

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: MARCH 5, 2009
3:30 P.M.

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

BRS FILE NO.: 83767

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION NO.	PAGE
CALL TO ORDER	3
ROLL CALL	3
UPDATE REPORT ON CONTRACTS	4
CONSIDERATION OF AMENDMENTS TO CONTRACTS FOR OUTSIDE LEGAL COUNSEL	9
CONSIDERATION OF MODIFICATIONS TO CIRM TRAVEL POLICY	35
CONSIDERATION OF POLICY/PROCEDURE FOR PERFORMANCE EVALUATION FOR CHAIR, VICE CHAIR, AND PRESIDENT	44
CLOSED SESSION (NOT REPORTED)	75
ADJOURNMENT	75

BARRISTERS' REPORTING SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
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THURSDAY, MARCH 5, 2009

3:30 P.M.

CHAIRPERSON LANSING: GREAT. THANK YOU, MELISSA. I'D LIKE TO WELCOME EVERYONE TO THIS MEETING OF THE GOVERNANCE SUBCOMMITTEE OF THE ICOC. AND WE HAVE PARTICIPANTS IN FIVE LOCATIONS ON THE CALL. I'M HERE IN L.A. AT MY OFFICE, AND I'D LIKE TO MAKE SURE THAT WE'RE ON THE LINE WITH UC DAVIS.

DR. POMEROY: YES, MA'AM.

CHAIRPERSON LANSING: CIRM IN SAN FRANCISCO?

MS. KING: HERE.

CHAIRPERSON LANSING: IRVINE?

DR. STEWARD: HERE.

CHAIRPERSON LANSING: CONNECT IN LA JOLLA?

MR. ROTH: HERE.

CHAIRPERSON LANSING: AND I WANT TO THANK ALL OF YOU FOR PARTICIPATING. I'D LIKE TO ASK MELISSA TO CALL THE ROLL.

MS. KING: BOB KLEIN.

MR. KLEIN: HERE.

MS. KING: SHERRY LANSING.

CHAIRPERSON LANSING: HERE.

MS. KING: PHIL PIZZO. CLAIRE POMEROY.

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: HERE.

2 MS. KING: JOHN REED. DUANE ROTH.

3 MR. ROTH: HERE.

4 MS. KING: JEFF SHEEHY.

5 MR. SHEEHY: HERE.

6 MS. KING: OSWALD STEWARD.

7 DR. STEWARD: HERE.

8 MS. KING: AND WE DO HAVE A QUORUM.

9 CHAIRPERSON LANSING: GREAT. SO I'D NOW
10 LIKE TO GO TO AGENDA ITEM 3, WHICH IS THE UPDATE ON
11 THE CONTRACTS AND THE INTERAGENCY AGREEMENTS. AND I
12 ASSUME THAT EVERYONE HAS THE DOCUMENTS FOR ITEM NO.
13 3, SO I'D LIKE TO ASK OUR CONTRACTS ADMINISTRATOR,
14 CYNTHIA SCHAFFER, TO WALK US THROUGH THIS UPDATE.

15 MS. SCHAFFER: AS WE'VE ESTABLISHED, CIRM
16 POLICY ON CONTRACTING CALLS FOR THE CIRM STAFF TO
17 PREPARE AN UPDATE ON CONTRACT ACTIVITY TO BE
18 PRESENTED AT EACH GOVERNANCE SUBCOMMITTEE MEETING.
19 SO THIS IS THE NEXT UPDATE, AND IT COVERS THE FISCAL
20 YEAR 2008-2009 FOR THE PERIOD FROM JULY 1, 2008,
21 THROUGH DECEMBER 31, 2008. AND IT LISTS IN OUR
22 STANDARD FORMAT PURCHASE ORDERS FOR MORE THAN 5,000
23 AND IS BROKEN OUT BY TABLE AS TO THE TYPE OF
24 CONTRACTS. AND I WOULD BE HAPPY TO ANSWER ANY
25 QUESTIONS ABOUT IT.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: CAN I ASK FOR ANY
2 QUESTIONS?

3 MS. KING: NONE HERE IN SAN FRANCISCO.

4 CHAIRPERSON LANSING: I CAN GO AROUND, BUT
5 I CAN JUST ASK IF ANY OF THE MEMBERS OF THE
6 SUBCOMMITTEE HAVE ANY QUESTIONS? THEN LET ME ASK IF
7 THERE ARE ANY QUESTIONS FROM ANY MEMBERS OF THE
8 PUBLIC AT DAVIS?

9 DR. POMEROY: NO QUESTIONS.

10 CHAIRPERSON LANSING: SAN FRANCISCO?

11 MS. KING: NONE HERE.

12 CHAIRPERSON LANSING: IRVINE?

13 DR. STEWARD: NO PUBLIC.

14 CHAIRPERSON LANSING: CONNECT?

15 MR. ROTH: THERE'S NO PUBLIC HERE EITHER.

16 CHAIRPERSON LANSING: IN L.A., JOHN, YOU
17 HAVE SOME QUESTIONS?

18 MR. SIMPSON: I DO INDEED. FIRST QUESTION
19 JUST SIMPLY WAS CAN WE GET A LITTLE BIT MORE
20 DESCRIPTION OF WHAT THE INTERNATIONAL SOCIETY FOR
21 STEM CELL RESEARCH WHO GOT \$100,000 FOR?

22 DR. TROUNSON: THE ISSCR WAS PROVIDED WITH
23 A GRANT OF \$100,000 FOR ASSISTING THEM IN RESPONDING
24 TO AND ALERTING THE COMMUNITY TO NEW CHANGES IN STEM
25 CELL DEVELOPMENTS, THOSE THAT WERE POSITIVE AND THE

BARRISTERS' REPORTING SERVICE

1 NEW DEVELOPMENTS, THOSE WHICH WERE A CONCERN TO ALL
2 OF US ABOUT THE TRAVEL OF INDIVIDUALS TO OTHER
3 PLACES TO RECEIVE TREATMENTS WHICH REALLY DON'T HAVE
4 ANY APPROPRIATE EXPERIMENTAL EVIDENCE AND FOR ISSUES
5 THAT WOULD BE A CONCERN TO THE COMMUNITY THAT MIGHT
6 EVOLVE OUT OF ANY OF THE STEM CELL CLINICAL RESEARCH
7 AREAS.

8 SO THAT GRANT WAS PROVIDED FOR THEM TO
9 ASSIST IN THE COMMUNITY'S UNDERSTANDING OF THE
10 PROGRESS AND DEVELOPMENTS IN STEM CELL RESEARCH.

11 MR. SIMPSON: ONE ADDITIONAL QUESTION, IF
12 I MAY. JUST SO I CAN UNDERSTAND THIS, IF YOU HAVE A
13 CONTRACT AMOUNT AND THE CONTRACT IS ALREADY ENDED AT
14 THE END OF THE YEAR, BUT THE FULL AMOUNT OF THE
15 CONTRACT DOES NOT, THAT EXAMPLE I'M LOOKING AT IS
16 RICHARD MURPHY, IT SHOWS A CONTRACT AMOUNT OF
17 155,000, BUT IT SHOWS ONLY 101,000 WAS SPENT THE
18 FIRST AND SECOND QUARTER. DOES THAT MEAN THAT THE
19 REST OF THE MONEY WAS SPENT PRIOR TO THAT, OR THAT
20 THE WHOLE THING WAS BROUGHT IN FOR 101,000?

21 MS. SCHAFFER: THE COLUMN ON THE RIGHT,
22 EXPENDITURES DURING THE FIRST AND SECOND QUARTERS,
23 THAT IS THE MOST CURRENT CALCULATION THAT OUR
24 FINANCE OFFICER, MARGARET FERGUSON, CAN PULL
25 TOGETHER. AS WE KNOW, IT'S A COMPLICATED PROCEDURE

BARRISTERS' REPORTING SERVICE

1 TO GET THINGS PAID THROUGH THE STATE. IT INVOLVES
2 THE DEPARTMENT OF GENERAL SERVICES AS WELL AS OTHER
3 AGENCIES. SO AS FAR AS I'M AWARE, THAT IS THE TOTAL
4 AMOUNT THAT HAS BEEN SPENT. WHETHER THERE'S STILL
5 ANOTHER BILL THAT DATES BACK TO THE ORIGINAL
6 CONTRACT PERIOD THAT'S STILL SOMEPLACE WORKING ITS
7 WAY THROUGH THE SYSTEM, I DON'T KNOW FOR SURE.

8 MR. SIMPSON: THIS CONTRACT STARTED BEFORE
9 THE FIRST AND SECOND QUARTERS, SO PRESUMABLY THE
10 MONEY -- IN OTHER WORDS, THE ACTUAL AMOUNT THAT WAS
11 SPENT ON THAT CONTRACT, I'M ASSUMING, IS \$155,000;
12 IS THAT CORRECT?

13 DR. TROUNSON: THE AMOUNT THAT HAS BEEN
14 SPENT TO DATE ON THAT IS \$101,000. HIS CONTRACT
15 HASN'T BEEN CONTINUING THIS YEAR. SO I DON'T THINK
16 THERE IS ANY OTHER EXPENDITURE EXPECTED FROM RICH
17 MURPHY ON HIS ACTIVITIES.

18 MR. SIMPSON: SO IN OTHER WORDS --

19 MR. KLEIN: I'D LIKE TO SUPPLEMENT THAT.
20 I THINK THAT WE HAVE TWO DIFFERENT STATEMENTS. ONE,
21 ALAN'S STATEMENT IS, AS I UNDERSTAND IT, IS 101,000
22 WAS SPENT IN THE CURRENT FISCAL YEAR, AND THE
23 BALANCE WAS SPENT IN THE PRIOR FISCAL YEAR. IS THAT
24 RIGHT, MARGARET?

25 MR. SIMPSON: SO THE CONTRACT IS ALL

BARRISTERS' REPORTING SERVICE

1 CLOSED OUT AND THE TOTAL AMOUNT ENDED UP BEING
2 155,000.

3 MR. KLEIN: IS THAT THE SITUATION,
4 MARGARET, THE ENTIRE 155 HAS BEEN SPENT?

5 MS. FERGUSON: AT THIS POINT IN TIME, I
6 CAN'T TELL YOU 100 PERCENT, BUT PRETTY MUCH THAT
7 CONTRACT IS COMPLETE. I WON'T SAY THAT 155 TO THE
8 PENNY HAS BEEN SPENT BECAUSE I'D HAVE TO LOOK THAT
9 UP.

10 MR. SIMPSON: NOW, IN A DIFFERENT CASE FOR
11 FLEISCHMAN-HILLARD'S CONTRACT STARTED IN AUGUST, AND
12 IT SHOWS A CONTRACT AMOUNT OF 115. 54,000 HAS BEEN
13 SPENT. SO THEN PRESUMABLY YOU'LL SPEND THE REST OF
14 THAT IN THE NEXT TWO QUARTERS.

15 MR. KLEIN: HERE'S MY SUGGESTION IS THAT
16 IT WOULD BE GOOD FOR US TO REPORT BACK TO YOU
17 BECAUSE GIVE US THE TIME. THAT DETAIL ISN'T HERE
18 FOR LAST FISCAL YEAR. TO MAKE SURE THAT THAT DIDN'T
19 APPLY AGAINST THE PRIOR CONTRACT, WE REALLY NEED A
20 CHANCE FOR MARGARET TO BE ABLE TO RESEARCH THIS.
21 DOES THAT SEEM RIGHT, ALAN?

22 DR. TROUNSON: THE POINT, JOHN, THAT
23 YOU'RE TRYING TO MAKE, I DON'T THINK WE'RE EXPECTING
24 ANY MORE INVOICES FROM RICH MURPHY BECAUSE HIS
25 ACTIVITIES WERE COMPLETED SOME TIME AGO. SO WHETHER

BARRISTERS' REPORTING SERVICE

1 IT'S 155,000 OR 101,000 I'M NOT CLEAR, BUT MY STAFF
2 WILL MAKE THAT CLARITY FOR THAT. THERE WILL BE NO
3 MORE EXPENDITURE AS FAR AS I UNDERSTAND. THERE MAY
4 HAVE BEEN ADDITIONAL MONEY FROM A PREVIOUS TIME THAT
5 MADE UP THE 155,000. WE'LL GET CLARITY ON THAT FOR
6 YOU WITHIN A DAY.

7 MR. SIMPSON: THAT'S FINE. I THINK I
8 UNDERSTAND NOW PERFECTLY. SO THANK YOU VERY MUCH.

9 DR. TROUNSON: OKAY.

10 CHAIRPERSON LANSING: THANK YOU, JOHN, AS
11 ALWAYS. IF THAT IS THE END OF PUBLIC COMMENT
12 QUESTIONS AND SO OBVIOUSLY THE SUBCOMMITTEE AS WELL,
13 SO I'D LIKE TO MOVE ON TO AGENDA ITEM 4, WHICH IS
14 CONSIDERATION OF AMENDMENTS TO THE CONTRACTS FOR
15 OUTSIDE LEGAL COUNSEL. AND, AGAIN, CYNTHIA, I'D
16 LIKE TO ASK YOU TO LEAD US THROUGH THE DETAILS OF
17 THIS AMENDMENT. AND AFTER YOU'VE DONE THAT, I'D
18 LIKE TO ASK BOB KLEIN TO MAKE SOME COMMENTS. BUT,
19 CYNTHIA, I TURN IT OVER TO YOU.

20 MS. SCHAFFER: ARE WE STARTING WITH
21 MS. KOCH OR WITH REMCHO? IN TERMS OF THE AGREEMENT
22 WITH REMCHO JOHANSEN, WE STARTED THE CONTRACT FOR
23 THE NEW FISCAL YEAR, JULY 1, 2008, FOR THE SMALL
24 AMOUNT OF \$45,000. WE STARTED WITH THAT SMALL
25 AMOUNT SO WE COULD BRIDGE THE TIME GAP UNTIL THIS

BARRISTERS' REPORTING SERVICE

1 GOVERNANCE SUBCOMMITTEE COULD MEET ON JULY 30, 2008,
2 AT WHICH TIME THIS COMMITTEE APPROVED AN AMENDMENT
3 TO BRING REMCHO'S TOTAL AGREEMENT FOR THE FISCAL
4 YEAR UP TO THE AMOUNT OF \$450,000.

5 AS CONTRACT ADMINISTRATOR, I WORK WITH THE
6 FINANCE OFFICER, MARGARET FERGUSON, TO MONITOR THE
7 OUTSTANDING AGREEMENTS. TOGETHER WE'VE COME TO
8 REALIZE THAT THERE ARE FOUR MONTHS LEFT TO RUN ON
9 REMCHO'S AGREEMENT; BUT WHEN WE ANALYZED THE MAXIMUM
10 AMOUNT OF THE AGREEMENT AGAINST THE BILLINGS
11 OCCURRING -- THAT WE'VE BEEN EXPERIENCING IN THE
12 BEGINNING OF 2009, WE BECAME CONCERNED THAT PERHAPS
13 WE NEED TO ADD ADDITIONAL MONEY TO THIS AGREEMENT.
14 BECAUSE OF THE WAY THE CIRM CONTRACTING POLICY IS
15 STRUCTURED, WE'D LIKE TO COME TO YOU TO START THAT
16 APPROVAL PROCESS.

17 AT THIS TIME WE'D BE SUGGESTING AN
18 ADDITIONAL 180,000 ADDED TO THE CURRENT MAXIMUM
19 AMOUNT TO BE ABLE TO SEE US THROUGH TO THE END OF
20 THE FISCAL YEAR. AND FIRST WE'RE STARTING AT THE
21 GOVERNANCE SUBCOMMITTEE, AND THEN WE ALSO HAVE IT
22 AGENDIZED FOR THE MARCH 12TH ICOC MEETING.

23 MR. KLEIN: AND THEN, SHERRY, YOU WOULD
24 LIKE ME TO PROVIDE SOME CONTEXT.

25 CHAIRPERSON LANSING: YES, I WOULD.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: SO WHEN WE BEGAN THE FISCAL
2 YEAR, WE HAD AN AMOUNT THAT WE FELT WITH THE
3 AMENDMENT WAS APPROPRIATE TO TAKE US THROUGH THE
4 FISCAL YEAR. DURING THIS FISCAL YEAR, THERE WERE A
5 NUMBER OF UNEXPECTED DEMANDS WHICH REACHED BEYOND
6 JAMES HARRISON'S TIME TO OTHER MEMBERS OF HIS
7 RESEARCH STAFF AND ATTORNEYS IN HIS FIRM.

8 THE HIGHLIGHTS OF THAT ARE, OF COURSE,
9 EXTENSIVE WORK DEALING WITH PROPER RESPONSE TO
10 IN-DEPTH QUESTIONS WITH THE LITTLE HOOVER
11 COMMISSION, EXTENSIVE WORK DEALING WITH THE PMI
12 LOANS AND THE RADICALLY CHANGING LEGAL POSITION OF
13 OUR ACCESS TO THAT. IN FACT, I CREATED A TASK FORCE
14 DEALING WITH PMI LOANS THAT JAMES HARRISON WAS PART
15 OF. AND WE WERE SUCCESSFUL IN ANTICIPATING CHANGES
16 IN POLICY A MONTH IN ADVANCE AND WERE ABLE TO
17 UTILIZE ALL BUT THE LAST FIVE MILLION OF OUR PMI
18 LOAN, WHICH AT THIS POINT NOW MIGHT STILL BE
19 AVAILABLE TO US.

20 ON THE BOND PROGRAM HE IS INVOLVED
21 PARTICULARLY IN THIS EXTENSION PERIOD IN INTENSIVE
22 WORK ON THE PRIVATE PLACEMENTS OF THOSE BONDS AS
23 PART OF A TEAM OF ABOUT SEVEN INDIVIDUALS AT THE
24 AGENCY AS WELL AS MEMBERS OF THE TREASURER'S OFFICE
25 AND ORRICK HERRINGTON AS WELL AS DOUG MONTAGUE.

