

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: MAY 12, 2014
2:30 P.M.

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

BRS FILE NO.: 96164

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION NO.	PAGE
OPEN SESSION	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. CONSIDERATION OF CIRM BUDGET FOR FISCAL YEAR 2014-2015.	3
4. PUBLIC COMMENT.	NONE

BARRISTERS' REPORTING SERVICE

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MAY 12, 2014; 2: 30 P. M.

CHAIRMAN JUELSGAARD: LET'S GO AHEAD AND GET STARTED. SO CALL THE MEETING OF THE CIRM FINANCE SUBCOMMITTEE TO ORDER. I GUESS THE FIRST ITEM OF BUSINESS, MARIA, ROLL CALL.

MS. BONNEVILLE: STEVE JUELSGAARD.

CHAIRMAN JUELSGAARD: PRESENT.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD. JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES. DONNA WESTON.

DR. WESTON: HERE.

CHAIRMAN JUELSGAARD: THANK YOU. SO THE PRINCIPAL PURPOSE OF THIS MEETING IS TO REVIEW THE PROPOSED BUDGET FOR THE COMING FISCAL YEAR FOR THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE. AND SO ALL OF THE MEMBERS OF THE FINANCE SUBCOMMITTEE SHOULD HAVE RECEIVED THE PRESENTATION, CHI LA, YOU'RE GOING TO MAKE IN ADVANCE. AND SO WITHOUT ANYTHING FURTHER FROM MY END, YOU WANT TO GO AHEAD AND START.

AS WE GO ALONG, IF ANYBODY HAS ANY

BARRISTERS' REPORTING SERVICE

1 QUESTIONS, AND I'LL JUST ACKNOWLEDGE THAT I HAVE A
2 NUMBER AS WE GO THROUGH THIS, BUT IF THERE ARE ANY
3 QUESTIONS, PLEASE FEEL FREE TO ASK.

4 MS. SILVA-MARTIN: OKAY. SO AS STEVE
5 MENTIONED, YOU SHOULD HAVE RECEIVED ACTUALLY TWO
6 DOCUMENTS. THE FIRST ONE IS A NINE-PAGE DOCUMENT
7 THAT INCLUDES A SUMMARY OF THE '14-'15 BUDGET
8 REQUEST AS WELL AS DETAILED BUDGETS FOR EACH OF THE
9 COST CENTERS. AND THEN THE SECOND ONE IS THE
10 PRESENTATION THAT I'M GOING TO PROVIDE IN THE
11 OVERVIEW OF THE BUDGET.

12 FIRST, I WANT TO HIGHLIGHT THE EFFORTS
13 THAT WERE UNDERTAKEN IN DEVELOPING THE BUDGET. WE
14 DID GO THROUGH A RATHER VIGOROUS PROCESS. WE ASKED
15 THE COST CENTERS TO SUBMIT THEIR REQUESTS, AND THEY
16 WERE REVIEWED, AND WE HAD NUMEROUS DISCUSSIONS WITH
17 EACH OF THE COST CENTERS OVER SEVERAL MONTHS BECAUSE
18 OUR EFFORT WAS REALLY TO ALIGN THE BUDGET WITH OUR
19 STRATEGIC PLAN AND ONLY INCLUDE FUNDS FOR THOSE
20 ITEMS THAT WE CONSIDERED ESSENTIAL IN MEETING THE
21 GOALS.

22 SO WE ALSO CONDUCTED AN ANALYSIS OF OUR
23 CURRENT YEAR EXPENDITURES TO COMPARE AGAINST THE
24 BUDGET REQUESTS AND TO HELP US ESTABLISH A BASELINE
25 FOR THOSE REQUESTS. RECOGNIZING ALL ALONG THAT,

BARRISTERS' REPORTING SERVICE

1 WHILE OUR PORTFOLIO CONTINUES TO GROW, PROPOSITION
2 71 DID PLACE A 6-PERCENT LIMIT ON OUR AGENCY'S
3 GENERAL AND GRANT ADMINISTRATIVE EXPENSES. SO I
4 BELIEVE THAT THE BUDGET THAT WE PRESENT TODAY
5 ENCOMPASSES ALL OF THESE ITEMS.

6 SO FIRST OF ALL, THE BUDGET AT A VERY HIGH
7 LEVEL. WE ARE REQUESTING \$17.866 MILLION DOLLARS,
8 WHICH REPRESENTS AN INCREASE OF 2.4 PERCENT OR
9 \$423,000 OVER WHAT WAS ALLOCATED FOR THE '13-'14
10 FISCAL YEAR.

11 I WANT TO POINT OUT THAT THE '14-'15
12 BUDGET DOES INCLUDE A COUPLE OF LARGE ITEMS THAT
13 OCCUR EITHER EVERY OTHER YEAR OR EVERY THIRD YEAR.
14 THE FIRST OF THOSE COSTS BEING THE GRANTEE MEETING.
15 SO WE'VE ALLOCATED 300,000 FOR THIS EFFORT. SO THE
16 LAST TIME THAT THE GRANTEE MEETING OCCURRED WAS IN
17 MARCH OF 2013. IN THE PAST WE'VE HELD THIS MEETING
18 EVERY 18 MONTHS, BUT THIS BUDGET PROPOSES TO HOLD IT
19 ON THE 24TH MONTH. SO IT'S SCHEDULED FOR MARCH OF
20 2015.

21 THE OTHER LARGE COST IS AN AUDIT THAT'S
22 REQUIRED BY SENATE BILL 1064. SO SENATE BILL 1064
23 REQUIRES THAT CIRM UNDERGO AN OPERATIONAL
24 PERFORMANCE AUDIT EVERY THREE YEARS. SO THE FIRST
25 SUCH EFFORT WAS CONDUCTED DURING THE '11-'12 FISCAL

BARRISTERS' REPORTING SERVICE

1 YEAR AND IT COVERED THE '10-'11 FISCAL YEAR.

2 AND SO FOR THE '14-'15 BUDGET, WE
3 ALLOCATED \$250,000 FOR THIS FUNCTION, AND IT WILL
4 REVIEW THE OPERATIONS AS OF JUNE 30, 2014.

5 SO THIS SLIDE CONTAINS OUR ONE-YEAR
6 STRATEGIC GOALS, AND THEY ALIGN WITH CIRM'S
7 FIVE-YEAR STRATEGIC PLAN. I'M NOT GOING TO READ
8 EACH OF THESE TO YOU AS I'LL BE GOING OVER MANY OF
9 THEM WHEN I COVER THE BUDGET ASSUMPTIONS. BUT I
10 JUST WANT TO POINT OUT THAT THIS BUDGET SUPPORTS OUR
11 EFFORT TO ADVANCE THE SCIENCE AND MOVE IT INTO THE
12 CLINIC AND TO MOVE OUR PRECLINICAL RESEARCH PIPELINE
13 FORWARD TO DEVELOPMENT.

14 SO NOW LOOKING AT THE ASSUMPTIONS THAT
15 SUPPORT THIS BUDGET REQUEST. FIRST OF ALL, IT
16 PRESUMES THAT WE ARE GOING TO MAINTAIN OUR CURRENT
17 STRATEGIC DIRECTION AND MAINTAIN THE RESEARCH
18 FUNDING SCHEDULE THAT WAS PREVIOUSLY PRESENTED TO
19 THE BOARD. SO THAT INCLUDES LAUNCHING THE ALPHA
20 STEM CELL CLINIC NETWORK. THIS IS AN EFFORT THAT
21 WILL BE UNDERTAKEN BY BOTH OF OUR SCIENCE OFFICES AS
22 WELL AS OUR LEGAL OFFICE. AND WE WILL CONTINUE TO
23 REVIEW AND EVALUATE THROUGH OUR CDAP MEETINGS OUR
24 DISEASE TEAM AND STRATEGIC PARTNERSHIP PORTFOLIOS.

25 OUR INTENT IS TO INCREASE THE NUMBER OF

BARRISTERS' REPORTING SERVICE

1 PROGRAMS THAT ARE ACTIVELY ENROLLING PATIENTS IN
2 STEM CELL-BASED CLINICAL TRIALS. WE'D LIKE TO
3 INITIATE THE PRECLINICAL DEVELOPMENT PROGRAMS FROM
4 OUR TRANSLATIONAL RESEARCH. AND AS WE MOVE THE
5 SCIENCE FORWARD, IT'S REALLY CRITICAL THAT WE KEEP
6 THE PUBLIC INFORMED AS TO OUR EFFORTS. SO THIS
7 BUDGET SUPPORTS INCREASED PUBLIC OUTREACH. WE ALSO,
8 SIMILARLY, WANT TO ENGAGE INDUSTRY TO INVEST IN
9 CIRM'S PORTFOLIO.

10 THE BUDGET DOES INCLUDE A 3.5-PERCENT
11 INCREASE FOR MERIT AND SALARY ADJUSTMENTS. AND AS I
12 INDICATED EARLIER, IT DOES INCLUDE COSTS FOR THE
13 PERFORMANCE AUDIT AS WELL AS THE GRANTEE MEETING.

14 CHAIRMAN JUELGAARD: CAN I JUST INTERRUPT
15 YOU FOR A SECOND? SPECIFICALLY JUST FOR ME BECAUSE
16 THIS IS JUST A NOMENCLATURE THAT I'M USED TO USING
17 IN MY PAST LIFE. THERE ARE A SERIES OF WHAT I CALL
18 COST CENTERS.

19 MS. SILVA-MARTIN: THAT'S CORRECT.

20 CHAIRMAN JUELGAARD: EXPENSE CENTERS OR
21 WHATEVER. AND SO THE GRANTEE MEETING, THE PRESUMED
22 COST FOR THAT MEETING IS WITHIN WHICH OF THESE?

23 MS. SILVA-MARTIN: SCIENCE OFFICE
24 RESEARCH, WHICH WOULD BE UNDER DR. OLSON'S BUDGET.

25 CHAIRMAN JUELGAARD: OKAY. THANK YOU.

BARRISTERS' REPORTING SERVICE

1 DR. OLSON: BUT OBVIOUSLY IT ENCOMPASSES
2 PROJECTS THAT ARE --

3 CHAIRMAN JUELSGAARD: NO. I UNDERSTAND.
4 I JUST WAS LOOKING AT -- I'LL USE COST CENTER JUST
5 BECAUSE IT'S A FAMILIAR TERM TO ME.

6 MS. SILVA-MARTIN: SO THAT'S THE SCIENCE
7 OFFICE-RESEARCH.

8 CHAIRMAN JUELSGAARD: THANK YOU.

9 MS. SILVA-MARTIN: OKAY. SO THEN AS PART
10 OF THE DEVELOPMENT OF THIS BUDGET, WE ALSO LOOKED AT
11 POSITIONS AND OUR WORKLOAD AND DETERMINED THAT SOME
12 OF THE POSITIONS THAT WERE VACANT WE WOULD BE ABLE
13 TO ELIMINATE. SO AS A RESULT, WE ARE ELIMINATING
14 FIVE POSITIONS, THREE OF THEM IN THE SCIENCE
15 OFFICE-RESEARCH UNDER PAT OLSON, ONE IN SCIENCE
16 OFFICE-DEVELOPMENT UNDER ELLEN FEIGAL, AND THEN ONE
17 IN THE LEGAL OFFICE UNDER ELONA BAUM.

18 WE ALSO LOOKED AT OUR EXTERNAL SERVICES.
19 AND WHENEVER WE LOOK AT EXTERNAL SERVICES, WE'RE
20 REALLY TRYING TO SEE WHETHER IT'S FEASIBLE TO BRING
21 THOSE EFFORTS IN-HOUSE. SO IN OUR INFORMATION
22 TECHNOLOGY OFFICE, WE DID DECIDE TO BRING OUR
23 DESKTOP AND INFRASTRUCTURE SUPPORT IN-HOUSE. SO AS
24 A RESULT, WE NETTED OUT A REDUCTION OF FOUR
25 POSITIONS.

BARRISTERS' REPORTING SERVICE

1 THIS ASSUMES -- THIS BUDGET ASSUMES THAT
2 OUR POSITIONS ARE GOING TO REMAIN FILLED THROUGHOUT
3 THE YEAR WITH LITTLE OR NO TURNOVER.

4 AND THEN FINALLY, IT ASSUMES THAT THE
5 STATE SHARE OF EMPLOYEE RETIREMENT WILL INCREASE BY
6 2 PERCENT, AS WELL AS HEALTH BENEFITS WILL INCREASE
7 BY 1 PERCENT.

8 SO WITH EVERYTHING WE DO, THERE ARE SOME
9 RISKS ASSOCIATED, AND THIS DOES HAVE SOME RISK IN
10 THIS BUDGET. FIRST OF ALL, OUR COSTS MIGHT INCREASE
11 IF WE CHANGE OUR STRATEGIC PRIORITIES OR IF WE ADD
12 NEW ACTIVITIES THAT HAVEN'T BEEN BUDGETED.

13 SO CHANGES TO OUR FUTURE FUNDING SCHEDULE
14 MIGHT MEAN THAT A GRANT WORK GROUP REVIEW DOES NOT
15 MATERIALIZE AND IT WOULD RESULT IN SAVINGS.
16 SIMILARLY, IF WE ADDED MORE GRANT WORK GROUP REVIEWS
17 TO THE SCHEDULE, IT WOULD INCREASE OUR COST. AND WE
18 HAVEN'T INCLUDED ANY ADDITIONAL FUNDS FOR THAT.

19 CHAIRMAN JUELGAARD: SO LET ME ASK YOU
20 ABOUT THAT. SO ASSUME THAT THERE WAS A DESIRE TO
21 HOLD MORE MEETINGS THAN YOU HAVE ASSUMED IN THE
22 BUDGET. WHAT'S THE APPROVAL STATUS FOR THAT BECAUSE
23 THEN YOU WOULD BE BASICALLY OPERATING OUTSIDE OF THE
24 BUDGET. SO HOW DOES -- AGAIN, FORGIVE ME FOR MY
25 LACK OF FAMILIARITY. THIS IS MY FIRST TIME THROUGH

BARRISTERS' REPORTING SERVICE

1 THIS PROCESS. BUT HOW IS THAT ADDRESSED?

2 MS. SILVA-MARTIN: SO NORMALLY WHAT WE
3 WOULD DO, DEPENDING ON THE TIMING OF THOSE MEETINGS,
4 IF IT WAS TOWARD THE END OF THE YEAR, WE REALLY TRY
5 TO MAINTAIN OUR COSTS AS BEST AS POSSIBLE. SO WE
6 WOULD LOOK AT -- WE WOULD REVIEW THE BUDGET AND IF
7 WE DETERMINE THAT THERE WAS SAVINGS FROM SOME OF THE
8 OTHER MEETINGS THAT EITHER DIDN'T MATERIALIZE OR
9 THEY MATERIALIZE AT A LOWER RATE, WE WOULD COME AND
10 ASK FOR APPROVAL TO MOVE FORWARD WITH THAT CONCEPT.
11 AND IF WE HAVE SUFFICIENT FUNDINGS, WE WOULD JUST
12 USE THE CURRENT BUDGET. BUT IF THERE WASN'T
13 SUFFICIENT FUNDINGS AT THAT TIME, WE WOULD GO TO THE
14 BOARD AND ASK FOR APPROVAL FOR ADDITIONAL FUNDS.

15 CHAIRMAN JUELGAARD: OKAY. IF YOU GO
16 OVER BUDGET, COME BACK TO THE BOARD.

17 MS. SILVA-MARTIN: YES. THAT'S CORRECT.

18 SO ANOTHER RISK INHERENT IN THIS BUDGET IS
19 OUR PENDING MOVE. SO AS YOU KNOW, VICE CHAIRMAN
20 TORRES IS ACTIVELY WORKING ON SECURING SPACE FOR US
21 AS OUR CURRENT LEASE IS ACTUALLY GOING TO EXPIRE IN
22 OCTOBER OF 2015. SO WE HAVE PUT ASIDE SOME MINIMAL
23 FUNDS TO ASSIST US IN CASE WE NEED SOME LEGAL
24 SUPPORT IN NEGOTIATION OF THE LEASE. BUT OTHER THAN
25 THAT, THERE ARE NO ADDITIONAL FUNDS FOR THE RENT.

