

BEFORE THE
GOVERNANCE SUBCOMMITTEE
TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: TELEPHONIC

DATE: FRIDAY, DECEMBER 7, 2007
4 P.M.

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

BRS FILE NO. : 80248

BARRISTERS' REPORTING SERVICE

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I N D E X

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| CALL TO ORDER | | 3 |
| ROLL CALL | | 3 |
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BARRISTERS' REPORTING SERVICE

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FRI DAY, DECEMBER 7, 2007

4 P.M.

CHAIRPERSON LANSING: PLEASE CALL THE MEETING TO ORDER. AND I'M GOING TO ASK YOU, MELISSA, TO PLEASE CALL THE ROLL.

MS. KING: CALLING THE ROLL, BRIAN HENDERSON. BOB KLEIN.

MR. KLEIN: HERE.

MS. KING: SHERRY LANSING.

CHAIRPERSON LANSING: HERE.

MS. KING: TINA NOVA.

DR. NOVA: HERE.

MS. KING: PHIL PIZZO. CLAIRE POMEROY. JOHN REED.

DR. REED: HERE.

MS. KING: DUANE ROTH. OSWALD STEWARD. SO WE DON'T YET QUITE HAVE A QUORUM.

CHAIRPERSON LANSING: SHOULD WE SEE -- I GUESS THERE'S NO NEED, ANY NEED FOR PUBLIC COMMENT? I GUESS NOT AT THIS TIME, RIGHT?

MS. KING: I WOULD SAY NOT, NOT AT THIS TIME. PUBLIC COMMENTS CAN BE WITH REFERENCE TO SPECIFIC AGENDA ITEMS.

CHAIRPERSON LANSING: JUST TRYING TO SEE IF

BARRISTERS' REPORTING SERVICE

1 THERE WERE SOME.

2 MS. KING: THANK YOU.

3 CHAIRPERSON LANSING: WELL, DO WE HAVE TO WAIT?
4 I'M JUST ASKING YOU IF WE HAVE TO WAIT TO CONSIDER THE
5 CHART. IT'S NOT SOMETHING WE VOTE ON.

6 MS. KING: WHO JUST JOINED?

7 DR. PIZZO: PHIL PIZZO.

8 MS. KING: I THINK WE'RE OKAY NOW. WE NEED ONE
9 MORE. OKAY. WE DO NEED ONE MORE MEMBER TO HAVE A
10 QUORUM, CHAIR LANSING. BUT WITH THE ADVICE OF COUNSEL,
11 WE COULD PROCEED AND JUST NOT TAKE A VOTE UNTIL WE HAVE A
12 QUORUM.

13 MR. KLEIN: COULD WE GO INTO EXECUTIVE SESSION?

14 MR. HARRISON: AS LONG AS YOU DON'T INTEND TO
15 TAKE ANY ACTION.

16 MR. KLEIN: WELL, I WOULD TAKE -- AND IF
17 MEMBERS JOIN WHILE WE'RE IN EXECUTIVE SESSION, THE
18 QUESTION IS CAN WE THEN COME BACK WITH RECOMMENDATIONS.
19 THEY HAVE TO BE REPORTED BACK TO THE PUBLIC IN ANY CASE;
20 ISN'T THAT CORRECT? DON'T WE HAVE TO ACTUALLY TAKE
21 ACTION IN PUBLIC AFTER THE EXECUTIVE SESSION?

22 MR. HARRISON: YES. YOU HAVE TO -- IN ESSENCE,
23 YOU HAVE TO RATIFY ANY DECISIONS YOU MADE IN CLOSED
24 SESSION IF THEY RELATE TO THE APPOINTMENT OF AN
25 INDIVIDUAL, THE SALARY, FOR EXAMPLE, IN OPEN SESSION. IF

BARRISTERS' REPORTING SERVICE

1 YOU' RE NOT GOING TO BE MAKING ANY DECISION IN CLOSED
2 SESSION, THEN YOU DON'T NEED A QUORUM TO PROCEED.

3 DR. MURPHY: BOB, SHERRY, RICH. I DON'T HAVE
4 ANY ISSUES IN CLOSED SESSION THAT WE' LL BE ASKING FOR A
5 VOTE ON.

6 CHAIRPERSON LANSING: WELL, THEN, IF IT'S THE
7 WILL OF THE GROUP THAT WE GO INTO CLOSED SESSION AND THEN
8 COME OUT FOR THE CONSIDERATION OF ITEMS 3, 4, AND 5.

9 MR. SIMPSON: CAN THE PUBLIC HAVE A COMMENT AND
10 CLARIFICATION?

11 CHAIRPERSON LANSING: ABSOLUTELY. THAT'S JOHN
12 SIMPSON IN L.A. I RECOGNIZE YOUR VOICE.

13 MR. SIMPSON: IT IS. THE PURPOSE OF THE
14 EXECUTIVE SESSION IS TO DISCUSS PERSONNEL, CORRECT?

15 CHAIRPERSON LANSING: YES.

16 MR. SIMPSON: SO THERE WOULD BE, FOR INSTANCE,
17 ABSOLUTELY NO DISCUSSION WHATSOEVER OF THE RECENT
18 SUGGESTIONS OF CONFLICT OF INTEREST OR THE POSSIBILITIES
19 OF VARIOUS BOARD MEMBERS PERHAPS STEPPING DOWN AS THOSE
20 WOULD NOT CONSTITUTE MATTERS OF PERSONNEL; IS THAT
21 CORRECT?

22 CHAIRPERSON LANSING: I THINK THAT'S CORRECT.
23 I WANT TO BE SURE.

24 MR. HARRISON: YES, THAT'S CORRECT.

25 MR. SIMPSON: SO I ASSUME COUNSEL WILL BE IN

BARRISTERS' REPORTING SERVICE

1 THE ROOM AND COULD ATTEST TO THE FACT AFTERWARDS THAT NO
2 SUCH CONVERSATIONS TOOK PLACE BECAUSE THOSE WOULD HAVE TO
3 BE ALL COMPLETELY DONE IN PUBLIC, CORRECT?

4 MR. HARRISON: COUNSEL WILL BE PRESENT, YES.

5 MR. SIMPSON: AND COULD VERIFY, THEN, THAT ALL
6 DISCUSSIONS THAT HAPPENED IN CLOSED SESSION WERE
7 APPROPRIATE?

8 MR. HARRISON: THERE WILL BE NO DISCUSSION
9 REGARDING BOARD MEMBERS IN THE CLOSED SESSION REGARDING
10 PERSONNEL.

11 MR. SIMPSON: THANK YOU.

12 CHAIRPERSON LANSING: I ACTUALLY HAVE A
13 QUESTION. I'M A LITTLE CONFUSED. I HADN'T HAD A CHANCE
14 TO TALK TO ANYBODY. WHEN WE GO TO ITEMS 3, 4, AND 5, ARE
15 THEY REQUIRING A VOTE BECAUSE I THOUGHT THEY WERE JUST --

16 MS. KING: NO. 5 DOES NOT REQUIRE A VOTE. THAT
17 IS JUST AN INFORMATIONAL REPORT. I'LL DEFER TO COUNSEL
18 ABOUT ITEMS 3 AND 4.

19 MR. HARRISON: IF YOU'RE MAKING RECOMMENDATIONS
20 TO THE BOARD, THAT ORDINARILY YOU WOULD TAKE A VOTE, IF
21 YOU DON'T HAVE A QUORUM, YOU CAN JUST GIVE THE BOARD A
22 SENSE OF THE COMMITTEE.

23 DR. MURPHY: SHERRY, RICH. ON ITEM NO. 3 WE
24 WILL ALSO NOT BE SEEKING A VOTE. IT IS FOR INFORMATION.

25 CHAIRPERSON LANSING: THAT WAS MY

BARRISTERS' REPORTING SERVICE

1 UNDERSTANDING. I WOULD LIKE TO SUGGEST, THEN, JUST TO
2 TRY AND FOLLOW THE ORDER AS MUCH AS POSSIBLE, WHY DON'T I
3 ASK RICH, WE ALL GO AND EXPLAIN ITEM 3. IT'S JUST AN
4 INFORMATION ITEM.