BARRISTERS' REPORTING SERVICE

1 ON THE MAJOR FACILITIES ISSUES, THE
2 FINANCIAL CONDITIONS IN THE COUNTRY COMPLICATED
3 SEVERAL OF OUR MAJOR FACILITIES EFFORTS TO GET INTO
4 CONSTRUCTION. AND WE'RE, I THINK, SUCCESSFULLY
5 MOVING FORWARD WITH THOSE, HOPE TO GET THEM IN
6 CONSTRUCTION FAIRLY SOON, BUT WE HAD TO WORK WITH
7 THEIR COUNSEL AND LENDER COUNSEL IN ORDER TO MAKE
8 CERTAIN THEY UNDERSTOOD THAT THE GRANTS THAT WE
9 PROVIDED WOULD, IN FACT, BE AVAILABLE WITH THE
10 STRUCTURE THAT GAVE THEM THE ASSURANCES TO FEEL
11 CONFIDENT TO MOVE FORWARD. THAT'S AN ONGOING EFFORT
12 UNTIL THE SHOVEL'S IN THE GROUND. THAT TASK IS NOT
13 COMPLETED.

14 ADDITIONALLY, ON THE LOAN PROGRAM JAMES
15 HAS BEEN INVOLVED SIGNIFICANTLY IN THAT, INCLUDING
16 GETTING A LEGAL OPINION, WORKING OUT A LEGAL OPINION
17 WITH THE ATTORNEY GENERAL'S OFFICE THAT WE CAN USE
18 WARRANTS TO IMPLEMENT A PART OF THE PROGRAM THAT
19 DUANE ROTH HAS WORKED EXTENSIVELY AND LEADING US ON
20 THAT LOAN TASK FORCE.

21 IN TERMS OF THE GOVERNANCE SUBCOMMITTEE,
22 RELATED TO HIS ACTIVITIES WITH THE CHAIR AND THE
23 VICE CHAIR, HE HAS HAD SPECIAL WORK IN THAT AREA.
24 SO THERE HAVE BEEN A NUMBER OF ITEMS OF MATERIAL
25 SIGNIFICANCE WHERE THE FIRM HAS BEEN CALLED ON TO DO

BARRISTERS' REPORTING SERVICE

1 ADDITIONAL WORK. AND THEN OBVIOUSLY WE KEEP HIM
2 BUSY BECAUSE ALL OF OUR POLICIES AS WE FACE OUR
3 CHALLENGES ARE NEW POLICIES. SO, FOR EXAMPLE, THE
4 PREAPPLICATION REVIEW POLICY WAS REVIEWED
5 EXTENSIVELY LEGALLY TO MAKE SURE WE HAD COMPLIANCE
6 THERE. BUT THESE ARE NOT -- THESE ARE NOT TASKS
7 THAT WERE SIZED IN THE ORIGINAL CONTRACT SIZING AND
8 INVOLVED MORE MEMBERS OF THE FIRM THAN ORIGINALLY
9 ANTICIPATED.

10 CHAIRPERSON LANSING: OKAY. CAN I ASK IF
11 THERE ARE ANY QUESTIONS FROM MEMBERS OF THE
12 SUBCOMMITTEE AT DAVIS?

13 DR. POMEROY: YES. THIS IS CLAIRE. THIS
14 IS A HUGE AMOUNT OF MONEY AT THIS TIME. AND I AM
15 PERSONALLY NOT COMFORTABLE APPROVING THIS KIND OF
16 INCREASE WITHOUT SOME WRITTEN MATERIALS. I
17 APPRECIATE BOB'S REPORT. HE'S OUTLINED A NUMBER OF
18 ABSOLUTELY ESSENTIAL TASKS, WHICH I DO AGREE THAT WE
19 NEED TO MOVE FORWARD WITH, BUT I DON'T THINK I AM
20 COMFORTABLE APPROVING THIS KIND OF EXPENDITURE AT
21 THIS POINT IN OUR HISTORY WITHOUT A WRITTEN DOCUMENT
22 THAT OUTLINES THE EXPECTATIONS AND ESTIMATES OF THE
23 NUMBER OF HOURS AND THE RATES AND SOME EVIDENCE OF
24 DUE DILIGENCE THAT WE ARE, IN FACT, RECEIVING
25 COMPETITIVE RATES.

BARRISTERS' REPORTING SERVICE

1 SO I HAVE SIGNIFICANT CONCERNS ABOUT DOING
2 THIS ON THE BASIS OF A VERBAL REPORT.

3 MR. KLEIN: ALL RIGHT. WELL, SHERRY, IF I
4 COULD RESPOND TO THAT.

5 CHAIRPERSON LANSING: PLEASE.

6 MR. KLEIN: SO IN TERMS OF THE
7 COMPETITIVENESS FROM THIS FIRM, IN GOING OUT IN
8 THESE PRIVATE PLACEMENTS, IN DEALING WITH FIVE,
9 SEVEN LAWYERS THAT ARE INVOLVED, FOR EXAMPLE, IN
10 EACH OF THE TRANSACTIONS ON THE BAN'S, MAYBE IT'S
11 LESS, MAYBE IT'S THREE TO FIVE LAWYERS ON EACH OF
12 THE TRANSACTIONS ON THE PRIVATE PLACEMENTS, THE
13 VALUE OF BEING ABLE TO UNDERSTAND AND HAVE THE
14 COMPLETE HISTORY FROM THE INITIATIVE BEING WRITTEN
15 TO TO DATE IS EXTRAORDINARY. AND THE RATES AT WHICH
16 THE FIRM HAS BEEN BILLING US, IN FACT, HAVE BEEN
17 HIGHLY COMPETITIVE ON A HISTORIC BASIS.

18 I WOULD SUGGEST THAT AT THE END OF THE
19 FISCAL YEAR, WHICH IS NOT FAR AWAY, THAT WE CAN LOOK
20 AT THE CONTRACT RENEWAL AT THAT TIME AND HAVE A MORE
21 COMPLETE REPORT. BUT TIME IS OF THE ESSENCE AT THIS
22 MOMENT IN GETTING OUT SUBMISSIONS FOR PRIVATE
23 PLACEMENTS OF BONDS. WE NEED INTENSIVE AMOUNTS OF
24 TIME, AND WE'RE GOING -- WE CAN'T REALLY AFFORD A
25 DELAY. I THINK SENIOR STAFF, PRESIDENT HAS REVIEWED

BARRISTERS' REPORTING SERVICE

1 THIS, WE REVIEWED THIS IN EXECUTIVE COMMITTEE
2 MEETING. ED PENHOET AND, I THINK, ALAN -- I KNOW
3 THAT YOU WERE PRESENT IN THAT MEETING, AND I BELIEVE
4 THAT IT IS ESSENTIAL AT THIS TIME. AS I SAY, WE
5 WILL HAVE ANOTHER CHANCE TO DO A FULL REVIEW, AND
6 WITH YOUR COMMENTS IN MIND WILL PREPARE SUCH A
7 REVIEW FOR THE CONTRACT RENEWAL AT THE END OF THE
8 FISCAL YEAR IN 90 DAYS.

9 MR. ROTH: MAYBE I CAN FOLLOW UP. SO I'M
10 A LITTLE CONFUSED. I THOUGHT THERE WAS STILL SOME
11 ROOM HERE. WE HAVE EXPENDED 289,000 AND WE'RE
12 APPROVED FOR 450.

13 MS. SCHAFFER: LET ME CLARIFY THIS. THIS
14 IS CYNTHIA SCHAFFER, CONTRACTS ADMINISTRATOR. THE
15 FAR COLUMN IS JUST FOR THE FIRST AND SECOND QUARTERS
16 OF THE FISCAL YEAR. SO IT DOESN'T REPORT WHAT
17 HAPPENED SINCE FEBRUARY OR JANUARY.

18 MR. KLEIN: SO TO UPDATE THIS, DUANE,
19 THROUGH JANUARY, BASED UPON ACCRUED BILLINGS THAT
20 WE'VE ESTIMATED, WE BELIEVE IT'S \$352,000. LOOKING
21 AT THE HISTORY OF BILLINGS AND LOOKING AT THE
22 EXPECTATION OF THE TASK DEMAND BY MAJOR CATEGORY, IT
23 IS ESTIMATED THAT WE WOULD BE OUT OF FUNDS BY THE
24 TIME THE BILLINGS ARE RECEIVED FOR THE END OF MARCH.

25 THE PROBLEM IS THAT THERE'S ALWAYS, OF

BARRISTERS' REPORTING SERVICE

1 COURSE, A TRAILING ON THE BILLINGS AFTER THE WORK IS
2 DONE. AND THOSE BILLINGS HAVE TO BE, A, GENERATED
3 AND THEN CHECKED BY THE PRINCIPAL ATTORNEYS. SO
4 IT'S EARLY MAY BEFORE YOU GET THAT RECONCILED BILL,
5 AND WE WANT TO MAKE CERTAIN THAT WE HAVE THE
6 APPROVALS IN PLACE FOR THE WORK TO BE DONE FOR THE
7 PERIOD.

8 IF THE MONEY IS NOT DOCUMENTED, IF IT'S
9 NOT VERIFIED, AND, BESIDES, WHEN IT COMES TO THIS
10 OFFICE, I PERSONALLY REVIEW ALL THESE BILLS. I'VE
11 HAD 25 OR 30 YEARS OF EXPERIENCE IN REVIEWING LEGAL
12 BILLS, AND IT IS OUR BEST ESTIMATE THAT WE WILL NEED
13 THIS ADDITIONAL CONTRACT AUTHORITY, BUT WE WILL NOT
14 SPEND ANY MONEY THAT IS NOT PROPERLY DOCUMENTED.

15 DR. POMEROY: BOB, THERE WOULD BE TIME TO
16 PREPARE A WRITTEN REPORT AS OPPOSED TO THE VERBAL
17 REPORT THAT YOU JUST GAVE US.

18 MR. KLEIN: YOU MEAN IF YOU ARE GOING TO
19 HAVE ANOTHER MEETING BEFORE THE END OF MARCH?

20 MR. SHEEHY: BOB, I THINK WHAT CLAIRE IS
21 ALLUDING TO IS I THINK THIS CONTRACT AMOUNT REQUIRES
22 BOARD APPROVAL ONCE IT GOES OVER \$500,000, SO
23 BETWEEN NOW AND THE BOARD MEETING, I THINK IT
24 PROBABLY WOULD BE GOOD TO HAVE SOME DOCUMENTATION.
25 I CERTAINLY APPRECIATE THAT WE'VE GOTTEN THE HIGHEST

BARRISTERS' REPORTING SERVICE

1 QUALITY LEGAL WORK. SO I DO KNOW THAT WE'VE HAD
2 SIGNIFICANT CHALLENGES, BUT PERHAPS ONE SOLUTION IS
3 BETWEEN NOW AND THEN TO HAVE SOMETHING, A DOCUMENT
4 MIGHT BE HELPFUL.

5 MR. KLEIN: I THINK JEFF'S PROPOSAL WORKS.
6 I WAS THINKING OF A REPORT BEFORE WE HAD ANOTHER
7 GOVERNANCE MEETING, BUT ABSOLUTELY. THIS IS A
8 CONTRACT THAT'S GOT TO GO TO THE BOARD AT THE MARCH
9 12TH MEETING. AND BETWEEN NOW AND MARCH 12TH
10 MEETING, WE CAN PREPARE THE KIND OF REPORT THAT
11 YOU'VE ASKED FOR, CLAIRE. SO AT THE BOARD MEETING
12 WE'D BE VOTING ON IT AS THE FINAL APPROVAL, WHICH IS
13 REQUIRED, WITH THE BENEFIT OF THAT REPORT.

14 DR. POMEROY: I THINK THAT'S A VERY
15 REASONABLE SUGGESTION.

16 CHAIRPERSON LANSING: OKAY. THAT'S GREAT.
17 CAN I ASK FOR ANY MORE QUESTIONS THAT WE MIGHT HAVE?
18 AT SAN FRANCISCO ANY QUESTIONS?

19 MS. KING: NONE HERE UNLESS JEFF DOES.

20 MR. SHEEHY: I DO THINK, AND I DON'T WANT
21 TO PUT A BURDEN ON THE CHAIR AND STAFF AS WE ARE
22 RACING BREAKNECK TO TRY TO DO WHAT I THINK WOULD BE
23 A FAIRLY SIGNIFICANT THING IN GETTING TO PRIVATE
24 PLACEMENT, BUT AT SOME POINT, AND THIS NEXT MEETING
25 MAY NOT BE APPROPRIATE, WE SHOULD GET A SENSE OF

BARRISTERS' REPORTING SERVICE

1 WHAT THE COSTS ARE GOING TO BE ASSOCIATED WITH THAT
2 AND BE ABLE TO OUTLINE THAT DETAIL AND JUST GET THE
3 APPROPRIATE APPROVALS IF NEEDED.

4 CHAIRPERSON LANSING: OKAY. ANYTHING ELSE
5 IN IRVINE?

6 DR. STEWARD: NO. I THINK THE IDEA OF A
7 WRITTEN REPORT BEFORE THE BOARD MEETING IS AN
8 EXCELLENT ONE.

9 CHAIRPERSON LANSING: I THINK WE ALL AGREE
10 WITH THAT. THANK YOU, CLAIRE. LA JOLLA?

11 MR. ROTH: NO.

12 CHAIRPERSON LANSING: NOW I CAN GO TO
13 MEMBERS OF THE PUBLIC, AND THEN WE CAN GO TO THE
14 NEXT PART AS WELL. SO ANY PUBLIC QUESTIONS AT
15 DAVIS?

16 DR. POMEROY: NO PUBLIC QUESTIONS.

17 CHAIRPERSON LANSING: SAN FRANCISCO?

18 MS. KING: NONE HERE.

19 CHAIRPERSON LANSING: IRVINE?

20 DR. STEWARD: NO PUBLIC.

21 CHAIRPERSON LANSING: CONNECT?

22 MR. ROTH: NO.

23 CHAIRPERSON LANSING: JOHN SIMPSON IN
24 L. A. ?

25 MR. SIMPSON: JUST TO UNDERSCORE HOW

BARRISTERS' REPORTING SERVICE

1 IMPORTANT IT IS TO HAVE THE WRITTEN DOCUMENT. THAT
2 IS AN EXCELLENT IDEA, AND THANK YOU, DR. POMEROY,
3 FOR RAISING THAT.

4 CHAIRPERSON LANSING: WE ALL THANK YOU,
5 DR. POMEROY. CYNTHIA, DO YOU WANT TO CONTINUE WITH
6 LEADING US THROUGH ANY OTHER OUTSIDE LEGAL COUNSEL.

7 MS. SCHAFFER: YES. NEXT I'D LIKE TO
8 DISCUSS OUR CONTRACT WITH ATTORNEY NANCY KOCH. WE
9 POSTED AN RFP FOR THIS POSITION -- SERVICES, I
10 SHOULD SAY, MARCH 17, 2008, AND WE ENTERED INTO A
11 CONTRACT BACK ON APRIL 7, 2008. THAT ORIGINAL TERM
12 RAN THROUGH OCTOBER 7TH OF 2008. SO IT WAS ONLY A
13 COUPLE OF MONTHS OF CONTRACT, AND IT ALLOWED FOR A
14 MAXIMUM OF \$150,000.

15 WE DID A FIRST AMENDMENT TO EXTEND THE
16 TERM OF THAT AGREEMENT THROUGH THE END OF 2008, SO
17 DECEMBER 31ST, 2008. AND SUBSEQUENTLY DID A SECOND
18 AMENDMENT WHICH EXTENDED THE TERM FURTHER TO MARCH
19 31, 2009. DURING THAT SECOND AMENDMENT, WE ENDED UP
20 ADDING FUNDS TO THE MAXIMUM TO REACH A NEW MAXIMUM
21 OF \$245,000. SO WE'RE NOW -- THAT CONTRACT
22 CURRENTLY RUNS UNTIL MARCH 31ST WITH THAT MAXIMUM.

23 SO WE'RE APPROACHING THE ONE-YEAR MARK AND
24 REALIZE WITH THAT UPCOMING EXPIRATION THAT,
25 ACCORDING TO SERVICE CONTRACTING POLICY, IN ORDER

BARRISTERS' REPORTING SERVICE

1 FOR US TO RENEW, WE'RE GOING TO NEED TO GO ABOVE THE
2 \$250,000 LEVEL. SO WE'RE COMING TO YOU TO SEEK THE
3 GOVERNANCE SUBCOMMITTEE APPROVAL FOR THE NEW AMOUNT
4 BECAUSE WE WOULD LIKE TO SEEK AN AMENDMENT TO EXTEND
5 THE TERM FOR ANOTHER SIX MONTHS, THROUGH SEPTEMBER
6 30, 2009. AND IT'S OUR ESTIMATION THAT THE MONEY WE
7 WILL NEED TO CARRY US THROUGH THAT NEW SIX MONTHS IS
8 ABOUT \$180,000 WE WILL NEED TO ADD TO THE MAXIMUM
9 AMOUNT UNDER THE CONTRACT.

10 JUST TO NOTE BY WAY OF EXPLANATION ABOUT
11 HOW WE APPROACH THIS UNDER THE CONTRACTING POLICIES,
12 FOR THIS PARTICULAR, WE LOOK AT THE BIG PICTURE OVER
13 THE WHOLE TERM AND THE MAXIMUM DOLLAR AMOUNT IN THIS
14 REGARD.

