

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: JUNE 7, 2016
2 P.M.

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

BRS FILE NO.: 98619

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION	PAGE NO.
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. CONSIDERATION OF CIRM BUDGET FOR FISCAL YEAR 2016-2017. (UPDATED 6/6/16).	3
4. PUBLIC COMMENT.	NONE

BARRISTERS' REPORTING SERVICE

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JUNE 7, 2016; 2 P.M.

CHAIRMAN THOMAS: OKAY. THIS IS J.T.
PINCH HITTING FOR STEVE JUELSGAARD, WHO IS UNABLE TO
JOIN US TODAY. I'D LIKE TO CALL TO ORDER THE
REGULAR MEETING OF THE CIRM FINANCE SUBCOMMITTEE.
MARIA, WILL YOU CALL THE ROLL.

MS. BONNEVILLE: STEVE JUELSGAARD. JEFF
SHEEHY. OS STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: HERE.

CHAIRMAN THOMAS: OKAY. WE HAVE ONE ITEM
ON THE AGENDA FOR TODAY'S DISCUSSION, WHICH IS
CONSIDERATION OF THE CIRM BUDGET FOR FISCAL YEAR
2016-17. I WILL NOW TURN THE MEETING OVER TO CHILA
TO GIVE US THE PRESENTATION ON THE BUDGET. CHILA.

MS. SILVA-MARTIN: GOOD AFTERNOON, MR.
CHAIRMAN, MEMBERS OF THE COMMITTEE. THANK YOU FOR
THE OPPORTUNITY TO PRESENT THE '16-'17 FISCAL YEAR
BUDGET.

THE PRESENTATION TODAY WILL COVER THE
CURRENT FISCAL YEAR, THE BUDGET THAT THIS BOARD

BARRISTERS' REPORTING SERVICE

1 ALLOCATED TO CIRM. WE'LL DISCUSS THE FINAL NUMBERS
2 TODAY AT THE END OF THE FISCAL YEAR, AND THEN
3 FINALLY THE MAJOR DRIVERS THAT ARE IMPACTING THE
4 FINAL RESULTS. WE WILL ALSO COVER THE PROPOSED
5 '16-'17 BUDGET AND COVER THE MAJOR DRIVERS BEHIND
6 THE BUDGET REQUEST AS WELL AS SOME POTENTIAL RISKS
7 THAT MAY IMPACT THE FINAL RESULTS OF THE '16-'17
8 BUDGET. AND THEN FINALLY I JUST WANT TO SAY THE
9 PRESENTATION INCLUDED AN APPENDIX THAT PROVIDES THE
10 FINANCIAL DATA FOR EACH OF THE COST CENTERS.

11 SO FIRST LOOKING AT THE '15-'16 FISCAL
12 YEAR. SO THIS CHART REPRESENTS IN THE FIRST COLUMN
13 THE BUDGET THAT WAS APPROVED AND ALLOCATED, WHICH IS
14 AT \$18.7 MILLION. THE SECOND COLUMN REPRESENTS
15 WHERE WE EXPECT THE NUMBERS TO END ON JUNE 30TH,
16 WHICH IS ABOUT \$17.2 MILLION. AND LAST, THE THIRD
17 COLUMN IS THE VARIANCE BETWEEN WHAT WAS BUDGETED AND
18 WHAT WE EXPECT THE FINAL NUMBERS TO BE. AND AS YOU
19 CAN SEE, IT'S \$1.5 MILLION THAT WE EXPECT IN
20 OVERRUNS OR ABOUT 8 PERCENT OF WHAT WAS BUDGETED.

21 SO NOW I'D LIKE TO JUST BRIEFLY TALK ABOUT
22 SOME OF THE DRIVERS IMPACTING THAT VARIANCE. SO
23 THERE REALLY ARE TWO AREAS THAT ARE CAUSING
24 UNDERRUNS IN THE BUDGET, AND THEY ARE IN EMPLOYEE
25 EXPENSES AND IN REVIEWS, MEETINGS, AND WORKSHOPS.

BARRISTERS' REPORTING SERVICE

1 AND ALSO WE DID EXPERIENCE AN OVERRUN IN ONE OF OUR
2 CATEGORIES, AND THAT'S IN RELOCATION AND FACILITIES.
3 SO LET'S LOOK AT THOSE A LITTLE BIT CLOSER.