BARRISTERS' REPORTING SERVICE

1 SO IT'S POSSIBLE THAT WE MIGHT INCUR OTHER COSTS
2 SUCH AS SPACE PLANNING FOR THAT SPACE, AND WE DID
3 NOT INCLUDE FUNDS FOR THAT BECAUSE IT'S REALLY TOO
4 EARLY TO TELL WHETHER THAT'S GOING TO MATERIALIZE OR
5 NOT.

6 CHAIRMAN JUELGAARD: I'M SORRY. WHEN
7 DOES THE -- WHEN DOES THE LEASE ON THIS SPACE
8 EXPIRE?

9 MS. SILVA-MARTIN: OCTOBER 31ST.

10 CHAIRMAN JUELGAARD: 10/31.

11 MS. SILVA-MARTIN: 2015. STARTING NEXT
12 NOVEMBER 1ST, WE WILL BE INCURRING SOME RENT COSTS.

13 CHAIRMAN JUELGAARD: SURE.

14 MS. SILVA-MARTIN: AND THEN FINALLY, RATE
15 CHANGES TO THE STATE'S SHARE OF BENEFITS ARE A RISK.
16 WE REALLY NEVER KNOW WHAT THAT RATE INCREASE IS
17 GOING TO BE. IT'S REALLY COST CENTER NEGOTIATED BY
18 CONTROL AGENCIES SUCH AS CAL PERS, CAL. HR. SO WE
19 COULD SEE INCREASED COST BEYOND THAT WHICH WE HAVE
20 BUDGETED. AND AGAIN, IF THAT OCCURRED AND WE DIDN'T
21 HAVE SUFFICIENT FUNDINGS WITHIN THE BUDGET, WE WOULD
22 COME BACK TO THE BOARD AND ASK FOR ADDITIONAL FUNDS
23 AT THAT TIME.

24 SO THIS NEXT SLIDE PROVIDES THE DETAILS
25 FOR THE '14-'15 BUDGET REQUEST. AGAIN, THE BUDGET

BARRISTERS' REPORTING SERVICE

1 REQUEST IS FOR \$17,866,000, WHICH IS 423,000 MORE
2 THAN WHAT WE WERE AUTHORIZED FOR IN THE CURRENT
3 YEAR.

4 TO THE EXTENT POSSIBLE, WE HAVE TRIED TO
5 MAKE REDUCTIONS FOR THE COST CENTERS, BUT THERE ARE
6 SOME INCREASES REALLY DUE IN LARGE PART TO THE TWO
7 ITEMS THAT I HAD MENTIONED EARLIER, THE PERFORMANCE
8 AUDIT AND THE GRANTEE MEETING. WE ARE SEEING A
9 SLIGHT INCREASE IN THE OFFICE OF THE PRESIDENT, BUT
10 THAT'S REALLY DUE PARTLY TO THE RECENT APPOINTMENT
11 AND THEN SOME ONE-TIME COSTS ASSOCIATED WITH THAT
12 APPOINTMENT.

13 SO LOOKING AT THESE COSTS BUDGET YEAR OVER
14 BUDGET YEAR, SO COMPARING OUR '13-'14 BUDGET TO THE
15 '14-'15 BUDGET REQUEST, SO I'M GOING TO LOOK AT SOME
16 OF THE MAJOR CATEGORIES. I'M NOT GOING TO REVIEW
17 ALL OF THEM. SO UNDER EACH OF THESE CATEGORIES, THE
18 BLUE REFLECTS THE INCREASES IN THAT CATEGORY, AND
19 THEN THE ITEMS IN BLACK REFLECT THE OVERALL
20 DECREASES FROM YEAR TO YEAR.

21 SO UNDER EMPLOYEE EXPENSES, THE '14-'15
22 BUDGET SUPPORTS 51.5 POSITIONS, WHICH, AS I
23 INDICATED EARLIER, IS REALLY FOUR POSITIONS LESS
24 THAN WHAT WE HAVE IN THE '13-'14 FISCAL YEAR. IT'S
25 THE ELIMINATION OF THE FIVE POSITIONS AND THE

BARRISTERS' REPORTING SERVICE

1 CONVERSION OF EXTERNAL SERVICES TO A POSITION IN
2 I . T .

3 SO THE INCREASES THAT WE ARE SEEING UNDER
4 EMPLOYEE EXPENSES ARE DUE TO THE 3.5 MERIT AND
5 SALARY ADJUSTMENT THAT'S BEEN BUDGETED, THAT WOULD
6 BE EFFECTIVE JULY 1, AS WELL AS INCREASES TO
7 RETIREMENT AND HEALTH BENEFITS. THE BIGGEST
8 INCREASE COMING UNDER RETIREMENT.

9 UNDER EXTERNAL SERVICES, OVERALL THE
10 CHANGE BETWEEN FISCAL YEARS IS RELATIVELY MINOR.
11 THERE ARE INCREASES, OF COURSE. AS I MENTIONED, THE
12 PERFORMANCE AUDIT. OUR PORTFOLIO FOR (INAUDIBLE)
13 THERE'S A PLAN TO INCREASE THE NUMBER OF CDAP
14 MEETINGS THAT WE WILL HOLD, AND WE USE CONSULTANTS
15 TO ASSIST US IN THAT AREA WHEN WE'RE LOOKING FOR
16 EXPERT ADVICE TO SUPPORT THOSE EFFORTS.

17 THE REDUCTIONS IN THE EXTERNAL SERVICES
18 IS, AS I INDICATED, CONVERSION OF THE I . T . CONTRACT
19 TO A POSITION. AND NOT ONLY DID THAT CONVERSION
20 RESULT IN SAVINGS IN OUR I . T . PROGRAM, BUT IT
21 ACTUALLY RESULTED IN SAVINGS IN OUR PUBLIC
22 COMMUNICATIONS OFFICE. WE PREVIOUSLY WERE PAYING TO
23 HAVE OUR WEB HOSTED BY AN OUTSIDE CONSULTANT. BUT
24 BY BRINGING THOSE SERVICES IN-HOUSE, WE NOW HAVE THE
25 EXPERTISE IN-HOUSE AND THE CAPACITY, AND SO WE WILL

BARRISTERS' REPORTING SERVICE

1 BE BRINGING THE WEB HOSTING IN-HOUSE AS WELL.

2 SO IN OUR REVIEW, MEETINGS, AND WORKSHOPS,
3 THAT'S REALLY THE CATEGORY WHERE WE'RE SEEING THE
4 LARGEST INCREASE YEAR OVER YEAR AND, AGAIN, LARGELY
5 DUE TO THE GRANTEE MEETING, THE INCREASE IN THE
6 NUMBER OF CDAP REVIEWS THAT WE WILL HOLD, AS WELL AS
7 THE INCREASED NUMBER OF GRANT WORK GROUP REVIEWS
8 THAT WE WILL HOLD DURING THE '14-'15 FISCAL YEAR.

9 AND THEN I DID WANT TO POINT OUT THAT IN
10 TRAVEL OVERALL WE ARE SEEING A DECREASE. WE REALLY
11 TRY TO MAKE EFFORTS TO MAKE REDUCTIONS IN THIS AREA.
12 THE TRAVEL BUDGET DOES INCLUDE SOME ONE-TIME
13 INCREASED COSTS IN THE OFFICE OF THE PRESIDENT'S
14 BUDGET FOR THE RECENT APPOINTMENT.

15 SO NOW LOOKING AT THE BUDGET AND COMPARING
16 IT TO THE '13-'14 YEAR-END FORECAST THAT I INDICATED
17 THAT I HAD PUT TOGETHER TO HELP US PUT THIS BUDGET
18 TOGETHER. SO FOR THE '13-'14 FISCAL YEAR, WE WERE
19 BUDGETED \$17,432,000. I AM FORECASTING THAT THE
20 BUDGET IS GOING TO COME IN AT ABOUT \$16.3 MILLION,
21 WHICH IS ABOUT 93 PERCENT OF WHAT WAS BUDGETED. THE
22 SAVINGS OF ABOUT \$1.1 BILLION OR ABOUT 6.5 PERCENT.

23 SO WHAT I WANTED TO DO WAS COMPARE THE
24 FORECAST TO WHAT WE'RE ASKING FOR IN THE '14-'15
25 FISCAL YEAR AND BASICALLY THE VARIANCE IN SOME OF

BARRISTERS' REPORTING SERVICE

1 THE LARGER CATEGORIES.

2 SO IN EMPLOYEE EXPENSES, SO ONE OF THE
3 DRIVERS IN THE INCREASE FOR THE '14-'15 FISCAL YEAR
4 IS REALLY THE INCREASES IN THE BENEFITS THAT I
5 MENTIONED EARLIER. IT'S THE RETIREMENT BENEFITS
6 THAT ARE MAKING THOSE COSTS GO UP. AGAIN, AN AREA
7 WHERE WE HAVE NO CONTROL. IT'S NEGOTIATED BY THE
8 CONTROL AGENCIES IN THE STATE.

9 ANOTHER FACTOR IS THE MERIT ADJUSTMENT.
10 SO WHEN WE BUILT THE '13-'14 BUDGET, WE BUILT IT
11 WITH THE ASSUMPTION THAT MERIT ADJUSTMENTS WOULD GO
12 INTO PLACE ON JULY 1ST OF 2013. THEY ACTUALLY DID
13 NOT GO INTO EFFECT UNTIL NOVEMBER. SO THIS '14-'15
14 BUDGET DOES PROPOSE, AGAIN, TO IMPLEMENT THOSE ON
15 JULY 1ST, AND WE'RE HOPING THAT THAT'S A PLAN THAT
16 WE'LL BE ABLE TO IMPLEMENT.

17 CHAIRMAN JUELGAARD: WHAT WAS THE REASON
18 FOR THE DELAY IN IMPLEMENTATION IN THIS PAST YEAR?

19 MS. SILVA-MARTIN: ALEX, DO YOU WANT
20 TO --

21 DR. TROUNSON: STEVE, IF I COULD -- CAN
22 YOU HEAR ME?

23 CHAIRMAN JUELGAARD: YES, VERY WELL.

24 DR. TROUNSON: SO THERE WERE CONCERNS
25 EXPRESSED IN THE COMMUNITY REALLY ABOUT MERIT

BARRISTERS' REPORTING SERVICE

1 INCREASES. THESE WERE THE UC SYSTEMS AND OTHER
2 EQUIVALENT ORGANIZATIONS THAT WERE DELAYING THESE
3 MERITS. AND SO I FELT IT WAS APPROPRIATE TO DELAY
4 IT SO AS TO NOT MAKE US STAND OUT AT THE TIME. AND
5 THE STATE BUDGETS REALLY RETURNED TO SOME NORMALITY
6 BY NOVEMBER WHERE UC SYSTEMS AND OTHERS REINSTATED
7 THOSE MERIT INCREASES AROUND THAT TIME. SO I FELT
8 THAT WAS APPROPRIATE. IT WOULDN'T DRAW PARTICULAR
9 INTEREST TO US AT THAT TIME TO DO IT THAT WAY.

10 CHAIRMAN JUELGAARD: AND SO WHAT WE
11 UNDERSTAND AT THIS TIME IS THAT THE UC INCREASES,
12 MERIT INCREASES, ARE EXPECTED TO HAPPEN AROUND JULY
13 1ST.

14 MR. SHEEHY: OCTOBER NOVEMBER. SO THEY
15 DON'T HAPPEN --

16 CHAIRMAN JUELGAARD: I SEE. SO WE DO
17 OURS BEFORE THEY DO.

18 MS. SILVA-MARTIN: WE DO THAT FOR FISCAL
19 YEAR. THAT'S BEEN OUR PLAN.

20 CHAIRMAN JUELGAARD: OKAY.

21 DR. TROUNSON: IT WAS REALLY TO RETURN IT
22 TO THE SYSTEM, BUT IT WAS ALSO -- IT WAS SORT OF AN
23 ENDING OF A PRESIDENCY AND SO FORTH. SO I FELT IT
24 WAS PROBABLY APPROPRIATE RATHER THAN TO LET IT HANG
25 ON AS WELL. BUT IT WOULD RETURN IT TO THE NORMAL

BARRISTERS' REPORTING SERVICE

1 SYSTEM FOR ALL AGENCIES REALLY.

2 MR. SHEEHY: I GUESS I'M CONFUSED BECAUSE
3 OUR DENOMINATOR IS UC, AND UC NEVER GIVES OUT MERIT
4 INCREASES ON JULY 1. THEY ALWAYS DO THEM IN THE
5 FALL. SO I DON'T KNOW WHAT OUR BENCHMARK IS. I
6 DON'T KNOW WHAT THE STATE DOES, BUT WE SHOULD BE
7 CONSISTENT WITH --

8 MS. CAMPE: VERY QUICK, IF I CAN ADD A
9 LITTLE SOMETHING HERE. EVERY YEAR I GET INFORMATION
10 FROM UC'S AS WELL AS THE OTHER INSTITUTES IN
11 CALIFORNIA. I PUT TOGETHER A MEMO EVERY YEAR.
12 MAYBE YOU DIDN'T GET IT THIS YEAR, STEVE, SO I'LL
13 MAKE SURE YOU DO GET IT. I ALWAYS GO TO UC AND SEE
14 WHAT THEY'VE DONE. AND YOU'RE RIGHT, JEFF. FOR
15 MANY YEARS UC HADN'T GIVEN INCREASES. THE PRIVATE
16 RESEARCH INSTITUTES HAVE CONSISTENTLY GIVEN ANYWHERE
17 FROM 3 TO 3.5-PERCENT AVERAGE INCREASES FOR MERIT
18 SALARY INCREASES. OUR FISCAL YEAR STARTS JULY 1.
19 THAT'S WHAT WE BUDGET FOR. OUR POLICY THAT WENT TO
20 THE BOARD MANY YEARS AGO TO APPROVE SALARY INCREASES
21 WERE MADE FROM JULY 1.

22 FOR VARIOUS REASONS IN THE PAST MANY YEARS
23 IT HAD BEEN POSTPONED. TWO YEARS AGO THERE WAS A
24 BALLOT MEASURE FROM THE GOVERNOR THAT HE WANTED TO
25 INCREASE TAXES FOR THE HIGHER INCOME PEOPLE. THAT

BARRISTERS' REPORTING SERVICE

1 WAS ON THE BALLOT FOR NOVEMBER OF 2012. AT THAT
2 TIME LEADERSHIP HERE HAD DECIDED TO POSTPONE OUR
3 MERITS UNTIL NOVEMBER OF THAT YEAR. THAT WAS 2012.
4 LAST YEAR, 2013, ALAN FELT THAT IT WAS IMPORTANT TO
5 WAIT TO HAVE IT START IN NOVEMBER. BUT THIS YEAR
6 I'M TRYING TO GET US BACK ONTO A CONSISTENT POLICY
7 OF JULY 1. I DO GET DATA FROM ALL THE OTHER
8 COMPARATOR ORGANIZATIONS.

9 CHAIRMAN JUELGAARD: FOR THE PURPOSES OF
10 THE BUDGET, WE'VE IDENTIFIED JULY 1 AS THE DATE FOR
11 THE INCREASE.

12 MS. SILVA-MARTIN: THAT'S CORRECT.

13 CHAIRMAN JUELGAARD: WHEN IT WILL
14 ACTUALLY TAKE PLACE IS -- CAN BE THAT DATE OR SOME
15 OTHER DATE, BUT FOR THE BUDGETING PURPOSES.

16 MR. SHEEHY: WHEN DO YOU GUYS DO YOUR
17 EVALUATIONS?

18 MS. SILVA-MARTIN: WE'RE DOING THEM NOW.

19 MS. CAMPE: SO THAT THEY'RE READY.
20 THEY'RE EXPECTED TO BE COMPLETED BY MID-JUNE.

21 MR. SHEEHY: IS THAT STANDARD?

22 MS. CAMPE: WELL, FOR A FISCAL YEAR OF
23 JULY 1 IMPLEMENTATION, WE HAVE TO HAVE ONE WITHIN 12
24 MONTHS OF A MERIT SALARY INCREASE.

25 MR. SHEEHY: I'M NOT ASKING THAT QUESTION.

BARRISTERS' REPORTING SERVICE

1 I SAID WHAT'S BEEN THE PRACTICE TO DATE?

2 MS. CAMPE: WELL, WE'VE ENSURED THAT WE
3 HAVE ONE ON FILE WITHIN THE TIME PERIOD THAT WE'RE
4 OFFERING THE MERIT SALARY INCREASE.