15 CHAIRPERSON LANSING: OKAY. THANK YOU.
16 CAN I HAVE ANY QUESTIONS FROM DAVIS?

17 DR. POMEROY: SO WE DON'T HAVE A COPY OF
18 THIS CONTRACT, SO CAN I ASK WHAT THIS PERSON IS
19 DOING AND HOW MANY PEOPLE IT IS AND WHAT PERCENT
20 TIME? WHAT IS THIS CONTRACT FOR?

21 MS. SCHAFFER: SO THE ORIGINAL RFP, WE
22 USED THE TERM INTELLECTUAL PROPERTY SERVICES, BUT
23 IT'S ACTUALLY A MUCH BROADER DESCRIPTION OF SERVICES
24 THAT'S INCLUDED WITH THE AGREEMENT. IT'S PROVIDING
25 ADVICE TO THE PRESIDENT, THE CHAIR, THE VICE CHAIR,

BARRISTERS' REPORTING SERVICE

1 THE EXECUTIVE STAFF, PARTICIPATION IN DEVELOPMENT OF
2 INTELLECTUAL PROPERTY POLICIES, ASSUMING
3 RESPONSIBILITY FOR DRAFTING AND NEGOTIATING
4 AGREEMENTS, COORDINATING RELATIONSHIPS WITH OUTSIDE
5 COUNSEL.

6 IF YOU RECALL, THERE'S BEEN MANY TIMES
7 WHICH MS. KOCH HAS COME BEFORE THE ICOC BOARD IN
8 RELATION TO CIRM'S INTELLECTUAL PROPERTY
9 REGULATIONS.

10 DR. TROUNSON: CLAIRE, IF I COULD MAKE
11 SOME ADDITIONAL COMMENTS. NANCY KOCH WAS HIRED
12 INITIALLY TO SUPPORT THE DEPUTY CHAIR AND THE
13 INTELLECTUAL PROPERTY BUSINESS INTERACTIONS. SHE IS
14 A LAWYER OUT OF THE BUSINESS COMMUNITY. SHE'S A
15 VERY SKILLED PERSON IN THAT RESPECT. SHE'S BEEN
16 HELPING US WITH IP CONSOLIDATION AND NEGOTIATING
17 NGA'S WITH THE FOR-PROFIT SECTOR, WHICH IS REALLY
18 QUITE DIFFERENT FROM THE NOT-FOR-PROFIT. SHE'S BEEN
19 HELPING US WITH LOOKING AT REIMBURSEMENT ISSUES AND
20 THE ALIGNMENT BETWEEN THE CURRENT PROFIT MODELS OF
21 POTENTIAL STEM CELL THERAPIES. SHE'S BEEN LOOKING
22 AT HELPING US WITH THE STRATEGIC PLAN COMMERCIAL AND
23 FINANCIAL LINKAGES SECTIONS, FOR INDUSTRY MEETINGS.

24 SHE'S ACTUALLY PUT TOGETHER ALL OF THE
25 AGREEMENTS WITH THE EXTERNAL COUNTRIES FOR US.

BARRISTERS' REPORTING SERVICE

1 SHE' S DOING FOLLOW-UP WORK IN THE GMP EXAMINATION OF
2 OPPORTUNITIES AND NIH COLLABORATION. SO SHE' S BEEN
3 VERY MUCH BUSY IN THE IP BUSINESS ISSUES AREA FOR
4 US.

5 NOW, IF I CAN THEN, IF I MAY, SHERRY, JUST
6 TELL YOU -- GIVE YOU SOME ADDITIONAL INFORMATION ON
7 WHAT' S HAPPENING WITH OUR GENERAL COUNSEL. WE, OF
8 COURSE, HAD TO REPLACE OUR GENERAL COUNSEL AND HAVE
9 BEEN THROUGH A VERY LONG AND INVOLVED SEEKING OF
10 SOMEONE TO REPLACE TAMAR PACHTER. AND THE OUTCOME
11 OF THAT IS JUST RECENTLY WE' VE HAD AN INDIVIDUAL
12 SIGN WITH US, AND THAT PERSON IS SOMEBODY WHO IS
13 VERY MUCH IN THIS PARTICULAR AREA. SHE' S ACTUALLY
14 DIRECTOR OF POLICY AND STRATEGY AS A LAWYER FOR THE
15 GENENTECH CORPORATION. SO SHE COMES TO US AS ONE OF
16 THE LEADERS OF STRATEGY IN THAT PARTICULAR COMPANY.
17 OF COURSE, GENENTECH IS ONE OF THE LEADERS IN THE
18 AREA.

19 IT' S BEEN A BIT COMPLEX BECAUSE SHE' S BEEN
20 INVOLVED IN SOME VERY DELICATE NEGOTIATIONS THAT
21 EXIST THERE, BUT SHE' S NOW SIGNED ON TO JOIN US, AND
22 SHE' S TAKEN A SALARY LEVEL THAT' S WITHIN OUR 80
23 PERCENT, SO IT' S MUCH LOWER THAN HER CURRENT SALARY.

24 WE WOULD EXPECT HER TO COME ON BOARD
25 SOMETIME BEFORE THE 1ST OF JULY. AND SO SHE WILL

BARRISTERS' REPORTING SERVICE

1 TAKE UP A LOT OF THESE ACTIVITIES, AND WE NEED TO
2 THEN REFASHION OUR LEGAL SUPPORT TEAMS AROUND WHAT
3 SHE BRINGS. SO THERE'S A PERIOD HERE, AN INTERIM
4 PERIOD, THAT WE MAY NOT HAVE THIS PERSON UNTIL THE
5 1ST OF JULY, ALTHOUGH IT MAY BE EARLIER, BUT AT THIS
6 STAGE WE'VE AGREED THAT THE LATEST TIME WOULD BE THE
7 1ST OF JULY.

8 THERE IS A NEED, THEN, TO CONTINUE THE
9 KIND OF EXPERTISE THAT WE HAVE THERE; BUT IN
10 ADDITION, THE CHAIR HAS SPOKEN TO ME ABOUT WHETHER
11 HE COULD GET ASSISTANCE IN THE PRIVATE PLACEMENT
12 BONDS FROM NANCY KOCH. AND SO WHILE SHE HAS A VERY
13 BUSY SCHEDULE, THEN CLEARLY THAT'S A VERY -- THE
14 BOND ISSUE IS A VERY IMPORTANT COMPONENT FOR US, AND
15 SHE'S HIGHLY SKILLED IN THIS KIND OF AREA. SO I'M
16 SUPPORTIVE OF HER ASSISTING IN THIS MATTER SINCE
17 IT'S A VERY IMPORTANT MATTER FOR THE AGENCY. BUT
18 UNDER THOSE CIRCUMSTANCES, I THINK WE NEED TO EXTEND
19 HER CONTRACT SOMEWHAT.

20 NOW, SHE DOESN'T WANT TO BE EXTENDED
21 BEYOND SIX MONTHS AT THIS STAGE, SO SOMEWHERE
22 BETWEEN THREE AND SIX MONTHS WOULD BE IDEAL. I
23 THINK ON THE BASIS THAT SOME CONTINUUM MIGHT BE
24 NECESSARY FOR THE NEW COUNSEL, GENERAL COUNSEL, TO
25 PICK UP FROM WHERE SHE'S BEEN DOING THINGS AND TO

BARRISTERS' REPORTING SERVICE

1 CONTINUE IN THAT CAPACITY, THAT WE ARE LOOKING AT
2 SOMETHING LIKE FIVE OR SIX MONTHS FROM NANCY KOCH.

3 MR. KLEIN: TO SUPPLEMENT ALAN'S COMMENTS,
4 AT \$10 MILLION EACH, THERE'S 40 TRANSACTIONS THAT
5 HAVE GOT TO BE CLOSED TO GET TO 400 MILLION. THAT'S
6 NOT ALL GOING TO BE DONE IN SIX MONTHS BY ANY
7 STRETCH OF THE IMAGINATION. BUT THE FIRST GROUP
8 THAT COMES THROUGH IS GENERALLY THE TOUGHEST. I'M
9 NOT GOING TO SAY THAT IN THIS ECONOMY, WHICH GIVES
10 US A SURPRISE EVERY WEEK. BUT THERE'S EXTENSIVE
11 WORK. AND FOR EVERY TRANSACTION YOU CLOSE, YOU MAY
12 END UP WITH THREE TO FOUR TRANSACTIONS THAT YOU HAD
13 TO GO INTO DISCUSSIONS WITH THEIR BOARD OR THEIR
14 COUNSEL, BOTH LEGAL AND FINANCIAL DISCUSSIONS, AS
15 WELL AS SUBSTANTIVE DISCUSSIONS ON THE PROGRAMMATIC
16 ACHIEVEMENTS OF THE AGENCY.

17 SO THIS PERSON, NANCY KOCH, IS EXTREMELY
18 WELL VERSED, IS A VERY EFFECTIVE MEMBER OF THE TEAM
19 WHERE WE DON'T HAVE TO LOSE SUBSTANTIAL TIME TRYING
20 TO EDUCATE SOME OTHER OUTSIDE COUNSEL WHO WOULD BE
21 AT A MUCH HIGHER RATE WITH THE LAW FIRMS THAT ARE
22 SPECIALIZED IN THE FINANCE AREA. SO I THINK SHE'S A
23 REAL RESOURCE IN THIS TEAM WHICH HAS JUST GOT A
24 BACK-BREAKING AMOUNT OF WORK TO COVER.

25 DR. POMEROY: SO, SHERRY, IF I COULD

BARRISTERS' REPORTING SERVICE

1 FOLLOW UP.

2 CHAIRPERSON LANSING: PLEASE.

3 DR. POMEROY: FIRST OF ALL, FOR ALAN I'M
4 ABSOLUTELY DELIGHTED TO HEAR THAT YOU'VE BEEN ABLE
5 TO RECRUIT NEW COUNSEL ONTO STAFF. THAT'S REALLY
6 WONDERFUL AND CONGRATULATIONS.

7 AND THEN JUST TO CLARIFY, SO THIS CONTRACT
8 FOR NANCY KOCH IS 180,000 FOR SIX MONTHS? DID I
9 HEAR THAT RIGHT? WE'RE PAYING HER AT RATE OF
10 350,000 PER YEAR?

11 DR. TROUNSON: I CAN ACTUALLY GIVE YOU AN
12 HOURLY RATE, BUT I THINK IT DEPENDS ON THE AMOUNT OF
13 HOURS THAT SHE WORKS. BUT SHE'S BEEN -- I THINK
14 SHE'S AT AROUND 60 PERCENT OF A FULL-TIME PERSON AT
15 THE MOMENT. YEAH, I THINK THAT MIGHT BE RIGHT,
16 CLAIRE. IT MIGHT NOT BE QUITE THAT HIGH, BUT IT'S
17 AROUND ABOUT THAT.

18 DR. POMEROY: WAIT. IF IT'S 180,000 FOR
19 SIX MONTHS IF SHE'S WORKING 60-PERCENT TIME, I DON'T
20 QUITE UNDERSTAND HOW MUCH WE'RE PAYING HER.

21 DR. TROUNSON: SHE WORKS OFF AN HOURLY
22 RATE, 225 AN HOUR THAT WE PAY HER.

23 MR. KLEIN: I DON'T KNOW IF YOU HEARD
24 THAT. IT'S \$225 AN HOUR ALAN SAID THAT SHE IS PAID.

25 DR. POMEROY: THANK YOU.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: ANYTHING ELSE,
2 CLAIRE? SAN FRANCISCO?

3 MR. SHEEHY: THIS IS JEFF. AND I THINK
4 THE WORLD OF NANCY, AND I THINK SHE'S DONE A
5 PHENOMENAL JOB. HER WORK ON THE LOAN TASK FORCE HAS
6 BEEN REALLY SPECTACULAR. BUT I PERSONALLY, THIS
7 COMES BACK TO THE COMMENT CLAIRE MADE LAST TIME, I
8 JUST WISH WE HAD DOCUMENTATION FOR THESE THINGS.
9 THERE WAS SOME -- I'M JUST HEARING THIS. I CAN'T
10 EVEN FIGURE OUT WHAT THE NUMBERS ARE, WHAT WE'RE
11 TALKING ABOUT. I GOT NOTHING TO LOOK AT. IT'S HARD
12 FOR ME, AND I WISH THAT THIS WAS KIND OF OVERLAID
13 WITH SOME SORT OF BUDGET THAT WE -- YOU KNOW, I
14 DON'T KNOW HOW THIS RELATES TO THE BUDGET THAT WE'RE
15 OPERATING UNDER. I DON'T KNOW WHETHER WE'RE ABOVE
16 BUDGET, BELOW BUDGET. IT ALL IS JUST KIND OF SEAT
17 OF THE PANTS, WHICH WAS OKAY FIRST COUPLE YEARS.
18 BUT IT SEEMS LIKE NOW, AS WE START DOING THIS, IT
19 OUGHT TO -- A DEGREE OF DETAIL MIGHT BE MORE
20 HELPFUL.

21 I DON'T WANT TO SLOW THINGS DOWN. I'M
22 REALLY BEING MORE PROSPECTIVE, AND I DON'T WANT TO
23 GET INTO A BIG DEBATE ABOUT THIS.

24 CHAIRPERSON LANSING: I JUST WANT TO
25 SECOND AND I'LL LET EVERYONE CONTINUE.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: I'D JUST LIKE TO SAY WE ARE
2 BELOW BUDGET. WE WANT TO STRESS WE ARE
3 SIGNIFICANTLY BELOW BUDGET.

4 MR. SHEEHY: I MEAN BUDGET FOR EACH
5 PARTICULAR ITEM SO WE KNOW WHAT WE'RE SPENDING FOR
6 LEGAL SERVICES, WE KNOW THAT WE'RE SPENDING FOR
7 PUBLIC EDUCATION, MEDIA, WE KNOW HOW MUCH IS GOING
8 OUT THE DOOR BECAUSE THE PROBLEM ISN'T WHETHER WE'RE
9 BELOW BUDGET OR ABOVE BUDGET. THE PROBLEM IS HOW
10 MUCH MONEY WE'RE SPENDING ON SCIENCE AND HOW MUCH
11 WE'RE SPENDING ON OTHER THINGS. WHEN WE START TO
12 CUT BACK AND WE'RE NOT FUNDING SCIENTIFIC
13 APPLICATIONS, BUT WE ARE HAVING A LOT OF LAWYERS, A
14 LOT OF PUBLIC EDUCATION, I'D LIKE TO BE ABLE TO MAKE
15 SOME CHOICES AND JUST START SAYING, WELL, I'M JUST
16 GOING TO START WHACKING FROM SCIENTIFIC GRANTS. I
17 DON'T WANT TO THINK ABOUT EVER LAYING OFF ANY
18 EMPLOYEES, BUT I WANT TO HAVE MORE CHOICES
19 PERSONALLY.

20 AGAIN, THIS IS PROSPECTIVE, BUT I WOULD --
21 JUST PROSPECTIVE. I DON'T WANT TO GET INTO A BIG
22 DEBATE ABOUT THIS.

23 DR. TROUNSON: JUST BRIEFLY, WE ARE WITHIN
24 BUDGET ON THE AGREED BUDGET; BUT WITHIN THE LEGAL
25 GROUP, BASICALLY BECAUSE, YOU KNOW, WE DIDN'T REALLY

BARRISTERS' REPORTING SERVICE

1 APPOINT A GENERAL COUNSEL AT THE SAME RATE AS TAMAR
2 PACHTER, ESSENTIALLY WE'RE AT THE SAME -- WE'RE
3 UNDER BUDGET, IF YOU LIKE, FOR THE LEGAL PART AS
4 WE'RE WAY UNDER BUDGET FOR MOST OF THE OTHER THINGS
5 ON THE AGREED BUDGET.

6 THE BUDGET GOING BEYOND JULY, WE HAVEN'T
7 ACTUALLY PUT TO YOU YET. BUT AT THIS POINT WE ARE
8 WITHIN THE BUDGETED REALMS OF WHAT WE PUT TO YOU 12
9 MONTHS AGO WHEN WE PUT TO YOU THE BUDGET. SO THAT
10 IS AS IT IS.

11 MR. SHEEHY: SO I SHOULD JUST CARRY THIS
12 AROUND WITH ME AND HAVE IT READY.

13 MR. KLEIN: I THINK, JEFF, THAT YOUR
14 SUGGESTION ON THE LAST ITEM WAS GOOD, THAT WE CAN
15 JUST PROVIDE A PACKET ON NANCY AT THE BOARD MEETING
16 AS WELL SO THAT GIVES --

17 MR. SHEEHY: I'M NOT TRYING TO BE
18 OBSTRUCTIONIST. I ABSOLUTELY APPRECIATE, I KNOW THE
19 STRESS WE'RE ALL WORKING UNDER. I THINK THE
20 SERVICES WE'VE RECEIVED ARE PHENOMENAL, BUT I WOULD
21 JUST LIKE TO HAVE A MORE COHERENT FRAMEWORK IN WHICH
22 TO KIND OF LOOK AT THIS AND SAY, WELL, NUMBERS ARE
23 FLYING AROUND, NO PAPER, NO CONTEXT.

24 MR. KLEIN: WE ACTUALLY HAVE EXTREMELY
25 TIGHT DOCUMENTATION IN-HOUSE. IT'S ALWAYS A

BARRISTERS' REPORTING SERVICE

1 QUESTION OF HOW MUCH DOCUMENTATION WE SHIP AROUND
2 THE STATE FOR EACH OF THESE MEETINGS ON EACH ITEM.
3 BUT I THINK BOTH OF THESE ITEMS ARE GOING TO THE
4 BOARD. WE CAN HAVE A SUPPLEMENTAL REPORT WITH THE
5 BACKUP DOCUMENTATION THERE FOR YOU. AND I THINK
6 THAT'S A GOOD WAY TO -- I THINK IT'S VERY REASONABLE
7 TO GIVE, BECAUSE IN THIS TIME PERIOD LEGAL IS VERY
8 SIGNIFICANT, TO HAVE THAT MATERIAL AT THE BOARD
9 LEVEL.

