

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

LOCATION: AS INDICATED ON THE AGENDA

DATE: MAY 5, 2015  
1 P.M.

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

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION	PAGE NO.
OPEN SESSION.	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. CONSIDERATION OF CIRM BUDGET FOR FISCAL YEAR 2015-2016.	3
4. PUBLIC COMMENT	NONE

ER

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: SO WE'LL CALL THIS  
2 MEETING TO ORDER. THIS IS A REVIEW OF THE UPCOMING  
3 2015-2016 PROPOSED BUDGET. I GUESS WE SHOULD START  
4 WITH ATTENDANCE. MARIA, YOU WANT TO CALL THE ROLL.

5 MS. BONNEVILLE: STEVE JUELSGAARD.

6 CHAIRMAN JUELSGAARD: HERE.

7 MS. BONNEVILLE: DONNA WESTON.

8 DR. WESTON: HERE.

9 MS. BONNEVILLE: JEFF SHEEHY. OS STEWARD.

10 DR. STEWARD: HERE.

11 MS. BONNEVILLE: ART TORRES.

12 MR. TORRES: HERE.

13 MS. BONNEVILLE: JONATHAN THOMAS.

14 CHAIRMAN THOMAS: HERE.

15 MS. BONNEVILLE: GREAT.

16 CHAIRMAN JUELSGAARD: ALL RIGHT.

17 EXCELLENT. WELL, I THINK I'LL JUST TURN THIS OVER  
18 TO CHILA AND LET HER LAUNCH RIGHT INTO THE  
19 PRESENTATION THAT I THINK ALL OF YOU HAVE HAD A  
20 CHANCE OR AT LEAST IT HAS BEEN SENT TO YOU WHETHER  
21 YOU'VE LOOKED AT IT OR NOT.

22 MS. SILVA-MARTIN: OKAY. GREAT. GOOD  
23 AFTERNOON, EVERYONE. THANK YOU FOR THIS OPPORTUNITY  
24 TO PRESENT THE '15-'16 PROPOSED BUDGET.

25 SO THE PRESENTATION WILL COVER OUR

BARRISTERS' REPORTING SERVICE

1 FORECAST AND EXPECTED FINAL FINANCIAL RESULTS FOR  
2 THE '14-'15 FISCAL YEAR AS WELL AS THE MAJOR DRIVERS  
3 IMPACTING THOSE RESULTS. WE WILL THEN LOOK AT THE  
4 PROPOSED '15-'16 BUDGET REQUEST, WHICH WILL COVER  
5 THE GOALS THAT SUPPORT THE BUDGET, THE MAJOR FACTORS  
6 DRIVING THE BUDGET, AND THEN SOME RISKS THAT MAY  
7 IMPACT THE FINAL RESULTS OF THE '15-'16 BUDGET. AND  
8 THEN FINALLY, IN THE PRESENTATION WE'VE INCLUDED AN  
9 APPENDIX THAT PROVIDES THE DEPARTMENT LEVEL DETAIL  
10 OF THE COST CENTERS.

11 DR. MILLS: I'D LIKE JUST LIKE TO MAKE A  
12 COMMENT BEFORE CHILA GOES ON, A FEW COMMENTS.

13 ONE OF THE THINGS THAT WE'VE TRIED TO DO  
14 WITH THIS BUDGET IS MAKE IT AS CLEAR AND AS EASY TO  
15 UNDERSTAND AS POSSIBLE IN ITS LAYOUT AND ITS FORMAT,  
16 AND WE HOPE WE'VE DONE THAT BY INCLUDING NOT JUST  
17 WHAT WE BUDGETED LAST YEAR, BUT WHAT WE'RE ESTIMATED  
18 TO FINISH AT WITH REGARDS TO ACTUAL FINANCIAL  
19 RESULTS FOR THE PREVIOUS YEAR AS WELL AS WHAT WE'RE  
20 FORECASTING GOING FORWARD.