5 DR. MURPHY: SURE.

6 MS. KING: THREE AND FIVE.

7 DR. MURPHY: TO GO TO, THEN, THE ORGANIZATIONAL
8 CHART, ITEM NO. 3, THIS IS A CHART THAT REFLECTS DR.
9 TROUNSON AS OUR NEW PRESIDENT, THE STRUCTURE THAT HE
10 WOULD LIKE TO SEE AT THE INSTITUTE. AND IT REALLY
11 REFLECTS HIS LEADERSHIP STYLE AND THE WAY HE FEELS THAT
12 HE CAN BEST LEAD THE INSTITUTE. IT HAS OBVIOUSLY THE
13 ICOC AND THE CHAIRPERSON AND THE VICE CHAIRPERSON LEADING
14 AND ULTIMATELY RESPONSIBLE FOR THE OPERATIONS OF THE
15 INSTITUTE. AND ALAN WILL BE REPORTING, OF COURSE, TO THE
16 ICOC.

17 BELOW ALAN ARE TWO NEW POSITIONS FOR THE
18 INSTITUTE, THE CHIEF SCIENTIFIC OFFICER AND THE CHIEF
19 OPERATING OFFICER. AND IF YOU COULD LOOK AT THE FIRST ON
20 THE LEFT, THE CSO. THE CSO IS GOING TO BE A PERSON WHO
21 WILL BE AN M.D./PH.D. OR PH.D. WHO WILL BE FAMILIAR WITH
22 THE STEM CELL WORLD, WHO WILL REALLY BE ONE OF THE TWO
23 MAJOR ADVISORS TO ALAN AS HE LEADS THE INSTITUTE. THAT
24 PERSON WILL HAVE ALL OF THE SCIENTIFIC FUNCTIONS OF THE
25 INSTITUTE UNDER HIS OR HER CONTROL AND WILL BE ULTIMATELY

BARRISTERS' REPORTING SERVICE

1 RESPONSIBLE FOR THE SCIENTIFIC OPERATIONS OF THE
2 INSTITUTE.

3 IF YOU GO TO THE RIGHT, THE CHIEF OPERATING
4 OFFICER WILL BE A PERSON WHO WILL ALSO BE SCIENTIFICALLY
5 TRAINED, EITHER AN M.D. OR A PH.D. , WHO WILL BE
6 RESPONSIBLE FOR ALL OF THE OPERATIONAL AND ADMINISTRATIVE
7 FUNCTIONS OF THE INSTITUTE.

8 NOW, WE ALSO SEE THE COO AS PLAYING A ROLE IN
9 LOOKING AT THE SCIENTIFIC FUTURE OF THE INSTITUTE AND
10 PROBABLY WORKING QUITE CLOSELY WITH EITHER THOSE IN OUR
11 SCIENTIFIC GROUP WHO ARE DOING BASIC SCIENCE GRANTS OR
12 THOSE IN OUR SCIENTIFIC GROUP WHO ARE DOING TRANSLATIONAL
13 RESEARCH, PRECLINICAL AND CLINICAL RESEARCH.

14 AND THE WAY WE SEE THESE THREE INDIVIDUALS
15 WORKING, THE PRESIDENT, THE CSO, AND THE COO, IS THE TOP
16 ADMINISTRATIVE/SCIENTIFIC TEAM AND WITH RESPONSIBILITIES
17 THAT WILL BE COMPLEMENTARY AND SOMETIMES INTERACTING. WE
18 ALSO SEE THAT IN BOTH POSITIONS THAT WE WANT TO BALANCE
19 BASIC SCIENCE, MOLECULAR RESEARCH, WITH CLINICAL
20 TRANSLATIONAL RESEARCH SO THAT ALAN, WHO IS HIMSELF A
21 BASIC SCIENTIST, HAS STRENGTH BELOW HIM IN ALL ASPECTS OF
22 THE SCIENTIFIC PORTFOLIO OF THE INSTITUTE.

23 AND HE AND I HAVE DISCUSSED THE FACT THAT WE
24 WANT TO BALANCE THESE TWO POSITIONS SO THAT THE CSO AND
25 THE COO BRING COMPLEMENTARY, BUT SOMEWHAT DIFFERENT

BARRISTERS' REPORTING SERVICE

1 SKILLS TO THE TABLE TO ADVISE ALAN AND IN DUE COURSE TO
2 ADVISE THE INSTITUTE BELOW AND THE ICOC ABOVE.

3 SO WHILE THE OPERATIONS -- WHILE THE
4 ORGANIZATION IS DESCRIBED AS YOU SEE IT, WE ALSO THINK
5 THAT THERE'S GOING TO BE REFINEMENT TO THIS CHART BASED
6 UPON THE PEOPLE WHO TAKE THE JOBS. AND WE SEE THAT ONCE
7 THOSE PEOPLE ARE IDENTIFIED, THAT THERE MAY WELL BE SOME
8 SLIGHT SHIFTING OF RESPONSIBILITIES WITHIN THOSE TWO
9 DIVISIONS OF THE INSTITUTE.

10 I JUST WANT TO EMPHASIZE WE SEE THAT THE CSO,
11 COO, AND ALAN WILL BE CLOSELY INTERACTING, AND THOSE TWO
12 POSITIONS ALAN WILL LOOK AT AS INVALUABLE ADVISORS TO HIM
13 IN THE COURSE OF HIS LEADING THE INSTITUTE.

14 NOW, IF YOU GO TO THE RIGHT SIDE OF THE CHART,
15 YOU CAN SEE THOSE PEOPLE WHO ARE GOING TO BE REPORTING TO
16 THE CHAIR AND THE VICE CHAIR. AND ONE OF THE CHANGES
17 THAT I HAVE ALREADY IMPLEMENTED IN PRACTICE WITHOUT DOING
18 IT IN FACT IS THAT I FEEL STRONGLY THAT THE CHAIR'S
19 OFFICE HAS ITS OWN RESPONSIBILITIES WITH THE ICOC, WITH
20 INTERACTING WITH GOVERNMENT, WITH MANY OF THE FUNCTIONS
21 THAT THE CHAIR'S OFFICE DOES, NOT ONLY WELL, BUT MUCH
22 BETTER THAN THE INSTITUTE COULD DO WITH THE CURRENT STAFF
23 WE HAVE.

24 SO BECAUSE THE CHAIR IS NOT A MEMBER OF THE
25 STAFF OF THE CIRM, BUT IS, RATHER, NOT AN EMPLOYED PERSON

BARRISTERS' REPORTING SERVICE

1 BY THE INSTITUTE, THE WAY THAT I HAVE DONE THIS WITH BOB,
2 AND I THINK IT'S WORKED OUT VERY WELL, IS THAT THE PEOPLE
3 WHO ARE IN THE CHAIR'S OFFICE OR THE VICE CHAIR'S OFFICE,
4 IN FACT, ARE REPORTING TO THE CHAIR AND VICE CHAIR IN
5 THEIR DAILY OPERATIONAL FUNCTIONS. BUT FOR THE
6 ADMINISTRATIVE FUNCTIONS OF ALL OF THOSE PEOPLE AND THEIR
7 EMPLOYMENT STATUS WITH THE INSTITUTE, ETC., THEY ARE
8 REPORTING THROUGH THE CHAIR AND THE VICE CHAIR TO ME.

9 SO I RELY ON THE CHAIR AND THE VICE CHAIR FOR
10 GUIDANCE. I RELY ON THE CHAIR AND VICE CHAIR FOR DAILY
11 REGULATING THE ACTIVITIES AND THE SCHEDULES OF THESE
12 PEOPLE, AND THESE PEOPLE REPORT TO THEM, BUT ULTIMATELY
13 THROUGH THE CHAIR AND THE VICE CHAIR TO ME.

14 NOW, THERE'S BEEN SOME RECOMMENDED CHANGES IN
15 THE CHAIR'S OFFICE WHICH YOU CAN SEE DEPICTED THERE, AND
16 I THINK THAT SOME OF THOSE ARE PEOPLE THAT YOU ALREADY
17 KNOW IN THE POSITIONS THAT YOU'RE ALREADY FAMILIAR WITH,
18 ALTHOUGH WE ARE RECOMMENDING IN THE NEW PLAN THAT THERE
19 BE A DIRECTOR OF FINANCE, LEGAL, AND GOVERNMENTAL
20 AFFAIRS, REALLY MORE OR LESS OF A SENIOR STAFF REPORTING
21 TO THE CHAIR AND THE VICE CHAIR. AND THEN BELOW THAT
22 PERSON WILL BE THE PEOPLE THAT YOU SEE INDICATED ON THE
23 CHART.

