

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

LOCATION: GENOPTIX, INC
STANFORD UNIVERSITY
UC DAVIS MEDICAL CENTER
BURNHAM
CIRM
UC IRVINE

DATE: MAY 19, 2006
8:30 A.M.

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

BRS FILE NO.: 75312

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I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		3
ROLL CALL		4
CONSIDERATION OF CIRM COMPENSATION PLAN		9
CIRM INTERNAL GOVERNANCE POLICY		54
CIRM FY 2004-2007N BUDGET		102
UPDATE ON CONTRACTS		119
PROPOSED AMENDMENTS TO CIRM GIFT POLICY		131
UPDATE ON ICOC PER DIEM RATES		6
ADJOURNMENT		141

1 FRIDAY, MAY 19, 2004

2

3 VICE CHAIR NOVA: OKAY. SO I'D LIKE TO CALL
4 THE MEETING TO ORDER AND WELCOME EVERYONE TO THIS
5 MEETING OF THE GOVERNANCE SUBCOMMITTEE OF THE ICOC. WE
6 HAVE A VERY BUSY AGENDA. LOOKS LIKE WE MAY HAVE
7 PARTICIPANTS IN FIVE LOCATIONS ON THE CALL, AND WE'LL
8 CHECK THAT WITH ROLL CALL. I'M HERE AT GENOPTIX, AND
9 ARE WE ON THE LINE WITH CIRM?

10 DR. HALL: YES.

11 VICE CHAIR NOVA: BURNHAM? NO ONE FROM
12 BURNHAM YET.

13 MS. DU ROSS: JOHN WAS WITH US A MOMENT AGO.

14 DR. REED: OH, I'M SORRY. I'M HERE.

15 VICE CHAIR NOVA: OKAY. HI, JOHN. THANK
16 YOU. STANFORD?

17 DR. PIZZO: YES.

18 VICE CHAIR NOVA: UC DAVIS?

19 DR. POMEROY: YES.

20 VICE CHAIR NOVA: AND IS ANYONE FROM THE
21 PUBLIC AT UC IRVINE?

22 MR. SIMPSON: YES.

23 VICE CHAIR NOVA: OKAY. GREAT.

24 MR. SIMPSON: JOHN SIMPSON.

25 VICE CHAIR NOVA: THANK YOU. I KNOW THERE IS

1 NOT AN ICOC BOARD MEMBER AT IRVINE.

2 MS. INGELS: CORRECT. WE'RE ALSO EXPECTING
3 LAURA BROWN.

4 VICE CHAIR NOVA: OKAY. GREAT. THANK YOU.
5 SO THANK YOU ALL FOR PARTICIPATING IN THIS IMPORTANT
6 CALL. AND, AMY DUROSS, I'D LIKE YOU TO LEAD US THROUGH
7 THE ROLL CALL, PLEASE.

8 MS. DU ROSS: SHERRY LANSING. DAVID
9 SERRANO-SEWELL. BRIAN HENDERSON. BOB KLEIN. CLAIRE
10 POMEROY.

11 DR. POMEROY: HERE.

12 MS. DU ROSS: OS STEWARD. TINA NOVA.

13 VICE CHAIR NOVA: HERE.

14 MS. DU ROSS: PHIL PIZZO.

15 DR. PIZZO: HERE.

16 MS. DU ROSS: JOHN REED. RICHARD MURPHY.
17 JOHN REED, I THINK YOU ARE THERE, RIGHT?

18 DR. REED: YES. I AM HERE.

19 MS. DU ROSS: RICHARD MURPHY.

20 VICE CHAIR NOVA: NOT HERE YET.

21 MS. DU ROSS: WE'RE SHORT OF A QUORUM, BUT I
22 THINK WE SHOULD GET STARTED AND JUST PEOPLE WILL BE
23 TRICKLING IN HERE.

24 VICE CHAIR NOVA: GREAT. OKAY. SO BEFORE WE
25 GET INTO OUR AGENDA, I WANT TO SEE IF THERE'S ANY

1 QUESTIONS OR COMMENTS FROM SUBCOMMITTEE MEMBERS. CIRM?
2 BURNHAM? STANFORD? UC DAVIS?

3 DR. POMEROY: I HAVE ONE QUESTION. WHERE DO
4 THE MINUTES APPEAR?

5 MS. DU ROSS: OH, CLAIRE, WE'RE NOT DOING THE
6 MINUTES THIS MEETING. WE'RE GOING TO PUSH THEM TILL
7 NEXT MEETING.

8 DR. POMEROY: OKAY.

9 DR. HALL: ALSO I'M JUST CHECKING. SO WE
10 HAVE PRESENT ONE, TWO, THREE, FOUR PEOPLE; IS THAT
11 RIGHT?

12 MS. DU ROSS: THAT'S CORRECT.

13 DR. HALL: OKAY. AND THE TOTAL SUBCOMMITTEE
14 IS HOW MANY?

15 MS. DU ROSS: YEAH, WE HAVE TEN TOTAL.

16 DR. HALL: OKAY. OKAY.

17 MS. DU ROSS: SO WE SHOULD -- WE ARE
18 EXPECTING DAVID SERRANO-SEWELL, BOB, AND RICHARD
19 MURPHY, WHICH WOULD BRING US TO A QUORUM.

20 DR. HALL: I WAS GOING TO WONDER -- SUGGEST
21 THAT WE MIGHT WANT TO, SINCE WE HAVE MAJOR ITEMS SORT
22 OF AT THE TOP OF THE AGENDA, AND SOME OF THEM ARE
23 THINGS THAT WE HAVE DISCUSSED BEFORE AND THERE WAS A
24 LOT OF INTEREST AND CONCERN OF THE SUBCOMMITTEE, I'M
25 GOING TO SUGGEST WE REARRANGE AND TRY TO DO SOME OF THE

1 THINGS THAT ARE APT TO BE MORE, WHAT, OPERATIONAL IN
2 NATURE OR MORE GENERAL IN NATURE, BUT THAT WE IMAGINE
3 WON'T REQUIRE MAJOR DISCUSSIONS. AND I WOULD SUGGEST
4 ACTUALLY WE JUST MOVE UP FROM THE BOTTOM IF YOU WANT
5 TO, WALTER. CAN WE DO THAT?

6 MR. BARNES: SURE.

7 DR. HALL: AND MAY I ASK YOU TO DO THAT, THE
8 AMENDMENT POLICY AND THEN CONTRACTS UPDATE, WE JUST
9 MOVE IT BACKWARDS; AND THEN WHEN WE GET A FEW MORE
10 PEOPLE, WE CAN TURN IT AROUND. IS THAT OKAY WITH
11 EVERYBODY? TINA, ARE YOU AGREED WITH THAT?

12 VICE CHAIR NOVA: YEAH. THAT SOUNDS GREAT.
13 YOU WANT TO HOP TO AGENDA ITEM 4, ICOC PER DIEMS.

14 DR. HALL: YES.

15 VICE CHAIR NOVA: AND START WITH WALTER
16 BARNES.

17 MR. BARNES: SURE.

18 VICE CHAIR NOVA: THAT SOUNDS GREAT. SO WHY
19 DON'T WE GO BACKWARDS. LET'S DO THAT. SO, WALTER,
20 COULD YOU PLEASE LEAD US THROUGH THE INFORMATIONAL
21 UPDATE ON ICOC PER DIEM RATES.

22 MR. BARNES: CERTAINLY. THIS HAS TO DO WITH
23 THE PROVISION IN PROPOSITION 71 WHICH RELATES TO THE
24 PER DIEM THAT'S AVAILABLE TO ICOC MEMBERS. IT SAYS A
25 PER DIEM OF \$100 PER DAY, BUT THEN INDICATES THAT IT'S

1 TO BE ADJUSTED ANNUALLY FOR COST OF LIVING. AND SO
2 THIS BASICALLY IS TO PROVIDE YOU WITH INFORMATION ABOUT
3 THAT COST OF LIVING ADJUSTMENT.

4 THE ADJUSTMENT FORMULA WAS ACTUALLY APPROVED
5 BY THE ICOC AS PART OF THE BYLAWS, THE ICO BYLAWS THAT
6 WERE APPROVED AT THE APRIL MEETING. AND I ATTACHED A
7 COPY OF THE SECTION THAT HAS TO DO WITH THAT. IT
8 BASICALLY TALKS ABOUT USING THE ANNUAL AVERAGE
9 CALIFORNIA CONSUMER PRICE INDEX IN CALIFORNIA, WHICH
10 BASICALLY DRAWS DATA FROM LOS ANGELES, RIVERSIDE,
11 ORANGE COUNTY, SAN FRANCISCO, OAKLAND, SAN JOSE, AND
12 SAN DIEGO. AND BASICALLY THEY PRODUCE A COST OF LIVING
13 INCREASE BOTH BIMONTHLY AS WELL AS SIX-MONTH AVERAGE,
14 AND SO WHAT WE HAVE IN HERE WAS A REQUIREMENT THAT WE
15 MULTIPLY THE \$100 TIMES THE RESULT OF DIVIDING THE
16 PRIOR YEAR COST OF LIVING FIGURE BY THE MOST RECENT
17 ANNUAL FIGURE, AND THAT CALCULATION IS INCLUDED UNDER
18 INFORMATION ON YOUR SHEET THERE.

19 ESSENTIALLY IT COMES OUT TO AN INCREASE TO
20 \$104 PER DAY. THAT WOULD ALSO MAKE THE HOURLY RATE,
21 WHICH IS NOW \$12.50, GO UP TO \$13. AND THEN BASICALLY
22 THE PER DIEM RATES OR THE AVERAGES WERE ACTUALLY
23 PUBLISHED IN MARCH UNDER THE ICOC BYLAWS. THE REVISED
24 PER DIEMS ARE TO BECOME EFFECTIVE IN THE MONTH AFTER
25 THE ANNUAL AVERAGES ARE PUBLISHED. AND SO THAT WOULD

1 MAKE THEM EFFECTIVE FOR ACTIVITIES FROM APRIL 1ST ON.
2 SO BASICALLY OUR PLAN WOULD BE TO IMPLEMENT
3 THIS NEW PER DIEM RATE FOR ICOC MEMBERS BEGINNING APRIL
4 1ST. I KNOW THAT IN SOME CASES CLAIMS HAVE ALREADY
5 BEEN SUBMITTED, AND THE INCREASE CAN BE SUBMITTED FOR
6 AN ADJUSTMENT. SO THIS IS BASICALLY JUST IMPLEMENTING
7 THE BYLAWS PROVISION THAT YOU APPROVED AT THE PREVIOUS
8 MEETING. ARE THERE ANY QUESTIONS?

9 VICE CHAIR NOVA: ANY BOARD COMMENTS FROM ANY
10 OF THE LOCATIONS?

11 DR. HALL: DAVID SERRANO-SEWELL HAS JOINED US
12 IN SAN FRANCISCO.

13 MS. DU ROSS: BOB KLEIN HAS ALSO JOINED US.

14 VICE CHAIR NOVA: AND DR. MURPHY HAS JOINED
15 US IN SAN DIEGO. THERE'S OUR THREE.

16 MS. DU ROSS: WONDERFUL.

17 VICE CHAIR NOVA: GREAT. AGAIN, ANY BOARD
18 COMMENTS FROM CIRM? FROM BURNHAM?

19 DR. REED: NO DOWN HERE.

20 VICE CHAIR NOVA: STANFORD?

21 DR. PIZZO: NO.

22 VICE CHAIR NOVA: UC DAVIS?

23 DR. POMEROY: NO COMMENTS.

24 VICE CHAIR NOVA: ANY PUBLIC COMMENTS ON ICOC
25 PER DIEM RATES FROM CIRM? BURNHAM? STANFORD? UC

1 DAVIS? UC IRVINE?

2 MR. SIMPSON: NO.

3 VICE CHAIR NOVA: OKAY.

4 DR. HALL: WE HAVE NO PUBLIC MEMBERS HERE AS
5 OF RIGHT NOW IN SAN FRANCISCO.

6 VICE CHAIR NOVA: OKAY. THANK YOU. ALL
7 RIGHT. WELL, WE HAVE A QUORUM, SO SHOULD WE GO BACK TO
8 THE BEGINNING BEFORE WE LOSE PEOPLE, KIND OF OPPOSITE
9 PHILOSOPHY AT THIS POINT?

10 DR. HALL: ABSOLUTELY. GREAT.

11 VICE CHAIR NOVA: OKAY. LET'S DO THAT.
12 LET'S GO BACK TO ITEM 3.

13 DR. HALL: OKAY. SO I JUST WANT TO BEGIN BY
14 SAYING WE HAVE A FULL AGENDA TODAY UNDER ITEM 3 WITH
15 SEVERAL ITEMS, TWO OF WHICH ARE MAJOR ONES, THE
16 EMPLOYEE COMPENSATION PLAN AND THE FY 2004-2007 BUDGET.
17 WE ARE, AS YOU KNOW, APPROACHING THE END OF THE FISCAL
18 YEAR, AND SO WE HAVE BEEN WORKING OVER THE LAST MONTH
19 OR SO TO TRY TO PUT TOGETHER THE BUDGET FOR THE NEXT
20 YEAR, AND THAT IS A MAJOR ITEM THAT WE WANT TO TALK
21 ABOUT. WE ALSO HAVE EMPLOYEE COMPENSATION, WHICH WE
22 DISCUSSED LAST TIME, AND INTERNAL GOVERNANCE POLICY.
23 SO I THINK WITHOUT ANY FURTHER ADO, I'M JUST GOING TO
24 ASK ALEXANDRA CAMPE, HEAD OF HR, IF SHE WOULD LEAD US
25 THROUGH THE EMPLOYEE COMPENSATION PLAN.

1 MS. CAMPE: THANK YOU, ZACH. THIS IS
2 ALEXANDRA. THANK YOU ALL, BOARD MEMBERS AND MEMBERS OF
3 THE PUBLIC, FOR THE GOOD FEEDBACK THAT WE GOT LAST TIME
4 WHEN WE PRESENTED THE COMPENSATION STRUCTURE. WHAT
5 WE'RE GOING TO DO TODAY IS DISCUSS WHAT ADDITIONAL
6 INFORMATION WAS RECEIVED AND DISCUSS THE NEW PROPOSAL
7 FOR OUR COMPENSATION STRUCTURE.

8 SO WITHOUT FURTHER ADO, WE HAVE ATTACHED
9 3(A)(III) AND 3(A)(4), WHICH IS ACTUALLY THE ORIGINAL
10 DOCUMENTATION YOU GOT FOR THE COMPENSATION PROGRAM ON
11 MARCH 30TH. SINCE THEN WE HAVE SPENT A LOT OF TIME
12 GATHERING ADDITIONAL INFORMATION FOR THE COMPENSATION
13 PLAN. AND WHAT I WANT TO DO IS HAVE YOU TAKE A LOOK AT
14 ATTACHMENT 3(A)(II), WHICH IS A LARGER SPREADSHEET THAT
15 WAS CREATED BECAUSE OF ADDITIONAL INFORMATION THAT WAS
16 REQUESTED BY ALL OF YOU AS MEMBERS AND THE INFORMATION
17 THAT WAS GATHERED.

18 WHAT WE HAVE HERE IS ORIGINALLY WE PROVIDED
19 YOU INFORMATION FROM THE HIGHER EDUCATION AND PRIVATE
20 RESEARCH INSTITUTE. BASED ON THE FEEDBACK THAT WE
21 GATHERED FROM THE MARCH 30TH MEETING, WE'VE GONE AHEAD
22 AND GATHERED DATA FOR OUR TOP TIER POSITIONS FROM STATE
23 INSTITUTIONS, UNIVERSITY OF CALIFORNIA DATA, WE GOT
24 SOME DATA FROM MERCER SURVEYS THAT THEY GENEROUSLY GAVE
25 ME JUST OVER THE PHONE. WE ALSO WERE ABLE TO GET QUITE

1 A BIT OF INFORMATION FROM A FOUNDATION SURVEY THAT WE
2 GATHERED THROUGH MOORE FOUNDATION, THAT THEY VERY
3 GENEROUSLY ALSO PROVIDED US THAT ADDITIONAL INFORMATION
4 THAT HELPED US HAVE A MORE WELL-ROUNDED APPROACH TO THE
5 DATA THAT WAS GATHERED. AND THEN FINALLY, YOU'LL SEE
6 ON THE SPREADSHEET THE RADFORD DATA. AS WE KNOW,
7 THAT'S FROM THE PRIVATE SECTOR, AND THAT'S
8 BIOTECHNOLOGY FIRMS AND SUCH.

9 SO THAT'S KIND OF A LAYOUT OF THE ADDITIONAL
10 DATA THAT WAS GATHERED FROM THE SPREADSHEET. TO
11 CONFIRM AND TO REITERATE, THE DATA THAT WAS GATHERED IS
12 ONLY BASE SALARIES. THIS DOES NOT INCLUDE ANY
13 INCENTIVE PAY THAT IS OFFERED TO THE INDIVIDUAL. MOST
14 OF THESE ORGANIZATIONS DO OFFER ABOVE AND BEYOND THE
15 BASE SALARY ADDITIONAL INCENTIVE, BUT THIS IS NOT
16 INCLUDED IN THE SALARY RANGES THAT YOU SEE HERE.

17 DR. PIZZO: DO THOSE ORGANIZATIONS -- DO YOU
18 MIND BEING INTERRUPTED ALONG THE WAY?

19 MS. CAMPE: SURE. NO PROBLEM.

20 DR. PIZZO: DO THOSE INSTITUTIONS PUBLISH
21 TOTAL COMPENSATION?

22 MS. CAMPE: I KNOW THAT WAS ONE OF THE
23 QUESTIONS, AND I'M GETTING TO THAT BULLET POINT. ON
24 SALARY SURVEY DATA, TOTAL COMPENSATION, THEY DON'T
25 AGGREGATE WITHIN SALARY SURVEYS HEALTH AND WELFARE

1 BENEFITS. IT'S SEPARATE AND IT'S USED AS A RECRUITMENT
2 AND RETENTION TOOL IN GENERAL, BUT IT'S NOT ADDED TO
3 GENERAL SALARY SURVEY DATA.

4 MR. KLEIN: AND THEY DON'T PUBLISH OR DO THEY
5 PUBLISH PENSION BENEFITS?

6 DR. PIZZO: WELL, IT DEPENDS ON WHERE YOU GO.
7 FOR EXAMPLE, WE BENCHMARK AGAINST AAMC OR THE MGMA, AND
8 THEN WE DO INDEPENDENT SURVEYS BECAUSE WE HAVE TO GO
9 THROUGH OUR COMPENSATION COMMITTEE FOR HIGHER COMP IN
10 THIS CASE. AND WE ALWAYS LOOK AT TOTAL COMPENSATION,
11 SO WE INCLUDE EVERY ELEMENT OF THAT, WHICH INCLUDES
12 HOUSING BENEFITS, ANY DEFERRED COMPENSATION, ANY
13 SIGNING BONUSES, THE WHOLE WORKS. AND YOU CAN'T FIND
14 THAT IN THE -- CERTAINLY IN SOME OF THESE BENCHMARK
15 DATA, BUT I DON'T KNOW ABOUT ALL THESE SURVEYS THAT
16 HAVE BEEN LOOKED AT. I'D BE SURPRISED, GIVEN WHAT'S
17 BEEN RECENTLY REVEALED ON THE UC SYSTEM AND PUBLISHED
18 THERE. THE TASK FORCE REPORTS THAT THAT DATA EXISTS IN
19 THE UC SYSTEM RIGHT NOW.

20 MR. KLEIN: CAN YOU TELL US WHETHER IT DOES
21 EXIST OR WHAT THE STATUS IS?

22 DR. PIZZO: THE ONLY REASON I'M FOCUSING ON
23 IT IS BECAUSE, DEPENDING UPON WHICH SURVEY YOU LOOK AT,
24 THERE MAY BE A LOWER NUMBER THAT'S USED FOR BASE
25 COMPENSATION BECAUSE IT MAY BE THAT A BIGGER PORTION OF

1 IT IS ACTUALLY GOING TO BE IN SOME OF THESE OTHER
2 ELEMENTS. SO HAVING TOTAL COMP BECOMES A REALLY
3 IMPORTANT GUIDEPOST IF WE CAN GET IT. I MEAN I
4 RECOGNIZE THERE MAY BE CHALLENGES WITH THAT.

5 MS. CAMPE: WELL, I WILL SAY THE FOUNDATION
6 SURVEY THAT I RECEIVED, THERE WAS NO TOTAL COMP
7 INCLUDED. IT WAS AN ADDITIONAL ITEM THAT WAS NOT PART
8 OF THE DATA THAT WE RECEIVED. IT WAS NOTICED THAT IN
9 GENERAL THAT THESE ORGANIZATIONS HAD INCENTIVES PLACED
10 FOR THESE FOUNDATIONS, AND, YOU KNOW, IN GENERAL
11 VARIOUS LEVELS OF ROBUSTNESS IN THEIR HEALTH AND
12 WELFARE BENEFITS. BUT AGAIN, IT WASN'T INCLUDED IN THE
13 BASE SALARY DATA.

14 DR. PIZZO: OKAY.

15 MR. BARNES: THIS IS WALTER. I'D ALSO LIKE
16 TO POINT OUT, AS NEAR AS WE CAN TELL, THE DATA THAT'S
17 ON THIS CHART IS, IN FACT, BASE SALARY DATA.

18 MS. CAMPE: ABSOLUTELY.

19 MR. BARNES: THE OTHER THING I'D ALSO MENTION
20 IS THAT SINCE WE'RE ALL STATE EMPLOYEES, THE ONLY
21 BENEFITS THAT WE'RE ENTITLED TO ARE THE BENEFITS THAT
22 ARE AVAILABLE TO ALL OTHER STATE EMPLOYEES, THE MEDICAL
23 BENEFITS AND THE PENSION THROUGH CALPERS AND THINGS
24 LIKE THAT. SO I THINK YOU'RE RIGHT, THAT AS YOU
25 PARTICULARLY GO THROUGH THIS CHART AND GET PARTICULARLY

1 OVER TO THE RIGHT-HAND SIDE OF THE CHART, YOU MAY FIND
2 THAT TOTAL COMPENSATION FOR MANY OF THOSE MAY BE QUITE
3 HIGHER THAN THIS; BUT AS FAR AS THE BASE PAY GOES, THIS
4 IS BASICALLY IT. AND THAT'S ALL WE'RE DEALING WITH
5 RIGHT NOW.

6 DR. PIZZO: OKAY. THANK YOU.

7 MS. CAMPE: I WILL ADD ANOTHER THING, AND
8 YOU'VE ALREADY MENTIONED THAT, THAT MANY OF THESE
9 ORGANIZATIONS ALSO OFFER PERKS, INCLUDING UC'S, SUCH AS
10 CAR ALLOWANCES, HOUSING ALLOWANCES, SEVERANCE PAY, AND
11 RELOCATION ALLOWANCES. THE STATE OFFERS MOVING
12 EXPENSES, BUT THE STATE DOESN'T OFFER THESE OTHER
13 THINGS IN GENERAL. THEY DO OFFER LIKE HOUSING
14 ALLOWANCES FOR FIREFIGHTERS AND FISH AND GAME
15 INDIVIDUALS, BUT THE STATE DOESN'T OFFER THESE TYPES OF
16 PERKS IN GENERAL. SO WE DON'T HAVE THOSE KINDS OF
17 THINGS AVAILABLE TO US LIKE MANY OF THE OTHER
18 ORGANIZATIONS THAT ARE LISTED ON THE SALARY SURVEY.

19 MR. BARNES: EXCUSE ME. THIS IS WALTER
20 AGAIN. I'LL JUST CLARIFY. THE RELOCATION ALLOWANCES
21 THAT WE HAVE ARE THE ONES THAT YOU APPROVED AT ONE OF
22 YOUR PREVIOUS MEETINGS, AND IT BASICALLY ONLY DEALS
23 WITH THE IMMEDIATE COSTS OF ACTUALLY RELOCATING TO A
24 NEW ORGANIZATION, INCLUDING THE MOVING COST AND THAT
25 KIND OF THING. SO THEY'RE FAIRLY SMALL. THANK YOU.

1 MS. CAMPE: THANK YOU, WALTER. SO AS I SAID
2 ALREADY, THE COMPENSATION THAT'S PROVIDED HERE DOES NOT
3 INCLUDE HEALTH AND WELFARE BENEFITS BECAUSE IT'S NOT
4 USUALLY AGGREGATED IN THE SALARY SURVEY. AND AS WALTER
5 MENTIONED, OF COURSE, THE BENEFITS THAT WERE OFFERED TO
6 STATE OF CALIFORNIA EMPLOYEES ARE THE EXACT THE SAME
7 BENEFITS THAT ARE OFFERED TO ALL STATE OF CALIFORNIA
8 EMPLOYEES, WHICH IS HEALTH AND WELFARE AND THE PENSION
9 PLAN THROUGH CALPERS.

10 SO WHAT I WANTED TO POINT OUT NOW, I'M ON
11 SLIDE 3, IS THAT I THINK THAT'S HOW IT'S NOTED IN THE
12 COMPENSATION PRESENTATION. AND I WANTED TO POINT OUT,
13 AGAIN, WHERE WE GOT THE ADDITIONAL INFORMATION. WE HAD
14 HAD A REQUEST THAT WE GET SOME INFORMATION FROM THE
15 STATE. WE DID GATHER DATA FROM THE STATE CONTROLLER'S
16 OFFICE ON THE FOUR MAIN JOBS REQUESTED, WHICH WAS THE
17 CHIEF ADMINISTRATIVE OFFICER, THE GENERAL COUNSEL, THE
18 CHIEF COMMUNICATIONS OFFICER, AND THE CHIEF OF STAFF.
19 WE ALSO GATHERED DATA FROM THE GOVERNOR'S OFFICE, AND
20 YOU WILL BE SEEING THIS ON THE SPREADSHEET THAT I
21 PROVIDED. CALPERS ALSO PROVIDED SOME INFORMATION ON
22 THOSE FOUR POSITIONS.

23 WE HAD ALREADY GATHERED INFORMATION FROM THE
24 UNIVERSITY OF CALIFORNIA, AND THAT WAS ACTUALLY
25 AGGREGATED LAST FALL FROM OUR OUTSIDE CONSULTANT. THAT

1 WAS JUST GENERAL INFORMATION FROM THE ENTIRE UNIVERSITY
2 OF CALIFORNIA. THERE HAD BEEN SOME FEEDBACK IN THE
3 LAST GOVERNANCE COMMITTEE MEETING ABOUT CERTAIN
4 POSITIONS THAT MAY BE OUTSIDE THE SCHOOL OF MEDICINE.
5 SO THAT DATA REFLECTS GENERAL INFORMATION ABOUT THE
6 ENTIRE UNIVERSITY OF CALIFORNIA CAMPUS.

7 LIKE I MENTIONED ALREADY, WE GOT SOME MERCER
8 SURVEY DATA NATIONWIDE FOR GOVERNMENT AND NONPROFIT
9 ORGANIZATIONS. WE ALSO GOT SOME MERCER SURVEY DATA FOR
10 CALIFORNIA IN ANY INDUSTRY. I WASN'T ABLE TO GET ANY
11 MERCER SURVEY DATA FOR GOVERNMENT AND NONPROFITS IN
12 CALIFORNIA BECAUSE THE NUMBER WAS TOO SMALL FOR THEM TO
13 AGGREGATE THE DATA TOGETHER, SO THAT'S WHY IT'S FOR THE
14 WHOLE. THE GOVERNMENT NONPROFITS WERE FOR THE ENTIRE
15 NATION.

16 MR. SERRANO-SEWELL: I HAVE A QUESTION. THIS
17 IS DAVID IN SAN FRANCISCO. ON THE SELECTION OF DATA,
18 WHAT OTHER -- WERE THERE ANY OTHER STATE AGENCIES THAT
19 WERE LOOKED AT BESIDES THOSE LISTED, THE STATE
20 CONTROLLER'S OFFICE, GOVERNOR'S OFFICE, CALPERS, THE UC
21 SYSTEM UNIVERSITYWIDE, SPECIFIC STATE AGENCIES?

22 MS. CAMPE: NO. THOSE ARE THE THREE THAT
23 WERE SPOKEN TO, DAVID, BECAUSE THEY ARE, I THINK --
24 MAYBE, WALTER, YOU CAN COMMENT ON THIS -- THE MOST
25 WELL-KNOWN AND THE MOST SPECIALIZED OF THE STATE

1 AGENCIES THAT EXIST.

2 MR. BARNES: AND I THINK THE THING I WOULD
3 ALSO SAY IS THAT THE STATE CONTROLLER'S OFFICE IS
4 BASICALLY UNDER THE COMPENSATION PROGRAM THAT
5 DEPARTMENT OF PERSONNEL ADMINISTRATION ADMINISTERS. SO
6 ESSENTIALLY THESE ARE THE SAME SALARIES THAT YOU WOULD
7 SEE IN ANY OTHER STATE AGENCY. SO SINCE WE'VE BEEN
8 WORKING WITH THE STATE CONTROLLER'S OFFICE, WE THOUGHT
9 IT WOULD BE JUST EASIER TO GET THAT, BUT IT'S CERTAINLY
10 REPRESENTATIVE OF EVERY OTHER LOCATION. IF YOU GO AND
11 FIND THE TOP GENERAL COUNSEL IN ANY OTHER DEPARTMENT,
12 IT WOULD BE THIS LEVEL.

13 MR. SERRANO-SEWELL: THE TOP GENERAL COUNSEL
14 AT MTA WOULDN'T MAKE ANY MORE THAN THE GENERAL COUNSEL
15 IN THE CONTROLLER'S OFFICE OR THE GOVERNOR'S OFFICE?

16 MR. BARNES: NO. NOW, THE GOVERNOR'S OFFICE
17 IS A LITTLE DIFFERENT, WHICH IS WHY WE SPLIT THEM OUT
18 BECAUSE THEY'RE EXEMPT. AND THIS IS BASICALLY PEOPLE
19 THAT ARE DIRECTLY HIRED IN THE GOVERNOR'S OFFICE WITH
20 ONE EXCEPTION, AND THAT IS THE FIGURE THAT'S LISTED
21 UNDER LEVEL 10. THAT'S ACTUALLY THE SALARY THAT'S
22 AVAILABLE FOR KIM BELSHE, THE HEAD OF THE HEALTH AND
23 WELFARE AGENCY.

24 MR. SERRANO-SEWELL: OKAY. THANK YOU.

25 MR. BARNES: AND WE PUT CALPERS IN BECAUSE

1 THEY HAVE SOME UNIQUENESS IN TERMS OF, YOU KNOW, THE
2 PENSION INVESTMENT PROGRAMS AND THAT KIND OF STUFF.

3 MS. CAMPE: THANK YOU, DAVID. AND THEN THE
4 FINAL GROUPING WAS THE RADFORD SALARY SURVEY THAT WAS
5 ALREADY REQUESTED FROM BOARD MEMBERS LAST TIME. AS WE
6 KNOW, THAT'S DATA THAT'S PRIMARILY FROM THE PRIVATE
7 SECTOR.

8 OKAY. ON SLIDE 4 WE TOOK THE DATA THAT WE
9 HAVE, REVIEWED IT, WE ANALYZED IT FURTHER. IT
10 INCLUDES, AS YOU WELL CAN SEE, THE FULL SPECTRUM OF
11 ORGANIZATIONAL COMPARATORS FROM THE STATE OF CALIFORNIA
12 ENTITIES ALL THE WAY THROUGH OUR PRIVATE NONPROFIT --
13 I'M SORRY -- PRIVATE FOR-PROFIT BIOTECHNOLOGY
14 ORGANIZATIONS. WE FELT THAT OUR COMPARATORS REALLY
15 RANGED IN THAT WHOLE GAMUT, AND THIS IS PART OF THE
16 DISCUSSION THAT HAPPENED ON MARCH 30TH. THE
17 PROPOSITION LIKENS US MOST TO PRIVATE RESEARCH AND
18 EDUCATION INSTITUTIONS. THE RESULTS OF THE DISCUSSION
19 IN THE GOVERNANCE COMMITTEE THAT WE MIGHT BE MORE LIKE
20 EVEN A FOUNDATION. SO WE DID PROVIDE QUITE A BIT OF
21 INFORMATION SALARY SURVEY DATA FROM A VERY LARGE
22 FOUNDATION SURVEY THAT WAS NATIONWIDE. OKAY.

23 SO ALSO I WANTED TO POINT OUT THAT, AS WE
24 WELL KNOW, WE ARE ACTUALLY IN SAN FRANCISCO, AND THIS
25 IS ONE OF THE HIGHEST COST OF LIVING AREAS IN THE

1 COUNTRY. SO WHEN YOU MOVE TO SLIDE 5, BASED ON THE NEW
2 DATA, AND THE FEEDBACK FROM THE MARCH 30TH GOVERNANCE
3 COMMITTEE AND DISCUSSIONS WITH THE EXECUTIVE TEAM HERE
4 AT CIRM, WE HAVE REVISED THE SALARY LEVELS FOR THE TOP
5 TIER POSITIONS WITH THE FOLLOWING ACTION:

6 THE FIRST THING WE DID IS WE CREATED A NEW
7 SALARY LEVEL TO BETTER ADDRESS DIFFERENCES BETWEEN THE
8 ORIGINAL SALARY LEVEL 7 THROUGH 9. WE BASICALLY ADDED
9 ANOTHER SALARY LEVEL. WE REDUCED THE MINIMUM SALARY
10 FOR ALL THE TOP TIER POSITIONS EXCEPT THE GENERAL
11 COUNSEL BY BETWEEN 5 AND 13 PERCENT TO ADDRESS THE
12 ADDITIONAL SALARY SURVEY DATA THAT WE RECEIVED. AND
13 FINALLY, WE DID RETAIN THE 50-PERCENT SPREAD, SALARY
14 RANGE SPREAD, WHICH IS THE PERCENT INCREASE FROM THE
15 LEVEL'S MINIMUM SALARY TO THE LEVEL'S MAXIMUM SALARY.

16 SO BASED ON THIS AND BASED ON THE ADDITIONAL
17 DATA, WE FEEL THAT THIS IS SUPPORTIVE OF THE NEW DATA
18 AND, ALSO, WE BELIEVE STILL ALLOW US TO RECRUIT AND
19 RETAIN THE TOP LEVEL PEOPLE THAT WE WANT TO FOR THIS
20 ORGANIZATION.

21 SO AT THIS POINT WE ARE ASKING FOR THE
22 GOVERNANCE SUBCOMMITTEE'S APPROVAL OF OUR SALARY
23 STRUCTURE WITH THE CHANGES TO THE RANGES THAT WE
24 PROPOSE, WHICH IS ATTACHMENT 3(2). AND WITH NEW
25 POSITIONS THAT WE'RE ESTABLISHING WITH CIRM, THEY WOULD

1 BE PLACING THIS APPROVED SALARY STRUCTURE BASED ON
2 DUTIES AND RESPONSIBILITIES, REPORTING RELATIONSHIP,
3 AND EQUITY WITHIN THE ORGANIZATION. AND ANY PROPOSED
4 HIRE THAT WE MADE THAT WERE NOT WITHIN THESE RANGES, WE
5 WOULD COME TO THE ICOC FOR PRIOR APPROVAL BEFORE
6 HIRING.

7 AND I JUST WANTED TO MENTION AT A FUTURE
8 MEETING WE WILL BE PROVIDING AND PRESENTING A
9 PERFORMANCE MANAGEMENT PROGRAM THAT WOULD MEASURE
10 PERFORMANCE HERE AT THE INSTITUTE AS WELL AS BE USED
11 FOR A BASIS FOR DECISIONS FOR MERIT INCREASES IN THE
12 FUTURE AND RECOMMENDATION TO ADDRESS ANY COST OF LIVING
13 ISSUES THAT WE MAY HAVE. AND THEN FINALLY, SOME TYPE
14 OF PROGRAM TO REWARD EXCEPTIONAL WORK CONTRIBUTION.