21 WE'RE ALSO TRYING TO GO TO PRETTY GREAT  
22 LENGTHS TO SHOW WHERE THERE ARE CHANGES YEAR OVER  
23 YEAR. WHAT IS DRIVING THOSE CHANGES, AND  
24 PARTICULARLY WITH THE CURRENT YEAR, WHAT DROVE IN  
25 THREE MAJOR CIRCUMSTANCES THE INSTITUTE TO COME IN

BARRISTERS' REPORTING SERVICE

1 SIGNIFICANTLY UNDER WHAT WE HAD BUDGETED FOR THE  
2 PRIOR YEAR. WHEN WE GET TO THE DEPARTMENT LEVEL  
3 DETAIL OR AS YOU CAN READ THROUGH WITH REGARDS TO  
4 DEPARTMENT LEVEL DETAIL, ONE THING I ASK YOU TO KEEP  
5 IN MIND IS THAT THOSE DEPARTMENTS DIDN'T ACTUALLY  
6 EXIST AT THE BEGINNING OF FISCAL YEAR '14-'15.

7 AND SO WHAT WE'RE SEEING THERE, WHEN  
8 YOU'RE SEEING YEAR-OVER-YEAR COMPARISON, YOU'RE  
9 SEEING AN ESTIMATION OF WHAT WE OR BASICALLY OUR  
10 BEST ESTIMATE ON WHAT SPEND WOULD LOOK LIKE HAD THAT  
11 DEPARTMENT EXISTED FOR THE ENTIRE CALENDAR YEAR.

12 RECALL IN DECEMBER WE EFFECTED A  
13 REORGANIZATION THAT LED TO THE DEPARTMENTS AS THEY  
14 CURRENTLY EXIST TODAY. SO TO GIVE US THE ABILITY TO  
15 COMPARE OUR DEPARTMENTS AND WHAT DEPARTMENT SPENDING  
16 WAS GOING YEAR OVER YEAR, WE CONSTRUCTED WHAT WE  
17 BELIEVE THAT DEPARTMENT WOULD LOOK LIKE. BUT I JUST  
18 WANT TO PREFACE IT BY SAYING THAT IS AN ESTIMATE  
19 THAT CHILA WAS ABLE TO DO THROUGH ESSENTIALLY SOME  
20 ACCOUNTING. SO WITH THOSE NOTES, CHILA.

21 MS. SILVA-MARTIN: GREAT. SO FIRST  
22 LOOKING AT THE CURRENT FISCAL YEAR. SO WHAT COULD  
23 WE EXPECT OUR FINAL NUMBERS TO BE AT THE END OF THE  
24 '14-'15 FISCAL YEAR AND WHAT IS IMPACTING THOSE  
25 NUMBERS? SO THIS CHART REPRESENTS AT THE

BARRISTERS' REPORTING SERVICE

1 CATEGORICAL LEVEL A HIGH OVERVIEW OF THE '14-'15  
2 BUDGET AS REPRESENTED BY THE FIRST COLUMN. AND AS  
3 YOU CAN SEE, WE WERE ALLOCATED JUST UNDER \$17.3  
4 MILLION, AND WHAT WE EXPECT THE FINAL FINANCIAL  
5 RESULTS TO BE AT JUNE 30TH AS REFLECTED IN THE  
6 SECOND COLUMN, AND IT'S JUST UNDER \$16 MILLION, AND  
7 THEN LAST, THE VARIANCE IN EACH OF THE CATEGORIES.  
8 AND FOR THE MOST PART, YOU CAN SEE WE ARE UNDER  
9 BUDGET AS IS REFLECTED IN THE THIRD COLUMN.

10 SO WE ARE EXPECTING AN UNDERRUN OF ABOUT  
11 1.3, \$1.4 MILLION. SO WHAT IS DRIVING THE UNDERRUN  
12 IN THE BUDGET?

13 SO AS RANDY MENTIONED EARLIER, THESE ARE  
14 THE THREE FACTORS THAT ARE IMPACTING THAT UNDERRUN.  
15 AND AS YOU CAN SEE IN THE PIE CHART, THEY INCLUDE  
16 EMPLOYEE EXPENSES, MEETINGS, AND TRAVEL. SO I JUST  
17 WANT TO SPEND A COUPLE OF MINUTES TALKING ABOUT  
18 THOSE UNDERRUNS.