24 MR. KLEIN: DID WE GAIN ANOTHER MEMBER FOR OUR
25 QUORUM?

BARRISTERS' REPORTING SERVICE

1 DR. HENDERSON: THIS IS BRIAN HENDERSON.

2 MS. KING: EXCELLENT. THANKS. HELLO, DR.
3 HENDERSON.

4 DR. MURPHY: BRIAN, WE'RE JUST GOING OVER
5 AGENDA ITEM NO. 3, WHICH IS FOR INFORMATION ONLY. IT'S
6 LOOKING AT THE REVISED ORGANIZATIONAL CHART THAT ALAN AND
7 I ARE RECOMMENDING FOR CONSIDERATION BY THIS COMMITTEE
8 WITH EVENTUAL APPROVAL BY THE BOARD.

9 MADAM CHAIR, I'M HAPPY TO ANSWER ANY QUESTIONS
10 THAT MAY ARISE FROM THAT DISCUSSION.

11 CHAIRPERSON LANSING: SO I THEN THINK WE SHOULD
12 GO AROUND AND ASK IF THERE ARE ANY QUESTIONS. HAVING NO
13 QUESTIONS FROM THE COMMITTEE, THEN I THINK NOW I WOULD
14 OPEN IT TO THE PUBLIC. AND, MELISSA, I WOULD ASK YOU TO
15 CALL THE LOCATIONS FOR THE PUBLIC IF YOU DON'T MIND.

16 MS. KING: ABSOLUTELY. DO WE HAVE ANY PUBLIC
17 COMMENT HERE IN SAN FRANCISCO ON THIS ITEM? NO. IT
18 APPEARS THAT WE DO NOT IN SAN FRANCISCO. DO WE HAVE ANY
19 PUBLIC COMMENT FROM KECK?

20 DR. HENDERSON: NO.

21 MS. KING: DO WE HAVE ANY PUBLIC COMMENT AT
22 KLEIN FINANCIAL CORPORATION?

23 MR. KLEIN: NO.

24 MS. KING: WE HAVE ANY PUBLIC COMMENT AT
25 GENOPTIX?

BARRISTERS' REPORTING SERVICE

1 DR. NOVA: NO PUBLIC PRESENT.

2 MS. KING: DO WE HAVE ANY PUBLIC COMMENT FROM
3 STANFORD?

4 DR. PIZZO: NO PUBLIC HERE, BUT I'M HERE.

5 MS. KING: DO WE HAVE ANY PUBLIC COMMENT FROM
6 BURNHAM? BURNHAM, ARE WITH US? DR. REED?

7 CHAIRPERSON LANSING: HE WAS ON INITIALLY. I
8 WONDER WHAT HAPPENED.

9 MS. KING: HE MAY HAVE MUTED HIMSELF.

10 DR. REED: I WAS ON MUTE. SORRY. YES.

11 MS. KING: ANY PUBLIC COMMENT THERE AT BURNHAM?

12 DR. REED: NONE HERE.

13 MS. KING: THANK YOU. AND ANY PUBLIC COMMENT
14 AT ASI LOMAR? THAT'S RIGHT. DR. STEWARD HAS NOT YET
15 JOINED US.

16 CHAIRPERSON LANSING: ALSO ANY PUBLIC COMMENT
17 AT THE SHERRY LANSING FOUNDATION?

18 MR. SIMPSON: YES, THERE IS.

19 CHAIRPERSON LANSING: I KNEW IT, JOHN.

20 MR. SIMPSON: MORE IN THE NATURE OF A QUESTION,
21 TRYING TO UNDERSTAND HOW THIS WORKS. THE NEW POSITION
22 CALLED DIRECTOR OF FINANCE, LEGAL, AND GOVERNMENT
23 AFFAIRS, I'M A LITTLE BIT PUZZLED AS TO WHY LEGAL COUNSEL
24 WOULD NOT REPORT TO THAT PERSON.

25 MR. KLEIN: DR. MURPHY, CAN I --

BARRISTERS' REPORTING SERVICE

1 DR. MURPHY: PLEASE.

2 MR. KLEIN: -- ANSWER THAT QUESTION?

3 DR. MURPHY: YES, PLEASE.

4 MR. KLEIN: THE DIRECTOR OF FINANCE, LEGAL, AND
5 GOVERNMENT AFFAIRS IS NOT INTENDED TO BE THE LEGAL
6 COUNSEL AND IS NOT INTENDED TO SERVE AS THE PRINCIPAL
7 LEGAL OFFICE, BUT IS WORKING ON THE DEVELOPMENT OF
8 FINANCING AND OF --

9 DR. PIZZO: YOU'RE BREAKING UP.

10 MR. KLEIN: I'M ACTUALLY ON A HARD LINE, SO I'M
11 NOT UNDERSTANDING WHY. I DO HEAR THE STATIC. IN ANY
12 CASE, IN TERMS OF THE BOND ISSUES THEMSELVES, FOR
13 EXAMPLE, AND FINANCING APPROVALS THROUGH THE FINANCE
14 COMMITTEE ON WHICH THE CHAIR SITS AT THE STATE OF
15 CALIFORNIA WHERE THE BOND ISSUES HAVE TO BE PROCESSED
16 ALONG WITH POOLED MONEY INVESTMENT FUND ADVANCES FOR BOND
17 ISSUES IN PROGRESS, THOSE ISSUES WOULD BE DEALT WITH BY
18 THIS PERSON.

19 IN ADDITION, THE FIVE TO SEVEN OR MORE TAX
20 EXEMPTION IRS RULINGS ON BOND ISSUES WOULD BE DEALT WITH
21 BY THIS PARTY.

22 SOUNDS LIKE SOMEONE IS AT THE OCEAN.
23 BASICALLY, THIS INDIVIDUAL AS WELL WOULD WORK WITH THE
24 SUBCOMMITTEE OF THE FINANCE COMMITTEE THAT IS WORKING ON
25 THE LOAN PROGRAM AND LOOKING AT THE FEASIBILITY OF MAJOR

BARRISTERS' REPORTING SERVICE

1 LOAN PROGRAMS TO EXTEND OUR CAPACITY TO MAKE PROGRAMMATIC
2 FUNDING BY CREATING A REVOLVING LOAN PROGRAM THAT MIGHT
3 SERVE CERTAINLY BIOTECH AS WELL AS POTENTIALLY SERVE THE
4 NONPROFIT SECTOR IN FUNDING TRANSLATIONAL DEVELOPMENT OF
5 CONCEPTS THAT HAVE BEEN PROVEN SCIENTIFICALLY.

6 SO WHEREVER THERE ARE FINANCE ISSUES OR WHERE
7 THERE ARE MAJOR LEGAL ISSUES WITH LEGISLATION, THIS
8 PERSON IS INTENDED TO PROVIDE SOME EXPERT COORDINATION.
9 CERTAINLY THIS PERSON WILL COORDINATE WITH IN-HOUSE LEGAL
10 COUNSEL AND EXTERNAL LEGAL COUNSEL TO THE BOARD IN
11 ATTEMPTING TO MAKE SURE WE HAVE AN INTEGRATION OF OUR
12 LEGAL POSITIONS WHEN WE HAVE ANY POLICY AT ISSUE OR THERE
13 ARE VERY DETAILED LEGAL ISSUES WITH FINANCING OR OTHER
14 INITIATIVES OF THE AGENCY.

15 DR. MURPHY: LET ME ADD TO THAT, IF I MAY, BOB.
16 THIS IN NO WAY MINIMIZES THE RESPONSIBILITIES OF THE
17 IN-HOUSE LEGAL COUNSEL. IN FACT, WE ARE NOW DISCUSSING
18 EXPANDING THAT FUNCTION INSIDE. I SHOULD TELL YOU THAT
19 TAMAR PACHTER AND I ARE JOINED AT THE HIP ON SO MANY
20 ISSUES, THAT IT'S CRITICAL TO HAVE HER AVAILABLE SIMPLY
21 ON THE IN-HOUSE ISSUES THAT WE'RE DEALING WITH ALL THE
22 TIME FOR GUIDANCE ON ALL ASPECTS OF INSTITUTE OPERATIONS.
23 SO I THINK WHAT BOB HAS DESCRIBED IS BRINGING ENTIRELY
24 NEW AREAS INTO THE INSTITUTE WHICH WILL BE IMPORTANT FOR
25 THE FUTURE.