5 MR. SHEEHY: WELL THAT, EXCUSE ME, DOESN'T
6 MAKE SENSE. EVALUATIONS AND INCREASES SHOULD HAPPEN
7 ON A CONSISTENT ANNUAL BASIS.

8 MS. CAMPE: RIGHT. AND THE REASON THEY
9 HAVEN'T BEEN CONSISTENT IS BECAUSE WE'VE HAD IT
10 POSTPONED. THE MERIT SALARY DATE INCREASE HAS BEEN
11 POSTPONED.

12 CHAIRMAN JUELGAARD: I GUESS THE POINT OF
13 IT IS THAT YOU'RE GOING TO -- EVALUATION WILL BE
14 DONE BEFORE A MERIT INCREASE IS DONE.

15 MS. CAMPE: ABSOLUTELY.

16 CHAIRMAN JUELGAARD: SO IF -- SO WHATEVER
17 MERIT INCREASE ANY INDIVIDUAL DOES OR DOESN'T
18 RECEIVE IS TIED TO A PERFORMANCE EVALUATION.

19 MS. CAMPE: ABSOLUTELY.

20 MR. SHEEHY: I GUESS I'M JUST SENSITIVE TO
21 THE METRICS OF HAVING THE 7 PERCENT INCREASE IN
22 SALARY OVER THE COURSE OF SIX MONTHS, NOVEMBER TO
23 JULY, OR SEVEN OR EIGHT MONTHS. I MEAN IT JUST
24 DOESN'T SEEM RIGHT TO ME THAT WE WOULD HAVE TWO
25 MERIT INCREASES IN LESS THAN NINE MONTHS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: LET ME ASK. BUT AS
2 I UNDERSTAND HISTORICALLY, THE LAST TWO YEARS ASIDE,
3 THE MERIT INCREASES HAVE BEEN DONE ON JULY 1ST.

4 MS. CAMPE: NOT ALL OF THEM. SOME HAVE
5 BEEN POSTPONED FURTHER IN THE PAST.

6 CHAIRMAN JUELGAARD: SO IT'S BEEN A MIXED
7 PRACTICE.

8 MS. CAMPE: IT'S BEEN A MIXED PRACTICE.
9 OUR POLICY HAD BEEN JULY 1. THE BOARD APPROVED JULY
10 1 MANY YEARS AGO; BUT FOR VARIOUS POLITICAL ISSUES
11 AND SUCH, IT HAS BEEN POSTPONED. WE'VE TRIED TO
12 CATCH UP.

13 CHAIRMAN JUELGAARD: AND THE DECISION,
14 THEN, GETS MADE WHERE AS TO WHEN THE EFFECTIVE DATE
15 IS? IT'S THE PRESIDENT THAT MAKES THE DECISION?

16 MS. CAMPE: PRESIDENT AND CHAIRMAN OF THE
17 BOARD.

18 CHAIRMAN JUELGAARD: OKAY. IT'S ANOTHER
19 DISCUSSION WE CAN HAVE WHEN WE GET TO THE BOARD
20 MEETING. AND I THINK THE BOARD JUST TO UNDERSTAND,
21 FIND OUT WHAT'S IN THE BUDGET PROPOSAL AND LINED UP
22 AGAINST WHAT OUR PRACTICE IS. I DON'T KNOW THAT
23 WE'RE GOING TO RESOLVE ANYTHING AROUND THIS ISSUE.

24 MS. SILVA-MARTIN: WHAT I WAS GOING TO SAY
25 IS I BELIEVE THE LAST TWO YEARS THEY WERE

BARRISTERS' REPORTING SERVICE

1 IMPLEMENTED IN NOVEMBER, AND THE YEAR BEFORE THAT IT
2 WAS IN AUGUST. SO I BELIEVE IN 2011 IT WAS
3 IMPLEMENTED IN AUGUST. AND THEN, AS ALEX INDICATED,
4 FOR A VARIETY OF REASONS, INCLUDING EFFORTS THAT
5 WERE GOING ON IN SACRAMENTO, THEY WERE POSTPONED THE
6 LAST TWO YEARS.

7 DR. TROUNSON: IT WAS MY DECISION TO
8 POSTPONE THEM BECAUSE OF THE POLITICAL CLIMATE
9 ESSENTIALLY, STEVE.

10 CHAIRMAN JUELGAARD: NO. I UNDERSTAND
11 THAT, ALAN. IT'S JUST IN MY MIND, AND THIS IS JUST
12 ME, IT WOULD BE NICE TO KIND OF TRY AND FIND A
13 CONSISTENT DATE AND APPLY THE MERIT FOR THE PURPOSE
14 OF THE EMPLOYEES. I MEAN I THINK IT'S A LITTLE
15 TOUGH TO BE BOUNCED AROUND A LITTLE BIT. I JUST
16 THINK IT'S GOOD TO HAVE A DATE, WHATEVER IT IS, AND
17 BE CONSISTENT UNLESS THERE'S SOME EXTRAORDINARY
18 CIRCUMSTANCES NOT TO DO IT.

19 ALL RIGHT. IF YOU WANT TO MOVE ON.

20 MS. SILVA-MARTIN: OKAY. SO THEN THE NEXT
21 CATEGORY IS REVIEWS, MEETINGS, AND WORKSHOPS. AND
22 THAT IS BY FAR, AS YOU CAN SEE, THE LARGEST INCREASE
23 FROM FORECAST TO '14-'15 BUDGET REQUEST. AGAIN,
24 GRANTEE MEETING WILL BE HELD IN THE '14-'15 FISCAL
25 YEAR. WE ARE GOING TO HOLD MORE GRANT WORK GROUP

BARRISTERS' REPORTING SERVICE

1 REVIEWS THAN WE'VE HELD IN THE '13-'14 FISCAL YEAR,
2 AND WE PLAN TO HOLD MORE CDAP MEETINGS.

3 THE OTHER THING I WANT TO POINT OUT WITH
4 RESPECT TO THIS CATEGORY IS WE ARE HOUSED HERE IN
5 SAN FRANCISCO. WE USE HOTELS IN THE AREA AND
6 THEY'RE VERY EXPENSIVE, AND WE MAKE EVERY EFFORT TO
7 TRY TO FIND THE BEST COST, BUT WE ARE SEEING, AS THE
8 ECONOMY HAS TURNED AROUND, WE ARE STARTING TO SEE
9 INCREASES IN THOSE AREAS. AND SO THIS BUDGET TAKES
10 THAT INTO CONSIDERATION.

11 IN OUR MEMBERSHIP AND TRAINING CATEGORY,
12 WE ARE SEEING AN INCREASE, AND IT'S REALLY DUE TO
13 NEW MEMBERSHIPS THAT WE DID NOT INCUR IN THE '13-'14
14 FISCAL YEAR. ONE OF THEM IS \$50,000 FOR THE
15 INTERNATIONAL CONSORTIUM OF STEM CELL BANKING. AND
16 THEN \$42,000 FOR MEMBERSHIP WITH BAY BIO AND BAY
17 CONFERENCE -- BAY COMM, EXCUSE ME.

18 AND THEN IN OUR EQUIPMENT CATEGORY, WE'RE
19 ALSO SEEING SOME INCREASES, AND THAT'S REALLY DUE TO
20 SUBSCRIPTIONS TO DATABASES TO ASSIST OUR BUSINESS
21 DEVELOPMENT AND LEGAL SHOP AS WELL AS OUR I.T.
22 SERVICES. AND THEN WE ARE INCURRING RENT FOR OUR
23 OFFICE OF THE CHAIR AS WELL AS TRYING TO MOVE MORE
24 EFFORTS OUT TO THE CLOUD THROUGH OUR I.T. OFFICE.

25 OKAY. SO THE NEXT EIGHT CHARTS REALLY

BARRISTERS' REPORTING SERVICE

1 PROVIDE YOU WITH MORE DETAILS ON THE FORECAST FOR
2 THE '13-'14 FISCAL YEAR AS WELL AS THE REQUESTS FOR
3 EACH COST CENTER FOR THE '14-'15 FISCAL YEAR ALONG
4 WITH THEIR OPERATIONAL GOALS. I'M NOT GOING TO GO
5 OVER EACH OF THESE, BUT I DO WANT TO POINT OUT THAT
6 THE OPERATIONAL GOALS ALIGN WITH THE ONE-YEAR
7 STRATEGIC GOALS THAT I SHARED EARLIER. AND REALLY
8 THE GOAL IS TO MOVE THE SCIENCE TOWARD THE CLINIC
9 AND TO IDENTIFY POTENTIALLY HIGH IMPACT BASIC
10 RESEARCH PROJECTS THAT WOULD PRODUCE TRANSFORMATIVE
11 RESULTS AND ENABLE NOVEL THERAPEUTIC APPROACHES.

12 AND AS YOU CAN SEE FROM THE GOALS IN BOTH
13 OF OUR SCIENCE OFFICES, THEY WILL BE DEVELOPING
14 CONCEPTS FOR THE BOARD'S CONSIDERATION. AND AS PART
15 OF THAT EFFORT, THEY WILL DEVELOP REQUESTS FOR
16 APPLICATIONS AS WELL AS HOLD GRANT WORK REVIEWS TO
17 FUND THOSE EFFORTS.

18 WE'LL ALSO HOLD CDAP REVIEWS AND
19 EVALUATIONS TO ENSURE THAT OUR GRANTEES ARE MEETING
20 THEIR MILESTONES. AND THEN WE PLAN TO LAUNCH THE
21 ALPHA STEM CELL CLINIC NETWORK. WE ALSO --

22 CHAIRMAN JUELGAARD: STILL ON THE SCIENCE
23 OFFICE?

24 MS. SILVA-MARTIN: I'M -- ACTUALLY I JUST
25 FINISHED THE SCIENCE OFFICE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: I'D LIKE TO GO
2 THROUGH THESE PAGES IF YOU DON'T MIND.

3 MS. SILVA-MARTIN: ABSOLUTELY.

4 CHAIRMAN JUELGAARD: SO FOR ME THE
5 QUESTION, THIS IS JUST HISTORICAL IS ALWAYS THE WAY
6 I THOUGHT ABOUT BUDGETING IS YOU LOOK AT WHAT YOU
7 SPENT LAST YEAR, RIGHT? YOU LOOK AT WHAT YOUR
8 PROPOSED BUDGETING FOR THIS COMING YEAR AND YOU LOOK
9 TO SEE IF THERE'S A DIFFERENCE. AND TYPICALLY IF
10 YOU'RE SPENDING SIGNIFICANTLY LESS, PEOPLE HAVE LESS
11 QUESTION ABOUT THAT ALTHOUGH SOMETIMES THERE ARE
12 QUESTIONS THAT COME UP. USUALLY WHERE THE QUESTIONS
13 COME UP ARE WHERE THERE ARE SIGNIFICANT INCREASES IN
14 SPENDING. AND SO JUSTIFYING THOSE INCREASES IN
15 SPENDING, THEN, IS IN MY EXPERIENCE THE NORM WHEN
16 THAT HAPPENS. AND SO THAT'S REALLY WHAT MY
17 QUESTIONS ARE GOING TO RELATE TO. I'M NOT
18 SUGGESTING THERE'S ANYTHING WRONG WITH THE BUDGET
19 NUMBER. IT'S JUST UNDERSTANDING WHY WE HAVE THESE
20 INCREASES OVER WHAT WE PREVIOUSLY SPENT. SO THAT'S
21 WHERE I WANT TO SORT OF START WITH THIS ONE --

22 MS. SILVA-MARTIN: OKAY.

23 CHAIRMAN JUELGAARD: -- AND SORT OF GO
24 THROUGH PAGE BY PAGE.

25 MS. SILVA-MARTIN: ABSOLUTELY.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: SO THE FIRST BIG
2 CATEGORY IS THE ONE THAT IS WORKSHOPS WHICH IS
3 INCREASING BY 57 PERCENT FROM LAST YEAR TO THIS
4 COMING FISCAL YEAR. AND I UNDERSTAND THERE'S A
5 \$300,000 GRANTEE MEETING THAT'S INCLUDED IN THAT.
6 THAT WAS MY QUESTION ABOUT WHERE THAT LIE. BUT
7 THERE OBVIOUSLY ARE OTHER MEETINGS OR OTHER
8 INCREASES PLANNED. SO JUST AT A HIGH LEVEL, EITHER
9 CHI LA OR PAT, JUST EXPLAIN TO ME WHAT'S CHANGING
10 THAT, BEYOND THE MEETINGS THAT WE HAVE, SUCH A LARGE
11 INCREASE OVER WHAT WE HAD SPENT THIS PAST YEAR.

12 DR. OLSON: SO ACTUALLY WHEN IN THE FISCAL
13 YEAR '13-'14 BUDGET WE DID CONTEMPLATE INITIALLY SIX
14 REVIEWS AND TWO PREAP REVIEWS. THE WAY THINGS
15 WORKED OUT, WE ONLY HAD FIVE REVIEWS AND ONE PREAP
16 REVIEW. SO IN POINT OF FACT THOSE REVIEWS, THAT
17 PREAP REVIEW AND THAT REVIEW, HAS MOVED TO THIS
18 YEAR. AND SO THE ACTUAL SPENDING IN '13-'14 WAS
19 LESS THAN PLANNED WHEN WE BUDGETED. AND AS YOU
20 ALREADY HIGHLIGHTED, THERE IS THE GRANTEE MEETING
21 WHICH WE DON'T SHOW. I THINK THOSE ARE THE BIGGIES
22 BECAUSE THAT WAS ABOUT \$150,000 RIGHT THERE FOR THAT
23 IS THAT THOSE --

24 MS. SILVA-MARTIN: ONE MORE. ONE
25 ADDITIONAL MEETING BEYOND WHAT WE --

BARRISTERS' REPORTING SERVICE

1 DR. OLSON: RIGHT. AND THEN THERE ARE
2 SEVEN GRANTS WORKING GROUP MEETINGS THAT ARE
3 ACTUALLY GOING TO BE HELD THIS YEAR. RATHER THAN
4 THE FIVE THAT WERE HELD LAST YEAR, THERE ARE GOING
5 TO BE, I BELIEVE -- WELL, I THINK THERE WERE -- I
6 THINK IT'S ONE PREAP REVIEW EACH YEAR. SO IT'S AN
7 INCREASE OF TWO GRANTS WORKING GROUP MEETINGS, WHICH
8 IS A \$200,000, AT LEAST, CHARGE.

9 CHAIRMAN JUELGAARD: PER MEETING?

10 DR. OLSON: NO. NO. NO. FOR THE TWO.
11 IT'S ROUGHLY AT LEAST A HUNDRED PER MEETING. YOU
12 CAN TELL BY THE TYPE OF MEETING.

13 MS. SILVA-MARTIN: WE CAN RANGE ANYWHERE
14 FROM LIKE A HUNDRED THOUSAND UP TO ABOUT A HUNDRED
15 FIFTY THOUSAND DEPENDING ON THE MEETING. EVEN MORE
16 DEPENDING ON WHAT EFFORTS NEED TO BE UNDERTAKEN.

17 DR. OLSON: SO THEY CAN BE EXTREMELY
18 EXPENSIVE.

19 CHAIRMAN JUELGAARD: AND SO ONE OF THE
20 THINGS CHILA MENTIONED IS ONE OF THE THINGS THAT
21 WE'RE SEEING IS AN INCREASE IN THE EXPENSES
22 ASSOCIATED WITH THE PLACE OF THE MEETING. AND SO
23 THESE MEETINGS ARE -- ARE THEY BEING HELD IN THE
24 CITY OR LESS EXPENSIVE VENUES?

25 DR. OLSON: THE MEETINGS ARE -- AND

BARRISTERS' REPORTING SERVICE

1 ACTUALLY THIS IS WHERE WE ACTUALLY HAVE AN INTERNAL
2 GROUP OF WHICH AMY IS A PART THAT ACTUALLY
3 NEGOTIATES GOOD PRICES FOR VENUES. SO THEY ARE HELD
4 AT AIRPORT HOTELS OR THEY ARE HELD OCCASIONALLY AT
5 THE CLAIRMONT. BUT WE'VE BEEN ABLE TO GET VERY GOOD
6 PRICES THERE BECAUSE WE'VE BEEN GIVING THEM A LOT OF
7 BUSINESS. SO I THINK THAT OUR INTERNAL EVENT
8 PLANNING GROUP HAS BEEN WORKING VERY HARD TO TRY AND
9 GET GOOD PRICES FOR US IN A VERY COMPETITIVE MEETING
10 ENVIRONMENT.

