

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: JULY 21, 2009
11 A.M.

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

BRS FILE NO.: 85010

BARRISTERS' REPORTING SERVICE

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ROLL CALL		4
CONSIDERATION OF CONTRACT WITH KUTIR CORPORATION FOR TECHNOLOGY CONSULTING SERVICES		5
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BARRISTERS' REPORTING SERVICE

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TUESDAY, JULY 21, 2009

11:00 A.M.

CHAIRPERSON LANSING: ALL RIGHT. THANK YOU, MELISSA. I ESSENTIALLY CALL THIS MEETING TO ORDER AND WELCOME EVERYONE TO THE MEETING OF THE GOVERNANCE SUBCOMMITTEE OF THE ICOC. WE HAVE PARTICIPANTS, I BELIEVE, IN EIGHT LOCATIONS ON THE CALL. WE'RE HERE IN L.A. AT MY OFFICE. AND CAN I JUST RECONFIRM UC DAVIS?

DR. POMEROY: CORRECT.

CHAIRPERSON LANSING: CIRM IN SAN FRANCISCO?

MS. KING: YEP.

CHAIRPERSON LANSING: CITY ATTORNEY'S OFFICE?

MR. SERRANO-SEWELL: YES.

CHAIRPERSON LANSING: STANFORD?

MS. KING: STANFORD HAS NOT YET JOINED, IT SOUNDS LIKE.

CHAIRPERSON LANSING: JEANNIE IN WEST L.A.

DR. FONTANA: YES. SHERRY, I'M HAVING A HARD TIME HEARING YOU.

CHAIRPERSON LANSING: OH, DEAR.

DR. FONTANA: I CAN HEAR YOU. IT'S LIKE

BARRISTERS' REPORTING SERVICE

1 YOU'RE DISTANT THOUGH.

2 CHAIRPERSON LANSING: IS THIS BETTER? UC
3 IRVINE?

4 DR. STEWARD: I'M HERE.

5 CHAIRPERSON LANSING: CONNECT IN LA JOLLA?

6 MR. ROTH: YES.

7 CHAIRPERSON LANSING: OKAY. WELL, THEN, I
8 THINK WE CAN PROCEED TO AGENDA ITEM NO. 2. SO,
9 MELISSA, CAN YOU CALL THE ROLL.

10 MS. KING: BOB KLEIN. I KNOW HE'S JOINING
11 FROM STANFORD, SO WE'LL GIVE A QUICK CALL TO
12 STANFORD AND SEE IF WE CAN FIND OUT WHAT'S GOING ON.

13 SHERRY LANSING.

14 CHAIRPERSON LANSING: HERE.

15 MS. KING: TED LOVE. PHIL PIZZO. CLAIRE
16 POMEROY.

17 DR. POMEROY: HERE.

18 MS. KING: JEANNIE FONTANA.

19 DR. FONTANA: HERE.

20 MS. KING: DUANE ROTH.

21 MR. ROTH: HERE.

22 MS. KING: DAVID SERRANO-SEWELL.

23 MR. SERRANO-SEWELL: HERE.

24 MS. KING: JEFF SHEEHY.

25 MR. SHEEHY: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: OSWALD STEWARD.

2 DR. STEWARD: HERE.

3 MS. KING: AND ART TORRES IS JOINING HERE
4 IN SAN FRANCISCO AND HAS NOT YET COME INTO THE ROOM.
5 I KNOW HE WAS ON THE PHONE, BUT, CHAIR LANSING, IF
6 YOU WOULD LIKE TO PROCEED.

7 CHAIRPERSON LANSING: YES. I WILL GO NOW
8 TO AGENDA ITEM 3, WHICH IS CONSIDERATION OF THE
9 CONTRACT, AND I DON'T KNOW THAT I'M GOING TO SAY
10 THIS RIGHT, WITH KUTIR CORPORATION FOR TECHNOLOGY
11 CONSULTING SERVICES. AND I'D LIKE TO ASK JOHN
12 ROBSON TO LEAD US THROUGH THE DETAILS OF THIS
13 CONTRACT AND THE REQUEST THAT WE HAVE TO AMEND IT.
14 JOHN, WOULD YOU DO SO?

15 MS. KING: JOHN, BEFORE YOU DO THAT, ART,
16 SENATOR TORRES, IF I COULD HAVE YOU SIT RIGHT HERE.
17 WHO JUST JOINED THE CALL?

18 MR. KLEIN: MELISSA, THIS IS BOB, BUT I
19 CANNOT PARTICIPATE FOR ABOUT FIVE MORE MINUTES
20 BECAUSE I'M HELD UP ON TRAFFIC GETTING TO MY OFFICE
21 WHERE I CAN PARTICIPATE.

22 CHAIRPERSON LANSING: JOIN US AS SOON AS
23 YOU CAN.

24 MR. HARRISON: WE HAVE A QUORUM WITH ART
25 TORRES JOINING.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: JOHN, CAN YOU NOW
2 PLEASE LEAD US THROUGH THE CONTRACT AND THE
3 AMENDMENT?

4 DR. ROBSON: THANK YOU, CHAIRMAN LANSING.
5 THIS REQUEST IS FOR AN AMENDMENT TO THIS CONTRACT TO
6 INCREASE THE MAXIMUM AMOUNT FROM 200,000 TO 350,000.
7 KUTIR CORPORATION, I PROVIDED SOME BACKGROUND
8 INFORMATION ON THAT TO YOU IN WRITING. THEY WERE
9 CONTRACTED BY US LAST WINTER IN DECEMBER, I THINK,
10 OF '08 IN ORDER TO PROVIDE PROGRAMMING SUPPORT, I.T.
11 SUPPORT FOR OUR GRANTS MANAGEMENT SYSTEM. YOU
12 RECALL ED DORRINGTON WAS AN EMPLOYEE HERE FOR YEARS,
13 AND HE HAD BUILT THE CURRENT SYSTEM THAT WE HAVE
14 BEEN USING. ED LEFT CIRM IN THE END OF THE YEAR,
15 AND KUTIR HAS COME IN TO PROVIDE THE SERVICES THAT
16 ED WAS PROVIDING.