10 CHAIRPERSON LANSING: BOB, I THINK WE'RE
11 ALL IN AGREEMENT. WE REALLY APPRECIATE THE WORK
12 THAT YOU AND ALAN AND THE WHOLE TEAM IS DOING. AND
13 I THINK WHAT CLAIRE, JEFF, AND I ARE SAYING IS THAT
14 WE JUST WANT TO FULFILL OUR RESPONSIBILITY WITH A
15 LITTLE MORE TRANSPARENCY, WITH A LITTLE MORE
16 DOCUMENTATION AT THE BOARD LEVEL WOULD BE FINE. AND
17 I THINK YOU HEAR SUPPORT FOR THIS. IT'S JUST OUR
18 FEELING THAT WE WEREN'T ABLE TO LOOK OVER THE
19 MATERIAL ENOUGH. I UNDERSTAND WHY. AND, AGAIN,
20 WE'RE NOT LOOKING BACK; WE'RE LOOKING FORWARD.

21 MR. KLEIN: I THINK IAN HAS A POINT TO
22 MAKE.

23 MR. SWEEDLER: THIS IS IAN SWEEDLER, THE
24 INTERIM GENERAL COUNSEL. I WANTED TO CLARIFY
25 SOMETHING. WITH REGARD TO THE REMCHO CONTRACT, THE

BARRISTERS' REPORTING SERVICE

1 INCREASE WOULD BRING IT TO A LEVEL THAT REQUIRES
2 ICOC APPROVAL, AND IT'S ON THE AGENDA FOR ICOC
3 APPROVAL. WITH REGARD TO NANCY KOCH'S CONTRACT,
4 IT'S HERE BECAUSE THE AMENDMENT JUST NOW BRINGS IT
5 INTO THE LEVEL THAT REQUIRES GOVERNANCE APPROVAL.
6 SO THE ACTION ON THAT IS BEFORE THIS COMMITTEE, NOT
7 THE ICOC.

8 MR. KLEIN: SHERRY, THAT'S HELPFUL, BUT
9 WHAT I WOULD SUGGEST IS THAT WE CAN PRESENT FOR THE
10 BOARD AND THE PUBLIC THE DOCUMENTATION THAT YOU
11 REQUESTED AT THE BOARD MEETING. BUT THEN I WOULD
12 ASK THAT PRESIDENT TROUNSON'S REQUEST FOR NANCY
13 KOCH'S CONTRACT TO BE INCREASED BE INCREASED AT THIS
14 COMMITTEE, AND WE WILL FOLLOW WITH THE
15 DOCUMENTATION. AND, AGAIN, PROSPECTIVELY, I THINK
16 WE HAVE LEARNED THE ADDITIONAL DOCUMENTATION YOU
17 WANT, AS JEFF HAS INDICATED, SO THAT PROSPECTIVELY,
18 WITH LEGAL IN PARTICULAR, WE'LL MAKE CERTAIN,
19 BECAUSE THEY'RE LARGER ITEMS, TO HAVE A REPORT READY
20 FOR YOU IN WRITING WHEN IT COMES BEFORE THE
21 COMMITTEE.

22 CHAIRPERSON LANSING: I THINK THAT WOULD
23 BE EXCELLENT. ANY COMMENTS, CLAIRE, JEFF, ON THAT?

24 DR. POMEROY: THAT SOUNDS HELPFUL.

25 MR. SHEEHY: I CERTAINLY DON'T WANT TO

BARRISTERS' REPORTING SERVICE

1 SLOW DOWN THE WORK. I CAN JUST IMAGINE NANCY'S
2 BEING VALUABLE. I DON'T -- AGAIN, JUST PROSPECTIVE.
3 I HAVE TREMENDOUS RESPECT FOR OUR TEAM. I THINK OUR
4 LEADERSHIP HAS BEEN SUPERB. AGAIN, AS SHERRY SAID,
5 THIS IS JUST REALLY FOR US TO BE ABLE TO FULFILL OUR
6 DUTY. I DON'T HAVE ANY PROBLEM WITH APPROVING THE
7 CONTRACT GOING FORWARD MYSELF.

8 CHAIRPERSON LANSING: GREAT. THANK YOU.
9 IRVINE?

10 DR. STEWARD: I DON'T HAVE ANYTHING TO
11 ADD. IT'S BEEN A VERY GOOD DISCUSSION.

12 MR. ROTH: AGREED.

13 CHAIRPERSON LANSING: LET ME GO TO THE
14 MEMBERS OF THE PUBLIC IN SACRAMENTO, DAVIS?

15 DR. POMEROY: NO COMMENTS.

16 CHAIRPERSON LANSING: SAN FRANCISCO?

17 MS. KING: NO PUBLIC COMMENTS HERE.

18 CHAIRPERSON LANSING: IRVINE?

19 DR. STEWARD: NO COMMENTS.

20 CHAIRPERSON LANSING: LA JOLLA?

21 MR. ROTH: NO.

22 CHAIRPERSON LANSING: JOHN IN LOS ANGELES?

23 MR. SIMPSON: NOTHING TO ADD TO THE
24 EXCELLENT CONVERSATION YOU'VE HAD. THANKS.

25 CHAIRPERSON LANSING: THANK YOU. THEN I

BARRISTERS' REPORTING SERVICE

1 WOULD LIKE A MOTION TO APPROVE THE AMENDMENTS TO
2 THESE TWO CONTRACTS. DO I HAVE A MOTION?

3 MR. SHEEHY: IT'S JUST ONE CONTRACT,
4 SHERRY. THE OTHER ONE HAS TO GO TO THE BOARD.

5 CHAIRPERSON LANSING: BUT I THOUGHT WE HAD
6 TO RECOMMEND THAT IT GO.

7 MR. ROTH: I'M A LITTLE CONFUSED. I
8 UNDERSTAND IT DOESN'T HAVE TO GO TO THE BOARD, BUT
9 WE DECIDED TO GO TO THE BOARD WITH IT?

10 MR. KLEIN: ONE MOTION WOULD BE THE MOTION
11 TO RECOMMEND TO THE BOARD THE REMCHO CONTRACT
12 EXTENSION. A SEPARATE MOTION WOULD BE TO APPROVE
13 THE NANCY KOCH EXTENSION.

14 CHAIRPERSON LANSING: CAN I HAVE AN
15 AMENDMENT TO APPROVE THE NANCY KOCH EXTENSION?

16 MR. KLEIN: I'LL MAKE THE MOTION.

17 CHAIRPERSON LANSING: SECOND?

18 MR. ROTH: I'LL SECOND IT, BUT, AGAIN, I'M
19 CONFUSED ON --

20 CHAIRPERSON LANSING: WE'RE DOING THE
21 NANCY KOCH.

22 MR. ROTH: I THOUGHT ON NANCY WE'RE GOING
23 TO GET A WRITTEN REPORT.

24 MR. KLEIN: ON NANCY WE'RE GOING TO
25 DELIVER A REPORT TO THE BOARD. BUT BECAUSE IT'S

BARRISTERS' REPORTING SERVICE

1 WITHIN THE JURISDICTION OF THIS COMMITTEE, IT WASN'T
2 CALENDARED FOR APPROVAL AT THE BOARD LIKE THE REMCHO
3 CONTRACT WAS. SO WE'RE WITHIN THE TEN-DAY NOTICE
4 PERIOD, AND WE DON'T HAVE AN OPPORTUNITY BECAUSE
5 IT'S NOT A HEALTH EMERGENCY TO CHANGE THAT NOTICE.

6 SO ON NANCY KOCH WE WILL DELIVER PUBLIC
7 COPIES FOR THE BOARD AND THE PUBLIC ON THE NANCY
8 KOCH WITH THE DETAIL, BUT WE'RE ASKING FOR AN
9 APPROVAL MOTION AT THIS TIME.

10 DR. POMEROY: BOB, REALLY THE MOTION IS TO
11 APPROVE IT PENDING DELIVERY -- CONTINGENT UPON
12 DELIVERY OF A REPORT TO THE BOARD.

13 MR. KLEIN: APPROVE IT WITH THE CONDITION
14 THAT THERE WOULD BE A REPORT DELIVERED TO THE BOARD
15 AT THE MARCH MEETING.

16 CHAIRPERSON LANSING: MELISSA, WILL YOU DO
17 A ROLL CALL VOTE ON THIS?

18 MS. KING: YES. JUST TO CLARIFY, WHO WAS
19 THE SECOND ON THAT?

20 MR. ROTH: THAT WAS DUANE.

21 MS. KING: BOB KLEIN.

22 MR. KLEIN: YES.

23 MS. KING: SHERRY LANSING.

24 CHAIRPERSON LANSING: YES.

25 MS. KING: CLAIRE POMEROY.

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: YES.

2 MS. KING: DUANE ROTH.

3 MR. ROTH: YES.

4 MS. KING: JEFF SHEEHY.

5 MR. SHEEHY: YES.

6 MS. KING: OSWALD STEWARD.

7 DR. STEWARD: YES.

8 MS. KING: AND FOR THE RECORD THAT MOTION
9 CARRIES.

10 MR. KLEIN: SHERRY, THE OTHER MOTION IS
11 NOT AN APPROVAL, IT'S A RECOMMENDATION FOR APPROVAL
12 OF THE BOARD SUBJECT TO THE BOARD'S REVIEW OF THE
13 REPORT TO BE DELIVERED AT THE BOARD MEETING ON MARCH
14 12TH.

15 CHAIRPERSON LANSING: EXACTLY, FOR THE
16 REMCHO CONTRACT. NOW THAT YOU'VE SAID IT, I'M GOING
17 TO ASK IF YOU CAN MOVE THAT MOTION.

18 MR. KLEIN: I WILL MOVE THE MOTION.

19 CHAIRPERSON LANSING: CAN I HAVE A SECOND?

20 MR. ROTH: I'LL SECOND.

21 CHAIRPERSON LANSING: DO I NEED TO DO A
22 ROLL CALL VOTE?

23 MS. KING: WE NEED TO DO A ROLL CALL SINCE
24 WE'RE ON THE PHONE.

25 CHAIRPERSON LANSING: ROLL CALL.

BARRISTERS' REPORTING SERVICE

1 MS. KING: BOB KLEIN.

2 MR. KLEIN: YES.

3 MS. KING: SHERRY LANSING.

4 CHAIRPERSON LANSING: YES.

5 MS. KING: CLAIRE POMEROY.

6 DR. POMEROY: YES.

7 MS. KING: DUANE ROTH.

8 MR. ROTH: YES.

9 MS. KING: JEFF SHEEHY.

10 MR. SHEEHY: YES.

11 MS. KING: OSWALD STEWARD.

12 DR. STEWARD: YES.

13 MS. KING: THAT MOTION CARRIES.

14 CHAIRPERSON LANSING: NOW I'M GOING TO
15 MOVE TO AGENDA ITEM NO. 5, WHICH IS THE
16 CONSIDERATION OF THE MODIFICATIONS TO OUR CIRM
17 TRAVEL POLICY WITH REGARD TO MEALS. I'D LIKE TO ASK
18 INTERIM GENERAL COUNSEL IAN SWEEDLER TO WALK US
19 THROUGH THIS ITEM. PLEASE ALSO NOTE, BEFORE YOU
20 START, IAN, THAT CIRM'S FINANCE OFFICER MARGARET
21 FERGUSON IS ALSO HERE TO ANSWER ANY QUESTIONS YOU
22 MIGHT HAVE.

23 MR. SWEEDLER: THIS IS ACTUALLY A MATTER
24 THAT MARGARET FERGUSON BROUGHT TO MY ATTENTION.
25 THERE WAS A CONTRADICTION IN OUR TRAVEL POLICY

BARRISTERS' REPORTING SERVICE

1 REGARDING ONE SMALL CLASS OF EXPENSES, AND THAT IS
2 MEAL REIMBURSEMENT FOR TRIPS THAT LAST UNDER 24
3 HOURS. THE IRS CONSIDERS SOME OF THOSE TO BE
4 TAXABLE INCOME. AND SO CALIFORNIA STATE AGENCIES
5 DEAL WITH THAT IN TWO DIFFERENT WAYS. MOST
6 EXECUTIVE BRANCH AGENCIES REIMBURSE THOSE MEALS AND
7 THEY SIMPLY REPORT THAT REIMBURSEMENT AS TAXABLE
8 INCOME. IT'S A BOOKKEEPING ITEM.

9 THE UNIVERSITY OF CALIFORNIA TRAVEL POLICY
10 AVOIDS THE BOOKKEEPING AND DOESN'T REIMBURSE FOR
11 THOSE MEALS. OUR POLICY SAID THAT WE WILL NOT
12 REIMBURSE ANY EXPENSE THAT WOULD BE CONSIDERED
13 TAXABLE INCOME, AND IT ALSO SAYS THAT WE WILL
14 REIMBURSE MEALS WITHIN OUR TRAVEL POLICY FOR A TRIP
15 OF LESS THAN 24 HOURS. SO WE NEEDED TO RESOLVE ONE
16 OR THE OTHER, AND IT'S ACTUALLY CREATING SOME
17 PROBLEMS WITH PROCESSING TRAVEL EXPENSE CLAIMS.

18 WHAT THIS AMENDMENT DOES IS TAKE THE
19 APPROACH THAT, AS ALLOWED BY OUR TRAVEL POLICY, OUR
20 SUBSISTENCE RULES IN THE TRAVEL POLICY WHERE MEALS
21 ARE ALLOWED TO BE REIMBURSED, THEY WILL BE
22 REIMBURSED. AND TO THE EXTENT THAT WOULD BE TREATED
23 AS TAXABLE INCOME, BOOKKEEPING OF THAT WILL BE
24 HANDLED IN THE SAME WAY THAT OTHER STATE AGENCIES.

25 CHAIRPERSON LANSING: ALL RIGHT. DO I

BARRISTERS' REPORTING SERVICE

1 HAVE ANY QUESTIONS FROM ANY MEMBERS OF THE
2 SUBCOMMITTEE? CLAIRE?

3 DR. POMEROY: NO QUESTIONS.

4 CHAIRPERSON LANSING: SAN FRANCISCO?

5 MR. SHEEHY: YES. THIS ONLY APPLIES TO
6 EMPLOYEES, OR DOES THIS APPLY -- I DON'T REALLY WANT
7 TO LOSE MONEY ON THIS. THIS MEANS NOW THAT I HAVE
8 TAXABLE INCOME IF I EAT AT ICOC MEETINGS?

9 MR. KLEIN: LET IAN RESPOND.

10 MR. SHEEHY: I HAVE TO PAY TO BE ON THIS
11 BOARD NOW?

12 MR. SWEEDLER: LET ME BE LAWYERLY AND SAY
13 THAT I'M NOT GIVING ANY MEMBER INDIVIDUAL TAX
14 ADVICE. THE WAY THIS WORKS IS THAT, LET'S SAY, YOU
15 SPEND \$12 FOR LUNCH, AND SO YOU'RE REIMBURSED \$12
16 FOR LUNCH. THAT WOULD BE TREATED AS \$12 OF TAXABLE
17 INCOME. SO YOUR TAXES AT THE END OF THE YEAR WOULD
18 GO UP BY WHATEVER YOUR TAX RATE IS TIMES \$12. THAT
19 DOESN'T APPLY TO MEALS ON TRIPS OF LESS THAN 24
20 HOURS. THAT'S THE CASE -- THAT'S THE IRS RULE. OUR
21 ONLY OPTION IS WHETHER OR NOT WE REIMBURSE.

22 MR. SHEEHY: IT DOESN'T APPLY TO TRIPS OF
23 LESS.

24 MR. SWEEDLER: CORRECT. IT'S ONLY SHORT
25 TRIPS WHERE THIS WOULD BE CONSIDERED INCOME.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: IT DOESN'T APPLY TO
2 TRIPS. I GOT CONFUSED NOW.

3 MR. SWEEDLER: LET ME SAY THAT AGAIN. IF
4 A TRIP IS LESS THAN 24 HOURS, MEALS REIMBURSED ON
5 THAT TRIP ARE SOMETIMES CONSIDERED TAXABLE INCOME.
6 AND I READ A SLUE OF IRS OPINIONS TO EXPLAIN WHAT
7 THE DIFFERENCE IS. IT COULD DEPEND ON IF YOU SLEEP
8 FOR TWO HOURS IN A CAR AS OPPOSED TO A MOTEL WHETHER
9 IT'S TAXABLE OR NOT. IT'S NOT SOMETHING THAT WE
10 WANT TO TRY TO DO WITHIN OUR TRAVEL POLICY. SO --

11 MR. KLEIN: LET'S CLARIFY THIS AGAIN FOR
12 THE BOARD MEMBERS. ISN'T THERE ALSO AN EXCEPTION TO
13 TAXABLE INCOME WHEN YOU ATTEND A BOARD MEETING AND
14 YOU GET A MEAL AS PART OF THAT MEETING?