15 MR. SERRANO-SEWELL: WHAT MIGHT THAT PROGRAM
16 LOOK LIKE? THIS IS DAVID IN SAN FRANCISCO. THE
17 PROGRAM TO REWARD EXCEPTIONAL WORK CONTRIBUTION.

18 MS. CAMPE: WE HAVEN'T FORMALIZED IT. WE'RE
19 DRAFTING A PROGRAM LIKE THAT, DAVID. THE STATE OF
20 CALIFORNIA HAS A CONTRIBUTION OR A PERFORMANCE AWARD
21 PROGRAM THAT OFFERS, WHAT IS IT, 3 TO \$500 FOR
22 EXCEPTIONAL WORK.

23 MR. BARNES: IT'S ACTUALLY A TWO-PART
24 PROGRAM. THERE'S SUSTAINED SUPERIOR PERFORMANCE, WHICH
25 BASICALLY REWARDS HIGH LEVEL PERFORMANCE OVER A PERIOD

1 OF TIME, USUALLY TWO TO THREE YEARS OR SO. AND THEN
2 THERE'S WHAT'S CALLED A SUPERIOR ACCOMPLISHMENT AWARD
3 FOR SOMEBODY OR A TEAM OF PEOPLE WHO HAVE, YOU KNOW,
4 GOTTEN SOMETHING VERY EXTRAORDINARY DONE IN A VERY
5 TIMELY MANNER THAT BENEFITS THE ORGANIZATION. THE
6 REWARDS UNDER THAT USUALLY GO ANYWHERE FROM \$100 UP TO
7 \$500, AND FOR TEAMS IT USUALLY MEANS THEY SPLIT THE
8 AWARD.

9 MR. KLEIN: AND DOES THE UC SYSTEM HAVE A
10 PROGRAM LIKE THAT?

11 MS. CAMPE: THEY HAVE A MUCH MORE ROBUST
12 PROGRAM THAN THAT FROM MY EXPERIENCES AT UCSF, UP TO 3
13 PERCENT OF MY BASE SALARY.

14 MR. KLEIN: ON THE FOUNDATIONS, DO THEY HAVE
15 A PROGRAM OF THAT KIND?

16 MS. CAMPE: THEY DO. THE SURVEY DID SUGGEST
17 THAT MOST OF THEM HAVE SOME TYPE OF INCENTIVE PAY.

18 DR. HALL: I FOUND AT NIH WHERE THEY HAVE THE
19 SO-CALLED SPOT AWARD; THAT IS, THIS IS SOMETHING THAT
20 COULD BE DONE VERY QUICKLY, MINIMUM OF FUSS, AND IT WAS
21 TREMENDOUS FOR MORALE IN THE SENSE THAT YOU ARE ABLE TO
22 GIVE PEOPLE A VERY DIRECT RESPONSE TO AN EXTRAORDINARY
23 JOB WELL DONE. I THINK IT'S A GREAT THING, BUT WE HAVE
24 NOT FILLED THIS OUT, WE HAVE NOT FORMULATED IT, AND
25 THOSE ARE THE LINES THAT WE'RE CURRENTLY THINKING ON.

1 MS. CAMPE: AND I JUST WANT TO NOTE THAT THE
2 FOUNDATION SURVEY THAT WE RECEIVED, ABOUT 70 PERCENT OF
3 THOSE SURVEYED ACTUALLY HAD AN INCENTIVE, CASH
4 INCENTIVE POLICY.

5 SO I WOULD LIKE TO KNOW -- I WOULD LIKE TO
6 ASK FOR APPROVAL FROM THE GOVERNANCE COMMITTEE FOR OUR
7 SALARY STRUCTURE BASED ON THE NEW CHANGES THAT HAVE
8 BEEN PROVIDED TODAY IN THE INFORMATION.

9 DR. MURPHY: RICH MURPHY. COULD I ASK ONE
10 OTHER QUESTION? THERE MAY BE A TIME WHEN WE NEED TO DO
11 SOMETHING SPECIAL FOR AN EMPLOYEE WE NEED TO RECRUIT.
12 NO. 1, DO WE HAVE THE FLEXIBILITY TO DO THAT? AND NO.
13 2, IF WE DO, WE WANT TO HAVE A MECHANISM TO BE CERTAIN
14 THAT ANY SPECIAL DEAL IS PUBLIC AND IN FRONT OF THE
15 ICOC. COULD YOU JUST DEAL WITH THOSE TWO QUESTIONS?

16 MS. CAMPE: WELL, AS I MENTIONED ALREADY, ANY
17 SALARY OFFER THAT WE MADE THAT WOULD BE OUTSIDE THE
18 CURRENT SALARY STRUCTURE, ONCE THIS HAS BEEN APPROVED,
19 WE WOULD COME TO THE ICOC FOR PRIOR APPROVAL BEFORE WE
20 EVEN OFFERED THE POSITION.

21 DR. MURPHY: BUT IT NEED NOT BE A SALARY -- A
22 DIFFERENCE IN SALARY STRUCTURE. IT MAY JUST BE AN
23 INCENTIVE OR A SPECIAL DEAL FOR RELOCATION, AND THAT
24 WOULD FALL UNDER THE SAME GUIDELINES?

25 MS. CAMPE: ABSOLUTELY. I MEAN CURRENTLY, AS

1 I MENTIONED, THERE IS A MOVING EXPENSE POLICY THAT HAS
2 BEEN PUBLICIZED ALREADY. THERE'S NO OTHER OPPORTUNITY
3 HERE THROUGH THE STATE AT THIS POINT IN TIME TO OFFER
4 ANY OTHER ADDITIONAL ALLOWANCES. IF THAT'S SOMETHING
5 THAT WE WANT TO PROPOSE AND TRY TO IMPLEMENT DOWN THE
6 ROAD, WE WOULD COME TO THE GOVERNANCE COMMITTEE AND,
7 THEREFORE, THE ICOC FOR PRIOR APPROVAL.

8 DR. PIZZO: RIGHT. I WOULD LIKE TO ECHO
9 RICH'S RECOMMENDATION. I THINK THAT WE NEED TO HAVE
10 FLEXIBILITY. WE'RE ALL INVOLVED IN RECRUITMENT. I
11 SPENT THE EARLY PART OF THE MORNING DEALING WITH SOME
12 RECRUITMENTS FROM OUT-OF-STATE. AND, YOU KNOW, THE
13 REALITY IS THAT IT'S VERY HARD TO GET CERTAIN KINDS OF
14 PEOPLE HERE. AND THE REASONS WE ALL RECOGNIZE, HOUSING
15 BEING ONE OF THEM.

16 I THINK THAT IF THERE'S A LESSON TO LEARN
17 FROM WHAT'S HAPPENED RECENTLY FROM READING THE TASK
18 FORCE REPORT IN UC, WE NEED TO BE ABLE TO VET THIS
19 THROUGH SOME KIND OF COMPENSATION COMMITTEE. MAYBE
20 THAT BECOMES THE FUNCTION OF THE GOVERNANCE COMMITTEE
21 GOING FORWARD, OR MAYBE WE NEED A SPECIAL COMPENSATION
22 COMMITTEE. AT STANFORD THE BOARD OF TRUSTEES ACTUALLY
23 HAS A SUBSIDIARY SUBCOMMITTEE, WHICH IS A COMPENSATION
24 COMMITTEE, AND EVERY COMPENSATION ACTION THAT EXCEEDS
25 CERTAIN GUIDELINES. SO YOU SET GUIDELINES, HAS TO GO

1 BEFORE THEM, AND THEY VOTE ON THAT. THEY ALSO REQUEST
2 MARKET SURVEYS AND ARE VERY ACTIVE, PROACTIVE, IN DOING
3 IT.

4 I CAN TELL YOU THAT TO ME OR FOR ME IT'S ONE
5 OF THE MORE CHALLENGING COMMITTEES I HAVE TO GO TO
6 BECAUSE THEY'RE PROTECTING THE, YOU KNOW, THE
7 PRIVILEGES OF THE UNIVERSITY AS A NONPROFIT
8 INSTITUTION. SO IT'S TAKEN VERY SERIOUSLY. IT'S ALL
9 RECORDED. THERE'S LEGAL ADVICE, ETC., ETC. SO WE MAY
10 WANT TO MIMIC SOMETHING LIKE THAT TO HAVE WHAT I THINK
11 RICH IS ASKING FOR, AND THAT IS THE ABILITY TO BE
12 FLEXIBLE, BUT TO ALSO BE ACCOUNTABLE SO THAT WE'RE SURE
13 WE'RE DOING THIS IN THE MOST CORRECT WAY POSSIBLE.

14 DR. HALL: I THINK BECAUSE WE'RE A RELATIVELY
15 SMALL ORGANIZATION, I THINK MY SENSE IS THAT WE DON'T
16 NEED AN EXTRA SUBCOMMITTEE, BUT THAT THE GOVERNANCE
17 SUBCOMMITTEE WOULD BE THE APPROPRIATE ONE.

18 DR. PIZZO: YEAH, I'M FINE WITH THAT.

19 DR. HALL: TO THE EXTENT WE'RE NOT FAMILIAR
20 WITH COMPENSATION ISSUES, I THINK WE WOULD CERTAINLY
21 BRING ANYTHING TO YOU THAT WOULD BE EITHER A REQUEST TO
22 DO SOMETHING UNUSUAL OR TO GO OUTSIDE THE GUIDELINES AT
23 UC. AND, IN FACT, WE HAVE TO GO TO THE ICOC AT ANY
24 RATE FOR SENIOR OFFICERS.

25 DR. PIZZO: ZACH, I TOTALLY AGREE WITH YOU.

1 I WASN'T SUGGESTING WE CREATE ANOTHER COMMITTEE. I
2 THINK THE GOVERNANCE COMMITTEE CAN DO IT WITH ONE
3 CAVEAT. AND THAT IS, AMY, TELL ME. I DON'T KNOW
4 WHETHER WE HAVE A COUNSEL ON THIS SUBCOMMITTEE. DO WE?

5 MR. KLEIN: AS NEEDED.

6 DR. HALL: WE HAVE SCOTT TOCHER, FOR EXAMPLE,
7 SITTING HERE AT THE MEETING AVAILABLE SHOULD WE NEED
8 HIM TODAY. WE CERTAINLY WOULD FOR ANYTHING LIKE THAT.

9 DR. PIZZO: RIGHT. EXACTLY. JUST SO WE HAVE
10 THAT AS AN ABILITY AND MECHANISM, THAT WOULD BE FINE.

11 DR. HALL: THANKS, PHIL.

12 DR. MURPHY: ZACH, CAN I JUST ASK ANOTHER
13 QUESTION? IT'S RICH AGAIN.

14 DR. HALL: PLEASE.

15 DR. MURPHY: LET'S SAY THAT WE REALLY HAVE AN
16 UNUSUAL CIRCUMSTANCE AND WE NEED TO -- THE GUIDELINES
17 THAT WE HAVE REALLY DON'T ALLOW IT. AND WE WERE ABLE,
18 FOR EXAMPLE, TO BRING IN FUNDS FROM THE OUTSIDE, LET'S
19 SAY, FROM A PHILANTHROPIC SOURCE TO GET SOMETHING DONE.
20 OF COURSE, WE WOULD ONLY DO THAT WITH FULL DISCLOSURE,
21 BUT ARE WE LIMITED FROM DOING THAT IF, IN FACT, THIS
22 PERSON IS GOING TO BE A STATE EMPLOYEE?

23 MR. KLEIN: RICH, THIS IS BOB KLEIN, IF I CAN
24 COMMENT. THE SALARY AND COMPENSATION STRUCTURE, AS HAS
25 BEEN REFERENCED EARLIER, IS BENCHMARKED OFF OF THE

1 SPECIFIC INSTITUTIONS. IN WRITING THE INITIATIVE, THE
2 INTENT WAS TO REALIZE THAT IF WE'RE GOING TO WORK WITH
3 THE BEST INSTITUTIONS IN CALIFORNIA, WE NEED TO BE
4 COMPETITIVE WITH THEM IN GETTING THE BEST EMPLOYEES TO
5 PROTECT THE STATE'S INTEREST AND THE PATIENTS'
6 INTEREST, THE RESEARCH INTEREST THAT WE'RE TRYING TO
7 ADVANCE.

8 SO THAT TO THE EXTENT THAT YOU'RE TALKING
9 ABOUT COMPENSATION AND RECRUITMENT PROGRAMS THAT ARE
10 ALREADY REPRESENTED IN OUR UNIVERSITIES, THAT ARE IN
11 THE BENCHMARK GROUP, OR ARE RESEARCH INSTITUTIONS LIKE
12 YOURS THAT ARE IN THE BENCHMARK GROUP, WE SHOULD HAVE
13 THAT DISCRETION WERE THERE TO BE A SPECIFIC
14 JUSTIFICATION AND A REASONABLE EXPLANATION, A PUBLIC
15 MEETING WITH FULL DISCLOSURE AT THE GOVERNANCE
16 COMMITTEE, AND THE PUBLIC MEETING WITH FULL DISCLOSURE
17 AT THE BOARD. BUT THEY ALL HAVE TO BE TIED BACK TO THE
18 REFERENCED INSTITUTIONS, AND I'D BE SURPRISED IF WE
19 NEEDED TO TAKE SOME ACTION THAT THEY ARE NOT ALREADY
20 TAKING FOR RECRUITMENT BECAUSE THEY'RE FACING THE SAME
21 PROBLEMS, ALTHOUGH WE DO OPERATE AT A DISADVANTAGE AND
22 THERE ARE REASONS THAT PEOPLE MIGHT WELL PREFER TO GO
23 TO THOSE INSTITUTIONS IN THAT WE HAVE A LIMITED TIME
24 HORIZON. AND AT THE MOMENT WE DON'T HAVE OUR FINAL
25 COURT VERDICT, WHICH MAKES IT EVEN MORE COMPLEX AS A

1 DECISION FOR PEOPLE TO JOIN OUR STAFF.

2 SO WE HAVE UNCERTAINTY FACTORS. IN ADDITION,
3 OUR EMPLOYEES ARE AT-WILL EMPLOYEES. THEY'RE EXEMPT
4 AND AT-WILL. THEY CAN BE TERMINATED AT ANY TIME;
5 WHEREAS, MANY INSTITUTIONS, IF YOU'RE TERMINATED FROM A
6 PARTICULAR POSITION, YOU'RE NO LONGER A DEAN, BUT YOU
7 STILL HAVE A FACULTY POSITION. SO YOU HAVE MORE
8 CERTAINTY, STABILITY, AND PROTECTION.

9 DR. PIZZO: WE DO HAVE A REDUCED
10 COMPENSATION. SO IF YOU GO FROM A DEAN TO A FACULTY
11 MEMBER, YOUR COMPENSATION IS GOING TO BE ALTERED.

12 MR. KLEIN: YOUR COMPENSATION WOULD GO DOWN,
13 BUT YOU WOULD STILL BE EMPLOYED.

14 DR. PIZZO: NO QUESTION.

15 MR. KLEIN: SO THE POINT IS THAT WE'RE
16 BENCHMARKED OFF OF THE INSTITUTIONS THAT WILL ALWAYS
17 HAVE SOME INHERENT ADVANTAGES; BUT TO THE EXTENT THAT
18 THEY REQUIRE THESE TYPES OF SPECIAL INCENTIVES FOR
19 RECRUITMENT, WITH THE RIGHT JUSTIFICATIONS AND FULL
20 DISCLOSURE AND PUBLIC HEARINGS, WE SHOULD BE ABLE TO
21 IMPLEMENT SOMETHING OF THAT TYPE.

22 DR. MURPHY: GOOD. THANK YOU VERY MUCH.

23 MR. BARNES: THIS IS WALTER AGAIN. JUST A
24 COUPLE OF COMMENTS. FIRST IS THAT I THINK I HEAR A
25 FAIRLY LARGE GROUNDSWELL FOR SOMETHING TO BE PUT ON THE

1 TABLE WITH REGARD TO THIS, SO I'D LIKE TO SUGGEST THAT,
2 IN ADDITION TO THE OTHER THINGS THAT WE'RE GOING TO BE
3 LOOKING AT, THAT WE TAKE A LOOK AT THIS, AND WE'LL COME
4 BACK TO YOU, NOT ONLY WITH THE PERFORMANCE MANAGEMENT
5 PROGRAM, COST OF LIVING RECOMMENDATIONS FOR EXCEPTIONAL
6 WORK, BUT ALSO SOMETHING WITH REGARD TO THIS AS WELL.
7 SO THAT WOULD BE INCLUDED IN THERE.

8 IN THE MEANTIME IT'S VERY CLEAR FROM THE
9 POLICY THAT WE'VE ASKED YOU TO APPROVE THAT ANYTHING
10 THAT WE WOULD PROVIDE OR REQUEST THAT GOES OUTSIDE OF
11 THE AMOUNTS THAT ARE IN HERE, WE WOULD COME BACK TO THE
12 ICOC FOR. SO IF THOSE OCCURRED IN THE MEANTIME, I
13 THINK WE'D HAVE THE ABILITY TO DO THAT. I SUSPECT IN
14 THE SHORT TERM, WE MAY NOT HAVE THAT ISSUE BECAUSE
15 WE'VE BEEN ABLE TO RECRUIT PRETTY GOOD WITH THE
16 SALARIES THAT WE HAVE BEEN ABLE TO PAY WHICH ARE
17 CONSISTENT, BY THE WAY, WITH THIS PROPOSAL HERE. AND
18 SO I THINK, HOWEVER, WHEN WE GET INTO HIRING MORE OF
19 THE SCIENTISTS AND THAT KIND OF STUFF, WE MAY NEED TO
20 HAVE SOMETHING. SO LET US COME BACK WITH THAT IF
21 THAT'S OKAY.

22 DR. PIZZO: SO WITH THAT AS BACKGROUND, IT'S
23 PHIL PIZZO SPEAKING, I'D LIKE TO MOVE THAT WE APPROVE
24 THE --

25 DR. POMEROY: NO. NOT EVERYONE HAS HAD A

1 CHANCE TO DISCUSS THIS.

2 DR. PIZZO: WE CAN DISCUSS IT. I'M JUST
3 PUTTING FORWARD A MOTION TO APPROVE. AND, OF COURSE,
4 ONCE IF IT'S SECONDED, THEN WE'LL HAVE MORE DISCUSSION.

5 MR. SERRANO-SEWELL: WELL, PHIL, THIS IS
6 DAVID IN SAN FRANCISCO. IF YOU DON'T MIND WITHDRAWING
7 THAT MOTION JUST FOR ONE MOMENT TILL WE HEAR SOME MORE
8 COMMENTS FROM YOUR COLLEAGUES, AND THEN YOU CAN
9 CERTAINLY REINTRODUCE THAT MOTION. IS THAT OKAY?

10 DR. PIZZO: I THINK I'VE INTRODUCED THE
11 MOTION. IF THERE'S NO SECOND, I THINK IT WOULD
12 AUTOMATICALLY --

13 MR. KLEIN: I'LL SECOND THE MOTION. AND THAT
14 DOESN'T STOP COMMENT OR AMENDMENTS, DAVID.

15 VICE CHAIR NOVA: OKAY. LET'S GO THROUGH
16 MORE BOARD COMMENTS. CLAIRE, I NOTE YOU'VE BEEN TRYING
17 TO SPEAK.

18 DR. POMEROY: YES, THANK YOU, TINA. I'D LIKE
19 TO FOLLOW UP ON SOME OF THE CONCERNS THAT WERE
20 EXPRESSED AT THE LAST MEETING. AND I PERSONALLY DON'T
21 THINK THEY'VE BEEN ADEQUATELY ADDRESSED BY THE
22 PROPOSALS HERE. AND I THINK THAT IT'S VERY IMPORTANT
23 TO REMEMBER THAT MY GOAL HERE IS NOT TO MEET THE LETTER
24 OF THE INITIATIVE OR THE LAW, BUT TO ANTICIPATE HOW
25 THIS IS GOING TO BE VIEWED BY THE TAXPAYERS THAT ARE

1 SUPPORTING US AND THE LEGISLATURE AND THE GENERAL
2 PUBLIC. SO I HAVE A COUPLE OF CONCERNS.

3 THE FIRST IS THAT THE RANGES REMAIN VERY
4 LARGE. SO WHEN YOU HAVE A RANGE OF A 150 TO 240,000,
5 WHAT TENDS TO HAPPEN IN THOSE INSTANCES IS THAT YOU END
6 UP AT THE HIGHER END OF THE RANGE. AND SO I HEARD SOME
7 SUGGESTIONS EARLIER THAT AT THE HIGH END, MAYBE WE
8 SHOULD HAVE A CUTOFF OF, YOU KNOW, LEVEL 4 AND ABOVE OR
9 SOMETHING, THAT THOSE INDIVIDUALS SHOULD BE LOOKED AT
10 BY THE GOVERNANCE COMMITTEE RATHER THAN US JUST BLINDLY
11 APPROVING THIS HUGE RANGE. SO THAT WOULD BE MY
12 PREFERENCE BECAUSE SOMEONE MIGHT BE WORTH 230,000, BUT
13 SOMEONE WITH LESS EXPERIENCE BUT STILL QUALIFIED MIGHT
14 NOT BE. SO I HAVE SOME DISCOMFORT THERE.

15 THE OTHER IS SOME OF THE SPECIFICS I STILL
16 HAVE SOME PROBLEMS WITH, AND THIS IS NOT TO -- I THINK
17 WE EMPHASIZED LAST TIME NOT TO ATTACK ANY SPECIFIC
18 INDIVIDUAL AT ALL. BUT IF YOU JUST START AT THE TOP
19 WITH, SAY, SOMETHING LIKE GENERAL COUNSEL, WE HAVE A
20 TOP END OF THE RANGE AT 240,000, WHICH SEEMS TO BE, YOU
21 KNOW, FAR BEYOND WHAT ANY OF THE STATE AGENCIES ARE OR
22 A UC HAVE IN THEIR RANGE. WE HAVE THINGS LIKE THE
23 CHIEF ADMINISTRATIVE OFFICER THAT, YOU KNOW, HAS GOT
24 THIS HUGE RANGE WITH THE TOP NUMBERS BEING QUITE HIGH.
25 WE HAVE A CHIEF COMMUNICATIONS OFFICER THAT GOES UP TO

1 208,000, WHICH IS TWICE WHAT, YOU KNOW, MOST OF THE
2 STATE AGENCIES GET. AND I REALLY -- AND THIRDLY, I
3 DON'T THINK WE'VE ADDRESSED THE ISSUE THAT WAS RAISED
4 LAST TIME, WHICH IS THAT FOR SOMETHING, SAY, LIKE A
5 HUMAN RESOURCE OFFICER, THE NUMBER OF EMPLOYEES
6 SUPERVISED, YOU JUST CAN'T USE THE UC RANGES FOR, SAY,
7 MY HUMAN RESOURCE OFFICER WHO'S RESPONSIBLE FOR 9,000
8 PEOPLE AND SAY THAT IT'S THE SAME JOB. SO I STILL HAVE
9 SOME SIGNIFICANT CONCERNS ABOUT HOW THESE SALARY RANGES
10 AND THE PROCESS ARE GOING TO BE PERCEIVED.

11 MR. KLEIN: CLAIRE, THIS IS BOB KLEIN. IF I
12 COULD ASK YOU A QUESTION. YOU KNOW, IN TERMS OF THIS
13 IDEA OF KEY OFFICERS COMING BEFORE THE GOVERNANCE BOARD
14 TO DETERMINE, IF THEY HAVE THE CREDENTIALS TO BE PLACED
15 WITHIN THE RANGE, YOU COULD HAVE THE RANGE AVAILABLE,
16 BUT STILL HAVE THOSE INCORPORATE YOUR SUGGESTION OF
17 HAVING KEY OFFICERS COME BEFORE THE GOVERNANCE
18 COMMITTEE SO THAT THE GOVERNANCE COMMITTEE COULD CREATE
19 THE RECORD THAT YOU'RE TALKING ABOUT ABOUT HOW THIS
20 PERSON'S CREDENTIALS ADDRESSES THE CHALLENGE,
21 UNDERSTANDING THE CHALLENGE MORE THOROUGHLY, THE SCOPE
22 OF THE JOB, WHAT -- WHETHER IT'S JUSTIFIED OR NOT
23 JUSTIFIED SO THAT THAT CREATES THE PUBLIC RECORD THAT
24 SUPPORTS THE COMPENSATION THAT IS ACTUALLY AWARDED.

25 DR. PIZZO: CLAIRE, THIS IS PHIL. I

1 WONDER -- TINA, CAN I MAKE A COMMENT AS WELL?
2 VICE CHAIR NOVA: YES. AND DAVE IS WAITING
3 FOR A COMMENT.
4 DR. PIZZO: LET DAVID GO FIRST.
5 MR. SERRANO-SEWELL: THANKS, PHIL. I SHARE
6 THE SAME CONCERNS THAT CLAIRE DOES, AND I JUST WANT TO
7 SAY GENERALLY THAT WE AREN'T KIND OF LIKE A STATE
8 AGENCY. WE ARE A STATE AGENCY. AND I CAN APPRECIATE
9 THE FLEXIBILITY THAT PROPOSITION 71 ALLOWS US. IT'S IN
10 THE STATUTE TO LOOK AT OTHER BENCHMARKS AND OTHER
11 INFORMATION; BUT AT THE END OF THE DAY, WE'VE GOT TO
12 HONESTLY LOOK AT WHAT ARE THE RESPONSIBILITIES, WHAT
13 ARE PEOPLE DOING, AND DOES IT JUSTIFY THE SALARY
14 RANGES. AND PEOPLE ARE GOING TO LOOK AT THE HIGH END.
15 I MEAN 240,000. I'LL START WITH GENERAL COUNSEL. I
16 THINK, FOR ONE USING AS AN EXAMPLE, THAT THAT BAND IS
17 FAR TOO HIGH. CLAIRE ALREADY POINTED OUT THAT NO
18 GENERAL COUNSEL AT ANY STATE AGENCY MAKES THAT KIND OF
19 MONEY, \$240,000. AND THE GENERAL COUNSEL, I SUSPECT,
20 WILL CONTRACT OUT A LOT OF SPECIALTY WORK. WE'VE
21 ALREADY DONE THAT WITH THE LITIGATION. WE'VE DONE SOME
22 CONTRACT WORK WITH ORRICK AT THE TREASURER'S REQUEST
23 AND THE ATTORNEY GENERAL'S OFFICE. AND THAT'S TRUE OF
24 ANY GENERAL COUNSEL'S OFFICE. THEY'RE GOING TO DOLE
25 OUT WORK.

1 SO, YOU KNOW, I COULD APPRECIATE HOW DYNAMIC
2 AND INNOVATIVE WE HAVE TO BE; BUT THAT BEING SAID, IN
3 MY MIND, FOR THE GENERAL COUNSEL SPOT, IT JUST DOESN'T
4 JUSTIFY THE \$240,000 RANGE. I THINK WE COULD FIND
5 OTHER -- I KNOW WE CAN FIND QUALIFIED INDIVIDUALS WHO
6 WOULD TAKE LESS SALARY FOR THE GENERAL COUNSEL SPOT.
7 AND THAT'S JUST SORT OF -- I CITE THAT AS AN EXAMPLE
8 BECAUSE I CAN APPLY IT TO ALL THE POSITIONS, MAINLY ON
9 THE ADMINISTRATIVE SIDE, I MIGHT ADD. I THINK THE
10 BANDS ARE KIND OF HIGH AND THEY'RE TOO LARGE. THOSE
11 ARE MY COMMENTS.

12 DR. PIZZO: GREAT.

13 DR. HALL: LET ME JUST MAKE A POINT OF
14 INFORMATION, TWO POINTS ACTUALLY. THE FIRST IS JUST TO
15 BE SURE THAT WHAT EVERYBODY UNDERSTANDS THAT WHAT'S
16 BEING PROPOSED IS THE ONE, TWO, THREE, FOURTH COLUMN
17 OVER, PROPOSED SALARY, 40 PERCENT SALARY RANGE. I MAY
18 HAVE MISUNDERSTOOD, CLAIRE, BUT I THOUGHT YOU MADE A
19 REFERENCE THAT MADE ME THINK YOU MIGHT BE LOOKING AT
20 THE COLUMN TO THE LEFT, BUT IT'S THAT ONE.

21 AND THE OTHER POINT IS JUST TO SAY THAT THE
22 RANGES ACTUALLY ARE DONE FORMULAICALLY, AND WE COULD
23 CERTAINLY CHANGE THAT. THAT IS, WE SET THE MINIMUM
24 SALARY, AND THEN THE RANGE IS 40 PERCENT OF THAT, WHICH
25 IS AN ACCEPTED WAY OF DOING IT IN SORT OF THE PERSONNEL

1 BUSINESS. WE COULD, HOWEVER, CONSTRICT THAT JUST BY A
2 SIMPLE FORMULA, WHICH WOULD BE FAIRLY SIMPLE TO DO IF
3 YOU BELIEVE WE SHOULD DO THAT.

4 DR. PIZZO: TINA, THIS IS PHIL. CAN I SPEAK
5 NOW?

6 VICE CHAIR NOVA: PLEASE.

7 DR. PIZZO: OKAY. FIRST OF ALL, I UNDERSTAND
8 WHERE DAVID AND CLAIRE ARE, AND I'M NOT REALLY IN
9 DISAGREEMENT WITH THEM, WITH THE CONCERNS THAT THEY'RE
10 PUTTING FORWARD. LET ME JUST GIVE YOU A LITTLE BIT OF
11 THE REASONING THAT I'M GOING THROUGH IN TERMS OF WHERE
12 I'M AT. FIRST OF ALL, I THINK THAT THE BREADTH OF THE
13 RANGE IS CERTAINLY OPEN FOR DISCUSSION, BUT THE REASON
14 THAT I PREFER TO HAVE A RANGE THAT GOES FROM LOW TO
15 HIGHER IS THAT THAT GIVES US A LOT OF FLEXIBILITY
16 OBVIOUSLY AND AVOIDS US HAVING TO COME FORWARD WITH
17 ABOVE-THE-RANGE REQUESTS IF WE HAVE INDIVIDUALS WHO WE
18 REALLY NEED TO RECRUIT IN THAT AREA. SO I THINK THAT
19 THAT'S ONE ISSUE THAT TO ME IS IMPORTANT.

20 THE SECOND IS WHEN YOU'RE LOOKING AT THE
21 COMPARISON BETWEEN THE STATE AND THE CIRM OR A PRIVATE
22 ORGANIZATION, A FOUNDATION IN RELATION TO CIRM,
23 COMPENSATION MEANING SALARY AS ONE ELEMENT, I DON'T
24 KNOW THE STATE AS WELL AS I PERHAPS SHOULD, BUT I THINK
25 THAT THE BENEFIT PACKAGES ALSO HAVE A SIGNIFICANT

1 IMPACT ON THE POSITIONS IN TERMS OF LONGEVITY, IN TERMS
2 OF RELATIVE SECURITY, IN TERMS OF OTHER ELEMENTS. AND
3 THOSE PLAY A BIG ROLE IN INDIVIDUALS TAKING A POSITION.

4 I CAN JUST SPEAK JUST FOR A VERY BRIEF MOMENT
5 PERSONALLY ABOUT THIS BECAUSE I WORKED FOR A LARGE
6 PUBLIC AGENCY CALLED THE U.S. GOVERNMENT, THE NATIONAL
7 INSTITUTES FOR HEALTH, FOR A VERY LONG TIME WHERE
8 COMPENSATION WAS ACTUALLY QUITE LOW IN RELATIONSHIP TO
9 ANY OTHER SECTOR, BUT SECURITY WAS REASONABLY HIGH AND
10 THAT MADE A BIG DIFFERENCE IN PEOPLE'S WILLINGNESS TO
11 SERVE IN THAT CAPACITY.

12 SO I THINK WE NEED TO LOOK AT COMP IN TERMS
13 OF THESE OTHER ELEMENTS AS WELL. I AM OPEN TO THE
14 CONCEPT OF WHERE THE RANGE SHOULD BE. I THINK THAT ONE
15 OTHER THING THAT WE'VE DONE AT STANFORD, AT LEAST
16 WITHIN THE SCHOOL, IS THAT WE HAVE RANGES FOR EACH
17 FACULTY LEVEL, MAYBE THIS IS TRUE ALSO IN OTHER SCHOOLS
18 AS WELL, AND ACCORDING TO SPECIALTY. SO WE HAVE A
19 WHOLE BUNCH OF RANGES. THERE ARE ABOUT SEVEN OF THEM,
20 AND THEN THEY ARE FURTHER CATEGORIZED ACCORDING TO
21 LEVEL, AND THEN WE SET SOME MINIMUMS OR THRESHOLDS.
22 AND IF SOMEONE GOES OVER A THRESHOLD EVEN WITHIN A
23 RANGE, WE'LL GO FORWARD FOR A SPECIAL REVIEW, AND
24 ALWAYS WE WOULD LOOK AT SOMEONE WHO GOES ABOVE RANGE.
25 WE TRY TO MINIMIZE THE ABOVE-RANGE REQUESTS, WHICH IS

1 WHY I LIKE THE IDEA OF HAVING SOMETHING HIGH ENOUGH SO
2 THAT WE DON'T HAVE TO DO THAT.

3 MR. KLEIN: THIS IS BOB KLEIN. TINA, COULD I
4 COMMENT AS WELL?

5 VICE CHAIR NOVA: PLEASE.

6 MR. KLEIN: IN THE GENERAL COUNSEL'S
7 POSITION, SPEAKING FROM THE PERSPECTIVE OF AN ATTORNEY,
8 WHICH ONE NEEDS TO RECOGNIZE THAT OUTSIDE OF LEGAL AID
9 I'M NOT A PRACTICING ATTORNEY, BUT AN ATTORNEY AS
10 CONSUMER OF OTHER ATTORNEY'S PRODUCTS. IT'S VERY CLEAR
11 THAT WE NEED AN EXTRAORDINARY SCOPE OF EXPERIENCE AND
12 KNOWLEDGE OR AT LEAST ABILITY IN WHOEVER THE GENERAL
13 COUNSEL IS. NOT ONLY DO THEY NEED TO KNOW GOVERNMENTAL
14 LAW, THEY NEED TO KNOW LITIGATION IN THAT OUR MEDICAL
15 AND ETHICAL STANDARDS AND OTHER PORTIONS OF OUR WORK
16 WILL CERTAINLY BE SUBJECT TO LITIGATION. THEY NEED TO
17 BE FAMILIAR WITH THE PATENT RIGHTS, PATENT POOLING, IP
18 AGREEMENTS FOR NONPROFITS, IP AGREEMENTS FOR
19 FOR-PROFITS, BRAND NEW TERRITORY THAT IS THE STATE OF
20 THE ART IN THE COUNTRY, IF NOT THE WORLD. THEY NEED TO
21 BE AWARE ON AN INTERNATIONAL LEVEL OF WHAT'S HAPPENING
22 WITH IP AND RECIPROCITY ISSUES.