17 BUT I SHOULD ALSO ADD THAT THE JOB HAS
18 GOTTEN MUCH BIGGER THAN THE JOB THAT ED HAD TO DEAL
19 WITH. WE'VE HAD MANY NEW PROCESSES ADDED. AS YOU
20 KNOW, OUR GRANTS MANAGEMENT HAS GOTTEN MORE
21 COMPLICATED AS WE'VE GIVEN OUT MORE GRANTS. WE'RE
22 NOW DOING THINGS THAT WE WEREN'T DOING BEFORE.
23 WE'VE GOT PROGRESS REPORTS. WE'RE FACING MONITORING
24 OF GRANTS, INTERNATIONAL COLLABORATIONS. WE'RE
25 ABOUT TO INTRODUCE A LOAN PROGRAM. ALL OF THESE

BARRISTERS' REPORTING SERVICE

1 HAVE ADDED COMPLEXITIES TO THE I.T. ASPECTS OF GRANT
2 MANAGEMENT.

3 AND KUTIR HAS COME IN TO HELP US WITH
4 THAT. THEY'VE BEEN REALLY INVALUABLE. I DON'T
5 THINK WE COULD RUN OUR PROGRAMS WITHOUT THEM RIGHT
6 NOW. THEY BUILT THE NEW FORMS FOR THE NEW RFA'S,
7 AND THEY'VE BEEN HELPING WITH ALL THE OTHER ASPECTS
8 THAT I JUST MENTIONED.

9 SO AS A CONSEQUENCE, THE SERVICES THAT
10 WE'VE REQUIRED FROM THEM, BECAUSE OF THE WORK THAT
11 NEEDS TO BE DONE, HAVE EXPANDED, AND SO WE'RE ASKING
12 FOR AN INCREASE IN THE AMOUNT OF THAT CONTRACT.

13 CHAIRPERSON LANSING: ALL RIGHT. DO I
14 HAVE ANY QUESTIONS OF ANY MEMBER OF THE
15 SUBCOMMITTEE?

16 DR. POMEROY: CAN I ASK THAT WE BE
17 REMINDED OF HOW THIS ORIGINAL CONTRACT WAS AWARDED,
18 WHAT THE -- IF AN RFA WAS SENT OUT AND WHAT THE
19 COMPETITION WAS?

20 DR. ROBSON: IT WAS AN RFP, AND THEY
21 COMPETED. I DON'T RECALL HOW MANY RESPONDENTS WE
22 HAD. CYNTHIA, DO YOU REMEMBER?

23 MS. SCHAFFER: MORE THAN 15 RESPONDENTS.

24 DR. ROBSON: SO WE HAD MORE THAN 15
25 RESPONDENTS, AND WE WENT THROUGH A REVIEW PROCESS AS

BARRISTERS' REPORTING SERVICE

1 WE USUALLY DO.

2 DR. POMEROY: OKAY. THANK YOU.

3 CHAIRPERSON LANSING: THANK YOU, CLAIRE.

4 ANY OTHER QUESTIONS? CAN I HAVE QUESTIONS FROM THE
5 PUBLIC? I'LL GO AROUND AND SAY UC DAVIS?

6 DR. POMEROY: NO PUBLIC.

7 CHAIRPERSON LANSING: SAN FRANCISCO?

8 MS. KING: NO PUBLIC QUESTIONS OR COMMENTS
9 UNLESS MR. JENSON DOES HAVE ONE.

10 MR. JENSON: THIS IS DAVE JENSON WITH THE
11 CALIFORNIA STEM CELL REPORT. THE QUESTIONS I HAVE
12 HAVE TO DO WITH HOW THIS RELATES TO THE GRANTIUM
13 SOFTWARE SYSTEM AND WHAT ARE THE PROBLEMS ASSOCIATED
14 WITH THE GRANTIUM GRANT MANAGEMENT SYSTEM THAT
15 REQUIRE \$300,000 TO CORRECT?

16 DR. ROBSON: WELL, I CERTAINLY WOULDN'T
17 PUT IT THAT WAY. I WOULDN'T PUT THAT THERE ARE
18 PROBLEMS WITH THE GRANTIUM SYSTEM. WHAT HAPPENED
19 WITH GRANTIUM WAS WE, BECAUSE OF THE DESIGN OF THAT
20 SYSTEM AND BECAUSE OF THE DEMANDS OF CIRM AND OUR
21 CONTINUALLY EVOLVING PROCESSES, WE CAME TO A MUTUAL
22 CONCLUSION WITH GRANTIUM THAT THIS WAS NOT A GOOD
23 FIT. SO WE HAVE ENDED THAT RELATIONSHIP, AND WE'RE
24 TAKING A NEW STRATEGY TOWARDS UPGRADING OR GRANTS
25 MANAGEMENT SYSTEM. IT'S REALLY AS SIMPLE AS THAT.

