

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: AS INDICATED ON THE AGENDA

DATE: WEDNESDAY, JULY 30, 2008
3 P.M.

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

BRS FILE NO.: 81980

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		3
ROLL CALL		4
CONSIDERATION OF 2008-2009 CONTRACT WITH REMCHO, JOHANSEN & PURCELL		5
ADJOURNMENT		14

BARRISTERS' REPORTING SERVICE

1 WEDNESDAY, JULY 30, 2008

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CHAIRPERSON LANSING: I'M GOING TO OFFICIALLY START. I'D LIKE TO WELCOME ALL OF YOU AND CALL TO MEETING TO ORDER. I'D LIKE TO WELCOME EVERYONE TO THE MEETING OF THE GOVERNANCE SUBCOMMITTEE OF THE ICOC. AND I'M HERE IN L.A. AND ARE WE ON THE LINE WITH CIRM IN SAN FRANCISCO?

MS. KING: WE ARE.

CHAIRPERSON LANSING: UC DAVIS?

DR. POMEROY: YES.

CHAIRPERSON LANSING: IRVINE?

MS. KING: NOT YET.

CHAIRPERSON LANSING: CONNECT?

MR. ROTH: YES.

MS. KING: YES.

CHAIRPERSON LANSING: THE LODGE AT TORREY PINES?

MR. KLEIN: YES.

CHAIRPERSON LANSING: CARLSBAD?

DR. NOVA: GENOPTIX, YES.

CHAIRPERSON LANSING: OKAY. SO I THANK YOU FOR PARTICIPATING IN THIS IMPORTANT CALL. AND, MELISSA, I'D LIKE TO ASK YOU TO CALL THE ROLL.

MS. KING: ABSOLUTELY. AND I THINK WE MAY

BARRISTERS' REPORTING SERVICE

1 HAVE JUST BEEN JOINED BY DR. STEWARD; IS THAT TRUE?

2 PERHAPS NOT. OKAY.

3 BOB KLEIN.

4 CHAIRPERSON LANSING: I KNOW HE'S THERE.

5 MS. KING: WE MUST HAVE LOST HIM. SHERRY

6 LANSING.

7 CHAIRPERSON LANSING: HERE.

8 MS. KING: TINA NOVA.

9 DR. NOVA: HERE.

10 MS. KING: PHIL PIZZO. CLAIRE POMEROY.

11 DR. POMEROY. HERE.

12 MS. KING: JOHN REED. DUANE ROTH.

13 MR. ROTH: HERE.

14 MS. KING: JEFF SHEEHY.

15 MR. SHEEHY: HERE.

16 MS. KING: AND BOB KLEIN. SO WE MUST HAVE
17 DROPPED HIM UNFORTUNATELY, SHERRY. I ACTUALLY THINK
18 WE CAN GET STARTED ANYWAY.

19 MR. KLEIN: YEAH. I HIT THE WRONG BUTTON.

20 CHAIRPERSON LANSING: IT'S OKAY, BOB.

21 WE'RE GLAD TO HAVE YOU BACK.

22 MS. KING: FOR THE RECORD, BOB KLEIN HAS
23 JOINED THE MEETING.

24 CHAIRPERSON LANSING: I'D LIKE TO ASK
25 CIRM'S CONTRACTS ADMINISTRATOR, CYNTHIA SCHAFFER, TO

BARRISTERS' REPORTING SERVICE

1 WALK US THROUGH THIS ITEM, WHICH IS AGENDA ITEM NO.
2 3, WHICH IS CONSIDERATION OF THE 2008-2009 CONTRACT
3 WITH REMCHO, JOHANSEN & PURCELL. WITH THAT
4 INTRODUCTION, CYNTHIA, CAN I TURN THIS OVER TO YOU,
5 PLEASE.

6 MS. SCHAFFER: RIGHT NOW WE HAVE AN
7 AGREEMENT WITH REMCHO FOR 45,000, AND WE'RE ASKING
8 TO AMEND THAT AGREEMENT TO MAKE IT 450,000, WHICH WE
9 NEED APPROVAL FROM THE GOVERNANCE SUBCOMMITTEE TO
10 DO.