19 SO FOR EMPLOYEE EXPENSES, WE'RE  
20 FORECASTING THAT THE EXPENDITURES WILL ACTUALLY COME  
21 IN ABOUT \$815,000 LESS THAN WHAT WAS BUDGETED. SO  
22 AS YOU ARE AWARE, WE IMPLEMENTED A REORGANIZATION  
23 DURING THE '14-'15 FISCAL YEAR, AND AS A RESULT WE  
24 ELIMINATED SOME BUDGETED POSITIONS THAT CREATED OR  
25 ESTABLISHED NEW POSITIONS THAT SUPPORTED THE

BARRISTERS' REPORTING SERVICE

1 REORGANIZATION. BUT DUE TO THE VACANCIES AND THE  
2 TIMING ASSOCIATED WITH RECRUITING AND FILLING THE  
3 POSITIONS, WE ARE SEEING A SIGNIFICANT ONE-TIME  
4 SAVINGS IN THE '14-'15 FISCAL YEAR. I DO WANT TO  
5 POINT OUT THAT WE ARE ACTIVELY RECRUITING AND  
6 ANTICIPATE THAT THESE POSITIONS WILL BE FILLED ON OR  
7 BEFORE JULY 1, WHICH IS THE BEGINNING OF THE FISCAL  
8 YEAR.

9 CHAIRMAN THOMAS: CHILA, I'VE GOT A  
10 QUESTION. THAT FIRST SENTENCE, THE PERMANENT  
11 ELIMINATION OF VACANT BUT BUDGETED POSITIONS, DOES  
12 THAT INCLUDE BOTH POSITIONS THAT WERE VACANT AT THE  
13 BEGINNING OF THE YEAR AND WERE NEVER FILLED AND  
14 THOSE THAT WERE FILLED, BUT THOSE POSITIONS HAVE  
15 BEEN SINCE ELIMINATED?

16 MS. SILVA-MARTIN: THAT'S CORRECT. WE  
17 EXPERIENCED SOME VACANCIES AT THE END OF LAST FISCAL  
18 YEAR AND THEN WE DID NOT FILL THOSE POSITIONS, AND  
19 THEN EARLY ON IN THIS FISCAL YEAR, THERE WAS ONE OR  
20 TWO POSITIONS THAT BECAME VACANT AND SO THOSE WERE  
21 ELIMINATED. WE REORGANIZED AND ESTABLISHED  
22 POSITIONS THAT BETTER SUPPORTED THE REORGANIZATION,  
23 AND WE'RE ACTIVELY RECRUITING FOR THOSE POSITIONS.

24 CHAIRMAN THOMAS: OKAY. YOU MIGHT JUST  
25 MAKE THAT DISTINCTION IN THAT FIRST SENTENCE JUST TO

BARRISTERS' REPORTING SERVICE

1 MAKE IT A LITTLE CLEARER THAT THERE WERE TWO  
2 ELEMENTS OF THAT SENTENCE --

3 MS. SILVA-MARTIN: OKAY.

4 CHAIRMAN THOMAS: -- AS YOU JUST  
5 DESCRIBED. THANK YOU.

6 MS. SILVA-MARTIN: THANK YOU.

7 OKAY. SO THE NEXT MAJOR DRIVER THAT  
8 RESULTED IN LOWER COST FOR THE '14-'15 FISCAL YEAR  
9 IS THAT BECAUSE OF THE IMPLEMENTATION OF CIRM 2.0,  
10 WE HAD FEWER MEETINGS. THE '14-'15 BUDGET INCLUDED  
11 EIGHT CDAP MEETINGS AND WE ONLY HELD TWO. AND THEN  
12 WE ELIMINATED A COUPLE OF GRANT REVIEWS FROM THE  
13 '14-'15 BUDGET PLAN. SO OVERALL THAT IMPACT WAS  
14 ABOUT \$414,000 OR THAT'S WHAT WE'RE FORECASTING THAT  
15 TO BE.

16 AND THEN FINALLY, THE LAST DRIVER IS  
17 TRAVEL OCCURRED AT A LOWER RATE THAN WAS BUDGETED.  
18 AND AGAIN, ALL OF THIS IS DUE IN LARGE PART TO THE  
19 VACANCIES THAT WE HAD IN PLACE AT THE BEGINNING OF  
20 THE YEAR. THOSE INDIVIDUALS WERE SCHEDULED TO  
21 TRAVEL, AND OBVIOUSLY THAT TRAVEL DIDN'T TAKE PLACE.  
22 WE DID ESTABLISH NEW POSITIONS, BUT BECAUSE OF THE  
23 RECRUITING EFFORT, WE HAVEN'T FILLED ALL THOSE  
24 POSITIONS, AND SO THAT TRAVEL HASN'T TAKEN PLACE.  
25 WE ALSO, AS YOU KNOW, AS PART OF THE REORGANIZATION



BARRISTERS' REPORTING SERVICE

1 HAD OUR CIRM TEAM REDIRECTED TO THOSE EFFORTS, AND  
2 SO THOSE INDIVIDUALS THAT MIGHT HAVE TRAVELED LESS  
3 BECAUSE THEY WERE WORKING ON THE REORGANIZATION  
4 EFFORT.