15 MR. SWEEDLER: THIS ONLY APPLIES TO --

16 CHAIRPERSON LANSING: REIMBURSEMENT. IT
17 DOESN'T APPLY TO WHEN YOU BUY THE FOOD FOR US.

18 MR. KLEIN: I JUST WANTED TO CLARIFY THAT.

19 CHAIRPERSON LANSING: IN OTHER WORDS,
20 JEFF, AND IT'S LESS THAN 24 HOURS; IS THAT CORRECT?

21 MR. SHEEHY: SO IF I WANT TO SPEND TIME
22 WITH MY KID, I GOT TO PAY FOR PART OF MY MEAL? THIS
23 SERVICE IS SUCH A DELIGHT, I MEAN WHY NOT --

24 CHAIRPERSON LANSING: I'M CONFUSED.

25 MR. SHEEHY: -- PAY A LITTLE MORE FOR THE

BARRISTERS' REPORTING SERVICE

1 PRIVILEGE.

2 MR. KLEIN: HERE'S THE POINT, SHERRY. IF,
3 IN FACT, JEFF FLIES DOWN TO SAN DIEGO FOR A PUBLIC
4 MEETING AND HE COMES BACK WITHIN THE DAY AND HE BUYS
5 LUNCH AND GETS REIMBURSEMENT FOR IT, HE'S SUBJECT TO
6 TAXATION. WHAT WE'RE TRYING TO DO IS MAKE SURE WITH
7 THIS AMENDMENT THAT HE IS AT LEAST REIMBURSED. NOW,
8 I WOULD CERTAINLY EMPATHIZE WITH JEFF'S POSITION.
9 IT DOESN'T SEEM RIGHT THAT IF YOU'RE IN PUBLIC
10 SERVICE TO BE TAXED JUST BECAUSE YOU MADE THE TRIP
11 WITHIN 24 HOURS. DOESN'T MAKE ANY SENSE.

12 MR. SHEEHY: ESPECIALLY SINCE I NEED FOOD
13 TO TAKE MY MEDS, BUT, HEY, WE WON'T THINK ABOUT
14 THAT.

15 MR. ROTH: JEFF, I'LL BUY YOU LUNCH DOWN
16 HERE.

17 CHAIRPERSON LANSING: BASICALLY WHEN WE DO
18 COME, I'M A LITTLE CONFUSED.

19 MR. SHEEHY: PUBLIC SERVICE IS THE RIGHT
20 OF THE RICH, NOT THE POOR OBVIOUSLY.

21 CHAIRPERSON LANSING: NO, IT IS NOT.
22 DON'T SAY THAT.

23 MR. ROTH: IT'S THE STATE LAW, RIGHT?

24 MR. KLEIN: THIS IS A FEDERAL TAX LAW.

25 CHAIRPERSON LANSING: THIS IS NOT

BARRISTERS' REPORTING SERVICE

1 SOMETHING THAT CIRM IS DOING. THIS IS TO BE
2 COMPLIANT.

3 MR. SHEEHY: I'M FINE. LET'S APPROVE THIS
4 AND MOVE ON.

5 CHAIRPERSON LANSING: I ACTUALLY DON'T
6 UNDERSTAND IT, SO I HAVE SOME QUESTIONS.

7 MR. SHEEHY: WHAT THIS MEANS, SHERRY, IF I
8 FLY DOWN TO L. A. FOR STANDARDS WORKING GROUP AND I
9 DON'T SPEND THE NIGHT, I BUY MYSELF DINNER AT THE
10 AIRPORT ON THE WAY HOME, REPORT THAT ON MY EXPENSES,
11 THAT'S TAXABLE INCOME FOR ME, WHICH MEANS SOME
12 PORTION OF THAT I'M GOING TO HAVE TO PAY FOR ON MY
13 TAXES. I TYPICALLY TRY TO AVOID SPENDING THE NIGHT.

14 CHAIRPERSON LANSING: I GOT IT. IN OTHER
15 WORDS, IF WE REIMBURSE YOU -- IS JEFF NOT ALLOWED IF
16 HE'S NOT REIMBURSED TO DEDUCT THE MEALS, THAT IT WAS
17 PART OF HIS BUSINESS TRIP?

18 MR. SWEEDLER: WELL, NOW WE'RE WELL INTO
19 THE TERRITORY OF TAX ADVICE.

20 CHAIRPERSON LANSING: LET ME ASK ABOUT
21 THAT.

22 MR. SWEEDLER: AGAIN, JUST TO BE CLEAR,
23 IT'S FEDERAL TAX LAW THAT DETERMINES WHETHER OR NOT
24 THIS IS TAXABLE. THE CHOICE THAT CIRM HAS IS
25 WHETHER TO REIMBURSE IT AND NOTE THE APPROPRIATE

BARRISTERS' REPORTING SERVICE

1 TAXATION OR TO SIMPLY NOT REIMBURSE IT.

2 CHAIRPERSON LANSING: SO WE'RE ACTUALLY
3 TRYING TO BE HELPFUL, BUT I UNDERSTAND WHAT JEFF'S
4 SAYING.

5 MR. SHEEHY: WE ALL GET IT.

6 CHAIRPERSON LANSING: I'M SORRY.

7 MR. SHEEHY: IT'S OKAY. I WAS JUST A
8 LITTLE SURPRISED.

9 CHAIRPERSON LANSING: ACTUALLY I WAS TOO.
10 CAN I HAVE ANY OTHER QUESTIONS IN IRVINE?

11 DR. STEWARD: NO QUESTIONS, BUT I THINK
12 THAT THERE IS A CHOICE ON THE TABLE, AND I'D JUST
13 LIKE TO MOVE THAT FROM REIMBURSE IT --

14 CHAIRPERSON LANSING: THAT'S BETTER THAN
15 NOT. AT LEAST YOU HAVE THE CHOICE. IN LA JOLLA?

16 MR. ROTH: NO COMMENTS.

17 CHAIRPERSON LANSING: SO DO I HAVE AN
18 AMENDMENT? LET ME SEE IF THERE'S ANY COMMENTS FROM
19 THE PUBLIC. I APOLOGIZE. ANY PUBLIC IN DAVIS?

20 DR. POMEROY: NO.

21 CHAIRPERSON LANSING: SAN FRANCISCO?

22 MS. KING: YES. WE HAVE A MEMBER OF THE
23 PUBLIC HERE. YOU CAN TAKE THAT MICROPHONE.

24 MR. REED: DON REED. I JUST WANT TO MAKE
25 SURE I UNDERSTAND CORRECTLY. SO THE MOTION BEFORE

BARRISTERS' REPORTING SERVICE

1 YOU IS THAT THE LOSS IN TAX MONEY, THAT TAXATION
2 THAT JEFF WOULD BE -- CIRM IS TRYING TO EVEN UP FOR
3 THAT LOSS; IS THAT CORRECT?

4 MR. SWEEDLER: NO. NO. SO THIS IS -- THE
5 QUESTION IS WHETHER CIRM PAYS FOR THE MEAL AT ALL.
6 CIRM DOESN'T PAY FOR THE MEAL, THEN THERE'S NOTHING
7 TO TAX BECAUSE THERE WAS NO PAYMENT. IF CIRM PAYS
8 FOR THE MEAL, THAT AMOUNT OF MONEY IS CONSIDERED
9 TAXABLE. AND SO ON THE TAX REPORTING FORMS THAT
10 EMPLOYEES OR PAYEES RECEIVE AT THE END OF THE YEAR,
11 THAT AMOUNT IS FIGURED INTO THE TOTAL AMOUNT.

12 MR. REED: I STILL DON'T UNDERSTAND.
13 THAT'S OKAY. A PERSON THAT DEDICATES THEMSELVES TO
14 ICOC SERVICE TAKES A LOSS. HUNDRED BUCKS A DAY IS
15 VERY LITTLE AND THEY LOSE MONEY BY BEING HERE. SOME
16 PEOPLE MAKE 200 BUCKS AN HOUR. IMAGINE THEY'RE
17 LOSING. ANYTHING THAT CAN BE DONE TO MAKE IT EASIER
18 FOR THEM TO SERVE SHOULD BE DONE. THAT'S THE ONLY
19 COMMENT I CAN MAKE.

20 CHAIRPERSON LANSING: IRVINE?

21 DR. STEWARD: NO PUBLIC.

22 CHAIRPERSON LANSING: LA JOLLA?

23 MR. ROTH: NO PUBLIC.

24 CHAIRPERSON LANSING: LOS ANGELES, JOHN?

25 MR. SIMPSON: NO COMMENT.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: THEN CAN I HAVE A
2 MOTION TO APPROVE THIS?

3 DR. STEWARD: THAT WAS ME. I MADE IT
4 ACTUALLY.

5 CHAIRPERSON LANSING: CAN I HAVE A SECOND?

6 MR. ROTH: SECOND.

7 MS. KING: BOB KLEIN.

8 MR. KLEIN: YES.

9 MS. KING: SHERRY LANSING.

10 CHAIRPERSON LANSING: YES.

11 MS. KING: CLAIRE POMEROY.

12 DR. POMEROY: YES.

13 MS. KING: DUANE ROTH.

14 MR. ROTH: YES.

15 MS. KING: JEFF SHEEHY.

16 MR. SHEEHY: YES.

17 MS. KING: OSWALD STEWARD.

18 DR. STEWARD: YES.

19 MS. KING: AND THAT MOTION CARRIES.

20 CHAIRPERSON LANSING: NOW, MELISSA, I'M A
21 LITTLE CONFUSED. NOW I MOVE ON TO AGENDA ITEM 6 OR
22 DO WE HAVE ANOTHER TRAVEL THING?

23 MS. KING: NO, WE DON'T HAVE ANOTHER
24 TRAVEL THING.

25 CHAIRPERSON LANSING: THANK YOU. NOW I'D

BARRISTERS' REPORTING SERVICE

1 LIKE TO MOVE ON TO AGENDA ITEM 6, WHICH IS THE
2 CONSIDERATION OF THE PROCEDURE FOR THE PERFORMANCE
3 EVALUATION OF THE CHAIR, VICE CHAIR, AND PRESIDENT.

4 AS I SAID DURING OUR LAST MEETING, WE HAVE
5 BEEN EXTRAORDINARILY FORTUNATE TO HAVE BOB KLEIN AS
6 OUR CHAIR AND ALAN TROUNSON AS OUR PRESIDENT. WE
7 BEGAN WORKING IN DECEMBER ON A PROCESS FOR PROVIDING
8 THEM WITH FEEDBACK REGARDING THEIR PERFORMANCE. WE
9 ALSO BEGAN CONDUCTING FORMAL PERFORMANCE EVALUATIONS
10 OF THE CHAIR, THE VICE CHAIR, AND THE PRESIDENT.

11 WE DISCUSSED A DRAFT PROCEDURE AT THAT
12 TIME, GOT THE THOUGHTS OF THE SUBCOMMITTEE, AND OF
13 THE PUBLIC THAT JOINED US FOR THE MEETING, AND WE
14 AGREED TO BRING IT BACK TO THE SUBCOMMITTEE. SO
15 ITEM NO. 6 IS A CONSIDERATION OF THE PROCEDURE FOR
16 THE PERFORMANCE EVALUATION OF THE CHAIR, THE VICE
17 CHAIR, AND THE PRESIDENT.

18 AND YOU NOW HAVE BEFORE YOU ON ITEM NO. 6
19 THE UPDATED PROPOSED PROCEDURE. I'D LIKE TO ASK
20 JAMES IF HE COULD WALK US THROUGH THE PROCEDURE AS
21 IT NOW STANDS. SO, JAMES, CAN I TURN THIS OVER TO
22 YOU?

23 MR. HARRISON: AS SHERRY SAID, AFTER THE
24 LAST MEETING, AT SHERRY AND CLAIRE'S DIRECTION, WE
25 PUT TOGETHER THIS DRAFT POLICY FOR YOUR

BARRISTERS' REPORTING SERVICE

1 CONSIDERATION. AND AS REFLECTED IN THE DISCUSSION
2 AT THE TIME, IT HAS THREE DIFFERENT STEPS.

3 FIRST, THE BOARD WOULD ADOPT ANNUAL
4 PERFORMANCE OBJECTIVES AND DELIVERABLES FOR THE
5 CHAIR, THE VICE CHAIR, AND THE PRESIDENT BASED ON
6 INPUT FROM THE CHAIR, THE VICE CHAIR, AND THE
7 PRESIDENT RESPECTIVELY.

8 SECOND, THE BOARD WOULD ON AN ANNUAL BASIS
9 EVALUATE THE CHAIR, THE VICE CHAIR, AND THE
10 PRESIDENT BASED ON THEIR OBJECTIVES AND DELIVERABLES
11 WITH AN OPPORTUNITY ON THE PART OF THE CHAIR, THE
12 VICE CHAIR, AND THE PRESIDENT TO TALK ABOUT THEIR
13 PERFORMANCE WITH THE BOARD IN CLOSED SESSION.

14 THE THIRD STEP OF THE PROPOSED PROCESS
15 THEN WOULD ENTAIL FOR THE CHAIRMAN OF THE BOARD
16 HAVING THE CHAIR OF THE GOVERNANCE SUBCOMMITTEE AND
17 ANOTHER MEMBER OF THE ICOC DESIGNATED BY THE BOARD
18 TO COMMUNICATE THE RESULTS OF THE BOARD'S
19 PERFORMANCE EVALUATION TO THE CHAIR.

20 FOR THE VICE CHAIR THE RESULTS OF THE
21 PERFORMANCE EVALUATION WOULD BE COMMUNICATED BY THE
22 CHAIR OF THE ICOC AND THE CHAIR OF THE GOVERNANCE
23 SUBCOMMITTEE.

24 AND FOR THE PRESIDENT THE RESULTS OF THE
25 PERFORMANCE EVALUATION WOULD BE COMMUNICATED BY THE

BARRISTERS' REPORTING SERVICE

1 CHAIR OF THE ICOC AND ANOTHER MEMBER OF THE BOARD
2 DESIGNATED BY THE BOARD.

3 THAT IS THE PROPOSAL THAT WE'VE DRAFTED,
4 THREE COMPONENTS. I'D BE HAPPY TO ANSWER ANY
5 QUESTIONS.

6 CHAIRPERSON LANSING: ARE THERE ANY
7 QUESTIONS IN -- CLAIRE, SINCE WE DID THIS, ANY
8 QUESTIONS FROM YOU, CLAIRE?

9 DR. POMEROY: NO. BUT I WOULD JUST LIKE
10 TO COMMENT AND REALLY COMMEND BOB BECAUSE HE WAS THE
11 ONE THAT POINTED OUT TO US THE IMPORTANCE OF DOING
12 THIS, AND THAT IT WAS VERY APPROPRIATE FOR US TO
13 HAVE VERY CLEAR EXPECTATIONS BECAUSE HOW ELSE WERE
14 OUR TALENTED LEADERS SUPPOSED TO MEET THOSE
15 EXPECTATIONS. AND SO I THINK IT WAS A GREAT
16 SUGGESTION AND A GOOD STEP FORWARD.

17 CHAIRPERSON LANSING: THANK YOU.

18 MR. SHEEHY: YES. WELL, WHAT'S -- I HATE
19 TO BE SO FOCUSED ON THE PAPER TRAIL, BUT WHAT'S THE
20 PHYSICAL NATURE OF THIS? IS THIS ALL VERBAL?

21 MR. HARRISON: CLAIRE, WOULD YOU LIKE TO
22 ANSWER THAT OR WOULD YOU LIKE ME TO?

23 DR. POMEROY: WELL, I DON'T THINK -- I'LL
24 START AND THEN YOU CAN HELP ME OUT, JAMES. I THINK
25 THAT THE EXPECTATION WAS WAS THAT THERE WOULD BE

BARRISTERS' REPORTING SERVICE

1 WRITTEN EXPECTATIONS AND WRITTEN FEEDBACK BECAUSE
2 THAT'S THE WAY YOU DOCUMENT COMMUNICATION.

3 MR. SHEEHY: I GUESS I HAVE TO SAY I CAN'T
4 APPROVE THIS UNLESS THERE'S SPECIFIC INFORMATION
5 ABOUT WHAT THE DOCUMENTATION WOULD LOOK LIKE. SO
6 THERE'S EXTREME CLARITY ON WHAT -- AGAIN, I HATE TO
7 GO TO THE UC FORM, BUT THE UC FORM IS A VERY
8 STANDARD FORM WITH VERY CLEAR METRICS, FOUR
9 DIFFERENT CATEGORIES, KIND OF REPORT-CARD TYPE. I
10 WANT TO BE IN A POSITION -- I DON'T WANT TO SAY THAT
11 ANYBODY HAS NOT BEEN DOING A GREAT JOB, BUT I'D LIKE
12 TO BE ABLE, AGAIN, TO BE ABLE TO HAVE SOMETHING I
13 CAN LOOK AT. THIS IS WHAT THE COMMITMENTS WERE.
14 THIS IS HOW WE MANAGED TO MEET THOSE COMMITMENTS AND
15 TO WHAT DEGREE WE MANAGED TO MEET THOSE COMMITMENTS
16 AND HAVE THAT ALL TO BE ABLE TO LOOK AT THAT.

17 MR. HARRISON: CLAIRE, COULD I JUST ADD
18 ONE THING? I THINK, AT LEAST IT WAS MY
19 UNDERSTANDING, THAT THE INTENTION WAS THAT THE
20 PERFORMANCE OBJECTIVES AND DELIVERABLES WOULD BE A
21 WRITTEN FORM THAT WOULD SET FORTH WHAT THOSE
22 OBJECTIVES AND DELIVERABLES WERE; AND IF THEY WERE
23 TO CHANGE ON A YEAR-TO-YEAR BASIS, THE WRITTEN
24 DOCUMENT WOULD REFLECT THAT. AND THOSE WOULD BE THE
25 PERFORMANCE OBJECTIVES AND DELIVERABLES AGAINST

BARRISTERS' REPORTING SERVICE

1 WHICH THE PERFORMANCE OF THE THREE INDIVIDUALS WOULD
2 BE MEASURED. SO THAT WOULD BE A WRITTEN DOCUMENT
3 AVAILABLE FOR PEOPLE TO SEE.