11 CHAIRPERSON LANSING: WHAT IS IT NOW?
12 EXCUSE ME.

13 MS. SCHAFFER: WE ACTUALLY WANTED TO MAKE
14 SURE WE HAD AN AGREEMENT IN PLACE STARTING WITH THE
15 NEW FISCAL YEAR BEGINNING JULY 1ST, 2008. AND SO WE
16 HAVE AN INTERIM AGREEMENT IN PLACE MEANING TO BE
17 REPLACED AND SUPERCEDED AFTER WE REACH THE APPROVAL
18 FOR THE HIGHER AMOUNT.

19 CHAIRPERSON LANSING: WHAT IS IT AT NOW?
20 THAT'S WHAT I DIDN'T HEAR YOU SAY.

21 MS. SCHAFFER: THE PLACEHOLDER WE HAVE NOW
22 IS FOR THE AMOUNT OF 45,000, BUT WE'RE ASKING FOR
23 THE FULL YEAR FOR 450,000.

24 CHAIRPERSON LANSING: GOT IT. OKAY.
25 PLEASE CONTINUE.

BARRISTERS' REPORTING SERVICE

1 MS. SCHAFFER: THAT'S ALL I HAVE.

2 MS. KING: EVERYBODY ON THE LINE SHOULD
3 HAVE A COPY OF THE INDEPENDENT CONSULTANT AGREEMENT
4 OR THE CONTRACT ALONG WITH TWO EXHIBITS THAT I GOT
5 FROM CYNTHIA AND SENT OUT TO EVERYONE ON THE
6 SUBCOMMITTEE A FEW DAYS AGO. DOES EVERYBODY HAVE
7 THAT INFORMATION?

8 MR. KLEIN: WHILE THEY'RE LOOKING FOR THAT
9 INFORMATION, SHERRY, THIS IS BOB KLEIN. MAYBE I
10 COULD JUST PROVIDE A QUICK OVERVIEW OF THE
11 FUNCTIONS, FOR THE BENEFIT OF THE PUBLIC, OF THE
12 BOARD COUNSEL.

13 CHAIRPERSON LANSING: I'D APPRECIATE THAT,
14 BOB. ALSO, DIDN'T WE HAVE A CONTRACT LAST YEAR, OR
15 I AM REMEMBERING INCORRECTLY?

16 MR. KLEIN: THE CONTRACT LAST YEAR WAS
17 ALSO APPROVED FOR 450, I THINK.

18 MS. SCHAFFER: 415,000.

19 MR. KLEIN: IT ENDED UP BEING 415,000.

20 CHAIRPERSON LANSING: SO COULD YOU EXPLAIN
21 FOR THE RECORD THE SERVICES, AND ALSO FOR THE
22 RECORD, COULD YOU EXPLAIN WHY THERE'S AN INCREASE?

23 MR. KLEIN: YES. SO THE BOARD COUNSEL IN
24 PROVIDING DIRECTION, LEGAL DIRECTION, FOR THE BOARD
25 IN ALL OF ITS FUNCTIONS OF APPROVING GRANTS AND

BARRISTERS' REPORTING SERVICE

1 LOANS AS WELL AS POLICIES OF THE BOARD, ALSO HAS A
2 BROAD SERVICE FUNCTION IN SUPPORTING THE BOARD IN
3 INTERFACING WITH THE LEGISLATURE, IN WORKING THIS
4 COMING YEAR WITH THE U. S. TREASURY DEPARTMENT, AND
5 THE CONGRESS ON APPROVING THE TAX EXEMPTION ON OUR
6 BONDS, WHICH WOULD BE THE FIRST BONDS IN THE
7 COUNTRY'S HISTORY WITH A TAX EXEMPTION ON
8 INTELLECTUAL CAPITAL AS VERSUS PHYSICAL CAPITAL.

9 IN ADDITION, DURING THIS YEAR BOARD
10 QUESTIONS THAT ARISE ON THE IMPLEMENTATION OF THE
11 MAJOR FACILITIES GRANTS WILL BE A SPECIAL AREA OF
12 FOCUS ALONG WITH THE BOARD'S CONSIDERATION OF
13 IMPLEMENTING A LOAN SYSTEM TO COMPLEMENT OUR GRANT
14 SYSTEM THAT WE HAVE IN PLACE.