5 SO THAT REALLY COVERS THE '14-'15 BUDGET.  
6 AND SO NOW WE WANT TO LOOK AT THE PROPOSED BUDGET  
7 FOR THE '15-'16 FISCAL YEAR.

8 SO FIRST, WHAT DO WE EXPECT TO ACCOMPLISH  
9 AND WHAT GOALS DOES THIS BUDGET SUPPORT? SO WE  
10 IMPLEMENTED A REORGANIZATION AND WE'VE REALIGNED OUR  
11 POSITIONS TO SUPPORT CIRM 2.0. SO NOW WE WANT TO  
12 COMPLETE THE PROCESS BY FILLING SEVERAL KEY  
13 POSITIONS.

14 WE WANT TO INCREASE THE CAPACITY AND  
15 EFFICIENCY OF OUR CLINICAL PROGRAM BY ALLOWING THEM  
16 TO REVIEW 36 PROGRAMS EACH YEAR.

17 WE ARE GOING TO LAUNCH OUR DISCOVERY AND  
18 TRANSLATIONAL PROGRAMS AS WELL AS LAUNCH THE REVAMP  
19 OF THE CREATIVITY AND BRIDGES EDUCATIONAL PROGRAMS.

20 WE PLAN TO COMPLETE THE INITIAL PHASE OF  
21 THE ALPHA CLINICS BY LAUNCHING THE ACCELERATING  
22 CENTER.

23 AND, OF COURSE, AS PART OF THE CIRM 2.0  
24 REORGANIZATION, WE NEED TO OVERHAUL OUR OPERATIONAL  
25 ACTIVITIES TO BETTER SUPPORT THE ORGANIZATION.

BARRISTERS' REPORTING SERVICE

1 AND CERTAINLY, LAST BUT NOT LEAST, WE PLAN  
2 TO COMPLETE THE RELOCATION OF THE OFFICE WITHOUT  
3 SERVICE INTERRUPTION.

4 SO NOW LOOKING AT THE BUDGET FOR THE  
5 '15-'16 FISCAL YEAR. AS THIS CHART REFLECTS, THE  
6 FIRST COLUMN SHOWS YOU WHAT WE WERE BUDGETED FOR  
7 '14-'15. AND AS I MENTIONED EARLIER, \$17.3 MILLION.  
8 THE SECOND COLUMN REFLECTS WHAT WE EXPECT THE BUDGET  
9 TO END AT FOR THE FISCAL YEAR. AND THEN THE THIRD  
10 COLUMN IS REALLY OUR PROPOSED BUDGET FOR THE '15-'16  
11 FISCAL YEAR. SO THAT'S ESTABLISHED AT JUST OVER  
12 \$18.7 MILLION, WHICH IS ACTUALLY ABOUT \$2.7 MILLION  
13 HIGHER THAN WHAT WE EXPECT THE '14-'15 TO END AT.

14 SO WHAT IS DRIVING THIS INCREASE?

15 CHAIRMAN THOMAS: MARIA, CAN YOU JUST FOR  
16 EVERYBODY ON THE PHONE WHO MAY NOT FULLY BE AWARE OF  
17 THIS, WE'RE GOING TO HAVE FEWER ACTUALLY IN-PERSON  
18 BOARD MEETINGS THIS NEXT FISCAL YEAR.

19 MS. BONNEVILLE: WE REDUCED THE NUMBER OF  
20 IN-PERSON BOARD MEETINGS. WE USUALLY HAVE SEVEN.  
21 WE HAVE SIX, BUT WE DID INCREASE THE NUMBER OF BOARD  
22 MEETINGS AND MOSTLY APPLICATION REVIEW SUBCOMMITTEE  
23 MEETINGS, BUT THOSE WILL BE TELEPHONIC.