4 SO LOOKING AT EMPLOYEE EXPENSES, WHY ARE
5 WE ANTICIPATING A 1.2 UNDERRUN FOR THE BUDGET? WHY
6 IS IT COMING IN LOWER? WELL, AS YOU MAY RECALL,
7 DURING THE '14-'15 FISCAL YEAR, WE IMPLEMENTED A
8 MAJOR REORGANIZATION, AND THEN DURING THE '15-'16
9 FISCAL YEAR, WE CONDUCTED A STRATEGIC PLANNING
10 PROCESS TO SUPPORT THE REORGANIZATION. SO THERE
11 WERE SEVERAL POSITIONS THAT WERE VACANT AT THE
12 BEGINNING OF THE FISCAL YEAR. INSTEAD OF FILLING
13 THOSE POSITIONS, WE KEPT THEM VACANT UNTIL WE
14 CONCLUDED THE STRATEGIC MANAGEMENT PROCESS AND
15 REALLY HAD A FULL UNDERSTANDING OF WHAT OUR
16 PERSONNEL NEEDS WOULD BE MOVING FORWARD. WE'VE NOW
17 COMPLETED THE PROCESS. WE HAVE AN APPROVED
18 STRATEGIC PLAN, AND WE ARE MOVING FORWARD AND
19 ACTIVELY RECRUITING FOR THESE OPEN POSITIONS. SO WE
20 ANTICIPATE THAT WE WILL BE FILLING THESE POSITIONS
21 EARLY IN THE '16-'17 FISCAL YEAR.

22 OKAY. ANOTHER AREA WHERE WE'RE SEEING
23 COSTS COME IN LOWER THAN WHAT WAS BUDGETED WAS IN
24 OUR REVIEWS, MEETINGS, AND WORKSHOP CATEGORY. SO
25 THERE ARE ACTUALLY TWO REASONS FOR THIS UNDERRUN.

BARRISTERS' REPORTING SERVICE

1 FIRST, DUE TO THE TIMING TO IMPLEMENT THE CIRM 2.0
2 DISCOVERY AND TRANSLATIONAL PROGRAMS, WHILE WE WERE
3 BUDGETED TO HOLD FOUR OF THESE MEETINGS AND REVIEWS,
4 WE ACTUALLY ONLY HELD THREE. SO THAT RESULTED IN
5 SAVINGS.

6 NEXT, WE RESTRUCTURED HOW WE HOLD SOME OF
7 OUR MEETINGS. SO, FOR EXAMPLE, THE ICOC BOARD. WE
8 NOW ARE ACTUALLY HOLDING FEWER IN-PERSON MEETINGS
9 AND HAVING MORE TELEPHONIC MEETINGS, AND THAT'S
10 RESULTING IN LOWER COSTS.

11 IN ADDITION, FOR OUR CLINICAL AND ALPHA
12 CLINIC MEETINGS, WE CHANGED HOW WE HELD THOSE
13 MEETINGS AND ELIMINATED SOME COSTS. SO WE USED TO
14 PAY FOR THEM AT A PRIVATE VENUE, AND WE ARE NOW
15 HOLDING THEM AT THE GRANTEE SITE. SO ALL OF THESE
16 CHANGES ARE HAVING A POSITIVE IMPACT ON OUR OVERALL
17 COSTS.

18 OKAY. I DID MENTION EARLIER, HOWEVER,
19 THAT WE DID HAVE ONE CATEGORY WHERE WE HAVE AN
20 OVERRUN, AND THAT WAS IN OUR FACILITIES AND
21 RELOCATION CATEGORY. SO WHY DID THIS HAPPEN?

22 SO, AS YOU KNOW, FOR THE FIRST 11 YEARS OF
23 CIRM'S EXISTENCE, WE HAD A UNIQUE BENEFIT, FREE
24 RENT. WELL, THAT FREE LEASE EXPIRED IN OCTOBER OF
25 2015, AND WE WERE REQUIRED TO LOOK FOR NEW SPACE.

