENT? ROLL CALL, PLEASE.

15 DR. PIZZO: HOW ABOUT PUBLIC COMMENT?

16 CHAIRMAN GOLDBERG: I'M SORRY. WE ASKED  
17 FOR PUBLIC COMMENT, DIDN'T HEAR ANY. IF THERE IS  
18 PUBLIC COMMENT, PLEASE. HEARING NO PUBLIC COMMENT,  
19 WE'RE GOING TO ASK FOR ROLL CALL.

20 MS. BONNEVILLE: ROBERT BIRGENEAU. MARCY  
21 FEIT.

22 MS. FEIT: YES.

23 MS. BONNEVILLE: MICHAEL GOLDBERG.

24 CHAIRMAN GOLDBERG: YES.

25 MS. BONNEVILLE: STEVE JUELSGAARD.

**BARRISTERS' REPORTING SERVICE**

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DR. JUELSGAARD: YES.  
MS. BONNEVILLE: TED LOVE.  
DR. LOVE: YES.  
MS. BONNEVILLE: PHIL PIZZO.  
DR. PIZZO: YES.  
MS. BONNEVILLE: DUANE ROTH.  
MR. ROTH: YES.  
MS. BONNEVILLE: DAVID SERRANO-SEWELL.  
JEFF SHEEHY.  
MR. SHEEHY: YES.  
MS. BONNEVILLE: OS STEWARD. JONATHAN  
THOMAS.  
CHAIRMAN THOMAS: YES.  
MS. BONNEVILLE: ART TORRES.  
CHAIRMAN GOLDBERG: THE MOTION PASSES.  
THERE BEING NO FURTHER BUSINESS BEFORE THE  
COMMITTEE, I MOVE ADJOURNMENT. WE'RE ADJOURNED.  
THANK YOU ALL VERY MUCH.  
(THE MEETING WAS THEN CONCLUDED.)

**BARRISTERS' REPORTING SERVICE**

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON APRIL 2, 2012, 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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