23 THE SCOPE THAT NEEDS TO BE ACCOMPLISHED HERE
24 IS CONSTRAINED -- I MEAN IS DEMANDED OF ONE OR TWO
25 PEOPLE MAXIMUM IN THIS DEPARTMENT. IN A NORMAL STATE

1 AGENCY, YOU MIGHT HAVE EIGHT DIFFERENT PEOPLE HANDLING
2 THIS TASK WITH EACH ONE HAVING A SPECIALTY THAT THEY
3 HAVE DEVELOPED SO THEY COULD BE AT A MUCH EARLIER PLACE
4 IN THEIR CAREER. SO TO GET ALL THIS COMES TRAINING
5 ACCESS FOR PEOPLE WHO CAN MANAGE SPECIALIZED ATTORNEYS
6 AND MAKE REASONED AND HIGHLY IMPORTANT JUDGMENT AND
7 ADVICE TO THE BOARD AND TO THE PRESIDENT AND TO THE
8 PRESIDENT'S SCIENTIFIC OFFICERS AND BE ABLE TO DRIVE
9 THE CREATION OF WHOLE NEW DOCUMENTS IS AN EXTRAORDINARY
10 TASK. YEARS FROM NOW WHEN THIS IS NOT IN FORMATION
11 STAGE, WHEN IT IS NOT THE STATE OF THE ART FOR THE
12 WORLD, WE MAY HAVE A DIFFERENT LEVEL OF CHALLENGE
13 BECAUSE THE DOCUMENTARY HISTORY AND PROTOCOLS AND
14 PROCESSES MAY BE WELL ESTABLISHED.

15 THIS IS DRIVING AN ENTIRE NEW FIELD, A
16 PIONEERING FIELD OF MEDICINE AND THERAPY DEVELOPMENT.
17 IN INDUSTRY OR IN FOUNDATIONS, THOSE REQUIRE
18 EXCEPTIONAL TALENTS, AND WE ARE IN A MARKET WHERE WE
19 HAVE TO RECRUIT THE BEST AND THE BRIGHTEST TO PROTECT
20 PATIENTS, TO PROTECT THE STATE, AND TO ADVANCE RESEARCH
21 ON AN ACCOUNTABLE BASIS WITH THE GREATEST DEGREE
22 POSSIBLE.

23 DR. HALL: TINA, MAY I MAKE ONE SUGGESTION
24 THAT MIGHT OFFER A SORT OF COMPROMISE HERE THAT MIGHT
25 BE HELPFUL JUST FOR DISCUSSION?

1 VICE CHAIR NOVA: PLEASE.

2 DR. HALL: ALEXANDRA TELLS ME THAT FOR MOST
3 ORGANIZATIONS THE RANGE RUNS ANYWHERE FROM 40 TO 80 TO
4 SOMETIMES A HUNDRED, AND THAT THE 40 PERCENT IS RATHER
5 CONSERVATIVE. EVEN SO, IF WE WERE TO DROP THAT TO A
6 50-PERCENT RANGE, IT WOULD CHANGE, FOR LEVELS 7 THROUGH
7 10, IT WOULD CHANGE THE TOP END FIGURE TO 412 IN LEVEL
8 10, TO 270 IN LEVEL 9. GENERAL COUNSEL WOULD BE --
9 SORRY -- CHIEF SCIENTIFIC OFFICER WOULD BE 270; GENERAL
10 COUNSEL WOULD BE 225; DIRECTOR OF SCIENTIFIC ACTIVITIES
11 210; CHIEF ADMINISTRATIVE OFFICER THE SAME; DEPUTY TO
12 THE VICE CHAIR 195; CHIEF COMMUNICATIONS OFFICER AND
13 CHIEF OF STAFF TO THE CHAIR BOTH 195.

14 SO THAT WOULD -- WHAT DRAWS FIRE HERE, AND I
15 THINK WE'RE ALL SENSITIVE TO THE DAILY HEADLINES ABOUT
16 COMPENSATION FOR PUBLIC EMPLOYEES, IS OBVIOUSLY THE TOP
17 END. NOBODY IS COMPLAINING ABOUT THE BOTTOM END. AND
18 I THINK THAT MIGHT BOTH PRESERVE THE FLEXIBILITY THAT
19 PHIL PIZZO QUITE RIGHTLY FEELS THAT WE NEED AND I
20 BELIEVE THAT'S SO AS WELL, BUT I'M ALSO SENSITIVE TO
21 CLAIRE AND DAVID'S SENSE THAT THE PUBLIC PERCEPTION OF
22 THIS IS A MATTER WE HAVE TO TAKE VERY SERIOUSLY.

23 LET ME POINT OUT THAT WE ARE NOT USING THE
24 TOP END -- I MEAN WE HAVE NOBODY AT THE TOP END OF THE
25 RANGE. AND IN FACT, THE RANGES ARE ALL DONE SO THAT WE

1 CAN FEEL THAT WE CAN RECRUIT COMFORTABLY WITHIN THOSE
2 RANGES USING, I THINK, ROUGHLY MIDDLELEVEL POSITIONS. I
3 THINK IF WE WERE TO GO OUT AND APPOINT THREE PEOPLE AT
4 THE TOP END, I THINK THIS WOULD BE VERY BAD FOR US. I
5 THINK WE CAN LIVE WITH THOSE RANGES, AND I WOULD
6 SUGGEST THAT AS A POSSIBLE COMPROMISE AND OPEN IT AS A
7 TOPIC FOR DISCUSSION.

8 DR. POMEROY: ZACH, THIS IS CLAIRE. IN THE
9 INTEREST OF TRYING TO RESOLVE THIS, I APPRECIATE THAT
10 SUGGESTION. I WOULD ADD ONE MORE SORT OF TWIST ON IT
11 FOR THE GROUP TO CONSIDER. WHAT IF WE MADE THE RANGE
12 50 PERCENT AND WE SAID THAT THE GOVERNANCE COMMITTEE
13 WOULD REVIEW THE SPECIFIC COMPENSATION TO BE OFFERED
14 WHEN THE INDIVIDUAL IS IDENTIFIED AT LEVEL 4 AND ABOVE?

15 DR. HALL: CAN WE MAKE THAT LEVEL 7 AND
16 ABOVE? LET ME ASK JUST ONE OTHER THING. I'M WILLING
17 TO DO THAT. WE ARE ACTUALLY CURRENTLY RECRUITING FOR A
18 CHIEF COMMUNICATIONS OFFICER AT LEVEL 7, AND WILL SOON
19 BE RECRUITING FOR ANOTHER POSITION A LITTLE BIT HIGHER.
20 BUT THE ISSUE THAT I WANTED TO RAISE IS AS LONG AS --
21 THE AWKWARDNESS IS HAVING TO GO BACK TO THE GOVERNANCE
22 COMMITTEE BEFORE WE DISCUSS COMPENSATION. AND IF THERE
23 IS A MECHANISM FOR US TO HAVE A TELEPHONE MEETING AND
24 GET A QUICK OKAY ON THIS, I'M HAPPY TO DO THAT. IF WE
25 HAVE TO WAIT FOR THE REGULAR MEETING OF THE GOVERNANCE

1 COMMITTEE, I THINK THIS COULD KILL US.

2 DR. PIZZO: I WONDER IF I CAN MAKE A FRIENDLY
3 MODIFIER TO CLAIRE'S SUGGESTION. I THINK I KNOW WHAT
4 YOU'RE TRYING TO DO, CLAIRE. I ACCEPT ZACH'S COMMENT
5 ABOUT TRYING TO LOWER THE RANGE. WHAT IF THERE WAS A
6 THRESHOLD NUMBER THAT WOULD BE REVIEWED SO THAT IF
7 SOMEONE WERE, WHAT, I'LL JUST GIVE AN ARBITRARY
8 PERCENTAGE, 75 OR 80 PERCENT OF THE UPPER END OF THE
9 RANGE, THAT THEY WOULD COME TO THE COMMITTEE SO THAT WE
10 HAVE A WAY OF DEFINING WHICH INDIVIDUALS WOULD COME SO
11 WE WOULD ADDRESS THIS CONCERN. WE'D HAVE KIND OF A
12 CHECK ON THAT BALANCE, BUT STILL HAVE THE FLEXIBILITY
13 OF HAVING A BROAD ENOUGH RANGE THAT WILL ALLOW US TO DO
14 THINGS SUCCESSFULLY?

15 MR. KLEIN: AND, CLAIRE, LET ME ALSO, IF I
16 COULD, THIS IS BOB KLEIN, ASK A QUESTION, TRYING TO BE
17 SENSITIVE TO ZACH'S NEEDS. SINCE THE BOARD WILL ONLY
18 MEET EVERY TWO MONTHS, WOULD IT BE APPROPRIATE IF IT
19 WERE NOT IN LEVEL 9, FOR EXAMPLE, IN THE TOP LEVEL, TO
20 HAVE THIS COME BACK -- ALLOW THEM TO DISCUSS THE RANGE
21 AND REACH A PRELIMINARY AGREEMENT AND COMPENSATION JUST
22 IF THE CONFIRMATION PROCESS WITH THE GOVERNANCE
23 COMMITTEE SO THAT HE WOULDN'T HAVE TO WAIT FOR A BOARD
24 MEETING EXCEPT AT THE VERY HIGHEST LEVELS?

25 DR. PIZZO: BUT I THINK I CAN JUST TELL YOU

1 THE WAY THAT WE DO IT, WHICH IS THAT WE HAVE AS I
2 DESCRIBE RANGES AND WE HAVE LIMITS, THAT WHEN THEY'RE
3 EXCEEDED HAVE TO GO BEFORE THE BOARD. WHEN WE MAKE AN
4 OFFER AND SOMEONE -- WE KNOW THAT PERSON IS GOING TO
5 HAVE TO GO TO THE BOARD, WE MAKE IT CONTINGENT UPON THE
6 BOARD REVIEW. SO THE LETTER WILL SAY THIS IS YOUR
7 SALARY CONTINGENT UPON APPROVAL BY THE BOARD OF
8 TRUSTEES.

9 NOW, IN A SENSE WE ALREADY HAVE A REASONABLE
10 SENSE AS TO WHETHER THAT'S GOING TO MAKE IT AT THAT
11 LEVEL, SO WE DO A LITTLE PRELIMINARY DISCUSSION, BUT IT
12 IS THE FLEXIBILITY AND ALSO THE COVER SO THAT WE ARE
13 ALSO COGNIZANT THAT WE MIGHT NOT BE MEETING EXCEPT ON A
14 QUARTERLY BASIS -- THE BOARD MAY NOT BE MEETING ON A
15 QUARTERLY BASIS, AND YET WE'LL HAVE TO MAKE OFFERS IN
16 BETWEEN.

17 SO I THINK WHAT I'M GETTING AT IS THE
18 FLEXIBILITY OF A RANGE, A CONTROL ON THE RANGE IN TERMS
19 OF WHO WOULD HAVE TO BE APPROVED, A CONDITIONAL LETTER
20 OF EMPLOYMENT THAT SAYS THIS IS LIKELY WHERE IT'S GOING
21 TO BE, BUT THE EMPLOYEE KNOWS, THE POTENTIAL EMPLOYEE
22 KNOWS, THAT THEIR EMPLOYMENT IS CONTINGENT UPON THAT
23 REVIEW TAKING PLACE.

24 DR. HALL: PHIL, COULD I ASK IF THAT WERE TO
25 APPLY FOR ANYTHING WITHIN THE UPPER 20 PERCENT OF THE

1 RANGE?

2 DR. PIZZO: RIGHT.

3 DR. HALL: THAT WOULD BE VERY HELPFUL; THAT
4 IS --

5 DR. PIZZO: THAT'S WHAT I'M SUGGESTING.

6 DR. HALL: ANYTHING OVER, LET'S SAY, 1.4 OF
7 THE MINIMUM HAS TO GET SPECIFIC APPROVAL, AND WE WOULD
8 GIVE A CONTINGENT OFFER.

9 DR. PIZZO: THAT'S PRECISELY WHAT I WAS
10 SAYING. I THINK THAT'S THE NUMBER THAT I USED.

11 DR. HALL: EXCELLENT. THANK YOU.

12 DR. POMEROY: CAN I JUST COMMENT BECAUSE SOME
13 OF US ARE SORT OF ATTUNE TO THIS BECAUSE OF THE RECENT
14 UC THING. THE WAY UC IS NOW GOING TO DO THIS IS THAT
15 ANY SALARY OVER 148,000 WILL REQUIRE PREAPPROVAL BY THE
16 REGENTS. SO I JUST WANT YOU TO BENCHMARK AGAINST WHAT
17 THE PUBLIC EXPECTATION IS.

18 DR. PIZZO: YEAH. GOT IT.

19 DR. POMEROY: YOU KNOW, MAYBE THERE'S SOME
20 OTHER SOLUTIONS. I MEAN I WOULD BE HAPPY, YOU KNOW,
21 SORT OF AN EXECUTIVE COMMITTEE OF THE GOVERNANCE
22 COMMITTEE. IT'S GETTING SORT OF FRACTIONATED, BUT, YOU
23 KNOW, IF TINA AND, YOU KNOW, ONE OTHER MEMBER OF THE
24 COMMITTEE WAS WILLING TO SORT OF DO A PREREVIEW, MAYBE
25 WE COULD EXPEDITE IT WITH SOMETHING LIKE THAT.

1 DR. PIZZO: RIGHT. CLAIRE, JUST IN PRACTICE,
2 BECAUSE WE DO HAVE, I THINK, A PRETTY FUNCTIONAL SYSTEM
3 IN OUR INSTITUTION, WHEN I BRING SOMEONE FORWARD AND I
4 KNOW THEY'RE GOING TO BE, QUOTE, IN A HIGH RANGE AND
5 THEY'RE GOING TO HAVE TO GO TO THE COMP COMMITTEE, I
6 ALWAYS HAVE A DISCUSSION IN MY CASE WITH THE PROVOST IN
7 ADVANCE TO DETERMINE WHETHER OR NOT THIS IS GOING TO
8 FLY. AND THAT THEN GIVES ME THE COMFORT. IT'S NOT AN
9 APPROVAL, BUT IT GIVES ME THE COMFORT TO KNOW WHERE WE
10 ARE.

11 SO WHAT YOU'RE SUGGESTING IS, I THINK, A GOOD
12 IDEA. THERE COULD BE A SUBGROUP OF THE GOVERNANCE
13 COMMITTEE THAT ZACH COULD TURN TO AND THAT COMMITTEE
14 COULD RAPIDLY SAY, WELL, WE THINK THIS IS GOING TO MAKE
15 IT OR NOT, BUT WE CAN'T OBVIOUSLY AFFIRM IT UNTIL IT'S
16 GONE BEFORE THE FULL COMMITTEE. AND THEN BEFORE THE --
17 I GUESS BEFORE THE FULL ICOC ON THE RECOMMENDATION OF
18 THE GOVERNANCE COMMITTEE.

19 MR. KLEIN: LET ME ASK ABOUT THAT, THAT LAST
20 COMMENT. ZACH IS IN A HIRING MODE, SO WE'RE TRYING TO
21 BUILD AN AGENCY HERE. AND OTHER THAN MAYBE LEVEL 9 OR
22 10, DO WE NEED TO GO TO THE ICOC FOR CONFIRMATION?

23 DR. POMEROY: I DON'T THINK SO.

24 DR. PIZZO: NO. I WAS RAISING THAT ONLY FOR
25 COMPLETENESS; BUT IF WE DON'T HAVE TO DO THAT LEGALLY,

1 I'D BE THRILLED.

2 MR. KLEIN: SO IF WE'RE WITHIN OUR RANGE,
3 CLAIRE, WOULD IT BE ACCEPTABLE TO YOU TO COME BACK TO
4 THE GOVERNANCE COMMITTEE AND, AS YOU SAID, CLAIRE,
5 PERHAPS SHERRY LANSING AND TINA NOVA, THE CHAIR AND
6 VICE CHAIR OF THE GOVERNANCE COMMITTEE, COULD ACT AS A
7 SOUNDING BOARD FOR ZACH.

8 DR. HALL: OR EVEN ADD PHIL AND CLAIRE TO
9 THAT. I'D BE HAPPY TO DO THAT IF THEY WERE WILLING.

10 DR. PIZZO: I'M HAPPY TO DO IT. I
11 UNFORTUNATELY HAVE A LOT OF EXPERIENCE WITH THIS. I'D
12 ACTUALLY MAKE ONE OTHER RECOMMENDATION FOLLOWING BOB'S
13 COMMENT. AND I THINK THIS MIGHT BE A PROTECTION FOR
14 US, THAT IF EVER THERE WAS A REQUEST FOR COMPENSATION
15 THAT, QUOTE, EXCEEDED THE RANGE, THAT THAT WOULD
16 REQUIRE A REVIEW BY THE ICOC. SO THAT ACTUALLY
17 DEMONSTRATES A FIRMER RESOLVE TO THIS AND ANOTHER CHECK
18 ON THAT.

19 MR. KLEIN: I THINK THAT'S IN LINE WITH DR.
20 MURPHY'S COMMENTS, THAT IF THERE'S ANY SPECIAL
21 RECRUITMENT OR WE NEED TO TAKE IT ALL THE WAY TO THE
22 BOARD.

23 DR. PIZZO: IT'S A STEPWISE WAY, RIGHT,
24 BECAUSE WHAT WE'RE SUGGESTING IS THAT RIGHT NOW WE HAVE
25 A RANGE THAT THE GOVERNANCE COMMITTEE AND ZACH COULD

1 WORK WITH. IF IT EXCEEDS, YOU KNOW, THE 80-PERCENT
2 LEVEL OF THAT RANGE, THAT'S GOING TO COME TO THE -- IN
3 A STEPWISE WAY FIRST TO A SUBGROUP FOR QUICK REVIEW AND
4 THEN TO THE GOVERNANCE COMMITTEE. BUT IF FOR WHATEVER
5 REASON SOMEONE, YOU KNOW, FELL OUT OF HEAVEN AND, YOU
6 KNOW, THIS WAS THE MOST SPECTACULAR PERSON THAT WE
7 COULD EVER FIND AND WE TRULY NEEDED THAT PERSON, AND
8 THAT PERSON EXCEEDED THE RANGE THAT WE'VE DEFINED,
9 RECOGNIZING THAT THE RANGE HAS BEEN SET A BIT LOWER,
10 THAT WOULD HAVE TO GO TO THE ICOC.

11 MR. KLEIN: DOES THAT MAKE SENSE, CLAIRE, TO
12 YOU?

13 DR. HALL: LET ME MAKE A QUICK POINT. SCOTT
14 TOCHER, OUR LEGAL COUNSEL, IS HERE, AND SAYS THAT FOR
15 BAGLEY-KEENE REASONS, WE COULD GO TO THE TWO CO-CHAIRS;
16 BUT IF WE ADD MORE PEOPLE, WE'RE IN VIOLATION; IS THAT
17 CORRECT, SCOTT?

18 MR. TOCHER: RIGHT. IT WOULD BE SUBJECT TO
19 THE BAGLEY-KEENE REQUIREMENTS OF NOTICE AND OPEN
20 MEETING, BUT YOU COULD HAVE AN ADVISORY BODY THAT
21 CONSISTS OF JUST TWO OF THE MEMBERS, AND THAT WOULD BE
22 PERMISSIBLE UNDER BAGLEY-KEENE.

23 DR. HALL: OKAY. SO THEN I THINK WE SHOULD
24 STICK WITH OUR TWO CO-CHAIRS.

25 DR. PIZZO: I'LL HAPPILY DEFER TO THAT.

1 DR. MURPHY: BUT, ZACH, THAT REALLY, THEN, IS
2 FOR INFORMATION ONLY BECAUSE IF YOU'RE GOING TO TINA
3 AND SHERRY, I THINK THAT THEY WOULD PROBABLY BE
4 UNCOMFORTABLE GIVING YOU ADVICE WITH THE KNOWLEDGE THAT
5 IT WAS ADVICE THAT YOU COULD REALLY GO TO THE BANK ON.
6 IF I WERE ONE OF THEM, I WOULD BE UNCOMFORTABLE WITH
7 THAT. AND FRANKLY, IF I WERE YOU AS THE CEO, I WOULD
8 BE UNCOMFORTABLE RELYING ON THEIR GUIDANCE AT THAT
9 LEVEL. I THINK WE'RE ADDING A LEVEL OF BUREAUCRACY AND
10 INSECURITY HERE IN ALL PARTS THAT COULD COME BACK TO
11 BITE PEOPLE.

12 DR. HALL: MY SENSE IS THAT I'M HAPPY TO DO
13 IT. THAT'S AN EASY ONE FOR ME. AND LET ME JUST SAY
14 THAT, AGAIN, I THINK WE'RE GOING TO BE RECRUITING IN
15 THE TOP 20 PERCENT OF THE RANGE RELATIVELY RARELY. AND
16 WE'LL GO OVER THE RANGE EVEN MORE RARELY. THAT REALLY
17 WILL BE A HEAVENLY EVENT, AS PHIL PIZZO DESCRIBES IT.
18 SO THAT I SEE IN THOSE ISSUES I'M QUITE HAPPY, THEN, TO
19 CONFER WITH THE TWO CO-CHAIRS; AND WITH THEIR
20 AGREEMENT, THEN, WE WOULD TRY TO GET A QUICK MEETING OF
21 THE GOVERNANCE SUBCOMMITTEE TO APPROVE IT. AND THEN IF
22 I UNDERSTAND CORRECTLY, THAT WILL BE -- THAT WILL
23 EMPOWER US TO MAKE THE OFFER EXCEPT FOR POSITIONS AT
24 LEVEL 9 AND 10, WHICH WILL NEED TO GO TO THE FULL ICOC
25 FOR ALL OFFERS, DO YOU WANT TO SAY, OR FOR THE TOP 20

1 PERCENT. I'M JUST A LITTLE CONFUSED ABOUT WHERE THAT
2 WENT.

3 I NEED -- AMY DUROSS, I HOPE YOU'RE TRACKING
4 ALL THESE SUGGESTIONS SO THAT SOMEBODY CAN READ A
5 COHERENT ACCOUNT OF WHAT --

6 MR. KLEIN: AMY, COULD YOU COMMENT ON THAT?

7 MS. DU ROSS: I WAS JUST GOING TO MAKE THE
8 POINT OF INFORMATION THAT ALL OF THE ACTIVITIES AT THE
9 GOVERNANCE SUBCOMMITTEE DO GO BEFORE THE BOARD IN THE
10 FORM OF AN UPDATE. SO I MEAN THERE IS -- THIS
11 INFORMATION DOES HAVE SEVERAL DIFFERENT AREAS OR
12 SEVERAL DIFFERENT VENUES IN WHICH IT IS AIRED.

13 DR. HALL: AN UPDATE IS ONE THING, BUT
14 REQUIRING ACTION OF THE BOARD, AS I UNDERSTOOD, WAS
15 ONLY GOING TO BE TRUE FOR OFFERS AT LEVELS 9 AND 10.
16 WHAT I DIDN'T UNDERSTAND WAS WHETHER THOSE WERE ALL
17 OFFERS AT THOSE LEVELS OR OFFERS IN THE TOP 20 PERCENT
18 OF THE RANGE.

19 MR. KLEIN: WELL, WHY DON'T WE ASK DR. PIZZO
20 IF THAT'S HOW HE IS MODIFYING HIS MOTION.

21 DR. PIZZO: RIGHT. I WAS THINKING ONLY FOR
22 PEOPLE WHO WERE ABOVE THE -- EXCEEDED THE 80 PERCENT.

23 DR. HALL: TO GO TO THE FULL ICOC.

24 DR. PIZZO: RIGHT.

25 DR. HALL: NO.

1 DR. PIZZO: NO. GO TO GOVERNANCE COMMITTEE.

2 DR. HALL: AT ALL LEVELS PEOPLE EXCEEDING 80
3 PERCENT OF THE RANGE WILL GO TO THE GOVERNANCE
4 COMMITTEE.

5 MS. DU ROSS: I HEARD --

6 DR. HALL: SOMEBODY HAD SUGGESTED FOR LEVELS
7 9 AND 10 GOING TO THE FULL ICOC. AND I JUST WANTED
8 TO -- MAYBE I MISHEARD.

9 MR. KLEIN: THAT'S ONLY EXCEEDING THE RANGE.

10 DR. PIZZO: RIGHT. THAT'S WHAT -- I HAD
11 SPOKEN ONLY IF IT EXCEEDED THE DEFINED RANGES.

12 DR. HALL: OKAY. EXCELLENT. AND THAT WOULD
13 TAKE CARE OF RICH MURPHY'S CONCERN AS WELL.

14 DR. PIZZO: RIGHT.

15 MS. DU ROSS: CAN WE JUST CLARIFY, THOUGH,
16 WHICH LEVELS BECAUSE I UNDERSTAND DR. POMEROY WAS
17 TALKING ABOUT 4 THROUGH 10 AND THEN ZACH A COUNTER
18 RECOMMENDATION FOR 7 THROUGH 10 FOR THE 80 PERCENT AND
19 ABOVE RANGES.

20 MR. KLEIN: WELL --

21 MR. BARNES: MAYBE IT WOULD BE GOOD. WE HAVE
22 THE MOTION ON THE FLOOR TO JUST ACCEPT THIS, SO MAYBE
23 ASK SOMEBODY TO JUST LAY OUT THE SPECIFIC CHANGES TO
24 THAT MOTION.

25 MR. KLEIN: TINA, DO YOU WANT TO ASK DR.

1 PIZZO IF HE WANTS TO MODIFY THE MOTION?

2 DR. PIZZO: YES. DR. PIZZO WILL HAPPILY
3 MODIFY THE MOTION. THE MOTION WOULD READ TO ACCEPT THE
4 RECOMMENDATIONS WITH THE FOLLOWING QUALIFICATIONS:
5 THAT THE RANGE BE REDUCED TO 50 PERCENT RANGE, 40
6 PERCENT --

7 DR. HALL: FOR ALL POSITIONS.

8 DR. PIZZO: FOR ALL POSITIONS, RIGHT.
9 SECONDLY, THAT FOR INDIVIDUALS WHO EXCEED 80 PERCENT OF
10 A DEFINED RANGE, THAT THEY WOULD COME BEFORE THE
11 GOVERNANCE COMMITTEE.

12 DR. POMEROY: FOR ALL LEVELS OR JUST 4
13 THROUGH 10, PHIL?

14 DR. HALL: SEVEN THROUGH 10.

15 DR. PIZZO: I DON'T UNDERSTAND WHY IT SHOULD
16 BE 7 THROUGH 10 VERSUS 4 THROUGH 10.

17 DR. HALL: MAKE IT SIX.

18 DR. PIZZO: I'M HAPPY WITH SIX MYSELF.

19 DR. HALL: OKAY.

20 DR. PIZZO: THAT WOULD BE GOOD. AND THAT IF
21 ANY INDIVIDUAL EXCEEDED THE UPPER LIMIT OF ANY DEFINED
22 RANGE, THAT THEY WOULD GO BEFORE THE ICOC AFTER REVIEW
23 BY THE GOVERNANCE COMMITTEE.

24 DR. HALL: EXCELLENT.

25 VICE CHAIR NOVA: OKAY. I THINK THAT SOUNDS

1 GOOD. SO ARE THERE ANY MORE COMMENTS ON THIS MOTION
2 FROM ANY OF THE BOARD MEMBERS? RECHECK AT CIRM?

3 MR. SERRANO-SEWELL: THANKS, TINA AND MY
4 COLLEAGUES FOR HAVING THIS CONVERSATION. I HAVE A
5 GREATER COMFORT LEVEL IN SUPPORTING THIS. BUT THAT
6 BEING SAID, I DON'T THINK WE'VE HAD A FULL DISCUSSION,
7 AND I DON'T THINK WE'RE GOING TO HAVE IT NOW BECAUSE WE
8 NEED TO MOVE ON. AND THAT IS WHETHER THESE POSITIONS,
9 YOU CAN PICK ANY ONE OF THE POSITIONS, BECAUSE I THINK
10 THE SALARY COMPARISONS WERE VERY GOOD AND HELPFUL,
11 OKAY, THE SALARY COMPARISONS, BUT THE JOB NEEDS
12 COMPARISONS TO JUSTIFY THE SALARY. I DON'T KNOW IF WE
13 HAD A DISCUSSION ON THAT TOPIC, BUT I'LL JUST SAVE THAT
14 FOR ANOTHER DAY BECAUSE I KNOW WE NEED TO MOVE ON.

15 VICE CHAIR NOVA: OKAY. HOW ABOUT AT
16 BURNHAM, JOHN REED?

17 DR. REED: I'M SORRY. I HAVE NO QUESTIONS.
18 THERE IS ONE PERSON HERE. DO YOU HAVE ANY QUESTIONS?
19 NO, NONE HERE.

20 VICE CHAIR NOVA: STANFORD?

21 MR. KLEIN: THIS IS BOB KLEIN. I'D LIKE TO
22 ALSO MODIFY MY SECOND TO CONFORM TO THE MODIFIED MOTION
23 FROM DR. PIZZO.

24 VICE CHAIR NOVA: TERRIFIC. AND DAVIS?

25 DR. POMEROY: NO COMMENTS.

1 VICE CHAIR NOVA: OKAY. LET ME JUST RECHECK
2 FOR PUBLIC COMMENTS AT -- IS THERE ANY PUBLIC AT
3 BURNHAM?

4 DR. REED: EVIDENTLY NOT.

5 VICE CHAIR NOVA: OKAY. STANFORD?

6 MR. REED: YES. TWO THOUGHTS. FIRST OF ALL,
7 ARE WE GOING TO FULLY DISCUSS THE INCENTIVE PROGRAM OR
8 WE'RE NOT GOING TO DISCUSS THAT NOW? OKAY.

9 VICE CHAIR NOVA: I DON'T THINK WE'RE
10 PREPARED FOR THAT AT THIS POINT IN TIME.

11 DR. HALL: IT WILL COME UP ANOTHER TIME.

12 MR. REED: OKAY, FINE. BUT I DON'T LIKE THE
13 EMOTIONAL FEELING THAT I'M GETTING THAT WE HAVE TO BE
14 CONTINUOUSLY CUTTING DOWN THE SALARIES. I DON'T WANT
15 TO LOOK BACK 14 YEARS FROM NOW AND SAY, WELL, WE COULD
16 HAVE GOT SOMEBODY BETTER, BUT HE WAS A LITTLE TOO
17 EXPENSIVE. I'D MUCH RATHER SEE US ERR ON THE SIDE OF
18 TAKING A LITTLE MOMENTARY HEAT FROM THE PUBLIC, WHICH
19 IS FINE. THERE'S ALWAYS GOING TO BE HEAT, BUT TO GET
20 THE ABSOLUTE BEST PERSON FOR THIS OUTSTANDING PROGRAM.

21 VICE CHAIR NOVA: OKAY. IS THERE ANY PUBLIC
22 AT UC DAVIS?

23 DR. POMEROY: NONE.

24 MR. SIMPSON: YES, THERE IS. I'M SORRY.

25 VICE CHAIR NOVA: UC IRVINE.

1 MR. SIMPSON: YES, I'M SORRY. I APOLOGIZE.

2 VICE CHAIR NOVA: THAT'S OKAY. PLEASE.

3 MR. SIMPSON: JOHN SIMPSON AT UC IRVINE. I
4 JUST WANTED TO SAY THAT IT DOES SEEM TO ME THAT THE
5 MOTION REFLECTS APPROPRIATE PUBLIC CONCERN AND SEEMS TO
6 ADDRESS THAT AND SEEMS TO BE MOVING IN THE RIGHT
7 DIRECTION. AND I THINK YOU'RE DOING THE RIGHT THING
8 HERE.

9 I WASN'T CLEAR JUST ON A POINT OF
10 INFORMATION, WHETHER THE 80 PERCENT APPLIED ON THE
11 RANGES 1 THROUGH 5. IT DOES NOT?

12 DR. PIZZO: NO, NOT IN THE MOTION.

13 MR. SIMPSON: IS THERE A REASON FOR THAT? IT
14 WOULD SEEM TO ME THAT IT WOULD JUST BE BETTER TO DO IT
15 ACROSS THE BOARD IF YOU'RE ABOVE 80 PERCENT, BUT,
16 AGAIN, GENERALLY THIS DOES SEEM TO REFLECT THE CONCERNS
17 THAT WERE EXPRESSED AT THE LAST MEETING AND SOMEWHAT AT
18 THIS MEETING AND IS A GOOD MEASURE.

19 MR. KLEIN: IN ANSWERING THAT QUESTION, JUST
20 AS A BOARD COMMENT, I SUGGEST, JOHN, THAT IN THIS LOWER
21 RANGE, PEOPLE ARE GOING TO BE REAL STRETCHED WITH
22 HOUSING COSTS IN THE BAY AREA. AND THEY MAY WELL HAVE
23 TO BE OPERATING -- DR. HALL MAY HAVE TO -- WE WILL BE
24 RECRUITING IN THE HIGHER ENDS OF THOSE LOWER RANGES FOR
25 PEOPLE JUST TO BE ABLE TO AFFORD TO DEAL WITH THE

1 LIVING COST IN THE BAY AREA.

2 DR. HALL: I JUST THINK IT'S A MATTER OF
3 BEING ABLE TO MOVE QUICKLY AND EFFECTIVELY. I THINK MY
4 PREFERENCE WOULD BE NOT TO HAVE TO GO TO THE GOVERNANCE
5 SUBCOMMITTEE FOR THE LOWER RANGES. AND THOSE ARE NOT
6 THE ONES THAT HAVE DRAWN CONCERN GENERALLY.

7 DR. PIZZO: MAYBE A WAY OF ADDRESSING THE
8 CONCERN THAT'S BEEN RAISED, THIS WOULD HAPPEN ANYWAY,
9 IS THAT THERE WOULD BE PERIODIC REPORTS GIVEN TO THE
10 GOVERNANCE COMMITTEE ON THE ACTIVITIES WHERE THEY'RE AT
11 THE UPPER RANGE SO WE COULD AT LEAST MONITOR THAT AND
12 HAVE AN UNDERSTANDING OF WHAT'S HAPPENING.

13 DR. HALL: ABSOLUTELY. I'D BE HAPPY TO DO
14 THAT.

15 VICE CHAIR NOVA: WE HAVE A MOTION. WE HAVE
16 A SECOND. IT'S BEEN MODIFIED AND APPROVED, REACCEPTED
17 ON THE SECOND. AND IS THERE ANY DISCUSSION ON THE
18 MOTION ITSELF?

19 MR. BARNES: EXCUSE ME. THIS IS WALTER. I
20 WANTED TO CHECK ONE POINT, DR. PIZZO. THE 50-PERCENT
21 RANGE, IS THAT FOR ALL POSITIONS 1 THROUGH 10, OR FOR
22 THE 4 THROUGH 10?

23 DR. PIZZO: I THOUGHT IT WAS ALL POSITIONS.

24 MR. BARNES: I JUST WANTED TO MAKE A
25 CLARIFICATION OF THAT. THANK YOU.

1 VICE CHAIR NOVA: OKAY. AMY, WILL YOU PLEASE
2 LEAD US THROUGH A ROLL CALL VOTE.
3 MS. DU ROSS: DAVID SERRANO-SEWELL.
4 MR. SERRANO-SEWELL: AYE.
5 MS. DU ROSS: BOB KLEIN.
6 MR. KLEIN: AYE.
7 MS. DU ROSS: CLAIRE POMEROY.
8 DR. POMEROY: AYE.
9 MS. DU ROSS: TINA NOVA.
10 VICE CHAIR NOVA: AYE.
11 MS. DU ROSS: PHIL PIZZO.
12 DR. PIZZO: YES.
13 MS. DU ROSS: JOHN REED.
14 DR. REED: AYE.
15 MS. DU ROSS: RICHARD MURPHY.
16 DR. MURPHY: YES.
17 MS. DU ROSS: MOTION PASSES.
18 VICE CHAIR NOVA: MOTION PASSES. OKAY.
19 THANK YOU.
20 DR. PIZZO: GOOD. THANK YOU.
21 VICE CHAIR NOVA: OUR NEXT ORDER OF BUSINESS
22 IS CIRM INTERNAL GOVERNANCE POLICY. ZACH, WOULD YOU
23 PLEASE TAKE US THROUGH THIS ITEM.
24 DR. HALL: I CERTAINLY WILL. THIS IS JUST
25 SORT OF ROUGHLY COMPARABLE TO THE BYLAWS FOR THE ICOC,

1 AT LEAST IT'S THE COMPANION PIECE IN A WAY AND FILLS
2 OUT OUR DOCUMENTATION AND UNDERSTANDING OF THE WAY IN
3 WHICH BOTH THE ICOC AND THE CIRM OPERATE.