BARRISTERS' REPORTING SERVICE

1 WE JUST HAD A BAD FIT.

2 MR. JENSON: SO THERE'S NO LONGER A
3 CONTRACT WITH GRANTIUM?

4 DR. ROBSON: NO.

5 MR. JENSON: IS THERE MONEY DUE TO BE PAID
6 TO GRANTIUM?

7 DR. ROBSON: NO.

8 MR. JENSON: HOW MUCH HAS BEEN PAID TO
9 GRANTIUM?

10 DR. ROBSON: WE HAVE PAID BETWEEN 200 AND
11 \$250,000.

12 MS. SCHAFFER: ACTUALLY IT IS LISTED ON
13 OUR CONTRACTS AND AGREEMENTS SUMMARY. A HUNDRED
14 EIGHTY-THREE THOUSAND.

15 MS. KING: SO WHAT CYNTHIA SCHAFFER IS
16 REFERRING TO, FOR THOSE OF YOU ON THE PHONE, IS
17 ACTUALLY THE DOCUMENT FOR AGENDA ITEM NO. 4, WHICH
18 WE WILL GET TO AFTER THIS ITEM. SHE'S JUST POINTING
19 OUT THAT ON PAGE 3 OF THE CHART LISTING THE
20 CONTRACTS AND INTERAGENCY AGREEMENTS, YOU CAN FIND
21 THE EXACT AMOUNT THAT HAS BEEN PAID TO GRANTIUM. IF
22 YOU'RE INTERESTED IN SEEING THAT NUMBER, IT'S ABOUT
23 TWO-THIRDS OF THE WAY DOWN THE PAGE.

24 DR. ROBSON: LET ME JUST ADD A LITTLE BIT
25 OF FURTHER INFORMATION. IF WE WERE STILL CONTRACTED

BARRISTERS' REPORTING SERVICE

1 WITH GRANTIUM, IT WOULD NOT HAVE ANY IMPACT ON OUR
2 REQUEST TODAY. WE WOULD STILL REQUIRE THE SERVICES
3 THAT WE NEED FROM THESE -- FROM KUTIR.

4 SECONDLY, THE STRATEGY THAT WE ARE NOW
5 PURSUING FOR UNIFYING AND UPGRADING OUR GRANT
6 MANAGEMENT SYSTEM, WE ARE CONFIDENT IT'S GOING TO
7 SAVE US MONEY IN THE LONG RUN COMPARED TO WHAT WE
8 WOULD HAVE SPENT HAD WE CONTINUED WITH GRANTIUM.

9 MR. JENSON: IS THERE A LEGAL DISPUTE WITH
10 GRANTIUM? ARE THERE ANY OUTSTANDING LEGAL ISSUES?

11 DR. ROBSON: NO.

12 MR. JENSON: HOW MUCH MONEY HAS BEEN SPENT
13 SO FAR SINCE 2007, OCTOBER 2007, WHEN THE GRANTIUM
14 CONTRACT WAS APPROVED BY THE BOARD? HOW MUCH HAS
15 BEEN SPENT ON THE GRANTS MANAGEMENT SYSTEM?

16 DR. ROBSON: IT'S ABOUT \$270,000.

17 MR. JENSON: THAT'S THE TOTAL AMOUNT SPENT
18 SINCE 2007 ON THE GRANTS MANAGEMENT SYSTEM?

19 MR. ROTH: SHERRY, IT'S DUANE ROTH. I
20 APPRECIATE THE LINE OF QUESTIONING HERE, BUT I'M NOT
21 SURE IT'S IN ORDER. I THINK THIS IS FOR PUBLIC
22 COMMENTS AND NOT A QUESTION AND ANSWER HERE. IF
23 THERE ARE COMMENTS, I'D LOVE TO HEAR THOSE.

24 MR. SHEEHY: I THINK IT'S REASONABLE. I'M
25 FINDING IT EDUCATIONAL.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: I DON'T MIND, BUT I THINK IT
2 SHOULD BE MORE IN THE FORM --

3 MR. SHEEHY: I THINK THIS IS OKAY, DUANE.

4 CHAIRPERSON LANSING: I THINK IT'S OKAY.
5 WHY DON'T WE CONTINUE.

6 MR. SHEEHY: UNLESS YOU HAVE SOMETHING YOU
7 WANT TO HIDE.

8 MR. ROTH: NO. NO. I DON'T. IT'S JUST
9 I'M NOT ACCUSTOMED TO --

10 CHAIRPERSON LANSING: WE USUALLY DON'T DO
11 THIS. YOU'RE RIGHT.

12 MR. ROTH: IT'S FINE.

13 CHAIRPERSON LANSING: I THINK WITH FULL
14 TRANSPARENCY, IT'S A GOOD IDEA.

15 DR. STEWARD: I JUST WANT TO ACTUALLY
16 SUPPORT DUANE'S COMMENT THOUGH. I DO THINK WE NEED
17 TO RECOGNIZE THAT THIS IS AN EXCEPTION, NOT THE
18 RULE, AND THAT NORMALLY COMMENTS BY THE PUBLIC ARE
19 LIMITED TO THREE MINUTES.

20 CHAIRPERSON LANSING: I THINK THAT'S FAIR.
21 SO IF YOU COULD JUST ASK ONE OR TWO MORE.

22 MR. JENSON: I WOULD SUGGEST MY COMMENTS
23 ARE CONSIDERABLY LESS THAN THREE MINUTES. THE
24 RESPONSES ARE NOT.

25 MS. KING: MR. JENSON, WHAT CHAIR LANSING

BARRISTERS' REPORTING SERVICE

1 IS SAYING IS IF YOU HAVE A COUPLE MORE QUESTIONS
2 THAT YOU'D LIKE TO ASK, PLEASE DO SO.

3 MR. JENSON: I WILL DO THAT. SO THE TOTAL
4 AMOUNT SPENT SINCE 2007 IS ONLY \$270,000 FOR THE
5 GRANTS MANAGEMENT SYSTEM, EVERYTHING, INCLUDING
6 GRANTIUM, OUTSIDE CONTRACTS, EVERYTHING?

7 DR. ROBSON: WELL, IT DOES -- I DON'T
8 THINK THAT INCLUDES THE SALARY THAT WE PAID FOR OUR
9 I.T. EMPLOYEE WE HAD, MR. DORRINGTON. I DON'T THINK
10 THAT'S INCLUDED IN THIS. IS THAT CORRECT, MARGARET?
11 THIS IS OUTSIDE CONTRACTS.