BARRISTERS' REPORTING SERVICE

1 WE CONDUCTED AN EXTENSIVE SITE SEARCH IN THE BAY
2 AREA, AND WE SELECTED OAKLAND AS OUR HEADQUARTERS,
3 THIS LOCATION THAT WE'RE AT NOW. THIS PLACE THAT WE
4 SELECTED WAS IN A SHELL CONDITION, AND WE WERE
5 REQUIRED TO HAVE IT BUILT OUT.

6 I WANT TO POINT OUT THAT EVEN THOUGH WE
7 INCURRED RELOCATION AND BUILD-OUT COSTS, WE ELECTED
8 TO RELOCATE TO OAKLAND BECAUSE BEING IN OUR CURRENT
9 LOCATION IN SAN FRANCISCO WAS GOING TO BE MORE
10 EXPENSIVE. AND SO EVEN THOUGH WE HAD RELOCATION
11 COSTS, WE STILL OVERALL ARE SEEING A SAVINGS OVER
12 THE FIVE-YEAR LEASE TERM OF ABOUT \$3 MILLION.

13 SO FOR THE BUILD-OUT WE ACTUALLY HAD TWO
14 OPTIONS FOR PAYMENT. WE COULD INCLUDE IT IN THE
15 LEASE AND HAVE IT FINANCED OVER THE FIVE-YEAR TERM.
16 OF COURSE, THE OWNERSHIP WOULD HAVE WANTED US TO PAY
17 FOR THAT FINANCING, AND IT WOULD HAVE INCREASED OUR
18 COST. OUR OTHER OPTION WAS TO JUST PAY THE
19 BUILD-OUT COST UP FRONT AND ELIMINATE THE FINANCING
20 COST. AND THAT'S WHAT WE ELECTED TO DO BECAUSE
21 OVERALL THERE WAS A SAVINGS TO THE STATE OF
22 CALIFORNIA. SO OUR OVERRUN IN THIS AREA WAS
23 \$648,000.

24 SO THAT WAS A QUICK LOOK AT THE CURRENT
25 FISCAL YEAR, AND NOW I'D LIKE TO LOOK AT THE

BARRISTERS' REPORTING SERVICE

1 PROPOSED '16-'17 BUDGET.

2 SO THIS CHART HERE PROVIDES YOU WITH A
3 SNAPSHOT OF OUR CURRENT BUDGET, WHAT WE EXPECT THE
4 NUMBERS TO BE AT YEAR-END, AS WELL AS WHAT WE'RE
5 REQUESTING IN THE '16-'17 FISCAL YEAR SO THAT YOU
6 CAN KIND OF COMPARE, GIVE YOU A COMPARISON OF BUDGET
7 REQUEST TO THE CURRENT YEAR BUDGET AS WELL AS THE
8 BUDGET REQUEST WHERE WE EXPECT TO END THE YEAR.

9 SO AS YOU CAN SEE AGAIN, WE WERE ALLOCATED
10 \$18.7 MILLION FOR THE CURRENT YEAR. WE EXPECT OUR
11 BUDGET TO COME IN OR EXPECT THIS TO COME IN AT ABOUT
12 \$17.2 MILLION. AND AS THE LAST COLUMN REFLECTS, WE
13 ARE REQUESTING A BUDGET OF \$18.9 MILLION.

14 SO AS YOU CAN SEE, THE BUDGET REQUEST IS
15 JUST \$200,000 MORE THAN WE WERE ALLOCATED IN
16 '15-'16, AND IT IS \$1.7 MILLION MORE THAN WHAT WE
17 EXPECT TO FINISH FOR THE '15-'16 FISCAL YEAR.

18 SO I REALLY WANT TO NOW BRIEFLY TALK ABOUT
19 THE VARIANCE BETWEEN THE BUDGET REQUEST AND WHERE WE
20 EXPECT TO END THE '15-'16 FISCAL YEAR.