BARRISTERS' REPORTING SERVICE

1 MR. SIMPSON: MAY I ASK JUST ONE QUESTION?
2 THIS NEW PERSON, THEN, WOULD PRESUMABLY BE A LAWYER; IS
3 THAT CORRECT?

4 MR. KLEIN: THIS PERSON NEEDS TO BE A LAWYER OR
5 HAVE INVESTMENT BANKING EXPERIENCE OR HAVE AN MBA WITH
6 HEAVY FINANCE EXPERIENCE, HOPEFULLY FINDING ONE WITH A
7 GREAT DEAL OF -- IF THEY'RE A FINANCE PERSON, SOMEONE WHO
8 HAS HAD A GREAT DEAL OF LEGAL EXPERIENCE AS WELL.

9 DR. MURPHY: MADAM CHAIR, MAY I MAKE A COMMENT?

10 CHAIRPERSON LANSING: YES, OF COURSE.

11 DR. MURPHY: ONE OF THE THINGS THAT I
12 UNFORTUNATELY FAILED TO DO, AND I NEED TO INFORM THE
13 COMMITTEE OF, AS WE LOOK AT THIS CHART, ALTHOUGH WE'RE
14 NOT ASKING YOU TO APPROVE THE CHART, ONE OF THE THINGS
15 THAT WE NEED TO DO IN ACCOMPANYING THIS IS TO BRING
16 FORWARD AN INTERNAL GOVERNANCE POLICY THAT REFLECTS AN
17 UPDATE -- THAT NEEDS TO BE UPDATED TO REFLECT THESE
18 CHANGES. UNFORTUNATELY I DIDN'T REALIZE THAT, SO WHAT WE
19 WILL BE DOING BETWEEN NOW AND THE ICOC MEETING IS DOING
20 AN UPDATE OF OUR POLICY FOR CONSIDERATION BY THE ICOC SO
21 THAT WE CAN BRING FORWARD THAT WITH THIS CHART FOR
22 DISCUSSION BY THE ICOC AND, IF POSSIBLE, FOR APPROVAL BY
23 THE ICOC.

24 MS. KING: THAT IS AGENDIZED FOR THE ICOC
25 MEETING AS YOU WILL NOTE ON THE AGENDA THAT YOU HAVE FOR

BARRISTERS' REPORTING SERVICE

1 THAT MEETING ON THE 12TH.

2 MR. KLEIN: RICH, ESSENTIALLY WHAT YOU' RE
3 DISCUSSING IS SOMETHING THAT WILL CAPTURE THE NARRATIVE
4 YOU' VE GIVEN US AND INCORPORATE THAT NARRATIVE INTO OUR
5 GOVERNANCE POLICY SO THAT THERE' S AN UNDERSTANDING OF HOW
6 THESE POSITIONS RELATE TO OUR GOVERNANCE; IS THAT
7 CORRECT?

8 DR. MURPHY: THAT' S EXACTLY RIGHT. IT WILL
9 ALSO ALLOW FOR THE FLEXIBILITY THAT I MENTIONED AS WE
10 IDENTIFY THE NEW INCUMBENTS AND ALSO ANY OTHER CHANGES
11 THAT DR. TROUNSON FEELS ARE NECESSARY IN THE COURSE OF
12 HIS LEADERSHIP.

13 MS. KING: ARE THERE ANY OTHER PUBLIC COMMENTS
14 FROM ANY OF OUR SITES?

15 CHAIRPERSON LANSING: THEN WITH THAT IN MIND,
16 THIS DOESN' T REQUIRE A VOTE. IT' S PURELY AN
17 INFORMATIONAL ITEM, BUT I THINK YOU HAVE THE SENSE OF
18 CONSENSUS TO BRING IT FORWARD. SO THEN I WOULD LIKE TO
19 ASK YOU TO PLEASE DO AN UPDATE ON OUR CIRM BUDGET FOR
20 2007-8. THAT' S ITEM 5.

21 DR. MURPHY: DO YOU WANT TO DO ITEM 4, SHERRY?

22 CHAIRPERSON LANSING: IF WE CAN. I DON' T THINK
23 THAT REQUIRES A VOTE EITHER, BUT, MELISSA, YOU THOUGHT IT
24 DID.

25 MS. KING: IT DOES, BUT ACTUALLY WITH DR.

BARRISTERS' REPORTING SERVICE

1 HENDERSON HAVING JOINED US, WE SHOULD BE OKAY. DR. REED
2 ALSO IS ON THE LINE. WE DO HAVE A QUORUM NOW.

3 CHAIRPERSON LANSING: LET'S GO. THANK YOU, DR.
4 MURPHY, FOR DRAWING THAT TO MY ATTENTION.

5 DR. MURPHY: AND THE RELOCATION POLICY WILL BE
6 HANDLED BY JAMES HARRISON.

7 MR. HARRISON: GOOD AFTERNOON, EVERYONE. WHAT
8 YOU HOPEFULLY HAVE IN FRONT OF YOU IS A DRAFT RELOCATION
9 ALLOWANCE POLICY. AS YOU ALL KNOW, THE ICOC HAS THE
10 AUTHORITY TO SET COMPENSATION FOR CIRM EMPLOYEES WITHIN
11 THE RANGE OF COMPENSATION PROVIDED TO PEOPLE IN SIMILAR
12 POSITIONS AT THE NONPROFIT MEDICAL AND UNIVERSITY
13 RESEARCH INSTITUTES FROM WHICH MEMBERS OF THE BOARD ARE
14 APPOINTED.

15 SO IN LOOKING AT THE COMPENSATION AND
16 PARTICULARLY AT THE UC POLICY, WE HAVE LEARNED THAT UC
17 AND SOME OF THE OTHER INSTITUTIONS OFFER SOMETHING CALLED
18 A RELOCATION ALLOWANCE. THIS IS NOT INTENDED TO COVER
19 ACTUAL RELOCATION EXPENSES, BUT RATHER IS INTENDED TO BE
20 OFFERED TO EMPLOYEES WHO ARE RELOCATING FROM OUT OF
21 STATE. AND THE INTENT IS TO PROVIDE SOME COMPENSATION
22 FOR THE COST OF LIVING ADJUSTMENT THAT EMPLOYEES WHO WE
23 RECRUIT FROM OUT OF STATE HAVE TO DEAL WITH WHEN THEY
24 COME TO CALIFORNIA.

25 SO WHAT WE HAVE DONE IS TO CAREFULLY REVIEW

BARRISTERS' REPORTING SERVICE

1 UC'S RELOCATION POLICY AND DRAFT A MODEL POLICY THAT IS
2 BASED VERY CLOSELY ON UC'S POLICY. LET ME JUST DESCRIBE
3 THE ESSENTIAL TERMS OF IT. FIRST OF ALL, AS YOU KNOW,
4 UNDER THE INTERNAL GOVERNANCE POLICY, THE PRESIDENT HAS
5 AUTHORITY TO RECRUIT STAFF. THE PRESIDENT, IN ADDITION
6 TO THAT EXISTING AUTHORITY, WOULD BE ALSO AUTHORIZED TO
7 OFFER A RELOCATION ALLOWANCE UNDER VERY LIMITED
8 CIRCUMSTANCES. FOR PURPOSES OF THE PRESIDENT'S
9 AUTHORITY, THE RELOCATION ALLOWANCE WOULD BE INCLUDED IN
10 THE EMPLOYEE'S BASE COMPENSATION. IN OTHER WORDS, IF
11 WITH THE EMPLOYEE'S BASE SALARY AND RELOCATION ALLOWANCE,
12 THE SALARY WAS AT LEAST 80 PERCENT OF THE HIGH END OF THE
13 CIRM RANGE, THEN GOVERNANCE COMMITTEE APPROVAL WOULD BE
14 REQUIRED. IF IT WAS OVER A HUNDRED PERCENT, THEN ICOC
15 APPROVAL WOULD BE REQUIRED.

16 THE ELIGIBILITY FOR THE RELOCATION ALLOWANCE
17 WOULD BE LIMITED TO INDIVIDUALS WHO ARE BEING RECRUITED
18 FROM OUT OF STATE AND WHO ARE BEING RECRUITED TO FILL A
19 POSITION THAT IS IN CIRM'S SALARY LEVEL SIX THROUGH TEN.
20 SO WE'RE TALKING ABOUT VERY HIGH LEVEL PEOPLE.