15 THE BOARD COUNSEL ALSO PROVIDES AN
16 OVERSIGHT FUNCTION TO ASSURE ALL RFA'S AND ALL
17 ACTIONS BY THE BOARD ARE CONSISTENT WITH OUR
18 CONFLICTS PROVISIONS, AND THE BOARD COUNSEL HAS A
19 FUNCTION IN THE INTERFACE IN WORKING WITH THE
20 LEGISLATURE, SUCH AS THE CURRENT WORK ON THE
21 CALIFORNIA SUPPLIER LEGISLATION AND CURRENT
22 CONSIDERATION OF AMENDMENTS TO WORK WITH SENATOR
23 KUEHL ON 1565.

24 I THINK THAT WOULD SUMMARIZE THE BASIC
25 RANGE OF SERVICES.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: OKAY. THANK YOU,
2 BOB. I REALLY APPRECIATE THAT.

3 CAN I ASK IF THERE'S ANY QUESTIONS. AND
4 I'LL ASK IF THERE'S ANY QUESTIONS FROM ANY OF US.

5 DR. POMEROY: COULD SOMEONE REVIEW THE
6 PROCESS BY WHICH THIS FIRM WAS CHOSEN AND THE DUE
7 DILIGENCE THAT WAS DONE TO DETERMINE THAT THIS WAS
8 THE BEST --

9 CHAIRPERSON LANSING: VERY GOOD QUESTION.

10 MR. KLEIN: CERTAINLY. SO, DR. POMEROY,
11 AT THE INITIATION OF THE AGENCY'S REPRESENTATION BY
12 THE REMCHO FIRM, I PROCEEDED TO MEET WITH THE
13 ATTORNEY GENERAL AND THE ATTORNEY GENERAL'S SENIOR
14 STAFF. AND WE REVIEWED THE COMPLEXITY OF SETTING UP
15 A NEW AGENCY THAT HAD THE TASK OF IMPLEMENTING A NEW
16 MODEL AGENCY FOR PROCESSING GRANTS AND LOANS FOR
17 STEM CELL RESEARCH.

18 THE FACT WAS THAT THE REMCHO FIRM HAD BEEN
19 INVOLVED IN THE ACTUAL DRAFTING OF THE LEGISLATION.
20 IT WAS ONE OF FOUR FIRMS USED, BUT IT WAS A KEY FIRM
21 IN THE OVERVIEW OF THE DRAFTING AND THE RESEARCH ON
22 THE CONTRACT. AND THE QUESTION PUT TO THE ATTORNEY
23 GENERAL WAS SHOULD WE PUT THIS OUT TO GENERAL BID,
24 OR IS THERE SPECIAL CONSIDERATION HERE BECAUSE IT
25 WOULD COST HUNDREDS OF THOUSANDS OF DOLLARS TO

BARRISTERS' REPORTING SERVICE

1 DUPLICATE THE RESEARCH AND LEGAL WORK PRODUCT THAT
2 REMCHO HAS ALREADY BEEN PAID FOR THAT THE STATE
3 DOESN'T HAVE TO PAY FOR SO THAT IN ORDER TO MOVE
4 QUICKLY INTO OUR FUNCTION WITH A VERY HIGH LEVEL OF
5 EXPERTISE, IS IT APPROPRIATE TO SELECT THE REMCHO
6 FIRM, SAVE THAT MONEY, AND HAVE THE BENEFIT OF ALL
7 THE PAST WORK OVER THE PRIOR TWO YEARS.

8 THE ATTORNEY GENERAL'S OFFICE DIRECT
9 RESPONSE WAS THAT IT IS PROPER TO HIRE THE REMCHO
10 FIRM. AND THEIR CONSIDERABLE KNOWLEDGE, NOT ONLY
11 WITH THE WORK THAT HAS BEEN DONE, BUT THE FACT THAT
12 THEY REPRESENT A NUMBER OF STATE CONSTITUTIONAL
13 OFFICERS AND DEPARTMENTS IN THE PAST IN THEIR
14 GOVERNMENT REPRESENTATION GIVES THEM A LONG-TERM
15 KNOWLEDGE IN UNDERSTANDING HOW TO INTERFACE THIS NEW
16 AGENCY WITH THE STATE GOVERNMENT. AND SO THEY FULLY
17 ENDORSED THE CONCEPT OF MOVING FORWARD WITH REMCHO.

18 MS. SCHAFFER: IF I MAY ALSO ADD,
19 ACCORDING TO CHAPTER 3.07 OF THE STATE CONTRACTING
20 MANUAL, LEGAL SERVICES CONTRACTS ARE NOT SUBJECT TO
21 COMPETITIVE BIDDING OR ADVERTISING.