4 MR. KLEIN: CLAIRE, COULD I ASK JEFF A
5 QUESTION HERE?

6 DR. POMEROY: YEAH.

7 MR. KLEIN: JEFF, HOW WOULD YOU FEEL ABOUT
8 APPROVING THIS WITH A CONDITION THAT A DOCUMENTARY
9 FORM BE BROUGHT BACK THAT HAS OBJECTIVE CRITERIA
10 THAT YOU REFERENCED A PARTICULAR FORM THAT MIGHT BE
11 ADAPTED. I'M NOT FAMILIAR WITH THAT FORM, BUT
12 ESSENTIALLY VIEW THIS AS A FIRST STEP IN THE PROCESS
13 AND THEN COME BACK WITH THE IMPLEMENTATION STEP. SO
14 THIS WOULD BE A POLICY STEP.

15 MR. SHEEHY: MAYBE I CAN ASK ALEX. WHAT
16 DO WE USE FOR EMPLOYEES HERE?

17 MS. CAMPE: WE HAVE A FORM HERE, JEFF.
18 I'VE HAD DISCUSSIONS WITH JAMES ABOUT THIS. WE CAN
19 ALTER OR MODIFY WHAT WE HAVE HERE FOR STAFF FOR THE
20 CHAIR AND VICE CHAIR.

21 MR. HARRISON: I THINK WE HAVE -- SOME OF
22 YOU MAY HAVE SEEN IT BEFORE. THAT COULD BE A
23 STARTING POINT. THE IDEA WAS THAT IF THE BOARD FELT
24 IT WAS NECESSARY, AFTER GETTING INPUT FROM THE THREE
25 CONCERNED INDIVIDUALS, THAT THERE WERE PARTICULAR

BARRISTERS' REPORTING SERVICE

1 OBJECTIVES THAT NEEDED TO BE MODIFIED OR ADDED, THAT
2 THAT WOULD OCCUR. AND THEN THE BOARD WOULD ADOPT
3 THAT AS THE PERFORMANCE OBJECTIVES AGAINST WHICH THE
4 PERSON'S PERFORMANCE WOULD BE MEASURED.

5 CHAIRPERSON LANSING: CAN I ADD SOMETHING
6 BECAUSE I THINK MAYBE I'M CONFUSED OR MAYBE THERE IS
7 A WAY I CAN HELP CLARIFY THIS. THESE ARE THE THREE
8 STEPS, BUT WE DON'T YET HAVE, JEFF, THE SPECIFICS
9 UNDER WHICH WE'RE EVALUATING. THAT'S PART OF WHAT
10 THIS COMMITTEE IS GOING TO DO. THIS IS A PROCESS.
11 IT'S GOING TO DO -- THE FIRST ONE SAYS THE BOARD
12 WILL DEVELOP PERFORMANCE OBJECTIVES AND DELIVERABLES
13 FOR THE CHAIR, THE VICE CHAIR, AND THE PRESIDENT,
14 AND WE'RE GOING TO DO THAT WITH THE INPUT OBVIOUSLY
15 FROM ALL OF US, BUT FROM EACH OF THE INDIVIDUALS WHO
16 ARE BEING EVALUATED. AND SO YOU WOULD SEE THAT
17 BEFORE WE WOULD BEGIN THE EVALUATION.

18 MR. ROTH: MAYBE WE COULD JUST INSERT THE
19 WORD "WRITTEN" BEFORE PERFORMANCE.

20 DR. POMEROY: I THINK, DUANE, I MIGHT ALSO
21 ADD IN TWO AND THREE WE COULD ADD COMMUNICATE IN
22 WRITING.

23 MR. SHEEHY: DIDN'T WE HAVE A SCALED
24 EVALUATION? I DON'T WANT TO BE IN A POSITION -- AS
25 YOU KNOW, CLAIRE, FROM THE UC THING, THERE'S FOUR

BARRISTERS' REPORTING SERVICE

1 DIFFERENT -- YOU HAVE A SCALE ON WHICH YOU CAN FALL,
2 SO I WOULD LIKE TO HAVE THE EVALUATION HAVE SOME
3 SORT OF SCALE INTO SO IT'S NOT THUMBS UP OR THUMBS
4 DOWN.

5 DR. POMEROY: JEFF, THE ONLY CONCERN I
6 HAVE ABOUT SPECIFYING A SPECIFIC FORM IS, FIRST OF
7 ALL, THAT FORM'S NOT USED FOR LEADERSHIP, IT'S NOT
8 USED FOR SMG EMPLOYEES, WHICH I THINK WOULD BE THE
9 COMPARABLE TO THE PRESIDENT AT LEAST. AND SECOND OF
10 ALL, THE FORMS THAT ARE USED FOR LEADERSHIP ARE IN
11 THE PROCESS OF BEING REDONE IN THE UNIVERSITY OF
12 CALIFORNIA. SO I THINK THAT IT MIGHT BE BETTER IF
13 WE DIDN'T GET TOO SPECIFIC AT THIS POINT. AND I
14 WOULD BE GLAD TO COMMIT TO BRINGING BACK A MODIFIED
15 CIRM FORM FOR REVIEW BY THE GOVERNANCE SUBCOMMITTEE.

16 MR. SHEEHY: I'M BEING TAXED ON MY MEALS.
17 I DON'T KNOW WHY YOU CAN'T HAVE A FORM THAT I CAN
18 UNDERSTAND.

19 DR. POMEROY: WE'LL BRING YOU A FORM.

20 MR. SHEEHY: I DON'T THINK IT'S ROCKET
21 SCIENCE. I DON'T THINK IT'S THAT HARD. AND I DON'T
22 THINK WE NEED TO REINVENT THE WHEEL.

23 CHAIRPERSON LANSING: I THINK WHAT CLAIRE
24 IS SAYING, UNLESS I'M CONFUSED, IS THAT WE ARE GOING
25 TO START WITH WHAT THEY HAVE, BUT WE'RE GOING TO

BARRISTERS' REPORTING SERVICE

1 ADJUST IT BECAUSE THIS IS A SPECIFIC INSTITUTION
2 WITH SPECIFIC GOALS, AND EACH OF THE PEOPLE HAVE A
3 DIFFERENT JOB. AND WHEN WE HAVE THAT, THEN WE'RE
4 GOING TO BRING IT BACK BEFORE GOVERNANCE FOR
5 EVERYBODY TO LOOK AT BECAUSE WE WILL THEN HAVE THE
6 INDIVIDUALS, THE CHAIR, THE VICE CHAIR, AND THE
7 PRESIDENT'S INPUT, BRING IT BACK, LOOK AT IT,
8 EVERYBODY SIGN OFF ON IT, AND THEN BEGIN THE, QUOTE,
9 EVALUATION.

10 MR. SHEEHY: AND THEN MY SECOND POINT IS
11 THERE'S GOING TO BE NO COMMITTEE WORK, SO THIS IS
12 ALL GOING TO HAPPEN AT THE BOARD? HOW MUCH TIME WE
13 GOING TO TAKE FOR THIS?

14 DR. POMEROY: WELL, AT LEAST MY
15 RECOLLECTION OF THE -- MY RECOLLECTION OF THE
16 PREVIOUS DISCUSSION WAS THAT PEOPLE DIDN'T WANT THIS
17 DONE EXCLUSIVELY IN THE GOVERNANCE SUBCOMMITTEE
18 BECAUSE ALL OF THE BOARD MEMBERS WANTED TO HAVE
19 INPUT INTO EVALUATING THE LEADERSHIP.

20 MR. SHEEHY: I THINK THAT THAT'S
21 IMPORTANT, BUT --

22 DR. POMEROY: CERTAINLY THE SPECIFIC STEPS
23 OF HOW THE BOARD DEVELOPS THE PERFORMANCE
24 OBJECTIVES, IT WOULD CERTAINLY BE APPROPRIATE FOR
25 THE BOARD TO DELEGATE THAT TO THE GOVERNANCE

BARRISTERS' REPORTING SERVICE

1 SUBCOMMITTEE.

2 MR. SHEEHY: I'LL BE HONEST. WHEN WE WERE
3 TALKING ABOUT PAYING THE CHAIR, I THOUGHT IT WAS
4 IMPORTANT THAT WE HAD A MANAGEMENT COMMITTEE AND
5 ACTUALLY THINK THAT THE BOARD IS TOO UNWIELDY OF A
6 BODY TO EXERCISE -- TO BE ABLE TO GO TO THE DEGREE
7 OF DETAIL, THE KIND OF DIALOGUE THAT YOU'D WANT TO
8 HAVE AT THE TYPES OF SALARIES WE'RE PAYING TO BE
9 ABLE TO HAVE REALLY CLEAR VIEW. I JUST SEE THE
10 PRINCIPALS BEING EVALUATED ARE GOING TO BRING IN
11 THEIR STUFF AT A BOARD MEETING. WE'RE GOING TO HAVE
12 A BOARD MEETING IN WHICH IT'S UP OR DOWN, A LITTLE
13 BIT OF THIS, A LITTLE BIT OF THAT, AND THEN IT'S OUT
14 THE DOOR. AND THAT'S -- I GET EVALUATED MORE
15 RIGOROUSLY THAN THAT, AND I GET PAID A LOT LESS.
16 IT'S JUST THE DEGREE OF RIGOR YOU WANT TO DO HERE.

17 MR. KLEIN: JUST AS PART OF PROCESS, I'D
18 ALSO SAY THAT I'VE PARTICIPATED IN A VERY THOUGHTFUL
19 REVIEW PROCESS AT THE AGENCY LEVEL WHERE YOU DO A
20 360 REVIEW AND YOU REVIEW THE INDIVIDUAL TO GET THE
21 PERSPECTIVES OF TWO OR THREE OTHER INDIVIDUALS THAT
22 HAVE A HIGH INTENSITY RELATIONSHIP WITH THEM. AND,
23 YOU KNOW, IN LOOKING AT A PROCESS THAT'S THOUGHTFUL,
24 YOU MIGHT, FOR EXAMPLE, HAVE THE COMMITTEE CHAIRS
25 COMMENT ON WORKING WITH THE CHAIR'S OFFICE BECAUSE

BARRISTERS' REPORTING SERVICE

1 WE WORK TOGETHER IN THE PROCESS SO THAT THERE'S SOME
2 SUBSTANTIVE INPUT, THAT WHEN IT GETS TO THE BOARD,
3 THEY HAVE OTHER PERSPECTIVES THAT HAVE BEEN RECORDED
4 TO GET TO JEFF'S POINT OF HAVING SOME CONTENT DEPTH
5 IN BEING ABLE TO JUDGE PERFORMANCE.

6 IS THAT THE KIND OF THING, JEFF?

7 MR. SHEEHY: THAT WOULD BE HUGELY HELPFUL.

8 MR. ROTH: JUST ONE OTHER POINT. I THINK
9 IF YOU LOOK AT THE PROP 71 LANGUAGE, THE DUTIES AND
10 RESPONSIBILITIES WOULD GIVE YOU A GOOD START ON WHAT
11 WE SHOULD BE MEASURING.

12 DR. POMEROY: RIGHT. I THINK -- AGREED,
13 DUANE, BUT I THINK WHAT WAS REQUESTED WAS THE
14 SPECIFIC METRICS THAT WOULD BE USED TO EVALUATE THE
15 INDIVIDUAL'S SUCCESS IN MEETING THOSE DUTIES.

16 MR. ROTH: CORRECT. BUT I THINK IN TERMS
17 OF THE CRITERIA, THE RESPONSIBILITIES ARE THERE.
18 AND I THINK WHEN YOU LOOK AT THESE THREE POSITIONS,
19 THEY'RE ALL GOING TO HAVE A DIFFERENT DEGREE OF
20 FEEDBACK THAT'S GOING TO BE NECESSARY BASED ON THOSE
21 DUTIES AND RESPONSIBILITIES. SO I DON'T THINK ONE
22 IS GOING TO FIT ALL THREE IS WHAT I'M SAYING. ALAN
23 IS GOING TO BE REVIEWED DIFFERENTLY THAN BOB AND
24 DIFFERENTLY THAN THE VICE CHAIR.

25 DR. POMEROY: RIGHT. AGREED.

BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: I JUST WANT TO AGREE. I
2 THINK WE NEED TO DEVELOP OUR OWN METRIC. I THINK
3 THAT SHOULD BE THE GOVERNANCE COMMITTEE AT THIS
4 POINT. I ALSO ACTUALLY WOULD THINK THAT THE MAJOR
5 PART OF THE REVIEW SHOULD BE DONE BY THE GOVERNANCE
6 COMMITTEE OR SOME OTHER DESIGNATED COMMITTEE, NOT
7 THE WHOLE BOARD. THE WRITTEN DOCUMENT THAT'S
8 PREPARED AS PART OF THAT COULD THEN BE DISTRIBUTED,
9 GIVING PEOPLE AN OPPORTUNITY TO ADD IN OR COMMENT,
10 BUT I DON'T THINK THAT THE ENTIRE BOARD SHOULD DO
11 IT.

12 DR. POMEROY: I'M JUST LAUGHING BECAUSE
13 THAT WAS THE ORIGINAL PROPOSAL, AND WE RECEIVED
14 SIGNIFICANT FEEDBACK THAT THAT WAS NOT ACCEPTABLE TO
15 MOST OF THE MEMBERS OF THE BOARD.

16 MR. KLEIN: THERE'S A SIGNIFICANT POSITION
17 OF DIFFERENT BOARD MEMBERS THAT REPRESENT A MUCH
18 BROADER GROUP THAN IS ON THIS COMMITTEE, THAT THEY
19 WANTED IT TO BE A REVIEW OF THE BOARD AS A WHOLE.
20 AND SO I THINK JEFF'S POINT GOES TO THE ISSUE OF
21 BRINGING CONTENT IN FROM ALL THE COMMITTEES IN THE
22 PROCESS, SO YOU HAVE SUBSTANTIVE DEPTH TO LOOK AT,
23 NOT JUST A POSITION BASED UPON A DISCUSSION AT A
24 POINT IN TIME, BUT YOU HAVE A REVIEW PROCESS THAT
25 BRINGS IN COMMENTS FROM ALL THE FUNCTIONAL ELEMENTS

BARRISTERS' REPORTING SERVICE

1 OF THE BOARD AND ITS COMMITTEES AND SUBCOMMITTEES
2 AND WORKING GROUPS.

3 DR. POMEROY: BOB, I HEAR JEFF SAYING TWO
4 THINGS THOUGH. I SEE JEFF SAYING YOU NEED A SMALLER
5 GROUP THAT CAN ACTUALLY GET THESE THINGS WRITTEN UP,
6 AND THAT'S WHERE PEOPLE ARE SAYING THE GOVERNANCE
7 SUBCOMMITTEE, AND THEN MAKING SURE THAT YOU GET LOTS
8 OF INPUT. I ACTUALLY AGREE WITH BOTH OF THOSE. I
9 THINK THAT FUNCTIONALLY THE WHOLE BOARD ISN'T GOING
10 TO SIT DOWN AND DRAFT A DOCUMENT. THAT'S GOING TO
11 FALL TO THE GOVERNANCE SUBCOMMITTEE, BUT IT IS
12 ULTIMATELY THE BOARD'S RESPONSIBILITY TO APPROVE
13 THAT DOCUMENT.

14 CHAIRPERSON LANSING: YOU JUST SAID WHAT I
15 WAS GOING TO SAY. WHY DON'T WE TAKE IT UPON
16 OURSELVES, AS WE HAVE, CLAIRE, I KNOW YOU AND DUANE
17 WERE LEADING THIS, IN GETTING THE DOCUMENTS READY,
18 AND THEN LET'S BRING IT -- AFTER WE'VE ALL GIVEN OUR
19 INPUT, LET'S BRING IT TO THE FULL BOARD FOR ITS
20 INPUT AND THEN DIVIDE THE BOARD UP IN GROUPS THAT
21 WILL DO THE EVALUATIONS.

22 DR. STEWARD: I ACTUALLY STILL THINK THAT
23 IT IS BETTER FOR -- I DO UNDERSTAND AND REMEMBER
24 THAT THERE WAS DISCUSSION ABOUT THIS, AND THE
25 MEMBERS OF THE BOARD FELT THAT IT WAS IMPORTANT TO

BARRISTERS' REPORTING SERVICE

1 DO. I STILL THINK THIS COMMITTEE OUGHT TO BRING THE
2 PROPOSAL BACK TO THE BOARD IN ESSENTIALLY THE WAY
3 THAT WE DID IN THE BEGINNING BECAUSE I REALLY DON'T
4 THINK THAT THE REVIEW CAN BE DONE BY THE WHOLE BOARD
5 EVEN IF IT'S DIVIDED UP INTO SUBCOMMITTEES.

6 MR. KLEIN: YOU MAY NOT GET PEOPLE WHO ARE
7 PREPARED TO SERVE IN THE CHAIRMAN'S ROLE, THE
8 PRESIDENT'S ROLE, OR THE VICE CHAIR'S ROLE UNLESS
9 THEY ARE SERVING THE WHOLE BOARD. AND THEY MAY
10 HAVE -- FROM THAT SIDE, IN ADDITION TO THE BOARD'S
11 PERSPECTIVE, YOU MAY HAVE SIGNIFICANT ISSUES IF THE
12 REVIEW ISN'T TRULY DONE AT THE BOARD LEVEL. THESE
13 ARE INDIVIDUALS THAT ARE PUTTING IN A COUPLE
14 THOUSAND HOURS A YEAR, AND IT MAY REQUIRE A
15 SIGNIFICANT MEETING OF THE TIME -- A PORTION OF A
16 MEETING AT THE BOARD; BUT IF THE PROPER PRESENTATION
17 AND COMPONENTS OF INPUT ARE BROUGHT FROM THE VARIOUS
18 CHAIRS AND WORKING GROUPS AND SUBCOMMITTEES, I THINK
19 YOU WILL HAVE A VERY MEANINGFUL REVIEW WITH THE
20 DEPTH OF CONTENT THAT JEFF SAYS IS IMPORTANT, AND I
21 WOULD AGREE WITH HIM.