21 THE TOTAL RELOCATION ALLOWANCE WOULD BE CAPPED
22 AT 25 PERCENT OF THE EMPLOYEE'S SALARY OR \$75,000,
23 WHICHEVER IS LESS. IN ORDER TO PROVIDE AN OPPORTUNITY TO
24 GIVE SOME IMMEDIATE FINANCIAL ASSISTANCE TO INDIVIDUALS
25 WHO ARE COMING FROM OUT OF STATE, WE HAVE A PROVISION

BARRISTERS' REPORTING SERVICE

1 THAT IF THE RELOCATION ALLOWANCE IS 10 PERCENT OR LESS
2 AND NO MORE THAN \$25,000, THEN IT WOULD BE PAYABLE AT THE
3 END OF THE THIRD PAY PERIOD FOLLOWING THE INDIVIDUAL'S
4 APPOINTMENT. IF, HOWEVER, IT EXCEEDS 10 PERCENT, THEN
5 THE RELOCATION ALLOWANCE WOULD BE PAID ON AN ANNUAL BASIS
6 OVER A FOUR-YEAR PERIOD AT THE END OF EACH YEAR, 40
7 PERCENT PAID THE FIRST YEAR, 30 PERCENT THE SECOND YEAR,
8 20 PERCENT THE THIRD YEAR, AND 10 PERCENT AT THE END OF
9 THE FOURTH YEAR.

10 IF UNDER EITHER OF THESE SCENARIOS AN EMPLOYEE
11 WERE TO LEAVE CIRM BEFORE HE OR SHE HAD COMPLETED ONE
12 FULL YEAR OF EMPLOYMENT, THERE WOULD BE A REQUIREMENT
13 THAT THE INDIVIDUAL REPAY THE RELOCATION ALLOWANCE THAT
14 HE OR SHE HAS RECEIVED.

15 IMPORTANTLY, THE RELOCATION ALLOWANCE, THOUGH
16 IT WOULD BE CONSIDERED AS PART OF THE PERSON'S GROSS
17 INCOME, IT WOULD NOT BE INCLUDED AS SALARY FOR PURPOSES
18 OF THE EMPLOYEE'S PARTICIPATION IN THE CALPERS RETIREMENT
19 SYSTEM; AND, LIKEWISE, WE WOULD REQUIRE THAT RELOCATION
20 ALLOWANCES APPROVED PURSUANT TO THIS POLICY BE REPORTED
21 TO THE ICOC AND THE PUBLIC AT THE NEXT ICOC MEETING
22 FOLLOWING THE APPOINTMENT OF THE EMPLOYEE TO MAKE CLEAR
23 THAT WE'RE BEING VERY TRANSPARENT HERE AND ALL THIS
24 ACTION IS BEING TAKEN PUBLICLY.

25 I'D BE HAPPY TO ANSWER ANY QUESTIONS ABOUT THE

BARRISTERS' REPORTING SERVICE

1 POLICY.

2 CHAIRPERSON LANSING: ARE THERE ANY QUESTIONS
3 FROM MEMBERS OF THE COMMITTEE? MELISSA, ANY QUESTIONS
4 FROM THE PUBLIC? YOU WANT TO DO A ROLL CALL?

5 MS. KING: ABSOLUTELY. DO WE HAVE ANY
6 QUESTIONS FROM THE PUBLIC IN SAN FRANCISCO? NO. OKAY.
7 DO WE WANT TO HAVE A MOTION?

8 MS. PACHTER: MOTION AND A SECOND.

9 MS. KING: WE COULD TAKE PUBLIC COMMENT FIRST
10 AND THEN HAVE A MOTION.

11 MR. HARRISON: THEN YOU'D HAVE TO DO PUBLIC
12 COMMENT AGAIN.

13 MS. KING: OKAY.

14 CHAIRPERSON LANSING: I'M SORRY. I HEAR YOU.
15 CAN WE HAVE A MOTION MOVING FOR APPROVAL OF THIS?

16 DR. REED: SO MOVED.

17 CHAIRPERSON LANSING: SECOND?

18 DR. PIZZO: SECOND.

19 CHAIRPERSON LANSING: CAN WE PLEASE HAVE PUBLIC
20 COMMENT?

21 MS. KING: THE SECOND WAS FROM DR. PIZZO. WITH
22 THAT, WE'LL MOVE TO PUBLIC COMMENT. NONE HERE IN SAN
23 FRANCISCO. IS THERE ANY PUBLIC COMMENT AT THE SHERRY
24 LANSING FOUNDATION IN LOS ANGELES?

25 MR. SIMPSON: NO, THANK YOU.

BARRISTERS' REPORTING SERVICE

1 MS. KING: ANY PUBLIC COMMENT AT ZILKHA?

2 DR. HENDERSON: NO.

3 MS. KING: ANY PUBLIC COMMENT AT KLEIN
4 FINANCIAL.

5 MR. KLEIN: NO.

6 MS. KING: ANY PUBLIC COMMENT AT GENOPTIX?

7 DR. NOVA: NO.

8 MS. KING: STANFORD?

9 DR. PIZZO: NO.

10 MS. KING: BURNHAM?

11 DR. REED: NO.

12 MS. KING: ALL RIGHT. NO PUBLIC COMMENT ON
13 THAT, SO, CHAIR LANSING, BACK OVER TO YOU FOR A VOTE. I
14 NEED TO TAKE A ROLL CALL VOTE WHENEVER YOU'RE READY.

15 CHAIRPERSON LANSING: WE'RE READY.

16 MR. HARRISON: JUST TO BE CLEAR, WHAT YOU ARE
17 DOING IS MAKING A RECOMMENDATION TO THE ICOC TO ADOPT
18 THIS POLICY. THIS POLICY WILL BE PRESENTED TO THE BOARD
19 AT ITS MEETING NEXT WEEK.

20 MS. KING: DR. HENDERSON.

21 DR. HENDERSON: YES.

22 MS. KING: BOB KLEIN.

23 MR. KLEIN: YES.

24 MS. KING: SHERRY LANSING.

25 CHAIRPERSON LANSING: YES.

BARRISTERS' REPORTING SERVICE

1 MS. KING: TINA NOVA.

2 DR. NOVA: YES.

3 MS. KING: PHIL PIZZO.

4 DR. PIZZO: YES.

5 MS. KING: JOHN REED.

6 DR. REED: YES.

7 MS. KING: I DON'T BELIEVE THAT DR. STEWARD HAS
8 JOINED US YET; IS THAT CORRECT? OKAY. COUNSEL, DOES
9 THAT MOTION PASS?

10 MR. HARRISON: THE MOTION CARRIES UNANIMOUSLY.

11 MS. KING: WITH THAT, CHAIR LANSING, WE'RE
12 READY TO MOVE ON TO ITEM NO. 5, INFORMATIONAL UPDATE ON
13 THE BUDGET.

14 CHAIRPERSON LANSING: AGAIN, I SHOULD TURN IT
15 OVER TO DR. MURPHY.

16 DR. MURPHY: THANK YOU, MADAM CHAIR. THIS IS
17 FOR INFORMATION ONLY. AND WE WANTED TO DO THIS BECAUSE
18 WE WANT TO KNOW OBVIOUSLY WHERE THE BUDGET IS AS WE COME
19 TO ALMOST CLOSE TO MIDYEAR. AND RECALL THAT THE BUDGET
20 FOR THIS YEAR WAS AN INTERIM BUDGET THAT WAS BROUGHT
21 FORWARD TO THE ICOC. AND THE EXPENSES THAT YOU SEE ON
22 PAGE 1 REALLY REPRESENT THE UNEXPECTED OR ADDITIONAL
23 COSTS THAT HAVE BEEN INCURRED THIS YEAR.

24 A COUPLE OF THINGS THAT I CAN GO THROUGH JUST
25 FOR INFORMATION. FOR EXAMPLE, THE SCIENCE OFFICE, WE

BARRISTERS' REPORTING SERVICE

1 HAVE RUN INTO THE COST OF ADVERTISING INTERNATIONALLY FOR
2 BOTH THE CSO AND THE COO, AND THOSE TWO COSTS THAT YOU
3 SEE, THE 15,000 AND THE 20,000, REFLECT THAT.

4 UNDER ADMINISTRATION WE HAVE PUT WIRELESS
5 ACCESS INTO THE CIRM HEADQUARTERS SO THAT WHEN WE AND
6 ALSO VISITORS COME INTO THE INSTITUTE, THEY WILL BE ABLE
7 TO SET UP THEIR COMPUTERS ANYWHERE IN THE INSTITUTE, AND
8 THAT WAS A \$5,000 BILL.