24 CHAIRMAN THOMAS: THANK YOU.

25 MS. BONNEVILLE: SO BASICALLY ONE A MONTH,

BARRISTERS' REPORTING SERVICE

1 BUT EVERY OTHER MONTH IS A PHONE CALL AND THEN AN  
2 IN-PERSON MEETING.

3 MS. SILVA-MARTIN: OKAY. SO NOW I JUST  
4 WANT TO VERY BRIEFLY COVER WHAT ARE THE MAJOR  
5 FACTORS THAT ARE ACCOUNTING FOR THIS INCREASE OF  
6 \$2.78 MILLION. WELL, THERE REALLY ARE THREE  
7 ATTRIBUTES, AND THEY ACTUALLY REPRESENT 93 PERCENT  
8 OF THAT INCREASE. AGAIN, THOSE ARE IN EMPLOYEE  
9 EXPENSES AND OUR FACILITIES AND OUR MEETING COSTS.

10 SO WHY ARE EMPLOYEE EXPENSES GOING UP?  
11 WELL, AS I MENTIONED EARLIER, IT'S BECAUSE WE HAD  
12 SEVERAL POSITIONS THAT WERE VACANT THROUGHOUT THE  
13 '14-'15 FISCAL YEAR. THOSE POSITIONS ARE  
14 ANTICIPATED TO BE FILLED AS OF JULY 1.

15 SECOND, THE STATE HAS TO CONTRIBUTE --  
16 MAKE EMPLOYER CONTRIBUTIONS FOR SUCH THINGS AS  
17 RETIREMENT, HEALTH, AND BENEFITS. AND WE ARE  
18 EXPECTING A SIGNIFICANT INCREASE IN THAT AREA, ABOUT  
19 10 PERCENT, RESULTING IN AN INCREASE OF ABOUT 330,  
20 \$350,000.

21 WE WILL INCUR FACILITY COSTS FOR THE FIRST  
22 TIME IN OUR HISTORY IN THE '15-'16 FISCAL YEAR. AS  
23 YOU ARE AWARE, WE HAVE BENEFITED FROM -- WE'VE BEEN  
24 VERY FORTUNATE, AND FOR THE FIRST 11 YEARS OF OUR  
25 EXISTENCE, WE HAD A HUGE BENEFIT. WE DID NOT PAY

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1 FOR RENT. SO WE REALIZED PROBABLY A SAVINGS OF  
2 ANYWHERE BETWEEN 14 AND \$16 MILLION. BUT AS THE  
3 SAYING GOES, ALL GOOD THINGS MUST COME TO AN END.  
4 AND SO TOO FOR RENT. SO FOR THE '15-'16 BUDGET, WE  
5 WILL BE RELOCATING OUR OFFICE, AND FOR THE FIRST  
6 TIME WE WILL HAVE REOCCURRING RENT COST, AND WE WILL  
7 ALSO OCCUR ONE-TIME MOVING COSTS DURING THIS FISCAL  
8 YEAR. AND THOSE TWO COSTS OF \$851,000, AN EXPENSE  
9 THAT WE'VE NEVER INCURRED IN THE PAST.

10 AND THEN FINALLY, WE ANTICIPATE INCREASED  
11 REVIEW ACTIVITY. WITH THE IMPLEMENTATION OF THE  
12 CIRM 2.0 THROUGHOUT ALL PHASES OF OUR DEVELOPMENT  
13 CYCLE, WE ANTICIPATE (INAUDIBLE). WE ANTICIPATE  
14 THAT THIS ACTIVITY WILL RESULT IN ABOUT AN INCREASE  
15 OF \$365,000 OVER WHAT WE WILL SPEND IN THE '14-'15  
16 FISCAL YEAR. SO THESE ARE THE MAJOR DRIVERS  
17 IMPACTING THE '15-'16 BUDGET. HOWEVER, THERE ARE  
18 SOME FACTORS THAT WE CANNOT COMPLETELY CONTROL THAT  
19 MAY RESULT IN RISKS AND IMPACT OUR ABILITY TO FULLY  
20 REACH OUR FINANCIAL RESULTS FOR THE '15-'16 FISCAL  
21 YEAR, AND I'D LIKE TO JUST BRIEFLY COVER THOSE  
22 RISKS.