21 SO, AGAIN, THERE ARE THREE MAJOR DRIVERS
22 FOR THIS LARGE VARIANCE. AGAIN, THEY ARE IN
23 EMPLOYEE EXPENSES AND OUR REVIEWS, MEETINGS, AND
24 WORKSHOPS. THAT'S WHERE WE'RE SEEING A SIGNIFICANT
25 INCREASE, AND THERE IS ONE AREA WHERE WE'RE SEEING A

BARRISTERS' REPORTING SERVICE

1 REDUCTION OVERALL, AND THAT'S IN OUR RELOCATION AND
2 FACILITIES CATEGORY.

3 SO WHY DO WE ANTICIPATE INCREASED COSTS OF
4 ALMOST \$1.8 MILLION? THERE ARE REALLY TWO FACTORS.
5 AS I MENTIONED EARLIER, DURING MUCH OF THE '15-'16
6 FISCAL YEAR, WE HAD A SIGNIFICANT NUMBER OF
7 VACANCIES. THESE POSITIONS WERE HELD VACANT AS WE
8 DEVELOPED OUR STRATEGIC PLAN. AND NOW THAT WE'VE
9 COMPLETED THAT PROCESS AND WE HAVE A FULL
10 UNDERSTANDING OF THE POSITIONS THAT WE NEED MOVING
11 FORWARD, WE ARE ACTIVELY RECRUITING FOR THESE
12 POSITIONS. SO WE ARE HOPING TO ELIMINATE THE
13 SAVINGS THAT WE SAW IN THE CURRENT FISCAL YEAR
14 BECAUSE WE HOPE TO BE FULLY STAFFED FOR THE '16-'17
15 FISCAL YEAR.

16 THE SECOND FACTOR THAT'S IMPACTING THE
17 INCREASE ARE STAFF BENEFITS THAT WE ARE REQUIRED TO
18 PAY. SO BASED ON THE LATEST PROJECTIONS WE'VE BEEN
19 PROVIDED BY THE STATE CONTROL AGENCIES WHO
20 ADMINISTER THESE PLANS, WE ARE ANTICIPATING AN
21 OVERALL 7-PERCENT INCREASE AND THAT HAS BEEN BUILT
22 INTO THE BUDGET.

23 NOW THAT WE'VE FULLY OPERATIONALIZED CIRM
24 2.0, WE ANTICIPATE AN INCREASED REVIEW ACTIVITY IN
25 ALL OF OUR PROGRAMS. SO SINCE WE ANTICIPATE

BARRISTERS' REPORTING SERVICE

1 INCREASED ACTIVITY, WE ANTICIPATE WE WILL HAVE
2 ADDITIONAL COSTS OVER WHAT WE SPENT THIS YEAR.

3 SO NOW LOOKING AT OUR FACILITIES COSTS.
4 SO '16-'17 IS THE FIRST YEAR THAT CIRM WILL ACTUALLY
5 INCUR RENT FOR THE ENTIRE YEAR. SO OUR RENT
6 OBLIGATION FOR '16-'17 IS \$710,000. HOWEVER, GIVEN
7 THAT WE HAD ONE-TIME COSTS IN THE '15-'16 FISCAL
8 YEAR FOR THE BUILD-OUT AND RELOCATION, THERE IS A
9 NET DECREASE FROM THE VARIANCE TO THE BUDGET OF
10 \$789,000.

11 SO THESE ARE THE MAJOR DRIVERS THAT ARE
12 IMPACTING THE '16-'17 BUDGET REQUEST; HOWEVER, AS
13 YOU KNOW, THERE ARE SOME FACTORS THAT WE CANNOT
14 COMPLETELY CONTROL OR PREDICT WITH 100 PERCENT
15 CERTAINTY. SO THESE FACTORS ARE RISKS THAT IMPACT
16 OUR ABILITY TO FULLY REACH OUR FINANCIAL RESULTS FOR
17 THE '16-'17 FISCAL YEAR. AND SO I WOULD NOW LIKE TO
18 BRIEFLY TALK ABOUT THESE RISKS.

19 ONE OF THEM IS APPLICATION VOLUME. WE
20 HAVE NOW FULLY OPERATIONALIZED CIRM 2.0. FOR THE
21 '16-'17 FISCAL YEAR, WE ACTUALLY HAVE 28 REVIEWS
22 SCHEDULED. THIS IS IN COMPARISON TO THE FOUR TO
23 SEVEN REVIEWS THAT WE HELD ANNUALLY UNDER CIRM 1.0.
24 WE ARE SEEING A LOT MORE REVIEW ACTIVITY. HOWEVER,
25 WE'RE NOT ABLE TO CONTROL THE NUMBER OF APPLICATIONS

BARRISTERS' REPORTING SERVICE

1 THAT ARE RECEIVED. SO IF WE RECEIVE A HIGHER VOLUME
2 THAN WHAT WE ANTICIPATE, IT IS POSSIBLE THAT OUR
3 COSTS WILL COME IN HIGHER THAN WHAT WE'VE BUDGETED.