12 MS. FERGUSON: THE 270 IS WHAT WE PAID
13 GRANTIUM IN TOTAL.

14 MR. JENSON: THEN THERE'S OUTSIDE
15 CONTRACTS IN ADDITION TO THAT?

16 DR. ROBSON: YES. WE'VE HAD SOME
17 OUTSIDE -- WE'VE HAD SOME CONSULTANTS, YES.

18 MR. JENSON: THE POINT ABOUT THIS, AND
19 THIS IS WHERE THE COMMENT COMES IN, YOU HAVE TO HAVE
20 INFORMATION IN ORDER TO MAKE AN INTELLIGENT COMMENT.
21 HOW MUCH HAS BEEN SPENT ON THE GRANTS MANAGEMENT
22 SYSTEM SINCE 2007, NOT DO WE KNOW HOW MUCH IS GOING
23 TO BE SPENT OVER THE NEXT TWO TO THREE YEARS. THESE
24 ARE SORT OF BASIC PIECES OF INFORMATION. THIS IS
25 COMPLICATED SOFTWARE, I THINK EVERYBODY KNOWS, AND

BARRISTERS' REPORTING SERVICE

1 IT CAN GET -- IF YOU DON'T TRACK IT CAREFULLY AND
2 PLAN CAREFULLY, OBVIOUSLY YOU CAN HAVE PROBLEMS LIKE
3 THESE.

4 THE FIRST POINT OF THIS IS TO GATHER
5 INFORMATION SO THAT YOU KNOW WHAT'S IN FRONT OF YOU.

6 DR. ROBSON: LET ME JUST PROVIDE ONE
7 EXAMPLE THAT MAYBE WILL HELP HERE. IT'S ON YOUR
8 LIST OF CONTRACTS. YOU WILL SEE THAT WE HAVE
9 ENGAGED WITH MICROEDGE GIFT. MICROEDGE GIFT IS A
10 CORPORATION THAT WILL BE PROVIDING A COMPONENT OF
11 OUR GRANTS MANAGEMENT SYSTEM. IT'S THE POSTAWARD
12 TRACKING. YOU WILL SEE TWO ITEMS THERE. I THINK
13 ONE IS ABOUT 25,000 AND THE OTHER IS ABOUT 40,000.

14 MS. KING: THESE ARE ON PAGE 4 OF THE
15 AGENDA ITEM NO. 4, THE CHART AGAIN, THE SUMMARY.

16 DR. ROBSON: FORTY THOUSAND IS FOR THE
17 SOFTWARE AND SOFTWARE LICENSES THAT WE WILL REQUIRE
18 TO USE MICROEDGE GIFT. \$25,000 IS TO COVER TRAINING
19 FOR OUR PERSONNEL. WE DON'T KNOW IF WE WILL USE ALL
20 OF THAT. IN ADDITION TO THAT, THERE WILL BE ANNUAL
21 FEES THAT RUN ABOUT \$5,000. SO FOR THAT -- THAT
22 WILL COVER ABOUT A THIRD OF OUR GRANTS MANAGEMENT
23 SYSTEM POSTAWARD PART.

24 WE'VE BROKEN GRANTS MANAGEMENT DOWN INTO
25 REALLY THREE GENERAL AREAS. ONE IS THE INPUT AREA,

BARRISTERS' REPORTING SERVICE

1 DATA ACQUISITION. THAT'S THE APPLICATION AND THE
2 PROGRESS REPORTS. AND THE SECOND COMPONENT IS THE
3 REVIEW PROCESS, WHICH INCLUDES CONFLICT OF INTEREST,
4 MANAGING THE GRANTS WORKING GROUP UP TO THE TIME
5 THAT THE ICOC MEETS. THOSE ARE THE SORT OF THREE
6 COMPONENTS.

7 THE REVIEW COMPONENT, WE THINK WE CAN USE
8 AND ADAPT THE SOFTWARE THAT'S BEEN DEVELOPED
9 IN-HOUSE. WE HAVE CONTRACTED WITH MICROEDGE GIFTS
10 FOR THE POSTAWARD COMPONENT, WHICH, AS I SHOW YOU,
11 WILL BE ABOUT \$60,000 PLUS 5,000 A YEAR, AND WE ARE
12 LOOKING INTO SYSTEMS FOR THE APPLICATION PROGRESS
13 REPORT COMPONENT. IF WE WERE TO GO WITH A COMPANY
14 LIKE MICROEDGE GIFTS, WE'VE MADE NO DECISIONS ON IT,
15 THE COST WOULD BE COMPARABLE TO WHAT YOU SEE THERE
16 FOR THE POSTAWARD COMPONENT. SO THAT'S WHERE WE ARE
17 RIGHT NOW.

18 HOPEFULLY THAT HELPS. WE DON'T HAVE EXACT
19 FIGURES YET BECAUSE WE HAVE NOT MADE ALL OF OUR
20 DECISIONS, BUT THIS IS THE SORT OF ORDER OF
21 MAGNITUDE THAT WE'RE LOOKING AT.

22 MR. JENSON: ONE FINAL COMMENT IS THAT
23 OBVIOUSLY THIS IS A VERY COMPLEX PROGRAM, AS I
24 MENTIONED, AND OBVIOUSLY IT'S MORE IMPORTANT AS THE
25 PORTFOLIO BECOMES LARGER. THE QUESTION IS IS WHAT

BARRISTERS' REPORTING SERVICE

1 ARE THE -- IT'S GOING TO REQUIRE SUBSTANTIAL
2 EXPENDITURES OVER THE NEXT SEVERAL YEARS. WHAT DO
3 THE NEXT THREE YEARS LOOK LIKE? WHAT DO THE NEXT
4 FIVE YEARS? THAT'S THE KIND OF THING THAT I THINK
5 WOULD BE BASIC TO PLANNING FOR THIS AGENCY.