11 MS. CHUENG: WE NORMALLY, PROBABLY IN A
12 COUPLE MONTHS, WHAT WE DO IS WE SIT DOWN AND GO
13 THROUGH OUR MEETINGS. AND WE TRY TO PUT GROUPS OF
14 MEETINGS TOGETHER, AND WE SEND THEM OUT TO THE
15 HOTELS BECAUSE WE FIND WE GET BETTER DEALS THAT WAY.

16 CHAIRMAN JUELGAARD: SURE.

17 MS. CHEUNG: BUT SOMETIMES (INAUDIBLE) IN
18 THE CITY OR EVEN DOWN BY THE AIRPORT NOW, THEY
19 JUST -- THE ECONOMY IS SO GOOD THAT IT'S HARD.

20 MS. SILVA-MARTIN: VERY COMPETITIVE.

21 CHAIRMAN JUELGAARD: UNDERSTOOD.

22 DR. TROUNSON: SORRY. IT'S ALAN. I JUST
23 HAVE TO LEAVE BECAUSE I'VE BEEN CALLED TO THE
24 FLIGHT. I APOLOGIZE FOR THIS, BUT I HAVE TO LEAVE
25 THE CONTRACTS AT THE MOMENT. MY APOLOGIES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: NO. THAT'S ALL
2 RIGHT. THANKS FOR JOINING, ALAN, EVEN IF IT WAS FOR
3 JUST A BIT. SO THANK YOU. SAFE FLIGHT.

4 DR. TROUNSON: BYE.

5 CHAIRMAN JUELGAARD: SO JUST IF I CAN
6 RECAP. SO WHAT I UNDERSTAND IS THE INCREASES ARE
7 REALLY A RESULT OF THREE THINGS. ONE IS THE GRANTEE
8 MEETING, TWO IS TWO GWG MEETINGS OVER WHAT WE'VE HAD
9 THIS PAST YEAR, AND THREE IS A GENERAL INCREASE IN
10 MEETING EXPENSES AS A RESULT OF THE PICKUP IN THE
11 ECONOMY. IS THAT A FAIR CHARACTERIZATION?

12 DR. OLSON: THAT IS A FAIR
13 CHARACTERIZATION.

14 CHAIRMAN JUELGAARD: AND THEN THE -- AND,
15 AGAIN I MORE LOOK AT THESE -- SOME OF THESE ARE
16 SMALL ITEMS MAYBE FROM A DOLLAR POINT OF VIEW.
17 OBVIOUSLY THE REVIEWS MEETING AND EXPENSES THERE'S A
18 LOT OF THE MONEY INVOLVED, BUT THERE ARE TWO WAYS OF
19 LOOKING AT IT. ONE IS THE AMOUNT OF MONEY INVOLVED,
20 THE OTHER IS THE PERCENTAGE OF INCREASE. AND SO THE
21 OTHER IS JUST IN THE TRAVEL AREA IT'S ABOUT A
22 26-PERCENT INCREASE. NOT A LARGE AMOUNT OF MONEY,
23 NONETHELESS, FROM A PERCENTAGE POINT OF VIEW, A
24 LITTLE BIT LARGER INCREASE.

25 SO WHAT ARE YOU ANTICIPATING AS ADDITIONAL

BARRISTERS' REPORTING SERVICE

1 TRAVEL BEYOND, SAY, WHAT WE JUST DID THIS PAST YEAR?

2 DR. OLSON: WELL, GENERALLY WHEN WE PUT
3 TOGETHER THE TRAVEL MEETINGS, WE THINK ABOUT THE
4 ISSCR MEETING, WHICH IS USUALLY AN OUT-OF-STATE
5 MEETING, AND THEN ONE EXTRA SPECIALTY MEETING. AND
6 THEN THERE ARE A COUPLE OF US WHO HAVE TO DO A
7 LITTLE BIT MORE TRAVEL THAN THAT. SO, FOR EXAMPLE,
8 MICHAEL YAFFE WILL BE GOING TO SOME OF THE BANKING
9 MEETINGS OR HE'S BEEN ASKED TO PARTICIPATE IN SOME.
10 BUT OTHERWISE IT REALLY IS PRETTY MUCH JUST BASED ON
11 THAT.

12 NOW, TRAVEL COSTS OBVIOUSLY HAVE GONE UP
13 SOME. ACTUALLY TRAVEL COSTS HAVE GONE UP
14 SIGNIFICANTLY.

15 MS. SILVA-MARTIN: I WAS GOING TO SAY THE
16 OTHER THING THAT'S IMPACTING IT IS THAT THERE WAS
17 RECENTLY AN INCREASE IN THE PER DIEM RATES THAT ARE
18 PROVIDED TO TRAVELERS. SO THAT'S CAUSING A SLIGHT
19 INCREASE IN THE BUDGET.

20 CHAIRMAN JUELGAARD: AGAIN, THIS IS NOT
21 BEING LEVELED AS A CRITICISM, BUT THESE ARE ALL
22 QUESTIONS WHICH, AT LEAST IN MY EXPERIENCE, ARE
23 REASONABLE QUESTIONS TO BE ASKED IN A BUDGETING
24 SESSION WHEN THERE ARE INCREASES. SO DON'T TAKE
25 OFFENSE OR ANYBODY ELSE THAT I ASK QUESTIONS OF. I

BARRISTERS' REPORTING SERVICE

1 THINK IT'S AN APPROPRIATE PART OF THE BRIEFING
2 PROCESS.

3 DR. OLSON: AND THE IN-STATE TRAVEL IS
4 REALLY A LOT OF THE FINANCIAL COMPLIANCE VISITS AND
5 SITE VISITS THAT WE DO.

6 MS. SILVA-MARTIN: SO THEN MOVING ON
7 TO --

8 CHAIRMAN JUELGAARD: UNLESS OTHER PEOPLE
9 MAY HAVE QUESTIONS, SO I DON'T WANT TO MONOPOLIZE.

10 MR. SHEEHY: WHAT ARE THE SEVEN RFA'S THAT
11 ARE PLANNED OVER THE NEXT YEAR?

12 DR. OLSON: THEY ARE LISTED. THE RFA'S?
13 SO THE NEXT YEAR IS THE -- I HAVE TO PULL UP A
14 SPECIAL SPREADSHEET TO ACTUALLY QUOTE THE REVIEWS.
15 NOW, REVIEWS ARE OFFSET BY THE ACTUAL RFA. SO
16 THERE'S A DIFFERENCE IN THE TWO. SO IF YOU'LL
17 FORGIVE ME, I HAVE TO PULL UP A SEPARATE FILE THAT
18 IS NOT CURRENTLY UP.

19 CHAIRMAN JUELGAARD: JUST TAKE YOUR TIME.

20 MR. SHEEHY: AND MAYBE IF I COULD GET
21 BOTH, THE RFA'S AND THE REVIEWS.

22 DR. OLSON: I CAN TELL YOU THE REVIEWS
23 VERY EASILY.

24 CHAIRMAN JUELGAARD: THE REVIEWS ARE THE
25 ONES THAT ARE IN THE BUDGET.

BARRISTERS' REPORTING SERVICE

1 DR. OLSON: RIGHT.

2 CHAIRMAN JUELSGAARD: AND THEY'RE LISTED.

3 DR. OLSON: THEY'RE ACTUALLY LISTED ON
4 YOUR DETAIL SHEET.

5 MS. SILVA-MARTIN: THE DETAIL BUDGET SHEET
6 FOR THE ONE THAT'S -- OKAY.

7 DR. OLSON: THERE WILL BE A TOOLS AND
8 TECHNOLOGIES. THE RFA'S ARE PERSONNEL TIME. THESE
9 ARE THE REVIEWS. THE GRANTS WORKING GROUP REVIEWS
10 WILL BE TOOLS AND TECHNOLOGIES, THERE WILL BE THE
11 ACCELERATED PATHWAY, THERE'S THE ET PRECLINICAL
12 DEVELOPMENT REVIEW, THERE'S A STRATEGIC PARTNERSHIP
13 IV REVIEW. WE'RE GOING TO COMBINE, SINCE THE BOARD
14 WANTED US TO RE-UP THE TRAINING AND BRIDGES AND ASK
15 PEOPLE TO REAPPLY AND DO A NEW REVIEW. THERE'S A
16 COMBINED TRAINING AND BRIDGES GRANTS WORKING GROUP
17 REVIEW. IT'S A BASIC BIO VI GRANTS WORKING GROUP
18 REVIEW, AND IT'S A DISEASE TEAM IV GRANTS WORKING
19 GROUP REVIEW. SORRY. YEAH. THE DISEASE TEAM IV
20 GRANTS WORKING GROUP REVIEW, AND THEN IT'S A PREAP
21 REVIEW FOR BASIC BIO VI. OKAY. SO THEY'RE ALL
22 LISTED IF YOU HAVE THAT DETAIL SHEET.

23 MR. SHEEHY: I THINK I'M GETTING IT. IT'S
24 KIND OF HARD TO READ BECAUSE WE HAVE WORKSHOP
25 MEETINGS AND REVIEWS BLENDED TOGETHER, SO IT'S HARD

BARRISTERS' REPORTING SERVICE

1 FOR ME TO FOLLOW. AND THEN THE RFA'S THAT ARE
2 PLANNING TO BE ISSUED FOR NEXT YEAR?

3 DR. OLSON: AGAIN, I HAVEN'T -- I WAS
4 READING THIS AND I WASN'T DOING THAT.

5 CHAIRMAN JUELGAARD: IS THERE AN EXPENSE
6 ASSOCIATED WITH AN RFA?

7 DR. OLSON: NO. THAT'S A PERSONNEL
8 EXPENSE.

9 MS. SILVA-MARTIN: IT'S AN EMPLOYEE
10 EXPENSE.

11 DR. OLSON: THAT'S AN EMPLOYEE EXPENSE IN
12 DOING THAT. SO THAT'S JUST DEVELOPING THE RFA.

13 CHAIRMAN JUELGAARD: SO SINCE --

14 DR. OLSON: SO THEY DON'T HAVE
15 SPECIFIC -- EXCEPT SOMETIMES WE --

16 CHAIRMAN JUELGAARD: IT'S NOT AN EXPENSE
17 ITEM. SO IF IT'S APPROPRIATE, WE CAN TAKE THIS OFF
18 LINE, JEFF --

19 MR. SHEEHY: OH, YEAH. I JUST WANTED
20 TO --

21 CHAIRMAN JUELGAARD: -- TO GET THAT
22 INFORMATION BECAUSE IT'S NOT REALLY IN THE BUDGETING
23 PROCESS PER SE.

24 MR. SHEEHY: IT IS AND IT ISN'T, BUT I CAN
25 GET IT OFFLINE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: ANY OTHER QUESTIONS
2 ON THE SCIENCE OFFICE-RESEARCH?

3 CHAIRMAN THOMAS: NOT ON MY END.

4 CHAIRMAN JUELGAARD: J. T. OR DONNA?

5 CHAIRMAN THOMAS: NONE.

6 CHAIRMAN JUELGAARD: OKAY. THEN LET'S
7 MOVE TO SCIENCE OFFICE-DEVELOPMENT. SO YOU'D
8 ALREADY TALKED A LITTLE BIT ABOUT THAT, RIGHT,
9 CHI LA?

10 MS. SILVA-MARTIN: YES. TALKED ABOUT
11 HOLDING MORE CDAP REVIEWS AND EVALUATIONS AND THEN
12 LAUNCHING THE STEM CELL --

13 CHAIRMAN JUELGAARD: RIGHT.

14 MS. SILVA-MARTIN: -- NETWORK.

15 CHAIRMAN JUELGAARD: SO, AGAIN, THIS IS
16 BACK TO REVIEWS, MEETINGS, AND WORKSHOPS. SO
17 THERE'S BASICALLY CLOSE TO A DOUBLING OF THE EXPENSE
18 IN THAT AREA. AND I KNOW WE TALKED ABOUT ADDITIONAL
19 CDAP MEETINGS THIS COMING YEAR. IS THAT THE CAUSE
20 FOR THE INCREASE IN EXPENSE?

21 DR. FEIGAL: YEAH. IT'S ESTIMATING. YOU
22 KNOW, WE'VE HAD FOUR. THIS IS ESTIMATING EIGHT.
23 AND IT'S ESTIMATING ABOUT 50,000 PER MEETING, SO
24 IT'S 400,000 RIGHT THERE. AND THEN THE OTHER THINGS
25 THAT ARE DRAWN UP INTO THIS ARE VARIOUS WORKSHOPS.

BARRISTERS' REPORTING SERVICE

1 THERE' S ALWAYS A WORKSHOP ON CLINICAL AND
2 PRECLINICAL. THERE' S TARGETED PRODUCT PROFILE AT
3 THE GRANTEE MEETING THAT TAKES PLACE. WE ARE ALSO
4 GOING TO HAVE A LAUNCH MEETING WITH THE ALPHA STEM
5 CELL CLINICS.

6 WE' RE ALSO GOING TO HAVE A FORUM THAT' S
7 GOING TO BE A PART OF THE NATIONAL ACADEMY OF
8 SCIENCES AND IOM WHICH WILL BE NEW THIS YEAR WHERE
9 WE' LL BE A CO-FOUNDER OF MOVING THAT FORWARD.

10 SO THERE' S A VARIETY OF WORKSHOPS VERY
11 CLINICALLY ORIENTED TOWARDS THE INVESTIGATORS THAT
12 ARE MOVING THE SCIENCE TOWARDS AND INTO THE CLINIC.

13 CHAIRMAN JUELGAARD: OKAY. THEN, AGAIN,
14 WHILE IT' S A SMALL ITEM, IT' S FOUR TIMES WHAT WE' RE
15 SPENDING THIS PAST YEAR IS EXTERNAL SERVICES. SO
16 WHAT ARE THE EXTERNAL SERVICES?

17 DR. FEIGAL: THAT' S AN ESTIMATE. YOU
18 KNOW, ACTUALLY WHAT WE' VE BEEN PRIVILEGED TO HAVE IS
19 A LOT OF THE EXTERNAL ADVISORS DON' T REQUEST
20 REIMBURSEMENT; BUT IF THEY DID, THIS IS WHAT IT
21 WOULD COME TO. SO WE' VE ACTUALLY BEEN FORTUNATE
22 THAT MANY OF THEM HAVE DONE IT PRO BONO JUST BECAUSE
23 THEY ENJOY WORKING WITH THE AGENCY AND WORKING WITH
24 US. BUT IF THEY ACTUALLY DID ASK, IT WOULD BE A
25 MUCH HIGHER NUMBER.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: OKAY. THOSE ARE MY
2 QUESTIONS OF ELLEN. JEFF OR J.T. OR DONNA, ANY
3 QUESTIONS FOR THE SCIENCE OFFICE-DEVELOPMENT AREA?

4 CHAIRMAN THOMAS: NO.

5 DR. WESTON: NO. I'M GOOD.

6 CHAIRMAN JUELGAARD: OKAY. OFFICE OF THE
7 PRESIDENT. SO ALAN IS OFF THE PHONE.

8 MS. SILVA-MARTIN: WE WILL DO OUR BEST TO
9 ANSWER THAT ONE.

10 CHAIRMAN JUELGAARD: SO I GUESS, CHILA,
11 YOU'RE KIND OF THE PERSON FOR ME TO ASK ABOUT THE
12 INCREASES. THE ONES OBVIOUSLY, AGAIN, AND I THINK
13 YOU ANSWERED THIS, BUT WE'LL JUST RE-REVIEW IT.

14 MS. SILVA-MARTIN: SURE.

15 CHAIRMAN JUELGAARD: STARTING WITH
16 REVIEWS, MEETINGS, AND WORKSHOPS IN THE OFFICE OF
17 THE PRESIDENT.

18 MS. SILVA-MARTIN: SO I THINK THE BIGGEST
19 FACTOR IS THAT WE HAVE INCLUDED \$60,000 FOR
20 WORKSHOPS, WHICH IS ACTUALLY THE AMOUNT THAT HE
21 INCLUDED FOR THIS FISCAL YEAR, BUT FOR A VARIETY OF
22 REASONS THOSE MEETINGS WERE NOT HELD. SO
23 ANTICIPATING WHAT THE NEXT PRESIDENT MIGHT DO, WE
24 DETERMINED THAT WE WOULD INCLUDE SOME FUNDS SHOULD
25 HE WANT TO HOLD A WORKSHOP. SO WE'VE INCLUDED

BARRISTERS' REPORTING SERVICE

1 60,000 AGAIN. NOTHING WAS HELD THIS YEAR WITH
2 RESPECT TO THAT.