4 IT IS ACTUALLY A WRITTEN AND SOMEWHAT
5 EXPANDED AND SLIGHTLY MORE EXPLICIT VERSION OR MORE
6 EXPLICIT VERSION OF THE ADMINISTRATIVE STRUCTURE THAT
7 YOU HAVE ALREADY SEEN SEVERAL TIMES, AND I THINK IS
8 INCLUDED IN THE DOCUMENTS THAT YOU RECEIVED; IS THAT
9 RIGHT, OR NOT, IF IT'S NOT. BUT AT ANY RATE, IT IS THE
10 STANDARD -- NOTHING HAS CHANGED IN OUR ORG CHART. THIS
11 IS SIMPLY SPELLING THAT OUT.

12 IT'S BASED GENERALLY ON THE PRINCIPLES OF
13 AGREEMENT THAT BOB AND I REACHED LAST SEPTEMBER. AS
14 YOU KNOW, WE HAVE A CHAIR AND A PRESIDENT, EACH WITH
15 DUTIES DEFINED BY PROPOSITION 71, AND BOTH THE OFFICE
16 OF THE CHAIR AND HIS OR HER DUTIES AND THE OFFICE OF
17 THE PRESIDENT AND HIS OR HER DUTIES ARE SERVED BY THE
18 STAFF OF THE INSTITUTE. AND SO THIS WAS NECESSARY TO
19 BE SURE THAT WE COULD COME UP WITH A WORKABLE
20 ARRANGEMENT FOR THAT. SO WE HAVE WORKED ON THAT, AND
21 IT IS NOW COMING BEFORE THE GOVERNANCE SUBCOMMITTEE.

22 THERE ARE ONE OR TWO DETAILS THAT ARE
23 DIFFERENT FROM THE AGREEMENT. THIS DOESN'T ABROGATE
24 THE AGREEMENT, BUT SIMPLY ONE OR TWO DETAILS THAT WE
25 WILL CONTINUE TO HONOR, BUT THAT I FELT DID NOT NEED TO

1 BE IN THIS FORMAL DOCUMENT. I'LL BE HAPPY TO DISCUSS
2 IT.

3 DR. POMEROY: I'M SORRY. DO WE HAVE A
4 DOCUMENT?

5 DR. HALL: YOU DO.

6 DR. POMEROY: WHAT SECTION NUMBER IS IT?

7 UNIDENTIFIED SPEAKER: IT'S CALLED 3(B).

8 DR. HALL: IN THE COMPENSATION PLAN, JUST
9 KEEP TURNING PAGES.

10 DR. PIZZO: THERE'S A LOT OF ADDITIONAL
11 COMPENSATION EXCEL SHEETS THERE, CLAIRE. JUST GO
12 BEYOND THAT.

13 DR. HALL: KEEP TURNING. KEEP TURNING. IT'S
14 IN ITEM 3(B). DOES EVERYBODY HAVE IT OR SEE IT? IT
15 CERTAINLY WAS POSTED. I CHECKED THIS MORNING TO BE
16 ABSOLUTELY SURE. DO YOU FIND IT, CLAIRE?

17 DR. POMEROY: IT WAS NOT AN ATTACHMENT ON THE
18 E-MAIL WE GOT -- THAT I GOT.

19 MR. KLEIN: LOOK AT THE BACK OF THE
20 COMPENSATION PACKAGE. IT'S IN THAT -- IT'S IN THAT
21 PACKAGE, CLAIRE.

22 DR. HALL: THERE'S A WHOLE PACKAGE THAT JUST
23 IS FOR ITEM 3. IT STARTS WITH COMPENSATION.

24 DR. REED: WHAT IS THE TITLE OF IT AGAIN?

25 MR. TOCHER: INTERNAL GOVERNANCE POLICY, THE

1 CALIFORNIA INSTITUTE OF REGENERATIVE MEDICINE.

2 DR. POMEROY: I GOT 3(A) 1 THROUGH 4, BUT I
3 DON'T HAVE A 3(B).

4 MR. KLEIN: IT SUPPOSEDLY WAS SENT IN A
5 SEPARATE E-MAIL, CLAIRE.

6 DR. POMEROY: A SEPARATE E-MAIL.

7 MR. KLEIN: FROM JENNIFER.

8 DR. HALL: IF YOU ARE AT YOUR COMPUTER,
9 CLAIRE, YOU MAY NOT BE, BUT YOU CAN CERTAINLY -- IT'S
10 ON THE WEBSITE.

11 DR. POMEROY: IF I'M THE ONLY ONE THAT
12 DOESN'T HAVE IT, PLEASE PROCEED.

13 DR. REED: I DON'T HAVE IT EITHER. JOHN REED
14 HERE. I'LL SEE IF I CAN GET A COPY QUICKLY.

15 MS. ROSAIA: IT WAS SENT IN A SEPARATE
16 E-MAIL, BUT I'M GOING TO SEND IT AGAIN.

17 DR. HALL: OKAY. IT'S COMING RIGHT NOW. IS
18 THAT OKAY? ARE YOU BOTH E-MAIL ACCESSIBLE?

19 DR. POMEROY: NO. I'M GOING TO HAVE TO GO TO
20 A DIFFERENT PLACE.

21 DR. HALL: CAN WE FAX IT TO YOU?

22 DR. POMEROY: SOMEONE ELSE WILL GET IT FOR
23 ME. WE'LL BE FINE.

24 DR. HALL: OKAY. ALL RIGHT. AT ANY RATE,
25 LET ME JUST WALK YOU THROUGH, THEN, WHAT WE HAVE. I'M

1 SORRY. ALSO MAKE SURE -- LET'S MAKE SURE AT THIS POINT
2 THE NEXT ITEM IS THE BUDGET, WHICH ALSO IS INCLUDED IN
3 THAT PACKAGE. SO IF YOU DON'T HAVE IT --

4 DR. PIZZO: IT'S 3(C).

5 DR. HALL: WE'LL SEND YOU THAT AS WELL. ALL
6 RIGHT. SO WHAT WE HAVE, THEN, STARTS JUST BY
7 SUMMARIZING FROM PROPOSITION 71 THE PURPOSES OF THE
8 INSTITUTE, THE GENERAL POSITION OF THE BOARD; THAT IS,
9 THAT THE INSTITUTE IS GOVERNED BY ITS BOARD. IT HAS
10 THE DUTIES OF THE PRESIDENT LISTED ALL FROM PROPOSITION
11 71. IT THEN DESCRIBES THE ADMINISTRATIVE STRUCTURE,
12 WHICH IS BASICALLY TO PUT INTO WORDS WHAT WE -- THE ORG
13 CHART THAT YOU'VE SEEN. IT SAYS THE PRESIDENT SHALL
14 RECOMMEND FOR APPROVAL THE STRUCTURE OF THE INSTITUTE.
15 AND THEN WE DEPICT THE VARIOUS OFFICES, AND WE HAVE A
16 BRIEF DESCRIPTION OF THEIR DUTIES. THE OFFICE OF THE
17 PRESIDENT, THE OFFICE OF THE CHAIR, THE SCIENCE OFFICE,
18 THE ADMINISTRATIVE OFFICE, THE COMMUNICATIONS OFFICE,
19 THE LEGAL OFFICE, AND THE I.T. OFFICE, AND ALL OF THOSE
20 EXCEPT THE OFFICE OF THE CHAIR ARE HEADED BY SENIOR
21 OFFICERS WHO REPORT DIRECTLY TO THE PRESIDENT.

22 THE PRESIDENT THEN IS RESPONSIBLE FOR HIRING,
23 DIRECTING, AND SUPPORTING ALL SENIOR OFFICERS WHOSE
24 HIRE WILL BE SUBJECT TO THE CONCURRENCE OF THE CHAIR.
25 AND IN THE ABSENCE OF A SENIOR OFFICER, THE MEMBERS OF

1 EACH OFFICE, EXCEPT THE OFFICE OF THE CHAIR, WILL
2 REPORT DIRECTLY TO THE PRESIDENT. AND THEN THE OFFICE
3 OF THE CHAIR IS OBVIOUSLY HEADED BY THE CHAIR OF THE
4 ICOC.

5 IT FURTHER SAYS THE OFFICE OF THE CHAIR SHALL
6 BE LIMITED TO NO MORE THAN TEN EMPLOYEES, NOT COUNTING
7 THE CHAIR AND VICE CHAIR. AND THEN FOLLOWS A SECTION
8 WHICH DEALS ESSENTIALLY WITH THE RESPONSIBILITY OF THE
9 PRESIDENT TO OVERALL MANAGE THE PERSONNEL AFFAIRS OF
10 THE INSTITUTE. IN EACH CASE THE SENIOR OFFICER AND
11 THE -- OR THE CHAIR OF THE ICOC IS RESPONSIBLE TO THE
12 PRESIDENT FOR THE MANAGEMENT OF THE PERSONNEL WHO
13 REPORT TO THEM. WITHIN EACH OF THESE OFFICES, THE
14 SENIOR OFFICER AND THE CHAIR IS RESPONSIBLE FOR
15 MANAGING INTERNAL AFFAIRS OF THE OFFICE, INCLUDING
16 ORGANIZATION, REPORTING RELATIONSHIPS WITHIN THE
17 OFFICE, ASSIGNMENT OF DUTIES, ALLOCATION OF TIME,
18 EMPLOYEE EVALUATIONS AND RECOMMENDATIONS. THOSE ALL
19 COME TO ME FOR APPROVAL, BUT IN GENERAL THE PEOPLE
20 WITHIN THOSE ARE RESPONSIBLE FOR THOSE.

21 PRESIDENT SHALL HAVE FINAL RESPONSIBILITY FOR
22 HIRING, FIRING, AND PERSONNEL MANAGEMENT OF INSTITUTE
23 EMPLOYEES AND FOR MEETING RECOMMENDATIONS TO THE ICOC
24 FOR THEIR COMPENSATION, WHICH THE ICOC HAS FINAL
25 AUTHORITY. AND THEN ALL EMPLOYEES OF THE INSTITUTE ARE

1 SUBJECT TO THE PERSONNEL POLICIES OF THE INSTITUTE
2 WHOSE EXECUTION IS THE RESPONSIBILITY OF THE PRESIDENT.
3 AND THEN THERE'S A LIST OF WHAT THOSE POLICIES INCLUDE.
4 COMPENSATION POLICY IS ESTABLISHED BY THE ICOC, MERIT
5 INCREASES, OFFICE ASSIGNMENT, AND APPROVAL FOR TRAVEL,
6 PARKING PRIVILEGES, AND POLICIES IN THE PERSONNEL
7 HANDBOOK. AND WE STATE THAT EACH OFFICE OF THE
8 INSTITUTE IS RESPONSIBLE FOR SUPPORTING THE PRESIDENT,
9 THE CHAIR OF THE ICOC, AND THE VICE CHAIR IN THE
10 PERFORMANCE OF THEIR DUTIES AS DESCRIBED HEREIN.

11 AND THEN THERE ARE TWO MORE SECTIONS, ONE OF
12 WHICH ESTABLISHES AN EXECUTIVE COMMITTEE AND A SENIOR
13 STAFF COMMITTEE. THIS IS THE FIRST FORMAL RECOGNITION,
14 I THINK, OF THE EXECUTIVE COMMITTEE COMPRISED OF THE
15 PRESIDENT OF THE INSTITUTE, THE CHAIR OF THE ICOC, AND
16 THE VICE CHAIR, AND THEN ALONG WITH WHICHEVER SENIOR
17 OFFICERS OF STAFF THAT WE AGREE SHOULD BE INCLUDED IN
18 THAT MEETING. AND THEN FINALLY, A SENIOR STAFF MEETING
19 COMPOSED OF THE PRESIDENT, THE SENIOR SCIENCE OFFICER,
20 AND OTHER SENIOR ADMINISTRATIVE OFFICERS.

21 FINALLY, SECTION 5, THE END, THE PRESIDENT
22 SHALL DEVELOP THE BUDGET AND COST CONTROLS OF THE
23 INSTITUTE. BUDGET DECISIONS WILL BE MADE WHERE
24 POSSIBLE BY CONSENSUS WITHIN THE EXECUTIVE COMMITTEE,
25 BUT RESPONSIBILITY FOR ALL FINAL DECISIONS REMAINS WITH

1 THE PRESIDENT. AND FINALLY, THAT ANNUAL BUDGETS WILL
2 BE PREPARED FOR THE APPROVAL OF THE ICOC, WHICH WILL BE
3 OUR NEXT ITEM.

4 MR. KLEIN: AND, DR. HALL, THIS IS BOB KLEIN.
5 IN YOUR BUDGET SECTION, YOU'RE NOT MODIFYING, I KNOW
6 YOUR INTENT IS NOT TO MODIFY THE GOVERNANCE COMMITTEE
7 CONTROLS ON BUDGET VARIANCES AND EXPENDITURE LIMITS
8 HERE WHEN YOU SAY FINAL BUDGET DECISIONS ARE MADE BY
9 THE PRESIDENT. THIS IS JUST OPERATIONAL DECISIONS THAT
10 ARE THEN, IF THEY'RE NEEDED TO BE APPROVED, ARE BROUGHT
11 TO THE GOVERNANCE COMMITTEE OR THE BOARD AS
12 APPROPRIATE.

13 DR. HALL: IT'S NOT MEANT IN ANY WAY TO
14 ABROGATE THE CONTROLS OF THE GOVERNANCE COMMITTEE. AND
15 WE KNOW THAT, FOR EXAMPLE, FOR CONTRACTS OVER A
16 \$100,000, WE CURRENTLY HAVE TO ASK PERMISSION FROM THE
17 GOVERNANCE COMMITTEE. AND ALL OUR BUDGETS GO THROUGH
18 YOU. OUR UNDERSTANDING WITH YOU WAS IS THAT WITHIN
19 THOSE BUDGETS, WE ARE FREE TO MAKE BUDGET DECISIONS AS
20 NEEDED.

21 VICE CHAIR NOVA: ZACH, THIS IS TINA. WHAT
22 WAS THE GENESIS OF THIS DOCUMENT? I'M A LITTLE
23 CONFUSED.

24 DR. HALL: WELL, IT HAS A COMPLICATED
25 HISTORY, AND THAT IS WE SET OUT LAST SUMMER TO TRY TO

1 WORK OUT HOW THE INSTITUTE SHOULD OPERATE BASICALLY
2 WITH WHAT IS CALLED IN THE, I GUESS, TERMINOLOGY A
3 LEADERSHIP TEAM OR A DUAL LEADERSHIP BECAUSE WE DO HAVE
4 RESPONSIBILITIES FOR THE CHAIR, WE HAVE
5 RESPONSIBILITIES FOR THE PRESIDENT, AND THE PROPOSITION
6 71 ASSIGNS DIRECTLY TO THE PRESIDENT TO HIRE, DIRECT,
7 AND MANAGE THE STAFF OF THE INSTITUTE. AND SO WE
8 WORKED WITH A MANAGEMENT CONSULTANT, AND WE CAME UP
9 WITH AN AGREEMENT, AND THEN WE HAVE BROUGHT SEVERAL
10 TIMES THE ORG CHART BEFORE THIS COMMITTEE. AND THEN AT
11 THE TIME THE BYLAWS OF THE ICOC WERE DEVELOPED, THERE
12 WAS SOME QUESTION ABOUT WHETHER THAT AGREEMENT OUGHT TO
13 BE SPELLED OUT. AND I THINK PHIL PIZZO WAS ONE WHO
14 FELT THAT WE SHOULD HAVE DOCUMENTATION IN WRITING OF
15 THIS ORG CHART AND THE ASSIGNMENT OF RESPONSIBILITIES.

16 AND THE QUESTION WAS WHETHER IT WAS
17 APPROPRIATE TO PUT IT IN THE BYLAWS OF THE ICOC OR NOT
18 BECAUSE IT IS NOT, STRICTLY SPEAKING, AN ICOC MATTER.
19 AND SO WE MADE THE DECISION TO THEN HAVE THIS POLICY
20 THAT WOULD BE A SEPARATE DOCUMENT. IT'S NOT BYLAWS,
21 BUT IT IS THE INTERNAL GOVERNANCE POLICY. IT WOULD
22 THEN GIVE IT A FORMAL RECOGNITION AND STRUCTURE AND
23 WOULD BE THERE FOR ANYBODY TO SEE. AND SO THAT'S THE
24 GENESIS OF IT.

25 MR. KLEIN: AND TO AUGMENT, TINA, I'D SAY

1 THAT THIS AT THE TIME THAT DR. HALL CAME ON BOARD, YOU
2 KNOW, WE HAD REVIEWED THIS AND SET FORTH ALL THESE
3 PRINCIPAL CONCEPTS. I THINK THEY WERE REVIEWED WITH
4 THE BOARD AT THAT TIME. I'M SUPPORTIVE OF THAT. I
5 THINK IT REFLECTS THE PRIOR AGREEMENT.

6 THERE ARE A COUPLE OF MINOR AMENDMENTS HERE
7 THAT I'D LIKE TO WORK OUT WITH ZACH BEFORE THE BOARD
8 MEETING RELATED TO APPROVAL OF TRAVEL BECAUSE IF I'M
9 GOING TO GET THE BOARD STAFF TO SUPPORT THE BOARD ON
10 SPECIFIC FUNCTIONS OR BOARD SUBCOMMITTEES, WE'RE GIVEN
11 BY THE PRESIDENT A TRAVEL ALLOWANCE. AND WITHIN THAT
12 TRAVEL ALLOWANCE TO MAKE SURE THAT I MEET STAFFING
13 COMMITMENTS OF THE BOARD PROPERLY, I NEED TO BE ABLE TO
14 MANAGE THAT TRAVEL. I HAVE ENOUGH RESPONSIBILITIES
15 THAN TRACKING DOWN ADDITIONAL LEVEL OF APPROVAL ON
16 INDIVIDUAL STAFF TRAVEL.

17 BUT IN OFFICE ASSIGNMENTS, WE'RE GIVEN A
18 BLOCK OF OFFICES THAT'S ASSIGNED BY THE PRESIDENT,
19 WHICH WE'RE FINE WITH WORKING WITHIN, BUT I DO NEED
20 PERSONAL CHANGES AND MOVES TO BE ABLE TO FIGURE OUT WHO
21 WORKS IN WHICH SPACE WHICH DAY OF THE WEEK.

22 MR. SERRANO-SEWELL: BOB, WHEN YOU SAY WE,
23 WHAT DO YOU MEAN BY WE? THIS IS DAVID. WHO'S WE?

24 MR. KLEIN: WHAT IS -- I DON'T THINK I USED
25 THE PRONOUN WE. MAYBE I MISPRONOUNCED SOMETHING.

1 MR. SERRANO-SEWELL: IT SOUNDED LIKE WE. YOU
2 SAID WE NEED THE FLEXIBILITY.

3 MR. KLEIN: OH, I NEED THE FLEXIBILITY OF
4 FIGURING OUT WHO WORKS IN WHICH OFFICE WHICH DAY OF THE
5 WEEK OR WHETHER TWO PEOPLE ARE IN ONE OFFICE. SO
6 WITHIN THAT BLOCK ASSIGNED BY THE PRESIDENT --

7 DR. PIZZO: SO WITHOUT GOING INTO THOSE
8 SPECIFIC DETAILS, BECAUSE THOSE ARE REALLY DETAILS, MY
9 OWN VIEW IS THAT I THINK THIS IS A VERY GOOD WORKING
10 DOCUMENT. AND THE REASON IS THIS IS A COMPLEX
11 ORGANIZATION. ORGANIZATIONS ARE DEFINED BY STRUCTURES
12 AND PEOPLE. THERE ARE COMPLEXITIES IN TERMS OF
13 INTERRELATIONSHIPS THAT WERE EXISTING LAST SUMMER. AND
14 I THINK THAT CODIFYING THIS IN SOME REASONED WAY MAKES
15 SENSE AT THIS POINT. AT LEAST IT SERVES AS A TEMPLATE
16 TO BUILD ON AND ALLOWS US TO BE ABLE TO FUNCTION
17 ADEQUATELY BECAUSE WE'RE RECOGNIZING TOO THAT PEOPLE
18 MAY CHANGE OVER TIME. SO GETTING THIS WELL ORGANIZED
19 NOW SETS THE RIGHT STAGE, AND I REALIZE THERE WILL
20 BE -- THIS IS AN ORGANIC, LIVING DOCUMENT FOR WHICH
21 THERE WILL BE CHANGES THAT WILL INFORM IT AS A
22 CONSEQUENCE OF EXPERIENCE, BUT I THINK THIS IS A GREAT
23 START.

24 MR. KLEIN: RIGHT. SO I'D LIKE TO SUPPORT
25 THE DOCUMENT WITH A MOTION KNOWING THERE'S GOING TO BE

1 DISCUSSION, AGAIN JUST PUTTING IT ON THE TABLE. I'D
2 LIKE TO MAKE A MOTION WE APPROVE THIS DOCUMENT, AND
3 THERE ARE DETAILS WHICH I DON'T THINK WE SHOULD TAKE UP
4 THE TIME OF THIS COMMITTEE ON SOME REFINEMENTS BEFORE
5 WE GET TO THE BOARD, BUT I WOULD LIKE TO MOVE THE BASIC
6 DOCUMENT FORWARD, IF THERE'S A SECOND.

7 DR. PIZZO: I THINK ACTUALLY, IN ALL FAIRNESS
8 TO YOU, SOMEONE ELSE SHOULD MOVE IT BECAUSE I THINK
9 YOU'RE TOO CONNECTED TO IT.

10 MR. KLEIN: OKAY.

11 DR. PIZZO: I'M HAPPY TO MOVE IT UNLESS
12 SOMEONE ELSE WANTS TO. THEN I MOVE IT. PHIL PIZZO
13 SPEAKING.

14 DR. MURPHY: SECOND.

15 VICE CHAIR NOVA: OKAY. SECOND FROM DR.
16 MURPHY. COMMENTS FROM BOARD MEMBERS?

17 DR. HALL: LET ME GET SOME INFORMATION ABOUT
18 THE TWO ISSUES THAT BOB MENTIONED. FIRST, THE APPROVAL
19 FOR TRAVEL. MY UNDERSTANDING IS THAT ALL OUT-OF-STATE
20 TRAVEL AND OUT-OF-THE-COUNTRY TRAVEL REQUIRES MY
21 APPROVAL. AND I THINK THE REASON FOR THAT IS IN THE
22 END I'M HELD RESPONSIBLE IF WE HAVE ABUSE OR MISUSE.
23 THIS IS THE KIND OF THING THAT IS APT TO, I THINK, MAKE
24 THE HEADLINES, AND I ALSO THINK THAT THIS IS AN AREA IN
25 WHICH WE NEED CONSISTENT POLICIES ACROSS THE INSTITUTE.

1 AND SO ALTHOUGH MY INTENT IS NOT TO MICROMANAGE HERE,
2 BUT SIMPLY TO BE SURE THAT IN THE FINAL ANALYSIS, SINCE
3 I'LL BE HELD RESPONSIBLE, I WANT TO BE SURE THAT I AM
4 ABLE TO APPROVE THOSE.

5 THE OFFICE ASSIGNMENT HAS TO DO WITH -- I
6 THINK ALL OF YOU WHO HAVE WORKED IN ORGANIZATIONS KNOW
7 THAT OFFICES HAVE GREAT SYMBOLIC IMPORTANCE IN TERMS OF
8 STATUS WITHIN THE INSTITUTE. WE BASICALLY HAVE THREE
9 KINDS OF OFFICES HERE. WE HAVE OPEN OFFICES, WE HAVE
10 CLOSED OFFICES WITHOUT ANY EXTERNAL WINDOWS, AND WE
11 HAVE OFFICES WITH EXTERNAL WINDOWS. WE ARE VERY
12 UNDERSTAFFED, AND THERE IS A -- ONE ALTERNATIVE IS JUST
13 TO PUT EVERYBODY IN AN OFFICE WITH A WINDOW AND THEN
14 MOVE THEM OUT WHEN THE TIME COMES. MY OWN VIEW IS THAT
15 FOR A HEALTHY AND RESPONSIBLE ORGANIZATION, THAT, IN
16 FACT, THIS SHOULD BE TIED TO THE ORGANIZATION LEVELS.
17 WE HAVEN'T DONE THAT IN A FORMAL WAY, BUT IN TERMS OF
18 INTERNAL MORALE, IT MAKES A GREAT DEAL OF DIFFERENCE IF
19 CONSISTENT POLICIES ARE APPLIED ACROSS THE BOARD.

20 AND MY SENSE IS JUST TO BE ABLE TO DO THAT
21 AND ASSURE THAT, AND IT SEEMS TO ME, AS THE PERSON TO
22 WHOM ALL EMPLOYEES ULTIMATELY REPORT, THAT THAT'S
23 WITHIN MY LEVEL OF RESPONSIBILITY, NOT TO ASSIGN
24 OFFICES PERSONALLY, BUT SIMPLY TO APPROVE ALL OFFICE
25 ASSIGNMENTS SO THAT WE DO HAVE CONSISTENCY THROUGH THE

1 INSTITUTE.

2 LET ME JUST SAY THAT THERE HAS BEEN SOME
3 CONCERN AT TIMES THAT WE MAY -- THERE'S A POSSIBILITY
4 OF A SCHISM HERE BETWEEN THE OFFICE OF THE CHAIR AND
5 THE OFFICE OF THE PRESIDENT OR THE REST OF THE
6 INSTITUTE. MY OWN DESIRE IS FOR US TO BE AS MUCH AS
7 POSSIBLE A UNIFIED INSTITUTE SERVING BOTH THE CHAIR AND
8 THE VICE CHAIR AND THE PRESIDENT IN THEIR DUTIES AS WE
9 GO FORWARD. AND I THINK IN ORDER TO DO THAT IN THE
10 BEST WAY POSSIBLE, MY OWN VIEW IS THAT WE NEED TO HAVE
11 CONSISTENT POLICIES FOR EMPLOYEES. AND ALL THESE
12 LITTLE STATUS THINGS SOUND SMALL, BUT IN ACTUAL FACT
13 THEY WEIGH HEAVILY OFTEN IN TERMS OF PEOPLE'S MORALE
14 AND THE SENSE THAT THERE'S A SET OF RULES AND THAT
15 THEY'RE APPLIED FAIRLY TO ALL PEOPLE.

16 MR. KLEIN: ZACH, THIS IS BOB. AS YOU KNOW,
17 FIRST OF ALL, THE CHAIRMAN IS RESPONSIBLE AS AN
18 INDIVIDUAL TO THE BOARD AND TO THE PUBLIC. AND IF THE
19 CHAIRMAN ISN'T RESPONSIBLE, THERE SHOULDN'T BE THE
20 CHAIRMAN. BUT ADDITIONALLY, THERE'S A SAFETY LEVEL
21 ABILITY IN HERE THAT IT'S IMPORTANT FOR THE GOVERNANCE
22 COMMITTEE TO REALIZE AND THE BOARD TO REALIZE, WHICH IS
23 OUT-OF-STATE TRAVEL HAS TO BE APPROVED BY THE STATE
24 DIRECTOR OF FINANCE. SO OUT-OF-THE-COUNTRY TRAVEL HAS
25 TO BE APPROVED BY THE STATE DIRECTOR OF FINANCE, AND

1 THAT'S FOR THE CHAIRMAN AND THE PRESIDENT AND ANYONE.
2 SO THERE IS AN ADDITIONAL OVERSIGHT TO MAKE SURE, FROM
3 THE TAXPAYER'S VIEWPOINT, THAT THIS IS SOMETHING THAT
4 MAKES SENSE, THAT IS REASONABLE, THE JUSTIFICATION IS
5 APPROPRIATELY FILED, AND THE RIGHT GOVERNMENTAL
6 PROCEDURES ARE FOLLOWED.

7 SO WE HAVE THAT SAFETY PROVISION ALREADY TIED
8 IN, AS LONG AS THE CHAIRMAN, THAT I HAVE THE PROPER
9 STATE DIRECTOR OF FINANCE APPROVALS, I BELIEVE, TO
10 CARRY OUT THE FUNCTIONS OF THE BOARD AND THE CHAIR,
11 THAT AN ADDITIONAL LEVEL OF APPROVAL AT YOUR LEVEL
12 DOESN'T MAKE A LOT OF SENSE. OTHERWISE YOU'RE RUNNING
13 THE BOARD. I'M NOT THE BOARD -- RUNNING THE BOARD
14 FUNCTIONS.

15 DR. HALL: I'M HAPPY TO ABIDE BY THE DECISION
16 OF THE GOVERNANCE COMMITTEE IN BOTH OF THESE MATTERS.

17 MR. SERRANO-SEWELL: WELL, ZACH AND BOB, YOU
18 KNOW, TINA STARTED OFF THIS DISCUSSION WITH -- I DON'T
19 WANT TO PUT WORDS IN YOUR MOUTH, TINA -- BUT WHAT WAS
20 THE GENESIS OF THIS DOCUMENT. I THINK IT'S BECOMING
21 PRETTY EVIDENT WHAT THE GENESIS OF THIS DOCUMENT IS.
22 WHILE I CAN APPRECIATE WE ALL WANT TO GET ALONG, THIS
23 OFFICE A AND OFFICE B, AND I BELIEVE THAT EVERYONE IN
24 GOOD FAITH IS ENDEAVORING TO DO SO.

25 ON THE QUESTION, THOUGH, MY QUESTION IS IF

1 THERE'S GOING TO BE AN ISSUE OF REFINEMENTS. BOB SAYS
2 THERE'S GOING TO BE SOME REFINEMENTS I NEED TO WORK OUT
3 WITH ZACH BEFORE IT GOES TO THE FULL ICOC. I WOULD BE
4 MORE COMFORTABLE WITH, IF WE FORWARD ANYTHING TO THE
5 ICOC AT THIS TIME, AND PERHAPS WE SHOULDN'T BECAUSE
6 THESE REFINEMENTS NEED TO BE WORKED OUT, THEN AT A
7 MINIMUM TO GO WITH NO RECOMMENDATION BECAUSE THEN WE
8 DON'T KNOW WHAT SOME OF THE DETAILS ARE OF THE -- I
9 KNOW THEY'RE MINOR, BUT WE ARE SETTING MINUTES ON IT.
10 SO IT'S NOT MINOR.

11 DR. HALL: LET ME JUST SAY THAT WE HAVE BEEN
12 WORKING ON THIS SINCE LAST SEPTEMBER, AND I THINK YOU
13 CAN DIRECT US TO GO BACK AND REACH SOLUTION ON THIS.
14 WE HAVE BROUGHT TO YOU -- I HAVE BROUGHT TO YOU WHAT I
15 THINK IS THE BEST POSSIBLE DOCUMENT. YOU HAVE HEARD
16 THAT BOB DISAGREES ON A COUPLE OF MATTERS. AND I'M
17 HAPPY TO ABIDE BY YOUR DECISION TO EITHER ALTER IT OR
18 TO PASS IT THROUGH AS IT STANDS, BUT I THINK WE DO NOT
19 HAVE A DOCUMENT SUCH AS THIS -- WE HAVEN'T ACTUALLY
20 EVEN DISCUSSED THIS WITH OUR EMPLOYEES INTERNALLY
21 BECAUSE WE DON'T HAVE AN OFFICIAL DOCUMENT, AND I THINK
22 WE NEED ONE. I CERTAINLY AGREE WITH PHIL. IF WE WANT
23 TO REVISIT SOME OF THESE ITEMS LATER, IF WE WANT TO TRY
24 IT OUT AND SEE HOW IT WORKS, WE CAN DO THAT, BUT I
25 THINK TO SAY THAT WE'RE GOING TO WORK THESE OUT

1 INTERNALLY AND THEN BRING IT BACK IS NOT THE RIGHT
2 SOLUTION HERE. I THINK WE JUST WANT YOU TO SAY ONE WAY
3 OR THE OTHER AND THEN WE'LL MOVE ON.

4 MR. KLEIN: YEAH. I THINK TOO WE CAN
5 CELEBRATE 98-PERCENT AGREEMENT. I MEAN THIS IS VERY
6 POSITIVE. WE HAVE TWO ITEMS THAT ARE FUNCTIONALLY
7 IMPORTANT JUST TO OPERATIONALLY SERVE OUR FUNCTIONS
8 FROM MY PERSPECTIVE, BUT I'M HAPPY WITH 98 OR MAYBE 99
9 PERCENT OF THIS DOCUMENT. I AM JUST ASKING THAT WE --
10 I HAVE THE ABILITY TO CARRY OUT THE FUNCTIONS I NEED TO
11 WITHIN THE BUDGET SET BY THE PRESIDENT AND WITHIN THE
12 OFFICES ALLOCATED TO US BY THE PRESIDENT SO THAT WE
13 HAVE AN UNDERSTANDING THAT IS CLEAN AND WE CAN MOVE
14 FORWARD, BUT WE HAVE CERTAINLY, AS REFLECTED BY THE
15 DETAIL IN THIS AGREEMENT, A GREAT DEAL THAT IS
16 FUNCTIONALLY AGREED TO AND WORKING WELL.

17 DR. PIZZO: BOB, COULD YOU SPECIFICALLY POINT
18 TO THOSE AREAS WHERE YOU THINK THERE'S STILL --

19 MR. KLEIN: SURE. THE ONLY ISSUE HERE IS AT
20 THE BOTTOM OF THE SECOND PAGE WHERE IT SAYS IN THE LAST
21 SENTENCE THESE POLICIES INCLUDE, BUT NOT LIMITED TO
22 COMPENSATION POLICIES AS ESTABLISHED BY THE ICOC, MERIT
23 INCREASES, THOSE ARE ALL FINE. AND THEN IT SAYS THESE
24 TWO ITEMS WERE ADDED AS FROM -- TO THE ORIGINAL
25 AGREEMENT THAT ZACH AND I HAD.

1 DR. HALL: SORRY. SORRY. THE ORIGINAL
2 AGREEMENT DID NOT SPELL ALL THESE THINGS OUT. SO
3 THERE'S BEEN NO ADDITION. IT WAS JUST CLEAR THAT WHAT
4 WE HAD UNDERSTOOD ABOUT PERSONNEL POLICIES, WE HAD A
5 DIFFERENT UNDERSTANDING OF THAT. SO ALL OF THESE
6 THINGS ARE SPELLED OUT HERE.

7 MR. KLEIN: THAT'S --

8 DR. HALL: ...AGREED UPON PARKING PRIVILEGES,
9 AND NOW WE ARE ADDING SOME OTHER THINGS. SO...

10 MR. KLEIN: THAT'S FINE, ZACH, IF WE'D LIKE
11 TO APPROACH IT FROM THAT PERSPECTIVE. BUT THE ONLY
12 ITEMS ARE OFFICE ASSIGNMENT. RIGHT NOW WE'RE SHORT
13 STAFFED IN THE OFFICE OF THE CHAIRMAN. WE HAVE REDUCED
14 OUR STAFF DOWN TO A MUCH SMALLER LEVEL AND REASSIGNED
15 SOME STAFF TO WORK FOR THE PRESIDENT, BUT WE NEED TO BE
16 ABLE TO --

17 DR. PIZZO: CAN I JUST PAUSE FOR A SECOND
18 BECAUSE RATHER THAN GOING INTO THOSE DETAILS, IF YOU
19 COULD JUST IDENTIFY THE AREAS WHERE THERE'S
20 DISAGREEMENT.