22 CHAIRPERSON LANSING: I THINK YOU CAN
23 DIVIDE -- IF WE DO THE EVALUATION, BRING IT TO THE
24 BOARD, THE BOARD ADDS WHAT IT WANTS, SUBTRACTS WHAT
25 IT WANTS, THEN WE LOOK AT THE PEOPLE THAT WANT TO

BARRISTERS' REPORTING SERVICE

1 SERVE ON THE EVALUATION COMMITTEE. IT MAY NOT BE
2 THE WHOLE BOARD. YOU NEVER KNOW. BUT THEN DIVIDE
3 IT UP INTO SUBCOMMITTEES. WE'RE ALLOWED TO HAVE THE
4 SUBCOMMITTEES IF -- OR IS THERE SOME PUBLIC THING
5 THAT WE HAVE TO DO WITH A QUORUM?

6 MR. ROTH: SHERRY, I TEND TO AGREE WITH
7 OS. I WOULDN'T OVERENGINEER THIS. LET'S GO BACK
8 AND TALK TO THE BOARD ABOUT HOW WE MIGHT DO THIS.
9 IF THE GOVERNANCE COMMITTEE COULD DO THE FIRST CUT,
10 AND THEN WE MEET WITH THE BOARD, GET THEIR INPUT
11 BEFORE WE MOVE FORWARD TO GIVE THE FINAL EVALUATION,
12 I THINK THAT'S A GOOD WAY TO DO IT. THAT GETS ALL
13 THE BOARD TOGETHER TO GIVE FEEDBACK ON THE WORK THAT
14 WOULD BE DONE BY THE GOVERNANCE SUBCOMMITTEE.

15 DR. POMEROY: OKAY. SO I'M JUST TRYING TO
16 UNDERSTAND THE BEST WAY -- EXACTLY WHAT YOU'RE
17 SUGGESTING THERE BECAUSE IT SEEMS TO ME THAT IF WHAT
18 WE'RE SAYING IS THAT THE GOVERNANCE SUBCOMMITTEE
19 SHOULD DO A FIRST CUT, BUT WE STILL NEED TO BRING IT
20 TO THE BOARD FOR APPROVAL, SO THIS PROCEDURE WOULD
21 STAND AS SAYING THAT ULTIMATELY IT'S THE BOARD
22 THAT'S DOING IT.

23 MR. ROTH: CORRECT.

24 DR. POMEROY: EVEN THOUGH THAT THEY'RE ON
25 A PRACTICAL LEVEL DELEGATING THE FIRST STAB, THE

BARRISTERS' REPORTING SERVICE

1 ROUGH DRAFT, TO THE GOVERNANCE SUBCOMMITTEE.

2 MR. ROTH: I WOULD SUGGEST THAT THERE BE
3 TWO BOARD SESSIONS ON THIS. ONE TO REVIEW THE DRAFT
4 AND THEN APPROVAL OF THE FINAL RECOMMENDATION.

5 MR. KLEIN: I WOULD STRONGLY DISAGREE WITH
6 THAT APPROACH AND BELIEVE THAT THE PROBLEM WITH A
7 FIRST DRAFT IS IT BECOMES -- EFFECTIVELY PREEMPTS A
8 LOT OF DISCUSSION. I THINK THAT THE INITIAL DRAFT
9 OF THIS HAS TO BE DONE. IF THE WHOLE BOARD CAN MEET
10 AS A BOARD, IT CAN PROPERLY DELEGATE A COUPLE OF
11 MEMBERS TO TAKE THE INFORMATION AND DISTILL IT FROM
12 THE DISCUSSION AND BRING IT BACK TO THE BOARD. BUT
13 WHEN YOU GET A BOARD MEETING, GIVEN THE BREADTH OF
14 OUR COMMITTEES, SUBCOMMITTEES, AND WORKING GROUPS,
15 YOU ARE GOING TO GET A MUCH BETTER EVALUATION THAN
16 WE CAN HAVE IN A RELATIVELY SMALL COMMITTEE TO
17 COVER --

18 CHAIRPERSON LANSING: DON'T FORGET, BOB,
19 WHAT THIS COMMITTEE IS DOING. IT'S ONLY A STAB
20 BECAUSE THIS IS JUST A FIRST PROCESS. I THINK IT'S
21 UNWIELDY. I WAS ACTUALLY -- DON'T FORGET WHAT THIS
22 COMMITTEE IS DOING IS THIS COMMITTEE WOULD SIT WITH
23 YOU FOR HOURS AND GET ALL YOUR INPUT, GET EVERYTHING
24 THAT YOU ARE SAYING, MEET WITH WHOEVER YOU WANTED IN
25 TERMS OF YOUR SITUATION, AND THEY WOULD MEET WITH

BARRISTERS' REPORTING SERVICE

1 ALAN AND ANYBODY THAT HE WANTED AND COMPILE WHAT
2 THEY THINK IS RIGHT WITH ALL OF YOUR INPUT.

3 THEN WE WOULD ALL OF US HERE LOOK AT IT
4 ONE MORE TIME AND THEN BRING IT TO THE BOARD, SO
5 YOU' D AT LEAST HAVE SOMETHING.

6 MR. KLEIN: WELL, LISTEN, I THINK CLAIRE'S
7 PROPOSAL AND STRUCTURE IS A GREAT FIRST STEP. AND I
8 LIKE JEFF' S SUGGESTION OF FINDING A WAY TO DEVELOP
9 CONTENT THAT IS BROADLY BASED INPUT, AND I LIKE
10 JEFF' S SUGGESTION OF AN OBJECTIVE RATING SCALE.
11 WE' RE GETTING DOWN TO A FAIR LEVEL OF DETAIL IN THIS
12 DISCUSSION OF WHERE THIS DRAFT STARTS. BUT I DO
13 THINK THAT WE NEED TO TAKE THAT TO THE BOARD AND
14 JUST SEE WHAT THEY THINK.

15 CHAIRPERSON LANSING: ALL RIGHT. SO WHAT
16 IS THE MOTION THAT WE' RE ASKING FOR? WE' RE ASKING
17 FOR A MOTION TO ASK THE BOARD DO THEY WANT US TO
18 TAKE THE FIRST DRAFT OR DO THEY WANT TO MEET AS A
19 WHOLE BOARD IN PUBLIC AND COME UP WITH THE CRITERIA?

20 DR. STEWARD: I WOULD LIKE TO SUGGEST THAT
21 WE PUT FORWARD THE RECOMMENDATIONS, THAT WE DEVELOP
22 THE CRITERIA FOR THEIR APPROVAL, THAT WE CARRY OUT
23 THE INITIAL DRAFT OF THE EVALUATION, AND TAKE IT
24 FORWARD TO THE BOARD FOR THEIR REVIEW AND
25 DISCUSSION.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: DO I HAVE A SECOND
2 FOR THAT MOTION?

3 MR. ROTH: I'LL SECOND THAT.

4 CHAIRPERSON LANSING: ALL RIGHT. MELISSA,
5 CAN I HAVE A ROLL CALL VOTE?

6 MS. KING: PUBLIC COMMENT BEFORE THAT.

7 CHAIRPERSON LANSING: SORRY. SACRAMENTO,
8 DAVIS?

9 DR. POMEROY: NO.

10 CHAIRPERSON LANSING: SAN FRANCISCO?

11 MR. REED: THERE'S SOMETHING I WOULD LIKE
12 TO SEE COME OUT OF THIS THAT IS IMPORTANT FOR THE
13 PUBLIC PERCEPTION. AND THAT'S I'D LIKE EACH OF THE
14 THREE PEOPLE, THE PRESIDENT, THE CHAIR, THE VICE
15 CHAIR, TO HAVE AN OPPORTUNITY TO GIVE A WRITTEN
16 SUMMARY OF THE CHALLENGES THAT THEY HAVE FACED AND
17 THEIR GREATEST ACCOMPLISHMENTS. I THINK THIS AN
18 IMPORTANT PART OF THE STORY THAT THE PUBLIC NEEDS TO
19 SEE AND BE ABLE TO ACCESS SO THAT THEY COULD SAY
20 THIS IS WHAT WE FACED BECAUSE THE PUBLIC PAID FOR
21 THIS. AND ALSO THIS IS FAIR TO INDIVIDUALS. THEY
22 CAN SAY THIS IS WHAT I THINK WAS THE MOST IMPORTANT
23 THING WE ACCOMPLISHED, THIS WAS THE GREAT DIFFICULTY
24 WE FACED. I THINK IT'S A STORY THAT NEEDS TO BE
25 PART OF THE PUBLIC PROCESS.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: OKAY. THANK YOU,
2 DON. CAN I CONTINUE ON? IRVINE?

3 DR. STEWARD: NO PUBLIC.

4 CHAIRPERSON LANSING: LA JOLLA, NO PUBLIC.

5 MR. ROTH: NO PUBLIC.

6 CHAIRPERSON LANSING: JOHN SIMPSON IN
7 L. A. ?

8 MR. SIMPSON: I'M SORRY. I'M A LITTLE BIT
9 CONFUSED HERE AS TO WHAT THE MOTION IS DOING. ARE
10 YOU TALKING ABOUT SORT OF DEVELOPING THE FORM AND
11 THAT GOING TO THE BOARD FOR APPROVAL, OR ARE YOU
12 TALKING ABOUT, ONCE YOU ALREADY HAVE THE METRICS
13 DEVELOPED, ACTUALLY REVIEWING SOMEBODY?

14 CHAIRPERSON LANSING: WE'RE TALKING ABOUT
15 DEVELOPING THE FORMS, THE METRICS, AND TAKING THAT
16 TO THE BOARD. AND THEN THAT'S ACTUALLY AS FAR AS
17 WE'VE GOTTEN.

18 DR. STEWARD: ACTUALLY THERE WERE TWO
19 PARTS TO IT. THAT'S THE FIRST PART.

20 CHAIRPERSON LANSING: AND THEN HAVING US
21 TO CONTINUE THE EVALUATION.

22 DR. STEWARD: THAT'S RIGHT. AFTER THE
23 BOARD APPROVES THE METRICS, THAT WE WOULD THEN
24 DEVELOP AND TAKE THAT BACK TO THE BOARD FOR THEIR
25 FULL DISCUSSION.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: OS, YOUR PROPOSAL IS THAT THE
2 GOVERNANCE COMMITTEE WOULD PREPARE THE FIRST DRAFT
3 OF THE REPORT. THAT'S RIGHT?

4 DR. STEWARD: THAT'S CORRECT.

5 DR. POMEROY: I JUST WANT TO REITERATE
6 THAT THIS PROPOSAL AS WRITTEN HERE -- THERE'S A LOT
7 OF STATIC FROM SOMEBODY.

8 MS. KING: IF THERE'S SOMEBODY ON A CELL
9 PHONE THAT COULD BE MUTED.

10 DR. POMEROY: I JUST WANT TO REITERATE
11 THAT THIS SAYS THAT THE BOARD WILL DEVELOP THESE
12 PERFORMANCE OBJECTIVES AND DELIVERABLES. IT DOES
13 NOT SAY HOW THE BOARD WILL DO THAT. AND SO THIS
14 COULD BE APPROVED WITHOUT SPECIFYING THAT. AND IF
15 THE BOARD CHOOSES TO DELEGATE THAT TO THE GOVERNANCE
16 SUBCOMMITTEE, THAT'S A PERFECTLY ACCEPTABLE
17 APPROACH.

18 CHAIRPERSON LANSING: WE'RE RECOMMENDING
19 THAT THEY DO THAT.

20 MR. KLEIN: CLAIRE, I THINK, IS CALLING
21 OUR ATTENTION TO THE FACT THAT THERE'S A MOTION ON
22 THE FLOOR, BUT THERE WOULD BE ANOTHER MOTION TO
23 APPROVE WHAT SHE HAS PROPOSED. THAT'S A SEPARATE
24 VOTE.

25 DR. POMEROY: RIGHT. SO I DO THINK THAT

BARRISTERS' REPORTING SERVICE

1 THE MOTION NEEDS TO BE CLEARLY STATED SO THAT WE ALL
2 UNDERSTAND WHAT THE MOTION IS.

3 CHAIRPERSON LANSING: OS, WOULD YOU DO IT
4 AGAIN?

5 DR. STEWARD: OF COURSE. THAT THE
6 GOVERNANCE SUBCOMMITTEE OR MEMBERS OF IT TAKE THE
7 LEAD ON THIS, DEVELOP THE INITIAL DOCUMENT THAT
8 WOULD BE THE METRIC FOR THE REVIEW THAT WE WOULD
9 APPROVE AND TAKE FORWARD TO THE BOARD FOR THEIR
10 REVIEW AND APPROVAL. SUBSEQUENT TO THAT THE
11 GOVERNANCE COMMITTEE WOULD DEVELOP THE INITIAL DRAFT
12 OF THE REVIEW ITSELF AND TAKE THAT FORWARD TO THE
13 BOARD FOR THEIR REVIEW AND APPROVAL.

14 MR. ROTH: AND I SECOND THAT.

15 CHAIRPERSON LANSING: THAT SAID --

16 DR. POMEROY: CAN I JUST CLARIFY, THEN,
17 THAT THIS PROPOSAL DOESN'T CHANGE THE PART ABOUT
18 THAT THE INDIVIDUAL CHAIR, THE VICE CHAIR, AND THE
19 PRESIDENT CAN GET A SHOT AT MEETING WITH THE BOARD
20 TO DISCUSS THEIR PERFORMANCE AND THEIR OBJECTIVES.
21 ALL THAT PART STAYS UNCHANGED OR UNSPECIFIED.

22 DR. STEWARD: I THINK THAT STAYS
23 UNCHANGED. WE'RE TALKING HERE JUST ABOUT REALLY
24 DEVELOPMENT OF DOCUMENTS, NOT REALLY THE PROCESS OF
25 THE REVIEW ITSELF.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: IF I CAN MAKE A FRIENDLY
2 AMENDMENT. WHAT IF WE MAKE YOUR MOTION, OS, AN
3 AMENDMENT TO THE CURRENT DRAFT WE HAVE IN FRONT OF
4 US UNDER ITEM ONE.

5 CHAIRPERSON LANSING: IT'S AN EXTENSION.
6 I THINK THAT'S A GOOD IDEA, JEFF.

7 MR. SHEEHY: THAT'S ACCEPTABLE TO THE
8 MAKER AND THE SECOND?

9 DR. STEWARD: THAT IS ACCEPTABLE TO THE
10 MAKER.

11 MR. ROTH: AND THE SECOND.

12 CHAIRPERSON LANSING: TURN IT BACK TO JOHN
13 SIMPSON. DO YOU HAVE ANY QUESTIONS?

14 MR. SIMPSON: YES, I DO. WHEN THE -- WHEN
15 YOU GET TO THE POINT WHERE YOU HAVE DISTILLED THE
16 OBJECTIVES AND DELIVERABLES, WILL THOSE BE PUBLIC
17 RECORD?

18 MR. ROTH: MY ASSUMPTION IS YES.

19 CHAIRPERSON LANSING: I WOULD AGREE WITH
20 THAT.

21 MR. KLEIN: THIS IS BOB KLEIN. I THINK
22 RELATIVE TO THE STATEMENT, THE PUBLIC STATEMENT MADE
23 IN SAN FRANCISCO BY DON, I DO THINK THAT THE CHAIR,
24 THE VICE CHAIR, AND THE PRESIDENT SHOULD ANNUALLY
25 MAKE A STATEMENT OF WHAT THEIR OBJECTIVES ARE AT THE

BARRISTERS' REPORTING SERVICE

1 END OF THE YEAR AND A STATEMENT OF WHAT THEIR
2 ACHIEVEMENTS HAVE BEEN IN A PUBLIC ANNUAL REPORT.

3 MR. HARRISON: JOHN, THIS IS JAMES
4 HARRISON. THE PERFORMANCE OBJECTIVES THAT THE
5 GOVERNANCE SUBCOMMITTEE DEVELOPS, IF THIS MOTION IS
6 ADOPTED AND THE BOARD APPROVES, WOULD BE A PUBLIC
7 DOCUMENT.

8 CHAIRPERSON LANSING: IT WOULD BE A PUBLIC
9 DOCUMENT.

10 MR. HARRISON: CORRECT. THE PERFORMANCE
11 OBJECTIVES THAT THE GOVERNANCE SUBCOMMITTEE
12 DEVELOPED, THE METRICS AGAINST WHICH THE PERFORMANCE
13 IS MEASURED WOULD, UNDER THIS MOTION, BE DEVELOPED
14 BY THE GOVERNANCE SUBCOMMITTEE, TAKEN TO THE BOARD,
15 AND APPROVED BY THE BOARD. THOSE METRICS WOULD BE A
16 MATTER OF PUBLIC RECORD.

17 MR. SIMPSON: THE ACTUAL PERFORMANCE
18 DOCUMENT ITSELF THAT WAS FILLED OUT, THERE WOULD BE
19 A PERSONNEL FILE.

20 MR. HARRISON: CORRECT. THE PERFORMANCE
21 EVALUATION ITSELF WOULD BE PROTECTED BY THE
22 PERSONNEL EXCEPTION.

23 MR. SIMPSON: THANK YOU.

24 DR. POMEROY: SO THIS IS CLAIRE. AND I
25 WANT TO MAKE SURE THAT WE ARE ALL VERY CLEAR ON WHAT

BARRISTERS' REPORTING SERVICE

1 WE'RE VOTING ON, AND I DON'T THINK WE'RE CLEAR YET.
2 AND I THINK THAT WHAT WE'RE SAYING IS FOR THIS
3 MOTION THAT WE'RE CHANGING NO. 1 TO SAY ON AN ANNUAL
4 BASIS THE GOVERNANCE COMMITTEE SHALL DEVELOP THE
5 PERFORMANCE OBJECTIVES AND DELIVERABLES FOR THE
6 THREE POSITIONS, THE BOARD WILL REVIEW AND APPROVE,
7 AND THE BOARD WILL THEN EVALUATE AS SET FORTH BELOW,
8 BUT I DON'T THINK IN THIS MOTION THAT'S PROPOSED I'M
9 CLEAR ON HOW TWO AND THREE ARE GOING TO READ.