3 CHAIRMAN JUELSGAARD: THESE ARE DIFFERENT
4 WORKSHOPS THAN THE WORKSHOPS YOU'RE TALKING ABOUT?

5 DR. FEIGAL: THEY'RE DIFFERENT THAN THE
6 WORKSHOPS THAT I HAVE, YES.

7 CHAIRMAN JUELSGAARD: SO GIVE ME AN
8 EXAMPLE FROM THE PAST THAT'S BEEN A WORKSHOP THAT
9 FELL WITHIN THE OFFICE OF THE PRESIDENT.

10 MS. BAUM: THE ALPHA CLINICS.

11 DR. FEIGAL: NO. THAT ACTUALLY WAS IN MY
12 BUDGET. I'M SAYING WHAT I DON'T KNOW IS WHERE DOES
13 HE HAVE THE SCIENTIFIC ADVISORY BOARD?

14 MS. SILVA-MARTIN: THAT'S IN THERE AS
15 WELL.

16 DR. FEIGAL: SO THAT WOULD BE A MEETING
17 THAT WOULD NOT BE PART OF THE SCIENCE BUDGET. THAT
18 WOULD BE PART OF THE (INAUDIBLE) BUDGET.

19 CHAIRMAN JUELSGAARD: BUT WE HAD ONE OF
20 THOSE THIS PAST YEAR, RIGHT, THE SAB.

21 DR. OLSON: THAT'S RIGHT.

22 CHAIRMAN JUELSGAARD: BECAUSE THAT'S WHERE
23 THE RECOMMENDATIONS TO DO THE ACCELERATED.

24 DR. FEIGAL: THERE WAS ONE. WHAT I DON'T
25 KNOW IS WHETHER OR NOT --

BARRISTERS' REPORTING SERVICE

1 MS. SILVA-MARTIN: WE HAD --

2 DR. OLSON: WE CONTEMPLATED THREE A YEAR.

3 MS. SILVA-MARTIN: AND WE ONLY HELD ONE
4 LAST YEAR, SO THIS BUDGET CONTEMPLATES AT LEAST A
5 COUPLE OF MEETINGS. SO THERE'S A LITTLE BIT -- YOU
6 KNOW, WE'VE SPENT ABOUT 35, \$38,000 FOR THE ONE WE
7 HELD. WE BUDGETED 65,000 THINKING THAT WE'RE GOING
8 TO HAVE A COUPLE OF THEM. THAT'S FOR THE SCIENTIFIC
9 ADVISORY.

10 CHAIRMAN JUELGAARD: SO TWO SAB MEETINGS.

11 MS. SILVA-MARTIN: RIGHT. A LOT OF THE
12 ITEMS, AS YOU CAN SEE, WE ONLY SPENT -- WE SPENT
13 VERY LITTLE IN THAT PARTICULAR CATEGORY COMPARED TO
14 WHAT WE HAVE BUDGETED BECAUSE THERE WAS A SCIENTIFIC
15 ADVISORY BOARD MEETING. THERE WAS SOME STEM CELL
16 LEADERSHIP MEETINGS THAT HE HAS, AND WE'VE INCLUDED
17 BUDGETS FOR THAT. THERE'S ALSO FUNDING FOR
18 MISCELLANEOUS CONFERENCES THAT MAY TAKE PLACE.

19 THERE IS FUNDING FOR DUANE -- THERE'S A DUANE ROTH
20 SYMPOSIUM WITH UC DAVIS THAT WE DIDN'T HAVE THIS
21 YEAR THAT WE COMMITTED TO THAT FUND OVER THREE YEARS
22 AT \$10,000 A YEAR. AND THEN SOMETIMES THESE DON'T
23 MATERIALIZE, BUT THEY HAVE IN PAST YEARS WHERE WE
24 HAVE VISITING SCIENTISTS DISCUSSION GROUPS.

25 CHAIRMAN JUELGAARD: LET ME JUST

BARRISTERS' REPORTING SERVICE

1 INTERRUPT YOU FOR A MOMENT. SO THIS, AND I
2 APOLOGIZE BECAUSE ALAN IS NOT HERE TO DEFEND IT OR
3 WHATEVER OR EXPLAIN IT, WHICHEVER WAY YOU WANT TO
4 LOOK AT IT, THIS IS OVER A DOUBLING OF THE AMOUNT OF
5 MONEY, RIGHT? AND SO NORMALLY WHAT I WOULD EXPECT
6 IS A BUILD FROM THE BOTTOM, RIGHT. SO HERE ARE THE
7 TEN THINGS THAT WE'RE GOING TO DO, AND EACH
8 ONE -- THIS ONE COSTS THIS, THIS, THIS, AND YOU COME
9 TO IT. AND THIS IS WHAT WE DID LAST YEAR. THESE
10 WERE THE FIVE THINGS WE DID, ETC. SO IS THIS A
11 BUILD FROM THE BOTTOM NUMBER, THE 192, OR IS THIS
12 JUST SORT OF, YOU KNOW, KIND OF, FOR WANT OF A
13 BETTER TERM, JUST KIND OF --

14 MS. SILVA-MARTIN: AN ESTIMATE.

15 CHAIRMAN JUELGAARD: -- OFF THE TOP OF
16 YOUR HEAD?

17 MS. SILVA-MARTIN: I THINK IT WAS BASED
18 ON -- IT WAS REALLY BASED ON THE '13-'14 ACTUAL
19 BUDGET, NOT HIS EXPENDITURES BECAUSE HE WAS GONE FOR
20 PART OF THE YEAR. AND WE DIDN'T WANT TO GET THE
21 BUDGET TO THE POINT WHERE THE NEW PRESIDENT MAY NOT
22 HAVE SUFFICIENT FUNDS TO PURSUE WHAT ACTIVITIES HE
23 MAY WANT TO. SO THAT WAS --

24 CHAIRMAN JUELGAARD: SO IT REALLY WASN'T
25 A BUILD FROM THE BOTTOM THEN? IT'S WE BUDGETED

BARRISTERS' REPORTING SERVICE

1 ABOUT THIS AMOUNT LAST YEAR. LET'S JUST BUDGET
2 ABOUT THIS AMOUNT THIS YEAR.

3 MS. SILVA-MARTIN: THAT'S CORRECT.

4 CHAIRMAN JUELGAARD: OKAY. I'M SORRY.
5 GO AHEAD.

6 DR. FEIGAL: I WAS JUST GOING TO MAKE A
7 POINT. YOU KNOW, THE FORECASTING IS OCCURRING
8 PRETTY LATE IN THE YEAR, BUT ACTUALLY OUR
9 DELIBERATIONS ABOUT WHAT GOES INTO THE NEXT FISCAL
10 YEAR BUDGET OCCURS MUCH EARLIER THAN WE GET THE
11 FORECASTING NUMBERS. SO WE DON'T HAVE THESE NUMBERS
12 WHEN WE'RE PUTTING THIS TOGETHER.

13 MS. BONNEVILLE: THEY'RE BASED ON WHAT WE
14 GUESSTIMATE FOR THE YEAR BEFORE VERSUS OUR YEAR-END
15 FORECAST.

16 CHAIRMAN JUELGAARD: SO WHEN ARE
17 THESE -- WHEN ARE THESE NUMBERS FOR THE COMING
18 BUDGET YEAR DEVELOPED?

19 MS. SILVA-MARTIN: WE START IN JANUARY.

20 CHAIRMAN JUELGAARD: START IN JANUARY.

21 MS. SILVA-MARTIN: AND WE ACTUALLY ASK
22 EACH OF THE COST CENTERS TO HAVE THEIR INFORMATION
23 TO US BY FEBRUARY. AND IT'S A CHALLENGE BECAUSE THE
24 STATE'S ACCOUNTING SYSTEM IS USUALLY 30 TO 45 DAYS
25 IN ARREARS. SO EVEN WHEN I'M GIVING THEM

BARRISTERS' REPORTING SERVICE

1 INFORMATION, IT'S NOT REAL --

2 CHAIRMAN JUELSGAARD: AND, AGAIN -- SO AND
3 I UNDERSTAND THAT THERE'S PROBABLY DIFFERENT LEVELS
4 OF PRECISION AT PLAY HERE. BUT WHEN YOU SORT OF --
5 AS THE YEAR RUNS ALONG, HOW OFTEN DO YOU DO
6 FORECASTS OF EXPENSES?

7 MS. SILVA-MARTIN: I DO IT PROBABLY
8 STARTING IN DECEMBER WHEN I START GETTING SOME --
9 WHEN WE FINALLY HAVE QUITE A BIT OF RECORDING IN THE
10 FINANCIAL STATEMENT. THIS YEAR I WAS ABLE TO DO IT
11 MORE OFTEN, LIKE EVERY COUPLE OF MONTHS, BECAUSE OF
12 OUR NEW GREAT PLAINS SYSTEM. BUT FOR THE FIRST FOUR
13 MONTHS OF THE FISCAL YEAR, WE WERE IMPLEMENTING
14 THAT. SO IT WAS A CHALLENGE BECAUSE WE DIDN'T HAVE
15 ACCURATE DATA, BUT THE GREAT PLAINS IS ACTUALLY
16 STARTING TO GIVE US BETTER DATA THAN WE GET OUT OF
17 OUR ACCOUNTING SYSTEM BECAUSE IT'S MORE CURRENT AND
18 MORE ACCURATE.

19 CHAIRMAN JUELSGAARD: AND SO WHEN YOU DO
20 FORECASTING, I'M USED TO SEEING BUT OBVIOUSLY IN
21 DIFFERENT CIRCUMSTANCES, THAT YOU WILL GO TO THE
22 COST CENTERS, AND YOU'LL SAY OKAY SO FOR THE
23 REMAINING SIX MONTHS OF THE YEAR, WHAT DO YOU EXPECT
24 TO SPEND, KIND OF GETTING THAT INFORMATION, THAT
25 FEEDBACK AND WHATEVER, SO THE FORECAST CAN TRY AND

BARRISTERS' REPORTING SERVICE

1 BE -- WHATEVER YOU' RE DRAWING THE LINE IN THE SAND
2 AND ASKING FOR WHAT WE' RE GOING TO BE SPENDING,
3 YOU' RE GETTING THE FEEDBACK FROM THE BOTTOM COMING
4 INTO THE SYSTEM. IS THAT HOW THIS WORKS?

5 MS. SILVA-MARTIN: YES. SO WHEN I DO THE
6 FORECASTING, I GO TO THE MANAGERS AND I TAKE OUR
7 CURRENT YEAR BUDGET AND I SAY HERE' S WHAT WE WERE
8 PROJECTING. I KNOW THAT WE MAY NOT HAVE CONTRACTS
9 OUT OR YOU MAY NOT HAVE OCCURRED, ARE THEY GOING TO
10 OCCUR, WHEN ARE THEY GOING TO OCCUR, WHEN DO YOU
11 THINK YOU' RE GOING TO SPEND THAT MONEY AND HOW MUCH.
12 SO THEY PROVIDE ME THAT INFORMATION.

13 CHAIRMAN JUELGAARD: GREAT. GOOD. OKAY.
14 GOT IT.

15 THE OTHER ONE IS THE MEMBERSHIP AND
16 TRAINING. SO WE TALKED ABOUT BAY BIO AND BIO COMM.
17 YOU MENTIONED THAT BEFORE. IS THAT IN --

18 MS. SILVA-MARTIN: THAT' S ACTUALLY IN THE
19 LEGAL OFFICE. SO THIS IS 50,000 ADDITIONAL FOR THE
20 INTERNATIONAL CONSORTIUM FOR CELL BANKING. THERE' S
21 50,000 THAT WAS NOT EXPENDED THIS YEAR, NOR WAS IT
22 IN THIS YEAR' S BUDGET.

23 CHAIRMAN JUELGAARD: SO THAT TAKES UP A
24 GOOD SHARE OF THAT.

25 MS. SILVA-MARTIN: BIG CHUNK OF IT.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: GOT IT. OKAY.

2 THAT'S FINE.

3 SO HOW DO YOU DECIDE IN MEMBERSHIPS AND
4 TRAINING? SO LET'S JUST TAKE BAY BIO FOR A MOMENT.
5 SO HOW DOES THAT WIND UP IN THE LEGAL COST CENTER
6 AND NOT IN THE PRESIDENT'S COST CENTER? HOW IS THAT
7 DECISION MADE?

8 MS. BAUM: I GUESS IT WAS MY IDEA, SO
9 MAYBE BY DEFAULT BECAUSE I WEAR THE TWO HATS, THE BD
10 AND THE LEGAL. AND I WAS THE ONE WHO BROUGHT IT TO
11 THE ATTENTION OF CIRM'S LEADERSHIP AND SAID, WELL,
12 GEE, BAY BIO WILL BE IN SAN FRANCISCO IN 2016. AND
13 I GUESS BIO COMM WILL BE UP HERE IN SAN FRANCISCO IN
14 2015. SO BECAUSE IF YOU HAVE THIS ELEVATED PARTNER
15 STATUS WITH BAY BIO DURING THAT PARTICULAR YEAR, AND
16 I THINK YOU CAN GET TO EVENTS, THEN YOU GET A LOT OF
17 VISIBILITY. YOU GET FREE TICKETS AND YOU GET A LOT
18 OF ACCESS TO BAY BIO TRAINING. IT'S NOT CIRM. I
19 BROUGHT IT UP AND I PUT IT IN MINE. I DON'T THINK
20 IT NECESSARILY HAS TO STAY IN LEGAL.

21 CHAIRMAN JUELGAARD: SO THIS IS THE
22 QUESTION THAT THIS RAISES THEN. SO WE'RE GOING TO
23 COME IN A FEW PAGES TO THE LEGAL BUDGET, ELONA. SO
24 THE LEGAL OFFICE, THE DOLLARS THAT ARE REFLECTED IN
25 HERE DO OR DON'T LIE WITHIN THE 6 PERCENT?

BARRISTERS' REPORTING SERVICE

1 MS. BAUM: THEY DO NOT.

2 CHAIRMAN JUELGAARD: DO NOT. BUT BAY
3 BIO, FOR EXAMPLE, IS NOT A LEGAL EVENT, RIGHT, AT
4 LEAST IN MY EXPERIENCE AND UNDERSTANDING. I'M A BIT
5 FAMILIAR WITH BAY BIO FROM THE PAST WHEN I WAS --

6 MS. BAUM: I DON'T GET INVOLVED IN THE
7 CATEGORIZATION. I WOULD AGREE WITH YOU THAT IT
8 PROBABLY SUPPORTS MORE OF THE BD ASPECT OF WHAT WE
9 DO.

10 MS. SILVA-MARTIN: AND IF THAT'S THE CASE,
11 THEN I WOULD MOVE IT OVER TO THE FINANCE AND
12 OPERATIONS BECAUSE BUSINESS DEVELOPMENT IS IN THAT
13 BUDGET.

14 CHAIRMAN JUELGAARD: OKAY. I THINK -- I
15 THINK WE JUST SHOULD HAVE A VERY CLEAR IDEA OF
16 WHAT'S LEGAL EXPENSE AND NOT PART OF THE 6 PERCENT
17 AND WHAT IS NONLEGAL EXPENSE AND THEREFORE PART OF
18 THE 6 PERCENT AND JUST MAKE SURE WE'RE VERY -- WHAT
19 WE FIGURE OUT AND BE CLEAR ABOUT THAT. SO WHATEVER
20 WE HAVE THAT'S NOT TRADITIONALLY WHAT PEOPLE WOULD
21 CONSIDER LEGAL EXPENSE, I THINK, OUGHT TO SHOW UP IN
22 A DIFFERENT PART OF OUR OPERATING BUDGET JUST SO
23 IT'S REFLECTED IN THAT 6 PERCENT. MY POINT OF VIEW.