6 MR. TORRES: I JUST WANTED TO ADD A VOICE
7 TO WHAT DAVID HAS ARTICULATED AND JEFF AS WELL IN
8 THAT THIS ISSUE IS NOT GOING TO GO AWAY, AND IT'S AN
9 ISSUE THAT WAS INCLUDED WITHIN THE DYNAMICS OF WHAT
10 WE HAVE TO ADDRESS IN OUR LEGISLATIVE COMMITTEE ON
11 THE LITTLE HOOVER RECOMMENDATIONS AND THE GRANTS
12 ISSUE. I THINK IT WOULD BE APPROPRIATE THEN IF WE
13 COULD PROVIDE FOR THE MEMBERS OF THE SUBCOMMITTEE A
14 SEPARATE ANALYSIS OF WHAT WE'RE SPENDING IN RESPECT
15 TO THE GRANTS. RIGHT NOW IT'S ALL OVER THE MAP, AND
16 IT'S HARD TO GET A SENSE.

17 CHAIRPERSON LANSING: THAT'S A GOOD IDEA,
18 ART. CONTINUE.

19 MR. TORRES: I'M DONE. I'M JUST SAYING --

20 CHAIRPERSON LANSING: I THINK, JOHN, THAT
21 WOULD BE AN EXCELLENT IDEA FOR THE MEMBERS OF THE
22 SUBCOMMITTEE IF YOU COULD DO THAT. AND THANK
23 MR. JENSON FOR HIS COMMENTS. AND I THINK THAT WILL
24 BE VERY HELPFUL.

25 DR. ROBSON: WE CAN DO THAT.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: THANK YOU. THANK
2 YOU AGAIN AND THANK YOU, MR. JENSON. THAT WAS A
3 WORTHWHILE DISCUSSION. I GUESS THE ATTORNEY'S
4 OFFICE, IS THERE ANYBODY THERE?

5 MR. SERRANO-SEWELL: NO.

6 CHAIRPERSON LANSING: STANFORD? JEANNIE?

7 DR. FONTANA: NO.

8 CHAIRPERSON LANSING: IRVINE?

9 DR. STEWARD: WE DO HAVE A MEMBER OF THE
10 PUBLIC, BUT NO COMMENTS.

11 CHAIRPERSON LANSING: CONNECT?

12 MR. ROTH: NO PUBLIC HERE.

13 CHAIRPERSON LANSING: DOUG?

14 MR. COLLINS: THERE'S NO PUBLIC HERE.

15 CHAIRPERSON LANSING: NO COMMENTS IN L.A.

16 MR. COLLINS: NO COMMENTS FROM THE SHERRY
17 LANSING FOUNDATION.

18 CHAIRPERSON LANSING: CAN I HAVE A MOTION
19 TO APPROVE THE AMENDMENT TO THIS CONTRACT?

20 MS. KING: THERE'S SOMEBODY RUSTLING
21 PAPERS BY THEIR PHONE, AND ALSO I KNOW THAT IT'S A
22 LITTLE BIT HARDER TO HEAR SHERRY FOR SOME REASON.

23 CHAIRPERSON LANSING: CAN I HAVE A MOTION
24 TO APPROVE THIS REQUESTED AMENDMENT?

25 MR. ROTH: I'LL MOVE TO APPROVE.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: CAN I HAVE A SECOND?

2 DR. FONTANA: I'LL SECOND.

3 CHAIRPERSON LANSING: MELISSA, CAN YOU
4 TAKE A ROLL CALL VOTE?

5 MS. KING: BOB KLEIN. SHERRY LANSING.

6 CHAIRPERSON LANSING: YES.

7 MS. KING: CLAIRE POMEROY.

8 DR. POMEROY: YES.

9 MS. KING: JEANNIE FONTANA.

10 DR. FONTANA: YES.

11 MS. KING: DUANE ROTH.

12 MR. ROTH: YES.

13 MS. KING: DAVID SERRANO-SEWELL.

14 MR. SERRANO-SEWELL: YES.

15 MS. KING: JEFF SHEEHY.

16 MR. SHEEHY: YES.

17 MS. KING: OSWALD STEWARD.

18 DR. STEWARD: YES.

19 MS. KING: ART TORRES.

20 MR. TORRES: AYE.

21 MS. KING: FOR THE RECORD, THAT MOTION
22 CARRIES.

23 CHAIRPERSON LANSING: LET'S MOVE ON TO
24 AGENDA ITEM 4, WHICH IS AN UPDATE ON THE CONTRACTS
25 AND INTERAGENCY AGREEMENTS. EVERYONE SHOULD HAVE

BARRISTERS' REPORTING SERVICE

1 THIS DOCUMENT. THERE ARE TWO DOCUMENTS. ONE IS A
2 BACKGROUND MEMO AND AN UPDATE CHART. NOW I'D LIKE
3 TO TURN IT OVER TO CONTRACTS ADMINISTRATOR, CYNTHIA
4 SCHAFFER, WHO WILL WALK US THROUGH THIS UPDATE.

5 MS. SCHAFFER: I'D LIKE TO PRESENT THE
6 SUMMARY BY POINTING OUT A COUPLE OF NEW THINGS.
7 FIRST, IF YOU LOOK AT THE FIRST PAGE, THIS SUMMARY
8 IS FOR PART OF FISCAL YEAR '08-'09, WHICH RAN
9 THROUGH JUNE 30TH OF 2009. AT THE TIME WE NEEDED TO
10 HAVE THE SUMMARY PREPARED FOR POSTING, WE DID NOT
11 HAVE ALL THE JUNE INVOICES. SO WE WENT WITH AN
12 ENDING DATE OF MAY 31ST, 2009. SO THIS SUMMARY
13 COVERS THE FIRST THREE QUARTERS OF THE FISCAL YEAR
14 '08-'09 PLUS A PORTION OF THE FOURTH QUARTER OF
15 FISCAL YEAR '08-'09.