10 CHAIRPERSON LANSING: I THOUGHT THAT WE
11 WERE ACTUALLY SAYING THAT THE GOVERNANCE
12 SUBCOMMITTEE WOULD EVALUATE, AND WE CAN SAY WITH
13 ADDITIONAL MEMBERS AS WELL.

14 DR. POMEROY: JUST WALK THROUGH THIS,
15 THOUGH, SHERRY, BECAUSE THEN -- SO THEN WE'RE SAYING
16 THAT THE CHAIR, THE VICE CHAIR, AND THE PRESIDENT
17 GET TO MEET WITH THE BOARD OR GET TO MEET WITH THE
18 GOVERNANCE COMMITTEE?

19 CHAIRPERSON LANSING: FIRST THEY MEET WITH
20 THE GOVERNANCE COMMITTEE AND GIVE THE GOVERNANCE
21 COMMITTEE, WHOEVER WE'VE DELEGATED TO DO THIS, THEIR
22 INPUT AS TO WHAT THEY THINK THE METRIC SHOULD BE.
23 AND MEET WITH WHOEVER ELSE THEY WANT US TO MEET WITH
24 TO HEAR WHAT THE METRICS SHOULD BE.

25 DR. POMEROY: OKAY.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: A DOCUMENT IS THEN
2 DEVELOPED BY THE GOVERNANCE COMMITTEE OR DELEGATES
3 OF THE GOVERNANCE COMMITTEE, AND THAT DOCUMENT IS
4 THEN BROUGHT TO THE FULL BOARD WHERE THE CHAIR, THE
5 VICE CHAIR, AND THE PRESIDENT ARE IN ATTENDANCE, AND
6 THEY HAVE THE RIGHT, AS ANYBODY DOES, TO SAY
7 ANYTHING THEY WANT ABOUT IT, AND THEN IT'S VOTED ON.
8 THAT BECOMES THE DOCUMENT UNDER WHICH WE EVALUATE
9 THESE THREE PEOPLE. THAT EVALUATION, I THINK WHAT
10 WE'RE SAYING, IS CONDUCTED BY MEMBERS OF THE
11 GOVERNANCE COMMITTEE AND ADDITIONAL PEOPLE SHOULD WE
12 SO DESIRE.

13 DR. STEWARD: THE FIRST DRAFT OF THAT
14 BASICALLY. THE WORKING DRAFT WOULD THEN GO TO THE
15 BOARD FOR THEIR FULL CONSIDERATION AND REVIEW.

16 MR. KLEIN: I THINK THAT IT'S CRITICAL TO
17 UNDERSTAND THAT THE CHAIR, THE VICE CHAIR, AND THE
18 PRESIDENT WORK FOR THE BOARD. THEY DON'T WORK FOR
19 THE GOVERNANCE COMMITTEE.

20 CHAIRPERSON LANSING: THAT'S CORRECT.

21 MR. KLEIN: STRUCTURALLY WE KNOW FROM
22 SOCIOLOGY THAT THIS TYPE OF AN EFFORT EFFECTIVELY
23 BIASES ANY REVIEW.

24 MR. ROTH: NO, WAIT, BOB. I THINK THAT'S
25 NOT TRUE. I WAS A SOCIOLOGY MAJOR.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: I DON'T UNDERSTAND
2 WHY WE'RE HAVING -- EITHER I'M MISSING THIS
3 COMPLETELY, BUT HERE'S WHAT WE'RE SAYING. YOU ARE
4 GOING TO HAVE A COMMITTEE. AND WE'RE GOING -- THAT
5 COMMITTEE IS GOING TO MEET WITH YOU, LET ME JUST
6 DEAL WITH THIS SPECIFICALLY, AND GET ALL OF YOUR
7 INPUT, ENDLESSLY, AS MUCH TIME AS YOU WANT AND MEET
8 WITH WHOEVER ELSE YOU WANT.

9 MR. KLEIN: BUT I ONLY WORK HALF-TIME.

10 CHAIRPERSON LANSING: MAKE A LIST. MAKE A
11 LIST OF EVERYTHING THAT YOU WANT. WE'RE NOT TRYING
12 TO TAKE THINGS OUT. THEN THERE'LL BE A DOCUMENT.
13 SOMEBODY HAS TO DO THIS. THIS BIG BOARD YOU'LL
14 NEVER GET IT DONE. THEN THAT DOCUMENT WILL BE
15 BROUGHT TO THE FULL BOARD. AND SHOULD THERE BE ANY
16 DISAGREEMENTS, WHICH HOPEFULLY THERE WON'T BE
17 BECAUSE THIS ISN'T LIKE A GOTCHA. THIS IS LIKE
18 TRYING TO DO SOMETHING THAT MEETS WITH THE PERSON
19 WHO'S BEING EVALUATED AS WELL AS THE BOARD MEMBERS.
20 WE'LL GET MORE INPUT FROM THE BOARD. AND SHOULD
21 THERE BE ANY DISAGREEMENT, YOU'LL HAVE THE FULL
22 OPPORTUNITY TO DISCUSS IT WITH ALL MEMBERS OF THE
23 BOARD AND SAY WHY YOU FEEL THIS SHOULD HAVE BEEN
24 INCLUDED, SHOULD SOMETHING LIKE THAT HAVE HAPPENED,
25 OR SOMETHING SHOULD HAVE BEEN TAKEN OUT. OUR BOARD

BARRISTERS' REPORTING SERVICE

1 WILL NOT BE BIASED BY THE GOVERNANCE COMMITTEE, I
2 GUARANTEE IT, NOT OUR GROUP OF PEOPLE.

3 DR. POMEROY: AND, SHERRY, SO THEN NO. 2
4 NOW READS THAT THE CHAIR, THE VICE CHAIR, THE
5 PRESIDENT WILL EACH MEET WITH THE GOVERNANCE
6 COMMITTEE TO DISCUSS THEIR PERFORMANCE AND THEIR
7 OBJECTIVES.

8 CHAIRPERSON LANSING: I THINK WE'LL
9 PROBABLY HAVE TO ADD PEOPLE BECAUSE I THINK WE'RE A
10 SMALL GROUP, SO THERE'LL BE PEOPLE ON THE BOARD THAT
11 PROBABLY WANT TO PARTICIPATE.

12 DR. POMEROY: THE GOVERNANCE COMMITTEE AND
13 OTHER --

14 CHAIRPERSON LANSING: MEMBERS OF THE
15 BOARD.

16 DR. POMEROY: -- MEMBERS OF THE BOARD,
17 THAT THAT GROUP WILL DEVELOP A DOCUMENT THAT THEY
18 WILL BRING TO THE FULL BOARD IN CLOSED SESSION, AND
19 THE FULL BOARD WILL REVIEW IT, AMEND IT AS THEY
20 WISH, AND APPROVE IT.

21 CHAIRPERSON LANSING: THAT'S CORRECT.

22 DR. POMEROY: AND THEN TWO MEMBERS OF THE
23 BOARD AS OUTLINED IN NO. 3 WILL COMMUNICATE THE
24 RESULTS.

25 I KNOW, BOB, THAT YOU DISAGREE WITH THIS.

BARRISTERS' REPORTING SERVICE

1 I'M JUST TRYING TO CLARIFY WHAT THE MOTION IS.

2 MR. SHEEHY: I DO THINK, CLAIRE, ONE
3 LITTLE AMENDMENT THERE IS THAT THE THREE INDIVIDUALS
4 UNDER REVIEW SHOULD HAVE THE OPPORTUNITY TO DISCUSS
5 WITH THE BOARD AT THE BOARD LEVEL THE REVIEW BEFORE
6 THE BOARD ADOPTS IT, WHICH I DON'T THINK --

7 DR. POMEROY: SO THE BOARD REVIEWS, AMENDS
8 AS NECESSARY, AND APPROVES, THEN --

9 MR. SHEEHY: DISCUSSES WITH THE
10 INDIVIDUALS, THE PRINCIPALS.

11 DR. POMEROY: THEN IT'S COMMUNICATED BY
12 THE TWO MEMBERS OF THE BOARD, AND THEN THE PRINCIPAL
13 CAN COME BACK INTO THE FULL BOARD?

14 MR. SHEEHY: DO WE WANT TO GIVE THE CHAIR,
15 THE VICE CHAIR, AND THE PRESIDENT THE OPPORTUNITY TO
16 ADDRESS THE FULL BOARD TO DISCUSS THEIR PERFORMANCE
17 AND OBJECTIVES PRIOR TO THE BOARD VOTING?

18 DR. POMEROY: OH, I SEE. YOU WANT TO
19 BRING THEM IN BEFORE THE FINAL VOTE, NOT AFTER IT.

20 MR. SHEEHY: JUST SO THAT THEY CAN OFFER
21 SOME INPUT AT THE BOARD LEVEL.

22 MS. KING: WHICH IS WHAT TWO SAYS RIGHT
23 NOW.

24 DR. POMEROY: NO, IT'S NOT, BUT IT'S A
25 HYBRID. SO JUST LET ME MAKE THIS CLEAR. SO FIRST

BARRISTERS' REPORTING SERVICE

1 THE CHAIR, THE VICE CHAIR, AND THE PRESIDENT WILL
2 MEET WITH THE GOVERNANCE COMMITTEE AND THE OTHER
3 MEMBERS OF THE BOARD WHO ARE SELECTED, DISCUSS THEIR
4 PERFORMANCE, BASICALLY DO THEIR SELF-APPRAISAL, A
5 DOCUMENT WILL BE DEVELOPED, THEN WHEN THE BOARD
6 MEETS IN CLOSED SESSION, THEN THE CHAIR, THE VICE
7 CHAIR, AND THE PRESIDENT CAN GIVE A REVIEW OF THEIR
8 SELF-APPRAISAL, AND THEN THE BOARD WILL REVIEW THE
9 DRAFT DOCUMENT.

10 MR. SHEEHY: EXACTLY.

11 MS. KING: SO WE'RE ADDING TO NO. 2 AS
12 OPPOSED TO DELETING ANYTHING.

13 DR. POMEROY: YOU'VE GOT IT.

14 CHAIRPERSON LANSING: FOR ADDING THE WHOLE
15 THING. I THINK WE'RE TRYING VERY HARD TO MAKE THIS
16 INCLUSIVE, NOT EXCLUSIVE.

17 MR. SHEEHY: MAYBE THE HYBRID IS -- THERE
18 IS, AS YOU NOTED, SHERRY, THE DIFFICULT PROBLEM OF
19 WHO'S GOING TO DO THE WORK. AND THE WHOLE BOARD,
20 THERE IS A SUBSTANTIAL AMOUNT OF DUE DILIGENCE THAT
21 NEEDS TO TAKE PLACE HERE IN ACTUALLY PULLING ALL
22 THIS TOGETHER.

23 CHAIRPERSON LANSING: YES.

24 DR. POMEROY: I THINK I HAVE THE MOTION
25 NOW, AND I DO THINK IT WILL -- I WILL VOLUNTEER --

BARRISTERS' REPORTING SERVICE

1 IF THIS PASSES, I WILL VOLUNTEER TO WRITE DOWN WHAT
2 I THINK THAT I HEARD BECAUSE I THINK IT'S REALLY
3 IMPORTANT THAT WE ALL UNDERSTAND THIS.

4 MS. KING: THANK YOU FOR THAT, DR.
5 POMEROY.

6 CHAIRPERSON LANSING: SO THEN HAVING THAT
7 MOTION AND THE SECOND, I'D LIKE YOU TO TAKE A ROLL
8 CALL VOTE.

9 MS. KING: BOB KLEIN.

10 MR. KLEIN: OPPOSE.

11 MS. KING: SHERRY LANSING.

12 CHAIRPERSON LANSING: YES.

13 MS. KING: CLAIRE POMEROY.

14 DR. POMEROY: YES.

15 MS. KING: DUANE ROTH.

16 MR. ROTH: YES.

17 MS. KING: JEFF SHEEHY.

18 MR. SHEEHY: YES.

19 MS. KING: OSWALD STEWARD.

20 DR. STEWARD: YES.

21 MS. KING: AND THAT MOTION CARRIES FIVE
22 YES VOTES AND ONE NO VOTE.

23 CHAIRPERSON LANSING: BOB, WHEN WE HAVE
24 SOME MORE TIME, I WOULD REALLY LIKE TO TALK TO YOU
25 ABOUT WHY YOU WERE OPPOSED BECAUSE I ACTUALLY AM A

BARRISTERS' REPORTING SERVICE

1 LITTLE CONFUSED. I THINK IF WE CONTINUE TALKING, WE
2 WON'T GET TO OUR CLOSED SESSION ITEM, WHICH I KNOW
3 IS TIME SENSITIVE.

4 MR. KLEIN: THAT WOULD BE GREAT. I ALWAYS
5 APPRECIATE TALKING ABOUT YOU.

6 CHAIRPERSON LANSING: HONESTLY, MAYBE I'M
7 MISSING SOMETHING. I THINK WHAT IT IS WHAT YOU
8 WANT.

9 DR. POMEROY: SHERRY, CAN I SAY ONE OTHER
10 THING ABOUT THAT. I'M SORRY. I WOULD LIKE TO URGE
11 ALL OF US TO TRY THIS FOR ONE ROUND AND SEE HOW IT
12 GOES, AND THEN WE CAN REVISIT IT. WE CAN REVISIT IT
13 IF IT NEEDS TO BE REDISCUSSUED.

14 CHAIRPERSON LANSING: YES. ALL RIGHT.
15 HAVING SAID THAT, NOW WE'RE GOING TO GO INTO CLOSED
16 SESSION. AND, JAMES, COULD YOU PLEASE STATE THE
17 CODE SECTION ALLOWING US TO GO INTO CLOSED SESSION?

18 MR. HARRISON: THE GOVERNANCE SUBCOMMITTEE
19 WILL BE CONVENING IN CLOSED SESSION PURSUANT TO
20 GOVERNMENT CODE SECTION 11126 AND HEALTH AND SAFETY
21 CODE SECTION 125290.30.

22 CHAIRPERSON LANSING: THANK YOU, JAMES.
23 WE EXPECT OUR CLOSED SESSION TO LAST APPROXIMATELY
24 30 MINUTES. I'M GOING TO ASK EVERYONE TO HANG UP
25 FROM THIS LINE AND DIAL INTO THE OTHER ONE.

BARRISTERS' REPORTING SERVICE

1 MR. SIMPSON: CAN YOU TAKE GENERAL PUBLIC
2 COMMENT BEFORE YOU GO?

3 CHAIRPERSON LANSING: YES.

4 MR. SIMPSON: I JUST WANTED TO ASK A
5 SIMPLE QUESTION. ARE YOU NOW CONSIDERING HAVING TWO
6 VICE CHAIRS?

7 CHAIRPERSON LANSING: I CAN'T ANSWER THAT
8 UNTIL AFTER CLOSED SESSION, I BELIEVE; IS THAT
9 CORRECT, JAMES?

10 MR. HARRISON: WELL --

11 MR. SIMPSON: YOU AGENDIZED AN ITEM FOR
12 POSSIBLY MORE THAN ONE CHAIR FOR YOUR NEXT --

13 CHAIRPERSON LANSING: IT'S ON THE AGENDA.

14 MS. KING: IT DOESN'T HAVE ANYTHING TO DO
15 WITH THIS MEETING.

16 MR. HARRISON: IT'S NOT ON THE AGENDA FOR
17 THIS MEETING.

18 MR. KLEIN: I THINK THAT IT IS WITHIN THE
19 JURISDICTION OF THIS COMMITTEE TO CONSIDER A CHAIR
20 OR CHAIRS.

21 MR. SIMPSON: DO YOU EXPECT TO BE HAVING A
22 REPORT TO THE PUBLIC IN HALF AN HOUR OR SO?

23 CHAIRPERSON LANSING: I DON'T KNOW THE
24 ANSWER TO THAT, TO BE HONEST WITH YOU. I'M SORRY TO
25 BE SO VAGUE. I JUST DON'T KNOW WHAT'S GOING TO

BARRISTERS' REPORTING SERVICE

1 HAPPEN IN THE MEETING.

2 MR. SIMPSON: I UNDERSTAND.

3 CHAIRPERSON LANSING: RESPECTFULLY, THEN,
4 I'M GOING TO CONCLUDE THIS PART OF THE MEETING AND
5 ASK EVERYONE TO DIAL IN.

6 (THE COMMITTEE THEN WENT INTO CLOSED
7 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED. AT
8 THE CONCLUSION OF CLOSED SESSION, THE FOLLOWING WAS
9 THEN HEARD IN OPEN SESSION:)

10 CHAIRPERSON LANSING: I'D LIKE TO WELCOME
11 EVERYBODY AGAIN AND JUST TO SAY THAT THERE IS REALLY
12 NOTHING TO REPORT FROM THE CLOSED SESSION, BUT THANK
13 YOU FOR YOUR TIME. AND SEE IF THERE'S ANY PUBLIC
14 COMMENT.

15 MS. KING: NONE IN SAN FRANCISCO.

16 CHAIRPERSON LANSING: IN SACRAMENTO DAVIS?

17 DR. POMEROY: NO.

18 CHAIRPERSON LANSING: IRVINE? LA JOLLA?
19 AND I KNOW JOHN SIMPSON LEFT. SO THANK YOU. THIS
20 MEETING STANDS ADJOURNED.

21 (THE MEETING WAS THEN ADJOURNED AT
22 05:58 P. M.)

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 GOVERNANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN' S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING ON MARCH 5, 2009, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.



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