24 MR. SHEEHY: AND CAN WE BACKDATE THAT
25 BECAUSE I DO WANT US TO BE OPERATING WITHIN A LEGAL

BARRISTERS' REPORTING SERVICE

1 FRAMEWORK. SO IF I SEE \$30,000 FOR VENTURE CAPITAL
2 WORKSHOPS THAT WE PUT INTO LAST YEAR'S -- THIS
3 ENDING YEAR'S BUDGET, THEN THAT SHOULD BE COUNTED
4 AGAINST THE CAP. EARLY INVESTOR CONFERENCE, TECH
5 TRANSFER WORKSHOP, THAT'S HAPPENED IN PRIOR YEARS.
6 CAN WE SEGREGATE THAT OUT AND PUT THAT UNDER THE 6
7 PERCENT?

8 MS. BAUM: I THINK THAT'S GENERALLY DONE
9 WHEN SHE'S CALCULATING THE 6 PERCENT, BUT I GUESS
10 IT'S PROBABLY EASIER IF YOU JUST DID IT AT THE
11 BUDGET POINT. I DON'T WANT US TO SAY THAT WE'RE
12 DOING ANYTHING ILLEGAL. THE 6-PERCENT
13 CALCULATION --

14 MS. SILVA-MARTIN: I'LL GO BACK AND LOOK
15 AND MAKE SURE THAT THAT'S WHERE WE CAPTURED IT.

16 MR. SHEEHY: BECAUSE THIS DOES GIVE THE
17 IMPRESSION THAT IT FALLS WITHIN THE 6 PERCENT CAP.

18 CHAIRMAN JUELGAARD: AGAIN, MY QUESTIONS
19 WERE JUST TRYING TO UNDERSTAND THE PROCESS SO THAT
20 WE HAVE A VERY CLEAR PROCESS FOR SEGREGATING WHAT IS
21 WITHIN THE 6 PERCENT AND WHAT'S NOT.

22 MS. SILVA-MARTIN: SURE.

23 CHAIRMAN JUELGAARD: AND THOSE
24 CALCULATIONS ARE MADE THAT THEY'RE VERY --

25 MS. BAUM: I GUESS THERE WAS A CHAMPION

BARRISTERS' REPORTING SERVICE

1 AND THE EXPENSE ENDED UP GETTING --

2 CHAIRMAN JUELSGAARD: I THINK IT'S FINE.
3 FOR YOU TO BE, BUT THEN WHAT I UNDERSTAND IS THIS
4 BAY BIO, EVEN SHOW IT SHOWS UP IN THE NUMBERS THAT
5 WE'RE COMING TO ON YOUR PAGE, THEY ACTUALLY WENT
6 INTO THE 6-PERCENT NUMBER.

7 MS. BAUM: SURE.

8 MR. SHEEHY: CAN I ASK ANOTHER QUESTION?
9 IN TERMS OF PERCENT OF EFFORT AND SALARIES, DOES
10 THAT ALL GO --

11 MS. SILVA-MARTIN: FOR THE ATTORNEYS?

12 MR. SHEEHY: WELL, YOU CAN WEAR TWO HATS.
13 DO YOU TAKE A PERCENTAGE OF THAT SALARY THAT'S --
14 PERCENTAGE OF EFFORT THAT'S DEVOTED TO BUSINESS
15 DEVELOPMENT AND COUNT THAT AGAINST THE 6-PERCENT
16 CAP?

17 MS. SILVA-MARTIN: NOT FOR ELONA'S
18 POSITION. FOR NEIL'S, IT'S ALL COUNTED AGAINST THE
19 6 PERCENT.

20 MR. SHEEHY: BUT OBVIOUSLY SOME OF THIS
21 EFFORT IS FOR BUSINESS DEVELOPMENT. IF THERE'S SOME
22 WAY TO GO BACK -- AGAIN, WANTING TO COMPLY WITH THE
23 LAW, SOME PERCENT OF EFFORT SHOULD BE COUNTED
24 AGAINST THE CAP AND SOME SHOULD NOT.

25 MS. BAUM: IN THAT REGARD, I THINK IT'S

BARRISTERS' REPORTING SERVICE

1 NOT VERY CLEAR-CUT BECAUSE WHAT I DO A LOT IS A LOT
2 OF THE STRATEGIC ASPECTS OF BUSINESS DEVELOPMENT
3 WHICH IS SORT OF THE STRUCTURE WHICH IS USING A
4 LEGAL BACKGROUND. SO I DON'T -- I THINK THAT WE
5 JUST HAVE TO CONSIDER THAT ASPECT OF IT.

6 MR. SHEEHY: WELL, PERHAPS MR. HARRISON
7 COULD DEFINE FOR US WHAT THE LEGAL -- WHAT LEGAL
8 ITEMS ARE PERMISSIBLE UNDER PROP 71 FOR SEGREGATION
9 FROM THE 6-PERCENT CAP. I JUST WANT TO BE WITHIN
10 THE LAW. IT'S HARD FOR ME, YOU KNOW, TO NOT BE
11 OPERATING CLEARLY -- I MEAN LAW IS USUALLY NOT
12 MUDDY. I MEAN OTHER THINGS HAVE --

13 CHAIRMAN JUELGAARD: -- DISAGREE.

14 MR. SHEEHY: I GUESS. I DON'T KNOW. I'M
15 NOT A LAWYER.

16 CHAIRMAN JUELGAARD: I THINK THE LAST
17 SUPREME COURT DECISION I JUST READ WAS FIVE TO FOUR,
18 SUGGESTING THAT SOMETIMES THERE'S MUD IN THE WATER.

19 MR. SHEEHY: I THINK IT WOULD BE HELPFUL
20 FOR US TO TRY TO MAKE IT AS CLEAR AS POSSIBLE.

21 MS. SILVA-MARTIN: ABSOLUTELY. WE'LL TAKE
22 A LOOK AT THAT.

23 CHAIRMAN JUELGAARD: I'LL SAY THAT AGAIN.
24 THIS IS NOT MY EXPERIENCE AT CIRM, BUT MY EXPERIENCE
25 OUTSIDE OF CIRM, THAT IT IS -- WHEN A LAWYER ACTS IN

BARRISTERS' REPORTING SERVICE

1 A BUSINESS DEVELOPMENT ARRANGEMENT CAPACITY, THERE
2 TENDS TO BE A LITTLE BLURRING OF THE LINES. AND I
3 THINK IT'S REALLY HARD TO SAY, WELL, THIS INPUT WAS
4 PURELY LEGAL AND THIS INPUT (INAUDIBLE) BUSINESS
5 DEVELOPMENT. AGAIN, I SPENT A FAIR AMOUNT OF TIME
6 DOING BUSINESS DEVELOPMENT LEGAL WORK. IT'S A
7 DIFFICULT THING TO TRY AND PARSE OUT, NOT SUGGESTING
8 THAT IT COULDN'T POTENTIALLY BE DONE, BUT WE'VE
9 DEVOTED A FAIR AMOUNT OF EFFORT. THERE TENDS TO BE
10 A VERY CLOSE RELATIONSHIP IN BUSINESS DEVELOPMENT
11 BETWEEN THE LAWYERS AND BUSINESS DEVELOPMENT PEOPLE.
12 AND IT'S NOT FROM A TIME STAMP SEGREGATING POINT OF
13 VIEW. AND THE SAME THING IS TRUE AT LAW FIRMS. SO
14 IF YOU GET BILLED BY AN OUTSIDE LAW FIRM FOR WORK
15 THEY'VE DONE, AGAIN, YOU TEND TO HAVE SOME
16 HOMOGENIZATION OF ADVICE THAT COMES IN THAT'S SOME
17 OF IT'S PURELY LEGAL AND SOME OF IT MAY BE MORE
18 BUSINESS RELATED. THAT'S A PERSPECTIVE THAT I WOULD
19 ADD TO ALL THIS.

20 MR. SHEEHY: I THINK MAYBE -- HOW SPECIFIC
21 IS THE -- WHAT IS THE LANGUAGE WITHIN --

22 CHAIRMAN JUELGAARD: WELL, I THINK THAT'S
23 A FAIR POINT.

24 MR. HARRISON: JEFF, IT'S JAMES. THE
25 LANGUAGE IN PROP 71 IS FAIRLY BROAD. IT LISTS A

BARRISTERS' REPORTING SERVICE

1 NUMBER OF LEGAL COSTS WHICH IT TREATS AS DIRECT
2 RESEARCH COSTS, AND THAT INCLUDES A SORT OF CATCHALL
3 LEGAL COSTS INCURRED FOR ALL OTHER ACTIONS NECESSARY
4 TO DEFEND AND/OR ADVANCE THE INSTITUTE'S MISSION.
5 SO IT'S FAIRLY BROAD, BROADLY DEFINED.

6 MR. SHEEHY: THANKS, JAMES.

7 CHAIRMAN JUELSGAARD: ANYWAY, SORT OF GOT
8 US SIDETRACKED A LITTLE BIT ON THIS. WELL, MAYBE
9 NOT. IN ANY EVENT, WE WERE TALKING ABOUT JUST THE
10 MEMBERSHIP AND TRAINING AND ABOUT THAT. ARE THERE
11 ANY OTHER QUESTIONS? I HAVE MY ANSWER ON THE OFFICE
12 OF THE PRESIDENT STUFF. DO YOU HAVE ANY QUESTIONS?

13 MR. SHEEHY: SURE. WHAT IS THE CFP
14 FELLOWS PROGRAM?

15 DR. OLSON: CFP FELLOWS PROGRAM?

16 MS. SILVA-MARTIN: MY UNDERSTANDING IS
17 LIKE IT'S AN INTERNSHIP PROGRAM WHERE --

18 DR. OLSON: WE HAVE A -- SO, FOR EXAMPLE,
19 RIGHT NOW WE HAVE A REPRESENTATIVE FROM JFT IN JAPAN
20 WHO'S BEEN SPENDING A MONTH WITH US LEARNING SOME OF
21 OUR PROCESSES AND SUCH BECAUSE WHAT THEY'RE
22 INTERESTED IN DOING IS TAKING THAT INFORMATION BACK
23 AND HELPING TO -- WELL, THEY'RE INTERESTED IN
24 DOING -- IN STREAMLINING THERE, BUT ALSO IN HELPING
25 ALIGN THEIR OPERATIONS SUCH THAT THEY CAN COULD

BARRISTERS' REPORTING SERVICE

1 PERHAPS BE MORE EFFECTIVE PARTNERS WITH US. SO THAT
2 WOULD BE AN EXAMPLE, I WOULD SAY, OF A PROSPECTIVE
3 CFP INTERN.

4 MR. SHEEHY: SO THOSE ARE FOR OUR
5 PARTNERS?

6 DR. OLSON: I BELIEVE -- WELL, YOU KNOW,
7 ACTUALLY IAN IS AN APPROPRIATE PERSON TO ADDRESS
8 THIS. I AM NOT REALLY THAT FAMILIAR WITH IT. I'M
9 JUST SPECULATING TO TELL THE TRUTH.

10 MR. SHEEHY: OKAY. AND THEN WHAT IS -- I
11 CAN FIND OUT LATER. I'M JUST CURIOUS.

12 AND THEN WHAT IS THE PRODUCTION OF THE
13 CIRM HIV/AIDS MONOGRAPH?

14 DR. FEIGAL: WHAT ARE YOU LOOKING AT?

15 MR. SHEEHY: OFFICE OF THE PRESIDENT.

16 MS. SILVA-MARTIN: PRESIDENT, THIS IS ONE
17 OF ALAN'S -- I THINK THIS IS SOMETHING THAT NATALIE
18 WAS WORKING ON.

19 DR. FEIGAL: SO THEY'RE WORKING ON A
20 SERIES OF MONOGRAPHS. I DON'T KNOW THE BUDGET
21 ASSOCIATED WITH THIS, BUT THERE'S A SERIES OF
22 60-PAGE MONOGRAPH. I THINK QUARTERLY IS THE TIMING,
23 AND IT'S WITH A PARTICULAR PUBLISHER. AND SO IT'S
24 PUTTING NOW PRESUMABLY TO TALK ABOUT CIRM'S WORK IN
25 RELATION TO THAT PARTICULAR THERAPEUTIC AREA.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: BUT WE'RE PAY -- DON'T WE PAY
2 NATALIE'S SALARY? I MEAN WHY DO WE HAVE TO PAY MORE
3 FOR MONOGRAPHS? I'M NOT SURE WHAT HER POSITION IS.

4 DR. FEIGAL: YOU KNOW WHAT. I THINK WE
5 NEED TO GO BACK AND GET YOU THE ANSWER FOR WHAT'S
6 BUDGETED BECAUSE WE DON'T KNOW.

7 (SIMULTANEOUS DISCUSSION.)

8 MR. SHEEHY: PERHAPS FIND OUT HOW
9 PRODUCTION OF THIS GOES BEYOND WHAT HER JOB IS.

10 MS. SILVA-MARTIN: SURE.

11 MR. SHEEHY: BECAUSE I WOULD THINK THAT
12 PRODUCING A MONOGRAPH WOULD BE PERHAPS PART OF WHAT
13 HER JOB DESCRIPTION IS, AND WE WOULD NOT HAVE TO PAY
14 EXTRA FOR THE MONOGRAPH.

15 DR. FEIGAL: WE'LL FIND OUT WHAT'S
16 BUDGETED FOR. WE CAN'T ANSWER THE QUESTION RIGHT
17 NOW.

18 MR. SHEEHY: OKAY. THOSE ARE MY
19 QUESTIONS.

20 MS. SILVA-MARTIN: OKAY.

21 CHAIRMAN JUELGAARD: J.T. OR DONNA, ANY
22 QUESTIONS OFFICE OF PRESIDENT?

23 CHAIRMAN THOMAS: NO. WE'RE GOOD ON MY
24 END, STEVE. I'VE ALREADY GONE THROUGH ALL OF THE
25 THIS FAIRLY EXHAUSTIVELY WITH CHI LA, SO I'M GOOD.

BARRISTERS' REPORTING SERVICE

1 DR. WESTON: I'M GOOD ALSO.

2 CHAIRMAN JUELGAARD: ALL RIGHT. THEN
3 WE'RE DONE WITH QUESTIONS FROM YOU, J.T., FOR THE
4 REST OF THE SESSION. CHAIRMAN'S PREROGATIVE. NO.
5 KIDDING.

6 SO OFFICE OF THE CHAIR -- OH, ACTUALLY
7 WE'RE NOT DONE WITH YOU. MOVING RIGHT TO YOU,
8 OFFICE OF THE CHAIR. SO WE START WITH THE TWO BIG
9 INCREASES ARE EXTERNAL SERVICES. THIS IS ON A
10 PERCENTAGE BASIS. EXTERNAL SERVICES AND TRAVEL. SO
11 THIS COMING BUDGET YEAR, THIS PAST YEAR. SO EITHER
12 I GUESS CHILA TO ADDRESS IT, OR, J.T., YOU CAN
13 ADDRESS IT.

14 CHAIRMAN THOMAS: LET MARIA AND CHILA ON
15 EXTERNAL SERVICES, AND I'LL SPEAK ON THE TRAVEL.

16 MS. SILVA-MARTIN: OKAY. SO FOR THE
17 EXTERNAL SERVICES, THERE ARE TWO ITEMS THAT ARE
18 BUDGETED IN THAT AREA. ONE OF THEM IS FOR
19 TRANSCRIPTION SERVICES, AND IT'S REALLY DEPENDENT ON
20 THE NUMBER OF MEETINGS THAT WE HAVE. AND THE OTHER
21 IS FOR PATIENT ADVOCATE SUPPORT AT THE BOARD
22 MEETINGS.

23 AND SO IN PRIOR YEARS THE PATIENT ADVOCATE
24 SUPPORT WAS HIGHER THAN IT WAS THIS FISCAL YEAR, BUT
25 THOSE SERVICES WERE PROVIDED TO ONE OF THE BOARD

BARRISTERS' REPORTING SERVICE

1 MEMBERS, AND WE HAVEN'T BEEN PROVIDING IT TO THAT
2 BOARD MEMBER FOR ABOUT SIX MONTHS. SO WE'VE SEEN A
3 SIGNIFICANT DECREASE IN THAT AREA.