4 ANOTHER REAL RISK IS OUR ABILITY TO FILL
5 OUR VACANT POSITIONS. AS I INDICATED EARLIER, WE
6 HAVE AN APPROVED STRATEGIC PLAN, WE ARE ACTIVELY
7 RECRUITING TO FILL OUR VACANCIES, BUT IT'S POSSIBLE
8 THAT WE MAY BE UNABLE TO ATTRACT QUALIFIED
9 CANDIDATES, OR WE COULD EXPERIENCE HIGHER THAN
10 EXPECTED TURNOVER. IF EITHER ONE OF THESE HAPPENS,
11 IT'S POSSIBLE THAT WE WILL UNDERRUN OUR BUDGET IN
12 THIS CATEGORY DURING THE '16-'17 FISCAL YEAR.

13 AND LAST, BUT CERTAINLY NOT LEAST, I WANT
14 TO DISCUSS A POTENTIAL RISK, AND THAT'S OUR
15 STATE-IMPOSED CONTRIBUTIONS. SO AS YOU KNOW, WE'RE
16 A STATE AGENCY, AND WE DO NOT CONTROL, NOR ARE WE
17 ABLE TO NEGOTIATE WHAT WE PAY FOR CERTAIN BENEFITS
18 SUCH AS RETIREMENT AND HEALTH. THESE RATES ARE
19 NEGOTIATED AND MANAGED BY VARIOUS STATE CONTROL
20 AGENCIES, SUCH AS CALHR AND CALPERS. SO THEY HAVE
21 ADVISED THAT THEY'RE ANTICIPATING AN INCREASE.
22 WE'VE ADJUSTED THE BUDGET BASED ON THE LATEST
23 INFORMATION THEY PROVIDED FOR US. HOWEVER, DURING
24 THE FALL, THESE RATES ARE OFTEN ADJUSTED. AND IF
25 THEY DO ADJUST THEM IN THE FALL, THEY IMPLEMENT

BARRISTERS' REPORTING SERVICE

1 INCREASES THE FOLLOWING JANUARY. SO IT'S POSSIBLE
2 THAT IF WE ADJUST MORE THAN WHAT I'VE BUDGETED THAT
3 THERE COULD BE A MATERIAL INCREASE IN THESE COSTS.

4 CHAIRMAN THOMAS: WHAT'S THE HIGHEST THAT
5 RATE HAS EVER GONE UP IN A GIVEN YEAR THAT YOU
6 RECALL?

7 MS. SILVA-MARTIN: LIKE IN RETIREMENT,
8 I'VE SEEN SIGNIFICANT INCREASES. JUST RETIREMENT
9 ALONE SOMETIMES CAN BE 7 OR 8 PERCENT. AND THEN
10 HEALTH BENEFITS, I'VE SEEN THEM SKYROCKET AS WELL.
11 I THINK THIS YEAR WE'RE LOOKING AT ABOUT 2 PERCENT,
12 BUT I'VE SEEN IT GO UP AS MUCH AS 4 OR 5 PERCENT. I
13 THINK THAT THE BIGGEST OF THOSE BENEFITS OBVIOUSLY
14 IS RETIREMENT, AND THE STATE HAS MADE SOME CHANGES
15 TO TRY TO ADDRESS THAT, BUT STILL IT'S ANY GIVEN
16 YEAR. I'VE SEEN YEARS WHERE STATE AGENCIES DON'T
17 PAY ANYTHING, BUT THAT WAS PROBABLY 20, 25 YEARS
18 AGO. AND FOR RIGHT NOW, ALL OF OUR BENEFITS ARE
19 RUNNING AT A RATE OF 39 OR 40 PERCENT OF SALARY.