21 MR. KLEIN: OFFICE ASSIGNMENT AND APPROVAL
22 FOR TRAVEL.

23 DR. PIZZO: OKAY. IS THERE ANYTHING ELSE?

24 MR. KLEIN: NO. EVERYTHING ELSE WE AGREE ON.

25 DR. PIZZO: OKAY. SO CAN I MAKE A

1 RECOMMENDATION, WHICH IS THAT WE -- THERE'S A MOTION TO
2 APPROVE THIS, AND I WOULD MOVE THAT WE APPROVE THIS
3 WITH THE QUALIFICATION THAT THE AREAS REGARDING OFFICE
4 ASSIGNMENT AND APPROVAL FOR TRAVEL BE DISCUSSED AMONG,
5 BETWEEN THE PRESIDENT AND THE CHAIRMAN OF THE BOARD,
6 AND A RESOLUTION, PROPOSED RESOLUTION, COME FORWARD
7 THAT CAN BE INCORPORATED INTO THE DOCUMENT SO THAT IN
8 OTHER WORDS --

9 DR. HALL: PHIL, WE HAVE DISCUSSED. WE HAVE
10 DISCUSSED AT LENGTH AND IN GREAT DETAIL.

11 DR. PIZZO: I SEE.

12 DR. HALL: WE HAVE A DIFFERENCE OF OPINION
13 HERE THAT IS VERY CLEAR.

14 DR. PIZZO: OKAY. I HEAR IT.

15 DR. HALL: I'LL BE HAPPY TO ABIDE BY WHATEVER
16 THE GOVERNANCE SUBCOMMITTEE DECIDES, BUT I THINK YOU
17 JUST NEED TO SAY WE AGREE ONE WAY OR THE OTHER, AND I
18 THINK YOU'VE HEARD THE ARGUMENTS ON BOTH SIDES.

19 DR. PIZZO: OKAY. SO YOU'RE SAYING, JUST TO
20 BE CLEAR, I'LL SAY IT CRISPLY, THAT AN IMPASSE HAS BEEN
21 REACHED BETWEEN THE CHAIR AND THE PRESIDENT WITH REGARD
22 TO THESE TWO ITEMS.

23 MR. KLEIN: ON THESE TWO ITEMS. EVERYTHING
24 ELSE WE AGREE ON.

25 DR. PIZZO: AND I KNOW THAT EARLIER ON YOU

1 WERE WORKING WITH A FACILITATOR. DOES THIS MEAN THAT
2 WORKING WITH A FACILITATOR, YOU COULDN'T REACH
3 AGREEMENT AS WELL?

4 MR. KLEIN: NO. THESE ITEMS WERE NEVER PART
5 OF THAT DISCUSSION, SO THEY'VE NEVER BEEN BROUGHT UP
6 WITH THIS FACILITATOR. I'M HAPPY TO WORK --

7 DR. HALL: A COUPLE OF DETAILS, THEY HAVE
8 ARISEN SORT OF OPERATIONALLY, IF YOU WILL.

9 VICE CHAIR NOVA: CAN I JUST MAKE A
10 SUGGESTION ON THE OFFICE ISSUE. YOU KNOW, FIRST OF
11 ALL, DAVID, THANK YOU FOR YOUR COMMENTS. YOU WERE VERY
12 INSIGHTFUL TO MY ORIGINAL COMMENT, AND I'M GLAD WE
13 ACTUALLY PULLED SOME OF THESE THINGS OUT AND CAN
14 DISCUSS THEM OPENLY.

15 IN OFFICES, I AGREE WITH ZACH, THAT THERE IS
16 STATUS. I DON'T CARE WHERE YOU'RE WORKING, WHAT LEVEL
17 YOU ARE, HOW OLD PEOPLE ARE, THESE ISSUES COME UP ALL
18 THE TIME. AND AFTER 25 YEARS, I'VE COME TO THE
19 RESOLUTION THAT YOU, LIKE YOU SAID, YOU PUT THEM IN
20 THREE CATEGORIES: OFFICES WITH WINDOWS, OFFICES
21 WITHOUT, AND, YOU KNOW, CUBICLES. AND IF YOU JUST SAY
22 THIS LEVEL GETS THIS, THIS LEVEL GETS THIS, AND THIS
23 LEVEL GETS THIS, AND YOU BOTH AGREE ON THAT, BOTH OF
24 YOU, AND YOU KEEP TO THOSE LEVELS, WHICH IS WHAT I DO.
25 BUT WITHIN MY GROUP, SO LET'S SAY MY CHIEF OPERATING

1 OFFICER, HE CAN MOVE HIS PEOPLE AROUND THE WAY HE
2 WANTS, BUT HE CAN'T CHANGE THE LEVEL -- HE CAN'T TAKE A
3 LOW LEVEL PERSON AND PUT THEM IN AN OFFICE WITH A
4 WINDOW. OKAY. THAT'S NOT ALLOWED. BUT IF HE WANTS TO
5 MOVE A PERSON FROM ONE CUBICLE TO ANOTHER CUBICLE
6 BECAUSE HE THINKS IT'S GOING TO BE BETTER FOR SOME
7 REASON, I COULD CARE LESS TO HEAR ABOUT THAT.

8 IS THERE A COMPROMISE THERE THAT WOULD WORK
9 LIKE THAT THAT WOULD JUST MAKE THIS ISSUE GO AWAY?

10 DR. HALL: I WOULD BE HAPPY TO DO THAT, AND
11 THAT WOULD BE, I THINK, A VERY GOOD SOLUTION. I THINK
12 IT'S A RATIONAL SOLUTION. HOWEVER, AND I WOULD BE
13 HAPPY TO TRY TO REACH AGREEMENT WITH BOB ON IT. IF
14 WE'RE UNABLE TO REACH AGREEMENT, MY VIEW IS THAT THE
15 FINAL RESPONSIBILITY IS THAT OF THE PRESIDENT WHO'S
16 DIRECTED TO HIRE, DIRECT, AND MANAGE THE STAFF OF THE
17 INSTITUTE. THAT IS VERY CLEAR IN PROPOSITION 71, AND I
18 STRONGLY BELIEVE THAT THE FINAL AUTHORITY FOR THOSE
19 DECISIONS HAS TO BE MINE AS THE PRESIDENT.

20 MR. KLEIN: FIRST OF ALL, TINA, I THINK YOU
21 MADE A VERY GOOD SUGGESTION. SEEMS VERY FUNCTIONAL.
22 AND IN TERMS OF RESPONSIBILITIES, DR. HALL, I'M AWARE
23 THAT THE INITIATIVE ALSO SPELLS OUT LOTS OF
24 RESPONSIBILITIES AND FUNCTIONAL REQUIREMENTS AND
25 PERFORMANCES BY THE OFFICE OF THE CHAIR. WHETHER IT'S

1 IN THE FINANCE AREA OR THE FUND-RAISING AREA OR
2 COMMUNICATIONS AREA, THEY'RE IMPORTANT FUNCTIONS. AND
3 I NEED TO BE ABLE TO -- YOU KNOW, AS TINA SAYS, I DON'T
4 UNDERSTAND WHY IT MATTERS TO YOU WHETHER I MOVE SOMEONE
5 WITHIN A LEVEL FROM ONE CUBICLE TO ANOTHER IF IT HELPS
6 OUR PERFORMANCE WITHIN AN AREA.

7 DR. PIZZO: BUT I THINK TINA --

8 DR. HALL: I'M SORRY, BOB. IT'S NOT FROM ONE
9 CUBICLE TO ANOTHER. LET'S REPRESENT THE SITUATION
10 CORRECTLY.

11 DR. PIZZO: I THINK IF I HEAR TINA CORRECTLY,
12 AND I THOUGHT TINA CODIFIED IT WELL, WINDOWS, NO
13 WINDOWS, AND CUBICLES. I'M NOT SURE THAT I'VE THOUGHT
14 EXACTLY IN THOSE TERMS, TINA, BUT I LIKE THAT. I THINK
15 THAT NORMALIZING THE GROUPS ACCORDING TO FUNCTIONS BY
16 THAT AND THEN LEAVING IT TO THE MANAGERS TO DECIDE
17 WHETHER THE SAME CUBICLES ARE SWITCHED AROUND OR
18 CUBICLES ARE SWITCHED OR WINDOWS ARE SWITCHED, THAT
19 SOUNDS LIKE A FINE PLAN.

20 DR. HALL: PHIL.

21 MR. SERRANO-SEWELL: IT'S DAVID IN SAN
22 FRANCISCO. YOU'RE DEAN OF A LARGE INSTITUTION, RIGHT.

23 DR. PIZZO: YEAH.

24 MR. SERRANO-SEWELL: OKAY. DO YOU HAVE A
25 CHAIR OF THE FOUNDATION THAT YOU WORK WITH OR REPORT

1 TO? AND, YES, I ASSUME YOU DO SOME --

2 DR. PIZZO: SURE. SURE. AS THE DEAN OF A
3 LARGE INSTITUTION, I HAVE COUNTLESS PEOPLE.

4 MR. SERRANO-SEWELL: I KNOW. COUNTLESS
5 CHAIRS HAVE THE SAME OFFICE ASSIGNMENT? I'M ASKING.
6 MAYBE AT STANFORD THEY DO.

7 MR. KLEIN: NO. I DON'T THINK HE CONTROLS
8 THE OFFICE OF THE PRESIDENT'S OFFICE ASSIGNMENTS
9 EITHER.

10 DR. PIZZO: NO, I DON'T DO THAT EITHER.

11 DR. HALL: IT'S JUST A QUESTION. THE STAFF
12 OF THE INSTITUTE REPORT TO THE MANAGER ULTIMATELY TO
13 HIRE, DIRECT, AND MANAGE THE STAFF OF THE INSTITUTE.
14 MY OWN VIEW IS THAT I THINK TINA'S SUGGESTION IS A
15 GREAT ONE. I'M HAPPY TO WORK WITH THE CHAIR IN TRYING
16 TO AGREE TO A SOLUTION --

17 DR. PIZZO: ...SO WE CAN GO ON WITH THIS --

18 DR. HALL: -- FOR FINAL AUTHORITY FOR THAT --

19 DR. PIZZO: SO WE CAN GO ON WITH THIS
20 DISCUSSION --

21 DR. HALL: -- WILL BE THAT OF THE PRESIDENT.
22 AND I THINK THIS IS A VERY SERIOUS ISSUE IN TERMS OF
23 THE RESPONSIBILITIES AND THE STATUS OF THE --

24 DR. PIZZO: I'M HEARING. BECAUSE WE CAN GO
25 ON WITH THIS FOR A VERY LONG TIME. THERE IS A MOTION

1 ON THE FLOOR. I'M HAPPY TO SEE THAT MOTION MODIFIED TO
2 BRING IN THE TINA AMENDMENT.

3 DR. POMEROY: PHIL, CAN I COMMENT ON THIS?
4 YOU KNOW, TINA HAS PRESENTED A PROCESS THAT, YOU KNOW,
5 COULD BE VERY HELPFUL, BUT I ALSO AM NOT CONVINCED THAT
6 IT'S REALLY APPROPRIATE FOR THE ICOC TO BE GETTING INTO
7 THE SPECIFICS OF THE PROCESSES. I THINK THE ISSUE HERE
8 IS, YOU KNOW, WHEN THERE IS A DIFFERENCE IN THE
9 APPLICATION OF THIS PROCESS AND A DIFFERENCE OF OPINION
10 AT THE END, WHO IS GOING TO HAVE THE FINAL
11 RESPONSIBILITY? SO TINA'S PROCESS WILL IMPROVE IT,
12 DECREASE THE CHANCE OF DISAGREEMENT AT THE END. WHAT
13 I'M HEARING IS THAT --

14 DR. PIZZO: RIGHT. RIGHT.

15 DR. POMEROY: -- IS WE HAVE TO SAY SOMEONE IS
16 ULTIMATELY RESPONSIBLE.

17 DR. PIZZO: OKAY. SO, CLAIRE, LET ME MAKE
18 THIS COMMENT. AN ORGANIZATION -- SO, AGAIN, I'LL
19 REFLECT ON OURS. THERE IS A PROCESS IN OUR BYLAWS FOR
20 DISPUTE RESOLUTION SO THAT IF, FOR EXAMPLE, IN THE
21 BYLAWS THAT WE HAVE WITH ANY OF OUR ENTITIES LIKE,
22 LET'S SAY, OUR HOSPITAL, IF THERE IS A DISPUTE THAT
23 CAN'T BE RESOLVED WITH REGARD TO A SPECIFIC ISSUE,
24 THERE'S A MECHANISM TO WHERE THAT GOES TO FINAL
25 RESOLUTION. AND IT GOES IN OUR CASE TO THE BOARD OF

1 TRUSTEES.

2 I THINK WHAT I'M HEARING IS THAT WE'RE BEING
3 ASKED NOW TO, IN ESSENCE, RESOLVE A DISPUTE RESOLUTION.
4 IF I'M HEARING ZACH CORRECTLY, HE'S SAYING THAT THEY'VE
5 REACHED AN IMPASSE BETWEEN HE -- THROUGH THE OFFICE OF
6 THE PRESIDENT AND THE OFFICE OF THE CHAIR REGARDING
7 THIS ISSUE WHICH, YOU KNOW, ON THE BIG SCALE OF THE
8 ICOC AND ALL THE THINGS WE'RE TRYING TO DEAL WITH, THE
9 OFFICE ASSIGNMENT MIGHT SEEM LIKE A SMALL ISSUE, BUT I
10 UNDERSTAND THAT IT COULD HAVE SIGNIFICANT MORALE
11 RAMIFICATIONS. AND I THINK WHAT I'M HEARING IS IF THE
12 TWO LEADERS ARE NOT ABLE TO BRING RESOLUTION TO THIS,
13 WE'RE NOW THE DISPUTE RESOLUTION COURSE. WE HAVE TWO
14 ACTIONS WE CAN TAKE. ONE OF THEM IS TO RESOLVE THE
15 DISPUTE TODAY, AND THE SECOND IS TO SAY WE WANTED TO
16 ASK YOU TO GO BACK AND COME FORWARD WITH A RESOLUTION
17 TO THIS. THOSE ARE THE ONLY TWO ACTIONS THAT I THINK
18 WE HAVE.

19 MR. SERRANO-SEWELL: I THINK THERE'S A THIRD,
20 PHIL. THAT IS, WHAT DOES PROPOSITION -- I'M SPEAKING
21 AS AN ICOC MEMBER. WHAT DOES PROPOSITION 71 SAY? YES,
22 IT DELEGATES TO THE CHAIR AN ENORMOUS AMOUNT OF
23 RESPONSIBILITIES. AND IN ORDER TO EXECUTE ON THOSE
24 RESPONSIBILITIES, THE OFFICE OF THE CHAIR NEEDS
25 SUPPORT. BUT WE HAVE TO LOOK AT THE PLAIN TEXT OF

1 PROPOSITION 71. WHILE -- OKAY. I CAN FEEL THE
2 DIFFERENCE OF OPINION HERE, BUT, YOU KNOW, QUITE
3 FRANKLY, I DON'T CARE ON ISSUES OF OFFICE ASSIGNMENT.
4 ON ISSUES OF TRAVEL IT IS THE PRESIDENT. IT'S LIKE
5 THAT WAY IN EVERY STATE AGENCY. IT'S LIKE THAT AT
6 EVERY PRIVATE INSTITUTION. IF YOU WANT TO LOOK FOR A
7 QUICK SETTLEMENT RESOLUTION, THAT'S WHERE I PUT IT.
8 LET'S JUST END IT AND MOVE ON. THERE ARE CERTAIN
9 PRESSING MATTERS.

10 MR. KLEIN: DAVID, LOOK, THE ISSUE IS IF YOU
11 GIVE SOMEONE LARGE AREAS OF RESPONSIBILITY, YOU WANT
12 BONDS PLACED, YOU WANT OVERSIGHT FUNCTIONS, OVERSIGHT
13 COMMITTEE HEARINGS, YOU WANT --

14 MR. SERRANO-SEWELL: I --

15 MR. KLEIN: DAVID, IF YOU CAN LET ME FINISH.
16 I DON'T WANT RESPONSIBILITY WITHOUT THE ABILITY TO
17 PERFORM. AND WHAT'S IMPORTANT HERE IS THAT THE OFFICE
18 OF THE CHAIR IS RESPONSIBLE TO THE BOARD FOR MANY
19 FUNCTIONS. AND IF WE'RE GOING TO MICROMANAGE THE
20 ABILITY TO PERFORM THOSE FUNCTIONS, THE OFFICE OF THE
21 CHAIR, WHETHER I FILL IT OR YOU GET SOMEBODY ELSE TO
22 FILL IT, WILL NOT BE ABLE TO PERFORM. SO WHAT'S
23 IMPORTANT HERE IS TO HAVE SOME REASONABILITY FOR
24 SOMEONE CHARGED WITH FUNCTIONS TO MANAGE THOSE
25 FUNCTIONS.

1 DR. PIZZO: RIGHT. BUT WHAT WE'RE DOING,
2 BOB, IN ALL FAIRNESS, IS WE HAVE A WHOLE LIST OF
3 TOPICS, AND WE'VE NOW COME DOWN TO JUST TWO AREAS.

4 MR. KLEIN: WHICH I'M VERY HAPPY TO SIT WITH
5 ZACH AND TRY AND FIND SOME RESOLUTION TO, EVEN THOUGH,
6 AS HE SAID, THERE AREN'T A LOT OF OPTIONS. HE DOESN'T
7 ACCEPT, FOR EXAMPLE, THE DIRECTOR OF FINANCE'S
8 APPROVALS OF OUT-OF-STATE TRAVEL AND INTERNATIONAL
9 TRAVEL. BUT THESE ARE ISSUES THAT WE SHOULD BE ABLE TO
10 RESOLVE BETWEEN OURSELVES.

11 DR. PIZZO: RIGHT.

12 DR. POMEROY: WE'RE HEARING THAT YOU CAN'T.

13 DR. PIZZO: I CERTAINLY AGREE THAT YOU
14 SHOULD, BUT WHAT I'M HEARING IS THAT YOU HAVEN'T. AND
15 SO THAT LEAVES US COMING BACK, IN FAIRNESS, DAVID, I
16 THINK THAT YOUR POINT IS IMPORTANT, YOU KNOW, BUT LET'S
17 JUST SAY THAT PROPOSITION 71 WAS WRITTEN IN A CERTAIN
18 WAY, AND NOW WE'RE DEALING WITH SOMETHING THAT MAY NOT
19 HAVE EXACTLY BEEN ANTICIPATED, WHICH IS OFFICE
20 ASSIGNMENT AND TRAVEL. I MEAN IT'S LIKE WE'VE GOT THE
21 CONSTITUTION AND NOW THERE'S THIS SORT OF NUANCE THAT,
22 YOU KNOW, THE WRITERS DIDN'T NECESSARILY GATHER.

23 AND IDEALLY WE'D LOVE TO BE ABLE TO SAY THIS
24 IS ALL WELL CODIFIED AND JUST LET'S MOVE ON, BUT
25 THERE'S A DISAGREEMENT. I THINK WE'VE GOT TWO OPTIONS

1 TODAY. WE CAN VOTE ON IT AND SIMPLY SAY THAT THAT'S
2 THE WAY IT IS, OR WE CAN TASK IT BACK AND SAY WE'RE
3 VOTING ON EVERYTHING BUT THOSE TWO TOPICS, AND WE WANT
4 THEM TO BE RESOLVED BY THE TIME OF THE ICOC MEETING.

5 DR. MURPHY: PHIL, RICH MURPHY. CAN I JUST
6 ASK A QUESTION OF ZACH FOR CLARIFICATION. ZACH, I
7 UNDERSTAND WHERE YOU'RE COMING FROM, BUT I ALSO
8 UNDERSTAND THAT BOB, AS THE CHAIR, NEEDS THE FREEDOM TO
9 DO HIS JOB. AND IF YOU HAVE -- IF WE HAVE A BUDGET
10 THAT YOU HAVE APPROVED, THE ICOC HAS APPROVED, AND
11 WITHIN THAT BUDGET THERE'S A CERTAIN AMOUNT OF MONEY
12 ALLOCATED TO THE CHAIR'S OFFICE FOR OPERATIONS BY THE
13 CHAIR, WHICH IS THE RESPONSIBILITY OF THE ICOC WHICH
14 WE'VE ALL AGREED UPON, ARE YOU UNCOMFORTABLE WITH BOB
15 REGULATING THAT PORTION OF THE BUDGET AS LONG AS IT IS
16 WITHIN THE GUIDELINES?

17 DR. HALL: WELL, YOU'LL HEAR TODAY A BUDGET
18 THAT WE'VE -- THE WORK THAT WE'VE DONE PROJECTING OUR
19 BUDGETS FOR THE NEXT YEAR. IN EACH CASE WALTER HAS
20 GONE TO THE HEAD OF THE COST UNIT. WE HAVE FOUR COST
21 CENTERS: CHAIR'S OFFICE, PRESIDENT'S OFFICE,
22 ADMINISTRATIVE OFFICE, AND THE SCIENCE OFFICE. HE'S
23 GONE TO EACH OF THOSE AND WORKED OUT THE BUDGET WITH
24 THEM. I DIDN'T SIT IN THOSE DISCUSSIONS AND I DIDN'T
25 MONITOR THEM. HOWEVER, I THINK IF THERE WERE SOMETHING

1 EGREGIOUS IN ANY OF THE BUDGETS, I WOULD BE -- I HAVE
2 FINAL BUDGET RESPONSIBILITY, AND I WOULD SAY, "I'M
3 SORRY. I CAN'T APPROVE THIS EXPENDITURE."

4 DR. PIZZO: BUT THAT'S NOT WHAT -- I DON'T
5 THINK THAT'S WHAT --

6 DR. MURPHY: THAT'S NOT THE QUESTION I ASKED.

7 DR. HALL: I'M SORRY.

8 DR. MURPHY: THE BUDGET -- MY UNDERSTANDING
9 IS ULTIMATELY THE BUDGET IS THE RESPONSIBILITY OF THE
10 ICOC. AND IF WE APPROVE THE BUDGET AS PUT TOGETHER BY
11 WALTER, YOU, AND EVERYONE ELSE --

12 DR. HALL: YES.

13 DR. MURPHY: -- AND THERE IS A HUNDRED DOLLAR
14 BUDGET AND \$20 OF THAT IS ASSIGNED TO BOB'S OFFICE, ARE
15 YOU UNCOMFORTABLE WITH BOB BEING RESPONSIBLE FOR THE
16 ALLOCATION OF THAT \$20?

17 DR. HALL: LET ME MAKE AN EXAMPLE. SUPPOSE
18 THE ADMINISTRATIVE OFFICE CAME THROUGH AND WE FOUND OUT
19 THAT, IN FACT, WHEN ALL WAS SAID AND DONE, AND WITHIN
20 THE TERMS OF THE BUDGET, THE ADMINISTRATIVE OFFICE HAD
21 TAKEN THREE TRIPS TO I DON'T KNOW WHERE AND THE TRAVEL
22 EXPENSES WERE A \$100,000. I THINK --

23 MR. KLEIN: APPROVED BY THE DIRECTOR OF
24 FINANCE FOR THE STATE, ZACH?

25 DR. HALL: I'M SORRY, BOB. THAT'S NOT

1 SOMETHING WE CAN LIVE WITH. IF WE HAVE EXPENSES -- I
2 HAVE TO BE RESPONSIBLE FOR IT FINALLY --

3 DR. PIZZO: OKAY. SO CAN I OFFER --

4 DR. HALL: ...MONITOR ROUGHLY WHAT THEY ARE
5 AND HOLD PEOPLE ACCOUNTABLE FOR THEM. I CERTAINLY
6 DON'T TRY, NOR DO I INTEND TO -- IN FACT, FOR THIS LAST
7 SINCE SEPTEMBER, I HAVE NOT MICROMANAGED THE BUDGET OF
8 ANY OF THE FOUR OFFICES, AND I THINK YOU CAN ASK THE
9 SENIOR OFFICERS AND THE CHAIR IF THAT IS CORRECT OR
10 NOT. I HAVE NOT DONE THAT. I DO HAVE FINAL
11 RESPONSIBILITY TO DEVELOP THE BUDGETS AND COST CONTROL
12 PROGRAMS OF THE INSTITUTE. THAT'S QUOTING.

13 DR. MURPHY: THAT'S SUBJECT TO THE ULTIMATE
14 CONTROL BY THE ICOC.

15 DR. HALL: OF COURSE. I BRING IT TO YOU, TO
16 THE GOVERNANCE SUBCOMMITTEE.

17 DR. MURPHY: BUT MY QUESTION IS WITHIN THAT,
18 ALTHOUGH IT IS STILL THE ULTIMATE RESPONSIBILITY FOR
19 THE ICOC, YOU ARE UNCOMFORTABLE ALLOCATING THAT 20
20 PERCENT OF THE BUDGET, WHATEVER THE NUMBER IS, TO BOB
21 WHO IS ALSO SUBJECT TO THE ICOC BECAUSE YOU FEEL THAT
22 IS STILL YOUR RESPONSIBILITY TO MANAGE. THAT'S WHAT
23 I'M HEARING.

24 DR. HALL: SO MY RESPONSIBILITY, I'M HELD
25 ACCOUNTABLE FOR THE ACTIVITIES OF THE EMPLOYEES OF THE

1 INSTITUTE. NOT BOB'S. BOB'S ACTIVITIES I'M NOT HELD
2 ACCOUNTABLE FOR, BUT FOR THE EMPLOYEES OF THE
3 INSTITUTE, INCLUDING THE STAFF MEMBERS IN THE OFFICE OF
4 THE CHAIR. AND I NEED TO BE SURE THAT BOTH WHATEVER IS
5 DONE ARE THINGS THAT I CAN DEFEND AS A RESPONSIBLE
6 MANAGER AND ADMINISTRATOR OF THE INSTITUTE AND ALSO
7 THAT POLICIES ARE APPLIED CONSISTENTLY ACROSS THE
8 INSTITUTE SO THAT WE'RE ONE ORGANIZATION AND NOT TWO.
9 I FEEL VERY IMPORTANTLY -- I FEEL VERY STRONGLY ABOUT
10 IT.

11 MR. KLEIN: ZACH, WE'RE NOT TALKING ABOUT
12 SALARIES OR ANYTHING. THOSE ARE CLEARLY, ALL THE
13 SALARIES, ALL THE SALARY INCREASES, ALL THE MERIT
14 INCREASES, THAT'S ALL -- WE'RE ONLY TALKING ABOUT BEING
15 ABLE TO CONTROL THE TRAVEL BUDGET AS AN ITEM THAT IS
16 APPROVED BY THE BOARD.

17 DR. HALL: NO. TRAVEL BUDGET AS AN ITEM IS
18 APPROVED, IT GOES THROUGH. IF ANY ONE OF THE UNITS
19 WERE TO COME UP WITH A TRAVEL BUDGET THAT I THOUGHT WAS
20 EGREGIOUS, I WOULD NOT APPROVE IT, TAKING IT TO THE
21 GOVERNANCE SUBCOMMITTEE.

22 DR. PIZZO: CAN I FOLLOW RICH'S
23 RECOMMENDATION AND JUST SEE WHETHER WE CAN BRING
24 PERHAPS SOME CLOSURE TO THIS. SO IF THE TWO POINTS OF
25 CONTENTION ARE AROUND OFFICE ASSIGNMENT AND APPROVAL

1 FOR TRAVEL, WHAT IF WE HAD, FOLLOWING RICH'S, I THINK,
2 VERY IMPORTANT SUGGESTION, APPROVAL FOR TRAVEL
3 EXCEEDING BUDGET. SO THAT WOULD GIVE THE APPROPRIATE
4 CONTROL, ZACH, TO YOU TO MAKE SURE THAT ALL THE TRAVEL
5 WAS STAYING WITHIN BUDGET. THAT'S NO. 1.

6 AND THEN FOR OFFICE ASSIGNMENT, FOLLOWING
7 STANDARD PRINCIPLES THAT APPLY TO ALL STAFF MEMBERS.
8 SO SOMETHING -- A BIT OF A CAVEAT OVER THOSE TWO THINGS
9 THAT MAKE IT CLEAR THAT WE'RE ADDRESSING THE OFFICE
10 ASSIGNMENTS APPROPRIATELY WITHOUT FAVORITISM AND THAT
11 WE'RE FOLLOWING RICH'S SUGGESTION THAT YOU, ZACH, HAVE
12 THE CONTROL OVER TRAVEL WHEN IT EXCEEDS BUDGET; BUT
13 WHEN IT'S WITHIN BUDGET, YOU DON'T NEED TO WORRY ABOUT
14 THAT.

15 DR. HALL: THE ISSUE YOU BROUGHT UP BEFORE,
16 PHIL, I THINK TINA'S SUGGESTION IS A GREAT ONE. IT'S
17 THE WAY I WOULD LIKE TO DO IT. BUT -- AND I WILL
18 DISCUSS IT WITH THE CHAIR, AND I HOPE WE WILL REACH
19 AGREEMENT. IF WE DO NOT, I BELIEVE THAT THE FINAL
20 DECISION ABOUT THAT HAS TO BE THAT OF THE PRESIDENT;
21 THAT IS, WHICH LEVELS GET ASSIGNED TO WHICH KIND OF
22 OFFICES AND CUBICLES.

23 DR. POMEROY: TINA, CAN I COMMENT?

24 VICE CHAIR NOVA: PLEASE, CLAIRE.

25 DR. POMEROY: PHIL, I THINK THAT YOU'RE

1 TRYING TO COME UP WITH SOME VERY REASONABLE SOLUTIONS
2 HERE, BUT I'M AFRAID PERHAPS WHAT WE'RE DOING IS
3 ADDRESSING THE SYMPTOM RATHER THAN ADDRESSING --

4 DR. PIZZO: I KNOW THAT, CLAIRE. I
5 UNDERSTAND THAT VERY CLEARLY.

6 DR. POMEROY: AND, YOU KNOW, IF WE HAVE A
7 SITUATION WHERE OUR CHAIR DOES NOT TRUST THE PRESIDENT
8 WILL MAKE APPROPRIATE DECISIONS ABOUT THE TRAVEL BUDGET
9 AND OFFICE SPACE, THEN THAT'S A LARGER ISSUE. I THINK
10 THAT, YOU KNOW, THERE HAS TO BE ONE SET OF PRINCIPLES
11 HERE, AND THERE ALSO HAS TO BE TRUST BY ALL OF THE
12 PEOPLE IN THE ORGANIZATION, ALL THE SENIOR LEADERS THAT
13 THE PRESIDENT WILL MAKE GOOD DECISIONS THAT DO NOT
14 INTERFERE WITH THE FUNCTION OF THEIR UNIT. AND IF THE
15 PRESIDENT MAKES A BAD DECISION, IT DOES INTERFERE WITH
16 THE FUNCTION OF THE UNIT, THEN IT'S THE ICOC'S JOB TO
17 GET A NEW PRESIDENT.

18 DR. PIZZO: SO, CLAIRE, I UNDERSTAND THAT.
19 AND I THINK JUST COMING BACK TO WHERE WE STARTED AND, I
20 THINK, TINA AND THEN DAVID'S COMMENT. WE ALL KNOW THAT
21 THERE WERE, AS IS OFTEN THE CASE IN ORGANIZATIONS,
22 THERE WERE TENSIONS AND CHALLENGES OVER THE LAST YEAR,
23 AND THAT HAS LED TO THIS DOCUMENT. AND SO I'M ACTUALLY
24 PLEASED WITH THE FACT THAT THERE APPEARS TO BE AN
25 ALMOST FULL RESOLUTION. AND I AGREE WITH YOU

1 COMPLETELY, CLAIRE, THAT, YOU KNOW, ON THE ONE HAND ONE
2 DOESN'T WANT TO SIMPLY MASK OVER SYMPTOMS, BUT THE
3 REALITY IS WE'VE DEALT WITH A LOT OF THOSE NOW
4 SUCCESSFULLY. AND IF WE CAN FINALIZE THIS AND HAVE AN
5 AGREED SET OF PRINCIPLES THAT WILL ALLOW THE GROUPS TO
6 FUNCTION SUCCESSFULLY, I WOULD VIEW THAT AS A PRETTY
7 BIG VICTORY.

8 SO RATHER THAN TABLING THIS AND HAVING IT GO
9 BACK AND FORTH, I THINK WE -- WHAT I'M HEARING IS THAT
10 THERE IS A NEED FOR, QUOTE, DISPUTE RESOLUTION AROUND
11 TWO ITEMS. ONE OF THEM IS OFFICE ASSIGNMENT AND THE
12 OTHER IS TRAVEL. AND I THINK WE HAD A SUGGESTION FOR
13 HOW TO HANDLE THE PRINCIPLE SURROUNDING OFFICE
14 ASSIGNMENT, AND HOPEFULLY THAT WILL WORK IN A
15 SUCCESSFUL WAY. AND THE SECOND IS WITH REGARD TO
16 TRAVEL WITHIN BUDGET, AS RICH SUGGESTED. IF WE CAN
17 INCORPORATE THOSE TWO THINGS, I'D LOVE TO JUST GET THIS
18 SOLVED AND MOVE ON.

19 DR. HALL: LET ME JUST SAY THAT WE WILL END
20 UP WITH A WRITTEN DOCUMENT. I'M HAPPY TO DO THAT, AND
21 I THINK WE EITHER HAVE TO HAVE THE DOCUMENT GO FORWARD
22 AS IT STANDS OR IT NEEDS TO BE AMENDED. I WILL ACCEPT
23 THE JUDGMENT OF THE GOVERNANCE SUBCOMMITTEE. WHATEVER
24 YOU DECIDE ABOUT THAT I WILL ACCEPT. I WANT TO MAKE
25 CLEAR ABOUT THAT. I WOULD LIKE CLARITY ON THAT ISSUE

1 ABOUT WHETHER WE GO FORWARD WITH THIS DOCUMENT WITH THE
2 UNDERSTANDING THAT YOU HAVE SAID OR NOT.

3 MR. KLEIN: YEAH. I WOULD ALSO BE PERFECTLY
4 HAPPY WITH TINA'S SOLUTION AND DR. PIZZO AND RICHARD
5 MURPHY'S SOLUTION, THAT IF WE'RE ABOVE BUDGET, OF
6 COURSE, WE HAVE TO GO TO THE PRESIDENT FOR ADDITIONAL
7 APPROVALS ON TRAVEL. IT SEEMS PERFECTLY CORRECT, AND
8 OBVIOUSLY WE HAVE THE ADDITIONAL SECURITY OF THE STATE
9 DIRECTOR OF FINANCE'S APPROVALS AS WELL.

10 DR. PIZZO: SO I AM SUGGESTING, ZACH, THAT WE
11 MODIFY THE DOCUMENT TO INCORPORATE THOSE TWO CAVEATS.

12 DR. HALL: OKAY. I WANT TO BE CLEAR. THIS
13 IS A QUESTION OF WHO HAS AUTHORITY FOR WHAT. AND I
14 THINK CLAIRE'S POINT IS CORRECT. WE NEED TO WORK
15 TOGETHER --

16 DR. PIZZO: GREAT.

17 DR. HALL: -- TO TRY TO DO THAT, BUT IN THE
18 END, I THINK THERE HAS TO BE SOME DECISION ABOUT WHO
19 HAS AUTHORITY. AND I WILL ACCEPT WHATEVER YOU SAY ON
20 THIS. I WANT TO MAKE CLEAR ON THAT. BUT I WOULD LIKE
21 A CLEAR STATEMENT BECAUSE I THINK OTHERWISE TOO MUCH
22 TIME IS SPENT WORKING ON THINGS THAT I THINK WE HAVE
23 MUCH MORE IMPORTANT THINGS TO DO.