9 ONE OF OUR TECHNOLOGY DIRECTORS, DENNIS BAYLOR,
10 HAS LEFT TO GO INTO A NEW POSITION. AND WE HAVE DECIDED
11 NOT TO REPLACE DENNIS BECAUSE THE INSTITUTE IS NOW
12 WORKING QUITE WELL IN ITS COMPUTER CAPABILITIES. BUT TO
13 COVER THE BACK ROOM RESPONSIBILITIES THAT DENNIS HAD, WE
14 HAVE EXPANDED OUR CONTRACT WITH A COMPANY CALLED ATHEON,
15 WHICH GIVES US EXTREMELY GOOD SERVICE. THEY ARE
16 AVAILABLE TO US ON A MOMENT'S NOTICE. SO BY NOT
17 REPLACING DENNIS' SALARY, BUT EXPANDING ATHEON'S
18 RESPONSIBILITIES, WE SAVED QUITE A BIT OF MONEY.

19 WE'VE ALSO GIVEN DESKTOP RESPONSIBILITY TO OUR
20 OFFICE MANAGER WHO IS A VERY CAPABLE PERSON WHO IS EAGER
21 TO GET THOSE ADDITIONAL RESPONSIBILITIES.

22 UNDER THE PRESIDENT'S OFFICE, THE BUDGET THAT
23 YOU SEE THERE FOR A HUNDRED NINE IS THE PROJECTED
24 EXPENSES THAT THE INSTITUTE WILL HAVE FOR ME AS INTERIM
25 PRESIDENT AND FOR ALAN AS FULL PRESIDENT UNTIL THE END OF

BARRISTERS' REPORTING SERVICE

1 THE FISCAL YEAR, SO THERE'S AN OVERLAP THERE THAT WAS
2 UNEXPECTED, BUT YOU ARE GOING TO HAVE TO LIVE WITH IT.

3 WE HAVE PUT OUT AN RFP FOR A PUBLIC INFORMATION
4 COMPANY TO BE ABLE TO WORK WITH THE INSTITUTE BECAUSE WE
5 SEE KEY TO THIS COMPANY WILL BE GREAT BECAUSE WE WANT TO
6 REALLY EXPAND OUTREACH TO THE CIRM. WE ALSO DON'T WANT
7 TO FILL THIS CONTRACT UNTIL THE NEW --

8 MR. KLEIN: IS THERE SOMEONE WHO IS RATTLING
9 PAPERS WHILE THEY'RE DOING --

10 MS. KING: IS THERE SOMEONE, BY ANY CHANCE, ON
11 A CELL PHONE OR DESK WITH A BUNCH OF PAPERS? THERE'S A
12 LOT OF BACKGROUND NOISE RIGHT NOW. THANK YOU.

13 DR. MURPHY: WE DO NOT WANT TO FULFILL THAT
14 CONTRACT UNTIL THE NEW COO, CHIEF INFORMATION OFFICER, IS
15 IN, AND WE DON'T EXPECT THAT TO HAPPEN TILL THE SPRING,
16 AND THEN HE OR SHE WILL NEED TO ACT TO CHOOSE THE
17 COMPANY. (LINE INTERFERENCE) BE A \$300,000 BUDGET, WHICH
18 WE PREDICTED. WE EXPECT THAT THE COST OF THAT WILL
19 ACTUALLY BE SOMEWHERE AROUND A HUNDRED AND THAT EVEN MAY
20 BE HIGH.

21 ON THE \$30,000, WE HAVE IDENTIFIED THREE
22 CONSULTANTS TO WORK WITH THE INSTITUTE AND BE AVAILABLE
23 TO THE INSTITUTE, AND IN EACH CASE WE HAVE SAID THAT THE
24 MAXIMUM EXPENDITURE FOR THOSE CONSULTANTS WOULD BE
25 \$10,000. IN MOST CASES WE HAVE NOT SPENT ANY OF THAT

BARRISTERS' REPORTING SERVICE

1 MONEY. ONE IS A PERSON WHO WILL ADVISE US ON SCIENTIFIC
2 INTEGRITY ISSUES, ANOTHER IS A PERSON WHO WILL ADVISE US
3 ON PERSONNEL ISSUES, AND ANOTHER ONE IS A LEGAL -- IS A
4 LAWYER WHOSE SPECIALTY IS IN PERSONNEL ISSUES. SO WE
5 WILL ONLY USE THAT MONEY IF NEEDED.

6 THE WEST LAW, I'M SORRY. TAMAR, DO YOU
7 REMEMBER WHAT WEST LAW WAS?

8 MS. PACTER: WEST LAW IS JUST AN UPDATE TO OUR
9 CONTRACT FOR A LEGAL DATABASE SERVICE.

10 DR. MURPHY: A LEGAL DATABASE SERVICE.

11 MS. KING: THAT'S ACTUALLY THE CLIPPING
12 SERVICE, SO THAT REPRESENTS AN EXPANSION OF OUR CONTRACT
13 WITH THEM IN ORDER TO SEND TWO SETS OF CLIPS, ONE TO OUR
14 GRANT RECIPIENTS, I BELIEVE.

15 DR. MURPHY: OKAY.

16 MS. KING: IT'S AN EXPANSION OF THAT.

17 DR. MURPHY: THE TRAVEL EXPENSES FOR
18 CANDIDATES, THIS IS AN ITEM WE PUT IN THERE TO COVER THE
19 TRAVEL EXPENSES FOR CANDIDATES FOR THE CSO AND COO
20 POSITIONS AND ANY OTHER COSTS THAT ARE ASSOCIATED WITH
21 THOSE RECRUITMENTS. AND THE 6,000 IS FOR A PERSON THAT
22 WE HAVE WITH US AS PART OF AN INTERAGENCY AGREEMENT WHO
23 IS HELPING US WITH LEGISLATIVE ADVICE AND INTERACTIONS IN
24 THE ABSENCE OF THE PERSON WHO WAS IN THAT POSITION FULL
25 TIME, WHICH, OF COURSE, STILL REPRESENTS A DECREASE IN

BARRISTERS' REPORTING SERVICE

1 BUDGETING.

2 IN THE CHAIR'S OFFICE, AND I'LL STOP RIGHT
3 AFTER THIS, IS THE CLARK CREATIVE GROUP IS AN ADDITIONAL
4 AMOUNT OF MONEY WE PUT INTO THE BUDGET FOR THE ANNUAL
5 REPORT. WE WERE ALL CONVINCED THAT THE ANNUAL REPORT NOW
6 HAS GOT TO BE DONE AT A MUCH HIGHER LEVEL THAN THE FIRST
7 REPORT, WHICH WAS AN 80-PAGE REPORT. IT DID NOT HAVE, IN
8 MY VIEW ANYWAY, IT DID NOT REFLECT THE LEVEL OF
9 EXCELLENCE THAT WE WANT TO BE AT NOW THAT THE INSTITUTE
10 IS UP AND RUNNING AND GIVING OUT MONEY. WE THINK WE NEED
11 A VERY PRESENTABLE, IMPROVED VERSION OF THE ANNUAL
12 REPORT, AND THAT ADDITIONAL AMOUNT OF MONEY IS WHAT IT
13 WILL COST US TO GET THAT.

14 I'M SORRY. I MISREAD. THE INTERAGENCY
15 AGREEMENT DIRECTOR IS A 34,000. AND THEN AS PART OF THE
16 REQUIREMENTS FOR US THAT WERE BROUGHT TO BEAR FOR ONE OF
17 THE AUDITS AND, BOB, YOU CAN HANDLE THIS, ONE OF THE
18 REQUESTS WE HAD WAS TO DO AN ECONOMIC IMPACT ANALYSIS OF
19 CIRM IN THE IMMEDIATE TERM. HOW MUCH OF AN ECONOMIC
20 IMPACT HAVE WE HAD? AND, BOB, WOULD YOU EXPLAIN HOW THAT
21 IS WORKING? THAT IS UNDER YOUR RESPONSIBILITY ANYWAY.