16 THE CONTRACTS AND AGREEMENT SUMMARY
17 COVERING THE FULL FISCAL YEAR '08-'09 WILL MOST
18 LIKELY BE PRESENTED AT THE NEXT FULL ICOC MEETING.

19 MARGARET FERGUSON, CIRM'S FINANCE OFFICER,
20 HAS GIVEN US A NEW COLUMN OF DATA ON THIS SUMMARY.
21 THE NEW COLUMN IS AT THE FAR RIGHT AND SHOWS THE
22 ENDING BALANCE. SO TO EXPLAIN THIS NEW COLUMN, I'D
23 LIKE TO USE AS AN EXAMPLE THE FIRST ENTRY ON TABLE
24 1, BENNETT VALLEY LAW. AS YOU WILL READ, BENNETT
25 VALLEY LAW IS A LAW FIRM THAT CIRM USES ON AN

BARRISTERS' REPORTING SERVICE

1 OCCASIONAL BASIS TO HELP WITH REAL PROPERTY MATTERS.

2 THE AGREEMENT WITH BENNETT VALLEY LAW
3 STARTED BACK ON JANUARY 1ST OF 2008 AND HAS SINCE
4 BEEN AMENDED AND EXTENDED SO THAT THE TERM RUNS ALL
5 THE WAY THROUGH JUNE 30, 2010. THAT'S THE COLUMN
6 LISTED FOR CONTRACT PERIOD. THE MAXIMUM AMOUNT THAT
7 CIRM CAN SPEND WITH BENNETT VALLEY LAW FOR THAT
8 WHOLE TIME PERIOD FROM JANUARY 1, 2008, ALL THE WAY
9 THROUGH JUNE 30, 2010, IS \$15,000 LISTED UNDER THE
10 CONTRACT AMOUNT COLUMN.

11 DURING THE TIME PERIOD THAT THIS SUMMARY
12 COVERS, WHICH IS MOST OF THIS FISCAL YEAR '08-'09,
13 CIRM HAS SPENT \$420. THAT'S UNDER THE EXPENDITURES
14 FROM 7/1/08 TO 5/31/09 COLUMN.

15 THE NEW COLUMN ON THE FAR RIGHT, THE
16 ENDING BALANCE AT MAY 31ST, '09, INDICATES THAT
17 THERE'S \$8,844 REMAINING ON THE AGREEMENT. I
18 REALIZE AT THIS POINT PEOPLE ARE STARTING TO LOOK AT
19 THEIR PHONES AND PDA'S FOR A CALCULATOR TO SORT OF
20 SEE HOW THIS ADDS UP. \$15,000 MINUS \$420,000 DOES
21 NOT LEAVE \$8,844. WHERE DID THE REST OF THE MONEY
22 GO?

23 THE ANSWER TO THAT IS THAT THIS AGREEMENT
24 RUNS MORE THAN ONE FISCAL YEAR. THIS SUMMARY ONLY
25 COVERS THE MAJORITY OF FISCAL YEAR '08-'09. THE

BARRISTERS' REPORTING SERVICE

1 REMAINING \$5,736 FOR THE BENNETT AGREEMENT WAS SPENT
2 IN FISCAL YEAR '07-'08. YOU GET THE 15,000 MINUS
3 THE 420,000 MINUS THE 8844 LEAVES 5,736.

4 SO THE AGREEMENT STARTED IN JANUARY OF
5 2008 IN THE FISCAL YEAR '07-'08, AND CIRM USED
6 BENNETT VALLEY'S SERVICES OVER THE MONTHS OF
7 JANUARY, FEBRUARY, MARCH, APRIL, MAY OF 2008. AND
8 THOSE BILLINGS CAME TO THE \$5,736 AMOUNT.

9 SO ANALYZING BETWEEN THE NEW COLUMNS OF
10 INFORMATION PROVIDED ON THE SUMMARY, WE CAN
11 INTERPRET A LOT OF DIFFERENT THINGS. WE CAN
12 INTERPRET THAT THE WHOLE CONTRACT AMOUNT IS \$15,000.
13 THE CONTRACT IS ALIVE AND AVAILABLE UNTIL JUNE 30,
14 2010. CIRM HAS A REMAINING BALANCE OF \$8,844
15 AVAILABLE TO SPEND UNDER IT. WE CAN NOTE THAT SO
16 FAR CIRM HAS ONLY SPENT \$420,000 DURING THE MAJORITY
17 OF FISCAL YEAR '08-'09.

18 AT THIS POINT I JUST TRIED TO EXPLAIN THE
19 NEW COLUMN BASED ON THIS ONE ENTRY. I HAVE A LITTLE
20 MORE TO EXPLAIN ABOUT NEW THINGS ON THE SUMMARY, BUT
21 I WANTED TO KNOW IF THERE'S ANY QUESTIONS SO FAR.

22 CHAIRPERSON LANSING: ANY QUESTIONS FROM
23 ANY MEMBER OF THE SUBCOMMITTEE SO FAR?

24 MS. KING: JUST ON THAT NEW COLUMN.
25 SOUNDS LIKE THERE ARE NO QUESTIONS.

BARRISTERS' REPORTING SERVICE

1 MS. SCHAFFER: SO CLEARLY THE SUMMARY
2 WOULD BE A LOT SIMPLER IF ALL OF THE AGREEMENTS
3 LISTED ON IT WERE ONLY FOR ONE FISCAL YEAR AND ALL
4 STARTED ON THE SAME DATE AND ENDED ON THE SAME DAY,
5 BUT UNFORTUNATELY WE DON'T WORK THAT WAY. THAT KIND
6 OF RIGIDITY ISN'T POSSIBLE WHEN WE'RE TRYING TO MOVE
7 FORWARD TO TAKE CARE OF THE NEEDS AS SOON AS
8 POSSIBLE TO FULFILL OUR MISSION. THE SUMMARY IS
9 VERY COMPLEX AND REQUIRES CAREFUL READING AND
10 ANALYSIS, BUT HOPEFULLY THIS NEW COLUMN WILL BE
11 HELPFUL ON A GOING-FORWARD BASIS.