23 FIRST OF ALL, WE'VE IMPLEMENTED CIRM 2.0  
24 FOR OUR CLINICAL PROGRAMS AND WE'LL DO SO FOR  
25 DISCOVERY AND TRANSLATIONAL. AND WE AREN'T ABLE TO

BARRISTERS' REPORTING SERVICE

1 REALLY FULLY PREDICT WHAT THE APPLICATION VOLUME  
2 WILL BE FOR THOSE PROGRAMS. SO IT MAY RESULT IN  
3 MORE APPLICATIONS THAN WE'VE ANTICIPATED, AND SO OUR  
4 REVIEW COSTS MAY BE EVEN HIGHER THAN WE HAVE  
5 BUDGETED FOR.

6 OUR RELOCATION AND RENT, AS I MENTIONED  
7 EARLIER, COSTS THAT WE'LL BE HAVING FOR THE FIRST  
8 TIME IN OUR EXISTENCE, BUT WE HAVEN'T YET FINALIZED  
9 OUR LEASE AGREEMENT, NOR HAVE WE NEGOTIATED THE  
10 ONE-TIME COSTS ASSOCIATED WITH THE MOVE. SO IF ANY  
11 OF THESE COSTS COME IN HIGHER THAN WHAT WAS  
12 BUDGETED, THEY COULD HAVE A MATERIAL IMPACT TO THE  
13 BUDGET.

14 WE TALKED ABOUT UNFILLED POSITIONS  
15 EARLIER. SO WE ARE ACTIVELY RECRUITING TO FILL  
16 THOSE POSITIONS; HOWEVER, WE MAY BE UNABLE TO  
17 ATTRACT QUALIFIED CANDIDATES, OR WE COULD EXPERIENCE  
18 HIGHER THAN NORMAL TURNOVER. IF THAT HAPPENS, OUR  
19 COSTS RELATED TO EMPLOYEE EXPENSES MAY COME IN UNDER  
20 BUDGET.

21 AND LAST, I TALKED ABOUT THE STATE-IMPOSED  
22 CONTRIBUTIONS. SO, AGAIN, CIRM DOES NOT ESTABLISH  
23 THESE RATES, NOR DO WE HAVE THE ABILITY TO NEGOTIATE  
24 THESE RATES. THESE RATES ARE ESTABLISHED BY THE  
25 STATE CONTROL AGENCIES. SO THE AMOUNT THAT WE'VE

BARRISTERS' REPORTING SERVICE

1 INCLUDED IN THE '15-'16 BUDGET IS BASED ON THE  
2 LATEST DATA THAT WE HAVE FROM THESE CONTROL  
3 AGENCIES, BUT THEY OFTEN MAKE ADJUSTMENTS TO THOSE  
4 RATES IN THE FALL. SO IT'S NOT UNUSUAL FOR THEM TO  
5 COME IN IN NOVEMBER AND INCREASE THOSE AMOUNTS AND  
6 THEN IMPLEMENT THEM IN JANUARY. SO IF THAT SHOULD  
7 HAPPEN, IT COULD HAVE MATERIAL INCREASES TO OUR  
8 BUDGET.

9 SO THIS REPRESENTS THE BUDGET AT A VERY  
10 HIGH LEVEL. WE'VE IDENTIFIED THE GOALS, THE MAJOR  
11 DRIVERS BEHIND THE BUDGET, AND THEN THE POTENTIAL  
12 RISKS.

13 SO THE NEXT DOCUMENTS ARE IN THE APPENDIX  
14 AND THEY REFLECT THE BUDGET DETAILS FOR EACH OF OUR  
15 COST CENTERS. I REALLY WASN'T GOING TO GO OVER EACH  
16 OF THE COST CENTERS IN ANY DETAIL, BUT I DO WANT TO  
17 REITERATE WHAT RANDY INDICATED EARLIER IN THAT THE  
18 BUDGET AND THE YEAR-TO-DATE EXPENDITURES OR THE  
19 YEAR-END ESTIMATE FORECAST ARE BASED ON OUR BEST  
20 ABILITY TO BRING THE BUDGET OVER GIVEN THAT WE HAD  
21 TWO ORGANIZATIONAL STRUCTURES DURING THE FISCAL  
22 YEAR.

23 SO I'M HAPPY TO DISCUSS ANY OF THE COST  
24 CENTER BUDGET REQUESTS, AND THIS COMPLETES THE  
25 PRESENTATION.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: ARE THERE ANY  
2 QUESTIONS FROM ANY OF THE COMMITTEE MEMBERS,  
3 SUBCOMMITTEE MEMBERS?