20 MR. TORRES: THERE'S ALSO INCREASED
21 INCENTIVES FOR PEOPLE TO RETIRE, WHICH HAS AN IMPACT
22 ON THE NUMBERS AS WELL.

23 MS. SILVA-MARTIN: YES. OKAY. SO THAT
24 ACTUALLY REPRESENTS THE BUDGET. WE'VE LOOKED AT THE
25 CURRENT YEAR, WHAT WE WERE ALLOCATED, WHERE WE

BARRISTERS' REPORTING SERVICE

1 EXPECT THE NUMBERS TO COME IN FOR THIS FISCAL YEAR,
2 AND THEN SOME OF THE VARIANCES THAT ARE IMPACTING
3 THE CURRENT YEAR. WE ALSO LOOKED AT THE '16-'17
4 BUDGET REQUEST, AND I TALKED ABOUT THE MAJOR
5 VARIANCES AGAINST WHAT WE EXPECT THE FINAL NUMBERS
6 TO BE THIS YEAR, AND THEN TALKED ABOUT SOME
7 POTENTIAL RISKS. SO AS I INDICATED EARLIER, THE
8 PRESENTATION DOES ALSO INCLUDE AN APPENDIX. I
9 WASN'T PLANNING TO GO OVER EACH OF THESE
10 INDIVIDUALLY. THE APPENDIX PROVIDES YOU BUDGET
11 DETAIL FOR EACH OF OUR COST CENTERS. AND IN THAT
12 DOCUMENT YOU'LL SEE THE CURRENT YEAR BUDGET AS WELL
13 AS WHAT WE EXPECT EACH OF THEM TO END AT THIS FISCAL
14 YEAR AND THEN THEIR '16-'17 REQUEST. BUT I'M HAPPY
15 TO ANSWER ANY QUESTIONS YOU MAY HAVE ABOUT ANY
16 SPECIFIC COST CENTER. THIS BASICALLY CONCLUDES THE
17 PRESENTATION.

18 DR. STEWARD: THIS IS OS. I DO HAVE A
19 QUESTION WHEN YOU HAVE A MINUTE.

20 MS. SILVA-MARTIN: SURE.

21 DR. STEWARD: YOU MENTIONED THAT THE
22 REVIEWING ACTIVITY IN '15-'16 WAS LOWER THAN
23 ANTICIPATED AND THAT ACCOUNTS IN PART FOR THE
24 PERCENT INCREASE. IF WE GO BACK TO '14-'15, HOW DO
25 WE COMPARE? DO YOU HAPPEN TO HAVE THAT INFORMATION

BARRISTERS' REPORTING SERVICE

1 AVAILABLE?

2 MS. SILVA-MARTIN: I DON'T HAVE THAT
3 INFORMATION AVAILABLE WITH ME, BUT I CERTAINLY CAN
4 GET THAT FOR YOU AND PROVIDE IT. REMEMBER IN
5 '15 -- SO ON AVERAGE WE WERE DOING FOUR TO SEVEN
6 REVIEWS UNDER CIRM 1.0. SO AT THE HIGH END IN
7 '14-'15 WE MAY HAVE DONE SEVEN. SO WE MAY HAVE DONE
8 AS LOW AS FOUR. I'D HAVE TO CHECK THOSE NUMBERS.

9 DR. STEWARD: OKAY. THANK YOU VERY MUCH.
10 AND I GUESS ANOTHER QUESTION OR RATHER COMMENT IS
11 JUST TO SAY THAT I THINK CIRM SHOULD BE
12 CONGRATULATED ON ITS CONTINUATION OF BEING REALLY
13 QUITE LEAN AND MEAN, SO TO SPEAK. YOU GUYS DO A
14 GREAT JOB, AND I THINK IT'S PARTICULARLY IMPRESSIVE
15 WHAT YOU'VE BEEN ABLE TO ACCOMPLISH IN TERMS OF THE
16 FACILITIES COSTS, MOVING FROM NOTHING TO OBVIOUSLY
17 SOMETHING QUITE SUBSTANTIAL IN COMPARISON, BUT ALSO
18 WITH AN EYE TOWARD ECONOMY. SO I JUST SAY I THINK
19 THAT IS JUST -- DESERVES CONGRATULATIONS.