4 AND THEN THE OTHER COST IS JUST
5 TRANSCRIPTION SERVICES FOR THE NUMBER OF MEETINGS
6 THAT WE HAVE.

7 MS. BONNEVILLE: SUBCOMMITTEE AND BOARD
8 MEETINGS.

9 MS. SILVA-MARTIN: SUBCOMMITTEE MEETINGS.

10 CHAIRMAN JUELGAARD: AND I'VE JUST ALWAYS
11 BEEN CURIOUS ABOUT THIS. THE TRANSCRIPTION
12 SERVICES, THE FACT WE HAVE A TRANSCRIPTION IS
13 MANDATED BY THAT FACT THAT THIS IS A STATE AGENCY OR
14 WHAT? I UNDERSTAND WHEN YOU'RE IN COURT, YOU HAVE A
15 COURT REPORTER WRITING BASICALLY DOWN EVERYTHING,
16 BUT WHY DO WE HAVE THAT SORT OF PERSON? I'VE ALWAYS
17 BEEN CURIOUS.

18 MR. HARRISON: I CAN ANSWER THAT. STATE
19 AGENCIES ARE NOT REQUIRED TO TRANSCRIBE THEIR
20 MEETINGS. MINUTES ARE SUFFICIENT, BUT BOB KLEIN
21 DECIDED VERY EARLY ON THAT IT WAS IMPORTANT TO HAVE
22 A RECORD OF CIRM'S PROCEEDINGS FOR PUBLIC
23 TRANSPARENCY PURPOSES. SO SINCE THE VERY FIRST
24 MEETING, THE BOARD HAS ENGAGED A TRANSCRIPTION
25 SERVICE TO RECORD THE MEETINGS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: AND HOW MANY
2 REQUESTS, FREEDOM OF INFORMATION ACT-STYLE REQUESTS
3 HAVE WE GOTTEN FOR TRANSCRIPTS OF MEETINGS? DO YOU
4 KNOW, JAMES?

5 MR. HARRISON: WELL, WE HAVEN'T GOTTEN
6 ANY, STEVE; BUT IN PART THAT'S DUE TO THE FACT THAT
7 THEY'RE POSTED ON THE AGENCY'S WEB SITE.

8 CHAIRMAN JUELSGAARD: THEY'RE POSTED
9 ONLINE. SO IT'S JUST SERVER SPACE.

10 MR. HARRISON: CORRECT.

11 MR. SHEEHY: I WOULD JUST NOTE THAT THE
12 STATE OF CALIFORNIA HAS PASSED CONSTITUTIONAL
13 AMENDMENTS GUARANTEEING PUBLIC ACCESS TO THE
14 PROCEEDINGS OF PUBLIC BODIES. AND SO I THINK THAT
15 THAT'S A VERY IMPORTANT PART OF -- I MEAN THE VOTERS
16 DID PASS THIS, SO THEY OUGHT TO BE -- THAT'S A
17 FEATURE OF THIS AGENCY THAT I THINK IS LAUDABLE
18 ACTUALLY AND SAVES US A LOT OF HEADACHES.

19 CHAIRMAN JUELSGAARD: THAT'S FINE. JUST
20 CURIOUS.

21 MR. SHEEHY: AND I CONSULT IT, BY THE WAY,
22 TO FIGURE OUT WHAT WE'VE DONE IN THE PAST. I
23 WOULDN'T KNOW WHAT WE'VE BEEN DOING OTHERWISE.

24 CHAIRMAN JUELSGAARD: THAT IN AND OF
25 ITSELF IS SUFFICIENT. ALL RIGHT. I'M SORRY.

BARRISTERS' REPORTING SERVICE

1 SO, J. T. , IF YOU WOULD ADDRESS DISEASE THE
2 TRAVEL.

3 CHAIRMAN THOMAS: A COUPLE OF COMPONENTS.
4 THERE'S THE IN-HOUSE -- I'M SORRY -- IN-STATE
5 TRAVEL, WHICH HAS REMAINED PRETTY MUCH CONSTANT
6 SINCE I STARTED. AND THAT'S THE CASE HERE AS WELL.
7 EACH YEAR WE BUDGET FOR A VERY LOW NUMBER OF
8 INTERNATIONAL TRIPS TO THE EXTENT I HAVE TO MAKE
9 ANY. DID NOT HAVE TO THIS PAST YEAR. SO THAT
10 ACCOUNTED FOR LESS ACTUAL SPENDING THAN WAS
11 BUDGETED. WE'VE, AGAIN, AS IS SORT OF THE
12 CUSTOMARY, PUT IN TWO OR THREE TO THE EXTENT IT IS
13 NECESSARY TO TAKE THEM.

14 IN ADDITION, BECAUSE OF THE ALTERNATIVE
15 FUNDING WORK THAT I'M DOING, I PUT IN SOME
16 ADDITIONAL TRIPS ELSEWHERE IN THE U.S. , PRINCIPALLY
17 NEW YORK AND WASHINGTON, TO ACCOUNT FOR THOSE
18 FUNDING TRIPS.

19 CHAIRMAN JUELGAARD: ALL RIGHT. THANKS.
20 JEFF, ANY QUESTIONS?

21 MR. SHEEHY: NO QUESTIONS.

22 CHAIRMAN JUELGAARD: DONNA? ALL RIGHT.
23 MAYBE I'M RUNNING AHEAD OF WHERE YOU WERE.

24 MS. SILVA-MARTIN: NO, YOU'RE NOT. YOU'RE
25 JUST FINE.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: SO, ANYWAY, PUBLIC
2 COMMUNICATIONS. SO THERE'S A PRETTY SIGNIFICANT
3 INCREASE. AGAIN, THIS IS NOT A CRITICISM. IT'S
4 VERY SIGNIFICANT IN TERMS OF REVIEWS, MEETINGS, AND
5 WORKSHOPS. SO, KEVIN, IF YOU JUST WANT TO TALK TO
6 WHAT YOU SEE US DOING IN THE COMING YEAR THAT WE
7 DIDN'T DO IN THE PAST YEAR.

8 MS. SILVA-MARTIN: SO THIS IS ONE OF
9 THE -- I'M GOING TO RESPOND FOR HIM BECAUSE --

10 CHAIRMAN JUELSGAARD: HE PROBABLY
11 APPRECIATES THAT.

12 MS. SILVA-MARTIN: IN THE CURRENT YEAR, AS
13 YOU MAY RECALL, PREVIOUSLY WE HAD A CONSULTANT WHO
14 DID OUR COMMUNICATION OUTREACH FOR US. AND THEN WE
15 HIRED KEVIN, AND SO WE HAD A SMALL BUDGET THAT
16 REALLY WAS FOR US TO HOLD VENUES. AND WE CONTINUE
17 TO HAVE THE BUDGET UNDER EXTERNAL SERVICES, BUT
18 REALLY IT'S MORE APPROPRIATE NOW UNDER REVIEWS,
19 MEETINGS, AND WORKSHOPS. SO THE \$30,000 BUDGETED IN
20 THE CURRENT YEAR AND IN NEXT YEAR, BUT THE
21 EXPENDITURES ARE SHOWING IN --

22 CHAIRMAN JUELSGAARD: THIS IS IN A
23 DIFFERENT CATEGORY.

24 MS. SILVA-MARTIN: YES. THAT'S THE
25 REASON. NOW THEY'RE GOING TO BE UNDER --

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: GOT IT. IT'S
2 ACTUALLY MORE IN LINE WITH WHERE IT SHOULD BE.

3 MS. SILVA-MARTIN: YES. IT MORE ALIGNED.
4 THANK YOU.

5 MR. MC CORMACK: CHILA, WOULD YOU LIKE TO
6 ANSWER ANY OTHER QUESTIONS?

7 MS. SILVA-MARTIN: NO. I THINK I'LL DEFER
8 TO YOU ON THE REST OF IT.

9 CHAIRMAN JUELGAARD: ANY -- THAT WAS MY
10 ONLY QUESTION. ANY QUESTIONS FROM OTHER COMMITTEE
11 MEMBERS, SUBCOMMITTEE MEMBERS?

12 IF NOT, MOVING THEN TO THE LEGAL OFFICE.
13 AND SO, AGAIN, MORE AS A PERCENTAGE INCREASE. SO
14 THE REVIEWS, MEETINGS, AND WORKSHOPS, ELONA, A
15 65-PERCENT INCREASE OVER THIS PAST YEAR. SO WHAT
16 ADDITIONAL THINGS DO YOU ENVISION DOING THAT WE
17 DIDN'T DO THIS PAST YEAR?

18 MS. BAUM: SO THAT IS A LINE ITEM OF
19 \$30,000 THAT WOULD BE CONTRIBUTED TO A BD/MENTORING
20 PROGRAM THAT LINKS VERY NICELY WITH THE ACCELERATED
21 PATHWAY. AND WHAT IS ENVISIONED IS IF WE GET
22 VOLUNTEERS, AS WE HAVE IN THE PAST, AND ALAN HAS
23 GOTTEN THAT, AND WE OFFER HONORARIUMS AND THEY
24 ACTUALLY ACCEPT THE HONORARIUM, WE ARE ANTICIPATING
25 IT MIGHT BE \$30,000. WHAT WE'RE ENVISIONING THAT

BARRISTERS' REPORTING SERVICE

1 THEY WOULD DO, AND THIS IS ALL SUBJECT TO OBVIOUSLY
2 TO MAKING SURE THE PRESIDENT IS ON BOARD WITH THIS,
3 IS TO HELP INDIVIDUAL TEAMS WITH ASSESSING THEIR
4 STRENGTHS VIS-A-VIS THE MARKETPLACE COMPETITIVE
5 ANALYSIS, PUTTING TOGETHER PITCHES, PITCH PRACTICE.
6 IT COULD ALSO ENVISION THAT THEY MIGHT NEED SOME
7 BACKGROUND GUIDANCE IN SORT OF MAKING THE
8 REIMBURSEMENT POSITIONING.

9 WE MIGHT ACTUALLY PAY FOR THIS FOR SOME
10 SORT OF MANUFACTURING OR PROCESS DEVELOPMENT
11 EXPERTISE THAT THEY MIGHT NEED SINGULARLY FOR THEIR
12 BUDGET. SO I JUST WANTED TO HAVE A LITTLE BIT OF
13 FUNDING IN CASE OUR, QUOTE, ADVISORS DECIDE THAT
14 THEY WANT TO ACCEPT ON HONORARIUMS IN THIS REGARD.

15 CHAIRMAN JUELGAARD: SO, ELLEN, WHEN YOU
16 WERE DISCUSSING THE DEVELOPMENT AREA, TALKED ABOUT
17 ADVISORS THAT WERE BASICALLY PROVIDING ADVICE FOR
18 FREE, BUT IF THEY CHARGED, THEN WE HAD A BUDGET
19 NUMBER THAT REFLECTED THAT. AND YOU JUST MENTIONED
20 THE AREA OF MANUFACTURING. AND SO HOW DO YOU DIVIDE
21 UP BETWEEN --

22 DR. FEIGAL: WELL, RIGHT NOW MANUFACTURING
23 IS OBVIOUSLY A PART OF THE DEVELOPMENT TEAM
24 MEETINGS. AND SO THE ADVICE INCLUDES PRECLINICAL
25 ANIMAL MODELS, MANUFACTURING A VARIETY OF THINGS.

BARRISTERS' REPORTING SERVICE

1 IF SHE'S THINKING OF THINGS PERHAPS WITH SCALING UP
2 OR INCREASING CAPACITY OR GETTING READY FOR PHASE
3 III, THAT MIGHT BE A DIFFERENT SET OF QUESTIONS THAN
4 GOING INTO FIRST IN HUMAN AND EARLY PHASE CLINICAL
5 TRIALS. SO I CAN FORESEE THERE MIGHT BE -- THERE'S
6 STILL MANUFACTURING, BUT MAYBE IT'S AT A DIFFERENT
7 SCALE.

8 BUT AT ANY RATE -- SO ANYWAY,
9 MANUFACTURING IS OBVIOUSLY PART OF DEVELOPMENT AND
10 WHAT WE DO.

11 CHAIRMAN JUELSGAARD: RIGHT. THAT'S WHAT
12 I WOULD EXPECT.

13 MS. BAUM: WE COORDINATE OBVIOUSLY. WE
14 DON'T OPERATE IN SILOS. AND WE'LL MAKE SURE THAT --
15 WE HAVE BIWEEKLY MEETINGS WITH THE BD/DEVELOPMENT
16 TEAM AND WE'RE ALL ALIGNED WITH OUR PROJECTS AND WE
17 KNOW WHO IS HELPING WHOM, WHO THE ADVISORS ARE, THAT
18 SORT OF THING. SO IT'S JUST TO GIVE SOME SORT OF
19 HEAD ROOM, SO TO SPEAK, WHEN EXPERTISE IS NEEDED
20 THAT WILL ACTUALLY HELP THESE TEAMS MOVE FORWARD AND
21 ATTRACT THE APPROPRIATE INVESTMENTS THAT THEY NEED.

22 CHAIRMAN JUELSGAARD: I THINK THAT MY NEXT
23 QUESTION HAS ALREADY BEEN ANSWERED BECAUSE WE TALKED
24 ABOUT BAY BIO AND BIO COMM, AND THOSE BITS AND
25 PIECES ARE SHOWING UP HERE UNDER MEMBERSHIP AND

BARRISTERS' REPORTING SERVICE

1 TRAINING.

2 AND THEN LASTLY, THERE'S A 37-PERCENT
3 INCREASE IN PROPOSED TRAVEL FOR THIS COMING YEAR
4 VERSUS THE PAST YEAR.

5 MS. BAUM: RIGHT. I WAS SURPRISED
6 ACTUALLY TO SEE THAT BECAUSE --

7 CHAIRMAN JUELGAARD: WELL, WE SHOULDN'T
8 BE SURPRISED TO SEE THAT.

9 MS. BAUM: I AM SURPRISED. IT GETS TO
10 WHAT ELLEN SAID IS ABOUT THE FORECAST. SO THIS IS
11 THE FIRST TIME I'VE SEEN MY FORECAST NUMBERS. THE
12 ACTUAL BUDGETS ARE VIRTUALLY IDENTICAL YEAR TO YEAR.

13 MS. SILVA-MARTIN: THAT'S CORRECT.

14 MS. BAUM: ACTUALLY THE IN-STATE IS LESS.

15 MS. SILVA-MARTIN: BUT THIS IS BASED ON
16 EXPENDITURES THAT HAVE BEEN RECORDED. AND AGAIN, WE
17 DO TRY -- AND IN ALL FAIRNESS, I DID NOT SHARE THE
18 FORECAST THAT I PUT IN THERE BECAUSE I DEVELOPED IT
19 PRETTY LATE IN THIS PROCESS. BUT THIS IS BASED ON
20 ACTUAL EXPENDITURES THAT HAVE COME THROUGH, SO IT'S
21 POSSIBLE THAT WE HAVEN'T RECEIVED ALL THE TRAVEL
22 EXPENSE CLAIMS. AND IF THAT HAPPENS, THEN I'M GOING
23 BASED ON EXPENDITURES THAT HAVE BEEN RECORDED AND
24 TRIPS THAT I KNOW THAT ARE COMING THROUGH BECAUSE
25 WE'VE GOTTEN THE AIRLINE TICKETS AND I'VE TALKED TO

BARRISTERS' REPORTING SERVICE

1 THEM, BUT THERE IS THAT POTENTIAL. IT MAY BE A
2 LITTLE BIT HIGHER BECAUSE IT IS JUST A FORECAST, AND
3 WE MAY NOT HAVE ALL THE EXPENSES.

4 CHAIRMAN JUELSGAARD: SO WHAT I'M HEARING
5 IS THAT ACTUALLY OUR FORECASTING ABILITIES ARE
6 IMPROVING.

7 MS. SILVA-MARTIN: THEY ARE.

8 CHAIRMAN JUELSGAARD: AND SO NEXT YEAR,
9 WHEN WE GO THROUGH THIS SAME EXERCISE, WE SHOULD --
10 THE FORECAST SHOULD ALREADY BE AVAILABLE TO PEOPLE
11 AROUND THE TIME OF BUDGETING.