4 CHAIRMAN THOMAS: MR. CHAIRMAN, I JUST  
5 WANT TO NOTE HOW PLEASANT IT IS TO SEE THE MATERIAL  
6 REDUCTION IN THE OFFICE OF THE GENERAL COUNSEL.

7 CHAIRMAN JUELSGAARD: WELL NOTED. SO,  
8 CHILA, FOR ME THERE ARE TWO COST CENTER AREAS AND  
9 THE INCREASE IN THE EMPLOYEE EXPENSE SIDE THAT I'D  
10 JUST LIKE TO UNDERSTAND HOW MANY POSITIONS WE'RE  
11 TALKING ABOUT WHERE THERE ARE INCREASES. SO THE  
12 ORGAN SYSTEMS THERAPEUTIC AREA AND THE BLOOD AND  
13 CANCER THERAPEUTIC AREA AND THEN, LASTLY, THE  
14 NEUROTHERAPEUTIC AREA, SO WHAT WE ARE EXPECTING TO  
15 SPEND VERSUS WHAT THE BUDGET IS GIVE US SUBSTANTIAL  
16 INCREASED NUMBERS. HOW MANY POSITIONS ARE WE  
17 EXPECTING TO FILL WITH THAT DIFFERENCE, THAT DELTA,  
18 BY THE '15-'16 BUDGET PERIOD?

19 MS. SILVA-MARTIN: THREE POSITIONS.

20 DR. MILLS: YEAH. FOR THE THERAPEUTIC  
21 AREA.

22 MS. SILVA-MARTIN: ALL THREE OF THE  
23 THERAPEUTIC AREAS.

24 CHAIRMAN JUELSGAARD: SO EACH ONE OF THOSE  
25 INCREASES IS, IN ESSENCE, ONE HEAD COUNT ADD PLUS

BARRISTERS' REPORTING SERVICE

1       WHATEVER OTHER INCREASES ARISE; IS THAT RIGHT?

2               MS. SILVA-MARTIN:   RIGHT.   AND SOME OF THE  
3       INCREASES, AS I MENTIONED EARLIER, THAT ARE  
4       SIGNIFICANT ARE THE RETIREMENT AND HEALTH  
5       CONTRIBUTIONS THAT ARE GOING UP.

6               DR. MILLS:   WHAT IS NOW THE ADD-ON,  
7       ONE POINT --

8               MS. SILVA-MARTIN:   FOUR --

9               DR. MILLS:   SEVEN OR EIGHT TIMES A  
10       POSITION'S SALARY, FULLY LOADED COST.

11              MS. SILVA-MARTIN:   FOR THE SALARIES?

12              DR. MILLS:   YEAH.   SO FIGURE OUT OUR FULLY  
13       LOADED COST FOR A SALARY.

14              MS. SILVA-MARTIN:   12 MILLION 600 -- \$12.7  
15       MILLION.

16              DR. MILLS:   PER EMPLOYEE.   PERSON COST  
17       AFTER THEIR SALARY IS A HUNDRED ON THE --

18              MS. SILVA-MARTIN:   ANOTHER 40 PERCENT.  
19       THE BENEFITS ARE QUITE SIGNIFICANT.   IN PARTICULAR,  
20       IF YOU COMPARE THEM TO WHAT THEY WERE EVEN THREE OR  
21       FOUR YEARS AGO, THE RUN RATE WAS ABOUT 20 TO 23  
22       PERCENT.   WE'RE NOW AT 40 PERCENT.   A LOT OF IT IS  
23       BEING DRIVEN BY THE RETIREMENT COSTS.