24 DR. PIZZO: GREAT. EXACTLY.

25 DR. HALL: A CLEAN, CLEAR DECISION, AND I

1 WILL ABIDE BY IT AND LET'S MOVE ON.

2 DR. PIZZO: OKAY. GREAT. AND I THINK WE ALL
3 HAVE THE EXPERIENCE IN EACH OF OUR WORKING LIVES THAT
4 WE SPEND MUCH TOO MUCH TIME ON PERIPHERAL ISSUES, AND
5 THIS MAY BE JUST AN EXAMPLE THAT WE'RE ALL HAVING A
6 CHANCE TO LOOK AT TODAY.

7 SO I WOULD SAY THAT WE OUGHT TO, AS IT
8 RELATES TO OFFICE ASSIGNMENTS, FOLLOW THE TINA NOVA
9 POSITION. AND I DO THINK THAT IF THERE IS A NEED FOR
10 FINAL RESOLUTION OF THAT, THAT IS, IF THERE IS A
11 DISAGREEMENT, I'M COMFORTABLE WITH THE PRESIDENT HAVING
12 THE AUTHORITY ON THAT.

13 AND THE SECOND IS FOR APPROVAL FOR TRAVEL.
14 I'M RECOMMENDING FOLLOWING RICH'S SUGGESTION, THAT THE
15 TRAVEL REQUESTS EXCEEDING BUDGET BE APPROVED BY THE
16 PRESIDENT.

17 MR. BARNES: THIS IS WALTER. I HAD JUST KIND
18 OF ONE CLARIFICATION WITH REGARD TO THIS. I THINK THE
19 BIGGEST ISSUE HERE IS OUT-OF-STATE TRAVEL AS OPPOSED TO
20 REGULAR IN-STATE TRAVEL. AND I WANT TO JUST REMIND
21 EVERYBODY THAT THE POLICY THAT THE ICOC ADOPTED WITH
22 REGARD TO OUT-OF-STATE TRAVEL SAYS THAT THE PRESIDENT
23 IS TO APPROVE ALL OUT-OF-STATE TRAVEL OR OUT-OF-COUNTRY
24 TRAVEL FOR ALL CIRM EMPLOYEES. AND THE CHAIR IS TO
25 APPROVE ALL OUT-OF-STATE TRAVEL OR OUT-OF-COUNTRY

1 TRAVEL FOR HIMSELF AND ALL ICOC MEMBERS.

2 SO I THINK THE REAL ISSUE HERE IS WITH REGARD
3 TO OUT-OF-STATE TRAVEL, AND I JUST WANT TO PUT THAT ON
4 THE TABLE, WHICH IS THAT IF YOU END UP COMING UP --

5 DR. HALL: THAT IS THE POLICY NOW.

6 MR. BARNES: THAT'S RIGHT. SO IF YOU
7 HAVE -- IF YOU END UP WANTING TO GO A DIFFERENT WAY IN
8 TERMS OF WHO APPROVES FOR OUT-OF-STATE TRAVEL, WE'LL
9 ALSO BE AMENDING THAT PARTICULAR POLICY AS WELL.

10 MR. KLEIN: WALTER, THIS IS BOB. FRANKLY,
11 THAT'S NOT HOW I HAD UNDERSTOOD THAT POLICY, BUT WHAT'S
12 IMPORTANT HERE, IF I HAVE TO GO TO WASHINGTON, D.C. ON
13 A DROP OF A HAT BECAUSE FRIST MOVES THE CASTLE/DEGETTE
14 BILL IN THE SENATE WITHOUT NOTICE, WHICH IS, IN FACT,
15 THE ANTICIPATED STRATEGY, I NEED STAFF THAT MAY HAVE TO
16 PACK ON A WEEKEND TO GET THERE. AND I WILL BE
17 REARRANGING MY LIFE AS WELL AS MY BUSINESS AS WELL AS
18 ALL OF OUR CIRM FUNCTIONS, AND HAVING ANOTHER LEVEL OF
19 ENCUMBRANCE, WE STILL HAVE TO GET TO -- WE STILL HAVE
20 TO GET THE STATE DIRECTOR OF FINANCE'S APPROVAL, AND WE
21 HAVE BUDGETED IN OUR BUDGET OUT-OF-STATE TRAVEL FOR
22 STAFF THAT WE HAVE SUPPORT IN SITUATIONS LIKE THAT. SO
23 FULFILLING MY FUNCTION JUST ON A REAL-TIME OPERATIONAL
24 BASIS IS CHALLENGING AT BEST. AND AS LONG AS WE'RE
25 WITHIN THE BUDGET HERE, I NEED TO BE ABLE TO DO THAT TO

1 PERFORM MY FUNCTIONS THAT ARE CRITICAL TO THE MISSION.

2 DR. POMEROY: BOB, DO YOU REALLY BELIEVE THAT
3 ZACH WOULDN'T APPROVE THAT?

4 MR. KLEIN: YOU KNOW, CLAIRE, IF I HAVE --
5 FIRST OF ALL, ZACH, TRAVELS ALL OVER THE GLOBE AS WELL
6 AS THE UNITED STATES, AND TRACKING HIM DOWN FOR THOSE
7 APPROVALS PUSH -- I HAVE -- I'M LIMITED OUT.

8 DR. POMEROY: ...IMPROVED BY BOTH OF YOU
9 HAVING A CELL PHONE.

10 MR. KLEIN: I'M LIMITED OUT, CLAIRE, AND
11 I -- YOU KNOW, I'M REALLY AT THE EDGE WHERE IF I'M
12 GOING TO BE ABLE TO PERFORM, HAVING ANOTHER LEVEL OF
13 APPROVALS IS JUST SO REDUNDANT, THAT I QUESTION THE
14 ORGANIZATION AND THE BURDENS BEING PUT ON ME AND
15 WHETHER THEY'RE REASONABLE.

16 DR. PIZZO: I MEAN IN FAIRNESS, I THINK ALL
17 OF US CAN RESONATE TO THE BOUNDARIES SURROUNDING THIS.
18 IF I NEEDED TO, YOU KNOW, GET APPROVAL TO TRAVEL TO
19 WASHINGTON BECAUSE OF THE KEY ISSUE, I WOULD OBJECT TO
20 THAT AS WELL BECAUSE I THINK I NEED TO MAKE CERTAIN
21 DECISIONS ABOUT THAT. CLAIRE, I'M SURE YOU NEED TO DO
22 THAT.

23 DR. POMEROY: I HAVE TO GET APPROVAL EVERY
24 TIME I TRAVEL.

25 DR. PIZZO: WELL, THAT'S WHY I LEFT THE NIH

1 ACTUALLY, TO BE HONEST WITH YOU.

2 DR. POMEROY: YOU WORK FOR A PRIVATE
3 ORGANIZATION, AND CIRM IS NOT A PRIVATE ORGANIZATION.

4 MR. KLEIN: OKAY. AND THE DIRECTOR OF
5 FINANCE HAS TO APPROVE THESE.

6 DR. PIZZO: BUT I THINK WHAT WE'RE TALKING
7 ABOUT, I MEAN IT FEELS TO ME RIGHT NOW THAT WE HAVE
8 MOVED FROM A DISCUSSION ABOUT ORGANIZATION APPROVAL TO
9 ONE OF TRUST. AND, YOU KNOW, FOR BETTER OR WORSE, THAT
10 IS A FACTOR THAT'S PLAYING OUT HERE. AND WHAT WE'RE
11 TRYING TO DO IS RECOGNIZE THAT WHILE THAT'S A FACTOR,
12 WE WANT TO PUT THE APPROPRIATE BOUNDARIES AROUND IT SO
13 THAT TWO DIFFERENT INDIVIDUALS WITH TWO DIFFERENT GOALS
14 AND TWO DIFFERENT STYLES CAN STILL WORK COLLABORATIVELY
15 IN ORDER TO MAKE THE WHOLE GREATER THAN THE SUM OF THE
16 PARTS. AND, YOU KNOW, WE'RE CLOSE TO THAT AT THIS
17 POINT IN TIME, AND I THINK THAT THE ISSUE OF TRAVELING
18 WITHIN BUDGET, TO ME, GIVES FLEXIBILITY ON THE ONE HAND
19 TO THE CHAIR, AND IT GIVES CONTROL TO THE PRESIDENT TO
20 MAKE SURE THAT SOMEONE DOESN'T EXCEED BUDGET.

21 AND I THINK ON THE OTHER TOPIC OF OFFICE
22 ASSIGNMENT, HAVING PRINCIPLES THAT ARE FOLLOWED WITH
23 THE PRESIDENT BEING THE ULTIMATE DECISION MAKER IF
24 THERE'S A DISAGREEMENT STILL KEEPS THE BALANCE IN A
25 REASONED WAY. SO I THINK WE HAVE -- DO WE HAVE A

1 MOTION ON THE FLOOR? IS THAT TRUE?

2 MR. KLEIN: YES.

3 DR. PIZZO: SO LONG AGO. SO IF WE HAVE A
4 MOTION ON THE FLOOR, I WOULD LIKE, IF I CAN MODIFY MY
5 MOTION TO INCLUDE THOSE TWO STATEMENTS. TINA, GUIDE US
6 WITH REGARD TO WHAT THE PROCESS SHOULD BE NOW.

7 VICE CHAIR NOVA: AMY, COULD YOU REPEAT THE
8 MOTION, PLEASE?

9 MS. DU ROSS: YES. OKAY. SO THE MOTION IS
10 THAT THE DOCUMENT IS BEING MOVED FORWARD WITH THE
11 EXCEPTION THAT THERE ARE TWO ITEMS TO BE WORKED OUT.
12 THE FIRST IS THE TRAVEL APPROVALS, FOR ANY TRAVEL
13 OUT-OF-STATE OR OUT-OF-THE-COUNTRY EXCEEDING THE
14 APPROVED BUDGET.

15 MR. KLEIN: FOR ANY TRAVEL EXCEEDING THE
16 APPROVED BUDGET.

17 MS. DU ROSS: RIGHT. RIGHT. ANY TRAVEL
18 EXCEEDING -- EXCUSE ME -- EXCEEDING THE APPROVED
19 BUDGET, THERE WOULD HAVE TO BE EXPRESS APPROVAL FROM
20 THE PRESIDENT. AND ON THE ISSUE OF OFFICE ASSIGNMENTS,
21 THE PRESIDENT AND THE CHAIR WILL WORK OUT A PRINCIPLE
22 BASED ON TINA NOVA'S SUGGESTION. AND I'M ASSUMING IT
23 WILL FOLLOW THE LEVEL OF EMPLOYEES, THE BANDS THAT WE
24 JUST DISCUSSED, THE COMPENSATION PLAN; AND THAT IF
25 THERE IS A DISAGREEMENT, THE ULTIMATE APPROVAL

1 AUTHORITY RESTS WITH THE PRESIDENT.

2 DR. PIZZO: RIGHT. THAT'S EXACTLY WHAT I
3 STATED. WELL DONE, AMY.

4 VICE CHAIR NOVA: THANK YOU. THANK YOU,
5 PHIL. I JUST WANTED TO REPEAT THAT AND MAKE SURE WE
6 WERE ALL ON THE SAME PAGE. AND WE HAVE A SECOND; IS
7 THAT CORRECT?

8 MS. DU ROSS: RICH MURPHY WAS THE SECOND.

9 MS. ROSAIA: THE CIRM GOT BUMPED OFF, SO
10 WE'RE GOING TO CALL BACK IN ONE SECOND.

11 VICE CHAIR NOVA: OKAY.

12 MS. DU ROSS: RICH, DOES YOUR SECOND STILL
13 STAND?

14 DR. MURPHY: IT DOES. THANK YOU.

15 DR. PIZZO: TINA, CAN WE CALL THE QUESTION
16 AND SEE WHETHER THERE'S OTHER DISCUSSION?

17 DR. MURPHY: THERE'S PEOPLE OFF THE PHONE,
18 PHIL.

19 DR. PIZZO: OH, I'M SORRY. OKAY.

20 VICE CHAIR NOVA: WE LOST SAN FRANCISCO, SO
21 WE GOT TO WAIT.

22 DR. PIZZO: I'M SORRY. SORRY. SORRY.

23 VICE CHAIR NOVA: I JUST NEED TO MAKE SURE
24 THAT THERE'S NO MORE BOARD OR PUBLIC COMMENT.

25 DR. PIZZO: I UNDERSTAND THAT.

1 MS. KING: AND THEY ARE WORKING ON DIALING
2 YOU BACK IN RIGHT NOW TO THE CIRM LOCATION. YOU WILL
3 HEAR THEM BEEP IN. I'M SURE THEY'LL MAKE THEIR
4 PRESENCE KNOWN.

5 (PAUSE IN PROCEEDINGS.)

6 MS. ROSAIA: TINA, WE'RE BACK ON.

7 VICE CHAIR NOVA: GREAT. FANTASTIC. OKAY.
8 SO THE MOTION HAS BEEN MADE AND SECONDED. IS THERE ANY
9 MORE COMMENTS FROM BOARD MEMBERS?

10 MR. SERRANO-SEWELL: YEAH. THERE'S A COMMENT
11 IN SAN FRANCISCO. DAVID.

12 VICE CHAIR NOVA: THANK YOU, DAVID.

13 MR. SERRANO-SEWELL: ZACH'S NOT HERE. I WISH
14 HE WAS BECAUSE THIS IS MEANT AS MUCH TO ZACH AS THE
15 PRESIDENT AS IT IS TO THE CHAIR. IT SORT OF PAINS ME
16 TO EVEN HAVE THIS CONVERSATION. I DON'T MIND HAVING
17 IT, BY THE WAY. AND CLEARLY WE DON'T WANT TO GET INTO
18 IT NOW, AND I APPRECIATE WHAT RICHARD AND PHIL AND YOU
19 HAVE DONE, TINA, IN SORT OF WINDING THIS DOWN. AND
20 OKAY, FINE. LET'S DEAL WITH THIS. BUT I KNOW THAT
21 I -- JUST IN MY HEART I KNOW WE'RE GOING TO DEAL WITH
22 IT ON ANOTHER DAY.

23 AND IF THERE'S JUST NOT A LEVEL OF TRUST WITH
24 THE PRESIDENT AND THE OFFICE OF THE CHAIR, AS AN ICOC
25 MEMBER, IT CAUSES ME GREAT CONCERN AND HEARTACHE.

1 EVERYONE WORKED SO HARD TO GET HERE. WE GOT A MILLION
2 PEOPLE COMING AFTER US. WE DON'T NEED EACH OTHER AS
3 WELL. THAT'S NOT A SPEECH, BUT THAT'S JUST A IF PEOPLE
4 HAVE TO MAKE DECISIONS ABOUT THEIR PLACE ON THE ICOC OR
5 THEIR PLACE ON THE STAFF SIDE ON THE INSTITUTION SIDE,
6 THEN FINE. LET'S MAKE THOSE DECISIONS. AND LET'S JUST
7 MOVE ON BECAUSE ALL OF US -- THIS ORGANIZATION WILL
8 MOVE ON WITHOUT ANY ONE PERSON, WHETHER IT'S THE
9 PRESIDENT OR WHETHER IT'S THE CHAIR OR ANY SINGLE STAFF
10 PERSON OR ICOC MEMBER. I JUST SORT OF WANT TO MOVE ON.
11 AND I THINK THIS SORT OF EXEMPLIFIES A LARGER PROBLEM
12 THAT'S GOING TO CROP UP AGAIN.

13 DR. MURPHY: DAVID, RICH MURPHY. I DON'T
14 DISAGREE WITH YOU, BUT LET'S GO BACK A LITTLE BIT. I
15 THINK THE PROBLEM REALLY ORIGINATES IN THE STRUCTURE
16 THAT WE DID NOT DEAL WITH WELL AT THE VERY BEGINNING.
17 AND THAT WAS THAT ORGANIZATIONAL STRUCTURE WHICH SHOWED
18 THE ICOC ON THE TOP LINE AND THE CHAIR AND THE
19 PRESIDENT ON THE LINE BELOW AT THE SAME LEVEL. WE
20 NEVER RESOLVED THAT. AND IN MY VIEW THAT IS THE
21 PROBLEM. I THINK THE CHAIR IS THE CHAIR OF THE ICOC
22 AND IS ON THAT UPPER LEVEL. THAT DOES NOT MEAN IN ANY
23 WAY TO MINIMIZE ZACH'S RESPONSIBILITY OR TO MAXIMIZE
24 BOB'S INFLUENCE. BUT I THINK THAT WE HAVE NEVER REALLY
25 UNDERSTOOD WHAT THE RELATIONSHIP OF THE ICOC AND THE

1 CHAIR OF THE ICOC IS TO THE PRESIDENT. AND I THINK --
2 I'M HAPPY WE'RE AT A POINT OF RESOLVING THIS ISSUE, BUT
3 I THINK SOMETIME DOWN THE ROAD WE'RE GOING TO HAVE TO
4 GO BACK TO THAT LARGER ISSUE AS WELL.

5 MR. KLEIN: THIS IS BOB. I'D LIKE TO
6 CELEBRATE A 99-PERCENT AGREEMENT AND CLOSURE OF THESE
7 TWO POINTS. CLOSURE AND HAVING THIS WRITTEN FORMAT IS
8 HELPFUL TO ZACH AND I BOTH. IT HELPS US WORK SMOOTHLY
9 TOGETHER, AND WE'VE COME A LONG WAY SETTING UP AN
10 AGENCY OVER A YEAR AND HAVING WORKING RELATIONSHIPS
11 THAT HAVE BEEN SO PRODUCTIVE. AND I'D LIKE TO THANK
12 ZACH FOR HIS TREMENDOUS CONTRIBUTION TO THAT. AND FOR
13 THE OPERATING RELATIONSHIP, WE HAVE MERGED THAT 98
14 PERCENT OR 99 PERCENT WAS CLEAR BEFORE TODAY. AND
15 THANK YOU FOR SOLVING THE LAST TWO ITEMS.

16 VICE CHAIR NOVA: THANKS FOR THOSE COMMENTS.
17 I THINK THEY'RE GREAT, AND I THINK BOTH OF YOU ARE
18 FABULOUS. WE'RE LUCKY TO HAVE YOU. AND IF THERE'S
19 ANY -- IF ANY OF US CAN HELP YOU AT ALL AT ANY TIME ON
20 SOME OF THESE MANAGEMENT ISSUES, WE'VE BEEN THROUGH A
21 MILLION OF THEM BEFORE, PLEASE CALL ON US TO HELP
22 BECAUSE WE'D BE MORE THAN HAPPY TO DO SO.

23 ANY MORE BOARD COMMENTS? OKAY. ARE THERE
24 ANY PUBLIC COMMENTS?

25 MR. SIMPSON: YES. THIS IS JOHN SIMPSON IN

1 IRVINE.

2 VICE CHAIR NOVA: THANK YOU, JOHN. GO AHEAD,
3 PLEASE.

4 MR. SIMPSON: THE LAST HOUR OR SO WAS VERY
5 DISCOURAGING TO LISTEN TO, AND I DO HOPE THAT PEOPLE
6 CAN MOVE ON. I WOULD SUGGEST, HOWEVER, THAT THE BEST
7 WAY TO MOVE ON IS TO ADOPT THIS DOCUMENT EXACTLY AS IT
8 WAS SUBMITTED TO YOU BECAUSE I THINK YOU'VE PAPERED
9 OVER SOME THINGS, AND I THINK YOU NEED TO GIVE HANDS-ON
10 MANAGEMENT AUTHORITY TO THE CHIEF EXECUTIVE OF THE
11 INSTITUTE TO COVER ALL EMPLOYEES IN ALL SITUATIONS.
12 THANK YOU.

13 VICE CHAIR NOVA: THANK YOU, JOHN. OKAY. SO
14 WE HAVE A MOTION --

15 DR. PIZZO: WE HAVE DON REED HERE. SORRY.

16 VICE CHAIR NOVA: I'M SORRY, DON. I
17 APOLOGIZE.

18 MR. REED: IT SEEMS TO ME LIKE THE
19 CONSTITUTION, AND I RECOLLECT THE CONSTITUTION AS BEING
20 FRAUGHT WITH HUGE DIVISIONS AND BATTLES AND EMOTIONAL
21 HASSLES, AND IT AMAZES ME HOW LITTLE WE HAVE SEEN OF
22 THIS DESPITE EXHAUSTION, A LACK OF FUNDING, A FIGHT
23 EVERY STEP OF THE WAY. OUR LEADERS HAVE BEEN
24 TREMENDOUS. THEY'VE WORKED TOGETHER. I THINK THEY'RE
25 BOTH GREAT PEOPLE. WE'RE LUCKY TO HAVE THEM.

1 ON THE ISSUES THEMSELVES, I DON'T PRETEND TO
2 UNDERSTAND THEM, BUT I KNOW BOB HAS TO BE FREE TO MOVE,
3 AND I KNOW ZACH HAS TO BE ABLE TO RUN THE OFFICE. SO
4 IT SEEMS TO ME THAT THEY'RE BOTH RIGHT, AND I KNOW THAT
5 THEY'LL WORK IT OUT. AND JUST BASICALLY I'M GLAD WE'VE
6 HAD TO WASTE SO LITTLE TIME. IT'S AMAZING HOW LITTLE
7 TIME WE'VE HAD TO WASTE ON ANYTHING LIKE THAT. THE
8 ACCOMPLISHMENTS HAVE BEEN AMAZING. THAT'S ALL.

9 VICE CHAIR NOVA: THANK YOU, DON. WE ALWAYS
10 APPRECIATE YOUR COMMENTS.

11 DR. PIZZO: TINA, JUST BEFORE YOU CALL THE
12 QUESTION, JUST I HAVE ONE LAST COMMENT. I THINK THAT
13 WE ARE STAYING TRUE TO THE PRINCIPLE OF VESTING
14 AUTHORITY IN THE PRESIDENT FOR OPERATIONAL ISSUES WITH
15 THE AMENDMENTS THAT WERE MADE TO THIS CONSTITUTIONAL
16 DOCUMENT.

17 VICE CHAIR NOVA: THANK YOU, PHIL. I AGREE.
18 THANK YOU. OKAY. AMY, WOULD YOU LIKE TO LEAD US IN A
19 ROLL CALL VOTE.

20 MS. DU ROSS: DAVID SERRANO-SEWELL --

21 DR. HALL: MAY I ASK JUST ONE QUESTION HERE
22 BEFORE WE -- WHAT IS THE SPECIFIC MOTION? WHAT IS THE
23 SPECIFIC AMENDMENT? I DON'T UNDERSTAND THAT.

24 DR. PIZZO: MAYBE YOU WEREN'T ON THE CALL
25 WHEN WE DID THAT.

1 DR. HALL: THIS CALL BROKE.

2 DR. PIZZO: YEAH. YEAH. I KNOW. WE SHOULD
3 LET YOU HEAR WHAT IT IS.

4 DR. HALL: IF YOU COULD JUST TELL ME WHAT IT
5 IS. I'M SORRY. I DON'T MEAN TO MAKE YOU GO BACK OVER
6 THIS.

7 MS. DU ROSS: THIS INTERNAL GOVERNANCE POLICY
8 WILL GO FORWARD WITH TWO EXCEPTIONS, THAT ANY TRAVEL
9 EXCEEDING THE APPROVED BUDGET IN THE OFFICE OF THE
10 CHAIR HAS TO GO TO THE PRESIDENT FOR FINAL APPROVAL
11 AUTHORITY. AND THEN SECONDLY, FOR OFFICE ASSIGNMENTS,
12 THE CHAIR AND THE PRESIDENT WILL WORK OUT A PEACEABLE
13 SOLUTION ALONG WITH TINA NOVA WITH THE LEVELS OF
14 EMPLOYEES THAT WERE JUST DISCUSSED IN THE COMPENSATION
15 PLAN. AND IF THERE IS DISAGREEMENT, IT IS THE
16 PRESIDENT'S FINAL APPROVAL AUTHORITY THAT STANDS.

17 DR. HALL: OKAY. THANK YOU VERY MUCH.

18 MS. DU ROSS: READY TO VOTE. DAVID
19 SERRANO-SEWELL.

20 MR. SERRANO-SEWELL: AYE.

21 MS. DU ROSS: BOB KLEIN.

22 MR. KLEIN: AYE.

23 MS. DU ROSS: CLAIRE POMEROY.

24 DR. POMEROY: NO.

25 MS. DU ROSS: TINA NOVA.

1 VICE CHAIR NOVA: AYE.

2 MS. DU ROSS: PHIL PIZZO.

3 DR. PIZZO: AYE.

4 MS. DU ROSS: JOHN REED.

5 DR. REED: AYE.

6 MS. DU ROSS: RICHARD MURPHY.

7 DR. MURPHY: YES.

8 MS. DU ROSS: MOTION PASSES.

9 VICE CHAIR NOVA: OKAY.

10 DR. HALL: I JUST WANT TO THANK EVERYBODY FOR

11 TAKING THE TIME TO WORK WITH US ON THIS. THIS IS A

12 GOOD SOLUTION. WE WILL GO FORWARD, AND I ALSO WANT TO

13 THANK BOB AS WELL AS OTHER MEMBERS OF THE COMMITTEE

14 THAT WE'VE BEEN ABLE TO REACH THIS AGREEMENT AND PUT

15 THIS DOCUMENT OUT. SO I THINK IT'S GOING TO BE AN

16 IMPORTANT PART OF OUR WAY IN WHICH WE DO BUSINESS AND

17 WILL BE NOW AVAILABLE FOR ALL TO SEE, PENDING APPROVAL

18 BY THE ICOC AND FOR DISCUSSION WITH OUR STAFF.

19 VICE CHAIR NOVA: THANK YOU, ZACH. OUR NEXT

20 ITEM IS THE RECOMMENDED BUDGET FOR THE CIRM FY

21 2004-2007. ZACH, COULD YOU PLEASE LEAD US THROUGH THAT

22 DISCUSSION, PLEASE.

23 DR. HALL: I'M GOING TO TURN IT OVER TO

24 WALTER, WHO HAS LED THE CHARGE ON THIS, AND HE WILL

25 WALK US THROUGH THE BUDGET REPORT, WHICH INCLUDES BOTH

1 THE REPORT OF OUR ACTIVITIES SO FAR AND PROJECTION INTO
2 THE NEXT YEAR.

3 MR. BARNES: THIS IS AGENDA ITEM 3(C), SO I
4 WANT TO MAKE SURE EVERYBODY HAS THEIR COPY OF IT. THE
5 ICOC HAS APPROVED BUDGETS FOR THE PRIOR PERIOD, PRIOR
6 YEAR PERIOD, WHICH WAS NOVEMBER 2D, WHEN THE
7 PROPOSITION 71 WAS PASSED, THROUGH THE END OF JUNE
8 30TH, 2005. AND ALSO APPROVED BUDGET FOR JULY 1ST,
9 2005, TO JUNE 30TH, 2004, THE CURRENT YEAR THAT WE'RE
10 IN.

11 AND THE PURPOSE OF THIS PRESENTATION IS TO
12 BRING YOU UP-TO-DATE ON THE PROGRESS FOR THOSE FIRST
13 TWO BUDGETS AND TO RECOMMEND A BUDGET FOR THE FIRST SIX
14 MONTHS GOING FORWARD INTO THE NEXT YEAR. AND I'LL GO
15 OVER WHY WE'RE ONLY PROPOSING A SIX-MONTH BUDGET AT
16 THIS PARTICULAR TIME.

17 ONE OF THE THINGS TO KEEP IN MIND, AND I'VE
18 SAID THIS BEFORE, IS THAT TO A CERTAIN EXTENT, BECAUSE
19 WE HAVEN'T BEEN ABLE TO SELL BONDS YET, WE'RE SORT OF
20 LIMITED BY WHAT WE CAN DO BY THE AMOUNT OF FUNDING THAT
21 WE'VE BEEN ABLE TO SCRAPE TOGETHER FROM A NUMBER OF
22 DIFFERENT SOURCES.

23 AND SO THE FIRST THING THAT WE'VE DONE HERE
24 IS TO LAY OUT THE AVAILABLE FUNDING TO COVER ALL THREE
25 FISCAL YEARS BETWEEN NOVEMBER 2, 2004, AND DECEMBER

1 31ST, 2004. IT INCLUDES THE ORIGINAL \$3 MILLION
2 GENERAL FUND LOAN, IT INCLUDES THE DOLBY GRANT OF FIVE
3 MILLION PLUS ABOUT LITTLE OVER 72, ALMOST \$74,000 IN
4 INTEREST THAT HAS ACCRUED TO THAT GRANT THROUGH
5 INVESTMENT THROUGH THE FULL MONEY INVESTMENT
6 ORGANIZATION THAT THE TREASURER RUNS, AND WITH THE
7 RECENT BAN MONEY, THAT 14 MILLION THAT WAS SOLD, THERE
8 IS MONEY FOR GENERAL ADMINISTRATION FUNDS, WHICH IS
9 420,000, THERE'S MONEY THAT CAN BE USED FOR GRANTS
10 ADMINISTRATION ACTIVITIES, PRIMARILY THOSE IN THE
11 SCIENCE OFFICE, 405,000 PLUS. IN ADDITION, PROPOSITION
12 71 CONTAINS A PROVISION THAT MONEY THAT IS AVAILABLE
13 FOR GRANTS CAN ALSO BE USED TO PAY FOR LEGAL COSTS.
14 AND AFTER PAYING THE 21 OR \$12.1 MILLION IN FIRST-YEAR
15 GRANTS FOR THE TRAINING GRANTS PROGRAM, THERE'S, YOU
16 KNOW, CLOSE TO A MILLION DOLLARS, 983,000, AVAILABLE TO
17 HELP US PAY FOR LEGAL COSTS.

18 IN ADDITION, WE'VE RECEIVED A GIFT FROM THE
19 GOLDMAN ORGANIZATION, 350,000. IN ADDITION, WE EXPECT
20 SOME ADDITIONAL FUNDS WILL BE RECEIVED BEFORE THE END
21 OF THIS FISCAL YEAR FROM ORGANIZATIONS THAT HAVE
22 PROMISED THEM. IF YOU RECALL AT LAST -- THE APRIL
23 MEETING, AMY LEWIS GAVE A PRESENTATION ON VARIOUS
24 THINGS, INCLUDING THE GOLDMAN MONEY, AND ALSO INDICATED
25 THAT THERE WAS COMMITMENT TO PROVIDE ANOTHER \$150,000

1 FROM THREE OTHER SOURCES. AND WE'RE EXPECTING
2 OBVIOUSLY TO GET MONEY FROM FUND-RAISERS AS WELL. IN
3 TOTAL, WE BELIEVE THAT, YOU KNOW, THAT MAY GO AS HIGH
4 AS A HALF A MILLION. BUT WE'LL HAVE TO WAIT UNTIL THAT
5 IS ALL DONE TO BE SURE.

6 ANYWAY, WITH THESE ADDITIONAL GIFT MONIES
7 THAT WE EXPECT TO GET, WHAT WE CAN DO IS WE CERTAINLY
8 HAVE COVERED ALL THE ACTUAL EXPENDITURES FOR THE PERIOD
9 OF THE FIRST YEAR ENDING JUNE 30TH, 2005. AND IF YOU
10 GO TO ATTACHMENT 1 ON PAGE 3, YOU WILL SEE, YOU KNOW,
11 THE APPROVED BUDGET AND THE FINAL BUDGET COMPARISON BY
12 COST CATEGORY. I ALSO WANT TO REMIND YOU THAT THIS
13 PARTICULAR FISCAL YEAR HAS BEEN THE SUBJECT OF THE
14 FIRST INDEPENDENT FINANCIAL AUDIT CALLED FOR IN
15 PROPOSITION 71. FINAL REPORT CAME OUT, CONTAINS AN
16 UNQUALIFIED OPINION ABOUT CIRM'S FINANCIAL STATEMENTS,
17 AND STATES THE TESTS ALLOWED FOR THEM TO ENSURE THAT
18 OUR INTERNAL CONTROLS AND USE OF DOLBY FUNDING WAS
19 APPROPRIATE.

20 WE'VE ALSO LISTED A NUMBER OF ACCOMPLISHMENTS
21 THAT WE WERE ABLE TO ACHIEVE DURING THE JUNE -- UP
22 THROUGH JUNE 30TH SO THAT YOU CAN SEE THE BENEFITS THAT
23 WE ACCRUED AS A RESULT OF OUR WORK IN THIS PARTICULAR
24 BUDGET.

25 WE ALSO HAVE SUFFICIENT FUNDING TO PAY FOR

1 ALL ACTUAL AND PROJECTED EXPENDITURES FOR THE CURRENT
2 FISCAL YEAR THAT WE'RE IN THAT ENDS ON JUNE 30TH.
3 HOWEVER, THERE'S A CAVEAT, AND THAT IS A CAVEAT THAT
4 INDICATES THAT, ONCE AGAIN, WE HAVE ASKED FOR AND THEY
5 HAVE APPROVED, THE STATE CONTROLLER'S OFFICE, THE
6 DEPARTMENT OF JUSTICE, AND REMCHO TO DEFER PAYMENT
7 DURING THIS PARTICULAR FISCAL YEAR OF \$598,000. NOW,
8 THAT'S AN ESTIMATE.

9 KEEPING THOSE THINGS IN MIND, IF YOU GO TO
10 PAGE 4, YOU GET A COMPARISON BETWEEN THE APPROVED
11 BUDGET THAT YOU PROVIDED TO US OR THAT YOU APPROVED
12 PREVIOUSLY, THE ICOC APPROVED, AND THE FINAL PROJECTED
13 AMOUNT THAT TAKES INTO ACCOUNT THE DEFERRALS THAT I
14 MENTIONED BEFORE. IT ALSO LISTS ACCOMPLISHMENTS THAT
15 WE'VE BEEN ABLE TO ATTAIN DURING THIS PARTICULAR FISCAL
16 YEAR.

17 IN ADDITION, THE -- ONE OTHER THING IS THAT
18 ATTACHMENT 3 THAT FOLLOWS THIS ALSO PROVIDES
19 INFORMATION ON A COST CENTER BY COST CENTER BREAKDOWN
20 OF HOW WE'RE DOING WITH REGARD TO THOSE ELEMENTS OF THE
21 BUDGET THAT EACH COST CENTER HAS CONTROL OVER AND HOW
22 THE REVISED BUDGET BREAKS DOWN FOR THEM AS WELL AND
23 TRIES TO INDICATE TO YOU SOME OF THE MAJOR CHANGES THAT
24 EXPLAIN THE DIFFERENCES. SO THAT'S INFORMATION FOR
25 YOU. THIS IS THE FIRST YEAR, BY THE WAY, THAT WE

1 ACTUALLY HAD THE COST CENTER BREAKDOWN.

2 WE ALSO HAVE SUFFICIENT FUNDING FOR PROJECTED
3 EXPENDITURES THAT WE HAVE FOR THE FIRST SIX MONTHS.
4 BUT AGAIN, WE WOULD HAVE TO ASK THE STATE CONTROLLER'S
5 OFFICE, JUSTICE, AND REMCHO TO CONTINUE TO DEFER
6 PAYMENT OF THEIR COST, WHICH WOULD TAKE THE 598,000
7 FROM THE PREVIOUS YEAR AND TAKE IT ALL THE WAY UP TO
8 918,000.

9 SO IF YOU GO TO PAGE 8, WHAT YOU WILL SHOW
10 HERE IS A COMPARISON BETWEEN WHAT WE CALL SCENARIO 1,
11 WHICH IS THE AMOUNT WHICH IS THE FUNDING THAT WE WOULD
12 EXPEND IF THE \$918,000 IS BASICALLY DEFERRED AND IF ALL
13 THE ANTICIPATED GIFTS THAT WE TALKED ABOUT PREVIOUSLY
14 ARE DEVOTED TO THESE ANTICIPATED EXPENDITURES.