22 MR. KLEIN: THIS IS SOMETHING THAT CAME OUT OF
23 THE INDEPENDENT FINANCIAL OVERSIGHT COMMITTEE CHAIRED BY
24 THE CONTROLLER LAST YEAR. AND THIS IS A REPORT THAT'S IN
25 PROGRESS, CLOSE TO BEING -- THE INTERIM REPORT IS CLOSE

BARRISTERS' REPORTING SERVICE

1 TO BEING COMPLETED. AND THEN THIS IS SEPARATE FROM THE
2 MUCH LARGER ANALYSIS THAT IS IN THE STRATEGIC PLAN FOR
3 NEXT YEAR, BUT THIS WILL BE MADE PUBLICLY AVAILABLE
4 PROBABLY IN DECEMBER, JANUARY AT THE LATEST.

5 AND IN MY UNDERSTANDING, DR. MURPHY, AS WELL IS
6 THAT WHAT WE FIND HERE IN THESE INFORMATIONAL ITEMS THAT
7 YOU'VE GONE THROUGH IS AN INTERIM UPDATE. AND THIS
8 INTERIM UPDATE DOES NOT INCLUDE POSITIONS THAT WILL LATER
9 BE FILLED THAT ARE NOT FILLED SO THAT WE WILL HAVE A
10 LATER UPDATE THAT WILL REFLECT THOSE COSTS.

11 IN ADDITION, THE MERCER STUDY IS NOT YET
12 COMPLETE, BUT WILL BE SOON. TO THE EXTENT THERE ARE
13 DIFFERENCES IN PERSONNEL SALARIES RESULTING FROM THAT,
14 THAT WOULD BE IN A LATER UPDATE AS WELL; IS THAT CORRECT?

15 DR. MURPHY: THAT'S CORRECT. THESE ARE THE
16 EXPENSES THAT WE PREDICT WE WILL HAVE, BUT THEY MAY WELL
17 BE, AS WE RESPOND TO THE MERCER UPDATE ON SALARIES AND
18 ALSO NEW POSITIONS, THERE WILL BE ADDITIONAL EXPENSES
19 THAT ARE DIFFICULT TO PREDICT AT THIS POINT.

20 MADAM CHAIR, THAT'S THE UPDATE FOR INFORMATION
21 ON THE BUDGET.

22 CHAIRPERSON LANSING: THAT REQUIRES NO FURTHER
23 ACTION; IS THAT CORRECT?

24 MS. KING: THAT'S CORRECT.

25 CHAIRPERSON LANSING: DO WE NEED PUBLIC COMMENT

BARRISTERS' REPORTING SERVICE

1 AT THIS TIME?

2 MS. KING: YOU CAN DEFINITELY TAKE PUBLIC.

3 CHAIRPERSON LANSING: LET'S DO THAT. LET'S
4 JUST GO AROUND AND SEE IF THERE'S ANY MEMBERS OF THE
5 PUBLIC THAT WOULD LIKE TO COMMENT ON THIS IN ANY WAY.

6 MS. KING: I WILL START WITH ASILOMAR, WHICH I
7 THINK MAY BE A LOCATION THAT JUST JOINED US; IS THAT
8 RIGHT?

9 DR. STEWARD: YES. THIS IS OS STEWARD. I'VE
10 JUST JOINED YOU. THANK YOU.

11 MS. KING: WE'RE JUST WONDERING IF THERE'S ANY
12 PUBLIC COMMENT ON THE ITEM THAT WE'RE DISCUSSING RIGHT
13 NOW, WHICH IS THE CIRM BUDGET, AT YOUR LOCATION, BUT
14 PROBABLY NOT.

15 DR. STEWARD: NO COMMENT.

16 MS. KING: AT BURNHAM?

17 DR. REED: NO PUBLIC COMMENT. I ACTUALLY HAD A
18 QUESTION I WANTED TO ASK. I DON'T KNOW IF IT'S
19 APPROPRIATE TO DO IT NOW OR WAIT TILL THE PUBLIC IS
20 FINISHED.

21 MS. KING: ABSOLUTELY, DR. REED. GO RIGHT
22 AHEAD.

23 DR. REED: JUST ON THE ANNUAL REPORT, A
24 CLARIFICATION ABOUT WHETHER THE INCREASED EXPENSES ARE
25 MOSTLY RELATED TO ADDITIONAL PRINTING COSTS, OR WILL THIS

BARRISTERS' REPORTING SERVICE

1 BE PRIMARILY AN ONLINE REPORT? JUST CURIOUS WHAT THE
2 PLAN IS WITH THAT.

3 DR. MURPHY: MOST OF IT IS DESIGN, JOHN. IF
4 YOU REMEMBER LAST YEAR'S, WE HAD PICTURES THAT WERE NOT,
5 IN OUR VIEW, UP TO SNUFF. WE NEED MUCH BETTER
6 PHOTOGRAPHY. WE NEED MUCH BETTER DESIGN. WE WANTED TO
7 REFLECT THE EXCITEMENT OF WHAT'S GOING ON IN THE
8 INSTITUTE, AND WE WANT TO CIRCULATE IT WIDELY, NOT ONLY
9 TO THE GENERAL COMMUNITY, BUT TO GOVERNMENT AND TO THOSE
10 WHO HAVE SUPPORTED US. SO WE WANT THIS TO LOOK GOOD.

11 MR. KLEIN: THE OTHER THING, JOHN, IS THAT LAST
12 YEAR DOING IT EFFECTIVELY COMPLETELY IN-HOUSE, THE COST
13 WAS 25,000. SO I DON'T UNDERSTAND THE BUDGETING AT
14 17,000. BUT AS DR. MURPHY SAID, HE BRINGS AN EXPERTISE
15 FROM RUNNING THE SALK AND OTHER INSTITUTIONS AT MCGILL,
16 OF HOW EFFECTIVE A COMMUNICATION TOOL THIS CAN BE IF YOU
17 HAVE OUTSIDE PROFESSIONALS WORKING ON THE INFORMATION,
18 INCLUDING THE VISUAL INFORMATION IN PICTURE FORM, TO
19 COMPLEMENT THE NARRATIVE. SO THIS REFLECTS THE
20 ADDITIONAL EXPERTISE AND LEVEL OF EXCELLENCE THAT DR.
21 MURPHY CAN BRING TO THIS EFFORT.

22 DR. REED: OKAY. THANKS FOR THE CLARIFICATION.

23 MS. KING: DR. REED, THERE ARE NO PUBLIC
24 COMMENTS AT BURNHAM, RIGHT?

25 DR. REED: YES. NO PUBLIC HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: AT STANFORD, ANY PUBLIC COMMENT OR
2 ANY COMMENT FROM YOU, DR. PIZZO?

3 DR. PIZZO: NO, NEITHER. THANK YOU.

4 MS. KING: AT GENOPTIX?

5 DR. NOVA: NO. I'M FINE. THANK YOU.

6 MS. KING: AT THE SHERRY LANSING FOUNDATION?

7 MR. SIMPSON: YES, PUBLIC COMMENT. QUESTION
8 AGAIN. AM I CORRECT THAT THIS REVISED BUDGET DOES NOT
9 REFLECT THE SALARIES OF THE PROPOSED NEW CSO AND COO AND
10 DIRECTOR OF FINANCE AND LEGAL AFFAIRS?

11 DR. MURPHY: THAT IS RIGHT.

12 MR. SIMPSON: IS THERE ANY BALLPARK OF WHAT
13 THAT'S GOING TO DO TO TOTAL PAYROLL?

14 DR. MURPHY: WE HAVE NOT CALCULATED THOSE
15 SALARIES YET. THE GUIDELINES WE WILL GET ON THOSE
16 SALARIES WILL COME FROM THE MERCER STUDY, AND THAT HAS
17 NOT BEEN FACTORED IN YET. SO WE CANNOT COME UP WITH A
18 HARD NUMBER.

19 MR. KLEIN: DR. MURPHY, I THINK WHAT CAN BE
20 SAID IS THAT THERE'S, OF COURSE, THE DISCIPLINE OF
21 OFFERING WITHIN OUR 3-PERCENT GENERAL OVERHEAD AND
22 3-PERCENT ADMINISTRATIVE OVERHEAD, AND THAT WE HAVE BEEN
23 OPERATING FAR BELOW THOSE FIGURES AND CONTINUE TO DO SO.
24 AND OBVIOUSLY EVEN WITH THOSE POSITIONS ADDED, WE WILL BE
25 SUBSTANTIALLY BELOW THOSE FIGURES.