20 MS. SILVA-MARTIN: THANK YOU. IT WAS AN
21 EYE-OPENER TO REALLY SEE WHAT THE RENTS WERE IN THE
22 SAN FRANCISCO AREA. WE WERE JUST AMAZED, AND SO WE
23 MADE A DECISION TO LOOK BEYOND THERE AND WERE ABLE
24 TO FIND SPACE THAT NOT ONLY MET OUR NEEDS, BUT
25 RESULT IN SIGNIFICANT SAVINGS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: OKAY. ARE THERE ANY
2 COMMENTS OR QUESTIONS FROM OTHER MEMBERS OF THE
3 BOARD? MR. SHEEHY.

4 MR. SHEEHY: JUST A COUPLE. ONE IS I'M
5 JUST CURIOUS, THE MEMBERSHIPS AND TRAINING, IF YOU
6 LOOK AT THE THREE YEARS, THEY WERE AT ONE POINT AND
7 DOWN AND THEN GO BACK UP. I'M JUST KIND OF CURIOUS.

8 MS. SILVA-MARTIN: SO IN THE PAST FOR
9 MEMBERSHIPS, LOOKING AT THE ONE WHERE IT'S SHOWING
10 THAT WE WERE ALLOCATED FOR MEMBERSHIP AND TRAINING.

11 MR. SHEEHY: GO BACK A COUPLE OF SLIDES.

12 MS. SILVA-MARTIN: SO WE WERE ALLOCATED
13 \$199,000 THIS YEAR. AND AS YOU CAN SEE, WE'RE
14 BRINGING IT IN AT 85. AND SO IN THE PAST WE'VE
15 BUDGETED AT ABOUT 1 PERCENT OF PERSONNEL SERVICES.
16 BASED ON THE FACT THAT WE WEREN'T COMING IN AT THAT
17 RATE, WE REDUCED IT TO 154, ALLOWING US SOME FUNDS
18 TO PROVIDE SOME PROFESSIONAL DEVELOPMENT INTERNALLY
19 FOR OUR TEAM.

20 MR. SHEEHY: GREAT. I WAS WONDERING
21 WHETHER THERE WAS SOME PROFESSIONAL DEVELOPMENT
22 BUILT IN THERE.

23 MS. SILVA-MARTIN: OH, YES. WE DO HAVE
24 THAT. SO WE DIDN'T WANT TO BRING IT DOWN TO WHAT WE
25 HAD SPENT BECAUSE WE DO WANT TO HAVE -- WE ARE

BARRISTERS' REPORTING SERVICE

1 LOOKING AT OUR TEAM AND TRYING TO FIND TRAINING
2 OPPORTUNITIES THAT WE CAN PROVIDE THEM FOR
3 PROFESSIONAL DEVELOPMENT.

4 MR. SHEEHY: THAT'S GREAT. AND THEN THE
5 OTHER THING THAT I'M KIND OF MISSING, BUT MAYBE
6 DOESN'T AFFECT WHAT HAPPENS HERE OR MAYBE WHEN WE
7 COME TO THE BOARD, IS HOW THIS ALL FITS INTO THE
8 GLIDEPATH FOR THE LITTLE BUCKET. I KNOW IT DOES,
9 BUT JUST TO SEE AND KIND OF HAVE A SENSE OF HOW THIS
10 IS ALL GOING TO FLOW.

11 MS. SILVA-MARTIN: SURE.

12 DR. STEWARD: ACTUALLY, THIS IS OS. COULD
13 I AMPLIFY THAT QUESTION? I MEANT TO ASK THIS AS
14 WELL. SO DOES THE FACILITIES COST ALSO COUNT
15 TOWARDS THE LITTLE BUDGET?

16 DR. MILLS: THIS IS RANDY. YEAH. SO THE
17 FACILITIES COST ABSOLUTELY DOES. THE WAY WE'VE
18 STRUCTURED OUR LEASE IS ACTUALLY TO BE ABLE TO
19 ACTUALLY REDUCE THE AMOUNT OF SPACE WE OCCUPY OVER
20 TIME ON THAT, AS JEFF SAID, GLIDEPATH, WHICH I'M ON,
21 THANK YOU, TO 2020. SO THE FACILITIES COST ACTUALLY
22 WILL GO DOWN AS WE PROGRESS FURTHER ALONG. AND,
23 AGAIN, WE'RE KEEPING SORT OF EVERYTHING FULL
24 THROTTLE RIGHT NOW; BUT ONCE IT BECOMES CLEAR WE'RE
25 COMING IN FOR A LANDING, THE PLAN IS FOR THIS BUDGET