22 MR. KLEIN: FOR THE PURPOSE OF ANSWERING
23 DR. POMEROY'S QUESTION, BECAUSE IT'S A LARGE
24 CONTRACT, WE WANTED TO MAKE SURE IN THE VERY
25 BEGINNING THAT WE WERE GOING BEYOND THE LAW TO THE

BARRISTERS' REPORTING SERVICE

1 INTENT OF THE LAW AND MAKING SURE WE WERE GETTING
2 THE BEST VALUE FOR THE STATE AND FOR THE AGENCY AND
3 THE BEST EXPERTISE FOR THAT VALUE POSSIBLE.

4 CHAIRPERSON LANSING: THANK YOU.

5 MS. KING: I JUST WANT TO MAKE SURE FOR
6 THE RECORD THE TRANSCRIBER KNOWS THAT THAT WAS
7 CYNTHIA SCHAFFER, OUR CONTRACTS ADMINISTRATOR,
8 POINTING OUT STATE LAW AROUND CONTRACTS.

9 THE REPORTER: YES, I HAVE IT. THANK YOU.

10 CHAIRPERSON LANSING: CAN I JUST GO
11 AROUND, THEN, AND SEE IF THERE'S ANY QUESTIONS FROM
12 ANY MEMBERS ON THE BOARD, AND THEN I'LL GO TO THE
13 PUBLIC. IN SAN FRANCISCO?

14 MR. SHEEHY: NO QUESTIONS.

15 CHAIRPERSON LANSING: DAVIS?

16 DR. POMEROY: NO.

17 CHAIRPERSON LANSING: IRVINE?

18 DR. STEWARD: NO. I JUST JOINED YOU.

19 MS. KING: THIS IS A POLL JUST TO SEE IF
20 YOU HAVE ANY QUESTIONS ABOUT THE CONTRACT THAT IS
21 BEING CONSIDERED BY THE SUBCOMMITTEE. AND I BELIEVE
22 YOU HAVE THAT CONTRACT FROM THE E-MAILS THAT HAVE
23 BEEN SENT OUT OVER THE LAST SEVERAL DAYS; IS THAT
24 TRUE?