12 MS. SILVA-MARTIN: IT WILL.

13 CHAIRMAN JUELSGAARD: AND THEY CAN TAKE
14 THOSE INTO ACCOUNT.

15 MS. SILVA-MARTIN: IT'S REALLY
16 IMPLEMENTING. THE GREAT PLAINS SYSTEM IS HELPING US
17 TO DO THAT; BUT LIKE I SAID, FOR THE FIRST FOUR
18 MONTHS OF ITS EXISTENCE, WE WERE JUST LEARNING THE
19 PROCESS, INPUTTING THINGS, AND IT HASN'T BEEN,
20 EXCEPT FOR THE LAST COUPLE OF MONTHS THAT WE HAVE
21 THE DATA OUT OF IT AND ACCURATE. SO YES.

22 CHAIRMAN JUELSGAARD: ANY OTHER QUESTIONS?
23 JEFF, DONNA, J. T.?

24 HEARING NONE, THEN MOVING TO INFORMATION
25 TECHNOLOGY. SO THERE THE OBVIOUS LARGEST INCREASE

BARRISTERS' REPORTING SERVICE

1 IS IN EMPLOYEE EXPENSES. AND WHAT I HEARD IS THAT
2 WE'RE MOVING SOMEBODY FROM A CONSULTING POSITION
3 INTO AN IN-HOUSE POSITION, AND THIS INCREASE, APART
4 FROM MERIT INCREASES AND RETIREMENT EXPENSES, THIS
5 REALLY REFLECTS THAT CONVERSION.

6 MS. SILVA-MARTIN: RIGHT.

7 CHAIRMAN JUELGAARD: SO FROM A -- WHEN
8 YOU LOOK AT THE EXPENSE, THE EXPECTED CONSULTING
9 EXPENSE FOR THE COMING FISCAL YEAR WOULD HAVE BEEN
10 GREATER THAN BRINGING THIS PERSON IN-HOUSE AS AN
11 EMPLOYEE. IS THAT --

12 MS. SILVA-MARTIN: THAT'S CORRECT. THE
13 ONE THING I DO WANT TO POINT OUT IN THIS PARTICULAR
14 COST CENTER IS THE STATE'S RETIREMENT SYSTEM, THERE
15 WAS RETIREMENT REFORM. BUT PRIOR TO THE RETIREMENT
16 REFORM, FOR THE FIRST TWO YEARS OF A STATE
17 EMPLOYEE'S HIRE, THE STATE DIDN'T INCUR EXPENSES FOR
18 RETIREMENT. AND SO THERE WAS TWO STAFF THAT FOR THE
19 FIRST TWO YEARS THEY WERE EMPLOYED, WE DIDN'T PAY
20 RETIREMENT, BUT IN THIS FISCAL YEAR IT KICKS IN --

21 CHAIRMAN JUELGAARD: AND NOW THEY'RE
22 KICKING IN.

23 MS. SILVA-MARTIN: -- AT 23.3 PERCENT OF
24 THE SALARY. SO THAT'S CONTRIBUTING TO A BIG PORTION
25 OF THAT EMPLOYEE EXPENSE INCREASE, THE RETIREMENT

BARRISTERS' REPORTING SERVICE

1 THAT WE DIDN'T PAY FOR IN '13-'14 OR BECAUSE THEY
2 WERE HIRED TWO YEARS OR LESS.

3 CHAIRMAN JUELSGAARD: SO THIS IS A BIT OF
4 A SIDE QUESTION. SO IS THAT GENERALLY THE CASE WITH
5 ALL STATE EMPLOYEES OR ON AVERAGE IT'S 23 AND CHANGE
6 PERCENT OF THEIR SALARY IS PUT INTO RETIREMENT ON AN
7 ANNUAL BASIS?

8 MS. SILVA-MARTIN: THAT'S CORRECT. FOR
9 THE PEOPLE WHO ARE CONSIDERED TIER I, JUST GENERAL
10 EMPLOYEES. OBVIOUSLY FOR PROFESSIONAL OFFICES IT'S
11 A DIFFERENT RATE AND ENGINEERING AND THAT, BUT WE'RE
12 ALL CONSIDERED IN THE GENERAL CATEGORY. AND WE'VE
13 BEEN ADVISED BY CAL PERS THAT FOR THE '14-'15 FISCAL
14 YEAR, THEY ANTICIPATE IT WILL GO TO 23.3. THEY'RE
15 CURRENTLY PAYING 21.3 AND THEY ACTUALLY ANTICIPATE
16 INCREASES OVER THE NEXT FOUR YEARS. THEY DON'T
17 ANTICIPATE ANY DECREASES WHATSOEVER.

18 CHAIRMAN JUELSGAARD: OKAY. THANKS. ANY
19 QUESTIONS, OTHER QUESTIONS ABOUT THE I.T. AREA?
20 OKAY. SO WE'RE GETTING CLOSE TO THE END.

21 SO ON THE FINANCE AND OPERATIONS, I DON'T
22 HAVE ANY QUESTIONS. THIS IS PRETTY -- THERE'S
23 OBVIOUSLY A BIT MORE ON THE EQUIPMENT, SUPPLIES,
24 SOFTWARE, AND TELECOM. BUT APART FROM THAT,
25 EVERYTHING LOOKS -- THE INCREASE IS PROPORTIONAL.

BARRISTERS' REPORTING SERVICE

1 SO ANY QUESTIONS FROM ANYBODY -- AND I'M NOT TRYING
2 TO LET YOU OFF THE HOOK OR ANYTHING. IT'S JUST THAT
3 I THOUGHT THIS -- GENERALLY EQUIPMENT, SUPPLIES,
4 SOFTWARE, TELECOM IS PRETTY -- YOU KNOW, THAT'S
5 PRETTY NUT AND BOLT STUFF. YOU CAN FIGURE OUT WHAT
6 YOU NEED.

7 MS. SILVA-MARTIN: AND THIS IS A COST
8 CENTER WHERE WE CAPTURE OUR BUSINESS DEVELOPMENT
9 EXPENDITURES AS WELL JUST SO THAT YOU KNOW.

10 CHAIRMAN JUELGAARD: OKAY. SO THEY COME
11 IN HERE.

12 MS. SILVA-MARTIN: YES.

13 CHAIRMAN JUELGAARD: GOT IT. EXTERNAL
14 SERVICES.

15 MS. SILVA-MARTIN: RIGHT.

16 CHAIRMAN JUELGAARD: GOT IT.

17 MS. SILVA-MARTIN: OR EMPLOYEE. SO NEIL
18 IS BUDGETED IN THIS AREA.

19 CHAIRMAN JUELGAARD: OKAY.

20 MS. SILVA-MARTIN: HE'S ONE OF THE
21 EMPLOYEE EXPENSES AND THEN THE FINANCE GROUP, THE
22 OFFICE MANAGER, AND OUR HR FUNCTIONS.

23 CHAIRMAN JUELGAARD: ARE ALL IN THIS COST
24 CENTER.

25 MS. SILVA-MARTIN: YES.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELGAARD: WELL, I HAVE NO MORE
2 QUESTIONS IN THIS ONE. JEFF?

3 MR. SHEEHY: TRAVEL, IS THAT INCLUDED IN
4 THERE?

5 MS. SILVA-MARTIN: YES. SO THE
6 OUT-OF-STATE TRAVEL IS FOR NEIL'S TRAVEL, AND THEN
7 WE DO HAVE SOME ITEMS BUDGETED FOR NEIL.

8 I JUST DO WANT TO POINT OUT THAT THE STATE
9 OF CALIFORNIA HAS A TRANSIT INCENTIVE PROGRAM. AND
10 WE ENCOURAGE PEOPLE TO USE PUBLIC TRANSPORTATION.
11 SO ALL OF THE COST CENTERS ALSO IN THEIR BUDGET
12 INCLUDE THAT INCENTIVE, THE PORTION THAT WE PAY FOR.
13 SO IN THIS BUDGET, TRAVEL FOR US TO ATTEND ICOC
14 BOARD MEETINGS. WE ATTEND MEETINGS IN SACRAMENTO,
15 SO THERE'S BUDGET FOR THAT. AND THEN THERE'S BUDGET
16 FOR NEIL'S TRAVEL AS WELL.

17 CHAIRMAN JUELGAARD: ANY OTHER QUESTIONS
18 ON FINANCE AND OPERATIONS? THEN I'LL TURN IT BACK
19 OVER TO YOU, CHILA, TO FINISH UP.

20 MS. SILVA-MARTIN: OKAY. MOVING ON, SO I
21 DID WANT TO TALK JUST VERY BRIEFLY THAT WE DO HAVE A
22 LONG-TERM FORECAST. THE LONG-TERM FORECAST IS BASED
23 ON CURRENT FUNDING. SO THIS ASSUMES THAT WE'RE NOT
24 GOING TO GET ANY ADDITIONAL FUNDING. AND AS WE
25 KNOW, THERE ARE A LOT OF EFFORTS UNDER WAY IN TRYING

BARRISTERS' REPORTING SERVICE

1 TO SECURE ADDITIONAL FUNDING FOR US.

2 BUT BASED ON OUR CURRENT FUNDING SCHEDULE,
3 ASSUMING NO ADDITIONAL FUNDS, WE DO ANTICIPATE THAT
4 WE WILL CONTINUE TO HAVE GROWTH IN OUR OPERATIONAL
5 COSTS THROUGH THE '16-'17 FISCAL YEAR WHICH, AGAIN,
6 BASED ON THE OPERATIONAL FUNDING SCHEDULE, IS THE
7 LAST YEAR THAT WE PLAN TO MAKE AWARDS. AND THEN
8 STARTING IN '17-'18, WE WOULD BASICALLY GO INTO
9 MAINTENANCE MODE AND WE WOULD CONTINUE TO MONITOR
10 THE PROGRAMS THAT WE HAVE FUNDING OUT THERE, AND WE
11 WOULD START SEEING DECREASES THROUGH THE '20-'21
12 FISCAL YEAR THAT WE ARE ANTICIPATING WE WOULD BE
13 ABLE TO GO THROUGH.

14 THE FORECAST DOES INCLUDE RENT BEGINNING
15 IN NOVEMBER OF 2015, AND WE BASED IT ON SMALLER
16 SPACE AND CURRENT RATES THROUGHOUT THE SAN FRANCISCO
17 AREA. AND THEN, OF COURSE, FUNDING FOR THE
18 PERFORMANCE AUDIT EVERY THREE YEARS.

19 AND THEN FINALLY, JUST THE LAST FEW STEPS
20 THAT WE NEED ON THE BUDGET, AND THEN THAT IS FOR THE
21 NEXT WEEK OR TWO WE WILL CONTINUE TO REFINE THE
22 BUDGET AS NECESSARY, AND THEN WE PLAN TO PRESENT IT
23 TO THE BOARD LATER ON THIS MONTH. AND THAT
24 BASICALLY DOES CONCLUDE THE PRESENTATION.

25 CHAIRMAN JUELGAARD: JUST TO REFLECT ON

BARRISTERS' REPORTING SERVICE

1 THAT FIRST POINT. SO BECAUSE THE INCOMING
2 PRESIDENT, RANDY MILLS, WILL HAVE OVERALL BUDGET
3 RESPONSIBILITY FOR THE COMING FISCAL YEAR IN HIS
4 ROLL AS PRESIDENT OF THE ORGANIZATION, EXCEPT FOR
5 CHAIRMAN THOMAS' COST CENTER, I THINK IT'S IMPORTANT
6 THAT HE HAVE AN OPPORTUNITY TO OBVIOUSLY, AND I'M
7 SURE HE'LL WANT TO, TO LOOK THROUGH THE PROPOSED
8 BUDGET AND ASK WHATEVER QUESTIONS HE WANTS TO ASK
9 AND SEE IF IS THERE ADJUSTMENTS THAT SHOULD BE MADE,
10 ETC. SO I EXPECT THAT THAT WOULD BE PART OF THE
11 FURTHER REFINED BUDGET.

12 AT LEAST AS A CONSEQUENCE OF THAT, WE'VE
13 BEEN THROUGH THINGS TODAY HERE JUST TO ASK A NUMBER
14 OF QUESTIONS AND GET SOME EXPLANATION OF THINGS, BUT
15 I DON'T THINK WE'RE IN A POSITION, AT LEAST FROM MY
16 POINT OF VIEW, TO TAKE ANY ACTION ABSENT SORT OF HIS
17 REVIEW AND ANY INPUT THAT HE NEEDS TO HAVE OR SHOULD
18 HAVE OR WANTS TO HAVE ON THIS PROCESS.

19 SO MY RECOMMENDATION IS THAT, AND I
20 APPRECIATE VERY MUCH ALL OF YOU FOR ALL OF THE
21 PATIENCE THAT YOU'VE EXHIBITED AND FEEDBACK THAT YOU
22 PROVIDED, ETC., IN TERMS OF WHAT THE PROPOSED BUDGET
23 IS, BUT I THINK WE NEED ONE MORE REVIEW SINCE THERE
24 COMES SOME RESPONSIBILITY THE BUDGET MANAGEMENT AND
25 ALL OF THE PRESIDENT.

BARRISTERS' REPORTING SERVICE

1 ANYWAY, ANYBODY? JEFF, YOU HAVE ANYTHING
2 TO ADD TO THAT?

3 MR. SHEEHY: NO. I'M IN TOTAL AGREEMENT.
4 DR. MILLS STARTS IN THREE DAYS, SO HE SHOULD GIVE A
5 PASS. HE'S GOING TO BE RESPONSIBLE FOR IMPLEMENTING
6 THIS BUDGET, SO -- AND I THINK HE HAS HIS VISION.
7 WHAT WE WANT TO DO IS FACILITATE THE ACHIEVEMENT OF
8 HIS VISION. AND HE MAY WANT TO MAKE CHANGES IN
9 ORDER TO MAKE IT MORE IN LINE WITH WHAT HE WANTS TO
10 ACCOMPLISH DURING HIS TENURE HERE.

11 CHAIRMAN JUELGAARD: CHAIRMAN THOMAS, DO
12 YOU HAVE ANY COMMENTS ON WHERE -- THESE LAST FEW
13 MOMENTS AND KIND OF WHAT AT LEAST I AM PROPOSING
14 THAT WE DO GOING FORWARD FOR THE NEXT BIT HERE?

15 CHAIRMAN THOMAS: I TOTALLY AGREE, STEVE.
16 I THINK GIVEN THAT HE WILL BE IMPLEMENTING THE
17 BUDGET, GIVEN THAT HE WILL BE PRESIDING OVER HIS
18 FIRST MEETING AT OUR MAY 29TH BOARD MEETING, AND
19 THIS WILL BE AN ITEM THAT WILL BE TAKEN AT THAT
20 TIME, I THINK THAT IT'S ONLY APPROPRIATE THAT HE
21 HAVE FULL CHANCE TO PUT INPUT IN HERE.

22 I WOULD LIKE TO ADJUST ACKNOWLEDGE THE
23 VERY HARD WORK CHILA, AND ALL OF THOSE PUT MANY,
24 MANY HOURS INTO DEVELOPING THE BUDGETS FOR THEIR
25 DIFFERENT COST CENTERS WHICH YIELDED THE DOCUMENT

BARRISTERS' REPORTING SERVICE

1 THAT WE WENT OVER TODAY. I THINK IT'S A VERY SOLID
2 DOCUMENT AND WELL THOUGHT OUT, BUT I DO FULLY AGREE
3 THAT WE SHOULD HAVE RANDY, FOR SURE, TAKE A LOOK AT
4 IT AND GIVE HIS INPUT BEFORE WE TAKE IT UP FINALLY
5 AT THE MAY BOARD MEETING.

6 CHAIRMAN JUELGAARD: GREAT. DONNA, DO
7 YOU HAVE ANY COMMENTS?

8 DR. WESTON: I AGREE COMPLETELY WITH
9 WHAT'S BEEN SAID. IT MAKES GREAT SENSE TO ME. AND
10 IF WE DIDN'T DO IT THAT WAY, THEN WE WOULD PROBABLY
11 BE COMING BACK WITH AN AMENDED BUDGET.

12 CHAIRMAN JUELGAARD: ALL RIGHT. SO ARE
13 THERE ANY PUBLIC COMMENTS ON THE PROPOSED BUDGET
14 THAT WE'VE BEEN REVIEWING? WELL, HEARING -- NO
15 COMMENTS OR QUESTIONS FROM ANYBODY IN THE ROOM?
16 WELL, THEN, HEARING NONE, THIS MEETING IS ADJOURNED.

17 (THE MEETING WAS THEN CONCLUDED AT 3:51
18 P. M.)

19
20
21
22
23
24
25

BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN' S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON MAY 12, 2014, 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
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