BARRISTERS' REPORTING SERVICE

1 MR. SIMPSON: MY ONLY CONCERN, MEMBERS OF THE
2 BOARD, IS THAT IT DOES APPEAR THE POSSIBILITY OF GETTING
3 SOMEWHAT TOP HEAVY BOTH IN TERMS OF SALARY AND
4 HIGH-PRICED TALENT IN AN AGENCY THAT IS PROBABLY NEEDING
5 WELL-PAID SCIENTIFIC OFFICERS AND PEOPLE WHO DO THE GRUNT
6 WORK, SO TO SPEAK. AND I JUST SAY THAT AS A POTENTIAL
7 CONCERN.

8 DR. MURPHY: WELL, IF I CAN RESPOND TO THAT,
9 JOHN. I THINK IT IS -- FIRST OF ALL, THE SCIENTIFIC
10 PEOPLE HERE, AND I KNOW YOU DIDN'T MEAN THAT
11 PEJORATIVELY, THEY ARE SUPERB. I AGREE WITH YOU. THEY
12 ARE THE PEOPLE WHO ARE REALLY CARRYING OUT THE GUTS OF
13 THE SCIENTIFIC OPERATION, AND EQUALLY SUPERB ARE THE
14 PEOPLE ON THE ADMINISTRATIVE SIDE IN BOTH THE PRESIDENT'S
15 AND THE CHAIR'S OFFICE. SO WE DO NOT WANT TO MINIMIZE
16 THEIR CONTRIBUTIONS, AND WE NEED TO HIRE SOME MORE PEOPLE
17 AS THE RESPONSIBILITIES AND THE PROGRAMS OF THE INSTITUTE
18 EXPAND.

19 HOWEVER, I ALSO WANT TO BE SURE THAT ALAN HAS
20 THE GUIDANCE AROUND HIM FOR HIM TO BE ABLE NOT ONLY TO
21 LEAD THE INSTITUTE, BUT FOR HIM TO BE THE VISIONARY
22 LEADER OF THE INSTITUTE. SO HE IS GOING TO HAVE TO KEEP
23 HIS EYES OPEN ON THE FIELD, HE'S GOING TO HAVE TO BE OUT
24 ON THE ROAD PARTICIPATING IN MEETINGS, LEARNING ABOUT THE
25 NEW DIRECTIONS OF THE FIELD. AND WHEN HE COMES BACK, ONE

BARRISTERS' REPORTING SERVICE

1 OF THE THINGS HE'S GOING TO HAVE TO DO IS TO BOUNCE OFF
2 HIS IDEAS WITH HIGH LEVEL LEADERS WHO ARE OF HIS QUALITY
3 SCIENTIFICALLY. SO I THINK SCIENTIFIC LEADERSHIP FOR
4 THIS INSTITUTE IS ABSOLUTELY CRITICAL, AND I WOULD NOT
5 WANT IN ANY WAY TO TRY TO CUT COSTS BY NOT BRINGING IN
6 THE VERY BEST PEOPLE TO BE PART OF THIS SENIOR LEADERSHIP
7 TEAM.

8 MR. KLEIN: DR. MURPHY, COULD I COMMENT ON THAT
9 AS WELL WITH THE PERMISSION OF THE CHAIR?

10 CHAIRPERSON LANSING: YES, PLEASE.

11 MR. KLEIN: I'D ALSO LIKE TO SAY THAT, YOU
12 KNOW, EVEN AT FULL STAFFING, THIS IS A LEAN ORGANIZATION.
13 AND THE TRADITION IN THIS ORGANIZATION IS EVERYONE
14 CONTRIBUTES. SO, FOR EXAMPLE, WHEN ARLENE WAS THE CHIEF
15 SCIENTIFIC OFFICER, SHE WAS VERY MUCH HANDS-ON INVOLVED
16 IN THE GRANT WRITE-UPS. THE COO, AS THE POSITION HAS
17 BEEN DESCRIBED, MAY BE RECRUITED FREQUENTLY, IF NOT
18 CONSTANTLY, INTO THE WRITE-UPS AND THE CRITICAL PATH, YOU
19 KNOW, PERSONNEL RESOURCE JAMS WHEN YOU HAVE TO GET READY
20 FOR PEER REVIEW OR ABSORB THE PEER REVIEW RESULTS AND GET
21 IT READY FOR THE BOARD. SO THAT THESE INDIVIDUALS, WHILE
22 THEY PROVIDE TREMENDOUS SCIENTIFIC AND STRATEGIC VISION,
23 WHICH IS CRITICAL TO OUR MISSION OBJECTIVES, ALSO ARE
24 VERY HANDS-ON OPERATIONAL INVOLVED PERSONNEL DOING THE
25 WORK WITH THE STAFF.

BARRISTERS' REPORTING SERVICE

1 THIS IS ACTUALLY A VERY FLAT ORGANIZATION IN
2 THAT EVERYBODY IS WORKING ALL THE TIME, NOT IN AN
3 ISOLATED KIND OF MANAGEMENT, IN QUOTES, ONLY ROLE.

4 DR. MURPHY: JOHN, LET ME ADD ONE MORE COMMENT
5 TO THAT. ONE OF THE THINGS THAT I LEARNED WHEN I FIRST
6 CAME HERE WAS HOW IMPORTANT ARLENE WAS TO BOUNCE IDEAS
7 OFF OF. SHE WAS A SUPERB SCIENTIST. SHE IS A SUPERB
8 SCIENTIST. TO BE ABLE TO CALL HER INTO THE OFFICE TO
9 TALK ABOUT A PAPER OR TO TALK ABOUT AN ADVANCEMENT WAS
10 ONE OF THE BEST PARTS OF MY DAY. AND I THINK ALAN, AS
11 THE LEADER OF THIS PLACE, NEEDS THAT KIND OF QUALITY
12 PEOPLE AROUND HIM AS WELL.

13 WE ALREADY HAVE A GREAT GROUP OF YOUNG
14 SCIENTISTS WHO CONTRIBUTE TO THAT, BUT WE ALSO NEED SOME
15 SENIOR SCIENTISTS WITH THAT KIND OF WISDOM AND EXPERIENCE
16 THAT ALAN CAN USE TO ENRICH HIS OWN WORLD AS WELL.

17 CHAIRPERSON LANSING: OKAY.

18 MS. KING: DO WE HAVE ANY OTHER PUBLIC COMMENTS
19 FROM THE SHERRY LANSING FOUNDATION? OKAY. ANY PUBLIC
20 COMMENT FROM KLEIN FINANCIAL CORPORATION?

21 MR. KLEIN: NO.

22 MS. KING: PUBLIC COMMENT FROM ZILKHA? DR.
23 HENDERSON? ALL RIGHT. CHAIR LANSING, BACK OVER TO YOU.

24 CHAIRPERSON LANSING: OKAY. THEN THE SENSE OF
25 THE GROUP, THOUGH THIS DOES NOT REQUIRE A VOTE, IS THAT

BARRISTERS' REPORTING SERVICE

1 WE' RE COMFORTABLE WITH THIS. NOW I THINK I WOULD MOVE
2 INTO CLOSED SESSION, AM I CORRECT, FOR DISCUSSION OF
3 PERSONNEL MATTERS.

4 MS. KING: YES, THAT IS CORRECT. JUST A QUICK
5 CHECK. I JUST WANT TO MAKE SURE EVERYBODY HAS THE
6 DIAL-IN FOR CLOSED SESSION. I CALLED ALMOST EVERYBODY TO
7 MAKE SURE, BUT IS THERE ANYONE ON THE LINE THAT DOESN' T
8 HAVE IT? AND I WILL CALL YOU WITH IT. GOOD. IF
9 EVERYONE COULD PLEASE HANG UP FROM THIS LINE AND DIAL
10 INTO THE CLOSED SESSION, WE' LL BE BACK ONLINE IN ABOUT
11 TWO MINUTES.

12 CHAIRPERSON LANSING: THANK YOU. THANK YOU,
13 ALL THE MEMBERS OF THE PUBLIC, AND WE WILL BE COMING OUT
14 OF THE CLOSED SESSION SHORTLY.

15 (THE MEETING THEN ADJOURNED TO CLOSED
16 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. AT THE END
17 OF CLOSED SESSION, THE MEETING WAS RECONVENED. THERE WAS
18 NOTHING TO REPORT FROM CLOSED SESSION. PUBLIC COMMENTS
19 WERE CALLED FOR, THERE WERE NONE, AT WHICH TIME THE
20 MEETING WAS THEN ADJOURNED.)

21

22

23

24

25

REPORTER' S CERTIFICATE

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

BETH C. DRAIN, CSR 7152
BARRISTER' S REPORTING SERVICE
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