25 DR. STEWARD: YES, I DO. THANK YOU.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: TORREY PINES?

2 MR. KLEIN: THIS IS BOB KLEIN. NO

3 QUESTIONS.

4 CHAIRPERSON LANSING: GENOPTIX, CARLSBAD?

5 DR. NOVA: GENOPTIX. NO QUESTIONS.

6 CHAIRPERSON LANSING: GENOPTIX. THANK YOU
7 FOR THAT CORRECTION. I SHOULD HAVE KNOWN THAT. I'M
8 EMBARRASSED. OKAY.

9 THEN I WOULD ACTUALLY LIKE TO SEE IF
10 THERE'S ANY QUESTIONS FROM THE PUBLIC. IN SAN
11 FRANCISCO?

12 MS. KING: NONE HERE.

13 CHAIRPERSON LANSING: DAVIS?

14 DR. POMEROY: NO PUBLIC.

15 CHAIRPERSON LANSING: IRVINE?

16 DR. STEWARD: I'M NOT ACTUALLY WITH MY
17 PUBLIC. I DON'T THINK THERE'S ANY THERE ANYWAY.

18 CHAIRPERSON LANSING: LA JOLLA?

19 MR. ROTH: NO.

20 CHAIRPERSON LANSING: TORREY PINES?

21 MR. KLEIN: NO.

22 CHAIRPERSON LANSING: GENOPTIX?

23 DR. NOVA: NO PUBLIC.

24 CHAIRPERSON LANSING: IN L.A.? NO.

25 THAT BEING SAID, DO I HAVE A MOTION TO

BARRISTERS' REPORTING SERVICE

1 APPROVE THE CONTRACT?

2 MR. KLEIN: I WOULD MAKE A MOTION TO
3 APPROVE THE CONTRACT.

4 CHAIRPERSON LANSING: SECOND?

5 DR. POMEROY: SECOND.

6 CHAIRPERSON LANSING: ANY FURTHER
7 COMMENTS? MELISSA, WOULD YOU DO A ROLL CALL VOTE
8 THEN, PLEASE.

9 MS. KING: YES, I WILL. BOB KLEIN.

10 MR. KLEIN: YES.

11 MS. KING: SHERRY LANSING.

12 CHAIRPERSON LANSING: YES.

13 MS. KING: TINA NOVA.

14 DR. NOVA: YES.

15 MS. KING: CLAIRE POMEROY.

16 DR. POMEROY: YES.

17 MS. KING: DUANE ROTH.

18 MR. ROTH: YES.

19 MS. KING: JEFF SHEEHY.

20 MR. SHEEHY: YES.

21 MS. KING: OSWALD STEWARD.

22 DR. STEWARD: YES.

23 MS. KING: THANK YOU. THAT MOTION
24 CARRIES.

25 CHAIRPERSON LANSING: OKAY. THEN WE JUST

BARRISTERS' REPORTING SERVICE

1 HAVE ONE MORE BRIEF ITEM, WHICH IS NOT AN ACTION
2 ITEM. AND IT WAS NOT AGENDIZED FOR THIS MEETING,
3 BUT IT'S JUST AN UPDATE. IT'S AN UPDATE ON THE
4 CONTRACTS AND THE INTERAGENCY AGREEMENTS THAT WE
5 HAVE. AND, AGAIN, I'M GOING TO ASK CYNTHIA SCHAFFER
6 TO PROVIDE TO THE SUBCOMMITTEE A BRIEF UPDATE. SO,
7 CYNTHIA, CAN YOU DO THAT, PLEASE?

8 MS. SCHAFFER: YES. WE SENT OUT THE
9 CONTRACTS AND INTERAGENCY AGREEMENT SUMMARY FOR THE
10 FOURTH QUARTER OF THE FISCAL YEAR 2007-2008. WE'VE
11 HIGHLIGHTED CONTRACTS THAT ARE GOING TO BE ACTIVE
12 GOING INTO THE FIRST QUARTER OF THE 2008-2009 FISCAL
13 YEAR. THESE UPDATED THE SUMMARY TO INCLUDE PURCHASE
14 ORDERS IN ANY AMOUNTS OVER \$5,000 TO THE SUMMARY.

15 WE ALSO, AND WHEN I SAY WE, I INCLUDE THE
16 FINANCE OFFICER, MARGARET FERGUSON, WHO WILL ALSO BE
17 PRESENTING A SUMMARY WHICH COVERS THE FULL FISCAL
18 YEAR '07-'08 AND THE ACTUAL EXPENDITURES FOR THAT
19 FISCAL YEAR AT THE UPCOMING ICOC MEETING.

20 MS. KING: JUST TO MAKE SURE, IF ANYONE ON
21 THE LINE DID NOT RECEIVE THE CONTRACT AND
22 INTERAGENCY AGREEMENT SUMMARY FROM ME, LET ME KNOW
23 THAT, AND I CAN GET IT TO YOU. YOU SHOULD HAVE ALL
24 GOTTEN THAT FROM ME IN THE LAST FEW DAYS.

25 CHAIRPERSON LANSING: ALL RIGHT. ARE

BARRISTERS' REPORTING SERVICE

1 THERE ANY QUESTIONS AT ANY OF OUR PLACES? IS THERE
2 ANY PUBLIC COMMENT?

3 MS. KING: NONE IN SAN FRANCISCO.

4 CHAIRPERSON LANSING: ANY OTHER BUSINESS
5 THAT ANYBODY WISHES TO CONDUCT AT THIS MEETING?
6 BECAUSE IF NOT, THIS WILL SET A RECORD. I DON'T
7 KNOW WHAT TO DO WITH THE EXTRA HOUR AND A HALF. YOU
8 SHOULD STAY ON THE PHONE AND TALK TO ME. IT WILL BE
9 NICE.

10 DR. POMEROY: ENJOY YOURSELF.

11 CHAIRPERSON LANSING: I'M KIDDING. I
12 THINK WE ALL HAVE PLENTY TO DO. AND, AGAIN, I THANK
13 YOU FOR YOUR TIME AND YOUR PARTICIPATION AND THE
14 STAFF AS WELL. AND UNLESS THERE'S ANYTHING ELSE,
15 THIS MEETING STANDS ADJOURNED.

16 (THE MEETING WAS THEN ADJOURNED AT
17 04:14 P.M.)

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BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDING BEFORE THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATIONS AS INDICATED IN THE AGENDA ON WEDNESDAY, JULY 30, 2008, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.



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