15 THE PROBLEM WITH THIS, I MEAN THERE'S GOOD
16 NEWS AND BAD NEWS WITH REGARD TO SCENARIO 1. IF YOU GO
17 TO PAGE 9 AT THE TOP OF THE PAGE, YOU WILL SEE THE TYPE
18 OF ACCOMPLISHMENTS THAT WE EXPECT TO ACHIEVE DURING
19 THIS SIX-MONTH PERIOD. WE'RE CERTAINLY GOING TO
20 COMPLETE THE WORK ON THE STRATEGIC PLAN PROPOSAL.
21 WE'RE SPONSORING AN EGG DONOR CONFERENCE. WE'RE
22 PROPOSING TO HIRE A CHIEF OF COMMUNICATIONS, AND THAT'S
23 BECAUSE NICOLE WILL BE LEAVING US. AND WE'RE ALSO
24 GOING TO BE RECRUITING TO HIRE AND HIRE A CHIEF
25 ADMINISTRATIVE OFFICER BECAUSE I'M GOING TO BE LEAVING.

1 I'M GOING TO ACTUALLY BE RETIRING THIS YEAR. SO WE
2 HAVE ENOUGH MONEY TO BASICALLY FILL THOSE TWO
3 POSITIONS.

4 WE ALSO WILL SPONSOR THE PARTICIPATION OF
5 CALIFORNIA RESEARCHERS IN A CONFERENCE SPONSORED BY THE
6 SCIENTISTS IN THE UNITED KINGDOM, AND BASICALLY WE'LL
7 CONTINUE THE CURRENT LEVEL OF PROGRAM OPERATIONS. BUT
8 CONTINUING THE CURRENT PROGRAM OPERATIONS MEANS PRETTY
9 MUCH STANDING STILL. WE THINK THAT IT'S IMPORTANT FOR
10 US TO MOVE BEYOND THAT, AND THE KEY TO THAT WILL BE THE
11 ISSUANCE OF ADDITIONAL BAN MONEY.

12 SO IF YOU GO BACK TO PAGE 8 AGAIN, WE'VE
13 DEVELOPED A SCENARIO 2 BUDGET. UNDER THIS OPTION WE
14 ARE TALKING ABOUT THE ISSUANCE OF THE ADDITIONAL \$34
15 MILLION IN BAN'S THAT BOB AND HIS STAFF ARE WORKING ON
16 THAT WOULD BASICALLY ALLOW US TO DO SOME ADDITIONAL
17 HIRING. ONE IS THAT WE'D HIRE A SCIENTIFIC PROGRAM
18 OFFICER TO DEVELOP A REQUEST FOR PROPOSAL CONCEPT FOR
19 INNOVATION GRANTS. WE'D HIRE A SENIOR OFFICER OF
20 FACILITIES TO WORK WITH THE FACILITIES WORKING GROUP TO
21 START DEVELOPMENT OF GUIDELINES FOR THAT PROGRAM. WE'D
22 ALSO INCREASE THE FUNDING FOR WORKING GROUP MEETINGS
23 FOR GRANTS AND FACILITIES TO DEAL WITH THE FACT THAT
24 THEY WOULD BE WORKING WITH THESE TWO PEOPLE. WE'D
25 PROPOSE TO HIRE AN ADMINISTRATIVE ASSISTANT FOR THE

1 CHIEF OF COMMUNICATIONS TO ASSIST WITH THE WORKLOAD OF
2 THAT ORGANIZATION. AND IN ADDITION, WE'D BE ABLE TO
3 PAY ALL OF OUR DEFERRALS AND BASICALLY BRING OURSELVES
4 UP TO DATE, WHICH WE THINK IS A GOOD IDEA.

5 IF YOU GO BACK TO PAGE 9 AGAIN, YOU WOULD SEE
6 THE ACCOMPLISHMENTS EXPECTED FOR SCENARIO 2. FIRST
7 OFF, YOU GET ALL THE ITEMS UNDER SCENARIO 1, THEN YOU
8 GET THE DEVELOPMENT OF A CONCEPT RFA FOR INNOVATION
9 GRANTS FOR APPROVAL BY THE ICOC, WE GET THE DEVELOPMENT
10 OF POLICIES FOR THE RESEARCH FACILITIES PROGRAM, WE GET
11 ADEQUATE AND TIMELY RESPONSE TO MEDIA INQUIRIES, AND
12 WITH A CHIEF OF COMMUNICATIONS DEVELOPMENT OF A MEDIA
13 PLAN CONSISTENT WITH THE STRATEGIC PLAN THAT'S BEING
14 DEVELOPED. ALL THE DEFERRALS ARE PAID. AND IN
15 ADDITION, WE HAVE FUNDING THAT'S AVAILABLE FOR THE
16 SECOND YEAR OF TRAINING GRANTS AND THE FIRST YEAR OF
17 INNOVATION GRANTS AS APPROVED BY THE ICOC. IN
18 ADDITION, WE'LL HAVE SOME ADDITIONAL FUNDS FOR
19 OPERATIONS PAST DECEMBER 31ST.

20 AND I WOULD REFER YOU NOW TO PAGE -- EXCUSE
21 ME -- ATTACHMENT 5 WHICH BASICALLY LAYS OUT HOW THE \$34
22 MILLION IN BAN'S GET ALLOCATED. FIRST OFF, WE HAVE TO
23 PAY FOR THE ESTIMATED COSTS OF ISSUANCE, THEN THERE'S
24 \$3 MILLION OF THE TOTAL PROCEEDS, \$34 MILLION,
25 AVAILABLE FOR GENERAL ADMINISTRATION. GRANTS

1 ADMINISTRATION IS 3 PERCENT OF WHAT'S LEFT AFTER THOSE
2 FIRST TWO THINGS ARE TAKEN CARE OF. THE BALANCE IS
3 THEN AVAILABLE FOR GRANTS AND FOR PAYING THE LEGAL
4 COSTS ASSOCIATED WITH THIS, THE DEFERRALS AND
5 ADDITIONAL COSTS THAT WOULD OCCUR DURING THIS PERIOD OF
6 TIME, 738,000. AND THEN BASICALLY THE AMOUNT AVAILABLE
7 FOR GRANT AWARDS IS ALMOST \$33 MILLION.

8 SO GOING BACK TO THE NARRATIVE AT THE
9 BEGINNING, WE THINK THAT THERE ARE SOME REAL BENEFITS
10 TO MOVING TO SCENARIO 2 AS FAST AS WE CAN. OUR
11 RECOMMENDATION, AS IN THE PAST, OBVIOUSLY I THINK WE'D
12 ALL LIKE TO HAVE SCENARIO 2, BUT WE HAVE TO MAKE OUR
13 CHOICE, FIRST OF ALL, UPON THE MONEY THAT'S ACTUALLY
14 THERE IN-HOUSE AND THAT WE CAN COUNT ON, WHICH
15 BASICALLY MEANS THAT OUR RECOMMENDATION IS THAT
16 SCENARIO 1 BUDGET BE APPROVED. BUT IN ADDITION, AS
17 WE'VE DONE IN THE PAST, WE'RE ASKING THAT THE SCENARIO
18 2 BUDGET BE APPROVED FOR IMPLEMENTATION AS SOON AS THE
19 ADDITIONAL BAN'S ARE SOLD.

20 NOW, OUR ASSUMPTIONS ON THIS BUDGET FOR THE
21 BUDGET YEAR IS ASSUMING THAT THE BAN'S ARE SOLD BEFORE
22 JULY 1ST OF 2004, SO IF THE BENEFITS OUTLINED FOR
23 SCENARIO 2, THEY WOULD, DEPENDING UPON WHEN THOSE BAN'S
24 GET SOLD, IT WILL -- YOU KNOW, WE STILL GET THE
25 BENEFITS, BUT THE TIMING OF THEM MAY BE A LITTLE

1 DIFFERENT. SO, FOR INSTANCE, WE HAD HOPED TO ACTUALLY
2 HAVE THE CONCEPT REQUESTS FOR PROPOSAL READY BY AUGUST
3 2004. BUT IF WE DON'T HAVE THE BAN'S DONE TO BE ABLE
4 TO HIRE THE PEOPLE THAT WE NEED TO WORK ON IT, THEN
5 THAT WOULD GET DELAYED AS WELL.

6 NOW, AT THE AUGUST 2004 MEETING, WE'D LIKE TO
7 PRESENT AN UPDATE OF OUR PROGRESS AND HOW IT AFFECTS
8 OUR ABILITY TO ACHIEVE THE BENEFITS THAT WE'VE
9 DISCUSSED ABOVE. AND IN ADDITION, AT THAT TIME, YOU
10 KNOW, WE WILL HAVE A BETTER SENSE OF HOW MUCH OF THE
11 BAN'S ARE GOING TO BE SOLD, WE'LL HAVE A BETTER SENSE
12 OF THE SPECIFICS WITH REGARD TO FUND-RAISING AND GIFTS,
13 AND WE CAN TRY TO DETERMINE HOW MUCH OF THE PROCEEDS
14 FROM THE BAN SALE WILL TAKE US INTO THE SECOND HALF OF
15 THE NEXT FISCAL YEAR.

16 AND THAT'S MY PRESENTATION. AND IF YOU HAVE
17 ANY QUESTIONS, I'M HAPPY TO ANSWER THEM.

18 MR. KLEIN: TINA, THIS IS BOB KLEIN. COULD I
19 ASK A QUESTION HERE?

20 VICE CHAIR NOVA: PLEASE.

21 MR. KLEIN: WALTER, IS MY UNDERSTANDING
22 CORRECT, THAT IF WE CLOSE THE ADDITIONAL 34 MILLION IN
23 BAN'S, THAT UNDER BUDGET SCENARIO 2, DESPITE HIRING THE
24 CHIEF OF COMMUNICATIONS, THE ADMINISTRATIVE OFFICER,
25 AND THE OTHER PROVISIONS FOR AN ADDITIONAL GRANT

1 PROGRAM UNDER SCENARIO 2, THAT WE'D END THE YEAR WITH
2 800 OR 900 -- WE'D END DECEMBER 31ST, 2004, WITH EIGHT
3 OR 900,000 TO CARRY FORWARD INTO THE 2007; IS THAT
4 CORRECT, CALENDAR YEAR 2007?

5 MR. BARNES: YEAH. THE FIGURES, THE
6 ADDITIONAL AMOUNT THAT WE WOULD NEED TO GO TO A
7 SCENARIO 2 IS ABOUT 1.2 MILLION. IF YOU SEE THE
8 COMPARISON BETWEEN THE BOTTOM LINE ON SCENARIO 1,
9 SCENARIO 2, ABOUT 738,000 OF THAT IS LEGAL COSTS, AND
10 SO THAT CAN BE PAID BY THE GRANT PROGRAM, WHICH LEAVES
11 THE FULL AMOUNT OF GENERAL ADMINISTRATION AND GRANTS
12 ADMINISTRATION TO PAY THE REMAINDER, WHICH IS ABOUT
13 440,000. SO YOU'VE GOT ABOUT \$2 MILLION TO COVER ALL
14 OF THE OTHER COSTS UP THROUGH DECEMBER 31ST.

15 SO TAKING THE 400,000 OFF OF IT, YOU GET
16 ABOUT 1.4 MILLION, 1.5, 1.4 MILLION THAT'S AVAILABLE TO
17 MOVE INTO THE JANUARY 31ST, '07, THROUGH JUNE 30TH OF
18 '07. NOW, IT'S NOT GOING TO BE ENOUGH TO CARRY YOU FOR
19 THE FULL SIX MONTHS BECAUSE THE SECOND SIX MONTHS IS
20 GOING TO BE PROBABLY JUST ABOUT AS MUCH AS THE FIRST
21 SIX MONTHS, WHICH IS THE 3.8 MILLION.

22 MR. KLEIN: SO UNDER THE SECOND YEAR,
23 REGARDLESS OF WHETHER YOUR CARRY-OVER IS 800,000 OR 1.4
24 MILLION, YOU REALLY NEED TO HAVE AN ADDITIONAL PROGRAM
25 TO KEEP YOUR PROGRAM GOING WITH AN ADDITIONAL 25 TO 50

1 MILLION IN BAN'S ISSUED IN THE BEGINNING OF 2007 TO
2 SUPPORT THE OVERHEAD IN THAT PERIOD.

3 MR. BARNES: THAT'S CORRECT. EITHER BAN'S OR
4 ADDITIONAL GIFT MONEY.

5 MR. KLEIN: THAT'S RIGHT. BUT THAT WOULD
6 PROVIDE A SCENARIO WHERE YOU HAD A CONSTANT PROGRAM
7 FLOW WITH AN ADDITIONAL PROGRAM OPTION LATE THIS YEAR
8 AND ONE EARLY NEXT YEAR, ADDITIONAL GRANT RESEARCH
9 FUNDING PROGRAM OPTION.

10 MR. BARNES: ARE THERE OTHER QUESTIONS?

11 MR. KLEIN: I'D ALSO LIKE TO CONGRATULATE YOU
12 ON GETTING A NO-EXCEPTIONS OPINION ON THE AUDIT.
13 THAT'S --

14 DR. PIZZO: FANTASTIC.

15 MR. KLEIN: FOR A NEW AGENCY TO HAVE SO
16 ACUTELY FOLLOWED THE ACCOUNTING RULES FROM THE
17 BEGINNING IS TREMENDOUS. AND, WALTER, YOU COMING ON
18 AND RUNNING THINGS FOR SEVERAL MONTHS BEFORE WE EVEN
19 HAD A PRESIDENT IN PLACE, WE HAVE TO APPLAUD THE CARE
20 WITH WHICH YOU SET UP OUR ACCOUNTING FUNCTIONS.

21 DR. PIZZO: HOW COULD YOU RETIRE AT SUCH AN
22 EXCITING TIME?

23 MR. BARNES: HAVE YOU SEEN MY HAIR LATELY?

24 DR. PIZZO: LOOKS PRETTY GOOD TO ME ACTUALLY.

25 DR. HALL: THIS WAS AN INADVERTENT. I THINK

1 WALTER PLANS TO ANNOUNCE AT THE ICOC MEETING, SO IT
2 SORT OF CAME UP HERE THROUGH THE BACK DOOR.

3 DR. PIZZO: CAN WE VOTE ON THIS?

4 DR. HALL: BUT I WOULD ALSO JUST LIKE TO TAKE
5 THE OCCASION TO SAY THAT WALTER HAS BEEN INVALUABLE AND
6 SUPERB IN WHAT HE'S DONE FOR US. AND TO HAVE PUT IT
7 ALTOGETHER FROM THE BEGINNING, HE'S BEEN AN INCREDIBLE
8 LINK TO THE STATE GOVERNMENT. HE'S ADVISED US ALL IN
9 THE WAYS, ARCANE WAYS, OF BEING A STATE AGENCY IN
10 GOVERNMENT, AND SO WE ARE GOING TO MISS HIM. BIG SHOES
11 TO FILL. BUT WE -- ANYHOW, NO TIME IS OPPORTUNE TO
12 LOSE A WALTER BARNES. BUT ANYHOW, WALTER, WE'RE
13 GRATEFUL TO YOU AND REALLY APPRECIATE ALL YOU'VE DONE
14 FOR US.

15 MR. BARNES: THANK YOU.

16 DR. REED: ABSOLUTELY. HERE. HERE.

17 MR. BARNES: I'LL BE HERE THROUGH THE FIRST
18 PART OF SEPTEMBER, SO I'LL BE HERE FOR ONE MORE ICOC
19 MEETING. SO YOU HAVE ANOTHER CHANCE AT ME. BUT THANK
20 YOU VERY MUCH. I WOULD ONLY JUST SAY THAT IT HAS BEEN
21 MY PLEASURE TO BE A PART OF THIS ORGANIZATION AND FOR
22 BOB TO TAKE THE INITIAL CHANCE IN GIVING ME A CHANCE
23 AND FOR ZACH TO CONFIRM THAT WHEN HE CAME ON BOARD.
24 AND FOR ALL OF THE SUPPORT THAT I'VE RECEIVED FROM THE
25 PEOPLE HERE AS WELL AS THE ICOC, I WILL BE ETERNALLY

1 GRATEFUL. THIS IS A MAJOR, MAJOR JEWEL IN MY CROWN AS
2 I GET READY TO RETIRE. I CAN'T THINK OF ANY WAY I
3 WOULD HAVE PREFERRED TO SPEND MY LAST YEARS. SO THANK
4 YOU FOR THE OPPORTUNITY.

5 DR. HALL: ANY OTHER COMMENTS ON THE BUDGET?

6 (APPLAUSE.)

7 DR. HALL: ANY OTHER COMMENTS ON THE BUDGET?

8 MR. KLEIN: ZACH, THIS IS BOB. I'D JUST LIKE
9 TO SAY THAT, ASSUMING WE ARE SUCCESSFUL ON CLOSING
10 THESE ADDITIONAL BAN'S HERE SO WE HAVE A BETTER GAUGE
11 ON WHERE WE'RE AT, AT THAT POINT I WOULD LIKE TO BRING
12 BACK TO THE LATER GOVERNANCE COMMITTEE A PROPOSED
13 AMENDMENT THAT HOPEFULLY I CAN SIT DOWN AND WORK OUT
14 WITH YOU THAT WILL ADDRESS SOME ADMINISTRATIVE SUPPORT
15 ALLOWANCE FOR THE PATIENT ADVOCATES ON THE BOARD, LIKE
16 JOAN SAMUELSON, JEFF SHEEHY, DAVID SERRANO-SEWELL,
17 OTHERS. SOME MAY NOT NEED IT, BUT OTHERS MAY NEED
18 ADMINISTRATIVE SUPPORT, PARTICULARLY AS WE PUT OUR
19 FACILITIES COMMITTEE INTO OPERATION WITH THE PACE THE
20 FACILITIES COMMITTEE NEEDS TO MOVE TO PROVIDE THE
21 PROCESSING OF FACILITIES POLICIES AND APPROVALS, WHICH
22 IS A BIG LEAD-TIME, IN DEALING WITH OUR INSTITUTIONS IN
23 THE STATE AND THE PATIENT ADVOCATES ADDING AN
24 ADDITIONAL COMMITTEE TO BE ON FOR PULLING ALL THOSE
25 PIECES TOGETHER. THE NUMBER OF PEOPLE ON LOGISTICS AND

1 ADMINISTRATIVE SUPPORT AND DOCUMENT REVIEW MAY BE
2 REALLY HEAVILY STRESSED AND NEED SOME SUPPORT AT THE
3 BOARD LEVEL, ALTHOUGH WE'LL TRY AND KEEP IT AT A VERY
4 CONSERVATIVE LEVEL. BUT THAT'S DEPENDENT, AGAIN, ON
5 WHAT I'M VERY OPTIMISTIC ABOUT, BUT I'D LIKE TO SEE
6 THOSE BAN'S CLOSE AND BRINGING THAT FORWARD AT A LATER
7 DATE.

8 DR. POMEROY: TINA, THIS IS CLAIRE. I WANT
9 TO ECHO BOB'S SUGGESTION. I THINK IT'S ABSOLUTELY
10 ESSENTIAL THAT WE GET THOSE PATIENT ADVOCATES SOME
11 SUPPORT. THEY ARE JUST WORKING OVERTIME.

12 DR. PIZZO: IT'S TRUE.

13 DR. HALL: THAT'S AN IMPORTANT CONSIDERATION,
14 AND WE -- I HOPE WE HAVE THE BAN'S MONEY AND THAT WE'RE
15 ABLE TO ADDRESS THAT AT LEAST IN SOME WAY.

16 VICE CHAIR NOVA: THAT WOULD BE TERRIFIC.

17 DR. MURPHY: CAN YOU TELL ME HOW THAT WOULD
18 WORK, ZACH, THE SUPPORT FOR ICOC MEMBERS?

19 DR. HALL: WELL, THIS IS REALLY BOB'S ITEM,
20 SO I SHOULD ASK BOB WHAT -- I'VE NOT HAD A CHANCE TO
21 DISCUSS THIS INTERNALLY.

22 MR. KLEIN: THAT IS AN ITEM THAT I'M GOING TO
23 NEED TO WORK WITH JAMES HARRISON, OUR OUTSIDE COUNSEL,
24 AND THE ATTORNEY GENERAL'S OFFICE ON TO MAKE CERTAIN
25 WE'RE FOLLOWING THE RIGHT PROTOCOL, BUT IT WOULD BE AN

1 ADMINISTRATIVE -- IT COULD BE IN THE FORM OF AN
2 ADMINISTRATIVE REIMBURSEMENT. IT COULD BE -- RIGHT NOW
3 THE CHAIRMAN'S OFFICE STAFF IS DOWN ABOUT THREE OR FOUR
4 PEOPLE EITHER BECAUSE WE HAVE REDUCED THEM AS A BUDGET
5 MATTER OR WE HAVE ASSIGNED PEOPLE TO WORK WITH THE
6 PRESIDENT'S OFFICE TO HELP ON VARIOUS FUNCTIONS AND
7 COVER THAT BURDEN. AND IT'S POSSIBLE THAT WE COULD
8 RESTORE A PERSON IN THE CHAIRMAN'S OFFICE WHO WOULD BE
9 SUPPORTIVE, ALTHOUGH WITH SEVEN OR EIGHT PEOPLE, THAT
10 COULD BE PROBLEMATIC. AND IT'S POSSIBLE THAT IF WE CAN
11 DO AN ADMINISTRATIVE COST REIMBURSEMENT, LIKE WE DO ON
12 THE WORKING GROUP, THE CHAIRMAN OF THE GRANTS WORKING
13 GROUP FOR ADMINISTRATIVE STAFF SUPPORT, THAT EITHER A
14 GRADUATE STUDENT AT A UNIVERSITY THAT HAS A COUPLE OF
15 YEARS LEFT THAT IS IN THE BIOLOGY OR MEDICAL AREA MIGHT
16 BE A VERY COMPETENT PERSON TO PROVIDE ADMINISTRATIVE
17 RESEARCH AND LOGISTIC SUPPORT.

18 SO WE NEED TO FIND THE MOST COST-EFFECTIVE
19 WAY AND MAKE SURE WE VET IT LEGALLY, AND THEN TRY AND
20 BRING BACK A MECHANISM TO THE GOVERNANCE COMMITTEE AT
21 THE TIME ANY PROPOSAL IS MADE. AND, OF COURSE, ZACH
22 AND I WILL TRY AND VET IT IN TERMS OF THE CONTROLLER'S
23 OFFICE AS WELL FOR BRINGING IT BACK.

24 DR. MURPHY: I GUESS I WOULD -- I THINK THE
25 CAUTION YOU EXPRESSED IS IMPORTANT, BOB, BECAUSE IT

1 WOULD SEEM TO ME THAT IF THERE IS ADMINISTRATIVE
2 SUPPORT NEEDED BY ANYONE ON THE ICOC, IT WOULD -- FIRST
3 CHOICE WOULD BE THAT IT WOULD BE PROVIDED LOCALLY
4 WITHIN THE CIRM'S OFFICE BECAUSE I THINK WE RUN THE
5 RISK OF OPENING A DOOR HERE THAT WOULD BE VERY
6 DIFFICULT TO SHUT OR DEFEND.

7 DR. HALL: ANY OTHER COMMENTS ON THE BUDGET
8 AS IT'S BEEN PROPOSED OR AS WALTER HAS DESCRIBED IT?

9 VICE CHAIR NOVA: OKAY. ARE THERE ANY
10 COMMENTS FROM THE PUBLIC ON THE BUDGET?

11 MR. SIMPSON: YES. IN IRVINE, JOHN SIMPSON.
12 I JUST WANTED TO ADD MY APPRECIATION FOR WALTER AND THE
13 WONDERFUL JOB THAT HE'S DONE. IT'S BEEN FIRST-RATE. I
14 REALLY WOULD LIKE TO THANK HIM FOR ALL HE'S DONE.
15 THANK YOU.

16 MR. BARNES: WELL, THANK YOU.

17 VICE CHAIR NOVA: OKAY.

18 MR. KLEIN: HOPEFULLY WE CAN, AS TO THE
19 GOVERNANCE COMMITTEE, BRING FORWARD RECOGNITION FOR
20 WALTER AND NICOLE. NICOLE PAGANO HAS DONE -- SHE
21 WASN'T SUPPOSED TO BE THE TOP COMMUNICATION OFFICER.
22 SUPPOSED TO BE THE SECOND IN COMMAND AND HAS DONE A
23 FABULOUS JOB IN THE INTERIM AS WELL. AND HOPEFULLY AT
24 THE BOARD LEVEL WE CAN PROPERLY RECOGNIZE HER
25 EXTRAORDINARY CONTRIBUTION ALONG WITH WALTER'S.

1 DR. HALL: ABSOLUTELY.

2 VICE CHAIR NOVA: WE ALL AGREE. OKAY. SO WE
3 NEED A MOTION TO APPROVE OR RECOMMEND THE BUDGET FOR
4 THE FIRST SIX MONTHS.

5 DR. POMEROY: SO MOVED.

6 VICE CHAIR NOVA: THANK YOU, CLAIRE. IS
7 THERE A SECOND?

8 DR. PIZZO: SECOND.

9 VICE CHAIR NOVA: OKAY. ANY DISCUSSION ON
10 THE MOTION? AMY, WILL YOU PLEASE LEAD US IN A ROLL
11 CALL VOTE.

12 MS. DU ROSS: DAVID SERRANO-SEWELL.

13 MR. SERRANO-SEWELL: AYE.

14 MS. DU ROSS: BOB KLEIN.

15 MR. KLEIN: AYE.

16 MS. DU ROSS: CLAIRE POMEROY.

17 DR. POMEROY: YES.

18 MS. DU ROSS: TINA NOVA.

19 VICE CHAIR NOVA: AYE.

20 MS. DU ROSS: PHIL PIZZO.

21 DR. PIZZO: YES.

22 MS. DU ROSS: JOHN REED.

23 DR. REED: AYE.

24 MS. DU ROSS: RICHARD MURPHY.

25 DR. MURPHY: YES.

1 MS. DU ROSS: MOTION PASSES.

2 VICE CHAIR NOVA: OKAY. SO ITEM 4,
3 CONSIDERATION OF UPDATE ON CONTRACTS. ALEXANDRA, ARE
4 YOU THERE?

5 MS. CAMPE: YES, I AM.

6 VICE CHAIR NOVA: THANK YOU. COULD YOU LEAD
7 US THROUGH THIS ITEM, PLEASE.

8 MS. CAMPE: I WILL INDEED. THANK YOU, TINA.

9 MR. TOCHER: EXCUSE ME. THIS IS SCOTT IN
10 SACRAMENTO. I JUST WANT TO NOTE FOR THE RECORD THAT
11 DAVID SERRANO-SEWELL HAS LEFT.

12 CHAIRMAN KLEIN: SO THAT TAKES AWAY OUR
13 QUORUM. OKAY. SO FROM HERE ON EVERYTHING WILL JUST
14 HAVE TO BE RECOMMENDATION. WE'RE SCHEDULED TILL WHAT,
15 AMY, 11:30?

16 MS. DU ROSS: THAT'S CORRECT.

17 DR. PIZZO: WE DON'T HAVE TO DO THAT.

18 MS. DU ROSS: WE DO HAVE A FEW CONTRACTS TO
19 APPROVE EVEN IF WE DO GET THE SENSE OF THE
20 SUBCOMMITTEE.

21 DR. HALL: SHALL WE TRY TO GET DAVID FOR THAT
22 CONTRACT APPROVAL?

23 DR. PIZZO: SHALL WE JUST PRIORITIZE WHAT WE
24 NEED TO DO?

25 MS. DU ROSS: YES. I WOULD SAY THE THREE

1 CONTRACTS, WOULDN'T YOU AGREE, BOB.

2 DR. HALL: YES. IT WOULD BE GREAT IF WE CAN
3 GET IT. LET'S SEE. NICOLE IS GOING TO TRY TO SEE IF
4 SHE CAN GET HIM. IF WE DON'T HAVE A QUORUM, CAN WE --
5 DO THESE NEED TO GO TO THE ICOC? I'M A LITTLE --

6 MS. CAMPE: ONLY ONE I THINK OFFICIALLY
7 BECAUSE THE OTHER TWO WERE UNOFFICIALLY APPROVED.

8 MR. BARNES: WHAT'S HAPPENED IN THE PAST IS
9 THAT THE GOVERNANCE COMMITTEE MEMBERS WILL GIVE A SENSE
10 OF THEIR FEELING ABOUT IT, AND THEN WE'LL JUST TAKE IT
11 TO THE ICOC AND HAVE THEM APPROVE IT.

12 DR. HALL: SO WE COULD JUST TAKE THE SENSE OF
13 THE MEETING IF WE DON'T HAVE IT. SO LET'S -- THAT'S
14 WHAT I WAS THINKING. I DON'T THINK THERE'S ANYTHING
15 CONTROVERSIAL IN ANY OF THESE, BUT LET'S GO AHEAD.

16 VICE CHAIR NOVA: OKAY.

17 DR. HALL: MAYBE THAT'S HOPEFUL THINKING.

18 DR. PIZZO: IT'S ALWAYS DANGEROUS TO SAY
19 THAT, ZACH.

20 MS. CAMPE: OKAY, AS USUAL, I'VE ATTACHED A
21 REPORT FOR ALL THE EXECUTED CONTRACTS AND INTERAGENCY
22 AGREEMENTS ON THE EXCEL SPREADSHEETS, AND THOSE
23 EXPENDITURES ARE REFLECTED THROUGH APRIL 30TH, 2004.
24 OKAY. I WILL MOVE ON UNLESS ANYONE HAS ANY ISSUE WITH
25 THAT PARTICULAR SPREADSHEET.

1 FOR NEW AND AMENDED INTERAGENCY AGREEMENTS
2 WHICH ARE SUBJECT TO APPROVAL BY THE PRESIDENT, WE HAVE
3 ADDED AN ADDITIONAL \$50,000 TO OUR CONTRACT TO ADDRESS
4 THE ACCOUNTING, BUDGETING, AND PROCUREMENT WORK TO BE
5 PERFORMED ON BEHALF OF THE CIRM BY THE STATE
6 CONTROLLER'S OFFICE. THERE WERE ADDED COSTS INCURRED
7 TO ASSIST IN IMPLEMENTING A NEW CHART OF ACCOUNTS,
8 WHICH WALTER MENTIONED EARLIER, WITH REGARD TO COST
9 CENTERS AND SUCH, TO TRACK EXPENDITURES, ISSUING
10 TRAINING GRANTS, AND DEVELOPING MATERIALS NECESSARY FOR
11 THE RECENTLY COMPLETED FINANCIAL AUDIT BY GILBERT.
12 OKAY. SO THAT IS A THIRD-PARTY CONTRACT THAT'S LESS
13 THAN A HUNDRED THOUSAND AND IS SUBJECT TO THE
14 PRESIDENT'S APPROVAL.

15 SO NOW I'D LIKE -- IN ADDITION TO THAT, WE'VE
16 TALKED ABOUT INTERAGENCY AGREEMENTS. I'M JUST GOING TO
17 MENTION THAT WE HAVE ALSO ADDED A NO-COST EXTENSION OR
18 EXECUTED NO-COST EXTENSIONS TO TWO GRANTS MANAGEMENT
19 INDEPENDENT CONTRACTORS THAT WE HAVE. ONE IS LMI AND
20 THE OTHER IS DIANA WATSON. THAT IS ACTUALLY JUST
21 EXTENDING THEIR CONTRACT THROUGH DECEMBER 31, 2004.
22 AND, AGAIN, THERE'S NO COST EXTENSION TO THOSE.

23 OKAY. NEXT WE HAVE THIRD-PARTY CONTRACTS
24 WHICH EXCEED A HUNDRED THOUSAND. THE EGG DONATION
25 CONFERENCE, AS YOU PROBABLY RECALL, ON FEBRUARY 10TH

1 ZACH DID PRESENT THIS TO THE ICOC BOARD AND HAD GOTTEN
2 APPROVAL FROM THE ICOC BOARD TO SPEND UP TO \$200,000
3 FOR THE COST OF CONTRACTORS TO DEVELOP AND MANAGE THE
4 CONFERENCE. WHAT I'M PROVIDING YOU TODAY IS ADDITIONAL
5 INFORMATION FOR THE TWO ORGANIZATIONS THAT WE CHOSE TO
6 SUPPORT US AND TO PROVIDE OR TO PUT ON THIS CONFERENCE.

7 THE FIRST ONE IS THE INSTITUTE OF MEDICINE
8 AND THE SECOND IS MOSAIC SERVICES. SO WHAT WE'VE DONE
9 IS, AS REQUESTED IN THE GOVERNANCE COMMITTEE, WE
10 CREATED CONTRACT APPROVAL FORMS, AND THOSE ARE ATTACHED
11 UNDER ITEM 4(D). ACTUALLY LET'S START WITH ITEM 4(C).
12 THIS WAS NOTED, RIGHT. WHICH IS THE INSTITUTE OF
13 MEDICINE. AND INSTITUTE OF MEDICINE IS WORKING WITH
14 THE NATIONAL RESEARCH COUNCIL, WHICH WILL FORM A
15 COMMITTEE OF EXPERTS TO ORGANIZE A WORKSHOP AND PREPARE
16 A SUMMARY OF THE CURRENT STATE OF THE KNOWLEDGE OF THE
17 RISKS OF OOCYTE DONATION. AS YOU KNOW, THIS WORKSHOP
18 WILL ADDRESS SCIENTIFIC AND MEDICAL DATA, BUT WILL NOT
19 ADDRESS ETHICAL AND POLICY ISSUES.

20 I'M READING OFF THE CONTRACT APPROVAL FORMS.
21 WE PROVIDED INFORMATION ABOUT WHY WE CHOSE THIS
22 PARTICULAR SERVICE OR IOM FOR THIS PARTICULAR
23 CONFERENCE. AS YOU CAN SEE, THEY'RE VERY WELL KNOWN
24 FOR THEIR EXPERTISE IN THIS AREA. THE LENGTH OF THE
25 TIMES TO PERFORM THIS SERVICE IS MAY 15TH THROUGH

1 NOVEMBER 15TH, 2004. THE PROJECTED TOTAL EXPENDITURES
2 FOR THIS CONTRACT IS 124,185. AND AGAIN, AS NOTED
3 EARLIER, THE ICOC BOARD HAD APPROVED THIS PARTICULAR
4 CONTRACT IN GENERAL FOR THE EGG DONOR CONFERENCE BACK
5 ON FEBRUARY 10TH.

6 THE OTHER ONE IS BOBECK EVENT MANAGEMENT,
7 WHICH WILL BE WORKING IN CONJUNCTION WITH US. THEIR
8 JOB IS TO -- THEIR DESCRIPTION OF SERVICES AND
9 RESPONSIBILITIES WILL BE DOING THE MEETING AND THE
10 CONFERENCE PLANNING, ALSO HELPING US WITH HOTEL AND
11 CONTRACT NEGOTIATIONS, AUDIOVISUAL AND STAGING
12 PRODUCTIONS. AGAIN, WITH MOSAIC, BECAUSE WE HAD A LOT
13 OF SUCCESS WITH THEM LAST OCTOBER WHEN THEY PUT ON OUR
14 SCIENTIFIC CONFERENCE, SO WE HAVE A TRACK RECORD WITH
15 THEM THAT WAS QUITE SUCCESSFUL. AND THE LENGTH OF
16 SERVICE WITH THEM WILL BE APRIL 1 THROUGH NOVEMBER 1,
17 2004, AND WE WORKED OUT A PAYMENT PLAN WITH THEM, AND
18 THEIR TOTAL PROJECTED EXPENDITURES WILL BE \$34,800.
19 SO THOSE ARE THE TWO ENTITIES THAT WE ARE CONTRACTING
20 OUT WITH FOR THE EGG DONATOR CONFERENCE.