24              CHAIRMAN JUELSGAARD:   ALL RIGHT.   ARE  
25       THERE ANY OTHER QUESTIONS FROM ANY OF THE



BARRISTERS' REPORTING SERVICE

1 SUBCOMMITTEE MEMBERS OR COMMENTS? IF NOT, THANK YOU  
2 FOR THIS VERY FULSOME PRESENTATION, CHILA. I REALLY  
3 APPRECIATE ALL THE WORK THAT'S GONE INTO THIS. AND  
4 IN PARTICULAR, SEEING WHERE WE EXPECT TO WIND UP  
5 THIS FISCAL YEAR AND THEN LINING IT UP AGAINST THE  
6 BUDGET FOR THE NEXT FISCAL YEAR AND FOR EXPLAINING  
7 WHAT YOU SEE AS THE BIGGEST DIFFERENCES, WHERE WE  
8 EXPECT TO COME OUT VERSUS THE BUDGET FOR LAST YEAR,  
9 AND THEN ALSO WHAT YOU SEE THE MAJOR RISK AREAS WITH  
10 RESPECT TO THE BUDGET FOR THE COMING YEAR. SO THIS  
11 IS, IN MY VIEW ANYWAY, MUCH, MUCH MORE FULSOME AND  
12 JUST MUCH BETTER PRESENTATION THAN I'VE SEEN BEFORE  
13 ABOUT THE BUDGET. I REALLY WANT TO APPLAUD YOU FOR  
14 THAT EFFORT. THAT'S GREAT.

15 MS. SILVA-MARTIN: THANK YOU VERY MUCH.

16 CHAIRMAN JUELSGAARD: ANY OTHER QUESTIONS,  
17 COMMENTS, ISSUES PEOPLE WANT TO RAISE?

18 DR. WESTON: I THINK THIS HAS BEEN A VERY  
19 EASY TO UNDERSTAND PRESENTATION OF THE BUDGET AND  
20 DOES SUGGEST AND ILLUSTRATE THE THOUGHT THAT YOU PUT  
21 INTO IT BECAUSE YOU'VE GRASPED THE IMPORTANT THINGS.

22 MS. SILVA-MARTIN: THANK YOU.

23 CHAIRMAN JUELSGAARD: YES, DEFINITELY.

24 MR. SHEEHY: CAN I MOVE APPROVAL? ARE WE  
25 AT THAT POINT?

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: YES, DEFINITELY. SO  
2 IS THERE A SECOND TO APPROVE THE --

3 MR. TORRES: SECOND.

4 CHAIRMAN JUELSGAARD: -- PRESENTATION OF  
5 THIS BUDGET TO THE ICOC? WHO SECONDED? I'M SORRY.

6 MS. BONNEVILLE: THAT WAS ART.

7 CHAIRMAN JUELSGAARD: SO IT'S BEEN MOVED  
8 AND SECONDED. I GUESS I SHOULD ASK. THIS IS A  
9 PUBLIC MEETING, RIGHT?

10 MS. BONNEVILLE: YES.

11 CHAIRMAN JUELSGAARD: SO I DON'T KNOW IF  
12 THERE ARE ANY MEMBERS OF THE PUBLIC THAT ARE ON THE  
13 CALL, BUT BEFORE WE GET TO APPROVAL, IS THERE ANY  
14 PUBLIC COMMENT?

15 MS. BONNEVILLE: THERE'S NOBODY HERE.

16 CHAIRMAN JUELSGAARD: ALL RIGHT. WELL,  
17 THEN ALL THOSE IN FAVOR OF RECOMMENDING THIS BUDGET  
18 TO THE ICOC, I GUESS WE SHOULD DO A ROLL CALL,  
19 MARIA, SO WE KNOW.

20 MS. BONNEVILLE: YES. STEVE JUELSGAARD.

21 CHAIRMAN JUELSGAARD: YES.

22 MS. BONNEVILLE: DONNA WESTON.

23 DR. WESTON: YES.

24 MS. BONNEVILLE: JEFF SHEEHY.

25 MR. SHEEHY: YES.

BARRISTERS' REPORTING SERVICE

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MS. BONNEVILLE: OS STEWARD.

DR. STEWARD: YES.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: AYE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: YES.

CHAIRMAN JUELSGAARD: GREAT. WE HAVE A  
UNANIMOUS APPROVAL THEN. THAT'S WONDERFUL. ALL  
RIGHT. THIS IS REALLY THE ONLY SCHEDULED ITEM ON  
THE AGENDA, BUT IS THERE ANY OTHER BUSINESS THAT ANY  
SUBCOMMITTEE MEMBER WANTS TO RAISE? ALL RIGHT.  
HEARING NONE, THEN I ADJOURN THE MEETING.

CHAIRMAN THOMAS: THANK YOU, MR. CHAIRMAN.

MS. BONNEVILLE: THANK YOU, EVERYONE.

(THE MEETING WAS THEN CONCLUDED.)

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE FINANCE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON MAY 5, 2015, 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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