12 ONE OF THE OTHER NEW THINGS THAT IS ON
13 THIS SUMMARY THAT I WANTED TO TALK ABOUT, WE
14 ACTUALLY PUT OUT A MEMO, AND YOU WILL SEE THAT
15 POSTED ON THE AGENDA AND PRINTED ON THE FRONT HERE.
16 IT'S A CHANGE THAT ORIGINATED UP AT THE STATE
17 CONTROLLER'S OFFICE. AS YOU CAN SEE FROM THE
18 STATEMENT, IN JANUARY 2009 CIRM WAS INFORMED BY THE
19 STATE CONTROLLER'S OFFICE THAT EXPENSES FOR MEETINGS
20 THAT HAD PREVIOUSLY BEEN PAID USING THE DEPARTMENT
21 OF GENERAL SERVICES CAL CARD PROGRAM WOULD NO LONGER
22 BE PROCESSED IN THE SAME WAY.

23 CIRM WAS INSTRUCTED THAT IN ORDER TO
24 PROCESS THESE EXPENSES, CIRM SHOULD NOW START TO USE
25 THE DEPARTMENT OF GENERAL SERVICES AMERICAN EXPRESS

BARRISTERS' REPORTING SERVICE

1 MEETING PLANNER ACCOUNT ALONG WITH PURCHASE ORDERS
2 AND CONTRACTS AS SUPPORTING DOCUMENTATION. BECAUSE
3 OF THAT PROCEDURE CHANGE AT SBO, CIRM NOW HAS MORE
4 PAPERWORK. AND ALSO BECAUSE OF THAT CHANGE, THE
5 MEETING EXPENSES ARE NOW INCLUDED ON CIRM'S CONTRACT
6 AND INTERAGENCY SUMMARY.

7 THIS IS MERELY A CHANGE IN THE PROCESSING
8 OF THE EXPENSES. THE EXPENSES FOR CIRM MEETINGS
9 THEMSELVES HAVEN'T REALLY CHANGED. THE PAPERWORK
10 HAS CHANGED. SINCE THIS PROTOCOL WAS CHANGED BY
11 STATE CONTROLLER'S OFFICE IN THE MIDDLE OF CIRM'S
12 FISCAL YEAR '08-'09, THIS SUMMARY DOES NOT COVER ALL
13 OF THE MEETING EXPENSES FOR THE TIME PERIOD THAT THE
14 REST OF THIS SUMMARY COVERS FROM THE JULY 1ST, 2008,
15 THROUGH THE MAY 31, 2009. ON A GOING-FORWARD BASIS,
16 THE REPORTING FOR THESE MEETING EXPENSES WILL
17 NORMALIZE AND BE CONSISTENTLY IN THE SUMMARY.

18 SO NOW IF THERE'S ANY QUESTIONS ABOUT THE
19 SUMMARY AS A WHOLE, I'D BE HAPPY TO WALK THROUGH.

20 CHAIRPERSON LANSING: THANK YOU VERY MUCH,
21 CYNTHIA. THAT WAS GREAT. CAN I HAVE ANY QUESTIONS
22 FROM ANY MEMBERS OF THE SUBCOMMITTEE?

23 MR. ROTH: SO MY QUESTION WOULD BE ON ANY
24 OF THESE CONTRACTS THAT WE ANTICIPATE BEING
25 OVERSPENT ON; AND IF SO, WHICH ONES?

BARRISTERS' REPORTING SERVICE

1 MS. SCHAFFER: WELL, I HAVE TO SAY AS A
2 CONTRACTS ADMINISTRATOR, I WORK IN TANDEM WITH
3 MARGARET FERGUSON TO KEEP EVALUATING THE INVOICES AS
4 THEY COME IN, AND ALSO THE KEY BUSINESS PEOPLE HERE
5 AT CIRM WHO ARE DEALING WITH THEIR OWN CONTRACTS ON
6 A DAY-TO-DAY BASIS. THEY'RE SORT OF MONITORING HOW
7 MUCH THEY'RE USING THE SERVICES AND HOW MUCH MONEY
8 IS LEFT, AND WE TRY VERY CAREFULLY TO AVOID THOSE
9 SITUATIONS WHERE THERE WOULD NEED TO BE AN
10 AMENDMENT. WE GUESS AS BEST WE CAN AHEAD OF TIME
11 AND MONITOR AS IT GOES ALONG.

12 MR. ROTH: BUT MY QUESTION IS REALLY BASED
13 ON THE KNOWLEDGE THAT COLLECTIVELY YOU HAVE. ARE
14 THERE ANY OF THESE CONTRACTS THAT YOU ANTICIPATE ARE
15 GOING TO -- YOU'RE GOING TO COME TO US AND ASK TO
16 INCREASE THE AMOUNTS? AND A FOLLOW-ON QUESTION TO
17 THAT IS ARE THERE ANY OF THESE VENDORS THAT ARE
18 SIGNIFICANTLY BEHIND ON THEIR BILLINGS?