21 THE NEXT ONE IS ACTUALLY THIRD-PARTY CONTRACT
22 EXCEEDING 250,000, WHICH IS SUBJECT TO APPROVAL BY THE
23 ICOC. THE FIRST ONE, OF COURSE, IS THE STRATEGIC PLAN,
24 WHICH WE KNOW THAT HAS ALREADY BEEN APPROVED BY THE
25 ICOC. WE'RE JUST PROVIDING THIS INFORMATION TO YOU AS

1 AN FYI.

2 THE CONTRACT IS BEING EXECUTED WITH A MAXIMUM
3 AMOUNT OF \$400,000. TWENTY PERCENT OF THIS AMOUNT WILL
4 BE PAID WITHIN 30 DAYS OF EXECUTION, AND THE REMAINDER
5 WILL BE PAID SIX MONTHS AFTER THE END OF THE PROJECT.

6 AND FINALLY, WE HAVE THE ARLINGTON GROUP.
7 THIS IS -- THERE'S ALSO ATTACHED FOR THE ARLINGTON
8 GROUP, THIS IS ACTUALLY A CONTRACT TO PURCHASE A GRANTS
9 MANAGEMENT SYSTEM. IT INCLUDES SOFTWARE LICENSE,
10 CONFIGURATION, IMPLEMENTATION SERVICES, USER TRAINING,
11 AND CO-LOCATION HOSTING. AS YOU KNOW, WITH A NEW
12 AGENCY WITH NO HISTORY AND A FIXED TEN-YEAR LIFE SPAN,
13 THOSE ASPECTS OF THINGS ACTUALLY HAD AN IMPACT ON THE
14 DECISION ABOUT WHICH ORGANIZATION OR WHICH PRODUCT WE
15 SHOULD GO WITH. OUR GRANTS COULD ENCOMPASS EVERYTHING
16 FROM SMALL-SCALE TRAINING GRANTS TO CLINICAL TRIALS, SO
17 WE NEEDED SOMETHING EXTREMELY FLEXIBLE AND
18 CUSTOMIZABLE. AND, OF COURSE, BECAUSE OF THE DIFFERENT
19 REQUIREMENTS FOR DATA TRACKING, PROGRESS REPORTING, AND
20 THE COMPLEXITY OF THE APPLICATIONS, IT WAS CHOSEN THAT
21 THE ARLINGTON GROUP PROVIDED THE LEVEL OF ROBUSTNESS
22 AND SOPHISTICATION AS A PRODUCT THAT WOULD BE NEEDED
23 FOR THIS ORGANIZATION OR AS NEEDED FOR A GRANTS
24 MANAGEMENT SYSTEM.

25 DR. HALL: DAVID HAS FINALLY AGREED TO COME

1 BACK.

2 DR. PIZZO: THANK YOU, DAVID.

3 MR. SERRANO-SEWELL: SURE.

4 MS. CAMPE: DAVID, WE'RE ACTUALLY JUST
5 TALKING SPECIFICALLY ABOUT THE ARLINGTON GROUP CONTRACT
6 RIGHT NOW, WHICH HAD TO DO WITH THE GRANTS MANAGEMENT
7 SYSTEM. THAT'S ACTUALLY THE ONE THAT WE NEED AN ACTUAL
8 VOTE ON TODAY. AND I'VE PROVIDED A CONTRACT APPROVAL
9 FORM, WHICH ACTUALLY YOU HAD REQUESTED LAST TIME, WHICH
10 HAS HELPED US KIND OF LAY OUT WHAT THE DIFFERENT
11 CONTRACTS OFFER AND SUCH.

12 SO THE BACKGROUND, THE ARLINGTON GROUP I'VE
13 MENTIONED. THE LENGTH OF TIME TO PERFORM WILL ACTUALLY
14 BE MAY 15TH, 2004, THROUGH, WE'RE PROJECTING AT LEAST
15 EIGHT YEARS OUT BECAUSE OF THE LENGTH OF THE EXISTENCE
16 OF OUR ORGANIZATION, TO 2014. WE'VE LAID OUT THE
17 PAYMENT TERMS FOR YOU WITH REGARD TO LICENSE FEE,
18 THIRD-PARTY TOOLS, USER TRAINING, ESTIMATED
19 CONFIGURATION AND IMPLEMENTATION, AND THEN WE ALSO
20 OUTLINED ANNUAL FEES THAT WOULD BREAK DOWN WHAT WE'RE
21 TALKING ABOUT WITH REGARDS TO ANNUAL LICENSE, SOFTWARE
22 LICENSE, ANNUAL LICENSING SUPPORT, AND CO-LOCATION
23 HOSTING IF DECIDED DOWN THE ROAD. FOR A TOTAL COST FOR
24 THE FIRST YEAR WOULD BE 233,474.

25 DR. HALL: LET ME JUST SAY A WORD ABOUT THIS,

1 AND THAT IS ARLENE AND ED DORRINGTON, OUR I.T. PERSON,
2 EXTENSIVELY RESEARCHED ALL THE DIFFERENT GROUPS. WE
3 ALSO CONSIDERED HAVING ED, WHO HAS THE CAPABILITY TO DO
4 THIS, OF SIMPLY WRITING A PROGRAM FOR US. AND WE ALL
5 AGREED THAT THIS WAS THE BEST SOLUTION. THIS IS A VERY
6 TERRIFIC GROUP. IT GROWS OUT OF AN ORIGINAL CONTRACT
7 THEY HAD WITH HHMI TO DEVELOP THE SYSTEM THEY THEN HAVE
8 MARKETED COMMERCIALY. SEVERAL PEOPLE HAVE HAD SUCCESS
9 WITH IT, AND IT RECEIVES VERY HIGH RECOMMENDATIONS.

10 IT'S CRITICAL IN ALL OF THIS THAT, AS WE GO
11 FORWARD, WE NEED TO BE ABLE TO MAKE CHANGES. AND ONE
12 OF THE PROBLEMS WITH HAVING ED DO IT IS IF HE LEAVES,
13 SOMEBODY ELSE WALKS IN, IT'S NOT THEIR SYSTEM, THEY
14 DON'T KNOW HOW TO FIX IT, THEY DON'T LIKE IT MAYBE, AND
15 IT'S VERY HIGHLY INDIVIDUALIZED. HERE WE NOT ONLY HAVE
16 A GROUP THAT WILL LOOK AFTER IT FOR US, BUT AS NOTED
17 HERE, THEY WILL GIVE US ACCESS TO THE SOURCE CODE SO IF
18 THEY DISAPPEAR, WE AT LEAST ARE ABLE TO MANAGE IT. SO
19 I'M ACTUALLY VERY EXCITED ABOUT THIS AND ARLENE EVEN
20 MORE SO.

21 AND IF WE'RE ABLE TO APPROVE THIS, THEY WILL
22 START EITHER NEXT WEEK OR THE WEEK AFTER NEXT, THEY'LL
23 BE OUT HERE FOR THREE DAYS AND HAVE A WHOLE BUNCH OF
24 TRAINING SESSIONS, NOT TRAINING SESSIONS, BUT A WHOLE
25 BUNCH OF SESSIONS WITH US, I THINK, FOR THREE STRAIGHT

1 DAYS LEARNING OF OUR NEEDS AND THEN ADAPTING THE SYSTEM
2 THAT THEY HAVE TO FIT US. WE WILL BE ABLE TO GO ONLINE
3 ALL THE WAY FROM APPLICATIONS RIGHT ON THROUGH TO
4 POSTGRANT MANAGEMENT WITH THIS SYSTEM, AND I THINK IT
5 WILL BE VERY POWERFUL. AND WE HOPE TO HAVE IT READY
6 SOMETIME IN THE FALL.

7 DR. POMEROY: ZACH, THIS IS CLAIRE. THIS
8 LOOKS LIKE A GREAT SYSTEM, AND I'M VERY SUPPORTIVE OF
9 THIS CONTRACT. MY QUESTION IS MAYBE FOR WALTER, I'M
10 NOT SURE WHO IT'S FOR, IS HOW DOES THIS WORK WHEN WE
11 DON'T HAVE DOCUMENTATION OF A FORMAL RFI AND RFP
12 PROCESS?

13 MR. BARNES: WHAT WE DO IS WE BASICALLY KEEP
14 ALL THE RECORDS ASSOCIATED WITH REVIEWS THAT ARLENE AND
15 ED DID. THERE'S MATERIALS THAT HAVE BEEN PROVIDED, AND
16 WE BASICALLY KEEP THAT TOGETHER TO SHOW WHY WE
17 PARTICULARLY SELECTED THIS PARTICULAR ORGANIZATION.

18 DR. POMEROY: I MEAN WHY NOT HAVE A FORMAL
19 RFI PROCESS?

20 MR. BARNES: WELL, IN THIS PARTICULAR CASE
21 THE RFI PROCESS, WE FEEL, WAS ACTUALLY PERFORMED HERE
22 BECAUSE THEY REALLY TOOK A LOOK AT NOT JUST THIS
23 PARTICULAR SYSTEM, BUT OTHER SYSTEMS AS WELL.

24 DR. HALL: EVERYBODY WE COULD FIND WHO HAD A
25 SYSTEM LIKE THIS WE TALKED TO.

1 DR. POMEROY: SO WHAT DOES IT HURT TO PUT OUT
2 A CALL AND MAKE SURE? I GUESS -- I'M JUST ASKING IN
3 TERMS OF, YOU KNOW, THE CHALLENGES THAT WE GET. IF WE
4 PUT OUT AN RFI, THEN WE KNOW THERE'S NOT -- WE'RE NOT
5 OVERLOOKING SOMETHING.

6 MR. BARNES: I THINK THAT THE RFI IS MORE THE
7 TYPE OF THING THAT YOU WOULD DO IF YOU WERE ASKING
8 SOMEBODY TO COME IN AND DESIGN A SYSTEM FOR YOU. IN
9 THIS PARTICULAR CASE WE'RE SORT OF BUYING SOMETHING
10 THAT'S OFF THE SHELF.

11 DR. POMEROY: OKAY.

12 MR. BARNES: SO THE FACT IS THAT THERE ISN'T
13 THAT MANY OFF-THE-SHELF TYPE OF THINGS THAT YOU CAN
14 GET. AND THAT'S WHY, AS I SAID, ARLENE CHECKED AND ED
15 CHECKED WITH A NUMBER OF DIFFERENT ORGANIZATIONS TO SEE
16 WHAT THEY ARE USING. AND BASICALLY THAT'S WHAT WE CAME
17 TO.

18 DR. POMEROY: THANK YOU.

19 MR. KLEIN: THIS IS BOB KLEIN. I'D ALSO LIKE
20 TO SAY THAT, GIVEN WE'RE GOING TO TRY AND GET INTO A
21 GRANT PROGRAM HERE RELATIVELY SOON, BECAUSE IT WILL
22 INVOLVE A LARGE NUMBER OF APPLICATIONS, HAVING A PROVEN
23 SYSTEM IS EXTRAORDINARILY IMPORTANT FOR THE CONFIDENCE
24 OF THE PARTICIPANTS AS WELL AS FOR THE CONFIDENCE OF
25 THE BOARD. AND IN ADDITION, A PROVEN SYSTEM MEANS

1 THERE'S NOT A SINGULAR PERSON OUT THERE WHO KNOWS HOW
2 TO RUN IT, BUT THERE ARE OTHER OPERATORS WHO CAN BE
3 CONSULTED BY OUR INSTITUTIONS FOR PARALLEL LEVELS OF
4 INFORMATION TO WORK OUT ANY KINKS IN THE SYSTEM. SO A
5 PROVEN SYSTEM IS A GREAT BENEFIT TO US IN THIS
6 SELECTION.

7 DR. PIZZO: AGREED.

8 MR. KLEIN: IS IT APPROPRIATE IF I MADE A
9 MOTION HERE?

10 DR. PIZZO: SURE.

11 MR. KLEIN: I'LL MAKE A MOTION TO APPROVE
12 THIS. IS THAT APPROPRIATE, TINA?

13 VICE CHAIR NOVA: YES. ABSOLUTELY. IS THERE
14 A SECOND FOR THE MOTION?

15 DR. PIZZO: SECOND.

16 VICE CHAIR NOVA: ANY MORE COMMENTS FROM
17 BOARD MEMBERS? IF NOT, ANY COMMENTS FROM THE PUBLIC?
18 OKAY. WE VOTE ON THIS ONE. AMY, SEPARATE?

19 MS. DU ROSS: YES.

20 VICE CHAIR NOVA: OKAY. ROLL CALL.

21 MS. DU ROSS: DAVID SERRANO-SEWELL.

22 MR. SERRANO-SEWELL: AYE.

23 MS. DU ROSS: BOB KLEIN.

24 MR. KLEIN: AYE.

25 MS. DU ROSS: CLAIRE POMEROY.

1 DR. POMEROY: YES.

2 MS. DU ROSS: TINA NOVA.

3 VICE CHAIR NOVA: AYE.

4 MS. DU ROSS: PHIL PIZZO.

5 DR. PIZZO: YES.

6 MS. DU ROSS: JOHN REED.

7 DR. REED: AYE.

8 MS. DU ROSS: RICHARD MURPHY.

9 DR. MURPHY: YES.

10 MS. DU ROSS: MOTION PASSES.

11 DR. HALL: WE'RE GOING TO LET DAVID GO AT

12 THIS POINT AND THANK HIM FOR COMING BACK. IT MAKES US

13 OFFICIAL.

14 DR. PIZZO: THANKS, DAVID.

15 VICE CHAIR NOVA: THANK YOU, DAVID.

16 MR. SERRANO-SEWELL: THANKS, TINA.

17 VICE CHAIR NOVA: WE HAVE ABOUT FIVE MINUTES

18 TO GO. DO YOU WANT TO CONTINUE ON SOME OF THE ITEMS

19 AND JUST GET A FEEL FROM THE COMMITTEE, OR WOULD YOU

20 LIKE TO END? WHAT WOULD YOU LIKE TO DO?

21 MR. BARNES: THERE'S ONLY ONE ITEM LEFT AND A

22 SENSE OF THE COMMITTEE WILL BE FINE. THIS IS THE

23 POLICY AND PROCEDURE ON ACCEPTING REAL AND PERSONAL

24 PROPERTY AND NAMING.

25 VICE CHAIR NOVA: OKAY. WALTER.

1 MR. BARNES: AT THE GOVERNANCE COMMITTEE YOU
2 DID APPROVE A CONCEPT PROPOSAL THAT WE PRESENTED TO
3 YOU. YOU ASKED FOR A COUPLE OF CHANGES TO IT, WHICH I
4 THEN TOOK TO THE ICOC COMMITTEE MEETING. THEY
5 BASICALLY APPROVED IT AS AN INTERIM PROPOSAL BECAUSE
6 THEY TOO HAD A COUPLE OF CHANGES THEY WOULD LIKE TO
7 SEE. SO WE'RE BRINGING THIS BACK, THIS INTERIM
8 PROPOSAL BACK THROUGH THIS GROUP AS WELL AS TO THE ICOC
9 TO SEE IF WE CAN GET IT ADOPTED AS A PERMANENT POLICY.

10 AND WHAT I'VE DONE IS I'VE LISTED OUT THE
11 CHANGES THAT WERE REQUESTED. ONE THAT HAD TO DO WITH
12 GUIDANCE ON WHAT CONSTITUTES SUBSTANTIAL VALUE IN
13 DETERMINING WHETHER TO ACCEPT A GIFT THAT INVOLVES CIRM
14 HAVING TO NAME ITS PROPERTY OR PROGRAMS.

15 AND WHAT WE DECIDED, AND WHEN I SAY WE, I
16 MEAN SCOTT TOCHER AND JAMES HARRISON AND I TALKED ABOUT
17 IS THAT WE TALKED ABOUT SHOULD WE DO LIKE A SET AMOUNT,
18 YOU KNOW, LIKE A MILLION DOLLARS OR \$2 MILLION OR
19 WHATEVER. I THINK OUR FEELING WAS THAT NAMING UNDER
20 OUR POLICY IS RESERVED TO THE ICOC. AND GIVEN THE FACT
21 THAT WE'RE IN A TRANSITION PERIOD STILL, WE THOUGHT
22 THAT PUTTING A SPECIFIC AMOUNT WOULD KIND OF TIE US UP.
23 AND SO WHAT WE DID IS WE TRIED TO LAY OUT THE CRITERIA
24 THAT THE ICOC COULD CONSIDER IN MAKING DECISIONS ON
25 NAMING. AND THOSE CRITERIA ARE THE SIZE OF THE GIFT IN

1 RELATIONSHIP TO OTHER FUNDING SOURCES, INCLUDING BONDS
2 AVAILABLE AT THE TIME THE GIFT IS MADE.

3 SO TO A CERTAIN EXTENT, THIS GETS TO THE
4 ISSUE OF A \$10 MILLION GIFT RIGHT NOW MAKES A BIG
5 DIFFERENCE BECAUSE WE'RE UNABLE TO ACCESS THE BONDS;
6 WHEREAS, AFTER THE COURT TRIAL IS DONE AND WE WIN AND
7 WE'RE ABLE TO ISSUE BONDS, \$10 MILLION MAYBE ISN'T
8 QUITE AS IMPORTANT WHEN WE'RE SELLING \$300 MILLION OF
9 BONDS. SO IT'S KIND OF A TIMING THING.

10 THE SECOND ONE BEING THE AVAILABILITY OF THE
11 GIFT, INCLUDING WHETHER THE GIFT WILL BE IMMEDIATELY
12 USABLE BY US OR DO WE HAVE TO GO THROUGH SOME ACTIONS,
13 LIKE SALE OF STOCK OR REAL PROPERTY, THAT'S GOING TO
14 DELAY OUR ACCESS TO ACTUAL CASH. WE ALSO THOUGHT -- I
15 HEARD THE IDEA OF FLEXIBILITY, INCLUDING WHETHER WE'LL
16 HAVE DISCRETION IN THE USE OF THE GIFT OR WHETHER THE
17 GIFT WILL BE SUBJECT TO SOME SPECIFIC RESTRICTIONS THAT
18 MAKES IT LESS USEFUL TO CIRM AS A WHOLE.

19 AND THEN WE FEEL ANY OTHER FACTOR RELEVANT TO
20 THE GOALS. SO RATHER THAN COME UP WITH A SPECIFIC
21 AMOUNT, AND BY THE WAY, I THINK OUR ANTICIPATION IS
22 THERE AREN'T GOING TO BE A LOT OF NAMING DECISIONS TO
23 BE MADE ANYWAY BECAUSE WE DON'T HAVE ANY PROPERTY
24 EXCEPT WHAT WE HAVE HERE IN THIS BUILDING OR PROGRAMS.
25 BUT THIS GIVES ENOUGH GUIDANCE AND SEEMS TO BE THE

1 CRITERIA THAT WE HEARD FROM THE ICOC. SO THAT'S WHAT
2 WE PUT DOWN FOR THAT.

3 WE ALSO CLARIFIED THE LIMIT SECTION WITH
4 REGARD TO GIFTS THAT WILL LIKELY REQUIRE AN EXPENDITURE
5 OF FUNDS. WE WANTED TO MAKE IT CLEAR THAT WE'RE ONLY
6 LIMITING IN THOSE CASES WHERE THE INITIAL OR ONGOING
7 EXPENDITURE WILL EXCEED OR EQUAL OR EXCEED THE VALUE OF
8 THE GIFT. SO WE DON'T WANT TO ACCEPT SOMETHING THAT'S
9 GOING TO COST US MORE MONEY THAN WE GET OUT OF IT.

10 AND THEN BASICALLY THERE WAS A CHANGE
11 REQUESTED AT THE -- I WANTED TO ALSO CLARIFY THAT THE
12 ACTION TAKEN BY THE EXECUTIVE COMMITTEE WHEN THE
13 PRESIDENT, THE VICE PRESIDENT -- EXCUSE ME -- THE
14 PRESIDENT, THE CHAIR, AND THE VICE CHAIR ARE MAKING
15 DECISIONS WITH REGARD TO THINGS THAT ARE DELEGATED TO
16 THEM, THAT THAT'S NOT A VOTE SYSTEM. IT'S NOT A PUBLIC
17 MEETING. IT'S BASICALLY A UNANIMOUS AGREEMENT WHICH
18 THEN COMES TO THE ICOC FOR INFORMATION. SO WE REVISED
19 THAT.

20 THERE WAS ALSO A REQUEST THAT WE -- ALSO THE
21 ICOC CHANGED THE DELEGATION FROM FIVE MILLION TO THREE
22 MILLION, AND SO WE INCORPORATED THAT CHANGE IN HERE.

23 AND THEN FINALLY, THERE WAS A REQUEST AT THE
24 ICOC THAT WE PROVIDE A REPORT ON THE USE OF FUNDING TO
25 ALL DONORS. ORIGINALLY WE SAID WE'D ONLY PROVIDE IT IF

1 THEY ASKED FOR IT, BUT WE REVISED IT TO INDICATE THAT
2 WE WILL PROVIDE A REPORT TO ALL THE DONORS EXCEPT FOR
3 THOSE THAT ARE DE MINIMIS AMOUNTS. AND THERE WAS ALSO
4 A REQUEST THAT WE MAKE A STRONGER STATEMENT THAT GIFTS
5 WILL NOT ENTITLE THE DONOR TO ANY INFLUENCE ON
6 DECISIONS MADE ABOUT CIRM PROGRAMS. SO WE ADDED A NEW
7 WAREHOUSE CLAUSE IN THE COMMITMENT LETTER AND A NEW
8 SECTION 4 OF THE COMMITMENT LETTER TO TRY AND
9 STRENGTHEN THAT PARTICULAR PROCESS.

10 IN ADDITION, THERE WERE A COUPLE OF CHANGES
11 TO ADDRESS GRAMMAR AND MINOR WORDING CHANGES. AND WE
12 RECONFIGURED THE LIMITS SECTION SO THAT THERE'S A
13 SECTION, A SUBSECTION, THAT SPECIFICALLY DEALS WITH
14 NAMING AND A SUBSECTION THAT SPECIFICALLY DEALS WITH
15 GIFTS. AND WE THOUGHT THAT WOULD MAKE THIS PROCESS A
16 LITTLE MORE CLEAR.

17 SO THOSE ARE THE CHANGES. THEY'RE ALL
18 RELATED TO THINGS THAT WE GOT EITHER FROM THE ICOC,
19 GOVERNANCE COMMITTEE, OR THE ICOC AS A WHOLE, AND WE'D
20 LIKE TO RECOMMEND THAT YOU RECOMMEND TO THE ICOC THAT
21 THIS INTERIM POLICY AND PROCEDURE BE ADOPTED AS
22 PERMANENT POLICY WITH THESE CHANGES. AND WE DID SHOW
23 ALL THE CHANGES IN TRACK FORM FOR YOU SO THAT YOU CAN
24 SEE WHAT WAS DONE. SO THAT'S THE RECOMMENDATION.

25 VICE CHAIR NOVA: THANK YOU, WALTER.

1 MR. BARNES: ANY QUESTIONS?

2 VICE CHAIR NOVA: ARE THERE ANY BOARD
3 COMMENTS ON THIS POLICY?

4 DR. POMEROY: WALTER, AS ALWAYS, VERY
5 RESPONSIVE. THANK YOU.

6 MR. BARNES: THANK YOU.

7 VICE CHAIR NOVA: I AGREE. THANK YOU,
8 CLAIRE. ANY OTHER COMMENTS FROM BOARD MEMBERS? HOW
9 ABOUT FROM THE PUBLIC?

10 MR. SIMPSON: YES, PLEASE. JOHN SIMPSON IN
11 IRVINE. I JUST WANTED TO SAY THAT THE ADDITION OF THE
12 LANGUAGE, THE WHEREAS ON THE CONFLICT OF INTEREST AND
13 WON'T TRY TO INFLUENCE, IS AN EXCELLENT ADDITION. AND
14 WE THINK THAT WAS SPLENDID THAT THAT WAS THERE.

15 I HAVE ONE QUESTION ABOUT THE POLICY IN
16 GENERAL. THIS RELATES TO THE GALA FUND-RAISER THAT'S
17 COMING UP, I GUESS, ON MONDAY THAT WE'VE HAD SOME
18 DIFFERENCES OF OPINION ABOUT. WILL THE NAMES OF THE
19 DONORS TO THAT FOUNDATION -- TO THAT EVENT ULTIMATELY
20 BE RELEASED, AND WILL IT INCLUDE BIOGRAPHICAL DATA ON
21 THEM SUCH AS WHERE THEY WORK?

22 DR. HALL: YES AND NO. THE NAMES WILL BE
23 RELEASED. AS YOU KNOW, THIS GALA IS BEING PUT ON FOR
24 US BY A LOCAL SAN FRANCISCO GROUP HEADED BY A WOMAN
25 NAMED DEBORAH STROBIN WHO HAS A LONG HISTORY OF

1 SUPPORTING HEALTH-RELATED CAUSES THROUGH EVENTS LIKE
2 THIS BEGINNING WITH AIDS AND ALSO FOR THE CANCER CENTER
3 AT UCSF. SHE HAS HAD AN EVENT CALLED, I THINK, RAISING
4 HOPE, WHICH HAS BEEN VERY SUCCESSFUL FOR SOME TIME.
5 AND KNOWING OF OUR NEED AND BEING SUPPORTIVE OF OUR
6 MISSION, SHE OFFERED SOME TIME BACK TO GET TOGETHER A
7 GROUP TO PUT THIS ON.

8 AND SHE AND A GROUP, I THINK, A COMMITTEE,
9 SHE FORMED A COMMITTEE THAT MEETS ONCE A WEEK AND HAS
10 BEEN MEETING FOR SOME TIME TO ORGANIZE THIS. THEY ARE
11 THEN COLLECTING DONATIONS. THOSE DONATIONS WILL THEN
12 GO TO THE SAN FRANCISCO FOUNDATION, WHICH WILL THEN PAY
13 ANY EXPENSES ASSOCIATED WITH THE GALA AND THEN WILL
14 PASS THAT MONEY ON TO US. AND THE REASON FOR USING THE
15 SAN FRANCISCO FOUNDATION, AND WALTER CAN CORRECT ME IF
16 I'M WRONG HERE, IS THAT WE CAN'T RECEIVE DONATIONS AND
17 PAY EXPENSES FOR SOMETHING LIKE THIS. SO THAT'S HOW
18 THAT WILL BE HANDLED.

19 THE NAMES OF THE DONORS, THEN, I HAVE ASSURED
20 HER, AND, JOHN, I THINK, I SENT YOU A LETTER TO THIS
21 EFFECT, THAT THOSE NAMES WILL COME TO US AND WE WILL
22 MAKE THEM PUBLIC, BUT THEY ARE NOT COLLECTING, NOR WILL
23 WE, BIOGRAPHICAL INFORMATION ABOUT EACH OF THE PEOPLE.
24 IF THE NAMES ARE THERE, ANYBODY WHO WANTS TO CAN
25 CERTAINLY GOOGLE THEM, LOOK THEM UP, AND CHECK THEM

1 OUT, BUT WE ARE NOT INVOLVED IN THAT PART OF IT AT ALL.

2 MR. SIMPSON: THE REASON I ASK IS BECAUSE
3 YOUR GIFT CODE SAYS THAT BIOGRAPHICAL DATA REGARDING AN
4 INDIVIDUAL IS SUPPOSED TO BE GATHERED. SO IS IT --
5 IT'S NOT HAPPENING BECAUSE IT'S COMING THROUGH THE
6 GALA? IS THAT THE REASON?

7 MR. BARNES: YEAH, THAT'S CORRECT. AND IN
8 EFFECT, BIOGRAPHICAL DATA WILL BE ABOUT THE INSTITUTION
9 ITSELF.

10 MR. SIMPSON: I UNDERSTAND.

11 MR. BARNES: BECAUSE THEY'RE THE ONES THAT
12 ARE ACTUALLY GIVING THIS TO US.

13 MR. SIMPSON: SO THEY'RE ESSENTIALLY GIVING
14 YOU THE NAMES. THEY'RE DOING MORE THAN THEY'RE
15 REQUIRED TO DO?

16 DR. HALL: YES.

17 MR. SIMPSON: ONE OTHER THING. IF I COULD
18 ADD IT. I WOULD BE REMISS. I SHOULD SAY SOMETHING
19 ABOUT NICOLE LEAVING. SHE'S BEEN A WONDERFUL PRESS
20 PERSON TO WORK WITH. I'M A FORMER JOURNALIST, AND YOU
21 OFTEN DON'T RUN ACROSS TALENTED AND CAPABLE
22 PROFESSIONALS IN THAT SIDE OF THINGS. SHE'S BEEN
23 OUTSTANDING, AND WE'RE GOING TO MISS HER.

24 DR. HALL: HERE. HERE.

25 (APPLAUSE.)

1 DR. HALL: WE ARE INDEED GOING TO MISS HER.
2 VICE CHAIR NOVA: THAT'S REALLY NICE. THANK
3 YOU. ANY OTHER COMMENTS FROM THE PUBLIC? OKAY. SO
4 WE'RE NOT GOING TO BE VOTING ON THIS, BUT SHOULD WE
5 JUST GET THE SENSE OF THE BOARD, AMY, THROUGH NAMES?
6 MS. DU ROSS: YES.
7 VICE CHAIR NOVA: ROLL CALL.
8 MS. DU ROSS: BOB KLEIN.
9 MR. KLEIN: YES.
10 MS. DU ROSS: CLAIRE POMEROY.
11 DR. POMEROY: YES.
12 MS. DU ROSS: TINA NOVA.
13 VICE CHAIR NOVA: YES.
14 MS. DU ROSS: PHIL PIZZO.
15 DR. PIZZO: YES.
16 MS. DU ROSS: JOHN REED.
17 UNIDENTIFIED SPEAKER: HE'S LEFT THE ROOM.
18 MS. DU ROSS: OKAY. RICHARD MURPHY.
19 DR. MURPHY: YES.
20 MS. DU ROSS: GREAT. THANKS.
21 DR. PIZZO: RIGHT ON TIME.
22 DR. HALL: THANKS TO ALL.
23 DR. MURPHY: ZACH, CAN I JUST RAISE ONE POINT
24 BEFORE WE LEAVE?
25 DR. HALL: ABSOLUTELY, RICH.

1 DR. MURPHY: I KNOW HOW SHORTHANDED YOU GUYS
2 ARE AND HOW DIFFICULT ALL OF THIS IS, BUT ONE OF THE
3 PROCEDURES THAT WE'VE ADOPTED AT OUR INSTITUTE IS THAT
4 ALL THE NOTES AND BACKGROUND FOR MEETINGS GO OUT A
5 MINIMUM OF A WEEK BEFORE THE MEETING, WHICH MEANS THAT
6 THE DAY BEFORE THAT WEEK ENDS, WE GO LIKE CRAZY TO GET
7 THE STUFF OUT. BUT IT REALLY DOES GIVE OUR PEOPLE A
8 CHANCE TO LOOK AT THE MATERIAL, AND WITH SO MANY OF
9 THEM TRAVELING, THEY HAVE AN OPPORTUNITY TO BRING THOSE
10 MATERIALS WITH THEM. IS THERE ANY WAY THAT YOU, FOR
11 EXAMPLE, CAN WORK TO COME UP WITH A POLICY WHERE THE
12 MATERIAL IS SENT OUT A WEEK BEFORE IN A HARD COPY FORM
13 OR EVEN BY E-MAIL, BUT A MINIMUM OF A WEEK LEAD-TIME SO
14 THAT WE REALLY DO HAVE THE TIME TO MAKE SURE EVERYTHING
15 IS THERE AND WE HAVE THE TIME TO READ IT?

16 DR. HALL: I APPRECIATE THE POINT. IT IS AN
17 IMPORTANT ONE. IT IS OUR GOAL TO DO THAT. AND SADLY
18 WE JUST DON'T ALWAYS MAKE IT. WE WERE WORKING
19 FURIOUSLY TO GET THIS MATERIAL OUT BEFORE THE MEETING,
20 AND I'M SORRY WE DID NOT MAKE THAT DEADLINE FOR THIS
21 MEETING, BUT IT CERTAINLY IS OUR GOAL TO DO THAT. AND
22 I APPRECIATE YOUR UNDERLINING IT FOR US, AND WE WILL DO
23 OUR BEST.

24 DR. MURPHY: THANK YOU.

25 MR. SIMPSON: IF THE PUBLIC COULD COMMENT ON

1 THAT POINT. I HAVE NOTICED A GREAT IMPROVEMENT IN THE
2 AVAILABILITY OF DOCUMENTS. IN FACT, WITH THIS ONE, I
3 THINK VIRTUALLY EVERYTHING WAS AVAILABLE EARLIER THAN
4 HAS BEEN THE CASE IN THE PAST. AND, IN FACT, IF YOU
5 LOOK AT THE CALIFORNIA STEM CELL REPORT BLOG, THEIR
6 MOST RECENT ENTRY WAS COMMENDING CIRM FOR GETTING THEM
7 OUT IN A TIMELY WAY.

8 DR. HALL: OH, MY GOSH. I SHOULD LOOK AT IT
9 IN THAT CASE. I RARELY DO, BUT I'LL CHECK IT OUT.

10 MR. SIMPSON: DAVID JENSON HAD A NICE LITTLE
11 PIECE ABOUT HOW THIS IS THE WAY THINGS SHOULD WORK.
12 THEY WERE ALL THERE. AND, IN FACT, I FOUND THEM WHEN I
13 WAS LOOKING FOR THEM AND DOWNLOADED THEM. SO I'M VERY
14 HAPPY.

15 DR. HALL: WE'RE HAPPY FOR ANY PRAISE WE GET.
16 THANK YOU, JOHN.

17 MR. KLEIN: JOHN, THIS IS BOB KLEIN. I'D
18 LIKE TO SAY THAT IN THE TRUE SPIRIT OF JOURNALISM, WE
19 APPRECIATE THE PLAUDITS IN ADDITION TO THE CONSTRUCTIVE
20 CRITICISM, AND IT'S VERY HELPFUL AND A MORALE BUILDER
21 FOR STAFF WHO WHEN THEY DO GET THAT FEEDBACK RELATED TO
22 ADMINISTRATIVE LEVELS AND FUNCTIONS THAT ARE CRITICAL
23 TO PERFORMANCE AND UNDERSTANDING BY THE PUBLIC AS WELL
24 AS THE BOARD.

25 MR. SIMPSON: ON THAT NOTE TOO, THE ADDITION

1 OF THE STRATEGIC PLANNING INFORMATION ON THE WEBSITE
2 HAS BEEN A VERY GOOD, HELPFUL ADDITION, AND I THINK
3 MAKES THE WHOLE PROCESS MUCH MORE ACCESSIBLE.

4 DR. HALL: I'M GLAD TO HEAR THAT. OUR
5 COLLEAGUES AT PRICE WATERHOUSE ORGANIZED THAT, PUT IT
6 UP, AND HAVE CHARGE OF IT, AND IT IS ONE OF THE REASONS
7 WE -- ONE OF THE GOOD THINGS THEY'RE DOING FOR US THAT
8 WE ABSOLUTELY WOULD NOT BE ABLE TO DO OTHERWISE.

9 VICE CHAIR NOVA: OKAY. IF THERE AREN'T ANY
10 OTHER COMMENTS, THIS MEETING IS ADJOURNED. HAVE A GOOD
11 WEEKEND, GUYS.

12 (THE MEETING WAS THEN CONCLUDED AT 11:40
13 A.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE GOVERNANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR TELEPHONIC MEETING ON MAY 19, 2004, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE TRANSCRIBED STENOGRAPHICALLY BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE TELEPHONIC PROCEEDING.

BETH C. DRAIN, CSR 7152
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