BARRISTERS' REPORTING SERVICE

1 THEN TO COME DOWN AND INTERCEPT WITH THE BIG BUCKET
2 2020 EXHAUSTION. AGAIN, THIS IS INDEPENDENT OF THE
3 WORK THAT J.T. IS DOING FOR SUSTAINABILITY AND FOR
4 RECYCLING MONEY THAT COMES BACK IN, BUT WE'LL TRY TO
5 SORT OF MAKE THE TWO NATURAL BUCKETS END AT THE SAME
6 TIME.

7 AND THIS IS SOMETHING THAT CHILA AND I
8 WORK WITH, AND I WOULD SAY FIVE YEARS OUT, WE'RE
9 STILL PLUS OR MINUS MAYBE TWO OR THREE MONTHS ON
10 EITHER SIDE. SO I THINK WE HAVE REASONABLY GOOD
11 CONTROL OVER IT.

12 MR. SHEEHY: GREAT. THANK YOU.

13 CHAIRMAN THOMAS: SENATOR TORRES, ANY
14 QUESTIONS, COMMENTS? OS, ANYTHING ELSE?

15 DR. STEWARD: NO, NOT FROM MY END. THANK
16 YOU.

17 CHAIRMAN THOMAS: OKAY. SO I WOULD LIKE
18 TO ECHO OS, CHILA. IT WAS A GREAT PRESENTATION,
19 VERY CLEAR, VERY COMPREHENSIVE. AS THESE THINGS
20 ALWAYS TEND TO DO, DOESN'T DO JUSTICE TO THE AMOUNT
21 OF WORK THAT UNDERLIES PUTTING THIS TOGETHER.

22 MR. TORRES: HERE. HERE.

23 CHAIRMAN THOMAS: SO THANK YOU FOR ALL
24 THAT YOU AND YOUR TEAM DO.

25 MS. SILVA-MARTIN: THANK YOU.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: AND TO DO THIS EVERY
2 YEAR. OKAY. SO HEARING NO FURTHER DISCUSSION, DO
3 WE HEAR A MOTION TO APPROVE?

4 MR. TORRES: SO MOVED TO APPROVE.

5 CHAIRMAN THOMAS: MOVED BY SENATOR
6 TORRES.

7 DR. STEWARD: I SECOND.

8 MR. SHEEHY: SECOND.

9 CHAIRMAN THOMAS: SECONDED IN A TIE VOTE
10 BY MR. SHEEHY AND DR. STEWARD. DO WE HAVE ANY
11 PUBLIC COMMENT? HEARING NONE, MARIA, THIS DOES HAVE
12 TO BE ROLL CALL SINCE --

13 MS. BONNEVILLE: EVERYONE IS ON THE PHONE.

14 CHAIRMAN THOMAS: -- EVERYONE IS THE
15 PHONE. WE SORT OF ARE. WHATEVER. ANYWAY, MARIA,
16 PLEASE CALL THE ROLL.

17 MS. BONNEVILLE: STEVE JUELSGAARD. JEFF
18 SHEEHY.

19 MR. SHEEHY: YES.

20 MS. BONNEVILLE: OS STEWARD.

21 DR. STEWARD: YES.

22 MS. BONNEVILLE: JONATHAN THOMAS.

23 CHAIRMAN THOMAS: YES.

24 MS. BONNEVILLE: ART TORRES.

25 MR. TORRES: AYE.

BARRISTERS' REPORTING SERVICE

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CHAIRMAN THOMAS: OKAY. WELL, THAT THEN
CONCLUDES -- WE HAVE ANY PUBLIC COMMENT ON ANYTHING
AT THIS POINT? HEARING NONE, THAT DOES CONCLUDE THE
MEETING. THANK YOU, EVERYBODY. AND WE STAND
ADJOURNED.

(THE MEETING WAS THEN CONCLUDED AT
2:24 P.M.)

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON JUNE 7, 2016, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

BETH C. DRAIN, CSR 7152
BARRISTERS' REPORTING SERVICE
160 S. OLD SPRINGS ROAD
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ANAHEIM, CALIFORNIA
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