19 MS. FERGUSON: THE INFORMATION THAT YOU
20 HAVE IN FRONT OF YOU IS, LIKE PREVIOUSLY STATED, IS
21 THROUGH MAY. THE JUNE INVOICES HAVE BEEN COMING IN;
22 AND BASED ON WHAT I HAVE SEEN AND THE TRENDS ON THE
23 BILLINGS THAT DO COME IN, THROUGH JUNE 30, '09,
24 OBVIOUSLY, WE ARE NOT GOING TO BE INCREASING ANY OF
25 THESE CONTRACTS TO COVER ANY OVERAGES. ALL OF THE

BARRISTERS' REPORTING SERVICE

1 FIGURES THAT WILL COME IN WILL BE WITHIN THE LIMITS
2 OF THE CONTRACT THROUGH JUNE 30, '09.

3 MR. ROTH: JUST A COMMENT ON ANY OF THE
4 VENDORS THAT YOU KNOW OF THAT ARE BEHIND IN THEIR
5 BILLINGS. THEY'VE DONE CONSIDERABLE WORK FOR US AND
6 HAVE NOT YET BILLED.

7 MS. FERGUSON: NO. ACTUALLY I PRETTY MUCH
8 HAVE RECEIVED ALL OF THE JUNE BILLINGS AS OF TODAY.
9 AND SO THEY'RE GOING FORWARD BECAUSE AS PART OF OUR
10 YEAR-END FINANCIAL PROCESS, I NEED TO BE ABLE TO
11 PREPARE ACCRUALS FOR THOSE NUMBERS TO CLOSE OUT
12 '08-'09, AND I HAVE EVERYTHING NOW.

13 MR. ROTH: SO YOU'RE AFTER THE STAFF TO
14 CONSTANTLY KEEP YOU UP TO DATE ON WHERE THEY'RE AT?

15 MS. FERGUSON: YES.

16 MS. KING: I DON'T THINK TOO MANY PEOPLE
17 ARE BEHIND ON BILLINGS THESE DAYS EITHER.

18 MR. ROTH: THAT'S TRUE, BUT IT DOES HAPPEN
19 AND THEN SOMETIMES YOU GET SURPRISED BY SOMEBODY
20 THAT PRODUCES A LOT OF WORK AND DIDN'T SUBMIT THE
21 BILL. THAT'S ALL I WAS ASKING. IT SOUNDS LIKE
22 YOU'VE GOT YOUR HANDS AROUND IT.

23 MS. FERGUSON: ACTUALLY AS BILLS DO COME
24 IN AND WE IN-HOUSE POST THEM, I POST THEM TO
25 SPREADSHEETS THAT HAVE BEGINNING BALANCES. I

BARRISTERS' REPORTING SERVICE

1 MONITOR; AND AS WE DO START IN A GIVEN YEAR, NOT
2 JUST THIS YEAR, IF IT STARTS TO GET CLOSE, I WILL
3 INFORM CYNTHIA RIGHT AWAY, AND SHE TALKS TO THE
4 PROGRAM PEOPLE. AND EITHER WE NEED TO PREPARE AN
5 AMENDMENT OR IT JUST HAPPENS TO BE THE COSTS WERE UP
6 FRONT AND VERY LITTLE WILL END IN THE CONTRACT AND
7 STILL BE WITHIN THE PARAMETERS OF THE DOLLAR VALUE.

8 MR. ROTH: THANKS. THAT'S IT FOR ME.

9 CHAIRPERSON LANSING: ANY OTHER QUESTIONS?

10 MR. SHEEHY: I JUST HAD A QUESTION ABOUT
11 THE DOJ. IT'S A RELATIVELY SMALL AMOUNT OF MONEY,
12 THE LINE ITEM FOR LITIGATION REPRESENTATION. I JUST
13 WANT TO ASK IS THERE CURRENTLY ANY LITIGATION?

14 MR. HARRISON: THERE IS NOT ANY CURRENT
15 ACTIVE LITIGATION.

16 MR. SHEEHY: I DIDN'T THINK SO. I THOUGHT
17 I'D CLARIFY THAT. THANK YOU.

18 CHAIRPERSON LANSING: ANY OTHER QUESTIONS?
19 ALL RIGHT. THEN CAN I SEE ARE THERE ANY QUESTIONS
20 FROM ANY MEMBERS OF THE PUBLIC AT DAVIS?

21 DR. POMEROY: NO.

22 CHAIRPERSON LANSING: CIRM IN SAN
23 FRANCISCO?

24 MS. KING: LOOKS LIKE THERE ARE NONE HERE
25 UNLESS I'M ONCE AGAIN MISTAKEN. MR. JENSON.

BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: ATTORNEY'S OFFICE?

2 MR. SERRANO-SEWELL: NO.

3 CHAIRPERSON LANSING: STANFORD? JEANNIE?

4 DR. FONTANA: NO.

5 CHAIRPERSON LANSING: IRVINE?

6 DR. STEWARD: NO QUESTIONS.

7 CHAIRPERSON LANSING: CONNECT?

8 MR. ROTH: NO.

9 CHAIRPERSON LANSING: AND WE HAVE NO
10 PUBLIC IN L.A. THEN DO I NEED TO CALL FOR A ROLL
11 CALL VOTE?

12 MR. HARRISON: THIS IS JUST AN UPDATE, SO
13 NO VOTE IS NECESSARY.

14 CHAIRPERSON LANSING: THANK YOU. SO THEN
15 ARE THERE ANY FURTHER COMMENTS FROM ANY SUBCOMMITTEE
16 MEMBER AT ANY OF OUR LOCATIONS? ANY FURTHER PUBLIC
17 COMMENT? WELL, THEN, I JUST WANT TO THANK ALL OF
18 YOU FOR BEING HERE AND FOR THE DISCUSSION THAT WE
19 HAD AS WELL, AND THE MEETING IS ADJOURNED.

20 (THE MEETING WAS THEN ADJOURNED AT
21 11:30 A.M.)

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BARRISTERS' REPORTING SERVICE

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE 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 HELD ON JULY 21, 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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